



Chalimbana University

DIRECTORATE OF DISTANCE EDUCATION

BCB3101: CONSUMER BEHAVIOUR

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Author: Sikalumbi A. Dewin

Chalimbana University

School of Leadership and Business Management

Department of Business and Entrepreneurship

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Chalimbana University
School of Leadership and Business Management
Department of Business and Entrepreneurship
Private Bag E1
Chongwe
Zambia
Cell: 0977485465
Website: www.chau.ac.zm

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MODULE OVERVIEW

Introduction

Welcome to the **Consumer Behaviour** module. Consumer behavior explains the reasons and logic that underlie purchasing decisions and consumption patterns; it explains the processes through which buyers make decisions. The study includes within its purview, the interplay between cognition, affect and behavior that goes on within a consumer during the consumption process: selecting, using and disposing off goods and services. This module aims at equipping you with knowledge and skills in understanding the behaviour of the consumers for effective marketing strategies. The knowledge acquired from this module can be applied in any field to enhance the marketing of products and services. You are therefore, required to study with an open mind and read other related materials. All the best.

Aim

The aim of this module is to equip you with knowledge and skills in consumer behaviour for effective marketing of goods and services.



Learning Outcomes

By the end of this course, you should be able to:

1. Describe the concepts of consumer behaviour.
2. Discuss the types of personalities of consumers and how they behave in marketing.
3. Describe the psychological understanding of consumer types.
4. Explain how and why people buy.
5. Analyze the marketing segmentation, targeting and positioning in consumer behaviour.
6. Demonstrate knowledge on the influence of personality in the consumer behaviour.

7. Audit the internal and external marketing strategy of the institution for effective marketing.
8. Describe the impact of the psychological, behavioural, social, cultural influences on consumer behaviour.
9. Generate the various research aspects of consumer behaviour.

Rationale

Consumer behaviour is comparatively a new field of study which evolved just after the Second World War. The sellers' market has disappeared and buyers-market has come up. This led to paradigm shift of the manufacturer's attention from product to consumer and specially focused on the consumer behaviour. The evaluation of marketing concept from mere selling concept to consumer-oriented marketing has resulted in buyer behaviour becoming an independent discipline. Hence this module.



An understanding of consumer behavior is necessary for long term success and survival of a firm. It is viewed as the edifice of the marketing concept, an important orientation in marketing management. According to the marketing concept, the marketer should be able to determine needs and wants of the target segment and provide product and service offerings more effectively and efficiently than the competitors. This involve;

- Analyzing the Segmentation, targeting and positioning.
- Demonstrating knowledge on the influence of personality in the consumer behaviour.
- auditing the internal and external marketing strategy of the institution.
- Describing the Understanding of the psychological, behavioural, social, cultural influences on consumer behaviour.
- Generate the various research aspects of consumer behaviour.

It is essentially a customer-centered philosophy, which aims at understanding customer needs and wants, providing the right product and service, and deriving customer satisfaction; “make what you can sell” rather than “sell what you make.” An understanding of the study of consumer behavior helps formulate appropriate marketing strategies for a firm keeping in view the consumer and his environment



Prescribed Reading:

Assael, H. (1992), *Consumer Behavior & Marketing Action*, 4th. Ed., PWS Kent, Boston, MA
Lindquist, J.D. and Sirgy, J.M., *Shopper*, (2003) *Buyer and Consumer Behavior, Theory and Marketing Applications*, Second Edition, Biztantra.
Loudon, D.L. and Bitta A.J. Della (2002) *Consumer Behavior*, Fourth Edition, Tata McGraw-Hill, New Delhi.

Recommended Reading:

Peter, P.J. and Olson, J.C., (2005) *Consumer Behavior and Marketing Strategy*, Seventh Edition, McGraw-Hill Higher Education.
Schiffman, L.G. and Kanuk, L.L., (2004) *Consumer Behavior*, Eight Edition, Prentice Hall, India.
Wells W.D. and Prensky, D., (1996) *Consumer Behavior*, John Wiley & sons, Inc. Joint Initiative IITs and IISc - Funded by MHRD.



Study Skills

As an adult learner, your approach to learning will be different to that of your school days: you will choose when you want to study, you will have professional and/or personal motivation for doing so and you will most likely be fitting your study activities around other professional or domestic responsibilities.

Essentially you will be taking control of your learning environment. As a consequence, you will need to consider performance issues related to time management, goal setting, stress management, etc. Perhaps you will also need to acquaint yourself with areas such as essay planning, searching for information, writing, coping with examinations and using the internet as a learning resource.

Your most significant considerations will be *time* and *space* i.e. the time you dedicate to your learning and the environment in which you engage in that learning.

It is recommended that you take time now —before starting your self-study— to familiarise yourself with these issues. There are a number of excellent resources on the internet. A few suggested links are:

<http://www.how-to-study.com/>

The “How to study” website is dedicated to study skills resources. You will find links to study preparation (a list of nine essentials for a good study place), taking notes, strategies for reading text books, using reference sources, and test anxiety.

<http://www.ucc.vt.edu/stdysk/stdyhlp.html>

This is the website of the Virginia Tech, Division of Student Affairs. You will find links to time scheduling (including a “where does time go?” link), a study skill checklist, basic concentration techniques, control of the study environment, note taking, how to read essays for analysis, memory skills (“remembering”).



Timeframe

You are expected to spend at least 36 hours of study time on this module. In addition, there shall be arranged contact sessions with lecturers from the University during residential possibly in April, August and December. You are requested to spend your time judiciously so that you reap maximum benefit from the course.



Need Help?

In case you have difficulties during the duration of the course, please get in touch with your lecturer for routine enquiries during working days (**Monday-Friday**) from 08:00 to 17:00 hours on Cell: +260963804004; **E-mail:** adsikalumbi@gmail.com; **website:** www.chau.ac.zm. You can also see your lecturer at the office during working hours as stated above.

You are free to utilise the services of the University Library which opens from 07:00 hours to 20:00 hours every working day.

It will be important for you to carry your student identity card for you to access the library and let alone borrow books.



In this course, you will be assessed on the basis of your performance as follows:

Continuous Assessment	50%
Field Project	15%
1 Test	20%
Assignment	15%
Final Examination	50%
Total	100%

How to get the most out of this course

In distance learning, the study units replace the university lecturer. This is one of the huge advantages of distance learning mode. You can read and work through specially designed study materials at your own pace and at a time and place that is most convenient. Think of it as reading from the teacher, the study guide indicates what you ought to study, how to study it and the relevant texts to consult. You are provided with exercises at appropriate points, just as a lecturer might give you an exercise in class.

Each of the study units follows a common format. The first item is an introduction to the subject matter of the unit and how a particular unit is integrated with the other units and the

course as a whole. Next to this is a set of learning objectives. These learning objectives are meant to guide your studies. The moment a unit is finished, you must go back and check whether you have achieved the objectives. If this is made a habit, then you will increase your chances of passing the course. The main body of the units also guides you through the required readings from other sources. This will usually be either from a set book or from other sources. Self-assessment exercises are provided throughout the unit, to aid personal studies, and answers are provided at the end of the unit. Working through these self-tests will help you to achieve the objectives of the unit and also prepare you for tutor marked assignments and examinations. You should attempt each self-test as you encounter them in the units.

The following are practical strategies for working through this course

1. Read the course guide thoroughly
2. Organize a study schedule. Refer to the course overview for more details. Note the time you are expected to spend on each unit and how the assignment relates to the units. Important details, e.g. details of your tutorials and the date of the first day of the semester are available. You need to gather together all information in one place such as a diary, a wall chart calendar or an organizer. Whatever method you choose, you should decide on and write in your own dates for working on each unit.
3. Once you have created your own study schedule, do everything you can to stick to it. The major reason that students fail is that they get behind with their course works. If you get into difficulties with your schedule, please let your tutor know before it is too late for help.
4. Turn to Unit 1 and read the introduction and the objectives for the unit.

5. Assemble the study materials. Information about what you need for a unit is given in the table of content at the beginning of each unit. You will almost always need both the study unit you are working on and one of the materials recommended for further readings, on your desk at the same time.
6. Work through the unit, the content of the unit itself has been arranged to provide a sequence for you to follow. As you work through the unit, you will be encouraged to read from your set books.
7. Keep in mind that you will learn a lot by doing all your assignments carefully. They have been designed to help you meet the objectives of the course and will help you pass the examination.
8. Review the objectives of each study unit to confirm that you have achieved them. If you are not certain about any of the objectives, review the study material and consult your tutor.
9. When you are confident that you have achieved a unit's objectives, you can start on the next unit. Proceed unit by unit through the course and try to pace your study so that you can keep yourself on schedule.
10. When you have submitted an assignment to your tutor for marking, do not wait for its return before starting on the next unit. Keep to your schedule. When the assignment is returned, pay particular attention to your tutor's comments, both on the tutor marked assignment form and also written on the assignment. Consult you tutor as soon as possible if you have any questions or problems.

11. After completing the last unit, review the course and prepare yourself for the final examination. Check that you have achieved the unit objectives (listed at the beginning of each unit) and the course objectives (listed in this course guide).

You should endeavour to attend the tutorials. This is the only opportunity to have face-to-face contact with your tutor and ask questions which are answered instantly. You can raise any problem encountered in the course of your study. To gain the maximum benefit from the course tutorials, have some questions handy before attending them. You will learn a lot from participating actively in discussions.

GOODLUCK!

OVERVIEW OF CONSUMER BEHAVIOUR**Introduction**

Consumer behaviour is comparatively a new field of study which evolved just after the Second World War. The sellers' market has disappeared and buyers-market has come up. This led to paradigm shift of the manufacturer's attention from product to consumer and specially focused on the consumer behaviour. The evaluation of marketing concept from mere selling concept to consumer-oriented marketing has resulted in buyer behaviour becoming an independent discipline.

Objectives

- Determine the concept, nature and scope of consumer behaviour;
- Describe the interdisciplinary nature of consumer behaviour and its significance
- Evaluate the consumer audit and factors influencing buyer behaviour

Introduction to Consumer Behavior, Nature and Scope

Consumer Behavior may be defined as "the interplay of forces that takes place during a consumption process, within a consumers' self and his environment.

- This interaction takes place between three elements viz. **knowledge, affect and behavior**;
- It continues through pre-purchase activity to the post purchase experience.
- It includes the stages of evaluating, acquiring, using and disposing of goods and services.

The "consumer" includes both personal consumers and business/industrial/organizational consumers. Consumer behavior explains the reasons and logic that underlie purchasing decisions and consumption patterns; it explains the processes through which buyers make decisions. The study includes within its purview, the interplay between cognition, affect and behavior that goes on within a consumer during the consumption process: selecting, using and disposing off goods and services.

Other Definitions of CB:

- "The behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs." - Schiffman and Kanuk ".....the decision process and physical activity engaged in when evaluating, acquiring, using or disposing of goods and services." - Loudon and Bitta Other Definitions:
- "The behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs."- Schiffman and Kanuk

- “.....the decision process and physical activity engaged in when evaluating, acquiring, using or disposing of goods and services.” Loudon and Bitta
- “The study of consumers as they exchange something of value for a product or service that satisfies their needs”- Wells and Prensky
- “Those actions directly involved in obtaining, consuming and disposing of products and services including the decision processes that precede and follow these actions”. -Engel, Blackwell, Miniard
- “The dynamic interaction of effect and cognition, behaviour and the environment by which human beings conduct the exchange aspects of their lives” - American Marketing Association

By analysing the above definition, it reveals that the study includes within its purview, the interplay between cognition, affect and behaviour that goes on within a consumer during the consumption process: selecting, using and disposing off goods and services.

Cognition: This includes within its ambit the “knowledge, information processing and thinking” part; It includes the mental processes involved in processing of information, thinking and interpretation of stimuli (people, objects, things, places and events). In our case, stimuli would be product or service offering; it could be a brand or even anything to do with the 4Ps.

Affect: This is the “feelings” part. It includes the favorable or unfavorable feelings and corresponding emotions towards stimuli (towards a product or service offering or a brand). These vary in direction, intensity and persistence.

Behaviour: This is the “visible” part. In our case, this could be the purchase activity: to buy or not to buy (again specific to a product or service offering, a brand or even related to any of the 4 Ps).

- The involvement is high when the decision is irrevocable, for example when the retailer does not accept return or exchange on the sale items.
- Thus involvement may be from outside the individual, as with situational involvement or from within the individual as with enduring involvement.
- It can be induced by a host of personal-product-and situation related factors, many of which can be controlled by the marketer. It affects the ways in which consumers see, process, and send information to others.

The heterogeneity among people makes understanding consumer behaviour a challenging task to marketers. Hence marketers felt the need to obtain an in-depth knowledge of consumers buying behaviour. Finally, this knowledge acted as an imperative tool in the hands of marketers to forecast the future buying behavior of customers and devise four marketing strategies in order to create long term customer relationship.

“The study of consumers as they exchange something of value for a product or service that satisfies their needs” - Wells and Prensky “Those actions directly involved in obtaining,

consuming and disposing of products and services including the decision processes that precede and follow these actions”. -Engel, Blackwell, Miniard

“The dynamic interaction of effect and cognition, behavior and the environment by which human beings conduct the exchange aspects of their lives” -American Marketing Association

Nature of Consumer Behavior (CB)

You will agree with me that this subject deals with issues related to cognition, affect and behavior in consumption behaviors, against the backdrop of individual and environmental determinants. The individual determinants pertain to an individual’s internal self and include psychological components like personal motivation and involvement, perception, learning and memory, attitudes, self-concept and personality, and, decision making. The environmental determinants pertain to external influences surrounding an individual and include sociological, anthropological and economic components like the family, social groups, reference groups, social class, culture, sub-culture, cross-culture, and national and regional influences. The subject can be studied at micro or macro levels depending upon whether it is analyzed at the individual level or at the group level.

The subject is interdisciplinary. It has borrowed heavily from psychology (the study of the individual: individual determinants in buying behavior), sociology Joint Initiative (the study of groups: group dynamics in buying behavior), social psychology (the study of how an individual operates in group/groups and its effects on buying behavior), anthropology (the influence of society on the individual: cultural and cross-cultural issues in buying behavior), and economics (income and purchasing power).

Consumer behavior is dynamic and interacting in nature. The three components of cognition, affect and behavior of individuals alone or in groups keeps on changing; so does the environment. There is a continuous interplay or interaction between the three components themselves and with the environment. This impacts consumption pattern and behavior and it keeps on evolving and it is highly dynamic. Consumer behavior involves the process of exchange between the buyer and the seller, mutually beneficial for both.

As a field of study, it is descriptive and also analytical/interpretive. It is descriptive as it explains consumer decision making and behavior in the context of individual determinants and environmental influences. It is analytical/interpretive, as against a backdrop of theories borrowed from psychology, sociology, social psychology, anthropology and economics, the study analyzes consumption behavior of individuals alone and in groups.

It makes use of qualitative and quantitative tools and techniques for research and analysis, with the objective is to understand and predict consumption behavior. It is a science as well as an art. It uses both, theories borrowed from social sciences to understand consumption behavior, and quantitative and qualitative tools and techniques to predict consumer behavior.

Process: Consumer behaviour is a systematic process relating to buying decisions of the customers. The buying process consists of the following steps

- Need identification to buy the product • Information search relating to the product.
- Listing of alternative brands.

- Evaluating the alternative (cost-benefit analysis)
- Purchase decision.
- Post-purchase evaluation by the marketer.
- Influenced by Various Factors: -Consumer behaviour is influenced by a number of factors.

The factors that influenced consumer are as follow; **marketing, personal, psychological, situational, social, cultural etc.**

Different for Different Customers: All consumers do not behave in the same manner. Different consumers behave differently. The difference in consumer behaviour is due to individual factors such as nature of the consumer's life style, culture, etc.

Different for Different Products: Consumer behaviour is different for different products. There are some consumers who may buy more quantity of certain items and very low/no quantity of some other items.

Varies Across Regions: The consumer behaviour vary across states, regions and countries. For instance, the behaviour of urban consumers is different from that of rural consumers. Normally, rural consumers are conservative (traditional) in their buying behaviour.

Vital for Marketers: Marketers need to have a good knowledge of consumer behaviour. They need to study the various factors that influence consumer behaviour of their target customers. The knowledge of consumer behaviour enables marketers to take appropriate marketing decisions.

Reflects Status: Consumers buying behaviour is not only influenced by status of a consumer, but it also reflects it. Those consumers who own luxury cars, watches and other items are considered by others as persons of higher status.

Result in Spread - Effect: Consumer behaviour has a spread effect. The buying behaviour of one person may influence the buying behaviour of another person. For instance, a customer may always prefer to buy premium brands of clothing, watches and other items etc. this may influence some of his friends, neighbors, colleagues. This is one of the reasons why marketers use celebrities like Sharuk khan, Messi, Sachin Tendulkar to endorse their brands.

Improves Standard of Living: Consumer buying behaviour may lead to higher standard of living. The more a person buys the goods and services, the higher is the standard of living.

Undergoes a Change: The consumer's behaviour undergoes a change over a period of time depending upon changes in age, education and income level. Etc, for instance, kids may prefer colorful dresses, but as they grow up as teenagers and young adults, they may prefer trendy clothes.

Scope of Consumer Behavior

The study of consumer behavior deals with understanding consumption patterns and behavior. It includes within its ambit the answers to the following:

- 'What' the Consumers Buy: Goods and services.

- ‘Why’ they Buy it: Need and want.
- ‘When’ do they Buy it: Time day, week, month, year, occasions etc.
- ‘Where’ they Buy it: Place.
- ‘How Often they Buy’ it: Time interval
- ‘How Often they use’ it: Frequency of use

The scope of consumer behavior includes not only the actual buyer but also the various roles played by him/different individuals. It is broadly the study of individuals, or organizations and the processes consumers use to search, select, use and dispose of products, services, experience, or ideas to satisfy needs and its impact on the consumer and society.

Customers versus Consumers

- The term _customer is specific in terms of brand, company, or shop.
- It refers to person who customarily or regularly purchases particular brand, purchases particular company’s product, or purchases from particular shop.
- Thus a person who shops at Bata Stores or who uses Raymond's clothing is a customer of these firms. Whereas the consumer is a person who generally engages in the activities - search, select, use and dispose of products, services, experience, or ideas.

Consumer Motives

- Consumer has a motive for purchasing a particular product.
- Motive is a strong feeling, urge, instinct, desire or emotion that makes the buyer to make a decision to buy.
- Buying motives thus are defined as those influences or considerations which provide the impulse to buy, induce action or determine choice in the purchase of goods or service.
- These motives are generally controlled by economic, social, psychological influences etc.

Motives which Influence Purchase Decision. The buying motives may be classified into two:

- Product Motives
- Patronage Motives
- Product Motives: Product motives may be defined as those impulses, desires and considerations which make the buyer purchase a product. These may still be classified on the basis of nature of satisfaction:
 - Emotional Product Motives
 - Rational Product Motives

Nature of Motive Purchase Decision

- Desire for Money: Purchasing when price falls down
- Vanity: Getting costly Items, to be admired by others
- Fear: Purchasing Insurance policy
- Pride: Purchasing premium products
- Fashion: Rural people imitate urban

- Possession: Purchasing antiques
- Health: Purchasing health food membership in health clubs
- Comfort: Purchasing micro-oven, washing machine.
- Love and Affection: Purchasing gift items

Emotional Product Motives are those impulses which persuade the consumer on the basis of his emotion.

- The buyer does not try to reason out or logically analyze the need for purchase.
- He makes a buying to satisfy pride, sense of ego, urge to initiate others, and his desire to be unique.

Rational Product Motives are defined as those impulses which arise on the basis of logical analysis and proper evaluation. The buyer makes rational decision after chief evaluation of the purpose, alternatives available, cost benefit, and such valid reasons.

Patronage Motives: Patronage motives may be defined as consideration or impulses which persuade the buyer to patronage specific shops. Just like product motives patronage can also be grouped as emotional and rational.

Emotional Patronage Motives those that persuade a customer to buy from specific shops, without any logical reason behind this action. He may be subjective for shopping in his favorite place. Rational Patronage Motives are those which arise when selecting a place depending on the buyer satisfaction that it offers a wide selection, it has latest models, offers good after-sales service etc.

Knowledge of buyer motives of consumers is useful for marketers to anticipate market trends and formulate effective marketing strategies.

References for Further Reading:

- Assael, H. (1992), *Consumer Behavior & Marketing Action*, 4th. Ed., PWS Kent, Boston, MA
- Lindquist, J.D. and Sirgy, J.M., *Shopper, (2003) Buyer and Consumer Behavior, Theory and Marketing Applications*, Second Edition, Biztantra.
- Loudon, D.L. and Bitta A.J. Della (2002) *Consumer Behavior*, Fourth Edition, Tata McGraw-Hill, New Delhi.
- Peter, P.J. and Olson, J.C., (2005) *Consumer Behavior and Marketing Strategy*, Seventh Edition, McGraw-Hill Higher Education.
- Schiffman, L.G. and Kanuk, L.L., (2004) *Consumer Behavior*, Eight Edition, Prentice Hall, India.
- Wells W.D. and Prenskey, D., (1996) *Consumer Behavior*, John Wiley & sons, Inc. Joint Initiative IITs and IISc - Funded by MHRD

UNIT 2

INTERDISCIPLINARY NATURE OF CB BASIC

Introduction

Is the subject of Consumer Behavior interdisciplinary? If yes, what do you think could be some of the components of CB? This unit discusses the nature of consumer behaviour and its components.

Objectives

- Determine the concept, nature and scope of consumer behaviour
- Describe the interdisciplinary nature of consumer behaviour and its significance
- Evaluate the consumer audit and factors influencing buyer behaviour

Components in Consumption Behavior Importance of CB

Is the subject of Consumer Behavior interdisciplinary? Ans. It borrows heavily from:

- Psychology (the study of the individual: individual determinants in buying behavior)
- Sociology (the study of groups: group dynamics in buying behavior)
- Social psychology (the study of how an individual operates in group/groups and its effects on buying behavior)
- Anthropology (the influence of society on the individual: cultural and cross-cultural issues in buying behavior)
- Economics (income and purchasing power)

The Interdisciplinary Nature of Consumer Behaviour: As an interdisciplinary area of study, the subject borrows heavily from psychology, sociology; social psychology; anthropology and, economics.

- **Psychology:** This includes the study of the individual as well as the individual determinants in buying behaviour, viz., consumer perception, learning and memory, attitude, self-concept and personality, motivation and involvement, attitudes and attitudinal change and, decision making.

- **Sociology:** This includes the study of groups as well as the group dynamics in buying behaviour, viz., family influences, lifestyles and values, and social group influences.

Social psychology: This includes the study of how an individual operates in group/groups and its effects on buying behaviour viz, reference groups and social class influences.

- **Anthropology:** This is the influence of society on the individual viz., cultural and cross-cultural issues in buying behaviour, national and regional cultures etc.

- **Economics:** This is the study of income and purchasing power, and its impact on consumer behaviour. The underlying premise is that consumers make rational choices while making purchase decisions.

While resources are limited and needs and want many, consumers collect information, and evaluate the various alternatives to finally make a rational decision. As discussed before, consumers are unique in themselves. A comprehensive yet meticulous knowledge of consumers and their consumption behaviour is essential for a firm to succeed. In order to understand and predict consumption patterns and behaviors within segment (s), market research becomes essential

Basic Components in Consumer Behavior

Student, what are the basic components in consumption behavior?

The basic components in consumption behavior are as follows:

- Decision making (Cognitive and Affect)
 - Actual purchase (Behavior):
 - Buying the good or service
 - Physical Activity: Visible
 - Result of interplay of many individual and environmental determinants (these influences are invisible)
 - Individual determinants and environmental influences
 - Buying roles
 - Buyers and Sellers

Need for Study of Consumer Behaviour:

- The study of consumer behaviour helps everybody as all are consumers.
- It is essential for marketers to understand consumers to survive and succeed in these competitive marketing environments.

Why we Study of CB: (Importance of CB)

The following reasons highlight the importance of studying consumer behaviour as a discipline.

- The term CB is defined as the behaviour that consumers' display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. CB focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items. The term CB describes two different kinds of consuming entities: the personal consumer and the organizational consumers. The Personal consumer buys goods and services for his or her own use, for the use of the household or as a gift for a friend. In each of these contexts, individuals, who are referred to as end users or ultimate consumers, buy the products for fine use.
 - The second category of consumer- the organizational consumer includes profit and not-for-profit businesses, government agencies (local, state, and national), and institutions (e.g. Schools, hospitals, and prisons), all of which must buy products, equipment and services in order to run their organization.
 - The subject of Consumer Behaviour is viewed as the edifice of the marketing concept, an important orientation in marketing management. The knowledge of Consumer Behaviour helps

the marketer understand and predict the consumption patterns and consumption behaviors of people.

- It helps them gain insights as to why a consumer behaves differently to another consumer; as well as, why a consumer behaves differently in different times and buying situations.
- The study helps them understand the internal (individual determinants) and external (environmental factors) forces that impel people to act out different consumption patterns and behaviors.

The study helps the marketer in:

- Analyzing the Environment:
- Identifying opportunities and fighting threats.
- Segmenting, targeting and positioning.
- Designing the marketing-mix.
- Designing the marketing strategy.
- Governmental and Non-profit Organization and Social Marketing.

Importance in Day to Day Life

- The purpose of studying a discipline is to help oneself to better appreciate its contributions.
- The reason to study consumer behaviour is because of the role it plays in the lives of humans.
- Most of the free time is spent in the market place, shopping or engaging in other activities.
- The extra time is usually passed in knowing and thinking about products and services, discussing with friends about them, and watching advertisements related to them.
- The usage of them significantly reveals our life styles.
- All these reasons suggest the need for study. However, the purpose may be to attend immediate and tangible reasons.

Pertinence to Decision Making

- Consumer behaviour is said to be an applied discipline as some decisions are significantly affected by their behaviour or expected actions.
- The two perspectives that seek application of its knowledge are micro and societal perspectives.
- The micro perspectives involve understanding consumer for the purpose of helping a firm or organization to achieve its objectives.
- The people involved in this field try to understand consumers in order to be more effective at their tasks.
- Whereas the societal or macro perspective applies knowledge of consumers to aggregate - level faced by mass or society as a whole.

- The behaviour of consumer has significant influence on the quality and level of the standard of living.

Organizational Buyer versus Individual Buyer

- The obvious difference between industrial or institutional markets and consumer markets is that, instead of purchases being made for individual consumption industrial markets are made for business use.
- There are several factors that differentiate consumer markets and their buying behaviour from organizational market and their buying behaviour.

The key factors of differentiation are:

- Market Structure and Demand
- Buyer Characteristics
- Decision Process and Buying Patterns

Market Structure and Demand: The distinguishing factors of market structure and demand are as follows:

- In organizations buyers are more geographically concentrated than consumer markets.
- Organizational buyers are fewer in number but they are bulk buyers compared to individual buyers.
- Organizational buyer markets are either vertical or horizontal. In vertical structures they cater only one or two industries, whereas in horizontal structure the buyer base is too broad.
- Organizational demand is derived from consumer demand. The nature of the demand is fluctuational and inelastic.

Buyer Characteristics: The distinguishing factors of buyer characteristics are as follows:

- Many individuals or group involvement is seen in decision making process.
- Organizational buyers are quite knowledgeable and professional.
- The buying motive is mostly rational than individual buyer.
- Decision Process and Buying Patterns The major differences are as follows:
- In organizational buying lot of formalities like proposals, quotations, procedures are to be followed unlike consumer buying.

Decision process is much complex with high financial risk, technical aspects, multiple influencing factors etc.

- Organizational buying requires more extensive negotiation over larger time period than consumer buying.

Research Perspectives on Consumer Behaviour

There are three broad research perspectives in consumer behaviour. They are as follows:

1. Decision - Making perspective
2. Experiential perspective and
3. Behavioral - Influence perspective.

Decision - Making Perspective

According to the decision making perspective, the buying process is a sequential in nature, with the consumer perceiving that there exists a problem and then moving across a series of logical and rational steps to solve the problem; stages being problem recognition, information search, evaluation of alternatives, purchase decision, and post purchase behaviour. This perspective emphasizes the rational, logical and cognitive approach to consumer decision making and purchase process.

The Experiential Perspective

The experiential perspective believes that not all buying may be rational and logical; in some cases, buying results from a consumers' desire for fun and fantasy, hedonic pleasures, emotions and moods. The perspective emphasizes that consumers are "feelers" as well as thinkers.

The Behavioral-Influence Perspective

This perspective holds that forces in the environment stimulate a consumer to make purchases without developing beliefs and attitudes about the product.

Research Paradigms in Consumer Behaviour

- The research paradigm in the study of consumer behaviour focuses on two approaches viz., Quantitative research, used by the positivists and, Qualitative research: used by the interpretivists.
- The positivists and interpretivists as two schools of thought have already discussed.
- The current approach or the 'dialectic' approach to studying Consumer Behaviour makes use both the approaches
- Quantitative Research in Consumer Behaviour:
- As the name suggests, the approach makes application of quantitative research techniques to the study of Consumer Behaviour.

It comprises;

- a. Research techniques that are used to gather quantitative data over large samples randomly. Statistical tools and techniques, inclusive of survey techniques, observation and experiments. This type of research is descriptive and empirical in nature. It is primarily used by the positivists while studying consumer behaviour, with a focus on prediction of consumer behaviour. The findings can be generalized to marketing situations. As mentioned above, the quantitative techniques are also used by "dialectics".

- b. **Qualitative Research in Consumer Behaviour:** This approach makes application of qualitative research techniques to the study of Consumer Behaviour. It comprises research techniques that are used to gather qualitative data over small samples randomly and, non-statistical tools and techniques, inclusive of depth interviews, focus group, projective techniques and even observation. The type of study is subjective and non-empirical in nature. It lays emphasis on the holistic “what, where, when, why and how” of human behaviour”.

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CONSUMER BEHAVIOUR AUDIT

Introduction

The consumer behaviour audit is a fundamental part of the marketing planning process. It is conducted not only at the beginning of the process, but also at a series of points during the implementation of the plan. The consumer behaviour audit considers both internal and external influences on marketing planning, as well as a review of the plan itself.

Objectives

- Determine the concept, nature and scope of consumer behaviour
- Describe the interdisciplinary nature of consumer behaviour and its significance
- Evaluate the consumer audit and factors influencing buyer behaviour

Factors Influencing the Consumer's buying Behaviour

There are a number of tools and audits that can be used, for example SWOT analysis for the internal environment, as well as the external environment. Other examples include PEST and Five Forces Analyses, which focus solely on the external environment.

In many ways the consumer behaviour audit clarifies opportunities and threats, and allows the marketing manager to make alterations to the plan if necessary. This portion tells you the basics of the consumer behaviour audit, and introduces a consumer behaviour audit checklist.

The checklist is designed to answer the question, what is the current marketing situation?

Let's consider the consumer behaviour audit under three key headings:

- The Internal Marketing Environment.
- The External Marketing Environment.
- A Review of Our Current Marketing Plan.

The Internal Marketing Environment

In respect of internal marketing environment, the following are the important elements of checklist;

- How is our marketing team organized?
- How efficient is our marketing team?
- How effective is our marketing team?
- How does our marketing team interface with other organizations and internal functions?
- How effective are we at Customer Relationship Management (CRM)?
- What is the state of our marketing planning process?

- Is our marketing planning information current and accurate?
- What is the current state of New Product Development? (Product)
- How profitable is our product portfolio? (Product)
- Are we pricing in the right way? (Price)
- How effective and efficient is distribution? (Place)
- Are we getting our marketing communications right? (Promotion)
- Do we have the right people facing our customers? (People)
- How effective are our customer facing processes? (Process)
- What is the state of our business's physical evidence? (Physical Evidence)

The External Marketing Environment

As a market orientated organization, the important areas we must analyze are;

- i. What is the nature of our 'customer?' Such as:
 - Their needs and how we satisfy them.
 - Their buyer decision process and consumer behaviour.
 - Their perception of our brand, and loyalty to it.
 - The nature of segmentation, targeting and positioning in our markets.
 - What customers 'value' and how we provide that 'value'?

- ii. What is the nature of competition in our target markets?
 - Our competitors level of profitability.
 - Their number/concentration.
 - The relative strengths and weaknesses of competition.
 - The marketing plans and strategies of our competition.

- iii. What is the cultural nature of the environment(s)?
 - Beliefs and religions.
 - The standards and average levels of education.
 - The evolving lifestyles of our target consumers.
 - The nature of consumerism in our target markets.
- iv. What is the demography of our consumers?
 - Such as average age,
 - levels of population,
 - gender make up, and so on.
- v. How does technology play a part?
 - The level of adoption of mobile and Internet technologies.
 - The way in which goods are manufactured.
 - Information systems.
 - Marketing communications uses of technology and media.

vi. Is the political and legal landscape changing in any way?

- Laws, for example, copyright and patents. Levels of regulation such as quotas or tariffs.
- Labour/labour laws such as minimum wage legislation.

Review of Our Current Marketing Plan

Under this heading, marketer analysis are sniffed into the following questions:

- What are our current objectives for marketing?
- What are our current marketing strategies?
- How do we apply the marketing mix? (Including factors covered)
- Is the marketing process being controlled effectively?
- Are we achieving our marketing budget?
- Are we realizing our SMART objectives?
- Are our marketing team implementing the marketing plan effectively?
- Levels of staffing.
- Staff training and development.
- Experience and learning.

Consumer behaviour audits are useful instruments in assessing all the features of decision making in marketing including positioning, segmentation and other elements of the marketing mix. Fundamentally, a consumer behaviour audit seeks to discover the attitudes of consumers concerning a certain product, any necessary improvements, as well as their usage of the specific products.

The outline for auditing consumer behaviour has been simplified and generalized below, but the execution of the process can be invaluable for identifying challenges and opportunities for improving marketing strategy.

Marketing Decision Areas

Market segmentation - Division of all possible product users (i.e., consumers) into groups with similar needs to satisfy for product development and media selection.

Product Positioning - Determination of a desirable product or brand position in the mind of the consumer relative to competing brands.

Price - Pricing policy consistent with the determined product position.

The price is the all inclusive set of consideration that the consumer must tender in exchange for the product or service, such as time, patience, learning, and money.

Place (Distribution Strategy) - Channel or distribution strategy, such as retail, wholesale, or Internet, etc. consistent with the determined product position at which title to the product is relinquished or the service is performed.

Promotion - Advertising, visual packaging, publicity, promotion, website, telemarketing and direct sales force activities.

Product - Physical product characteristics or service to be experienced for each market segment.

Customer Satisfaction - Post-purchase policies to promoted customer use, loyalty, reference and repeat purchases.

Customer Influences:these can be;

- External influences
- Culture, subculture, and values
- Demographics, income, and social class
- Reference groups and family/households
- Marketing activities by the company (e.g., product attributes, packaging, advertisements, sales presentation, and retail outlet)

Internal influences: these can be;

- Needs, motives, and emotions
- Perceptions, learning and memory
- Personality and lifestyle
- Attitudes
- Situation influences
- Physical features
- Time perspective
- Social surroundings
- Task definition

Antecedent states and situations (e.g., product or offer communications, purchase, use, or definition) Decision process influences (i.e., stages)

- Problem recognition
- Information search
- Alternative evaluation
- Outlet selection
- Purchase
- Post-purchase processes (e.g., use, disposition, and evaluation).

By interweaving the decision areas with the relevant customer influences listed above, it is possible to outline the areas in which data should be gathered in order to construct a complete consumer behaviour audit template as follows:

- Market segmentation - Identify customer influences
- Product positioning - Identify customer influences
- Price - Identify customer influences
- Place (Distribution strategy) - Identify customer influences

- Promotion - Identify customer influences
- Product - Identify customer influences
- Customer satisfaction (...)
 - Identify customer influences

By completing the above steps and answering all the associated questions regarding customer influences at each of the stages, the marketing manager should have a thorough understanding of the influences on consumer behaviour and the key decision areas in which the influences are activated.

Individual Influence on Buying Behaviour: While making decisions related to purchase activity, consumers vary amongst each other. They also differ within themselves across buying situations. This is because the dynamics that operates while consumer decision making are significantly different.

The consumer decision making process is impacted by

- Individual determinants that are specific to an individual and his self; these primarily take the form of psychological influences; and,
- Group influences that are general across a class (es) of customers and take the form of sociological influences.

The psychological influences on consumer decision making.

Such psychological influences include the forces that impact consumer decision making; these are;

- Consumers Needs and Motivation, Emotions and Mood, Consumer Involvement
- Consumer Learning
- Personality, Self-concept and Self-image
- Consumer Perception, Risk and Imagery
- Consumer Attitude
- Consumer Communication

The study of consumer behaviour indicates how individuals, groups, and organization sselect, buy, use of dispose goods, services, ideas or experiences to satisfy their needs and desires.

The various factors influencing buyer behaviour are as following;

Marketing Factors: Each element of the market mix - product, pricing, promotion and place (distribution) - has the potential to affect the buying process at various stages.

Product: The uniqueness of the product, the physical appearance and packaging can influence buying decision of a consumer.

Pricing: Pricing strategy does affect buying behaviour of consumers. Marketers must consider the price sensitivity of the target customers while fixing prices.

Promotion: The various elements of promotion such as advertising, publicity, public relations, personal selling, and sales promotion affect buying behaviour of consumers.

Marketers select the promotion mix after considering the nature of customers.

Place: The channels of distribution and the place of distribution affects buying behaviour of consumers. Marketers make an attempt to select the right channel and distribute the products at the right place.

Personal Factors: The personal factors of a consumer may affect the buying decisions. The personal factors include:

Age Factor: The age factor greatly influences the buying behaviour. For instance, teenagers may prefer trendy clothes, whereas, office executives may prefer sober and formal clothing.

The consumer behaviour varies across gender. For instance, girls may prefer certain feminine colours such as pink, purple, peach, whereas, boys may go for blue, black, brown, and so on.

Education: Highly educated persons may spend on books, personal care products, and so on. But a person with low or no education may spend less on personal grooming products, general reading books, and so on. Normally, the higher the income level, the higher the level of spending and vice-versa. But this may not be always the case in developing countries, especially in the rural areas.

Status in the Society: Persons enjoying higher status in the society do spend a good amount of money on luxury items such as luxury cars, luxury watches, premium brands of clothing, jewelry, perfumes, etc.

Other Personal Factors: The other personal factors such as personality, lifestyle, family size, etc., influence consumer behaviour.

Psychological Factors: A person's buying behaviour is influenced by psychological factors such as follows:

- **Learning:** It refers to changes in individual behaviour that are caused by information and experience. For example, when a customer buys a new brand of perfume, and is satisfied by its use, then he/she is more likely to buy the same brand the next time. Through learning, people acquire beliefs and attitudes, which in turn influence the buying behaviour.
- **Attitude:** It is a tendency to respond in a given manner to a particular situation or object or idea. Consumers may develop a positive, or negative or neutral attitude towards certain product or brands, which in turn would affect his/her buying behaviour.

Motives: A motive is the inner drive that motivates a person to act or behave in a certain manner. The marketer must identify the buying motives of the target customers and influence them to act

positively towards the marketed products. Some of the buying motives include: Pride and possession - Love and affection • Comfort and convenience - Sex and romance, etc.

Perception: It is the impression, which one forms about a certain situation or object. A motivated person is ready to act. But the way or the manner in which he acts is influenced by his/her perception of the situation. For instance, a student may perceive examinations as an important event, and therefore, he/she would make every possible effort including purchase of new stationery like pens, whereas, another student may be casual about the examinations, and therefore, would not make extra efforts.

Beliefs: A belief is a descriptive thought, which a person holds about certain things. It may be based on knowledge, opinion, faith, trust and confidence. People may hold certain beliefs of certain brands/products. Beliefs develop brand images, which in turn can affect buying behaviour.

Situational Influences: Major situational influences include the physical surroundings, social surroundings, time, the nature of the task, and monetary moods and conditions.

Physical Surroundings: The physical surroundings at the place of purchase affects buying behaviour. For instance, when a customer is shopping in a store, the features that affects buying behaviour would include the location of the store, the decor, the layout of the store, the noise level, the way merchandise is displayed, and so on.

Social Surroundings: The social surroundings of a situation involve the other people with the customer that can influence buying decision at the point of purchase. For instance, a bargain hunter shopping with an impatient friend may do quick purchases, and may not haggle over the price, so as to please the impatient friend.

Time Factor: Customers may make different decisions based on when they purchase; the hour of the day, the day of the week, or the season of the year. For instance, a consumer who has received a pay cheque on a particular day may shop more items, than at the end of the month when he is short of funds.

Task: A customer may make a different buying decision depending upon the task to be performed by the product. For instance, if the product is meant as a gift rather than for personal use, then the customer may buy a different brand/product depending upon to whom the gift is purchased.

Momentary Conditions: The moods and condition of the customer at the time of purchase may also affect the buying decision. A customer who is very happy would make a different buying decision, as compared to when he is not in a happy mood.

Social Factors: The social factors such as reference groups, family, and social and status affect the buying behaviour.

Reference Groups: A reference group is a small group of people such as colleagues at work place, club members, friends circle, neighbors, family members, and so on. Reference groups influence its members as follows:

- They influence members' values and attitudes.
- They expose members to new behaviors and lifestyles.
- They create pressure to choose certain products or brands.

Family: The family is the main reference group that may influence the consumer behaviour. Nowadays, children are well informed about goods and services through media or friend circles, and other sources. Therefore, they influence considerably in buying decisions both FMCG products and durables.

Roles and Status: A person performs certain roles in a particular group such as family, club, organization, and so on. For instance, a person may perform the role of senior executive in a firm and another person may perform the role of a junior executive. The senior executive may enjoy higher status in the organization, as compared to junior executive. People may purchase the products that conform to their roles and status, especially in the case of branded clothes, luxury watches, luxury cars, and so on.

Cultural Factors: Culture includes race and religion, tradition, caste, moral values, etc. Culture also include sub- cultures such sub-caste, religious Sects, language, etc.

Culture: It influences consumer behaviour to a great extent. Cultural values and elements are passed from one generation to another through family, educational institutions, religious bodies, social environment, etc. Cultural diversity influences food habits, clothing, customs and traditions, etc. For instance, consuming alcohol and meat in certain religious communities is not restricted, but in certain communities, consumption of alcohol and meat is prohibited.

Sub – Culture: Each culture consists of smaller sub-cultures that provide specific identity to its members. Subcultures include sub-caste, religious sects (Roman Catholics, Syrian Catholics, Protestant Christians, etc), geographic regions (South Indians, North Indians, Tongas, Lozis, Bembas), language (English, Swahili, Chewa, Mambwe) etc.

The behaviour of people belong to various sub-cultures is different. Therefore, marketers may adopt multicultural marketing approach, i.e., designing and marketing goods and services that cater to the tastes and preferences of consumers belonging to different subcultures.

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UNIT 4

NATURE AND DIVERSITY OF CONSUMER NEEDS

Introduction

Welcome to unit 5. At the heart of marketing, lies what is referred to as a consumer need. Consumer needs are the quintessence of the marketing concept. Psychologists and consumer researchers agree that human beings have the same needs; however, these needs get translated differently into different wants, resulting in varied motives. This unit therefore, discusses the nature and diversity of consumer needs.

Objectives

- Evaluate the consumer needs and motivation
- Describe consumerism, relationship marketing, consumer expectation and satisfaction
- Analyze the meaning of consumer involvement, its causes, types and effects

Definition and Meaning of Consumer Needs and Motivation:

With consumers being different and unique to each other, it is important that the marketers understand the various needs, and provide relevant product and service offerings that blend with the consumer(s) segment(s) and their wants. An understanding of human needs and motives would also help marketers understand and predict consumption behavior. The two terms “need” and “want” often used interchangeably hold two different meanings. A need is a state of felt deprivation while a want is a desire for a specific satisfier.

Example:

- A person is hungry.
- Need: Hunger
- Want: The person may desire chicken and chips or shawarma

The various options are the wants. A want may further get translated into a brand too, e.g., the person desires chicken and chips from Hungry Lion or Debonair. While needs lie at the core of marketing, marketers can never create needs. Needs pre-exist a marketer. They are already known and experienced by consumers.

At times, however consumers fail to identify needs as the needs lie at the sub-conscious level and remain unfelt. In such cases, a marketer can just help a consumer identify such needs. Example: People have always sweated, perspired and smelt of body odour. People did not become

conscious of the social embarrassment till companies introduced deo sprays and sticks, eg. Rexona, Ponds etc, and began to play advertisements that depicted social appeals like embarrassment amongst friends and relatives at parties and social gatherings. Also most of the times, human needs are dormant and lie at a latent state. They get aroused suddenly by (i) stimuli internal to the individual and his physiology

Example: A person feels hungry and moves towards a restaurant to buy some food (ii) stimuli in the external environment;

- Example: A person smells the aroma of freshly baked cakes and enters the bakery to buy some cakes. The marketer could also formulate strategies that help trigger such needs. Example: A banner or a hoarding informing people of a food festival at attractive prices can trigger off a desire amongst people to try out newer dishes and cuisine,
- Or the display of a newly launched car, can encourage customer trail and subsequent purchase. As consumers begin to identify and feel that a need exists, there occurs an inner urge or a drive towards taking an action so as fulfill the need.
- This inner urge and the impelling action to put in efforts to attain a goal and fulfil the need and thereby attempt at satisfaction is referred to as motivation.

The term “motivation” has been derived from the Latin word “movere” which means “to move”. In terms of consumer behavior, when a consumer realizes that there exists a state of felt deficiency (need), it gets translated into a variety of options (wants) from which a consumer may chose. The need/want lead to a state of tension in the mind of the consumer and an urge/drive to act (buy/consume), so as to fulfill the need or want. This manifests itself into a goal, which is actually the behavior (act to purchase or consume), which puts an end to the urge to act. The entire action may ultimately lead to feelings of satisfaction, neutrality or dissatisfaction.

Thus, the study of consumption behavior begins with when an individual recognizes a need and begins to take action to satisfy it. What he desires is an ultimate goal i.e. satisfaction of a need/want. Consumer motivation is the urge or drives to satisfy needs through product purchase and its consumption.

“The needs, wants, drives, and desires of an individual that lead him or her toward the purchase of products or ideas. The motivations may be physiologically, psychologically, or environmentally driven.” (Source: American Marketing Association).

The entire need, want, goal, action and satisfaction chain comprises the **cognition, affect and behavior** components within an individual; however, the process gets started with cognition, and therefore marketers need to inform and educate the consumers about their product/service offerings and the marketing mix.

Needs are primarily of two types, viz., physiological needs and psychological needs. People possess and experience a variety of such needs simultaneously.

- **Physiological Needs:** As the name suggests, these needs arise out of our physiology and are also called as primary or biological or biogenic needs; eg. Need for food, water, sleep, air,

shelter etc. We are born with such needs and these are innate in nature. In order to survive, these needs must be fulfilled. As human beings are all similar, thus, we are also similar in so far as these needs are concerned.

These needs arise out of our sociology and psychology and as such they are also called secondary or psychogenic needs; eg. Need for affiliation, power, recognition, esteem and status, etc. During the period of socialization, we acquire such needs; and human beings differ amongst each other in so far as these needs are concerned.

Goals:

- The goal is manifested after the need and want are identified. In fact our actions to purchase/consume are all goal directed.
- A goal is the ideal state that a person desires as he thinks that it would help him satisfy a need.
- A product/service offering and the value proposition is a means to provide such benefits that the consumer utilizes to achieve his goals.
- Goals are of two types, generic goals and product-specific goals.
- **Generic Goals:** Generic goals can be defined as the general category of goals that consumers see as a means to satisfy their needs and wants. For example, a consumer may want to buy a cell phone.
- **Product - Specific Goals:** These are specifically branded products or services that the consumers select to fulfil the generic goal. For example, the consumer would want to buy a Nokia or a Samsung.

The nature of goals can be explained as follows:

- **Multiplicity and Selection of Goals:**
- A need/want may be fulfilled through attainment of various goals. For example, thirst may be quenched with water, a fruit juice, a cola; and even within fruit juice, the choice could vary amongst many like orange juice, lime juice, or mixed fruit juice.
- A consumer is thus exposed to a multiplicity of goals that could all be equally appropriate and attractive. However, the awareness about such multiple goals would vary from person to person based on learning and experience. Even the selection of a goal out of the many would vary across people as it would depend on factors like his purchasing power, personal preferences and choices, experience of self as well as social influences, lifestyle and values, and socio-cultural norms and practices.

Conflicting Needs and Goals: A consumer may often find himself amidst conflicting needs and goals at the same time or at various times, and this leads to what is referred to as an intra

individual conflict, something that the person feels within himself. Conflicting goals could lead to three types of intra individual conflict:

- **Approach - Approach Conflict:** In the approach-approach conflict, the consumer finds himself in a situation where he has to make a choice between two desirable alternatives each of which are equally attractive.

However, due to constraints, he cannot choose both the options.

Example: A person wants to buy fulfil his esteem need. He can either buy a Merc or a BMW, but cannot buy both because of his limited resources. Another example could be that a person is hungry and is tempted to have both a pizza and a burger.

- **Approach - Avoidance Conflict:** Here the consumer is faced with an option that has both a positive and a negative to it, i.e., the goal presents something attractive, yet something unattractive to it. Thus the person is both attracted towards a goal as well as repelled by it.

For example, a person wants to buy a new television set with the best of features and quality sound.

- He is presented with various alternative brands.
- He is tempted to buy a Sony Bravia but he also knows that it would cost a premium and would be more expensive than other brands.
- While Sony as a brand depicts high quality, it also costs more.
- The situation would further get complicated if the dealer informs him of a scheme that if he leaves Sony and buys a Samsung TV, he gets a free DVD player.
- This is called a double approach-avoidance conflict. Another example is that a lady wants to have an ice-cream but is also concerned about the fact that it would mean adding to calories and weight.

Avoidance - Avoidance Conflict

The avoidance - avoidance conflict involves choosing between two equally unattractive and undesirable alternatives; it is a situation where you choose between the devil and the deep sea. The consumer is faced with two options, each of which he wants to discard. For example, the doctor prescribes to a patient of a long drawn treatment based on medicines with lower rate of success as against another option of a surgical procedure with high risk of post operative complications.

Motives and Motivation: Motives can be rational as well as emotional.

- **Rational:** When consumer motives are objective, and when selection of goals is made on the basis of objective criteria, they are referred to as rational motives. These criteria could be price, size, weight etc.

Emotional: When consumer motives are subjective, and when selection of goals is made on the basis of personal and subjective criteria, like appearance and looks, colour, aesthetics etc., they are referred to as emotional motives. Motivation can take a positive as well as a negative form and correspondingly a positive and negative direction respectively.

Positive Motivation: The person is driven towards an object/condition/situation. Example: A person goes to the gym three times a week to build up his body and muscles so that he can look good. The object in question (gym, work out, good body) is referred to as an approach object. His behavior is directed towards achievement of a positive goal, which is fitness, body building and great looks.

Negative Motivation: Here, the person is driven away from an object/condition/situation, and the corresponding effects of non usage. For example, a person decides to buy cogate toothpaste for his child as it helps fight germs and tooth decay whole day long. His behavior is directed towards the object (cogate) to avoid a negative goal, which is tooth decay.

Various kinds of physiological and psychological needs have been proposed and listed; while physiological needs are few and universal, psychological needs are many and varied.

A person may experience many needs and wants simultaneously and one may be sacrificed at the cost of the other. - Needs/wants/goals/motives vary from person to person. They also vary within a person across situation to situation. Needs/wants are never fully satisfied. Wants are satisfied temporarily but needs are never satisfied. They keep on emerging. As one need is satisfied, another emerges and so forth, and as they emerge, they trigger off desire and motives.

Needs/wants/goals/motives grow, develop and change in response to an individual and his environment. Needs and wants may also lie dormant. They may suddenly trigger owing to physiological factors, social factors, and/or external environmental factors. Success and failure to fulfill needs and wants also affect the future choice of goals.

Consumer Theory

Assumes buyers are completely informed about:

- Range of products available
- Prices of all products
- Capacity of products to satisfy
- Their income

This requires that consumers can rank all consumption bundles based on the level of satisfaction they would receive from different units of consumption.

Consumer Theory - Assumptions Completeness. For every pair of consumption bundles, A and B, the consumer can say one of the following: A is preferred to B, or B is preferred to A. The consumer is indifferent between A and B

Assumptions Transitivity: If A is preferred to B, and B is preferred to C, then A must be preferred to C. Non satiation more of a good is always preferred to less

Views of Consumer Decision Making Relationship

Consumerism is the organized form of efforts from different individuals, groups, governments and various related organizations which helps to protect the consumer from unfair practices and to safeguard their rights. The growth of consumerism has led to many organizations improving their services to the customer. Consumers Needs and Motivation, Emotions and Mood, Consumer Involvement

Consumerism: Consumer is regarded as the king in modern marketing. In a market economy, the concept of consumer is given the highest priority, and every effort is made to encourage consumer satisfaction. However, there might be instances where consumers are generally ignored and sometimes they are being exploited as well. Therefore, consumers come together for protecting their individual interests. It is a peaceful and democratic movement for self-protection against their exploitation. Consumer movement is also referred as consumerism.

Features of Consumerism

Highlighted here are some of the notable features of consumerism:

- Protection of Rights - Consumerism helps in building business communities and institutions to protect their rights from unfair practices.
- Prevention of Malpractices - Consumerism prevents unfair practices within the business community, such as hoarding, adulteration, black marketing, profiteering, etc.
- Unity among Consumers - Consumerism aims at creating knowledge and harmony among consumers and to take group measures on issues like consumer laws, supply of information about marketing malpractices, misleading and restrictive trade practices.
- Enforcing Consumer Rights - Consumerism aims at applying the four basic rights of consumers which are Right to Safety, Right to be Informed, Right to Choose, and Right to Redress.

Advertising and technology are the two driving forces of consumerism. The first driving force of consumerism is advertising. Here, it is connected with the ideas and thoughts through which the product is made and the consumer buys the product. Through advertising, we get the necessary information about the product we have to buy. Technology is upgrading very fast. It is necessary to check the environment on a daily basis as the environment is dynamic in nature. Product

should be manufactured using new technology to satisfy the consumers. Old and outdated technology won't help product manufacturers to sustain their business in the long run.

Customer Expectation and Satisfaction: Customer satisfaction may be defined as the product's performance according to buyer's expectations. Consumers form expectations about the value of marketing offers and make buying decisions based on three expectations. Consumers form expectations about the value of marketing offers and make buying decisions based on three expectations. Customer satisfaction depends on the products actual performance relative to a buyer's expectations. But, how do buyers form their expectations and expectations are based on the customer's past buying experience. Marketers must be careful to set the right level of expectations. If they set expectations too low they may satisfy those who buy, but fail to attract enough buyers. Consumer satisfaction, a business term, is a measure of how products and services supplied by a company meet or surpass consumer expectation.

Demand Curve

The quantity of a particular good or service that a consumer or group of consumers want to purchase at a given price is termed as demand. It is the consumer's ability or willingness to buy a specific product.

When the demand curve is downward sloping means that the consumers will buy more when the price decreases and the same consumers will buy less when the price increases. It is not only price, the demand for a good or a service is also influenced by other factors such as the price of substitute goods and complementary goods.

Determinants of Demand

The key determinants that affect the demand function are as follows

Income - A rise in consumer's income will tend to increase the demand curve (shift the demand curve to the right). A fall will tend to decrease the demand for normal goods.

Consumer Preferences - Favorable change leads to an increase in demand, unfavorable change leads to a decrease in demand.

Number of Buyers - More the number of buyers, more will be the demand. Fewer buyers lead to a decrease in demand.

Substitute Goods (goods that can be used to replace each other) - The price of substitutes and demand for the other good are directly related. Example - If the price of coffee rises, the demand for tea will also rise.

Complementary Goods (goods that can be used together) - The prices of complementary goods and their demand are inversely related.

Example if the price of printer increases, the demand for computer sheets will decrease.

Demand Function

The demand function relates to the price and quantity. It shows how many units of a good will be purchased at different prices. At higher prices, less quantity will be purchased.

The graphical representation of the demand function has a negative (ve) slope. The market demand function is calculated by totaling up all of the individual demand functions.

Demand Function of an Individual

The individual demand function has a functional relationship between individual demand and the factors affecting individual demand.

It is expressed as $D_x = f(P_x, P_r, Y, T, F)$

Where,

- D_x = Commodity Demand x
- P_x = Commodity x's price
- P_r = Related Goods' Price
- F = Expectation of Change in Price in future
- Y = Consumer's Income
- T = Tastes and Preferences

Demand Function of Market: The market demand function has a functional relationship between market demand and the factors affecting market demand. The market demand function can be expressed as -

$D_x = f(P_x, P_r, Y, T, F, P_D, S, D)$

Where,

- D_x = Market demand of commodity x
- P_x = Price of given commodity x
- P_r = Related Goods' Price
- Y = Consumer's Income
- T = Tastes and Preferences
- F = Expectation of Change in Price in future
- P_D = Size and Composition and Size of population
- S = Season and Weather

- D = Income Distribution

Views of Consumer Decision Making

An Economic View: Consumers have generally been assumed to make rational decisions. The economic view of consumer decision making is being criticized by researchers because a consumer is assumed to possess the following traits to behave rationally. Firstly, they need to be aware of all the alternatives present in the market. Secondly, they must be able to efficiently rank the products as per their benefits. Lastly, they must also know the best alternative that suits them as per their requirements.

In the world of perfect competition, consumers rarely have all the information to make the so called 'perfect decision.'

A Passive View: Passive view is totally opposite to the economic view. Here, it is assumed that consumers are impulsive and irrational while making a purchase. The main limitation of this view is that consumers also seek information about the alternatives available and make rational or wise decisions and purchase the products or services that provides the greatest satisfaction.

A Cognitive View: The cognitive model helps individuals to focus on the processes through which they can get information about selected brands. In the framework of cognitive view, the consumer very actively searches for such products or services that can fulfill all their requirements.

An Emotional View: Consumers are associated with deep feelings or emotions such as, fear, love, hope etc. These emotions are likely to be highly involving.

Relationship Marketing

Relationship Marketing is very much beneficial while seeking to establish a long-term relationship with the customers. The idea behind relationship marketing is to retain regular or old customers. Acquiring new customers is quite difficult as compared to retaining existing customers. In relationship marketing, the focus is on retaining customers for longer runs. For this purpose, the marketer pays more attention on providing orientation of the benefits for taking those products.

He tends to give quick and efficient customer service to satisfy the consumer and to make it a point that the consumer comes back. Here, in this stage, it fulfills all the promises or the commitments regarding the after service or anything related to the product made to the customers.

The main point here is that, the quality in which the marketer pays the utmost attention. To retain the customers for a long run the marketer should give the customers the desired quality with all the required features and characteristics and of course, the marketer should be readily available for the customers to provide effective service or products.

Factors affecting Business and Relationship Marketing

As we, all know consumer needs tend to change gradually with time. The likes, dislikes, tastes and preferences of consumers change with time. For example, a girl who liked a dress when she was 15 might not like the same dress when she is 25. Marketers too need to study the market and acquaint these changing factors to survive in the market and retain customers.

Fewer Suppliers and Customers - Marketers need to alter their marketing strategies according to various markets. In a consumer market, there are many suppliers and consumers, so the marketer needs to work accordingly to motivate the consumer and retain him.

Whereas in a business market, the competition is even tougher, where there are limited or fewer customers and suppliers. Here the buyers may not always be the end users as they are focused and know about their wants and needs. In such kind of markets, it is very difficult to change the opinions of the consumers. Personal contact between the buyers and sellers is quite possible in a B2B market. Here, the buyer is not always the consumer, and he might come in contact with the seller directly for his whole-sale or retail business. Whereas, in case of B2C market, the consumers may or may not have any personal contact with the seller, since now-a-days consumers prefer buying products online or even from a self-service store.

Consumer Behavior - Reference Groups

In our daily lives, we all get influenced by a variety of people while making our purchase decisions. We, as humans do a lot to try to impress others. We make purchase to get compliments and try that others should not think less of us. A reference group is the group whose perspective we consider. Now our reference could be very large or very small including few of our family members or few close friends. Reference groups influence people a lot in their buying decisions. They set the levels of lifestyle, purchasing patterns, etc.

Reference groups are of two types:

- Primary Groups
- Secondary Groups

Primary Groups: Primary reference groups are basically the set of people whom you meet every day. They can be from your family, your close friends, your roommates, etc. These people from primary groups may have a direct and strong impact in your lives and your buying decisions since they are very significant to you. Primary groups make you comfortable and give you a feeling that they are with you when you are confused about a purchase. These people give you very honest and clear advices as they are so close to you, due to which you could be more confident about the purchase. Research shows that the bond between people leads people to be effectively social and as satisfied consumers.

Secondary Groups: Secondary reference groups are usually formal and they speak less frequently. They might be professionals, your colleagues, your seniors at work or your acquaintance at club, etc. In secondary reference groups the power to influence people is quite less as compared to primary reference groups as people in these groups are not that comfortable in sharing their thoughts or views on the purchase.

Let's have a look at few more reference groups.

Aspirational Group: Aspirational group is the one to which a person may want to become part of. They currently are not part of that group but wish to become and get with that group. For doing the same, they try to dress, talk, act and even think the way the members of that group do. For example, people who like Ronaldo wish to become like him and meet him and so start purchasing and using all those products that he endorses.

Dissociative Group: The people in these groups are totally opposite to the people in the aspirational group. Here people deny of becoming or getting connected to a particular group. They just hate being related to that group. For example, if people don't like a particular community, they would never like being connected to them. So they would try all the possible ways to avoid the way in which they dress, think or act.

Thus marketers need to understand the likes and dislikes of the consumers and also the groups to which they belong. Marketers should recognize the extent to which a reference group influences the consumer and he should also understand out of all the groups which group influences him the most.

Family: Family of a consumer plays an important role in the decision making process. The parents, siblings, relatives all have their own views about a particular purchase.

Following are the roles in the family decision making process -

Influencers - Influencers are the ones who give ideas or information about the product or service to the consumer.

Gate Keepers - Gatekeepers are the family members who usually panel the information. They can be our parents or siblings too who can in any form provide us the information about the product.

Decision Makers - Family or our parents who usually have the power to take decisions on our behalf are the decision makers. After the complete the research they may decide to purchase the particular or dispose it.

Buyers - Buyer is the one who actually makes the purchase of the product.

End Users - The person who finally uses the product or consumes the service is the ultimate consumer also called as End user as per the context.

A consumer gets influenced by his family members as well as friends. Since childhood the culture which he follows or the rituals which he observes and the moral values and the religious principles he usually receives them from his family. However, the individual learns fashion, attitude or style from his friends. All these attributes or traits together influence the buyer's decision making.

Consumer Involvement

Some consumers are characterized as being more involved in products and shopping than others. A consumer who is highly involved with a product would be interested in knowing a lot about it before purchasing. Hence he reads brochures thoroughly, compares brands and models available at different outlets, asks questions, and looks for recommendations.

Thus consumer involvement can be defined as heightened state of awareness that motivates consumers to seek out, attend to, and think about product information prior to purchase. The factors that influence consumer involvement include personal, product and situational. Personal Factors Self-concept, needs, and values are the three personal factors that influence the extent of consumer involvement in a product or service. The more product image, the value symbolism inherent in it and the needs it serves are fitting together with the consumer self- image, values and needs, the more likely the consumer is to feel involved in it. Celebrities for example share a certain self-image, certain values, and certain needs. They tend to use products and services that reflect their life style.

They get highly involved in purchasing prestigious products like designer wear, imported cars, health care products etc.

The consumer involvement grows as the level of perceived risk in the purchase of a good or service increases. It is likely that consumers will feel more involved in the purchase of their house than in the purchase of tooth paste, it is a much riskier purchase. Product differentiation affects involvement. The involvement increases as the number of alternatives that they have to choose from increases. This may be due to the fact that consumers feel variety which means greater risk.

The pleasure one gets by using a product or service can also influence involvement. Some products are a greater source of pleasure to the consumer than others. Tea and coffee have a high level of hedonic (pleasure) value compared to, say household cleaners. Hence the involvement is high. Involvement increases when a product gains public attention. Any product that is socially visible or that is consumed in public, demands high involvement.

For example, involvement in the purchase of car is more than the purchase of household items. Situational Factors The situation in which the product is brought or used can generate emotional involvement. The reason for purchase or purchase occasion affects involvement.

For example, buying a pair of socks for yourself is far less involved than buying a gift for a close friend. Social pressure can significantly increase involvement. One is likely to be more self

conscious about the products and brands one looks at when shopping with friends than when shopping alone. The need to make a fast decision also influences involvement.

A consumer who needs a new refrigerator and sees a one- day- only sale at an appliances retailer does not have the time to shop around and compare different brands and prices. The eminence of the decision heightens involvement. The involvement is high when the decision is irrevocable, for example when the retailer does not accept return or exchange on the sale items.

Thus involvement may be from outside the individual, as with situational involvement or from within the individual as with enduring involvement. It can be induced by a host of personal-product-and situation related factors, many of which can be controlled by the marketer. It affects the ways in which consumers see, process, and send information to others.

The two types of involvement are:

- **Situation: Enduring Involvement** has various facets of consumer behaviour such as search for information, information processing, and information transmission.
- **Situational Involvement:** Situational involvement is temporary and refers to emotional feelings of a consumer, experiences in a particular situation when one thinks of a specific product. **Enduring Involvement** Enduring involvement is persistent over time and refers to feelings experienced toward a product category across different situations. For example, holidaymakers renting a resort for their trip are highly involved in their choice, but their involvement is temporary.

Whereas involvement of a person whose hobby is bike racing endures overtime and affects his responses in any situation related to prepurchase, purchase and post- purchase of sport bikes. It is observed that involvement is triggered by special situation in the case of holiday makers, but in the second case, it comes from, and is a part of the consumer.

- The contrast between situational and enduring involvement is important. When marketers measure involvement they examine the extent to which it can be induced by the product or selling situation. After noticing the type of involvement they are facing, marketers work to control products or selling situations.

Involvement with the product makes consumers process product-related information more readily. This information is processed thoroughly, hence, it is retained for a long - time. Because of this the consumers become emotionally high and tend to engage in extended problem solving and word- of-mouth communications.

- These Result into Three Categories:
- Search for information, processing information, and information transmission.
- Customers who are highly involved tend to search for information and shop around more when compared with low involvement customers.

For example, the customer who is highly involved with cars and thinks about buying it is likely to gather information. He sees for alternative models to figure the advantages and disadvantages

of each. The more they are involved, the more they learn about the alternatives within that category. To gather the information they use various sources.

- One such behaviour is to shop around, where they visit various outlets and talk to sales people. The customers of this kind should be encouraged by retailers to visit the outlets to know, and compare various models to meet information needs. Processing of Information Processing of information means depth of comprehension, extent of cognitive elaboration, and the extent of emotional arousal of information as discussed below.

Depth of Comprehension Highly involved customers tend to process product information at deeper levels of understanding than the ones with low involvement. For example educated parents in urban areas are highly involved in baby food purchase decisions than rural uneducated parents.

- They also retain this information for long time. In this case marketers need to provide information cues to help the consumers to retrieve information from memory. But when the target is low involvement consumers, marketers should make the necessary information as accessible as possible at the time of selection and buying of the product.

Extent of Cognitive Elaboration

Highly involved customers think more about product choices than consumers with low involvement. Their deep understanding involves support arguments and/or counter arguments. That is, highly involved consumers tend to generate cognitive responses either in support of the product information or against the information provided by the marketers. If we talk of the previous example, marketing baby food products, the product although effective may have significant side effects like obesity.

Educated parents are likely to give this the great deal of thought before giving it to their children. To ensure that the parents generate positive thoughts, the marketers have to mention a quality argument that the product benefits outweigh its negative effects.

If the arguments are less informed and not persuasive, it is likely to produce negative thoughts resulting in an unfavourable attitude towards the product. Level of Emotional Arousal Highly involved consumers are more emotional than less involved consumers.

The highly involved react more strongly to the product-related information which may act for or against marketers. This is because the negative interpretation is likely to be exaggerated more number of times causing the customers to reject the product.

Information Transmission: transmission of information is the extent to which greatly involved customers send information about the product to others.

This is done usually through word-of-mouth communication. The researchers have shown that if consumers are highly involved they talk about the product frequently than others. Satisfied consumers are likely to speak favourable about the product, while unsatisfied speak negatively.

Therefore, marketers catering to highly involved consumers should attempt to enhance consumer satisfaction and decrease dissatisfaction. For example, customer happy with ONIDA television communicates the same to others through word-of-mouth.

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Factors that influences consumer involvement

Factors that influences consumer involvement include personal, product and situational.

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shop around and compare different brands and prices. The eminence of the decision heightens involvement.

The involvement is high when the decision is irrevocable, for example when the retailer does not accept return or exchange on the sale items.

Thus involvement may be from outside the individual, as with situational involvement or from within the individual as with enduring involvement.

It can be induced by a host of personal-product-and situation related factors, many of which can be controlled by the marketer. It affects the ways in which consumers see, process, and send information to others. Consumer decision making process is impacted by individual determinants that are specific to an individual and his self; these primarily take the form of psychological influences; and group influences that are general across a class(es) of customers and take the form of sociological influences. This module deals with the psychological influences on consumer decision making.

Such psychological influences include the forces that impact consumer decision making; these are

- Consumers Needs and Motivation, Emotions and Mood, Consumer Involvement
- Consumer Learning
- Personality, Self-concept and Self-image
- Consumer Perception, Risk and Imagery
- Consumer Attitude
- Consumer Communication
- Nature and Diversity of Consumer Needs, Goals and Motivation
- Motivational Theories and their Implication for Marketers
- Motivational Research and its Applicability: Implications for Marketers
- Emotions and Moods and Implications for Marketers
- Meaning, Nature and Types of Consumer Involvement
- Mechanism underlying the Consumer Involvement Process
- Consumer Behavior Models based on Involvement
- Consumer Involvement and Implications for Marketers

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MODELS OF CONSUMER BEHAVIOR - SPECIFIC MODELS

Introduction

Model - The Level of Message Processing Model

Objectives

- Analyze the factors affecting consumer involvement
- Demonstrate on the various models of involvement

The Learn Do Hierarchy Model Message Processing Model

The Learn - Feel - Do Hierarchy Model

With implications for marketing communication, the learn-feel-do hierarchy model, was proposed by Vaughn and his colleagues in the 1980's at Foote, Cone and Belding; thus, it also came to be known as the FCB Matrix. Consumer decision making varies across the nature of product/service offerings.

According to the model, some purchases are backed by a lot of cognition and thinking, while others are based on feelings and emotions. The combination of these reference points produces a strategy matrix. The marketer has to choose appropriate strategies for different kinds of product/service offerings. He needs to analyze the nature of his product, and design his promotion strategy accordingly; the advertising medium should relate to the product category.

The learn-feel-do model is a simple matrix that links consumer decision making and consumer choices to three components which are information (learn), attitude (feel), and behavior (do). The matrix classifies consumer decision-making along two dimensions, high/low involvement and thinking/feeling.

Involvement as a dimension is represented on a continuum as high and low; over time one moves from high to low involvement. Thinking and feeling represent the other axis again as two ends of a continuum; with time, there is a movement from thinking toward feeling.

As illustrated in the matrix, based on cross combinations, there are four cells, viz., High Involvement/High Thinking, High Involvement/High Feeling, Low Involvement/Low Thinking and Low Involvement/Low Feeling.

Put together they each of these quadrants holds relevance to designing of marketing communication and can be explained as follows:

a. High Involvement/High Thinking: This quadrant of the matrix consists of high involvement and thinking, typically signifying higher level of rationality. Products that fall into this quadrant are high involvement products, where decision making involves a lot of thinking. Because of the nature of product/service offerings that fall in this category, consumers have a high need for information. Also, consumer decision making is driven by economic motives.

Examples of products that would fall into this quadrant include cars, laptops, real estate etc as well as innovative products.

The strategy model is learn → feel → do.

High Involvement/High Feeling: This quadrant is representative of situations which are high involvement and high feeling; while there is a level of involvement, information and thinking is less important than the feeling factor; this is because such purchases are related to the person's self-esteem.

The affect component is stronger than the information factor. The person is drawn by the feeling, emotional and psychological motives; and, they become a "feeler" about the product.

Examples include sports cars and motorcycles, fashion apparel and jewellery, perfumes etc. The strategy model is feel → learn → do.

b. Low Involvement/Low Thinking: The third cell requires minimal effort on the part of the consumer, both in terms of involvement and thinking. It actually results from habit forming within the consumer (or the doer), as a result of habitual buying and purchase. He becomes a reactor in the sense that whenever he has a need, he reacts and immediately purchases whatever brand he has been purchasing. Over a period of time, almost all products would fall into this quadrant. Examples of products that would involve the low involvement/thinking dimensions include staples, bread, stationery, soap etc. The strategy model is feel → learn → do.

c. Low Involvement/Low Feeling: The products that fall in this quadrant signify low involvement and low feeling; yet, they promote self satisfaction. Consumers buy such products to satisfy personal tastes, many a times influenced by peer influence and social pressures.

Examples include cigarettes, liquor, movies etc. The strategy model is do → feel → learn.

Implications for a Marketer:

For high involvement/high thinking products, the marketer should provide such information about the product/service and the brand offering that helps build a favorable attitude for his brand, so that it could lead to a purchase. The focus of the advertisement should be on factual relevance.

For products that fall in the high involvement/high feeling quadrant, a marketer should devise a promotional strategy that arouses an affective state that is positive and favorable. A good psychological emotional and mood state would create an urge within the consumer to learn more about the offering, and finally buy the product/service.

The advertisement should focus on both facts and entertainment. For low involvement and low thinking products, the marketer needs to create and maintain brand loyalty; promotional strategies should focus on creation of brand recall. The advertisement should focus on both facts and entertainment.

This proves to be challenging for marketers as consumers are driven by social pressures and brand loyalty is short lived. The promotional strategy should include social appeals with an entertainment orientation.

The Level of Message Processing Model: The level of involvement has an impact on the information gathering and processing. Based on this premise, the level of message processing model states that a consumer's attention to advertising is influenced by varying levels of involvement, and runs across pre-attention, focal attention, comprehension, and elaboration.

Each of these levels is indicative of different level of message processing, and is explained as follows

Pre-attention: This level of involvement requires only a limited processing and, thus the desire is just to gain some amount of familiarity.

Focal Attention: A degree greater than the first stage, here the consumer concentrates on the message source and context, and becomes receptive to basic information like product/brand name and usage.

Comprehension: At this level, the consumer focuses on the message content and tries to understand it in terms of features, attributes, benefits, price, availability etc.

Elaboration: During this highest stage of involvement, the consumer integrates the message into his memory, forms beliefs and either adds to or modifies the information that already exists in his memory.

Implications for a Marketer

The marketer should design his promotion message according to the level of involvement that exists for the majority of the segment for that product/service category.

For high involvement products, the marketer needs to move the consumers from a state of pre-attention to elaboration. This becomes all the more necessary for consumers who are typically low on involvement because of their basic personal traits.

The Product versus Brand Involvement Model: This model assesses consumer involvement at two levels, product and brand. A consumer may be involved with a product/service category but may not be necessarily involved with the brand. The converse may also be true, where he may be involved with the brand and not with the product/service category.

According to the model, consumers can be classified into four types according to their involvement with the product/service category and with the brand. These categories are as follows: Brand loyalists, Information seekers, Routine brand buyers and, Brand switchers.

The model could hold relevance when involvement is used as a segmentation criterion.

Brand Loyalists: Brand loyalists are consumers that are highly involved with the product category as well as the brand. As both product and brand are of high involvement, the marketer should provide information about the product category as well as the brand. As the consumers are involved with the brand as well, they exhibit brand loyalty.

Information Seekers: This is a consumer category that is highly involved with the product category but shows low involvement with the brand. The consumers here do not think much about the brand, show less preference towards the brands and would not have established a preferred brand; brand loyalty is absent in most cases, and maybe very low in a few cases.

Such consumer put in efforts to search out collect information about the product category and the various brands. After they have processed such information and compared the various options, they make a decision on which brand is best.

Routine Brand Buyers: Routine brand buyers are not highly involved with the product category but shows involvement with a particular brand within that category. They tend to show a level of loyalty towards the brand, although they are not particularly interested in the product category. If and when they need to use a product, they patronize a particular preferred brand only.

Brand Switchers: Consumers who fall in this category are neither involved neither with the product category nor with the brand. They buy anything they can get hold off and not particular about the product or the brand. As the term suggest, they keep on switching their brands. They

do not have an emotional bond with any brand. Generally, such consumers are price sensitive and respond to price.

Implications for a Marketer

For brand loyalists, the marketer should place emphasis on winning customers and creating brand loyalty. The marketer should provide information about the brand, and portray how their brand is better than the competitor. Apart from providing information, the marketer should also try an emotional connect with the consumer.

Promotional messages should be informational as well as emotional; they should provide facts, as well as reinforce brand loyalty. Promotional messages for information seekers must lay emphasis on information rather than emotions. The marketer should make sure that he provides such consumers with relevant facts about the product category as well as the brand. He should tilt brand information in his favor by stressing how his brand is better than the other competitive brands. The product features, attributes, benefits etc as well as information on brand differences need to be emphasized upon.

In order to encourage the continuation of loyalty with routine brand buyers, the marketer should use emotional appeals.

For brand switchers, the marketer needs to use economic appeals that emphasize on price of the brand, comparison with other brands, discounts, savings, value for money etc.

Consumer involvement has implications for a marketer. Consumer involvement affects how consumers gather, comprehend and transmit information, make purchase decisions and make post-purchase evaluation.

Thus a marketer needs to understand the process and design his marketing mix in a manner that can activate the involvement process to his favor.

The study of consumer involvement can be useful for a marketer in the following ways:

- The study of consumer involvement helps a marketer assess how the majority of your target market relates to the purchase of the particular product/service category, in terms of high/low involvement.
- If the majority of the target segment views it as a high involvement, the decision making becomes rational, although there may be an emotional and egoistic element too.

For example, while buying an automobile, a rational mind would look to mileage, engine etc.; an emotional mind would think of color, aesthetics, style; and an egoistic mind would relate it to pride and prestige.

- On the other hand, if the majority of the segment treats it as of low involvement, the decision making becomes emotional.

- The marketer could gain insights into high involvement and low involvement purchase situations, and accordingly bring about changes in his marketing strategy.
- For high-involvement purchases, the consumer searches for information extensively; thus a marketer the marketer needs to provide information about the product category as well as the brand.
- Marketing communication should focus on product features, attributes, benefits etc.
- Information on brand differences also needs to be emphasized upon. Longer format media need to be used like (i) print in newspapers, magazines, journals and brochures; (ii) videos.

As far as low-involvement purchases are concerned, these are generally routine in nature; the marketer needs to use emotional appeals.

- Attempts should be made to create and maintain brand loyalty. Point-of-purchase stimuli, store display and attractive merchandise can also help boost sales.
- Advertising should focus on audio visual media through emotional appeals.
- If a marketer is confronted with both high involvement and low involvement segments, he can deal with both the segments separately by bringing about changes in the marketing mix.

However he needs to take such a decision after understanding the size and potential of each of such segments; if only a small segment operates on a low involvement or on high involvement, may not be feasible to cater to both.

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MOTIVATIONAL THEORIES AND THEIR IMPLICATION FOR MARKETERS

Objectives

- Analyze the motivational theories and their implication for marketers
- Explains the various aspects of motivational research
- Illustrates the consumer decision making process

Maslow's Hierarchy of Needs Theory

The Hierarchy of Needs Theory, proposed by Abraham Maslow, a clinical psychologist in 1943, is regarded as one of the most important contributions to the field of motivational research. Maslow proposed that human needs could be classified into five basic levels, viz., basic /primary needs, safety/security needs, social/affiliation needs, ego/esteem needs and self actualization needs.

Each of the needs could be ranked in order of importance from the lowest to the highest through a pyramidal structure starting from basic /primary needs to the safety/security needs to the social/affiliation needs to the ego/esteem needs, to finally the self actualization needs.

The first two needs, viz. basic /primary needs and safety/security needs were biogenic in nature and were regarded as lower-order needs; while the rest of the three, viz., social/affiliation needs, ego/esteem needs and self actualization needs were psychogenic in nature and were regarded as higher-order needs.

According to the theory, these needs are hierarchical and an individual will go level by level, starting first with the fulfillment of the lower-order needs and gradually move towards the fulfillment of the higher-order needs.

A person cannot move to the second level unless the first level is satisfied. Once a level is satisfied, it ceases to be a motivator and the moves to the next.

The theory was indeed a pioneering piece of work and has been versatile enough to be applied across social science disciplines. Consumer behaviourists have found the versatility of the theory highly useful while testing consumer motivation.

The five needs and the terminology has been universally used and tested across disciplines. The need classification is generic enough to include needs that individuals possess. However, critics argue that the pyramidal structure fails the test of real life situations and practical testing.

Even consumer behavior researchers have pointed out its limitation especially in terms of consumers moving hierarchically across needs from lower levels to higher levels. Consumers

experience multiplicity of needs and wants and often satisfy them simultaneously rather than looking at their relativity. Consumers also often sacrifice one need for another.

Implication for Marketers

The five-need classification clearly spells out the various reasons for which people get motivated towards product/service offerings: food, water, houses: basic /primary/ physiological needs. Life insurance policies, savings and current accounts in banks: safety/security needs membership to clubs, buying houses in residential societies: social/affiliation needs - cars, pent houses, jewellery, membership to premium clubs and societies: ego/esteem needs - admission to professional courses: self actualization needs.

The theory could help marketers understand consumer behavior and needs. Based on the needs and the corresponding motives for purchase and consumption of product/service offerings, the marketer can identify vital clues for segmentation and positioning. Keeping in mind the particular need-motive pattern, the marketer can identify the segment that would be most lucrative for his product/service offerings. This could help him devise his marketing mix (4 Ps) to suit the needs of that segment, and then position accordingly.

Example 1: Magi 2 Minute Noodles:

- Need: Hunger
- Motive: Quick Snack, Easy to Cook
- Major Segment: Children and Teenagers.
- The Mix: Small packs, attractive colour and packaging, fun and social appeal in advertisements.

Example 2: Close up Gel Toothpaste

- Motive: Prevents bad breath
- Major Segment: Teenagers and Youth
- The Mix: 3 varieties, red (regular), blue (crystal) and green (natural and menthol), attractive colour, packaging in various sizes, social appeal in advertisements

Example 3: Maruti Versa

- Motive: Travelling distances together
- Major Segment: Large families, Upper middle class segment
- The Mix: Large spacious vehicle, with double ACs, five doors, 5 lakhs

The marketer could also benefit from the versatility of the theory where varied appeals for a product/service offering can be developed through the five levels of needs. Marketing promotion can be designed to appeal to one or more of the needs.

Example: The lady of the house turns professional. She picks up a part-time job, and works during such timings when her children are away to school.

Out of her first salary, she buys a Samsung Microwave, 32 litres capacity for Rs. 16000

Needs Appeal

Basic /primary/ physiological needs: The appeal would show: - microwave oven can help cook food quickly and easily.

Safety/security needs: How safe the product is for use of self, children.

Social/affiliation needs: How safe it is for the food that is cooked and consumed and for the environment (non-radiation)

Ego/esteem needs: How the lady of the house can sit with the family/friends/guest while the food is being cooked. She does not have to keep standing in the kitchen while the food is cooked. She can auto time it.

Self actualization: She can afford it. She is a proud owner.

The flexibility of the theory makes it adaptable across study of various market research problems.

Mc Clelland's Trio of Needs Theory

Another psychologist, Mc Clelland proposed a theory of Motivation that has come to be known as the Three Need Theory or the Trio of Needs Theory or the Learned Needs Theory.

According to him, an individual's needs are acquired over time and are learned and accordingly shaped by one's life experiences. These needs can be classified into three categories, and thus constitute the Trio, viz., Needs for power (nPow), affiliation (nAff) and achievement (NAch).

Needs for Power (nPow): This refers to a desire within a person to control others (like people, situations, objects etc).

Need for Affiliation (nAff): This refers to a desire for friendship, belongingness and social acceptance.

Need for Achievement (nAch): This refers to a desire and pride for accomplishment and success.

This need theory shows similarity and also overlaps with Maslow's Need Theory. For example, Mc Clelland's need for power, closely relates with safety and esteem need; the need for affiliation relates to social needs and the need for achievement relates to the esteem and self actualization needs. Nevertheless, the theory holds a place for itself and has implications for social researchers and practitioners.

Implication for Marketers: The trio of needs theory could explain why people get motivated towards purchase and consumption patterns of certain product/service offerings:

Needs for Power (nPow)

Examples: People get attracted towards fast cars, motorcycles with greater horsepower. Such automobiles depict masculinity.

They also desire for positions in the government and its machinery etc so as to be able to make policy decisions and control others.

Need for Affiliation (nAff)

Examples: People like to buy products and services that relate to their culture, social class and lifestyle.

They prefer a social approval from people from their social class. Food items, clothing and apparel and even hobbies and interest relate to ones social class. People desire partying and celebrating together, and on such occasions, snacks and beverages are common products. People like holidaying together as family or friends etc. Holiday packages are prepared by the tours and travel companies.

Need for Achievement (nAch)

Examples: People desire to qualify important competitive exams leading to admission in premier institutes so as to obtain education in professional courses eg. medicine, law, business administration etc. This provides them with a sense of accomplishment. Thus, they join and takes services from coaching institutes (See Table 2).

Drawing upon such needs and their relevance, the marketer can take a lead towards developing effective segmentation and positioning strategies.

Trio of Needs versus Examples for Segmentation and Positioning

Needs Examples: Segmentation and Positioning Strategies

Need for power: Need to exert control over other persons, objects, situations.

Example 1: Control over headache, pain and agony - Segment: The youth, middle aged and old - Product: Bata shoes - Positioning Appeal: Agony

Example 2: Control over speed, power and travel - Segment: The youth - Product: Hero

Honda Bikes 100 cc and 150 cc - Positioning Appeal: Fill it, Shut it, Forget it

Need for affiliation Need for social belongingness and acceptance

Example 1: People sitting together and enjoying coffee - Segment: The youth - Product:

Nescafe Coffee - Positioning Appeal: Togetherness, Social appeal

Example 2: Being together whole day long at work, in spite of body odor and perspiration - Segment: The youth - Product: Rexona Deospray - Positioning Appeal: 24 hour intensive Anti-perspirant

Need for achievement - Need for accomplishment and excellence

Example 1: Coaching Institutes - Segment: The teenagers - Product: Bansal classes and test series - Positioning Appeal: Interviews/Statements with toppers and high success rate Example 2: Suiting and shirting - Segment:

The youth, middle aged - Product: Grasim - Positioning Appeal: Successful executives: conduct of business and meeting

Sheth's Consumer Motives: Professor Jagdish N. Sheath, proposed a classification of needs more pertinent to marketing management. While he primarily researched in the area of travel industry, the findings are equally applicable across most products and services. Sheath classified motives into five dimensions, viz., functional motives, aesthetic/emotional motives, social motives, situational motives and curiosity motives. According to him, each of these is oriented to the achievement of specific goals.

Functional Motives: This refers to the utility of a product/service, the utility and the function that is performed.

Aesthetic/Emotional Motives: This refers to the attractiveness in terms of appearance and looks of the product/service.

Social Motives: This is the esteem value attached to the product/service.

Situational Motives: This refers to the unanticipated and unexpected benefits attached to a product/service, like discounts and allowances.

Curiosity Motives: This is the interest aroused by a product/service.

Aesthetic/emotional motive: refers to good looking, eg.

- Appealing interiors and exteriors
- Beautiful location, next to the seaside, beach and palm trees

Social motive: reflects upper class status, lifestyle and values.

Situational motive: it was bought unexpectedly; the person who owned it earlier was desperate to sell as he needed money (otherwise property in town was unavailable) - bought it at a good bargain.

Curiosity motive purchase of the flat: Always wanted to experience a seaside living with palm trees all around, and rich people all around - it is a new experience

Implication for Marketers

The marketer could benefit from the versatility of the theory where these varied motives, each oriented to the achievement specific goals can be better explained.

Example: A person, in sub - urban Mumbai, turns successful as a s businessman.

He now desires to migrate to the posh Jehu area of Mumbai and purchases a bungalow in the posh locality, next to seaside.

Consumer Decision Making Process

The most important environment in which firms operate is their customer environment because the basic belief of marketing oriented company - that the customer is the centre around which the business revolves. Therefore, marketing people need to understand the processes that their customers go through when making decision.

The consumer decision making process involves series of related and sequential stages of activities. The process begins with the discovery and recognition of an unsatisfied need or want. It becomes a drive. Consumer begins search for information. This search gives rise to various alternatives and finally the purchase decision is made. Then buyer evaluates the post purchase behaviour to know the level of satisfaction.

The process is explained below

Need Recognition When a person has an unsatisfied need, the buying process begins to satisfy the needs.

The need may be activated by internal or external factors. The intensity of the want will indicate the speed with which a person will move to fulfill the want. On the basis of need and its urgency, forms the order of priority. Marketers should provide required information of selling points. Information Search Identified needs can be satisfied only when desired product is known and also easily available.

Different products are available in the market, but consumer must know which product or brand gives him maximum satisfaction. And the person has to search out for relevant information of the product, brand or location. Consumers can use many sources e.g., neighbors, friends and family.

Marketers also provide relevant information through advertisements, retailers, dealers, packaging and sales promotion, and window displaying. Mass media like news papers, radio, and television provide information.

Now a day's internet has become an important and reliable source of information. Marketers are expected to provide latest, reliable and adequate information.

Evaluation of Alternatives

This is a critical stage in the process of buying. Following are important elements in the process of alternatives evaluation

- A product is viewed as a bundle of attributes. These attributes or features are used for evaluating products or brands. For example, in washing machine consumer considers price, capacity, technology, quality, model and size.

Factors like company, brand image, country, distribution network and after sales service also become critical in evaluation.

- Marketers should understand the importance of these factors to consumers of these factors to consumers while manufacturing and marketing their products.

Purchase Decision Outcome of the evaluation develops likes and dislikes about alternative products or brands in consumers.

- This attitude towards the brand influences a decision as to buy or not to buy.

Thus the prospective buyer heads towards final selection. In addition to all the above factors, situational factors like finance options, dealer terms, falling prices etc., are also considered.

Post - Purchase Behaviour: This behavior of consumer is more important as for as marketer is concerned. Consumer gets brand preference only when that brand lives up to his expectation. This brand preference naturally repeats sales of marketer. A satisfied buyer is a silent advertisement. But, if the used brand does not yield desired satisfaction, negative feeling will occur and that will lead to the formation of negative attitude towards brand. This phenomenon is called cognitive dissonance. Marketers try to use this phenomenon to attract user of other brands

to their brands. Different promotional-mix elements can help marketers to retain his customers as well as to attract new customers.

Consumer Decision Rules

These are generally referred to as information processing strategies. These are procedures that help consumers to evaluate various options and reduce the risk of making complex decisions by providing the guidelines. Decision rules have been broadly classified into two categories

Compensatory Decision Rules

Consumers evaluate brand or model in terms of each attribute and compute a weighted score for each brand. The computed score reflects the brand's relative merit as a potential purchase choice.

The assumption is that consumer will select the brand that scores highest among alternative brands. The unique feature of this rule is that it balances the positive evaluation of a brand on one attribute to balance out a negative evaluation on some other attribute.

For example, positive attribute like high fuel efficiency is balanced with the negative evaluation of high maintenance cost.

Non-compensatory Decision Rules

In contrast to the above rule non-compensatory rules do not allow consumers to balance positive evaluation of a brand on one attribute against negative evaluation on some other attribute.

There are three types of non-compensatory rules.

Conjunctive Decision Rule: In conjunctive decision rule the consumer establishes a different, minimally acceptable level as a cut off point for each attribute. In this the option is eliminated for further consideration if a specific brand or model falls below the cut off point on any attribute.

Disjunctive Rule: It is the mirror image of conjunctive rule. Here the consumer establishes a separate minimally acceptable cut off level for each attribute. In this case if an option meets or exceeds the cut off establishes for any one attribute it is accepted.

Lexicographic Decision Rule: In this rule the consumer initially ranks the attributes in terms of perceived relevance or importance. Later he compares different alternatives in terms of the single attribute that is considered most important. On this top ranked alternative, regardless of the score on any other attribute, if one option scores sufficiently high it is selected and the process ends.

The consumer decision making process is complex with varying degree. All purchase decisions do not require extensive effort. On continuum of effort ranging from very high to very low, it can be distinguished into three specific levels of consumer decision making:

- Extensive Problem Solving (EPS)
- Limited Problem Solving (LPS)
- Routine Problem Solving (RPS)

Extensive Problem Solving (EPS): When consumers buy a new or unfamiliar product it usually involves the need to obtain substantial information and a long time to choose. They must form the concept of a new product category and determine the criteria to be used in choosing the product or brand.

Limited Problem Solving (LPS): Sometimes consumers are familiar with both product category and various brands in that category, but they have not fully established brand preferences. They search for additional information helped them to discriminate among various brands.

Routine Problem Solving (RPS): When consumers have already purchased a product or brand, they require little or no information to choose the product. Consumers involve in habitual and automatic purchases.

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CONSUMER EMOTIONS AND MOODS

Introduction

Objectives

- Understand the meaning of Consumer Emotions and Moods
- Justify the influence of consumer emotion on buying behaviour
- Analyze various aspects of consumer perception

Emotion and moods affect and are affected by human motives.

It's a two way relationship. Motives have an impact on emotions and moods; and, emotions and moods also impact human motives. Just as human motives have relevance for marketers, similarly emotions and moods also have relevance for marketers. An understanding of the deep seated emotions and moods is necessary for an understanding of consumer motives.

Emotions

Emotions are changes in the body state that impact psychological processes thereby resulting in expression of feelings and observable behavioral reactions. While emotions are varied, psychologists have tried to categorize them. According to the nineteenth century psychologist, Wundt, emotions comprise pairs of opposite states, and there are three of such pairs, viz. pleasantness/unpleasantness, tension/release and excitement/relaxation.

According to another psychologist, Plutchik, there are eight kinds of emotions that can be grouped in four pairs of opposites, viz., joy/sadness, acceptance/disgust, anger/fear and surprise/anticipation.

Thus emotions can be positive or negative; they can give happiness and pleasure or unhappiness and discomfort.

The term “emotion” has been defined variedly and lacks a consensus on definition primarily because of its very nature.

Emotions are personal states, private and subjective. A bodily state that could change differently in response to the environment, it varies within a person and across persons, and gets reflected as a psychological arousal.

Customer Emotions: Needs and emotions are closely related. Emotions are generally triggered by environmental events. Anger, joy, and sadness are most frequently a response to a set of external events. However, we can also initiate emotional reactions by internal processes such as imagery. Athletes frequently use imagery to “psych” themselves into a desired emotional state.

Emotions are accompanied by physiological changes. Some characteristic changes are

1. Eye pupil dilation
2. Increased perspiration
3. More rapid breathing
4. Increased heart rate and blood pressure
5. Enhanced blood sugar level

Emotions also have associated behaviors. While the behaviors vary across individuals and within individuals across time and situations, there are unique behaviors characteristically associated with different emotions: fear triggers fleeing responses, anger triggers striking out, grief triggers crying, and so forth.

Finally, emotions involve subjective feelings. In fact, it is the feeling component we generally refer to when we think of emotions. Grief, joy, anger, jealousy, and fear feel very different to us. These subjectively determined feelings are the essence of emotion.

Nature of Emotions

Types of Emotion If asked, you could doubtless name numerous emotions and your friends could name others that did not appear on your list. Thus, it is not surprising that researchers have attempted to categorize emotions into manageable clusters. Some researchers have suggested that three basic dimensions - pleasure, arousal, and dominance (PAD) - underlie all emotions. Specific emotions reflect various combinations and levels of these three dimensions.

Following table lists the three primary PAD dimensions, a variety of emotions or emotional categories associated with each dimension, and indicators or items that can be used to measure each emotion. Learning and consumer behaviour Introduction/definition Different theorists have different views about Learning. But somehow the following are the most generally accepted definitions in the context of Marketing Management.

Kotler’s Definition:

Learning involves changes in an individual’s behaviour arising out of experience. Most of the human behaviour is learned over time out of experience.

Schiffman and Kanuk's Definition: Learning is a process by which individuals acquire the purchase and consumption knowledge and experience that they apply to future related behaviour.

Loudon and Della Bitta's Definition: Learning can be viewed as a relatively permanent change in behaviour occurring as a result of experience.

The following are the salient features of Learning:

1. Consumer learning is a process, and thus it continuously changes and evolves as a result of newly acquired knowledge
2. This knowledge can be obtained from reading, discussing, observing, thinking, etc. Or from actual experience.
3. Both the newly acquired knowledge and personal experience serve as a feedback.
4. This also serves as a future behaviour in similar situations.
5. Not all learning is deliberate. Learning can be:
 - Intentional: Acquired as a result of careful search for information with effort.
 - Incidental: Acquired as a result of accident or by the way, without much effort.
6. The term "Learning" generally covers all ranges of learning from simple reflexive responses to abstract concepts or complex problem solving capability.

Elements of Learning Consumers learn in various ways. In order for learning to take place, certain elements must be present. The exact nature and strength of these elements or components influence what are learned, how and at what pace. The most important among them are presented below:

Motives

Motives, motivation or drive is very important for learning.

People learn by being driven by some motives or motivating factor. Motives arouse individuals in increasing their readiness to respond to a learning activity. It also activates the energy needed to do so. The degree of relevance or involvement determines the consumer's level of motivation to search for information about a product/service. Marketers must be aware of this kind of motive so that they are ready to provide product info right at that moment.

For example, showing ads for winter goods just before winter and summer products just before summer.

Cues: Motives stimulate learning, whereas “Cues” are the stimuli that give direction to these motives. These are not so strong as motives, but they can influence in the manner consumers respond to a motive. For example, in the market place, price, styling, packaging, store display all serve as cues to help consumer to decide a particular product from a group.

But if the consumer doesn't have a motive to buy a particular product group, he may not buy. Marketers must be careful in providing cues so that they don't upset the consumers' expectations driven by motives.

Response: Response is how the consumers react to the motives or a cue, and how they behave. Response can be overt (open, physical or visible) or covert (hidden or mental), but in either case learning can occur. Responses appropriate to a particular situation are learned overtime thro' experience in facing that situation. Often marketers may not succeed in stimulating a purchase.

But over a period of time they may succeed in forming a favorable image of a particular product in the consumer's mind. So when the consumer is ready, he is likely to buy that.

Reinforcement: Reinforcement is an important element which increases the probability (tendency or likelihood) of a particular response to occur in future as a result of a given set of motives and cues. Because reinforced behaviour tends to be repeated, consumers can learn to develop successful means of responding to their needs or changing conditions. While some emotions are conscious and clear, others remain at the sub conscious level and are abstract. Also, emotions can be slight or intense and remain for short or long periods of time.

They bear a two way relationship with

- Motivational states.
- Cognitive processing capabilities and capacities. Because they exist in pairs as opposites, emotions tend to replace one another.

Moods

Moods are defined as emotional states that are less intense, transient and short term. They are also described on a continuum as good or bad, and thus have a positive and negative valence. Like emotions, they are also triggered by noticeable and unnoticeable stimuli, be it persons, objects, situations and are specific.

However, we as human beings are more aware and conscious of emotions, than we are of moods.

What may put on or put off the moods may be not always be clear. Similar to emotions, moods can be inferred through our body language, gestures and behaviors.

Emotions and Moods and Consumer Behavior

When emotions pertain to a company, its brands, its marketing strategy and/or the component(s) of its marketing mix, it is referred to as consumer emotion. Consumer emotions towards product/service offerings and the 4 Ps can be positive or negative; they can bring pleasure or discomfort; they can last for short or a long period of time. When they are specific to a marketing stimuli and last for a short period of time, they are referred to as moods.

Positioning: Nowadays, positioning is done based on the consumer moods. In marketing, positioning is the technique by which marketers try to create an image or identity in the minds of their target market for its product, brand, or organization. It is the 'relative competitive comparison' their product occupies in a given market as perceived by the target market. Positioning is something (perception) that is done in the minds of the target market. A product's position is how potential buyers see the product.

Positioning is expressed relative to the position of competitors. The term was coined in 1969 by Al Rise and Jack Trout in the paper "Positioning" is a game people play in today's me - too market place" in the publication Industrial Marketing Simply, positioning is how your target market defines you in relation to your competitors. A good position is:

What makes you unique?

This is considered a benefit by your target market. Both of these conditions are necessary for a good positioning. So what if you are the only red-haired singer who only knows how to play a G minor chord?

Does your target market consider this a good thing?

Positioning is important because you are competing with all the noise out there competing for your potential fans attention. If you can stand out with a unique benefit, you have a chance at getting their attention. It is important to understand your product from the customer's point of view relative to the competition.

Product Positioning Strategy

The ability to spot a positioning opportunity is a sure test of a person's marketing ability. Successful positioning strategies are usually rooted in a product's sustainable competitive advantage.

A company that is more profitable than its rivals is exploiting some form of competitive advantage. The benchmark for profitability is the company's cost of capital. To consistently make profits in excess of its cost of capital - economic rent - the company must possess some form of sustainable competitive advantage (SCA) to derive firm specific distinctive strategic positioning.

The most common basis for constructing a product positioning strategy are:

- Positioning on specific product features
- Positioning on specific benefits, needs, or solutions
- Positioning on specific use categories
- Positioning on specific usage occasions

Positioning on a reason to choose an offering over the competition

- Positioning against another product
- Positioning through product class dissociation
- Positioning by cultural symbols

Product Positioning Process Generally, the product positioning process involves:

1. Defining the market in which the product or brand will compete (who the relevant buyers are)
2. Identifying the attributes (also called dimensions) that define the product 'space'
3. Collecting information from a sample of customers about their perceptions of each product on the relevant attributes
4. Determine each products' share of mind
5. Determine each products' current location in the product space
6. Determine the target market's preferred combination of attributes (referred to as an ideal vector)
7. Examine the fit between:
 - The position of your product
 - The position of the ideal vector
8. Finally, Position.

Consumer Perception and Implications for Marketers

Emotions are feelings that arise from deep rooted and value laden beliefs. As consumers, for example, we experience pleasantness or unpleasantness (positive or negative feelings) towards product/service offerings. These reactions are based on our beliefs which are in turn a result of our motives, learning and cognition, experiences, socialization processes etc. We also experience feelings of joy or sadness, with respect to certain brands, or other marketing stimuli, and the

changes made therein. These emotions have a bearing on the moods that are emotional states specific to a stimulus, and like emotions, they are good or bad, positive or negative.

Consumer moods can be induced through marketing communication, point-of-purchase stimuli and service encounters. Consumer emotions and moods have implications for a marketer.

A good understanding of these psychological states can help a marketer design a stimulus that leads to positive states; the assumption being that when a consumer is on a positive state as far as emotions and moods are concerned, he would be more receptive to the product/service and the brand offering.

The study of emotions/moods can be useful for a marketer in the following ways:

1. An understanding of the subject can help the marketer in triggering positive emotional states and pleasant receptive moods amongst consumers.

a) A positioning strategy or an appeal that dovetails perfectly with the need/motive can make a consumer more receptive to a product/service.

b) The design of the 4Ps can also induce positive states; for example:

- Aesthetics, attractive design, good looks, color etc., arouse positive emotions and mood states.
- Discounts, special allowances and price reductions, also lead to curiosity, excitement and delight.
- The store layout, the display of products, service encounters, the attitude of the salesmen in the store, and other point-of-purchase stimuli also lead to good/bad mood states.

The promotion strategy also leads to emotional/mood states, e.g. the advertisement, the message content, the context, music, jingle and spokesperson/celebrity etc.

- In fact, the communication cue, whether print or audio visual, can lead to emotional responses; this emotional response affects the consumers' attitude towards the advertisement, which in turn affects the attitude towards the brand, i.e., attitude towards the advertisement, affects attitude towards the brand.
- If the communication cue leads to feelings of pleasure and happiness, the consumer would be inclined towards the purchase of the brand offering.

Emotions, Moods and Implications for Marketers

Advertisements must thus be designed in a manner that evokes positive emotion and mood states.

Why is triggering of such psychological states important?

a) It is because arousal of such psychological states move a person towards action, i.e., it creates in him an urge to act, in our case, it makes him move towards/against consumption behavior.

Many a times, the consumer moves towards product/service offerings not because of the functional benefit or motives but because of emotional/aesthetic motives or even for hedonic pleasure or social motives.

In fact, purchase of certain products are purely for such pleasures like greeting cards, jewellery items, etc. A positive mood also increases consumer willingness to seek variety and try new things.

2. Emotions and mood states also influence consumer recall of products and services as well as evaluation of products and services.

If a person is in a positive emotional and mood state, all the cues that lead to such a happy state get integrated as a unified unit and get stored in his memory; this leads to easy recall later on.

A happy and pleasurable shopping experience at a store leads to store loyalty; when a person passes by such a store, he recalls the past pleasurable experiences and gets inclined towards entering the store and buying something even if a person does not intend shopping; it leads to an impulse purchase.

Similar reactions can be expected when people go down memory lane and get nostalgic about purchase of certain product/service offerings and brands. Thus, they prefer buying brands which they bought as children with their parents.

3. Triggering positive emotional states and pleasant receptive moods amongst consumers also benefits marketers during post-purchase evaluation by the former.

Research has indicated that when a person is in a positive mood state, he tends to be not only receptive but more tolerant towards an offering; it would be easier on the part of the marketer to satisfy him and the consumer in most cases be less complaining and would make a positive evaluation.

Feelings of joy, happiness and pleasant surprise within a consumer is more likely to result in satisfaction; and feelings of sadness, unhappiness, anger, distress and sadness is likely to result in dissatisfaction.

In other words, emotions and moods impact product evaluation and the resultant customer satisfaction and dissatisfaction.

A bad mood increases the probability of a negative evaluation, and a good mood state increases the probability of a positive evaluation.

Behavioral research by popular psychologists

Most people believe that the choices they make result from a rational analysis of available alternatives. In reality, however, emotions greatly influence and, in many cases, even determine our decisions.

Emotion is a necessary ingredient to almost all decisions. When we are confronted with a decision, emotions from previous, related experiences affix values to the options we are considering.

These emotions create preferences which lead to our decision. Damasio's view is based on his studies of people whose connections between the "thinking" and "emotional" areas of the brain had been damaged.

They were capable of rationally processing information about alternative choices; but were unable to make decisions because they lacked any sense of how they felt about the options. The influential role of emotion in consumer behavior is well documented.

Studies have shown that when evaluating brands, consumers primarily use emotions (personal feelings and experiences) rather than information (brand attributes, features, and facts).

Advertising research reveals that emotional response to an ad has far greater influence on a consumer's reported intent to buy a product than does the ad's content - by a factor of 3-to-1 for television commercials and 2-to-1 for print ads.

Research conducted by the Advertising Research Foundation concluded that the emotion of "likeability" is the measure most predictive of whether an advertisement will increase a brand's sales.

Studies show that positive emotions toward a brand have far greater influence on consumer loyalty than trust and other judgments which are based on a brand's attributes.

Emotions are the primary reason why consumers prefer brand name products. After all, many of the products we buy are available as generic and store brands with the same ingredients and at cheaper prices. Why do we decide to pay more for brand name products?

A nationally advertised brand has power in the marketplace because it creates an emotional connection to the consumer.

A brand is nothing more than a mental representation of a product in the consumer's mind. If the representation consists only of the product's attributes, features, and other information, there are no emotional links to influence consumer preference and action.

The richer the emotional content of a brand's mental representation, the more likely the consumer will be a loyal user. While emotion can be communicated effectively in a print ad or television commercial, there are other important components of a brand which have emotional dimensions.

For example:

- Rich and powerful mental representations of a brand include its personality.
- Research reveals that consumers perceive the same type of personality characteristics in brands as they do in other people.
- And just like with people, they are attracted more to some personality types than others - attractions which are emotion based, not rational. Brand personality is communicated by marketers through packaging, visual imagery, and the types of words used to describe the brand.

Another important foundation for a brand's emotions can be found in its "narrative" - the story that communicates "who" it is, what it means to the consumer, and why the consumer should care. This narrative is the basis for brand advertising and promotion.

But for consumers, perhaps the most important characteristic of emotions is that they push us toward action. In response to an emotion, humans are compelled to do something. In a physical confrontation, fear forces us to choose between "fight or flight" to insure our self-preservation.

In our daily social confrontations, insecurity may cause us to buy the latest iPhone to support our positive self-identity. Over time, marketers have developed theories about why consumers buy. Most of these err by viewing the consumer through the lens of the product. Marketers start with the features and benefits of a product and conduct consumer research to find matching needs and motivations.

More recently, Internet and digital media companies added a new layer of suppositions to explain and predict consumer behavior. Their approach views the consumer through the lens of digital technology. However, they misinterpret data about the activity of online users as being a valid insight into the consumer decision-making process.

Consumers do not have a Pavlovian response to products and to their marketing programs. Nor do the fundamentals of consumer behavior change to accommodate the latest innovation in digital technology.

An understanding of consumer purchase behavior must be based on knowledge of human emotion and include the paramount influence that emotions have on decision-making.

The 4 Powerful Emotions of Consumer Marketing

With a saturation of marketing and advertising, companies rely more on consumer emotions to sell a product. Between television, radio and the Internet, there are a lot of mediums to lose a message. But these four emotions and strategies are key ways to engage new customers in 2016.

Sentimental Marketing

If you took the early Betty Crocker commercials of the 1950s and compared them to advertising in 2015, the differences would be night and day. Retro commercials were straight-forward and literal here's what we're selling and what it can do for you. Ads back then didn't tell a story, they just put the product in the spotlight.

Now look at the latest Christmas spot from Apple featuring musical legend Stevie Wonder. The company that creates iPhones, iPads and Mac computers is selling us its brand on a passive level, but at an emotional level. It's telling us a story about a musician and a family on Christmas.

Apple is no stranger to creating a sentimental connection to its products, and it's a trend we see more often in today's marketing.

Personalized Marketing

Personalization isn't an emotion, but offering a personalized service to customers does create an emotional connection of trust and satisfaction. Companies and business owners understood this in the mid-20th century, but the concept faded over time as customer service jobs were outsourced to cut spending and increase profits.

So what happened?

Quality decreased, customer satisfaction tanked and profits were squandered. CEOs and business owners are finally trying to rectify the situation by re-investing in customer service, but still taking advantage of the cost savings associated with 21st century technology.

Cloud contact center solutions, a centralized service to handle customer service, is one of the many ways companies are offering personalized service to customers while continuing to save on the bloated costs associated with high-quality service in the past.

Humor Marketing

Today's ads are certainly funnier than they were in 1950 (or decades later, for that matter). And while humorous marketing doesn't create a sentimental connection with a brand, it can help a company's ad stand out from the rest of the field. When it comes to funny commercials, the Super Bowl is the king of humorous marketing.

So why do funny commercials work?

In short, they keep our attention. Today's consumer has a shorter attention span and will move on to the next thing in five seconds or less, so companies use humor to engage them the moment an ad begins. And they're so good at it; Super Bowl commercials are now just as famous as the game.

Anti-Marketing

In addition to short attention spans and emotional connections, today's consumers are also more skeptical than customers of the 20th century. Now that we have access to the Internet and social media, companies can't hide bad publicity behind their own media wall. So there is a new "go big or go home" approach some call anti-marketing.

This is done by companies looking to disrupt an industry by calling it out and offering a better alternative. Notable examples are Uber (against taxis), Airbnb (against expensive hotels) and Vanguard (against expensive financial institutions).

These companies hold a fragile trust relationship with consumers that depends completely on transparency and consistency. The moment they sell out by going the way of the industry they mock, the effectiveness of anti-marketing is over.

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APPLICATION OF CONSUMER BEHAVIOUR

Introduction

An understanding of consumer behavior is necessary for long term success and survival of a firm. It is viewed as the edifice of the marketing concept, an important orientation in marketing management. According to the marketing concept, the marketer should be able to determine needs and wants of the target segment and provide product and service offerings more effectively and efficiently than the competitors.

Objectives

- Analyze the Segmentation, targeting and positioning
- Demonstrates the influence of personality in the consumer behaviour
- Generate the various research aspects of consumer behaviour

Segmentation, Targeting and Positioning

It is essentially a customer-centered philosophy, which aims at understanding customer needs and wants, providing the right product and service, and deriving customer satisfaction; “make what you can sell” rather than “sell what you make.” An understanding of the study of consumer behavior helps formulate appropriate marketing strategies for a firm keeping in view the consumer and his environment.

Consumer behaviour has a number of applications; the main application bases are as follows:

i. Analyze the environment

The knowledge of consumer behavior can be applied to help identify opportunities and fight threats. The opportunities could be in terms of newer customers, newer markets, unfulfilled needs and wants (through a study of consumer individual determinants and other environmental influences). The threats could be fought by developing and implementing appropriate marketing strategies to best fit the environment. The marketing strategies need to be dynamic and constantly evolving keeping in view the uncertainty in the environment; environmental uncertainty is a function of complexity and dynamism. Complexity is defined in terms of the number, strength and interrelatedness of the various factors in the environment that a

firm has to deal with. Dynamism relates to how quickly the changes take place in the environment.

The study of consumer behavior may be applied to segment the market, select the target market and position the product or service offering. Identifying the target segment, understanding their needs, providing the right product and service offering and communicating about the offering all of these help a marketer succeed in the long term and ensure his survival and success in a changing environment. The marketer needs to identify distinct customer groups with needs and wants, classify them on basis of descriptive characteristics and behavioral dimensions. The descriptive characteristics may take forms of age, gender, income, occupation, education, family size, family life cycle, gender, lifestyle, personality, religion, generation, geography, nationality, and social class. behavioral dimensions take forms of benefits, uses, use occasion, usage rates, and loyalty status.

ii. Select Target Market:

- The marketer then selects one or more markets to enter.
- The segment(s) that should be targeted should be viable; there should be a fit between the market attractiveness and the company's objectives and resources.
- The marketer would be able to assess the viability of a segment on the basis of the following criteria, viz., measurability, substantial ability, accessibility, differentiability and actionability.
- Position the Product Offering in the Mind of the Customers: The marketers should be able to communicate the distinct and/or unique product characteristics.

iii. Designing the Marketing Strategy:

There exists interrelatedness between the Consumer, the Environment and the Marketing strategy.

- Consumer: The consumer has his needs and wants as well as product preferences; Thus, there exists an interplay of Cognition (knowledge about products and alternatives), Affect (feelings of favorableness and unfavorableness) and Behavior (action: buy or not to buy).
- Environment: This refers to forces in the environment, which make the environment complex and dynamic.
- Marketing Strategies: This implies setting up of goals and then achieving them through the design of an appropriate marketing mix.

Marketing Strategy should be designed to influence consumers (Cognition, Affect and Behavior) and be influenced by them. It should be flexible and ever evolving with changes in the customer needs and wants; as well as, changes in the environment in which it operates. The knowledge of

consumer behavior can be applied to develop a “best fit” between consumer needs and wants, the environment in which the firm operates; and, the firms’ goals and objectives.

iv. Designing the Marketing Mix: 4 Ps

The study of consumer behavior may be applied to design the 4 Ps.

Product: The term product includes both tangible products and intangible services. The issues to address consist of name (brand), size, shape, features, labeling, packaging, accessories and supplementary products, terms of sale and services, after sales etc.

Price: This includes the pricing of the product offering. The major components include, form of payment, terms and conditions of payment, discounts, price sensitivity, differential prices and customer reaction, imagery (price increase and customer reaction, price decrease and customer reaction).

Place and Distribution: This includes the marketing channel, and comprises decisions regarding choice of channel (direct or indirect), location, accessibility and availability of product offering, wholesaling, retailing, logistics etc.

Promotion: This includes marketing communication, and the major issues comprise decisions on communication/promotion mix, the message and media strategy (the content, appeal and context).

v. To devise good marketing plan

It is necessary to examine consumer behavioral attributes and needs, lifestyles, and purchase processes and then make proper marketing-mix decisions.

The study of Consumer behaviour includes the study of what they buy, why they buy, how they buy, when they buy, from where they buy, and how often they buy.

An open-minded consumer-oriented approach is imperative in today’s diverse global marketplace so a firm can identify and serve its target market, minimize dissatisfaction, and stay ahead of competitors.

Personality

Personality Each individual has inherent personality characteristics that influence his buying behaviour. According to Kotler, “Personality” is a set of distinguishing human psychological traits that lead to relatively consistent and enduring responses to environment stimuli. It is often

referred to as such traits like: self- confidence, dominance, autonomy, deference, sociability, defensiveness, and adaptability.

According to Schiffman and Kanuk, “Personality” is defined as those inner psychological characters that both determine and reflect how a person responds to his environment. The single most important element in personality is inner characteristics of an individual. These are the specific qualities, attributes, traits, factors, and mannerisms that distinguish one individual from another.

The Nature of Personality

The following are the three important and distinct properties of Personality:

1. Personality Reflects Individual Differences

Because the inner inherent characteristics which constitute an individual’s personality are a complex combination of factors, no two individuals are identical or exactly alike. But fortunately, any individuals may be similar on the basis of a single personality trait, but not others. Like for example, out-going type, quiet type, shy type, family-oriented type, etc. So it has become easier for the marketers to group or categories consumers into different groups on the basis of one or several traits.

2. Personality is Consistent and Enduring

The personality of an individual is both consistent (that is, it doesn’t change in the short run) and enduring (that is, it doesn’t change in the long run). Both of these qualities are thus useful for marketers to predict the behaviour of the consumers in terms of personality. It’s very difficult to change an individual’s personality characteristics. The marketers can’t change them. But if the marketers know which personality characteristics influence which specific consumer responses, then they can attempt to appeal to those relevant traits in their target consumer group. Even if the personality of an individual is fairly consistent, still then the buying and consumption pattern often varies with several external factors like, time, environment, social, psychological, cultural, situational, change in fashion, availability of goods and services. We have to consider the whole combination of influencing factors of which personality is just one attribute to the change in a buyer’s behaviour.

3. Personality Can Change

Under certain circumstances the personality of an individual can change. It may be gradual and slow like a child grows into a changed personality. It can be also sudden on account of any major events in life, like birth of a child, death of a dear one, divorce, major career promotion, accident, loss of job, migration, natural calamity, etc. There are also instances where the personality stereotypes may change over a period of time. For example, over the last 50 years, men’s personality has generally remained relatively unchanged, as compared to women’s, which has undergone significant change. This is because of women moving into professions which were traditionally held by men earlier. Simply Personality is the sum total of an individual’s enduring

internal psychological traits that make him or her unique. Self-confidence, dominance, autonomy, sociability, defensiveness, adaptability, and emotional stability are selected personality traits. The sum total of an individual defines his personality. Just as an individual has a personality, similarly products also have a personality of their own.

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