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CONSUMER BEHAVIOUR

SEMESTER IV

MASTER OF COMMERCE

BLOCK 1

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CONTENTS

		Page No:
UNIT 1:	**Introduction of Consumer Behaviour and Consumer Research** Consumer Behaviour, Definitions, Consumer and Customers, Buyers and Users, Development of Marketing Concept, Consumer Behaviour and its Application in Marketing, Consumer Research Process	**7-20**
UNIT 2:	**Market Segmentation and Positioning** Market Segmentation, Requirements for Market Segmentation, Bases for Market Segmentation: On the basis of consumer Personal Characteristics (Non Behavioural), On the basis of Consumer Response (Behavioural); Product Positioning, Product Positioning Strategy, Positioning Errors	**21-31**
UNIT 3:	**Consumer Motivation** Meaning of consumer motivation: Need Goals and Motives, Motivational Conflicts Defense mechanisms: How do defense mechanisms work, Various key of Defense mechanisms, Motive Arousal: Factors affecting the level of motive arousal, Philosophies concerned with Arousal of Motives, Motivational theories: Motivational Tools, Maslow's Theory of Need Hierarchy, Hertzberg's two factor theory, McGregor's theory X and theory Y, Urwick's Theory Z, Vroom's Expectancy theory, Motivational theories and Marketing strategies, Motivation research: Characteristics of motivation research, Uses of motivation research	**32-51**
UNIT 4:	**Consumer Perception** Sensation (Exposure to Stimuli), Perceptual Selection, Perceptual Organization, Factors that Distort Individual Perception, Price Perceptions, Perceived Product and Service Quality, Consumer Risk Perceptions	**52-69**
UNIT 5:	**Consumer Learning, Memory and Involvement** Components of Learning, Behavioural Theory, Cognitive Learning Theory, Memory System, Memory Process, Concept of Involvement, Dimensions of Involvement, Involvement and Types of Consumer Behaviour, Cognitive Response Model, Elaboration Likelihood Model, Social Judgment Theory, Brand Loyalty, Brand Equity	**70-104**

UNIT 6: Consumer Attitudes **105-124**

Meaning, Consumer Attitudes, Characteristics of Attitude, Functions of Attitude, Attitude and Behaviour, Models of Attitude, Beliefs, Feelings and Behaviour, Formation of Attitudes, Types of Attitude, Learning Attitudes, Changes in Attitudes, Strategies of Attitude Changes

UNIT 7: Consumer Behaviour and Marketing Communications **125-143**

Marketing Communication Flow, Communication Process, Interpersonal Communication, Persuasive Communication, Source, Message, Message Appeals, Communication Feedback

COURSE INTRODUCTION

The **"Consumer Behaviour"** course is provided to the learners of M.Com. 4th semester in the area of management specialisation. This course focuses on the different aspects of consumer behaviour. Consumer behaviour plays an important role in the marketing of goods and services. There are various factors that influence consumer behaviour like, consumer perception, attitude, cultural influence etc. Besides that, the course will deal with the process of consumer decision- making etc.

While going through the unit of the blocks, you will notice some along-side boxes, which have been included to help you know some of the difficult, unseen terms. Again, we have included some relevant concepts in "LET US KNOW" along with the text. And, at the end of each section, you will get "CHECK YOUR PROGRESS" questions. These have been designed to self-check your progress of study. It will be better if you solve the problems put in these boxes immediately after you go through the sections of the units and then match your answers with "ANSWERS TO CHECK YOUR PROGRESS" given at the end of each unit.

BLOCK INTRODUCTION

This is the first block of the course "Consumer Behaviour". The Block is divided into 7 units and is primarily a learner orientedSelflearningmaterial,asitsatisfiestherequirementsofthelearners inthefieldofconsumer behavior.

This block comprises of the following seven units:

The first unit of this block introduces us to the concept of consumer behaviour

The second unit gives us a broad idea of market segmentation, product positioning etc.

The third unit is about consumer motivation.

The fourth unit will help us in understanding consumer perception.

The fifth unit is about consumer learning, memory and involvement .

The sixth unit will help us in understanding consumer attitude.

The seventh unit is about marketing communication and how it influences consumer behaviour.

The Block is divided into seven units:

Unit 1: Introduction to Consumer Behaviour and Consumer Research

Unit 2: Marketing Segmentation and Positioning

Unit 3: Consumer Motivation

Unit 4: Consumer Perception

Unit 5: Consumer Learning, Memory and Involvement

Unit 6: Consumer Attitudes

Unit 7: Consumer Behaviour and Marketing Communications

UNIT 1: INTRODUCTION OF CONSUMER BEHAVIOUR AND CONSUMER RESEARCH

UNIT STRUCTURE

1.1 Learning objectives

1.2 Introduction

1.3 Consumer Behaviour

1.4 Definitions

1.5 Consumer and Customers

1.6 Buyers and Users

1.7 Development of Marketing Concept

1.8 Consumer Behaviour and its Application in Marketing

1.9 Consumer Research Process

1.10 Let Us Sum Up

1.11 Further Reading

1.12 Answer to Check Your Progress

1.13 Model Questions

1.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- explain the concept of consumer behaviour
- explain the concept of consumer and customer
- explain the conceptof marketing
- describe consumer behaviour and its application in marketing
- explain the consumer research process.

1.2 INTRODUCTION

Consumer behaviour is comparatively a new field of study which evolved just after the Second World War. The seller market has disappeared and buyer 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. Marketing starts and ends with consumers. In

marketing oriented philosophy, Consumers are placed in the centre of business operations. Consumer satisfaction is the main motto of today's marketer. It is fact that consumers can be satisfied only when a marketer knows what consumers need and want.Consumer needs should be treated as main focus point. The evaluation of modern marketing concept which is mainly consumer oriented marketing has resulted in buyer behaviour becoming an independent discipline. The growth of consumerism and consumer legislation emphasizes the importance of the consumer. Consumer behaviour is a study of how individuals make decision to spend their available resources (time, money and effort) or consumption related aspects (What they buy? When they buy? How they buy? etc). 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.

1.3 CONSUMER BEHAVIOUR

It is broadly the study of individuals, or organisations 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. It studies how the consumers react or respond to the product. It is determined by consumers' characteristics. Individual consumer reacts or responds differently due to their different set of characteristics.

1.4 DEFINITION

The term consumer behavior can be defined as under

- C.G.Walters and G.W.Paul - Consumer behavior is the process through whereby individual decide whether, what, when, where, how and from whom to purchase goods and services.

- Frederic Webster- Buyer behavior is the psychological, social, and physical behavior of potencial customers as they become aware of, evaluate, purchase, consume and tell other people about product and services.

From the above definitions it is clear that consumer behavior is a separate academic discipline which studies what, how, why, when and from whom the consumer buy product. It is the study of total behavior of consumer in relation to goods and services.

1.5 CONSUMER AND CUSTOMERS

The person who buys the goods or services from a seller is known as the Customer. The person who uses the goods or services is known as a Consumer. The customer is also known as buyer or client whereas the Consumer is the ultimate user of the goods.Customer and Consumer are often used inter-changeably. The difference between Customer and Consumer are:

- Customeris the one who buys your product/service.In simple terms he/she is the purchase of the product/service, he pays for getting the product. A customer may or may not use it for self.
- Consumer is the one who uses/consumes the product/service.It is not necessary that a consumer should purchase the product/service. If any other person buys the product which is consumed by other person then the other person is the consumer and the buyer is the customer.
- A Customer can be a consumer if he purchases the product/service and self consumes it.Marketer uses the information about who is customer and who is consumer in devising the marketing mix of their product and services. They will target both the groups to better market their products and services.

1.6 BUYERS AND USERS

The users are the people who buy the products on a regular or daily basis to use product. The buyers are the people who sign the contract for

purchasing the products to use by someone.

The users are the individual who will ultimately use the product to perform his/her job. He might be empowered to purchase the product directly, or he might merely have varying degrees of influence with the company's decision-makers. In some cases, in fact, he might have no influence over which product the company buys.

Whatever the case, though, obviously marketer will be developing their product with this person in mind - because their improved efficiency and productivity using it will play a major role in whether the company continues using your product.

This is another key person whose needs and goals should play a role in how you develop and prioritize your product. But it's important to remember that the manager of your end-user has different goals and needs than the end-user herself.

For this persona, your priorities will likely be centered around making sure your product improves efficiency and output, making each user more productive, and as a result, more valuable to the company.

Often another priority for managers is gaining better visibility into what their team is actually doing and being able to measure their progress. If you're developing a piece of business software, including a management dashboard can be a smart strategy. Doing so increases your ability to demonstrate how your product aligns with management's own goals.

Organizations as buyers

Organizational buying behavior is a complex decision making and communication process involving selection and procurement of products and services by organizational buyers. Organizational buyer it is also called as industrial buyer who purchases products and services for industrial or business purposes.The personal consumer buys goods and services for his own, for the use of the household, for just one -member or as a gift for a friend. In these context the goods are bought or finally use by individuals who are referred to as "end users" or "ultimate consumers." Organizational consumers buy for altering, modifying or reselling the products/services.



CHECK YOUR PROGRESS

Q 1: State True or False -

a) Consumer behaviour studies how the consumers react or respond to the product.

b) Consumer behaviour is the study of total behaviour of consumer in relation to goods and services.

c) A Customer can be a consumer if he.she purchases the product/ service and resale it.

d) Organizational buyerspurchase products and services for personal purposes.

1.7 DEVELOPMENT OF MARKETING CONCEPT

The concept of marketing is not a particularly complicated or even original idea. Sayings such as 'the customer comes first' or 'the customer is always right' have been used by forward-thinking merchants and entrepreneurs throughout the ages. Based on that age-old principle, marketing is really a more formalized business orientation that has developed into a management discipline over the years.

In early time, Marketing is basically concerned with exchange or trade. Trade in its most basic form has existed ever since mankind has been capable of producing a surplus. Historically, this surplus was usually agricultural produce which was often traded for manufactured goods such as textiles or earthenware. Exchange brought into existence places that facilitated trade, such as village fairs and local markets. The emergence of trade allowed people to specialise in producing particular goods and services which could be exchanged in markets for other goods they needed.

The period 1760-1830 saw the United Kingdom's economy transformed during the so-called Industrial Revolution, losing its dependence on agriculture with a dramatic increase in industrial production. Before the Industrial Revolution, the production and distribution of goods tended to be on a small scale. Industrialisation resulted in dramatic gains in productivity,

mainly due to the development of machines. Production became more geographically concentrated and was carried out in purpose-built mills or factories. Enterprises became larger, production-runs longer and products more standardised. Firms produced in volume, not only for a local market, but for a national and even an international market.

The growth of the 'factory system' caused the migration of the population from the countryside to the new and rapidly expanding industrial towns. Because of developments during the period of the Industrial Revolution, firms could produce more in terms of volume than the local economy could absorb. Consumption therefore became dispersed over greater geographical distances and producers no longer had immediate contact with their markets. To get over this problem, many forward-thinking entrepreneurs of the time started to plan their business operations in a 'marketing orientated' manner, although the terms 'marketing' or 'marketing orientation' were not formally used to describe this process until well into the twentieth century as we explain later.

In order for producers to be able to manufacture goods and services that would appeal and sell in widely dispersed markets, it became necessary for them to carefully analyse and interpret the needs and wants of customers and to manufacture products which would 'fit in' with those needs and wants. The process of matching the resources of a firm to the needs and wants of the marketplace is called entrepreneurship. Men such as Josiah Wedgwood (1730-95) came to epitomise the traditional entrepreneur with their ability to 'sense' what the market wanted in terms of design, quality and price, then organise production and distribution to satisfy effective demand at a profit. The early entrepreneurs were practising an early, albeit simplistic, form of marketing activity, although it was not called marketing as such. A craftsman, such as a blacksmith or potter, develops a high degree of skill in a particular activity.

Industrialisation took the processes of specialisation and division of labour a stage further, resulting in greater productivity which, in turn, reduced costs and hence the selling price of products. However, the rise in job specialisation also increased the need for exchange. Larger-scale

production meant that marketing channels had to be created to facilitate the distribution of goods to enable the effective demand from the much larger market to be met. This development laid the foundations of the modem industrial economy, which is still based on the fundamental concept of trade or exchange. During the first half of the nineteenth century Britain was the dominant force in the world economy, and the main factor underlying its industrial growth was the development in international trade. Britain was first and foremost a trading nation which had secured supplies of raw materials and held a virtual monopoly in the supply of manufactured goods to the relatively underdeveloped countries which collectively made up the British empior absorb. Consumption therefore became dispersed over greater geographical distances and producers no longer had immediate contact with their markets. To get over this problem, many forward-thinking entrepreneurs of the time started to plan their business operations in a 'marketing orientated' manner, although the terms 'marketing' or 'marketing orientation' were not formally used to describe this process until well into the twentieth century as we explain later. In order for producers to be able to manufacture goods and services that would appeal and sell in widely dispersed markets, it became necessary for them to carefully analyse and interpret the needs and wants of customers and to manufacture products which would 'fit in' with those needs and wants. The process of matching the resources of a firm to the needs and wants of the marketplace is called entrepreneurship.

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1.8 CONSUMER BEHAVIOR AND ITS APPLICATIONS IN MARKETING

- **Analysing market opportunity:** Consumer behaviour study help in identifying the unfulfilled needs and wants of consumers. This requires examining the friends and conditions operating in the Marketplace, consumers' lifestyle, income levels and energy influences. This may reveal unsatisfied needs and wants. Mosquito repellents have been marketed in response to a genuine and unfulfilled consumer need.
- **Selecting target market:** Review of market opportunities often helps in identifying district consumer segments with very distinct and unique wants and needs. Identifying these groups, behave and how they make purchase decisions enable the marketer to design and market products or services particularly suited to their wants and needs. For example, please sleep revealed that many existing and potential shampoo users did not want to buy shampoo fax price at rate 60 for more and would rather prefer a low price package containing enough quantity for one or two washers. This finding LED companies to introduce the shampoos sachet, which become a good seller.
- **Marketing-mix decisions:** Once unsatisfied needs and wants are

identified, the marketer has to determine the right mix of product, price, distribution and promotion. Where too, consumer behaviour study is very helpful in finding answers to many perplexing questions. The factors of marketing mix decisions are:i) product ii) price iii) promotion, and iv) distribution

- **Use in social and non profits marketing:** Consumer behaviour studies are useful to design marketing strategies by social, governmental and not for profit organisations to make their programmes more effective such as family planning, awareness about AIDS.

1.9 CONSUMER RESEARCH PROCESS

It is the systematic collection and analysis of consumer information for the purpose of important decision making in marketing. Consumer Research plays an important role in marketing process, helps in consumer measurement, market potential, sales forecast, each element like product mix distribution mix, price effectiveness of an advertisement campaign, consumer acceptance of a product. In the fiercely competitive situation, it is extremely critical for an organization to monitor the customer satisfaction on a regular basis. Consumer Research is primarily used for two applications. These are: Routine problems analysis i.e., product potential, sales forecasting etc

Non-routine problems analysis i.e. new product launch, success of promotional schemes. Relevance of consumer Research Consumer Research has become extremely relevant especially in the present business scenario and the reasons can be stated as under:

- Today's business decisions are extremely complex and a large number of variables are involved.
- Globalization and liberalization has intensified competition and survival of an organization is at stake.
- Optimization at all levels to reduce costs. An organization need to know the areas, which offer cost reduc5tions without affecting the consumer expectations.

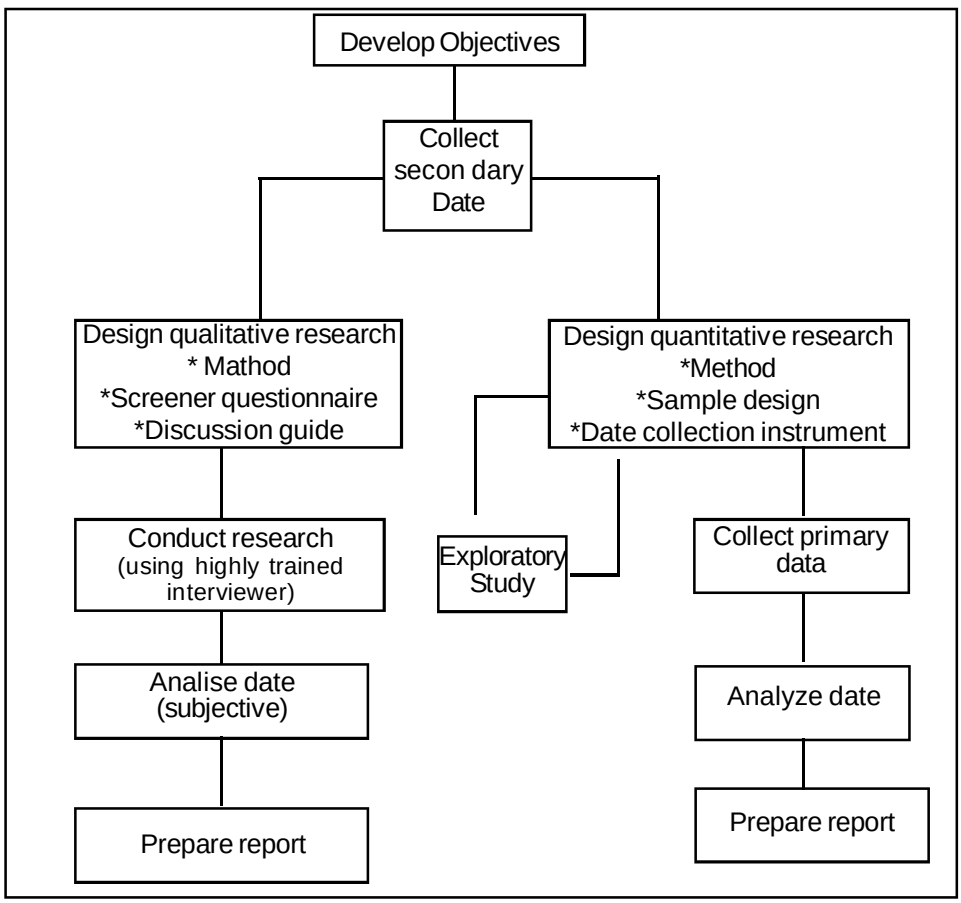
- Employees and shareholders are becoming increasingly aware of their rights to participate in decision-making process.
- The tools used for research has increased and organizations are increasingly participating data mining.

a) Consumer research process:

Consumer research plays a very important aspect, especially when a company decides to launch a new product into the market. Companies conduct market research to better understand the consumers, their needs and their satisfaction level.

After conducting various surveys and focus groups, companies analyze the consumer data and then make recommendations based on the results.

The Consumer Research Process



b) Developing Research Objectives

The first step in the consumer research process is developing the research objectives which involve defining the purposes and objectives to

ensure an appropriate design. A statement of objective helps to define the type and level of information needed.

c) Collect Secondary Data

There are two distinct sources of secondary data ? internal and external. Always seek internal sources first. Most go straight to Google without considering the fact that data might exist within the organization itself. This can sometimes be in the 'heads' of the personnel.

d) External Sources

External sources are numerous. Consumer Generated Media (CGM), especially, has grown in importance as a data source. The key is to avoid spending too much time following 'blind alleys'. This is where the time and cost can escalate sharply.

- Directories
- Country information
- Published marketing research reports
- News sources
- CGM (Newsgroups, blogs, groups)
- Internet - single search engines, and multiple search engines

e) Primary Research

Primary research is basically the original research. Here you yourself collect the information through various tools available. In primary research, you don't tend to depend on any third parties. You may conduct interviews or surveys, observe, or even directly go to the object for collecting information.

f) Quantitative Research

A quantitative research study is comprised of research design, the data collection methods, instruments to be used, and the sample design.

Following are the three basic designs or approaches used for quantitative design ?

- **Observational Research:** In this method of observational research, the people or customers are observed effectively when they purchase a particular product. It helps the researcher to gain in-depth understanding of the relationship between the people and products by

observing them while purchasing and using the product.

- **Experimentation:** Experimentation is a type of research where only certain variables are manipulated while others are kept constant in order to encourage the change in the constant variable
- **Surveys:** A survey is a method of research in which an interviewer interacts with respondents to obtain facts, opinions and attitudes.

Following are the various survey methods which are generally used:

- Personal interview survey
- Telephone survey
- Mail surveys
- Online surveys
- Quantitative research data collection instruments

g) Data Collection Instruments for Quantitative Research Data

Questionnaire and Attitude Scale: For quantitative research the primary data collection instrument is a questionnaire and the most frequent one is attitude scale which is used to capture evaluative data.

Following are the important methods of data collection in the qualitative design techniques which are used in the initial stages of research.

- **In-Depth Interview:** Depth interview is conducted in length and in a non-structured manner where the interviewer is highly trained and minimizes his own participation in the discussion once the general subject is discussed.
- **Focus Group:** Focus group involves many respondents who interact with the analyst in a group discussion and focuses on a particular product.

h) Projective Techniques

Projective techniques are best used to understand the motives of people when they are unconsciously rational.

The analyst generally analyzes and reports his findings based on the responses received in qualitative research whereas in quantitative analysis, the researchers oversees the complete research, analyses the open ended questions, classifies the responses and systematically tabulate them.



1.10 LET US SUM UP

In this unit we have discussed the following aspects:

- Consumer behavior is the study of individuals, or organisations 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.
- Consumer behavior is a separate academic discipline which studies what, how, why, when and from whom the consumer buy product. It is the study of total behavior of consumer in relation to goods and services.
- Customeris the one who buys your product/service. In simple terms he/she is the purchase of the product/service, he pays for getting the product. A customer may or may not use it for self.
- Consumer is the one who uses/consumes the product/service. It is not necessary that a consumer should purchase the product/service. If any other person buys the product which is consumed by other person then the other person is the consumer and the buyer is the customer.
- The users are the people who buy the products on a regular or daily basis to use product. The buyers are the people who sign the contract.
- Organizational buyer it is also called as industrial buyer who purchases products and services for industrial or business purposes.
- Consumer behaviour study help in identifying the unfulfilled needs and wants of consumers.
- Consumer research is the systematic collection and analysis of consumer information for the purpose of important decision making in marketing.



1.11 FURTHER READING

1) Leon G Schiffman, Leslie Lazar Kanuk (2009) Consumer Behaviour, Pearson Education
2) NK Sahani, Meenu Gupta (2015) Consumer Behaviour, Kalyani publishers.

1.12 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: a) True

Ans to Q No 2: b) True

Ans to Q No 3: c) False

Ans to Q No 4: d) False

1.13 MODEL QUESTIONS

(Answer each question in around 300-500 words)

Q 1: What do you mean by consumer behavior? Write the differences between customer and consumer.

Q 2: Write a brief notes on development of marketing concept.

Q 3: What is Consumer behavior and discuss its applications in marketing?

Q 4: Discuss in details about Consumer Research process?

Q 5: Why is it critically important for marketers to understand consumer?

*** ***** ***

UNIT 2: MARKET SEGMENTATION AND POSITIONING

UNIT STRUCTURE

2.1 Learning objectives

2.2 Introduction

2.3 Market Segmentation

2.4 Requirements for Market Segmentation

2.5 Bases for Market Segmentation

- 2.5.1 On the basis of consumer Personal Characteristics (Non Behavioural)
- 2.5.2 On the basis of Consumer Response (Behavioural)

2.6 Product Positioning

2.7 Product Positioning Strategy

2.8 Positioning Errors

2.9 Let Us Sum Up

2.10 Further Reading

2.11 Answers to Check your Progress

2.12 Model Questions

2.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- define Market Segmentation
- explain the requirements for market segmentation
- discuss the bases for market segmentation
- define product positioning
- explain the product positioning strategies
- explain the positioning errors
- explain the Consumer Motivation
- describe the Motivational Conflicts
- discuss the motivational theories
- explain the Motivation Research.

2.2 INTRODUCTION

Marketing is an important aspect of business. The success of any firm or industry is largely determined by its ability in marketing the products.In recent years there are huge changes in production and distribution of goods, throughout the world, especially in the developing and developed countries. The reasons for the changes are, advancement in technology, improvement in transportation and communications, increasing standard of living, knowledge of the consumer etc. hence those who want to attain success in business or marketing of the products must possess a thorough knowledge of subject marketing. This chapter covers the entire necessary topic that concerned to the mentioned unit for the purpose of providing the suitable study material to the learners.

2.3 CONCEPT OF MARKETING

In the earlier period of human history, the problems of human being revolved around the question of survival and later periods of human civilization mostly concerned about taking care of primary needs- food, shelter and security.

Marketing begins with the fundamental idea that most human behaviour is a purposeful quest for need satisfaction and this activity is rooted in "exchange" notion. The essence of marketing is an exchange or a transition, intended to satisfy human needs or wants. A want is anything or a service the customer desires or seeks. The aim of marketing is to make sales order to earn reasonable profit for the producer.

According to American Marketing Association," Marketing is concerned with people and the activities in the flow of goods and services from the producer to consumer."

2.4 MARKET SEGMENTATION

A market segment is apportion of a large market in which the individuals, groups or organizations share one or more characteristics that

cause them to have relatively similar product's needs; whereas market segmentations the process of dividing the total market into relatively distinct homogeneous sub groups customers with similar needs and characteristics.

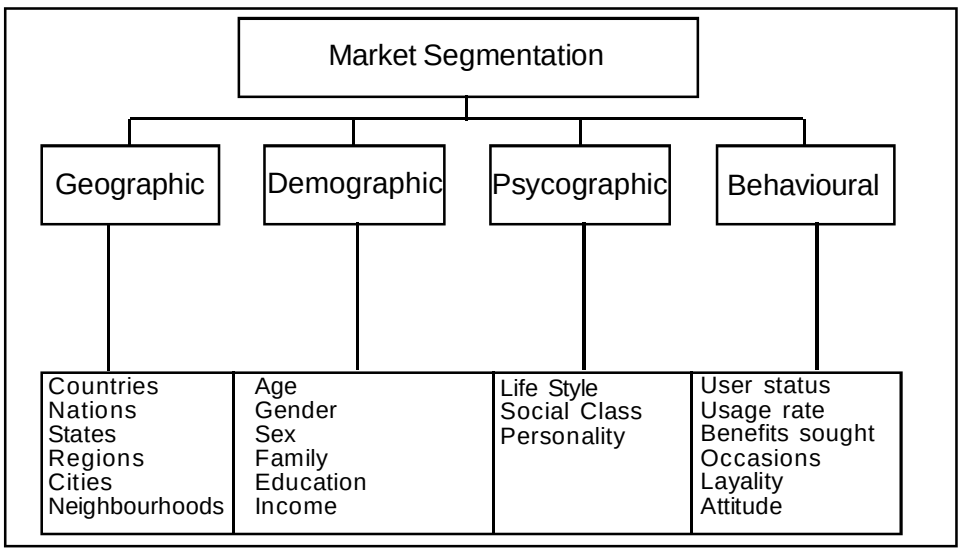
2.4 REQUIREMENTS FOR EFFECTIVE SEGMENTATION

The market segmentation to be worthwhile six criteria; as shown must be satisfied:

- **Identity:** The marketing manager must have some means of identifying members of the segment that is, some basis for classifying an individual as being or not being a member of the segment. There must be clear differences between the segments.
- **Accessibility:** It must be possible to reach the different segments in regard to both promotion and distribution. In other words, organization must be able to focus its marketing effort on the chosen segment. Segments must be accessible in two senses; first, firms must be able to make them aware of products or services. Secondly they must get these products to them through distribution system.
- **Responsiveness:** A clearly defined segment must react to changes in any of the elements of marketing mix. For instance, if particular segment is defined as being cost-conscious, it should react negatively to price rises. If it does not, this is an identification that the segment needs to be refined.
- **Size:** The segment must be reasonably large to be a profitable target. It depends upon the number of people in it and their purchasing power. The idea is that enough potential buyers must exist to cover the cost of production and marketing required in that segment. This is often called as substantiality.
- **Nature of demand:** It refers to the different quantities demanded by various segments. Segmentation is required only if there is marked differentiation in terms of demand.

- **Measurability:** The purpose of the segmentation is to measure the change behaviour pattern of customers. For example, the segments of a market for a car are determined by a number of considerations, such as economy, status, quality, safety, comforts etc.

2.5 BASES FOR CONSUMER MARKET SEGMENTATION



On the Basis of Consumer Personal Characteristics (Non-Behavioural)

a) Geographic Segmentation:

In geographic segmentation, the whole market is divided into different geographical units. Generally the market is divided into regions-northern, southern, western, and eastern and so on. Each region may consist of several states and districts. A national marketer may treat the whole nation as his market and divide it on the basis of region or zone for business operations.

b) Demographic Segments:

In demographic segmentation, the market is subdivided into different parts on the basis of demographic variables- age, sex, size, income, occupation, education, family life cycle, religion, nationality etc. Demographic variables have long been the most popular bases for distinguishing segment groupings in the market place.

c) Psychographic Segmentation:

Consumers are subdivided into different groups on the basis of personality, life style and values. These characteristics lead to psychographic segmentation. Values are also used by the markete4r to segment the market. Values are one kind of beliefs which determines people's product choices and desires.

d) Socio-economic characteristics:

Income, occupation, education, religion and social classes are the important socio economic data required for market segmentation. These are all components of socio economic characteristics of a target population. Income and occupation characteristics are generally used in market segmentation for durable products.

On the Basis of Consumer Response (Behavioral)

a) User Status:

The users of a product or service can be classified as heavy users, medium users and light users- heavy buyer, medium buyer and light buyer. A firm generally, is interested in the heavy buyers or users. Sometimes a firm may select light users as their target market with the intention of wooing and changing these customers into heavy users.

b) Usage rate:

Market can be segmented into various classes depending on usage rate. Considering the cosmetic users the different categories of usage rate are as follows:

- Light: These are the categories of the users who are infrequent users. In case of cosmetic an average house maker who is not very fashion conscious is a light user.
- Medium: The fashion conscious teenagers are the medium users of cosmetics, as the use it frequently.
- Heavy: There are people for whom the cosmetics are the most important purchase and they are the heavy users of it.

c) Attitude:

A market may be segmented by classifying people in it according to their enthusiasm for a product. Five attitudes can be found in the market,

i.e. enthusiastic, positive, indifferent, negative, hostile etc. Enthusiastic people are having tendency of impulsive purchase. Positive persons are very serious about their buying decisions. Indifferent buyers prefer to purchase with cash after thinking over the needs of buying. Hostile people at times become very much irritated either by sales people calling or meeting any time, giving false promise etc.

d) Loyalty status:

Consumers have varying degrees of loyalty to specific brands, stores and other entities. Buyers can be divided into four groups according to brand loyalty status, i.e. hard core loyal, safe core loyal, shifting loyal and switchers.

2.6 PRODUCT POSITIONING

Product positioning is a form of marketing that presents the benefits of your product to a particular target audience. Through market research and focus groups, marketers can determine which audience to target based on favorable responses to the product. It is the act of company's offering and image to occupy a distinctive place in the target markets mind. The end result of positioning is the successful creation of a market focused value proposition and hit the target market.

Product positioning is a marketing strategy that helps place a product perceptually in the minds of consumers. Positioning typically requires creating differences between your products or services and your competitors' offerings, but can be extended to your own products if they are marketed under different brands. Successful product positioning strategies help gain market share and increase sales and profits for your company. Product positioning is an important component of any marketing plan, but it doesn't have to be limited to one audience. For example, a product may have a main target audience and also a secondary audience that is also interested in the product, but perhaps in a different way. Each audience will find the product appealing for different reasons, which is why it's important to tailor marketing messages to focus on the benefits each audience values most.

2.7 PRODUCT POSITIONING STRATEGY

Positioning strategies can be conceived and developed in a variety of ways. It can be derived from the object attributes, competition, application, the types of consumers involved, or the characteristics of the product class. All these attributes represent a different approach in developing positioning strategies, even though all of them have the common objective of projecting a favorable image in the minds of the consumers or audience.

There are seven approaches to positioning strategies:

- **Using Product characteristics or Customer Benefits as a positioning strategy:** This strategy basically focuses upon the characteristics of the product or customer benefits. For example, imported items basically indicates variety of product characteristics such as durability, economy or reliability etc. Let's take an example of motorbikes.Some are emphasizing on fuel economy, some on power, looks and others stress on their durability. Hero Cycles Ltd. positions first, emphasizing durability and style for its cycle. A product that is well made usually offers more than one benefit.
- **Pricing as a positioning strategy:** This approach justifies various price quality categories of the products. Manufactures deliberately attempts to offer more in terms or service, features or performance in case to certain products known as premium products and in return they charge higher price to cover higher cost and partly to communicate the fact that they are of higher quality. Quality Approach or Positioning by Price-Quality - Lets take an example and understand this approach just suppose you have to go and buy a pair of jeans, as soon as you enter in the shop you will find different price rage jeans in the showroom say price ranging from 350 rupees to 2000 rupees. As soon as look at the jeans of 350 Rupees you say that it is not good in quality.
- **Positioning strategy based on Use or Application:** The idea behind this approach for positioning is to find an occasion nor time of use. For instance, Vicks Vaporous is to be used for a child's cold at night. This brand has used this positioning for decades now without any serious

challenge from competitors. Basically this type of positioning-by-use represents a second or third position for the brand, such type of positioning is done deliberately to expand the brand's market. If you are introducing new uses of the product that will automatically expand the brand's market.

- **Positioning strategy based on Product user:** Another positioning approach is to associate the product with its users or a class of users. Makes of casual clothing like jeans have introduced 'designer labels' to develop a fashion image. In this case the expectation is that the model or personality will influence the product's image by reflecting the characteristics and image of the model or personality communicated as a product user.
- **Positioning strategy based on corporate category:** This positioning is used so that the brand is as perceived as belonging to another product category. This is often a strong positing strategy when the existing product category is crowded. In some product class we have to make sure critical positioning decisions. For example, freeze dried coffee needed to positions itself with respect to regular and instant coffee and similarly in case of dried milk makers came out with instant breakfast positioned as a breakfast substitute and virtually identical product positioned as a dietary meal substitute.
- **Positioning strategy based on corporate identity:** In today's world many advertisers are using deeply entrenched cultural symbols to differentiate their brands from that of competitors. The essential task is to identify something that is very meaningful to people that other competitors are not using and associate this brand with that symbol. Air India uses maharaja as its logo, by this they are trying to show that we welcome guest and give them royal treatment with lot of respect and it also highlights Indian tradition. Using and popularizing trademarks generally follow this type of positioning.
- **Positioning strategy based on Competitors:** Positioning by competitor may be used because the competitor enjoys a well-

established image in market. In this type of positioning strategies, an implicit or explicit frame of reference is one or more competitors. In some cases, reference competitors can be the dominant aspect of the positioning strategies of the firm, the firm either uses the same of similar positioning strategies as used by the competitors or the advertiser uses a new strategy taking the competitors' strategy as the base.

2.8 POSITIONING ERRORS

A brand is a perceptual entity and exists in the perceptual world of customers. While drawing a positioning strategy, a brand might incur some positioning errors which will have an effect on the brand.

- **Under Positioning:** The state of buyers where they do not have much information about the brand and its attributes and use and consider the brand to be just another in the pool of brand is called under positioning. This is a field attempt to assert distinctive positions in the market.
- **Over Positioning:** This is the state where the buyers or perspective buyers attaches a very narrow image for the brand. They have perception about a particular brand due to lack of information of pre decided notion. For example, buyers think that Apple only comes out with expensive products where Apple has a range of products at different prices.
- **Confused Positioning:** It is often observed that a brand will created too many associations with the product or will reposition the brand very frequently. This results in confusing the potential buyers about the goods and hampers the positioning schemes.
- **Doubtful Positioning:** There are situations where the buyer finds it extremely difficult to believe the claims made by the brand given the price, product features or the manufacturer. This means the positioning strategy has not been to effectively in convincing the potential buyers about the good.



CHECK YOUR PROGRESS

Q 1: Answer as directed:

a) Marketing comprises three constituents, i.e. segmenting, _____and positioning. (Fill in the blank)

b) When the marketers cater to the market with a single offering and the same marketing mix, it is known as _____segmentation. (Fill in the blank)

c) The bases for segmentation of consumer markets may be divided into two broader categories of variables. These are _____ and _____. (Fill in the blank)

d) Segments are created by marketers. (Write True or False)

e) Concentrated marketing is also niche marketing. (Write True or False)

f) Mention the criteria on which the viability of a segment depends?



2.9 LET US SUM UP

- Marketing begins with the fundamental idea that most human behaviour is a purposeful quest for need satisfaction and this activity is rooted in "exchange" notion.
- The essence of marketing is an exchange or a transition, intended to satisfy human needs or wants.
- A want is anything or a service the customer desires or seeks. The aim of marketing is to make sales order to earn reasonable profit for the producer.
- Once the process of segmentation of market has been achieved, the next step follows that is selection of suitable segment or segments which the firm can serve most effectively.



2.10 FURTHER READING

1) OrganisationalBehaviour - By Dr S.S. Khanka

2) Narain'sOrganisationalBehaviour - By S. Sachdeva

3) Modern Marketing Principles and Practices - By R.S.N. Pillai &Bhagavathi

2.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: a) Targeting

Ans to Q No 2: b) Single

Ans to Q No 3: c) Demographic and behavioural

Ans to Q No 4: d) False

Ans to Q No 5: e) True

Ans to Q No 6: f) Measurable, substantial, accessible, differentiable and actionable

2.12 MODEL QUESTIONS

Q 1: Define market segmentation and discuss the requirements for market segmentation.

Q 2: What are the objectives of market segmentation?

Q 3: What are the bases for market segmentation?

Q 4: What is product positioning? Explain various products positioning strategy that applies while segmenting the market.

Q 5: What is Positioning Errors? How it will affecta brand?

Q 6: What is the concept of Motivation? How does it affect consumer behaviour and performance?

Q 7: Explain Maslow's need hierarchy theory.

Q 8: Critically examine Herzberg's nature of needs. Make a comparison between theories of Herzberg and Maslow's.

Q 9: "Theory X and theory Y are concerned with the nature of people" justify the statement.

Q 10: What is motive Arousal?

Q 11: What is motivation research? Explain its objectives and uses.

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UNIT 3: CONSUMER MOTIVATION

UNIT STRUCTURE

3.1 Learning objectives

3.2 Introduction

3.2.1 Meaning of consumer motivation

3.3 Need Goals and Motives

3.4 Motivational Conflicts

3.5 Defense mechanisms

3.5.1 How do defense mechanisms work

3.5.2 Various key of Defense mechanisms

3.6 Motive Arousal

3.6.1 Factors affecting the level of motive arousal

3.6.2 Philosophies concerned with Arousal of Motives

3.7 Motivational theories

3.7.1 Motivational Tools

3.7.2 Maslow's Theory of Need Hierarchy

3.7.3 Hertzberg's two factor theory

3.7.4 McGregor's theory X and theory Y

3.7.5 Urwick's Theory Z

3.7.6 Vroom's Expectancy theory

3.8 Motivational theories and Marketing strategies

3.9 Motivation research

3.9.1 Characteristics of motivation research

3.9.2 Uses of motivation research

3.10 Let Us Sum Up

3.11 Further Reading

3.12 Answers to Check Your Progress

3.13 Model Questions

3.1 LEARNING OBJECTIVES

This chapter covers the entire necessary topic that concerned to the mentioned unit for the purpose of providing the suitable study material

to the learners. After going through this unit the learner will able to:

- Know the concept of motivation
- Understand the relationship between need, goal and motive
- Understand the motivational conflicts and defense mechanism
- Figure out various motivational theories and their necessities
- Interpret the motivational research and its applications.

3.2 INTRODUCTION

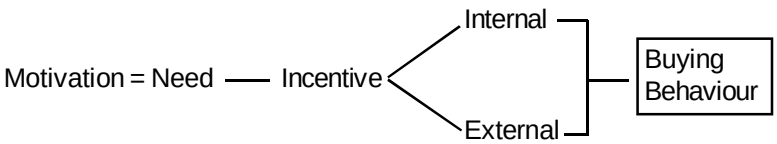
With the rapidly changing globalization of economies, everybody in the organizations attempt to improve organizational behaviour. They interact mutually and influence the behavioural quality of life in the organization. This unit has been precisely designed to help the learners derive the maximum benefit from the unit as per the syllabus in the most profitable way.

- **Meaning and definition:** Motivation is one of the most important factors affecting human behavior and performance. It is ones willingness to exert efforts towards the accomplishment of his/her goals. Motivation depends on motives and motivation therefore it becomes a complex process. Motivation means inducing subordinates to work with zeal and cooperate for achieving the objectives of the organization. Motivation is also concerned with both impulsive and deliberate behaviour and with relating a person's internal dynamics to external circumstances.

  According to McFarland, "Motivation refers to the way in which urges, drives, desires, aspirations, and strivings or needs direct, control or explain the behavior of human being."

  Consumer motivation is an internal state that drives people to identify and buy products or services that fulfill conscious and unconscious needs or desires. The fulfillment of those needs can then motivate them to make a repeat purchase or to find different goods and services to better fulfill those needs.

Components of Motivation:



- **Importance of motivation:** Higher efficiency: A motivation system releases latent talent and abilities of employees. Motivated employees make higher contributions towards the organizational goals.

3.3 NEEDS GOALS AND MOTIVES

Motivation can also be described as the driving force within individuals that impels them to action. To reduce tension, every individual strives for fulfilling their needs. This basically, depends on each individual how they fulfill their needs i.e. individual thinking and learning (experiences). Therefore, marketers try to influence the consumer's cognitive processes.

- **Needs:** Every individual has needs, they are innate and acquired. Innate needs are also called physiological needs or primary needs which include food, water, air, shelter or sex, etc. Acquired needs are those needs that we learn from our surroundings / environment or culture. These may include need for power, for affection, for prestige, etc. These are psychological in nature; therefore they are also called as secondary needs.
- **Goals:** Goals are the end result of motivated behaviour. The goals selected by individuals depend on their personal experiences, physical capacity, goal's accessibility in the physical and social environment and above all the individual's cultural norms and values. For example, if a person has a strong hunger need, his/her goal will depend on what is available at that moment, in which country he is i.e., if in India cannot eat steak, as it is against his values and beliefs. He will have to select a substitute goal which is more appropriate to the social environment.
- **Goal setting:** goal is a target and objective for future performance. It helps focus employees' attention on items of greater importance to the organization and stimulates employees towards goal achievement. Goal

setting refers to setting of attainable goals fo an organization as well as for an employee. The presence of the following four elements in goal setting makes it more effective in improving job performace:

- Ø Goal acceptance
- Ø Specific goals
- Ø Challenging goals
- Ø Performance monitoring or feedback



- I **Needs and Goals:** This is true that the needs and goals vary from an individual to individual. People with different needs may try to fulfill by selecting the same goal, whereas people with same needs may try and fulfill them by different goals. For example if women who are actively involved in the office work may be behaving like this because of recognition in the organization, for promotion, or for security in the job to earn livelihood. Similarly, these people may be driven by the same need (example, an ego need) to seek fulfillment in different ways. One of them may want recognition through a professional career, other may join a health club and the other may actively involve in the consumer active movement.

Needs and goals are interdependent, existence of one is impossible without the other. For example, sometimes people join a club but is not

consciously aware of his social needs, a woman may not be aware of her achievement needs but may strive to have the most successful boutique in town. One reason for this can be that individuals are more aware of their physiological needs than they are of their psychological needs.

3.4 MOTIVATIONAL CONFLICTS

Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals.

A motivational conflict is a situation in which a consumer is driven to make a decision based on conflicting goals. Consumers are either motivated by a positive or a negative reinforcement, which forms the basis for the individual's motivation to act and make consumer decisions sometimes the urge to do something worthy or good or pleasurable is opposed by the fact that it involves pain or inconvenience or hard work. Then the organism is in conflict between two opposite motives. That is one form of motivational conflict called an approach/avoidance conflict. One feels pulled in two different pleasures, attracted and repulsed by the same event. That is one of the classic motivational conflicts. Motivation is produced by a state of tension. In this case, needs and wants are the core of the motivation concept. The study of motivation in consumer behaviour refers to all the processes that drive in a person to perceive a need and pursue a definite course of action to fulfill that need. However, for some reasons, there are two or more motives can be activated at the same time, which pulling the consumer in different directions. And that is what we call 'Motivational Conflict'.There are three types of motivational conflict that are important to marketing managers:

- Approach-Approach Conflict
- Approach-Avoidance Conflict
- Avoidance-Avoidance Conflict

  - **Approach-Approach Motivational Conflict:** Happens when the

consumer has two different choices of the similar or dissimilar category of product or services, which they give equal importance unable to choose one over the other. In other ways, this type of conflict can be thought of "I want this, and I want that, but I can only have one."

- **Approach-Avoidance Motivational Conflict:** Happens when the consumer has decided in favour of products but somehow not satisfied with a particular feature or wants to avoid the downside.
- **Avoidance-Avoidance Motivational Conflict:** Happens when the consumer has to decide between two negative choices. The choices are said to be negative in relation to certain personal attributes of the consumer.

3.5 DEFENSE MECHANISM

Defense mechanisms are a way of coping with anxiety, reducing tension, and restoring a sense of balance to a person's emotional experience. Defense mechanisms happen on an unconscious level and tend to distort reality to make it easier for the person to deal with. When defense mechanisms are used to an extreme, they interfere with a person's ability to tell the difference between what is real and what is not. Defense mechanisms are used independently or in combination with one another. They are used to varying degrees depending on how well they meet a person's need. Review the following defense mechanisms and note which ones you use and under what circumstances. Defense mechanisms are thought to safeguard the mind against feelings and thoughts that are too difficult for the conscious mind to cope with.

- **How Do Defense Mechanisms Work?:** In Sigmund Freud's model of personality, the ego is the aspect of personality that deals with reality. While doing this, the ego also has to cope with the conflicting demands of the id and the superego.
  - The id is the part of the personality that seeks to fulfill all wants, needs, and impulses. It is the most basic, primal part of our

personalities and does not consider things such as the social appropriateness, morality, or even the reality of fulfilling our wants and needs.

- Ø The superego tries to get the ego to act in an idealistic and moral manner. This part of the personality is made up of all of the internalized morals and values we acquire from our parents, other family members, religious influences, and society.
- Ø In order to deal with anxiety, Freud believed that defense mechanisms helped shield the ego from the conflicts created by the id, superego, and reality.

l Various Key Defense Mechanisms are:

- Ø **Displacement:** Displacement involves taking out our frustrations, feelings, and impulses on people or objects that are less threatening. Displaced aggression is a common example of this defense mechanism.Rather than express our anger in ways that could lead to negative consequences, we instead express our anger towards a person or object that poses no threat.
- Ø **Repression and Suppression:** Repression is another well-known defense mechanism. Repression acts to keep information out of conscious awareness. However, these memories don't just disappear; they continue to influence our behavior. On the other hand, sometimes we do this consciously by forcing the unwanted information out of our awareness, which is known as suppression.
- Ø **Projection:** Projection is a defense mechanism that involves taking our own unacceptable qualities or feelings and ascribing them to other people.Projection works by allowing the expression of the desire or impulse, but in a way that the ego cannot recognize, therefore reducing anxiety.
- Ø **Intellectualization:** This defense mechanism allows us to avoid thinking about the stressful, emotional aspect of the situation and instead focus only on the intellectual component.For example, a person who has just been diagnosed with a terminal illness might focus on learning everything about the disease in order to avoid

distress and remain distant from the reality of the situation.

- **Rationalization:** Rationalization is a defense mechanism that involves explaining an unacceptable behavior or feeling in a rational or logical manner, avoiding the true reasons for the behavior.Rationalization not only prevents anxiety, it may also protect self-esteem and self-concept.

3.6 MOTIVE AROUSAL

The arousal theory of motivation suggests that people are driven to perform actions in order to maintain an optimum level of physiological arousal. Other people may do better with much lower arousal levels, so they might feel compelled to seek out soothing and relaxing activities. Behavior Is Often Motivated by Arousal Levels. Some Examples: If you need to raise your arousal levels, you might,

- Engage in physical activity
- Socialize with friends
- Try something new and exciting
- Watch an action-packed movie

If you need to lower your arousal levels, you might:

- Read a book
- Take a bath
- Enjoy a relaxing hobby
- Take a nap
- **Factors Affecting Level of Arousal:**
  - Workload
  - Task complexity and difficulty
  - Task familiarity and past experience
  - Degree of associated risk if failure occurs
  - The working environment
  - Levels of personal stress
  - Health
  - Interpersonal relationships at work (cooperation and coordination)

- **Philosophies concerned with Arousal of Motives:**
  - Behaviorists' school:
    - It considers motivation to be a mechanical process
    - Behaviour is response to stimulus
    - Elements of conscious thoughts are to ignored in this behaviour
    - Consumer does not act but react
  - Cognitive school:
    - All behaviour is considered at goal achievement
    - Needs and past experiences are reasoned, categorized and transformed into attitudes and beliefs and determined the action he/she takes to achieve the need achievement.

3.7 MOTIVATIONAL THEORIES

Theories of motivation are often separated into content theories and process theories. In short, content theories explain what motivation is, and process theories describe how motivation occurs. There are also a large number of cognitive theories that relate to motivation and explain how our way of thinking and perceiving us and the world around us can influence our motives. From self-concept, dissonance and mindset to values, orientation and perceived control, these theories explain how our preference toward certain mental constructs can increase or impair our ability to take goal-directed action.

Theories of motivation are also grouped by the field of human endeavor they apply to. Several theories relate to motivating employees where incentives and needs take a central stage as well as theories used in sports and performance psychology where affect is considered a more prominent driver of human behavior. Some of these theories are also applied to education and learning.

- **Motivational Tools:** Motivational Tools are instruments that prompt people to action. Hence, while using motivational tools, this should be adequate and capable enough to motivate employees to make their maximum efforts to accomplish the set organizational goals. Various

motivational tools use to motivate employees in business organizations are broadly classified into monetary and non-monetary tools or incentives.

When needs are not satisfied people become frustrated. There may be a both environmental and personal factors resulting in one's frustration.

A large number of incentives the modern organizations use to motivate their employees, broadly grouped into, financial incentives and non-financial incentives.

Financial Incentives: Money is an important motivator. Common uses of money as incentive are in the form of wages and salaries, bonus, retirement benefits, medical reimbursement etc. Money plays a significant role in satisfying physiological and social needs. As money is recognized as a basis of status, respect and power, it also helps satisfy the social needs of the people.

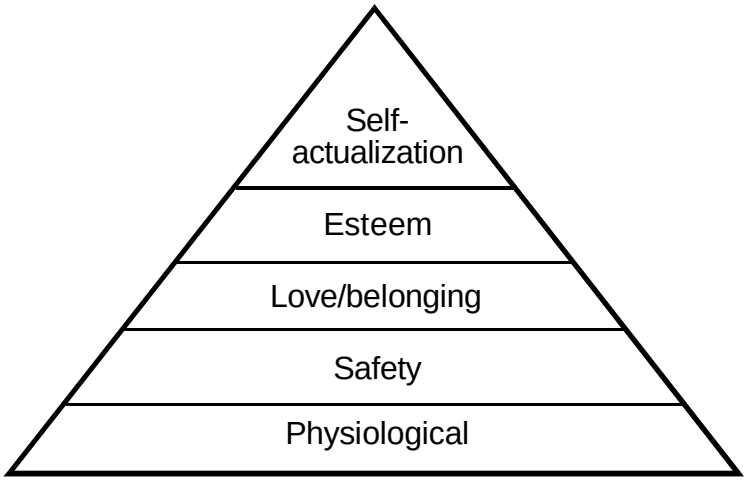
Non-Financial Incentives: Human wants are unlimited. Once money satisfies his or her physiological and security needs, it ceases to be a motivating force. Then, higher order needs for status and recognition and ego in the society emerge. There are various non-financial incentives, stated below:

- Ø Appreciation of work done.
- Ø Competition.
- Ø Group incentives.
- Ø Knowledge of the results.
- Ø Workers participation in management.
- Ø Opportunity for growth.
- Ø Others.

I **Maslow's Theory of Need Hierarchy:** Based on the notion of a universal hierarchy of human needs Abraham Maslow, a clinical psychologist formulated a widely accepted theory of human motivation. This identifies five basic levels of human need which rank in order of importance from lower level needs to higher level needs. This theory signifies the importance of satisfying the lower level needs before higher level needs

arise. According to this theory, dissatisfaction motivates the consumer.

Following are the levels of human needs:



Maslow's Need Hierarchy Theory

- **Physiological Needs:** Food, clothing, air, and shelter are the first level needs. They are known as the basic necessities or primary needs.
- **Safety or Security Needs:** Once the first level needs are satisfied, consumers move to the next level. Physical safety, security, stability and protection are the security needs.
- **Social Needs:** After the safety needs are satisfied, consumers expect friendship, belonging, attachment. They need to maintain themselves in a society and try to be accepted.
- **Esteem Needs:** Then comes esteem needs such as self-esteem, status, prestige. Individuals here in this stage want to rise above the general level as compared to others to achieve mental satisfaction.
- **Self-Actualization:** This is the highest stage of the hierarchy. People here, try to excel in their field and improve their level of achievement. They are known as self-actualizers.

Criticisms of this theory:

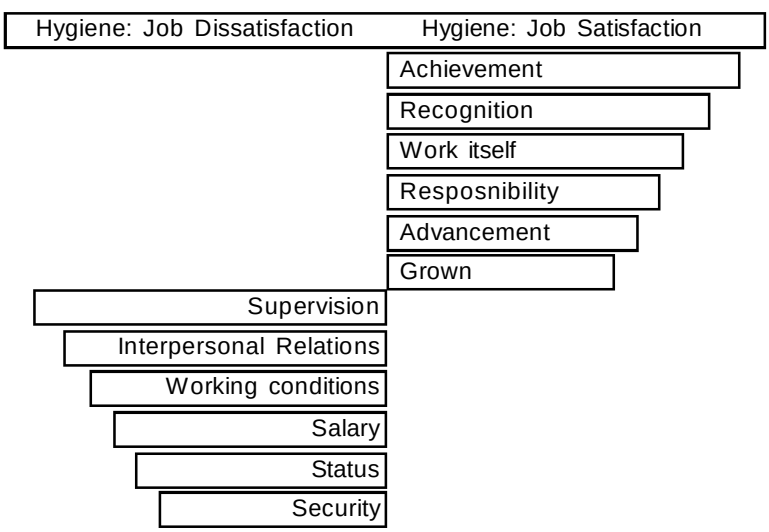
- The needs may or may not follow a definite hierarchical order. So there may be overlapping in need hierarchy.
- The need priority model may not be applied at all times in all phases.
- Research shows that man's behavior at any times is mostly guided by multiplicity of behavior. Hence Maslow's perception that one needs

satisfied at one time is also of doubtful validity.

- Ø In case of some people the level of motivation may be permanently lower. For example, a person suffering from chronic unemployment may remain satisfied for the rest of his life if only he or she get enough food.

- **Hertzberg's two factor theory:** The psychologist Frederick Herzberg extended the work of Maslow and proposed anew motivation theory popularly known as Herzberg s two factorsMotivation hygiene theory.According to Herzberg, hygiene factors are what cause dissatisfaction among employees in the workplace. In order to remove dissatisfaction in a work environment, these hygiene factors must be eliminated. There are several ways that this can be done but some of the most important ways to decrease dissatisfaction would be to pay reasonable wages, ensure employees job security, and to create a positive culture in the workplace. Herzberg considered the following hygiene factors from highest to lowest importance: company policy, supervision, employee's relationship with their boss, work conditions, salary, and relationships with peers.

Hertzberg's Hygiene and Motivating Factors



However, Herzberg model is labeled with the following criticism:

- Ø People generally tend to take credit themselves when things go well. They blame failure on the external environment.

- Ø The theory basically explains job satisfaction not motivation.
- Ø Even job satisfaction is not measured on an overall basis. It is not unlikely that a person may dislike part of his or her job, still thinks the job acceptable.
- Ø This theory neglect's situational variable to motivate an individual.

Comparisons of Herzberg's and Maslow's Models:

There is great similarity between Herzberg's and Maslow's models. Herzberg's model indicates that what he actually says is that some employees may have achieved a level of social and economic progress in the society and for them higher level needs of Maslow are the primary motivators. Herzberg puts motivation-maintenance model to marginal and professional workers reaching a stage of socio-economic in modern society that the two higher order need levels tend to be motivating ones.

The differences between Herzberg's and Maslow's Models are given below:

Issue	Herzberg's Model	Maslow's Model
Emphasis	Prescriptive	Descriptive
Essence of Theory	Gratified needs cause performance.	Unsatisfied needs energize behavior, disbehaviour causes performance.
Order of Needs	No such hierarchical arrangement.	Sequential arrangement of needs.
Motivator Applicability	Only higher order needs serve as motivator. Takes a micro-view and deals with work-oriented motivational problems of professional workers.	Any needs can be a motivator if it is relatively unsatisfied. Takes a general view of the motivation problems of all workers.

- **McGregor's theory X and theory Y:** Douglas McGregor formulated two distinct views of human being based on participation of workers. Theory X managers tend to take a pessimistic view of their people, and assume that they are naturally unmotivated and dislike work.

Theory X is based on the following assumptions:

- Ø Dislike their work.
- Ø Avoid responsibility and need constant direction.
- Ø Have to be controlled, forced and threatened to deliver work.
- Ø Need to be supervised at every step.
- Ø Have no incentive to work or ambition, and therefore need to be enticed by rewards to achieve goals.

On the contrary, theory Y assumes that:

- Ø Happy to work on their own initiative.
- Ø More involved in decision making.
- Ø Self-motivated to complete their tasks.
- Ø Seek and accept responsibility, and need little direction.
- Ø View work as fulfilling and challenging.
- Ø Solve problems creatively and imaginatively.

Key Points:

The concept of Theory X and Theory Y was developed by social psychologist Douglas McGregor. It describes two contrasting sets of assumptions that managers make about their people:

Theory X - people dislike work, have little ambition, and are unwilling to take responsibility. Managers with this assumption motivate their people using a rigid "carrot and stick" approach, which rewards good performance and punishes poor performance.

Theory Y - people are self-motivated and enjoy the challenge of work. Managers with this assumption have a more collaborative relationship with their people, and motivate them by allowing them to work on their own initiative, giving them responsibility, and empowering them to make decisions.

- I **Urwick's Theory Z:** Much after the propositions of theories X and Y by McGregor, the three theorists-Urwick, Rangnekar, and Ouchi-propunded the third theory labeled as Z theory. The two propositions in Urwick's theory are that :
  - Ø Each individual should know the organizational goals precisely and the amount of contribution through his efforts towards these goals.

- Ø Each individual should also know that the realization of organizational goals is going to satisfy his/her needs positively.

Theory Z is based on the following four postulates:

- **m** Strong Bond between Organisation and Employees.
- **m** Employee Participation and Involvement.
- **m** No Normal Organisation Structure.
- **m** Human Resource Development.

- **Features of theory Z:**
  - Ø Employee involvement: under Z theory investment of employees in related matters improves their commitment and performance. Involvement implies participation of employees in the decision making process.
  - Ø Human resource development: in theory Z human resources potential is recognized and much more emphasis is on job enlargement and career planning as well as organization socialization.
  - Ø No formal structure: in theory z there is any formal structure in the organization. Ouchi has given an example of a basket ball team which plays well together and solves all problems with no formal reporting relationships and minimum specializations of positions and of tasks.
- **Vroom's Expectancy theory:** One of the most widely accepted explanations of motivation is offered by Victor Vroom in his expectancy theory. It is a cognitive process theory of motive. The theory is founded on the basis notions that people will be motivated to exert a high level of effort when they believe there are relationships between the effort they put, the performance they achieve, and the outcomes/rewards they receive.

The relationship between efforts, performance and rewards:

Efforts	Will my effort improve my performance? l expectations
Performance	Will performance lead to rewards? l hope
Reward	Will reward satisfy my individual goals? l goal

Criticisms of the theory:

- Ø The individual differences in ability to calculate expectancies and valences.
- Ø The individual differences in the number and the type of consequences people consider when making decisions.
- Ø Unconscious motivation of behaviour as well as impulsive and expressive.

3.8 MOTIVATIONAL THEORY AND MARKETING STRATEGIES

Marketers have to understand the motives of their potential customers to enjoy good sales. A buyer has several motives and each change with various elements. In such cases the marketers can readily help their customers by changing their marketing strategy so that the conflict is resolved. Following are the major conflicts that may arise:

- l **Approach Conflict:** This conflict arises when a consumer has two different choices of similar products or services. He gives equal importance to them, but is unable to choose one over the other.Approach-approach conflict become serious only if the choice of one alternative means the loss of an extremely attractive alternative.
- l **Approach Avoidance Conflict:** This type of conflict happens when the consumer decides in favor of a product, but is unhappy with a particular feature of the product and wants to avoid it. Under such circumstances, the marketer may come up with few modifications in the existing product

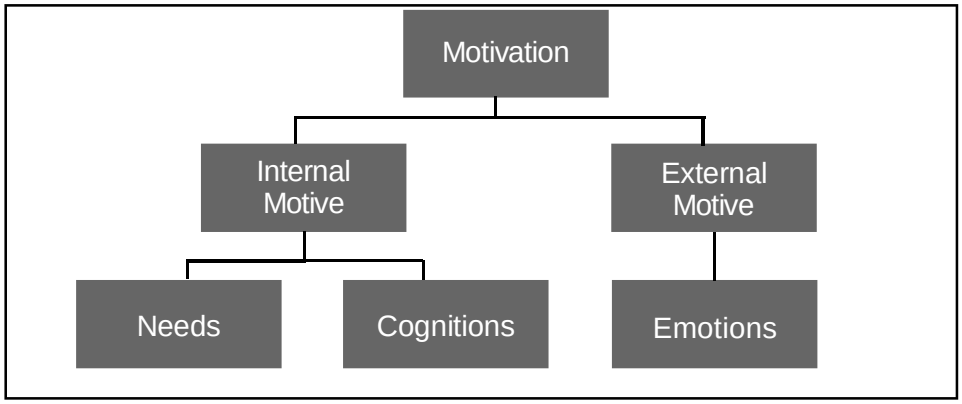
and make it suitable for the consumer.

- **Approach- avoidance conflict:** The third type of conflict, approach-avoidance, is often the most difficult to resolve because, in this type of conflict, a person is both attracted and repelled by the same goal object.In such cases, people reach the goal, but much more slowly and hesitatingly than they would have without the negative valance; and until the goal is reached, there is frustration.

3.9 MOTIVATION RESEARCH

Motivational research is a type of marketing research that attempts to explain why consumers behave as they do. Motivational research seeks to discover and comprehend what consumers do not fully understand about themselves. Motivation research is a form of consumer research which has gained ground over the recent years. Motivation Research is the currently popular term used to describe the application of psychiatric and psychological techniques to obtain a better understanding of why people respond as they do to products, ads and various other marketing situations.Thus, motivation research is an attempt to uncover the consumer's suppressed (conscious) and repressed (unconscious) motives. In suppression, the consumer remains aware of his motives but does not care to admit their existence to others for the fear of ridicule, punishment or being excluded from the society.

Motivational research may also explore a new product category or brand which is seen by a company as an opportunity during which the market research information may be useful in understanding the details more which will give in-depth understanding about the market. The research also includes exploration about competitive product category and brands where it is useful to discover the tangential activities and behaviors that is around the target product or service.



Motivation: it is the process of stimulating people to actions to accomplish the goals.

Internal motivation: this motivation engage in behaviour arises from within the individual because it is naturally satisfying to an individual's needs.

External motivation: this type of motivation arises from outside the individual, as opposed to international motivation such as money, fame, power etc.

Needs: Every individual has needs, they are innate and acquired.

Cognition: it is the mental action or process of acquiring knowledge and understanding through experiences and sense.

Emotions: it is a biological status associated with the nervous system brought on by neurophysiologic changes like thoughts, feelings responses etc.

I Characteristics of Motivation Research:

- Motivation research is concerned with human motives.
- It is qualitative research, so it is very difficult to generalize the findings.
- Motivation research operates on the premise that consumers are not always aware of the reasons for their actions.
- Motivation research attempts to discover, underlying feelings, attitudes and emotions concerning product, service or brand use.
- Motivation research is designed to uncover consumers of the subconscious or hidden motivation.
- Marketing research is focused on what consumers do, but the focus

of motivation research is on why they do it.

- Ø Motivation research is an interdisciplinary science; psychologists, sociologists and anthropologist have made valuable contributions to the understanding of why people act as they do in the Marketplace.

l Uses of Motivation Research:

- Ø Motivation Research leads to useful insights and provides inspiration to creative person in the advertising and packing world.
- Ø Knowledge and measurement of the true attitude of customers help in choosing the best-selling appeal for the product and the best way to represent the product in the sales talk, and in determining the appropriateness and weight age of various promotional methods.
- Ø Motivation Research can help in measuring changes in attitudes, thus advertising research.
- Ø Knowledge and measurement of attitudes provides us with an imaginative market segmentation tool and also enables estimating market potential of each additional segment.
- Ø Strategies to position the offer of the company in a particular market segment should be based on the findings of motivation research.



CHECK YOUR PROGRESS

Q 1: Answer as directed:

(a) Motivation is concerned with _____ and deliberate behaviour of an individual. (Fill in the blank)

(b) What is motive?

(a) Theory X and theory Y profound by _____. (Fill in the blank)

(b) Consumer motivation leads to achievement of organizational objectives. (Write True/ False)



3.10 LETS SUM UP

- l The ways and techniques used to motivate the employees are called motivational employees.
- l Consumer motivation is an internal state that drives people to identify

and buy products or services that fulfill conscious and unconscious needs or desires.

- The fulfillment of those needs can then motivate them to make a repeat purchase or to find different goods and services to better fulfill those needs.
- Thus we can state that consumer motivational tools are need satisfying and hence to be person - oriented. This would turn lead to organizational effectiveness.



3.11 FURTHER READING

1) OrganisationalBehaviour - By Dr S.S. Khanka
2) Narain'sOrganisationalBehaviour - By S. Sachdeva
3) Modern Marketing Principles and Practices - By R.S.N. Pillai &Bhagavathi



3.12 ANSWER TO CHEK YOUR PROGRESS

Ans to Q No 1: a) Impulsive

Ans to Q No 2: b) A reason for doing something

Ans to Q No 3: c) Douglas McGregor

Ans to Q No 4: d) True



3.13 MODEL QUESTIONS

Q 1: Define motivation. Explain why motivation is important for accomplishment of a goal?

Q 2: Explain Maslow's need hierarchy theory of human needs. What are the criticisms of the theory?

Q 3: Define motivational conflicts. Explain its different types.

Q 4: How do defense mechanism works. Explain.

Q 5: "Motivational theories complement marketing strategies" justify the statement.

Q 6: What is motivational research? How it is used in consumer motivation?

*** ***** ***

UNIT 4: CONSUMER PERCEPTION

UNIT STRUCTURE

4.1 LearningObjectives

4.2 Introduction

4.3 Sensation (Exposure to Stimuli)

4.5 Perceptual Selection

4.6 Perceptual Organization

4.7 Factors that Distort Individual Perception

4.8 Price Perceptions

4.9 Perceived Product and Service Quality

4.10 Consumer Risk Perceptions

4.11 Let Us SumUp

4.12 Further Reading

4.13 Answers to Check Your Progress

4.14 Model Questions

4.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- explain the concept ofPerception
- understand the concept of Sensation
- explain the process of Perception
- describe the Factors that Distort Individual Perception
- explain the concept of Price Perceptions
- understand Perceived Product and Service Quality
- understand the concept of Consumer Risk Perceptions.

4.2 INTRODUCTION

A given situation, event or an object, though similarly exposed to individuals,they react or interpret the same in different ways. This difference in human behaviour is something which speaks of perception. Marketers have understood the importance of perception in consumer behaviour.

Hence this chapter tries to discuss various aspects of perception in consumer buying behaviour.

4.3 PERCEPTION

Perception is the most important psychological factor that affects human behavior. Though different individuals are exposed to same stimuli under same conditions, each individual identifies the stimuli, selects them, organizes them and interprets them in a different way. This uniqueness or difference depends upon his needs, wants, values, personal experiences and so on. Perception is the way a person sees the world around him/her. It is a personal phenomenon on which a person acts or reacts. It is being influenced by the attributes of stimuli like size, colour, intensity and the context in which it is seen or heard or both.

According to Professors Schiffman and Kanuk," Perception is the process by which an individual selects,organizes and interprets stimuli into meaningful and coherent picture of the world."

Mr. Stephen P. Robbins defines perception as," A process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment."

In other words, perception is the process of selecting, organizing and interpreting on attracting measuring to the events that are happening in the environment that surrounds us. Perception is fundamentally a cognitive or thinking process.

4.5 SENSATION

Sensation is the response of physical sensory organs. The five senses such as vision, taste, hearing, touch and smell are attached by stimuli continuously both internal and external to the human body and the reaction in particular sense organ take place because of these. The instances of sensation can be a reaction of eye to a colour, ear to sound, nose to smell, mouth to taste and skin to touch feeling. Sensation is related to a very basic behaviour which is based on physiological functioning.

Perception is something more than sensation because it correlates, integrates and comprehends diverse sensations and information from many organs of the body by means of which a person identifies the things or objectives. Perception is determined by both physiological and psychological factors as perception is developed from previous experiences, feelings and motives. Whereas, sensation only activates the sensory organs of the body. Activation of the ears to hear what another person is saying is sensation and the influence of what is heard is perception. Perception is more complex than sensation as it is influenced by too many variables. Comparatively, a person is more or less inactive in case of sensation while in case of perception he is active. Lastly, sensation is a part of perception because, sensation takes place first and paves way for perception. In sensation only sensory organs are active where in perception whole human body is activated.

4.6 PERCEPTION PROCESS

The perceptual process is a sequence of steps that begins with stimuli in the environment and ends with our interpretation of those stimuli. This process is typically unconscious and happens hundreds of thousands of times a day. An unconscious process is simply one that happens without awareness or intention.The perception process includes the perception of select stimuli that pass through our perceptual filters, are organized into our existing structures and patterns, and are then interpreted based on previous experiences. Although perception is a largely cognitive and psychological process, how we perceive the people and objects around us affects our communication. The perceptual process involves three components:

- Perceptual Selection
- Perceptual Organization
- Perceptual Interpretation

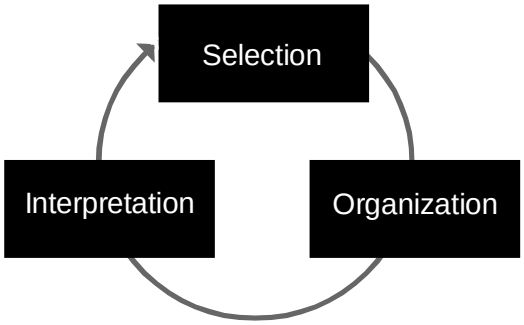


Figure No.4.1: The Perceptual Process

- **Perceptual Selection:** We take in information through all five of our senses, but our perceptual field (the world around us) includes so many stimuli that it is impossible for our brains to process and make sense of it all. So, as information comes in through our senses, various factors influence what actually continues on through the perception process. Selecting is the first part of the perception process, in which we focus our attention on certain incoming sensory information, certain aspects of stimuli are screened out and others admitted. Consumers will identify and choose marketing stimuli based on their needs and attitudes. For instance, a consumer intending to buy a sports bike will be more attentive to motor bike ads. For the stimulus and then perceptual selection to actually take place, the consumer must first see or hear to it. There are three processes which defines selection:
  - **Exposure:** When a consumer's senses- sight, hearing, smell, taste, touch are activated by a stimulus, exposure is said to have occurred. For an individual to be exposed to a stimulus there is need for that stimulus to be present within the person's relevant environment. But their interest and involvement with the stimulus will be reflected at the level of attention they devote to it.
  - **Attention:** Attention is defined as the momentary focusing of a consumer's cognitive capacity on a specific stimulus. For example, when consumer take notice of a TV ad, a new product displayed in the retail outlet or a new vehicle in the company showroom, it is said that attention has taken place.

People will be selective in their choice of receiving various kinds of information for different products and services based on what interests them rather than the message content and also selection of the media. This is nothing but selective attention. Through selective exposure people try to avoid coming into contact with or avoid a message that may go against or be contradictory to the strongly held beliefs and attitudes. Thus, the individual normally puts a censorship on the stimulus (inputs) to avoid disturbance of his existing beliefs and values. In today's age of e-technology, when consumers are bombarded with a lot of information,it becomes humanely impossible to take in all of it. So, they indulge in selective exposure.

- **Selective Perception:** Consumers will perceive marketing experiences stimuli selectively because each person will be unique in terms of needs, attitudes, experiences and personal characteristics. Selective perception means that different persons may perceive the same product, advertisement, package in a different way.

- **Perceptual Organization:** People do not experience all the stimuli selected by them as separate and discrete sensation, rather they tend to organise them into group and perceive them as a unified lot. This method of perceptual organization enables individual to view life in a simplified manner. This specific principles underlying organisation are sometimes referred as Gestalt psychology.

Gestalt is a German word and means 'pattern' or 'configuration'. The basic principles of perceptual organisation focus on 'figure and ground' relationship and 'grouping and closure' relationship.

- **Figure and Ground:** Consumers tend to perceive an object in the context in which it is shown. While organizing information, people have the tendency to keep certain phenomenon in focus and some other phenomenon in the background. This is said to be the working of the figure and ground principle. According to Gestalt psychologists, when individuals organize stimuli into wholes, they will distinguish

stimuli which are prominent (the figure that is generally in the foreground) from stimuli which is less prominent (those in the ground or background).

- Ø **Grouping:** In grouping, the perceiver groups the different stimuli based on the principles of similarity, continuity and proximity. This means all those stimuli which are grouped together are likely to be perceived as having the same characteristics. This perception of stimuli as groups of information will facilitate easy memorizing and recall by consumers. This principle helps marketers to enable consumers to get a unified picture and co-relate desired connection with their products.
- Ø **Closure:** Individuals have a need for closure, they have the tendency to fill in the gaps themselves so as to gain a more meaningful information. In the event that they are exposed to a pattern of stimuli, which in their view is incomplete, they tend to perceive it as complete by fulfilling in the missing pieces.

I **Perceptual Interpretation:** Perception being a personal phenomenon, people exercise selectively in terms of stimuli they perceive. The interpretation of stimuli is also individual, since it is based on previous experience stimuli are generally highly ambiguous. In that case an individual interpret them in such a way as to serve to fulfil his needs, wishes, interests and so on. How close a person's interpretation is to reality depends on the clarity of the stimuli, the past experience of the perceiver and his motive and interest at the time of perception. Thus have selected, after consumers have selected and organized stimuli, they interpret them. Consumers are able to interpret marketing information by making use of two principles:

- Ø **Categorization:** This principle is with reference to the tendency of consumers to process and place information into their interpretation of logical categories. For example, "this new ad of mineral water must be probably just like 'Bisleri mineral water'".
- Ø **Inference:** This principle refers to consumers reasoning out and developing an association between two stimuli. For example,

consumers might associate herbal extracts in body care products with natural ingredients.

4.7 FACTORS THAT DISTORT INDIVIDUAL PERCEPTION

Several factors lead us to form inaccurate impressions of others. These barriers to perception are inaccurate impressions of others. A number of factors influence individuals that are likely to distort their perception. They are as follows:

- **Physical Appearance:** Personality of the perceiver greatly influences the perception process. Research findings have shown that people have a tendency to perceive others to be having the same attributes or qualities as themselves. People have the tendency to associate certain persons with others who may have certain attributes, irrespective of whether they consciously recognise the attributes or not.This is why, advertisers give a lot of importance to the selection of models for advertisements. This can automatically induce the consumer to develop a positive attitude and behaviour towards the product. For instance, using celebrity, to endorse a product or brand is more appealing to the consumer's mind.
- **Example of celebrities endorsing certain brands are:**
  - Hema Malini - Kent water purifier, Malabar Gold
  - Amitabh Bachchan - Reid & Taylor, Boroplus Antiseptic creame
  - Juhi Chawla - Kurkure snacks
- **Stereotypes:** This term 'Stereotype' is used to describe 'biases' involved in perceiving people. This means that there could be a bias involved when the perceiver sees/perceives the person or individual on the basis of a single class or category to which he or she belongs.Stereotypes also convey another meaning that is there is a general concurrence on the attributed traits and also the possibility of a discrepancy between attributed traits and actual traits. Accordingly, stereotypes may attribute favourable and unfavourable traits to the person being perceived.For

example, statements such as:"All salespersons are fast talkers and bluff a lot." Stereotypes indicate the expectations from certain specific stimuli and how these (stimuli) will ultimately be perceived.

- **Halo Effect:** The term 'Halo effect' is used to describe a process, in which judges use the general impression (either favourable or unfavourable) to evaluate certain specific traits. Here 'Halo' acts as a barrier or screen to keep the perceiver away from actually seeing the trait he is judging.The broad difference between the halo error and stereotyping error is that in stereotyping the person is perceived on the basis of a single category, while under the halo effect the person is perceived on the basis of one trait or event.According to consumer behaviourists, 'halo effect' includes the evaluation of multiple brands (say a product line of a firm) by evaluating just one dimension (either the brand name or celebrity endorsement). Going by this perspective of halo effect, marketers can extend the use of a brand name associated with one line of products to another.The knowledge or familiarity which consumers have with the product or brand is likely to influence their perception of the brand and extensions, if any. For example, Amul with the 'Taste of India' tag line has successfully been extended to its ice creams.Horlicks brand name has been successfully extended to its Horlicks biscuits also.
- **Irrelevant Cues:** Sometimes, consumers form perceptual judgement based on their giving importance to irrelevant cues. In the case of purchase of automobiles, at times, consumers' purchase decisions are based on the importance given to the look, colour, leather upholstery etc. rather than giving due consideration to the mechanical and technical superiority.
- **First Impressions:** There is a very old saying which goes as "First impressions tend to be lasting ones" However, this wisdom will depend on the context and also on the extent to which the perceiver is aware of the relevance of the stimuli considered by him or her. Firms have to exercise care, especially when launching new products and trying to create a good first impression on the minds of the consumers. If the

product fails to make the desired 'first' impact, a 'second chance' to taste success may not occur. And, any subsequent attempts at communicating the advantages may not be sufficient to delete from the consumer's mind about its (unsuccessful) earlier attempts.

- **Hasty Conclusions:** Often people have the tendency to arrive at conclusions very quickly, before examining all the relevant evidence. This behaviour can be based on the person's attitude, motivation level, interest and past experience also. Consumers at times develop the attitude of drawing conclusions based on limited receipt of information.There is one ad which appears on the mass media, showing a spokesperson for 'consumer rights' cautioning consumers against blindly accepting the packaged product received from the shopkeeper.Consumers are advised that rather than jumping to conclusions about the verbal assurance of the contents, it is the consumer's right to ask the retailer to measure and verity the same in their presence. Thus when a person remarks, "Short men are shrewd but dangerous" it may be true but for not all short person.
- **Perceptual Inference:** Consumers draw inferences about brands, outlets, and associations. For instance, consumers may associate a Tanishq watch with quality. This inference could be drawn on the basis of word of mouth communication from peer group, friends or advertisements. We can understand this better by having a look at discussions, on product symbols and semiotics.
- **Product Symbols:** Many of the symbols we see in the ads and packages are socially and culturally derived. For example, Air India's Maharaja symbolizes royal treatment, even the usage of orange, white and green colours on many of the packages can be associated with patriotism.Symbols can affect the consumption process. For example the advertisement of Bajaj Discover DTS-i can be associated with fantasy (computer graphics showing how the pipes follow the bike rider) and conveys the message that the bike is fuel efficient.However, advertisers have to remember that consumers will perceive symbols selectively. For example, Blackberry may indicate the iconic status to

some while there could be others who may find it too fanciful for usage.

- **Semiotics:** The study which examines the role of signs and symbols in assigning meaning to objects is called semiotics.Semiotics tries to determine the meaning consumer's assign to symbols through three components:
  - Ø The object or product (say, Kent Mineral RO)
  - Ø The symbol associated with the object (water purifier)
  - Ø The interpretant or meaning of the symbol (domestic, pure and healthy water).

  For marketing purposes, semioticians view the symbols used in the packaging as a kind of culture or consumption dictionary, where the entries are considered to be products, which are culturally defined. Now, going back to the example of Kent Mineral (RO), Water Purifier, assume that the associations mentioned are what the company wants the consumer to associate with the symbol (water purifier).In reality, if the consumers were to associate with the symbol positively (i.e., as the company hoped to elicit), then it can be said that the consumer's perception matches with that of the company's symbolic representation. Under such circumstances, a positive perceptual inference has taken place suggesting that consumer perception has positively interpreted the said symbol.However, if the meaning many consumers associate with the symbol (Kent Mineral RO water purifier) does not match with what the company had hoped to elicit, the very purpose of using the symbol, by the company, is defeated.

4.8 PRICE PERCEPTION

Consumer perception of prices is very significant even from the angle of marketer so that he can modify his product prices to the requirements of consumers. Whether a consumer perceives the price of a product or service as 'high', 'low' or 'fair' is having deep impact on his or her buying intentions and post purchase satisfaction. The price perception is quite complex. An example to this could be taken back from the 1980's

market of ball point pens, when Parker Pen tried to introduce low priced pen to meet the growing market of cheap ball point pens. The result was not only discouraging but also disastrous as Parkers image was not consistent with its price. It was because Parker was known for high price and quality. The company had to revert back in 1989 high priced pens. The implications are: Consumers have certain expectation of what the price is of a product or service. Such expectations may or may not reflect the actual price of the product or service and the consumers very often associate price of a product or service to its quality.

According to one research study consumers react to price variable as under:

- Consumers seemingly use price as an indicator of product quality and as an indicator of purchase cost.
- Consumers develop reference, price as standards for evaluating prices they see in te market place. A reference or standard price is any price that consumers uses as the bases for comparing another price.
- Consumer's reference prices are not constant and get modified by shopping experiences. That is, exposure to higher or lower than the reference. Price is likely to result in upward or downward movement of the reference price.
- Consumers tend to develop a range of acceptable prices around the reference or standard price. Prices above or below the reference price are likely to be judged as unsuitable and may lead to decreased willingness to purchase the product.
- Factors like brand-image or store-image can often strengthen the perceived price quality relationship.
- In case the prices for different alternatives are perceive as similar, then price is unlikely to influence the choice between these alternatives.

Dimensions of Price Perception

The key dimensions of price perceptions are listed below:

- **Price-Quality Relationship:** Consumers perceive price as the prime indicator to presume the quality of the product. Many consumers believe that high priced products attribute better quality and lasts longer. Thus,

price signals the quality. If prices are marked lower than the level of consumers paying capacity they conclude it to be of low quality. Improvements in quality of products can trigger the mind for the first time and can convert the consumer into a loyal consumer as well.

- **Price-Consciousness:** It is defined as consumers' degree of focusing for paying less in buying. The high price conscious consumers tend to do a lot of research work before buying that particular product. The economic theories have also indicated that price has the significant roles in buyers' preferences. The buyers generally try to maximize their benefits while purchasing and price plays a influential role in their buying process.
- **Value-Consciousness:** This concept follows the price quality evaluation of the consumer. It comprises of what a consumer get on behalf of what they have paid for the products or services. If consumer thinks that quality is less then what they have paid, they tend to get dissatisfied and henceforth stops purchasing that product. The vice-versa of the situation leads to turning them into regular or may be loyal consumer. Consumers who are capable of making this sort of evaluations are called "Value Conscious Consumers" They generally don't mind paying higher prices if the quality of product justifies it.
- **Price Mavenism:** This could be defined as the consumers being experts about the lowest priced stores and starts sharing the information by informing them. These consumers evaluate different aspects of product to justify it with the price bracket into which they are offered and compare it with other stores to get the best benefits out of it. The consumer's socio-economic character, previous experiences and learning processes play an important role. The price information collected is shaped by rational and emotional motives of consumers. These types of consumers are experts in the product information's and thus may be called as 'advisors' by other consumers.
- **Sale Proneness:** Sales influence consumers' price perceptions significantly. The consumers generally evaluate their last purchases with the current ones. Sales, price discounts aim to increase the total

sales and also create positive purchases evaluation. The best price evaluations can be made during the sales or discount prices.

- **Prestige Sensitivity:** It is a psychological dimension. Consumers can perceive high price as positive and even as a negative. The high pricing of the product can be perceived as a way of losing the money. Consumers buying these sorts of products generally consider it as a part of their status. They tend to purchase on their emotional moves. A prestigious product is considered to be a symbol of wealth and living above standards. Prestige sensitivity is the factor behind the same and can happen because of difference of socio-economic characteristics of consumers. This concept can be used in developing high quality and distinct product image.
- **Domestic-Foreign Product Sensitivity:** The product sensitivity amongst domestic-foreign product also plays an important role in price perceptions. The place of product manufacturing also influences the the buying behavior and hence leading to think upon the pricing being perceived by consumers as well. Thus this dimension is also necessary to be included into the consumers' experience of judging the price. Brand recognition, effects the quality and price perceptions. Origin of country is also not untouched by it and influences the consumer. The products from developed country are generally regarded as the high quality and costly. The domestic and foreign products are also viewed emotionally and symbolically. This dimension is unique to evaluate and hence included in describing price perceptions.

4.9 PERCEIVED PRODUCT AND SERVICE QUALITY

Perceived quality can be defined as the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. Perceived quality is, first, a perception by customers.

It thus differs from several related concepts, such as:

- Actual or objective quality: the extent to which the product or service

delivers superior service

- Product-based quality: the nature and quantity of ingredients, features, or services included
- Manufacturing quality: conformance to specification, the "zero defect" goal Perceived quality cannot necessarily be objectively determined, in part because it is a perception and also because judgments about what is important to customers are involved.

Perceived Product Quality: Consumers are likely to assess the quality of a product on the basis of variety of information they relate to a product. These cues or the stimuli are both intrinsic and extrinsic. Intrinsic cues relate to the physical attributes to the product like size, colour, smell, taste which are used to measure the quality level of a product. Thus, the quality of a product is judged on the bases of fragrance, colour, physical appearance of the container and the packaging. The extrinsic cues or stimuli are brand image, price or even the country of origin, not excluding ads, packaging or group pressure. Consumers initially judge the quality of the product on the basis of extrinsic cues, they relate 'high quality to high price'.

Dimensions of perceived quality: the product context

- **Performance:** How well does a washing machine clean clothes?
- **Features:** Does a toothpaste have a convenient dispenser?
- **Conformance with specifications:** What is the incidence of defects?
- **Reliability:** Will the lawn mower work properly each time it is used?
- **Durability:** How long will the lawn mower last?
- **Serviceability:** Is the service system efficient, competent, and convenient?
- **Fit and finish:** Does the product look and feel like a quality product?

Perceived Service Quality: It is really difficult to evaluate the quality of services as opposed to products because of its special characteristics like intangibility, perishability, inseparability etc. In order to compare and judge the quality of services the consumers use extrinsic cues or stimuli. Thus, a doctors service can be judged on the bases of educational qualifications, hospital, staff, the way patents are consulted

and treated etc. A wrong treatment of a patient is permanent loss leading customer dissatisfaction and hence fall in the service image. Consumers evaluate service quality on the basis of magnitude and direction of the gap between the expectation of service and consumer's perceived value of the service actually delivered.

Dimensions of perceived quality: the service context

- **Tangibles:** Do the physical facilities, equipment, and appearance of personnel imply quality?
- **Reliability:** Will the accounting work be performed dependably and accurately?
- **Competence:** Does the repair shop staff have the knowledge and skill to get the job done right? Do they convey trust and confidence?
- **Responsiveness:** Is the sales staff willing to help customers and provide prompt service?
- **Empathy:** Does the bank provide caring, individualized attention to its customers?

4.10 CONSUMER RISK PERCEPTION

Whenever consumers make decision to buy any new brand, there is an element of uncertainty of the consequences and perception of risk is involved in most of such buying. Risk perception is the consumer's perception of uncertainty that they face when they are unable to foresee different consequences of their purchase decision. The relevant risk dimensions are the uncertainty and the consequences. The influence of risk depends upon the individual's perception. That is, the risk actually may or may not exist and even if a real risk exits but is not perceived, it will not influence consumer behaviour.

Among several types of risks, the most important ones are:

- **Financial Risk:** it is the risk of not matching cost with value. That is, the price paid is not really compensated by the product quality and quantity.
- **Performance Risk:** The risk of not performing of what it is expected to

perform. The person may spend a lot on its repairs or bring it to the order.

- **Physical Risk:** Possible harm caused to user and others by actual usage.
- **Social Risk:** It is a kind of risk of not meeting expectations of reference group or groups causing social embarrassment.
- **Psychological Risk:** It is a risk caused by loss of self esteem or self image as a result of poor choice and making a person feel stupid.

The degree of risk perception depends upon the consumer as a person, product, situation and the culture etc. Consumers who are high risk perceivers avoid risk and limit the product choices to a limited number of safe alternatives. Consumers who are low risk perceivers tend to consider their choices from a wider range of available alternatives. However there are different ways by which the consumer can reduce the risk involved in their purchases such as:

- Acquisition of additional information helps consumer to assess the risk involved in much better way.
- Consumers play safe by remaining loyal to a brand which already tried by them. There is greater risk in tying on untried brand.
- Wise and smart customers learn from the mistake of others. A tried and trusted brand is definitely a popular one.
- Consumers go ahead with their purchases on the quality price realizing higher the price better is the quality.
- While selecting the products, they select the retail outlets which is trust worthy.
- Customers should learn to reduce the level of expectations, this will certainly reduce psychological effects.



CHECK YOUR PROGRESS

1. Perception is a ---------- factor affecting consumer behavior. (Fill up)
2. Sensation and perception are the same.(True or False)

3. Consumer is a ---------- risk perceiver when he evaluates wide range of product alternatives. (Fill up)
4. When the perceiver sees/perceives the person or individualon the basis of a single class or category to which he or she belongs is called as ----------.(Fill up)
5. Consumers initially judge the product on the basis of extrinsic cues. (True or False)



4.11 LETS SUM UP

- Perception is the process by which an individual selects, organizes and interprets stimuli into meaningful and coherent picture of the world.
- Perception is determined by both physiological and psychological factors as perception is developed from previous experiences, feelings and motives. Whereas, sensation only activates the sensory organs of the body.
- The perceptual process involves three components:

  Perceptual Selection

  Perceptual Organization

  Perceptual Interpretation
- A number of factors influence individuals that are likely to distort their perception such as Physical Appearance, Stereotypes, Halo Effects, Irrelevant Cues, First Impression, Hasty Conclusions, Perceptual Inference, Product Symbols, Semiotics.
- Consumer perception of prices is very significant even from the angle of marketer so that he can modify his product prices to the requirements of consumers. Whether a consumer perceives the price of a product or service as 'high', 'low' or 'fair' is having deep impact on his or her buying intentions and post purchase satisfaction.
- Perceived product or service quality can be defined as the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. Perceived quality is, first, a perception by customers.

- Risk perception is the consumer's perception of uncertainty that they face when they are unable to foresee different consequences of their purchase decision. The relevant risk dimensions are the uncertainty and the consequences. The influence of risk depends upon the individual's perception.



4.12 FURTHER READING

1) OrganisationalBehaviour - By Dr S.S. Khanka
2) Narain'sOrganisationalBehaviour - By S. Sachdeva
3) Modern Marketing Principles and Practices - By R.S.N. Pillai &Bhagavathi



4.13 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Psychological

Ans to Q No 2: False

Ans to Q No 3: low

Ans to Q No 4: Stereotype

Ans to Q No 5: True



4.14 MODEL QUESTIONS

Q 1: Define Perception. Is it same as 'Sensation'?

Q 2: Explain the stages of perception process.

Q 3: How consumers perceive quality and price. Explain with examples.

Q 4: What is perceived risk? How consumers reduce the risks involved in purchase decision?

Q 5: 'Perception is the only part of processing information'. Explain.

Q 6: Describe the factors distorting individuals' perception.

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UNIT 5: CONSUMER LEARNING, MEMORY AND INVOLVEMENT

UNIT STRUCTURE

5.1 Learning Objectives

5.2 Introduction

5.3 Components of Learning

5.4 Behavioural Theory

5.5 Cognitive Learning Theory

5.6 Memory System

5.7 Memory Process

5.8 Concept of Involvement

5.9 Dimensions of Involvement

5.10 Involvement and Types of Consumer Behaviour

5.11 Cognitive Response Model

5.12 Elaboration Likelihood Model

5.13 Social Judgment Theory

5.14 Brand Loyalty

5.15 Brand Equity

5.16 Let Us Sum Up

5.17 Further Reading

5.18 Answers to Check Your Progress

5.19 Model Questions

5.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- explain the concept ofLearning and its components
- understand various learning theories
- explain the concept of Memory
- describe the Memory System and Process
- explain the concept of Involvement
- understand dimension of involvement

- describe involvement and types of consumer behavior
- explain various models of involvement
- discuss brand loyalty and brand equity

5.2 INTRODUCTION

Learning is one of the basic foundations of human behaviour. Learning takes place everywhere and throughout the very existence of an individual. How individual learns is a matter of deep concern for marketers, in that they are interested in teaching them about product, its attributes and benefits. The closely allied concepts of learning are the memory and the dvolvement.

5.3 COMPONENTS OF LEARNING

Learning isdefined as a relatively permanent change in the behaviour that occurs as a result of experience of self or others. There occurs an enhancement of knowledge, skills and expertise which are relatively permanent. Consumer learning is defined as a process by which people gather and interpret information about products and services and use this information/knowledge in buying patterns and consumption behaviour.

According to Schiffman, "consumer learning can be thought of as the process by which individuals acquire the purchase and consumption knowledge and experience that they apply to future related behaviour".

Mr. Stephen P. Robbin opines, "Learning is any relatively permanent change in behaviour that occurs as a result of experience."

Consumer learning may be intentional, where learning is an outcome of a careful search for information; learning can also be incidental, where learning occurs as a matter of chance, by accident or without much effort.

For instance, an individual is attracted by the fragrance of a perfume (stimuli) and he intends to purchase (drive), and if he is satisfied with the price and other factors (positive reinforcement) he purchase it.

The learning process comprises certain elements/ components, viz., motivation, cues, response and reinforcement. Each of these is explained below:

- **Motivation:** Consumer motives lie at the very heart of consumer behaviour. When a consumer is faced with a need/want situation, there occurs an urge within him to act towards fulfilment of the need/want through the problem solving/decision making process. So, he is motivated to search for information, either internally from his memory or externally through commercial, non commercial and public sources or through experience of self and others. This desire to search for knowledge and information about the product/service gets intensified with the degree of relevance or involvement. The marketer can play an important role by (i) identifying or helping the consumer identify the sub-conscious and hidden motives; (ii) triggering off motives and desires; In both the ways, the consumer would be motivated to search for information, so far as that product/service would help satisfy his/her need/want.
- **Cues:** A cue may be defined as a weak stimulus that gives strength and direction to the motives; All the 4Ps could act as cues and give direction to motives; for example, the packaging of the product (colourful design; easy to carry; reusable containers), price (discounts, sales), place (store display, store layout, window dressing) and promotion (advertisement).
- **Response:** The behaviour of a person constitutes the response; i.e. how a person reacts to a drive or a stimulus, reflects a response. This response could take various forms: - It may be overt and lead to an action; the consumer may decide to purchase the product/brand. Or, - The response may just be learning for the future, i.e. the purchase is postponed for future; he decides to buy at a later date. Or, - A favourable image about the product and the brand may get created; the consumer develops an intention to buy; as and when the consumer decides to make the purchase, he would consider that brand.

- **Reinforcement:** An action always has a reaction; based on the reaction, the behaviour gets reinforced. In other words, if the action (behaviour) is followed by a reaction that is positive or pleasant or rewarding, the action (behaviour) gets positively reinforced; the likelihood of repetition of that action (behaviour) increases. The same holds true vice versa. If the action (behaviour) is followed by a reaction that is negative or unpleasant or unrewarding, the action (behaviour) gets negatively reinforced; and the likelihood of repetition of that action (behaviour) decreases. In terms of consumer learning, if a person buys a particular product/brand, and the purchase leads to satisfaction and delight, and lives up to expectations, the consumer would feel that he has got value for money. Through a positive reinforcement, learning would take place, and the consumer would prefer to buy the same product/brand in future. On the other hand, if he feels dissatisfied, again learning would take place and he would learn not to buy the same product/brand in future. In fact, positive reinforcement could develop brand loyalty.

5.4 BEHAVIOURAL THEORY

Behavioural learning theories are sometimes called stimulus-response theories because they are based on the premise that observable responses to specific external stimuli signal that learning has taken place. When a person responds in a predictable way to a known stimulus, he or she is said to have "learned." Behavioural theories are most concerned with the inputs and outcomes of learning, not the process. Two theories relevant to marketing are classical conditioning and instrumental (or operant) conditioning.

- **Classical Conditioning Theory:** Early classical conditioning theorists regarded all organisms as passive recipients that could be taught certain behaviours through repetition (i.e., conditioning). Conditioning involved building automatic responses to stimuli.Ivan Pavlov was the first to describe conditioning and to propose it as a general model of how learning occurs. a) For Pavlov, conditioned learning results when a

stimulus that is paired with another stimulus elicits a known response and serves to produce the same response when used alone.

- He used dogs to demonstrate his theory.
- The dogs were hungry and highly motivated to eat.
- Pavlov sounded a bell and then immediately presentedmeat to the dogs' tongues, which caused them to salivate.
- After a sufficient number of repetitions of the bell sound, followed almost immediately by the food, the bell alone caused the dogs to salivate.

In a consumer behaviour context, an unconditioned stimulus might consist of a well-known brand symbol. A previously acquired consumer perception of a brand is the unconditioned response. Conditioned stimuli might consist of new products under an existing brand name. The conditioned response would be consumers trying these products because of the belief that they embody the same attributes with which the brand name is associated.

Strategic Applications of Classical Conditioning / Principles of Conditioning Learning

Three basic concepts derive from classical conditioning are - repetition, stimulus generalization, and stimulus discrimination.

- Repetition works by increasing the strength of the association between a conditioned stimulus and an unconditioned stimulus and slows the process of forgetting. After a certain number of repetitions, attention and retention declines. This effect is known as advertising wear-out and can be decreased by varying the advertising messages. Wear-out may be avoided by varying the message through cosmetic variation or substantive variation. Some disagree about how much repetition is needed. The three-hit theory states that the optimum number of exposures to an ad is three.
  - Ø One to make the consumer aware of the product.
  - Ø A second to show consumers the relevance of the product.
  - Ø A third to remind them of its benefits.

  Others think it may take 11 to 12 repetitions to achieve the three

objectives. The effectiveness of repetition is somewhat dependent upon the amount of competitive advertising to which the consumer is exposed. As exposure increases, the potential for interference increases. According to classical conditioning theorists, learning depends not only on repetition, but also on the ability of individuals to generalize.

- Making the same response to slightly different stimuli is called stimulus generalization. Stimulus generation explains why imitative "me too" products succeed in the marketplace: consumers confuse them with the original product they have seen advertised. It also explains why manufacturers of private label brands try to make their packaging closely resemble the national brand leaders. The principle of stimulus generalization is applied by marketers to product line, form, and category extensions. In product line extensions, the marketer adds related products to an already established brand, knowing that the new product is more likely to be adopted when it is associated with a known and trusted brand name. Marketers offer product form extensions that include different sizes, different colors, and even different flavors. Product category extensions generally target new market segments. The success of this strategy depends on a number of factors. For example, if the image of the parent brand is one of quality, consumers are more likely to bring positive associations to the new category extensions. In family branding, the practice of marketing a whole line of company products underthe same brand name, is another strategy that capitalizes on the consumer's ability to generalize favorable brand associations from one product to the next. Retail private branding often achieves the same effect as family branding. For example, Wal-Mart used to advertise that its stores carried only "brands you trust." Now, the name Wal-Mart itself has become a "brand" that consumers have confidence in, and the name confers brand value on Wal-Mart's store brands.Licensing, whereby allowing a well-known brand name to be affixed to products of another manufacturer-is a marketing strategy that operates on the principle of stimulus generalization. Corporations also license their

names and trademarks, usually for some form of brand extension, where the name of the corporation is licensed to the maker of a related product and thereby enters a new product category. The increase in licensing has made counterfeiting a booming business, as counterfeiters add well-known licensor names to a variety, of products without benefit of control or quality control.

- Stimulus discrimination is the opposite of stimulus generalization and results in the selection of specific stimulus from among similar stimuli. The consumer's ability to discriminate among similar stimuli is the basis of positioning strategy, which seeks to establish a unique image for a brand in the consumer's mind.The key to stimulus discrimination is effective positioning, a major competitive advantage. The image, or position, that a product or service has in the mind of the consumer is critical to its success. Unlike the imitator who hopes consumers will generalize their perceptions and attribute special characteristics of the market leader's products to their own products, market leaders want the consumer to discriminate among similar stimuli. Most product differentiation strategies are designed to distinguish a product or brand from that of competitors on the basis of an attribute that is relevant, meaningful, and valuable to consumers. . It often is quite difficult to unseat a brand leader once stimulus discrimination has occurred. In general, the longer the period of learning of associating a brand name with a specific product, the more likely the consumer is to discriminate, and the less likely to generalize the stimulus.
- **Operant (Instrumental) Conditioning Theory:** Like classical conditioning, instrumental conditioning requires a link between a stimulus and a response. However, in instrumental conditioning, the stimulus that results in the most satisfactory response is the one that is learned. Instrumental learning theorists believe that learning occurs through a trial-and-error process, with habits formed as a result of rewards received for certain responses or behaviours. According to American psychologist, B. F. Skinner, most individual learning occurs in a controlled environment in which individuals are "rewarded" for choosing an appropriate behaviour.

In consumer behaviour terms, instrumental conditioning suggests that consumers learn by means of a trial-and-error process in which some purchase behaviours result in more favourable outcomes (i.e., rewards) than other purchase behaviours. A favourable experience is instrumental in teaching the individual to repeat a specific behaviour. Like Pavlov, Skinner developed his model of learning by working with animals. In a marketing context, the consumer who tries several brands and styles of jeans before finding a style that fits his/her figure (positive reinforcement) has engaged in instrumental learning.Skinner distinguished two types of reinforcement (or reward) influence, which provided that the likelihood for a response would be repeated. The first type, positive reinforcement, consists of events that strengthen the likelihood of a specific response. Negative reinforcement is an unpleasant or negative outcome that also serves to encourage a specific behaviour. Fear appeals in ad messages are examples of negative reinforcement. Either positive or negative reinforcement can be used to elicit a desired response. Negative reinforcement should not be confused with punishment, which is designed to discourage behaviour. When a learned response is no longer reinforced, it diminishes to the point of extinction; that is, to the point at which the link between the stimulus and the expected reward is eliminated. Forgetting is often related to the passage of time; this is known as the process of decay. Marketers can overcome forgetting through repetition and can combat extinction through the deliberate enhancement of consumer satisfaction.

Marketers effectively utilize the concepts of consumer instrumental learning when they provide positive reinforcement by assuring customer satisfaction with the product, the service, and the total buying experience. The objective of all marketing efforts should be to maximize customer satisfaction. Besides the experience of using the product itself, consumers can receive reinforcement from other elements in the purchase situation, such as the environment in which the transaction or service takes place, the attention and service provided by employees, and the amenities provided. Some hotels provide reinforcement to

guests in the form of small amenities. Companies that create personal connections with customers, and offer diverse product lines and competitive prices, are the ones providing the best reinforcement, resulting in satisfaction and repeat patronage. Most frequent shopper programs are based on enhancing positive reinforcement and encouraging continued patronage. Relationship marketing, developing a close personalized relationship with customers is another form of non-product reinforcement. In 'Reinforcement schedules', marketers have found that product quality must be consistently high and provide customer satisfaction with each use for desired consumer behaviour to continue. Marketers have identified three types of reinforcement schedules: total (or continuous) reinforcement, systematic (fixed ratio) reinforcement, and random (variable ratio) reinforcement. The reinforcement of behaviours that must be performed by consumers before the desired behaviour can be performed, called shaping. Shaping increases the probabilities that certain desired consumer behaviour will occur.

5.5 COGNITIVE LEARNING THEORY

Cognitive theorists believe that a person's learning is a complex mental process. It takes place as a result of a conscious and deliberate information processing and storage activity that takes place within living beings. Living beings make active use of creativity, insight, and information processing to solve issues and problems. The focus of cognitive theorist is on the "thinking" rather than the "doing" of the behavioural scientists. One of the main proponents of this theory is Edward Tolman, who conducted a series of experiments on rats, and finally came up with his findings. In terms ofconsumer learning, any kind of extensive problem solving, on the part of the consumer, is cognitive and would be included under this approach. This would include gathering, processing and interpreting information; storing it in memory; and final retrieval when required. According to the cognitive theorists, response towards stimuli are not always reflexive

and automatic, or out of pure conditioning; there is much beyond pure reflex or conditioning. A living being, animal/human being perceives a stimulus (object/situation/person./event) in a particular manner; on the basis of his perception, he assigns meanings and corresponding responses to the stimulus; a set of expectations about the outcome are also generated. The living entity begins to associate a cue with an expectation and memorizes this relationship; this leads to learning. A cognitive structure of this relationship is formed in the memory and is preserved until it needs to be retrieved in future; learning based on this mental activity is called cognitive learning. Tolman established this relationship between environmental cues and expectations, based on the experiments that he conducted on white rats. A special T-maze was designed, and the white rats were taught to obtain food in the maze. To start with, Tolman kept food in the right corner of the T maze; a white rat was put in the maze, and was trained to turn right to obtain the food. A relationship between the cue (food: smell of food) and the expectation (appropriate movement would lead to the food) was established. Thereafter, Tolman changed the position of the art and started him from the opposite part of the maze. According to the past conditioning (instrumental conditioning, R?S), the rat should have turned right, but instead it moved in the direction where the food was kept. The rat has learnt to move through the maze with a motive and direction, towards the food (goal), and a connection was built between the stimulus and the stimulus (S?S). The rat had not only learnt to form an association between the cue and the expectation, (i.e., the smell of the food acted as the cue; and the right movement across the maze to obtain it, was the response), but he had also memorized this association.As the association between the cue and the expectancy was strengthened, learning occurred. So, Tolman's approach to learning could be explained as: - stimulus leads to another stimulus (or S-S) - the association between the cue and the expectancy leads to learning; behaviour is goal directed. Cognitive learning focuses on the gathering and processing of information, storage in memory and final retrieval of knowledge from a person's memory. A person first gathers information and then processes it. This information gathering and processing depends on the

complexity of information as well a person's cognitive ability. Cognitive ability differs from person to person, so does imagery. Imagery is a perceptual process that enables formation of mental images within a person; these images relate to a stimulus and influence a person's ability to recall information. Once the information has been processed, a person organizes it by associating it with various other cues, and creates mental images, and finally stores it in his memory. Memory involves the process of gathering, processing and storing information over time so that it will be available when required. As and when required to solve problems, he retrieves this information from his memory. The process is continuous; on a regular basis, the person is confronted with new inputs that he integrates with the existing knowledge that he already has in his memory; this may require addition/ deletion/modification of existing information. In terms of consumer behaviour, consumers are exposed to information about new product/services or changes in existing products/services on a day to day basis; marketers also constantly update them about their brands like the attributes, features, price, and comparison with other brands etc. In fact, consumers are informed about any change that is bought about in any of the elements of the 4Ps; viz., product attributes, benefits, features, price, discounts, availability etc. The consumer also forms mental images about the various brands through imagery, which leads toeasy recall later on. Once the consumer receives this information, he integrates this information with the existing knowledge that he has stored in his memory, and would retrieve this information as and when he wants to solve a problem or satisfy a need through purchase and usage of a product/service.

5.6 MEMORY SYSTEM

Memory involves a process of acquiring information and storing it over time so that it will be available when needed.Contemporary approaches to the study of memory employ an information-processing approach. Memory is important because what we remember can have profound impact on our consumption decision. Consumers are more likely to consider buying

and using certain brands if they can remember the brand name and something about its benefits. It is desirable for a marketer to examine the nature of consumer memory and it processing one must know how memory affects search and decision making processes. Memory leads to retrieval and identifies different retrieval process because understanding retrieval is important because of its critical role in communication, objective marketing strategy and consumer choice. Memory processes are important to the understanding of consumers. It is a matter of concern that in learning how the information gets stored in memory, how it is retained and how consumer retrieve the stored information during brand evaluation. Consumers stores information(experience) and have the capacity to remember old products which have been disposed of, for example, one's old car or a dinner enjoyed in a good restaurant. What reside in our memory and what we can remember depend on our motivation, ability and opportunity to process the information to which we have been exposed.

There are three distinct memory systems:

- Sensory memory permits storage of the information we receive from our senses. This storage is very temporary (it only lasts a couple of seconds). All data comes to us through our senses, however, our senses do not transmit information as whole images. The separate pieces of information are synchronized as a single image. This sensory store holds the image of a sensory input for just a second or two. This suggests that it's easy for marketers to get information into the consumer's sensory store, but hard to make a lasting impression.
- If information is retained for further processing, it passes through an attentional gate and is transferred to short-term memory (STM). STM also stores information for a limited period of time, and its capacity is limited. Think of it as working memory since it holds information we are currently processing. The information can be stored either acoustically (in terms of how it sounds) or semantically (in terms of what it means.) Memory generally stores information by combining small pieces into larger ones in a process known as chunking.A chunk is a configuration

that is familiar to the person and can be manipulated as a unit. An example would be a brand name, which summarizes a great deal of detailed information.If rehearsal (the silent, mental repetition of material) takes place, then the data is transferred to the long-term store. If data is not rehearsed and transferred, it is lost in a few seconds.

- Long-term memory is the system that allows us to retain information for a long period of time. Catchy slogans or jingles often help in this area. A cognitive process called elaborative rehearsal allows information to move from short-term memory to long-term memory. Transferred data to the long-term store can last for days, weeks, or even years. Under this, information is organised and is updated as new information are added.

5.7 MEMORY PROCESS

As per Paul W. Flagg people never forget anything that has just reached long term memory. There are four processes to understand memory.

- Rehearsal
- Encoding
- Storage
- Retrieval

Let us understand these elements one by one.

- **Rehearsal:** It is the salient mental repetition of material information available for delivery from short term store to long term store depends on the amount of rehearsal an individual gives to it. In fact we need rehearsal to amplify the weak signal that comes from sensory store to memory. At the same time rehearsal is that involves relating new data to old to make the material meaningful. In this connection marketers must be certain that the information they convey to consumer is simple enough to be absorbed with ease, for example, simple slogans, names and advertisements.
- **Encoding:** As the name suggest encoding is the process by which we select and assign a word or visual image to represent a perceived object.

In fact marketers help consumer to encode brands by using brand symbol. Because learning a symbol takes less time than learning a verbal information. Information overload takes place when the consumer is presented with too much information. The result of overload is frustration and confusion, resulting in poor purchase decisions. Both visual and verbal inputs are important in forming a complete mental image. A scheme occurs when a specific node i.e. brand evokes a cluster of other nodes. In fact scheme in marketing context represents the image of a brand or company the consumer hold.

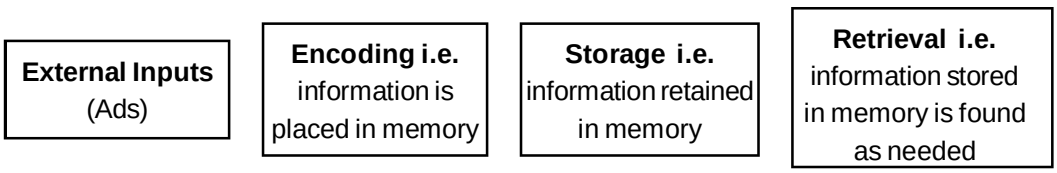


Figure: Process of Memory

- **Storage:** Storage means a process by which one organize and reorganize the information in long term memory received from the short term store. In fact storage is consist of two steps- first one in which information is organized by in order in which it is acquired and secondly in which the information is stored semantically i.e., according to the concept of significant. For instance, information about a new brand of toothpaste to enter our memory we would have to relate it to our previous experience with toothpaste in terms of taste, cavity prevention, etc.
- **Retrieval:** It is the process by which we recover information from long-term storage. a) Retrieval is most often triggered by situational cues. Research findings suggest that incongruent (e.g. unexpected) elements pierce consumers' perceptual screens and improve the retention of an ad when these elements are relevant to the advertising message. Interference effects are caused by confusion with competing ads and result in a failure to retrieve. Advertisements can act as retrieval cues for a competitive brand. There are actually two kinds of interference: a) New learning can interfere with the retrieval of previously stored material. b) Old learning can interfere with the recall of recently learned material.

5.8 CONCEPT OF INVOLVEMENT

Another component that closely relates to motivation is involvement. Involvement is defined as a psychological state that motivates people to be more aware and careful about persons/objects/situations. It also indicates a level of personal importance that the person attaches to such persons/ objects/situations.Consumer involvement is defined as a state of mind that motivates consumers to identify with product/service offerings, their consumption patterns and consumption behaviour. Involvement creates within consumers an urge to look for and think about the product/service category and the varying options before making decisions on brand preferences and the final act of purchase.It is the amount of physical and mental effort that a consumer puts into a purchase decision. It creates within a person a level of relevance or personal importance to the product/ service offering and this leads to an urge within the former to collect and interpret information for present/future decision making and use. Involvement affects the consumer decision process and the sub processes of information search, information processing, and information transmission.

As Schiffman has put it ,"Involvement is a heightened state of awareness that motivates consumers to seek out, attend to, and think about product information prior to purchase". It is the perceived interest and importance that a consumer attaches to the acquisition and consumption of a product/service offering.

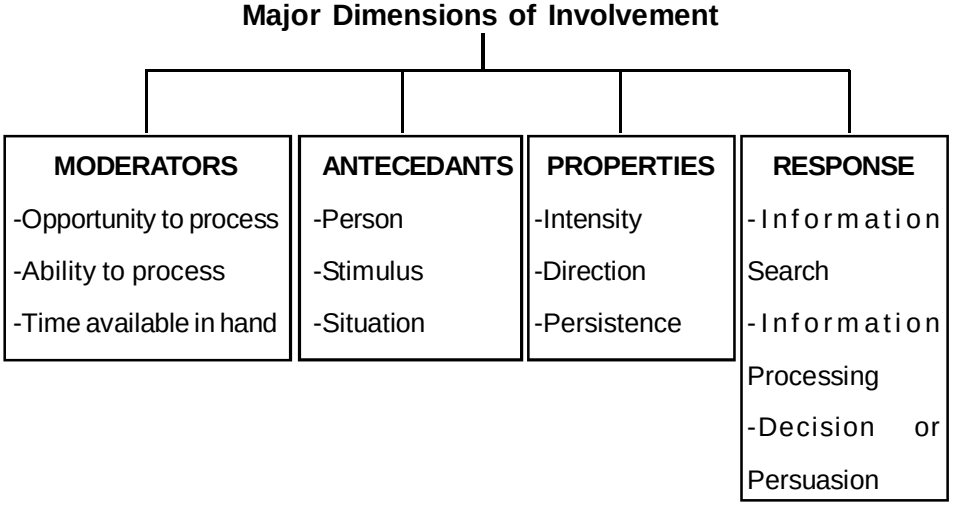
Herbert Krugman, a researcher is credited with his contribution to the concept of consumer involvement. According to him, consumers approach the marketplace and the corresponding product/service offerings with varying levels and intensity of interest and personal importance. This is referred to as consumer involvement.

Involvement of consumers while makes purchase decisions varies across persons, across product/service offerings in question as well as purchase situations and time at hand. Some consumers are more involved in purchase processes than others. For example, a person who has a high level of interest in a product category would expend a lot of time making a

decision with regard to the product and the brand. He would compare brands across features, prices etc. Another example is a person who is risk aversive; he would also take a longer time making a decision. Involvement also varies across product/service offerings. Some products are high involvement products; these are products that are high in value and expensive, possess sufficient amount of risk, are purchased infrequently, and once purchased, the action is irrevocable, i.e. they cannot be returned and/or exchanged. On the other hand, there are low involvement products, which are moderately expensive or generally inexpensive, possess little risk and arepurchased regularly on a routine basis. Further, such consumer involvement based on their personal traits or on the nature of product/service offering are also impacted by the buying situation and time in hand for making purchase decisions. Very often, due to time constraints or emergency situations, a consumer may expend very little time on the purchase decision and buying activity in spite of the fact that the consumer is highly involved or risk aversive or the product is a high involvement one.

5.9 DIMENSIONS OF INVOLVEMENT

A mechanism underlies the very process of involvement. As a process, involvement is impacted by certain "antecedents" that get restrained by "moderating factors," and finally affect its "properties" (degree of intensity, level of persistence) and the "response factors".



- **Moderating factors:** The factors that can restrain the impact of antecedents so as to impact the level of involvement include i) the opportunity available to the person to collect and collate facts and information; ii) his cognitive ability to process information and draw conclusions; iii) time available in hand. For example, a consumer planning to purchase a mobile phone and watching commercials would be of interest for him. Suddenly somebody knocks on thedoor and distracts his attention from the ad and the consumer may not possess much knowledge about a particular productand fails to understand some of the information contained in the ad. So, this would limit evaluation of alternative brand in a satisfactory manner.
- **Antecedent factors:** There are certain factors that precede and lead to involvement; these are referred to as 'antecedents'; Antecedents to consumer involvement include the following:
  - The person himself and the individual determinants like motives/ needs; learning/experiences; interests; attitudes; personality; lifestyle/ social class/interests/values; etc, have a bearing upon consumer involvement. Products which relate to self image and personality lead to high involvements. Similarly, products that have a bearing on social class and lifestyle. For example, a person interested in computers is likely to have personal interest in computer related magazines to learn about new development.
  - The object, stimuli or the product/service offering also affects involvement. The greater the product differentiation, the greater would be the level of involvement. Varying yet comparable brand alternatives also impact the level of involvement. Involvement would also be impacted by features, benefits and associated value of various brand offerings; brand image and equity; and very importantly the associated risk levels. Products which possess high levels of risk increase the level of consumer involvement. For example, in case of computers, one should not expect same level of involvement for all consumers.

- Ø The occasion/situation/reason of purchase also have a bearing on the level of consumer involvement; for example, while gifting to a person special to oneself, we are careful about the product or the brand. Also, for gifting to self or to near and dear ones on special occasions, we are extremely conscious of the kinds of products and the brands we buy, as opposed to routine or regular purchases. Further, social pressure (shopping alone versus shopping with friends), also impacts the level of involvement. When alone we may eat at any place or shop at any outlet, but when we are with peers and friends, we are more conscious of the brands we buy and the places we shop in. Social visibility also impacts the level of involvement; the level of consumer involvement increases in case of social visibility of both the product category as well as the purchase activity. Finally, the time commitment to purchase (leisure versus time constraint), also affects ourlevel of involvement. Irrespective of the factthat the product is of a high involvement type or that the person bears personality traits making him a high involving consumer, he may not be able to spend much time on a purchase activity, due to time constraints and need to make quick decisions. This is referred to as decision imminence.

- **Involvement Properties:** It consists of three elements of involvements which affects its properties:
  - Ø **Intensity:** It refers to the degree of involvement, high or low. It is the severity of involvement as experienced by the consumer.
  - Ø **Direction:** It refers to the focus or the target in which one is involved. The focus could be product, service, ad or purchase decision. Hence, it could be cars or perfume. The involvement target may have been advertised in various media.
  - Ø **Persistence:** It is the length of time the consumer remain involved. Some get out of the involvement and loose interest. One may be very interested in 'Fast food or Junk food' up to the age of 40 and then lose all interest.

- **Response factors:** It is how a consumer behaves under different involvement conditions. These can be to undertake greater research,more information may be processed for buying decisions. Decision may be taken to buy or not to buy, the consumer can also be persuaded to buy by providing incentives and other methods of persuasion. Following are the stages of consumer decision making:
  - **Information search:** Highly involved consumers or consumers involved with a product category would actively search for information about the product category and the various alternatives, in contrast to consumers who are low on involvement. While the former, would be active seekers of information, the latter would be passive recipients. Active seekers would look out to various sources of information and would put in deliberate efforts towards information gathering.
  - **Information processing:** The information processing activity would vary across high involvement consumers viz a viz low involvement consumers. Highly involved consumers would process product information with greater depth; they would make conclusions about brand preferences based on arguments and counterarguments; they would tend to get emotional charged either favourably because of likeability of the brand or unfavourably because of dislikeability of the brand. They would also evaluate more alternatives.
  - **Information transmission:** Highly involved consumers talk about the product/service category and the various brands available with great ease and level of interest, as compared to consumers who are low on involvement in the product category. Information transmission takes place via word-of-mouth, positive when the brand seems favourable, and negative, when it seems unfavourable.
  - **The purchase decision:** The purchase decision, i.e. to buy or not to buy, or to buy brand X over Y, is complex for a high involvement consumer than for one on low involvement.
  - **Post purchase behaviour:** Consumers who are high on involvement make post-purchase evaluations about product usage

more critically than those on low involvement. It is noteworthy that high involvement consumers are more difficult to please and satisfy; and the marketers need to put in a lot of effort to satisfy them. This is because they not only have a bearing on their future purchase, but also on purchase of others who are opinion seekers.

5.10 INVOLVEMENT AND TYPES OF CONSUMER BEHAVIOUR

Involvement of consumers can be induced by external sources and agencies. Involvement is the embodiment of time, effort, consideration given and the enjoyment that is derived by consumer while choosing a product or service. The involvement theory holds that there are low and high involvement purchases. Consumers' involvement depends on the degree of involvement of purchase to a consumer. For example, while buying a loaf of bread, the consumer does not feel very much involved. It is because the life of the product is very short. Once it is consumed, it gets exhausted. If the consumer is not satisfied with the particular bread brand, he will purchase some other brand next time. In the case of purchase of consumer durable (Laptop, refrigerator, household furniture, two wheeler etc), the involvement of the consumer in making the purchase decision is high. Consumers take a decision after much deliberation. These products have long-term consequences. Consumers make lot of inquiries before they purchase the products which have a high degree of involvement. The following table shows various degrees of involvement depending upon the nature of the product or service.

Degree	Productor Service	Examples
Low involvement	Short life	Fast moving consumer goods.
Medium involvement	Medium life	Furniture, crockery, ordinary medical treatment
High involvement	Long life	Automobiles, surgery, purchase of immovable assets, insurance policy etc.

Certain factors affect the degree of involvement of buyers in making purchase decisions. These include their level of knowledge, information,

psychology, culture, lifestyle, social system, etc. Even for the same product or service the degree of involvement of an individual may vary depending upon the circumstances. There are five types of involvement.

- **Ego involvement:** Ego involvement is intended to satisfy one's ego. For example, all the members of the family involve themselves in purchasing a product for a single memberbelonging to that family. Wife involves herself in the purchaseof garments for her husband and husband involves himself in the purchase of cosmetics for his wife. Sons and daughters of the family significantly influence the purchase of laptop, TV, car, household furniture, etc. The ego of each family member is satisfied by consulting him/her before the purchase.
- **Commitment:** Commitment is another important form of involvement. When a member of the family falls sick, the other family members are committed to arrange medical treatment for the suffering members. Similarly, functions like marriages entail the commitment of the entire family.
- **Communication in involvement:** Communication involvement signifies sharing the available information with others in the family or organization. If one member has some information on the subject matter of decision, he should communicate it with the other members before arriving at a decision.
- **Purchase importance:** Involvement of individuals depends upon the degree of importance of purchase. Suppose a flat costing lakhs of rupees is purchased, then the purchase decision assumes a great deal of importance in respect of location and area of the flat. The title deed should be free from encumbrance.
- **Extent of information:** Once the consumer recognizes the need, he then engages in a search process. Search means acquisition of information from the environment. The extent of information search is part of purchase importance. When the purchase is important, information is sought from all possible sources. But in the case of routine purchase of products and services, information search will be rather minimum.

However, depending on whether the involvement is short term or long term, consumer involvement could be of two types, viz., situational and enduring.

- **Situational involvement:** This is a state of arousal directed towards attaching relevance to a person/object/situation for a short term. As an affective state, it creates a level of involvement when a person thinks about a particular person/object/situation. It is specific to a situation and is thus temporary in nature. It could vary from low to high, depending upon the situational factors.For example, a middle aged lady suddenly decides to gift a laptop to her son on his birthday. She is not techno savvy and has little interest with the product category. She goes to the electronics mall and visits the various stores that sell computers and laptops. She collects information on the product features, prices, etc and finally takes the help of her middle aged neighbour to reach a final decision. Her involvement with the purchase activity would be regarded as a situational involvement.
- **Enduring involvement:** When the level of involvement towards the product/service category extends over a period of time across situations, it is referred to as enduring involvement. The person shows a high-level of interest in the product category and spends time collecting and processing information and integrating it within his memory. For example, a person desires to buy a laptop for his son to be gifted to him when he goes to college, which would be three years later. The father plans well in advance, tries to collect information through advertisements, brochures, trade journals, visits to dealers, and word of mouth from peers and colleagues. Within this period he gets involved with the product category and after three years is in a position to take a decision based on the facts that he has collected. This is referred to as enduring involvement.

5.11 COGNITIVE RESPONSE MODEL

Chung K. Kim and Kenneth R. Lord have recognized that the

purchase decision of a single product can be dominated by both cognitive and affective factors. They identified that people can use both effectiveness and cognition together when it comes to people making purchasing decisions but there are different levels or degrees of such kind of involvement. The concept that they try to explain through this model is that an advertising marketing strategy involves both how a customer feels about the product and what he thinks.Usually, the change in consumer's perception and belief is a result of learning through the advertisements. Cognitive response refers to the response in individuals generated on seeing an ad which is evaluated in the light of past experiences, knowledge and attitudes. The consumers are asked to either write down or verbally express their cognitive responses to an ad message through exposure. It is through these cognitive processes and reactions that help marketers to know if the advertisement has been accepted or rejected by consumers. The focus of this approach has been to determine the types of responses elicited by an advertising message and how these responses associate to attitudes towards the advertisement, the brand and purchase intention. The three basic cognitive responses the research has identified are,

- Product/Message Thoughts
- Source Oriented Thoughts
- Advertisement Execution Thoughts

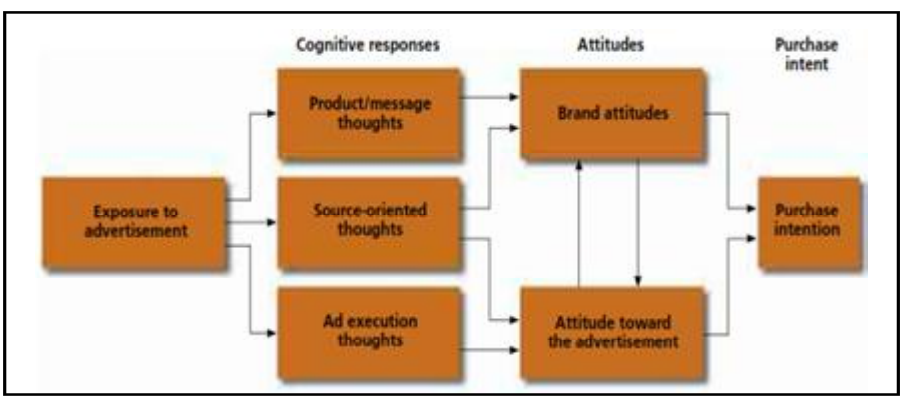


Figure: Cognitive Response Model

- **Product/ Message Thoughts:** It refers to all the pertinent information given to the target segment or a set of consumers about the product. Such messages can be of two types- Support Arguments and Counter

Arguments. While Support Arguments provide all positive details about the product in a highlighted manner. Counter Arguments generally tend to put down the product/ brand in bad light in front of the customers.

- **Source Oriented Thoughts:** It refers to the basic source trough which a consumer gets information about a product/ brand. When negative impressions prevail about the source person/ company, selling the product becomes difficult. However, when the information about products and brands come from a reliable source it is considered as a genuine one and acts as a positive influence over advertising and selling of the product r brand. It is a good idea to hire a reputed personality as a spokesperson or brand ambassador to exert positive influence about product or brand.
- **Advertisement Execution Thoughts:** Tis model substantiates how a live advertisement can make or break the good impression of a consumer in a short time. Even those customers who do not have the intention of buying a particular product may get an idea to go in for the product if advertisement impacts them in a positive manner and vice - versa. Hence, all the attributes of an advertisement like ad copy, ad message, colour, graphics etc. are very crucial to make an impact on the consumer.

Consumer decision to purchase a product depends on mix and match of various factors. Cognitive Response Model also called as Kim Lord Grid Model is shown in the figure below:

Rational	High Involvement		Emotional
	Quadrant 1High Importance (expensive) Rational Decision , Eg.: New Car	Quadrant 2 High Importance (expensiv) Emotional Decision , Eg.:Designer clothes	
	Quadrant 3 Low Importance (lessexpensiv) Rational Decision , Eg.: Detergent	Quadrant 4 Low Importance (less expensive) Emotional Decision , Eg.: Candy bar	
	Low Involvement		

5.12 ELABORATION LIKELIHOOD MODEL

Elaboration Likelihood Model is developed by Richard E. Petty and John T. Cacioppo in 1980s. Persuasion is very much associated with our daily life. Persuasion occurs when readers, listeners or viewers learns a message from what they read, listen or watch. We remember the message as ideas and we will be persuaded by it. That is how we remember them. If we did not learn something, it is not possible to remember it and we will not be persuaded by it. However learning may not be always combined with persuasion. For example there might be some advertisements that we hate, we don't want to learn or remember the message from the advertisement and we are not being persuaded by it. The Elaboration Likelihood Model (ELM) explains how persuasion message works in changing the attitude of reader or viewer. It is very much important for corporations and advertisement agencies, in designing their market strategies and understanding the attitudes of peoples.Persuasion is referred as the action by which, convincing or causing someone to do something through reasoning or argument. The Elaboration Likelihood model proposes that each and every message is undergoing the process of persuasion in two different ways. They are called Central route and peripheral route. Both of them are effective persuasion techniques,but each of them has its own guiding techniques to make them more operative.

Central Route

The process of persuasion through Central route is straight to the point and complete. The central route needs a thoughtful consideration of arguments which contains in the message. It requires more involvement from the part of reader or viewer. The receiver of the message carefully analyze the message and think of it in every possible angle. When the receiver processes the message through the central route, his active participation is vital also his motivation and ability to think. In simple it can be said that the receiver should care about the message and subject matter. The central route is strong. A person who is distracted or having some problem with understanding the message may not be able to do the central

processing. The disadvantage of this technique is that, if the receiver is not directly affected by the message he or she will ignore it.For example, a woman who is very much interested in platinum jewellery will be closely watching the advertisements of platinum jewelleries. She is fascinated with the new trends and tends to collect them. Here she has the motivation for the subject matter and she care about it. She carefully processes the message and thinks about it. And her husband may not be interested in jewelleries so he will be totally ignoring the message from advertisements about the jewels. Here the woman processes the message in her central route and not her husband.

Peripheral Route

The peripheral route is weak and the involvement of the receiver will be low. The message sent through peripheral route is not analyzed cognitively. Here the receiver of the message is not sure whether to agree with the message or to disagree. The person may not be able to elaborate the message extensively, so in the end he will be persuaded by the factors which are nothing to do with the message. And this is where packaging, marketing, advertising and public relation does their job. Sometimes people may not be in a position to think about the message carefullyso he or she will look around for the next best option to be persuaded. For example, Zuby, a high school student in a book store to buy a note book for doing her homework. She sees many designs in front cover of the notebook from various companies. She became confused, and then she saw a notebook with her favourite pop singer's picture in front cover. Without thinking much about it, she bought that notebook.

5.13 SOCIAL JUDGMENT MODEL

The social judgment theoryis a persuasion theory proposed by Carolyn Sherif, Muzafer Sherif, and Carl Hovland, defined by Sherif and Sherif as the perception and evaluation of an idea by comparing it with current attitudes. According to this theory, an individual weighs every new idea, comparing it with the individual's present point of view to determine

where it should be placed on the attitude scale in an individual's mind. This theory is the subconscious sorting out of ideas that occurs at the instant of perception. The perspective that people assimilate new information about attitude objects in light of what they already know or feel; the initial attitude acts as a frame of reference, and new information is categorized in terms of this standard. This theory establishes three zones of attitudes.

- **The latitude of acceptance:** The range of ideas a person sees as reasonable or worthy of consideration.
- **The latitude of rejection:** The range of ideas a person sees as unreasonable or objectionable.
- **The latitude of non-commitment:** The range of ideas a person sees that they neither accept nor reject.

A description of a person's attitude structure must include the location and width of each interrelated latitude. People differ in terms of the information they will find acceptable or unacceptable. They form latitudes of acceptance and rejection around an attitude standard. Ideas that fall within latitude will be favourably received, but those falling outside of this zone will not. Ego-involvement refers to the importance of an issue to an individual. The favoured position anchors all other thoughts about the topic. High ego-involvement can be defined as membership in a group with a known stand. Three features are typical of high ego-involvement - i)The latitude of non-commitment is nearly nonexistent. ii) The latitude of rejection is wide. iii) People who hold extreme views care deeply. Moving from the cognitive structure of a person's attitude, attention shifts to the judgment part of the theory. Social judgment-involvement describes the linkage between ego-involvement and perception in judging a message. Contrast occurs when one perceives a message within the latitude of rejection as being more discrepant than it actually is from the anchor point.This perceptual distortion leads to polarization of ideas. Assimilation, the opposite of contrast, occurs when one perceives a message within the latitude of acceptance as being less discrepant than it actually is from the anchor point. If individuals judge a new message to fall within their latitude of

acceptance, they adjust their attitude to accommodate it. The persuasive effect will be positive but partial. The greater the discrepancy, the more individuals adjust their attitudes. The most persuasive message is the one that is most discrepant from the listener's position, yet still falls within his or her latitude of acceptance or latitude of non-commitment. If individuals judge a new message to be within their latitude of rejection, they may adjust their attitude away from it. For individuals with high ego-involvement and broad latitudes of rejection, most messages that are aimed to persuade them and that fall within their latitudes of rejection have an effect opposite of what the communicator intended. This boomerang effect suggests that individuals are often driven, rather than drawn, to the positions they occupy.

The social judgment theory principles and the consumer behavior on pricing model:

- We have categories of judgment by which we evaluate persuasive positions: There are three categories referred to as latitudes: the latitude of acceptance, the latitude of non-commitment, and the latitude of rejection. As the issue at hand is what should be done if price of certain goods lies within the range of anchored or reference price of consumer, with pricing ranging from the less to high deviation from anchored price. We can see how customers view each of these deviations by their respective latitudes.
- When we receive persuasive information, we locate it on our categories of judgment: This is referred to as our anchor point, or our most preferred position on an issue. Say, the anchor point of branded Dell Laptop for Customer X is Rs. 70000-80000 and Customer Y is Rs. 70000-75000. As you can see, while the latitudes of acceptance differ among the two individuals, their preferred pricing is the same i.e. Rs. 70000-75000.
- Our level of ego-involvement affects the size of our latitudes: Ego-involvement refers to the importance an issue is to our self-identity. It can be said that Customer X is more ego-involved on the subject of what should be done with increase in laptop price than Customer Y is, since his latitude of acceptance is smaller. Because of this, he would

be harder to persuade than Customer Y since the price increment is more important to him than it is to Customer Y. The smaller the latitude of acceptance, the more ego-involved the person is.

- We tend to distort incoming information to fit our categories of judgment: If Customer X were being persuaded to accept the price of Rs. 70000 is what should be price of Dell Laptop, the price that it is so close to his anchor position will make him think it is closer than it really is. In other words, because Rs. 70000 lands inside his latitude of acceptance, he will distort the information by assimilating it, or making it seem more acceptable than it really is. By contrast, if Customer X were being persuaded that the price Rs. 80000 is what should be price of the Dell Laptop, the fact that it is so far from his anchor position will make him think it is farther away than it really is. This is the opposite of assimilation, and it is called contrast effect.
- Small to moderate discrepancies between our anchor position and the one advocated will cause us to change; large discrepancies will not: Because of the effect that distorting information has by way of assimilation and contrast effect, we will either accept a price when it is not realistically that acceptable to us, or we will reject it because we perceive it as being farther away from our preferred price than it really is. The most effective persuasion occurs when a position falls within a healthy range of our latitudes, i.e. not too close and not too far from our anchor position.

The attitude change (persuasion) is outcome of the judgmental processes and effects. Persuasion occurs at end of the process where individual understand a message, comparing with its current position on that issue, depending upon position of anchor point, latitudes of acceptance, rejection and non-commitment with level of ego-involvement.

5.14 BRAND LOYALTY

Brand loyaltyis the ultimate desired outcome of consumer learning.

There is no single definition of this concept. According to George S. Day, brand loyalty can be defined as consisting of repeated purchases prompted by strong internal disposition (favourable attitude). In the above definition, internal disposition refers to the attitude which is expressed in terms of overall liking and predisposition. Here exists a close relationship between learning, habit and brand loyalty. Consumers learn that a particular brand can satisfy their needs which results in brand loyalty. It indicates a positive attitude towards brand resulting in consistent purchase of a brand over time. Attitudinal measures are concerned with consumers' overall feelings (i.e., evaluation) about the product and the brand, and their purchase intentions. Behavioural measures are based on observable responses to promotional stimuli-purchase behaviour, rather than attitude toward the product or brand. A basic issue among researchers is whether to define brand loyalty in terms of consumer behaviour or consumer attitudes. a) Behavioural scientists who favour the theory of instrumental conditioning believe that brand loyalty results from an initial product trial that is reinforced through satisfaction, leading to repeat purchase. Cognitive researchers, on the other hand, emphasize the role of mental processes in building brand loyalty. They believe that consumers engage in extensive problem-solving behaviour involving brand and attribute comparisons, leading to a strong brand preference and repeat purchase behaviour. To cognitive learning theorists, behavioural definitions (e.g., frequency of purchase or proportion of total purchases) lack precision, because they do not distinguish the "real" brand-loyal buyer. Often consumers buy from a mix of brands within their acceptable range (i.e., their evoked set). An integrated conceptual framework views consumer loyalty as the function of three groups of influences: (1) personal degree of risk aversion or variety seeing; (2) the brand's reputation and availability of substitute brands; and (3) social group influences and peers' recommendations. Their influences produce four types of loyalty: (1) no loyalty, (2) covetous loyalty, (3) inertia loyalty, and (4) premium loyalty. This framework also reflects a correlation among consumer involvement and the cognitive and behavioural dimensions of brand loyalty. Loyalty programs are generally designed with the intention of forming and

maintaining brand loyalty. In marketing services, the potential for losing customer is greater than in selling products. Understanding why customers stay is important to service providers.

5.15 BRAND EQUITY

Brand equity refers to the value inherent in a well-known brand name. This value stems from the consumer's perception of the brand's superiority, the social esteem that using it provides, and the customer's trust and identification with the brand. For many companies, their most valuable assets are their brand names. Well known brand names are known as megabrands. Because a brand that has been promoted heavily in the past retains a cumulative level of name recognition, companies buy, sell, and rent (i.e., license) their brand names, knowing that it is easier to buy than to create a brand name with enduring strength. Brand equity enables companies to charge a price premium-an additional amount over and above the price of an identical store brand. A relatively new strategy among some marketers is co-branding (also called double branding). a) In co-branding, two brand names are featured on a single product. It uses another product's brand equity to enhance the primary brand's equity. Brand equity reflects brand loyalty, which is a learned construct. Brand loyalty and brand equity lead to increased market share and greater profits. To marketers, the major function of learning theory is to teach consumers that their product is best, to encourage repeat purchase, and, to develop loyalty to the brand name.

Brand Equity Versus Brand Loyalty

Brand equity is the value of the brand to the consumer when compared to other brands. Brand equity reflects the greater confidence that consumers have in a brand, which translates into customer preference, resulting in brand loyalty and even a willingness to pay a premium. The concept of brand loyalty and brand equity are relate and are also distinct. Brand loyalty is a consistent repurchase of the brand due to a favourable brand attitude. While, customers who perceive a higher brand in a brand (a mental concept of the superiority of the brand) should logically purchase

the brand. Brand equity is based more on specific brand association and the value it generates.



CHECK YOUR PROGRESS

1. The behavioral theorists believe that learning takes place as a result of a person's conscious and deliberate information processing and storage activity. (True or False)
2. As per the operant conditioning theory, people learn by trial and error.(True or False)
3. According to Pavlov, learning occurs as a repeated connection/ association between _____ ? _____. (Fill up)
4. Stimulus _____is the ability to differentiate a particular stimulus from among similar stimuli. (Fill up)
5. Heavily used reinforcements lose effect, and lead to what is called the _____effect.(Fill up)
6. High involvement consumers are more difficult to please and satisfy. (True or False)
7. _____is defined as a psychological state that motivates people to be more aware and careful about persons/ objects/situations. (Fill up)



5.16 LET US SUM UP

- Consumer learning is defined as a process by which people gather and interpret information about products and services and use this information/knowledge in buying patterns and consumption behaviour.
- The learning process comprises certain elements/ components, viz., motivation, cues, response and reinforcement.
- Behavioural learning theories are sometimes called stimulus-response theories because they are based on the premise that observable responses to specific external stimuli signal that learning has taken place. When a person responds in a predictable way to a known

stimulus, he or she is said to have "learned". Two theories relevant to marketing are classical conditioning and instrumental (or operant) conditioning.

- Cognitive theorists believe that a person's learning is a complex mental process. It takes place as a result of a conscious and deliberate information processing and storage activity that takes place within living beings.
- Memory involves a process of acquiring information and storing it over time so that it will be available when needed. Contemporary approaches to the study of memory employ an information-processing approach.
- There are three distinct memory systems- sensory memory, short term memory and long term memory.
- There are four processes to understand memory - Rehearsal, Encoding, Storage and Retrieval.
- Consumer involvement is defined as a state of mind that motivates consumers to identify with product/service offerings, their consumption patterns and consumption behaviour.
- As a process, involvement is impacted by certain "antecedents" that get restrained by "moderating factors," and finally affect its "properties" (degree of intensity, level of persistence) and the "response factors".
- There are five types of involvement- Ego involvement, Commitment, Communication in Involvement, Purchase Importance and Extent of Information.
- The three basic cognitive responses the research has identified are- Product/Message Thoughts, Source Oriented Thoughts and Advertisement Execution Thoughts.
- The Elaboration Likelihood Model (ELM) explains how persuasion message works in changing the attitude of reader or viewer. It is very much important for corporations and advertisement agencies, in designing their market strategies and understanding the attitudes of peoples.
- Social Judgment Theory is the perception and evaluation of an idea by comparing it with current attitude by an individual.

- Brand loyalty indicates a positive attitude towards brand resulting in consistent purchase of a brand over time.
- Brand equity is the value of the brand to the consumer when compared to other brands.

5.17 FURTHER READING

1) Schiffman, L.G. and Kanuk, L.L., Consumer Behavior, Eight Edition, 2004, Prentice Hall, India.
2) Loudon, D.L. and Bitta A.J. Della, Consumer Behavior, Fourth Edition, 2002, Tata McGraw-Hill, New Delhi.
3) Kotler P., and Keller K.L., Marketing Management, Thirteenth edition, 2009, Pearson.

5.18 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: False

Ans to Q No 2: True

Ans to Q No 3: Stimulus Response

Ans to Q No 4: Discrimination

Ans to Q No 5: Satiation

Ans to Q No 6: True

Ans to Q No 7: Involvement

5.19 MODEL QUESTIONS

Q 1: What is learning? Discuss the behavioural theories of learning.

Q 2: Explain the process of learning.

Q 3: Describe the cognitive learning theory with marketing implications.

Q 4: Explain the memory system with special reference to consumer behavioUr.

Q 5: Describe the memory process with relevant examples.

Q 6: What are the different types of consumer involvement? Discuss with examples.

Q 7: Discuss the dimensions of consumer involvement with examples.

Q 8: Explain the Elaboration Likelihood Model and Social Judgment Theory in terms of consumer behaviour.

Q 9: What is Brand Loyalty and Brand Equity? Bring out the basic difference in them.

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UNIT 6: CONSUMER ATTITUDES

UNIT STRUCTURE

6.1 Learning Objectives

6.2 Introduction

6.2.1 Meaning

6.3 Consumer Attitudes

6.4 Characteristics of Attitude

6.5 Functions of Attitude

6.6 Attitude and Behaviour

6.7 Models of Attitude

6.8 Beliefs, Feelings and Behaviour

6.9 Formation of Attitudes

6.10 Types of Attitude

6.11 Learning Attitudes

6.12 Changes in Attitudes

6.13 Strategies of Attitude Changes

6.14 Let Us Sum Up

6. 15Further Reading

6.16 Answers to Check Your Progress

6.17 Model Questions

5.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- define the concept of consumer attitudes
- explain the functions and characteristics of attitudes
- discuss the relationship between beliefs feelings and behaviour.
- explain the learning attitudes
- discuss the theories of attitudes
- explain the various attitude changing strategies.

6.2 INTRODUCTION

Attitudes are evaluating statements. They respond one's feeling either favourably or unfavourably to persons, objects or/and events. In other words, attitudes reflect how one feels about something. For example, Professor Philip Kotler says "I like teaching," he is expressing his attitude about his work.The salient features of attitudes flowing from above definitions are summarized as follows:

- Attitudes are related to the feelings and beliefs of people.
- Attitudes respond to persons, objects or events.
- Attitudes affect behavior either positively or negatively.
- Attitudes undergo changes.

6.3 CONSUMER ATTITUDES

Attitudes are evaluative statements. They respond one's feeling either favourably or unfavourably to persons, objects or and events. In other words, attitudes reflect how one feels about something. A consumer attitude is a composite of three elements: cognitive information, affective information, and information concerning a consumer's past behavior and future intentions. In other words, attitude consists of thoughts or beliefs, feelings, and behaviors or intentions towards a particular thing, which in this case is usually a good or service. These components are viewed together since they are highly interdependent and together represent forces that influence how the consumer will react to the object.

Attitude is said to define the personality of a human. Naturally, this falls under two categories, the good and the bad. According to Winston Churchill, Attitude is a small thing that makes a big difference. If you are willing to perfect yourself, then you should watch your attitude. One of the best things that bring a big change in a man or a woman's attitude is positive thinking. If you are willing to make yourself good in front of other people, then the attitude will be one of the determining factors. The best thing about this simple attitude thing is that it can make you look like a winner or a

runner at the same time. According to most people, the energetic and positive mindset combination can be said to be one of the best attitudes for all people out there.

According to Munn, "attitudes arte learned predispositions towards aspects of our environment. They may be positively or negatively directed towards certain people, service or institutions."

Salient features: the salient features of attitudes flowing from the above definitions are summarizes below:

- Attitudes are related to the feelings and the beliefs of people.
- Attitudes respond to persons, objects or events.
- Attitudes affect behavior either positively or negatively.
- Attitudes undergo changes.

6.4 CHARACTERISTICS OF ATTITUDE

- Attitudes are the complex combination of things we tend to call personality, beliefs, values, behaviors, and motivations.
- It can fall anywhere along a continuum from very favorable to very unfavorable.
- All people, irrespective of their status or intelligence, hold attitudes.
- An attitude exists in every person's mind. It helps to define our identity, guide our actions, and influence how we judge people.
- Although the feeling and belief components of attitude are internal to a person, we can view a person's attitude from his or her resulting behavior.
- Attitude helps us define how we see situations, as well as define how we behave toward the situation or object.
- It provides us with internal cognitions or beliefs and thoughts about people and objects.
- It can also be explicit and implicit. Explicit attitude is those that we are consciously aware of an implicit attitude is unconscious, but still, have an effect on our behaviors.
- Attitudes cause us to behave in a particular way toward an object or person.

- An attitude is a summary of a person's past experience; thus, an attitude is grounded in direct experience predicts future behavior more accurately.
- It includes certain aspects of the personality as interests, appreciation and social conduct.
- It indicates the sum total of a man's inclinations and feelings.
- An attitude is a point of view, substantiated or otherwise, true or false which one holds towards an idea, object or person.
- It has aspects such as direction, intensity, generality or specificity.
- It refers to one's readiness for doing Work.
- It may be positive or negative and may be affected by age, position, and education.

6.5 FUNCTIONS OF ATTITUDE

Attitudes serve four major functions for the individual; these are the adjustments function, the ego defensive function, the value expressive function, the knowledge function. Ultimately these functions serve people's need to protect and enhance the image they hold of themselves. In more general terms, these functions are the motivational bases which shape and reinforce positive attitudes toward goal objects perceived as need satisfying and or negative attitudes toward other objects perceived as punishing or threatening.

- **Adjustment Function:** The adjustment function directs people toward pleasurable or rewarding objects and away from unpleasant, undesirable ones. It serves the utilitarian concept of maximizing reward and minimizing punishment. Thus, the attitudes of consumers depend to a large degree on their perceptions of what is needed satisfying and what is punishing. Because consumers perceive products, services and stores as providing need satisfying or unsatisfying experiences we should expect their attitudes toward these object to vary in relation to the experiences that have occurred.
- **Ego Defensive Function:** Attitudes firmed to protect the ego or self-

image from threats help fulfill the ego defensive function. Actually many outward expressions of such attitudes reflect the opposite of what the person perceives him to be. For example a consumer who has made a poor purchase decision or a poor investment may staunchly defend the decision as being correct at the time or as being the result of poor advice from another person. Such ego defensive attitude helps us to protect out self-image and often we are unaware of them.

- **Value expression function:** Whereas ego defensive attitudes are formed to protect a person's self-image, value expressive attitudes enable the expression of the person's centrally held values. Therefore consumers adopt certain attitudes in an effort to translate their values into something more tangible and easily expressed. Thus, a conservative person might develop an unfavorable attitude toward bright clothing and instead be attracted toward dark, pin striped suits.
- **Knowledge function:** Humans have a need for a structured and orderly world, and therefore they seek consistency stability definition and understanding. Out of this need develops attitudes toward acquiring knowledge. In addition, the need to know tends to be specific. Therefore an individual who does not play golf, nor wish to learn the sport is unlikely to seek knowledge or an understanding of the game. This will influence the amount of information search devoted to this topic. Thus, out of our need to know come attitudes about what we believe we need or do not need to understand.
- **Utilitarian Function:** This function is based on operant conditioning. Utilitarian function of an attitude can play in obtaining rewards, avoiding punishment or both. One way of changing attitude in favor of product is by showing people that it can serve a utilitarian function they may not have considered.

6.6 ATTITUDE AND BEHAVIOUR

The four basic types of attitudes and behaviours those are positive, negative and neutral.

- **Positive Attitude:** This is one type of attitude in organizational behaviour. One needs to understand how much a positive attitude it takes to keep the work moving and progressing. It means that keeping a positive mindset and thinking about the greater good, no matter whatever the circumstances are. A positive attitude has many benefits which affect out other kinds of behaviour in a good way. For example, a person who has a positive attitude and mindset will look for the good in other person's no matter how bad they behave or how bad is their attitude. The former person thinks about the greater good and that is why he is called a person with a positive attitude. These persons generally don't care about the hurdles in life. They nurture their skills daily and overcome almost anything and everything that comes in their way. The best way to maintain a positive attitude for the beginners is to avoid naysayers and believe in them.
- **Confidence:** Confidence is good attitude and one of the basic things in the list of positive attitudes. Generally, people with a plus or positive mindset are rewarded with this automatically. Confidence is necessary to approach life with zest. Looking at things confidently and saying "I'm up for this', is enough to reflect your attitude towards life in general and attitude in particular. Confidence in other elements in the world will start with being confident with self.
- **Happiness:** Happiness is the next type of attitude in the list of positive attitudes and behaviours. A happy mind is an abode for all the good things to self. Confident people are quite happy as they are not worried about results, interviews, etc and other similar things in life that are meant to test us. Look within yourself; you will find happiness.
- **Sincerity:** An individual with a positive mindset is often found to be quite sincere. He or she is aware of the work to be done, and they know that the only way out of a situation is through it. Sincerity is one trait that you should never let go off or compromise.
- **Determination:** A determination is one of the primary rewarding points for a person with a positive attitude. A right dose of hard work, effort and

determination are essential to get things the way you want. A person who is driven and properly determined will overcome all impossibilities.

- **Negative Attitude:** A negative attitude is something that every person should avoid. Generally, people will negative attitude ignore the good things in life and only think about whether they will fail. They often find a way out of tough situations by running away from it. They often compare themselves with other persons and find the bad in them only. In short, he is exactly the opposite of the one with a positive mindset. There are certain bad effects that a person with a negative mindset has to face.
- **Anger:** A person with a negative mindset is often found to be angry most of the time. Sometimes there might not be any kind of specific reason behind their anger. Anger is the root cause of self-destruction. While some amount of anger is good, extreme cases of anger only lead to destruction.
- **Doubt:** A person can question himself but he or she should never doubt themselves. Unfortunately, if you have a negative mindset, then you will often doubt yourself. Self-doubt will lead to no progress and will often lead to low confidence.
- **Frustration:** A negative person is a frustrated person. As said earlier, attitude defines the person and that is why if you are frustrated that will show on your face and you will be facing some serious difficulties. Frustration will not help you build your career. It is an irritant and will keep preventing you from taking any positive step forward.
- **Neutral Attitude:** This is another type of attitude that is common. That mindset is a neutral one. There is no doubt. Neither is there any kind of hope. The people generally tend to ignore the problems in life. They wait for some other individual to take care of their problems. They generally have a lazy life and they are often unemotional. It is as if they don't think about anything that much and doesn't care for the same as well. They never feel the need to change themselves as they can simply live with the way they are.He or she will feel disconnected quite often and that is why having a neutral attitude is very bad and should be fixed as soon as possible. However, a person with neutral attitude can go to

the path of a positive attitude. In most cases, it has been seen that the attitude adjustment metal therapies have led persons to a road filled with positive feelings only.

4. **Sikken Attitude:** One of the most dangerous types of attitude and different is the sikken attitude. The sikken attitude has the caliber to destroy every image that comes in connection with a positive image. This type of attitude is more of a negative attitude and is very destructive. It often reflects the mind's negativity. It is necessary to let go off this kind of attitude for the betterment of the self and the people around you. They are often difficult to be mended because the attitude is deep-rooted within one's personality. However, with time, it nevertheless is possible to change the course of direction of this attitude.

6.7 MODELS OF ATTITUDE

Attitudes are an expression of inner feelings that reflect whether a person is favorably or unfavorably predisposed to some object. They are an outcome of psychological process, and hence are not observable, but must be inferred from what people say are what they do.Attitude has been one of the most important subjects of study in the field of Consumer Behavior. Attitude research forms the basis for developing new products repositioning the existing products, creating advertising campaigns, and predicting brand preferences as well as general purchase behavior. Understanding how attitudes influence a consumer's purchase behavior is a vital ingredient of the success of any marketing program. Business frequently succeeds in altering behavior by changing attitudes toward a product, service or activity.

- **Tri-Component Model:** According to tri-component attitude model, attitudes consist of three major components, a cognitive component, an affective component, and a behavioral component. These are explain below:
  - **Affective Component:** A consumer's emotions or feelings about a particular product or brand constitute the affective component of an attitude.These emotions and feelings are evaluative in nature,

because of this nature, an individual rate an object either favorable or unfavorable. When a consumer likes or dislikes a product, it is an evaluation based on a vague, general feeling without cognitive information or beliefs about the product.

- Ø **Cognitive Component:** The cognitive component consists of a consumer's beliefs about an object. It includes the knowledge and perceptions that are acquired by a combination of direct experience with the attitude object and related information from various sources. This knowledge and resulting perceptions commonly take the form of beliefs. The total configuration of beliefs about a brand represents the cognitive component of an attitude towards as product.
- Ø **Behavioral Component:** This represents ones tendency to respond in a certain manner toward an object or activity. According to some interpretations, the cognitive component may include the actual behavior itself. In pure marketing terms it relates to the consumer's intention to buy. That is, behavioral intentions. A series of decisions to purchase or other brand to friends would reflect the behavioral component of an attitude.

- I **The Multi Attribute Attitude Model:** It portray consumers attitudes with regard to an attitude objects viz. a product, service, catalog, direct-marketing or cause or an idea; as function of consumers perception and assessment of the key attributes or beliefs held with regard to the particular attitude object.Although there are many variations of this type of attitude model, the following three models are briefly stated and discussed here viz. 1) the attitude-towards-object model, 2) the attitude-towards-behavior model, 3) the theory of-reasoned-action model.
  - Ø **The attitude-towards-object model:** It is especially suitable for measuring attitudes towards a product or service category or specific brands. Thus consumers have favorable attitudes towards those brands that they believe have an adequate level of attributes and they evaluate it as positive, and they have unfavorable attitudes towards those brands they feel do not have an adequate level of desired attributes or have too many negative or undesired attributes.

- Ø **The attitude-towards-behavior model:** It is designed to capture the individual's attitude towards behaving or acting with respect to an object rather than the attitude towards the object itself. A model that proposes that a consumers attitude towards a specific behavior is a function of how strongly he or she beliefs that the action will lead to a specific outcome whether it is favourable or unfavourable.
- Ø **The theory-of-reasoned-action model:** This model presents comprehensive integration of attitude components into structure that is designed to lead to both better explanation and better predictions of behavior. It consists of all three elements viz. cognitive, affective and conative components like tri-component model, but are arranged in different pattern.

- **The Trying-to-Consume Model:** The theory of trying to consume is designed to account for the many cases in which the action or outcome is not certain but instead reflects the consumer's attempts to consume. In this model, there is often personal obstruction that might prevent the desired action or outcome from occurring. In this theory the outcome cannot be assumed to be certain.
- **The Attitude-towards-the-ad Model:** To understand the impact of advertising or some other promotional vehicle on consumer attitudes towards particular products or brands, considerable attention has been paid to developing what has been referred to as attitude towards the ad models.As the model depicts, the consumer forms various feelings, affects and judgments, cognitions as the results of exposure to an advertisement.

6.8 BELIEFS, FEELINGS AND BEHAVIOUR

- **Belief:** Beliefs are the core of who we are, what we do, and the success that we acquire. All people, whether primitive or civilized, have shared a particular philosophy that is central to their culture. People of all ages have ascribed to the idea that if you believe that something will happen, it will take place. It is the power of belief that causes things to happen in

our lives. Most people define beliefs as inward convictions, a feeling of certainty about what something means. A belief is both mental and emotional. A true belief is something that resonates both in heart and mind. A belief is something we consider to be a fact. It is anything that we assume to be true. We use our beliefs to understand and navigate this world.Our beliefs serve to function as our subconscious autopilot. Once formed, these beliefs become ingrained in us. We take them for granted, and we also assume our beliefs to be factual, whether they actually are true or not. Our beliefs determine if we consider something or someone to be good or bad, right or wrong, beautiful or ugly, desirable or undesirable, safe or dangerous, worthy or unworthy, or acceptable or unacceptable. Our beliefs also dictate what we consider to be possible or achievable.

- **How Our Beliefs Affect Our Behavior, Thoughts and Emotions:** When we have deeply-rooted beliefs that we cling to subconsciously, our minds will constantly look for proof to validate and bolster them. How we think, act, and feel is based upon these beliefs.Beliefs can be empowering or limiting in nature. Limiting or negative beliefs prevent us from fulfilling our true potential, hold us back, and give rise to negative thoughts and emotions. Empowering or positive beliefs, on the other hand, allow us to act resiliently, believe in ourselves, and invoke positive thoughts and emotions. In a sense, our beliefs create our sense of reality. Yet, most people are not aware of their own beliefs because they have never taken the time to analyze them carefully.

6.9 FORMATION OF ATTITUDES

- **Direct Experience:** One's direct experience with an object or person serves as a powerful source for his/her attitude formation. In other words, attitudes are formed on the basis of one's past experience in concerned object or person.
- **Social Learning:** The process of deriving attitude from family, peer groups, religious organizations and culture is called social learning. In

social learning, an individual acquires attitudes from his/her environment in an indirect manner. Social learning starts from early age when children derive certain attitudes from their parents. This is often evident from when young children expense their political preferences similar to those held by their parents.

An individual's association with others also shapes one's attitude about him/her. For example, the teacher's attitude, be it favourable or unfavourable, abut X student will often be formed by associating him with Y student about whom the teacher had already formed an opinion or attitude.

6.10 TYPES OF ATTITUDE

- **Job Satisfaction:** The term job satisfaction refers to an individual's pleasurable or positive emotional state toward his or her job. Job satisfaction is related with the five specific dimensions of the job pay, the work itself, promotion opportunities, supervision, and co-workers. When people speak of employee attitude, more often than not, they mean job satisfaction.
- **Job Involvement:** Job involvement is the degree to which employees immerse themselves in their jobs, invest time and energy in them, and consider work as a central part of their overall lives. Employees with a high level of job involvement strongly identify with their jobs and take utmost care about the kind of job they do.
- **Organizational commitment:** organizational commitment is an attitude about employee's loyalty to their organization. It is a process through which employees identify with the organization and want to maintain membership in the organization.

Attitude Change:

Attitude covers several theories; some of the prominent are discussed below:

- **Cognitive dissonance theory:** this theory is propounded by Festinger. According to this theory attitude change is caused by inconsistency or dissonance in beliefs. The reason is not difficult to seek. One cannot remain for long in inconsistent belief system. One needs to remove inconsistency in beliefs by resuming to one belief as good or right.
- **Reinforcement theory:** This theory is propounded by Hovland et.al and is based on the effects of persuasive communication. According to this theory change in attitude takes place due to the reward or incentives offered in the communication. More the communication persuasive, more likely is change in attitudes.
- **Balance theory:** This theory developed by Haider, the balance theory explains that when ones beliefs are unbalanced, these create stress or tension. Then, one feels pressure to relieve stress by balancing i.e. changing ones attitude. Balance occurs when sentiments or unity between beliefs about people or events or things are equally positive or negative. Imbalance happens when they are dissimilar in nature.
- **Comprehensive theory:** It was McGuire who has been credited with the development of most comprehensive theory of attitude change. According to him, change in attitude follows through these five stages such as source, message, channel, receiver and destination.

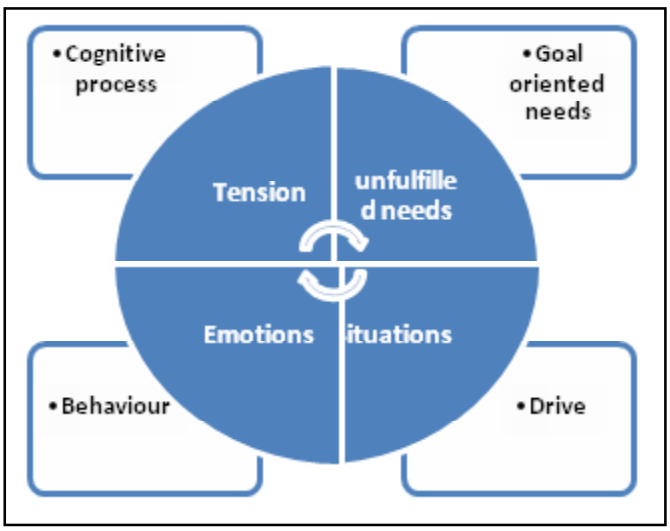
6.11 LEARNING ATTITUDE

Attitude can alter every aspect of a person's life, including their education. A person's attitude on learning determines their ability and willingness to learn. If negative attitudes are not altered, a person is unlikely to continue his education beyond what is required. Changing person's negative attitudes towards learning is a process that involves determining the factors driving the attitude and using this information to bring about change.

Learning is an art of knowing, understanding and internalizing concepts. A concept can be real or imaginary but is something that contributes to knowledge i.e. idea of entire reality. Relearning is molding

already learnt concepts to accommodate fresh evidence of change in any magnitude and direction. Unlearning is overriding or basically shelving off already learnt concepts in favor of evidence that contradicts the same. An important difference between Relearning and Unlearning is that in Relearning the fundamental understanding does not change for a concept but modifications are made to it keeping the spirit of knowledge intact. In unlearning though, the concept is rendered moot and has to be discarded.

****Learning consists of following elements: Relationships**



Types of learning:

- **Classical conditioning:** Ivan Pavlov a Russian physiologist was the first to explain condition and to propose it as a general model of how learning occurs. Pavlov conducted experiments on dog to study the relation between salvation and ringing of a bell. In his experiments Pavlov sounded a bell and then immediately applied a meat paste to the dogs tongue which caused is to salivate learning followed almost immediately by the food, the bell alone caused the dog to salivate. The dog associated with the bell is conditioned stimulus and the meat paste is unconditioned stimulus.
- **Operant conditioning or instrumental conditioning of behaviour:** Operant is defined as behaviour that produces effect. Operant conditioning refers to the changing of the frequency or probability of a

response by following it with reinforcement. Operant condition is that type learning which are examined through consequences of behaviour.

- **Cognitive process:** Cognition refers to the individuals, thoughts, ideas, knowledge, understandings etc about himself and his environment. Learning based on mental activity is called cognitive learning. Cognition is the act of knowing an item of information and this knowledge affects the behaviour of the person.
- **Social learning theory:** Social learning theory integrates the cognitive and operant approaches to learning. It recognizes that learning does not take place only because of environmental stimuli or individual determinism but is a blend of both views. This theory assumes, behaviour is a function of consequences and this theory acknowledge the existence of observational learning and perception of learning.

6.12 CHANGES IN ATTITUDES

Attitude is a learned behaviour and, as such, is highly susceptible to change. The Behavioural Theory requires "positive reinforcement" or reward for good behaviour. This theory is consistent with the attitudes toward learning, especially at an elementary level. We can states that a learning attitude is developed over time, and that past learning experiences affect future learning experiences. We can develop a positive and powerful learning attitude by doing right things at the right time. Some important points which complements learning attitude are as follows:

- **Utilize the most important hours of your day:** Make the most of your early morning hours of your day to become more productive. Practice reading, consume audio video contents and try to pen down your powerful thoughts and ideas that strike in your mind during the course of your learning. Do not delay or hesitate to write them down as you delay you tend to forget them easily.
- **Prioritize your goals and duties:** Do not exhaust your available time in doing the least priority jobs and leave a very little time for doing the most important work in your life that matters a lot.

- **Open for learning:** Open for learning anything and everything that looks complex and critical for the first time.This will help you breaking out from your comfort zone and trying something different rather than spending time on doing same routine work. You will be empowered to deal with the difficult and challenging emotions required for growth and evolution.
- **Upgrade yourself intellectually, emotionally, and spiritually:** Set yourself apart from the ordinary crowds and upgrade yourself intellectually, emotionally, and spiritually. Quickly you will realize that you can work with people much more effectively, solve problems easily, and create an amazingly satisfied lifestyle
- **Nourish your mind and soul:** Allow your learning to alter and enhance your current mental situation.Allow your learning to hone and improve your current priorities, goals, choices, and daily behaviors. Learn from your mistakes, and elevate yourself with no regrets and repents.

6.13 STRATEGIES OF ATTITUDE CHANGES

A tendency to respond positively or negatively towards a certain idea, object, person or situation is called Attitude. Our attitudes are formed by the influence of the personal experience, social media, and even from the environment. Therefore, the key strategy for the marketers is to alter the attitudes of the consumers. The aim of the marketers is to create a positive attitude in consumer minds to attract the product comparison to competitors. Generally, it is very difficult to change the attitude of the consumers when they suspect that the marketer has a self-serving agenda in bringing about this change.

- Changing the consumer's basic motivational function
- Associating the product with an admired group or event,
- Resolving two conflicting attitudes
- Altering components of the multi attributes model
- Changing consumer beliefs about competitors brands
- **Changing the consumer's basic motivational function:** By making

a particular need prominent, we can change the consumer attitudes towards a product or a brand. One method that we can use to change the motivation of the consumer is called functional approach. For example, Attitudes can be expressed when the consumer reflect a product or service based on their self concept or central values. It gives consumers to gain positive feelings about themselves through expressing their self image of who they are. If the consumer likes wearing active wear like sportswear it shows her identity that he/she enjoys being active and, sporty. Marketers can approach by targeting the consumer's attitude on their outlook, lifestyle and self-image by reflecting these characteristics while advertising and marketing.

- **Associating the product with an admired group or event:** Attitudes of consumers towards the particular brands and services can possibly be changed by consolidating with social groups or events. For example, recently Mc Donald's made biggest fast food collaboration with cartoon Despicable Me 3. Mc Donald's added a new menus with minions influenced items in order to help promote Despicable Me 3.
- **Resolving two conflicting attitudes:** Sometimes, attitude change strategies can determine actual and possible conflict between two attitudes. If the consumers were made to have a negative impact on the product or a specific brand, but if they do not have any conflict, this made the consumers to alter their judgment of the product. For example, disposing nappies can be made for the environment but as it is made with organic cotton, it helps with the environment sustainability.
- **Altering components of the multi attributes model:** Multi attribute is a strategy to change the attitude of the consumer by altering the evaluation of products, changing the perception about the brand and remodeling the over-all brand rating by adding an attribute to a product. It changed the negative aspect that the consumers have towards the product or brand by reinforcing their persisting beliefs. It is done by adding an attribute that has been ignored by reflecting its actual product innovation. Therefore it changed the rating of the brand.
- **Changing consumer beliefs about competitor's brands:** A second

cognitive oriented strategy for changing attitudes is changing beliefs or perceptions about the brand itself. Advertising helps us to find out what a particular product has "more" or is "better" or "best" in terms of some important product attribute. It is the strategy of changing consumer's beliefs by comparing with the competitors brands. For e.g.- Nike Vs Adidas.



CHECK YOUR PROGRESS

Q 1: Answer as directed:

a) What do you mean by distributed learning?

b) Differentiate needs with wants.

c) What is AIOs?

d) An attitude describes the way people behave when faced with difficult decisions. (Write True or False)

e) Language, literature, music and beliefs are all elements of a society's culture. (Write True or False)

f) Name two types of behavioural learning.

g) _____ describes a person's consistently favourable and unfavourable evaluation, feelings and tendencies towards an objects or idea.

h) What are the internal influences on consumer buying behaviour?

i) Without perception, we would understand nothing. (Write True or False)

j) When a consumer's current state matches their desired state it means that they have a problem or unfulfilled need. (Write True or False)



6.14 LET US SUM UP

- Attitude is a integral part of an individual's life. It determines to like your work. Then it will become a pleasure and it creates a positive mindset towards the work. From our discussion it is clear that behavioural theories view learning as observable responses to stimuli. Attitudes serve four major functions for the individual; these are the adjustments function, the ego defensive function, the value expressive function, the knowledge function. Ultimately these functions serve people's need to protect and enhance the image they hold of themselves. In more general terms, these functions are the motivational bases which shape and reinforce positive attitudes toward goal objects perceived as need satisfying and or negative attitudes toward other objects perceived as punishing or threatening.



6.15 FURTHER READING

1) Organisational Behaviour - By Dr S.S. Khanka
2) Narain's Organisational Behaviour - By S. Sachdeva
3) Modern Marketing Principles and Practices - By R.S.N. Pillai & Bhagavathi



6.17 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Learning spaced over a period of time to increase consumer retention.

Ans to Q No 2: A need is a basic requirement without which one cannot survive. On the other hand, when a need is being specified that becomes want.

Ans to Q No 3: They are psychographic variables that focus on Activities, Interest and Opinions.

Ans to Q No 4: False

Ans to Q No 5: True

Ans to Q No 6: Classical conditioning and operant conditioning

Ans to Q No 7: Attitude

Ans to Q No 8: Personality, perception, learni9ng, motivation, attitudes and beliefs.

Ans to Q No 9: True

Ans to Q No 10: False

6.18 MODEL QUESTIONS

Q 1: In your words what is an attitude? Discuss how it is formed.

Q 2: Explain various types of attitude.

Q 3: Discuss the relationship between belief, feelings and attitude of an individual.

Q 4: Explain the concept of cognitive and social learning. Explain various learning theories.

Q 5: Explain various strategies of attitude changing with example.

Q 6: What is learning and unlearning attitudes? Give example.

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UNIT 7: CONSUMER BEHAVIOUR AND MARKETING COMMUNICATIONS

UNIT STRUCTURE

7.1 Learning Objectives

7.2 Introduction

7.3 Marketing Communication Flow

7.4 Communication Process

7.5 Interpersonal Communication

7.6 Persuasive Communication

7.7 Source

7.8 Message

7.9 Message Appeals

7.10 Communication Feedback

7.11 Let Us Sum Up

7.12 Further Reading

7.13 Answers to Check Your Progress

7.14 Model Questions

7.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- explain the marketing communication and its importance
- discuss the characteristics of an effective communication
- explain the marketing Communication Flow and the different types of channel
- explain the Communication Process
- discuss about Interpersonal Communication
- explain the concept of Persuasive Communication.

7.2 INTRODUCTION

The word "communication" has been derived from the Latin word "Communis" which means common. Communication is the process by

which information is expressed and exchanged between individuals through a common system of symbols, signs or behavior. The information can be facts, opinions, ideas, or feelings. It involves transfer of information from one place, person or group to another through the use of mutually understood signs and symbols. Every communication involves at least one sender, a message and a recipient.It is a bridge of meaning.

Louis A. Allen defines communication as "the sum of all things one person does when he wants to create understanding in the mind of another."

Keith Davis has defined communication as a process of passing information and understanding from one person to another.

Marketing Communication is the fundamental part of the marketing efforts of an organisation. It includes advertising, direct marketing, branding, packaging, public relation activities and sales presentation. The organisation must communicate with the present and potential stakeholders and the general public using different marketing channels and tools. For most of the organisation the question is what to say, to whom and how often to say. They use the marketing communication tools to make the public know or understand the brand. The marketing communication mix is the set of tools which delivers a clear and consistent message to target audiences.

The characteristics of Communication are as follows:

- **It involves at least two persons:** Communication involves at least two persons, a sender and a receiver. The sender is called communicator and the receiver of the message is known as communicatee.
- **Message is must:** A message is the subject matter of communication. The content of the letter, or speech, order, instructions or the suggestions are some example of message.
- **Communication may be written, oral or gestural:** Communication is generally understood as spoken or written words. It includes everything which is used to convey meanings from one person to another. For eg. The wink of eye, waving of hands may convey more meaning than even

written or spoken words.

- **Communication is a two-way process:** It involves both information and understanding. Communication is not complete unless the receiver has understood the message properly and his reaction or response is known as sender.
- **Its purpose is to motivate a response:** The main purpose is to motivate response or influence human behavior.
- **Communication may be formal or informal:** Formal communication follows the formal channels provided in the organisation structure. The managing director communicates with the departmental heads. And informal communication flows from informal channel of communication which are not provided in the organisation structure. This channel is developed among the members because of personal contacts through working with each other.
- **It flows up and down and from side to side:** Communication flows downwards from a superior to subordinate and upward from subordinate to superior. It also flows between two or more persons operating at the same level of authority.
- **It is an integral part of the process of exchange:** It refers to the exchange of ideas, feeling, emotions and knowledge and information between two or more persons.

Communication is one of the most essential elements to provide information about the product to the target customers. Some of theimportances of communication are:

- Communication is essential for decision-making and planning. The decisions and plans of the management need to be communicated to the subordinates.
- Communication makes possible the smooth and efficient working of an enterprise. It is only through communication that the management changes and regulates the actions of the subordinates in the desired direction.
- It helps to bring about unity of action in the pursuit of common purpose.

- Ø It increases managerial efficiency. It is through the communication that management conveys its goal and desires, issues instruction and orders, allocates jobs and responsibility and evaluates performance of subordinates.
- Ø Effective communication creates mutual understanding and trust among the members of the organisation. it promotes co-operation between the employer and the employees.
- Ø Effective communication saves time and efforts. It increases productivity and reduces cost.

Besides the advantages, there are also many barriers to an effective communication process. The communication system is a two-way process. The distance between the sender and the receiver of the message can be an important barrier to communication.Personal factors like difference in judgment, social values, inferiority complex, bias, attitude, pressure of time, inability to communicate etc.



CHECK YOUR PROGRESS

Q 1: State the characteristics of communication.

7.3 MARKETING COMMUNICATION FLOW

As we have understood what communication is, and a message is encoded by a sender, decoded by a receiver, all while navigating noise and providing feedback. Communication travels within an organization in three different directions. The channel of communication depends upon the direction in which the communication is flowing. Let's discuss the three different directions of communication.

The flow of communication is divided into three divisions known as base of communication flow.These bases of communication flow are further divided into several categories. These categories/ channel of communication are classified below:

- **Based on organisational structure or relationship**
  - Formal Communication
  - Informal Communication
- **Based on flow of direction**
  - Downward Communication
  - Upward Communication
  - Horizontal or lateral or sideward Communication
  - Diagonal Communication
- **Based on methods or media used for expression:**
  - Written Communication
  - Oral Communication
  - Gestural or non-verbal communication

Let's discuss these elaborately in the subsequent paragraphs.

- **On the basis of Organisational Structure or Relationship**
  - **Formal Communication:** It is that communication which takes place through the formal channels of the organisation structure established by the management. It implies the flow of the information along the lines of authority formally established in the enterprise. The members are expected to communicate with one another as per channels laid down in the structure. These communications are written in policy manuals, procedural books, memorandum, orders, official meetings, interviews etc.
  - **Informal Communication:** The communication arising out of the channels of communication that falls outside the formal channels is known as informal communication. It can be also known as Grapevine. It builds around the social relationship of the members of the organisation. This communication depends upon the personal needs of the members of the organisation. These communications are oral and are conveyed by simple glance, gesture, smile or silence.
- **On the basis of flow of direction**
  - **Downward Communication:** The communication which flows from a superior to a subordinate is known as downward communication. Some examples of downward communication are notices, circulars,

instructions, orders, letters, memos, handbooks, annual reports, group messages etc.

- **Upward Communication:** It means the flow of information from the lower levels of the organisation to higher levels of authority in an organisation. It flows from sub-ordinate to superior then to general manager which is then passes to C.E.O. of the organisation. It includes opinions, ideas, suggestions, complaints, grievances, appeals, reports etc. For eg.: reports, meetings, interviews, conferences, letters, complaints, suggestions, surveys etc.This type of communication provides feedback to organizational leaders about current problems, or even progress on goals.
- **Horizontal, lateral or sideward communication:** The transmission of information between people on the same level of organisation hierarchy is called the horizontal communication. It is also known as lateral, sideward or crosswise communication.
- **Diagonal Communication:** It is the transfer of information between people who are neither in the same department nor on the same level of organisation hierarchy. For eg. When the marketing manager communicates with the accounts clerk directly.

On the basis of media or expression

- **Written Communication:** The transfer of message in black and white is known as written communication. It includes diagrams, pictures, graphs etc. This communication ensures that everyone concerned has the same message/information. It provides a permanent record of communication for future reference. Some of the examples are reports, circulars, magazines, manuals, memoranda, newspapers, pictures, diagrams, graphs, agreements, rule and procedure books, orders, notice boards.
- **Oral Communication:** It describes the conveying of the message through spoken words. It is face to face communication between two individuals. It includes communication through telephone, public speech etc. Some of the examples are face to face talks, telephone conversation, interviews, meetings, lectures, conferences, radio talks

and announcements

- **Gestures or Non-Verbal Communication:** Gestures are the transmission of information through expression through body parts like movement of lips or wink of an eye or the wave of hands. It may convey more meaning than written or oral communications.



CHECK YOUR PROGRESS

Q 2: What is formal communication?

7.4 COMMUNICATION PROCESS

To communicate effectively, the marketers need to understand the fundamental elements for an effective communication. The communication process involves nine elements. The elements are sender, encoding, message, media, decoding, receiver, response, feedback and noise. Fig 7.1 shows the communication process/model.

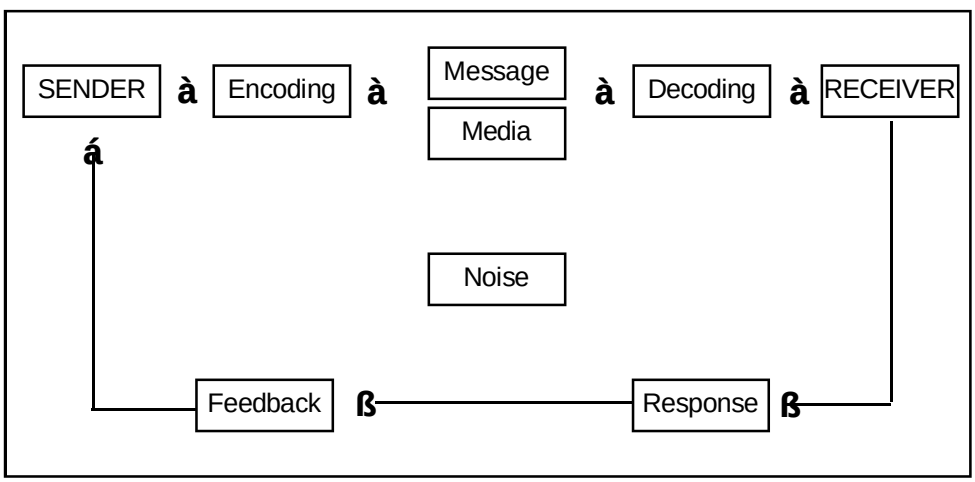


Fig. 7.1 Business Communication Process

The nine elements involved in the business communication process are discussed below:

- **Sender:** The sender or the communicator generates the message and conveys it to the receiver. The sender is the source who starts the communication. They must know their audiences and the responses they want to get. They must encode their messages so that it can be

understand by the target audiences. The message should be transmitted through effective media that reaches the target audience and develop feedback channels to monitor the responses.

- **Encoding:** The message generated by the sender is encoded symbolically in the form of words, pictures, gestures etc. before it is being conveyed.
- **Message:** It is the idea, information, view, fact, feeling etc. that is generated by the sender which is intended to be communicated further.
- **Media:** It is the manner in which the encoded message is transmitted. The media can ne oral or written. The medium of communication includes telephone, internet, post, fax, e-mail etc. the medium is decided by the sender.
- **Decoding:** It is the process of converting the symbols encoded by the sender. After decoding the message is received by the receiver.
- **Receiver:** The receiver is the person for whom the message was sent by the sender. Once the message is received and understands in the proper perspective, the receiver acts accordingly to the message. When the message sent is understood in the same way, only then the purpose of the message is successful.
- **Feedback:** After receiving the message, the receiver confirms to the sender that he has received the message and understood it. Then the process of communication gets completed.
- **Noise:** It is the obstruction that is caused by the sender, message or receiver during the process of communication. The noise can be bad telephone connection, faulty encoding, faulty decoding, inattentive receiver, poor understanding of the message due to inappropriate gestures.

7.5 INTERPERSONAL COMMUNICATION

Interpersonal communication is the process of exchanging of information and feeling between two or more people through verbal and non-verbal messages. It is also known as face-to-face communication. It

often takes place between people who have some knowledge about each other. It can be defined as the process of interacting simultaneously with another and mutually influencing each other. It may take place in face-to-face settings or through social media platform.

Interpersonal communication can serve many advantages. It influences the behavior, attitudes, and opinions of others. It allows for more effective, efficient, cooperation, and can help us forge or maintain a social bond. Good interpersonal communication helps to work more effectively in groups and teams. It also acts as mediator for information flow from mass media to the wider population.

Interpersonal communication can be divided into: verbal communication and non-verbal communication. Verbal communication is the communication where information is communicated through speaking. But, the non-verbal communication is the communication process where theinformation is communicated without being spoken.

7.6 PERSUASIVE COMMUNICATION

Persuasion is the process of guiding people toward the adoption of an idea, attitude, or action by rational and symbolic means. Persuasion means an attempt to influence a person's beliefs, attitudes, intentions, motivations and behavior.

Intrapersonal Persuasive Communication

Intrapersonal communication involves reflective thinking or internal vocalization. Persuasive intrapersonal communication happens when something is tried to convinced.

Interpersonal Persuasive Communication

Interpersonal communication is communication between two people who already possess a close bond. Persuasive interpersonal communication involves the use of persuasive techniques between these people. Persuasive interpersonal communication uses more elements of composition than intrapersonal communication. Persuasive interpersonal communication can include persuasive reading and visuals as well as

conversation.

Group Persuasive Communication

Group communication occurs between individuals who may not have a close, established bond. This type of communication happens in a larger setting where more than two people are present. Persuasive group communication most often involves one or more people trying to convince a group of something. Persuasive group communication makes use of many combinations of audio, visual and verbal techniques to convince its audience. Persuasive group communication can include persuasive reading and limited presentation techniques as well as conversation.

Persuasive Public and Mass Communication

Public communication focuses on the person delivering the message. The messenger may be performing, possibly giving a speech in front of a live audience. For example, a lawyer giving her closing argument would be practicing persuasive public communication.

Mass communication is public communication that is transmitted through media to a larger audience. Wide distribution of persuasive reading materials, advertisements, newscasts and radio programs all fall into the category of persuasive mass communication.



CHECK YOUR PROGRESS

Q 3: Group Persuasive Communication?

7.7 SOURCE

Source or senders are objects which encodemessagedata and transmit the information, via a channel, to one or more observersor receivers. Source is a process that generates message data that one would like to communicate, or reproduce as exactly as possible elsewhere in space or time. The source imagines, creates, and sends the message. The source encodes the message by selecting the right order to convey the intended meaningpresenting or sending the information to the audience (receiver).

The source perceives how well themessage is received andresponded with supporting information from the audience's reaction.

7.8 MESSAGE

A message is a discrete communication intended by the sender for consumption by some or a group of receivers. A message may be delivered by various means like courier, telegraph, carrier pigeon, electronic media. A message can be the content of a broadcast. An interactive exchange of messages forms a conversation.

The messages are the information the senderwantstheir audience to hear, understand and remember. They are the summations defining what you do, why you do it, how you are different, and what value you bring to stakeholders.

The message is one of the important elements of communication process. It clarifies the meaning and provides the headline of the issue that needs to be communicated. They serve as the foundation of an organization's branding and marketing efforts and should be reflected in all written and spoken communications.They help the marketer to prioritize and define the informationwhich ensures consistency, continuity and accuracy. It measure and track the success staying focused when speaking with the audiences.

The attributes of the effective messages are:

- **Concise:**The message has to be concise. The focus is to be given on three to five key messages per topic. There should be only one to three sentences for each key message which should be read or spoken in 30 seconds or less.
- **Strategic:**The message should be strategically designed defining, differentiating, and addressing the benefits.
- **Relevant:** The message has to be relevant. There should be a balance what needs to be communicated with what the audience needs to know.
- **Compelling:** The message has to be designed in the way that it compels the audience. The sender should design meaningful

information to stimulate action.

- **Simple:** The sender should use easy-to-understand languageavoiding jargon and acronyms.
- **Memorable:** The sender should ensure that messages are easy to recall and repeat. Thelong, run-on sentences is to be avoided.
- T**ailored:** The message is to be communicated effectively with different target audiences by adapting different language and depth of information.

7.9 MESSAGE APPEALS

The message appeal is the connection between the emotion or logic of the advertisement and the consumers' response to the advertisement. The marketer will select and execute the most appropriate appeal in a creative manner to attract the customers.

It is defined as the strategy which grabs the attention of the people to persuade them to purchase the product or service. The marketer uses appeals to influence their customers. It also helps the people to support a cause. The marketer customizes the appeals for the target customers. The main motive of the message appeals is to entice them to take action that is desired by the seller.

The different types of message appeals are

- **Brand Appeals:** It is for the customers or people who are brand conscious and have an individual inclination towards a particular brand. The brand appeal motivates people to buy a product because the product has an excellent brand. It gives the feeling of differentiation to the customers. For eg: Apple has brand appeal to its customer.
- **Gender Appeals:** This is used to convey a particular message to a selected group of audience. The Alcohol advertisements are often promoted to men by the use of gender appeal in their advertisement.
- **Adventure Appeals:** The primary objective of these advertisements is to appeal to the people that enthusiasm will be enhanced after they buy or use the product or service. For e.g.: the advertisements of energy drink use adventure appeal in them. It is shown that the protagonist of

the ad who is tired drinks the energy drink and achieves something almost impossible.

- **Bandwagon Appeals:** This appeal involves making people that since everyone is buying the product so they should too. The main objective is to ensure that the customer joins the bandwagon and starts using the product because everybody else is using it. It is known as persuasion by masses techniques.
- **Fear appeals:** The fear appeal shows that adverse outcomes can happen because a particular action is not taken. The marketer uses this appeal to use fear as amotivator to promote change. Using this technique, many kinds of toothpaste, deodorants and anti-dandruff shampoos are advertised.
- **Rational Appeals:** When the marketing or advertisement strategy wants people to use their practicality and functionality for a product, then the logic appeals are used.These advertisements are focused on the features of the product and the cost of the product.

7.10 COMMUNICATION FEEDBACK

Feedback in the communication process is the response from the receiver which gives the communicator an idea of how the message is being received and whether it needs any modification. In other words, the observation of the receiver's response is called feedback. It is the amount of response of the receiver that reaches to the sender. Feedback becomes common after WWII as the importance of democracy become more pronounced. It was originated as top-down, single source assessment.

Bartol and Martin define, "Feedback is the receiver's response to the interpreted message". It is the essential part of the process as it helps to know whether the recipient has understood the message in the same terms as intended by the sender and whether he/she agrees to that message or not. It helps to evaluate the effectiveness of the message.

According to Stone and Heen, there are three types of feedback based on purpose.

- **Evaluation:** Evaluation feedback needs to be done "in the moment" to help the person receiving the feedback know where they stand. The primary purpose of an evaluation feedback is to let the person receiving it know where they stand when it comes to their performance. It helps them to have clear expectations and the feeling of reassured and safe.

  Generally, an evaluation involves a rating or a ranking. Evaluation can be given on a scheduled meeting or on a daily basis. To ensure a successful evaluation feedback, the following points should be kept in mind:

  - They should set clear expectations with regards to the roles and responsibilities of the employee(s) receiving feedback.
  - The purpose of giving feedback should be clear.
  - The process and the results of the feedback has to be accountable
- **Appreciation:** Appreciation feedback is the feedback given to show appreciation or thank the employee for their contribution and performance. It is important to acknowledge their effort to further build trust in the relationship. It encourages the employee to celebrate their success and impressive performance to motivate them for their progress and growth.

  The appreciation feedback has to be specific, linked to the receiver's values and authentic. This helps the employee identify what else he or she needs to improve on what he or she needs to keep doing.Lastly, an appreciation feedback needs to be authentic each time it is given. It needs to be unique to the employee and to the situation.
- **Coaching:** After informing the employee where they stand in terms of their performance and giving them appreciation for the effort they are putting in for their growth and improvement, the marketer can give them coaching feedback.

  A coaching feedback is different from evaluation and appreciation, although it can have both elements. A coaching feedback often involves regular and annual reviews. Its primary purpose is to further inspire the employee and lead them towards continued growth and improvement.

Some of the benefits of coaching feedback include:

- Ø It increasing employee effectiveness.
- Ø It prevents them from using behaviours that may hinder their growth.
- Ø It encourages them to maintain effective behaviours.
- Ø It promotes commitment within customers the organisation.

The importance of feedback in an effective communication are:

- **Collection of Information:** It is the way to collect information from the receiver. It helps the organisation to collect information from different people. But, if the receiver doesn't send message of information to the sender, there is no way to collect information from him/her.
- **Completion of entire communication process:** It is the last and the important step of communication process. The sender can learn about the reaction and response of the receiver. So, it is mandatory in a two-way communication.
- **Measuring the effectiveness of communication:** Feedback is the only way to get the response or reaction of the receiver. From it, the sender knows how well the message is understood and how it will be used by the receiver. By analyzing the reaction, positive or negative, the sender of the message can measure to what extent communication is effective and what are the limitations with it. So, in two-way communication feedback is the only way to assess the success of communication.
- **Measuring the effectiveness of media:** The receiver gets the message by the media and understands its meaning. The receiver will send the feedback to the sender ifthe media is appropriate. Improper media cannot reach the message to the receiver and thus fails to produce any feedback. So, feedback can be used as a criterion of effectiveness of media.
- **Taking proper decision:** Feedback helps the sender to take proper decision. If the receiver does not send his reaction or response on certain issue, the sender cannot decide on it. For example, sometimes manager sends plans and decision or policies to the subordinates for their appraisal. If the subordinates send their options, suggestion, complaints,

reaction to the managers, they can take better decisions. So, Feedback helps the managers to take proper and quality decisions.

- **Problem solving:** The two way communication helps to address the problem and provide solution to the problem. Different types of problems may arise in an organization that must be solved duly and timely
- **Getting the reaction of the receiver:** Through feedback the sender can get the responses or reactions of the receiver of his message. From the response, the sender responses, the sender can assess how well the receiver has understood his message and if there is any clarification to be made.

The requirements of aneffective feedback are also shown below:

- **Clear:** Effective feedback is possible if the recipients understand the message communicated to him/her properly. The sender of the message should understand that the feedback is related to the message sent. The sender of the feedback should ensure that it is properly understood by the receiver. The meaning of the feedback should be clear i.e. the language should be simple.
- **Well-timed:** Feedback may require some time to get filled. The delayed feedback may not serve the purpose it is meant for. Thus, it should be meant within a reasonable time.
- **Specific:** Effective feedback has to be particular or specific. A generalized response or an ambiguous reply has no value.
- **Bearing right attitude:** The recipient should avoid fault-finding attitude with the sender. The feedback process will suffer if much of the time is spent in finding fault with the subject matter, presentation skill and the similar matters related to the message. Thus, to make the feedback effective, the undermining attitude of the sender and fault-finding attitude of the receiver should be avoided.
- **Truly representative:** Feedback can be positive or negative. The actual, true and honest reaction should be communicated. The sender should not hesitate to convey the negative feedback.
- **Impersonal:** The feedback should be free from personal reactions. And any personal rivalry or conflict should not have any influence on official

feedback.

- **Informative:** The sender of the message expects from the receiver some information in the form of feedback which the sender doesn't already know. Thus, along with being effective, the feedback should also be informative.

Giving and receiving feedback creates positive learning and growth between all customers and marketers. When feedback is delivered, it should always be aimed to help improve performance, development and positive outcomes regardless of the time and place.



7.11 LET US SUM UP

- The word "communication" has been derived from the Latin word "Communis" which means common. Communication is the process by which information is expressed and exchanged between individuals through a common system of symbols, signs or behavior.
- Marketing Communication is the fundamental part of the marketing efforts of an organisation which includes advertising, direct marketing, branding, packaging, public relation activities and sales presentation.
- Communication process involves atleast two person i.e. communicator and communicate. It can be written, oral or gestural.
- Communication is a two-way process either in a formal way or informal way flowing from up and down or from side to side.
- The communication process involves nine elements i.e. sender, encoding, message, media, decoding, receiver, response, feedback and noise.
- Interpersonal communication is the process of exchanging of information and feeling between two or more people through verbal and non-verbal messages. It is also known as face-to-face communication.
- Source is a process that generates message data that one would like to communicate, or reproduce as exactly as possible elsewhere in space or time.

- A message is a discrete communication intended by the sender for consumption by some or a group of receivers which is delivered by various means like courier, telegraph, carrier pigeon, electronic media.
- The attributes of effective messages are concise, strategic, relevant, compelling, simple, memorable and tailored.
- Message Appeals are defined as the strategy which grabs the attention of the people to persuade them to purchase the product or service. The marketer uses appeals to influence their customers.



7.12 FURTHER READING

1) Effective Business Communication by Asha Kaul
2) Business Communication byMeenakshiRaman and Prakash Singh



7.13 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: It involves at least two persons

Message is must.

Communication may be written, oral or gestural

Communication is a two-way process

Its purpose is to motivate a response

Communication may be formal or informal

It flows up and down and from side to side

It is an integral part of the process of exchange

Ans to Q No 2: It is that communication which takes place through the formal channels of the organisation structure established by the management. It implies the flow of the information along the lines of authority formally established in the enterprise. The members are expected to communicate with one another as per channels laid down in the structure. These communications are written in policy manuals, procedural books, memorandum, orders, official meetings, interviews etc.

Ans to Q No 3: Group communication occurs between individuals who may not have a close, established bond. This type of communication

happens in a larger setting where more than two people are present. Persuasive group communication most often involves one or more people trying to convince a group of something. Persuasive group communication makes use of many combinations of audio, visual and verbal techniques to convince its audience. Persuasive group communication can include persuasive reading and limited presentation techniques as well as conversation.



7.14 MODEL QUESTIONS

Q 1: Define marketing communication. Elaborate the importances of marketing communication.

Q 2: Explain the characteristics of an effective communication

Q 3: What are the different channels of communication flow? Explain them.

Q 4: Illustrate the communication process

Q 5: Write a note on interpersonal communication and persuasive communication

Q 6: What is source?

Q 7: Define message? Explain the message appeals.

Q 8: What is feedback? Why is it important for an effective communication process?

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