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CONSUMER BEHAVIOUR

SEMESTER - 4

BUSINESS ADMINISTRATION

BLOCK - 1

KRISHNA KANTA HANDIQUI STATE OPEN UNIVERSITY

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MASTER IN BUSINESS ADMINISTRATION

CONSUMER BEHAVIOUR

Block 1

DETAILED SYLLABUS

Unit 1: **Introduction to Consumer Behaviour and Consumer Research:** **Page No. : 9 – 28**

Introduction, Consumer Behaviour – Definition, Consumer and Customers, Buyers and Users, Organisations as Buyers, Development of Marketing Concept, Consumer Behaviour and its Applications in Marketing, Consumer Research Process

Unit 2: **Market Segmentation and Positioning:** **Page No. : 29 – 45**

Introduction, Requirements for Effective Segmentation, Bases for Segmentation, Determining How Many Segments to Enter, Product Positioning: An Introduction, Positioning Strategy, Positioning Approaches, Positioning Errors Consumer Motivation: Introduction, Needs and Goals, motivational Conflict, Defense Mechanisms, Motive Arousal, Motivational Theories, Maslow's hierarchy of needs, Motivation Research

Unit 3: **Consumer Motivation:** **Page No. : 46 – 59**

Introduction, Needs and Goals, motivational Conflict, Defense Mechanisms, Motive Arousal, Motivational Theories, Maslow's hierarchy of needs, Motivation Research

Unit 4: **Consumer Perception:** **Page No. : 60 – 72**

Introduction, Sensation (Exposure to Stimuli), Perceptual Selection, Perceptual Organisation, Factors that Distort Individual Perception, Price Perceptions, Perceived Product and Service Quality, Consumer Risk Perceptions

Unit 5: Consumer Learning, Memory and Involvement: **Page No. : 73 – 87**

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Unit 6: Consumer Attitudes: **Page No. : 88 – 102**

Introduction, Functions of Attitude, Attitude Models, Factors that Inhibit Relationship between Beliefs, Feelings and Behaviour, Learning Attitudes, Changing Attitudes, Attitude Change Strategies

Unit 7: Consumer Behaviour and Marketing Communications: **Page No. : 103 – 28**

Introduction, Marketing Communication Flow, Communications Process, Interpersonal Communication, Persuasive Communications, source, message, message appeals, communication feedback

COURSE INTRODUCTION

This is the fourth course of MBA fourth semester Marketing specialisation Programme. This course “Consumer Behaviour” of MBA 4th semester will focus on the different aspects of consumer buying behaviour in Marketing. In this course we have briefly discussed about consumer behaviour and research, consumer attitude etc.

The course has 13 units and is divided into two blocks: Block 1 and Block 2.

Block 1 deals with the introductory concepts of consumer behaviour, market segmentation , targeting and positioning, consumer perception, motivation etc.

Block 2 concentrates on cultural influence of consumer behaviour, consumer decission making process etc.

Each unit of these blocks includes some along-side boxes to help you know some of the difficult, unseen terms. You may find some boxes marked with: “LET US KNOW”. These boxes will provide you with some additional interesting and relevant information. Again, you will get “CHECK YOUR PROGRESS” questions. These have been designed to self-check your progress of study. It will be helpful for you 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. This will help you in making your learning more active and efficient. And, at the end of each section, you will get “CHECK YOUR PROGRESS” questions. These have been designed to self-check your understanding.

BLOCK INTRODUCTION:

This is the first block of the course ‘Consumer Behaviour”. The Block is divided into7 units and is primarily a learner oriented Self learning material, as it satisfies the requirements of the learners in the filed of Marketing.

This block comprises of the following seven units:

The first unit introduces us to Meaning and Concept of Consumer Behaviour

The second unit gives us a broad idea of Market Segmentation, targeting and Positioning.

The third unit gives us an idea on Consumer Motivation.

The fourth unit is about Consumer Perception.

The fifth unit gives us a broad idea of Consumer Learning.

The sixth unit will help us in understanding Consumer Attitudes.

The seventh and the last unit of this block explains about Consumer Behaviour and Marketing Communication.

The Block is devided into seven units:

Unit 1: Introduction to Consumer Behaviour

Unit 2: Market Segmentation , Targeting and Positioning

Unit 3: Consumer Motivation

Unit 4: Consumer Perception

Unit 5: Consumer Learning

Unit 6: Consumer Attitudes

Unit 7: Consumer Behaviour and Marketing Communications

UNIT 1: INTRODUCTION TO CONSUMER BEHAVIOUR

UNIT STRUCTURE

1.1 Learning Objectives

1.2 Introduction

1.3 Defining Consumer Behavior

1.3.1 Buyers and Users

1.4 Importance of Consumer Behaviour

1.4.1 Consumer Behaviour as an Interdisciplinary Discipline

1.5 Application of Consumer Behaviour in Marketing

1.6 Application of Consumer Behaviour in Specific Areas of Marketing

1.7 Market Segmentation, Targeting and Positioning

1.7.1 Market Segmentation

1.7.2 Targeting

1.7.3 Positioning

1.8 Consumer Research

1.9 Let Us Sum Up

1.10 Further Reading

1.11 Answers to Check Your Progress

1.12 Model Questions

1.1 LEARNING OBJECTIVES

After going through this unit you will be able to :

- define consumer behaviour
- discuss the importance of consumer behaviour
- learn about the application of consumer behaviour in marketing
- learn the concept of market segmentation, targeting and positioning
- describe consumer research process.

1.2 INTRODUCTION

In this unit, we are going to discuss about consumer behaviour. Consumer behaviour is a rapidly growing application-oriented discipline of study. The study of consumer behaviour helps marketers to understand and predict consumer behaviour in the marketplace. Understanding the buying behaviour of the target market is an essential task of marketing managers. In this unit we will discuss in detail about consumer buying behavior and how it is important from marketing point of view.

1.3 DEFINING CONSUMER BEHAVIOUR

The consumer market consists of all the individuals and households that buy or acquire goods and services for personal consumption. Some of the important issues faced by the marketing executives in business organisations are:

1. What do consumers think about our products and those of our competitors?
2. What do they think of the possible improvements in our products?
3. How do they actually use our products?
4. What are their attitudes towards our promotional efforts?
5. What do they feel about their roles in the family and society?
6. What are their hopes and dreams for themselves and their families?

To succeed in a dynamic and increasingly complex marketing environment where individuals and businesses are faced with more and more choices, marketers have an urgent need to learn and anticipate whatever they can about the consumers. The better they know about and understand consumers, the more advantageous it would prove to them in accomplishing their organisational objectives. Marketers want to know what consumers think, what they want, how they work, how they entertain themselves, how they play etc. They also need to comprehend personal and group influences, which have a significant impact on consumer decision-making process.

Schiffman and **Kanuk** define consumer behaviour as the behaviour

that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. Consumer behaviour focuses on how individual consumers and families or households make decisions to spend their available resources (time, money, effort) on consumption-related items. That includes what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase, the impact of such evaluation on future purchases, and how they dispose of it.

Consumer behaviour has *two* aspects: the final *purchase activity* which is visible to us and the *decision making process* which may involve the interplay of a number of complex variables not visible to us. In fact, purchase behaviour is the end result of a long process of consumer decision- making. For example, we can consider the product computer. A study of consumer behaviour in this area would investigate what kind of consumers buy it or would buy it for home and personal use? What features do they look for? What benefits do they seek including post-purchase service? How much are they willing to pay? How many are likely to buy now? Do they wait for prices to come down? Do they look for some freebies? The answers to these can be investigated through consumer research and provide manufacturers with important data and insight for determining computer features and promotional strategy etc.

The term consumer behaviour describes two different kinds of consumers: the *personal consumer* and the *organisational consumer*. The personal consumer buys goods and services for his or her own use, for the use of the household, or as a gift for a friend. In each of these contexts, the products are bought for final use by individuals, who are the end users or ultimate consumers. The other category of consumer, i.e. organisational consumer, includes profit and not-for-profit businesses, government departments, and institutions e.g., schools, hospitals etc., all of which must buy products and/or services in order to run their organisations. As the end-use consumption involves every individual of every age and background, in the role of either buyer or user, or both, we will focus more on the individual consumer, who purchases for his or her own personal use or for household use.

A consumer's buying behaviour is influenced by many factors such as psychological processes of an individual (motivation, perception, learning and attitude); cultural factors (culture, sub-culture and cross-cultural factors); and social factors (reference group, family etc.). These factors will be discussed in detail in units to be followed.

1.3.1 Buyers and Users

The person who buys a product may not be always the user, or the only user. Nor is the buyer necessarily the person who makes the decision to buy the product. A mother may buy baby food for her child (who is the user); she may buy grocery items for the household (and be one of the users); she may buy a bottle of nail polish (and be the only user). She may buy a magazine that her husband requested, or she and her husband together may buy a car that they both selected. Thus buyers are not always the users, or the only users, of the product they buy nor are they necessarily the person who make the product selection decisions.

Marketers must decide at whom to direct their promotional efforts: the buyer or the user or both of them. For example, some toy manufacturers advertise their products on children's television shows to reach the users, others advertise in parents' magazine to reach the buyer, while still others run dual campaigns designed to reach both children and their parents.

1.4 IMPORTANCE OF CONSUMER BEHAVIOUR

The study of consumer behaviour benefits us as consumers, as students and as marketers. As consumers, we benefit from the insights into our own consumption-related decisions: what we buy, why we buy, and how we buy. The study of consumer behaviour makes us aware about the delicate influences that persuade us to make the product or the service choices we do.

It is important for us to understand the internal and external influences that urge forward the individuals to act in certain consumption-

related ways. Consumer behaviour is simply a subset of the larger field of human behaviour.

As marketers and future marketers, it is important for us to recognize why and how individuals make their consumption decisions so that they can make better strategic marketing decisions. Marketers who understand consumer behaviour have a great competitive advantage in the marketplace.

1.4.1 Consumer Behaviour as an interdisciplinary descipline

The study of consumer behaviour started as a new field of study from 1960s. As a new discipline, it borrowed heavily from the concepts developed in other scientific disciplines, such as psychology, sociology, cultural anthropology and economics.

Psychology is the study of the individual. It includes the study of motivation, perception, attitudes, personality and learning patterns of human beings. Again, Sociology is the study of groups. All of these factors helps in understanding consumer behaviour.

Group behavior: the actions of individuals in groups often differ from the actions of individuals operating alone. The influences of group memberships, family structure and social class on consumer behaviour are relevant to the study of segments in the marketplace.

The study of human beings in society is the study of cultural anthropology. It traces the development of the core beliefs, values and customs that are passed down to individuals from their parents and grandparents and influence their purchase and consumption behaviour. It also includes the study of subcultures and comparison of consumers of different nationalities with diverse cultures and customs.

An important component of the study of economics is the study of consumers: how they spend their funds, how they evaluate

alternatives, and how they make decisions to maximize satisfaction. Many early theories concerning consumer behaviour were based on economic theory. For example, the economic man theory postulated that individuals act rationally to maximize their benefits in the purchase of goods and services. Recent consumer studies have indicated that individuals often act emotionally to fulfill their psychological needs.

The interdisciplinary nature of consumer behaviour integrates existing knowledge from other fields into a comprehensive body of information about individuals in their consumption roles. Over the years, the field of consumer behaviour has grown enormously and has become one of the important branches of marketing study.

1.5 APPLICATION OF CONSUMER BEHAVIOUR IN MARKETING

To become successful, marketing firms must have a thorough understanding of the factors that encourage consumers to buy. They have to know why they buy, what needs they are trying to fulfil, and what outside influences affect their product choices in order to design persuasive marketing strategies.

The field of consumer behaviour is rooted in the marketing concept, a marketing philosophy that evolved in the late 1950s. After World War II, marketers found that they could sell any goods they could produce. The marketing practice was to produce cheap goods (production orientation) and make them available at as many places as possible. A production orientation is a feasible marketing strategy when demand exceeds supply and when consumers are more interested in obtaining the product than they are in its specific features. In this situation consumers will buy what is available, rather than wait for what they really want.

After continuing production orientation for some years, competition intensified and marketers moved from production orientation to a product orientation. The assumption underlying the product orientation is that

consumers will buy the product that offers them the highest quality, the best performance, and the maximum features. A product orientation leads a company to strive constantly to improve the quality of its product. Sometimes product improvements are technology driven rather than a response to consumer needs.

When consumers began to exercise selectivity in their choice of products, many companies switched to a selling orientation. They changed their primary focus from improving the products to selling the products that they unilaterally decided to produce. The assumption of this selling orientation is that consumers would not buy a product unless they are actively and aggressively persuaded to do so. The problem with a selling orientation is that it does not take consumer satisfaction into account. If consumers are induced to buy a product that they do not want or need, their unhappiness is likely to be communicated through negative word-of-mouth that may discourage other potential consumers to buy the product. Unsought goods, such as life insurance and encyclopedias are products appropriate for selling orientation.

In the mid-1950s, many marketers began to realize that they could sell more goods, more easily, if they produced only those goods that they had first confirmed that the consumers would buy. Thus, consumer needs and wants became the marketer's primary focus. This consumer-oriented marketing approach came to be known as the **marketing concept**. The basic assumption underlying the marketing concept is that, to be successful, a company must determine the needs and wants of specific target markets and deliver the desired satisfactions more efficiently and effectively than the competitors. This is the key to successful marketing.

Due to the widespread adoption of the marketing concept, marketer had to do consumer behaviour study to identify the unsatisfied consumer needs. They had to do extensive marketing research. In doing so, they discovered that consumers were highly complex individuals. They discovered that the needs and priorities of different consumer segments differed extensively. They also discovered that in order to design new products and marketing strategies that would fulfill consumer needs they

had to study the consumers and their consumption behaviour in depth. Thus, market segmentation and the marketing concept laid the groundwork for the application of consumer behaviour principles to marketing strategy.

1.6 APPLICATION OF CONSUMER BEHAVIOUR IN IN SPECIFIC AREAS OF MARKETING

Consumer behaviour principles are applied in many areas as discussed below:

- **Analyzing market opportunity:** Consumer behaviour study helps in identifying the unfulfilled needs and wants of consumers. This requires examining the trends and conditions operating in the marketplace, consumers' lifestyles and income levels. This may reveal some of the unsatisfied needs and wants of the consumers. The trend towards increasing number of dual income household and greater emphasis on convenience and leisure have led to emerging needs for household gadgets such as washing machine, mixer grinder, vacuum cleaner and childcare centres etc.
- **Selecting target market:** A review of market opportunities often helps in identifying distinct consumer segments with distinct and unique wants and needs. Identifying these groups, learning how they behave and how they make purchase decision enables the marketer to design and market products or services particularly suited to their wants and needs. For example, consumer studies have revealed that many existing and potential shampoo users did not want to buy bigger shampoo packs and would rather prefer a low-priced sachet containing enough quantity for one or two washes. This finding led companies to introduce the shampoo sachet, which became highly popular.
- **Marketing mix decisions:** Once unsatisfied needs and wants are identified, the marketer has to determine the right mix of product, price, distribution and promotion. Here too consumer behaviour study is very helpful in finding answers to many perplexing questions. The answers to these questions are obtained by consumer behaviour

research.

- **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, immunijahon, safe driving etc.



CHECK YOUR PROGRESS

Q 1: How does knowledge of consumer behaviour help the marketer?

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Q 2: State the two kinds of consumers who exhilost different behaviour patterns.

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1.7 MARKET SEGMENTATION, TARGETING AND POSITIONING

1.7.1 Market segmentation

Market segmentation is the opposite of mass marketing. The concept of market segmentation emerged as an extension of the marketing concept in the latter part of 1950s. It is based on the simple observation that all the existing and potential consumers are not alike; there are significant differences in their needs, wants, taste, background, income, education and experience etc. and these characteristics change over time with lifestyle changes.

A market is composed of individuals with dissimilar needs and wants and for this reason it is called a heterogeneous market. **Market segmentation** is the process of dividing the total heterogeneous market into relatively distinct homogeneous sub-

groups of consumers with common needs or characteristics and selecting one or more segments to target with distinct marketing programme.

A market segment is a portion of a larger market in which the individuals, groups, or organizations share one or more characteristics that cause them to have relatively similar product needs.

Segmentation studies are used to uncover needs and wants of specific groups of consumers for whom the marketer develops specially suitable products and services to satisfy their needs.

Marketers also use these studies to guide them in redesigning, repositioning or targeting new segments for the existing products.

Marketers use segmentation research to identify the most appropriate media in which to place advertisements.

BASES FOR SEGMENTATION:

The bases for market segmentation can be broadly divided into three major groups:

a) Customer based segmentation;
b) Product related segmentation;
c) Competition related segmentation.

These are discussed as follows

A) Customer based Segmentation

The three important factors in this type of segmentation are:

a) Geographic Location of Customers;
b) Demographic Characteristics;
c) Psychographic Variables; and
d) Buyer Readiness

(a) Geographic Location of Customers: This is generally the starting point of all market segmentation. The geographic location of customers helps the firm in planning its marketing offer. The rural and urban divide is quite common in the consumer market. The reason for using it as a base for segmentation is that people in a particular geographic area have similar preferences

and consumption patterns.

(B) Demographic Characteristics: The next commonly used basis for market segmentation is the demographic characteristics of the market. Factors like age, education, income, occupation, gender, family size, and marital status are used singly or in combination, to segment the market.

(i) Age: It is a very commonly used basis, the assumption being that people in the same age group will behave in an identical manner. Based on this factor, one can have:

- Infant market (newly born-1year)
- Child market (1-12 years)
- Teens market (13-19 years)
- Adolescent market (16-19 years)
- Youth market (20-35 years)
- Middle aged market (36-50 years)
- Elders or seniors market (50 years and above)

(ii) Income: The next commonly used variable is income. It is believed that as the consumer's income increases, his/her consumption behaviour also changes. Research findings indicate that expenditure on food and other basic amenities as a percentage of total expenditure declines as consumer income increases. In other words, with an increase in income, the customer starts buying other branded products and the so called luxuries like holiday packages, air travel, perfumes, microwave ovens, cooking ranges, washing machines and automobiles. Eating out, for example, is one's behaviour exhibited by a consumer that changes as his or her income increases. While considering income, the marketer may consider either the customer's or his or her family's income. A more reliable basis is family income. On the basis of income, the market can be segmented as:

- Low income group
- Low middle income group
- Middle income group

- Upper middle income group
- Higher income group

(iii) Gender: The male market is different from the female market. Hence, gender is used for segmenting the market for different products. While some products, like textiles, are exclusively made for each segment, there are others which are not exclusively made or marketed for any one gender.

(iv) Occupation: The occupation of the consumer is also an important variable in segmenting the market. Whether a person is self employed, works full time or part time, his/her position in the enterprise affects the consumption behaviour. On the basis of occupation, one may find segments like professionals (like doctor, lawyer), traders or shopkeepers, businessmen or industrialists, teachers, students, housewives, self-employed people etc.

(v) Education: Market may be segmented on the basis of educationall profile of the customers. It affects his or her preferences and level of awareness. As literacy increases, people become more aware of the environment, and of their rights. On the basis of education, the Indian market can be segmented as consisting of illiterates, literates, high school educated, secondary or university educated persons etc.

(vi) Marital Status: The behaviour and consumption patterns of single and married people differ considerably. Therefore it can be used as a basis for market segmentation.

(vii) Family Size and Structure: It is another important demographic variable for market segmentation. Due to the drive of family planning, smaller family is the norm now-a-days. Splitting of joint family is another common feature of the present Indian society. Size of family affects the consumption pattern of the society.

In addition to the above mentioned demographic variables, social class and economic class of a consumer also affect the consumption pattern and as such, a market can be segmented on the basis of socio-economic class.

c) Psychographic Variables: Two consumers with the same demographic characteristics may act in an entirely different manner. Even though the two may be of the same age, from the same profession, with similar education and income, each of the customers may have a different attitude towards risk taking, and new products and stores. This is largely because of personality and lifestyle differences of consumers. Increasingly, marketers are turning to psychographic variables to segment their markets. The Titan marketer of Titan brand of watch, for example, has segmented its market for Timex and Titan quartz high-priced watches on the basis of lifestyle.

d) Buyer Readiness: Another variable used for segmenting the market is buyer 'readiness' or preparedness to buy the product. At any given time, buyers are at different stages of readiness. There are unaware buyers, people who are aware but not interested, people who are interested and are desirous to buy, and lastly, those who will positively buy a product. The relative proportion of buyers at these different stages will affect the marketer's tasks.

B) Product Related Segmentation:

The marketer may also use product related bases for segmentation of a market. One of the important bases is **product use situations.** Different customers may use the same product in different situations. For example, a bicycle may be used as a means for shorter transportation, recreation or for maintenance of health. A marketer tries to make the product versatile, so that it can be used in different situations. To know these different situations helps the marketer to plan the promotion of the product.

Another commonly used product related base for market segmentation is **benefits segmentation**. Here, the marketer identifies the benefits that a customer looks for when buying a product. This has been a very effective method of segmenting the market for watches, where a customer may buy for functional purposes and durability as a gift, an accessory or a jewellery item.

In each case, the customer need is different. A customer looks for different benefits. Some want intangible benefits, while others look for tangible ones. Looking attractive and pretty is very important to a woman when she buys dresses or cosmetics. Hence, some dress manufacturers use this intangible psychological benefit in their advertisement to segment their market.

Consumption rate is another basis of segmenting a market. The segments on the basis of consumption rate are:

- Heavy users
- Moderate users
- Light users

Another basis of segmentation is the decision criteria, a customer uses to evaluate and buy a brand or the product. Research shows the following four parameters in consumer decision making:

i. Price
ii. Perceived quality of the product/service
iii. Service offered by the firm
iv. Technology

Customers differ in terms of sensitivity on all these parameters. For example, there are customer clusters, who are high on price sensitivity. Likewise, there are segments that are quality, technology, and service conscious. To market to these segments, firms need to research the most dominant decision criteria in each segment and then evaluate its capability to deliver. This analysis can also help firms take appropriate positioning decisions.

C) Competition Based Segmentation

Retaining a number of loyal customers is an important indicator of successful marketing of an organisation. Therefore, customer loyalty is an important index to determine the competitive position of the firm. This is also used as a basis of segmenting the market. Based on loyalty, a market may have following segments:

- Hard core loyal
- Soft core loyal
- Switchers

Hard core loyals are those customers, who continue to buy the same brand over and over again ignoring a competing brand. News paper readers, tea drinkers are some of the customer groups who behave as a hard core loyal.

Soft core loyals are those customers who are loyal to two or three brands in a product group. For example, a housewife may be considered a soft core loyal if she buys Lux, Cinthol and Pears in different shopping trips. The marketers should watch such customers and try to motivate them to shift to the hard core loyalty segment.

Switchers are those customers who never stick to a brand. These are the customers who may switch for variety or a special deal. The marketer needs to examine why it is losing its customers to competitor brands. This can help it to evolve marketing strategy in order to strengthen its competitive position in the market.

1.7.2 Targeting

After segmenting a market, the next task of a marketer is to decide which market to target for their product i.e. choosing the target market. It is to be noted that, every segment that can be identified is not viable or profitable. The challenge that marketers' usually face is to select one or more segments to target with an appropriate marketing mix (product, price, place and promotion). To be an effective target, a market segment should be,

- identifiable,
- sizeable,
- stable or growing,
- accessible (reachable) and
- congruent (matching) with the marketer's objectives and resources. We shall sum about it more in unit 2.

1.7.3 Positioning

Positioning is the perception of a brand or product it bring s about in the mind of a target consumer. Nestle's Maggi noodles has been successfully positioned as the "two minute" noodle in the minds of target consumers and has created a distinctive brand image.

After deciding the segment to target, the company needs to develop a product positioning strategy. It needs to describe to customers how the company differs from current and potential competitors. Positioning is the act of designing the company's image and value offer so that the segment's customers understand and appreciate what the company stands for in relation to its competitors.



CHECK YOUR PROGRESS

Q 3: What are the major bases for market segmentation?

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Q 4: What are the different stages of buyer readiness?

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1.8 CONSUMER RESEARCH

The marketing concept is built on the assumption that marketers first identify the consumer needs and then develop products and services to satisfy those needs. Consumer research is the set of methods used to identify such needs. It is also used to identify and locate appropriate target market. It is used to identify both felt and unfelt (latent) needs, to learn how consumers perceive products and brands and stores, what their attitudes are before and after promotional campaigns and how and why they make their consumer decisions.

Consumer research provides the basis for the development of new product and service concept to meet targeted consumer needs. Consumer research enables the marketers to design a product or service with most sought after attributes by the consumers and decides the price that consumers would be willing to pay. Consumer research also helps to decide on the persuasive promotional programme to identify appropriate media choice to reach the target market and also to identify the retail outlet for distributing the product.

- **The research process:** The major steps in the research process include
  - Defining the objectives of the research
  - Collecting and evaluating secondary data
  - Designing a primary research study
  - Collecting primary data
  - Analysing the data, and
  - Preparing a report on the findings

Defining the objective of the research: At the outset, it is important to clearly specify the purpose and objective of the research study. This will ensure the development of appropriate research design. For example, if the purpose of the research study is to come up with new ideas of advertising campaign, then a qualitative study might be fruitful. In case the purpose of the study is to learn what percentage of people use certain products and how frequently they use them, then a quantitative study is more appropriate.

Collecting and evaluating secondary data: Secondary data is any information originally generated for some other purposes, and can be internal or external to the organisation. It includes findings based on data generated in-house for earlier studies and the data collected on customer information by the company sales people or by outside agency. The act of locating secondary data is called secondary research. Original research done by individuals or organisations is called primary research. Sometimes secondary research provides enough useful data and it eliminates the need to conduct primary research. Government agencies, industry sources,

trade associations, marketing research firms are important sources of secondary data. In most cases, secondary data offers clues and direction for the design of primary research.

Designing a primary research study: The selection of a research design depends on the purpose of the study. If a marketer needs descriptive information, then a quantitative research study is needed, but if the purpose is to generate new ideas, then a qualitative study is appropriate.

In case of qualitative research studies, data collection techniques include depth interview, focus groups and projective techniques. On the other hand, data collection techniques for quantitative research study include observation, experimentation (in laboratory or in a super market) and survey (by questioning people with the help of a questionnaire or inventories).

An integral component of the qualitative research design is the sampling plan. It addresses three questions: whom to survey (the sampling unit), how many to survey (the sample size) and how to select them (the sampling procedure).

Collecting primary data: Data collection phase of research is the most expensive and quite prone to error. The four major problems encountered are: some respondents may not be available at the time of data collection and may be either contacted again or replaced, other respondents may refuse the interview, still others may give biased or dishonest answers and some interviewer themselves may be biased or dishonest.

A quantitative study generally employs a field staff, recruited and trained by the researcher or contracted from a firm that specializes in conducting field interviews. The completed questionnaires received are reviewed on a regular basis to ensure that the recorded responses are clear and complete.

Analysing the data: This step of the research process extracts relevant findings from the collected data. The responses are tabulated and analysed with the help of statistical tools. Now-a-days data analysis is done with the help of computers and statistical software available for the purpose.

Preparing a report on the findings: After analysis, the researcher prepares a report on the findings to be presented to the relevant parties. It may or may not include any recommendations for action depending on the requirements of the management. The report includes a description of the methodology used, as well as tables and graphs to support the research findings.



1.9 LET US SUM UP

- In this unit, we have discussed consumer behaviour, its importance and application. Consumer behaviour is the behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of products or services. Consumer behaviour is interdisciplinary, i.e. it is based on concepts and theories about people that have been developed by scientists in diverse disciplines such as psychology, sociology, cultural anthropology and economics.
- We have also discussed the concept of market segmentation, targeting and positioning. Segmentation is the process of dividing a potential market into distinct subsets of consumers with a common need or characteristics. Marketers select one or more segments to target with a distinct marketing mix.
- The unit has also dealt with the consumer research process for the study of consumer behaviour.



1.10 FURTHER READING

1) Leon G. Schiffman, Leslie Lazar Kanuk and S. Ramesh Kumar, “Consumer Behaviour”, (10th Edition, 2010) Pearson, New Delhi.
2) Satish K. Batra and S H H Kazmi (2nd Edition, 2008), “Consumer Behaviour”, Excel Books, New Delhi.

3) D. Hawkins, R. Best, K. Coney, A. Mookerjee (9th Edition, 2007) "Consumer Behaviour", Tata McGraw-Hill Publishing Company Limited, New Delhi.



1.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: It is important for marketers to recognize why and how individuals make their consumption decisions so that they can make better strategic marketing decisions.

Ans to Q No 2: Personal consumer and the organisational consumer.

Ans to Q No 3: Customer based segmentation; Product related segmentation; Competition related segmentation.

Ans to Q No 4: At any given time, buyers are at different stages of readiness. There are unaware buyers, people who are aware but not interested, people who are interested and are desirous to buy, and lastly, those who will positively buy a product.



1.12 MODEL QUESTIONS

Q 1: What is consumer behaviour? Why is it important for marketers? What are the specific areas of marketing of in which knowledge of be applied ?

Q 2: What is the difference between buyer and user?

Q 3: What is market segmentation? Discuss the various bases of market segmentation.

Q 4: What is target marketing and positioning of product and services?

Q 5: Briefly discuss the steps involved in consumer research.

Q 6: What is the difference between secondary and primary data? What are the major sources of secondary data?

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UNIT 2: MARKET SEGMENTATION, TARGETING AND POSITIONING

UNIT STRUCTURE

2.1 Learning Objectives
2.2 Introduction
2.3 Introduction to Segmentation, Targeting, and Positioning
2.4 Market Segmentation
    2.4.1 Requirements for Effective Segmentation
2.5 Bases for Market Segmentation
2.6 Targeting
    2.6.1 Evaluation and Selection of Target Markets
    2.6.2 Patterns of Target Market Selection
2.7 Product Positioning
    2.7.1 Requisites for Product Positioning
    2.7.2 Positioning Strategies
2.8 Let Us Sum Up
2.9 Further Reading
2.10 Answers to Check Your Progress
2.11 Model Questions

2.1 LEARNING OBJECTIVES

After going through this unit you will able to

- learn the relationship between market segmentation, targeting and positioning
- Identify and describe the major variables for consumer segmentation
- outline how companies select target markets and implement segmentation strategies
- discuss the concepts of targeting
- learn how market segmentation is interlinked—- in the positioning strategy
- discuss the steps of product positioning.

2.2 INTRODUCTION

In the previous unit we have discussed about consumer behavior and its application in marketing and also studied consumer research process and some concepts of market segmentation, targeting and positioning. Segmentation, targeting, and positioning together comprise a three stage process. This unit starts with market segmentation, advantages of segmentation, requirements for effective segmentation, bases for market segmentation, market targeting, and market positioning.

Market segmentation can be defined as the process of dividing a market into distinct subsets of consumers with common needs or characteristics and selecting one or more segments to target with a distinct marketing mix.

2.3 INTRODUCTION TO SEGMENTATION, TARGETING, AND POSITIONING

A firm in order to be effective, in marketing should consider three main aspect, they are (a) Segmentation (b) Targeting (c) Positioning.

The decision process comprising market segmentation, target marketing, and positioning are closely related and have strong interdependence.

The firm first determines what kinds of customers exist and then select who would be best off to serve and, finally implement the segmentation by optimizing their products/services for that segment.

The process of splitting a market into smaller groups with similar product needs or identifiable characteristics, for the purpose of selecting appropriate target markets is defined as segmentation. An organization's proactive selection of a suitable market segment (or segments) with the intention of focusing the firm's marketing offers and activities towards this group of related consumers is called as targeting. Positioning is the target market's perception of the product's key benefits and features, relative to the offerings of competitive products.

The following diagram shows the interrelationships of segmentation, targeting and positioning of a product.

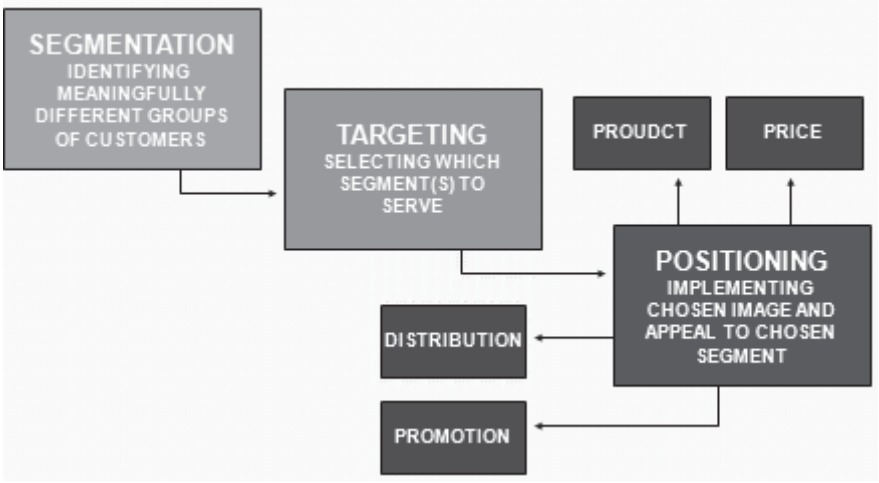


Fig 2.1: Segmentation, Targeting and Position

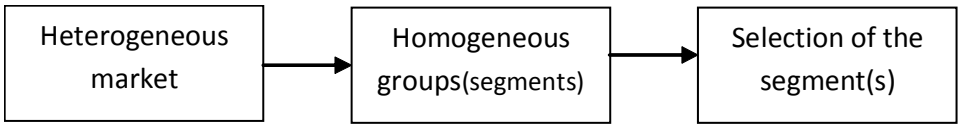
Source: www.consumerpsychologist.com/images/cb/STP.png

Let us now discuss these concepts in the following sections

2.4 MARKET SEGMENTATION

Market segmentation is the process of dividing the customers into groups which share similar characteristics for a specific product or services. Every product or services are not required by everybody. Therefore marketers must divide the customers on the basis of similar characteristics on one or more groups depending on the capability instead of launching its product in the open market. The concept of market segmentation helps in making marketing strategy and decision making for an organization.

According to Philip Kotler, "Market segmentation is sub-dividing a market into distinct and homogeneous subgroups of customers, where any group can conceivably be selected as a target market to be met with distinct marketing mix."



Market segment is a portion of a larger market in which the individuals, groups or organizations share one or more characteristics that cause them to have relatively similar product needs. The marketer experiences a heterogeneous market, with different customers with various

needs and preferences. However, a certain degree of homogeneity within groups of can be identified. This leads to the identification of a segment. Let us now discuss the advantages of market segmentation:

- Segmentation helps the marketer to understand and fulfill customer needs more effectively.
- Segmentation helps the marketer to formulate marketing programs and use marketing resources efficiently for products and service
- Segmentation helps marketer to use limited resources to address the customer requirement in best ways.
- Segmentation helps marketer to understand competition.

Although it is a very useful technique, segmentation may not be appropriate in every marketing situation. If, for instance, a marketer has to address only one group of customers (i.e. an undifferentiated market) where they have similar needs then one 'mass' marketing strategy would probably be appropriate for the entire market. However, in today's market scenario it is unlikely that one can find an entirely homogeneous market.

2.4.1 Requirements for Effective Segmentation

The following are the requirements that a firm should follow for effective segmentation of their product:

1. **Measurable:** A market segment must be measurable in terms of its size in purchasing power and profile of the segment.
2. **Accessible:** A market segment should be effectively accessible, i.e. they should be accessible through existing network of people at an affordable cost.
3. **Substantial:** The segment should be large and profitable enough to serve.
4. **Differential:** Segments must respond differently to different marketing mix elements & programs .
5. **Actionable:** In order for effective segmentation to occur a market segment must also be actionable. This means that effective programs can be designed to attract and serve the segments.



CHECK YOUR PROGRESS

Q 1: Define market segmentation

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Q 2: Write any two advantages of market segmentation

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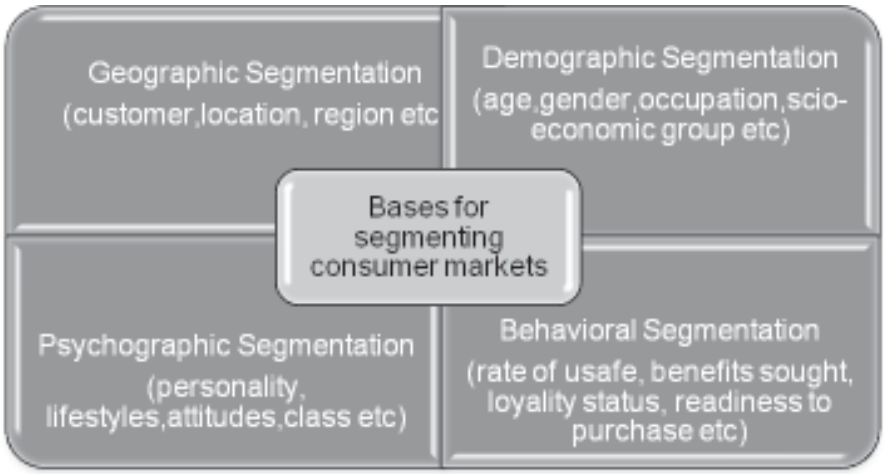
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2.5 BASES FOR MARKET SEGMENTATION

There are several ways an organization can segment the market. In unit 1, we discussed some of them. In this unit, we shall discuss about the same from another perspective, An important way of segmenting the market with respect to Indian context is consumer users and Industrial users. Consumer users are end-users who buy for their own use. Wheras, industrial users buy for manufacturing their own products. In this unit, we will discuss only about consumer users.

The bases for segmentation are as follows:

1. Geographic Segmentation
2. Demographic Segmentation
3. Psychographic Segmentation
4. Behavioral Segmentation



Let us discuss these bases in details in the following ways:

1. **Geographical Segmentation:** Geographical segmentation is one of the oldest and simplest methods of dividing the customer market on the basis of the geographical location of the customers. For Example, the lifestyle products sell very well in big cities then in small towns. People living in rural and urban region of the country have different purchasing or buying habits. Therefore services or product has to be designed keeping in mind the different preferences of each customer group.

   Segmentation of customers based on geographic factors are :

   - **Region** Segmentation by continent / country / state / district / city.
   - **Size** Segmentation on the basis of size of an urban area as per the population size.
   - **Population Density** Segmentation on the basis of population density such as urban / sub-urban / rural etc.

2. **Demographic Segmentation:** As we have already discussed in unit 1 demographic segmentation is dividing the customer market on the basis of several variables such as age, sex, gender, occupation, income, education, marital status, family life cycle, community, social status, nationality etc. For example buying behavior of car, beauty products, mobile phones, cards, apparels, are hugely influenced by their demographics.

3. **Psychographic Segmentation:** The Psychographic Segmentation is dividing the customer market on the basis personality, lifestyles, attitudes and habits of an individual. The personality refers to the traits which characterise persons as introvert, extrovert ambitious etc. Lifestyles refer to how a persons lives his life and do the expenditures. For example person having a lavish lifestyle may consider having an air conditioner in every room as a need, whereas a person living in the same city but having a conservative lifestyle may consider it as a luxury.

4. **Behavioral Segmentation: Behavioral Segmentation** is dividing the market on the basis of the individual's knowledge about the

product and the usage of the product. The customer can be segmented into those who know about the product, those who don't know about the product, Ex users, Potential users, Current Users First time users, etc. For example, an athlete may prefer to buy running shoes to participate in marathon race and a non athlete person may buy it just because he likes the shoes (light/medium user).

Once market segmentation is decided, the organization can target one or many of these segments to enter. The organization should target the segments which can best match the customer values and generate profitability for the organization and sustain it over time.For example, Tata Motors launched Tata Nano especially for the lower income group or people who prefer a compact car.

Marketers have identified three basic approaches to do this.They are :

1. Undifferentiated Marketing
2. Differentiated Marketing
3. Concentrated Marketing

Let us discuss these in detail:

1. **Undifferentiated Marketing:** Undifferentiated marketing is also called mass marketing. The undifferentiated marketing strategy focuses on an entire target market rather than a segment of it. The organization may produce one product, one price and one promotion offer to all customers with single marketing mix. Marketing of salt is an example of products that might be marketed effectively through an undifferentiated strategy.
2. **Differentiated Marketing:** Differentiated Marketing also called as multi-segment marketing. A differentiated marketing strategy targets different market segments with unique marketing mixes designed especially to meet each different segments' needs. Typically Marketing cost is higher in differentiated marketing and produces more sales than undifferentiated marketing. Though marketing costs is higher, an organization may be forced to practice differentiated marketing in order to remain competitive. For example, Maruti uses differentiated

marketing strategy by offering different brand to attract every customer segment.

3. **Concentrated Marketing:** Concentrated marketing is also known as niche marketing. The concentrated marketing strategy targets a single market segment with a single marketing mix. Product is developed and marketed in well defined and specific consumer segment. This approach may be used by small organisation that lacks the financial resources. Small organization has the opportunity to achieve strong dominance in this segment because of the better understanding of consumers' needs within this segment. Big organization also may use this strategy For Example, Rolex Watches and Johnson & Johnson's strategy for infant market (for baby food, baby talcum powder etc.) is a good example of concentrated marketing.



CHECK YOUR PROGRESS

Q 3: What is Differentiated Marketing

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Q 4: What is Undifferentiated Marketing

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2.6 TARGETING

After segmenting the market based on the different criterio, the marketer will need to choose the targets. Single strategy will not suit all consumer groups, so being able to develop specific strategies for the target markets is very important.

Targeting is to evaluate potential and commercial attractiveness of each segments and select one or more segments. The target segments are the *group(s) of customers that the marketer decides to serve.* It comprises buyers who share common needs, wants and preferences, and the marketer decides to serve them. The marketer would choose a segment that is *viable;* and, that he can *cater to effectively and efficiently*.

2.6.1 Evaluation and Selection of Target Markets

While evaluating and selecting the market segments, two aspects are considered, they are

a. **The *overall attractiveness* of the segment**: O*verall attractiveness* of the segment indicates the size of the segment, sales, growth rate and overall profitability. Structural attractiveness can be elaborated upon to include details on existing competition, entry/exit barriers for competition, availability of substitute products.

b. **The *company's objectives and constraints***: *Company's objectives and constraints* include the company's command over resources, skills and competencies and overall strengths in terms of physical and financial resources as well as time constraints.

2.6.2 Patterns of Target Market Selection

There are 5 different patterns of target market selection, namely

- *Single-segment concentration,*
- *Selective specialization or multi-segment,*
- *Product specialization,*
- *Market specialization and*
- *Full market coverage*

Let us discuss these in detail:

a. ***Single-segment concentration:*** *Single-segment concentration* or *concentrated marketing is that where the* marketer decides to cater to a single segment only. The marketer understands the needs and wants of the segment and focuses on one segment only. Example: Rolex watches, as we have discussed in concentrated marketing.

b. ***Selective specialization or Multi-segment:*** *Selective specialization or Multi-segment* is where the marketer caters to two or a few segments with different marketing mixes. It offers varied product and service offerings with distinct marketing mixes to the various segments. Examples: different

branch of Maruti Suzuki cars, soaps and detergents from Procter and Gamble.

c. ***Product specialization:*** Here, the marketer deals with varying products in the same product line; it adapts the product to sell to several different market segments. Example: Gillette.

d. ***Market Specialization:*** The marketer deals with one specific market only; he tries to meet many needs of a particular customer group. Example: The various ordinance factories in India exist to cater to meet the various needs of the defense forces only.

e. ***Full market coverage:*** Here, the marketer caters to the entire market. A full market coverage could assume two forms, *differentiated and undifferentiated*.

In the *differentiated* form, the marketer would operate in the whole market and offer different products for the various segments; Example: IBM, HP.

The *undifferentiated* form is also known as mass marketing. As we have already discussed, this approach views the market as one group with no individual segments, therefore using a single marketing strategy. This strategy may be useful for a business or product with little competition where an organistaion may not need to tailor strategies for different preferences. Example: Salt.



CHECK YOUR PROGRESS

Q 5: What are the different patterns of target market selection?

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Q 6: Define Targeting

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2.7 PRODUCT POSITIONING

As a part of STP (Segmentation, Targeting and Positioning) after deciding upon the targets to cater to, the marketer needs to position the product or service offering. Positioning is a podium for the brand. It facilitates the brand to get through the mind of the target consumer groups. The position of a product is the sum of those attributes normally recognized by the consumers " quality, quantity, strengths, weaknesses, threats, etc. "A product's position is how potential consumers see the product", and it is expressed in light of the positioning of competitive products.

Definitions by scholars:-

Kotler defined positioning as, "designing an offer so that it occupies a distinct and valued place in the minds of the target customer".

Al Ries and Jack Trout defined positioning as, " Positioning is not what you do to your product, but what you do to the mind of your prospective customer."-.

The position of a brand has to be diligently guarded, maintained, and managed. For example, watches like "Guess" are positioned as luxury brands, thus they are quite expensive and treated as a status symbol. If Guess reduces its prices, it lose may its real image and potential customers.

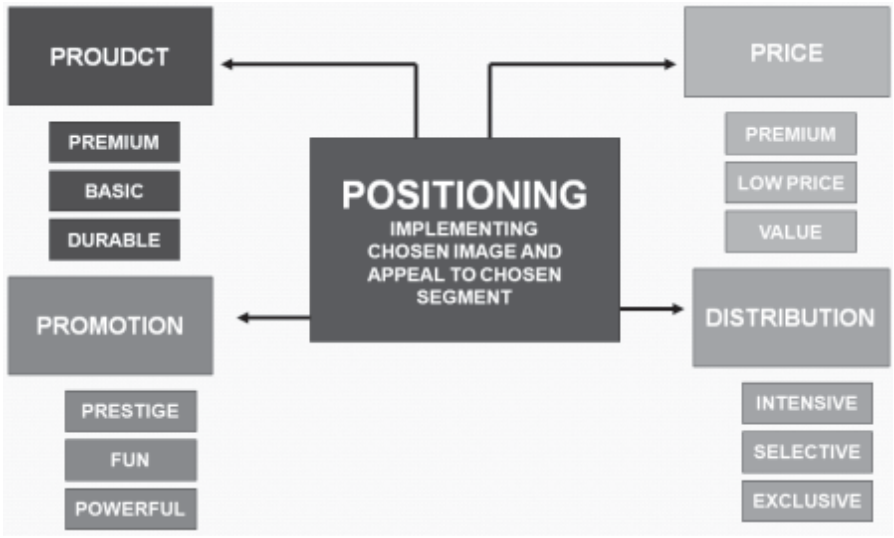


Fig 2.2: Positioning

Source: www.consumerpsychologist.com/images/cb/STP.png

Positioning is the last stage in the Segmentation Targeting Positioning Cycle. Once the organization decides on its target market, it strives hard to create an image of its product in the minds of the consumers. The marketers create a first impression of the product in the minds of consumers through positioning.

Positioning is an act of occupying a place in the minds of consumers regarding a product and brand image of an organization. Positioning helps to create first impression of brands and product in the minds of target audience. Effective positioning involves a good understanding of competing products and the benefits that are sought by a firm's target market. It also requires the marketer to identify a differential advantage with which it will deliver the required benefits to the market effectively against the competition. Business should aim to define themselves in the eyes of their customers in regard to their competition.

For Example : Ray Ban and Police Sunglasses cater to the premium segment while Vintage or Fastrack sunglasses target the middle income group. Ray Ban sunglasses have no takers amongst the lower income group.A female would never purchase a sunscreen lotion meant for men and vice a versa.

2.7.1 Requisites for product positioning

A marketer should consider the following points:

a. **Knowing the target audience:** It is essential for the marketers to first identify the target audience and then understand their needs and preferences. Every individual has varied interests, needs and preferences. The products must fulfill the demands of the individuals.

b. **Identifying the product features:** The marketers themselves must be well aware of the features and benefits of the products.

c. **Unique Selling Propositions (USP):** The organizations must create USPs of their brands and effectively communicate the same to the target audience.

d. Knowing the competitors: The marketer must be aware of the competitors' strategies. The marketers must always strive hard to have an edge over their competitors

2.7.2 Positioning Strategies

There are two types of positioning strategies which a marketer could choose, for positioning on :

a. Points of parity (POP)

b. Points of difference (POD).

Let us discuss these strategies in detail:

a. Points of parity (POP): Here, the product in question is not unique in nature; it is shared by other competitive brands. The product or service offering is similar to that of the competitor. Points of Parity (POP) are usually the attributes or functionalities or benefits or any other marketing mix elements that are not unique to the brand and might be shared by some or all the competitors, as they mostly include the basic necessities for a brand to be considered in a particular category.Example: Complan, Milo and Bournvita: *Positioned* as: All help children to grow. Points of parity could be further sub-divided into *Category point-of-parity associations, and Competitive point-of-parity associations.*

i) *Category point-of-parity:* The product or service offering should possess these qualities in order to qualify being a part of the product or service category. These are the bare minimum that all the brands should possess in order to qualify as a part of the product or service industry. Example: All mouthwashes contain antimicrobials; they are also minty.

ii) *Competitive point-of-parity:* These are developed to fight against and balance out with the competitors' points-of-difference. Example: Listerine vs Scope: Listerine claims to leave us fresh after a rinse and prevents bad

breath; Scope claims that it does the same but in a milder way.

Once a brand has established its Points of Parity, to be considered in a specific category and negated its competitors' advantage, the next step is to develop and highlight its own advantage in the category.

b. **Points of Difference (POD):** Points of Difference (POD) are usually the attributes or functionalities or benefits or any other marketing mix elements that a consumer strongly associates with a brand, which he/she feels is not offered by any of the competitors. To define in short, Points-of-Difference are relatively distinct aspects of a brand, as compared to its competitors.

Here, the product or service offering is unique; The positioning is based on the USP (Unique Selling Proposition). The uniqueness should be something that the 'customers value', and can relate to favorably. This USP leads to differentiation and can thus, develop competitive brand positioning. The product and service offering can be differentiated on the basis of product, service, people, image and public relations etc. Example: Auto color and contrast setting: LG Golden Eye.



CHECK YOUR PROGRESS

Q 7: What is Points of Parity?

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Q 8: Define Positioning

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2.8 LET US SUM UP

In this unit we have discussed the following:

- A firm in order to be effective, in marketing, should consider three main issues. They are (a) Segmentation (b) Targeting (c) Positioning. The decision process comprising market segmentation, target marketing, and positioning are closely related and have strong interdependence.
- Market segmentation is the process of dividing the customers into groups which share similar characteristics for a specific product or services.
- The bases for segmentation are: Geographic Segmentation, Demographic Segmentation, Psychographic Segmentation and Behavioral Segmentation
- The target segments are the *group(s) of customers that the marketer decides to serve.*
- There are 5 different patterns of target market selection, namely *Single-Segment Concentration, Selective Specialization or multi-segment, Product Specialization, Market Specialization and Full Market Coverage*
- Designing an offer so that it occupies a distinct and valued place in the minds of the target customer is called positioning. Positioning is the last stage in the Segmentation Targeting Positioning Cycle.
- There are two types of positioning strategies which a marketer could choose, for positioning : Points of Parity (POP) and Points of Difference (POD). In case of POP, the brand concerned is not that unique. However in case of Points of Difference, the brand is unique. It is based on Unique Selling Proposition (USP),



2.9 FURTHER READING

1) Kotler P. and Keller K.L. (2009) , Marketing Management, Thirteenth edition,, Pearson.

2) Peter, P.J. and Olson, J.C. (2005), Consumer Behavior and Marketing Strategy, Seventh Edition, McGraw-Hill Higher Education.

3) Schiffman, L.G. and Kanuk, L.L. (2004), Consumer Behavior, Eight Edition, Prentice Hall, India.



2.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Market segmentation is the process of dividing the customers into groups which share similar characteristics for a specific product or services.

Ans to Q No 2: Two advantages of market segmentation are:

- Segmentation helps the marketer to understand and fulfill customer needs more effectively.
- Segmentation helps the marketer to formulate marketing programs and use marketing resources efficiently for products and service

Ans to Q No 3: Differentiated Marketing is multi-segment marketing. A differentiated marketing strategy targets different market segments with unique marketing mixes designed especially to meet each different segments' needs.

Ans to Q No 4: The undifferentiated marketing strategy focuses on an entire target market rather than a segment of it. Undifferentiated marketing is also called Mass marketing.

Ans to Q No 5: There are 5 different patterns of target market selection, namely

- *Single-segment concentration,*
- *Selective specialization or multi-segment,*

- *Product specialization,*
- *Market specialization and*
- *Full market coverage*

Ans to Q No 6: Targeting is to evaluate potential and commercial attractiveness of each segment of the market and select one or more segments.

Ans to Q No 7: Points of Parity (POP) are usually the attributes or functionalities or benefits or any other marketing mix elements that are not unique to the brand and might be shared by some or all the competitors

Ans to Q No 8: Positioning is the last stage in the Segmentation Targeting Positioning Cycle. Positioning is an act of occupying a place in the minds of consumers regarding a product and brand image of an organization. Positioning helps to create first impression of the concerned brand and product in the minds of target audience.



2.11 MODEL QUESTIONS

Q 1: Define market segmentation.

Q 2: Discus the requirements for effective segmentation.

Q 3: Explain the bases for segmentation.

Q 4: Write short notes on.

a. Undifferentiated Marketing

b. Differentiated Marketing

c. Concentrated Marketing

Q 5: Define targeting.

Q 6: Explain the patterns of target market selection.

Q 7: What is product positioning.

Q 8: Write short notes on

a. Points of parity (POP)

b. Points of difference (POD).

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UNIT 3 :CONSUMER MOTIVATION AND PERSONALITY

UNIT STRUCTURE

3.1 Learning Objectives

3.2 Introduction

3.3 Needs, Goals and Dynamic nature of Motivation

- 3.3.1 Needs and Demand
- 3.3.2 Goals
- 3.3.3 The Dynamic Nature of Motivation

3.4 Personality

- 3.4.1 Nature of Personality

3.5 Theories of Personality

- 3.5.1 Freudian Theory
- 3.5.2 Neo Freudian Theory of Personality
- 3.5.3 Trait Theory of Personality

3.6 Personality and Consumer Behaviour

3.7 Product, Brand Personality and Self-Image

3.8 Let Us Sum Up

3.9 Further Reading

3.10 Answers to Check Your Progress

3.11 Model Questions

3.1 LEARNING OBJECTIVES

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

- discuss the types of human needs, motives
- state the meaning of goals
- discuss the nature and role of motives
- describe the importance of motivation in understanding consumer behaviour
- discuss the concept of personality and its influence on consumer behavior
- discuss different theories of Personality
- describe Brand Personality.

3.2 INTRODUCTION

In the earlier two units, we have discussed about the importance of consumer behavior and STP. In this unit we will discuss consumer motivation and personality which gets reflected in consumer behaviour. Motivation is the driving force within individuals that instigate them to action. This driving force is produced by a state of tension, which is caused by an unfulfilled need. Individuals go all-out, both consciously and subconsciously, to reduce this tension through behaviour that they anticipate will fulfill their need and thus relieve them of the stress they feel. Consumer motivation is related to creating the willingness of a consumer to go for a particular product. The consumer's personality is necessarily taken into account while the question of motivation is considered. The unit seeks to discuss such factors as needs, goals and the nature of motivation, nature of personality, the personality theories and how consumer behaviour can be related to personality. The following sections will discuss these issues in detail.

3.3 NEEDS, GOALS AND DYNAMIC NATURE OF MOTIVATION

3.3.1 Needs and Demand

Every individual has needs; some are inborn, others are acquired. Inborn needs are physiological (i.e., biogenic); such as need for food, clothing or shelter. These are primary needs or motives as they are essential for survival. Acquired needs are those we learn in response to our culture or environment. These may include needs for esteem (respect), for prestige, for affection etc. Acquired needs are psychological (i.e., psychogenic), and they are considered as secondary needs or motives.

Demand is the willingness to buy a product or service backed by affordability i.e. ability to pay.

3.3.2 Goals

Human behaviour is goal-oriented. Marketers are particularly interested in consumers' goal-oriented behaviour that concerns product, service or brand choice. They want consumers to view their products or brands as those that would best satisfy their needs and wants.

To satisfy any specific need there may be a number of solutions or goals. For example, to satisfy hunger, food is necessary. This food may be a plate of rice or a bowl of noodles. Here, the hunger is need and the food is the goal. The goal selection depends on an individual's personal experiences, physical capacity and prevailing cultural norms and values and also whether the goal object is accessible. Another important factor is the self-image the individual holds about himself/herself. Specific goal objects are often chosen not only because they satisfy specific needs, but also because they are perceived as symbolically reflecting the individual's self image.

Without needs there are no goals. Needs and goals are interdependent and neither can exist without the other. Generally, we are quite aware of what specifically we want and what our goal is. We are generally more aware of our primary needs than the psychological or secondary needs.

3.3.3 The Dynamic Nature of Motivation

Needs and goals are constantly growing and changing in response to an individual's physical condition, environment, interaction with others and experiences. An individual develops new goals as they attain their existing goals. If he/she cannot attain their goals, they continue to make every effort for old goals or they develop substitute goals. Need driven human activity never ceases because of the following reasons:

i. Needs are never fully satisfied.

ii. New needs emerge as old needs are satisfied
iii. Success and failure influence goals
iv. Substitute goals are formed when unable to achieve the old one.

A consumer's behaviour often fulfills more than one need. In fact, specific goals are selected because they fulfill several needs. We buy clothing for protection and modesty. In addition, our clothing fulfills a wide range of personal and social needs. In may indicate show of status and inclination towards adoption of new fashion.

Motive of an individual cannot be inferred accurately from his behaviour. People with different need may seek fulfillment through selection of the same goal; people with the same needs may seek fulfillment through different goals.

An individual's specific needs remains dormant in most of the time. The arousal of any particular set of needs at a specific moment may be caused by internal stimuli found in the individual's physiological condition; by emotional or cognitive processes; or by stimuli from the outside environment.

According to some psychologists, individuals have different need priorities; others believe that most human beings experience the same basic needs, to which they assign a similar priority ranking. Dr. Abraham Maslow, a psychologist formulated a hierarchy of the needs theory, which proposes five levels of human needs: physiological needs, safety needs, social needs, egoistic needs and self-actualisation needs.

Consumers do not buy products; instead they buy imply satisfaction or solution to their problem. Consumer motivations forces that stimulate and direct the consumers towards performing purposeful, goal-oriented behaviour. The personality of an individual guides the behaviour chosen to achieve specific goals in different situations. Marketers have shown an interest in segmenting consumers on the basis of personality, with the belief that

consumers' purchase decision reflects their unique personalities. Motivations indicates energizing and directing force that makes consumer behavior purposeful and goal directed. The personality of the consumer guides and directs the behavior chosen to accomplish goals. This takes us to discuss personality in the next section.

3.4 PERSONALITY

Personality distinguishes a person from other. Personality is related with the inner psychological characteristics that determine a person's response towards the environment. Gordon W. Allport has defined, "Personality is the dynamic organisation within the individual of those psychological systems that determine his unique adjustment to environment." In other words, personality means those inner psychological characteristics that both determine and reflect how a person responds to his or her environment. These inner characteristics are those specific qualities or traits that distinguish one individual from another. These characteristics, i.e. the personality of an individual, influence the individual's product or store choices; they also affect the way the consumer responds to a firm's communication efforts. Therefore the identification of specific personality characteristics associated with consumer behaviour may be highly useful in the development of a firm's market segmentation strategies.

3.4.1 Nature of Personality

In the context of marketing, personality has three distinct characteristics: (1) personality reflects individual differences; (2) personality is consistent and enduring; and (3) personality can change.

Let us discuss these characteristics in greater detail:

- **Personality reflects individual differences:**

The inner characteristics that constitute an individual's personality are a unique combination of factors. Therefore, no two

individuals are exactly alike. On the other hand, many individuals tend to be similar in terms of a single personality characteristic. Personality is a useful consumer behaviour concept because it enables us to classify people into different groups on the basis of a single trait or a few traits. If each person were different in all respects, it would be impossible to segment people into similar consuming groups; and there will be no need to develop uniform products and promotional campaigns.

- **Personality Is consistent and enduring:**

An individual's personality is generally believed to be consistent and permanent. Both qualities are essential for marketers to predict consumer behaviour in terms of personality. Though personality is thought to be consistent, yet consumption behaviour often varies because of psychological, socio-cultural and environmental factors that affect behaviour.

- **Personality can change:**

Despite the fact that, personality is consistent and enduring, it may change under certain circumstances, such as marriage, birth of a child, death of a loved one, change in economic conditions or gradual changes like ageing process.

3.5 THEORIES OF PERSONALITY

There are many personality theories. Marketers have mainly focused on three of them. They are: (1) Freudian theory, (2) Neo-Freudian theory and (3) Trait theory. Each of these theories of personality has played a prominent role in the study of the relationship between consumer behaviour and personality.

3.5.1 Freudian Theory

Sigmund Freud's psychoanalytic theory was built on the principle that unconscious needs or drives are at the heart of human motivation and personality. This theory proposes that every individual's personality is the result of childhood conflicts. These

conflicts are derived from three fundamental components of personality: Id, Ego and Superego. According to the theory, the id is the source of an individual's strong basic drives and urges such as hunger, sex, aggression and self-preservation. The id operates on what is called the 'pleasure principle', that is, to seek immediate pleasure and to avoid pain. The id is entirely unconscious and not fully capable of dealing with objective reality. Many of its impulses are not acceptable to the values of organised society. A newborn baby's behaviour, for example, is governed totally by the id.

The ego is the individual's conscious control. It comes into being because of the limitations of the id in dealing with the real world by developing individual's capabilities of realistic thinking and ability to deal suitably with his/her environment. Ego operates on what is called the 'reality principles'. It is capable of postponing the gratification until that time when it will be suitably and effectively directed at attaining the goals of the id in a socially acceptable manner. For example, rather than manifesting the need for aggression in an anti social manner, a consumer can partially satisfy this need by purchasing a powerful motorcycle. The ego is the individual's self concept.

The superego constitutes the moral part of an individual's personality. It represents the ideal rather than the real, defines what is right and good and it influences the individual to strive for perfection. It operates in the unconscious and often represses certain behaviour that would otherwise occur based on the id, which could disrupt the social system.

According to Freud, the ego manages the conflicting demands of the id and the superego. This usually results in realistic compromises between very basic strivings and socially acceptable behaviour. These components are believed to be occurring at an unconscious level. Freudian psychology says that quite a sizeable part of human behaviour is unconsciously motivated. The way the child manages these conflicts, determines the adult personality.

Unresolved conflicts in childhood result in 'defense mechanisms'.

There are several themes based on psychoanalytic theory, which are sometimes used by marketers in attempting to influence consumers such as fantasy, wish fulfillment, aggression and escape from life's pressures etc. Some examples of product categories where marketers adopt Freudian theory are perfume, hair dye, skincare products, dresses, farm houses and motorcycles.

3.5.2 Neo-Freudian Theory

Several of Freud's colleagues disagreed with his view of personality. Instead, these neo-Freudians believed that social relationships are fundamental to the formation and development of personality. For example, Alfred Adler viewed human beings as seeking to attain various rational goals. He also placed much emphasis on the individual's efforts to overcome feelings of inferiority, i.e., by striving for superiority.

Harry Stack Sullivan, another neo-Freudian, stressed that people continuously attempt to establish significant and rewarding relationships with others. He was concerned with the individual's efforts to reduce tensions, such as anxiety.

Another neo-Freudian, Karen Horney was interested in anxiety. She focused on the impact of child-parent relationships and the individual's desire to conquer feelings of anxiety. Horney proposed that individuals be classified into three personality groups:

- **Compliant:** those individuals who move towards others (they desire to be loved, wanted and appreciated).
- **Aggressive:** those individuals who move against others (they desire to excel and win admiration).
- **Detached:** those individuals who move away from others (they desire independence, self-reliance, self-sufficiency and freedom from obligations).

Many marketers use some of these neo-Freudian theories spontaneously. For example, marketers who position their products

or services as providing an opportunity to belong or to be appreciated by others in a group or social setting would seem to be guided by Horney's characterization of the "compliant individual". On the other hand, marketers who position their products as being unique or for nonconformists seem to be guided by Horney's characterization of a "detached individual".



LET US KNOW

Sigmund Freud: Founder of psychoanalysis was born in Vienna in 1856, Freud's first work was on biology and clinical neurology. His psycho analytic theory has been a widely disussed topic.

3.5.3 Trait Theory of Personality

This theory is relatively recent in origin and uses very popular personality concepts to explain consumer behaviour. Trait theory focuses on the measurement of personality in terms of specific psychological characteristics, called traits. A trait is any distinguishing characteristic which differs from one individual to another. Trait theory states that human personality is composed of a set of traits that describe general response patterns. Trait theorists are concerned with the construction of personality tests that enable them to pinpoint individual differences in terms of specific traits.

Selected single-trait personality tests, which measure just one trait, such as self-confidence, are often developed specifically for use in consumer behaviour studies. These tailor-made personality tests measure such traits as consumer innovativeness (how receptive a person is to new consumer-related experiences), consumer materialism (the degree of consumer's attachment to "worldly possessions"), and consumer ethnocentrism (the consumer's likelihood to accept or reject foreign made products).

Trait researchers have found that it is generally more realistic to expect personality to be linked to how consumers make

their choices and to the purchase or consumption of a broad product category rather than a special brand. For example, there is more likely to be a relationship between personality traits and whether or not an individual regularly drinks soft drink rather than between a personality trait and the brand of soft drink purchased.

3.6 PERSONALITY AND CONSUMER BEHAVIOUR

Marketers are interested in understanding how personality influences consumption behaviour because such knowledge enables them to understand the consumers better and to segment and target those consumers who are likely to respond positively to their product or service communications.

Marketing practitioners try to learn about consumer innovators (innovators are open to new ideas and try a new product immediately on its launch). Response of such innovators is a critical indication of ultimate success or failure of a new product or service.

The personality traits that have been useful in differentiating between innovators and non-innovators include dogmatism, social character, need for uniqueness, sensation seeking and variety-novelty seeking. Dogmatism is a personality trait that measures the degree of rigidity an individual displays toward the unfamiliar and toward information that is contrary to his or her own established belief. A highly dogmatic person approaches the unfamiliar defensively and with considerable discomfort and uncertainty. At the other end, a person with low dogmatism will readily consider unfamiliar beliefs.

Consumers with low dogmatism (i.e. open-minded) are more likely to prefer innovative products while highly dogmatic (close-minded) consumers are more likely to choose established products.

Thus, there is a relationship between personality and behaviour of a consumer. Therefore, studying consumer personality is helpful for the marketers to design product and promotional measures.



CHECK YOUR PROGRESS

Q 1: What is physiological need and what is psychological need?

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Q 2: Define personality according to Gordon Alport.

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Q 3: What are the different theories of personality?

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.....

3.7 PRODUCT, BRAND PERSONALITY AND SELF-IMAGE

A product is not a mere object; or a mere assemblage of matter. Products have an identity or a personality of their own. Users associate meaning with products, they derive satisfaction from them. The physical entity is one component of the product personality. The various features and functions built around it – the brand name, the package and labeling, the quality associated with it, the guarantees, the price label, the manufacturer's name and prestige – all go into the personality of the product. This total personality, or the 'total product offering', is the real tool with which a marketer satisfies a customer. A product communicates with the consumer through its personality.

Consumers also subscribe to the notion of brand personality; i.e., they attribute various descriptive personality-like traits or characteristics to different brands in a wide variety of product categories. A brand personality provides an emotional identity for a brand, and encourages consumers to respond with feelings and emotions towards the brand. For example, Liril soap represents freshness in the mind of consumers. Any brand personality, as long as it is strong and favourable, will strengthen a brand.

Research studies have found that a strong, positive brand personality leads to more favourable attitudes towards the brand, brand preference, higher purchase intentions and brand loyalty.

Brand personification is recasting the consumers' perception of a product or service into a human-like character. Many consumers express their inner feelings about products or brands in terms of their association with known personalities.

Self-Image or perceptions of self is very closely associated with personality. Individuals tend to buy products and services and patronize retailers whose image or personalities relate in some meaningful way to their own self-images. A variety of different self-images have been recognised in the consumer behaviour literature for a long time. They are as follows: (1) actual self-image (how consumers see themselves), (2) ideal self-image (how consumers would like to see themselves), (3) social self-image (how consumers feel others see them), and (4) ideal social self-image (how consumers would like others to see them).



CHECK YOUR PROGRESS

Q 4: What is product personality?

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Q 5: What is brand personality?

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3.8 LET US SUM UP

In this unit we have discussed consumer motivation and personality.

- Consumer motivation is a driving force to take buying decisions.
- Some important factors of motivation are unsatisfied needs and goals.
- Personality of an individual also influences in consumer's buying behavior.

- In marketing management, personality has three distinct properties:
  1. Personality reflects individual differences
  2. Personality is consistent and enduring
  3. Personality can change.
- There are different theories of personalities, which are
  1. Freudian theory: According to this theory unconscious needs or drives are at the heart of human motivation.
  2. Neo Freudian theory: According to this theory, social relationships are fundamental to the formation and development of personality.
  3. Trait theory: This theory states that, quantitative approach to personality as a set of psychological traits.
- Next, we have discussed how positive brand personality leads to favourable attitudes towards the brand.
- At last we have discussed that brand personification and self image is also associated with personality.



3.9 FURTHER READING

1) Leon G. Schiffman, Leslie Lazar Kanuk and S. Ramesh Kumar, “Consumer Behaviour”, (10th Edition, 2010) Pearson, New Delhi.
2) Satish K. Batra and S H H Kazmi (2nd Edition, 2008), “Consumer Behaviour”, Excel Books, New Delhi.
3) D. Hawkins, R. Best, K. Coney, A. Mookerjee (9th Edition, 2007) “Consumer Behaviour”, Tata McGraw-Hill Publishing Company Limited, New Delhi.



3.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Inborn needs are physiological (i.e., biogenic); such as need for food, clothing or shelter. Acquired needs are psychological (i.e., psychogenic), and they are considered as secondary needs or motives.

Ans to Q No 2: According to Gordon Alport, "Personality is the dynamic organisation within the individual of those psychological systems that determine his unique adjustment to environment."

Ans to Q No 3: (1) Freudian theory, (2) Neo-Freudian theory and (3) Trait theory

Ans to Q No 4: Product personality builds with the physical appearance of the product, brand name, the package and labeling, the quality associated with it, the guarantees, the price label, the manufacturer's name and prestige.

Ans to Q No 5: A brand personality provides an emotional identity for a brand, and encourages consumers to respond with feelings and emotions towards the brand.



3.11 MODEL QUESTIONS

Q 1: What is a motive? What are the various roles that motives play in influencing consumer behaviour?

Q 2: Motivation is dynamic in nature. Discuss.

Q 3: What is personality? Discuss the trait theory of personality.

Q 4: State the concept of Ego and Superego. How can these influence product choice?

Q 5: What is neo-Freudian theory? What are its implications for marketers?

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UNIT 4: CONSUMER PERCEPTION

UNIT STRUCTURE

4.1 Learning Objectives

4.2 Introduction

4.3 Introduction to Consumer Perceptions

- 4.3.1 Thresholds of Perceptions
- 4.3.2 Subliminal Perception

4.4 Three Elements of Perception

- 4.4.1 Perceptual Selection
- 4.4.2 Perceptual Organisation
- 4.4.3 Perceptual Interpretation

4.5 Product and Service Positioning

4.6 Perceived Price, Quality and Risk

4.7 Let Us Sum Up

4.8 Further Reading

4.9 Answer To Check Your Progress

4.10 Model Questions

4.1 LEARNING OBJECTIVES

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

- define consumer perception
- learn about absolute and differential threshold of perceptions
- discuss subliminal perception
- discuss the three elements of perception.

4.2 INTRODUCTION

In the earlier unit, we have discussed about consumer personality. In this unit we will discuss consumer perceptions relating to buying behavior. As individuals, we tend to see the world around us in our own special ways. Several people can view the same event at the same time, and each will report differently from all the others. Individuals act and

react on the basis of their perceptions, not on the basis of objective reality. Perception can be described as “how we see the world around us.” Two individuals may be subject to the same stimuli under the same conditions, but how they recognize them, select them, organize them and interpret them is a highly individual process based on each person’s own needs, values, and expectations.

Perception can be defined as the process by which an individual selects, organizes and interprets stimuli into a meaningful and logical picture of the world. A stimulus is any unit of input to any of the senses. Products, packages, brand names, advertisements are the examples of stimuli. Human organs like the eyes, ears, nose, mouth and skin are the sensory receptors that receive sensory inputs. The functions of the sensory receptors come into play, singly or in combinations, in the evaluation and use of most consumer products. Human sensitivity refers to the experience of sensation. Sensation is the immediate and direct response of the sensory organs to stimuli.

4.3 INTRODUCTION TO CONSUMER PERCEPTIONS

4.3.1 Thresholds of Perceptions

There are two thresholds of perception, namely *absolute threshold* and *differential threshold*. Let us discuss them in detail.

(a) The absolute threshold : The lowest level at which an individual can experience a sensation is called the absolute threshold. The point at which a person can detect a difference between “something” and “nothing” is that person’s absolute threshold for that stimulus. The distance at which a driver can note a specific advertising hoarding on a highway is that individual’s absolute threshold. Two persons riding together may first spot the hoarding at different times i.e., at different distance, thus they are having different absolute thresholds. Under continuous stimulation, the absolute threshold

increases, (i.e. the person gets used to the stimulus); or adaptation takes place. Sensory adaptation is a problem for the advertisers. Therefore, they try to change their advertising campaign regularly. It is very much important to gain attention.



J.N.D: Just noticeable difference.

(b) The Differential Threshold : The minimal difference that can be detected between two similar stimuli is called the differential threshold or the just noticeable difference (j.n.d.). Ernst Weber, a German scientist discovered that j.n.d. between two stimuli was not an absolute amount, but an amount relative to the intensity of the first stimulus. This finding is known as **Weber's Law**, which states that the stronger the initial stimulus, the greater the additional intensity needed for the second stimulus to be perceived as different. For example, if the price of a one liter container of premium orange juice is Rs.150, most consumer will probably not notice an increase of Rs.2(as the increment would be below the j.n.d.), and an increase of more than Rs.5 in price may be noticed. But an increase of Rs.5 in the price of petrol would be noticed very quickly by the consumers because it is a significant percentage of the last price of the product.

According to Weber's Law, an additional level of stimulus equivalent to the j.n.d. must be added for the majority of people to perceive a difference between the resulting stimulus and the initial stimulus.

Weber's Law has important applications in marketing. Manufacturers and marketers try to determine the relevant j.n.d. for their product for two very different reasons: (1) Negative changes like reduction in size or quality, or increase in price are not readily noticeable to the public (i.e., remain below the j.n.d.), and (2) Product improvement or reduction of price is easily visible to consumers without being wastefully extravagant (i.e., they are at or just above the j.n.d.).

4.3.2 Subliminal Perception

People are stimulated below their level of conscious awareness; that is, they can perceive stimuli without being consciously aware that they are doing so. Stimuli that are too weak or too brief to be consciously seen or heard may yet be strong enough to be perceived by one or more receptor cells. This process is called subliminal perception because the stimulus is beneath the threshold, of conscious awareness, though obviously not beneath the absolute threshold of the receptors involved. Perception of stimuli that are above the level of conscious awareness is called **supraliminal perception** or simply as perception.

Subliminal perception became a topic of discussion during late 1950s when it was reported that advertisers could expose consumers to subliminal messages without their being consciously aware of this. It was believed that such messages could motivate people to buy products or act in ways beneficial to the advertiser without really being aware of why they did so. A series of experiment were conducted and the findings were that individuals could perceive below their level of conscious awareness but their purchase behaviour was not affected by subliminal perception. Subliminal research studies are inconclusive as far as the impact of advertising is concerned.

4.4 THREE ELEMENTS OF PERCEPTION

Raw sensory input by itself does not produce or explain the logical picture of the world that most adults possess. The study of perception is largely the study of what we subconsciously add to or subtract from raw sensory inputs to produce our private picture of the world.

Individuals are selective as to which stimuli they recognize; no two people see the world in exactly the same way. They subconsciously organise the stimuli they do recognize and they interpret such stimuli

subjectively in accordance to their personal needs, expectations and experiences. Each of these three aspects of perception is the selection, organisation and interpretation of stimuli, which are discussed in the following section.

4.4.1 Perceptual Selection

Consumers subconsciously exercise selectivity as to which aspects of the environment they perceive. An individual may look at something, ignore others and turn away from still others. In reality, people receive or perceive only a small fraction of the stimuli they are exposed to. This is because of selective perception of an individual. Because of this selection, a consumer can select and buy in a store without any problem even though the consumer is exposed to thousands of product with different size, shape, colour, many people, sounds (announcement, music etc.), smells and tastes. Which stimuli get selected depends on two major factors in addition to the nature of the stimulus itself: (1) consumers' previous experience as it affects their expectations and (2) their motives at the time (their needs, desire, interest etc.). Each of these factors can serve to increase or decrease the probability that a stimulus will be perceived.

4.4.2 Perceptual Organisation

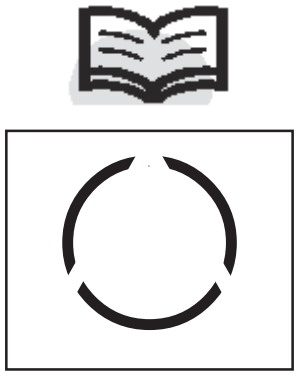
People do not experience the numerous stimuli they select from the environment as separate and distinct sensations; rather they tend to organise them into groups and perceive them as unified wholes. Thus, the perceived characteristics of even the simplest stimulus are viewed as a function of the whole to which the stimulus appears to belong. This method of perceptual organisation simplifies life considerably for the individual. Three of the most basic principles of perceptual organisation are figure and ground, grouping and closure.

Figure and Ground: Stimuli that contrast with their environment are more likely to be noticed. A sound must be louder or softer; a colour must be brighter or paler. The simplest visual illustration consists of a figure on a ground (i.e., background). The figure is perceived more clearly because, in contrast to its ground, it appears to be well defined. The ground is usually perceived as hazy. The common line that separates the figure and the ground is generally attributed to the figure rather than to the ground, which helps give the figure greater definition. Figure is more clearly perceived because it appears to be dominant; in contrast, ground appears to be subordinate and, therefore, less important.

Advertisers have to plan their advertisement carefully to make sure that the stimulus they want to be noted is seen as figure and not as back ground. The background of an advertisement must not detract from the product.

Grouping: Individuals tend to group stimuli so that they form a unified picture or impression. The perception of stimuli as groups or chunks of information facilitates their memory and recall. Marketers use grouping to imply certain desired meanings in connection with their products. For example, an advertisement for tea may show a young man and woman sipping tea in a beautifully appointed room before a blazing hearth (fine place). The overall mood implied by the grouping of stimuli leads the consumer to associate the drinking of tea with romance, fine living and winter warmth.

Closure: Individuals have a need for closure. They express this need by organizing their perceptions so that they form a complete picture. If the pattern of stimuli to which they are exposed is incomplete, they tend to perceive it, yet as complete; i.e., they consciously or subconsciously fill in the missing pieces. Thus, a circle with a section of its periphery missing is invariably perceived as a circle, not an arc. Incomplete messages are better remembered than completed ones (as shown in figure 4.1).



***Figure–** 3.1*

The need for closure has interesting implications for marketers. Promotional messages in which viewers are required to "fill in" information beg for completion by consumers and the very act of completion serves to involve them more deeply in the message.

4.4.3 Perceptual Interpretation

Perception is a personal phenomenon. People exercise selectivity as to which stimuli they perceive, and they organise these stimuli on the basis of certain psychological principles. The interpretation of stimuli is also uniquely individual, because it is based on what individuals expect to see in light of their previous experiences, and their motives and interest at the time of perception.

Stimuli are often highly confusing. Some stimuli are weak because of such factors as poor visibility, brief exposure, high noise level or constant fluctuation. Even strong stimuli tend to fluctuate because of different angles of viewing, varying distances, and changing level of illumination. In case of such ambiguous stimuli, an individual will usually interpret them in such a way that they serve to fulfill their personal needs, wishes and interests.



CHECK YOUR PROGRESS

Q 1: Define perception.

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Q 2: What are the two thresholds of perception?

.....

Q 3: What is subliminal perception?

.....

Q 4: What are the three elements of perception?

.....

4.5 PRODUCT AND SERVICE POSITIONING

Consumers have a number of permanent perceptions, or images, that are particularly relevant to the study of consumer behaviour. Products and brands have symbolic value for individuals, who evaluate them on the basis of their consistency with their personal pictures of themselves.

The essence of successful marketing is the image that a product has in the mind of the consumer— that is, its positioning. Positioning is more important to the ultimate success of a product than its actual characteristics. Of course poorly made products will not succeed in the long run on the basis of its image alone. Most new products fail because they are perceived as “me too” offerings that do not offer potential consumers any advantage or unique benefits over the other competitive products.

Marketers of different brands in the same category can effectively differentiate their offerings only if they stress the benefits that their brands provide rather than their products’ physical features. The benefits featured in a product’s positioning must reflect attributes that are important to and match with the perceptions of the targeted consumer segment. For example, in case of detergent powder, the basic benefit is to clean clothes. But every brand of detergent powder has been positioned with different claims to the different segment of the consumers.

In case of service marketing, the marketers face several unique problems in positioning and promoting their products, due to its intangible nature. Here, image becomes a key factor in differentiating a service from its competition. In case of service, the basic benefit offered by a hotel is rest and food. But the hotels may position their services to different consumers differently such as budget hotels, luxury hotels or resorts.

4.6 PERCEIVED PRICE, QUALITY AND RISK

The meaning of price to consumer is quite complex. Consumers generally perceive a low price for a meal in a fast-food outlet, but a high price for a meal at a five star hotel as consistent with the value that they received in both instances and therefore as fair. How a consumer perceives

a price—as high, low or fair—has a strong influence on buying intension and post-purchase satisfaction. Perceptions of price fairness or unfairness affect consumers' perceptions of product value and ultimately, their willingness to patronize a store or a service.

Consumers have certain expectations of what the price is or should be of a product or service. Their expectations may or may not reflect the actual price of the product or service. Consumers often associate the price of a product or service with quality.

Consumers' perceived quality of a product or service is based on a variety of informational stimuli that they associate with the product. Consumers often tend to assess the quality of a product or service on the basis of different types of information they relate with the product or service. This information may be *intrinsic* or *extrinsic*. Intrinsic information relate to the physical attributes of the product such as the size, colour or smell etc., which are sometimes used to judge the quality of a product. For example, quality of perfume is often judged on the basis of fragrance, physical appearance of the container, packaging and its colour. On the other hand, consumers lacking actual experience with a product tend to judge the quality on the basis of extrinsic information such as brand image, price, or even country of origin. Lacking previous purchase experiences may lead to an awareness that higher quality products tend to be costly and high price may become an indicator of high quality and low priced product may be of low quality.

It is difficult to evaluate the quality of service due to its intangibility, variability and perishable nature. A service is also produced and consumed simultaneously. Actual quality of a service can vary from day to day, from employee to employee and also from customer to customer. In case of an inferior service it is difficult to correct. As for example, a defective haircut is difficult to correct.

Consumers constantly make decision regarding purchase of product or service which to buy and the source of purchase. The outcomes of such purchase decisions are often uncertain. So the consumers perceive some degree of risk in making a purchase decision. This uncertainty that consumers face when they cannot anticipate the consequences of their purchase decisions is called perceived risk. The

perceived risk influence a consumer's action whether the risk actually exist or not. But the risk that is not perceived will not influence consumer behaviour even if the risk may be real and dangerous. Perceived risk may be functional risk, physical risk, financial risk, social risk, psychological risk and time risk. Let us briefly discus these risks.

(i) Functional risk is the risk that the product will not perform as expected. (ii) Physical risk is the risk to self and others that the product may pose. (iii) Financial risk is the risk that the product will not be worth its cost. Or there may be reduction of price of the product in near future. (iv) Social risk is the risk that a poor product choice may result in social embarrassment. (v) Psychological risk is the risk that a poor product choice will bruise the consumer's ego. (vi) Time risk is the risk that the time spent in product search may be wasted if the product does not perform as expected.

For reducing the perceived risk so that they can take purchased decision with confidence, consumers adopts the following actions:

i) Consumers seek more information from available sources like friends, sales people, media etc and take more time to take the decision.

ii) Consumer prefers known brand and avoid unknown brand (brand loyal). When consumers have no information they rely on brand image and/or image of the store.

iii) Consumers also try to lower perceived risk by selecting the most expensive model. In this case they assume that the expensive model is probably the best in terms of quality.



CHECK YOUR PROGRESS

Q 5: What is perceived price?

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Q 6: What is perceived quality?

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Q 7: What is perceived risk?

.....

Q 8: What is functional risk?

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4.7 LET US SUM UP

In this unit we have discussed about consumer perception influencing buying behaviour.

- Consumer perception is defined as the process by which an individual selects, organizes and interprets stimuli into a meaningful and logical picture of the world.
- There are two thresholds of perception, namely *absolute threshold* and *differential threshold* .
- Then we have discussed subliminal perception which is “Perception of stimuli that are above the level of conscious awareness”.
- Then we have discussed how product and service positioning are important in perception.
- At last we have discussed about perceived price, quality and risk associated with perception.



4.8 FURTHER READING

1) Leon G. Schiffman, Leslie Lazar Kanuk and S. Ramesh Kumar, “Consumer Behaviour”, (10th Edition, 2010) Pearson, New Delhi.

2) Satish K. Batra and S H H Kazmi (2nd Edition, 2008), “Consumer Behaviour”, Excel Books, New Delhi.

3) D. Hawkins, R. Best, K. Coney, A. Mookerjee (9th Edition, 2007) “Consumer Behaviour”, Tata McGraw-Hill Publishing Company Limited, New Delhi.



4.8 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Consumer perception is defined as the process by which an individual selects, organizes and interprets stimuli into a meaningful and logical picture of the world.

Ans to Q No 2: There are two thresholds of perception, namely *absolute threshold* and *differential threshold*.

Ans to Q No 3: Subliminal perception indicate the "perception of stimuli that are above the level of conscious awareness".

Ans to Q No 4: The elements of perception (i) Perceptual selection, (ii) Perceptual organisation, (iii) Perceptual Interpretation.

Ans to Q No 5: The perception of price is affected by consumers' perceptions of product value and ultimately, their willingness to patronize a store or a service. This maker it different from the actual price.

Ans to Q No 6: Extrinsic information such as brand image, price, or even country of origin also may influence the perceived quality of product.

Ans to Q No 7: The uncertainty that consumers face when they cannot anticipate the consequences of their purchase decisions is called perceived risk.

Ans to Q No 8: Functional risk is the risk that the product may not perform as expected.



4.10 MODEL QUESTIONS

Q 1: What is perception? How does it influence consumer behaviour?

Q 2: What is the difference between absolute and differential threshold?

Q 3: What is just noticeable difference? Discuss three marketing situations where it can be usually used.

Q 4: Discuss the concept of perceptual selection.

Q 5: What is perceived risk? What are its types? How can consumers handle risk?

*** ***** ***

UNIT 5: CONSUMER LEARNING

UNIT STRUCTURE

5.1 Learning Objectives

5.2 Introduction

5.3 The Elements of Consumer Learning

5.4 Theories of Learning

- 5.4.1 Behavioural barning theories
- 5.4.2 Cognitive baring theories

5.5 Measures of Consumer Learning :

- 5.5.1 Recognition and Recall
- 5.5.2 Brand Loyalty

5.6 Let Us Sum Up

5.7 Further Reading

5.8 Answer to Check Your Progress

5.9 Model Questions

5.1 LEARNING OBJECTIVES

After going through this unit you will be able to :

- learn the process and four elements of consumer learning
- get acquainted with the various theories of learning
- discuss how consumer learning and its results are measured.

5.2 INTRODUCTION

In this unit we will discuss process of consumer learning as regards buying of products or services. Learning is a relatively permanent change in behaviour which occurs as a result of experience. Learning is a human activity that is as natural as breathing. Studies show that learning begins while a person is in the mother's womb. From the marketing perspective, Schiffman and Kanuk define learning as 'the process by which individuals acquire the purchase and consumption knowledge and experience that they apply to future related behaviour'.

Consumer learning process evolves and changes as a result of newly acquired knowledge gained from reading, discussions, observations or thinking; or from actual experience. Both newly acquired knowledge and personal experience serve as feedback to the individual and provide the basis for future behaviour in similar situations.

5.3 THE ELEMENTS OF CONSUMER LEARNING

In order for learning to takes place, certain basic elements must be present, like, motives, cues, response and reinforcement etc. Let us brefly discuss these elements.

Motives: Uncovering consumer motive is the prime task of the marketers. Motivation is the driving force that impels individuals to action and is the result of unfulfilled need (s). If an individual has strong motivation to learn something, there is increased likelihood that learning will take place. For example, students who want to pursue a course in computer application would be motivated to seek information concerning the courses offered by different institutes and possibly the quality of faculty and lab facilities. On the other hand, students who are not interested are unlikely to pay any attention to or ignore all information about computer courses. The degree of involvement in the goal object will influence an individual's degree of motivation to acquire information or knowledge about the product or service. Marketers use motivation research to unearth consumer motives and use it in developing marketing programmes.

Cues: Cues are relatively weak stimuli, not strong enough to arouse consumers but have the potential of providing direction to motivated activity. For example, an advertisement about a computer course is a cue that suggests a way to satisfy the motive of learning computer application. Consumers are exposed to various cues almost every day such as advertisement, displays, packaging and prices etc. These cues serve to help consumers satisfy their needs by purchasing certain brands.

Response: The way an individual reacts to a cue or stimulus is the response and could be physical or mental in nature,which leads to learning. For example, a computer marketer keeps on providing cues to

a student through promotional activities and may not be successful in eliciting the final purchase behaviour for a variety of reasons, though the student is motivated to buy. It is also possible that the student forms a favourable image about a particular model, has enough resources and buys the computer. Consumers are exposed to many cues providing direction at the same time and each cue competes for attention. The responses to particular cue or stimuli may be significantly affected by earlier learning as a result of response reinforcement.

Reinforcement: Most scholars agree that reinforcement of a specific response increases the likelihood for the response to reoccur. Reinforcement can be anything that both increases the strength of response and tends to induce repetitions of the behaviour that preceded the reinforcement.

Since reinforced behaviour increases the likelihood of repetition, consumers often learn to develop behaviour appropriate to respond to their needs. For example, if a consumer learns that an advertised remedy for common cold helped to get relief from painful symptoms, a consumer is more likely to buy the advertised brand again, if needed in future, because the remedy lived up to expectations (i.e inforcement of behaviour because the remedy alleviated the painful symptoms). Had the advertised brand failed the first time to provide relief, the individual would be less likely to buy that brand again, no matter how often she/he gets exposed to advertising or other promotions for the same brand.

5.4 THEORIES OF LEARNING

Different of hearning theories have different views on learning. There are basically two approaches to the study of learning i.e. behavioural approach to learning and cognitive approach to learning. According to behavioural theorist, learning takes place in response to event/ happenings in the person's external environment. And cognitive theorists believe that learning takes place as a result of a person's conscious information processing and storage activity. These two theories are discussed below:

5.4.1 Behavioural Learning Theories

Behavioural learning theories are referred to as stimulus-response theories because they are based on the principle that learning takes place as the result of observable responses to external stimuli. If a person acts or responds in a predictable way to a known stimulus, he or she is said to have “learned”. Two behavioural learning theories with great relevance to marketing are classical conditioning and instrumental or operant conditioning.

(a) Classical Conditioning:

Early classical conditioning theorists regarded all organisms (both animal and human) as relatively passive entities that could be taught certain behaviours through repetition i.e., conditioning. The word conditioning means automatic response to a situation built up through repeated exposure.

Ivan Pavlov, a Russian physiologist, was the first to describe conditioning and to propose it as a general model of how learning occurs. According to Pavlovian theory, conditioned learning results when a stimulus that is paired with another stimulus that elicits a known response serves to produce the same response when used alone. Pavlov demonstrated what he meant by conditioned learning in his studies with dogs. Genetically, dogs are always hungry and highly motivated to eat. In his experiments, Pavlov sounded a bell and then immediately applied a meat paste to the dogs’ tongues, which caused them to salivate. Learning (conditioning) occurred when, after a sufficient number of repetitions of the bell sound followed almost immediately by the food, the bell sound alone caused the dogs to salivate. The dogs associated the bell sound (the conditioned stimulus) with the meat paste (the unconditioned stimulus) and after a number of pairings, gave the same unconditioned response (salivation) to the bell alone as they did to the meat paste. The unconditioned response to the meat paste became the conditioned response to the bell.

In a consumer behaviour context, an unconditioned stimulus might consist of a well known brand symbol. For example, after a long period of exposures through advertising, that is, a long period of learning by consumers, the name Colgate implies that the product is the best alternative for healthy teeth. This previously acquired consumer perception of Colgate is the unconditioned response. Conditioned stimuli are the scores of versions of tooth-paste and toothbrushes marketed under the brand name Colgate. The conditioned response would be consumers trying these products because of the belief that they embody the same attributes with which the Colgate name is associated.

(i) Strategic Applications of Classical Conditioning:

Three basic concepts derive from classical conditioning are *repetition, stimulus generalization* and *stimulus discrimination*. Each of these concepts is important to the strategic applications of consumer behaviour.

- **Repetition**

Repetition increases the strength of the association between a conditioned stimulus and an unconditioned stimulus and slows the process of forgetting. However, there is a limit to the amount of repetition that will aid retention. Although some repetition aids retention, at some point further exposures case decline in both attention and retention. This effect is known as advertising wear out. Varying the advertising message can reduce it effect. Some marketers avoid wear out by using cosmetic variations in their ads by using different backgrounds, different print types or different spokespersons while repeating the same advertising theme.

- **Stimulus Generalization**

Making the same response to slightly different stimuli is called stimulus generalization. According to classical conditioning theorists, learning depends not only on repetition but also on the ability of individuals to generalize. Pavlov found that a dog could

learn to salivate not only to the sound of a bell but also to the similar sound of jangling keys. Stimulus generalization explains why some imitative me-too products succeed in the marketplace. Consumers confuse them with the original product they have seen advertised. That is why some marketers try to make their packaging closely resemble the national brand leaders, so that, the consumers confuse their packages with the leading brand and buy their product rather than the leading brands.

The principle of stimulus generalization is applied by marketers to product line extensions also. In case of product line extensions, the marketer adds related products to an already established brand, knowing that the new products are more likely to be adopted when they are associated with a known and trusted brand name. The practice of marketing a whole line of company products under the same brand name—which is known as family branding, is another strategy that capitalizes on the consumer's ability to generalize favourable brand associations from one product to others. LG and Samsung are examples of companies that have used their name on a variety of products and achieving ready acceptance for the new products from satisfied consumers of other LG and Samsung products.

- **Stimulus discrimination**

Stimulus discrimination is the opposite of stimulus generalization and results in the selection of a specific stimulus from among similar stimuli. The ability of human to discriminate among stimuli is learned. For example, frequent users of a brand are better able to notice relatively small differences among brands in the same product category. 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. Marketers who offer me-too type of products attempt to encourage consumer's stimulus generalization, while innovators and market leaders strive to convince consumers

to discriminate and consider their brands as different from other brands of the same product category. For example, the entire advertisement campaign of Maggi Hot and Sweet Tomato Chilli Sauce focused on convincing consumers that "it's different" and thereby position the brand. In this case, the marketer encouraged the consumers for stimulus discrimination.

(b) Instrumental or Operant Conditioning

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. This model of learning applies to many situations in which consumers learn about products, services, and retail stores. For example, consumers learn which stores carry the type of clothing they prefer at prices they can afford to pay by shopping in a number of stores. Once they find a store that carries clothing that meets their needs, they are likely to patronize that store to the exclusion of others. Every time they purchase a shirt or a sweater there that they really like, their store loyalty is rewarded i.e., reinforced and their patronage of that store is more likely to be repeated.

The name of American psychologist B.F.Skinner is most closely associated with instrumental or operant conditioning. Like Pavlov, Skinner developed his model of learning by working with animals. According to 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. In a marketing context, the consumer who tries several brands and styles of jeans before finding a style that fits his/her figure has engaged in instrumental learning. Presumably, the brand that fits best is the one the consumer will continue to buy.

There are *two types* of reinforcement or reward that influence the likelihood that a response will be repeated. The *first type*, *positive reinforcement*, consists of events that strengthen the likelihood of a specific response. Using a skin lotion that leaves skin soft is likely to result in a repeat purchase of the lotion. Negative reinforcement is an unpleasant or negative outcome that also serves to encourage a specific behaviour. Consumers may subscribe to journals or periodicals to avoid being uninformed. Colgate or Pepsodent toothpaste advertisements show the consequences of bad dental health and encourage consumers to use toothpaste. Fear appeals in advertisement messages are examples of negative reinforcement. Many life insurance advertisements rely on negative reinforcement to encourage the purchase of life insurance by warning a person of the dire consequences to their near and dear ones in the event of their sudden death.

Both positive and negative reinforcement can be used to obtain a desired response. However, negative reinforcement should not be confused with punishment, which is designed to discourage behaviour. For example, fines for driving under the influence of alcohol are a form of punishment to discourage motorist from driving after consuming liquor. But in consumption situation using punishment is tricky. A research study shows that, when a day care center started punishing parents who picked up their kids late by charging them, late pickups actually increased because parents viewed the fine as the price for being late. The punishment legitimized being late to pick up a child and encouraged the behaviour it was designed to lessen.

(i) Strategic Application of Instrumental Conditioning

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. Relationship marketing i.e., developing a close personalized relationship with customers is another form of reinforcement.

5.4.2 Cognitive Learning Theory

Behavioural learning theories have been criticized for adopting a mechanistic view of consumers, putting too much emphasis on external stimuli and ignoring important internal psychological processes. Cognitive learning approach has dominated the field of consumer behaviour in recent years. Learning that takes place as a result of mental activity is termed as *cognitive learning*. Learning is an intellectual activity based on complex mental processes involving motivation, perception, and formation of brand beliefs, attitude development and change, problem-solving and insight.

Not all learning takes place as the result of repeated trials. A considerable amount of learning takes place as the result of consumer thinking and efforts as regards problem solving. When confronted with a problem, we sometimes see the solution instantly. More often, however, we are likely to search for information on which to base a decision, and we carefully evaluate what we have learnt in order to make the best decision possible for our purposes.

As we have discussed, learning based on mental activity is called cognitive learning. Cognitive learning theory holds that the kind of learning most characteristic of human beings is problem solving, which enables individuals to gain some control over their environment. Unlike behavioural learning theory, cognitive theory holds that learning involves complex mental processing of information. Instead of focusing on the importance of repetition or the association of a reward with a specific response, cognitive

theorists emphasize the role of motivation and mental processes in producing a desired response.

Human mind process is the information it receives as input. Consumers process product information by attributes, brands, comparisons between brands, or a combination of these factors. The attributes included in the brand's message, and the number of available alternatives, influence the intensity or degree of information processing. The consumers with higher cognitive ability generally acquire more product information and consider more product attributes and alternatives than the consumers with lesser ability. The ability to make use of product information depends on the experience of the consumer.

Cognitive learning occurs when a person has a goal and must search for and process data in order to make a decision or solve a problem. For a long time, consumer researchers believed that all consumers passed through a complex series of mental and behavioural stages in arriving at a purchase decision. This aspect can be seen from a systems prospecters. As shown in the following exhibt consumers receive information, processes it and then arrive at a buying outcome. What goes inside the consumer's mind is a complex phenomenon. These stages ranged from awareness of the purchase options (exposure to information), to evaluation and preferences regarding the alternatives available, to possibly trying one or more versions of the product and then buying it or not buying it (behaviour expressed as adoption or rejection). The same series of stages is often expressed as the *consumer adoption process*. For example, a consumer looking to purchase a super-slim, point-and-shoot digital camera (the goal) must choose among many brands and models (problem solving). The consumer will first get to know the features of different models (exposure to information resulting in knowledge), then develop preferences and evaluations towards the different alternatives, and then decide which model to buy and which one not to purchase.

5.5 MEASURES OF CONSUMER LEARNING

5.5.1 Recognition and Recall

For marketers, the dual goals of consumer learning are *increased market share* and *brand-loyal consumers*. These goals are interdependent: Brand-loyal customers provide the basis for a stable and growing market share, and brands with larger market shares have proportionately larger groups of loyal buyers. Marketers focus their promotional budgets on trying to teach the consumers that their brands are the best and that their products will best solve the consumers' problems and satisfy their needs. Thus, it is important for the marketers to measure how effectively consumers have "learned" its message. Recognition and recall tests are conducted for measureing consumer learning.

Recognition and recall tests are conducted to determine whether consumers remember seeing an advertisement and the extent to which they have read it or seen it and can recall its content. Recognition tests are based on aided recall, whereas recall tests use unaided recall. In recognition tests, the consumer is shown an ad and asked whether he or she remembers seeing it and can remember any of its salient points. In recall tests, the consumer is asked whether he or she has read a specific magazine or watched a specific television show, and if so, can he or she recall any ads or commercials seen, the product advertised, the brand and any salient points about the product.

Various marketing research agencies conduct recognition and recall tests. In case of evaluation of the effectiveness of magazine advertisements, after qualifying as having read a given issue of a magazine, respondents are presented with the magazine and asked to point out which ads they have noted (i.e., remember seeing), which ads they have associated with the advertiser and

which they read most (i.e., more than half of the copy). Consumers' intentions to buy and the likelihood in engaging in word of mouth about the product after reading the ad are also analysed. An advertiser can estimate the effectiveness of a given ad by comparing its scores on competitive ads, and to the company's own prior ads.

5.5.2 Brand Loyalty

Brand loyalty is the ultimate desired outcome of consumer learning. Brand loyalty consists of both attitude and actual behaviours toward a brand and that both must be measured. Attitudinal measures are concerned with the consumers' overall feelings about the product and the brand, and their purchase intentions. Behavioural measures are based on observable, factual behaviours regarding the brand, such as quantity purchased, purchase frequency and repeated buying.

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 the consumers engage in extensive problem-solving behaviour involving brand and attribute comparisons, leading to a strong brand preference and repeat purchase behaviour. Therefore, brand loyalty is the synergy among such attitudinal components as perceived product superiority, customer satisfaction, and the purchase behaviour itself.

Here, we can also refer to the term *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 referred to as megabrands. Some megabrands are Coca-Cola, Sony, and Google etc.

Measuring brand equity is more complex compared to measuring brand loyalty and it requires more sophisticated analysis. Perceived quality, brand loyalty, brand image and brand awareness play an important role in customer based brand equity.

Brand equity enables companies to charge a price premium— an additional amount over and above the price of an identical brand. Brand equity reflects brand loyalty, which is a learned construct and one of the most important applications of learning theory to consumer behaviour. Brand loyalty and high brand equity lead to increased market share and greater profits. To marketers, the major function of learning theory is to teach the consumers that their product is the best, to encourage repeat purchase, and ultimately, to develop loyalty to the brand name and brand equity for the company.



CHECK YOUR PROGRESS

Q 1: Define learning.

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Q 2: What are the elements of consumer learning?

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Q 3: What are the strategic applications of classical conditioning?

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Q 4: To whom operant conditioning theory is attributed ?

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5.6 LET US SUM UP

In this unit we have discussed consumer learning. Consumer learning is a branch of consumer behaviour that focuses in the learning process of consumers. This area has been of great interest. In this unit we have discussed the following:

- Consumer learning process evolves and changes as a result of newly acquired knowledge gained from reading, discussions, observations or thinking; or from actual experience.
- For learning to take place, certain basic elements must be present, like, motives, cues, response and reinforcement etc.
- There are basically two approaches to the study of learning i.e. behavioural approach to learning and cognitive approach to learning.
- Two behavioural learning theories with great relevance to marketing are classical conditioning and instrumental or operant conditioning.
- Learning that takes place as a result of mental activity is termed as cognitive learning.
- Some of the outcomes of learning are recall and recognition, brand loyalty and brand equity etc.



5.7 FURTHER READING

1) Leon G. Schiffman, Leslie Lazar Kanuk and S. Ramesh Kumar, “Consumer Behaviour”, (10th Edition, 2010) Pearson, New Delhi.
2) Satish K. Batra and S H H Kazmi (2nd Edition, 2008), “Consumer Behaviour”, Excel Books, New Delhi.
3) D. Hawkins, R. Best, K. Coney, A. Mookerjee (9th Edition, 2007) “Consumer Behaviour”, Tata McGraw-Hill Publishing Company Limited, New Delhi.



5.8 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Learning is a relatively permanent change in behaviour which occurs as a result of experience.

Ans to Q No 2: Motives, cues, response and reinforcement etc. are the

basic elements or consumer learing.

Ans to Q No 3: Repetition, stimulus generalization and stimulus discrimination are the strategic application of classical conditioning as we can understand the relationship of conditioned stimulus and response.

Ans to Q No 4: B.F. Skinner was mostly associated use operant conditioning theory.



5.9 MODEL QUESTIONS

Q 1: Discuss classical conditioning and instrumental conditioning theories.

Q 2: What major factors influence learning?

Q 3: How do marketers use the concept of stimulus generalization and stimulus discrimination?

Q 4: Discuss the cognitive learning theory.

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UNIT 6: CONSUMER ATTITUDES

UNIT STRUCTURE

6.1 Learning Objectives

6.2 Introduction

6.3 Concept of Attitude

- 6.3.1 Elements of Consumer attitude
- 6.3.2 Formation of Attitudes
- 6.3.3 Consumer Buying Process

6.4 Functions of Attitude

6.5 Structural Models of Attitude

6.6 Attitude Change

6.7 Let Us Sum Up

6.8 Further Reading

6.9 Answers To Check Your Progress

6.10 Model Questions

6.1 LEARNING OBJECTIVES

After going through this unit you will be able to -

- define Consumer Attitude
- explain the functions of Attitude
- outline the structural Models of Consumer Attitude
- describe how attitude changes.

6.2 INTRODUCTION

This is the sixth unit of the course “consumer behaviour”. This unit introduces you to the subject of consumer 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 as an element of learning plays a pivotal role in understanding consumer behaviour.

In this unit we are going to discuss about functions of attitude, attitude models, factors that inhibit relationship between beliefs, feelings and behaviour, learning attitudes, changing attitudes etc.

6.3 CONCEPT OF ATTITUDE

Attitudes are evaluative statements. They respond one's feeling either favorably or unfavorably to persons, objects or/and events. In other words, attitudes reflect how one feels about something. Consumer attitude may be defined as a feeling of favorableness or un-favorableness that an individual has towards an object. As we, all know that an individual with a positive attitude is more likely to buy a product and these results in the possibility of liking or disliking a product.

Katz D. defines "attitude is the predisposition of the individual to evaluate some symbol or aspect of his work in a favorable or unfavorable manner."

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

Attitudes can be defined as a persistent tendency to feel and behave in a particular way toward some objects, persons or events.

6.3.1 Elements of Consumer attitude

Consumer attitudes are a composite of a consumer's (1) beliefs (2) feelings (3) and behavioral intentions toward some object—within the context of marketing, usually a brand or retail store. For example, we may have positive attitude towards apple i-phone. These components are viewed together since they are highly interdependent and together represent forces that influence how the consumer will react to the object.

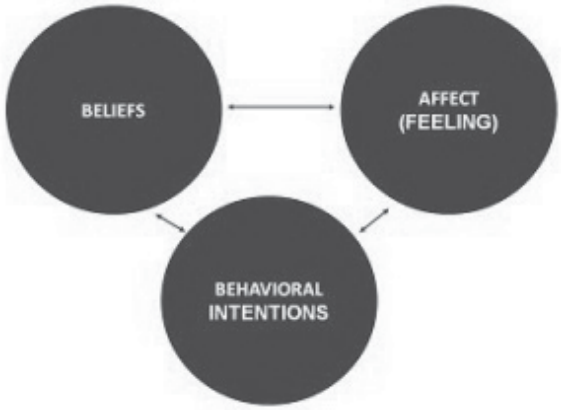


Figure 6.1: Elements of Consumer Attitude

Belief plays a vital role for consumers because, it can be either positive or negative towards an object. For example, some may say tea is good and relieves tension, others may say too much of tea is not good for health. Human beliefs are not accurate and can change according to situations.

Consumers have certain specific **feelings** towards some products or brands. Sometimes these feelings are based on certain beliefs and sometimes they are not.

Behavioral intentions show the plans of consumers with respect to the products. This is sometimes a logical result of beliefs or feelings, but not always. For example, an individual personally might not like a restaurant, but may visit it because it is the hangout place for his friends.

6.3.2 Formation of Attitudes

Attitudes are not inherited. These are acquired or learned by the people from the environment in which they interact. The formation of attitudes is broadly classified into two sources: Direct experience and Social learning.

- **Direct Experience:** One's direct experience with an object or person serves as a powerful source for one's attitude formation. In other words, attitudes are formed on the basis of one's past experience in concerned object or person. Research has shown that attitudes derived from the direct

experience are more powerful, stronger, and durable and are difficult to change than the attitudes that are formed through indirect experience. This is because of their availability in our cognitive processes.

- **Social Learning:** The process of deriving attitudes 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 express their policies similar to those held by their parents.Attitudes are derived from peer groups also. For example, if Mr. X is buying a Hyundai car, his co-workers may also be influenced by him and would prefer to buy same model of car.

Some of the factors of social learning which also influences in attitude formation are discussed as follows:

- **Culture:** Individuals also acquire much of their attitudes by merely observing their role models whom they admire and respect. Added to these is culture that also plays a definitive role in forming attitudes. Culture is a very important aspect to understand the behavior of a consumer. It signifies the set of values of a particular community.An individual decides to behave in a certain manner because of his culture. He gets all these values from his parents and family. Every individual has different sets of values as compared to others, what they see from their childhood when they start practicing those habits, they become their culture.Culture does vary from individual to individual, region to region, and country to country, so the marketer needs to pay a lot of attention in analyzing the culture of various regions and groups. Throughout the process, the consumer is under influence of his culture as his friends, family, society, and his prestige influence him.

- **Social Classes:** The social groups or membership groups to which an individual belongs are the social classes that influence him. In the social classes, we usually find people with similar values, lifestyle and behaviour. Now a marketer or a researcher needs to pay attention here because generally the buying behaviour of people in a particular social class to some extent is similar, though the level of influence may be low or high, he can tailor his marketing activities according to different social classes. Social perception is a very important attribute that influences the buying behavior of an individual. For example, a person from a low-income group may focus on price while making the purchase while a person from a higher income group may consider the quality and uniqueness of the product.
- **Family:** As we, all know family plays a very important role in making a purchase. The family is responsible for shaping up the personality of an individual. Our attitude, perception and values are inculcated through our family.An individual tends to have similar buying habits and similar taste and preference and consumption patterns as he gets to see within the family. Perception and family values have strong influence on the buying behavior of an individual which they tend to keep constant.
- **Social Status:** A social status of an individual usually comprises of an individual's attitude, class and prestige. It depends on the way he carries himself socially or the position at which he is in his work or family or even in his group of friends. The social status of an individual influences his consumption pattern. For example,a CEO may want to have a celebration and give a party to his colleagues, friends and family, so for his social status he may want to book a five star hotel, something like Taj or Oberoi instead of any other normal hotel.

A purchase decision takes place because of the above-mentioned factors. A consumer is influenced by his culture, environment, family, social status and groups. Companies need to understand these factors and develop strategies and market themselves accordingly to meet the needs of the consumers and increase sales.

6.3.3 Consumer Buying Process

Individuals play various roles in the consumer buying process. Different stages of consumer buying process are stated as follows

- **Initiator** - Initiator is usually the person who comes up with an idea and suggests the purchase.
- **Influencer** - He is the individual who actually pushes for the purchase. He highlights the benefits of the product. This individual can be from the family or friend or outside the group too.
- **Decision Maker** - He is generally the person who takes the final decision or the final call after analyzing all the pros and cons of the product. He may not necessarily be the final buyer as may also take the decision on behalf of the consumer.

For example, a father might decide on buying a laptop for his son or a brother might decide on the best career option for his sister.

- **Buyer** - Buyer is generally the end user or the final consumer who uses the product.



CHECK YOUR PROGRESS

Q 1: Define Consumer Attitude.

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Q 2: State the sources of attitude formation.

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6.4 Functions of Attitudes

The following are the functions of attitudes:

- **Adaptive Function** - Attitudes helps people to adjust to different situations and circumstances.
- **Ego Defensive Function** - Attitudes are formed to protect the ego. We all are bothered about our self-esteem and image so the product boosting our ego is the target of such a kind of attitude.
- **Value Expression Function** - Attitudes usually represent the values the individual posses. We gain values, though our upbringing and training. Our value system encourages or discourages us to buy certain products. For example, our value system allows or disallows us to purchase products such as cigarettes, alcohol, drugs, etc.
- **Knowledge Function** - Individuals' continuously seeks knowledge and information. When an individual gets information about a particular product, he creates and modifies his attitude towards that product.

Figure 6.2: Functions of Attitude

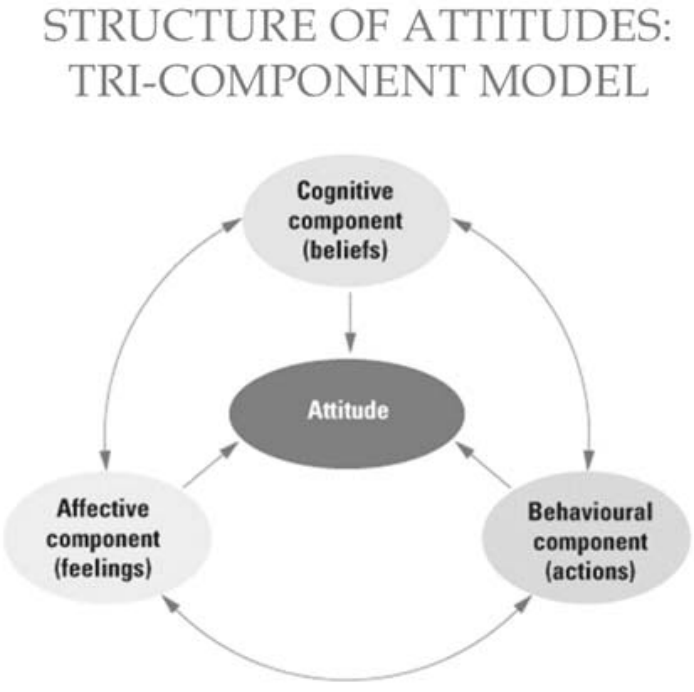
6.5 STRATEGIC MODELS OF ATTITUDE

The following are the strategic models of Consumer attitudes:

- Tri-component Attitude Model
- Multi attribute Attitude Model
- The Trying to consumer Model
- Attitude toward the Ad Model

These models are discussed as follows:

Tri-component Model - According to tri-component model, attitude consists of the following three components.



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- **Conative Component** - the last component is conative component, which consists of a person's intention or likelihood towards a particular product. It usually means the actual behaviour of the person or his intention.

An individual has his own choice and mindset. Consumer buying behaviour eventually refers to the buying behavior of an individual. An individual can get affected by the environment in which he lives, his culture, his social class, his psychology and his personality. Now, marketers need to understand this psychology and the mindset of these consumers, also, understand what all factors influence their behavior to develop effective marketing strategies.

The Multi Attribute Attitude Model

The next model we are going to discuss here is "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 a 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.

- ***The attitude-towards-object model*** is especially suitable for measuring attitudes towards a product / service category or specific brands.

According to this model, the consumer'sattitude towards a product or specific brands of a product is a function of the presence / absence and evaluation of certain product specific beliefs and or attributes. Thus consumers have favorable attitudes towards those brands that they believe have an adequate level of attributes that they evaluate 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.

- ***The attitude-towards-behavior model*** is designed to capture the Individual'sattitude towards behaving or acting with respect to an object rather than the attitude towards the object itself.Model corresponds closely to actualbehavior compare to the attitude towards object model.

- ***The theory-of-reasoned-action (TRA) 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 Theory of Trying to Consume:

The theory of trying to consume focuses on a purchase situation where the action or act of behavior (in terms of actual purchase), is not certain and may even be sometime in future. As per this theory, the action or act of behavior is directed towards a goal (something that the consumer is planning to and/or attempting do in future). In such processes of trying the resultant outcome (in terms of purchase, possession and use) cannot be predicted for certainty.

The theory reflects the consumer's attempts at consumption, which get impeded by personal and environmental impediments, thus preventing the action (act of purchase) from occurring. Personal impediments would occur when the person faces an approach avoidance conflict, i.e. he desires a goal that also has a negative element associated along with it; for example, a lady likes to eat chocolate cake, but that also has a lot of calories that would lead to weight gain. Environmental impediments are said to occur when forces in the environment prevent an action from occurring; for example, a person desires to eat at a particular restaurant, but ashe goes there, he finds no place to sit and eat; it is too crowded.

The theory of trying to consume replaces behavior (as proposed by Fishbein in the theory of reasoned action model) by trying to behave. Trying to behave or accomplish a goal is preceded by intention to try, which isdetermined by attitude toward trying and social norms toward trying. The attitude toward trying is influenced by the individual consumer's (1) attitude toward success andexpectations of success, (2) attitude toward failure and expectations of failureand (3) attitude toward process. The attitude towards the process refers to an individual's assessment of how

the act of trying to do something makes him feel, irrespective of the result or the outcome .

Moving backwards, act of trying to behaveis impacted by a) intention to try, b) frequency of past trying, and c) recency of past trying. Intention to try is impacted by a) attitude towards trying, b) frequency of past trying, and c)social norm towards trying.

Attitude towards trying is impacted by a) attitude towards success, failure and process, and b) expectation towards success and failure. Each of the attitudes (i.e., attitude towards success, failure and process), are determined by the summation of the "product" of the consequence likelihood and the consequence evaluations .

The Attitude-towards-the-Ad Model:

This model lays emphasis on the impact of an advertisement, either in print or in audio-visual on the formation of consumer attitudes towards product and service offerings and or brands. Once exposed to an advertisement, a consumer forms the cognition (knowledge) and the affect (feeling)components of the attitude; it leads to judgments about the Ad (cognition) and feelings from the Ad (affect). The cognitive component leads to belief about the brand as well as attitude towards the ad. The affect component also leads to belief about the brand as well as attitude towards the ad. Thus, both the cognition and the affect component affect the consumer's attitude toward the ad and beliefs about the brand. A mere exposure tothe ad can also leadto belief about the brand. Finally, the belief about the brand as well as attitude towards the ad leads to the development of an attitude towards the brand.

The theory behind the model states that consumers form judgments and feelings as a result of exposure to an advertisement. Not only does a consumer form attitudes towards the advertisement, he or she also forms an opinion towards the brand. Research has shown that the model holds good more for new product and service offerings than or existing ones. The ad helps create an attitude towards the brand and helps elicit a trial. Thus marketers need to be careful while formulating ads especially for innovative products and services and for new brands. Research has also shown that irrespective levels of consumer involvement, whether

high or low, both the central (the message content) and the peripheral (the context), influence the formation of beliefs and attitudes about the brand, leading finally to the attitude towards the brand. These findings have implications for marketers.

6.6 ATTITUDE CHANGE

Attitude changes are learned. They are influenced by personal experience and other sources of information, and personality affects both the receptivity and the speed with which attitudes are likely to be altered.

Strategies of Attitude Change: Changing attitudes is generally *very difficult*, particularly when consumers suspect that the marketer has a self-serving agenda in bringing about this change. The major attitude changing strategies for marketers are: changing the consumer's basic motivational function, associating the product with an admired group or events, resolving two conflicting attitudes, altering attributes of multi attribute model, changing consumer beliefs about competitor's brands. Some of these are discussed below:

Changing affect: One approach is to try to change affect, which may or may not involve getting consumers to change their beliefs. One strategy uses the approach of *classical conditioning* try to "pair" the product with a liked stimulus. For example, we "pair" a car with a beautiful woman. Alternatively, we can try to get people to like the advertisement and hope that this liking will "spill over" into the purchase of a product. For example, the Pillsbury Doughboy does not really emphasize the conveyance of much information to the consumer; instead, it attempts to create a warm, fuzzy image.

***Changing behaviour*:** People like to believe that their behaviour is rational; thus, once they use our products, chances are that they will continue unless someone is able to get them to switch.

***Changing beliefs*:** Although attempting to change beliefs is the obvious way to attempt attitude change, particularly when consumers hold unfavorable or inaccurate ones, this is often difficult to achieve because consumers tend to resist.



CHECK YOUR PROGRESS

Q 3: State any two strategic models of Consumer attitudes.

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Q 4: State the major attitude changing strategies for marketers

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6.7 LET US SUM UP

In this unit we have discussed the following:

- Attitudes can be defined as a persistent tendency to feel and behave in a particular way toward some objects, persons or events. It can be positive or negative.
- Consumer attitudes are a composite of a consumer's (1) beliefs (2) feelings (3) and behavioral intentions toward some object.
- The formation of attitudes is broadly classified into two sources: Direct experience and Social learning.
- The following are the functions of attitudes:
  - Adjustment Function
  - Ego Defensive Function
  - Value Expression Function
  - Knowledge Function
- The strategic models of Consumer attitudes are:
  - Tri-component Attitude Model
  - Multi attribute Attitude Model
  - The Trying to consumer Model
  - Attitude toward the Ad Model
- Attitude changes are influenced by personal experience and other

sources of information, and personality affects both the receptivity and the speed with which attitudes are likely to be altered.



6.8 FURTHER READING

1) SchiffmanL and Kanuk L L (1999), Consumer Behaviour, pages 234-264,Pearson/PHI,6e

www.tutorialspoint.com/consumer_behavior/consumer_behavior_attitude.htm

http://shodhganga.inflibnet.ac.in/bitstream/10603/38030/11/11_chapter%204.pdf

https://www.consumerpsychologist.com/cb_Attitudes.html



6.9 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Attitudes can be defined as a persistent tendency to feel and behave in a particular way toward some objects, persons or events.

Ans to Q No 2: The formation of attitudes is broadly classified into two sources: Direct experience and Social learning.

Ans to Q No 3: Tri-component Attitude Model and Multi attribute Attitude Model.

Ans to Q No 4: The major attitude changing strategies for marketers are: changing the consumer's basic motivational function, associating the product with an admired group or events, resolving two conflicting attitudes, altering attributes of multi attribute model, changing consumer beliefs about competitor's brands.



6.10 MODEL QUESTIONS

Q 1: Discuss briefly how attitudes can be formed.

Q 2: State the concepts of attitude. Also explain different elements of attitude.

Q 3: Discuss the functions of attitudes.

Q 4: Discuss different strategic models of attitude.

Q 5: Write a brief note on strategies of attitude change.

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UNIT 7: CONSUMER BEHAVIOUR AND MARKETING COMMUNICATION

UNIT STRUCTURE

7.1 Learning Objectives

7.2 Introduction

7.3 Concept of consumer behavior

7.4 Factors affecting consumer behavior

7.5 Communication and marketing communication

7.6 Communications process

7.7 Modes of marketing communications

7.8 Persuasive communication

7.9 Communication strategy

7.10 Media strategy

7.11 Message strategies

7.12 Message structure presentation

7.13 Let Us Sum Up

7.14 Further Reading

7.15 Answers to Check Your Progress

7.16 Model Questions

7.1 LEARNING OBJECTIVES

After going through this unit you will be able to:

- learn the concept of consumer behavior
- outline the factors affecting consumer behavior
- explain communication and marketing communication
- describe the communications process
- discuss the modes of marketing communication
- describe the persuasive communication.

7.2 INTRODUCTION

In an earlier unit, we discussed the various concepts relating to

consumer behavior, buyers, users etc. Let us again discuss the brief overview of consumer behavior and to understand how individuals make decisions to spend their available resources like time, money and effort to buy a product or service. It is critical to understand consumer behavior to know how potential customers will respond to a new product or service. Study of consumer behaviour is the study of how individuals make decisions to spend their available resources like time, money and effort on consumption related items. It is the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas, concepts or experiences to satisfy consumer needs and desires.

In the previous units we had learned about consumer attitudes, attitude model factors and their relationship between beliefs, feelings and behavior. This unit will give us an overview about the marketing communication and role of marketing communication in consumer decision making process.

7.3 CONCEPT OF CONSUMER BEHAVIOR

According to Schiffman, “Consumer Behavior is defined as the behavior that consumer display in searching for purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs”.

Consumer Behavior is the study of the of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.

Let us discuss this with an example- a change in consumer behavior increased demand for gluten-free (GF) products. The companies that monitored the change in eating patterns of consumers created GF products to fill a void in the marketplace. However, many companies did not monitor consumer behavior and were left behind in releasing GF products. Understanding consumer behavior allowed the pro-active companies to increase their market share by anticipating the shift in consumer wants.

7.4 FACTORS AFFECTING CONSUMER BEHAVIOR

To learn how consumer behavior affects marketing, it is important to understand three factors that affect consumer behavior namely: psychological factors, personal factors and social factors.

Let us now discuss these factors in the following:

1. **Psychological Factors:** In daily life, consumers are being affected by many issues that are unique to their thought process. Psychological factors include perception of a need or situation, the person's ability to learn or understand information, and an individual's attitude. Each person will respond to a marketing message based on their perceptions and attitudes. Therefore, marketers must take these psychological factors into account when creating campaigns, ensuring that their campaign will appeal to their target audience.
2. **Personal Factors:** Personal factors are characteristics that are specific to a person and may not relate to other people within the same group. These characteristics may include how a person makes decisions, their unique habits and interests, and opinions. When considering personal factors, decisions are also influenced by age, gender, background, culture, and other personal issues. For example, an older person will likely exhibit different consumer behaviors than a younger person, meaning they will choose products differently and spend their money on items that may not interest a younger generation.
3. **Social Factors:** The third factor that has a significant impact on consumer behavior is social characteristics. Social influencers are quite diverse and can include a person's family, social interaction, work or school communities, or any group of people a person affiliates with. It can also include a person's social class, which involves income, living conditions, and education level. The social factors are very diverse and can be difficult to analyze when developing marketing plans. However, it is critical to consider the social factors in consumer behavior, as they greatly influence how

people respond to marketing messages and make purchasing decisions. For example, how using a famous spokesperson can influence buyers.



CHECK YOUR PROGRESS

Q 1: Define Consumer Behavior

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Q 2: State any two factors affecting consumer behavior

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7.5 COMMUNICATION AND MARKETING COMMUNICATION

Before going into the concept of marketing communication let us first discuss the meaning and the process of communication in general. Communication is the link between the individual and the society. There are many ways to define communication, but from marketer's point of view communication is the transmission of a message from a sender (source) to a receiver (consumer) via a medium (channel) of transmission. Again, there should be feedback as to confirm the message sent by the sender has been received by the receiver or not. The following diagram shows the flow of communication process.

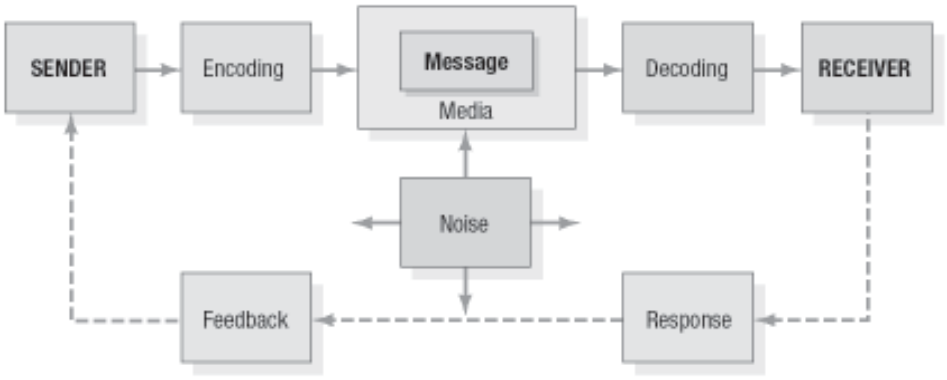
Fig 7.1: Basic Communication Model

According to Kotler and Keller, "Marketing communication are the means by which firms attempt to inform, persuade and reminded consumers directly or indirectly about the products and brands that they sell". Marketing communication is defined as transmission of information

from the marketer to the consumer through a medium. The basic objective behind marketing communication is to inform a consumer (or a prospect) and to make him aware about the product/service offering, and the mix; build a favorable attitude towards the offering; and to encourage a purchase. There are two types of communication that are used for marketing communication namely personal/interpersonal and non personal/ impersonal communication channels. The marketing communication mix has eight major modes or types. They are: Advertising, Sales Promotion, Events and Experiences, Public Relations and Publicity, Direct Marketing, Interactive Marketing, Word-of-mouth Marketing and Personal Selling. We will discuss these modes of marketing communication in the next section (sec 7.7)

7.6 COMMUNICATIONS PROCESS

There are five basic components of communication process : sender, receiver, medium, the message, and feedback (the receivers' response)



Let us discuss these five components in the following ways:

Sender: The sender refers to the individual or group who intend to communicate an idea to their audience or end consumers. In regard to marketing communications, the source of the communication will be the organization that intends to promote their new product.

Encoding: When the source of the communication puts together their intended message, this is referred to as 'Encoding'. 'Encoding' can be defined as transforming an abstract idea into a communicable message.

This is done using words, symbols, pictures, symbols and sounds. In regards to promotion/marketing communication encoding involves transforming the organization's ideas about a product into various forms/ types of promotion: advertisements, press releases, sales promotions or a personal sales pitch.

Message Channel: The encoded message must now be delivered to its audience via a message channel. A message channel is a term that refers to the medium that carries the message from the sender to the receiver. In marketing/promotions the message channel may be: television, radio, newspaper, or a sales person.

Decoding: When the receiver views or hears the message they do what is termed 'decoding'. Decoding can be defined at the receiver interpreting the message and coming to an understanding about what the source is communicating. In promotions, an example of this would be a consumer viewing an advertisement and coming to an understanding about what the product is.

The Receiver: Anyone who is audience to the message is referred to as the receiver. For example, all viewers of a television advertisement can be referred to as the 'receivers' of the message.

Feedback/Response: Feedback refers to any response the receiver offers to the message, this could be communication or behavior. In marketing/promotions feedback refers to the way the consumer responds to the promotional campaign. For example, purchasing a product after viewing an advertisement is an example of feedback to a promotional campaign. Measuring feedback is extremely important in a marketing/ promotions campaign because it allows for a measure of the success of the marketing campaign. For example, negative feedback such as no increase in sales would show that changes need to be made in the promotional strategy.

Noise: Noise is the term given to anything that disrupts the communication. That is, anything that prevents the audience from receiving the message the way they source intended to. It doesn't necessarily involve and audible distraction.

In the case of promotion (marketing communications) noise could be advertisements in print that are too small or poorly placed.



CHECK YOUR PROGRESS

Q 3: Define marketing communication.

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Q 4: What is encoding and decoding?

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7.7 MODES OF MARKETING COMMUNICATION

As discussed in section 7.5, there are two types of communication that are used for marketing communication namely personal/interpersonal and non personal/impersonal communication channels. Let us now discuss these channels in the following ways:

1. **Personal/ Interpersonal Communication Channels:** Personal communication is communication between two or more persons where the message emanates from a specific person. It can be done face to face, or by a person to audience, over telephone; through post or couriers; through emails or through mobile messages (SMS). The personal communication in the case of marketing can also be categorized as communication from advocate, expert and social contacts. The company salespersons' communication to customers is communication from advocates of the product. An independent expert communicating to prospective buyers about the merits of the product is classified as expert communication. A neighbor saying good things about a brand is social channel of communication.

   Companies take various steps to stimulate personal communications about their products and brands.

   a) They identify influential individuals and devote extra effort on them.

b) Create opinion leaders by supplying possible opinion leaders with the product on attractive terms.

c) Use influential or believable people in testimonial advertising.

d) Develop word of mouth publicity by requesting satisfied clients to promote their product among their friends.

e) Establish online discussion groups and communities

2. **Nonpersonal/Impersonal Communication Channels:** Nonpersonal/Impersonal communication channels include media, atmospheres, and events. Media channels include print media (newspaper, magazines, souvenirs, proceedings of conferences), broadcast media (radio, television), display media (billboards, signs, posters) and electronic media (audiotape, videotape, videodisk, CD-ROM). Atmosphere is what firms create in their office environment. The office interiors and exteriors have a meaning to the potential buyers. Events are occurrences designed to communicate particular messages to target audiences or audiences. company arranged news conferences, opening ceremonies of various kinds, and sponsorships of various events come under event communications channels. Communication through mass media stimulates personal communication channels.

Now let us discuss the various modes of marketing communication are:

1. **Advertising:** Advertising is a public mode of communication. It is communicated simultaneously to large number of people and people know that the same communication is going to many people. Advertising messages can be repeated number of times. Buyers also can compare advertisements of various companies selling the same product. The media offers the facility to add color, sound etc. to the message and dramatize the message. But advertisers cannot have dialogue with the people. People may not see and pay attention to the advertisement. Advertising is an efficient way to reach geographically dispersed potential buyers at a low cost per exposure.

Advertising has two recent variants. *Advertorials* are offered as editorial content. It is paid for by the advertiser. It will be difficult for

the reader to easily make out that it is an advertisement. Similarly *infomercials* are TV programs that are meant for promoting the products of the company. They discuss the working of the product, benefits of the products, and user experience etc. and they may beam the message to buy the product and the address to be contacted.

2. **Sales promotion:** Sales promotion tools like coupons, contests, premiums, and the like act as communication medium and also promotes sales. They gain attention and provide information that may lead the consumer to the product. They include a distinct invitation to the consumer to do the transaction in a short period of time.
3. **Public relations and publicity:** News stories and featured articles are more authentic and credible than advertisements to readers. The articles act as testimonials. The message gets through to the potential buyers as news and they may not turn away from it as they turn away from the advertisements.
4. **Personal selling:** Personal selling as a communicative channel involves a live, immediate, and interactive relationship between persons. Personal selling leads to relationships. The listener may feel obligated to respond to the salesman at least with a polite "thank you."
5. **Direct Marketing:** Direct marketing implies direct mail, Email, and telemarketing. In these cases the message is addressed to a specific person. The message can be customized. Even though mailing folders and email are normally standardized to gain efficiency. The message can be up to date. In case of telemarketing, message can be altered depending on the response. In the case of other alternatives subsequent communication can be altered depending on the response.
6. **Events and Experiences:** They include sponsorships of sports, arts, entertainment and cause events as well as activities that create novel interactions of consumers with product or brand. An example

of experience can be providing air-conditioned bus ride to potential consumers to make them excited about buying an air conditioner. Another example is internet companies providing internet at airports for free use by travelers.



CHECK YOUR PROGRESS

Q 5: What does impersonal communication channels includes.

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Q 6: What is Direct Marketing?

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7.8 PERSUASIVE COMMUNICATION

The term 'persuasion' means to force someone into something. The art of persuasion is the art of finding the best available means of moving a specific audience in a specific situation to a specific decision. Persuasive communication means, persuading others to understand what one is trying to communicate. Persuasive communication has one core purpose to get the readers to support, believe, and act in favor of presenter. Different academicians have defined persuasion in various ways:

According to Anderson, "Persuasion is a communication process in which the communicator seeks to elicit a desired response from his receiver"

According to Bettinghaus & Cody, "A conscious attempt by one individual to change the attitudes, beliefs or behavior of another individual or group of individuals through the transmission of some messages."

According to O' Keefe, "A successful intentional effort at influencing another's mental state through communication in a circumstance in which the persuade has some measure of freedom".

Schiffman stated as "In order to create persuasive communications, the sponsor (who may be person, a for-profit company, or a not-for-profit

group) must first establish the objectives of the communication, then select the appropriate audience for the message and the appropriate media through which to reach them, and then design (encode) the message in a manner that is appropriate to each medium and to each audience". The communication strategy should also include a prior feedback mechanism that alerts the sponsor to any need for modifications or adjustments to the media or the message.

7.9 COMMUNICATION STRATEGY

In developing its communications strategy, the sponsor must establish the primary communications objectives. These might consist of creating awareness of a service, promoting sales of a product, encouraging (or discouraging) certain practices, attracting retail patronage, reducing post purchase dissonance, creating goodwill or a favorable image, or any combination of these and other communications objectives.

There are numerous models claiming to depict how persuasive communications work. The cognitive models depict a process in which exposure to a message leads to interest and desire for the product and ultimately to buying behavior.

Target audience:

An essential component of a communications strategy is selecting the appropriate audience. It is important to remember that an audience is made up of individuals-in many cases, great numbers of individuals. Because each individual has his or her own traits, characteristics, interests, needs, experience and knowledge, it is essential for the sender to segment the audience into groups that are homogeneous in terms of some relevant characteristics. Segmentation enables the sender to create specific messages for each target group and to run them in specific media that are seen, heard, or read by the relevant target group. It is unlikely that a marketer could develop a single message that would appeal simultaneously to its total audience. Efforts to use "universal" appeals phrased in simple language that everyone can understand invariably result in unsuccessful

advertisements to which few people relate.

Companies that have many diverse audiences sometimes find it useful to develop a communication strategy that consists of an overall communications message to all their audiences, from which they spin off a series of related messages targeted directly to the specific interests of individual segments. In addition, to maintain positive communications with all of their publics, most large organizations have public relations departments or employ public relations consultants to broadcast favorable information about the company and to suppress unfavorable information.

7.10 MEDIA STRATEGY

Media strategy is an essential component of a communications plan. The role of media strategy is to find out the right path to transfer or say deliver the message to the targeted customers. It calls for the placement of advertisements in the specific media : read, viewed or heard by each targeted audience. To accomplish this, advertisers develop, through research, a customer profile of their target customers that includes the specific media they read or watch. Media organizations regularly research their own audiences in order to develop descriptive audience profiles. A cost effective media choice is one that closely matches the advertiser's consumer profile to a medium's audience profile so as to save cost.

The Web is the newest advertising medium, and using it to communicate effectively with customers still represents a challenge to marketers.

7.11 MESSAGE STRATEGIES

The message is the thought, idea, attitude, image, or other information that the sender wishes to convey to the intended audience. In trying to encode the message in a form that will enable the audience to understand its precise meaning, the sender must know exactly what he or she is trying to say and why. The sender must also know the target

audiences personal characteristics in terms of education, interests, needs and experience. The sender must then design a message strategy through words and/or pictures that will be perceived and accurately interpreted by the target audience.

The following is a list messages elements designed to appeal to three personality types

a. Righteous buyer: one who looks to recommendations from the independent sources such as consumer reports.
b. Social buyer: one who relies on the recommendations of friends on celebrity endorsements and testimonials.
c. Pragmatic buyer: one who looks for the best value for the money, though not necessarily the least expensive.

7.12 MESSAGE STRUCTURE PRESENTATION

Some of the decisions that marketers must make in designing the message include the use of resonance, positive or negative message framing, one-sided or two-sided messages, comparative advertising, and the order of presentation.

Let us discuss these structures are discussed below:

1. **Resonance:** Advertising resonance is defined as wordplay, often used to create a double meaning used in combination with a relevant picture. By using the resonance in advertisements, marketers can improve the chances that their ads will be noticed by the consumers and create favorable and lasting impressions.
2. **Message framing: T**he appropriate message framing decision depends on the consumer's attitudes and characteristics as well as the product itself.
3. **One sided versus two sided messages:** It the audience is friendly (eg: if it uses the advertiser products); if it initially favors the communicators position; or if it is not likely to hear an opposing argument then one-sided(supportive)message that stresses only favorable information is most affective. However, if the audience is critical or unfriendly (e.g., if it uses competitive products).if is well

educated, or if it is likely to hear opposing claims, then a two-sided (refutational) message is likely to be more effective. Two sided advertising messages tend to be more credible than one sided advertising messages because they acknowledge that the advertised brand had shortcomings. Two sided messages can also be very effective when consumers are likely to see competitor's negative counter claims or when consumer attitude toward the brand are already negative.

4. **Comparative Advertising:** Comparative advertising is widely used in marketing strategy in which a marketer claims product superiority for its brand over one or more explicitly named or implicitly identified competitors, either on an overall basis or on selected product attributes. Comparative advertising is useful for product positioning, for target market selection, and for brand-positioning strategies.
5. **Repetition:** Repetition is an important factor in learning. Multiple message exposures give consumers more opportunity to internalize product attributes, to develop more or stronger cue associations, to develop more positive attitudes, and an increased willingness to resist competitive counterpersuation efforts. In low-involvement situations, individuals are more likely to regard message claims that are repeated frequently as more truthful than those repeated with less frequency. Different ads depicting different applications of the same promotional theme enhance the memorability of the brand advertised. We can take the example of frequently advertised. Colgate brand of tooth paste.
6. **Advertising appeals:** Sometimes objective, factual appeals are more effective in persuading a target audience; at other times emotional appeals are more effective. It depends on the kind of audience to be reached and their degree of involvement in the products category. In general, however, logical, reason-why appeals are more effective in persuading educated audiences and emotional appeals are more effective in persuading less-educated consumers. The following section examines the effectiveness of several frequently used emotional appeals.

7. **Fear appeals:** Fear is an emotional response to some actual or perceived threat or danger. Advertisers use fear appeals in some situations to evoke the desired emotional response and motivate audience to take steps to remove the treat. Some people humorously call these as 'slice-of-death' ads. Toothpaste, deodorants, helmets, anti-dandruff shampoos, life insurance and a large number of other products and services use fear appeals.
8. **Humor appeals:** Humor generates feelings of amusement and pleasure and, for this reason it has a potential for the feeling to become associated with the brand and affect consumer attitudes towards the brand and probably its image. Humor can also affect information processing by attracting attention, improving brand name recall, creating pleasant mood and reducing the chances of counter-arguing.
9. **Audience Participation:** The provision of feedback changes the communication process from one way to two way communication. This is important to senders because it enables them to determine whether and how well communication has taken place. But feedback also is important to receivers because it enables them to participate, to be involved, to experience in some way the message itself. Participation by the receiver reinforces the message. An experienced communicator asks questions and opinions of an audience to draw them into the discussion.



CHECK YOUR PROGRESS

Q 7: State the meaning of persuasive communication.

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Q 8: What is media strategy?

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7.13 LET US SUM UP

In this unit we have discussed the following:

- Study of consumer behaviour is the study of how individuals make decisions to spend their available resources like time, money & effort on consumption related items. It is the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas, concepts or experiences to satisfy consumer needs & desires.
- Consumer behavior affects marketing. It is important to understand the three factors that affect consumer behavior namely: psychological factors, personal factors and social factors.
- Communication is the link between the individual and the society. There are many ways to define communication, but from marketer's point of view communication is the transmission of a message from a sender (source) to a receiver (consumer) via a medium (channel) of transmission.
- Marketing communication indicates the ways by which firms attempt to inform, persuade and reminded consumers directly or indirectly about the products and brands that they sell.
- There are five basic components of communication; sender, receiver, medium, the message, and feedback (the receivers' response).
- The marketing communication mix has eight major modes or types. They are: Advertising, Sales promotion, Events and experiences, Public relations and publicity, Direct marketing, Interactive marketing, Word-of-mouth marketing and Personal selling.
- Media strategy is an essential component of a communications plan. The role of Media Strategy is to find out the right path to transfer or say deliver the message to the targeted customers.
- There are different ways to present messages some of them are Comparative Advertising, Repetition, Advertising appeals, Fear appeals, Humor appeals and Audience Participation.



7.14 FURTHER READING

1) Schiffman and Kumar (2015); Consumer Behaviour; Pearson Education India; 11 edition.
2) Schiffman, Leon G. (2010); Consumer Behavior; Pearson; Tenth edition.
3) Sahney S (2017); Consumer Behaviour; Oxford University Press.



7.15 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Consumer Behavior is the study of the of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.

Ans to Q No 2: i) Psychological Factors and ii) Personal Factors

Ans to Q No 3: Marketing communication is the means by which firms attempt to inform, persuade and reminded consumers directly or indirectly about the products and brands that they sell.

Ans to Q No 4: Encoding can be defined as transforming an abstract idea into a communicable message. This is done using words, symbols, pictures, symbols and sounds.

Decoding can be defined at the receiver interpreting the message and coming to an understanding about what the source is communicating.

Ans to Q No 5: Nonpersonal/Impersonal Communication Channels includes media, atmospheres, and events.

Ans to Q No 6: In direct Marketing, the message is addressed to a specific person. The message can be customized, the message can be up to date.

Ans to Q No 7: Persuasive communication means persuading others to understand what one is trying to communicate. It .....

Ans to Q No 8: Media strategy is an essential component of a communications plan. The role of media strategy is to find out the right path to transmit the message, to the targeted customers. There are different media vehicles. Choosing the appropriate media requires strategic thinking.



7.16 MODEL QUESTIONS

Q 1: Define consumer behavior.

Q 2: Discuss the factors affecting consumer behavior.

Q 3: Define communication.

Q 4: Write a short note on marketing communication.

Q 5: Discuss the communications process.

Q 6: Outline the various modes of marketing communications.

Q 7: Define persuasive communications.

Q 8: What is communications strategy and media strategy.

Q 9: Discuss the message structure presentation.

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