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CONSUMER BEHAVIOUR

SEMESTER - VI

BUSINESS ADMINISTRATION

BLOCK - 1

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BACHELOR IN BUSINESS ADMINISTRATION

CONSUMER BEHAVIOUR

Block 1

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COURSE INTRODUCTION

This is the fourth course of BBA sixth semester Marketing specialisation Programme. This course “Consumer Behaviour” of BBA 6th 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 15 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, social and group influence on consumer behaviour 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 and targeting

Third unit explains about Positioning.

The fourth unit gives us an idea on Consumer Motivation.

The fifth unit is about Personality and Consumer Behaviour

The sixth unit gives us a broad idea of Consumer perception.

The seventh and the last unit of this block explains about Consumer Attitudes.

The Block is devided into the following seven units:

Unit 1: Introduction to Consumer Behaviour

Unit 2: Market Segmentation

Unit 3: Market Positioning

Unit 4: Consumer Motivation

Unit 5: Personality and Consumer Behaviour

Unit 6: Consumer Perception

Unit 7: Consumer Attitudes

UNIT1: 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 science

1.5 Application of Consumer Behaviour in Strategic Marketing

1.6 Application of Consumer Behaviour in Marketing

1.7 Social Responsibility in Marketing

1.8 Consumer Research

1.9 Let Us Sum Up

1.10 Further Readings

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 :

- describe consumer behaviour, and its definition
- discuss the importance of consumer behaviour
- learn about the application of consumer behaviour knowledge
- learn the concept of Social responsibility in Marketing
- describe Consumer Research process.

1.2 INTRODUCTION

In this unit, we are going to discuss consumer behaviour and its importance in marketing. 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 the units.

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 for, or she and her husband together may buy a car that they both have selected. Thus buyers are not always the users, or the only users, of the product they buy nor are they necessarily the persons 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 science

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 help 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 consumer 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 STRATEGIC 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 strategy that evolved in the late 1950s. After World War II, marketers found that they could sell any goods they could produce. The marketing philosophy 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 product 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 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 good seller.
- **Marketing mix decisions:** Once unsatisfied needs and wants are identified, the marketer has to determine the right mix of product, price, distribution and promotion. 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, pulse polio, safe driving etc.



CHECK YOUR PROGRESS

Q 1: How does consumer behaviour helps the marketer?

.....

.....

Q 2: What are the two different kinds of consumers discussed in this section?

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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

Ø 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 specify clearly 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.



CHECK YOUR PROGRESS

Q 3: What is consumer research?

.....

.....



1.9 LET US SUM UP

- In this unit, we have discussed consumer behaviour, its importance and use. 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.
- The unit has also dealt with the consumer research process. Consumer research is the methodology which is 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: Consumer research is the set of methods used to identify consumer needs and wants.



1.12 MODEL QUESTIONS

Q 1: What is consumer behaviour? Why is it important for marketers? What are the areas of consumer behaviour application in marketing?

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

Q 3: Briefly discuss the steps involved in consumer research.

Q 4: What is the difference between secondary and primary data? What are the major sources of secondary data?

*** ***** ***

UNIT 2: MARKET SEGMENTATION

UNIT STRUCTURE

2.1 Learning Objectives

2.2 Introduction

2.3 Concept of Market Segmentation, Targeting and Positioning

- 2.3.1 Market Segmentation
- 2.3.2 Bases for Segmentation
- 2.3.3 Targeting
- 2.3.4 Patterns of target market selection
- 2.3.5 Positioning

2.4 Let Us Sum Up

2.5 Further Readings

2.6 Answers to Check Your Progress

2.7 Model Questions

2.1 LEARNING OBJECTIVES

After going through this unit you will be able to :

- learn the concept of Market Segmentation
- describe market targeting
- explain the market positioning strategies.

2.2 INTRODUCTION

In the earlier unit, we have discuss about the consumer behaviour. 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 market segmentation and how it is important from marketing point of view.

2.3 CONCEPT OF MARKET SEGMENTATION, TARGETING AND POSITIONING

When a market is haterogeneous with scattered customer groups, market segmentation is required.

2.3.1 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.

Market segmentation is 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 segmentation. An organization's proactive selection of a suitable market segment (or segments) with the intention of heavily focusing the firm's marketing offers and activities towards this group of related consumers is targeting.

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.

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

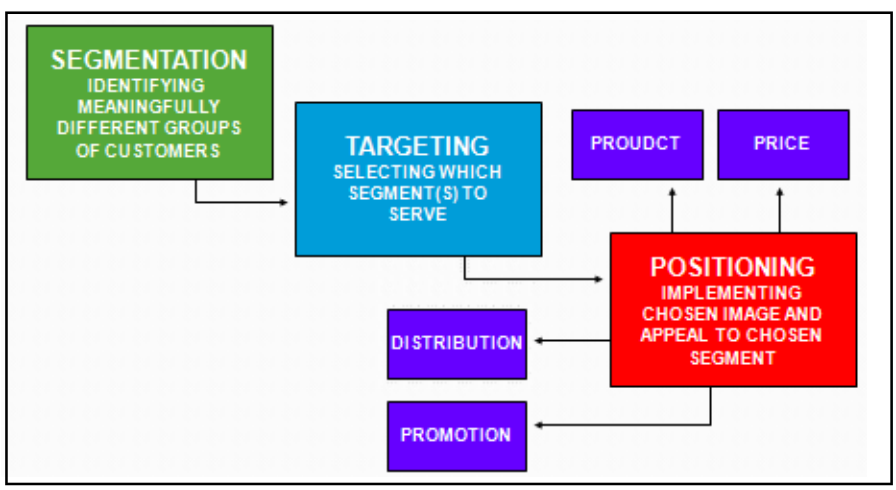


Fig 2.1: Market segmentation, targeting and positioning

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 the marketer to use limited resources to address the customer requirement in best possible ways.
- Segmentation helps marketer to understand competition.

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

2.3.2 Bases For Segmentation

The bases for market segmentation can be broadly divided into three

major groups:

- Customer based segmentation;
- Product related segmentation;
- Competition related segmentation.

These are discussed as follows

- **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

Let us discuss them in more detail:

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.

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.

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)

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

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.

Occupation: The occupation of the consumer is also an important variable in segmenting the market. Whether a person is self employed, work 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.

Education: Market may be segmented on the basis of educationally

profile of the customers. Since, it affects his or her preferences and level of awareness. As literacy increases, people become more aware 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.

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.

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.

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 towards 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 watch company, for example, has segmented its market for Timex and Titan quartz high-priced watches on the basis of lifestyle.

Buyer Readiness: Another variable used for segmenting the market is buyer 'readiness' or preparedness of the buyer to buy the product. At any given time, buyers are at different stages of readiness. There are unaware buyers, buyers who are aware but not interested, buyers 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. After having discussed the customer based segmentation, let us now deal with Product related segmentation.

- **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.

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.



CHECK YOUR PROGRESS

Q1: What are the major bases for market segmentation?

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Q2: What ar the different stages of buyer readiness?

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2.3.3 Targeting

After segmenting the market based on the different groups and classes are identified, the marketer will need to choose the targets. Single strategy will not suit all the consumer groups, so it is important to develop specific strategies for the target markets.

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.

l 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 is segment size, 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 hold over resources, skills and competencies and overall strengths in terms of physical and financial resources as well as time constraints.

2.3.4 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.

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.

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.

d. ***Market Specialization:*** The marketer deals with one specific market only; he tries to meet many needs of a particular customer group.

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. 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, Pepsi.



CHECK YOUR PROGRESS

Q3: What are the different patterns of target market selection?

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Q4: Define Targeting

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2.3.5 Positioning

We will discuss in detail the concept of market targeting in next unit. In this unit however we will give you an overview about this

concept.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 its 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.

Positioning is the perception of a brand or product it brings 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.



2.4 LET US SUM UP

I In this unit, we have 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.



2.5 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.



2.6 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Customer based segmentation; Product related segmentation; Competition related segmentation.

Ans to Q No 2: 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.

Ans to Q No 3:

i) Single segment concentration

ii) Multi Segment

iii) Product specialisation

iv) Market specialisation

v) Full market coverage.

Ans to Q No 4: Targeting means choosing the specific segmented market.



2.7 MODEL QUESTIONS

Q 1: What is market segmentation? Discuss the various bases of market segmentation.

Q 2: What is target marketing and positioning of product and services?

Q 3: Discuss briefly the demagraphic segmentation of the market.

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UNIT 3: MARKET POSITIONING

UNIT STRUCTURE

3.1 Learning Objectives

3.2 Introduction

3.3 Product Positioning

- 3.3.1 Requisites for Product Positioning
- 3.3.2 Positioning Strategies

3.4 Let Us Sum Up

3.5 Further Reading

3.6 Answers to Check Your Progress

3.7 Model Questions

3.1 LEARNING OBJECTIVES

After going through this unit you will able to

- learn how market segmentation is interlinked—- in the positioning strategy
- discuss the steps of product positioning.

3.2 INTRODUCTION

In the previous unit we have discussed the topic called market segmentation, advantages of segmentation, requirements for effective segmentation, bases for market segmentation and market targeting. We have already discussed in earlier unit that positioning is the perception of a brand or product it brings about in the mind of a target consumer. In this unit we will be discussing briefly the concept of positioning.

3.3 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 competing products.

Definitions :-

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.

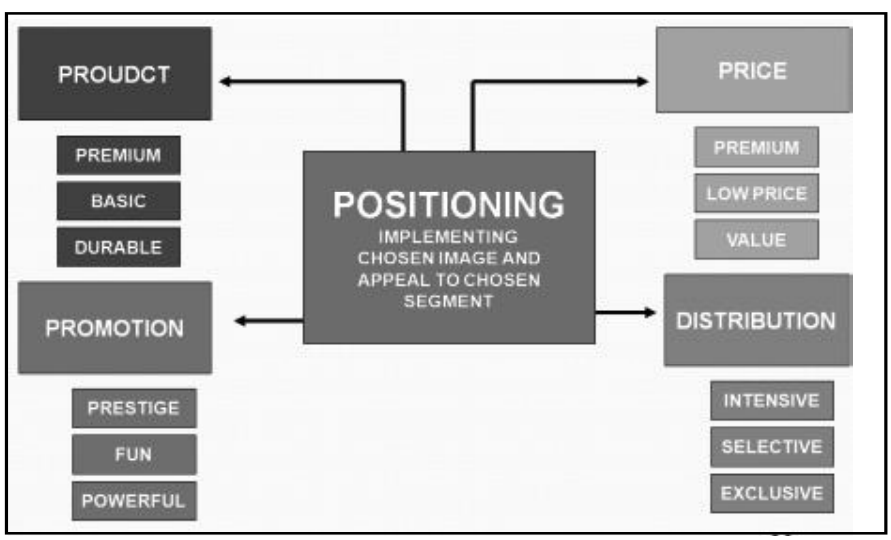


Fig 3.2: Positioning

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. Thus the marketer of a product 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.

3.3.1 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

3.3.2 Positioning Strategies

There are two types of positioning strategies which a marketer could choose for positioning on. These are

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 1: What is Points of Parity

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Q 2: Define Positioning

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3.4 LET US SUM UP

In this unit we have discussed the following:

- 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 care of Points of Difference, the brand is unique. It is based on Unique Selling Proposition (USP),



3.5 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.



3.6 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Point of parity are the attributes not unique to the brands and are shared by some competitiors.

Ans to Q No 2: 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.



3.7 MODEL QUESTIONS

Q 1: What is product positioning?

Q 2: Write short notes on

a. Points of parity (POP)

b. Points of difference (POD).

Q 3: Discuss the requisites for product positioning.

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UNIT 4: CONSUMER MOTIVATION

UNIT STRUCTURE

4.1 Learning Objectives

4.2 Introduction

4.3 Needs, Goals and Dynamic nature of Motivation

4.3.1 Needs and Demand

4.3.2 Goals

4.3.3 The dynamic nature of Motivation

4.4 Let us Sum Up

4.5 Further Readings

4.6 Answers to Check Your Progress

4.7 Model Questions

4.1 LEARNING OBJECTIVES

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

- define motivation
- discuss the importance of Motivation
- discuss the types of human needs, motives and meaning of goals
- discuss the nature and role of motives
- describe the importance of motivation in understanding consumer behaviour

4.2 INTRODUCTION

In the earlier unit, we have discussed about the market positioning. In this unit we will discuss consumer motivation and personality which reflects 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 following sections will discuss these in detail

4.3 NEEDS, GOALS AND DYNAMIC NATURE OF MOTIVATION

In this section we will discuss briefly needs, goals and nature of motivation.

4.3.1 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.

4.3.2 Goals

Goal: The object of a person's ambitions or effort.

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.

4.3.3 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, such as show of status, to look fashionable etc.

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 need 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 in 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 motive satisfaction or solution to their problem. Consumer motivations are forces that stimulate and direct the consumers towards performing purposeful goal-oriented behaviour and 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, in the belief that consumers' purchase decision reflects their unique personalities. While motivations are the 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 unit.



CHECK YOUR PROGRESS

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

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Q 2: Define goal.

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Q 3: What is consumer motivation?

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4.4 LET US SUM UP

In this unit we have discussed consumer motivation.

- Consumer motivation is a driving force to take buying decisions.
- Some important factors of motivation are unsatisfied needs and goals.
- A consumer has specific needs and goals in their mind and the marketer need to understand them to motivate the customers.



4.5 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.



4.6 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: A goal is an idea of the future or desired result that a person wants to achieve.

Ans to Q No 3: Consumer motivations are forces that stimulate and direct the consumers towards performing purposeful goal-oriented behaviour and the personality of an individual guides the behaviour chosen to achieve specific goals in different situations.



4.7 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: Difine goae, need and demand.

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UNIT 5 : PERSONALITY AND CONSUMER BEHAVIOUR

UNIT STRUCTURE

5.1 Learning Objectives

5.2 Introduction

5.3 Personality

5.4.1 Nature of Personality

5.5 Personality Theories

5.5.1 Freudian Theory

5.5.2 Neo Freudian Theory of Personality

5.5.3 Trait Theory of Personality

5.6 Personality and Consumer Behaviour

5.7 Product, Brand Personality and Self-Image

5.8 Let us Sum Up

5.9 Further Readings

5.10 Answers to Check Your Progress

5.11 Model Questions

5.1 LEARNING OBJECTIVES

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

- discuss the concept of personality and its influence on consumer behavior
- discuss different theories of Personality
- describe Products and Brand's personality.

5.2 INTRODUCTION

In the earlier unit, we have discussed about consumer motivation. 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. The consumer's personality is necessarily taken into account while the question of motivation is considered. The unit seeks to

discuss such factors nature of personality, and the knowledge of the personality theories and how consumer behaviour can be related to personality. The following section will discuss these issues in detail.

5.4 PERSONALITY

Personality distinguishes one person from another. Personality is the inner psychological characteristics that determine a person's response towards the environment. The most frequently quoted definition of personality is that of Gordon W. Allport. According to him, "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.

5.4.1 Nature of Personality

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

Let us discuss these properties 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.

5.5 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.

5.5.1 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', which are said to be unconsciously determined tension-reducing

strategies used by ego.

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 marketer adopt Freudian theory are perfume, hair dye, skincare products, dresses, farm houses and motorcycles.

5.5.2 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, which he called style of life. 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 and born in Vienna in 1856, Freud's first work was on biology and clinical neurology. His psycho analytic theory has been a potent influence on the culture in general.

5.5.3 Trait Theory

This theory is relatively recent in origin and it 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.

5.6 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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5.7 PRODUCT PERSONALITY, BRAND PERSONALITY AND SELF-IMAGE

Product Personality: 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.

Brand 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: Self-Image or perceptions of self is very closely associated with personality in that 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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5.8 LET US SUM UP

In this unit we have discussed consumer motivation and personality.

- 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.

- Positive brand personality leads to favourable attitudes towards the brand.
- Brand personification and self image is also associated with personality.



5.9 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.



5.10 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 builts 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.



5.11 MODEL QUESTIONS

Q 1: What is personality? Discuss the trait theory of personality.

Q 2: Distinguish between Id, Ego and Superego. How can these influence product choice?

Q 3: What is neo-Freudian theory? What are its implications for marketers?

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UNIT 6 : CONSUMER PERCEPTION

UNIT STRUCTURE

6.1 Learning Objectives

6.2 Introduction

6.3 Introduction to Consumer Perceptions

6.3.1 Thresholds of Perceptions

6.3.2 Subliminal Perception

6.4 Three Elements of Perception

6.4.1 Perceptual Selection

6.4.2 Perceptual Organisation

6.4.3 Perceptual Interpretation

6.5 Product and Service Positioning

6.6 Perceived Price, Quality and Risk

6.7 Let Us Sum Up

6.8 Further Readings

6.9 Answer To Check Your Progress

6.10 Model Questions

6.1 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
- Describe Product and Service Positioning
- Describe perceived Price Quality and Risk.

6.2 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.

6.3 INTRODUCTION TO CONSUMER PERCEPTIONS

In the following section, we will be discussing about consumer perception.

6.3.1 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 initial cost 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.).

6.3.2 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.

6.4 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.

6.4.1 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.

6.4.2 PERCEPTUAL ORGANISATION:

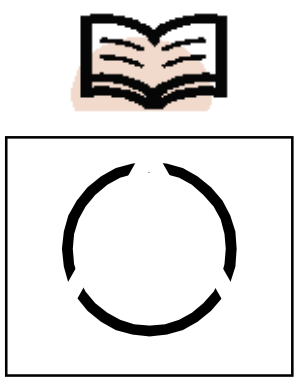
People do not experience the numerous stimuli they select from the environment as separate and distinct sensations; rather they tend to organise them into groups and perceive them as unified wholes. Thus, the perceived characteristics of even the simplest stimulus are viewed as a function of the whole 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 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. 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.



***Figure–** 6.1*

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 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.

6.4.3 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?

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Q 3: What is Subliminal perception?

.....

Q 4: What are the three elements of perception?

.....

6.5 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.

The 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 matching 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 position their service to different consumers differently such as budget hotels, luxury hotels or resorts.

6.6 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 perceive a price—as high, low or fair—has a strong influence on buying intention 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 for judging 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 which 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.

Functional risk is the risk that the product will not perform as expected. Physical risk is the risk to self and others that the product may pose. 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. Social risk is the risk that a poor product choice may result in social embarrassment. Psychological risk is the risk that a poor product choice will bruise the consumer's ego. 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?

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Q 8: What is functional Risk?

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6.8 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* .
- The subliminal perception which is ‘‘Perception of stimuli that are above the level of conscious awareness’’
- Product and service positioning are important in perception.
- At last we have discussed about perceived price, quality and risk associated with perception.



6.9 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.



6.10 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 is “Perception of stimuli that are above the level of conscious awareness”.

Ans to Q No 4: The three aspects of perception is the selection, organisation and interpretation of stimuli

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.

Ans to Q No 6: Consumers' perceived quality of a product or service is based on a variety of informational stimuli that they associate with the product. 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.

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 will not perform as expected.



6.11 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 j.n.d.? 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 consumers handle risk?

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UNIT 7: CONSUMER ATTITUDES

UNIT STRUCTURE

7.1 Learning Objectives

7.2 Introduction

7.3 Concept of Attitude

- 7.3.1 Elements of Consumer attitude
- 7.3.2 Formation of Attitudes
- 7.3.3 Consumer Buying Process

7.4 Functions of Attitude

7.5 Structural Models of Attitude

7.6 Attitude Change

7.7 Let Us Sum Up

7.8 Further Reading

7.9 Answers To Check Your Progress

7.10 Model Questions

7.1 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.

7.2 INTRODUCTION

This is the seventh 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 they must be inferred from what people say about what they do. Attitude as an element of learning plays a pivotal role in understanding consumer behavior.

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.

7.3 CONCEPT OF ATTITUDE

Attitudes are evaluative statements. They refer to one's feeling either favorably or unfavorably towards 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 result 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.

7.3.1 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. These components are viewed together since they are highly interdependent and they together represent forces that influence how the consumer will react to the object. These elements of consumer attitude belief, feelings and behavioural intentions are descussed below.

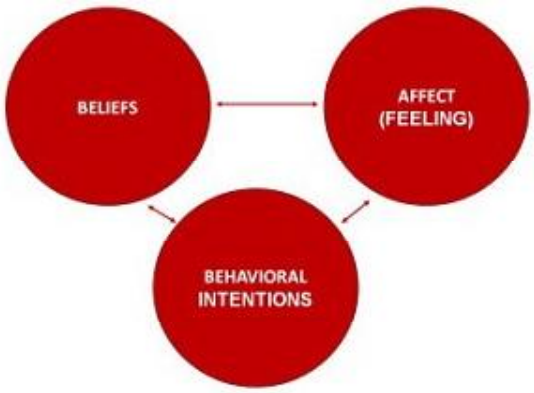


Figure 7.1: Elements of Consumer Attitude

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 drinks it to and relieve tension, others may say that 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 he may visit it because it is the hangout place for his friends.

7.3.2 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 an early age when children derive certain attitudes from their parents. This is often evident from when young children express their preferences 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.

7.3.3 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 a friend or from 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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7.4 FUNCTIONS OF ATTITUDES

The following are the functions of attitudes:

- **Adjustment Function** - Attitudes help 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, through 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.

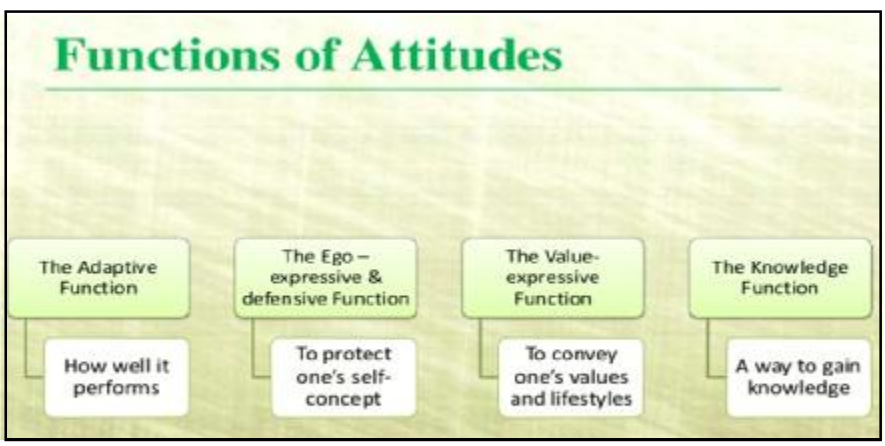


Figure 7.2: Functions of Attitude

7.5 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.

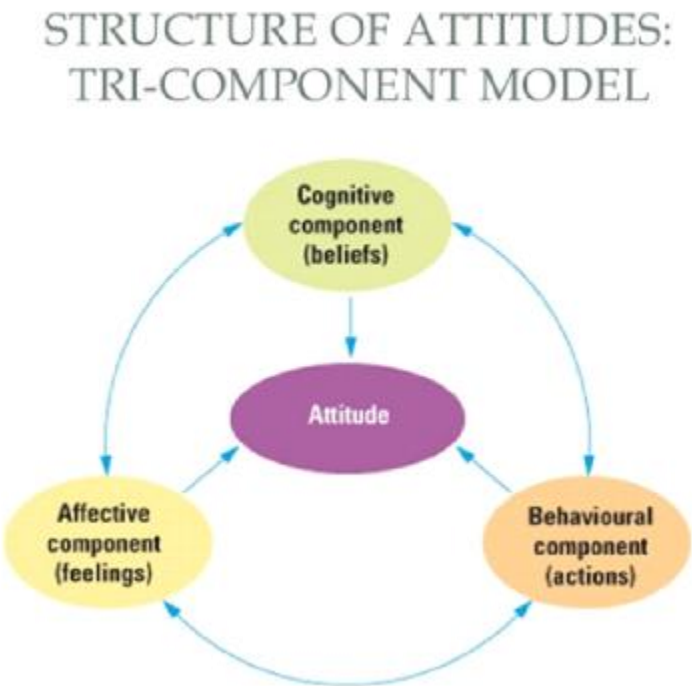


Figure 7.3: Tri component Model of Consumer Attitude

- **Cognitive Component** - the first component is cognitive component. It consists of an individual's knowledge or perception towards some products or services through personal experience through or related information from various sources. This knowledge, usually results in beliefs, which a consumer has, and specific behaviour.
- **Affective Component** - the second part is the affective component. This consists of a person's feelings, sentiments, and emotions for a particular brand or product. They treat them as the primary criteria for the purpose of evaluation. The state of mind also plays a major role, like the state of sadness, happiness, anger, or stress. This also affects the attitude of a consumer.
- **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 and also, understand the factors that 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, direct-marketing or cause or an idea; as function of consumers perception and assessment of the key attributes or beliefs held with regard to the particular attitude object. Although there are many variations of this type of attitude model, the following three models are briefly stated and discussed here viz. 1) the attitude-towards-object model, 2) the attitude-towards-behavior model, 3) the theory-of-reasoned-action model.

- ***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's attitude towards behaving or acting with respect to an object rather than the attitude towards the object itself.Model corresponds closely to actual behavior 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 as he 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 and expectations of success, (2) attitude toward failure and expectations of failure and (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 behave is 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 formjudgments 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 also 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 of the 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.

7.6 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.

Strategiesof 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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7.7 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.

7.8 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

7.9 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.

7.10 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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