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CONSUMER BEHAVIOUR

SEMESTER - VI

BUSINESS ADMINISTRATION

BLOCK -2

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BACHELOR IN BUSINESS ADMINISTRATION

CONSUMER BEHAVIOUR

Block 2

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BLOCK INTRODUCTION:

This is the second block of the course 'Consumer Behaviour". The Block is divided into 8 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 of this block i.e. unit 8 introduces us to the concept of consumer learning.

The second unit gives us a broad idea of how culture influences consumer behaviour.

Third unit explains about social class and group influence on Consumer Behaviour.

The fourth unit gives us an idea on attitude formation and change.

The fifth unit is about diffusion of innovation process.

The sixth unit gives us a broad idea about reference group and how it influences in Consumer Behaviour.

The seventh unit of this block explains about Consumer decision making process

The last unit of this block is about organisational buying behaviour.

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.

Unit 8: Consumer Learning

Unit 9: Cultural influences on Consumer Behaviour

Unit 10: Social class and Group influences on Consumer Behaviour

Unit 11: Attitude formation and Change

Unit 12: Diffusion of Innovation

Unit 13: Influence of Reference Groups

Unit 14: Consumer Decision making Process

Unit 15: Organisational Buying Behaviour

UNIT 8: CONSUMER LEARNING

UNIT STRUCTURE

8.1 Learning Objectives

8.2 Introduction

8.3 The Elements of Consumer Learning

8.4 Theories of Learning

- 8.4.1 Behavioural Learning theories
- 8.4.2 Cognitive Learning theories

8.5 Measures of Consumer Learning :

- 8.5.1 Recognition and Recall
- 8.5.2 Brand Loyalty

8.6 Let Us Sum Up

8.7 Further Readings

8.8 Answer to Check Your Progress

8.9 Model Questions

8.1 LEARNING OBJECTIVES

After going through this unit you will be able to :

- Learn the Process and Four Elements of Consumer Learning
- Get Acquainted with the Various Theories of Learning
- Discuss how Consumer Learning takes place and its Results are Measured.

8.2 INTRODUCTION

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

8.3 THE ELEMENTS OF CONSUMER LEARNING

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

In order for learning to takes place, certain basic elements must be present, like, motives, cues, response and reinforcement etc. These elements are discussed below:

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

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

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

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

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

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

8.4 THEORIES OF LEARNING

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

8.4.1 Behavioural Learning Theories

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

(a) Classical Conditioning:

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

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

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

(i) Strategic Applications of Classical Conditioning:

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

- **Repetition**

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

- **Stimulus Generalization**

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

of jangling keys. Stimulus generalization explains why some imitative me-too products succeed in the marketplace. Consumers confuse them with the original product they have seen advertised. That is why manufacturers of private-label brands try to make their packaging closely resemble the national brand leaders, so that, the consumers confuse their packages with the leading brand and buy their product rather than the leading brands.

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

- **Stimulus discrimination**

Stimulus discrimination is the opposite of stimulus generalization and results in the selection of a specific stimulus from among similar stimuli. The ability of human to discriminate among stimuli is learned. For example, frequent users of a brand are better able to notice relatively small differences among brands in the same product category. Most product differentiation strategies are designed to distinguish a product or brand from that of competitors on the basis of an attribute that is relevant, meaningful and valuable to consumers. Marketers who offer me-too type of products attempt to encourage consumer's stimulus generalization, while innovators and market leaders strive to convince consumers to discriminate and consider their brands as different from other brands of the same

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

(b) Instrumental or Operant Conditioning

Like classical conditioning, *instrumental conditioning* requires a link between a stimulus and a response. However, in instrumental conditioning, the stimulus that results in the most satisfactory response is the one that is learned.

Instrumental learning theorists believe that learning occurs through a trial-and-error process, with habits formed as a result of rewards received for certain responses or behaviours. This model of learning applies to many situations in which consumers learn about products, services, and retail stores. For example, consumers learn which stores carry the type of clothing they prefer at prices they can afford to pay by shopping in a number of stores. Once they find a store that carries clothing that meets their needs, they are likely to patronize that store to the exclusion of others. Every time they purchase a shirt or a sweater there that they really like, their store loyalty is rewarded i.e., reinforced and their patronage of that store is more likely to be repeated.

The name of American psychologist B.F.Skinner is most closely associated with instrumental or operant conditioning. Like Pavlov, Skinner developed his model of learning by working with animals. According to B.F. Skinner, most individual learning occurs in a controlled environment in which individuals are "rewarded" for choosing an appropriate behaviour. In consumer behaviour terms, instrumental conditioning suggests that consumers learn by means of a trial-and-error process in which some purchase behaviours result in more favourable outcomes i.e., rewards, than other purchase behaviours. A favourable experience is "instrumental" in teaching the individual to repeat a specific behaviour. In a marketing context,

the consumer who tries several brands and styles of jeans before finding a style that fits his/her figure has engaged in instrumental learning. Presumably, the brand that fits best is the one the consumer will continue to buy.

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

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

(i) Strategic Application of Instrumental Conditioning

Marketers effectively utilize the concepts of consumer

instrumental learning when they provide positive reinforcement by assuring customer satisfaction with the product, the service and the total buying experience. Relationship marketing i.e., developing a close personalized relationship with customers is another form of reinforcement.

8.4.2 Cognitive Learning Theories

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

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

Learning based on mental activity is called cognitive learning. Cognitive learning theory holds that the kind of learning most characteristic of human beings is problem solving, which enables individuals to gain some control over their environment. Unlike behavioural learning theory, cognitive theory holds that learning involves complex mental processing of information. Instead of focusing on the importance of repetition or the association of a reward with a specific response, cognitive theorists emphasize the role of motivation and mental processes in producing a desired response.

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

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

8.5 MEASURES OF CONSUMER LEARNING

Following are the different measures of consumer learning-

8.5.1 Recognition and Recall

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

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

Various marketing research agencies conduct recognition and recall tests. In case of evaluation of the effectiveness of magazine advertisements, after qualifying as having read a given issue of a magazine, respondents are presented with the magazine and asked to point out which ads they have noted (i.e., remember seeing), which ads they have associated with the advertiser and which they read most (i.e., more than half of the copy). Consumers' intentions to buy and the likelihood in engaging in word of mouth about the product after reading the ad are also analysed. An

advertiser can estimate the effectiveness of a given ad by comparing its scores on competitive ads, and to the company's own prior ads.

8.5.2 Brand Loyalty

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

Behavioural scientists who favour the theory of instrumental conditioning believe that brand loyalty results from an initial product trial that is reinforced through satisfaction, leading to repeat purchase. Cognitive researchers, on the other hand, emphasize the role of mental processes in building brand loyalty. They believe that the consumers engage in extensive problem-solving behaviour involving brand and attribute comparisons, leading to a strong brand preference and repeat purchase behaviour. Therefore, brand loyalty is the synergy among such attitudinal components as perceived product superiority, customer satisfaction, and the purchase behaviour itself.

Here, we can also refer to the term *brand equity.* Brand equity refers to the value inherent in a well-known brand name. This value stems from the consumer's perception of the brand's superiority, the social esteem that using it provides, and the customer's trust and identification with the brand. For many companies, their most valuable assets are their brand names. Well-known brand names are referred to as megabrands. Some megabrands are Coca-Cola, Sony, and Google etc.

Measuring brand equity is more complex compared to measuring brand loyalty and it requires more sophisticated analysis.

Perceived quality, brand loyalty, brand image and brand awareness play an important role in customer based brand equity.

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



CHECK YOUR PROGRESS

Q 1: Define learning.

.....

Q 2: What are the elements of consumer learning?

.....

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

.....

Q 4: Who invented operant conditioning theory?

.....



8.6 LET US SUM UP

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

- Consumer learning process evolves and changes as a result of newly acquired knowledge gained from reading, discussions, observations or thinking; or from actual experience.

- For learning to take place, certain basic elements must be present, like, motives, cues, response and reinforcement etc.
- There are basically two approaches to the study of learning i.e. behavioural approach to learning and cognitive approach to learning.
- Two behavioural learning theories with great relevance to marketing are classical conditioning and instrumental or operant conditioning.
- Learning that takes place as a result of mental activity is termed as cognitive learning.
- Some of the outcomes of learning are recall and recognition, brand loyalty and brand equity etc.



8.7 FURTHER READING

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



8.8 ANSWERS TO CHECK YOUR PROGRESS

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

Ans to Q No 2 For, learning to takes place, certain basic elements must be present, like, motives, cues, response and reinforcement etc.

Ans to Q No 3: Three basic concepts derive from classical conditioning are repetition, stimulus generalization and stimulus discrimination.

Ans to Q No 4: B.F. Skinner



8.9 MODEL QUESTIONS

Q 1: Discuss classical conditioning and instrumental conditioning theories.

Q 2: What major factors influence learning?

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

Q 4: Discuss the cognitive learning theory.

*** ***** ***

UNIT 9: CULTURAL INFLUENCE ON CONSUMER BEHAVIOUR

UNIT STRUCTURE

9.1 Learning objectives

9.2 Introduction

9.3 Concept of Reference group

9.4 Impact of Social class on consumer behaviour

9.5 Impact of culture on consumer behaviour

9.6 Impact of Subculture on consumer behaviour

9.7 Impact of Cross-cultural factors on consumer behaviour

9.8 Let us Sum Up

9.9 Further Readings

9.10 Answers to Check Your Progress

9.11 Model Questions

9.1 LEARNING OBJECTIVES

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

- Know about the Reference Group and Consumer Relevant Groups
- Learn about Social Class and Its Impact on Consumer Behaviour
- Discuss the Influence of Culture, Sub-culture, and Cross-cultural Factors on Consumer Behaviour

9.2 INTRODUCTION

In the earlier unit we have discussed the ideas of attitude formation and change. In this unit we are going to discuss the various types of groups and the impact of Social class on consumer behaviour, the impact of culture on consumer behaviour, the impact of Subculture on consumer behaviour and the impact of Cross-cultural factors on consumer behaviour.

9.3 CONCEPTS OF REFERENCE GROUP

A group may be defined as two or more people who interact to

accomplish either individual or mutual goals. It may be classified on the basis of regularity of contact, structure and hierarchy, by membership or size. A group may be primary and secondary group, formal and informal group, membership and symbolic group or a reference group.

If a person interacts on a regular basis with other individuals such as members of his/her family, neighbours or co-workers, then these individuals can be considered a **primary group**. On the other hand, if a person interacts only occasionally with other persons, they may be considered a secondary group for that person. Another useful way to classify groups is by their formality, i.e. the extent to which the group structure, the member's roles and the group's purpose are clearly defined. If a group has a highly defined structure (for example, a formal membership list), specific roles and authority level (president, secretary, treasurer), specific goals, then it is a **formal group**. On the other hand, if a group is loosely defined—as for example three co-workers who, with their family members see each other frequently, then it is considered as an **informal group**. We will be discussing these groups in detail in Unit 13.

Reference group appeals are used very effectively by some advertisers to segment their markets. Group situations or people, with whom a segment of the audience can identify, are used to promote goods and services by cleverly inducing the prospective consumer to identify with the pictured user of the product. This identification may be based on admiration (e.g., of a sports person), on aspiration (of a celebrity or a way of life), or on empathy (with a person or situation). In some cases, the prospective consumer thinks, "If he uses it, it must be good. If I use it I will be like her." In other cases, the prospective consumer says to himself/herself "She/He has got problems I have got. What worked for him will work for me."

Three major types of reference group appeals in common marketing usage are *celebrity appeals, expert appeals* and *common man appeals*. These appeals are often used in the guise of testimonials or endorsements.

Celebrities, particularly the movie stars, TV personalities and sports heroes, provide a popular type of reference group appeal. To their loyal followers and to much of the general public, celebrities represent an

idealization of life that most people would love to live. Advertisers spend huge sums of money to have celebrities promote their products in the expectation that the reading or the viewing audience will react positively to the celebrity's association with their product.

A firm that decides to employ a celebrity to promote its product has a choice of using the celebrity to give a testimonial, to give an endorsement as an actor in a commercial or as a company spokesperson.

A second type of reference group appeal used by marketers is the *expert*— a person who, because of his or her occupation, special training or experience, is in a unique position to help the prospective consumer evaluate the product or service the advertisement promotes.

Reference group appeals offer benefits like higher brand awareness which serves to reduce perceived risk.



CHECK YOUR PROGRESS

Q 1: State true or false for the following statements—

(i) Reference group apeals are used randomly. (True/False)

(ii) If a person never interacts with other individual then they belong to primary group. (True/False)

9.4 IMPACT OF SOCIAL CLASS ON CONSUMER BEHAVIOUR

Social class is the division of the members of a society into a hierarchy of distinct status classes, so that the members of each class have relatively the same status and members of all other classes have either more or less status. Social-class categories usually are ranked in a hierarchy, ranging

from low to high status. Thus, members of a specific social class perceive the members of other social classes as having either more or less status than they do. To many people, therefore, social-class categories suggest that others are either equal to them (i.e., about the same social class), superior to them (i.e., higher social class), or inferior to them (i.e., lower social class).

The hierarchical aspect of social class is important to the marketers. Consumers may purchase certain products because these products are favoured by members of either their own or a higher social class (e.g., a high-priced Swiss wristwatch), and consumers may avoid other products because they perceive the products to be "lower-class" products (e.g., a "no-name" brand of sneaker). Thus, the various social-class strata provide a natural basis for market segmentation for many products and services. In many instances, consumer researchers have been able to relate aspects of product usage to social-class membership. For example, when it comes to the consumption of instant coffee throughout Europe, it appears that for German consumers instant coffee tends to be an upmarket or upscale product; but in contrast, for French consumers instant coffee is a particularly downmarket or downscale product.

Social-class profiles provide a broad picture of the values, attitudes and behaviour that distinguish the members of various social classes. Social class is also an important variable in determining where a consumer shops. People tend to avoid stores that have the image of appealing to a social class very different from their own.

Research has revealed social-class differences in clothing habits, home decoration, and leisure activities, as well as in saving and spending habits. Therefore, intelligent marketers tailor specific product and promotional strategies to each social-class target segment.

Consumer research has found evidence that within each of the social classes, there is an assortment of specific lifestyle factors (shared beliefs, attitudes, activities and behaviours) that tend to distinguish the members of each class from the members of all other social classes. Lifestyle differences

should be considered when choosing appropriate marketing-mix appeals to communicate with the core members of any social-class group.

9.5 IMPACT OF CULTURE ON CONSUMER BEHAVIOUR

Culture influences consumers through the norms and values established by the society in which they live. Study of culture is the study of all aspects of a society. Culture is the sum total of learned beliefs, values, and customs that serve to direct the behaviour of members of a particular society. The study of culture is concerned with a comprehensive examination of factors such as language, religion, knowledge, laws, art, music, work patterns, social customs, festivals and food habits etc. In fact, culture includes everything that reflects its personality.

Beliefs and values are guides for consumer behaviour; customs are some of the usual and accepted ways of behaving. Culture is a mirror of the values of the members of a society. Culture is not static but it evolves and changes slowly over time. Marketing strategies are unlikely to change cultural values but culture does influence marketing.

The impact of culture on society is so natural and automatic that its influence on behaviour is usually taken for granted. Consumers view themselves in the context of their culture and react to their environment based upon the cultural framework that they bring to that experience. Each individual perceives the world through his own cultural lens.

Culture is learnt as a part of social experience. Children acquire from their environment a set of beliefs, values and customs that constitutes culture. This process is called enculturation. These are acquired through formal learning, informal learning, and technical learning. Advertising enhances formal learning by reinforcing desired models of behaviour and expectations; it enhances informal learning by providing models for behaviour.

Culture is communicated to members of society through a common language and through commonly shared symbols. Because the human mind has the ability to absorb and to process symbolic communication, marketers

are able to promote to consumers both tangible and intangible products, services and concepts.

All the elements in the marketing mix serve to communicate symbolically with the audience. Products project an image of their own; so does promotion. Price and retail outlets symbolically convey images concerning the quality of products.

The elements of culture are transmitted by three pervasive social institutions: the family, the peer group and the school. A fourth social institution that plays a major role in the transmission of culture is the mass media, both through editorial content and through advertising.

A number of core values of Indians are relevant to the study of consumer behaviour. These include family orientation, fondness for festivities, mythology and attachment toward native food. Values are also changing in India, especially among upwardly mobile urban segments, and these new values are similar to those in the west: orientation toward material success and personal achievement, strong work ethic, impulse gratification, use of high-tech products and a middle-of-the-road approach to tradition.

Because each of these values varies in importance to the members of our society, each provides an effective basis for segmenting consumer markets. It is important to understand the cultural aspects of emerging markets like India and to develop integrated marketing communications in tune with these traditional and new cultural values.

9.6 IMPACT OF SUB-CULTURE ON CONSUMER BEHAVIOUR

Subcultural analysis enables the marketers to segment their markets to meet the specific needs, motivations, perceptions, and attitudes shared by the members of a specific subcultural group.

A subculture is a distinct cultural group that exists as an identifiable segment within a larger, more complex society. The members of a specific subculture tend to possess beliefs, values and customs that set them apart from other members of the same society. In addition, they adhere to most

of the dominant cultural beliefs, values, and behavioural patterns of the larger society. Major Subcultural categories include community speaking a particular language, people practicing a particular religion, people residing in a particular geographical location or belonging to a particular age group, and gender. Each of these can be broken down into smaller segments which can be reached through special copy appeals and selective media choices. In some cases (for age group and gender), product characteristics can be tailored to the specialized needs of the market segment. For example, special food may be promoted for aged consumers.

9.7 IMPACT OF CROSS-CULTURAL FACTOR ON CONSUMER BEHAVIOUR

We observe much diversity of cultural and Subcultural aspect among the Indian population. Numerous larger differences exist between citizens of different nations having different cultures, values, beliefs, and languages. To satisfy the consumers in international marketers, the marketers must understand the relevant similarities and differences that exist between the peoples of the countries they decide to target.

When consumers make purchase decisions, they seem to take into consideration the country of origin of the brands that they are assessing. Consumers frequently have specific attitudes or preferences for products made in particular countries. These country-of-origin effects influence how consumers rate quality and which brands they will ultimately select.

With the help of the advances in communication, a majority numbers of consumers from all over the world come in contact with the material goods and lifestyle of the people living in other countries. Again, the number of middle class consumers is also growing in developing countries. Marketers are eager to locate these new customers and to offer them their products. To be successful, the marketers must learn everything that is relevant to the product and product category in the society in which they plan to market, and then they must persuade the members of that society to break with their traditional ways of doing things to adopt the new product. The more

similar a foreign target market is to a marketer's home market, the easier is the process of learning for the marketer.

Some of the problems involved in cross-cultural marketing include: differences in language, consumption patterns, needs, product usage, economic and social conditions, marketing conditions, and market research opportunities. It is also needed for more systematic and conceptual cross-cultural analyses of the psychological, social, and cultural characteristics concerning the consumption habits of foreign consumers. Such analyses would identify increased marketing opportunities that would benefit both international marketers and their targeted consumers.



CHECK YOUR PROGRESS

Q 2: State whether the following are true or false:

(i) Members of a social class have the same status. (True/False)

(ii) Members of a social class do not have any specific life style pattern. (True/False)

(iii) Study of culture is the study of all aspects of a society. (True/ False)

(iv) Food habit is not influenced by our culture. (True/False)

(v) The Country of origin is an important factor which influences the choice of a particular product or brand. (True/False)



9.8 LET US SUM UP

In this unit we have discussed the following:

- A group may be defined as two or more people who interact to accomplish either individual or mutual goals
- Reference groups are groups that serve as frames of reference for individuals in their consumption decisions because they are perceived as credible sources.

- Social class also has impact on consumer behaviour: Social class is the division of the members of a society into a hierarchy of distinct status classes, so that the members of each class have relatively the same status and members of all other classes have either more or less status. Social-class categories usually are ranked in a hierarchy, ranging from low to high status.
- Culture influences consumers through the norms and values established by the society in which they live.
- Subcultural analysis enables the marketers to segment their markets to meet the specific needs, motivations, perceptions, and attitudes shared by the members of a specific subcultural group.



9.9 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.



9.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: (i) False (ii) False

Ans to Q No 2: (i) True (ii) False (iii) True (iv) False (v) True.



9.11 MODEL QUESTIONS

Q 1: What is reference group? Discuss the role of a reference group on the consumption habits of its members.

Q 2: How does the social class influence the consumption pattern of its members?

Q 3: Discuss the influence of culture on the consumers buying process.

Q 4: Why study of cultural pattern is important for the international marketers?

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UNIT 10: SOCIAL CLASS AND GROUP INFLUENCE ON CONSUMER BEHAVIOR

UNIT STRUCTURE

10.1 Learning Objectives

10.2 Introduction

10.3 Meaning of a Social Class

10.3.1 Characteristics and features of social class

10.4 Meaning of Consumer Groups

10.5 Types of Consumer Groups

10.6 Meaning of Reference Groups

10.7 Role of Family in Consumer Behaviour

10.7.1 Role of Family in Decision Making

10.8 Opinion Leaders and Opinion Leadership Process

10.8.1 Characteristics of Opinion Leaders

10.9 Let Us Sum Up

10.10 Further Reading

10.11 Answers to Check Your Progress

10.12 Model Questions

10.1 LEARNING OBJECTIVES

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

- define the meaning and characteristics of a Social Class
- explain meaning of Consumer Groups and outline the types of Consumer Groups
- discuss the meaning of reference groups
- describe the role of Family in consumer Behaviour
- discuss opinion leaders and opinion leadership process.

10.2 INTRODUCTION

In the previous units, we have already discussed about cultural influence on consumer Behaviour. This unit deals with the sociological

influences that impact consumer decision making; these include Consumer groups, Reference groups and opinion leaders etc.

10.3 MEANING OF A SOCIAL CLASS

People may be placed on different positions on a continuum or a range; the continuum, in fact is divided into specific social classes, or *strata*. Social class is the strata in the society.

Thus, people in a society may be placed in different strata based on their status; each of these strata may be referred to as social class.

Schiffman defines social class as "*the division of /members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less status".*

Social class is measured in terms of status*;* a person belonging to a particular class is said to hold status similar to members of that class. So, social class is defined in terms of the amount of status the members of a particular class relatively have, in comparison with members of other social classes.

It is common aspect noted throughout the world that human beings exist in a socially stratified environment.The stratification into varied social classes, is done on the bases of the following three factors:

1. wealth (economic assets)
2. power (ability to exert influence over others) and
3. prestige (recognition received).

While understanding buying patterns and consumption behavior, it is necessary to understand the dynamics of social class. These are discussed as follows:

a. Hierarchical structure: Social class is hierarchical in nature. The social-class categories are ranked in a hierarchy that ranges from low to high. Based on education, occupation and income, the society is divided into various ranks.

b. Similarity of people within a social class: People within a social class are similar to each other. This similarity is not only witnessed in

terms of their education, occupation and income, but also their thinking, values, norms, attitudes, lifestyle and behavioral patterns. There is similarity among members within each social class and dissimilarity with between social classes.

10.3.1 Characteristics and Features of Social Class

Following are some of the characteristics of social class relevant to consumer behavior:

1. Persons with a given social class tend to behave more alike: Social classes are homogeneous divisions of the society. Each social class shows similar life-styles, values, status, prestige and interests. So, the behavior pattern of the members becomes similar. There are also shared attitudes and behavioral pattern among members. So, the behavioral pattern differs among social classes. For example, a person belonging to middle class prefers economically priced cars. But upper income group will prefer highly priced cars. Thus, social classes exhibit varying buying pattern in purchase of products that meets the life-style, status and prestige of their members.

2. The members of each class have relatively the same status: The members in a particular social class have relatively the same status. An individual or family achieves social class by acquisition of skills, education, wealth and recognition. The status of the member reflects the aggregate effect of influence and recognition conferred on them by the society. This in turn is either more or less than the status of other classes.

3. Social class is hierarchical: Social class is determined by a hierarchical classification of individuals and families with a distinct status. Families can climb the social ladder by achievement of members. When each generation within a family tends to do better, there is an upward mobility in the social ladder. When young adults have less disposable income than their successful parents, they may slide down in the class hierarchy. The hierarchical aspect of social class is important to marketers. Consumers may prefer to

purchase products favored by their own or higher social class (e.g. imported luxury automobiles). Consumers may avoid certain products because they perceive the products to be lower class products.

4. Social class is measured by a combination of variables: Researchers use a combination of variables to measure social class. A number of socioeconomic factors are combined to form one over all members of social class standing. They better reflect the complexity of social class than a single variable. For example, to know the consumer perceptions of mail and phone order shopping, a study was conducted to the probe socioeconomic status by using a composite of income occupational status and education. It reveals that higher the socioeconomic status, the more positive are the consumer's ratings of mail and phone order buying, relative to in-store shopping.

5. Social class is mobile: Social class membership is not hard and fixed. Individuals can move either up or down in social class standing. The availability of free education and opportunities for self development prompts success in business and in life. Successful persons move up to the higher class. Higher social classes become reference groups for ambitious men and women of lower social status. Signs of upward mobility are found in India. For example, plastic surgery was once affordable only for movie stars and other wealthy people. Today, consumers of several economic stratas undergo cosmetic surgery.

6. Social class and status differentiation: Researchers measure social class in terms of social status. They define each social class by the amount of status of the members of that class. It is also known as "Social Stratification". Social stratification has resulted in differentiated roles. For example, a person with higher status owns a luxury car. A person of middle class status person owns a small car or two-wheeler. A person with lower status owns a bicycle. This is the symbolic identification of role and status based on social classification.



CHECK YOUR PROGRESS

Q 1: Define Social Class

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Q 2: Write the characteristics of Social Class, which are relevant to consumer behavior.

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10.4 MEANING OF CONSUMER GROUPS

The term "group", may be defined as two or more people who interact with each in order to achieve mutually agreed upon goals; such goals may relate to an individual or to the many who get together for the achievement of such goals.

Consumer groups refer to individuals or group of individuals or the family who have a need and to desire purchasing a good or service so as to fulfill the need and to derive satisfaction.

While speaking of groups, it becomes necessary to understand the various kinds of groups. We have already discussed that the groups may be i) small or large; ii) formal or informal (based on purpose of formation, legitimacy and structure of reporting relationships). In consumer behavior, the focus lies on small informal groups. This is because small groups are more cohesive in nature, there is more of interaction and the members can influence the purchase patterns and consumption behavior of each other.

10.5 TYPES OF CONSUMER GROUPS

Groups may be classified on various bases namely:

1. number and size;
2. regularity of contact; and

3. structure and hierarchy

Let us now discuss about the various types of groups which are relevant to the consumer and who can also influence his decision making process:

1. An Individual in a Family: From childhood an individual's needs and consumption decisions are influenced by his/her family. Importance of the family in various decisions is based on the frequency of contact that individual has with other family members. Moreover, it is in the family an individual establishes a wide range of values, attitudes and behaviors.

2. Friendship Groups: After family an individual's purchase decisions are most likely to be influenced by friends. The immediate group which an individual forms after he/she moves out from the house is friendship group. Friendships are also sign of maturity and independence as they represent a breaking away from the family and forming of social ties with the outside world. They are classified as informal groups as they are unstructured and usually lack specific authority levels. Friends fulfill a wide range of needs like they provide companionship, security and opportunity to discuss the matter which they can't do with the family members. Friends opinions and preferences are very important for influencing an individual's behaviour in determining the products or brands he/she actually selects.

3. Formal social Groups: Formal social groups, as the name says, lack intimate relationship and they serve different function for an individual. A person joins this group to fulfill goals like making new friends, pursuing a special interest, meeting important' people especially for career advancement or also sometimes promoting a specific cause (eg. working for the welfare of orphans). This type of group interests marketers because members often consume products together, can discuss products or services or stores informally with other members and sometimes can even copy the consumption behavior of other members whom they admire.

4. Shopping Groups: Two or more people who shop together this can be either for food, for clothing or simply to pass the time-can be called a shopping group; people like to shop with others who are pleasant company or who they feel have more experience or knowledge about a desired product

or service. Shopping with others reduces the risk that a purchase decision will be socially unacceptable, collective decision is the best in which none of the members knows about the product to be purchased.

Now-a-days, in-home shopping is more common, it consists of a group who gathers together in the home of a friend to attend a "party" which is arranged to demonstrate and evaluate a specific line of products. This kind of approach helps marketers to demonstrate the features of their products simultaneously to a group of potential customers in their surroundings.

5. Consumer-Action Groups: Consumer-action groups can be divided into two broad categories: those that organize to correct a specific consumer abuse and then disband, and those that organize to address broader, more pervasive problem areas and operate over an extended or indefinite period of time.

6. Work Groups: This type of group also serves as a major influence on the consumption behaviour of members as they spend a good amount of time at their jobs (around 48 hours per week). Formal work group consists of those individuals who work together as a team. Their direct and sustained work relationship offers substantial opportunity for one or more members to influence the consumption related attitudes and activities of other team members. Informal friendship/work groups consists of people who have become friends as a result of working for the same firm, they may/ may not work together as a team. Marketers have recognized that work groups influences consumers brand choices and some-times even the store choice, so now they are redirecting their sales efforts to offices and plants during lunch-hour visits.



CHECK YOUR PROGRESS

Q 3: What are the types of consumer groups?

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10.6 MEANING OF REFERENCE GROUPS

We have already discussed that a reference group includes individuals or groups that influence our opinions, beliefs, attitudes and behaviors. It is a group that serves as a reference point for an individual for his/her beliefs, attitude and behaviour. They often serve as our role models and inspiration.

A reference group may be a person or a group to which an individual looks up as a frame of reference for his/her general and specific acts of behavior, values, opinions, attitudes etc. Reference groups influence what types of products you will purchase and which brand of product you choose. Reference Groups are basically small in size and differ from one individual to another. Family members, Relative, Friends, Colleagues and other close acquaintance are usually termed as Reference Group. Common organizations like Colleges, Schools, Police Academies and membership firms also fall under Reference Group. We will discuss these in details in unit 13.

10.7 ROLE OF FAMILY IN CONSUMER BEHAVIOR

Family is defined as a group of two or more people (one of whom is a householder) related by birth, marriage or adoption and residing together. Among all the factors, the single most influential group in the consumer behavior patter of an individual is the family. The development and formation of an individual's attitudes and behavior towards preferences of food items, beliefs about the style the style of dressing, eating non vegetarian food, attitude towards class, culture etc are acquired and influenced by the immediate family. No two individuals have same buying preferences. The buying tendencies of individuals vary as per their age, need, income, lifestyle, geographical location, willingness to spend, family status and so on. An individual's immediate family members play an essential role in influencing his/her buying behaviour.

An individual tends to discuss with his immediate family members before purchasing a particular product or service. Family members might

support an individual's decision to buy a particular product, stop him for purchasing it or suggest few other options.

Family comprises of:

- Parents
- Siblings
- Spouse
- Grandparents
- Relatives

10.7.1 Role of Family in Decision Making

In a family decision-making model, it is important to understand how the family members interact with each other in the context of their consumer decision-making. There are different consumption roles played by various members of the family. These roles are as follows:

1. **Influencers:** The members who influence the purchase of the product by providing information to the family members, the son in a family may inform the members of a new fast food joint. He can influence the family members to visit the joint for food and entertainment.
2. **Gate keepers**: These members control the flow of information for a product or brand that they favour and influence the family to buy the product of their choice. They provide the information favourable to themselves and, withhold information about other product which they do not favour.
3. **Deciders**: These are the people who have the power or, money and authority to buy. They play a major role in deciding which product to buy.
4. **Buyers**: Buyers are the people who actually buy a product. A mother buying ration for the house etc, Father buying crayons for his children.
5. **Preparers:** Preaperes are those who prepare the product in the form it is actually consumed. Mother preparing food by adding ingredients to the raw vegetable, frying an egg for consumption,

sewing clothes for the family, etc.

6. **User:**The user is a person or persons who use a product or service. Some products are for use for an individual like school books, but others are for use by all like food, TV, car, refrigerator etc. in which all the members have a say in purchase decision. The product can be consumed individually or jointly by all members of the family. Use of car by the family, use of refrigerator,TV, etc.
7. **Maintainer :**The family member who serves or repairs the product so that it will provide continued satisfaction. For example, the husband, at least once in amonth services "the car" so that the vehicle will continue to run without problems.
8. **Disposer:** the family member who takes the decision to dispose off or discontinue with the usage of a particular product / services.On purchasing a new car, the husband may decide to dispose off the old car.

10.8 OPINION LEADERS AND OPINION LEADERSHIP PROCESS

Opinion leaders are the people who indulge in informal product related communication, and provides all information about a product, they also offer advice as to which of several brands is the best and from where it should be bought. Persons where opinions matter are known as the Opinion Leaders and the process is known as Opinion Leadership.

Opinion leadership which is also known asword of mouth communication is an important personal influence on consumers. The process of opinion leadership has been described in simple terms as the two-step flow of communication.

The process by which one person (the opinion leader) informally influences the consumption actions or attitudes of others who may be opinion seekers or opinion recipients. Opinion leaders offer advice or information about a product, service and how a particular product may be used. Words of mouth takes place through personal or face to face communication.

Opinion leadership is defined as the process in which one person influences the attitudes or actions of other person informally, who may be identified as opinion leader. The parties involved in the opinion leadership are:

6. Opinion Leader
7. Opinion Receiver
8. Opinion Seeker

Examples of Opinion Leadership: The role of opinion leadership could be seen in the following examples.

1. During casual talk, a friend talks about the car he recently bought. He recommends buying it.
2. A person shows a friend photographs of his recent tour abroad. He suggests that by using a particular make of camera, better pictures could be shot.
3. A family wants to have a swimming pool in their spacious house. The family head asks neighbors which pool construction company they should call.
4. A parent wants admission for his child in a particular school. He contacts other parents sending their children to the same school.

Opinion Leadership is the process by which the *opinion leader* informally influences the actions or attitudes of others, who may be *opinion seekers* or merely opinion recipients. *Opinion receivers* perceive the opinion leader as a highly credible, objective source of product information who can help reduce their search and analysis time and perceived risk.



Fig 10.1: Openion Leaders

Let us take an example of Mr Amitabh Bacchan as an opinion leader. Because of the following traits he is taken as an opinion leader by many national and multinational companies:

- Subject experts and have tremendous knowledge.
- He is self-confident, extrovert and gregarious just like in advertisements of Boroplus, Dairy Milk.
- Credibility and mass following

10.8.1 Characteristics of Opinion Leaders

Opinion leadership is a dynamic process. It is the most powerful consumer force. As informal communication sources, it effectively influences consumers in their product related decisions. The dynamics of the opinion leadership may be discussed under the following headings:

1. **Credible Source:** Opinion leaders are knowledgeable. Their advice about a product or service is considered reliable. As opinion leaders are informal sources of information, it is perceived that they give advice in the best interest of opinion seekers. The first hand information received from opinion leaders helps in reducing perceived risks. It properly tackles the anxiety in buying new products as the opinion is based on the first hand experience.
2. **Provision of Both Positive and Negative Product Information:** Marketers provide information which is invariably favorable to the products they are marketing. But opinion leaders are not directly associated with marketers. They provide both favorable and unfavorable information about the product. So, opinion seekers have faith in opinion leaders. They are confident that they are receiving both positive and negative information in an accurate way.
3. **Sources of Information and Advice:** Opinion leaders are the source of both information and advice. They simply share their experience about a product or service. Their talk is related to what they know about a product. In their more aggressive talks, they advise others to buy or avoid a specific product. They base their advice on proper reasons.

4. **Two-way Street:** Opinion leaders in one product related situation become opinion receivers in another situation even for the same product. For example, a new homeowner thinking of buying a lawn mover seeks information and advice from other people about which brand to select. After purchasing the lawn mover, he may be satisfied with the product (in the post purchase experience). Now he has a compelling need to talk favorably about the purchase to other people to confirm the correctness of his choice. In the first instance, he is an opinion receiver and in the second he is an opinion leader.

   Sometimes, an opinion leader is influenced by an opinion receiver. For example, a person may recommend a favorite hotel to his friend. In response the opinion receiver gives his own comments on that hotel. Finally, the opinion leader may come to realize that the hotel is too small, too isolated and offers fewer amenities than other hotels.

5. **Specific Characteristics:** Opinion leaders possess distinct personality traits. These include self confidence and gregariousness. They are socially inclined, outspoken and are knowledgeable.



10.9 LET US SUM UP

In this unit we have discussed the following:

- Schiffman defines social class as "*the division of /members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less status".*
- The characteristics of social class relevant to consumer behavior:
  - Persons with a given social class tend to behave more alike
  - The members of each class have relatively the same status
  - Social class is hierarchical
  - Social class is measured by a combination of variables
  - Social class is mobile
  - Social class and status differentiation
- Consumer groups refer to individuals or group of individuals or the family who have a need and desire purchasing a good or service so as to fulfill

the need and derive satisfaction.

- The types of groups who can also influence his decision making process:
  - An Individuals Family
  - Friendship Groups
  - Formal social Groups
  - Shopping Groups
  - Consumer-Action Groups
  - Work Groups
- Opinion leadership which is also known as word of mouth communication is an important personal influence on consumers. The process of opinion leadership has been described in simple terms as the two-step flow of communication.



10.10 FURTHER READING

1) Schiffman L and Kanuk L L(2010), Consumer Behaviour, Pearson/ PHI,8e.



2) Batra S K & KazmiS H H(2008), Consumer Behaviour, Excel Books.

10.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Schiffman defines social class as “the division of /members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less status”.

Ans to Q No 2: The characteristics of social class relevant to consumer behavior:

- Persons with a given social class tend to behave more alike
- The members of each class have relatively the same status
- Social class is hierarchical

Ans to Q No 3: The types of groups who can also influence his decision making process:

- An Individuals Family

- Friendship Groups
- Formal social Groups
- Shopping Groups
- Consumer-Action Groups
- Work Groups



10.12 MODEL QUESTIONS

Q 1: Define the concept of a Social Class.

Q 2: List out the characteristics and features of social class.

Q 3: Write a short note on Consumer Groups and the types of Consumer Groups.

Q 4: Explain the role of family in consumer behavior.

Q 5: Discuss opinion leaders and opinion leadership process.

Q 6: List out the characteristics of opinion leaders.

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UNIT11: ATTITUDE FORMATION AND CHANGE

UNIT STRUCTURE

11.1 Learning objectives

11.2 Introduction

11.3 Concept of Attitude

11.4 Attitude Formation

11.4.1 Sources of influence on attitude formation

11.5 Cognitive Dissonance Theory

11.6 Attribution Theory

11.7 Communication Process

11.7.1 Barriers to communication

11.7.2 Designing persuasive message

11.7.3 Advertising appeals

11.7.4 Feedback

11.8 Let Us Sum Up

11.9 Further Readings

11.10 Answers to check your progress

11.11 Model Questions

11.1 LEARNING OBJECTIVES

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

- define Attitude
- learn how consumption-related attitudes are formed
- discuss how consumers' attitude can lead to behaviour
- discuss cognitive dissonance theory
- explain communication process

11.2 INTRODUCTION

As consumers, each of us has a vast number of attitudes towards products, services, advertisements and retail stores. Whenever we are asked whether we like or dislike a product (e.g., Dabur Honey), a service (e.g., Kingfisher Airlines) or a retailer (e.g., Big Bazaar), we are actually

being asked to express our attitude about the same. When we say that organic food is good, we are expressing our attitude about the product. Consumer researchers assess attitudes by asking questions or making inferences from behaviour of consumers. For example, if a researcher determines from questioning a consumer that he consistently buys Nivea aftershave lotion and even recommends the product to his/her friends, it may be inferred that the consumer possesses a positive attitude toward this brand of aftershave lotion. Attitudes are not directly observable but must be inferred from what people say or what they do.

So, in this unit we are going to discuss the meaning of attitude,attitude formation ,the attribution theory and at the end of this unit we will be discussing the barriers of communication.

11.3 CONCEPT OF ATTITUDE

An attitude is a learned predisposition to behave in a consistently favourable or unfavourable way with respect to a given object. Here the word 'object' refers to consumption or marketing related concepts, such as product, product category, brand, service, advertisement, price or retailer.

Attitudes are learned, i.e., attitudes relevant to purchase behaviour are formed as a result of direct experience with the product, word-of-mouth information acquired from others, or exposure to mass-media advertising, the Internet, and various forms of direct marketing (e.g., a retailer's catalogue).

Another characteristic of attitudes is that they are relatively consistent with the behaviour they reflect. However, despite their consistency, attitudes are not permanent, they do change. Attitude consistency is more observable when all the conditions are favourable. For example, an Indian consumer may have a highly favourable attitude towards German cars but the matter of affordability may intervene and the consumer finds Maruti SX4 a more realistic choice.

11.4 ATTITUDE FORMATION

Formation of attitude means the shift from having no attitude towards a given object to having some attitude towards it. For example, herbal shampoo is good for the health of hair. The shift from no attitude to an attitude i.e., the attitude formation is a result of learning.

Consumers often purchase new products that are associated with a favourably viewed brand name. In terms of classical conditioning, an established brand name is an unconditioned stimulus that through past positive reinforcement resulted in a favourable brand attitude. A new product, yet to be linked to the established brand, would be the conditioned stimulus.

Sometimes attitudes follow the purchase and consumption of a product. A consumer may purchase a brand-name product without having a prior attitude toward it because it is the only product of its kind available. Consumers also make trial purchases of new brands from product categories in which they have little personal involvement. If they find the purchased brand to meet or exceed their expectations, then they are likely to develop a favourable attitude toward it.

When consumers seek to solve a problem or satisfy a need, they are likely to form attitudes, positive or negative, about products on the basis of information exposure and their own knowledge and beliefs (cognition). In general, the more information consumers have about a product or service, the more likely they are to form attitude about it, either positive or negative. However, regardless of available information, consumers are not always ready or willing to process product-related information. Furthermore, consumers often use only a limited amount of the information available to them. Specifically, only two or three important beliefs about a product are likely to dominate in the formation of attitudes, and less important beliefs provide little additional input. This suggests that marketers should fight off the urge to include all the features of their products and services in their ads; rather, they should focus on the few key points that are at the heart of what distinguishes their product from the competition.

11.4.1 Sources of influence on attitude formation

The formation of consumer attitude is strongly influenced by personal experience, the influence of family and friends, direct marketing, mass media and the Internet.

A primary means by which attitudes toward goods and services are formed is through the consumer's direct experience in trying and evaluating them. Recognizing the importance of direct experience, marketers frequently attempt to stimulate trial for products by offering money-off coupons or free samples. In such cases, the marketer's objective is to get new consumers to try and evaluate the product, and reward the existing customers. For new customers, if a product proves to be to their liking, then it is likely that they will form a positive attitude and be more likely to repurchase the product.

Attitudes are also formed by coming in contact with others like family members, close friends and admired individuals (respected teacher), which influence the life of a consumer. The family is an extremely important source of influence on the formation of attitudes as the family provides us with many of our basic values and a wide range of beliefs. For example, young children who are rewarded for good behaviour with sweet foods and candy often retain a taste and positive attitude towards sweets as adults.

Marketers use highly focused direct-marketing programs to target small consumer niches with products and services that fit their interest and lifestyles. Direct-marketing efforts have an excellent chance of favourably influencing target consumers' attitudes, because the products and services offered and the promotional messages conveyed are very carefully designed to address the individual segment's needs and concerns and, thus, achieve a higher reach than mass marketing.

Consumers are constantly exposed to new ideas, products, opinions through newspapers, magazines and television

channels. These mass-media communications provide an important source of information that influences the formation of consumer attitudes.

Personality of an individual also plays an important role in attitude formation. For example, individuals with a high need of cognition (i.e., those who desire information and enjoy thinking) are likely to form positive attitudes in response to ads or direct mail that are rich in product-related information. On the other hand, consumers who are relatively low in need for cognition are more likely to form positive attitudes in response to ads that feature an attractive model or well-known celebrity.

In a similar manner attitudes get changed. That is, attitude changes are learned, they are influenced by personal experience and other sources of information, and personality of a consumer affects both the receptivity and the speed with which attitudes are likely to be altered.

Altering consumer attitudes is a key strategy consideration for most of the marketers. For marketers who are market leaders and enjoy a significant amount of customer goodwill and loyalty, the overriding goal is to fortify the existing positive attitudes of customers so that they will not succumb to competitors' special offers and other inducements designed to win them over.

11.5 COGNITIVE DISSONANCE THEORY

According to cognitive dissonance theory, discomfort or dissonance occurs when a consumer holds conflicting thoughts about a belief or an attitude object. For example, when consumers have made a commitment like making a down payment or placing an order for a product, particularly an expensive one such as an automobile or a laptop computer—they often begin to feel cognitive dissonance, i.e., discomfort or anxiety, when they think of the unique, positive qualities of the brands not selected. When cognitive dissonance occurs after a purchase, it is called ***post purchase dissonance***. Because purchase decisions often require some amount of

compromise, post purchase dissonance is quite normal. Nevertheless, it is likely to leave consumers with an uneasy feeling about their prior beliefs or actions - a feeling that they would seek to resolve by changing their attitudes to conform to their behaviour.

Thus, in the case of post purchase dissonance, attitude change is frequently an outcome of an action or behaviour. The conflicting thoughts and dissonant information following a purchase are prime factors that induce consumers to change their attitudes so that they will be consonant with their actual purchase behaviour.

Marketers can help the consumers relieve their dissonance by including messages in their advertising specifically aimed at reinforcing the consumers' decisions by complimenting their wisdom, offering stronger guarantees or warranties, increasing the number and effectiveness of its services, or providing detailed brochures on how to use its products correctly.

11.6 ATTRIBUTION THEORY

According to the attribution theory, consumers seek to determine causes (attributions) for events, often after the fact. The theory suggests that consumer attitude formation and change is the result of consumers' looking at their own behaviour and making judgments about it. In other words, attribution theory attempts to explain how people assign causality (e.g., blame or credit) to events on the basis of either their own behaviour or the behaviour of others. For example, if a consumer regularly uses Colgate toothpaste by looking at his/her own behaviour she/he may conclude about liking the toothpaste (i.e., s/he has a positive attitude towards the brand). Again, a person might say, "I contributed to the CRY because it really helps children in need," or "He tried to persuade me to buy that unknown brand of TV because he would make a bigger commission." In attribution theory, the underlying question is *why*: "Why did I do this?" "Why did he try to get me to switch brands?" This process of making inferences about one's own or another's behaviour is a major component of attitude formation and change.

Attribution theory is certainly part of our everyday lives, as companies continue to have their names on stadiums during various games and sponsor all types of charitable events. Research results indicate that better the "match" between a sponsor and an event, more positive the outcome is likely to be. Still further, there is evidence to suggest that consumers are willing to reward high-effort firms (i.e., they will pay more) if they feel that the company has made an extra effort to make a better product or provide better consumer services.

On the various perspectives on attribution theory, **self-perception**, i.e., individuals' inferences or judgments as to the causes of their own behaviour may be mentioned here. In terms of consumer behaviour, self-perception theory suggests that attitude develops as consumers look at and make judgments about their own behaviour. Consumers are likely to take all the credit themselves for any success (internal attribution) and attribute failures to others or external causes (external attribution).

To influence attitudes favourably, marketers should provide the consumers positive reasons for their purchases. This requires that the marketers offer high-quality products and allow consumers to perceive themselves as the reason for choosing the right brand.



CHECK YOUR PROGRESS

Q 1: State whether the following statements are true or false:

(i) Attitudes are not directly observable. It must be inferred from action of a person. (True/False)

(ii) Buying repeatedly a particular product means the purchaser has a negative attitude towards the product. (True/False)

(iii) Attitudes are permanent. (True/False)

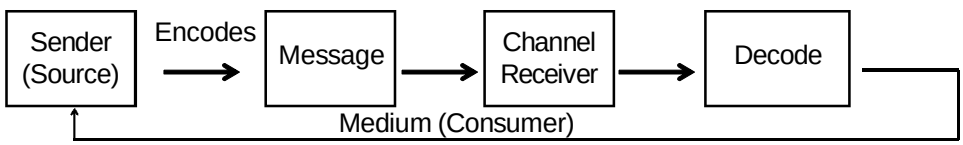
(iv) Attitude is influenced by personal experience, direct marketing and mass media. (True/False)

(v) To influence attitude favourably the marketers should provide the consumers positive reasons for purchasing a product. (True/False)

11.7 COMMUNICATION PROCESS

Through the process of communication, companies convey to the consumers information and ideas designed to persuade them to take a buying decision. Creating a unique, persuasive message that induces a specific response on the part of consumers is very difficult. Consumers are exposed to thousands of competing messages, and they ignore most of them. Many competing messages are creative and innovative, and designing a more persuasive advertisement than others is a challenging task.

Communication is the transmission of a message from a sender to a receiver via a medium or channel of transmission. In addition to these *four* basic components—sender, receiver, medium and message—the *fifth* essential component of communication is feedback, which alerts the sender as to whether the intended message was, in fact, received. Messages are encoded by the sender and then decoded by the receiver.



Communication Model

Communications are the link between the individual and society. A company's marketing communications are designed to make the consumer aware of the product or service, induce purchase or commitment, create a positive attitude toward the product, or show how it can solve the consumer's problem better than a competitive product (or service). The sender, as the initiator of the communication, can be a formal or an informal source. In marketing communications, a formal source represents either a for-profit (commercial) or a not-for-profit organisation; an informal source was originally defined as a person whom the message receiver knows

personally, such as a parent or friend who gives product information or advice. Informal sources also include people who influence one's consumption via online social networks and other Web forums. Consumers often rely on informal communications sources in making purchase decisions because, unlike formal sources, these sources are perceived as having nothing to gain from the receiver's subsequent actions. Therefore, marketers must always encourage and even initiate positive word-of-mouth communications about their products and services.

Communication can be either impersonal or interpersonal. In marketing, the sources of impersonal communications are organisations (either for-profit or not-for-profit) that develop and transmit appropriate messages through their marketing departments, advertising or public relations agencies and spokespersons. The senders of interpersonal communications can be either formal sources (e.g., a salesperson in a physical or virtual retail location) or informal sources (e.g., peers with whom the consumer communicates face to face or via electronic means). The key factor underlying the persuasive impact of a personal or interpersonal message received from either a formal or informal source is the source's credibility; i.e. the extent to which the receiver trusts and believes the source sending the message.

The perceived honesty and objectivity of the sponsor of the communication have immense influence on how the communication is accepted by the receiver(s). When the source is well respected by the intended audience, the message is much more likely to be believed. Conversely, a message from a source considered unreliable or untrustworthy is likely to be received with disbelief and probably rejected.

From the marketing perspective, reference groups [1]are perceived as credible sources. Immediate family is an example of reference group for a child, which plays an important role in moulding the child's general consumer values and behaviour (such as which foods to select for good nutrition, appropriate ways to dress for specific occasions, how and where to shop, or what constitutes good value). Celebrity and common man appeals are some of the popular reference group concepts that are used in

India which help in long term brand associations. Celebrities from the world of cricket and films like Sachin Tendulkar, Amitabh Bachchan, Akshay Kumar, Bipasha Basu, M.H. Dhoni are few names among many associated with advertising messages of various brands.

A word-of-mouth encounter may start by one party offering advice or information about a product to another party. Here the person that offers information is referred to as opinion leader. In word-of-mouth communications, the parties involved perceive each other as highly reliable sources of information because they view one another as more objective in their opinion about a product or service opinion or the advice they offer. Opinion receivers view the intentions of opinion leaders as being in their best interests because the opinion leaders receive no material gain for the advice; therefore, their receivers are likely to consider such recommendations seriously.

Though the term word-of-mouth implies personal or face-to-face communication, it may also take place in a telephone conversation or online. Consumers rely on word-of-mouth in selecting restaurants, travel destinations and hotels, physicians, movies, books and many other products and services. Word-of-mouth taking place online through social networks is called e-WOM, which is faster and its reach is quite wide.

Marketers have realized the power of word-of-mouth communications between consumers. It is often more effective than paid promotional messages of manufacturers.

The sponsor or initiator of the message must first decide to whom the message should be sent and what meaning it should convey. The receiver of formal marketing communications is generally a targeted prospect or customer i.e., a member of the marketer's target audience. Intermediary and unintended audiences are also likely to receive marketers' communications. Examples of intermediary audiences are wholesalers, distributors and retailers who receive trade advertising from the marketers designed to persuade them to order and stock merchandise, and also from relevant professionals (such as architects or physicians), who are sent professional advertising in the hopes that they will specify or prescribe the

marketer's products. Unintended audiences include everyone who is exposed to the message who is not specifically targeted by the sender but often include publics that are important to the marketers, such as shareholders, creditors, suppliers, employees, bankers, and the local community. It is important to remember that all audiences are composed of individual receivers, each of whom interprets the message according to his or her own personal perceptions and experiences.

The message's source or sender must encode the message in such a way that its meaning is interpreted by the targeted audience in precisely the intended way. Marketers encode messages by using words, pictures, symbols, spokespersons, and special channels. The receivers decode the messages they receive on the basis of their personal experiences, characteristics and motives. The factors affecting the decoding and comprehension of persuasive messages include the receiver's personal characteristics and motives, involvement with the product or product category, the congruency of the message with the medium, and the receiver's mood. There are also barriers to communication that adversely impact the receivers' reception and interpretations of promotional messages.

A person's level of involvement plays a key role in how much attention is paid to the message and how carefully it is decoded; thus involvement is an important consideration in the design and content of persuasive communications.

Mood, e.g., cheerfulness or unhappiness also plays a significant role in how a message is decoded, perceived, recalled and acted upon. Marketers of many image-centered products such as perfume, fashion and alcoholic beverages have found that appeals focused on emotions and feelings associated with these products are more effective than rational appeals depicting the product's benefits. Generally, positive mood is likely to enhance the consumer's reaction to any advertisement. The consumer's mood is influenced by the content of the advertisement and by the context in which the advertising message appears, these in turn affect the consumer's evaluation and recall of the message.

11.7.1 Barriers to communication

Various "barriers" to communication may affect the accuracy with which the consumers interpret messages. These include *selective perception* and *psychological noise.*

Consumers selectively perceive advertising messages. They read advertisements carefully for products they are interested in and tend to ignore advertisements that have no interest or relevance to them. Furthermore, technology has provided the consumers with sophisticated means to control their exposure to media. Consumers can now control their exposure to mass media and avoid commercials while watching TV by skipping over commercials. In response, the marketers have increased their advertising via nontraditional media.

Distracting thoughts can impact the reception of a promotional message. This phenomenon is *psychological noise* which disturbs the communication process. To overcome psychological noise, marketers resort to repetition of advertisements. It facilitates reception of a message.

The medium or communication channel, can be impersonal (e.g., a mass medium) or interpersonal (a formal conversation between a salesperson and a customer, or an informal conversation between two or more people that takes place face-to-face, by telephone, by mail or online). Now-a-days, marketers use two types of media: mass media and new communication technologies grouped under the term new media or alternative media or nontraditional media. Mass media are the traditional avenues for advertisers and they are generally classified as print media (newspapers, magazines, billboards) and broadcast or electronic media (radio, television). Generally, mass media are impersonal because all receivers get the same message transmitted by a given source. There is no standard definition of new media. New media includes digital billboards, mobile phone advertisements, search

engines, yellow pages etc.

11.7.2 Designing persuasive massages

A message can be verbal (spoken or written), nonverbal (a photograph, an illustration or a symbol) or a combination of the two. The message is the thought, idea, attitude, image or other information that the sender wishes to convey to the intended audience. The sponsor, who may be an individual or an organisation, must first establish the objectives of the message, select an appropriate medium for sending it, and design (encode) the message in a manner that is appropriate to each medium and to each audience. The objectives of a persuasive message include creating awareness of a service, promoting sales of a product, encouraging or discouraging certain practices (e.g., family planning and smoking), attracting retail patronage, reducing post purchase dissonance, creating goodwill or a favourable image, or any combination of these and other communication objectives. In order to encode the message in a form that the audience will understand its intended meaning (i.e., decode it successfully), the sender must know exactly what he or she is trying to say and why (i.e., message objectives) and understand the target audience's personal characteristics.

11.7.3 Advertising appeals

Marketers have many options in selecting the appeal to be conveyed by a promotional message. Comparative advertising is a widely used marketing appeal in which a marketer claims product superiority for its brand over one or more explicitly named or implicitly identified competitors, either on an overall basis or on selected product attributes. Fear is an effective appeal often used in marketing communications. Fear appeals are commonly used in antidrug campaigns. Such advertisements are more likely to be effective if they portray both the negative social consequences of drug use

and the physical damages that drugs inflict on one's body. Humor is another appeal used by the advertisers with an expectation of increased acceptance and persuasiveness of their advertised communications. Humor attracts attention and enhances one's liking of the product advertised.

11.7.4 Feedback

Since marketing communications are usually designed to persuade a target audience to act in a desired way, e.g., to purchase a specific brand or product, their ultimate test is the receiver's response. Therefore, the sender must obtain feedback as promptly and as accurately as possible. Through feedback, the sender can determine whether and how well the message has been received. Communication feedback is an essential component of both interpersonal and impersonal communications because it enables the sender to reinforce or change the message to ensure that it is understood in the intended way. The feedback of interpersonal communications is immediate and direct while the impact of impersonal communications is delayed, indirect and often inferred. The primary methods of communications feedback are measures of media and audience exposure, message attention, interpretation and recall.

Technological developments have created opportunities to help in establishing a link between consumers' exposure to advertisement messages and their subsequent purchase behaviour. Electronic scanners record sales at checkout counters and furnish useful data. Despite several developments, it is still difficult to precisely record the impact of advertising and other promotional measures on consumer purchase behaviour. A major reason is that, in addition to marketing communications, there are several other variables that influence consumers' purchase behaviour.



CHECK YOUR PROGRESS

Q 2: State whether the following statements are true or false:

(i) Communication is the transmission of a message from a sender to a receiver. (True/False)

(ii) Feedback is not important for a marketer. (True/False)

(iii) A company's marketing communications are designed to make the consumers aware of the product or service. (True/False)

(iv) In word-of-mouth communication the parties involved perceive each other as highly unreliable source of information. (True/False)

(v) Barriers to communication do not affect the accuracy of a message. (True/False)



11.8 LET US SUM UP

In this unit we have discussed the following:

- An attitude is a learned predisposition to behave in a consistently favourable or unfavourable way with respect to a given object.
- Formation of attitude means the shift from having no attitude towards a given object to having some attitude towards it. The formation of consumer attitude is strongly influenced by personal experience, the influence of family and friends, direct marketing, mass media and the Internet.
- Communication is the transmission of a message from a sender to a receiver via a medium or channel of transmission. Communications are the link between the individual and society.
- A company's marketing communications are designed to make the consumer aware of the product or service, induce purchase or commitment, create a positive attitude toward the product, or show how it can solve the consumer's problem better than a competitive product (or service).

- Various "barriers" to communication may affect the accuracy with which the consumers interpret messages. These include *selective perception* and *psychological noise.*



11.9 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.



11.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: (i) True (ii) False (iii) False (iv) True (v) True

Ans to Q No 2: (i) True (ii) False (iii) True (iv) False (v) False



11.11 MODEL QUESTIONS

Q 1: What is attitude? Discuss its nature and characteristics.

Q 2: Discuss in brief how attitudes are formed?

Q 3: What are the sources of influence on attitude?

Q 4: Discuss the cognitive Dissonance theory.

Q 5: Discuss the communication process.

Q 6: What do you understand by "word-of-mouth communication"? How is is important for a marketer?

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UNIT 12: DIFFUSION OF INNOVATION

UNIT STRUCTURE

12.1 Learning Objectives

12.2 Introduction

12.3 Concept of Diffusion of Innovation

12.4 Concept of Diffusion

12.5 The Diffusion Process

12.6 The Concept Innovation

12.7 Types of Product Innovation

12.8 Diffusion of Innovation Theory

12.9 Factors Affecting the Diffusion of an Innovation

12.10 Channels of Communication

12.11 Importance of Social System and Time in Diffusion

12.12 The Adoption Process

12.13 Let Us Sum Up

12.14 Further Reading

12.15 Answers to Check Your Progress

12.16 Model Questions

12.1 LEARNING OBJECTIVES

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

- learn the concept of innovation
- describe concept of diffusion of innovation
- learn about the diffusion process
- discuss the innovation and types of product innovation
- describe the concept of diffusion and the diffusion of innovation theory
- outline the factors affecting the diffusion of an innovation
- discuss about channels of communication and time
- describe the adoption process.

12.2 INTRODUCTION

In the previous unit we discussed about social class and group influence on consumer behavior. In this unit we are going to discuss diffusion of innovation which explains consumer acceptance of new products. Diffusion of innovation can be explained with two related process: diffusion process and adoption process. In this unit we are going to discuss the various concepts of diffusion process and adoption process.

12.3 CONCEPT OF DIFFUSION OF INNOVATION

The products go through a *life cycle. Firstly, the* product is introduced and after launching of the product, the sales are usually limited. Eventually, the products reach a *growth* phase and sales increase. More firms enter with their models of the product. Frequently, the product will reach the *maturity* stage where little growth will be seen. In some cases products may also reach a *decline* stage, usually because the product category is being replaced by something better. For example, typewriters experienced declining sales as more and more consumers switched to computers.

The product life cycle is associated with the phenomenon of diffusion of innovation. The diffusion of innovation refers to the tendency of new products, practices, or ideas to spread among people. Usually, when new products or ideas come about, they are only adopted by a small group of people initially; later, many innovations spread to other people. Diffusion of innovations is the process by which acceptance of an innovation such as new products or new service or new idea is spread by communication like mass media, sales people, informal conversation to the consumers of the target market over a period of time. As discussed in the earlier section diffusion of innovation can be explained with two related process: Diffusion Process and Adoption Process.

Diffusion process is a macro process concerned with the spread of a new product (an innovation) from its source to the consuming public. *Adoption* is a micro process that focuses on the stages through which an

individual consumer passes when deciding to accept or reject a new product.

Let us now discuss the two processes in the following sections.

12.4 CONCEPT OF DIFFUSION

Diffusion is the process by which an innovation is spread through certain channels such as mass media, sales people and informal conversation etc to the members of a social system over a period of time.

The diffusion process is linked to the adoption process, which describes the way in which an individual customer learns about an innovation. During the market diffusion process, the marketer must recognize that people differ greatly in their readiness to adopt new products. Based on this idea, five market segments can be distinguished by the time consumers take to adopt new products. Let us now discuss the types of customers in the Diffusion Process.

12.5 THE DIFFUSION PROCESS

As already discussed, diffusion process is concerned with how innovation spread, and how they are assimilated within a market. It provides information that enables management to identify target markets. For these reasons, it is crucial to understand the facets of the market diffusion process and its importance for the new product development. The following diagram shows the diffusion process.



We are going discuss the elements in the subsequent section.

12.6 THE CONCEPT OF INNOVATION

There are many synonyms that are used to describe the word innovation like change, transformation, alteration, renovation, revolution, variation, restyling, remodeling, etc. An innovation is an idea, practice, or product, perceived to be new by an individual or a group. A product is said to be an innovation when it is perceived by the potential market as a change,and not by a technological change brought in it. It is a new idea into a product or a service or a new method/way of doing something which creates a value for the potential consumer. Various approaches have been taken to define new product/service. They are:

a) Firm-oriented: As per this approach, a product or service offering is regarded as "new," from the perspective of the company producing or marketing it for the first time .The product is "innovative", if it is "new" for the company.

b) Product oriented: As per this approach a product offering is regarded as an "innovation", if the product form, attributes or features changes and its effects are likely to have on consumer usage and behavioral patterns.

c) Market-oriented: The market-oriented approach judges "innovation" purely from a marketers' perspective. How much exposure the consumers have about the "new'' product and the total sales penetration that has occurred in the short period of time frame. The product is regarded "new" if the market does not have much exposure of it and sales penetration has been low. The market oriented definition could be :

i. A product is considered new if it has been purchased by a relatively small (fixed) percentage of the potential market.

ii. A product is considered new if it has been on the market for a relatively short (specified) period of time.

d) Consumer Oriented: The consumer-oriented approach to defining "innovation", is dealt through focus on consumer, and his/her reaction towards the new product and service offering, in terms of acceptance and rejection. A new product is any product that a potential

consumer judges to be new. Any product is regarded as "new", if the consumer believes it to be so; it is purely based on the consumers' perception of the newness of the product, rather than on technological changes that the product embodies.

12.7 TYPES OF PRODUCT INNOVATION

Let us discuss the following three types of product innovations:

1. **Continuous Innovations:** A product is regarded as a continuous innovation, if the product undergoes marginal modification over an existing product without disruption of usages and behavior pattern of consumer. For Example, operating system Microsoft Windows 10 over windows 8. It is not a new product, but an improvement over the already existing one.
2. **Dynamically Continuous:** An innovation is regarded as dynamically continuous, if the product does not change its usage and behavior patterns. It may involve creation of new product or modification of existing product but does not alter behavior pattern. For example, the iPod (mp3 player) giving way to the walkman player.
3. **Discontinuous Innovations:** Discontinuous innovations lead consumers to adapt new behavioral patterns in terms of usage and consumption. Examples, cab Booking through OLA/ Uber apps. E-Books for students etc.



CHECK YOUR PROGRESS

Q 1: Define Diffusion Process.

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Q 2: Write about the types of product innovation.

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Q 3: Define market – oriented approach toward innovation.

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12.8 DIFFUSION OF INNOVATION THEORY

Diffusion of Innovation (DOI) Theory, developed by E.M. Rogers in 1962, is one of the oldest social science theories. It originated in communication to explain how, over time, an idea or product gains momentum and diffuses (or spreads) through a specific population or social system. The end result of this diffusion is that people, as part of a social system, adopt a new idea, behavior, or product. Adoption means that a person does something differently from what they had previously (i.e., purchase or use a new product, acquire and perform a new behavior, etc.). The key to adoption is that the person must perceive the idea, behavior, or product as new or innovative. It is through this that diffusion is possible.

Adoption of "innovation"(a new idea, behavior, or product) does not happen simultaneously in a social system; rather it is a process whereby some people are more apt to adopt the innovation than others. Researchers have found that people who adopt an innovation early have different characteristics than people who adopt an innovation later. Researchers have found that people who adopt an innovation early have different characteristics from the people who adopt an innovation later

Roger's has proposed a classification of adopters, according to which consumers can be divided into five categories based on the time taken by them to adopt a product. These five adopter categories are innovators, early adopters, early majority, late majority, and laggards. Based on research, it has been observed that the five categories when plotted on a graph, lead to a bell-shaped normal distribution curve. The five categories of adopters are explained below-

1. Innovators: These are people who are interested in new product and want to be the first to try the innovation. These are high on confidence and risks takers. *Innovators* are the "early-bird" customers, i.e the first ones to adopt the new product. They normally do not represent more than 2.5% of the population. For the marketer, innovators are important since they represent the initial target and influence later adopters. A new product that fails to win the esteem of this group is not very likely to ever reach and penetrate the mass market. They try the innovation (new product or service) not because they possess a need, but because they seek innovation and desire new ideas and concepts.

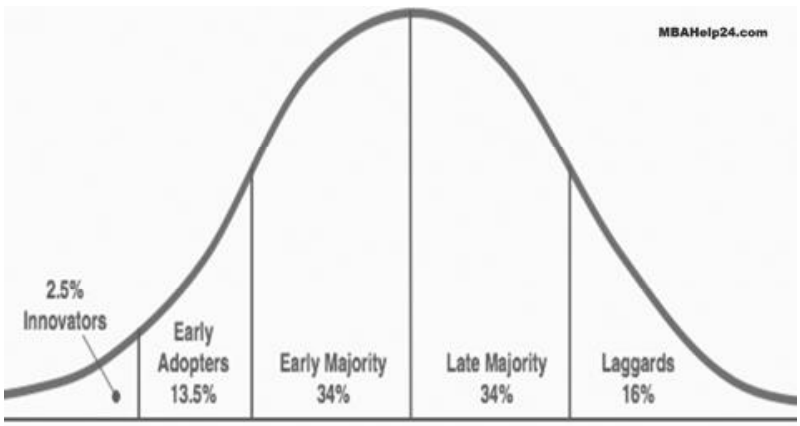
2. Early Adopters: These are people who are calculated risk taker and represent as opinion leaders. *Early adopters* represent the next 13.5% of the population to adopt the new product. They are likely to be opinion leaders for others who will only buy the product when it has been "approved" by the early adopters. They try new innovation(the new product and service) not because they are fascinated towards the "new", but because they have a need. They usually collect information on the innovation (product or service) before taking the decision to purchase and they provide advice sought by the other adopters about innovation (new product and service).

3. Early Majority: *The early majority* accounts for about 34% of the population. This type of customer is more cautious of new products than the early adopters. If they are exposed to sufficient information, they will follow the example of the early adopters. The early majority is an important target for firms who aim for taking their products from the introduction to the growth stage of the Product Life Cycle. These people will adopt new ideas just before the average member of a social system. They frequently interact with inter personal groups and seek evidence, collect information, evaluate it carefully before taking the decision to adopt the innovation. The process of early majority is longer than innovators and early adopters.

4. Late Majority: *The late majority* are the 34% of the population who are more skeptical about new products and harder to persuade. They place greater importance on word of mouth recommendations than the media for to obtain information about new products. These people are very

doubtful and cautious about the innovation(product & Service) and very reluctant to adopt innovation until it has been tried by the majority of people. They try the innovation because of economic necessity , social pressures, non-availability of the product.

5. Laggards: *Laggards* are the last 16% of the population. They are the most reluctant to try new products. Often, they adopt new products only when their favoured items have been discontinued. Members of this group are often older and/or from lower socio-economic groups. These people are very slow and last to adopt the innovation (product & service).They are very isolated and less interactive with society. They are bound by tradition and are very conservative.



Source: http://blog.leanmonitor.com/early-adopters-allies-launching-product/

12.9 FACTORS AFFECTING THE DIFFUSION OF AN INNOVATION

The diffusion of innovation and an adoption varies from product to product (or service to service). Some product or service offerings get immediate acceptance, but some other products and services, the acceptance process may take certain amount of time. For example, the cable TV connection in India took a long time to get diffused, but for the disc TV technology, the rate of diffusion was very fast. Same as the cordless telephone as compared to mobile TV which got readily accepted by all and diffusion was fast.

There are certain product and service characteristics that affect the diffusion process. There can influence consumer acceptance of new products and services. The five factors that can impact the diffusion process are relative advantage, compatibility, complexity, trialability, and observability.

1. Relative advantage: In relative the advantage of the innovative (product or service) is perceived value is better or superior than the similar existing products or services. It accelerates the rate of adoption for the target market. The more radical a change, and the higher the relative advantage. The relative advantage may be in terms of better product (Features, attributes, benefits etc), price (discount, EMI option etc), availability (online, exclusive store etc). For example, E- books verses physical books in Library. Online movie ticket booking (book my show) versus Physical booking.

2. Compatibility: The more the product is compatible with the beliefs, attitudes and values of the individual or group the faster the diffusion - vegetables soup for vegetarians, ordinary microwave for no roasting. The compatibility of a product/service measures how closely it relates to the beliefs, attitudes and values of the individual or group. The higher the level of compatibility, the faster the diffusion. The lower the compatibility, the slower the diffusion. A product will diffuse more easily if it does not require consumers to change their beliefs, attitudes and values and behaviors. For example: KFC chicken meal, Mc doland burger took considerable amount of time to get diffused into the Indian society, as it was required to change the habit of eating the paratha, dal, roti and rice concept. Another example is, coconut oil as a medium of cooking would penetrate easily in South India and it is incompatible to people being in North India. Even if it is positioned as “healthy and natural cooking medium”, it would be very slow to penetrate.

3. Complexity: The product is more easily accepted if consumer quickly understands the use of the product quickly and vice versa. New Technology is always a berrier to diffusion as people resist to adopt because of the complexity of the usage. For example Ubantu free operating system is not accepted by many people as compare to Windows license because

of complexity of usage.

4. Trialability: The product or service which can be tested and tried then rate of acceptability is higher.The higher the degree of trialability, the greater would be the rate of diffusion s because consumer get an opportunity to try the test the product/service, assess it and decide to accept it or reject it. For example, Before Pantene shampoo was launched it was given as free sample to all consumer in an defined area to test product . Another Example id test drive of 4- wheeler /2 wheeler.

5. Observability: The product or service which is easily visible to consumer then the benefits of the products can be easily be observed, understood by consumer. The higher the degree of observability, the greater the chances of the innovative offering being accepted by the prospects. Those new product offerings that are i) tangible, ii) have social visibility, and iii) whose benefits easily observed are more readily diffused than those that are intangible, or have no social visibility or whose benefits accumulate over longer period of time.



CHECK YOUR PROGRESS

Q 4: Define the concept of diffusion.

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Q 5: Write about the different categories of adopters.

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Q 6: Write any three factors that can impact the diffusion process.

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12.10 CHANNELS OF COMMUNICATION

Communication channels play an important role in diffusion process.

Because the innovation is a new product, process, or idea, it must be communicated to potential adopters in order for them to assess its attributes and decide whether to try out and eventually adopt it. How quickly an innovation spreads through a market depends to a great extent on communication between marketer and consumer as well as communication among consumers, for example word of mouth communiaction.

In recent years various new channels of communication have been developed to inform consumer's innovation products and services. Electronic mass media channels such as television and radio are useful for raising awareness about the innovation, but cannot provide much detail (except for specialty radio programs). They can provide images and brand name identification, helping the attributes of compatibility and observability. Print mass media channels such as newspapers and magazines (and, to some extent, the Internet) are useful for explaining conceptual and technical details, helping out with the attributes of relative advantage and complexity. New media such as the World Wide Web can provide interesting mixtures of image, explanation, and demonstrations, thus also fostering trialability. Interpersonal communication is especially important in changing opinions and reducing uncertainty about the innovation, as potential adopters turn to credible and important sources to provide first-hand experiences and legitimization of the new idea.

12.11 IMPORTANCE OF SOCIAL SYSTEM AND TIME IN DIFFUSION

Social System

A social system is defined as a set of interrelated units that are engaged in joint problem solving to accomplish a common goal. The members or units of a social system may be individuals, informal groups, organizations, and or subsystems. All members cooperate at least to the extent of seeking to solve a common problem in order to reach a mutual goal: Sharing of a common objective binds the system together.

There are certain social structure and norms will establish behaviour

patterns. In some societies, new products are adopted very well. The role of opinion leader may also vary depending upon the solid structure and system. In a soceity domenated by low esderated people, the opinions of the village school teacher matter a lot. A 'sarpanch' giving advice on new farming techniques may be highly adopted by the farmers.

Time

Time is again is important in the diffusion process. It pervades the study of disffusion in three distinct ways:

1. **Purchase Time:** It refers to the amount of that elapses between consumers initial awareness of a new product or service and point at which they purchase or reject. Purchase time is important because the average time a consumer takes to adopt a new product is a predictor of the overall length of time it will take for the new product to achieve widespread adoption.

2. **Adopter categories:** It involves a classification scheme that indicates where a consumer stands in relation to other consumers in terms of time.

3. **Rate of Adoption:** it is concerned with how long it takes a new product/services to be adopted by members of social system. It states that how quickly it takes a new product to be accepted by those who will ultimately adopt it.

12.12 THE ADOPTION PROCESS

Adoption is an individual's decision to become a regular user of a product which may be an innovation in form of a good, service, or idea

The second major process in the diffusion in innovation is the adoption. The Adoption Process is a five step process by which consumer go through while adopting a product from learning about a new product to becoming a happy loyal user of that product or to decline/reject the product completely. The process of a consumer of moving from a cognitive state toward the emotional state and finally reaching towards the behavioral or conative state is Adoption Process.

1. Cognitive State can be defined as being informed and aware of the product existence.
2. Emotional State can be defined as the Likes/dislikes and preferences of the customer.
3. Behavioral or Conative State can be defined as taking the decision of purchase.

Thus, Adoption process is a series of stages by which a consumer might adopt a new product or service. Whether it is services or products, in today's competitive world, a consumer is faced with a lot of choices. How does he make a decision to adopt a new product is the Adoption process. There are five stages of adoption which a consumer goes through. The 5 stages are : awareness stage, interest stage, evaluation stage, trial stage, and adoption stage. Let us discuss these stages in the following:

1. Awareness Stage: In this stage the individual consumer becomes aware of the innovation. Introducing a product in the market and creating awareness for that product is the first stage of the Adoption process. Companies invest a lot in creating avenue for informing the consumer and customer. The companies use many advertising techniques and marketing materials like teasers, videos, banners and images. Creating a strong attractive presence for the newly launched product can attract more customers. In this era of internet marketing, online shopping and social media advertising the marketers uses these tools to create awareness about the product.

2. Interest Stage: During this stage of adoption process the consumer becomes more aware and informed about the product itself, the value the product deliver, its unique feature and the manufacturer of the product. In this stage, the consumer becomes interested in innovation and tries to collect more information.

3. Evaluation Stage: In this stage prior to purchasing, consumers examine, compare and evaluate the product. In this stage the consumer verifies the pro and cons of the product, the substitutes available in the market and the value for money. The consumer outlines the unique selling proposition, identifies what your product offers against other competing

products. When the evaluation is satisfactory, the consumer will actually try the product innovation n when the mental trial is unsatisfactory, the product will be rejected.

4. Trail Stage: In this phase of the Consumer Adoption Process the consumer use the product on trial basis. This is an important stage as it determines whether the consumer will adopt or reject the product.

5. Adoption Stage: If trial produces satisfactory results, finally the consumer decides to adopt/buy the innovation. The consumer is ready to adopt the product which means that he is ready to actually spend the money on the product. The Adoption phase is the most critical stage in the whole process as the companies need the consumers to accept the product.



CHECK YOUR PROGRESS

Q 7: What is Social System?

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Q 8: What are the five stages of adoption?

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12.13 LET US SUM UP

In this unit we discussed the following:

- Diffusion process is a macro process concerned with the spread of a new product (an innovation) from its source to the consuming public.
- Adoption is a micro process that focuses on the stages through which an individual consumer passes when deciding to accept or reject a new product.
- An innovation is an idea, practice, or product, perceived to be new by an individual or a group. A product is said to be an innovation when it is perceived by the potential market as a change, and not by a technological

change brought in it.

- There are various approaches to define new product/service. They are: Firm-oriented, Product oriented , Market-oriented and Consumer Oriented.
- Types of product innovation are Continuous Innovations, Dynamically Continuous and Discontinuous Innovations.
- The diffusion process is linked to the adoption process, which describes the way in which an individual customer learns about an innovation. During the market diffusion process, the marketer must recognize that people differ greatly in their readiness to adopt new products.
- The five categories of adopters are Innovators, Early Adopters, Early Majority, Late Majority and Laggards.
- The five factors that can impact the diffusion process are relative advantage, compatibility, complexity, trialability, and observability.
- Communication channels play an important role in diffusion process.
- A social system is defined as a set of interrelated units that are engaged in joint problem solving to accomplish a common goal. The members or units of a social system may be individuals, informal groups, organizations, and or subsystems. All members cooperate at least to the extent of seeking to solve a common problem in order to reach a mutual goal: Sharing of a common objective binds the system together.
- Time is important in the diffusion process.
- There are five stages of adoption which a consumer goes through. They are: awareness stage, interest stage, evaluation stage, trial stage, and adoption stage.
- Adoption process is a series of stages by which a consumer might adopt a new product or service.



12.14 FURTHER READING

1) Schiffman and Kumar (2015); Consumer Behaviour; Pearson Education India; 11 edition.
2) Schiffman, Leon G. (2010); Consumer Behavior; Pearson; Tenth edition.

3) Sahney S (2017); Consumer Behaviour; Oxford University Press.

12.15 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Diffusion process is concerned with how innovation is spread, and how they are assimilated within a market.

Ans to Q No 2: The types of are product innovations are Continuous Innovations, Dynamically Continuous and Discontinuous Innovations

Ans to Q No 3: The market-oriented approach judges “innovation” purely from a marketers’ perspective. It is the exposure the consumers have about the “new” product and the total sales penetration that has occurred in the short period of time frame. The product is regarded “new” if the market does not have much exposure of it and sales penetration has been low.

Ans to Q No 4: Diffusion is the process by which an innovation is spread through certain channels such as mass media, sales people and informal conversation etc to the members of a social system over a period of time.

Ans to Q No 5: The five categories of adopters are Innovators, Early Adopters, Early Majority, Late Majority and Laggards.

Ans to Q No 6: The three factors that can impact the diffusion process are relative advantage, compatibility, complexity, trialability, and observability.

Ans to Q No 7: A social system is defined as a set of interrelated units that are engaged in joint problem solving to accomplish a common goal.

Ans to Q No 8: There are five stages of adoption which a consumer goes through. The five stages are : awareness stage, interest stage, evaluation stage, trial stage, and adoption stage.

12.16 MODEL QUESTIONS

Q 1: Define the concept of diffusion of innovation.

Q 2: Explain the the diffusion process.

Q 3: Define innovation.

Q 4: Describe the types of product innovation. Describe the approaches

have been taken to define new product/service.

Q 5: What is diffusion?

Q 6: Explain the diffusion of innovation theory with an illustrauon.

Q 7: Describe the factors affecting the diffusion of an innovation.

Q 8: Write on the importance of channels of communication in diffusion process.

Q 9: Explain is the role of social system and time in diffusion process.

Q 10: Explain the adoption process.

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UNIT 13: INFLUENCE OF REFERENCE GROUPS

UNIT STRUCTURE

13.1 Learning objectives

13.2 Introduction

13.3 Concept of Reference group

13.3.1 Characteristics of Reference Group

13.3.2 Influence of Reference Group in Consumer Behaviour

13.4 Consumer-relevant groups

13.5 Let us Sum Up

13.6 Further Readings

13.7 Answers to Check Your Progress

13.8 Model Questions

13.1 LEARNING OBJECTIVES

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

- State the concept of Reference Group
- explain Influence of Reference Group in Consumer Behaviour
- explain Consumer Relevant Groups

13.2 INTRODUCTION

In the earlier unit we had discussed about attitude formation and change. Now in this unit we are going to discuss the various types of groups and the impact of those groups on consumer behaviour. We will briefly discuss the influence of reference group on consumer behaviour.

13.3 CONCEPTS OF REFERENCE GROUP

A group may be defined as two or more people who interact to accomplish either individual or mutual goals. It may be classified on the basis of regularity of contact, structure and hierarchy, by membership or size. A group may be primary and secondary group, formal and informal group, membership and symbolic group or a reference group.

If a person interacts on a regular basis with other individuals such as members of his/her family, neighbours or co-workers, then these individuals can be considered a **primary group**. On the other hand, if a person interacts only occasionally with such other persons, they may be considered a secondary group for that person. Another useful way to classify groups is by their formality, i.e. the extent to which the group structure, the member's roles and the group's purpose are clearly defined. If a group has a highly defined structure (for example, a formal membership list), specific roles and authority level (president, secretary, treasurer), specific goals, then it is a **formal group**. On the other hand, if a group is loosely defined—as for example three co-workers who, with their family members see each other frequently, then it is considered as an **informal group**.

Sometimes groups are classified by membership status. A group to which a person belongs or qualifies for membership is called a membership group. Association of senior citizens is a **membership group**. In contrast, a group in which an individual is not likely to receive membership, despite acting like a member by adopting the group's values, attitudes and behaviour, is considered a **symbolic group**. For example, the national cricket team may constitute a symbolic group for other cricket loving Indians, who identifies with the players by imitating their behaviour whenever possible.

From the marketing perspective, **reference groups** are groups that serve as frames of reference for individuals in their consumption decisions because they are perceived as credible sources. Reference groups influencing broadly defined values or behaviour are called **normative reference groups**. An example of a child's normative reference group is the immediate family, which plays an important role in molding the child's general consumer values and behaviour, such as which foods to select for good nutrition, appropriate ways to dress for specific occasions etc.

Reference groups serving as benchmarks for specific or narrowly defined attitudes or behaviour are called **comparative reference groups**. A comparative reference group might be the upper-level executives at one's place of employment whose lifestyle, clothing and other possessions appear to be admirable and worthy of imitation by a person holding a lower managerial position.

13.3.1 Characteristics of Reference Groups

The following are the characteristics of reference groups:

- Reference Group consists of people who share interests in common
- People in reference groups are sought for before any real purchase decision is made
- Opinions or recommendations made by people in Reference Groups have a huge impact on the approach and behaviour of a potential consumer
- Reference Groups many a times acts as the factor responsible for creating aspirations in other members of the group
- Reference Group tends to provide ideas pertaining to products that can be purchased with reference to specific lifestyles
- Reference Groups play an important role in setting standards pertaining to purchase decisions made from time to time
- Reference Groups become successful when homogeneity is found in the same
- Some Reference Groups exert pressures related to conformity to set rules
- All members associated with the group are expected to certain rules and regulations set through mutual understanding

13.3.2 Influence of Reference Groups on Consumer Behaviour

The influence of reference groups depends upon –

- An individual's information and experience
- Credibility of the group
- Attitude towards the group
- The nature of the product

The involvement of members in a group can range anywhere between a simple one or one with high dedication levels. It can be divided into:

- **Compliant**: This type of group members remain in a group paying the set membership fees, participating in the meetings and get together in the instructed manner and adhere to things like dress code etc. during all occasions. They do not undergo any change as far as their attitude and personality is concerned just because they are the members of the group. In a typical consumer scenario, being one of the members of the group, people tend to go in for the brands and products when the same is suggested by another group member.

Identity: People of this type tend to mend their attitudes and ideas to suit the objectives of the organization they associate themselves with. They will be more inclined towards attaching themselves with the group through services and other such activities. They express their pride in being one of the group members and show this as their key identity. In a real life purchase decision making scenario, any consumer who identifies himself with the group he is associated with, respects the opinion of the group members more than any other thing

- **Internalization** – The involvement levels of people who fall in this category are very high. Not only are they highly dedicated to the group but they also pull in others into the group. They motivate other members of the group to get involved in a deeper manner. They become one with the group. Anyone with such high levels of involvement in groups will go in for recommendations from others in the group with respect to their purchase decisions. They try to influence the purchase decision of others also basing the same on the recommendations of other group members.

Reference group appeals are used very effectively by some advertisers to segment their markets. Group situations or people, with whom a segment of the audience can identify, are used to promote goods and services by cleverly inducing the prospective consumer to identify with the pictured user of

the product. This identification may be based on admiration (e.g., of a sports person), on aspiration (of a celebrity or a way of life), or on empathy (with a person or situation). In some cases, the prospective consumer thinks, "If he uses it, it must be good. If I use it I will be like her." In other cases, the prospective consumer says to himself/herself "She/He has got problems I have got. What worked for him will work for me."

Type of reference group: Three major types of reference group appeals in common marketing usage are *celebrity appeals, expert appeals* and *common man appeals*. These appeals are often used in the guise of testimonials or endorsements.

Celebrities, particularly the movie stars, TV personalities and sports heroes, provide a popular type of reference group appeal. To their loyal followers and to much of the general public, celebrities represent an idealization of life that most people would love to live. Advertisers spend huge sums of money to have celebrities promote their products in the expectation that the reading or the viewing audience will react positively to the celebrity's association with their product.

A firm that decides to employ a celebrity to promote its product has a choice of using the celebrity to give a testimonial, to give an endorsement as an actor in a commercial or as a company spokesperson.

A second type of reference group appeal used by marketers is the *expert*— a person who, because of his or her occupation, special training or experience, is in a unique position to help the prospective consumer evaluate the product or service the advertisement promotes.

Reference group appeal that employs the testimonials of satisfied customers is known as the *common-man approach*. The advantage of this common-man appeal is that it demonstrates to the prospective customer that someone just like him uses and is satisfied with the product or service advertised.

Reference group appeals offer benefits like higher brand awareness which serves to reduce perceived risk.

13.4 CONSUMERS-RELEVANT GROUPS

To understand fully the kind of impact that specific groups have on individuals, six basic consumer-relevant groups may be examined. They are *family, friendship groups, work groups, formal social groups*, and *shopping groups*. Let us explain them.

a. THE FAMILY: A family is defined as two or more persons related by blood, marriage or adoption who reside together. The individuals who constitute a family are members of the most basic social group who live together and interact to satisfy their personal and mutual needs.

An individual's family is often in the best position to influence his or her consumer decisions. The family's importance in this regard is based upon the frequency of contract that the individual has with other family members and the extent of influence that the family members and the extent of influence that the family has on the establishment of a wide range of values, attitudes and behaviour.

The socialization of family members, ranging from young children to adults, is a central family function. In the case of young children, this process includes imparting to children the basic values and modes of behaviour consistent with the culture. These generally include moral and religious principles, interpersonal skills, dress and grooming standards, appropriate manners and speech, and the selection of suitable and occupational or career goals.

The aspect of childhood socialization that is particularly relevant to the study of consumer behaviour is consumer socialization. This is the process by which children acquire the skills, knowledge, attitudes and experiences necessary to function as consumers. Preadolescent children acquire their consumer behaviour norms through observation of their parents and older siblings, who function as role models and sources of cues for basic consumption learning. Indeed, children perceive their families as a

close and reliable source of information, in contrast with other sources of information, such as advertising. On the other hand, adolescents and teenagers are likely to look to their friends for models of acceptable consumption behaviour.

The socialization process is not confined to childhood only but it is an ongoing process. Socialization begins in early childhood and extends throughout a person's entire life. For example, when a newly married couple establishes their own household, their adjustment to living and consuming together is part of this continuing process. Similarly, the adjustment of a soon-to-be-retired couple who decide to move from one place to another is also part of the ongoing socialization process.

Though the family is the basic decision-making unit, the attitudes and behaviour of the one family member who is the major decision maker must be examined. In many cases, the actual user and the likely purchaser is not the same person. In this case, by examining both the user and the purchaser, the marketer obtains a clearer picture of the consumption process.

A family's decision-making style is often influenced by its social class, life-style, role orientation, and the stage in the family life cycle, and by the product importance, perceived risk, and time constrains of the purchase itself.

b. FRIENDSHIP GROUPS: Friendship groups are typically classified as informal groups because they are usually unstructured and lack specific authority levels. In terms of relative influence, after an individual's family, his or her friends are most likely to influence the individual's purchase decisions.

Seeking and maintaining friendship is a basic drive of most people. Friends fulfill a wide range of needs: they provide companionship, security and opportunities to discuss problems that an individual may be reluctant to discuss with family members. Friendships are also a sign of maturity and independence, for they represent a breaking away from the family and the forming of social ties with the outside world. The opinions and preferences of friends are an important influence in determining the products or brands

a consumer ultimately selects. Recognizing the power of such peer group influence, the marketers of products such as branded clothing, fine jewelry, soft drinks etc. frequently depict friendship situations in their advertisements.

Consumers are likely to seek information from those friends whose values or outlooks are similar to their own. Greater the similarity, the more they are likely to be influenced by their judgment in arriving at a purchase decision.

c. WORK GROUP: People spent a major amount of time at their work. This provides ample opportunity for work groups to serve as a major influence on the consumption behaviour of its members. Both the formal work group and the informal friendship/work group have the potential for influencing consumer behaviour. The formal work group consists of those individuals who work together as a team. Their direct and continuous work relationship offers substantial opportunity for one or more members to influence the consumption-related attitudes and activities of other team members. Informal friendship/work groups consist of people who have become friends as a result of working for the same employer. Members of informal work groups may influence the consumption behaviour of other members during tea/coffee or lunch breaks or after-hours meetings.

Recognizing that work groups influence consumers' brand choices and that majority of women now work outside of their homes, business firms, who in the past sold their products exclusively through direct calls on women in their homes, now are redirecting their sales people to offices and factories during lunch hour to reach working women at their place of employment.

d. FORMAL SOCIAL GROUPS: Membership in a formal social group like a club, association etc. may influence a consumer's behaviour in several ways. For example, the members of such social groups have frequent opportunity to informally discuss products, services or stores. Some members may copy the consumption behaviour of other members whom they admire. The membership list of such a club or association would be of interest to insurance agents, automobile dealers, tour operators etc.

e. SHOPPING GROUPS: A shopping group consists of two or more people who shop together—whether for food or clothing or simply to pass the time. Such groups are often offshoots of family or friendship groups. Shopping with others provides the benefit of one's experience or knowledge about a product and also an element of social fun.



CHECK YOUR PROGRESS

Q 1: State true or false for the following statements—

(i) Reference group do not include a celebrity. (True/False)

(ii) A family does not have any influence on our consumption pattern. (True/False)

(iii) Friendship group is a formal group. (True/False)

(iv) Work group do not have any influence on its member's consumption habits. (True/False)



13.5 LET US SUM UP

In this unit we have discussed the following:

- A group may be defined as two or more people who interact to accomplish either individual or mutual goals
- Reference groups are groups that serve as frames of reference for individuals in their consumption decisions because they are perceived as credible sources.
- Six basic consumer-relevant groups were discussed: family, friendship groups, work groups, formal social groups, and shopping groups.



13.6 FURTHER READING

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

13.7 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: (i) False (ii) False (iii) False (iv) False

13.8 MODEL QUESTIONS

Q 1: What is reference group? Discuss the role of a reference group on the consumption habits of its members.

Q 2: Discuss the characteristics of reference group.

Q 3: Discuss the factors which influences reference group.

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UNIT 14: CONSUMER DECISION MAKING PROCESS

UNIT STRUCTURE

14.1 Learning Objectives

14.2 Introduction

14.3 Opinion Leadership

14.4 Motivation Behind Opinion Leadership

14.4.1 Need of Opinion Leaders

14.4.2 Need of Opinion Receiver

14.4.3 Opinion Leadership and Promotional Strategy

14.5 Diffusion and Adoption Process of Innovation

14.6 Profile of Consumer Innovator

14.7 Consumer Decision Making

14.7.1 Levels of Consumer Decision Making

14.8 Consumer Gifting Behaviour

14.9 Let Us Sum Up

14.10 Further Readings

14.11 Answers to Check Your Progress

1412 Model Questions

14.1 LEARNING OBJECTIVES

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

- Discuss the Meaning Opinion Leadership
- Learn the Motivations Behind the Opinion Leadership
- Describe the Two fold Process of Spread and Acceptance of Innovative Products
- Learn about the Personal Characteristics of Innovator
- Discuss the Consumer Decision Making Process
- Discuss the Three Levels of Consumer Decision Making
- Know about the Nature and Scope of Consumer Gift Giving.

14.2 INTRODUCTION

In this unit we are going to discuss about consumer decision making process. So, here it is important to discuss the Opinion Leadership,diffusion and Adoption Process of Innovators,consumer Decision Making and consumer Gifting Behaviour. In choosing products and services, consumers are often influenced by advice from other people. Buying decisions influenced from others include which restaurant to eat in, which computer printer is the "best buy", and which coach will improve one's game. Opinion leadership involves so much social interaction about so many possible products or services that it is often difficult for consumers to remember the extent to which they have participated in informal communications that have either influenced their consumption behaviour or the consumption behaviour of others.

14.3 OPINION LEADERSHIP

We have already given a fair idea about opinion leader in Unit 10. in this unit we will explore it in more detail.

Opinion leadership is the process by which one person informally influences the actions or attitudes of others, who may be opinion seekers or opinion recipients. Here the person who influences the recipient is called the opinion leader. This influence is informal and verbal and the informal flow of consumer-related influence between two people is referred to as product-related conversation, or word-of-mouth communication.

The chief characteristic of such communication is that it is interpersonal and informal and takes place between two or more people, none of whom represents a commercial selling source. Word-of-mouth implies personal, or face-to-face, communication. It may also take place over telephone.

One of the parties in an informal communications usually offers advice or information about a specific product or product category, such as which of several brands is best, or how a particular product may be used. Here the person who offers information is the opinion leader, and he may be an

opinion receiver when another product or product category is discussed.

Individuals who actively seek information and advice about products are called *opinion seekers* and those who receive unsolicited information are called *opinion receiver.*

A simple example of the opinion leadership is given below:

When an office worker mentions to co-workers his need for a new car, a co-worker suggests that he take a look at a particular new model.

The opinion leadership process is very dynamic. As informal communication sources, opinion leaders are effective at influencing consumers in their product related decisions. Some of the reasons for their effectiveness are as follows:

- Opinion leaders are highly credible sources of product related information because they are usually perceived as neutral concerning the information or advice they provide. Their intentions are perceived as being in the best interest of the opinion recipients, since they receive no compensation for the advice.
- Information provided by opinion leaders consists of both favourable and unfavourable information compared to the only favorable information provided by marketers.
- Opinion leaders are the source of both information and advice. They may simply talk about their experiences with a product; relate what they know about a product or, more aggressively, advice others to buy or to avoid a specific product.

14.4 THE MOTIVATIONS BEHIND OPINION LEADERSHIP

To understand the phenomenon of opinion leadership, it is important to understand the motivations of those who provide and those who receive product related information. The following sections will deal with question of motivation from the point of view of both the opinion leader and the opinion receiver. Let us discuss them in detail:

14.4.1 The Need of Opinion Leaders

As per the motivation theory, people may provide information or advice to others in order to satisfy some basic need of their own. However, opinion leaders may be unaware of their own underlying motives. Opinion leaders may simply be trying to reduce their own post purchase dissonance. If a man buys a new electric rice cooker and then is uncertain as to the correctness of his choice, he may try to reassure himself by "talking up" the electric rice cooker's virtues to others. In this way, he relieves his own psychological discomfort. Furthermore, if he can influence a friend or neighbour also to buy that product, he confirms his own good judgment in selecting the product first. Thus, the opinion leader's motivation may be one of self-confirmation or self-involvement. In addition, the information or advice that opinion leaders dispense may help them gain attention, to achieve some sort of status, assert their superiority, demonstrate their awareness and expertise, and give them the feeling of having inside information.

In addition to self-involvement, the opinion leader may also be motivated by product involvement, involvement with others and message involvement. Opinion leaders who are motivated by product involvement may find themselves so pleased or so disappointed with a product that they simply must tell others about it. Those who are motivated by involvement with others have a need to share product related experiences. In this type of situation, opinion leaders use their product related conversations as an expression of friendship, neighborliness, and love.

The popularity of advertising in our society encourages message involvement. Individuals who are bombarded with advertising messages and slogans tend to discuss them and the products they are designated to sell.

14.4.2 The Need of Opinion Receivers

Opinion receivers satisfy a variety of needs by engaging in product related conversations. First, they obtain new product or new-usage information. Second, they reduce their perceived risk by receiving firsthand knowledge from a user about a specific product or brand. Third, they reduce the search time entailed in the identification of a needed product or service. Moreover, opinion receivers can be certain of receiving the approval of the opinion leader when they follow that person's product endorsement or advice. For all these reasons, consumers often look to friends, neighbours, and other acquaintances for product information.

Generally, opinion leaders are social, self-confident, innovative people who like to talk. They acquire information about their areas of interest through avid readership of special-interest magazines and by new product trial. Their interests often overlap adjacent areas; thus their opinion leadership may extend into related areas.

The opinion leadership process usually takes place among friends, neighbours, and co-workers who have frequent physical proximity and thus ample opportunity to hold informal product related conversations. Such conversations usually occur naturally in the context of the product category usage.

14.4.3 Opinion leadership and promotional strategy

Marketers have long been aware of the powerful influence that opinion leadership exerts on consumer behaviour. They try to encourage word-of-mouth communication and other favourable informal conversations concerning their products because they recognize that consumers place more credibility in informal communication sources than in paid advertising. The seeking of product information and advice tends to be the most widely used consumer strategy for reducing perceived risk.

New product designers exploit the effectiveness of word-of-mouth communication by deliberately designing products to have word-of-mouth potential. A new product should give customers something to talk about. One example of products that have had such word-of-mouth appeal is the Sony Walkman. This type of revolutionary products have attained market share because consumers sell them to one another by means of word-of-mouth.



CHECK YOUR PROGRESS

Q 1: State whether the following statements are true or false:

(i) Opinion leaders do not influence the action of a consumer. (True/ False)

(ii) Opinion leaders are motivated to provide information for their self-involvement. (True/False)

(iii) Opinion leaders are introvert and unsocial people. (True/False)

(iv) Opinion leadership process usually takes place among friends, neighbours, and co-workers. (True/False)

(v) Word-of-mouth communication is not at all important for marketers. (True/False)

14.5 DIFFUSION AND ADOPTION PROCESS OF INNOVATIONS

We have already given you a fair idea about diffusion and adoption process of innovations in Unit 12. In this section we will be discussing few more elements related to this. A major issue in marketing and consumer behaviour is the acceptance of new products and services. The framework for exploring consumer acceptance of new product is drawn from the area of research known as the *diffusion of innovations*. Consumer researchers are primarily interested in understanding two closely related processes: the diffusion process and the adoption process. In the broadest sense, diffusion

is a process concerned with the spread of an innovated product from its source to the consumers. In contrast, adoption is a process that focuses on the stages through which an individual consumer passes when deciding to accept or reject a new product.

The diffusion process is concerned with how innovations spread, i.e., how they are assimilated within a market. In other words, diffusion is the process by which the acceptance of an innovation (a new product, new service, new idea, or new practice) is spread by communication (mass media, sales people, or informal conversations) to members of a social system (a target market) over a period of time. This definition includes the four basic elements of the diffusion process:

- The innovation,
- The channels of communication,
- The social system, and
- Time.

Let us discus the above basic elements in detail:

A. The Innovation: The definition of the term 'innovation' can be firm oriented (i.e., new to the company), product oriented (i.e., a continuous innovation or a discontinuous innovation), market oriented (i.e. how long the product has been in the market or how many people of the potential target market has purchased it), or consumer oriented (i.e. new to the consumer).

All new products do not have equal potential for consumer acceptance. Some products catch on almost overnight whereas others take a very long time to gain acceptance or get rejected by the consumers.

Although there are no precise formulas by which marketers can evaluate a new product's acceptance, diffusion researchers have identified five product characteristics that influence consumer acceptance of new product:

a. *Relative advantage*: The degree to which a potential customer perceives a new product as superior to the existing substitutes is its relative advantage. As for example, HDTV over standard TV, MP3 players over a traditional CD player

b. *Compatibility*: The degree to which potential consumers feel a

new product is consistent with their present needs, values, and practices is a measure of its compatibility. As for example, digital alarm clocks over analog alarm clocks.

c. *Complexity*: It is the degree to which a new product is difficult to understand or use. Complexity affects product acceptance. The easier it is to understand and use a product, the more likely it is to be accepted.

d. *Trialability*: It refers to the degree to which a new product is tried on a limited basis. The greater the opportunity to try a new product, the easier it is for consumers to evaluate it and ultimately adopt it. As for example, free samples, free trial pack of computer software etc.

e. *Observability:* It is the ease with which a product's benefits or attributes can be observed, imagined, or described to potential customers. Products that have a high degree of social visibility, such as fashion items, are more easily diffused than the products that are used in private, such as a new type of deodorant. Again, a tangible product is promoted more easily than an intangible product, such as a service.

B. The channel of communication: The speed with which an innovation spreads through a market depends to a great extent on communications between the marketer and consumers, and also on the communication among consumers, i.e. word-of-mouth communication. Researchers are concerned with two aspects of communication—the channel through which word of a new product is spread to the consuming public and the types of messages that influence the adoption or rejection of new products. In recent years, a variety of new channels of communication have been developed to inform consumers of innovative products and services. As for example, internet based communications such as internet ads, e-Commerce sites, social networking sites etc.

C. The social system: The diffusion of a new product usually takes place in a social setting referred to as a social system. A social system is a physical, social, or cultural environment to which people belong and within which they function. For example, for a new medicine, the social system consists of all physicians within a specific medical specialty (e.g., all neurologists). The social system serves as the boundary within which the

diffusion of a new product is examined. The orientation of a social system, with its own special values or norms, is likely to influence the acceptance or rejection of new products. When a social system is modern in orientation, the acceptance of innovations is likely to be high. In contrast, when a social system is traditional in orientation, innovations that are perceived as radical or as infringements on established customs are likely to be avoided. The characteristics of a modern social system are:

i. A positive attitude towards change
ii. An advanced technology and skilled labour force
iii. A general respect for education and science
iv. An emphasis on rational and ordered social relationships rather than on emotional ones
v. An outreach perspective, in which members of the system frequently interact with outsiders, thus facilitating the entrance of new ideas into the social system
vi. A system in which members can readily see themselves in quite different roles

A social system may be national in scope and may influence members of an entire society or may exist at the local level and influence only members of a specific community. This may be true in case of both modern and traditional social system.

D. Time: Time is the backbone of the diffusion process. Purchase time refers to the amount of time that elapses between consumer's initial awareness of a new product or service and the point at which they purchase or reject it. Researchers are concerned with the amount of purchase time required for an individual consumer to adopt or reject a new product. Purchase time is important to marketers because the average time a consumer takes to adopt a new product is a useful predictor of the length of time it will take for the new product to achieve widespread adoption. When the individual purchase time is short, a marketer can expect that the rate of diffusion will be faster than when the individual purchase time is long.

The second major process in the diffusion of innovations is adoption.

The focus of this process is the stages through which an individual consumer passes while arriving at a decision to try or not to try, or to continue using or to discontinue using a new product.

14.6 PROFILE OF A CONSUMER INNOVATOR

Consumer innovators can be defined as the relatively small group of consumers who are the earliest purchasers of a new product. New-product marketers are vitally concerned with identifying the consumer innovator so that they may direct their promotional campaigns to the people who are most likely to try new products, adopt them, and influence others. Consumer research has identified a number of consumer-related characteristics that distinguish consumer innovators from early adopters.

Consumer innovators are much more interested in the product categories that they are among the first to purchase. Consumer innovators are more likely than non the innovators to seek information concerning their specific interests from a variety of informal and mass-media sources. They are more likely to give greater deliberation to the purchase of new products or services in their areas of interest than non-innovators.

The innovators are opinion leaders. Consumer innovators provide other consumers with information and advice about new products and the receivers follow it. Thus, in the role of opinion leader, the consumer innovator often influences the acceptance or rejection of new product. When innovators are enthusiastic about a new product and encourage others to try it, the product is likely to receive broader and quicker acceptance. On the other hand, if the innovators are dissatisfied with a new product and discourage others from trying it, its acceptance will be severely limited. Also, for products that do not generate much excitement, consumer innovators may not be sufficiently motivated to provide advice to others. In such cases, the marketers must rely almost entirely on mass media and personal selling to influence future purchasers.

Consumer innovators generally are less rigid than non-innovators. They tend to approach new or unfamiliar products with considerable

openness and little anxiety. In contrast, non-innovators seem to find new products threatening and hence they prefer to delay purchase until the product's success has been clearly established. Innovator's need for uniqueness is higher than non-innovators. Innovators are highly variety seeking compared to the non-innovators. Variety-seeking consumers tend to be brand switchers and they are extrovert, liberal, and creative. The personality traits of the consumer innovators are also important for the marketers of new product, as they can produce separate promotional campaigns for innovators and for later adopters.

Consumer innovators are more socially accepted and socially involved than non-innovators. Innovators are more socially integrated into community, better accepted by others, and more socially involved.

Demographically, consumer innovators are younger than non-innovators. Consumer innovators are generally highly educated, have higher personal or family incomes, and are having higher occupational status. They are either professional or hold managerial positions. These serve as useful variables in the segmentation of markets for new-product introductions.

14.7 CONSUMER DECISION MAKING

Every individual every day makes numerous decisions concerning every aspect of their daily lives. However, we generally make these decisions without stopping to think about how we make them and what is involved in the particular decision-making process itself. A decision is the selection of an option from two or more alternative choices. In other words, for a person to make a decision, a choice of alternatives must be available. When a person has a choice between making a purchase and not making a purchase, a choice between brand A and brand B, or a choice of spending time doing X or Y, that person is in a position to make a decision. On the other hand, if the consumer has no alternatives from which to choose and is literally forced to make a particular purchase or take a particular action (e.g., use a prescribed medication), then this single 'no-choice" instance does not constitute a decision; such a no-choice decision is commonly

referred to as a "Hobson's choice". Providing consumers with a choice when there was originally none can be a very good business strategy for increasing sales.

14.7.1 Levels of Consumer Decision Making

On the basis of efforts required for taking a buying decision by a consumer, three specific levels of consumer decision making may be distinguished. They are as follows: ***extensive problem solving, limited problem solving, and routinized response behaviour.***

a. Extensive Problem Solving: When consumers have no established criteria for evaluating a product category or specific brands in that category or have not narrowed the number of brands they will consider to a small, manageable subset, then their decision-making efforts can be classified as extensive problem solving. At this level, the consumer needs a great deal of information to establish a set of criteria on which to judge specific brands and a correspondingly large amount of information concerning each of the brands to be considered. Extensive problem solving often occurs when a consumer is purchasing an expensive, important, or technically complicated product or service for the first time (e.g., replacing an old oven with a microwave oven).

b. Limited Problem Solving: At this level of problem solving, consumers already have established the basic criteria for evaluating the product category and the various brands in the category. However, they have not fully established preferences concerning a select group of brands. Their search for additional information is more like "fine-tuning"; they must gather additional brand information to single out among the various brands. This type of problem solving frequently occurs when the consumer is purchasing a new, updated version of something that he or she has purchased before, such as replacing an old laptop with a new one—the new laptop having a faster

processor, a larger hard drive, and so on.

c. Routinized Response Behaviour: At this level, consumers have experience with the product category and a well-established set of criteria with which to evaluate the brands they are considering. In some situations, they may search for a small amount of additional information; in others, they simply review what they already know.

Just how extensive a consumer's problem-solving task is depends on how well established his or her criteria for selection are, how much information he or she has about each brand being considered, and how narrow the set of brands is from which the choice is to be made. Clearly, extensive problem solving implies that the consumer must seek more information to make a choice, whereas routinized response behaviour implies little need for additional information.

All decisions in our lives cannot be complex and require extensive research and consideration—we just cannot exert the level of effort required. Some decisions have to be "easy ones".

The consumer's decision to purchase or not to purchase something is an important moment for a marketer. It can signify whether a marketing strategy has been wise, insightful, and effective, or whether it was poorly planned. Thus marketers are particularly interested in the consumer's decision-making process.

14.8 CONSUMER GIFTING BEHAVIOUR

Giving gift is an important aspect of the social life of human beings. Gift buying is an interesting part of consumer behaviour. Products and services chosen as gifts represent more than every day purchases. Because of the symbolic meaning of gift, they are associated with such important events as festivals, births and birthdays, engagements, weddings, anniversaries, graduations, and many other accomplishments and milestones.

Gifting behaviour is the process of exchange of gift that takes place

between a giver and a recipient. The definition is broad in nature and embraces gifts given voluntarily to express love and affection, as well as gifts presented as an obligation. Gift purchases represent about 10% of all retail purchases in USA and over $100 billion is spent annually on gifts in that country.[1]

Gifting is an act of symbolic communication, with explicit and implicit meanings ranging from congratulations, love, obligation, and dominance. The nature of the relationship between gift giver and gift receiver is an important consideration in choosing a gift. There are different types of gifts. The following are five gifting subdivisions or different types of gift giving: (1) intergroup gifting, (2) inter-category gifting, (3) intra-group gifting, (4) interpersonal gifting, and (5) intrapersonal gifting.

Intergroup gifting behaviour occurs whenever one group exchanges gifts with another group (such as one family with another). A diwali gift from one family to another family is an example of intergroup gift. Gift given to families will be different than those given to individual family members. For example, a "common" wedding gift for a bride and a groom may include products for setting up a house-hold rather than a gift that would personally be used by either the bride or the groom. In case of ***inter-category gifting***, either an individual is giving a gift to a group (a single friend is giving a couple an anniversary gift) or a group is giving an individual a gift (several friends give another friend a joint birthday gift). The gift selection strategies "buy for joint recipients" (creating inter-category gifting) are useful when it comes to a difficult recipient situation. These strategies can also be applied to reduce some of the time pressure associated with shopping for the great number of gifts exchanged during the Bihu or Diwali season (many other such festivals in India) gift-giving ritual. For example, a consumer may choose to purchase five inter-category gifts for five aunt and uncle pairs (inter-category gifting), instead of buying 10 personal gifts for five aunts and five uncles(interpersonal gifting). In this way, less time, money, and effort may be spent.

An ***intra-group gift*** can be characterized by the sentiment "we gave this to ourselves"; that is, a group gives a gift to itself or its members. A

family buys a DVD player for itself as a Durga Puja gift. Another example in this category is: a dual-income couple may find that their demanding work schedules limit leisure time spent together as husband and wife. Therefore, an anniversary gift ("to us") of a long weekend in Goa is an example of an intra-group gift. It would also remedy the couple's problem of not spending enough time together. In contrast, ***interpersonal gifting*** occurs between just two individuals (an individual giving a gift to another individual), a gift giver and gift receiver. By their very nature, interpersonal gifts are "intimate" because they provide an opportunity for a gift giver to reveal what he or she thinks of the gift receiver. Successful gifts are those that communicate that the giver knows and understands the receiver and their relationship. Studies reveal that, both male and female gift givers feel more comfortable in giving gifts to the members of the same gender, however, they felt more intense feeling with respect to gifts given to members of the opposite gender. Females get more pleasure than males from giving gifts and generally play the dominant role in gift exchanges. Knowledge of such gender differences are useful for marketers.

In case of ***intrapersonal gifting***, or a self-gift, the giver and the receiver are the same individual. Self-gift is also called monadic giving. If a consumer sees a purchase as the "buying of something I need", then it is simply a purchase. On the other hand, if the same consumer sees the same purchase as a "self-gift", then it is something special, with special meaning. An example of intrapersonal gift is, "a woman buys herself gold jewelry to cheer herself up". Consumers may treat themselves by self-gifts with products (clothing, jewelry, computer, etc.), services (gym membership, a trip, a meal in a restaurant, etc.), or experiences (a party with friends). Specific circumstances that might lead a consumer to engage in self-gift behaviour are: Personal accomplishment (to reward oneself), holiday (to cheer oneself up), having some extra money (to celebrate), on attainment of a desired goal (to provide an incentive toward a goal achievement) etc.

Gift-giving and taking is an integral part of Indian culture. There are two participants in the act of gifting—the giver and the recipient. There are a number of occasions for exchange of gifts. These occasions are determined

by a specific cultural setting. For instance, consumers in the USA celebrate Mother's Day, Valentine's Day etc. Ofcourse, these are now-a-days observed universally. Koreans celebrate the 100th day of a baby's life. In India, there are various such occasions observed by different communities. There may also be unstructured occasions, for example, an attempt at reconciliation with regard to relationships, celebrating success, etc.



CHECK YOUR PROGRESS

Q 2: State true or false for the following statements—

(i) Diffusion is the process concerned with the stages through which an individual consumer passes when deciding to buy or not to buy a new product. (True/False)

(ii) A social system is a physical, social, or cultural environment to which people belong. (True/False)

(iii) Purchase time refers to the amount of time taken by a consumer between his initial awareness of a new product and when they purchase it. (True/False)

(iv) Innovators are those consumers who are reluctant to buy a new product. (True/False)

(v) In intrapersonal gifting, the giver and the receiver are the same individual. (True/False)



14.9 LET US SUM UP

Consumer behaviour is not just making a purchase decision or the act of purchasing; it also includes the full range of experiences associated with using or consuming products and services. It also includes the sense of pleasure and satisfaction derived from possessing or collecting "things". The outputs of consumption are changes in feelings, moods, or attitudes; reinforcement of lifestyles; an enhanced sense of self; satisfaction of a

consumer-related need; belonging to groups; and expressing and entertaining oneself.



7.10 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.



14.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: (i) False (ii) True (iii) False (iv) True (v) False

Ans to Q No 2: (i) False (ii) True (iii) True (iv) False (v) True



14.12 MODEL QUESTIONS

Q 1: What do you understand by the term opinion leadership? Why is an opinion leader a more credible source of product information than an advertisement for the same product?

Q 2: What is diffusion? Discuss the basic elements of diffusion process.

Q 3: Discuss the adoption process in detail.

Q 4: Who is a consumer innovator? Discuss their distinguishing characteristics.

Q 5: Discuss the gift giving behaviour of an individual consumer.

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UNIT 15: ORGANIZATIONAL BUYING BEHAVIOUR

UNIT STRUCTURE

15.1 Learning Objectives

15.2 Introduction

15.3 Organizational Buying

15.4 Characteristics Of Organizational Buyers

15.5 Factors Influencing Organizational Buying Behavior

15.6 Organizational Buying Decision Making Process

15.7 Organisational Buying Situations

15.8 Modern Purchasing Activities

15.9 Let Us Sum Up

15.10 Further Reading

15.11 Answers To Check Your Progress

15.12 Model Questions

15.1 LEARNING OBJECTIVES

After going through this unit, you will able to :

- define organizational buying objectives
- discuss the factors influencing Organizational Buying Behaviour
- outline different phases in the buying decision process
- describe the situations of Organizational Buying
- describe the models of organizational buying behaviour.

15.2 INTRODUCTION

In the last unit we have discussed about the various aspects consumer decision making process. This unit starts with Organization Buying Behavior. A market is said to be composed of buyers and sellers involved in a exchange process of goods and services and money. The purpose of organisational behavior is to reduce costs, make profits, serve internal clientele's requirements and sometimes for meeting social and legal obligations. Organisations provide a big and vast market for raw materials,

semi processed goods, manufactured goods etc. In this unit, we will look the factors influencing Buyer Behavior, Purchase and demand patterns, Organisation buying roles and organization buyer decision process. An industral consumer buying a bed sheet and the Indian Railways buying thousands of bedsheet- will the buying process be same? There are vast differences. We shall look into those aspects in this unit.

15.3 ORGANIZATIONAL BUYING

Individual consumers are not the only buyers in a market. Companies and other organizations also need goods and services to operate, run their businesses, and produce the offerings they provide to one another and to consumers. These organizations, which include producers, resellers, government and nonprofit groups, buy a huge variety of products including equipment, raw materials, finished goods, labor, and other services. Some organizations sell exclusively to other organizations and never come into contact with consumer buyers.

Fredrick E Wbster and Y Wind defined Organisational buying as, “the decision making process by which formal organisations establishes the need for purchased products and services and identity, evaluate and choose among alternative brands and suppliers”.

Hence, the companies selling to other organisations their products have to understand what are their buyers needs, financial capability, the policies and procedures followed while purchasing from other suppliers etc. The buying organisation on the other side on realizing the need for purchasing certain goods and services will search out and evaluate and select the supplier most suitable to their requirement. The various kinds of organisational buying units are in the areas of services, agriculture, forestry and fisheries, retailers, manufacturers, governmental units, construction etc.

Let us now, discuss the organisational buying units who purchase various goods and services:

- Organizational buyers purchase products on behalf of their business or organization.

- Individual consumers are not the only buyers in a market. Organizations or business units also needs to buy to run their businesses, and produce the offerings they provide to one another and to consumers. These organizations or companies includes Business Industries, resellers, PSU, government ,Banks, Non -Govt etc.
- Business houses buy products for business use or to produce other products. Resellers buy products to resell at a profit.
- Government buys products for use in offices and development projects or to provide service to people.
- Banks buys for use in office to provide service to customer.
- Non-government organizations buy products to provide service to their clients. (hospitals, educational institutions, political parties, religious and social organizations etc).

15.4 CHARACTERISTICS OF ORGANIZATIONAL BUYERS

Some of the characteristics of organizational buyers are:

1. *Fewer Buyers:* As compared to Consumer market which is a huge market in millions of consumers , there are fewer or less numbers of organizational buyers
2. *Larger Buyers:* In organisational buying, the purchases are in large quantities.
3. *Geographically concentrated Buyers:* In organizational buying, most of the buyers show geographical concentration. For example, most of the agricultural products come from few states in India like Punjab, Gujarat, and south India etc. Such geographical concentration of manufacturers will help in reducing the cost of selling.
4. *Derived Demand:* The demand for organisational goods derived from the demand of the consumer goods.
5. *Fluctuating Demand:* As compared to consumer market, the nature of demand for organizational buyer goods and services are more volatile.
6. *Professional Purchasing:* In organisational buying more specialized

personnel with technical expertise are needed in the purchase of organisational goods and services.



CHECK YOUR PROGRESS

Q 1: State the meaning organisational buying.

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Q 2: Write any three characteristics of organizational buyers.

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15.5 FACTORS INFLUENCING ORGANIZATIONAL BUYING BEHAVIOR

The Webster and Wind Model of organizational buying behaviour is a comprehensive model. It considers four sets of variables that influences organisational Buying Behaviour. They are: environmental, organizational, buying center and individual, which, affect the buying-decision making process in a firm.



These are four factors that influence the oranisational Buying Behaviour are discussed below.

1. **Environmental factors :** Economic Environment constitutes an important determinant in organisatinal buying Behaviour which includes economic situation, government policy, technological change. For example, if the organization buyer feels that the government is going to increase GST on industrial buying on heavy machinery product, his buying of material will increase as buying will become more costly in future due to increase in GST. The organization buyer may adopt new technological change which will reduce his operating cost and increase the Productivity. An industrial purchaser will be cautions and careful in his buying decisions so that decision will prove appropriate and not bring loss to the organization. An industrial purchaser will collect information about economic situation in the country and will take appropriate decisions after analyzing such economic information.
2. **Organizational factors:** Each organization has its own goals, policies, procedures and structure for purchasing. These are all internal factors which influences the purchase decision of an organisation. For example: The objective of an organization influences the types of product its needs and the criteria by which it evaluates supplies. Organization buying policies and procedures determines influences the purchase decision. For example ,Some organization may go for online bidding process, some may call for open Tender or may call for rate contract for while making purchase decision. Organisation structure and hirechey also influences the purchase decision .For example Some companies assign authority for purchase decisions to purchase managers while others do not . Some organization forms purchase committee comprising of different authority and responsibilities to finalize the purchase decision. This delays the purchase decision. In In decentralized organization structure, quick decision are possible at the departmental level and purchase decision is fast..

3. **Buying Centre factors:** Organizational buying decisions are never a one person decision; it's normally a collective decision where more than one person is involved. The people involved may be classified as Initiators influencers, buyers deciders and purchasing agent and there is also a possibility of conflict among the members who involves in buying decision. For example, selection of vendor, capabilities of vendor, delivery and after sales service of vendor. Webster and Wind in "Organisational buying behavior have called the decision making unit of buying organization is the buying center. The buying center can be defined as ''all those individuals and groups who participate in the purchasing decision making process. Who share some common goals and the risks arising from the decisions." It is essential to understand the roles of buying-center members or decision-making units (DMUs) before identifying the individuals and groups involved in the buying-decision process.
4. **Individual factors:** Individual factors are personal characteristics of an individual which influences the buying decision such as Age, Education, personality and position in the organization. These factors affect individual perception, preference and motivation.

15.6 ORGANIZATIONAL BUYING DECISION MAKING PROCESS

The purchasing activities of industrial buyers consist of various steps/ phases in buying-decision-making process. The importance of each step depends upon the type of buying situation. The industrial marketers should understand both (step in decision-making process and the type of buying situations) to market the product or service. The decision making is done as a group activity with personnel across various department pooled in and executing the various buying roles. This group is referred as 'Decision Making Unit'(DMU) or 'Buying Center'. In 1967, Robinson, Faris, and Wind developed a process "buy phases" having eight steps in buying-decision process in industrial market. These phases or steps are elaborated as follows:



Let us now discuss these stages:

1. **Problem recognition:** The process begins with realization of need or problem within the organization that can be met by acquiring a good or service. For e.g . It may need of new computer ,server, printer etc and problem in increasing storage capacity of customer database .
2. **Need Description:** Once they recognize that a need exists, the buyers must describe it thoroughly to make sure that everyone understands both the need and the nature of solution the organization should seek. The marketer along with the purchasing manager, engineers, agents and users can describe the needs and prioritizes important product characteristics. That may solve the problem. For e.g. Deciding cost, performance and reliability of the computer, Qty, Price, application requirement, Storage capacity ,Scalability etc. None

the less, if the required information is not available internally within the buying organization, the same can be obtained from the outside sources.

3. **Product Specification:** After the general solution to the problem is determined in the second phase, the buying organisation, in the third stage, develops a precise statement of the specifications or characteristics of the product or service needed. During this stage the purchase department takes the help of their technical personnel, or if required, outside sources such as suppliers or consultants. Industrial marketers have a great opportunity to get involved at this stage by helping the buyer organisation to develop product specifications and characteristics. It would give a definite advantage by ensuring that the needed product includes his or her company's product characteristics and specifications.
4. **Supplier Search:** In this stage, the organisational buyer now tries to identify the most appropriate supplier or vendor. Firstly, they have to obtain information about all available suppliers and secondly, they have to decide the qualifying suppliers and identify which ones have a reputation for good quality, good partnership, and good value for the money. The search for potential suppliers is based on the various sources of information like trade journals, sales calls, work-of-mouth, catalogues, trade-shows, industrial directories. The qualifications of acceptable suppliers' may depend on the type of buying organization such as government undertaking, private sector commercial organisation, or institutions, and the buying situation, and the decision-making members.
5. **Proposal Solicitation:** In this stage, the qualified suppliers are invited to submit proposals. A supplier's proposal can be in the form of a formal offer, quotation, or a formal bid, submitted by the supplier to the buying organization . Proposal development requires extensive research, skilled writing, and presentation. It must include the product specification, price, delivery period, payment terms, taxes and duties applicable, transportation cost (or freight), cost of transit insurance,

and any other relevant cost or free service provided. For technically complex products and services, a lot of time is spent in analysing proposals in terms of comparison on products services, deliveries and the landed cost: includes the price after discount plus excise duty, sales tax, freight, and insurance.

6. **Supplier Selection:** In this stage, the buyer evaluates the proposals and selects one or more suppliers. The selection process involves thorough review of the proposals submitted, as well as consideration of vendor capabilities, reputation, customer references, warranties, and so on. Further selected suppliers may call for discussion for any concerns or gaps and may meet for negotiation on prices, payment terms, deliveries, and so on.
7. **Order-Routine Specification:** In this stage the Buyer places the final order with the selected supplier with all the agreed terms and conditions such as technical specifications, the quantity needed, the expected time of delivery, payment terms, return policies, installations, warranties etc.
8. **Performance Review:** In this final stage, the buyer reviews performance of each supplier or vendor . This may be a very simple or a very complex process. The buyers evaluate their satisfaction with the product and whether the purchased item solved the problem or not. The performance review might lead to the buyer to continue, improve or drop a supplier. It is essential for a marketer to have a good relationship and always follow up any customer complaints as soon as possible.



CHECK YOUR PROGRESS

Q 3: What are the factors which influences organizational buying behavior?

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Q 4: What is the last stage in the process of organizational buying behavior?

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15.7 ORGANISATIONAL BUYING SITUATIONS

Not every decision requires the involvement of all the roles. Simple decisions, such as the purchasing of stationery, require fewer roles in the decision making process than the purchase of production machinery or a new IT system.According to Robinson, Fari's and Wind, there are three types of buying situations, according to

1. ***Straight rebuy situations***: This involves a routine repurchase.Orders are placed for office supplies, raw materials, other items of daily use, where the supplier is known and a procedure is already laid down, which is followed in a routine manner.
2. ***Modified rebuy situations:*** In modified rebuy situations One or two components are new in this purchase process; a new product and/ or service or a new supplier. If the complexity is low, there will no new decision making unit is required. A new decision making unit or DMU may be created when the rebuy is more complex. *e.g.,* nylon rope for ordinary rope. Plastic washers in place of steel or brass washers, aluminium instead of copper, hydraulic in place of mechanical.
3. ***New task***: The industrial buyers buy the products/services item for the first time in this situation. This will automatically require a new decision making unit. These could be new machines like computer or Fax machines. The need for such a product may not have occurred previously. For a new task, a new set up and new items are necessary, which may not have been purchased before.

15.8 MODERN PURCHASING ACTIVITIES

There are some contemporary purchasing activities, which are used in Organsiational buying processes. These are discussed as follows:

- Just-in-Time (JIT) : It refers that the material arrives at the buyer's factory exactly when needed by the buyer. It minimizes the inventory, and increases the quality and productivity. The goal of JIT delivery is zero inventory and excellent quality of the material delivered by the supplier. This ensures nil rejection at the buyer's factory. The JIT delivery means that the buying and selling organizations work together closely to reduce costs.
- Single Sourcing: In this activity, the industrial/organisational customers place orders with only one supplier not to two or three suppliers. It means all the eggs are in one basket. The practice makes possible for the buying and selling organizations to work closely together, involve the supplier from the design stage, and utilize the supplier's expertise
- Value Analysis: The industrial manufacturer plans to reduce cost while not compromising of functional marketable attributes and maintaining product reliability through the process of value analysis. The manufacturer (who is also the vendor) may thereby compete with other suppliers in business deals by providing higher value or equal value at lesser of cost. It involves analyzing a product item by the function it performs, the value of the function, and the alternate methods of performing the same function. It uses creative technique like brainstorming and includes members of various departments such as production, quality control, design, industrial engineering, marketing, and purchase.
- Purchase Committee :Some organizational buyers develop a formalized decision-making unit i.e. purchase committee. It is used in many industrial organizations including institutions (such as universities and hospitals) and Government companies. The formal committee changes based on the specific type of product to be purchased. The salesperson must provide information to all the members of the purchase committee, and should target the real sales efforts to those dominant members who influence the buying decisions. Identifying purchase committee individuals, their technical and commercial expertise, their individual needs, buying decision process, and the organization structure are the

important tasks to be performed by the effective industrial marketer.



CHECK YOUR PROGRESS

Q 5: What is Just-in-Time (JIT) ?

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Q 6: What are different types of buying situations?

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15.9 LET US SUM UP

In this unit, we have discussed the following:

- Organisational buying defined as, "the decision making process by which formal organisations establishes the need for purchased products and services and identity, evaluate and choose among alternative brands and suppliers".
- The characteristics of organizational buyers are: Fewer Buyers, Larger Buyers, geographically concentrated Buyers, DerivedDemand, Fluctuating Demand and Professional Purchasing.
- The Webster and Wind Model of organizational buying behaviour is a comprehensive model.It considers four sets of variables that influence organisational Buying Behaviour. They are: environmental, organizational, buying center and individual, which affect the buying-decision making process in a firm.
- Robinson, Faris, and Wind developed a process having eight steps in buying-decision process in industrial market. These phases or steps are:Problem recognition, Need Description, Product Specification, Supplier Search, Proposal Solicitation, Supplier Selection, Order-Routine Specification and Performance Review.

- According to Robinson, Fari's and Wind, there are three types of buying situations, according to: Straight rebuy situation, Modified rebuy situations and New task.
- There are some contemporary purchasing activities, which are used in Organsiational buying processes. These are: Just-in-Time (JIT), Single Sourcing, Value Analysis and Purchase Committee.



15.10 FURTHER READING

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



15.11 ANSWERS TO CHECK YOURPROGRESS

Ans to Q No 1: Organisation buying means, the decision making process by which formal organisations establishes the need for purchased products and services and identity, evaluate and choose among alternative brands and suppliers.

Ans to Q No 2: Three characteristics of organizational buyers are: (i) Fewer Buyers, (ii) Larger Buyers and (iii) Geographically concentrated Buyers.

Ans to Q No 3: The factors influencing organisational buying behavior are: environmental, organizational, buying center and individual.

Ans to Q No 4: Performance Review is the final stage of organizatied buying. The buyer reviews performance of each supplier or vendor. The buyers evaluate their satisfaction with the product and whether the purchased item solved the problem or not. The performance review might lead to the buyer to continue, improve or drop a supplier.

Ans to Q No 5: Just-in-Time (JIT) : It refers that the material arrives at the buyer's factory exactly when needed by the buyer. It minimizes the inventory, and increases the quality and productivity. The goal of JIT delivery is zero inventory and excellent quality of the material delivered by the supplier. This ensures nil rejection at the buyer's factory. The JIT

delivery means that the buying and selling organizations work together closely to reduce costs.

Ans to Q No 6: According to Robinson, Fari's and Wind, there are three types of buying situations, according to: New task, Modified rebuy situations and straight rebuy situations.



15.12 MODEL QUESTIONS

Q 1: Define organizational buying.

Q 2: Discuss the characteristics of organizational buyers.

Q 3: Outline the factors influencing organizational buying behavior.

Q 4: Discuss the organizational buying decision making process.

Q 5: Explains the organisational buying situations.

Q 6: Discuss the modern purchasing activities in organisational buying.

*** ***** ***

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1. Leon G. Schiffman, Leslie Lazar Kanuk and S. Ramesh Kumar, "*Consumer Behaviour*", (10th Edition, 2010) Pearson, New Delhi.
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5. Roger Blackwell, Paul W. Miniad, James F. Engel (2008), "*Consumer Behaviour*", South Western, India.
6. Hitesh D Vyas (2009), "*Consumer Behaviour*", Paradise Publishers, India.

Name of the Paper: **Course Code:**

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Krishna Kanta Handiqui State Open University
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Learner's Feedback on Course

Dear Learner,

Regarding the course as mentioned above, we would like to know your opinions and comments so as to improve the quality of self learning materials in future. Please respond to the following statements by ticking the number you feel most reflect your opinion. After completion of the additional comments, please detach the page and send/mail the same to us at the address given below.

The Director, Centre for Internal Quality Assurance, KKHandiqui State Open University
Housefed Complex, Dispur, Guwahati- 781006
(E-mail id: ciqa@kkhsou.in)

1. Approximately how many hours did you spend for studying the units in the course? | | | |
2. Please give your opinions (by √ mark) to the following items based on your reading of the block:

Sl. No.	Statements	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
I.	The SLMs of the course fulfil the learning objectives set out in the beginning of each unit					
II.	The units of the SLM could satisfy my academic needs and expectations					
III.	The Unit writers have excellent knowledge about the course contents					
IV.	Language and contents of the units were presented at a level which I could readily understand					
V.	Ample opportunity for participation in the activities provided in the units					
VI.	Used enough Illustrations (Diagrams, tables etc.) for conceptual clarity					
VII.	Quality of content is engaging, relevant, and up-to-date					
VIII.	The self check questions are very helpful					
IX.	The Possible/model questions and the answers to check my progress have benefited me a lot					

Additional Comments: *(Please feel free to provide your open comments)*

1. Which aspects of the SLM, according to you, worked well?

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2. What sort of changes/improvements do you feel KKHSOU could implement to improve the overall quality of the SLM?

Thank you for taking the time to complete this form.

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