

**BBA(CAM)**

**GGS Indraprastha University**

**BBA(CAM)305:CONSUMER BEHAVIOUR**

Course Code: BBA (CAM) – 305                      L:4                      T/P:                      Credits: 4

**Preamble:** In the era customer Satisfaction and customer delight it is very important to understand the behaviour of the customers. The course is designed to enable the various individual and organisational aspects that influence the buying decisions of the customer.

**COURSE CONTENT:**

**UNIT 1: Introduction To Consumer Behaviour**

**HOURS 10**

Definition of C.B  
Consumer Buying Process  
Importance of C.B  
Approaches to Study C.B  
Basic Model Of C.B  
Stages of Buying Process  
Industrial Buying / Organization Buying  
Current Trends in C.B  
Consumer Behavior from Consumer Perspective

**UNIT 2: Determinants to Consumer Behaviour**

**HOURS 10**

**1. Attitude**

- a) a) Models and theories of attitude
- b) b) Change in Attitude

**2. Personality and self concept**

- a) Nature of personality
- b) Theories of personality (Freudian, Jungian, Neo-Freudian & Trait theory)
- c) Personality and understanding consumer diversity
- d) Self and self Image



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**UNIT 3: Influences to Consumer Behaviour**

**HOURS 10**

**i) Culture**

Characteristics of Culture

Dynamism of Culture

Relevance of Sub Culture and Cross Culture on CB

Indian Culture and Sub Culture Marketing Strategies and problems related to cross culture

**ii) Social Class**

Determinants of Social Class

Objective Approach

Composite –Variable Indices

Social Class Mobility

Applications Of social class to consumption

**iii) Family and life style**

Significance

Family life cycle stages

Influences on life cycle

Applications of AIO Studies

VALS system of classification

**UNIT 4: Consumer Decision Making**

**HOURS 10**

a) Process of Consumer Decision Making

b) b) Complex Decision Making

c) c) Types of C. Purchasing Decision

d) d) Consumer Involvement and CDM

e) e) A Basic Model Of Decision Making (Need Arousal C.I Process Brand Evaluation Purchase and Post Purchase Behavior)

## UNIT-1

### INTRODUCTION

All of us are consumers. We consume things of daily use; we also consume and buy these products according to our needs, preferences and buying power. These can be consumable goods, durable goods, speciality goods or, industrial goods.

What we buy, how we buy, where and when we buy, in how much quantity we buy depends on our perception, self -concept, social and cultural background and our age and family cycle, our attitudes, beliefs values, motivation, personality, social class and many other factors that are both internal and external to us. While buying, we also consider whether to buy or not to buy and, from which source or seller to buy. In some societies there is a lot of affluence and, these societies can afford to buy in greater quantities and at shorter intervals. In poor societies, the consumer can barely meet his barest needs.

The marketers therefore try to understand the needs of different consumers and having understood his different behaviors which require an in-depth study of their internal and external environment, they formulate their plans for marketing.

It is a segment or part of human behaviour. Human behaviour refers to the total process whereby the individual interacts with the environment. Every thought, feeling, or action that we have as individuals is part of human behaviour.

### **Who is a Consumer?**

Any individual who purchases goods and services from the market for his/her end-use is called a consumer. In simpler words a consumer is one who consumes goods and services available in the market.

### **What is consumer Interest?**

Every customer shows inclination towards particular products and services. Consumer interest is nothing but willingness of consumers to purchase products and services as per their taste, need and of course pocket.

### **Types of consumers:**

- Personal consumers
- Organizational consumers

## **Definition**

**Consumer behaviour can be defined as the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services.**

Consumer behaviour is the study of how individuals, groups and organizations select, buy and dispose of goods, services, ideas or experiences to satisfy their needs and wants.

## **Nature, Scope and Importance of Consumer Behaviour :**

Consumer behaviour is defined as “The dynamic interaction of affect and cognition, behaviour and the environment b which human beings conduct the exchange aspects of lives”. IT means that the buying habits of the consumer are greatly affected by their thought process and their feelings experienced. Human beings are greatly influenced in their buying actions by various factors like opinion of others, marketing stimuli like product, advertising, packaging and product appearance.

Importance of Consumer behaviour:

- Ever increasing intensifying competition.
- More aggressive competitors emerging with greater frequency.
- Changes basis of competition.
- Geographic sources of competition are becoming wider.
- Niche attacks are becoming frequent.
- Pace of innovation is rapid.
- Price competition becoming more aggressive
- Product differentiation is declining.

As a principal, the marketing concept involves understanding the needs of the consumers and translating these needs into products or services to satisfy these needs. The basic objective in marketing is to achieve the goal of profit making through customer satisfaction. To do this, an organization should understand the consumer and be as close to them as possible.

## **Characteristic/Features/Nature**

### **1. Consumer behaviour is Dynamic:**

The feelings, thinking, perceptions and actions of the customer and the society at large keep changing frequently. For example number of working women is on rise and this has changed the

concept of shopping. The dynamic nature of the consumer behaviour offers challenges to marketers and the task of creating marketing strategies becomes complex, and exciting. Strategies that work today may not work tomorrow. Strategies adopted in one market may not work in another. The product life cycle are becoming shorter and create additional pressures on marketers to bring innovative products and concepts. The concept 'value' changes from time to time. Mahindra and Mahindra had to come out with 'Scorpio' within launch of 'Bolero'.

## **2. Consumer behaviour involves interactions:**

Consumer behaviour involves interactions among peoples thinking, feelings, and actions and the environment. This forces marketers to understand three things:

- a) What products and services mean to customers.
- b) What influences shopping, purchase, and consumption.
- c) What consumers need to do to purchase and consumer products and services?

## **3. Consumer behaviour involves exchange:**

Consumer behaviour involves exchanges between human beings. People give up something of value to others and receive something in return. Much of consumer behaviour involves people giving up money to obtain product and services, that is, exchanges consumers and sellers. The role of marketing in society is to help create exchange by formulating and implementing marketing strategies.

The marketer wants to know how consumers respond to various marketing strategy the company might use. It helps the firm to find better ways to satisfy consumers through creating a suitable marketing mix that will meet customer's needs and requirements better than competitors.

## **4. Involves many decisions**

## **5. Involves many people**

Participants in the buying process (The D.M.U.-Decision Making Unit)



The marketer needs to know which people are involved in the buying decision. People might play any of several roles in the buying decision process;

1. **Initiator:** the person who first suggests or thinks of an idea of buying a particular product or service i.e. who initiates the buying decision.
2. **Influencer:** a person whose views or advices carries some weight in making the final decision.
3. **Decider:** is the one who ultimately makes a buying decision or any part of it, i.e. whether to buy, what to buy, where to buy. One or more people may be a decider.
4. **Buyer:** the person who makes the actual purchase.
5. **User:** the person who uses or consumes the product.

A company needs to identify who occupies these roles because they affect product design, promotion, and other marketing strategy.

To understand the likes and dislikes of the consumer, extensive consumer research studies are being conducted. These researches try to find out:

- I. What the consumer thinks of the company's products and those of its competitors?
- II. How can the product be improved in their opinion?
- III. How the customers use the product?
- IV. What is the customer's attitude towards the product and its advertising?
- V. What is the role of the customer in his family?

Consumer behaviour is a complex, dynamic, multidimensional process, and all marketing decisions are based on assumptions about consumer behaviour.

Marketing strategy is the game plan which the firms must adhere to, in order to outdo the competitor or the plans to achieve the desired objective. In formulating the marketing strategy, to sell the product effectively, cost-benefit analysis must be undertaken.

**Understanding Consumer Behaviour: 7 O'S Framework:**

who	is	the	customer?	Occupants
what does	the	consumer	buy?	Objects
why	did	they	buy?	Objectives
who	participate	in	the process?	Organization
When	did	they	buy?	Occasions
where	do	they	buy/	Outlets
how did they buy?	Operations			

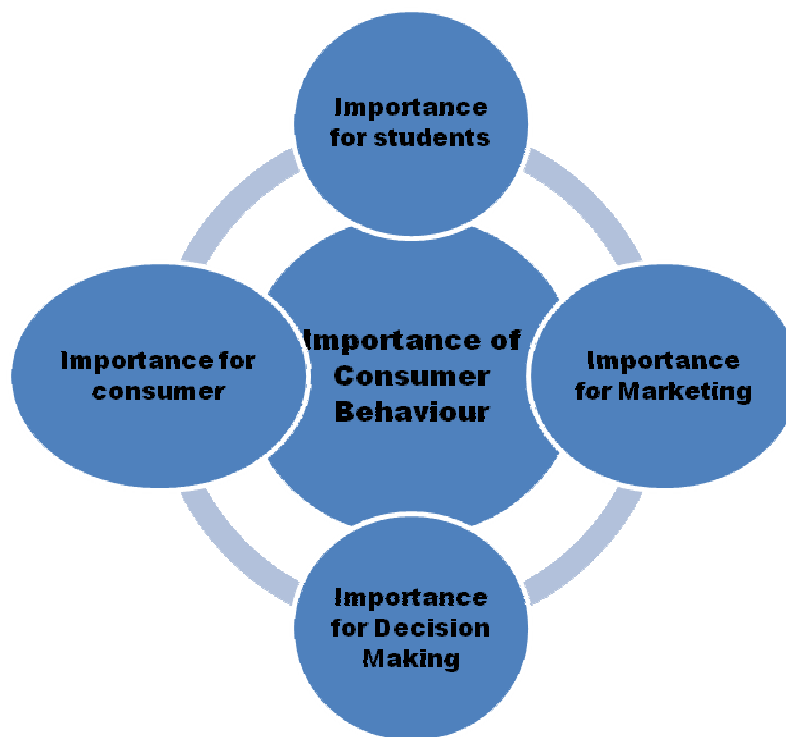


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### Importance of studying consumer behaviour

Consumer is the most important person. The business revolves around the consumer... So, while operating as a firm, it is essential for the firm to gain the good understanding of its target market. The more the Consumer Behaviour is learnt the more the needs and wants of the Customers are fulfilled.

The study of consumer behaviour is vital in framing production policies, Price policies, decision regarding channels of distribution and above all decisions regarding Sales promotions. Also due to changing base of competition, development of consumer behavior researches or rapid pace of innovation etc. its gaining high importance.



### Importance of the Study of consumer behaviour

#### 1. Marketer/Organizations: For Decision making and Marketing Decisions

- a) The study of Consumer behaviour helps the marketers to take vital decisions on marketing strategies for launching their new product.



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- b) To design the optimal product or service for customers.
- c) To determine where the product or Service should be available that would easy for the customers to buy.
- d) To determine what price will the customers give up purchasing product or service?
- e) To determine which method of Promotion would be most effective for getting the customers to buy a product.
- f) It helps in changing the behavior of the consumers.
- g) To improve performance of the organization.
- h) To achieve the organizational objectives
- i) How customers are influenced by their immediate surroundings, family members, friends etc.
- j) Consumer preferences are changing and become highly diversified.
- k) Rapid introduction of new products with technological advancement
- l) To sell products that might not sell easily.

## 2. For students

- a) To provide a basic understanding of Consumer Behavior - Role, Concepts, Theory, and Applications in current day business effort.
- b) To develop among students specialized knowledge of the various components of Consumer Behavior.
- c) To Integrate Theory & Applications of Consumer Behavior - Concepts and Practices current in business environment.
- d) To get students to think as business & marketing professionals involved in the effort of a modern day business organization where Consumer Behavior understanding plays a crucial role thru discussions, presentations, cases /assignments / project work in individual and group settings.

### Consumer Buying Behavior/Process

**What is Consumer Buying Behavior?**

Buying Behavior is the decision processes and acts of people involved in buying and using products.

Need to understand:

- a) why consumers make the purchases that they make?
- b) what factors influence consumer purchases?





c) the changing factors in our society.

Consumer Buying Behavior refers to the buying behavior of the ultimate consumer. A firm needs to analyze buying behavior for:

- Buyers reactions to a firms marketing strategy has a great impact on the firm's success.
- The marketing concept stresses that a firm should create a Marketing Mix (MM) that satisfies (gives utility to) customers, therefore need to analyze the what, where, when and how consumers buy.
- Marketers can better predict how consumers will respond to marketing strategies.

### TYPES OF CONSUMER BUYING BEHAVIOUR

From the understanding of general decision making process, perceived risk and involvement theory, it is possible to identify the following buying behaviours;

	High involvement	Low involvement
Significant differences between brands	Complex buying behavior	Variety-seeking buying behavior
Few differences between brands	Dissonance-reducing buying behavior	Habitual buying behavior

1) **Complex buying behaviour:** It involves three- step process;

- The buyer develops beliefs about a product,
- Then develops attitude,
- Then makes thoughtful choice

Consumers are highly involved in a purchase and are aware of significant differences among brands. Products are highly expensive, bought infrequently, risky and highly self-expressive e.g. automobiles.

- 2) **Dissonance-reducing buyer behaviour:** where the consumer is highly involved in a purchase but sees little difference in brands.
- Purchase is expensive, infrequent and risky.
  - If the consumer finds quality differences in the brands, he might go for the higher price.
  - If he finds little difference, he might buy simply on price or convenience.
- 3) **Habitual buying behaviour;** Is characteristic with low involvement and the absence of significant brand differences  
Common with low cost, frequently purchased products e.g. salt  
Consumers reach for the same brand out of habit but there is no strong brand loyalty.
- 4) **Variety seeking behaviour;** Low involvement but significant brand differences  
A lot of brand switching  
Marketing communication should reinforce past decisions by stressing the positive features of the product or by providing more information to assist its use and application.

### **Stages of the Consumer Buying Process**

Six Stages to the Consumer Buying Decision Process (For complex decisions). Actual purchasing is only one stage of the process. Not all decision processes lead to a purchase. All consumer decisions do not always include all 6 stages, determined by the degree of complexity.

The 6 stages are:

#### **1. Problem Recognition(awareness of need)**

Difference between the desired state and the actual condition. Deficit in assortment of products.

- Hunger-Food. Hunger stimulates your need to eat. Can be stimulated by the marketer through product information-did not know you were deficient?  
e.g. see a commercial for a new pair of shoes, stimulates your recognition that you need a new pair of shoes.

#### **2. Information search--**

- Internal search, memory.
- External search if you need more information. Friends and relatives (word of mouth). Marketer dominated sources; comparison shopping; public sources etc.



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### 3. Evaluation of Alternatives

Need to establish criteria for evaluation, features the buyer wants or does not want. Rank/weight alternatives or resume search. May decide that you want to eat something spicy, Indian gets highest rank etc. If not satisfied with your choice then, return to the search phase. Can you think of another restaurant? Look in the yellow pages etc. Information from different sources may be treated differently. Marketers try to influence by "framing" alternatives.

### 4. Purchase decision

Choose buying alternative, includes product, package, store, method of purchase etc.

### 5. Purchase

May differ from decision, time lapse between 4 & 5, product availability.

### 6. Post-Purchase Evaluation-

Outcome: Satisfaction or Dissatisfaction. *Cognitive Dissonance*, have you made the right decision. This can be reduced by warranties, after sales communication etc. After eating an Indian meal, may think that really you wanted a Chinese meal instead.

## **APPROACHES TO THE STUDY OF CONSUMER BEHAVIOUR:**

“Consumer behaviour..... is the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires.”- Solomon, Bamossy

***Different approaches to studying consumer behaviour are:*** A number of different approaches have been adopted in the study of decision making, drawing on differing traditions of psychology. Writers suggest different typological classifications of approaches:

### **1. Theoretical Approaches**

- 1) Economic Man
- 2) Psychodynamic
- 3) Behaviorist
- 4) Cognitive

#### **❖ Economic Man**

Early research regarded man as entirely rational and self -interested, making decisions based upon the ability to maximize utility with expending the minimum effort.

This approach is based on economic man. In order to behave rationally in the economic sense, as this approach suggests,

- a) a consumer would have to be aware of all the available consumption options.
- b) be capable of correctly rating each alternative and be available to select the optimum course of action.

These steps are no longer seen to be a realistic account of human decision making, as consumers rarely have adequate information, motivation or time to make such a ‘perfect’ decision and are often acted upon by less rational influences such as social relationships and values.

#### **❖ Psychodynamic Approach**

The psychodynamic tradition within psychology is widely attributed to the work of Sigmund Freud (1856-1939) (Stewart 1994). This view posits that behaviour is subject to biological influence through ‘instinctive forces’ or ‘drives’ which act outside of conscious thought (Arnold, Robertson al.1991). While Freud identified three facets of the psyche, namely **the Id, the Ego**

**and the Superego** (Freud 1923), other theorists working within this tradition, most notably Jung, identified different drives.

The key tenet of the psychodynamic approach is that behaviour is determined by biological drives, rather than individual cognition, or environmental stimuli.

### ❖ Behaviourist Approach

Behaviour can be learned by external events and thus largely discredited the Psychodynamic approach that was predominant at the time.

Essentially Behaviourism is a family of philosophies stating that behaviour is explained by external events, and that all things that organisms do, including actions, thoughts and feelings can be regarded as behaviour. The causation of behaviour is attributed to factors external to the individual. The most influential proponents of the behavioural approach were Ivan Pavlov (1849-1936) who investigated classical conditioning, John Watson (1878-1958) who rejected introspective methods and Skinner (1904-1990) who developed operant conditioning. Each of these developments relied heavily on logical positivism purporting that objective and empirical methods used in the physical sciences can be applied to the study of consumer behaviour.

While behavioural research still contributes to our understanding of human behaviour. Behaviourism does not appear to adequately account for the great diversity of response generated by a population exposed to similar, or even near identical stimuli.

### ❖ Cognitive Approach

In contrast to the foundations of Classical Behaviourism, the cognitive approach ascribes observed action (behaviour) to intrapersonal cognition.

In this Approach the individual is viewed as an 'information processor'. This intrapersonal causation clearly challenges the explicative power of environmental variables suggested in Behavioural approaches, however an influential role of the environment and social experience is acknowledged, with consumers actively seeking and receiving environmental and social stimuli as informational inputs aiding internal decision making (Stewart 1994).

The Cognitive approach is derived in a large part from Cognitive Psychology

- Cognitive Psychology truly emerged as a mainstream and useful field of study with the development of the Stimulus-Organism-Response model.
- From this point many writers suggested that Cognitivism had taken over from Behaviourism as the dominant paradigmatic approach to decision research.

## MODERN APPROACHES



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- a) Managerial approach
- b) Holistic approach
- c) Balanced approach

### **Managerial approach:**

- ❖ It is more micro and cognitive in nature
  - i. Micro: emphasizes the individual consumer like his attitude, perception, lifestyle, etc.
  - ii. Cognitive: emphasizes the thought process of individual consumers and factors in influencing their decision.
- ❖ Marketers are interested in this approach because all marketing strategy is to satisfy the individual consumers need.
- ❖ Risks in managerial approach:
  - 1. Overemphasizes the rationality of consumers
  - 2. Overlook the dynamics of environmental factors independent of individual
  - 3. Focus is on purchase rather than consumption

### **Holistic approach:**

- ❖ It is more macro in nature.
- ❖ It focuses on consumption experience rather than purchasing process.
- ❖ It helps in understanding the environmental context of consumer action.
- ❖ Risks in holistic approach are:
  - i. No emphasize on purchase decision.
  - ii. No understanding of cognitive process, which is necessary for the marketer to meet consumer needs.

### **Balanced approach:**

In balanced approach both the managerial view and holistic view are taken by eliminating the drawbacks

### **Organizational/ Industrial Buyer Behaviour**

Businesses ask themselves the same questions as consumer marketers i.e. who are our buyers and what are their needs. How do buyers make their buying decisions and what factors influence these decisions? What marketing programs will be most effective?

### **Definition:**

Industrial buying is the decision making process by which formal organizations establish the need to purchase products and identify, evaluate and choose among alternative brands and suppliers.

### Types of organizational markets

- 1) **The industrial market;** It consists of all organizations acquiring goods and services that enter into the production of other goods and services that are sold or supplied to others. It is the largest organizational market.
- 2) **Reseller market;** It consists of all individuals and organizations that acquire goods for the purpose of reselling them to others for a profit. Resellers buy products for resale and for conducting their operations e.g. wholesalers.
- 3) **Government market;** It consists of government units from central and local government that purchase or rent goods and services for carrying out their main functions.
- 4) **The institutional market;** It is made up of hotels, hospitals, schools, colleges and other institutions that also buy goods and services.

### Differences between Organizational and Consumer markets

In some ways organizational markets are similar to consumer markets- both involve people who assume buying roles and make purchase decisions to satisfy needs. But there are differences stemming from market structure, demand, product characteristics, promotion, distribution channels, price, nature of buying unit, and the decision process.

#### 1. Market characteristics

Size: usually industrial consumers are few in number but purchase larger volumes on a repeat basis.

- i. Geographic concentration: industrial consumers tend to concentrate in specific areas especially urban areas.
- ii. Competition: industrial organizations are more directly involved in international purchasing.

2. **Product characteristics;** In industrial markets products are purchased as component parts of other products. More emphasis is given to the technical aspect of the product. Purchases of industrial products are usually governed by customer specifications.

3. **Buyer characteristics;** typical consumer buyers have little knowledge of the product they purchase as contrasted with industrial buyers who are professionally and technically trained. Many industrial purchases involve large sums of money; technically complex products and decisions to purchase take longer and involve several people.

4. **Reciprocity;** Industrial buyers often select suppliers who may also buy from them e.g. a paper company that buys needed chemicals from a chemical company that in turn buy's the company's paper.
5. **Channel characteristics;** In industrial markets, channels are direct where buyers often buy from producers rather than through middlemen.
6. **Promotional characteristics;** Personal selling is the dominant mode of promotion in industrial markets and advertising may only be used to lay a foundation for personal selling. Sales people act as consultants.
7. **Price;** generally in industrial buying, price takes less prominence. Factors of interest are quality, product consistency, certainty and timelessness of delivery, service and technical support.
8. **Demand;** Demand for industrial products is **derived demand**. It ultimately comes from demand for consumer goods. A cloth manufacturer buys cotton because consumers buy cloth. If consumers demand for cloths declines, so will the demand for cotton and all other products used to make cloth.

The demand is also inelastic in organizational markets i.e. total demand is not much affected by price changes especially in the short-run e.g. a drop in the price of leather will not cause shoe manufacturers to buy more leather unless it results in lower shoe prices that in turn would increase customer demand for shoes.

### **Participants in the industrial buying process- The buying centre**

This is the group of people who make the buying decision. The group consists of all people who influence, whether positive or negative, at one or more stages of the purchasing process.

The **Decision Making Unit (D.M.U)** has people playing the following roles;

- **The gate keeper:** he controls the flow of information, ideas and instructions. Such roles may be played by the receptionist/secretary who controls the buying organization's diary. A gate keeper could also be a specialist who can feed relevant information to the rest of the D.M.U.
- **Influencers:** are people such as engineers, accountants or the board of directors. They help define product specifications and provide information for evaluating alternatives. Technical personnel are particularly important influencers.
- **Users:** are members of the organization who will use the product. In many cases they initiate the buying proposal and help define product specifications.





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- **Buyers:** they are people with formal authority to select the supplier and arrange terms of purchase. They negotiate with the selected supplier on issues such as price, delivery time, mode of delivery, etc.
- **Deciders:** are people who have formal or informal power to select or approve the final suppliers. In routine or straight buying, the buyers are often the deciders.

The buying centre concept presents a challenge to the industrial marketer who must learn the following;

- i. Who is involved in the decision?
- ii. What decisions do they make?
- iii. What is their relative degree of influence?
- iv. What evaluative criteria does each participant use?

Only when the above questions have been answered can the supplier plan the campaign to inform the key persons within the D.M.U. A multi-faceted attack may be necessary, involving direct mail, personal contact, as well as the use of advertising.

### **Industrial Buying Situations (classes):**

1. **Straight re-buy;** it is where the buyer knows his own requirements and the products on offer. The items tend to be regular purchases and the process is in most cases repeated frequently. A buyer would most likely purchase from the same supplier and it is often hard for another supplier to break into such a market.
2. **Modified re-buy;** in this category would fall the purchase of either a new product from an existing or known supplier, or the purchase of an existing product from a new supplier. It usually involves more decision participants.
3. **New task;** involves the purchase of new unfamiliar products from previously unknown suppliers. In this situation the buyer must obtain a lot of information about alternative products and suppliers. He must determine the following;  
Product specifications, price limits, delivery times and terms, service terms, payment terms, order quantities, etc.

The buyer makes the fewest decisions in the straight re-buy and most in the new task situation. The new task situation is the marketer's greatest opportunity. He tries to reach as many people with key buying influences as possible, and providing useful product information.

### **Industrial Buyer Decision Making Process**

In the industrial buyer decision making process, buyers facing a new task buyer situation will usually go through all stages of the buying process and those making straight or modified re-buys may skip some of the stages. They are;

**1. Problem recognition;** the process begins when someone in the firm recognizes a problem or need that can be solved by acquiring a specific product. The company may decide to launch a new product and need new equipment and materials to produce it or a machine may break down and need new parts etc.

**2. General need description;** this is description of the general characteristics and quantity of the needed item. Emphasis here is on reliability, durability, price and other attributes desired in the item.



**3. Product specification;** the item's product specifications are analysed and the purchasing team (D.M.U.) decides on the best product characteristics and specify them accordingly.

**4. Supplier search;** this is carried out to find the best suppliers. Some suppliers may not be considered because they are not large enough to supply the needed quantity or because they have poor reputation. The supplier's task is to get listed in major directories and build reputation in the marketplace. Salespeople should watch for companies in the process of searching for suppliers and ensure their firm is considered.

**5. Proposal solicitation;** the buyer invites qualified suppliers to submit proposals. When the item is complex or expensive, the buyer will need detailed written proposals from each potential supplier.

6. **Supplier selection;** the buying centre (**D.M.U.**) reviews the proposals and selects a supplier. They will consider the technical competence of various suppliers, their ability to deliver the item on time and also deliver the necessary services. The following attributes have a strong influence on the relationship between the supplier and customer; Quality of products, on time delivery, competitive prices, and delivery terms.

7. **Order routine specification;** this involves preparing the final order with the chosen supplier, listing the technical specifications, quantity needed, expected time of delivery etc.

8. **Performance review;** Here the buyer reviews the performance of the supplier. The buyer may retain, modify, or drop the supplier in future hence the supplier should ensure that he is giving the expected satisfaction.

### **Differences between a Consumer Buying and a Business Buying Decision Process**

**The buying process can be different for consumers and businesses.** Consumer and business customers approach purchasing in two very different ways. To successfully market the business to both types of clients, you need to understand the differences between the consumer and business buying processes. The business processes you use and the kinds of products you offer enter into the way that businesses and consumers purchase your products and view your business.

#### **Planning**

Most purchases made by a business are planned in advance, where the same purchases might be impulse buys for a consumer. For example, a business will plan an employee lunch, choose the menu in advance and have the order in place to be catered on a particular day. A consumer's decision on where to go for lunch is often made just minutes before the lunch break. To be able to accommodate both business and consumer purchases, you need to have a structure in place that allows businesses to plan their purchases while still offering impulse options to consumers.

#### **Decision-making**

In many cases, the consumer decision-maker is the person that ultimately buys the product. For example, the mother of a family may decide to buy a new sandbox for the children, so she is either the one that goes out to make the purchase or is on hand with the father to make the final choice. A business purchasing process starts with an idea and then goes through a formal approval process. The person that makes the final purchase is often a purchasing agent or departmental representative.

## Support

Many businesses require support contracts when purchasing certain types of items. For example, if a business purchases a copier then the copier may need to have at least a three-year warranty on the product before the company can finalize the purchase. A consumer is not restricted by support needs when it comes to buying products, but that does not mean that support is unimportant to a consumer. Adequate support for a product can be sufficient to an end consumer as part of the final purchase contract. For a business, the support issues may need to be spelled out in a more comprehensive manner.

## History

The relationship between a vendor and a business can be a significant factor in the buying decisions for the company. For example, if a business has an ongoing relationship with an office supply store, then pricing contracts and dedicated support personnel can make the relationship beneficial to the business. An individual consumer is encouraged to compare prices and offers between companies and does not base buying decisions on ongoing vendor relationships.

## Basic Models of Consumer Behaviour

There are various Consumer models which help in the understanding of Consumer Behaviour.

1. Economic model
2. Psychological model
3. Pavlovian Model
4. Howarth -Sheth Model
5. Engel-Blackwell-Kollart Model
6. Input, Process Output Model- Gandhi: Philip Kotler
7. Sociological Model
8. Nicosia Model
9. Model of family decision making
10. A model of Industrial buying behaviour

## These Models of Consumer Behaviour classified as:

### Traditional Models

1. Economic Model
2. Psychological Model
3. Psychoanalytic Model
4. Sociological Model

## Contemporary Models

1. HowardSeth Model
2. Nicosia Model
3. Engel-Kollat-Blackwell Model
4. Webstar and Wind Model of Organizational Buying
5. Seth Model of IndustrialBuying

## Traditional Models

### 1. Economic Model

Under the model, CB is one dimensional. Buying decisions are based on the concept of utility. Assuming that a human being is always rational, he will make his purchase decision with the intention of maximizing his utility.

It is based on certain predictions of buying behaviour:

- Price-effect:** lesser the price of the product, more the qty. purchased (this model doesn't take into consideration diminishing marginal utility)
- Substitution Effect:** Lesser the price of substitute product, lesser will the quantity of the original product bought.
- **Income effect:** More the purchasing power, more will the qty. purchased.

Shortcomings: It doesn't take into consideration effective component of human mind and it doesn't take into consideration the products having no substitute like lifesaving medicines.

### 2. Psychological Model

Psychologists have been investigating the causes which lead to purchases and decision-making. This has been answered by A.H. Maslow in his hierarchy of needs. The behavior of an individual at a particular time is determined by his strongest need at that time. This



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also shows that needs have a priority. First they satisfy the basic needs and then go on for secondary needs.

The purchasing process and behavior is governed by motivational forces. Motivation stimulates people into action. Motivation starts with the need. It is a driving force and also a mental phenomenon. Need arises when one is deprived of something. A tension is created in the mind of the individual which leads him to a goal directed behavior which satisfies the need. Once a need is satisfied, a new need arises and the process is continuous.

### **3. Learning Models:**

There response of satisfaction reinforce the relationship between the drive and driver educing stimulus object as well as related cues. The consumer in due course learn to associate connection between stimulus and response which becomes habit.

The process results in the formation of attitude, values, beliefs and motivation etc. The learning help the marketer to understand the response of consumer at the marketplace.

#### **Pavlovian model:**

It is based on the learning process that consists of the following factors:

- Drive: It refers to strong internal stimuli that impels action.  
Drives can be innate or acquired. Innate stem from psychological needs like hunger, thirst, pain etc. Acquired needs refer to striving for status or social approval.
- Reinforcement:  
When a person has a need to buy and passes by a store, gets attracted and buys a product. If it leads to satisfaction, reinforcement takes place leading to repeat purchase.

#### **4. Psychoanalytical Model:**

It focuses upon the personality of consumers and their reactions/responses on the marketplace. The model recognizes the fact that the consumer behavior is directed by a complete set of deep seated motives. The consumers are influenced by the symbolic factors in buying a product. It may help in designing, features advertising and other promotional techniques.

#### **5. Sociological Model**



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As per the model, an individual is a part of institution called as society. Since he is living in society he gets influenced by it through his life experiences and aculturation. This individual in turn also influences the society. The two work in tandem towards growth and development. The individual lays several formal and informal associations like that of a family member, a student or an employee or active member of an informal active social organization. This in turn influences product choices and service selection

## **6. Blackbox Model**

As per this model, human mind is complex model of observable, identifiable and measurable variables which are influenced by psychological traits that are individual by each individual. It is difficult for a marketer to be able to identify these variables. However the blackbox of a consumer is identified by memories, goals and expectations of individual consumer. Psychologists believe when a stimulus is directed towards a consumer, the memory is triggered in blackbox which gives a desired. This theory is based on the concept of classical conditioning wherein stimulus response is the elements which indicate directed behavior of individual. It doesn't take into consideration motivation, perception of the consumers.

## **Contemporary Models**

### **1. The Howard and Seth model**

The Howard Sheth theory of buyer behaviour is a sophisticated integration of the various social, psychological and marketing influences on consumer choice into a coherent sequence of information processing. It aims not only to explain consumer behaviour in terms of cognitive functioning but to provide an empirically testable depiction of such behaviour and its outcomes (Howard 1977).

The model is essentially an attempt to explain brand choice behaviour over time and therefore especially pertinent to our field. Focusing on repeat buying, the model relies on four major components - stimulus inputs, hypothetical constructs, response outputs and exogenous variables.

The three levels of decision making:

- a. Extensive problem solving - early stages of decision making in which the buyer has little information about brands and has not yet developed well defined and structured criteria by which to choose among products.





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- b. Limited problem solving - this is a more advance stage, choice criteria are well defined but the buyer is still undecided about which set of brands will best serve him. Thus the consumer still experiences uncertainty about which brand is best.
- c. Routinized response behaviour - buyers have well defined choice criteria and also have strong predispositions toward the brand. Little confusion exists in the consumer's mind and he is ready to purchase a particular brand with little evaluation of alternatives.

Here the four major components get involved.

### 1. The Input Variables

- The input variables consist of informational cues about the attributes of a product or brand ( i.e.quality, price,distinctiveness, service and availability). This informational cues may *besignificative* if they influence the consumer directly through the brand's attributes or
- **Symbolic stimuli:** if they derive from the same factors as they are portrayed in the mass media and by salespeople, influencing the consumer in an indirect way. These two sources are commercial, in that they represent the efforts of the firm to build and project these values in the product.
- **Social:**A third set of informational cues may come from the buyer's social environment, including the family, reference groups and social class - which are influences that are internalized by the consumer before they can affect the decision process.

### 2.HypotheticalConstructs

Hypothetical constructs have been classified in two groups - perceptual constructs and learning constructs.

- The first deals with the way the individual perceives and responds to the information from the input variables, accounting for stimulus ambiguity and perceptual bias.
- The second deals with the stages from the buyer motives to his satisfaction in a buying situation.The purchase intention is an outcome of the interplay of buyer motives, choice criteria, brand comprehension, resultant brand attitude and the confidence associated with





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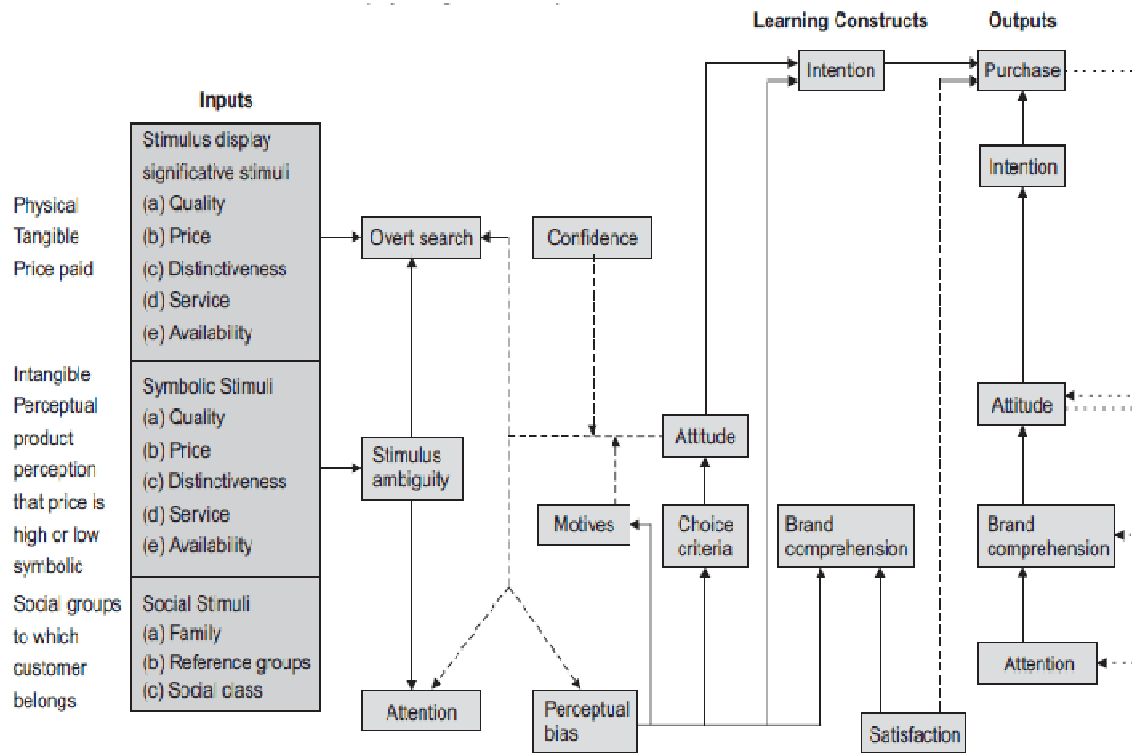
the purchase decision. As a feedback component of learning, the model includes another learning construct-satisfaction which refers to the post purchase evaluation and resultant reinforcing of brand comprehension, attitudes etc. (shown by broken lines in the figure).

### **3. Output Variables**

The five output variables in the right hand portion of the model are buyer's observable responses to stimulus inputs. They are arranged in order from Attention to Actual Purchase. The purchase is the actual, overt act of buying and is the sequential result of the attention (buyers total response to information intake), the brand comprehension, brand attitude (referring to the evaluation of satisfying potential of the brand) and the buyer intention ( a verbal statement made in the light of the above externalizing factors that the preferred brand will be bought the next time the buying is necessitated).

### **4. Exogenous Variables**

The model also includes some exogenous variables which are not defined but are taken as constant. These influence all or some of the constructs explained above and through them, the output. Some exogenous variables are importance of the purchase, time at the disposal of the buyer, personality traits, financial status



etc.

Simplified version of the Howard-Sheth model of buyer behaviour

The major advantage and strength of the theory lies in the precision with which a large number of variables have been linked in the working relationships to cover most aspects of the purchase decision and the effective utilization of contribution from the behavioural sciences.

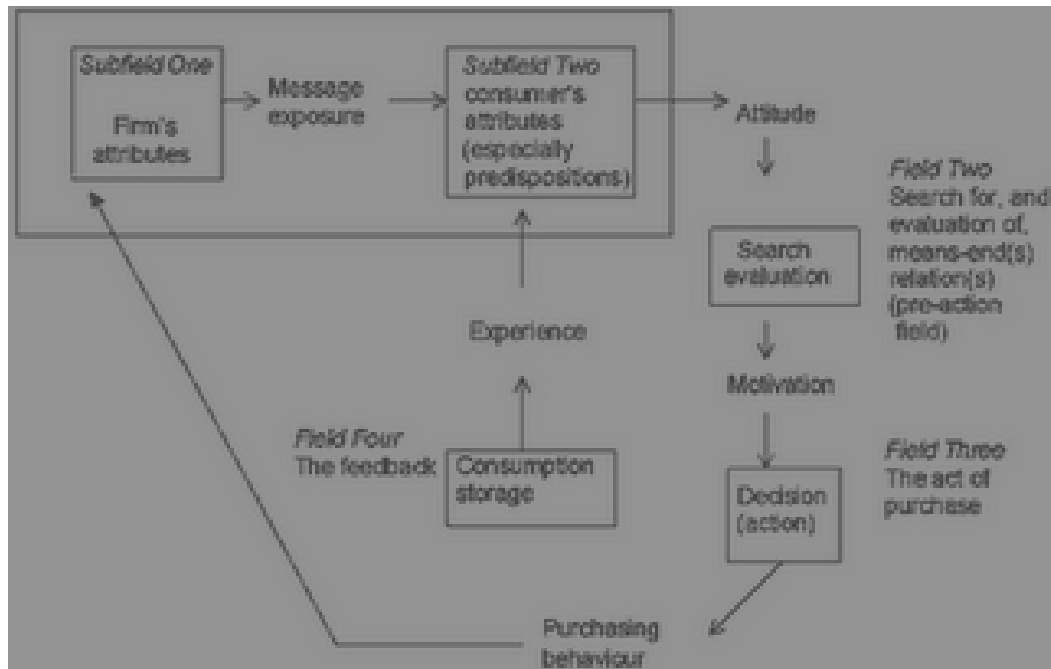
In spite of all limitations, the model because of its comprehensive coverage of almost all aspects of the purchase decision and operational explanation of the underlying stimuli and responses has given a useful frame of reference for the study of buying decision over time.

## 2. The Nicosia model (1976)

This model explains the consumer behaviour on the basis of 4 fields, the output of one field becomes the input of field two, and so on.

The model focuses on the relationship between the firm and its potential consumers. The firm communicates with consumers through its marketing messages for example advertising. And the consumers react to these messages by purchasing response. If you look at the model you will see

that the firm tries to influence the consumer and the consumer influences the firm by his decision.



Nicosia Model is a comprehensive model of dealing with all aspects of building attitudes, purchase and use of product including the post purchase behaviour of the consumer.

### 3. Engel-Blackwell-Kollart Model

The EKB model of consumer behavior was originally designed to serve as a framework for organizing the fast growing body of knowledge concerning consumer behavior.

Like Howard-Sheth model it has gone through a no. of revision aimed at improving its descriptive ability & clarifying basic relationship between component & sub component.

The key feature of this model is the difference between high and low involvement as a part of buying process. High involvement is present in the high risk purchase.

Central focus of model is on 5 basic decision process stages:

- Problem Recognition



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- Search
- Evaluation of Alternative
- Purchase
- Outcome

EKB Model consists of 4 components:

- 1) Information Processing
- 2) Central control unit
- 3) Decision process
- 4) Environmental influences

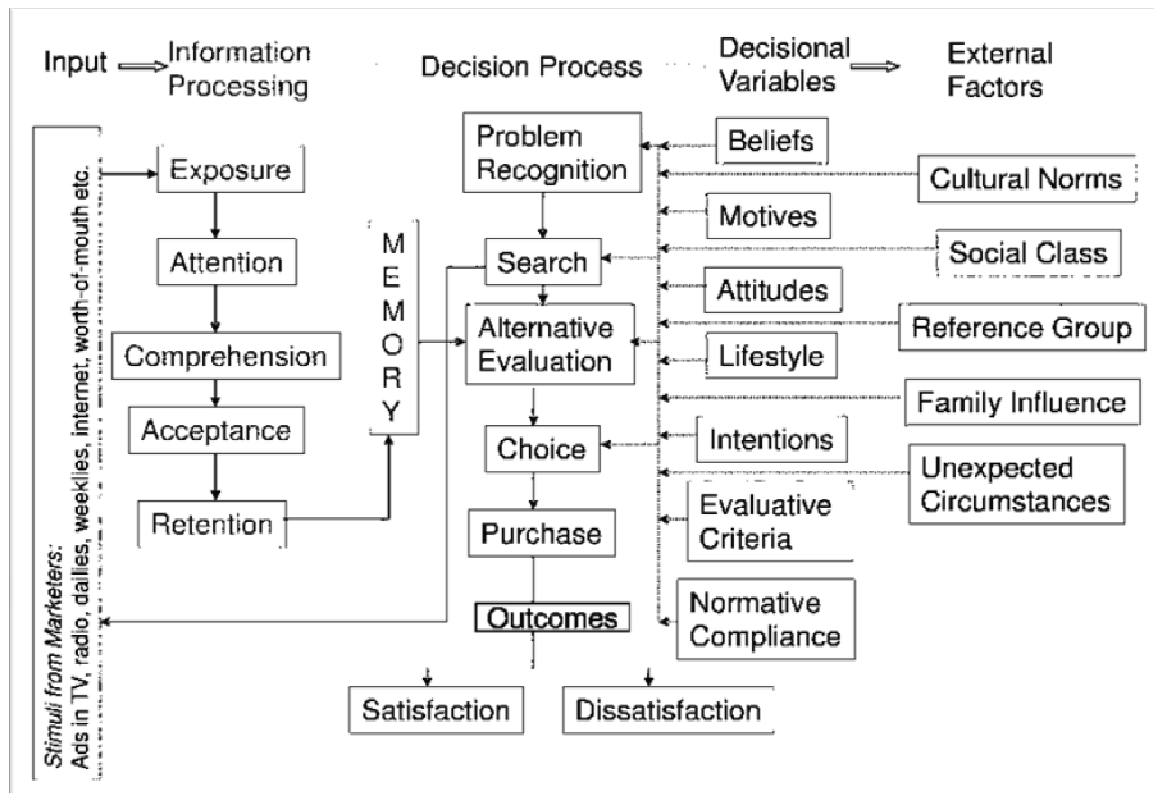
### **Information Processing:-**

The information processing consists of consumer exposure, attention, comprehension/ perception yielding acceptance & retention of the marketing and non- marketing stimuli. For successful sales the consumer must be properly and repeatedly exposed to the message. His attention should be drawn, such that he understands what is to conveyed and retains in his mind.

### **Central control unit**

The stimuli processes and interprets the information received by an individual. This is done by the help of 4 psychological factors.

- Stores info and past experience about the product, which serves as a standard for comparing other products and brands.
- Evaluative criteria
- Attitudes or the state of mind which changes from time to time, and helps in choosing the product.
- Personality of the customer guides him to make a choice suiting his personality.



Engel-Blackwell-Kollart Model of buyer behaviour

### Decision Process

- Problem Recognition
- Search
- Evaluation of Alternative
- Purchase

Outcome Decision outcomes or the satisfaction and dissatisfaction is also important factor which influence further decision. This process may involve extensive problem solving, limited problem solving or routinized response behaviour. This depends on the type and the value of the product to be purchased.

### Environmental influence

The environmental influence affects all 5 stage of decision process.

- Individual characteristic include- motive, value, lifestyle & personality
- Social influences are culture reference group & family
- Situation influence such as consumer financial condition influence the decision process

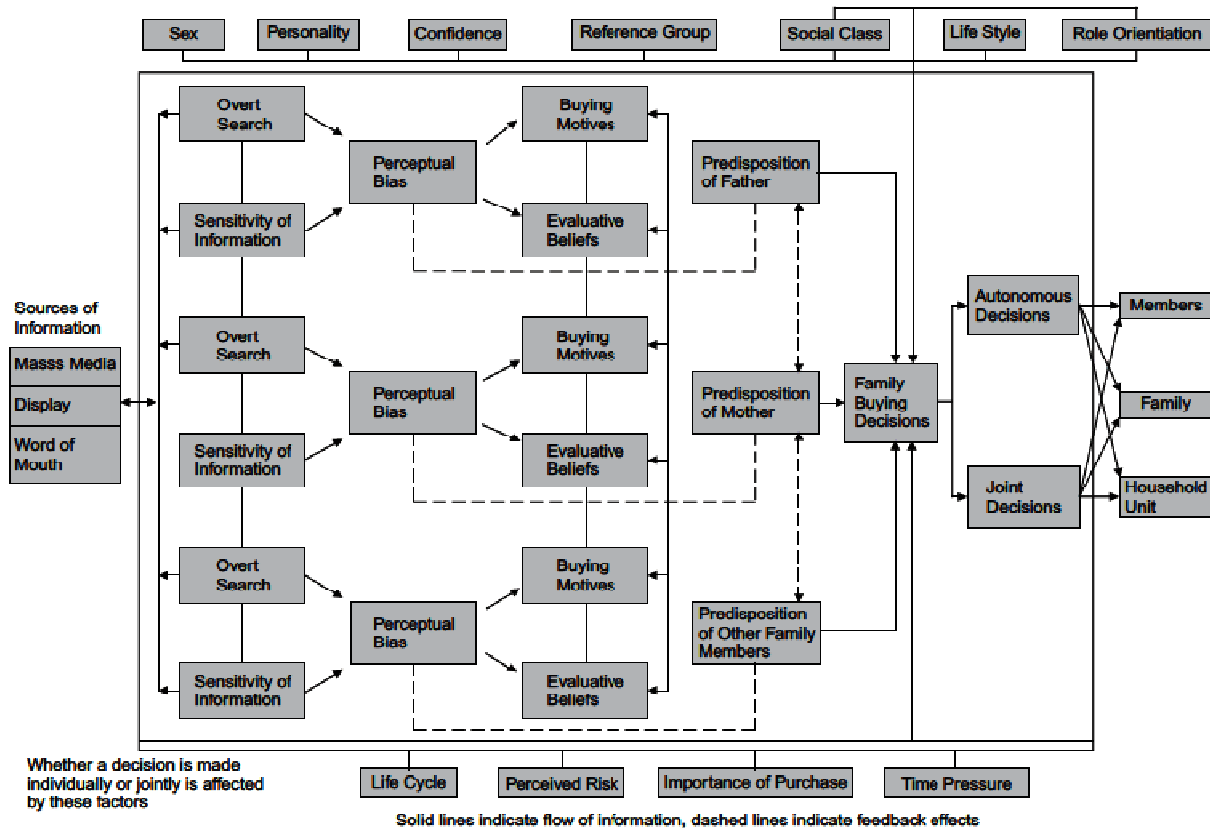


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#### **4. Model of family decision making**

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:

- (i) **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.
- (ii) **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 favorable to themselves and, withhold information about other product which they do not favor.
- (iii) **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.
- (iv) **Buyers** Buyers are the people who actually buy. A mother buying ration for the house etc. Father buying crayons for his children.



A model of family decision-making

### Preparers

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.

### User

The person who actually uses or consumes the product. 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. The roles that the family members play is different from product to product. Some products do not involve the influence of family member's vegetables bought by the house wife. She can play many roles of a decider, preparer as well as the user. In limited problem solving or extensive problem solving there is usually a joint decision by family members.

## 5. Input, Process and Output model:



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- It is a simple model where input for the consumer is the firm's marketing effort and social environment.
- The elements of the process of decision making consist of need recognition, Product awareness, Evaluation and intention.
- The output comprises of Purchase and Post purchase behavior. If the purchase and use of product is a satisfying experience, it leads to repeat purchase otherwise discontinuation

This is a simple model of consumer behavior, in which the input for the customer is the firm's marketing effort (the product, price, promotion and place) and the social environment. The social environment consists of the family, reference groups, culture, social class, etc. which influences the decision-making process. Both these factors together constitute the input in the mind of the consumer.

### **Need recognition**

When one is aware of a want, tension is created and one chooses a product to satisfy his needs. There is also a possibility that a person may be aware of a product before its need is recognized. This is indicated by the arrows going both ways from the need to the product and vice-versa.

### **Product awareness**

Product awareness can be had from advertisement or exposure to different types of media or by the social circle. The awareness and the need lead to the building of interest. In some cases, the interest may also breakdown and, the decision process also stops or may be postponed for the time being.

### **Evaluation**

Evaluation may consist of getting more information about the product and comparing and contrasting it with other products. This can be done theoretically or by taking a trial. Once the evaluation is completed, the consumer's interest may either build up and he has intentions to buy, or he may lose interest and the decision process may again stop or be postponed.

### **Intention**

Once there is intention to purchase the product, the consumer goes ahead and acts or purchases the product. Once the product is purchased, it is used to fulfil the need and, the more the product is used, the more the consumer becomes aware of the positive and negative points of the product.



## **Post-purchase behavior**

If, after the purchase and use of the product the customer is satisfied, he is happy and goes in for repeat purchases or recommends the same to his friends and acquaintances. If, however, the customer is dissatisfied, he discontinues further purchase of the product and builds a negative attitude towards it, which may be harmful to the company.

The post-purchase behavior is very important for the marketer and the company because it leads to proper feedback for improvement and maintaining the quality and features desired by the product. If the customer is very happy with the purchase, he forms a good impression about the product and the company.

## **6. A Model of Industrial Buyer Behaviour**

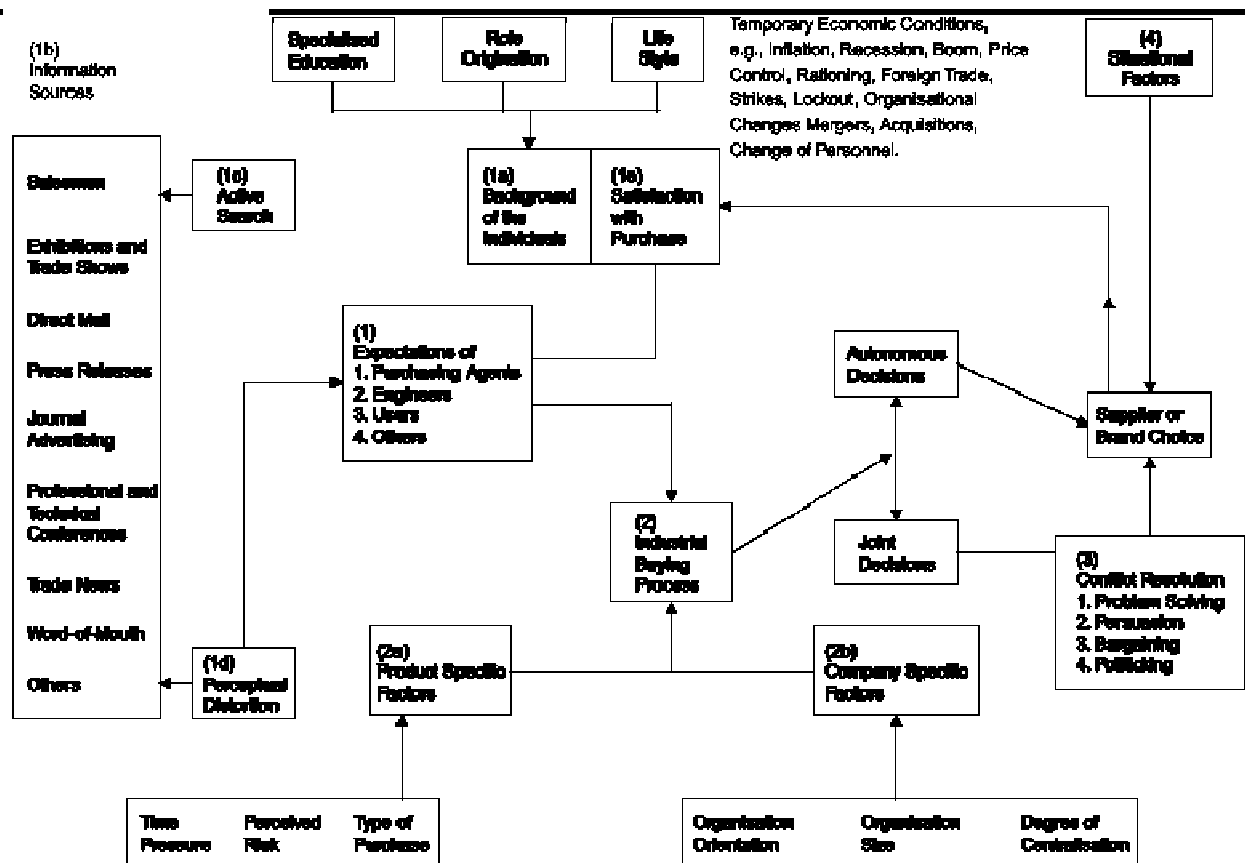
The purchases made in an industrial organization involve many more people of different backgrounds and it is more complex.

There are three main features in this model:

1. There are different individuals involved who have a different psychological makeup.
2. Conditions leading to joint decision-making by these individuals.
3. Differences of opinion on purchases or conflicts that have to be resolved to reach a decision.

These are shown in Fig as (1), (2) and (3). The persons involved in the decision-making are from quality control, manufacturing, finance, research and development and other possible areas. These may be named as purchase agents, engineers, and users, as referred to in the model.

These constitute a purchasing committee. They have:



An integrative model of industrial buyer behaviour

- (1a) Different backgrounds
- (1b) Different information sources
- (1c) Undertake active search
- (1d) They have perceptual distortion
- (1e) Satisfaction with past purchase.

With these characteristics, they develop certain expectations from the product to be bought. The obvious ones are product quality, delivery time, quantity of supply, after sales service and price. These are known as explicit objectives. There are other objectives as well, which are the reputation of the supplier, credit terms, location of the supplier, relationship with the supplier, technical competence and even the personality, skill and lifestyle of the salesman. These are known as implicit objectives. Different individuals in the purchasing committee give emphasis on different aspects of the product. Engineers look for quality and standardization of the product.

Users think of timely delivery, proper installation and after sales service. Finance people look for maximum price advantage. Thus, there are conflicting interests and view that have to be resolved. If autonomous decisions are made, these issues do not surface. There are conditions leading to autonomous or joint decisions.

(2a) Product specific factors

Perceived risk: With higher risks joint decisions are favoured.

Type of purchase: Items involving heavy investments are made jointly, routine and less costly decisions can be made independently.

Time pressure: If goods are urgently required, individual decisions are favoured.

(2b) Company specific factors

Size of the organization: Larger the size of the organization, the more the emphasis laid on joint decision.

Organization orientation: In a manufacturing organization, the purchases are dominated by production personnel and in a technology oriented organization; the decisions are based on engineers. The conflict that arises for buying decision has to be resolved. The resolution can be done by:

1. Problem solving
2. Persuasion
3. Bargaining
4. Politicking

The fourth aspect is the influence of situational factors which must be considered. These are economic conditions such as inflation, recession or boom, price contracts, rationing foreign trade, strikes or lock outs. Organizational change such as a merger, acquisition change of key personnel, etc. Sometimes these factors outweigh the realistic criteria of decision-making. This model explains how purchase decisions are made in an industrial organization.

All the models discussed in this chapter give us an idea of the buying behaviour in diverse situations. An understanding of these models gives the marketer clues to formulate his strategies according to the target audience, e.g., an individual, a family or an industry, etc.

**CONSUMER BEHAVIOUR FROM CUSTOMER PERSPECTIVE**

Each individual is unique in himself/herself and, needs and wants vary from person to person; thus, consumers are different and heterogeneous. However, like-minded clusters of customers do exist; they are homogenous within such clusters and heterogeneous outside; these are referred to as segments. Marketers identify segments and target one or few of these segments, and thereby fulfill the qualifications of the marketing concept; first, marketers identify customer needs and wants; and then, deliver product and service offerings so as to satisfy the customers more efficiently and effectively than the competitors. In order to understand and predict consumption patterns and behaviors within segment (s), market research becomes essential.

Marketing concept



Market research



Study to understand Consumption patterns and behavior

### **Role of Consumer Behaviour**

Consumer Behaviour refers to the study of buying tendencies of consumers. An individual who goes for shopping does not necessarily end up buying products. There are several stages a consumer goes through before he finally picks up things available in the market. Various factors, be it cultural, social, personal or psychological influence the buying decision of individuals.

Marketers need to understand the buying behaviour of consumers for their products to do well. It is really important for marketers to understand what prompts a consumer to purchase a particular product and what stops him from buying.

What marketers need to understand?

The psychology of consumers (what they feel about a particular product and their brand on the whole).

How consumers are influenced by their immediate surroundings, family members, friends, coworkers and so on.

What a consumer thinks when he goes out for shopping?



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To know the consumer Perspectives a marketer needs to first identify his target consumers and understand their lifestyles, psychologies, income, spending capabilities, mentalities to offer them the right product. Individuals from lower income group would never be interested in buying expensive and luxurious products. He would first fulfill his basic physiological needs like food, air, water etc. Trying to sell a Mercedes or a Rado watch to someone who finds it difficult to make ends meet would definitely be a disaster.

Kellogg's K special would hardly find any takers in the low income group. In this segment, individuals would be more interested in buying fresh fruits, vegetables, pulses which are necessary for their survival rather than spending on health supplements.

It is really essential for the marketers to understand the needs of consumers. Find out what they are actually looking for?

There are ideally two different ways which enable marketers to understand their consumers.

- Primary Research
- Secondary Research

Primary Research - Primary Research refers to a research methodology where marketers interact with consumers directly and gather as much information as they can. Information is generally collected through surveys, questionnaires, feedback forms, interviews etc.

Secondary Research - Secondary Research often refers to relying on information which has been collected by others at some point of time.

The background and family status of an individual also influence his/her buying behaviour.

Selling a laptop to an individual who is not much educated would be pointless. Remember consumers would show interest in your products only if they are of any use to them or their immediate family members. A low grade worker would never be interested in purchasing business suits or formal shirts. It is also important to give complete information to end-users. Do not hide anything from them. It is not ethical. All tobacco products come with a warning. Individuals should be familiar with not only the benefits but also the side effects of the products.

Marketers must also take into account:

- Age group of consumers
- Geographical location
- Lifestyle of consumers

□ Social Status of consumers

Funky designs, loud colours would be a hit among teenagers whereas middle aged and elderly people would prefer subtle colours and sophisticated designs.

Salwar Suits are extremely popular in North India whereas females prefer saris and skirt blouses in eastern and southern parts of India. Individuals from posh localities and good jobs would show keen interest towards buying exclusive and unique products as compared to individuals who do not come from an affluent background.

Buyer decision processes are the decision making processes undertaken by consumers in regard to a potential market transaction before, during, and after the purchase of a product or service.

More generally, decision making is the cognitive process of selecting a course of action from among multiple alternatives. Common examples include shopping and deciding what to eat. Decision making is said to be a psychological construct. This means that although we can never "see" a decision, we can infer from observable behaviour that a decision has been made. Therefore we conclude that a psychological event that we call "decision making" has occurred. It is a construction that imputes commitment to action. That is, based on observable actions, we assume that people have made a commitment to effect the action.

In general there are three ways of analyzing consumer buying decisions. They are:

**Economic models** - These models are largely quantitative and are based on the assumptions of rationality and near perfect knowledge. The consumer is seen to maximize their utility. See consumer theory.

**Psychological models** - These models concentrate on psychological and cognitive processes such as motivation and need recognition. They are qualitative rather than quantitative and build on sociological factors like cultural influences and family influences.

**Consumer behaviour models** - These are practical models used by marketers. They typically blend both economic and psychological models.

## UNIT 2

### Attitude

Consumer researcher assesses attitudes by asking questions or making inferences from behavior. For example: if a researcher determines from questioning a Consumer that she consistently buys “fair& lovely” and even recommends them to friends, the Researcher is likely to infer that the consumer possesses a positive attitude toward fair & lovely. This example illustrates that attitudes are not directly observable but must be inferred from what People say or what they do.

**“An attitude is a leaned predisposition to behave in a consistently favorable or unfavorable way with respect to a given object”.**

**The attitude “object”:** In conducting attitude research we tend to be object specific. For Example, if we were interested in learning consumer’s attitudes towards the three major brands Of DVD player, our object might include Sony, Toshiba & Panasonic. If we were examining Consumer attitudes towards major brands of cellular telephone, our object might include Nokia, Eriksson, Samsung, LG, Panasonic and Motorola.

Consumer attitude can be better explained by understanding the nature and characteristics of attitude. *Attitudes are composed of three components*, via, a knowledge or *cognitive* component, a feeling and *affect* component and a behavioral and *co native* component. In terms of consumer learning, the attitude would express a consumer’s feeling of like or dislike about a product or service offering and the marketing mix. The knowledge component is reflected in the learned knowledge that a consumer obtains from his interaction with others as well as his own experiences. The feeling component is reflected in his evaluation, and the resultant feeling of favorableness and unfavorableness. The behavioral component is reflected in the predisposition to act (purchase) based on the evaluation. Based on this explanation, the nature of attitudes can be elaborated as follows:

1. *Attitudes are directed towards an object* (product/service offering, price, store, dealer, promotion, advertisement etc.) about which a consumer has feelings and beliefs.
2. *Attitudes have a direction; they could be positive or negative.* A consumer could possess feelings of like/dislike, favorableness and unfavorableness towards a product or service as well as the mix. They vary in degrees and intensity, and can fall anywhere along a continuum from very favorable to very unfavorable.

3. *Attitudes are consistent in nature*, particularly with respect to the third component, i.e. behavior. Consumers are consistent with respect to their behavior. However, they are not entirely permanent and may change if the cognitive or the component is changed. This implies that if the consumer witnesses new experience or is exposed to new information about product/service offering and the mix (cognition), and) feelings are changed from dislike to like (affect), attitudes towards the offering and the mix can undergo change. In other words, while attitudes are stable and do not change frequently, they can be changed if something is done to change them.

4. *Attitudes are a learned predisposition*. Attitudes are learned; they are formed as a result of i) self experiences with the product/service offering and the mix; ii) interaction with other people, be it family, friends, peers and colleagues; iii) information obtained from the marketer through promotion particularly advertisements as well as dealers and salespeople. Attitude formation as a process is impacted by needs and motivation, perception as well as learning.

5. *Attitudes cannot be observed directly*. While attitudes are comprised of three components, behavior is just one of them. It is only this component that can be seen; the cognitive and affect components cannot be seen. Thus it is said that attitudes cannot be seen; they can only be inferred from the manner in which an individual behaves. Thus, we can infer that a person who buys Colgate Total toothpaste and disregards Pepsodent has a positive attitude towards Colgate.

6. *While attitudes can be inferred from our behavior, it is not synonymous to behavior*. It has two other components, and reflects a learned predisposition to act favorable or unfavorably towards a product and service offering and the mix.

7. *Attitudes are situation specific*; they occur within a situation. Sometimes depending upon the situation, a consumer may exhibit a behavior that may be inconsistent with his/her attitude. He may prefer to buy Pepsodent over Colgate because the former is on a sales promotion and gets him a free toothbrush.

**Attitudes are a learned predisposition:** There is general agreement that attitudes are learned.

This means that attitude relevant to purchase behavior are formed as a result of direct experience With the product, word-of-mouth information acquired from others or exposure to mass media Advertising.

**Attitudes have consistency:** If one prefer Japanese over Korean electronics then when he wants To replace his old VCR, he will go for Japanese brand.

**Attitudes occur within a situation:** By situation, we mean events or circumstances that, at A particular point of time, influence the relationship between an attitude and behavior. Specific





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Situation can cause consumers to behave in ways seemingly inconsistent with their attitude.

**Attitude Model:**

1. Tri component Attitude Model
  - Cognitive component



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- The affective Component
- The Co native Component
- 2. Multi attribute attitude model
- 3. Theory of trying-to-consume model
- 4. Attitude-toward-the-ad model

### **Change in Attitude**

#### **Consumer attitude formation and change:**

##### **Attitude Formation:**

(i) **How attitudes are learned:** When we speak of the formation of an attitude, we refer to the Shift from having no attitude toward a given object to have some attitude towards it.

Consumers often purchase new products that are associated with a favorably viewed brand name. This favorable attitude toward the brand name is frequently the result of repeated satisfaction with other products produced by the same company.

(ii) **Sources of influence on attitude information:** The formation of consumer attitudes is Strongly influenced by personal experience, the influence of family and friends, direct marketing, and mass media.

(iii) **Personality factors:** Personality also plays a critical role in attitude formation. Eg, Individuals with a high need for cognition (i.e., those who crave for information and enjoy thinking) are likely to form positive attitude in response to ads or direct mail that are reaching 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.

##### **Attitude Change:**

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

**(i) Changing the basic motivational functional:** An effective strategy for changing consumer attitudes towards a product or brand are to make particular needs prominent.

- **The utilitarian function:** We hold certain brand attitudes partly because of a Brand's utility. When a product has been useful or helped us in the past, our attitude toward it tends to be favorable. One way of changing attitudes in favour of a product is by showing people that it can serve a utilitarian purpose that they may not have considered. E.g., 24 hrs protection, pepsodent toothpaste.

- **The Ego-Defensive function:** Most people want to protect their self-images from inner feelings of doubt – they want to replace their uncertainty with a sense of security and personal confidence. Ads for cosmetic and personal care product. Example: Fair & Lovely.

- **The value-Expression Function:** Attitudes are an expression or reflection of the consumer's general values, life styles, and outlook. If a segment of consumers has a positive attitude toward being "in fashion", then their attitudes towards high-fashion Clothing is likely to reflect this viewpoint. Thus, by knowing target customers' attitudes, marketers can better anticipate their values, life styles, or outlook characteristics in their advantage and direct marketing efforts.

- **The knowledge function:** Individuals generally have a strong need to know and understand the people and things they encounter. The consumer's "need to know", a cognitive need, is important to marketers concerned with product positioning. For instance, a message fro an advanced design toothbrush might point out how it is superior to other toothbrushes in controlling gum diseases by removing more plaque and that this is so important to overall good health.

**(ii) Associating the product with a special group, even, or cause:**

Crest sponsors a program that promotes good oral care to children through the Boys & Girls club of America.

**(iii) Resolving two Conflicting Attitudes:**

Attitude change strategies can sometimes resolve actual or potential conflict between two Attitudes. Specifically, if consumers can be made to see that their negative attitude toward a Product, a specific brand, or its attributes is really not in conflict with another attitude, they Maybe induced to change their evaluation of the brand. (i.e., from negative to positive).

**(iv) Altering components of the multi attribute model:**

• **Changing the relative evaluation of attributes:**

Teas

Regular Teas

Herbal Teas

When a product category is naturally divided according to distinct product features or benefits that appeal to a particular segments of consumers ,marketers usually have an opportunity to persuade consumers to cross over that is , to persuade consumers who prefer one version of the product to shift their favorable attitude toward another version of the product and possibly vice versa.

• **Changing brand belief:**

Advertisers constantly are reminding us that their product has more or is better or best in terms of some important product attribute.

• Adding an attribute

• Changing the overall brand rating: The largest selling brand or the one all others try to imitate. e.g., IIPM “what we teach today others follow tomorrow”

(v) **Changing beliefs about competitors’ brands:** Comparative advertising can boomerang by giving visibility to competing brands & claims.

**Definition and Meaning of Consumer Personality:**

The sum total of an individual defines his personality. Just as an individual has a personality, similarly products also have a personality of their own. A study of personality as a subject area in consumer behavior assumes importance as consumers generally decide on product/brand choices on the basis of their personality. A person’s decision with regard to the brand as well as the timing and place of purchase, the amount purchased, its usage and disposal, are all based on his personality. Consumers generally buy those products/brands, whose personality matches their own, or they buy such products/brands that help them fight their inferiority. Thus, the study of consumer personality, personality traits and types as well as general and consumption specific personality traits is important, and holds relevance for a marketer in the design, development and implementation his marketing strategies.

Personality is defined as a sum total of outer physiological as well as the inner psychological characteristics that determine and reflect how a person reacts to his environment. It exhibits itself through a unique psychological makeup that activates behavior on the part of an individual in response to forces in his or her environment. However, the emphasis is on the *inner characteristics*, i.e., the qualities, attributes, traits, and mannerisms that differentiate one individual from another individual, and make him unique in his own way. It is noteworthy that as individuals we possess such traits, and people who share a particular trait(s) are said to belong to



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a personality type. Specific to environment here, is the social environment, which posits the *social dimension* of a person's psychological makeup. A person's personal make up is to a large extent influenced by his social environment, viz., the family, friends, social class, sub culture, culture, nationality and the environment in which he grows up. As Schiff man has put it consumer personality refers to the "unique dynamic organization of characteristics of a particular person, physical and psychological, which influence behavior and responses to the social and physical environment." It is a consistent repeated pattern of behavior.

The term personality has been defined variedly, so has been the evolution; while some researchers have stressed the influence that heredity has on the make-up of personality, others have also included experiences in early childhood; still others have laid emphasis on as well as environmental influences across different periods in a person's life cycle, and illustrated how personality continues to develop over lifetime. The approach towards the study has also been debatable. While some look at personality as a unified whole, others focus on specific personality traits.

Consumer personality is defined as the characteristics that determine and reflect how consumers make choices with regard to buying patterns and consumption behavior. Consumer purchase patterns are always influenced by their personality traits. Just as we consumers, have different personality make ups, the decision choices with regard to purchase of products/brands also differs, especially with the assumption that consumer prefer such product/brand choices that match their personality traits. Such personality traits could be *general* as well as *consumption specific*.

**Consumer personality can be better explained by understanding the nature and characteristics of personality :**

1. Researchers offer varied opinions as to the evolution of personality; while some argue it is inborn and based on heredity, others illustrate the role of childhood experiences as well as experiences over life span, environmental influences as well as sudden events that mould and change one's personality.

2. Every person is unique in oneself, and thus personality reflects *individual differences*. All individuals have internal characteristics or traits. There also exist consistent and measurable differences between individuals. The inner characteristics that constitute the personality make up are unique in themselves, having arisen from heredity, childhood experiences, events and incidents across lifetime and as well as impact by the environment; thus, no two people are alike and each one of us exhibits a unique personal make-up. Yet, while we are different, we may be

similar to each other on a trait (s), and could constitute a personality type (s). This could have implications for a marketer who could treat each personality type as a separate segment, position his offering accordingly and design the 4Ps.

3. An individual's personality remains *consistent over time and is enduring in nature*. As such it cannot be changed easily, quickly and frequently. This consistency and stability manifest itself even in buying and consumption patterns and marketers need to learn how to overcome them. For example, i) the marketer needs to match his product/brand personality with the consumer's personality; it can never work the other way round; ii) the marketer would have to design his 4Ps keeping in mind the target segment's personality type, be it pricing or promotion or even selling. However, while people exhibit consistency and stability in their patterns of behavior, it could vary because of psychological, socio cultural and environmental factors; same hold true for consumer behavior and consumption pattern may vary because of such pressures. For example, a person may agree to buy a brand that does not match his persona because of social pressures.

4. *Personality can change under certain circumstances and over life span*, like for example in reaction to abrupt events/incidents/situations as also due to gradual maturing with age.

### **Personality Theories**

Personality is, essentially, concerned with the inner properties of each individual, those characteristics that differentiate each of us.

#### **Freudian theory of personality; psychoanalytic theory:**

It assumes that the needs which motivate human behaviour are driven by primary instincts- life and death. The life instincts are considered to be predominantly sexual in nature, whereas the death instincts are believed to be manifested through self-destructive and/or aggressive behaviour. The personality of an individual is assumed to have developed in an attempt to gratify these needs, and consists of the *id* (pleasure seeking), *super ego* (acts within the rule of the society) and *ego*.

#### **Trait theory:**

Traits are distinguishing, relatively enduring ways in which one individual differs from another. Personality is measured and quantified e.g. the degree of assertiveness, responsiveness to change or level of sociability.

Marketers identify specific traits and then develop consumer profiles which enable a distinct market segment to be determined.

For example, Aspirers seek status and self- esteem (materialism) and are targeted with products

which act as symbols of achievement e.g. designer clothes, latest hi-fi etc.

Consumers are likely to choose brands whose personalities match their own. For example; Tommy Hilfiger- 'youthfulness', Levi's- ruggedness. Brand personalities can attract consumers with the same **self-concept** (how somebody views himself).

### Meaning of Self Concept and Self Image :

#### **Self-Concept:**

The self-concept comprises two components, viz., the "actual self", and the "ideal self". The first, i.e., "actual-self", refers to an individual's perception of what/who he or she is; the second, i.e., "ideal-self", refers to an individual's perception of what/who he or she wants to be. Both of these concepts are related to each other. An individual can express his personality in two ways; depending upon the priority that is assigned, the resultant behavior would differ. For example, the person can either act out his "actual self" or behave as he is, consistent with his existing personal make-up. The other alternative would be to act out in a manner that is close to or similar to the "ideal-self", something that he wants to be, thereby increasing his self-esteem. An individual faces a conflict when there is a big difference between the "actual" and "ideal" self, and the choice to behave as "actual" or "ideal" depends on the situational context. Thus, individuals are not a "single self"; they are "multiple-selves", and would act differently in different situations.

As a consumer, also the two, "actual" and "ideal" selves come into play in the marketplace. While a consumer tries to relate his personality with the personality of the product/service offering, and the brand, the "actual-self", comes into play; on the other hand, when he tries to match the product /service and the brand personality with his aspiration group, and aspires to buy the same, the "ideal-self" comes into play. This confirms the assumption that self-concept is closely related with personality, and individuals would buy such products/services, which match their concept and personalities.

Further, consumer's also exhibit "multiple-selves", and the same consumer could act differently at different times with different people; for example, he could buy prefer a blue color today, and a black tomorrow. Again, whether the "actual-self" or the "ideal-self", comes into play would be determined by situational factors, which would include social visibility of purchase and usage, and the importance/relevance of the purchase for the person's self-image. This could have implications for a marketer in terms of market segmentation (use-benefit, and use-situation segmentation).





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## Self-Image:

Traits, characteristics, qualities and mannerisms of behavior, all put together create the self-image of a person. This self-image arises out of the person's background, values, lifestyles, experiences, etc. as well as interactions with parents, family, friends, peers etc. In terms of marketing also, we as consumers possess a self-image. Similar to relationship between self-concept and brand personality, there also exists a relationship between self-image and the brand personality. Consumers match the product and/or brand personalities, with their self-image, and buy those where they find a close or perfect match. In this manner they attempt to reaffirm and preserve their self-image. Based on findings from research undertaken in consumer behavior, various kinds of self-images have been identified, viz., *actual self-image* (how a consumer perceives himself), *ideal self-image* (how he would like to perceive himself), *social self-image* (how a consumer feels others perceive him, or how they think of him), *ideal social self-image* (how the consumer would like others to perceive him), and *expected self-image* (how the consumer expects to see himself in future). The *expected self-image* refers to something that lies between the actual and the ideal self-image, in other words, it is something what the consumer would like to be. It needs to be mentioned here that very often consumers seek to "alter their self", and try and go for a personality change, for example they could go in for fashion apparel, grooming and cosmetic surgery, etc., and try and reach an ideal self. As a consumer, which of the self-images comes into play would depend upon the i) product/service offering and, ii) the situational factors, which would include social visibility of purchase and usage, and the importance/relevance of the purchase for the person's self-image. For example for convenience goods or day-to-day household goods, the consumer would base his purchase on his actual self-image. On the other hand, for shopping goods or specialty goods, he would be guided by the social self-image or the ideal self-image. This could have implications for a marketer in terms of market segmentation and positioning. Self-image can be used as a basis to segment the market, and the marketer can then position his product/service offering as a symbol of such self-images.



### UNIT 3

Consumer behavior deals with the study of buying behavior of consumers. Consumer behavior helps us understand why and why not an individual purchases goods and services from the market.

There are several factors which influence the buying decision of consumers, cultural factors being one of the most important factors.

#### **What are Cultural Factors?**

**Cultural factors comprise of set of values and ideologies of a particular community or group of individuals.** It is the culture of an individual which decides the way he/she behaves. In simpler words, culture is nothing but values of an individual. What an individual learns from his parents and relatives as a child becomes his culture.

Example - In India, people still value joint family system and family ties. Children in India are conditioned to stay with their parents till they get married as compared to foreign countries where children are more independent and leave their parents once they start earning a living for themselves.

Cultural factors have a significant effect on an individual's buying decision. Every individual has different sets of habits, beliefs and principles which he/she develops from his family status and background. What they see from their childhood becomes their culture.

**Let us understand the influence of cultural factors on buying decision of individuals with the help of various examples.**

Females staying in West Bengal or Assam would prefer buying sarees as compared to Westerns. Similarly a male consumer would prefer a Dhoti Kurta during auspicious ceremonies in Eastern India as this is what their culture is. Girls in South India wear skirts and blouses as compared to girls in north India who are more into Salwar Kameez.

Our culture says that we need to wear traditional attire on marriages and this is what we have been following since years.

People in North India prefer breads over rice which is a favorite with people in South India and East India.

### **Characteristics of Culture:**

#### **(1) Culture is social:**

Culture does not exist in isolation. It is a product of society. It develops through social interaction. No man can acquire culture without association with others. Man becomes a man only among men.

#### **(2) Culture is shared:**

Culture is not something that an individual alone can possess. Culture in sociological sense is shared. For example, customs, traditions, beliefs, ideas, values, morale etc. are all shared by people of a group or society.

#### **(3) Culture is learnt:**

Culture is not inborn. It is learnt. Culture is often called "learned ways of behaviour". Unlearned behavior is not culture. But shaking hands, saying thanks' or 'namaskar', dressing etc. are cultural behavior.

#### **(4) Culture is transmissive:**

Culture is transmissive as it is transmitted from one generation to another. Language is the main vehicle of culture. Language in different form makes it possible for the present generation to understand the achievement of earlier generations. Transmission of culture may take place by imitation as well as by instruction.

#### **(5) Culture is continuous and cumulative:**

Culture exists as a continuous process. In its historical growth it tends to become cumulative. Sociologist Linton called culture 'the social heritage' of man. It becomes difficult for us to imagine what society would be like without culture.

#### **(6) Culture varies from society to society:**

Every society has a culture of its own. It differs from society to society. Culture of every society is unique to itself. Cultures are not uniform. Cultural elements like customs, traditions, morale, values, beliefs are not uniform everywhere. Culture varies from time to time also.

#### **(7) Culture is dynamic:**

No culture ever remains constant or changeless. It is subject to slow but constant change. Culture is responsive to the changing conditions of the physical world. Hence culture is dynamic.

#### **(8) Culture is gratifying:**

Culture provides proper opportunities for the satisfaction of our needs and desires. Our needs both biological and social are fulfilled in the cultural ways. Culture determines and guides

various activities of man. Thus, culture is defined as the process through which human beings satisfy their wants.

### **Dynamism of Culture**

Dynamic is a force or energy. Dynamism of culture is social concept termed by Virginia Postrel. It describes her view of society. She believes that society is open and constantly striving for better. Essentially, dynamism of culture is the force of [change] in culture.

### **Subcultures**

Each culture further comprises of various subcultures such as religion, age, geographical location, gender (male/female), status etc.

Religion (Christianity, Hindu, Muslim, Sikhism, Jainism etc)

A Hindu bride wears red, maroon or a bright colour lehanga or saree whereas a Christian bride wears a white gown on her wedding day. It is against Hindu culture to wear white on auspicious occasions. Muslims on the other hand prefer to wear green on important occasions.

For Hindus eating beef is considered to be a sin whereas Muslims and Christians absolutely relish the same. Eating pork is against Muslim religion while Hindus do not mind eating it.

A sixty year old individual would not like something which is too bright and colorful. He would prefer something which is more sophisticated and simple. On the other hand a teenager would prefer funky dresses and loud colours.

In India widows are expected to wear whites. Widows wearing bright colours are treated with suspicion.

Status (Upper Class, Middle class and Lower Class)

People from upper class generally have a tendency to spend on luxurious items such as expensive gadgets, cars, dresses etc. You would hardly find an individual from a lower class spending money on high-end products. A person who finds it difficult to make ends meet would rather prefer spending on items necessary for survival. Individuals from middle class segment generally are more interested in buying products which would make their future secure.

Gender (Male/Female)

People generally make fun of males buying fairness creams as in our culture only females are expected to buy and use beauty products. Males are perceived to be strong and tough who look good just the way they are.

### **Cross -Cultural Consumer**

The marketer needs to go in for a study of the socio-cultural fabric of the respective country where he intends to enter and serve. He needs to have an understanding of the consumption pattern and the consumption behavior across people from different cultures. He needs to assess the needs and wants as well as priorities and orientations of the people that he desires to serve.

Schiffman defines cross cultural consumer analysis as “the effort to determine to what extent the consumers of two or more nations are similar or different.” The marketer must understand how consumers in targeted countries are similar and dissimilar from each other. It is important for a marketer to have this understanding as it helps him assess the social and cultural similarities and dissimilarities so that he can design appropriate marketing programs and strategies for such segment(s).

### **The relevance of a cross cultural analysis for a marketer is summarized as follows:**

- A cross-cultural consumer analysis helps predict customer reaction to a product and service offering; the marketer would get to assess the market potential and assess the viability of a segment(s).
- The marketer would get inputs into how the foreign culture is different to his native culture. This would help him decide whether to have a marketing program similar to the one that is present in the native country or to have a program that is ‘individualized’ to the foreign country.
- It would help him to position his product/service offering appropriately, keeping in mind the values and beliefs, customs and traditions, attitudes, opinions and lifestyles.
- It provides a marketer with inputs as to how he should be modifying his 4Ps so as to elicit quick adoption and diffusion of his product and service offering. This is particularly relevant for products that would be new to a foreign culture, and where the consumers would have to be taught about their importance and usage. The marketer would have to educate the consumers about such a product/service offering (cognition), create a favorable opinion and positive feelings (affect), and convince adoption and purchase (behavior).



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## **Indian Culture and Sub Culture Marketing Strategies and problems related to cross culture**

Culture is a set of socially transmitted beliefs, values, and customs. It is a collective social phenomenon and influences the consumption behavior of individuals throughout the world. Consumer beliefs are related to consumers' knowledge and both consumer beliefs and values help them in the evaluation of stores, products, and brands.

Culture is dynamic in nature and changes with the changing needs of people. It influences all human dealings and is learned through socialization. Cultural meaning, in the context of consumer behavior, is believed to be present in three locations - culturally constituted world, consumer goods, and individual consumer. The meanings are transferred from the world to goods through advertising and the fashion system; and then from the goods to the consumer through various rituals like possession ritual, exchange ritual, grooming ritual, and divestment ritual.

Different cultures differ in their basic beliefs, values, and customs. The learning of one's own culture is known as 'enculturation' while learning of a foreign culture is known as 'acculturation'. 'Language, symbols and rituals are also important ingredients of a culture and play an important part in marketers' communication to the target market, which may be a local community or a foreign market.

There are three techniques to measure culture - content analysis (the content of local communication is reflective of the cultural values and way of life of a society); consumer fieldwork (the use of qualitative and quantitative techniques of consumer research to understand the cultural behavior and its influence on consumption); value measurement survey instruments (directly asking people about their cultural values). There are three instruments of value measurement survey - the Rokeach Value Survey, List of Values method (LOV), and Values and Lifestyle Survey (VALS).

Every culture has some core values; however, in the context of consumer behavior, core values are determined on the basis of - acceptance by a majority of people in a society, endurance over a long period of time, and significant relationship with consumption behavior. Cultures are further divided into smaller cultural units known as sub-cultures. The basis of division can be nationality, social class, religion, region, language, occupation, age, sex, etc. An individual can be a member of one or more sub-cultures simultaneously.

Consumers all over the world are from different nations and have different cultures. The world focus on free trade has led to a large number of marketers targeting consumers in foreign



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countries. These marketers need to understand that the purchase intention of the potential consumer is greatly influenced by the image of the country-of-origin. The image of the country can be related to some specific products or product categories. Consumers from different countries can have different perceptions of products from a country. The domestic consumers themselves may be greatly influenced by the image of the country and may prefer a foreign product from a country that they perceive to be good at producing such products.

Sometimes, the international relations among nations also influence the purchase intentions of the potential consumers. Consumers of nations with a recent history of animosity may not buy products from each other even though they are aware of the better quality of these products/brands. Consumers may also feel that that it is immoral to buy foreign made product/brands (consumer ethnocentrism).

Marketers often have to make choices on whether to adopt a global marketing strategy or a local marketing strategy. Global strategy means that there is no change in brand name, attributes and promotion strategy across nations. Many marketers, however, prefer a more flexible approach to marketing, using a mixture of both global and local strategies, i.e., a global strategy with local implementation. Marketers often make the mistake of ignoring the cultural differences in terms of consumer needs (product problems), promotion, pricing, and distribution, leading to failure.

### **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*. 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*”.

### **Determinants of Social Class**

- 1)Income
- 2)Wealth
- 3)Status

## Objective Approach of Social Class

1. Subjective Approach - The technique which determines the class structure of a group of individuals by having individuals indicate the social class to which they belong.
2. Reputation Approach - Individuals in a group are asked to rank other members of the group into various social classes.
3. Objective Approach - Individuals are placed into social classes by using indicators of their social class such as: income, education, occupation.

Social Mobility - refers to movement within the social class system.

Vertical Mobility - refers to a major movement up and down in social class position. The term is generally only used to refer to a movement from one major social class to another.

Horizontal Mobility - Refers to movement within a social class. In general, there is no overall change in the social class status of an individual involved.

## Composite –Variable Indices

### **Two Categories of Objective Measures**

Two Categories of Objective Measures include:

- 1) Single Variable Indexes
- 2) Composite Variable Indexes

#### **1. Single Variable Indexes**

Single Variable Index uses just one variable to evaluate social class membership e.g. occupation, education or income

#### **2. Composite Variables**

Composite variables systematically combine a number of socioeconomic factors to form one overall measure of social class standing. Such indexes may better reflect the complexity of social class than single index variable

## Social Class Mobility

Social class mobility is shifting from one social status to another, commonly to a status that is either higher or lower. For example, a child of day laborers who becomes a professor achieves upward social mobility. In sociology, social mobility explains changes (or lack thereof) in social status. Societies organized by social class, rather than caste, usually allow greater social mobility; in such societies, one's ability to achieve a higher social status can depend on factors such as social connections, wealth, effort, and education. In meritocracies, social status depends on merit. Gender and race can limit upward social mobility, and many sociologists believe social mobility depends more on social structures — such as the opportunities offered to different groups of people — rather than individual efforts.

### **Applications Of social class to consumption**

**Social factors play an essential role in influencing the buying decisions of consumers.**

Human beings are social animals. We need people around to talk to and discuss various issues to reach to better solutions and ideas. We all live in a society and it is really important for individuals to adhere to the laws and regulations of society.

Social Factors influencing consumer buying decision can be classified as under:

- Reference Groups
- Immediate Family Members
- Relatives
- Role in the Society
- Status in the society

#### 1. Reference Groups

**Every individual has some people around who influence him/her in any way. Reference groups comprise of people that individuals compare themselves with.** Every individual knows some people in the society who become their idols in due course of time.

Co workers, family members, relatives, neighbours, friends, seniors at workplace often form reference groups.



Reference groups are generally of two types:

- a. **Primary Group** - consists of individuals one interacts with on a regular basis.

Primary groups include:

- Friends
- Family Members
- Relatives
- Co Workers

All the above influence the buying decisions of consumers due to following reasons:

They have used the product or brand earlier.

They know what the product is all about. They have complete knowledge about the features and specifications of the product.

Tim wanted to purchase a laptop for himself. He went to the nearby store and purchased a Dell Laptop. The reason why he purchased a Dell Laptop was because all his friends were using the same model and were quite satisfied with the product. **We tend to pick up products our friends recommend.**

A married individual would show strong inclination towards buying products which would benefit not only him but also his family members as compared to a bachelor. **Family plays an important role in influencing the buying decisions of individuals.**

A consumer who has a wife and child at home would buy for them rather than spending on himself. An individual entering into marriage would be more interested in buying a house, car, household items, furniture and so on. When an individual gets married and starts a family, most of his buying decisions are taken by the entire family.

Every individual goes through the following stages and shows a different buying need in each stage:

- **Bachelorhood:** Purchases Alcohol, Beer, Bike, Mobile Handsets (Spends Lavishly)



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- **Newly Married:** Tend to purchase a new house, car, household furnishings. (Spends sensibly)
- **Family with Children:** Purchases products to secure his as well as his family's future.
- **Empty nest (Children getting married)/Retirement/Old Age:** Medicines, Health Products, and Necessary Items.

A Ford Car in the neighbourhood would prompt three more families to buy the same model.

- b. **Secondary Groups** - Secondary groups share indirect relationship with the consumer. These groups are more formal and individuals do not interact with them on a regular basis, Example - Religious Associations, Political Parties, Clubs etc.

## 2. Role in the Society

**Each individual plays a dual role in the society depending on the group he belongs to.** An individual working as Chief Executive Officer with a reputed firm is also someone's husband and father at home. The buying tendency of individuals depends on the role he plays in the society.

3. **Social Status** An individual from an upper middle class would spend on luxurious items whereas an individual from middle to lower income group would buy items required for his/her survival.

**Family: It is defined as two or more persons related by blood, marriages or adoption who reside together.**

**Although families sometimes are referred to as households, not all households are families.** For example, a household might include individuals who are not related by blood, marriage or adoption, such as unmarried couples, family friends, roommates, or boarders.

However, within the context of CB households and family usually are treated as synonymous, and we will continue this convention.

### **Functions of the family:**

- **Economic well-being:** Economic security, providing financial means to its dependents is unquestionably a basic family function.



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- **Emotional support:** Love, affection, support, intimacy, care, and courage.
- **Suitable family life styles:** Another important family function in terms of consumer behavior is the establishment of a suitable life style for the family. Upbringing, experience, and the personal and jointly held goals of the spouses determine the Importance placed on education or career, on reading, on television viewing, on the learning of computer skills, on the learning of computer skills, on the frequency and quality of dining out, and on the selection of other entertainment and recreational activities.
- **Socialization of family members:** It encompasses from young children to adults, is a Central function. In the case of young children, this process includes imparting to Children the basic values and modes of behavior consistent with the culture. These Generally include moral and religious principles, interpersonal skills, dress and grooming standards, appropriate manner and speech and the selection of suitable educational and occupational or career goals.

### **The family life cycle:**

#### **(a) Traditional FLC:**

Stage- I: Bachelorhood- young single adult living apart from parents.

Stage- II: Honey mooners- Young married couple.

Stage- III: Parenthood – Married couple with at least one child living at home.

Stage- IV: Post parenthood- an older married couple with no children living at home.

Stage- V: Dissolution- One surviving spouse.

#### **(b) Non-traditional FLC stages:**

**Childless Couple:** It is increasingly acceptable for married couples to elect not to have children. Contributing forces are more career oriented married woman and delayed marriages.

**Couples who marry later in life (in their late 30s or later):** More career oriented men & women

and greater occurrence of couples living together. Likely to have fewer or even no children.

**Couples who have first child later in life (in their late 30s or later):** Fewer children. Emphasis on life styles.

**Single Parent- I:** High divorce rates contribute to a portion of single parent households.

**Single Parent – II:** Young man & woman who have one or more children out of wedlock.

**Single Parent- III:** A single parents who adopts one or more children.

**Extended family:** Young single adult children who return home to avoid the expenses of living alone while establishing their careers. Divorced daughter & son return to home. Newly-weds living with in-laws.

**(c) Non- family households:**

**Unmarried couples:** Increased acceptance of heterosexual and homosexual couples.

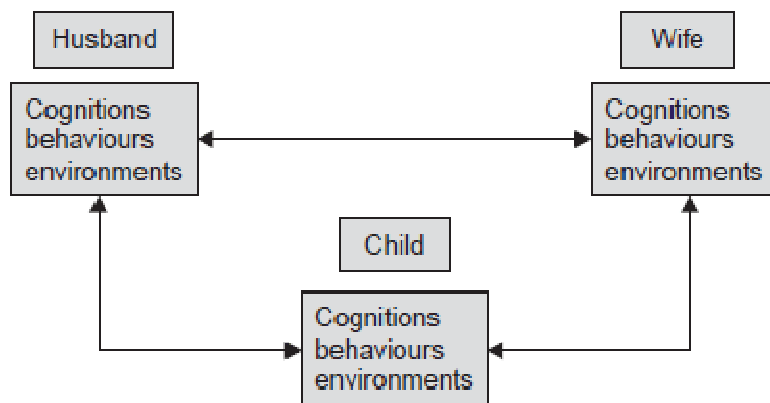
**Divorced person (No Children):** High divorce rate contributes to dissolution of households before children are born.

**Single person (most are young):** Men and women who never marry.

**Widowed person (Most are elderly):** Longer life expectancy, especially for women, means more than over75, single person households.

**Influences on life cycle**

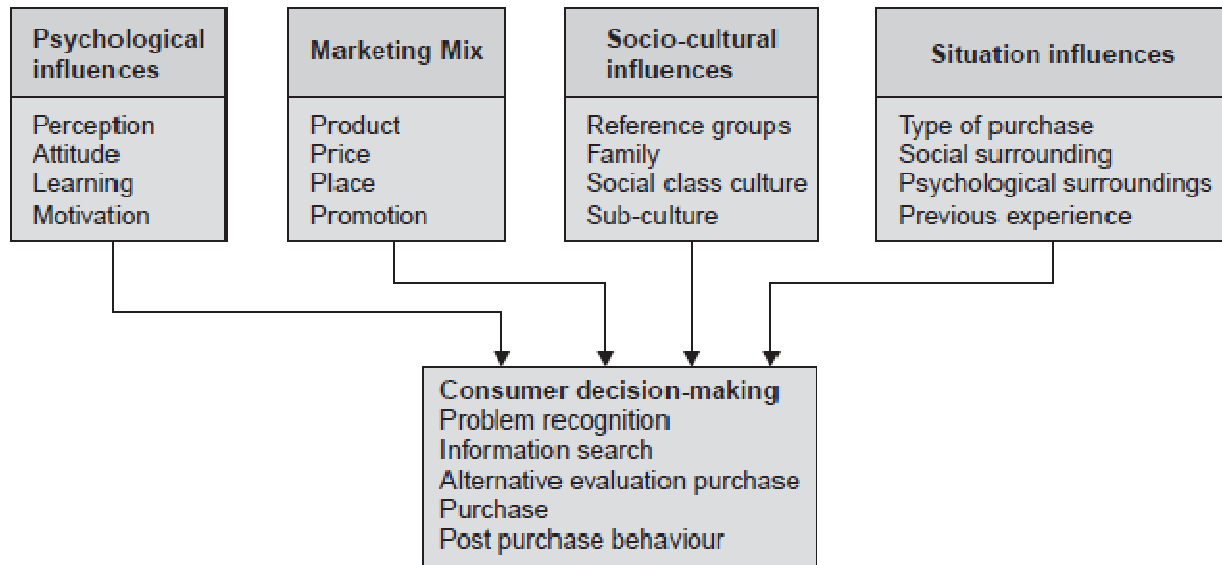
The family is a major influence on the consumer behavior of its members. There are many examples of how the family influences the consumption behavior of its members. A child learns how to enjoy candy by observing an older brother or sister; learns the use and value of money by listening to and watching his or her parents. Decisions about a new car, a vacation trip, or whether to go to a local or an out-of-town college are consumption decisions usually made within the context of a family setting. The family commonly provides the opportunity for product exposure and trial, and imparts consumption values to its members. As a major consumption unit, the family is also a prime target for the marketing of many products and services.



The reciprocal influence of family members



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Factor influencing a consumer

### Applications of AIO Studies

Characteristics of an individual used by researchers to create a profile of the individual; also called , attitudes, interest, opinions . When combined with quantifiable psychographic characteristics such as age, income, or education level, an AIO profile provides great insight into an individual's likes and dislikes as a consumer. Product-specific AIOs, rather than general AIOs, may be used in new product development or copywriting to predict consumer response.

Measurement of the AIO is used by marketers as a research tool to determine influences on consumer behavior and appropriate consumer markets. Researchers will ask respondents to state how strongly they agree or disagree with a series of statements about their activities, interest, and opinions. Answers are linked to demographics . Questionnaires are typically quite lengthy and contain statements such as:

- I would rather stay home than go out for fun.
- I dress for comfort rather than fashion.
- I enjoy watching talk shows on television.
- I am the kind of person who loves to make impulsive purchases.
- I always plan very carefully.

Evaluation of the AIO is most useful in planning marketing strategy because it will help to identify the lifestyle group toward which a product will be targeted.

## VALS (Values and Lifestyle):

The VALS framework was developed over the 1970s by the California based consulting firm, SRI International. It was in the year 1978 that it was finally proposed by Arnold Mitchell. Derived from the theoretical base in the works of Maslow, the framework has been modified and reworked for greater reliability and validity of findings. While the original psychographic inventory was known as VALS, the modified version of the 1990s was called VALS 2. While VALS spoke of the various types of consumer segments, the VALS 2 was specific to measurement of consumer buying patterns.

According to the proponents, consumers could be of three kinds, viz., *need-directed* (these are consumers who make purchases based solely on their needs and wants), *outer-directed* (these are consumers who make purchases based on their perceptions of the manner in which others view them), and *inner-directed* (these are consumers who make purchases out of an inner need or inner beliefs). The framework provides valuable inputs to marketers especially in areas of promotion strategy, viz., message content and context, as well as choice of media.

The VALS framework illustrates a system for grouping of US adult consumers into various categories according to psychological and sociological criterion so as to understand and predict their behavior in the purchase decision making process. Based on the responses of the population to a questionnaire that has been referred to as the VALS questionnaire (comprising 42 statements of agreement), the framework classifies consumers into eight distinct types or segments or mindsets, using a specific set of psychological traits and key demographics that drive consumer behavior. The framework essentially provides for psychographic segmentation, and is illustrative of distinct consumer profiles or personas. It also helps design distinctive communication styles for each of the targets.

The VALS classifies individuals using two dimensions. There are two main dimensions and based on these dimensions, the groups of people are arranged in a rectangle. The two dimensions are primary motivation (the horizontal dimension) and resources (the vertical dimension). The combination of these dimensions determines how a person will express himself or herself in the marketplace as a consumer.

- i) The *horizontal dimension* is symbolic of the primary motivation in terms of self-orientation; it explains consumer attitudes and anticipates behavior. It includes three primary motivations, and accordingly classifies the consumer population into three distinct types.

- Consumers are motivated by *ideals*; such people are actually driven by



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knowledge, beliefs and principles, rather than by feelings, emotions or desire to conform or seek approval of others. The principle oriented includes groups that are called Thinkers and Believers.

-Consumers are also motivated by *achievement*; such people are driven by demonstrating success to others, and include groups that are called Achievers and Strivers.

-There are consumers that are driven by *self-expression*; such people have a desire for social or physical activity, variety, and risk taking, and include groups known as Experiences and Makers.

There are two other types of groups, one at the top of the rectangle, and another at the bottom of the rectangle. At the top of the rectangle exist what we refer to as Innovators, who have such high resources that they can have any of the three primary motivations. At the bottom of the rectangle are those who are referred to as the Survivors, who live self-satisfied and contented, well within their means without a strong primary motivation of the three types listed above.

The *vertical dimension* classifies the population on the basis of the extent or degree to which they are innovative and have resources like income, education, self confidence, intelligence, leadership skills, and energy. Apart from demographics like age, income, and education, consumer behavior is also impacted by psychological traits. Psychological traits like energy, self-confidence, intellectualism, novelty seeking, innovativeness, impulsiveness, leadership, and vanity also play an important role in consumption behavior. Thus, demographic traits as well as psychological traits determine an individual's resources. The various levels of resources would enhance or constrain a person's expression of his or her primary motivation. Thus, the vertical dimension reflects the ability of individuals to pursue their dominant self-orientation.

Individuals are placed in any one of eight psychographic segments, viz., innovators, thinkers, believers, achievers, strivers, experiencers, makers and survivors. The VALS Framework may be elaborated upon to explain each of the eight groups.

**a) Innovators:** Innovators are those consumers that are highest on resources and innovation. Because of this they can exhibit all three primary motivations in varying degrees. Located at the top of the rectangle, the innovators have the highest incomes, as also high self-esteem and creativity and can thus choose out of any one or all of the self-orientations. They are successful



and sophisticated. Image is important to them as reflection of their taste, independence, personality and character. They are active consumers, who often form a niche as their choices are aimed towards the tastes for upscale "finer things in life."

**b) Thinkers:** Thinkers are those consumer groups that constitute a high-resource group that is motivated by ideals. They are principle oriented, mature and responsible, well informed professionals who are open to new ideas and change. They value order, knowledge, and responsibility, and actively seek out information in the decision-making process. They are consumers who have high incomes, and are practical and rational when it comes to purchase and consumption decision making. They look for functionality and value in the products that they buy.

**c) Believers:** Believers comprise those consumers who are also motivated by ideals but are low on resources. They are traditional, conservative and conventional people, who prefer not to experiment with anything. They have modest incomes and so prefer not to experiment with their money and consumption patterns. As consumers they are generally brand loyal and go in for purchases of established brands.

**d) Achievers:** Achievers are those consumers who are a high resource group that is driven by achievement. They are successful work oriented people, with goal oriented lifestyles, who also like to exhibit and show-off their achievement to others. They remain commitment to both work and home. Achievers are conservative by nature; yet they are active in the marketplace. Image is important to them and they prefer established prestige brands, and/or products and services. They much purchases and also show-off their purchases of prestige brands to people around them.

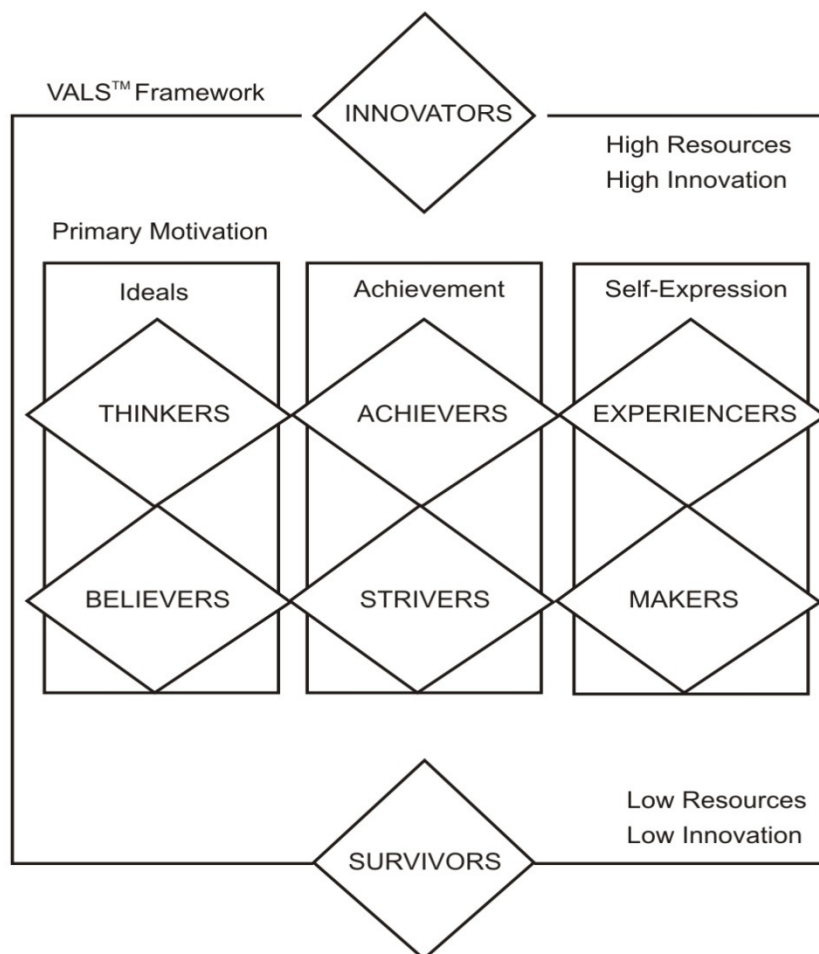
**e) Strivers:** Strivers are also driven by achievement but they are a low-resource group. While they have values similar to achievers, they have fewer resources in terms of economic, social, and psychological resources. While they have less money, they give a lot of emphasis to it. Style is very important to them, and they prefer stylish products. They try to emulate the purchases of people with greater resources and material wealth as they strive to emulate people whom they admire. They are also concerned about the opinions and approvals of others. They are active consumers, and view shopping as an opportunity to show to others their ability to buy. Strivers are also fun loving and lack skills and focus on moving ahead in job and career.

**f) Experiencers:** Experiencers are a high resource consumer group who are motivated by self expression. Age-wise, they are regarded as the youngest of all the consumer segments, who are energetic, enthusiastic and impulsive, something that rightly gets reflected in their activities, which range from physical exercise to social activities. Being high on resources they spend heavily on shopping of clothes, fast-foods, entertainment and hobbies. They like taking risks and quickly become excited about the purchase of new products and services.



**g) Makers:** These are consumer groups that are driven by self expression, but are low on resources. They remain confined to work and family, and have little interest outside. They value self-sufficiency and possess the skill and energy to work successfully. As consumers they are not impressed by articles of material possession. They are practical by nature and appreciate products that have practical or functional purpose. They are also skeptical of new products and services.

**h) Survivors:** Located at the bottom of the rectangle, survivors are consumer groups that fall lowest in terms of resources. They have too few resources to be included in any of the consumer self-orientations and they are thus located below the rectangle. Age-wise they are oldest of all the segments. They believe that the world would change too rapidly, and thus they are highly conservative and narrow in focus. As they are low on resources, they are very cautious as consumers; they are comfortable with the familiar and prefer to remain brand-loyal.





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## UNIT 4

### Consumer Decision Making Process

**Consumer Behaviour is a branch which deals with the various stages a consumer goes through before purchasing products or services for his end use.**

**Why do you think an individual buys a product?**

- Need
- Social Status
- Gifting Purpose

**Why do you think an individual does not buy a product?**

- No requirement
- Income/Budget/Financial constraints
- Taste

**When do you think consumers purchase products?**

- Festive season
- Birthday



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- Anniversary
- Marriage or other special occasions

There are in fact several factors which influence buying decision of a consumer ranging from psychological, social, economic and so on.

The study of consumer behaviour explains as to:

- Why and why not a consumer buys a product?
- When a consumer buys a product?
- How a consumer buys a product?

During Christmas, the buying tendencies of consumers increase as compared to other months. In the same way during Valentines week, individuals are often seen purchasing gifts for their partners. Fluctuations in the financial markets and recession decrease the buying capacity of individuals.

In a layman's language consumer behaviour deals with the buying behaviour of individuals.

According to Belch and Belch, whenever need arises; a consumer searches for several information which would help him in his purchase.

Following are the sources of information:

- Personal Sources
- Public Sources
- Personal Experience
- Commercial Sources

Perception also plays an important role in influencing the buying decision of consumers.

Buying decisions of consumers also depend on the following factors:

- Messages, advertisements, promotional materials, a consumer goes through also called **selective exposure**.
- Not all promotional materials and advertisements excite a consumer. A consumer does not pay attention to everything he sees. He is interested in only what he wants to see. Such behaviour is called **selective attention**.



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- **Consumer interpretation** refers to how an individual perceives a particular message.
- A consumer would certainly buy something which appeals him the most. He would remember the most relevant and meaningful message also called as **selective retention**. He would obviously not remember something which has nothing to do with his need.

### Stages in Consumer Decision Making Process

A consumer goes through several stages before purchasing a product or service.

NEED



INFORMATION GATHERING/SEARCH



EVALUATION OF ALTERNATIVES



PURCHASE OF PRODUCT/SERVICE



POST PURCHASE EVALUATION

**Step 1** - Need is the most important factor which leads to buying of products and services. Need infact is the catalyst which triggers the buying decision of individuals.

An individual who buys cold drink or a bottle of mineral water identifies his/her need as thirst. However in such cases steps such as information search and evaluation of alternatives are generally missing. These two steps are important when an individual purchases expensive products/services such as laptop, cars, mobile phones and so on.

**Step 2** - When an individual recognizes his need for a particular product/service he tries to gather as much information as he can.

An individual can acquire information through any of the following sources:

**Personal Sources** - He might discuss his need with his friends, family members, co-workers and other acquaintances.

**Commercial sources** - Advertisements, sales people (in Tim's case it was the store manager), Packaging of a particular product in many cases prompt individuals to buy the same, Displays (Props, Mannequins etc)

**Public sources** - Newspaper, Radio, Magazine

**Experiential sources** - Individual's own experience, prior handling of a particular product (Tim would definitely purchase a Dell laptop again if he had already used one)

**Step 3** - The next step is to evaluate the various alternatives available in the market. An individual after gathering relevant information tries to choose the best option available as per his need, taste and pocket.

**Step 4** - After going through all the above stages, customer finally purchases the product.

**Step 5** - The purchase of the product is followed by post purchase evaluation. Post purchase evaluation refers to a customer's analysis whether the product was useful to him or not, whether the product fulfilled his need or not?

### **Complex Decision Making**

In consumer behaviour, buying which is associated with the purchasing of high-involvement products which are important to the consumer and therefore require considerable thought and effort, also known as extensive problem solving.

### **SEVEN-STEP COMPLEX DECISION-MAKING PROCESS**

Having a logical thought process helps ensure that you will not neglect key factors that could influence the problem, and ultimately your decision. In fact, you should always apply clear, logical thought process to all leadership situations that you encounter. The seven-step process is an excellent tool that can guide you in solving problems and making those sound and timely decisions. The seven steps are:

- 1. Identify (recognize/define) the problem.**
- 2. Gather information (facts/assumptions).**
- 3. Develop courses of action (solutions).**
- 4. Analyze and compare courses of action (alternatives/solutions).**
- 5. Make a decision; select the best course of action (solution).**
- 6. Make a plan.**
- 7. Implement the plan (assess the results).**

**Identify the Problem** Being able to accurately identify the nature of a problem is a crucial undertaking. All leadership problems, whether they involve work-related situation or a counseling session, are exploratory in nature — that is, leaders do not always identify the right cause of a problem or develop the best plan. In fact, two of the most common errors of leaders are identifying the wrong problem and identifying the wrong causes of a problem. Plus, the tendency for leaders to make mental errors increases as their levels of stress increase. We all make mistakes. If leaders are given false information, it may lead them to incorrect problem identification and to incorrect assumptions about the causes of a problem. Then, if leaders fail to determine the true source of a problem, they may develop an inadequate plan. Learn to identify the real problems. Consider all angles. Learn to seek only accurate information that leads to the real causes of a problem. To ensure that information inaccurate, question its validity. In other words, leaders must take what accurate information they have, use their best judgment, and make educated assumptions about the causes of a problem. Then, they must consider the courses of action that will be most likely to succeed. Even though leaders may use the right problem-solving process, incorrect problem identification can lead to the wrong decision. It is a fallacy to think that using a correct formula or set of steps will lead you to the real problem and to a successful course of action. Your values, character, knowledge, and way of Thinking have a direct and vital impact on the problems you identify as important. These inner qualities affect how you view, gather, and analyze information bearing on the identified problem.

### **Gather Information**

In this step, leaders must gather all available information that pertains to or can influence the situation (identified problem) from sources such as higher, lateral, and subordinate levels of command as well as from applicable outside agencies. Although some of the information may not bear on the problem at hand, it must be available for leaders to consider when developing and analyzing courses of action. The amount of available time in a leadership situation can be a limiting factor on how much time a leader spends performing the various steps of the problem-solving, decision making process. If time is extremely limited, this is the only step that leaders may omit.

### **Develop Courses of Action**

With the problem identified and available information gathered, you are now ready to develop possible courses of action. Keep an open mind throughout this step and be prepared to anticipate change. “Sixty percent (of good problem-solving) is the ability to anticipate; 40percent . . . is the ability to improvise, to reject a preconceived idea . . . , and to rule by action instead of acting by rules.” (S.L.A. Marshall) Think of as many “what-ifs” as you can and prepare for them — do not be surprised. The laws of probability are strongly in favor of surprise. Develop courses of actions to counteract events that might hinder accomplishment of your mission. Conducting “brainstorming” sessions is a good technique to use when there is difficulty in developing courses of action. Brainstorming is a creative technique that encourages several people to suggest as many solutions to a problem as possible. Generally, you want to have at least two or three possible courses of action — more if the situation dictates and time permits.

### **Analyze and Compare Courses of Action**

The next step is to determine which course of action will best solve the problem. Therefore, leaders should develop as many advantages and disadvantages for each course of action as possible. Then, they must objectively and logically analyze the advantages and disadvantages of each one against the advantages and disadvantages of the others. It is another fallacy to think that the course of action with the most advantages or the fewest disadvantages is the one that you should recommend or use. In most cases that may be true, but by weighing the importance of each advantage and disadvantage, there may be times when the “best” course of action has fewer advantages (all critical to mission accomplishment) and one or more disadvantages than another choice (but most are insignificant). Up to this point in the problem-solving, decision-making process, leaders should have involved subordinates to research the problem, gather information, and



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develop and analyze the various courses of action. Subordinates are more likely to support a plan or decision if they took part in its development. This technique will pay off in terms of increased interest, higher morale, and better efficiency by team members a

**Make a decision** After you have carefully analyzed the possible courses of action using all available information, consider your intuitions and emotions. The decision-making process is not a purely objective, mathematical formula. The human mind does not work that way, especially under stress. Instead, the mind is both rational and intuitive, and since the decision-making process is a thought process, it is also both rational and intuitive. Your intuition is that aspect of your mind that tells you what “feels “right or wrong. Your intuition flows from your instincts and experience. However, never make the mistake of making decisions guided totally by emotions or intuitions and immediately doing what “feels “right. This is a prescription for disaster. Follow the problem-solving process as rationally and objectively as possible. Gather information; then develop, analyze, and compare courses of action. Consider your intuition or hunches, emotions, and values. Try to identify a “best “course of action that is logical and likely to succeed and that also “feels” right in terms of your intuition, values, and character. Finally, make your decision, make a plan, and take action.

**Make a Plan** Make a plan that includes who would do what, when, where, how, and why. Be as specific as time permits, but do not leave out vital information that could prevent mission accomplishment. Plus, ensure that you specify the what, when, where, how and why for all personnel or elements under your authority. Finally, include contingencies in your plan that addresses possible unexpected situations orations. Develop these contingencies based on the assumptions made when you identified the problem and gathered available information. As you did when developing the courses of action, be prepared to anticipate change. The ability to make appropriate changes in decisions and plans requires ascertain flexibility of mind — a crucial trait of a good problem-solver, decision-maker, and planner.

### **Implement the Plan**

Once the decision and plan are made, it is time to act. In this final step, you must put the plan into action, then evaluate it to ensure that the desired results are being achieved. Evaluation is often a neglected step in the decision-making process The key to evaluation is to seek feedback constantly on how your plan is doing. Get feedback from subordinates. Go to the point of the action and determine first hand if the plan is working or not. If not, determine why not and take immediate action to correct the plan. Mental flexibility is vital.



## Types of Consumer Purchase Decisions

Consumers are faced with purchase decisions nearly every day. But not all decisions are treated the same. Some decisions are more complex than others and thus require more effort by the consumer. Other decisions are fairly routine and require little effort. In general, consumers face four types of purchase decisions:

- **Minor New Purchase** – these purchases represent something new to a consumer but in the customer's mind is not a very important purchase in terms of need, money or other reason (e.g., status within a group).
- **Minor Re-Purchase** – these are the most routine of all purchases and often the consumer returns to purchase the same product without giving much thought to other product options (i.e., consumer is brand loyalty).
- **Major New Purchase** – these purchases are the most difficult of all purchases because the product being purchased is important to the consumer but the consumer has little or no previous experience making these decisions. The consumer's lack of confidence in making this type of decision often (but not always) requires the consumer to engage in an extensive decision-making process..
- **Major Re-Purchase** - these purchase decisions are also important to the consumer but the consumer feels confident in making these decisions since they have previous experience purchasing the product.

For marketers it is important to understand how consumers treat the purchase decisions they face. If a company is targeting customers who feel a purchase decision is difficult (i.e., Major New Purchase), their marketing strategy may vary greatly from a company targeting customers who view the purchase decision as routine. In fact, the same company may face both situations at the same time; for some the product is new, while other customers see the purchase as routine. The implication of buying behavior for marketers is that different buying situations require different marketing efforts.

## Consumer Involvement and CDM

### Meaning of Consumer Involvement:

Consumer involvement is defined as a state of mind that motivates consumers to identify



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with product/service offerings, their consumption patterns and consumption behavior. Involvement creates within consumers an urge to look for and think about the product/service category and the varying options before making decisions on brand preferences and the final act of purchase. It is the amount of physical and mental effort that a consumer puts into a purchase decision. It creates within a person a level of relevance or personal importance to the product/service offering and this leads to an urge within the former to collect and interpret information for present/future decision making and use. Involvement affects the consumer decision process and the sub processes of information search, information processing, and information transmission.

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

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

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

### **Nature of Consumer Involvement:**

1. It is an inner urge that creates within an individual an interest/desire to hold certain product/service offerings in greater relevance/importance.

2. Involvement possesses certain properties:

a) It has a level of strength and intensity that determines the degree of involvement that a consumer possesses. This could be high or low. A highly involved consumer would actively search for information and collect facts, compare the various brands against each other on the basis of the information, assess differences and similarities between the various alternatives and finally make a choice. In other words, they collect, process and integrate information very intensely, and finally arrive at a decision regarding the brand choice. On the other hand, a consumer low on involvement would not make so much of effort in collecting and processing information about varying alternative brands and taking a decision.

b) The length of time that the consumer remains in this heightened state determines the level of persistence. It could be short term and situational interest in the product/service category; or it could be long term and enduring.

c) It is directed towards any or all of the elements of the marketing mix. A person may show involvement towards the product (its features/attributes and benefits), the price, the store or the dealer or even the promotional effort (advertisement/sales promotion etc).

3. A mechanism underlies the very process of involvement. As a process, involvement is impacted by certain “antecedents” that get restrained by “moderating factors,” and finally affect its degree of intensity and level of persistence.

**Antecedent factors:** There are certain factors that precede and lead to involvement; these are referred to as ‘antecedents’; Antecedents to consumer involvement include the following:

a) The person himself and the individual determinants like motives/needs; learning/experiences; interests; attitudes; personality; lifestyle/social class/interests/values; etc, have a bearing upon consumer involvement. Products which relate to self image and personality lead to high involvements. Similar are products that have a bearing on social class and lifestyle.

b) The object, stimuli or the product/service offering also affects involvement. The greater the product differentiation, the greater would be the level of involvement. Varying yet comparable brand alternatives also impact the level of involvement. Involvement would also be impacted by features, benefits and associated value of various brand offerings;

brand image and equity; and very importantly the associated risk levels. Products which possess high levels of risk increase the level of consumer involvement.

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

**Moderating factors:** The factors that can restrain the impact of antecedents so as to impact the level of involvement include a) the opportunity available to the person to collect and collate facts and information; b) his cognitive ability to process information and draw conclusions; c) time available in hand.

4. The antecedents, moderators and the properties of involvement finally converge to a response in terms of information search, information processing, information transmission, the purchase decision and post purchase behavior. Consumer involvement affects the ways in which consumers seek, process, and transmit information, make purchase decisions and make post purchase evaluation.

**a) Information search:** Highly involved consumers or consumers involved with a product category would actively search for information about the product category and the various alternatives, in contrast to consumers who are low on involvement. While the former, would be active seekers of information, the latter would be passive recipients. Active seekers would look out to various sources of information and would put in deliberate efforts towards information gathering.

**b) Information processing:** The information processing activity would vary across high involvement consumers viz a viz low involvement customers. Highly involved consumers would process product information with greater depth; they would make conclusions about



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brand preferences based on arguments and counterarguments; they would tend to get emotional charged either favorably because of likeability of the brand or unfavorably because of dislike ability of the brand. They would also evaluate more alternatives.

**c) Information transmission:** Highly involved consumers talk about the product/service category and the various brands available with great ease and level of interest, as compared to consumers who are low on involvement in the product category. Information transmission takes place via word-of-mouth, positive when the brand seems favorable, and negative, when it seems unfavorable.

**d) The purchase decision:** The purchase decision, i.e. to buy or not to buy, or to buy brand X over Y, is complex for a high involvement consumer than for one on low involvement.

**e) Post purchase behavior:** Consumers who are high on involvement make post-purchase evaluations about product usage more critically than those on low involvement. It is noteworthy that high involvement consumers are more difficult to please and satisfy; and the marketers need to put in a lot of effort to satisfy them. This is because they not only have a bearing on their future purchase, but also on purchase of others who are opinion seekers.

High and Low Involvement Products vis a viz Consumer Decision Making High Involvement ↔ Low Involvement			
EPS	LPS		RPS
1. Problem recognition	Actual state type to Desired State	Actual state type to Desired State	Actual state type



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<b>2. Information search</b>	Extensive	Limited	Minimum
<b>a) Number of brands considered</b>	Internal and external sources	Mostly internal sources	Restricted to internal sources
<b>b) Number of sellers considered</b>	Many Many	Several Several	only. One One/Few
<b>3. Evaluation of alternatives</b>	Complex	Moderate	Simple (if at all)
<b>Number of product/service attributes evaluated</b>	Many	Moderate	One/None
<b>4. Purchase</b>	Gradual after a cognitive process	Not so gradual	Immediate
<b>5. Post purchase processes</b>	Cognitive dissonance is high. Brand loyalty if satisfied	Cognitive dissonance would be rare	Brand loyalty. Repeat purchase.
<b>6. Time spent in purchase</b>	Large	Moderate/Little	Small/Minimal
<b>7. Types of goods</b>	Specialty goods	Mixed	Convenience

### Types of Consumer Involvement:

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

**1. Situational involvement:** This is a state of arousal directed towards attaching relevance to a person/object/situation for a short term. As an affective state, it creates a level of involvement when a person thinks about a particular person/object/situation. It is specific to a situation and is thus temporary in nature. It could vary from low to high, depending upon the situational factors.

For example, a middle aged lady suddenly decides to gift a laptop to her son on his birthday. She is not techno savvy and has little interest with the product category. She goes to the electronics mall and visits the various stores that sell computers and laptops. She collects information on the product features, prices, etc and finally takes the help of her

middle aged neighbor to reach a final decision. Her involvement with the purchase activity would be regarded as a situational involvement.

**2. Enduring involvement:** When the level of involvement towards the product/service category extends over a period of time across situations, it is referred to as enduring involvement. The person shows a high-level of interest in the product category and spends time collecting and processing information and integrating it within his memory.

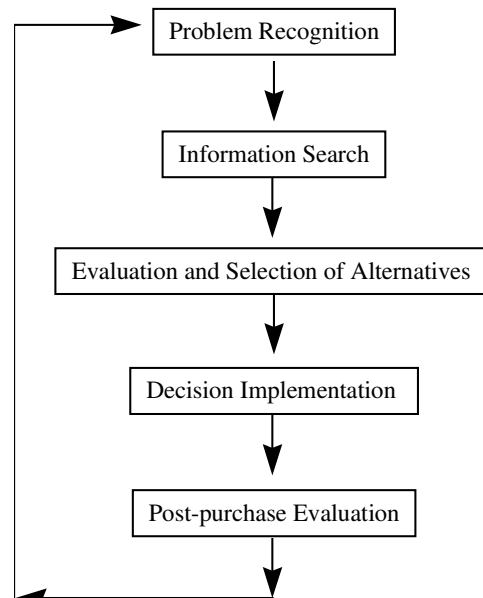
For example, a person desires to buy a laptop for his son to be gifted to him when he goes to college, which would be three years later. The father plans well in advance, tries to collect information through advertisements, brochures, trade journals, visits to dealers, and word of mouth from peers and colleagues. Within this period he gets involved with the product category and after three years is in a position to take a decision based on the facts that he has collected. This is referred to as enduring involvement.

Enduring involvement with a product category often gives birth to an opinion leader. An opinion leader is a person who holds interest in a particular product/service category, and becomes a specialist; he makes efforts to gather all information about the category, the brand offering etc.; he talks about and spreads the information and the knowledge that he possesses. When a person wants to make a purchase, he seeks the advice and guidance of such an opinion leader who helps him make a decision. Opinion leaders are product specific. In the example above, if the lady approaches her neighbor and takes his advice/guidance because the neighbor is young, techno savvy and knows a lot about electronics and in particular laptops, she would actually be taking help of what is known as an “opinion leader”.

### **A Basic Model Of Decision Making**

Traditionally, consumer researchers have approached decision making process from a rational perspective. This dominant school of thought views consumers as being cognitive (i.e., problem-solving) and, to some but a lesser degree, emotional.<sup>1</sup> Such a view is reflected in the stage model of a typical buying process (often called *the consumer information processing model*) depicted in Figure 1.





**Figure 1      The Consumer Information Processing Model**

**Source: Adopted from Kotler (1997), Schiffman and Kanuk (1997), and Solomon (1996)**

In this model, the consumer passes through five stages: problem recognition, information search, evaluation and selection of alternatives, decision implementation, and post-purchase evaluation.

***Problem Recognition***

In this information processing model, the consumer buying process begins when the buyer recognizes a problem or need. For example, Doug may realize that his best suit doesn't look contemporary any more. Or, Kathleen may recognize that her personal computer is not performing as well as she thought it should. These are the kinds of problem that we as consumers encounter all the time. When we found out a difference between the actual state and a desired state, a problem is recognized. When we find a problem, we usually try to solve the problem. We, in other words, recognize the need to solve the problem. But how?

***Information Search***

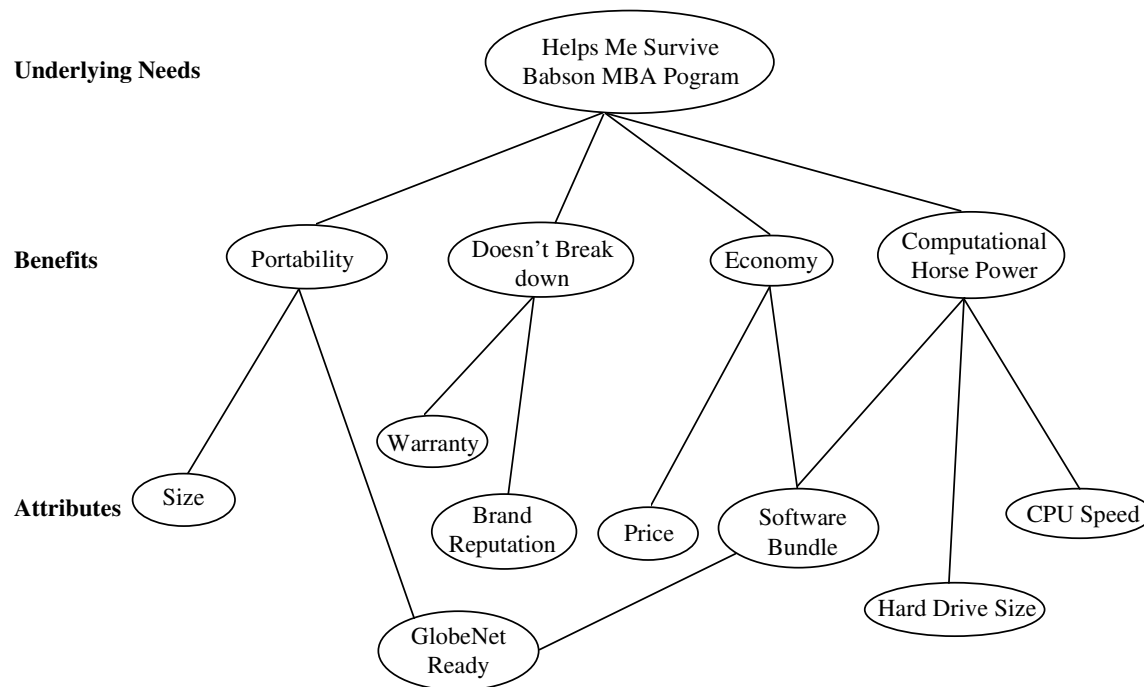


When a consumer discovers a problem, he/she is likely to search for more information. Kathleen may simply pay more attention to product information of a personal computer. She becomes more attentive to computer ads, computers purchased by her friends, and peer conversations about computers. Or, she may more actively seek information by visiting stores, talking to friends, or reading computer magazines, among others. Through gathering information, the consumer learns more about some brands that compete in the market and their features and characteristics. Theoretically, there is a *total set* of brands available to Kathleen, but she will become aware of only a subset of the brands (*awareness set*) in the market. Some of these brands may satisfy her initial buying criteria, such as price and processing speed (*consideration set*). As Kathleen proceeds to more information search, only a few will remain as strong candidates (*choice set*).

### ***Evaluation and Selection of Alternatives***

How does the consumer process competitive brand information and evaluate the value of the brands? Unfortunately there is no single, simple evaluation process applied by all consumers or by one consumer in all buying situations.

One dominant view, however, is to see the evaluation process as being cognitively driven and rational. Under this view, a consumer is trying to solve the problem and ultimately satisfying his/her need. In other words, he/she will look for problem-solving *benefits* from the product. The consumer, then, looks for products with a certain set of attributes that deliver the benefits. Thus, the consumer sees each product as a *bundle of attributes* with different levels of ability of delivering the problem solving benefits to satisfy his/her need. The distinctions among the need, benefits, and attributes are very important. One useful way to organize the relationships among the three is a hierarchical one (Figure 2). Although simplified, Figure 2 is an example of how a bundle of attributes (i.e., a product or, more specifically, personal computer) relates to the benefits and underlying needs of Kathleen.



**Figure 2 Hierarchical View of Needs, Benefits, and Attributes**

From this figure and the preceding discussion, you might recognize that the product attributes are relevant and important *only to the extent* that they lead to a certain set of benefits. Likewise, benefits are meaningful *only if* they can address the problem and be instrumental to satisfy the underlying need. As the underlying need is often personal, consumers differ as to their beliefs about what product benefits and attributes are more (or less) important and relevant in satisfying their needs. Based on their personal judgment on importance of benefits and attributes, consumers develop a set of attitudes (or preferences) toward the various brands. One may express his/her preferences of the brands in terms of ranking, probability of choice, and so forth.

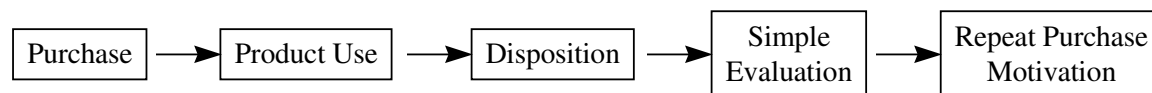
### ***Decision Implementation***

To actually implement the purchase decision, however, a consumer needs to select both specific items (brands) and specific outlets (where to buy) to resolve the problems. There are, in fact, three ways these decisions can be made: 1) simultaneously; 2) item first, outlet

second; or 3) outlet first, item second.<sup>ii</sup> In many situations, consumers engage in a simultaneous selection process of stores<sup>iii</sup> and brands. For example, in our Kathleen's personal computer case, she may select a set of brands based on *both* the product's technical features (attributes) *and* availability of brands in the computer stores and mail-order catalogs she knows well. It is also possible, that she decides where to buy (e.g., CompUSA in her neighborhood) and then chooses one or two brands the store carries. Once the brand and outlet have been decided, the consumer moves on to the transaction ("buying").

### ***Post-purchase Evaluation***

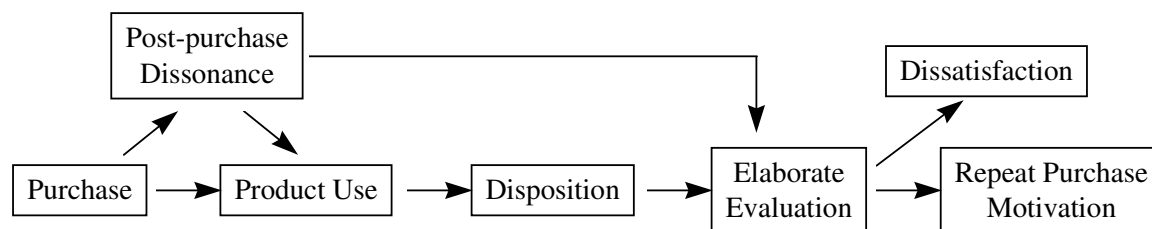
Post-purchase evaluation processes are directly influenced by the type of preceding decision-making process. Directly relevant here is the level of *purchase involvement* of the consumer. Purchase involvement is often referred to as "the level of concern for or interest in the purchase"<sup>iv</sup> situation, and it determines how extensively the consumer searches information in making a purchase decision.<sup>v</sup> Although purchase involvement is viewed as a continuum (from low to high), it is useful to consider two extreme cases here. Suppose one buys a certain brand of product (e.g., Diet Pepsi) as a matter of habit (*habitual purchase*). For him/her, buying a cola drink is a very low purchase involvement situation, and he/she is not likely to search and evaluate product information extensively. In such a case, the consumer would simply purchase, consume and/or dispose of the product with very limited post-purchase evaluation, and generally maintain a high level of repeat purchase motivation (Figure 3).



**Figure 3      Low Involvement Purchase**

**Source: Hawkins, Best, and Coney (1983)**

However, if the purchase involvement is high and the consumer is involved in extensive purchase decision making (e.g., personal computer), he/she is more likely to be involved in more elaborate post-purchase evaluation – often by questioning the rightness of the decision: “Did I make the right choice? Should I have gone with other brand?” This is a common reaction after making a difficult, complex, relatively permanent decision. This type of doubt and anxiety is referred to as *post-purchase cognitive dissonance* (Figure 4).



**Figure 4 Elaborate Post-purchase Evaluation**

**Source: Adopted from Hawkins, Best, and Coney (1983)**

According to the research, the likelihood of experiencing this kind of dissonance and the magnitude of it is a function of:<sup>vi</sup>

- The degree of commitment or irrevocability of the decision,
- The importance of the decision to the consumer,
- The difficulty of choosing among the alternatives, and
- The individual’s tendency to experience anxiety.

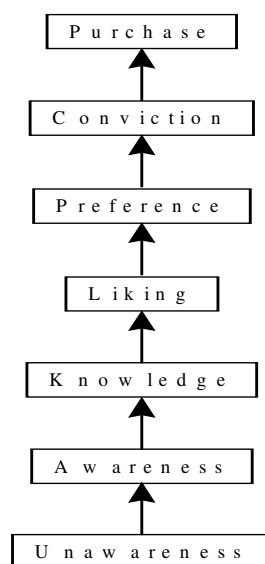
Because dissonance is uncomfortable, the consumer may use one or more of the following approaches to reduce it:<sup>vii</sup>

- Increase the desirability of the brand purchased.
- Decrease the desirability of rejected alternatives.
- Decrease the importance of the purchase decision.
- Reject the negative data on the brand purchased.

If the dissonance about the purchase is not reduced, the anxiety may transform into a dissatisfaction (general or specific). Certainly, this negative experience leads to a new problem recognition (Figure 1), and the consumer will engage in another problem solving process. The difference, however, is that in the next round of process, memory of the previous negative experience and dissatisfaction will be used as part of information. Therefore, the probability for the unsatisfactory brand to be re-selected and repurchased will be significantly lower than before.

### The Hierarchy of Effects

Another widely-used model in marketing that attempts to explain consumer decision making process is called the *hierarchy of effects model*. Although different researchers developed slightly different models, the basic idea is the same: people experience a sequence of psychological stages before purchasing a product. Such a model is provided in Figure 5. <sup>viii</sup>



**Figure 5** A General Model of the Hierarchy of Effects

**Source: Adopted from Delozier (1976)**

Originally conceived to explain how advertising affects consumer's purchase decisions, the hierarchy of effects (HOE) model focuses on consumer learning that takes place as he/she processes information from the external world. The HOE model begins with the state where a consumer has no awareness about the brand (unaware) then develops awareness triggered by external stimuli, such as advertising message or "word of mouth." As he/she obtains and processes more information, the consumer develops more specific knowledge about the brand. The knowledge, then, is used as basis to form a liking (or disliking), leading to a preference of brand(s) relative to the others. However, people need to be pushed beyond the preference stage to actually buy the brand of preference. The preference stage, after all, simply means that the consumer has formed a preference *psychologically*. Now it takes conviction for him/her before actually buying the brand.

By now, you might have realized at least two points. One, it seems reasonable that not all the consumers are at the same stage. For example, Susan may be in the unawareness stage relative to Samuel Adams beer, but Melissa may be in the preference stage. Two, it also seems reasonable that not all people at one stage move onto the next stage. For example, some consumers who have formed preference to Contadina pasta may not form any conviction to buy the product. Furthermore, some people may need more time before moving onto the next stage than others.

The HOE model is quite similar to the consumer information processing model because it also assumes that people are cognitively driven, thinking information processors. Controversy exists,<sup>ix</sup> of course, as to whether that is necessarily true. Some may claim that they often form liking and preference (emotional response or *feeling*) toward brands before developing cognitive judgment (knowledge or *thinking*) on them. Others argue that people form preference and knowledge simultaneously. Although each argument has its own support, the general model (cognition first, preference second) seems to be valid especially in relatively complex – or *high-involvement* – decision making situations (e.g., cars, computers), providing a conceptual framework for thinking about the sequence of events which begins from the initial awareness to the final action (i.e., purchasing).

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