

1.2 Meaning and Definition of Consumer Behaviour

Vignette

Proctor and Gamble (P&G) is an American Global Corporation established in 1837 with several successful current brands like Tide and Ariel detergent powders, Duracell batteries, Gillette safety razors, Max Factor cosmetics, Pantene hair care products, Pampers brand diapers, etc. When they entered the Japanese market for Pampers in 1977, they used American product range, American advertising and American sales and promotional strategies. The product was quite thick designed for American mothers who would leave the diapers on their babies for long periods.

The Japanese mothers were however highly cleanliness minded and would change the diapers on their babies at least twice as much as the American mothers do. Seeing this opportunity many Japanese companies introduced thinner leak proof diapers better suited to Japanese mothers. This resulted in Pamper's market share crashing to 7% in 1985 from a high of 90% in 1977. The company realized their mistakes after a market study and an improved product with one third of the original thickness was introduced. This resulted in their improving their share to about 35% in 1990 and the same product was introduced in the American market with a new brand name- "Ultra Pampers"

The above example is a classic case of how a study of consumer behaviour is most important to the success or otherwise of products and for any marketing oriented company, such a study should be the basic starting point for all marketing strategy decisions.

Definition of Consumer Behaviour and related concepts

As mentioned in the introduction, *"Consumer Behaviour is the study of Individuals or Organisations and the activities undertaken by them to select, procure and use products or services to satisfy their needs and wants."*

The activities undertaken by the consumer can be either of the following:

1. *Psychological activities* involving thinking processes like considering the need for the product or service, whether to purchase, what to purchase, when to purchase, how to purchase, comparing the various features and prices, reading the customer reviews etc.
2. *Physical activities* like going to a shop, looking and enquiring about the alternatives, visiting an e-commerce site, transacting on the e-commerce site, etc.

Sheth & Mittal have further expanded this definition by including the study of various roles played by a customer like

1. The user (who uses or consumes the product or service)
2. The payer (who pays for such a product or service)
3. The buyer (who physically acts to procure the product or service).

The same person may play all the three roles and in several situations, there may be more than one person playing different roles. Depending on the roles being played, the behaviour and decision making process may change.

Understanding consumer Behaviour is quite complicated since it involves the following factors, which have strong influence on it:

1. Cultural factors
2. Social factors
3. Personal factors
4. Psychological factors

One has to study both internal factors and the external environment to have a better knowledge of such behaviour. Only when we are able to decipher this process, such knowledge can be used in taking decisions that would be most effective in achieving the marketing objectives.

1.3 Application of consumer Behaviour knowledge to marketing

❖ Consumer behaviour – Consumer and Managerial Perspectives

Consumer Behaviour can be studied with two different perspectives. The most popular traditional way is to focus on this subject as a pure science, wherein the research findings from behavioural sciences like Psychology and also from social sciences like Sociology, Anthropology and Economics, are drawn to explain the various facets of Consumer Behaviour. The other perspective is to analyse this subject as an applied science, with emphasis on its application in business organisations.

a) Consumer Perspective

In this approach, Consumer behaviour study is focused on enquiring into how people buy, what they buy, when they buy and why they buy *more as a pure science*, not necessarily for applying to marketing decision-making. It blends elements from psychology, sociology, socio-psychology, anthropology and economics. It attempts to understand the buyer consumption process, both individually and in groups. It studies characteristics of individual consumers such as demographics, psychographics, and behavioural variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general. This approach focuses more on the nature of consumption experience rather than the purchase process.

This approach may throw many insights that may or may not be actionable from a marketer's perspective. There is no sufficient emphasis on consumer purchase decision process. Hence this approach may have limited use for marketers, since they must understand how consumers take purchase decisions if they have to influence the consumers.

b) Managerial Perspective

In this approach, consumer behaviour is studied as *an applied social science* and the main objective of such an approach is to find a basis for marketing strategies in business organisations. In a managerial perspective, the stress is on predicting the action sequence of a consumer decision process to help a marketer in deciding on suitable marketing strategies.

As an improvement of this, a new approach was enunciated by Sheth & Mittal, who expanded the study of Consumer Behaviour to include several facets, which would be more practical while applying this knowledge to practical situations in business organisations. There are two variations in this approach, which are more meaningful from the managerial perspective:

- a) All the different aspects of consumer Behaviour study have been applied in this new approach to “Business Organisations” as consumers. Normally most textbooks limit such analysis to individual consumers and some of them extend it to households. But in the new approach, *the behavioural aspects are looked at from the angle of business-to-business transactions*, which are very relevant and useful in such situations.
- b) The second approach is in extending the consumer behaviour study, to include different roles of a customer in understanding the decision making process. Traditionally the consumer is the “User” of the product or service and most of the studies limit the application of this knowledge to understand the behaviour of customers as Users/Consumers. *The new approach considers three roles of the customer viz. User, Payer and Buyer* as important, to apply this knowledge in real life situations in business organisations. In fact the title of the study is called as “Customer Behaviour” instead of “ Consumer Behaviour” to make it amply clear that all three roles of the customer have to be looked at in order to analyse & apply the various research findings more effectively.

In the traditional methods of study of consumer behaviour, the applications get limited to mostly FMCG products and also to individual/ household users/ consumers. The second approach expands the applications of these studies to encompass practically all markets and products in all types of marketing situations that would make more sense from a managerial perspective.

❖ **Consumer Orientation**

a) Organisational orientations

Depending on the internal and external environments of organisations and also the top management philosophy, the organisations have different orientations towards their marketing policies and strategies. Some of these orientations are as follows:

1. Production Orientation:

This is prevailing in most of the old traditionally managed businesses wherein the competition is less severe and the economy is in a developmental stage. The management of such firms concentrate on improving on their production facilities and their strategies will concentrate on factors like:

- a) Improving production efficiencies
- b) Reducing wastages and rejections in their factories
- c) Lowering costs of production
- d) Resorting to mass production techniques
- e) Wide distribution, etc.

The underlying assumption of such organisations is that, the consumers are mainly looking for a cheaper product that is readily available. The classic example of this attitude is that of Henry Ford, who introduced the concept of assembly line manufacturing of automobiles. His management orientation was clear from his widely

quoted statement-“My customer can have a car painted in any colour that he wants so long as it is black”.

2. Product Orientation:

Many company management believes that, the consumers will purchase those products, which offer the best quality, a wide range of innovative features, best performance, excellent service, etc. Such managements focus their efforts on making superior products and continuously improve the quality of their products. Such companies assume that the consumer automatically goes for a superior product and that, he can efficiently evaluate the product performance and quality. They often don't bother about getting more information from the market place either about the consumer like and dislikes, or the competitors' products and activities.

3. Sales Orientation:

This is another very common orientation of many firms. They believe that their customers voluntarily do not purchase enough quantity of their products, if left alone. Hence they resort to pressurized selling and aggressive sales promotions. The underlying assumption is that the consumers have a lot of mental resistance to buy and they need constant persuasive efforts to buy. They also assume that their sales and promotion efforts are most efficient in achieving their sales objectives. One of the examples is that of Sergio Zyman the former Chief Marketing Officer of Coca Cola whose famous quote was-“The purpose of Marketing is to sell more stuff to more people more often for more money in order to make more profit.”

4. Consumer Orientation:

This is the new Marketing Concept. This is adopted successfully by many organisations and they shifted the focus of management

efforts to finding out the consumer preferences and then modifying their products and marketing strategies to suit the consumer needs. Consumer satisfaction is considered as the most important objective of the organisation and all the corporate policies and strategies are decided from this perspective.

❖ **Advantages and disadvantages**

- i) **Production orientation** is necessary in businesses, which depend on high technology and shorter product life cycles. Companies like Intel, Microsoft, etc. have to continuously depend on intensive R&D efforts to come out with substantial innovations. They have to keep ahead of any competitor who may come out with better products. Hence such companies invest heavily in state of the art R&D facilities and also top class factories to produce such high technology products. Such orientation is also effective when the economy is in a developmental stage, with very little competition or when a company wants to expand its existing market. However totally concentrating on this concept has its own pitfalls. These companies will also have to look at what is happening to the consumer preferences and also the activities of the competitors and work out their R&D programmes accordingly so that they are not caught unawares of unexpected developments.
- ii) **Product orientation** is of very limited use today. Total concentration on the product without proper consumer behaviour knowledge is suicidal and such a policy has resulted in many companies closing down their operations. An example is that of WebTV launched in 1996 by Sony & Philips as partners. The concept was of a TV with a set top box that allowed surfing the net and also watch TV. After spending \$50 million on advertising and promotion, they could get only 50,000 subscribers in US. They realized that they had misunderstood totally the behaviour of the consumer. The Internet surfers were more

interested in using multi media and the processor in WebTV had inadequate processing power to take care of this consumer need. Microsoft bought over WebTV and they have now developed a combination of satellite TV technology and a video recorder unit to provide interactive features for game shows, sports, etc. as well as e-mail and internet access.

- iii) **Sales orientation** is prevailing in many organisations even now. Such a concept is followed by firms which market goods and services which the consumers normally don't think of buying like insurance policies, encyclopedias, domestic water treatment units, vacuum cleaners, etc. Companies, which are marketing commodity type of products with very little product differentiation from the competitors' products, also resort to such aggressive selling efforts. The effectiveness of such policies are again limited if these firms ignore a proper understanding of the consumer behaviour and the market environment. With competition becoming intense and even commodities being branded total sales orientation can land such firms in serious difficulties.
- iv) **Consumer orientation** is now well accepted as the most effective concept for all organisations not only for their growth but also for even survival.

There are many advantages of consumer orientation of an organisation. These can be listed as under:

- **Retention of customers** is the immediate result of the customer orientation of an organisation. This results in enormous savings in many different ways:
 - i) Cost of developing new customers is always much higher than retaining an existing customer. The time, effort and money spent on a new customer both before the sale is made and also after the sale is

quite high. The new customer will always demand a higher attention and may be even an attractive price in the initial stages. Sales persons dealing with a new customer have to put in lot more efforts and time in convincing them into buying their products. Whereas the existing customer will cost comparatively less if they are satisfied with the company's products and service. They demand much less attention and the sales persons need very little time and energy to be spent on established customers.

- ii) The repeated purchases of the existing customers results in larger production volumes in the factory, which in turn results in economies of scale in manufacturing.
- iii) If a customer is not satisfied, this could result in increase in costs in many ways. It is to be noted that, not only the loss of the dissatisfied customer, which will cost the company. It has been found that dissatisfied customers will tell a lot more people about their bad experience, resulting in adverse word of mouth publicity. The disgruntled customer is also likely to delay the payments and also deduct some amounts while making payments. This is more so in the case of business-to-business deals. It is hence important to prevent dissatisfaction and it would be preferable to select the right customer and retain them by properly satisfying them. It is important not to create higher expectations in the customer, which is more often the case in case of Sales Oriented companies where the aggressive sales people tend to promise more than the actual product features thus raising the consumer expectations to unrealistic levels.
- iv) Word of Mouth publicity by a satisfied customer is the most effective and cheapest way to increase the business. Such growth does not require additional sales or marketing costs since the established customer acts as the company's effective sales person. In fact many

professions like doctors, lawyers, chartered accountants, etc. depend solely on word of mouth publicity since they are legally not allowed to advertise. Such word of mouth communication is most effective in case of highly technical or high-risk products or services. Such business development obviously results in cost savings & also increased revenue without much investment from the company.

- **Higher prices:** The satisfied customer is likely to pay a higher price since they would rather pay a premium than switch to a new brand or firm. There will always be some cost towards changing the suppliers especially in B2B transactions and unless there is a strong reason to do so, the satisfied customers are unlikely to change to new suppliers. They would not mind paying a reasonable premium and it has been found that in some specialty products the customers were ready to pay a premium as high as 30%. British Airways and Singapore Airlines are known for their Corporate Policy of customer orientation that does result in their customers paying a premium price. These companies have been able to do this because of their product excellence, service excellence, company reputation and a general customer oriented culture in their entire organisations.
- The consumer orientation can also help a company in times of any **business crisis** that could result in temporary disruption in supply. There could be many reasons for such disruption like machinery breakdowns, labour unrest resulting in strikes/slowing down of production, unfair competition, etc. Many large well-known companies like Coca Cola, Cadbury, McDonalds, KFC, etc. have faced strong protests from political groups or sometimes due to rumours. Cadbury faced the problem when there were some reports about insects being found in some chocolates, which were stored for a long time. Coca Cola faced a crisis when some NGO found higher than permissible amount of

pesticide in some of their bottles. KFC & McDonalds faced social protests from some local political organisations. Many times there could be some restructuring due to mergers and acquisitions or due to changes in some government regulations. In all such cases there will be a disruption of supplies. The companies who have been consumer oriented have been found to have a loyal customer base which will either postpone their purchases or shift to a competitors' product or service temporarily. The moment the company comes out of the crisis & restarts its supplies such loyal customers have been found to go back to them.

5. **Mass Customisation:**

The concept of customer orientation is getting further extended, in this age of internet and computer aided design, to go to the extreme extent of **Mass Customization**, wherein the companies are catering to the needs of each and every consumer.

One example of mass customisation is that of Mattel Toys producing the Barbie Dolls as per the requirement of each child who wishes to purchase. They have a website in which the child who wishes to purchase a Barbie doll can log on to this site & customize her own "My Design" doll. She can choose the skin colour, hairstyle, hair colour, clothes, accessories and finally the name for the doll. The company forwards this to their computer system, which then processes all the orders from thousands of consumers. These are then fed into their production planning systems and the dolls are made as per each order of each child. The dolls are then mailed to each child with the name of the doll printed on the package.

Another example is that of Levi Jeans. If a consumer walks into the Original Levi's Store in Cincinnati in US, she/he will be greeted by a sales clerk with a measuring tape in hand and a personal computer on a nearby desk. He

will take the measurements, feed the data into a computer, make final adjustments to the blueprint of a pair of jeans that pops up on the PC screen, push the transmit key, give the customer a receipt for the payment and send the customer home. Forty-eight hours later the jeans arrive at the customer's home, delivered by a courier. The jeans must fit the customer properly or else they can return it for a full refund.

This is how it works: The PC in the retail store transmits the data to the Levi's factory. There, the computer data is received directly by a robotic tailor who cuts a bolt of denim precisely to the customer's measurements. Usually the jeans are shipped back to the store in three weeks; but for a slight extra charge, customers have the option of receiving them within 48 hours. The service is a blessing to customers, many of whom have difficulty finding jeans that fit them. When the service for such jeans was introduced, in the Cincinnati store, sales went up by 300 percent compared with the same period the previous year.

❖ **How to have the consumer orientation?**

Consumer Orientation comes from developing a consumer culture in the entire organisation. For this purpose the top management has to adopt Customer Satisfaction as an integral part of the corporate mission. All the corporate plans and decisions (not just the marketing plans) will have to include the understanding of Consumer Behaviour as a necessary input. The employees in the entire organisation including those in factories, R&D, accounts, finance, purchase, etc. should have a consumer orientation. Everyone in the firm should understand that satisfying the customer is a corporate mission to be undertaken by every employee; not just the people in Marketing Department. In fact the Marketing personnel are asked to consider the other colleagues as their internal customers & their first job is to sell to their "internal customers" - the entire concept of consumer orientation approach in each of their departments. The philosophy of

marketing needs to be owned by everyone from within the organization. Customer satisfaction can be achieved only when all personnel within the organisation understand the importance of the customer.

❖ **Marketing Myopia and Consumer Behaviour**

a) **What is Marketing Myopia?**

Myopia also called near- or short-sightedness, is a refractive defect of the eye. Those with myopia see nearby objects clearly but distant objects appear blurred. When applied in business marketing context, this refers to the short sightedness in managerial approach to marketing.

Marketing myopia is a term used in marketing. Indeed, one of the most important marketing papers ever written was that on 'Marketing Myopia' by Theodore Levitt. This paper was published in the Harvard Business Review, a journal of which he was an editor. Some commentators have even gone as far as to suggest that its publication marked the beginning of the modern marketing movement in general. Its theme was that the vision of most organizations was constricted in terms of what they, too narrowly, saw as the business they were in. It exhorted CEOs to re-examine their corporate vision; and redefine their markets in terms of wider perspectives. It was successful in its impact because it was, as with all of Levitt's work, essentially practical and pragmatic. Organizations found that they had been missing opportunities, which were plain to see once they adopted the wider view. The impact of the paper was indeed dramatic.

b) **Examples of Marketing Myopia**

Marketing Myopia, by Theodore Levitt, is one of the most important ideas ever to come out of academicians. This has forever changed the business world and the way business is done. Today, most businesses are based on this theory that firms that define themselves too narrowly dig their own graves. He said that all corporate policies should emerge from the clear

understanding and enunciation of their business in terms of the benefit being accrued by the consumer from them. The alertness of the companies to understand the consumer behaviour at the very beginning of the definition of their own business formed the foundation of their businesses.

The main example he gives in his essay is the railways in USA, which today is very minor. The railways were once hailed as one of the key commercial infrastructure aspect in the United States. Without the railways, the US wouldn't have been able to do the vast amount of business it currently conducts. However, today, the railways in USA are virtually insignificant, and were on the verge of bankruptcy before being nationalized by the government.

Levitt explains the downfall of the railways as a result of defining their industry too narrowly. They saw themselves in the 'Railway Industry,' and thus only focused on competition from other railways. They became too comfortable when they should've been looking for ways to keep their competitive advantages. When the interstate highway system was underway and trucking and air transport became available and cheap, the railways were caught unawares resulting in heavy migration of their customers. They neglected the very basic necessity for survival of any business—understanding consumer behaviour.

If the railways defined themselves as being in the Transportation industry, they would have perceived the threat of the competition from outside and would have acted accordingly. Today, most industries define themselves broadly so as to avoid the same fatal error as the railways in USA.

A successful example of proper implementation of this theory is that of Coca Cola. Instead of considering themselves as in the business of beverages, they defined their business as that of “quenching the thirst of the consumers”. Hence, naturally their main competitor was drinking water

which was available everywhere. This definition resulted in their corporate policy of distribution of Coca Cola to nooks and corners by having bottling plants & also the widest possible distribution network.

Another example of this is the photography companies. Companies like Eastman-Kodak and Polaroid saw themselves too narrowly as being in the photography industry. Now, they are facing severe competition from electronics firms that make scanners and digital cameras. If they defined themselves as being in the memory preservation business, they would have seen this trend early on and would not be experiencing the woes that they currently feel.

A good example of another success story is Harley-Davidson. They saw that defining themselves as being in the motorcycle industry was too narrow, and changed to the more broad 'brand image' industry while keeping the motorcycles. They sell their bikes through the image the bike portrays so as to differentiate themselves from regular motorcycles and competition from the Japanese and German producers.

Companies are hence forced to deal with their corporate policies at the highest level by concentrating on and understanding the consumer behaviour.

Self Assessment Questions I

1. Consumer Behaviour can be studied with two different perspectives. _____ and _____.
2. Sheth & Mittal have expanded the definition of Consumer Behaviour by including the study of various roles played by a customer like _____, _____ and _____.
3. _____ is the new Marketing Concept which was adopted successfully by many organisations who shifted the focus

of management efforts to finding out the consumer preferences and then modifying their products and marketing strategies to suit the consumer needs.

4. The concept of customer orientation is getting further extended in this age of internet & computer aided design to go to the extreme extent of _____.
5. _____ can be achieved only when all personnel within the organisation understand the importance of the customer.

◆ **Consumer Satisfaction and Marketing Concept**

- i) **Consumer Satisfaction as an objective:** The following quotation of Mahatma Gandhi encapsulates the essence of Consumer Satisfaction as the main objective of any business:

“A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption of our work. He is the purpose of it. He is not an outsider to our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us the opportunity to do so.”

This customer-focused philosophy is known as the 'marketing concept'. The marketing concept is a philosophy, not a system of marketing or an organizational structure. It is founded on the belief that profitable sales and satisfactory returns on investment can only be achieved by identifying, anticipating and satisfying customer needs and desires.

- ii) **Marketing vs. Sales Concepts:** Philip Kotler who has been considered as the world's foremost expert on the strategic practice of marketing was the first to propose the concept of Marketing as an improvement over selling concept. In the traditional selling concept, the main strategy of the company is to find customers for the product manufactured by them

& somehow convince the customer into buying this product. The approach is through aggressive sales & sales promotion tools with a lot of emphasis on somehow closing the sale even if it means cutting down on prices. As a contrast to this the Marketing concept emphasizes the importance of consumer needs & behaviour. The approach is to first understand the consumer needs & then approach him with an objective of satisfying him as the most important pursuit. The emphasis is on maximizing profits through consumer satisfaction rather than through just sales maximization. The aim of Marketing is to understand the consumer & his needs so well that, the product or service so developed should sell by itself. All that is required is to make customer satisfaction as an integral part of the company strategy.

◆ **Consumer Needs and Wants**

a) **What are Needs and Wants?**

Traditionally needs are understood as the basic requirements of a human being like food, clothing, shelter, air, water, etc. Wants are defined as the luxuries for which a consumer craves for.

However in the context of understanding Consumer Behaviour, the definitions given by Sheth & Mittal are more precise and useful.

A *need* is defined as the unsatisfactory condition of the customer that leads him or her to an action that will make the condition better.

A *want* is defined as a desire to obtain more satisfaction than is absolutely necessary to improve an unsatisfactory condition.

Need arousal is driven by a person's physical or psychological discomfort. Wants occur when the person desires to take his physical or psychological condition beyond the state of minimal comfort.

Thus food is a need when a person is hungry; but an ice cream would be a want. A basic car may satisfy the need of a person to take care of his personal transport; but a luxury car for the same person may be a want. An ordinary sweater may be the need in a hill station for a person whereas a branded expensive sweater- a want for the same person.

b) Needs and Wants in different situations

Need of one person may be the want of another. For example, buying a refrigerator may be a want for a poor family whereas a higher income family may consider a refrigerator as a minimal need without which they will feel the discomfort psychologically.

Wants for a person may become a need for the same person depending on his stage in life. A teenager for whom a bicycle was a need when going to school may consider a scooter or a motorbike a need when going to college. He would feel psychologically uncomfortable going to college in a bicycle and hence for him the motorbike has become a need.

Certain situations may also define the difference between the need and a want. In the winter season in Delhi many people in lower income groups like office boys or clerical staff normally wear full suits with jackets and ties. For them this becomes a need in that situation since they would psychologically feel the discomfort, if they don't wear a suit, especially since all their colleagues in the same level may be wearing suits.

Hence this definition of needs and wants goes beyond the traditional concept; but this concept is more relevant for understanding consumer behaviour since psychological factors are predominant in determining the consumer behaviour.

◆ Factors which decide Needs and Wants

- ◆ **Personal Factors:** There are many internal and external factors, which affect the needs and wants of any person. Some of these internal factors could be due to the characteristics, which are inherited from birth or may also be due to his personality traits acquired during his growth in life. Some factors could be due to the external influences on the person like for example, the culture of the society in which he is living, his level in society, his personal assets and wealth or the organisation in which he is associated.
- ◆ **Environmental Factors:** Similarly there could be effects of the natural environment like climatic conditions, geographical environment, etc. in which the person is present or the outside developments like the level of economy, government policies or the technological advances can also influence the needs and wants.
- ◆ **Effects in the marketplace:** There are several types of needs and wants, which decide the type of product to be procured from the market place. A few examples are:
 - i) When both the personal needs and environmental needs are affecting the consumer: Woolen sweater in cold season, flood insurance in an area prone to flooding of river water, etc.
 - ii) When the environmental need is there; but it is a personal want. These are the needs dictated by the geographical environment like loose fitting clothes in a hot desert town, but the consumer may go for up-market branded clothes, which are really a want of the person.
 - iii) When the person has a need but environmentally it is a want. Examples are that of ready to eat food items like soups, which can just be cooked and eaten. The person being hungry needs food; but he goes for a want in an environmental context since he is going for

a technologically easy to prepare food. Shopping through e-commerce sites is another example wherein the consumer is satisfying a personal need through a technological luxury of shopping on the internet.

- iv) When both the person is looking for a want and the environmentally also it is a want; examples include going for a music concert, buying designer clothes in a boutique, etc.

1.4 Why study of consumer behaviour in marketing

- a) **Consumer Behaviour and Marketing Strategy:** All Marketing decisions and strategies are based on assumptions about Consumer Behaviour. It is impossible to think of any aspect of decision in marketing, which can be independent of some analysis of consumer Behaviour. Before deciding on any marketing strategy, the marketers have to first base their judgments on explicit assumptions resulting from sound theory and research rather than implicit intuition. Knowledge of consumer Behaviour can give an important competitive advantage and greatly reduce the odds of bad decisions. The first step in developing a Marketing strategy is to analyse the market in which the firm is operating. This requires a detailed analysis of the organisation's capabilities, strengths and weaknesses of competitors, the economic and technological factors affecting the market and finally, the current and future potential customers in the market. On the basis of the analysis of consumers at this stage, the company identifies the groups of individuals, households or firms with similar needs. These are known as market segments, which can be described in terms of demographics, geographic locations, lifestyles, etc. The firm can then select one or more of these segments as target markets based on their capabilities in comparison with the competition, in the given current and forecasted

economic and technological environment. The next step is to formulate the marketing strategy. The objective of the marketing strategy is to provide the customer with more value than the competitor's brands while maximising the profits for the firm.

Marketing strategy is then formulated in terms of the marketing mix. This involves the determination of the four 'P's of marketing viz. *Product features, pricing, promotional mix and distribution policies*, which would offer superior value to the customer. It is most important to note that an analysis of the consumer is the key to formulate a sound marketing strategy and the reaction of the consumer to the marketing mix determines ultimately the success or failure of the strategy.

- b) **Study of Consumer Behaviour and Marketing Careers:** Most students of Consumer Behaviour aspire for careers in Marketing Management, Sales or Advertising. Many students expect that the skills acquired by them in these courses will be like accounting or science subjects wherein a set of rules can be applied across a wide variety of situations to arrive at the correct solution. Unfortunately the consumer is a living, breathing, changing and many times stubborn individual and dealing with such an uncertain element can be very frustrating to such students. However an understanding of the consumer behaviour in its proper perspective can bring out many understandable situations, which can be applied in developing suitable marketing strategies. This can then become a very exciting field. This is not to suggest that scientific principles and procedures are not applicable in such situations. In fact many scientific theories and models of psychology, psychoanalysis, sociology, etc. have been successfully utilized in the study of consumer behaviour. Successful utilization of these principles in practical situations have to be done with proper human judgments which in itself can be a very challenging task leading to excitement and job satisfaction.

1.5 Areas of study under consumer Behaviour

The entire marketing management course will be relevant for the study of consumer behaviour applications since the very fundamental concept of marketing is to keep the consumer in the centre and then formulate all the other strategies. However for the purpose of this course we shall be covering the following subjects from the perspective of the application of various consumer behaviour concepts.

- a) **Consumers and market segmentation:** In this unit we shall be covering the definition of market segmentation and how it is related to consumer behaviour. Then we shall be covering the bases for market segmentation, criteria for effective market segmentation and finally strategies of market segmentation.
- b) **Environmental influences on consumer Behaviour:** In this unit we shall be discussing the influence of various environmental factors such as cultures, subcultures, social class & life styles on the behaviour of a consumer.
- c) **Influence of group on consumer Behaviour:** The groups around him/her influence the consumer in his Behaviour and this will be the subject of study in the next unit. The groups which have maximum influence on a consumer, like social groups, reference groups and family will be discussed in detail in this unit.
- d) **Individual determinants of consumer Behaviour:** Various internal and external factors mold the behaviour of any individual. Eminent psychologists, psychoanalysts, sociologists and economists to identify and explain the behaviours of different individuals, have developed various theories and models. The consumer behaviour researchers to successfully explain the behaviour of a consumer in a market situation have adopted many such theories. Many of these concepts pertain to consumer motivation, consumer perception and learning, personal

attitudes, personality, etc. and these concepts will be covered in the next unit.

- e) **Consumer Decision process:** There are different steps involved in the decision making process of a consumer and these have to be studied in detail to understand and work out many strategies in marketing. This is the subject that will be covered in the next unit.
- f) **Consumer research:** Marketing research with respect to consumer behaviour involves various quantitative and qualitative techniques and a study of these techniques is essential to any marketer to ensure a scientifically developed strategy. In this unit we shall be covering the process of consumer research and also the managerial application of consumer research in marketing.
- g) **Diffusion of innovation:** Innovations are most important for any firm for survival and growth and this is in fact the lifeline of any organisation. For a successful implementation of marketing strategies for any innovations a study of the diffusion of innovation is of prime concern. Hence we shall study the concept of diffusion, the process of innovation diffusion and its managerial applications in this unit.
- h) **Consumerism:** There is lot of controversy as to whether aggressive marketing strategies of firms are leading to materialistic tendencies of consumers and also whether marketers are pushing their products at the cost of ethical, moral and environmental concerns. Privacy is another matter, which is causing a lot of irritation among the general public especially in these days of direct marketing and internet marketing. All these issues are also important for a student of consumer behaviour in order to avoid the pitfalls associated with many short term strategies adopted by some marketers bringing the entire profession into disrepute. In this unit all these issues will be studied.

i) Business buyer Behaviour and decisions:

Although the concepts which are normally studied in consumer behaviour courses predominantly cover individual and household consumers business buying is also an important aspect of marketing and a study of business buying behaviour will help in taking proper decisions in such B2B situations. In this unit we shall be studying the nature of business buying Behaviour, business buying process and also the factors influencing business-buying Behaviour. We shall also touch upon the segmentation of business markets.

Self-Assessment Questions II

State whether the following statements are true or false:

1. Traditionally wants are understood as the basic requirements of a human being like food, clothing, shelter, air, water, etc.
2. Wants occur when the person desires to take his physical or psychological condition beyond the state of minimal comfort.
3. The underlying assumption of consumer-oriented organisations is that the consumers are mainly looking for a cheaper product, which is readily available.
4. Today, most businesses are based on this theory that firms that define themselves too narrowly dig their own graves.
5. Innovations are most important for any firm for survival and growth and this is in fact the lifeline of any organisation.

1.6 Summary

In this unit you have learnt how consumer behaviour studies are important for any organisation to succeed in the marketplace. You also learnt why organisations will have to be consumer oriented and what the managerial perspectives are for such an orientation. You also understood the

shortsighted approach of many companies resulting in serious problems for their very survival. You also found out how marketing concepts are interwoven with consumer satisfaction as an important goal resulting in long term profits for the organisation. You also learnt the difference between needs and wants of a customer and their determinants.

1.7 Terminal Questions

- a) What kind of different activities are involved in Consumer Behaviour? What roles does a customer play in the purchase decision-making process?
- b) What are the different perspectives of studying Consumer Behaviour? How are they relevant for marketing decisions?
- c) What are the different orientations of a business organisation? What are their advantages and disadvantages?
- d) What is “Marketing Myopia” and what is its relevance in the study of consumer behaviour?
- e) What is the difference between Sales and Marketing? What is the objective of a marketing oriented organisation?
- f) What are the differences between Needs and Wants of a customer? Which factors influence the needs and wants?

1.8 Answers to Self Assessment Questions and Terminal Questions

Self Assessment Questions I

1. Consumer, managerial
2. User, Payer and Buyer
3. Consumer Orientation
4. Mass Customisation
5. Customer satisfaction

Self Assessment Questions II

1. False
2. True
3. False
4. True
5. True

Terminal Questions

- a) Refer to section 1.2
- b) Refer to Section 1.3
- c) Refer to Section 1.3
- d) Refer to Section 1.3
- e) Refer to section 1.3
- f) Refer to section 1.3



Manipal

Unit 2 Consumers & Market Segmentation

Structure

- 2.1 Introduction
 - Objectives
- 2.2 Vignette
- 2.3 Definitions of Market Segment and Market Segmentation
- 2.4 Bases for Market Segmentation
- 2.5 Criteria for effective Market Segmentation
 - Self Assessment Questions I
- 2.6 Strategies for Segmentation
- 2.7 Targeting Strategy
 - Self Assessment Questions II
- 2.8 Summary
- 2.9 Terminal Questions
- 2.10 Answers to SAQs & TQs

2.1 Introduction

Every market place is highly diverse. They are composed of many different types of customers with different backgrounds, countries or regions of origin, needs and interests, personalities, perceptions, etc. Such diversity makes it imperative for a marketer to go for Market Segmentation, which would be an attractive, viable and potentially high profitable strategy. *Improved segmentation can lead to significantly improved marketing effectiveness.* With the right segmentation, the right lists can be purchased, advertising results can be improved and customer satisfaction can be increased.

When marketers provide a wide range of products or services targeted at different market segments, consumers are better satisfied and their overall happiness, satisfaction and quality of life are ultimately enhanced. Hence

market segmentation results in a positive effect for both consumers & marketers.

Objectives

After studying this unit you should be able to:

- Know the meaning & definition of market segmentation.
- Understand how study of Consumer Behaviour can help market segmentation.
- Explain the various methods of effective market segmentation.

Describe the strategies of segmentation & targeting.

2.2 Vignette

The decade of the 1980s was a turbulent one for Hindustan Lever Ltd. (HLL). The giant and undisputed market leader in FMCG products in India suffered a humiliating defeat at the hands of a new and small firm Nirma Chemicals. Nirma Washing Powder became a national brand soon after 1982, when Indian television went commercial and started colour telecast. The product immediately caught the fancy of the middle income customer, who was finding it difficult to make both ends meet with his limited monthly income. Nirma became the lowest priced, branded washing powder available in grocery and cooperative stores. The middle class housewife was more than satisfied as she now had a lower priced option available. Nirma also had an impact on upper middle income and higher income families who used it for inexpensive clothes and linen. Initially, HLL responded by launching sales promotion campaigns on Surf- by offering a bucket at a subsidized price or premium brands of toilet soap with every kilogram of Surf. These schemes however, did not halt the decline of Surf. HLL then launched a head on attack on Nirma. They came up with an advertising commercial comparing 1 kg of Surf with 1 kg of low priced yellow

washing powder and showed that Surf washed more clothes than the low priced yellow washing powder-and hence it was economical to buy Surf.

The commercial did not bring in any substantial results. It was at this time (around 1984) that HLL decided to take a fresh look at the market. Research conducted throughout the country revealed that, different income groups of consumers had varying expectations from detergents or washing powders. It also showed that different colours of washing or detergent powders were associated with different types of fabrics. For example, middle and lower middle or lower income people mainly bought yellow coloured washing or detergent powder. They washed all their fabrics and associated whiteness in clothes with a yellow coloured powder. Also, middle-class families used the blue Rin bar or the white Lux flakes for washing their expensive clothes. Research further indicated that, blue or white coloured detergent powders were bought by middle to higher income group people, and these colours were also associated with washing clothes clean. In fact, the housewife was known to add "blue", to her laundry to give that extra whiteness to white clothes. Interestingly, green was also the colour that was perceived to clean extra-dirty clothes. Armed with this research on colour perceptions and income groups, HLL launched the Sunlight (yellow), Wheel (green), Rin (blue), and Surf Ultra (white) detergent powders for different market segments. This strategy of segmenting the markets, understanding its needs and then evolving marketing mix to suit segments' needs helped HLL win back part of its lost market. In fact, Nirma made all other consumer product companies sit up and take a fresh look at their markets. It announced, for many, a beginning of an era of low priced products for a highly price sensitive Indian market, and to others, the end of a mass marketing era.

The latter part of the 1980s and early 1990s has taught the Indian firms a lesson, "one cannot be everything to everyone; but one can be everything to a select few". This is the basis of market segmentation.

2.3 Definitions of Market Segment & Market Segmentation

Market Segment

A Market segment is a subgroup of people or organizations sharing one or more characteristics that cause them to have similar product needs.

Market Segmentation

Market segmentation is the process in marketing, *of dividing a market into distinct subsets (segments) that behave in the same way or have similar needs*. Because each segment is fairly homogeneous in their needs and attitudes, they are likely to respond similarly to a given marketing strategy. They are likely to have similar feelings and ideas about a marketing mix, comprised of a given product or service, sold at a given price, distributed in a certain way and promoted in a certain way.

Before the marketers started using the concept of market segmentation, the way the business was done was through **mass marketing** i.e. offering the same product and same marketing mix to all consumers. The classic case of such a practice was that of Henry Ford's philosophy of offering Ford Model T with the choice to the consumers of "selecting any colour they want as long as it is black".

If all consumers were alike i.e. if all of them had the same needs, desires, personalities, backgrounds, attitudes, etc. mass marketing would have been relevant and highly successful. Then only one standardized product is needed for all consumers, only one advertising campaign and only one marketing mix. The main advantage in this strategy is that, it costs substantially less. However as we have seen in the vignette of HLL vs.

Nirma, the consumers are indeed diverse and such a strategy of mass marketing would be highly risky in today's market environment.

2.4 Bases for Market Segmentation

The first step in developing a segmentation strategy is, to select the most appropriate basis on which the market can be segmented. There are many ways in which this can be done and some most popular variables used for market segmentation are discussed in following paragraphs:

Geographic Segmentation:

In this method, the market is divided on the basis of location. There can be different categories in such segmentation also. Some of these are:

- a) **Region of the world or country:** East, West, South, North, Central, coastal, hilly, etc.
- b) **City Size:** Metropolitan Cities, small cities, towns.
- c) **Density of population:** Urban, Semi-urban, Rural.
- d) **Climate:** Hot, Cold, Humid, Rainy

Demographic variables

This is the second most popular variable used by marketers. Factors like age, education, income, etc. individually or in combination are commonly used to segment the market. Some of these variables are discussed here:

- a) **Age:** The assumption here is that people in the same age group will behave in the same manner. Based on this we can have different subgroups like infants (new born to 1 year), Child (1 to 12 years), Teens (13 to 19 years), adolescents (16-19 years), youth (20-35years), middle aged (36-50 years), elders or seniors (50 years and above).
- b) **Gender-Male and Female:** The male preferences are different from the female preferences. While some products like garments and cosmetics are produced exclusively for each segment, there are some products,

which are meant for both segments and these are called as unisexual products.

- c) **Education – School, College and University:** The level of a consumer's education will also affect the preferences and also the level of awareness. Higher the level of education, higher is then awareness about the market environment and about different products. Their awareness about their rights as consumers will also be better.
- d) **Marital status:** Family has been the focus of most marketing efforts and household continues to be the target for many products and services. Marketers are interested in determining the profiles of decision makers in households to develop appropriate marketing strategies. Many marketers have found it useful to target specific marital status groupings, like singles, divorced individuals, single parents, dual income married couples, etc.
- e) **Income:** It is believed that, as the consumer's income increases their consumption behavior also changes. Research findings have proven that, the expenditure on food and basic necessities as a percentage of total expenditure declines as consumer income increases. The consumer then starts buying costlier branded products, and also so called luxuries like automobiles, washing machines, microwave ovens, holiday packages, air travel, etc. On the basis of income the segmentation can be - low income, lower middle income, middle income, higher middle income, high income, etc.
- f) **Occupation:** Occupation is an important variable and different categories under this can be – self employed, part time employee, full time employee, etc. or like- professionals (doctors, chartered accountants, management consultants, etc.), traders & shopkeepers, businessmen & industrialists, sales personnel, teachers & professors, housewives, etc.

Psychographic Variables

Marketers have been utilizing psychographic research especially personality and attitude measurements. This type of consumer research has proven very valuable to identify promising consumer segments which are likely to be responsive to specific marketing messages. The psychographic profile of a consumer segment can be thought of as a composite of consumers' activities, interests and opinions (**AIO's**). As an approach to measuring this, the consumers' responses are analysed for a large number of statements that analyze:

- activities (how the consumer or family spends time- golf, gardening, volunteering in charitable activities, etc.),
- interests (what are the preferences & priorities like home, fashion, food, etc.)
- opinions (what are the feelings about a variety of political issues, social issues, economy, ecology, etc.)

Socio-cultural segmentation

Sociological (group) and cultural variables provide further bases for market segmentation. Consumer markets have been successfully segmented based on family life cycle, social class, cultural values, etc. Some of these are discussed in the following paragraphs:

- a) **Family Life Cycle:** This is based on the fact that many families pass through similar phases during the lifetime. At each stage the family needs different products and services. These segments can be like- young single people, newly weds, parents with infants, parents with teenage children, etc.
- b) **Social Class:** Social class i.e. the relative status in the community can be the basis for segmentation. It has been found by research that, the consumers in different social classes vary in terms of values, product preferences and buying habits. Social class is measured by a weighted

index of several demographic variables such as education, occupation and income.

- c) **Culture & subculture:** Members of the same culture tend to share the same values, beliefs and customs. This type of segmentation is particularly successful in international marketing and it is important for the marketers to understand the target country's beliefs, values and customs.

Within the larger culture distinct subgroups called subcultures are united by certain values and beliefs, which make effective market segments. Consumers are found to be more responsive to promotional messages which they perceive as related to their own sub culture. Culturally distinct segments can be prospects for the same product but they can be targeted more efficiently with different promotional appeals. For example, a bicycle can be promoted as a means of transportation in Asia, whereas in western countries it can be promoted as a health and fitness product.

Behavioral Variables

Depending on the consumer behaviour towards consumption parameters and situations related to such consumption there can a different type of market segmentation. Some of these examples are discussed in the following paragraphs:

- a) **Benefit sought:** There can be multiple benefits of the same product from the point of view of different consumers. For example, the cell phone may be used by some consumers purely for the purpose of telephonic conversations. Some others may be using it predominantly for messaging. Some consumers may look for this as a means of taking photographs whenever they need to. Depending on the different benefits sought the segmentation can be made.

- b) **Occasion:** For the same product, different occasions in which they can be consumed like- birthday parties, weddings, Valentine's Day, friendship day, etc. can be another option for segmentation.
- c) **Product usage rate:** Some consumers are heavy users, some moderate and some light users of the same product. Based on the rate of consumption target consumers may be segmented.
- d) **Brand loyalty:** Many consumers may be hard core loyal, some may have split loyalty, some may have shifting loyalty and some may be habitual switchers. Based on this criterion the marketers may segment their brand markets.
- e) **Product end use:** Some products may have multiple end uses. This happens quite frequently in industrial markets wherein the same raw material or packing material may be used by widely different industries. This then becomes a useful method of segmentation.
- f) **User status:** The status of the consumer in many situations like new students, mothers to be, newly weds, etc. also offer another method of effective segmentations for devising the entire marketing mix for such segments.
- g) **Readiness-to-buy stage:** This is the stage of preparedness to actually purchase the product or brand. The consumer may be in different stages of such preparedness like- unaware, aware, informed, interested, desiring, intending to purchase. Different promotional strategies can be devised depending on each of these stages making this as the basis for segmentation.
- h) **Attitude towards product:** There could be differing attitudes of different consumers towards the same brand or service based on their perceptions and past experiences. Some marketers use this as the basis for segmentation in order to suitably devise their promotional mix

for better effectiveness. Some of these attitudes can be described as- enthusiastic, positive, indifferent, negative or hostile.

Multiple Variables

No marketer can afford to use only a single basis of market segmentation in the highly complex market environment. Multiple bases are normally used by most marketers. *Many geographic, psychographic, socio-cultural variables along with some of the behavioural variables are used as a combination to segment the markets and design a suitable marketing mix. When numerous variables are combined to give an in-depth understanding of a segment, this is referred to as depth segmentation.* When enough information is combined to create a clear picture of a typical member of a segment, this is referred to as a buyer profile. When the profile is limited to demographic variables, it is called a demographic profile (typically shortened to "demography"). A statistical technique commonly used in determining a profile is cluster analysis.

2.5 Criteria for effective Market Segmentation

Once the basis for market segmentation has been identified the next step is to select one or more segments to target with an appropriate marketing strategy. The criteria for successful segmentation is discussed in the following paragraphs:

Homogeneity within the segment

By the very definition of a market segment the marketer should ensure that, each segment should share one or more characteristics to have similar product needs. In other words, there should be homogeneity among the consumers of a particular segment in their behaviour towards the product or brand.

Heterogeneity between segments

The different segments should be differentiable in terms of the consumer behaviour for the particular brand. For example, two different segments of married and unmarried women for using a particular brand of perfume may not be heterogeneous, since the same woman may use the same perfume before and after marriage. Hence it is important to analyse the segmentation in terms of heterogeneity, before proceeding further.

Segments should be measurable and identifiable

A marketer should be able to identify the relevant characteristics that have been selected and also measure the total market in terms of size and other parameters. Without proper identification and measurement, it is not possible to plan the marketing mix nor is it possible to measure the effectiveness of the marketing strategy subsequently.

Segments should be accessible and actionable

Marketers should be able to reach the market segments they want to target in an economical way. If rural markets are targeted without thoughts about reaching such consumers, through proper cost-effective medium and subsequent distribution of the products, the whole purpose of such segmentation is defeated. Hence accessibility of the target consumers and utility of the marketing mix are very important criteria for effective market segmentation.

Segments should be large enough to be profitable

For a market segment to be worthwhile it must consist of sufficient consumers, who could use the particular product or brand. The size of each segment should be estimated and the overall costs and profits have to be projected, before the final decision of freezing such segmentation. One has to be sure of the profitability of each segment before proceeding further for designing the marketing mix.

Self Assessment Questions I

1. Before the marketers started using the concept of market segmentation, the way the business was done was through _____.
2. Factors like age, education, income, etc. individually or in combination commonly used to segment the market are called _____.
3. Members of the same _____ tend to share the same values, beliefs and customs.
4. There should be _____ among the consumers of a particular segment in their behaviour towards the product or brand.
5. Accessibility of the target consumers and _____ of the marketing mix are very important criteria for effective market segmentation.

2.6 Strategies for Segmentation

The process of segmentation is distinct from targeting (choosing which segments to address) and positioning (designing an appropriate marketing mix for each segment). The overall intent is to identify groups of similar customers and potential customers; to prioritize the groups to address; to understand their behaviour; and to respond with appropriate marketing strategies that satisfy the different preferences of each chosen segment. Revenues are thus improved. A few models of segmentation strategy are discussed in the following paragraphs:

Top-down and bottom-up

George Day (1980) describes model of segmentation as the top-down approach: You start with the total population and divide it into segments. He also identified an alternative model which he called the bottom-up approach. In this approach, you start with a single customer and build on that profile.

This typically requires the use of customer relationship management software or a database of some kind. Profiles of existing customers are created and analysed. Various demographic, behavioural, and psychographic patterns are built up using techniques such as cluster analysis. This process is sometimes called database marketing or micro-marketing. Its use is most appropriate in highly fragmented markets. McKenna (1988) claims that this approach treats every customer as a "micro majority". Pine (1993) used the bottom-up approach in what he called "segment of one marketing". Through this process mass customization is possible.

Price discrimination

Where a monopoly exists, the price of a product is likely to be higher in a competitive market and the quantity sold is less, generating monopoly profits for the seller. These profits can be increased further if the market can be segmented with different prices charged to different segments (referred to as price discrimination), charging higher prices to those segments willing and able to pay more and charging less to those whose demand is price elastic. The price discriminator might need to create rate fences that will prevent members of a higher price segment from purchasing at the prices available to members of a lower price segment. This behaviour is rational on the part of the monopolist, but is often seen by competition authorities as an abuse of a monopoly position, whether or not the monopoly itself is sanctioned.

Examples of this exist in the transport industry (a plane or train journey to a particular destination at a particular time is a practical monopoly), where Business Class customers who can afford to pay more, may be charged prices many times higher than Economy Class customers, for essentially the same service. Microsoft and the Video industry also price exactly the same product at widely varying prices, depending on the market they are selling to

and try to enforce this with a mix of legislation and Digital Rights Management.

Mass Customisation

In fact, the concept of customer orientation is getting further extended in this age of internet and computer aided design, to go to the extreme extent of **Mass Customisation**, wherein the companies are catering to the needs of each and every consumer.

One example of mass customisation is that of Mattel Toys producing the Barbie Dolls as per the requirement of each child, who wishes to purchase. They have a website in which the child who wishes to purchase a Barbie doll can log on to this site and customize her own "My Design" doll. She can choose the skin colour, hair style, hair colour, clothes, accessories and finally the name for the doll. The company forwards this to their computer system which then processes all the orders from thousands of consumers. These are then fed into their production planning systems and the dolls are made as per each order of each child. The dolls are then mailed to each child with the name of the doll printed on the package.

Another example is that of "Levi Jeans". If a consumer walks into the Original Levi's Store in Cincinnati in US, she/he will be greeted by a sales clerk with a measuring tape in hand and a personal computer on a nearby desk. He will take the measurements, feed the data into a computer, make final adjustments to the blueprint of a pair of jeans that pops up on the PC screen, push the transmit key, give the customer a receipt for the payment and send the customer home. Forty-eight hours later the jeans arrive at the customer's home, delivered by a courier. The jeans must fit the customer properly or else they can return it for a full refund.

This is how it works: The PC in the retail store transmits the data to the Levi's factory. There, the computer data is received directly by a robotic

tailor who cuts a bolt of denim precisely to the customer's measurements. Usually the jeans are shipped back to the store in three weeks; but for a slight extra charge, customers have the option of receiving them within 48 hours. The service is a blessing to customers, many of whom have difficulty finding jeans that fit them. When the service for such jeans was introduced, in the Cincinnati store, sales went up by 300 percent compared with the same period the previous year.

2.7 Targeting Strategy

Target market is the market segment to which a particular product is marketed. Age, gender, geography often define it, and/or socio-economic grouping.

Targeting strategy is the selection of the customers the company wishes to service. The decisions involved in targeting strategy include:

- which segments to target
- how many products to offer
- which, products to offer in which segments

There are three steps to targeting:

- market segmentation
- target choice
- product positioning

Targeting strategy decisions are influenced by market maturity, diversity of buyers' needs and preferences, strength of the competition and the volume of sales required for profitability. Targeting can be selective (example: focus strategy, market specialization strategy or niche strategy), or extensive (example: full coverage, mass marketing, or product specialization). Some of these are discussed here.

Single Segment Concentration

In this strategy, the firm concentrates on a single segment and gets a strong knowledge of the segment's needs. Utilising this knowledge the firm can achieve a strong marketing presence and simultaneously achieve operating economies through specialisation in production, distribution & promotion. If the company can capture the segment leadership they can enjoy high return on investment. Some of the typical examples of this strategy are Ferrari sports cars, Volkswagen Buggy, Polaroid camera. There are however high risks involved in this strategy since any drastic changes in consumer needs, technological changes etc. can create insurmountable problems which can even lead to closure of the entire line like it happened in the case Volkswagen and Polaroid.

Selective Specialisation

In this strategy the company tries to diversify the risk by selecting a number of segments each of them appropriate and attractive. Many multi national FMCG companies follow this strategy by having multiple products in multiple segments. ITC is one example in India, who could diversify into several segments in different industries very effectively. After realizing that the single segment concentration in tobacco related products is not advisable in the long run, they went into hotels, food, etc. and were successful in each of these segments.

Product Specialisation

This strategy is to diversify the same product into several different segments. One example could be that of microscopes which are sold to universities, government laboratories and commercial firms in pharmaceutical and chemical industries. The same product is suitably modified for each segment and thus a strong product reputation is built up. The risk in such strategy is of technological changes, unless the firm keeps abreast of new technologies and keeps investing to keep up.

Market Specialisation

In this case, the company concentrates on the needs of a particular consumer group. An example is that of Kores, which produces all types of office supplies including carbon paper, stationery, etc. meant for all offices.

Full Market Coverage

In this strategy, the company tries to serve a number of customer groups with a number of products. This is typically done by very large companies like General Motors, General Electric, Coca Cola, etc. They have two types of approaches in this:

a) Undifferentiated Marketing:

The differences in different segments are completely ignored and the company goes for a single marketing strategy common for all segments. It relies on mass production, mass distribution and mass advertising, which would eventually cover all segments. The advantage in such cases is that because of huge economies of scale and lower costs due to these common costs of R&D, production, distribution, advertising, etc., the company can offer lower prices to price sensitive segments of the markets. The presumption is that all segments will contain price sensitive customers who would be buying such products.

b) Differentiated Marketing:

In this case the company offers different products for different segments and still operates in several segments simultaneously achieving full market coverage. Most of the Indian car manufacturers like Maruti, Hyundai, etc. are following this strategy by having different cars for different segments, practically covering the entire range of segments which want different types of cars.

Self Assessment Questions II

State whether the following statements are true or false:

1. The process of segmentation is distinct from targeting and positioning.
2. In the top-down approach, you start with the total population and divide it into segments.
3. Where a monopoly exists, the price of a product is likely to be lower than in a competitive market.
4. Target market is the market segment to which a particular product is marketed.
5. In undifferentiated marketing, the company offers different products for different segments.

2.8 Summary

In this unit we have learnt the meaning and definition of Market Segment and Market Segmentation. We also learnt the basis for Market Segmentation, like Geographic Segmentation, Demographic variables, Psychographic Variables, Socio cultural segmentation and Behavioural Variables.

We have also learnt the different criteria for effective Market Segmentation and also the strategies for Segmentation like Top-down and bottom-up approach, Price discrimination and Mass Customisation.

We have also understood different Targeting Strategies, like Single Segment Concentration, Selective Specialisation, Product Specialisation, Market Specialisation and Full Market Coverage.

2.9 Terminal Questions

1. Define market segmentation and name the various bases used for segmentation.

2. What are demographic variables? Explain each of them in a few sentences.
3. How is socio cultural segmentation done?
4. Describe the criteria for effective market segmentation.
5. Explain different types of targeting strategy.

2.10 Answers to SAQs & TQs

SAQ I

1. mass marketing
2. demographic variables
3. culture
4. homogeneity
5. actionability

SAQ II

1. True
2. True
3. False
4. True
5. False

TQ

1. Refer section 2.3 & 2.4
2. Refer section 2.4
3. Refer section 2.4
4. Refer section 2.5
5. Refer section 2.7

Unit 3

Environmental and Group influences on Consumer Behaviour

Structure

- 3.1 Introduction
 - Objective
- 3.2 Cultures
- 3.3 Subcultures
 - Self Assessment Questions I
- 3.4 Social class
- 3.5 Life styles
- 3.6 Influence of Group on Consumer Behaviour
- 3.7 Reference groups and Consumer Behaviour
- 3.8 Family
 - Self Assessment Questions II
- 3.9 Summary
- 3.10 Terminal Questions
- 3.11 Answers to SAQs and TQs

3.1 Introduction

Consumer Environment consists of those factors existing independently of individual consumers and firms that influence the exchange process. Some of these environmental factors are cultures, subcultures, social class and lifestyles, which are discussed here. Consumer group consists of those groups which influence the exchange process.

This chapter explains the environmental and group influences on consumer behaviour in detail.

Objectives

After studying this unit you should be able to:

- Know the environmental factors and groups affecting Consumer Behavior.
- Understand different environmental factors like cultures, subcultures, social class and lifestyle.
- Explain the influence of different groups like reference groups and family on Consumer Behaviour.

3.2 Cultures

Culture generally refers to patterns of human activity and the symbolic structures that give such activity significant importance. Different definitions of "culture" reflect different theoretical bases for understanding, or criteria for evaluating, human activity. Culture is manifested in music, literature, painting and sculpture, theater and film. Culture refers not only to consumption goods, but to the general processes which produce such goods and give them meaning, and to the social relationships and practices in which such objects and processes become embedded. Culture thus includes technology, art, science, as well as moral systems.

Culture has been called "the way of life for an entire society." As such, it includes codes of manners, dress, language, religion, rituals, and norms of behavior such as law and morality, and systems of belief. Various definitions of culture reflect differing theories for understanding, or criteria for evaluating, human activity. Culture has significant influence on consumer behaviour and in this unit we shall be discussing 'Culture' from the perspective of consumer behaviour.

1. Definition

Culture is defined as the sum total of learned beliefs, values and customs that serve to direct the consumer behaviour of members of a particular society. Culture is everything a person learns & shares with members of society like- ideas, norms, morals, values, knowledge, skills, technology, tools, material objects & behaviour. Culture excludes genetically inherited instincts since these are not learned as also the individual behaviours, norms, knowledge, etc. which are not shared with other members of the society.

2. Enculturation and acculturation

Enculturation is the process of learning one's own culture. This is the process where the culture that is currently established teaches an individual the accepted norms and values of the culture or society in which the individual lives. The individual can become an accepted member and fulfill the needed functions and roles of the group. Most importantly, the individual knows and establishes a context of boundaries and accepted behavior that dictates what is acceptable and not acceptable within the framework of that society. It teaches the individual their role within society as well as what is accepted behavior within that society and lifestyle. Enculturation is learned through communication in the form of speech, words, and gestures. The six things of culture that are learned are: technological, economic, political, interactive, ideological and worldview.

Enculturation can be conscious or unconscious. There are three ways a person learns a culture.

- *Direct teaching of a culture* is done (this is what happens when you don't pay attention) mostly by the parents, when a person is told to do something because it is right and not to do something because it is bad. For example, when children ask for something, they are constantly

asked "What do you say?" and the child is expected to remember to say "please."

- The second conscious way a person learns a culture is to *watch others* around them and to emulate their behavior. An example would be using different slang with different cliques in school.
- Enculturation also happens unconsciously, through events and behaviors that prevail in their culture.

All three kinds of enculturation happen simultaneously and all the time.

Acculturation is the process of learning a new culture. If enculturation is first-culture learning, then acculturation is second-culture learning. This has often been conceived to be a unidimensional, zero-sum cultural conflict in which the minority's culture is displaced by the dominant group's culture in a process of assimilation.

3. Elements of Culture

There are various elements of each culture & each individual learns the culture by acquiring the knowledge of all these elements. Some of such elements of culture are:

- a. **Values:** Value is a concept that describes the beliefs of an individual in a culture. Values are conceptions of what is good and desirable versus what is bad and undesirable. A set of values may be placed into the notion of a value system. Values are considered subjective and vary across people and cultures. Types of values include ethical/moral values, doctrinal/ideological (political, religious) values, social values, and aesthetic values.
- b. **Norms:** Norms are rules of behaviour. A norm, or social norm, is a rule that is socially enforced. Social sanctioning is what distinguishes norms from other cultural products or social constructions such as meaning and

values. Norms and normlessness are thought to affect a wide variety of human behavior.

- c. Rituals:** A ritual is a set of actions, often thought to have symbolic value, the performance of which is usually advised by a religion or by the traditions of a community. A ritual may be performed at regular intervals, or on specific occasions, or at the discretion of individuals or communities. It may be performed by a single individual, by a group, or by the entire community; in arbitrary places, or in places especially reserved for it; either in public, in private, or before specific people. A ritual may be restricted to a certain subset of the community, and may enable or underscore the passage between religious or social states. The purposes of rituals are varied; they include compliance with religious obligations or ideals, satisfaction of spiritual or emotional needs of the practitioners, strengthening of social bonds, demonstration of respect or submission, stating one's affiliation, obtaining social acceptance or approval for some event — or, sometimes, just for the pleasure of the ritual itself. Being symbolic behaviour, they have a meaning in culture.
- d. Myths:** Myths are stories that express some key values of society. A myth is generally a sacred story concerning the origins of the world or how the world and the creatures in it came to have their present form. The active beings in myths are generally gods and heroes. Myths often are said to take place before recorded history begins. In saying that a myth is a sacred narrative, what is meant is that a myth is believed to be true by people who attach religious or spiritual significance to it. Use of the term by scholars does not imply that the narrative is either true or false.

4. Characteristics of Culture:

The concept of culture has the following characteristics:

- a. **Culture is learnt:** Culture is not imbibed from birth. Hence instinctive behaviour, which is possessed by the individual since birth, is not culture. Thus, the act of crying, laughing, etc. is not culture. However knowing when it is proper or improper to cry or laugh is culture since it is learnt subsequent to birth.
- b. **Culture regulates society:** The individual learns the norms and standards of behaviour and also the acceptable deviations from standards as a part of culture. All the people in the society know the rules to live by which is what regulates society.
- c. **Culture makes living more efficient:** When individuals encounter new people and new situations within the same culture the responses are standard and there is no fresh learning required every time. This brings in efficiency in living since everyone in the same culture is sharing the culture.
- d. **Culture is adaptive:** Culture is a human response to the environment and as the environment undergoes changes, culture will adapt itself to the new environmental characteristics. Adaptation is essential for survival. An Indian company doing business in China will have to adapt its ways to the culture in China as otherwise it can not survive there.
- e. **Culture is environmental:** Like environment, the culture is all pervasive and all around each individual at all times. We take culture for granted until something unexpected happens. When some cultural norm is broken, then only our attention is drawn to the existence of culture, which is otherwise dormant.

f. Multiple cultures are nested hierarchically: The culture of larger groups constrains and shapes the culture of smaller groups within it. For example, the culture of a south Indian family is nested in the overall Indian culture.

5. Variations in Cultural values

The most important characteristic of culture is values. Cultural values may apply to things, ideas, goals and behaviours. Based on research in a number of countries, the Dutch scientist Geert Hofstede, has developed a classification of value orientations. Hofstede demonstrated that there are national and regional cultural groupings that affect the behaviour of societies and organizations, and that are very persistent across time. There are a number of values, which vary across culture and affect consumption.

These can broadly be classified as- Other-oriented, Environment oriented and Self-oriented.

- a. **Other-oriented values:** These reflect a society's view of the appropriate relationship between individuals & groups within that society. These relationships have a major influence on consumer behaviour. For example, if the society values collective activity, the consumers will look towards others for advice in purchase decisions & they will not respond favourably to any promotions, which have appeal for a person to be "an individual".
- b. **Environment oriented values:** These prescribe a society's relationship to its economic, technical & physical environment. The consumer behaviour will be different in a society, which stresses a problem solving, risk taking, performance oriented approach to its environment & it will be entirely different in a society that stresses fatalistic, security & status oriented society.

- c. **Self-oriented values:** These reflect the objectives & approaches to life that the individual members of society find desirable. These values also have significant effect on consumer behaviour. For example society's position on the value of immediate gratification versus postponed gratification will decide on whether the consumer will go for credit or not.

6. Dimensions of Cross- Cultural Values

Under the above broad classifications there can be a number of dimensions of culture related values:

- a. **Small vs. Large Power Distance** – the extent to which the less powerful members of institutions and organizations expect and accept that power is distributed unequally. Small power distance (e.g. Austria, Denmark), expect and accept power relations that are more consultative or democratic. People relate to one another more as equals regardless of formal positions. Subordinates are more comfortable with and demand the right to contribute to and critique the decision making of those in power. Large power distance (e.g. India), less powerful accepts power relations that are more autocratic and paternalistic. Subordinates acknowledge the power of others simply based on where they are situated in certain formal, hierarchical positions.
- b. **Individualism vs. collectivism** – individualism is contrasted with collectivism, and refers to the extent to which people are expected to stand up for themselves and to choose their own affiliations, or alternatively act predominantly as a member of a life-long group or organisation. Latin American cultures rank among the lowest in this category, while the U.S.A. is one of the most individualistic cultures.
- c. **Masculinity vs. femininity** – refers to the value placed on traditionally male or female values. Masculine cultures value competitiveness, assertiveness, ambition, and the accumulation of wealth and material

possessions, whereas feminine cultures place more value on relationships and quality of life. Japan is considered by Hofstede to be the most "masculine" culture, Sweden the most "feminine." Anglo cultures are moderately masculine. Because of the taboo on sexuality in many cultures, particularly masculine ones, and because of the obvious gender generalizations implied by the Hofstede's terminology, this dimension is often renamed by users of Hofstede's work, e.g. to Quantity of Life vs. Quality of Life.

- d. **Uncertainty avoidance** – reflects the extent to which a society attempts to cope with anxiety by minimizing uncertainty. Cultures that scored high in uncertainty avoidance prefer rules (e.g. about religion and food) and structured circumstances, and employees tend to remain longer with their present employer. Mediterranean cultures and Japan rank the highest in this category. This has a strong influence on entrepreneurship, economic development and also on new product acceptance.
- e. **Long vs. short term orientation** – describes a society's "time horizon," or the importance attached to the future versus the past and present. In long term oriented societies, pragmatism, thrift and perseverance are valued more; in short term oriented societies, normative statements, respect for tradition and reciprocation of gifts and favors are valued more. China and Japan and the Asian tigers score especially high here, with Western nations scoring rather low and many of the less developed nations very low; China scored highest and Pakistan lowest.
- f. **Youth/Age:** To what extent the primary activities of a family will focus on the needs of the children? What role is played by the children in family decisions? Are prestige, rank and important social roles assigned to younger members of the family? These will determine whether the culture is youth oriented. American society is clearly youth oriented.

There is now evidence that the Asian countries are also becoming increasingly youth oriented.

- g. **Extended/Limited Family:** Families have a lifelong effect on all individuals. The rights and obligations of family members vary widely among different cultures. Cultures also differ widely in the obligations one family member owes to other family members at various stages of life. There is wide variation on who is considered as a family member. In the US, the family definition is fairly narrow and it is less important than in many other cultures. Strong obligations are felt for only immediate family members like parents, brothers, sisters and children. This sense of obligation also reduces after one marries. In many other cultures including those in Asia, the role of the family is much stronger. The family definition and the obligations extend to cousins, nieces, nephews, grandparents and even ancestors. In such cultures consumer choices are governed by a focus on family to a significant extent for purchase of even FMCG products, which are commonly shared by family members. Priority of family over self as a value has many implications. There is generally a focus on the needs of the child over those of others. Education and career needs of children are given a lot of importance. Traditional joint families are still seen in India & are a very organized phenomenon as far as household consumption & resource pooling goes.
- h. **Cleanliness:** Is cleanliness an important factor or is it a minor matter? Are homes, offices and public spaces expected to be very clean beyond reasonable health requirements? In the US, a very high value is placed on cleanliness and people from other cultures consider Americans to be paranoid about personal hygiene. On the other extreme, in many cultures like in China, lack of basic hygiene still causes significant health problems.

- i. **Tradition/Change:** Is tradition valued simply for the sake of tradition? How are the consumers embracing change? Are they enthusiastic? These questions have important effects on consumer behaviour. For example, in Britain, three- fourths of the population generally claims to be highly brand loyal compared to only half the population in France and Germany. The British ads hence are more likely to emphasise tradition and history.
- j. **Problem solving or Fatalistic:** People in some cultures are encouraged to react to obstacles and disasters as challenges to be overcome whereas in some other cultures they adopt- “What will be will be” attitude (fatalistic). As consumers also such fatalistic attitude makes them accept any defects in products as something to live with rather than complain.
- k. **Nature and environment:** Some cultures respect and revere nature and environment, whereas some other cultures want to tame and conquer nature. Most of the northern European countries place a high value on environment and hence packaging and other environmental regulations are very stringent in these countries. These attitudes will affect the consumers’ purchase decisions, consumption practices & recycling efforts.
- l. **Active/passive:** Are physically active approaches to work and play considered important or passive lifestyle encouraged? Americans are more prone to engage in action-oriented approach to problems. Japanese on the contrary are quite passive in comparison. This attitude will affect the advertising themes and formats.
- m. **Sensual Gratification / Abstinence:** Some cultures frown upon the desire to pamper oneself, to satisfy one’s desires for food, drink or sex beyond the minimum requirement. Muslim countries are extremely conservative in this value. In contrast Brazilian and European cultures

encourage sensual gratification as something normal. Hence ads with nudity and blatant appeals for sensual gratification may be appealing in some cultures this may in fact be frowned upon in some other cultures.

- n. **Material/Non-material:** There are two types of materialism-
- i. Instrumental Materialism: This is the acquisition of things to enable one to do something. Examples are that of purchase of automobiles for transportation.
 - ii. Terminal Materialism: This is the acquisition of items for the sake of owning the item itself. Just the owning of these items give the pleasure rather than what the item does for them.

There are marked differences in the relative emphasis on these two types of materialisms in different cultures.

- o. **Hard Work/Leisure:** Some cultures value work for itself, independent of external rewards and in some other cultures work is only a means to an end. In many Latin American countries work is considered as a necessary evil whereas in much of Europe work is considered as essential for a full life. Labour saving devices and instant foods have not been very successful in countries like Switzerland for this reason.
- p. **Religious/Secular:** In many cultures many of the daily activities are activities are determined by religious doctrine. U.S is relatively secular. Many Islamic countries and Catholic countries are very much religiously oriented. Understanding the extent and type of religious influences operating in a culture is essential for effectively designing the marketing mix.

➤ **Cultural Variations in Nonverbal communications**

Variations in verbal communications in different cultures are easy to notice and accept because we realize that language is an arbitrary invention. A word can mean what a group will agree that it will mean. Hence many word-

to-word translations can lead ad campaigns to convey a totally unintended meaning, causing a lot of embarrassment. For example, the translation of the word “Enjoy” has sensual connotations in many countries including Russia. Many brand names also have these problems. Ford’s Fiera brand means “terrible, cruel or ugly” in Spanish. However verbal language translations can be taken care of and they do not pose major problems. The problem is that each culture has nonverbal communication systems and these are the arbitrary meanings a culture assigns to actions, events and things other than words. There are seven such nonverbal variables, which are important in influencing non-verbal communication. These are time, space, symbols, friendship, agreements, things and etiquette.

a. Time: The meaning of time varies in two major ways: one is the Time Perspective, which is the culture’s overall orientation towards Time. Most western countries and Australians view time as inescapable, linear and fixed. It is almost like a physical object, which can be scheduled, wasted, lost and so on. This is known as **monochromatic time perspective**. Many Latin Americans and Asians including Indians tend to view time as being less discrete and less subject to scheduling. They view simultaneous involvement in many activities as very natural. People and relationships take priority over schedules and activities occur at their own pace rather than according to predetermined timetable. This is known as **polychromic time perspective**. Marketing activities vary substantially between these two time perspectives. Personal selling and negotiation styles and strategies will have to be different as also the ad campaigns. Contests and sales with deadlines will be more effective in monochromatic perspective cultures.

Specific uses of time have varying meanings in different cultures. Americans are normally well prepared with ready answers and they

normally insist on coming to the point directly and quickly whereas in Japan and Middle East it is exactly the opposite.

Promptness in appointments is considered very important in some countries like USA and Germany. Even a short delay of 5 minutes in such culture is intolerable. In some other cultures keeping up to appointments is an exception rather than a rule.

- b. Space:** The use people make of space is another form of non-verbal communication. In America the bigger the better. The office space is allocated in proportion to the rank of the executive rather than need. Americans tend to personalize their workspace and consider it their own.

Another major use of space is the **Personal Space** It is the nearest that others can come to you in various situations without feeling uncomfortable. In US the normal business conversations occur at distances of 3 to 5 feet and highly personal discussions at 18 inches to 3 feet. In most of Latin America this space is considerable shorter & most Americans feel uncomfortable when the Latin American tries to “enter” his personal space and invariably steps back to create more space. Such non-verbal communication results in Americans considering Latin Americans as pushy and aggressive. The Latin Americans consider the Americans as snobbish, aloof and cold.

- c. Symbols:** If an American baby is wearing a pink dress it is most likely to be female & if it is blue it would be a male. The number four is considered a symbol of death in Japan. In parts of South East Asia light blue is associated with death and mourning. A white carnation flower is a symbol of death in China. The “thumbs up” sign has an offensive meaning in Russia. These are only some examples how each culture has its own non-verbal communication in symbols.

- d. Friendship:** In China friendly relationships are very complex and are described under the concept of “Guanxi”. The rights and obligations imposed by friendship are quite strong in Chinese culture. Americans on the contrary make friends quickly and easily, and drop them also easily. Friendship & business are deeply entwined in most of the world.
- e. Agreements:** Some culture like American rely on excessive and generally highly efficient legal system for ensuring that business obligations are honored and disagreements if any are resolved. Many other cultures depend on friendship and kinship. Local moral principles or informal cultural customs to guide business conduct. Under the American system the wordings of the proposed contract is examined very carefully. In the other cultures like in China, the character of the potential partner is examined very closely. Americans assume that in almost all instances the prices are uniform for all buyers and reasonably close to the going rate. In many Latin American and Asian countries, virtually all the prices are negotiated prior to sale including industrial products and standard price lists are an exception than a rule.
- f. Things:** Different cultures attach different meanings to things including brands. For example, in China a clock is a symbol of funeral and is an inappropriate gift. In China gifts should be presented privately, whereas in Arab countries they should be given in front of others. In Japan small gifts are required to be given in many business situations, whereas in China it is not appropriate.
- g. Etiquette:** This represents generally accepted ways of behaving in social situations. Holding fork and knife in left and right hands is different in USA as compared to many European cultures. Patting a child on the head, crossing one’s legs while sitting, speaking loudly, nodding the head, etc. has different connotations in different cultures. It is hence

important for the sales people to know the culture specific etiquette. Although people understand that etiquette varies from culture to culture, there is still a strong emotional feeling that “our way is natural and right”.

3.3 Subcultures

In sociology and cultural studies, a subculture is a set of people with a set of behaviors and beliefs, culture, which could be distinct or hidden, that differentiate them from the larger culture to which they belong. If the subculture is characterized by a systematic opposition to the dominant culture, then it may be described as a counterculture. It is important to mention that there is a subtle difference between a counterculture and a subculture. A subculture is at least somewhat integrated component of a society, though clearly separated, while a counterculture is actively and openly opposed to many of the characteristics of a society.

Subcultures can be distinctive because of the age, race, ethnicity, class, and/or gender. The qualities that determine a subculture as distinct may be aesthetic, religious, political, sexual or a combination of these factors. Members of a subculture will often signal their membership through a distinctive and symbolic use of style. Style includes fashions and mannerisms.

Therefore, the study of subculture often consists of the study of the symbolism attached to clothing, music and other visible affectations by members of the subculture, and also the ways in which these same symbols are interpreted by members of the dominant culture.

The cultural elements of a society or nation is a composite of two distinct elements -

1. The unique beliefs, values and customs subscribed to by the members of specific sub cultures; and

2. The central or core cultural themes that are shared by most of the population regardless of specific subcultures.

Thus cultures can be subdivided in many ways. One is in terms of regional or geographical sub-segments. For example, the South Indian culture is a sub culture in the overall Indian culture. Similarly Punjabi culture can be a subculture of the North Indian culture. There could be subcultures categorised on the basis of original nationality, race, age, gender, religion, occupation social class, etc. Sub cultural analysis enables the marketers to focus on sizable and natural market segments and these subcultures for relevant units of analysis for market research.

Change in subcultures:

As such it may be difficult to identify subcultures, because their style (particularly clothing and music) may often be adopted by main culture, for commercial purposes, as businesses will often seek to capitalize on the attraction of the subculture in search of new things, which remains valuable in the selling of any product. This process of cultural newness may often result in the evolution of the subculture, as its members adopt new styles, which appear different from main culture. The subcultures may also adapt to the main culture in order to merge with the mainstream.

❖ **Sub cultures in India**

The Indian sub cultures have been commonly believed to be due to environmental, historical and cultural causes. These sub cultures are described as Dravidian South, Indo-Aryan in North, Mixture of Mongoloid with Aryan in Northeast, etc. Many of these factors include:

1. Environmental circumstances like- geography, crops and foods, clothing, housing resource availability, weather, coastal vs. interiors, etc. affecting survival requirements.

2. Historical, cultural, religious, travel, trade, political developments, affecting social norms and practices.

These events and behaviours affecting consumption may be seen conspicuously from the number of festivals and religious norms at one end, to differences in clothing, food and other items of consumption necessitated by the topography. India is a true melting pot of the world in the context of cultural assimilation of religion, norms, values, social codes and social structure. There could be some subcultures out of this melting pot, which can be of interest for the marketers:

- a. **Religious Subcultures:** The modern integrated Indian entity has been in existence only for a few decades and the integrated and homogeneous cultural entity has evolved over nearly two millennia. There has been a change in the fairly uniform Vedic and Dravidian cultures over the centuries. Religions with traditions developed over two millennia are seen to coexist and assumed to interact and influence one another. Yet the norms for each religion's culture are fairly codified and distinct. There also extensions of this like caste and in some cases tribal origins that lead to cultural and social structures, norms of activity, lifestyle, consumption patterns, etc.
- b. **Regional Sub cultures:** India has, in the past millennium, seen more waves of invasion ending in cultural integration and metamorphosis, than any other country in the world. Each region has its own history of such cultural and norm evolving events. The south and east had their own share of independent medieval overseas interactions; but have been relatively more stable having been isolated from the northwestern invasions of India.
- c. **Urban Vs Rural context:** There also exists the quasi-cultural divide and uniquely defining commonality in the urban vs rural context. Cities

have been the first targets of development for centuries. They present a more cosmopolitan and less codified set of norms and habits, compared to rural areas. The rural areas have retained more of the prevailing cultures than the cities. They have also established a socially regulated system of more strictly adhered to norms even for consumption of goods and services. This of course varies from region to region and also depends on the proximity to a city. The presence of TV has been held more responsible for changing social codes for dressing & interaction than any other social movement in the interior villages.

Self Assessment Questions I

1. _____ has been called "the way of life for an entire society."
2. _____ is the process where the culture that is currently established teaches an individual the accepted norms and values of the culture or society in which the individual lives.
3. A _____ is a set of actions, often thought to have symbolic value, performance of which is usually prescribed by a religion or by the traditions of a community.
4. Like _____, the culture is all pervasive and all around each individual at all times.
5. _____ reflects the extent to which a society attempts to cope with anxiety by minimizing uncertainty.
6. A _____ is a set of people with a set of behaviors and beliefs, culture, which could be distinct or hidden, that differentiate them from the larger culture to which they belong.

3.4 Social class

Social class refers to the hierarchical distinctions between individuals or groups, in societies or cultures. It is the relative standing of members of a society so that higher position implies a higher status than those in the lower class.

Most societies, particularly nation states, seem to have some definition of social class. Where social classes do exist, the factors that determine class vary widely from one society to another. Even within a society, different people or groups may have very different ideas about what makes one "high" or "low" in the social hierarchy. The most basic class distinction between the two groups is between the powerful and the powerless. Social classes with more power usually subordinate classes with less power, while attempting to cement their own power positions in society. Social classes with a great deal of power are usually viewed as elites, at least within their own societies.

In the simplest societies, power/class hierarchies may or may not exist. In societies where they do exist, power may be linked to physical strength, and therefore age, gender, and physical health are common delineators of class. However, spiritual charisma and religious vision can be at least as important. Also, because different livelihoods are so closely intertwined in simple societies, morality often ensures that the old, the young, the weak, and the sick maintain a relatively equal standard of living despite low class.

In so-called non-stratified societies or acephalous societies, there is no concept of social class, power, or hierarchy beyond temporary or limited social statuses. In such societies, every individual has a roughly equal social standing in most situations.

- **Factors affecting Social Class**

In societies where classes exist, one's class is determined largely by:

- a. Occupation
- b. Education and qualifications
- c. Income- personal, household and per capita
- d. Wealth or net worth, including the ownership of land, property, means of production, etc.

Income and wealth are important factors in determining a person's social class; but they are not the only determinants. Social class also depends considerably on one's education and occupation so that, despite relatively low income, a highly educated person or a person in a prestigious occupation, may be accorded a higher social class and vice versa.

▪ **Characteristics of Social Class:**

Some of the characteristics of social class are listed here:

- a. **Rank Ordering:** Social classes are ranked in terms of social prestige.
- b. **Relative Permanence:** A person's social class does not change from day to day or even from year to year & it is relatively permanent.
- c. **Intergenerational mobility:** A person is likely to move out of the social class of his or her birth, into a higher or lower class by acquiring the values, resources and behaviours of the new class.
- d. **Internal Homogeneity:** Within each social class, they are homogeneous. Persons belonging to the same social class tend to be similar in terms of the types of occupations, the kind of neighborhoods they live in, their food habits, socializing patterns, etc.
- e. **Distinct from income:** Though income is an important determinant of social class, there is no one-to-one correspondence between the two. Social class depends equally on other factors like education, occupation, personal tastes, etc. and it is not uncommon for a person of relatively middle income to be of upper social class and a person with high income

may be in a lower stratum of social class. For example, many teachers and priests, who may not have high income, may command significantly higher prestige and status.

▪ **Manifestations of Social Class**

Those who can attain a position of power in a society will often adopt distinctive lifestyles to emphasize their prestige and to further rank themselves within the powerful class. Often the adoption of these stylistic traits are as important as one's wealth in determining class status, at least at the higher levels:

- a. Costume and grooming
- b. Manners and cultural refinement. For example, French sociologist Bourdieu suggests a notion of high and low classes with a distinction between bourgeois (high status) tastes and sensitivities and the working class tastes and sensitivities.
- c. Political standing vis-à-vis the church, government, and/or social clubs, as well as the use of honorary titles.
- d. Reputation of honor or disgrace
- e. Language, the distinction between elaborate code, which is seen as a criterion for "upper-class", and the restricted code, which is associated with "lower classes".

Finally, fluid notions such as race/ethnic origin/caste can have widely varying degrees of influence on class standing. Having characteristics of a particular ethnic group may improve one's class status in many societies. However, what is considered "racially superior" in one society can often be exactly the opposite in another. In situations where such factors are an issue, a minority ethnicity has often been hidden, or discreetly ignored if the person in question has otherwise attained the requirements to be of a higher class. Ethnicity is still often the single most overarching issue of class status

in some societies (like apartheid, the Caste system in India, and the Japanese Burakumin ethnic minority). However, a distinction should be made between causation and correlation when it comes to race and class. Some societies have a high correlation between particular classes and race, but this is not necessarily an indication that race is a factor in the determination of class.

▪ **Some Examples**

- a. Indian Caste System:** The Indian caste system is one of the oldest and most important systems of social class with peculiar rigidity (in the sense that it lacks upward or downward mobility between castes). It differs from Varnashrama Dharma found in Hinduism, which allowed people born into a certain Varna to move upward or downwards depending on their qualification. It divided society based on skill and qualifications. Briefly, the Brahmin Varna was idealized as a leisurely priest class devoted to religious ceremonies, while the Kshatriya defended them as military princes. The Vaishya Varna artisans, farmers, represented the modern concept of the middle class and merchants and the lower Varna were the Shudra laborers. Within this basic framework were arranged a huge number of jatis, or subcastes. Despite being notorious for its rigidity, it should be recognised not as a religious system (as Varnashrama Dharma prescribed in Hinduism), but a social system, which evolved from Varnashrama Dharma.
- b. Chinese Society:** Traditional Chinese society divided workers based on the perceived usefulness of their work. Scholars ranked the highest because the opportunity to conceive clear ideas in a state of leisure would lead them to wise laws. Under them were the farmers, who produced necessary food, and the artisans who produced useful objects. Merchants ranked at the bottom because they not actually produce anything, while soldiers were sometimes ranked even lower due to their

destructiveness. The Confucian model is notably different from the modern Eurocentric view of social class, since merchants could attain great wealth without reaching the social status accorded to a poor farmer. In truth, a rich merchant might purchase land to reach farmer status, or even buy a good education for his heirs in the hopes that they would attain scholar status and go into the imperial civil service. The Chinese model was widely disseminated throughout East Asia.

- c. Japanese System:** The Japanese class structure, while influenced by the Chinese, was based on a much more feudal environment. The Emperor, as a deity, was unquestionably at the pinnacle of the Japanese class structure (and still is, despite no longer being considered a god). However, for most of Japanese history the emperor was not allowed outside the palace grounds and his will was "interpreted" by a shogun, or military dictator. Beneath the shogun, daimyos, or regional lords, administered the provinces through their samurai lieutenants. Perhaps through Chinese influences, and perhaps springing from a lack of arable land, the Japanese class structure also ranked farmers above merchants and other higher-class people.

3.5 Life styles

In **sociology** a lifestyle is the way a person lives. This includes patterns of social relations, consumption, entertainment, and dress. A lifestyle typically also reflects an individual's attitudes, values or worldview. Having a specific "lifestyle" means engaging in a characteristic bundle of behaviors that makes sense to both others and the self in different times and places. Therefore, a lifestyle can be used to forge a sense of self-identity and to create cultural symbols for the way a person is. The behaviors and practices within lifestyles are a mixture of habits, conventional ways of doing things, and reasoned actions.

In **business**, "Lifestyles" provide a means of targeting consumers as advertisers and marketers endeavor to match consumer aspirations with products. Lifestyles refer to patterns in which, people live spend time and money. These patterns reflect by demographical factors (the habits, attitudes, tastes, moral standards, economic level and so on... that together constitute the mode of living of an individual or group); that include things such as the individual's activities in addition to their interests. As a construct that helps consumers interact with their worlds, lifestyles are a subject to change every time. Consumer behaviour research uses lifestyle data to determine which consumers by products.

The term "lifestyle" first appeared in 1939. Alvin Toffler predicted an explosion of lifestyles ("subcultures") as diversity increases in post-industrial societies. Pre-modern societies did not require a term approaching sub-culture or "lifestyle", as different ways of living were expressed as entirely different cultures, religions, ethnicities or by an oppressed minority racial group. As such the minority culture was always seen as alien or other. "Lifestyles", by comparison, are accepted or partially accepted differences within the majority culture or group. This tolerance of differentiation within a majority culture seems to be associated with modernity and capitalism.

❖ **Values and Lifestyles (VALS)**

VALS is an acronym for Values and Lifestyles, a study undertaken by Arnold Mitchell at SRI in the 1970s to understand the changing habits and lifestyles of US consumers. VALS is based on personality research into specific components of social behavior. VALS asserts that people express their personalities through their behaviors. People with different personalities engage in different behaviors or exhibit similar behaviors for different reasons & fall into one of several categories of individuals in modern society as defined from answers to Values and Lifestyles (VALS) surveys as conducted in the late 1970s to early 1980s by SRI (Stanford Research

Institute), now SRI International. VALS places U.S. adult consumers into one of eight segments based on their responses to the VALS questionnaire.

Descriptions of these VALS types are as under:

- a. **Innovators:** These are successful, sophisticated, active, take-charge people with high self-esteem and abundant resources. They are interested in growth, innovation and change. They are the leaders in business and government.
- b. **Thinkers:** These are mature, satisfied, comfortable, reflective people who value order, knowledge and responsibility. They are well educated and are in professional occupations. They are content with their career, families and station in life.
- c. **Achievers:** They are successful career and work oriented people who like to feel in control of their lives. Their social lives are structured around their family, church and career. They live conventional lives and are politically conservative, respect authority and status quo.
- d. **Experiencers:** These are young, enthusiastic, impulsive and rebellious. They seek variety and excitement. They are politically uncommitted and uninformed. Their energy finds an outlet in exercise, sports, outdoor recreation and social activities. They spend much of their income on clothing, fast food, music, movies and video.
- e. **Believers:** They are conservative, conventional people with commitment to family, church, community and the nation. Living by a moral code is very important to them. They favour established brands. Their income, education and energy are modest, but sufficient for their lifestyles.
- f. **Strivers:** They seek motivation, self-definition and approval from the world around them. Unsure of themselves, low on economic, social and psychological resources, they are concerned about opinions and approval of others. Many of them seek to be stylish. They emulate those

who own more impressive possessions; but what they wish to obtain is often beyond their reach. They often feel that life has given them a raw deal.

- g. **Makers:** They are practical people who have constructive skills. They live within the traditional context of family, practical work and physical recreation. They experience the world by working on it- like building a house, raising children, repairing a car, etc. They have enough skill, income and energy to carry out their projects successfully. They are not impressed by material possessions other than those of practical and functional purpose.
- h. **Survivors:** They tend to be chronically poor, uneducated, low skilled, elderly and concerned about their health. They are always preoccupied about their urgent needs of the present moment. Their chief concerns are safety and security. They represent a very modest market for most products and services.

3.6 Influence of Group on Consumer Behaviour

➤ Social group

A **Social group** is usually defined as a collection of persons, who share certain characteristics, interact with one another, accept expectations and obligations as members of the group, and share a common identity. Using this definition, society can appear as a large group. While an aggregate comprises merely a number of individuals, a group in sociology exhibits cohesiveness to a larger degree. Characteristics that members in the group may share include interests, values, ethnic/linguistic background, and kinship ties. Social groups also include institutions, which are more permanent groups with pervasive and universal presence in society, such as schools, religions and the family.

Institutions are structures and mechanisms of social order and cooperation governing the behavior of two or more individuals. Institutions are identified with a social purpose and permanence, transcending individual human lives and intentions, and with the making and enforcing of rules governing cooperative human behavior. The term, institution, is commonly applied to customs and behavior patterns important to a society, as well as to particular formal organizations of government and public service.

A **Reference Group** is a group whose presumed perspectives or values are being used by an individual as the basis for his or her current behaviour. In other words, a reference group is simply a group that an individual uses as a guide for behaviour in a specific situation.

All individuals belong to a number of different groups and also aspire to belong to some other groups. When a person is actively involved in a particular group it generally functions as a reference group. As the situation changes the base of such behaviour may shift to an entirely different group, which then becomes the new reference group. Although an individual may belong to a number of groups, he/she normally uses only one group as the primary reference group in any given situation.

➤ **Classification of Groups**

Groups can be classified according to three classification criteria: a. membership, b. type of contact and c. attraction.

a. Nature of Membership: This refers to whether the membership is real or symbolic. **Membership groups** are those wherein the head or leader of the group as also the key members of the group recognise the membership of the individual who claims membership of this group. In **symbolic groups**, there is no provision or procedure for granting membership and the group leader or the key members may even deny membership for the individual. However the individual regards himself as

a member of this group by unobtrusively adopting to the group norms & values & identifies himself with the group. Example of membership groups are- family, YMCA, Work Organisations, Rotary Club, Lions Club, etc. Examples of symbolic groups are groups who emulate their heroes in movies, or celebrities, Fortune 500 Companies, etc.

b. Frequency of Contact: This refers to how much interpersonal contact the groups have with each other. As the group size increases the interpersonal contact frequency tends to decrease. Depending on this characteristic, there are two categories of groups-

1. **Primary groups**-These are characterized by frequent interpersonal contact. The members of primary groups consider the opinion or norms of the entire group as important to follow. The examples are- family, work organisations, business associations, etc.
2. **Secondary groups**- Members in secondary groups have limited interpersonal contact. The norms of secondary groups are considered as less binding or obligatory. Examples are- distant relatives, occupational groups like doctors, lawyers, accountants, theatre artists, etc.
3. **Degree of Formality:** Based on this there are two classifications. In a formal **group** conduct and behaviour are highly codified. Examples are- School/college, workplace, religious groups, prison, etc. In **informal groups**, there are very few explicit rules about the group behaviour. The examples are- friendship groups, volunteer groups, community groups, family, relatives, etc.
4. **Freedom of Choice:** In this also there are two categories- Choice groups and ascribed or assigned groups. **Choice groups** are those, where the individuals voluntarily choose to join. The examples are- friendship groups, community groups, volunteer groups, etc. The

ascribed or assigned groups are those wherein the membership is automatic for someone who has the characteristic that defines the group. The examples are- family, relatives, religious groups, prison, etc.

3.7 Reference groups and Consumer Behaviour

From a marketing perspective reference groups are groups that serve as frames of reference for individuals in their purchase or consumption decisions. This concept is very useful and relevant because there is no restriction on group size or membership nor is there any requirement that the individuals identify with a tangible group.

Reference groups that influence general or broadly defined values or behaviour are called as **Normative Reference Groups**. A child's normative reference group is the immediate family, which plays an important role in molding the child's general consumer values and behaviour. For example, the child will learn which foods to select for good nutrition, which are the appropriate dresses for which occasion, how and where to shop for which product, etc.

Reference groups that serve as benchmarks for specific narrowly defined behaviour are called as **Comparative Reference Groups**. This could be a neighboring family whose lifestyle appears to be worthy of imitation in certain aspects like the maintenance of their garden, choice of home furnishings, types of vacations taken by them, etc.

Both normative and comparative reference groups have significant influence on every individual. Normative groups influence the basic code of conduct whereas the comparative groups influence the specific consumer attitudes and behaviour. It is likely that these specific attitudes are dependant on the

basic values & behaviour patterns established in the person's early development by the normative reference groups.

We can also add a third group of reference groups here- **Indirect Reference groups** which consist of those individuals or groups with whom a person does not have a direct face to face contact, such as movie stars, sports heroes, political leaders, TV personalities, etc.

➤ **Factors that affect Reference Group Influence**

The amounts of influence the reference groups have on an individual depend on the nature of the individual and the product and also certain social factors. Some of these factors are discussed here:

- a. **Information and Experience:** A consumer with first hand experience with a product or service, or the one who is capable of getting the information easily about the product or service is less likely to be influenced by any advice or example of others. On the other hand the consumer who has little or no experience or the one who has no access to reliable & objective information on the product or service is more likely to seek out the advice or example of others.
- b. **Credibility, Attractiveness and Power of the Reference Group:** When a consumer is concerned with obtaining the accurate information about the product quality or performance, he is likely to get influenced by someone whom he/she considers as trustworthy and knowledgeable. Thus high **credibility** in the reference group is likely to influence the consumer more effectively. When a consumer is primarily concerned with the acceptance or approval of the person or group they like, or with whom they identify or those who offer them some status or benefits, they are likely to adopt their product due to the **attraction**. When a consumer is primarily concerned with the **power** that a person or group can exert over him/her, the choice of product may be the one which conforms to

the norms of the person or the group in order to avoid ridicule or punishment. However unlike the groups, which affect the consumer due to their credibility or attractiveness, the power groups are unlikely to change the attitude of the consumer. Different reference groups may affect a consumer's beliefs, attitudes and behaviour at different points of time or under different circumstances. For example the dress habit of a male may vary depending on the place and role. He may wear conservative business suits in his work place while he may wear trendy and fashionable dresses in a party with friends.

- c. **Conspicuousness of the Product:** The influence of the reference group on a purchase decision of a consumer varies according to how visually or verbally conspicuous the product is to others. A **visually conspicuous product** will be the one, which stands out and be noticed (such as a car or a fashionable dress or jewellery); a **verbally conspicuous product** is the one, which may be highly interesting, or it may be easily described to others (like a vacation in an expensive location). Products, which are consumed conspicuously and status revealing are likely to be purchased with an eye to the reactions of the reference group. Privately consumed products like detergents, shampoos, etc., which are less conspicuous, are unlikely to be purchased with the reference group in mind.
- d. **Reference Groups and Consumer Conformity:** There are different objectives of different marketers in utilizing the influence of the reference groups. The market leaders are normally interested in the ability of the reference groups to change consumer attitudes and behaviour, by encouraging **consumer conformity**. In contrast marketers who are responsible for a new brand or a brand, which is not the market leader, may wish to devise a strategy, which persuades consumers to be different and not just follow the crowd when making purchase decisions.

This is called **non- conformity** appeal. In reality this non-conformity appeal can be thought of as an attempt to shift the consumer's reference from one group (Brand A users) to another (non brand A users or Brand B users).

➤ **Consumer Related Reference Groups**

Consumers are influenced by a number of different types of groups that they come in contact with or those they may observe. There are five specific groups, which are quite representative of the different sets of such groups other than the family. The family is possibly the most compelling reference group for consumer behaviour and will be covered in the next section. The other five groups are: a. Friendship Groups, b. Shopping Groups, c. Work Groups, d. Virtual Groups of Communities and e. Consumer Action groups.

- a. **Friendship Groups:** These are typically classified as informal groups since they are usually unstructured & lack specific authority levels. In terms of relative influence, the friendship groups are the most influential after the family on the behaviour of a consumer. Seeking & maintaining friendship is a basic drive for most individuals. Friends provide companionship, security and opportunity to discuss several problems, which an individual may be reluctant to discuss with the family members. Friendship is also a sign of maturity and independence, since this represents the breaking away from the family and forming social ties with the outside world. The opinions and preferences of friends are thus an important influence on the consumer in purchase decisions. Marketers of many products recognise this power and frequently depict friendship situations in their ads.
- b. **Shopping Groups:** two or more persons who shop together for any products or services or just to pass time can be called a shopping group. Such groups are often the offshoots of family or friendship groups and

they are often referred to as purchase pals. The motivation for shopping with a purchase pal may be just to share time together & enjoy the company or it may be for helping to reduce the risk when making an important decision. Or it may just be a defensive process feeling confident in a collective decision. Many marketers follow what is known as in-home shopping party, which typically consists of a group that gathers in a home of a friend to attend the “Party” devoted to demonstrating & evaluating some specific products. This provides an opportunity for the marketers to demonstrate the features of their products simultaneously to a group of potential customers. Given the spirit & excitement of such parties Tupperware generates a substantial portion of its business from such consumer parties.

- c. **Work Groups:** Consumer behaviour gets influenced by, both the formal work group and also the informal friendship-work group. The **formal work group** consists of individuals who work together as part of a team & spend a lot of time together. Hence they influence each other's consumption related attitudes and actions. Informal **friendship-work groups** consist of people who have become friends as a result of working in the same firm. Recognizing that many marketers who were directing their sales people to visit homes is now directing them to make sales calls to offices during lunch breaks.
- d. **Virtual Groups or Communities:** A virtual community, e-community or online community is a group of people that primarily interact via some form of mechanism such as letters, telephone, email or internet rather than face to face. If the mechanism is a computer network, it is called an online community. Virtual and online communities have also become a supplemental form of communication between people who know each other primarily in real life. There are many virtual communities on the internet comprising of all age groups & also special interest groups.

One of them is Orkut. Orkut is an Internet social network service run by Google and named after its creator, Google employee Orkut Büyükkökten. It claims to be designed to help users meet new friends and maintain existing relationships. Similar to Friendster and MySpace, Orkut goes a step further by permitting the creation of easy-to-setup simple forums (called "communities") of users. Since October 2006, Orkut has permitted users to create accounts without an invitation. In April 2007, Orkut introduced polls in communities.

- e. **Virtual World:** This is an extension of the virtual communities and one most popular example is that of "second life". Second Life is an Internet-based virtual world launched in 2003, developed by Linden Research, which came to international attention via mainstream news media in late 2006 and early 2007. A downloadable client program called the Second Life Viewer enables its users, called "Residents", to interact with each other through motional avatars, providing an advanced level of a social network service combined with general aspects of a metaverse. Residents can explore, meet other Residents, socialize, participate in individual and group activities, create and trade items (virtual property) and services from one another. The stated goal of Linden Lab is to create a user-defined world of general use in which people can interact, play, do business, and otherwise communicate. Second Life's virtual currency is the Linden Dollar (Linden, or L\$) and is exchangeable for US Dollars in a marketplace consisting of residents, Linden Lab and real life companies.

While Second Life is sometimes referred to as a game, this description is disputed. It does not have points, scores, winners or losers, levels, an end-strategy, or most of the other characteristics of games, though it can be thought of as a game on a more basic level. It is a semi-structured

virtual environment where characters undertake activities for the purpose of personal enjoyment.

In all, more than 8.9 million accounts have been registered, although many are inactive, some Residents have multiple accounts, and there are no reliable figures for actual long-term consistent usage. Despite its prominence, Second Life has notable competitors, including There, Active Worlds, and the more "mature" themed Red Light Center.

- f. **Brand Community:** A brand community is a community formed on the basis of attachment to a product or brand. Recent developments in marketing and in research in consumer behavior result in stressing the connection between brand, individual identity and culture. Among the concepts developed to explain the behavior of consumers, the concept of a brand community focuses on the connections between consumers.

A brand community can be defined as an enduring self-selected group of actors sharing a system of values, standards and representations (a culture) and recognizing bonds of membership with each other and with the whole. Brands, which are used as examples of brand communities, include Apple Inc. (Newton, Macintosh, and iPod), Ford Bronco, Jeep, Lego, Harley Davidson and Royal Enfield motorcycles, Saab, Saturn automobiles and Subaru. Brand communities are characterized in shared consciousness, rituals and traditions, and a sense of moral responsibility.

- g. **Consumer Action Groups/Consumer Organisations:** Consumer organizations are advocacy groups that seek to protect people from corporate abuse. Unsafe products, predatory lending, false advertising and pollution are all examples of corporate abuse. Consumer organizations may operate via protests, campaigning or lobbying. They may engage in single-issue advocacy (e.g., the British Campaign for

Real Ale (CAMRA), which campaigned with great success against keg beer and for cask ale), or set themselves up as consumer watchdogs such as the Consumers' Association in the UK.

One common method is the independent comparative survey or test of a particular type of product or service, involving different manufacturers or companies. Another arena where consumer organizations have operated is food safety. The needs for campaigning in this area are less easy to reconcile with their traditional methods, since the scientific, dietary or medical evidence is normally more complex than in other arenas, such as the electric safety of white goods. Past lobbying by consumer groups has in part shaped the current standards on mandatory labeling, in developed countries. The aim of consumer organizations may be to establish and to attempt to enforce consumer rights. Effective work has also been done, however, simply by using the threat of bad publicity to keep companies' focus on the consumers' point of view.

➤ **Reference Group Appeals:**

Appeals by celebrities and other similar reference groups are used very effectively by ad agencies to communicate & influence their target consumers. There are many such types of group appeals, which are commonly used by marketers and some of them are: a. Celebrity Appeals, b. Expert Appeals, c. Common Man Appeals, d. Executive and Employee Appeals, e. Trade or Spokes-characters Appeals.

- a. **Celebrity Appeals:** Celebrities like movie stars, TV personalities, sports heroes, etc. are commonly used types of reference group appeal. For many consumers, celebrities represent an idealization of life that many of them imagine that they would love to live. One advantage of celebrity endorsers is that famous people definitely hold the viewer's attention.

There are four types of celebrity appeals used by marketers:

- i. **Testimonial:** Based on personal usage, the celebrity attests to the quality of the product or service.
- ii. **Endorsement:** Celebrity lends his or her name and appears on behalf of a brand with which he or she may not be an expert.
- iii. **Actor:** Celebrity presents a product or service as part of a character in the ad story.
- iv. **Spokesperson:** Celebrity represents the brand or company over an extended period of time. These are also known as Brand Ambassadors.

Celebrity credibility with the consumer target is the most important element for the success of this strategy. Celebrity credibility means both the celebrity's expertise and trustworthiness. For example, when a celebrity endorses a single brand the consumers are likely to perceive this brand in a highly favourable light and get influenced for a greater intention to purchase it. In contrast if the celebrity endorses a number of brands, his or her perceived credibility gets reduced because of the apparent economic motivation underlying the celebrity's endorsement. Marketers also fear that if the celebrity endorsing their brand gets a negative publicity for any reason like some scandal, downfall in their celebrity status, etc. this will negatively impact the sale of the brand.

- b. **Expert:** a real expert, who because of his or her occupation, special training or expertise, is in a unique position to help the prospective consumer to evaluate the brand in comparison with competitor brands, will do this type of reference group appeal. For example an ad for kitchen equipment may feature a famous chef.
- c. **Common Man:** This approach uses the testimonials of satisfied customers. The advantage of the common man appeal is that it

demonstrates to prospective customers that someone just like them uses and is satisfied with the brand. Many TV ads show a typical person or family solving a problem by using the advertised brand. These commercials are known as 'slice of life' ads because they focus on real life situations with which the viewer can identify.

- d. **The Executive and Employee Spokesperson:** Many companies use their top executives as spokespersons in consumer ads. It helps if such executives are well known. Like celebrities, the executive spokesperson seems to be admired by consumers because of their achievements and the status implicitly conferred on business leaders.
- e. **Trade or Spokes-characters:** Familiar cartoon characters like Ninja Turtles, Mickey Mouse, R.K.Laxman's Common Man etc. and trade or spokes-characters like the one in Amul ads serve as quasi-celebrity endorsers.

3.8 Family

Family is used to denote a domestic group of people, or a number of domestic groups linked through descent (demonstrated or stipulated) from a common ancestor, marriage or adoption. A family may be defined specifically as a group of people affiliated by consanguinity, affinity, and co-residence. Although the concept of consanguinity originally referred to relations by blood, the notion of "blood" must be understood metaphorically.

1. Classification of families

Families worldwide can be classified into four types: a. Authoritarian Families, b. Neglectful Families, c. Democratic Families and d. Permissive Families.

- a. **Authoritarian Families:** The head of such families exercises strict authority on children and children learn to obey their elders in all matters. Although culture of obedience is considered as a virtue especially in Asian families, it does curb individuality among children and consequently their influence on family buying decisions.
 - b. **Neglectful Families:** In such families, parents will be distant from their children and these children are neglected, because of the priority given by the parents for their own individual affairs. Single parent families invariably have this problem, because of the time pressure on the single parent. Children exercise no influence on their parent's purchases in such families and are able to exercise relative autonomy in their own purchases if they are given the resources.
 - c. **Democratic Families:** Every member in such families is given equal choice. Most family matters are discussed among family members, especially those who would be affected by the decisions. The final decision could be a joint one or it could be exercised by the family head. Children are encouraged to develop self-expression, autonomy and mature behaviour in such families. Children share influence in decision making with other members of the family.
 - d. **Permissive Families:** In such families the children are given a lot of independence in conducting their own affairs, especially in their adolescent years. Unlike the neglectful parents, permissive parents watch children's interests and then exercise freedom.
2. **Intergenerational Influence (IGI)**
This refers to the transmission of values, attitudes and behaviours from one generation to another. Such transfer of values has been found to be significant in some of the market studies. This transfer is likely to take place in two directions: a. Forward and b. Reverse

- a. **Forward Influence:** This transfer of influence is from parents to the children. This typically happens when children are young and live with their parents.
- b. **Reverse Influence:** The reverse influence is from children to parents. This begins to occur when the children grow up and are exposed to new knowledge and to new role models. Consequently they begin to depend less on their parents as role models or for guidance and begin to carve out their own individual identity. This can occur due to two reasons:
 - i. One when the children acquire greater knowledge and expertise than their parents in some products, which is acknowledged by the parents.
 - ii. The second reason is called democratic justice wherein each family member is given equal opportunity in voicing his or her opinions in family decisions. This happens more so in purchase of common assets like car, furniture, etc. and also for products exclusively used by the children.
- c. **Family Characteristics which influence IGI:** Forward and reverse IGI are influenced by family relationship and relative expertise across generations. **Family Relationship** refers to the respect and trust between the parents and the children and also the harmony of relations and communications among them in all areas of life; not just purchase decisions.

Relative Expertise is the acknowledgement by the children that the parents possess expertise about the products or services in case of forward IGI and for reverse IGI the acknowledgement of parents about the expertise of their children.

Self Assessment Questions II

I State whether the following statements are true or false:

1. Social class refers to the hierarchical distinctions between individuals or groups in societies or cultures.
2. Though income is an important determinant of social class, there is no one-to-one correspondence between the two.
3. Members in primary groups have limited interpersonal contact.
4. Most of the northern European countries place a high value on environment and hence packaging and other environmental regulations are very stringent in these countries.
5. Two or more persons who shop together for any products or services or just to pass time can be called a work group.
6. Intergenerational Influence refers to the transmission of values, attitudes and behaviours from one generation to another.

II. What do you understand by inter generational influence?

3.9 Summary

In this unit, we have learnt about Cultures, Subcultures, Social class and different types of groups, which have their influence on consumer behaviour. We have also understood the process of Enculturation and acculturation, Elements of Culture and Characteristics of Culture. You also studied variations in Cultural values, dimensions of Cross- Cultural Values, cultural Variations in Nonverbal Communications, Subcultures, and change in subcultures and also Sub cultures in India. We also studied the meaning of Social class, factors affecting Social Class, characteristics of Social Class and manifestations of Social Class with some examples. We also learnt about the influence of various groups on Consumer Behaviour including a study of social groups, classification of Groups, Reference groups and

Consumer Behaviour, factors that affect Reference Group Influence, consumer Related Reference Groups, reference Group Appeals. We also studied about the concept of Family, classification of families and Intergenerational Influence (IGI).

3.10 Terminal Questions

1. Explain the concepts of enculturation and acculturation.
2. Describe some of the characteristics of culture.
3. What are the different dimensions of cross-cultural values?
4. Explain some of the cultural variations in non-verbal communications.
5. Describe some of the sub cultures in India.
6. Explain some of the factors, which influence reference group influence.

3.11 Answers to SAQs and TQs

SAQ I

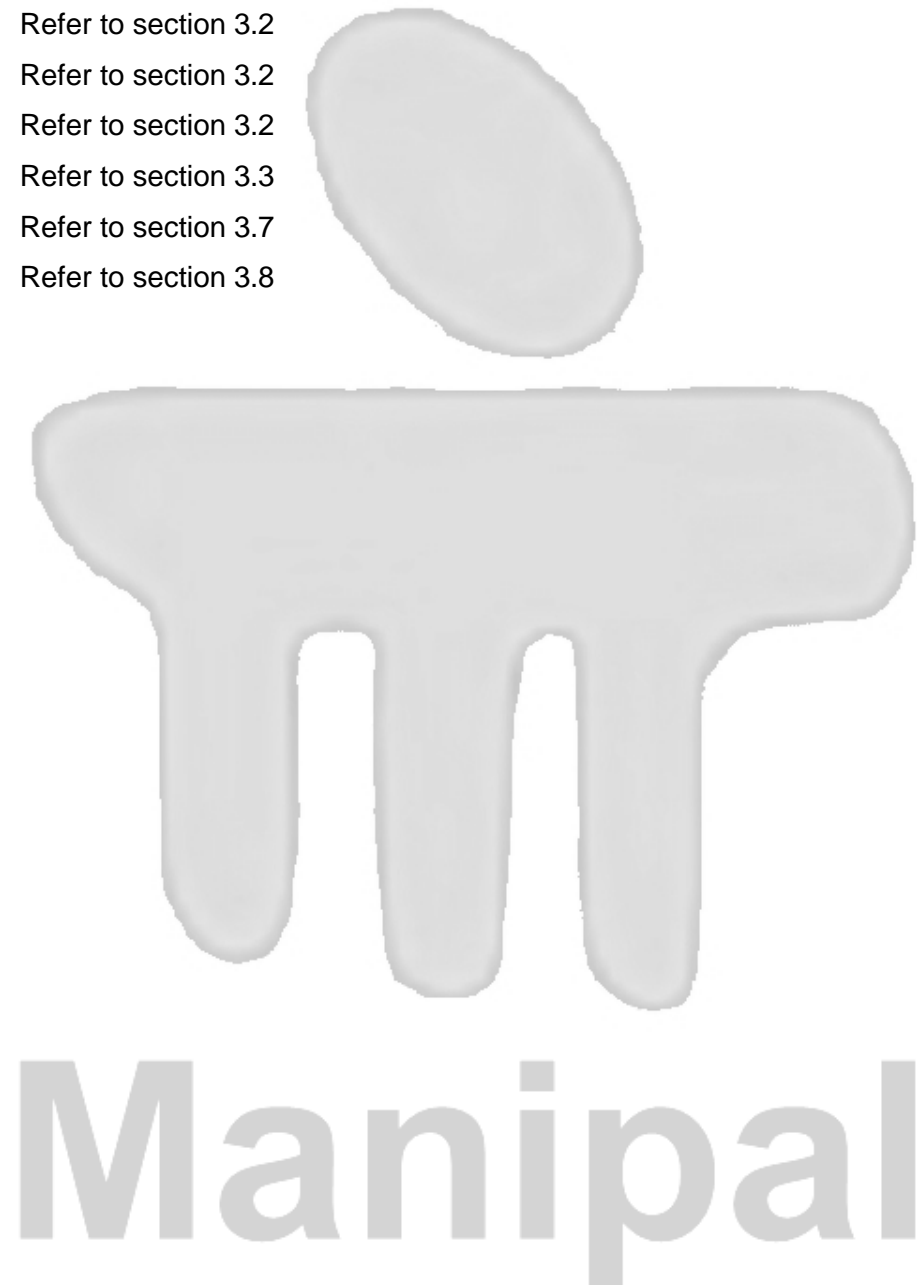
1. Culture
2. Enculturation
3. Ritual
4. Environment
5. Uncertainty avoidance
6. Subculture

SAQ II

1. True
2. True
3. False
4. True
5. False
6. True

TQ

1. Refer to section 3.2
2. Refer to section 3.2
3. Refer to section 3.2
4. Refer to section 3.2
5. Refer to section 3.3
6. Refer to section 3.7
7. Refer to section 3.8



Unit 4

Perception & Learning

Structure

- 4.1 Introduction
 - Objectives
- 4.2 Perception
- 4.3 Steps in the Perception Process
- 4.4 Factors affecting Perception
- 4.5 Selection in Perceptual Process
- 4.6 Thresholds in the Perceptual Process
 - Self Assessment Questions I
- 4.7 Perceptual Organisation
- 4.8 Perceptual Interpretation
- 4.9 Perceptual process and Marketing Strategy
- 4.10 Learning
- 4.11 Theories of Learning
- 4.12 Characteristics of learning
- 4.13 Psychology of Simplification and Complication
 - Self Assessment Questions II
- 4.14 Summary
- 4.15 Terminal Questions
- 4.16 Answers to SAQs and TQs

4.1 Introduction

Process of Perception and Learning in an individual, are important factors for analyzing consumer behaviour. Sensations, Organisation, interpretation etc. are important steps in the process of perception. Similarly, Motivation, cues, response and reinforcement are the elements of Learning. This

chapter deals with these factors in detail and then relates them with consumer behaviour.

Objectives

After studying this unit you should be able to:

- Know the meaning and definition of Perception and Learning Processes.
- Explain the factors affecting perception and learning.
- Understand how these processes are important for understanding Consumer Behaviour.

4.2 Perception

Perception is the process of acquiring, interpreting, selecting, and organizing sensory information. This has been defined as the process by which an individual selects, organizes and interprets stimuli received from the environment into meaningful and coherent picture. This process is a highly individual process and two persons who are exposed to identical stimuli, can perceive them totally differently based on each person's needs, values and expectations. The influence of each such variable on the process of perception and its relevance to marketing will be discussed in this unit.

4.3 Steps in the Perception Process

There are three steps in the process of perception- Sensation, Organisation and Interpretation.

Sensation:

Sensation is the immediate and direct response of the sensory organs to the stimuli. *A stimulus is any unit of input to any of the five senses- seeing, hearing, smelling, touching and tasting. Sensory receptors are the five human organs (the eyes, ears, nose, skin and mouth). A consumer uses all of these functions, either singly or in combination in the evaluation and use*

of most consumer products. Sensitivity refers to the experience of sensation. Sensitivity to stimuli depends on the quality of the receptive organs of each person and also the intensity of the stimuli to which this person is exposed.

For example a blind person may have an increased level of hearing sensitivity and hence can probably hear much more than another average sighted person. Sensation also depends on the energy change in the environment in which the person receives the stimulus. For example the person living near a railway line for a long time may get so much used to the noise of the train movements that he may not even perceive the train movement although it may produce a loud noise. Similarly fishermen used to the smell of fish all the time may not even perceive the fish smell in the market.

Organisation

A person will always categorise the sensed stimulus by categorizing it with similar object categories in the person's memory. People do not experience the numerous stimuli they select from the environment as separate & discrete sensations. They tend to organize them into groups & perceive them as unified objects. For example, the sensation of eating a pizza will generate perceptions in the mind of the consumer, who identifies all the ingredients of sensation like taste, smell, touch, etc., compares these perceptions with his earlier memories & then classifies it as a specific type similar to or different from the pizzas he has eaten earlier.

Interpretation

This is the final step of attaching meaning to the stimulus forming an impression as to whether it is an object of liking, and of what value this object could be of. The interpretation of stimuli is also uniquely individual, since it is based on what individuals will expect in the light of their previous

experience, on the number of alternative explanations they can think of and also the motives and interest at the time of perception. In the case of the Pizza example as above, at this stage the consumer judges whether the pizza tastes good and whether it is better or worse than the earlier experience.

4.4 Factors affecting Perception

There are three factors, which affect the perception of any stimulus- Stimulus Characteristics, Context and Consumer Characteristics.

Stimulus Characteristics

These characteristics comprise of the nature of information from the environment like products, brands, shops, marketing people, friends, family, etc. Consumers perceive a stimulus differently depending on its characteristics. Both sensory characteristics and the stimulus content will affect such perception. The characteristic is considered as sensory if it stimulates one or more of the sensory organs. Strong sensory characteristics like bright colours, loud noise, strong smells, etc. attract more attention. Getting attention is important because the customer faces a large number of advertisements in his daily life and the marketer has to attract attention of the customer in this clutter. Incorporating new elements in advertisements, attractive packaging designs, point of purchase displays, etc will have to consider this aspect.

Sensory elements like unity of product design (how all the elements of the design are unified as though they belong together) and how they blend with the typical design of the product category will determine the consumers' aesthetic response. This has an important influence on the product preference. This is the reason many marketers spend huge amounts to

ensure that their products are properly designed, so that the consumers have a good aesthetic response.

The other characteristic of a stimulus that shapes perception, is its information content. After an advertisement has achieved the sensory perception objectives, the information content becomes important. This helps the consumer in organisation and interpretation. At this stage the important product features and the benefits for the consumer have to be communicated. This is most important especially for industrial products and hence, such marketers consider information content as a key element by which they can differentiate themselves and create customer loyalty.

Context

This is the setting in which the stimulus is received. While perceiving the stimulus, the consumers are influenced by the environment in which they receive this stimulus. *This includes social, cultural and organisational contexts.* This has been proven in many blind taste studies of beer taste. Most consumers associate the taste with the brand name and even when the bottle of their brand contains some other beer they tend to pick their favourite brand label as tasty. The taste perception is influenced by the context the brand name provides.

Consumer Characteristics

Consumer characteristics affect the perception especially when they have some prior experience with the stimuli. Such previous knowledge and feelings become expectations i.e. they start believing what this stimulus will result in. The consumer will then end up seeing what he expects to see. The consumer who goes to a restaurant about which he has heard excellent recommendations will end up liking the restaurant much more than another consumer who might have heard criticisms about the same restaurant. The

principle underlying this is that, the expectations bias the perception process of an individual.

4.5 Selection in Perceptual Process

Each individual in today's world gets a huge amount of information every day and it is essential for being selective at each step of the perception process. They ignore some stimuli & some interpretation of stimuli. There are four processes by which the individual manages this selection- selective exposure, selective attention, selective interpretation and selective blocking.

Selective Exposure

A customer is exposed to a large number of marketing communications every day and only a few of these communications achieve actual exposure, depending on the needs and interests of the consumer at that point of time. Consumers look out for some selected advertisements, some selected shelf displays in a store, listen to some sales people depending on what they are planning to purchase. Consumers not interested in a product will totally skip the advertisements of such products. This selective exposure is also known as gate keeping. Consumers are becoming more and more selective as the advertising clutter increases. The usage of internet, wherein the consumer is able to selectively collect the data pertinent to his need and requirement in a more efficient manner, is becoming more popular in this regard.

Selective Attention

Even when the consumer is forced to look at an advertisement about a product which is of no interest to him/her the consumer may still ignore it. A person's interest may be initially attracted by the stimulus characteristics; but beyond initial attention the consumer's further processing of this information from the stimulus depends on the personal interest in the featured product or service. Making use of this principle, some advertisers

choose media which are of specialised nature where the product being advertised will fit in. For example, the computer laptops are advertised in computer related sections of the newspaper or magazine. Even on the internet customer specific banner ads are placed in related web sites. Such selective placements of ads benefit both the marketers and consumers, since the marketers get better attention and consumers are saved from all the clutter.

Selective Interpretation

Consumers tend to interpret the information in the stimulus selectively. After an important purchase the consumers tend to look for ads of the brand bought by them which will reinforce reassure the wisdom of their decision. Consumers also tend to distort any negative information that might threaten their ego. This phenomenon is called perceptual distortion or perceptual defense. Perceptual distortion is the process by which the consumers distort the incoming information whether it is done intentionally or unintentionally. Individual will see what they want to see and what they expect to see.

Selective Blocking

Consumers tend to protect themselves from being bombarded with stimuli by simply 'tuning out'- blocking such stimuli from conscious awareness. People skipping the TV commercials while watching their favourite programmes by tuning to other channels is an example of such selective blocking.

4.6 Thresholds in the Perceptual Process

Sensations can be experienced by individuals at different levels, depending on the situations. As sensory input decreases, our ability to detect changes in the input or intensity increases. When the stimulation is at its lowest level, we attain maximum sensitivity. This ability of the human body to adjust to the external environment by being more sensitive when needed actually

protects us from damaging, disruptive or irrelevant bombardment when the input level is very high. These different levels of sensitivity can be classified as under:

Absolute Threshold

The lowest level at which a person can experience a sensation is called absolute threshold. This is the point at which the person can differentiate between 'something' and 'nothing' for that particular stimulus. For example, when you feel the cold water in a swimming pool, initially the coldness of water is very clearly perceived. But once you get into the pool and swim for sometime the coldness of the water is less noticeable and we often call this as 'getting used to'. In the field of perception, the term 'adaptation' refers to this 'getting used to' certain sensations, i.e. becoming accommodated to a certain level of stimulation. Many advertisers face the problem of sensory adaptation, by which the consumers will get so used to their print ads and TV commercials, that they will no longer 'see' them; that is these ads no longer provide sufficient sensory input to be noticed. This is the reason why they change their ad campaigns at regular intervals.

Some marketers try to increase the sensory input in order to get noticed in all the advertising clutter. Some examples are, the entire page of the newspaper being taken up, an entire bus painted on all sides with same ad, etc. Some advertisers try the other route of decreasing the input, by having a whole lot of empty space in a huge ad with very little space occupied by the ad. Some TV ads use silence, the absence of audio sound to attract attention. Some marketers try unusual media to gain attention. Fragrance marketers include a small sealed swatch containing the perfume in the magazine ad or the direct mail. Package designers also try to overcome the absolute threshold levels of the package of the product to attract attention to their product in the store shelf among all the competitor brands.

Differential Threshold

This is also called as “Just Noticeable Difference”. There is a law called as Weber’s Law, which proposed the concept of **Just Noticeable Difference (JND)**. The Weber–Fechner law attempts to describe the relationship between the physical magnitudes of stimuli and the perceived intensity of the stimuli. Ernst Heinrich Weber (1795–1878) was one of the first people to approach the study of the human response to a physical stimulus in a quantitative fashion. Gustav Theodor Fechner (1801–1887) later offered an elaborate theoretical interpretation of Weber’s findings, which he called simply Weber’s law. According to this law, an additional level of stimulus equivalent the JND must be added for the majority of people to perceive a difference between the resulting stimulus and the initial stimulus. In simpler words, the magnitude of change needed for this change to be noticed depends on the base quantity. The larger the base quantity, larger is the magnitude of change required to be noticed. For example, if a company is marketing two sizes of ice cream bars of 6 inches and 3 inches length. For cost cutting they reduce the length by half an inch in case of both these sizes.

According to Weber’s Law the consumer is more likely to notice the difference in the 3” bar than in the 6” bar. Similarly any product improvement programme also has to take this into account. They have to improve the product benefit under improvement to such a level that, it is above the Just Noticeable Threshold. If it is less than this level, the consumer may not notice it and if it is much above this level, the cost increase may be higher than required. Same is the case of changes, which the firm wishes to make in the size or contents of packing, price, etc. The marketers have to ensure in such cases that, these changes are below the perceptible level so that the consumer does not notice either the reduction in the packing size or the increase in price. Even when marketers want to make any changes in their

packing design (to make it get a contemporary look), which has been in existence for a number of years, they have to make these changes in several steps - each change being below the JND level so that the consumer does not notice the change.

Subliminal Perception

When people are stimulated below their level of conscious awareness, such a process is called as 'subliminal perception' because the stimulus is below the threshold level. Such stimuli are too weak or too brief to be consciously seen or heard; but nevertheless strong enough to be perceived by a few receptor cells. There have been many reports of marketers using subliminal messages to influence consumption behaviour. Many studies undertaken by academicians and researchers have found no evidence of subliminal advertising persuading consumers to buy goods and services.

There is however some evidence that, subliminal methods can indirectly influence attitudes and feelings towards a brand. There is no confirmation that, this has influenced consumption motives or actions. There is a gap between perception and persuasion. There is a general feeling that, subliminal messages whether effective or not, are intended to deceive consumers and hence not in public interest. Hence not many advertisers try this method.

Self Assessment Questions I

1. _____ is the process of acquiring, interpreting, selecting, and organizing sensory information.
2. _____ is the final step of attaching meaning to the stimulus forming an impression as to whether it is an object of liking, & of what value this object could be of.

3. _____ Characteristics comprise of the nature of information from the environment like products, brands, shops, marketing people, friends, family, etc.
4. The lowest level at which a person can experience a sensation is called _____ threshold.
5. _____ Threshold is also called as “Just Noticeable Difference”.

4.7 Perceptual Organisation

Consumers experience the stimuli they select from the environment after organizing them into groups & perceive them as unified wholes. This method of organizing simplifies the perception process for the consumers. The principles of perceptual organisation are known as Gestalt psychology (Gestalt in German means pattern or configuration). Gestalt psychology (also Gestalt theory of the Berlin School) is a theory of mind and brain that proposes that the operational principle of the brain is holistic, parallel, and analog, with self-organizing tendencies; or, that the whole is greater than the sum of its parts. The classic Gestalt example is a soap bubble, whose spherical shape (its Gestalt) is not defined by a rigid template, or a mathematical formula, but rather it emerges spontaneously by the parallel action of surface tension acting at all points in the surface simultaneously. There are three basic principles of perceptual organisation- Figure & ground, Grouping & closure.

Figure and Ground

We have seen earlier that the stimuli, which are in contrast to the environment, are more likely to be noticed. Simplest example is that of a figure on a ground (i.e. background). The background is generally considered as hazy, indefinite and continuous. The figure is perceived more

clearly as solid, well defined and in the forefront. The line which divides the figure from the background is perceived to belong to the figure and not to the background. Consider the example of music. Music can be a 'background' for their other activities or it can be a 'figure', wherein the listener is totally concentrating on the music. Consumers have a tendency to organize their perceptions into "figure and ground" relationships.

There were some advertisements of some airline in USA, which had in the background the twin towers of the World Trade centre in New York before September 11 2001(when they were destroyed by terrorists). After this shocking tragedy, the same advertisement when shown to some viewers they considered the Twin Towers as the "figure" and the plane as the "ground". This reversal was the outcome of the painful events of September 2001. Hence the advertisers have to plan their ads carefully to make sure that, the stimulus they want to be noticed is the 'figure' and not the 'ground'. Many advertisements confuse the consumers, because of the lack of clarity in these two patterns and such campaigns will end up wasting a lot of money.

Grouping

Consumers tend to group the stimuli so that they form a unified picture or impression. Such grouping helps the consumer in memorizing the stimuli and also for recalling them. For example, we tend to group the telephone numbers into two or three blocks, so that they can be easily remembered. If we see Thums Up being consumed by youth, who are into many adventurous activities, we tend to associate Thums Up with youth and adventure. The marketers use this psychology to imply certain desired feelings and meanings in connection with their brands.

Closure

All individuals have a need for closure. This need is expressed by organizing their perceptions to make into a complete picture even when the pattern of stimuli received by them is incomplete. They consciously or subconsciously fill in the missing pieces. An incomplete circle with a small section missing is still perceived as a circle and not as an arc. Incomplete messages are found to create better recall in the minds of the consumers. Promotional messages which are required to be 'filled in' will compel the consumer to complete the message and this act of involvement makes them remember the message for a longer period. Many advertisers run the audio of their frequently advertised TV commercial on radio without any change. Consumers who are familiar with the TV ad perceive the audio track as incomplete and hence in their need for completion will mentally play back the visual content from memory. This technique has been found to be very effective in creating strong recall value for these ads.

4.8 Perceptual Interpretation

People selectively perceive the stimuli and then organize them on the basis of certain psychological principles. Subsequently the individual will interpret the stimuli and this is also unique to the person. This interpretation depends on their previous experience, on the possible explanations, and also their motives and interests at the time of perception. Stimuli are often not very clear. Some stimuli are weak, because of several factors like poor visibility, very brief exposure, high background noise, constant fluctuations, different angles of viewing, changing levels of illumination, etc. When stimuli are highly ambiguous the consumer is likely to interpret them in such a way as to serve to fulfill personal needs, wishes, interests, etc. Thus Perceptual distortion is supposed to take place. Some of the influences that result in perceptual distortion are discussed in the following paragraphs.

Physical Appearance

People tend to attribute the qualities they associate with certain people, to others, who may resemble them, whether or not they consciously recognise the similarity. Attractive men are perceived to be more successful than average looking men. Hence attractive models are found to be more persuasive and have a more positive influence on consumer attitudes. Some other studies have established that highly attractive models are having expertise regarding products like jewellery, cosmetics, perfume, etc. and not problem solving products like anti dandruff shampoo, pimple creams, etc. Advertisers have to keep this in mind while they select their models so that there is a rational match between the advertised product and the model used to promote it.

Stereo types

Each person normally carries pictures in his/her mind regarding the meaning of different kinds of stimuli. These are called as stereotypes and they serve as expectations in the mind of what specific situations, objects or people will be like. These are important since such expectations will determine how these stimuli are subsequently perceived.

First Impressions

It is said that first impressions are lasting impressions. In spite of this, each person will not know which stimuli are important, relevant or useful for future. Since first impressions are long lasting, it is essential that any new product is perfected in all its attributes before launching in the market. If the consumer gets a bad impression in the first use, correcting it subsequently will not yield good results since any such communication about the improved will not be accepted easily by the consumer who still carries in his memory the bad experience.

Jumping to Conclusions

Before examining all relevant data many people tend to jump to conclusions. Many consumers have the habit of deciding about all the attributes of a brand being advertised just after listening to the initial portion of the ad. This can happen in the case of print media also since the consumer may read a few lines of the ad and come to conclusion. Hence copywriters have to keep in mind this phenomenon and give all their powerful arguments in the beginning of the ad. It has also been found by research that, most consumers do not read the contents in the labels of food packages, not even the quantity in the package. They just go by the size and shape of the package and come to conclusion regarding the quantity inside. For example, consumers concluded that an elongated package contains more volume than the round package although both contained the same quantity. Such findings have important applications in package design, advertising, pricing, etc.

Halo Effect

The halo effect refers to a cognitive bias whereby the perception of a particular trait is influenced by the perception of the former traits in a sequence of interpretations. The halo effect is involved in Harold Kelley's implicit personality theory, where the first traits we recognize in other people then influence the interpretation and perception of latter ones (because of our expectations). Attractive people are often judged as having a more desirable personality and more skills than someone of average appearance. Celebrities are used to endorse products that they have no expertise in evaluating. Consumer researchers have expanded this theory to include the evaluation of multiple objects based on the evaluation of just one dimension. Using this principle many marketers use an established brand name of one product to many other products in their range. In brand marketing, a halo effect is one where the perceived positive features of a particular item

extend to a broader brand. It has been used to describe how the iPod has had positive effect on perceptions of Apple's other products. The term is also widely used in the automotive industry, where a manufacturer may produce an exceptional halo vehicle in order to promote sales of an entire range.

4.9 Perceptual process and Marketing Strategy

Practically all the elements of marketing communications get affected by the perceptual process of the consumer, most important of which are - product design, brand names, packaging design, in store displays, print ads and also TV commercials. There are some special areas of marketing strategy wherein the consumer perceptual process has significant effect. These are as under:

Price Perception

The price/quality relationship refers to the perception by most consumers that a relatively high price is a sign of good quality. The belief in this relationship is most important with complex products that are hard to test, and experiential products that cannot be tested until used (such as most services). The greater the uncertainty surrounding a product, the more consumers depend on the price/quality hypothesis and the more of a premium they are prepared to pay. There are many cases wherein some products were perceived as low quality when the price was lowered. However excessive reliance on the price/quantity relationship by consumers may lead to the raising of prices on all products and services, even those of low quality, which in turn causes the price/quality relationship to no longer apply. Premium pricing (also called prestige pricing) is the strategy of pricing at, or near, the high end of the possible price range. People will buy a premium priced product because:

1. They believe the high price is an indication of good quality;

2. They believe it to be a sign of self worth - "They are worth it" - It authenticates their success and status - It is a signal to others that they are a member of an exclusive group; and
3. They require flawless performance in this application - The cost of product malfunction is too high to buy anything but the best - example: heart pacemaker

The term Goldilocks pricing is commonly used to describe the practice of providing a "gold-plated" version of a product, at a premium price, in order to make the next-lower priced option look more reasonably priced; for example, encouraging customers to see business-class airline seats as good value for money by offering an even higher priced first-class option. Similarly, third-class railway carriages in Victorian England are said to have been built without windows, not so much to punish third-class customers (for which there was no economic incentive), as to motivate those who could afford second-class seats to pay for them instead of taking the cheaper option. This is also known as a potential result of price discrimination.

The name derives from the Goldilocks story, in which Goldilocks chose neither the hottest nor the coldest porridge, but instead the one that was "just right". More technically, this form of pricing exploits the general cognitive bias of aversion to extremes.

Consumers will always have a 'reference price' in their mind about each product, at the time of purchase. If the actual price is lower than the reference price the product is perceived as good value for money. Another important aspect of consumer psychology is that there is a 'band' or 'latitude' of price i.e. the maximum and minimum levels of price in the consumer's mind about the product, which he/she wishes to purchase. If the actual price is within this band the consumer will purchase the product. If it is more than the maximum level, the consumer may perceive it to be too

high and reject the product purchase. If the actual price is below the minimum level the consumer may perceive it as a substandard product and again reject. Another way this principle works is that, consumers have certain cut off levels for accepting a price and prices below this level will be acceptable. Many marketers like Bata shoe company use this psychology and adopt the 'odd pricing' method like Rs.99.00, 199.00, etc. Consumers perceive Rs. 99 as below Rs.100 and hence acceptable.

Country of Origin

Country of origin is the country of manufacture, production, or growth where an article or product comes from. There are differing rules of origin under various national laws and international treaties. With the globalization and consequent availability of many products from different parts of the world in each country, most consumers have fixed perceptions about the quality from different countries. For example the products from Germany are perceived to be of high quality standards and those from China are perceived to be of very low quality. Such negative and positive perceptions may change with time. For example Japanese products were having a very poor quality image in early 1960's and today they are perceived to be top quality producers.

Corporate Image

A corporate image refers to how a corporation is perceived. It is a generally accepted image of what a company "stands for". The creation of a corporate image is an exercise in perception management. It is created primarily by marketing experts who use public relations and other forms of promotion to suggest a mental picture to the public. Typically, a corporate image is designed to be appealing to the public, so that the company can spark an interest among consumers, create share of mind, generate brand equity, and thus facilitate product sales.

The company does not solely create A corporation's image. Other contributors to a company's image could include news media, journalists, labour unions, environmental organizations, and other NGOs. Corporations are not the only form of organizations that create these types of images. Governments, charitable organizations, criminal organizations, religious organizations, political organizations, and educational organizations all tend to have a unique image, an image that is partially deliberate and partially accidental, partially self-created and partially exogenous.

4.10 Learning

Learning is a change in the content of long term memory. Learning is the acquisition and development of memories and behaviors, including skills, knowledge, understanding, values, and wisdom. It is the goal of education, and the product of experience. Learning ranges from simple forms such as habituation to more complex forms such as play (activity). The term learning encompasses the total range from simple- almost reflexive responses to abstract concepts and complex problem solving. There are four elements of learning in the marketing context:

Motivation

Motivation acts as a spur to learning. Those who are motivated will automatically look for education and information search in that particular product or service. Those who are not motivated may completely avoid any information on that product. The level of involvement will depend upon the extent of consumer motivation in achieving the goal object. A person interested in playing cricket may learn all about cricket through newspaper reports, telecasting of matches, the product advertisements for the equipment like bats, balls, pads, gloves etc. A person who is not interested in cricket will ignore all this information.

Cues

If motives stimulate the learning, the cues are the stimuli, which give direction to these motives. The person interested in cricket may see the ad for a summer camp for teaching cricket and he may use this cue or stimulus to learn it in a methodical way. Cues serve to direct consumer drives when they are consistent with consumer expectations. Marketers should however be cautious to provide cues that do not upset their expectations. For example a person buying an up market fashion garment would expect it in an elegant store & not in an ordinary shop. Similarly he/she would expect such a product ad in an upscale fashion magazine. All the elements of the marketing mix should be able to reinforce the cues to guide the consumer in taking the final decision of purchase.

Response

How a consumer reacts to a stimulus or cue is the 'response'. Learning can occur even when the response is not overt. The marketer may not get any response to his cues immediately or even for some length of time since the consumer is not yet interested in this product. However the continuous exposure to cues may influence the consumer to be favourably inclined when he/she is ready to purchase this product at a later date. While cues provide some direction, there will be many cues vying for the consumer's attention. Which cue will get the response will heavily depend on previous learning of the consumer and how related responses were reinforced previously.

Reinforcement

Reinforcement increases the likelihood of a specific response in future for particular cues or stimuli. This is especially the case when there are several steps are involved. For example, for preventing hair fall there may be three products to be used one after another. If the first product provides some relief it provides some reinforcement to go in for the second level. If however

there is no relief, the reinforcement does not take place and the consumer may drop the product usage. This could also be extended to second time purchase of the same product.

4.11 Theories of Learning

There are different behavioural learning theories also known as 'stimulus-response' theories. Since they are based on the premise that observable responses to specific external stimuli signal that learning has taken place. There are different models to explain these responses, which are discussed in the following paragraphs with their relevance to Marketing.

Cognitive Learning

This is what we normally call for the normal process of learning. This is the process of acquiring new information from written or oral communication. This type of learning can also be classified into three categories:

- **Rote learning** is a technique which avoids understanding the inner complexities and inferences of the subject that is being learned and instead focuses on memorizing the material so that it can be recalled by the learner exactly the way it was read or heard. The major practice involved in rote learning techniques is learning by repetition, based on the idea that one will be able to quickly recall the meaning of the material the more it is repeated.

Rote learning is used in diverse areas, from mathematics to music to religion. Although it has been criticized by some schools of thought, rote learning is a necessity in many situations. Many advertisers aim simply to create a rote memory of their brand name by repeated presentation. Top of the mind brand awareness helps consumers to make everyday purchases more efficiently.

- **Informal learning** occurs through the experience of day-to-day situations (for example, one would learn to look ahead while walking because of the danger inherent in not paying attention to where one is going). It is learning from life, during a meal at table with parents, Play, exploration, etc. This will also be applicable to preference of certain brands, which are learnt through this process.
- **Formal learning** is learning that takes place within a teacher-student relationship, such as in a school or college system.

Classical Conditioning

Classical Conditioning (also Pavlovian or Respondent Conditioning) is a form of associative learning, that was first demonstrated by Ivan Pavlov. The typical procedure for inducing classical conditioning involves paired presentations of a neutral stimulus along with a stimulus of some significance. The neutral stimulus could be any event that does not result in an overt behavioral response from the organism under investigation. Pavlov referred to this as a Conditioned Stimulus (CS). Conversely, presentation of the significant stimulus necessarily evokes an innate, often reflexive, response. Pavlov called these the Unconditioned Stimulus (US) and Unconditioned Response (UR), respectively. If the CS and the US are repeatedly paired, eventually the two stimuli become associated and the organism begins to produce a behavioral response to the CS. Pavlov called this the Conditioned Response (CR).

The original and most famous example of classical conditioning involved the salivary conditioning of Pavlov's dogs. During his research on the physiology of digestion in dogs, Pavlov noticed that, rather than simply salivating in the presence of meat powder (an innate response to food that he called the unconditioned response), the dogs began to salivate in the

presence of the lab technician who normally fed them. Pavlov called these as “psychic secretions”. From this observation he predicted that, if a particular stimulus in the dog’s surroundings was present when the dog was presented with meat powder, then this stimulus would become associated with food and cause salivation on its own. In his initial experiment, Pavlov used bells to call the dogs to their food and, after a few repetitions, the dogs started to salivate in response to the bell. Thus, a neutral stimulus (bell) became a conditioned stimulus (CS) as a result of consistent pairing with the unconditioned stimulus (US - meat powder in this example). Pavlov referred to this learned relationship as a conditional reflex (now called Conditioned Response).

This type of classical conditioning will be occurring in our everyday lives. This has been proved in many marketing experiments. In an experiment in a supermarket, the music pace was varied on different days from slow to fast. On the days when slow music was played, the shoppers were found spending more time in the store & also bought more products when compared to the days on which fast music was played. This principle has been used by marketers when they pair their brand with a likeable celebrity. The celebrity’s personality by classical conditioning rubs on to the product itself. Some business customers boast about their famous clients. Some manufacturers go out of the way to get associated with prestigious retail outlets.

Operant Conditioning:

It is also known as Instrumental conditioning and it differs from classical conditioning primarily in the role and timing of reinforcement and was developed by B.F. Skinner. Reinforcement and punishment, the core tools of operant conditioning, are either positive (delivered following a response), or negative (withdrawn following a response). This creates a total of four basic consequences:

1. Positive reinforcement occurs when a behavior (response) is followed by a favorable stimulus (commonly seen as pleasant) that increases the frequency of that behavior. In the Skinner box experiment, a stimulus such as food or sugar solution can be delivered when the rat engages in a target behavior, such as pressing a lever.
2. Negative reinforcement occurs when a behavior (response) is followed by the removal of an aversive stimulus (commonly seen as unpleasant) thereby increasing that behavior's frequency. In the Skinner box experiment, negative reinforcement can be a loud noise continuously sounding inside the rat's cage until it engages in the target behavior, such as pressing a lever, upon which the loud noise is removed.
3. Positive punishment (also called "Punishment by contingent stimulation") occurs when a behavior (response) is followed by an aversive stimulus, such as introducing a shock or loud noise, resulting in a decrease in that behavior.
4. Negative punishment (also called "Punishment by contingent withdrawal") occurs when a behavior (response) is followed by the removal of a favorable stimulus, such as taking away a child's toy following an undesired behavior, resulting in a decrease in that behavior.

Marketers make use of this concept by offering extrinsic rewards like coupons, sweepstakes and rebates when their brand has no intrinsic ally superior reward compared to competing brands. Many airlines offer frequent flier programmes that accumulate mileage towards future free redemption.

Modeling

In this model the individual learns by observing others. Children learn from their parents, from their teachers, individuals learn from experts, etc. This type of learning is also called as imitation or imitative behaviour. There are four classes of people who are likely to be imitated by others:

1. Persons superior in age/grade hierarchy
2. Persons superior in social status
3. Persons superior in intelligence ranking system
4. Superior technicians in any field

The choice of the model varies from culture to culture. The age hierarchy works more in eastern countries like Japan, India, China, etc. where elders are always respected and emulated. In western countries grade hierarchy is operational. In most societies the more educated are imitated by less educated persons, more skilled technicians are imitated by less skilled technicians and those who are in higher social class, are imitated by those in lower class. The middle class normally aspires to imitate the rich class.

4.12 Characteristics of learning

There are five characteristics of learning which are applicable irrespective of the approach.

Strength of Learning

A strong and long lasting learned response requires several parameters. The strength of learning is influenced by six factors: -importance, message involvement, mood, reinforcement, repetition and imagery.

Importance

This refers to the value that the consumer places on the information to be learned. More the importance of the information for the individual, the more effective and efficient the person becomes in the learning process. Importance is the dimension which distinguishes the high involvement learning situations from the low involvement learning situations. Most of the time marketers are faced with consumers in low involvement learning situations.

Message Involvement

When a consumer is not very much motivated to learn, the strength of learning can be increased, by causing the person to get more involved with the message itself. Marketers use many techniques to increase the message involvement. They make the ads more interesting by involving factors such as a plot, possibility of surprise ending, uncertainty on the message till the very end, etc.

Mood

Research indicates that a positive mood during the presentation of information enhances its absorption. Learning enhancement caused by a positive mood suggests to the marketers to enhance the consumer's mood through the commercials to improve the learning process.

Reinforcement

Anything that increases the likelihood that a given response will be repeated in the future, is considered reinforcement. Reinforcement has a significant impact on the speed at which learning occurs and also the duration of its effect. Reinforcement could be positive or negative. Positive reinforcement is a pleasant or desired effect. If a consumer visits a new restaurant and finds the food tasty, service excellent and ambience very pleasant, will have a positive reinforcement. Negative reinforcement is the removal or avoidance of an unpleasant response. Saridon tablet is advertised with the person suffering from severe headache getting relief with a single Saridon. This is an example of negative reinforcement.

Punishment

This is the opposite of reinforcement. This is any consequence that decreases the likelihood that a given response will be repeated in future. In the example of the person visiting the new restaurant, if the food was not

tasty and the service poor this consumer is unlikely to visit the restaurant again.

Repetition

More times the people are exposed to the same information the more likely they will learn it. The effects of repetition will also be related to the importance of the information and the reinforcement given. Since many advertisements do not contain information of current importance to the customers or direct rewards for learning, repetition of ads will play a key role in the promotion process.

Imagery

The brand name, the corporate slogan, etc. create images in the minds of the consumer. A properly selected brand name aids learning by leaving verbal as well as pictorial dimensions in the minds of a consumer. However marketers have to be careful in selecting a name which depicts a single attribute of the brand. In such cases the advertised attribute which have nothing to do with the brand name are difficult to remember. Pictures associated with the brand are also images & they enhance the consumer's visual imagery which is a very effective learning device. Hence the ads should contain the key communication points in the form of images or pictures which should also reinforce the headline. Background music, which conveys meanings, congruent with the meaning being conveyed through the verbal medium, has been found to be more effective in improving the learning process of the consumer.

Extinction

Extinction is forgetting what has been learnt. Extinction occurs when the reinforcement for the learned response is withdrawn, the learned response is no longer used or the consumer is no longer reminded of the response. The rate at which the extinction occurs is inversely related to the strength of the original learning. There are some situations where the extinction is

desired. For example, manufacturers want consumers to forget some unfavourable publicity or some outdated product image.

Stimulus Generalisation

The rub off effect is what is termed as stimulus generalisation. This occurs when a response to one stimulus is elicited by a similar but distinct stimulus. Thus a consumer, who learns that Surf Excel manufactured by Hindustan Lever is a good product, assumes that another brand Lux soap made by the same company should also be good. Stimulus generalisation is quite common and most brand extensions are based on this premise.

Stimulus Discrimination

This refers to the process of learning to respond differently to similar but distinct stimuli. At some point the stimulus generalisation becomes less effective to the company and they would like the consumer to discriminate the stimulus instead of grouping together. This is achieved by advertising the specific brand differences. Sometimes, the product itself is altered in shape, size or colour for increasing the product differentiation.

Response Environment

Consumers tend to learn more information than what they can readily retrieve from their memory. One thing which helps in proper retrieval is the strength of the original learning. Stronger the original learning the more likely relevant information will be retrieved when required. The second factor which affects this is the similarity of the retrieval environment to the original environment in which the learning took place. Matching the retrieval environment similar to learning environment is hence important to marketers. This requires the knowledge of when and where the consumers make the brand or store decisions. For example a company may project a brand in a very pleasant and fun kind of situation without showing the product package properly, the consumer may find it difficult to retrieve when faced with many similarly packed products in the shelf of the store. Hence it

may be better to associate the response with the situation which is what the consumer will face in the actual purchase situation.

4.13 Psychology of Simplification and Complication

In the real world the consumers may not follow the simple path of learning. They are likely to either simplify or complicate the learning process under different circumstance.

Simplification:

As the consumer keeps getting the experience of a lot of market related information in his/her lifetime, the customer develops a strategy of simplifying this enormous task by a process called 'psychology of simplification'. When same problems are encountered repeatedly, such problems are 'routinised' with respect to their solutions. Problem routinisation will ensure that there is no need to make any new decisions for these problems. As consumers recall their previous experiences, they simply purchase the same brand as before. Such a buying strategy is termed as 'habitual purchasing'. One of the underlying causes of brand loyalty is habit purchase. The consumers follow this practice simply because it simplifies their life. This is the psychology of simplification. With some exceptions, the consumers tend to reduce their choices; not increase them. This is needed especially in today's marketplace which is flooded with too many choices. Consumers are creatures of habit; the incentives to change brands come from dissatisfaction with the current brand, lack of distinction among different brands, or offers of distinctly superior value by a competing brand.

Complication

The psychology of complication is the desire of the consumer to redefine a problem so that new decisions can be made. This happens due to three factors - Boredom, Maturation and forced irrelevance of Current solutions.

Boredom

Human beings inherently desire variety. Repeated experience with the same stimulus will reduce its utility and the consumer will start looking for variety and novelty. Such a desire for variety is mostly from products with social or emotional value rather than performance value. Thus one does not get bored of using a washing machine; but they may get bored with food, clothing, perfume, recreational products, etc. which have sensory or emotional value.

Maturation

Consumers tend to outgrow old tastes as they grow. This is called as 'maturation'. This is not the case of getting bored with the old; it is rather a feeling that old choices are no longer appropriate to the current time and age. Life status change is one reason for maturation. Major events in consumer's life that change the status in life like moving to a new place, family composition changes (marriage, divorce, death, birth, etc.), employment status (appointment, promotion, etc.). These are some of the examples of life status change. These changes result in two types of needs. The first type of need is for products previously not needed like baby products when the baby is expected. The second type of need is a modification of the previous solution like an appointment may need more formal dresses compared to the student life.

Maturation also may happen by a change in the self-concept that happens from the change in reference groups. A teenager may change his friends group which may in turn change the type of dresses worn. The third source of maturation is due to the rising expectations from the same product. As the consumers get satisfied with their previous expectations, their new expectations will raise making the old products unsatisfactory. This is what happens when consumers keep on buying latest models of computers, automobiles etc.

Forced Irrelevance of Current solutions

This happens when the external environment makes the previous solutions obsolete and irrelevant. Three sources, which create this change, are *marketers, business organisations and the government*. Marketers may force change by phasing out certain products or by not having adequate stock at the retail counter or by going out of business. Thus consumer is forced to look for alternatives. Business organisations may change their employee medical insurance by which the employee may be forced to change. Governments may bring in new regulations like banning gutka, banning smoking in public places, banning certain imports, etc. which will force the consumer to look for a change.

Self Assessment Questions II

State whether the following statements are true or false:

1. There are three basic principles of perceptual organisation- Figure & ground, Grouping & closure.
2. The price/quality relationship refers to the perception by most consumers that a relatively low price is a sign of good quality.
3. Classical Conditioning is a form of associative learning that was first demonstrated by B.F. Skinner.
4. Anything that increases the likelihood that a given response will be repeated in the future is considered reinforcement.
5. The psychology of simplification is the desire of the consumer to redefine a problem so that new decisions can be made.
6. Consumers tend to outgrow old tastes as they grow. This is called as 'maturation'.

4.14 Summary

In this unit, you have learnt the process of Perception and Learning in an individual. You have studied the steps in the Perception Process like

Sensation, Organisation and Interpretation, the Factors affecting Perception and the Thresholds in the Perceptual Process. You have also learnt the process of Perceptual Organisation and Perceptual Interpretation. We have understood how this can be helpful in Marketing Strategies. We have also learnt the process of learning including Motivation, Cues, Response & Reinforcement. We have also studied various Theories of Learning like Cognitive Learning, Classical Conditioning, Operant Conditioning & Modeling. You have also learnt the Characteristics of learning & the Psychology of Simplification & Complication.

4.15 Terminal Questions

1. Explain the various steps involved in the perception process.
2. Explain how consumer characteristics affect perception.
3. What is selective interpretation and how does it affect perceptual process?
4. Explain the meaning of Differential Threshold.
5. Explain “Halo Effect” with examples.
6. Describe how price quality relationship affects quality perception.

4.16 Answers to SAQs & TQs

SAQ I

1. Perception
2. Interpretation
3. Stimulus
4. Absolute
5. Differential

SAQ II

1. True
2. False
3. False
4. True
5. False
6. True

TQs

1. Refer section 4.3
2. Refer section 4.4
3. Refer section 4.5
4. Refer section 4.6
5. Refer section 4.8
6. Refer section 4.9



Manipal

Unit 5 Individual Determinants of Consumer Behaviour

Structure

- 5.1 Introduction
 - Objectives
- 5.2 Motivation
- 5.3 Attitudes
 - Self Assessment Questions I
- 5.4 Personality
- 5.5 Self concept
 - Self Assessment Questions II
- 5.6 Summary
- 5.7 Terminal Questions
- 5.8 Answers to SAQs & TQs

5.1 Introduction

Consumer Behaviour is influenced by many factors like, individual, group, social, economical cultural determinants. Among them individual determinants like, motivation, personality, attitude and self-concept play a very important role. This chapter takes you through the details of the said variables in individual determinants.

Objectives

After studying this unit you should be able to:

- Explain the individual determinants of Consumer Behavior.
- Understand how these individual determinants like motivation, personality, attitude and self-concept influence Consumer Behaviour.
- Describe the theories and models of these determinants of Consumer Behaviour.

5.2 Motivation

Motivation is what makes people move and act. Motivation refers to the initiation, direction, intensity and persistence of behavior. Motivation is having the desire and willingness to do something. It is the driving force of all human behaviour. This driving force is produced by a state of tension which is the result of an unfulfilled need. Individuals always try to reduce this tension by behaving in such a way, which is likely to fulfill their needs and this response could be conscious or subconscious.

Motivation is formally defined as the state of drive or arousal, which impels behaviour towards a goal object. Thus motivation is comprised of two components –

1. Drive or arousal, and
2. Goal Object.

Drive or arousal provides the energy to take action. Goal object is something which the individual strives to achieve to reduce tension. This provides the direction to the individual to channelise the energy to act. There are different types of needs and goal objects, which motivate a consumer.

Needs:

All individuals have needs – some are innate and some are acquired. **Innate needs** are biogenic or physiological like food, water, clothing, etc. These are also known as **primary needs**. Individuals also acquire needs as a response to their environment. These are known as **acquired needs** or **secondary needs**. These are generally psychological or psychogenic. These are also termed as motives. Examples include prestige, affection, power, etc.

Goal Objects:

These are the results, which each individual seeks. All behaviour is goal object oriented. There could be **generic goals**, which are the general

categories of goals, which the consumers seek in order to fulfill their needs. For example, if the consumer states that he needs something by which he can clean his teeth, this is the generic goal. In this state the goal object can be of any product or any brand. The next stage is what is of interest for marketers and this is the **product specific** goal object, which clearly specifies the product as well as the brand. For example, if the consumer specifies that, he wants Colgate brand toothpaste in 200 Gms tube, this is a product specific goal object.

Selection of Goals:

For each need there could be different goal objects, that could satisfy the need. Consumers select their goal objects depending on their experiences, physical capacity, cultural environment and values, social environment, etc. The goal object has to be physically accessible and also socially acceptable. A consumer's self perception also influences this selection. The consumer always tries to **select** a goal object which would be in consonance with the self image. A product, which would be closest to the consumer's self image is most likely to get selected.

Theories of Motivation

There are a number of theories of motivation and many of them are very useful for a marketer. We shall deal with a few of them in this unit.

◆ Maslow's Hierarchy of Needs:

This is a theory in psychology, that Abraham Maslow proposed in his 1943 paper "A Theory of Human Motivation", which he subsequently extended to include his observations of humans' innate curiosity. Maslow's theory contended that as humans meet 'basic needs', they seek to satisfy successively 'higher needs' that occupy a set hierarchy. Higher level needs are dormant till the lower levels are satisfied. In effect, according to this theory, dissatisfaction and not satisfaction motivates behaviour.

This theory is based on four assumptions:

- a) All human beings acquire a similar set of motives through genetic factors as also social influences.
- b) Some motives among these are more basic than others.
- c) First the more basic motives are to be satisfied to a minimum level before other motives are activated.
- d) As more and more basic motives are satisfied, more advanced motives come into effect.

Based on the above, Maslow proposed a hierarchy of needs. This hierarchy consists of the following needs- from the lowest to the highest (along with examples):

- e) Physiological needs (hunger, thirst, etc.)-food, water, medicines, etc.: This is the need required to sustain biological life; also known as biogenic or primary needs. These needs are dominant when they are unsatisfied. For example, for a person who is extremely hungry, he will have no other interest but food. He will want only food at that time.
- f) Safety & security needs (Protection, safety, etc.)- Smoke detectors, water purifiers, vitamin tablets, insurance, seat belts, safety helmets, etc. After the first level is satisfied, safety & security needs become the motivators for an individual's behaviour. These needs are concerned not only with physical safety but also with Stability, order, routine, familiarity, & control over one's life & environment. Health related products, insurance, savings accounts, education, vocational training, etc. are examples of these needs.
- g) Belongingness & love needs (social needs) - cosmetics, entertainment, gifts, greeting cards, gourmet foods, etc. This third level is the need for love, affection, acceptance, etc. Individuals look for warm and satisfying human relationships with other people and are motivated by their love

for their families. Because of the importance of such feelings, the advertisers utilize this theme in many of their advertisements.

- h) Esteem & ego needs (self-esteem, recognition, status, etc.)- comfortable furniture, automobiles, hobbies, good clothes, etc. When social needs are satisfied, the fourth level becomes operative. This is concerned with ego needs. This can be inward directed like self acceptance. Self esteem, success, independence, etc. or outwardly directed like prestige, reputation, status, recognition, etc. The desire to “show off” one’s success and achievement through certain product possessions is an example of outwardly oriented ego need.
- i) Self-actualization (self-development) - education, meditation, yoga, religious rituals, mythologies, museums, etc. Maslow felt that most people do not satisfy their ego needs sufficiently to move to the next level i.e. the need for self actualization or self fulfillment. Maslow felt that the self actualization is not necessarily a creative urge; but it may take that form. Many large companies try to encourage their highly paid employees to find gratification and self-fulfillment in the work place by using this theory.

- **McGuire’s Psychological Motives**

McGuire proposed a system of classification, by which marketers could isolate motives likely to be involved in various consumption situations. In this system, motivation is first divided into four categories based on two criteria:

- a) Cognitive motivation or affective motivation: Cognitive motives deal with a consumer’s need for adapting to the environment and achieving a sense of meaning while satisfying the need. Affective motive is the one wherein the individual gets a feeling of satisfaction while attaining personal goals.

- b) Preservation of status quo or growth focus: Status-quo goal emphasizes on maintaining equilibrium while the growth-oriented motive emphasizes development.

These four categories are further divided into 16 categories, based on the source and objective of the motive as under:

- a) Whether the behaviour is actively initiated or whether it is in response to the environment.
- b) Whether the behaviour helps the consumer to achieve a new internal state or whether it creates new external relationship to the environment.

All these 16 motives are described briefly in the following paragraphs:

- **Cognitive Preservation Motives:**

1. **Need for consistency (active, internal):** A consumer always desires to have consistency in attitudes, behaviours, opinions, self-image, etc. If there is any inconsistency, the consumer will try to reduce such inconsistency. One of the examples is that of “Cognitive Dissonance” wherein the consumer tries to resolve the conflict in his mind of a wrong decision on a purchase by actively supporting decision in his own mind by selective exposure and search. This will be dealt with more detail later. It is important for marketers to design their advertising campaigns so that the consumer beliefs are consistent with the information provided in the advertisement. If the objective of the marketer is to change the consumer’s attitude, different strategies have to be used which will be discussed later.
2. **Need for attribution (active, external):** This motive attributes the reason for a favourable or unfavourable outcome of a decision to self or to some outside element. This is based an area of research called as “Attribution Theory” When a consumer feels that the salesman who is describing the product features is doing so for getting his commission,

he/she will discount the advice by attributing sales motive to the salesman. A similar advice given by a friend or relative may be accepted more readily since the consumer feels that this person is trying to be helpful. Since the consumers always attribute motives to the messages received by them from advertisements or sales people, many of these messages may not have the intended impact. One approach to overcome this is to use a credible spokes person in the ads.

3. **Need to categorise (passive, internal):** Consumers always organize the information received by them in meaningful and manageable categories. This will help them to process the vast amount of information in a proper way. For example, the consumer may categorise the price parameter of a product while taking a purchase decision. Hence Bata's pricing strategy of prices for their footwear such as Rs. 99.95 instead of Rs. 100 will elicit better response since the consumer will categorise this product as being below Rs.100 level.
 4. **Need for objectification (passive, external):** Feelings, impressions and attitudes of consumers are established by observing and comparing cues and symbols from outside. An individual always compares own behaviour with that of others and comes to conclusions as to these impressions. Clothing companies like Raymonds make use of this need to promote their products by presenting a subtle meaning of the desired image and lifestyle to the consumer.
- **Cognitive Growth Motives:**
 1. **Need for autonomy (active, internal):** This is the need for individuality and independence. This is characteristic of some cultures like that of USA. All cultures have this need at different levels, depending on the social acceptance of this need. While in America this need is actively encouraged from childhood, in Japan, this need is discouraged. Marketers respond to this need

by designing their products with unique features or by offering a wide variety of products. Many go for customisation of options as per the individualistic needs. Many products are advertised as unique, independent and individualistic to cater to this need.

2. **Need for stimulation (active, external):** This is a variety seeking behaviour of a consumer just for self-stimulation. This behaviour results in brand switching and also impulse purchases. This need for stimulation keeps changing over time. Some consumers who in their early years want rapid changes become more stable over a period of time desiring stability. Some consumers who prefer stable environments may start getting bored & then look for stimulation by desiring change.
3. **Teleological Need (passive, internal):** Consumers have certain images of desired outcomes and they try to compare that to their current status. Behaviours are constantly changed and the results are continuously monitored, by moving towards the desired state. This motive moves people to prefer certain patterns like good guys winning, hero and heroine getting together, etc. in mass media like movies, books, television serials etc. Marketers make use of these motives by designing their ad campaigns suitably.
4. **Utilitarian Need (Passive, external):** In this need, consumer is viewed as a problem solver who always approaches situations or opportunities to acquire useful information and skills. For example, a consumer may learn new fashions and clothing styles, etiquette, lifestyles, etc. while watching a movie or a TV serial. Consumers

may also approach advertising campaigns and store displays as a source of learning for future or current purchase decisions.

- **Affective Preservation Motives:**

1. **Need for tension Reduction (active, internal):** Individuals are always encountering situations which will induce stress and tension. In order to manage this, consumers look for products and services to reduce tension. Recreational products, holidays, etc. cater to this need.
2. **Need for Expression (active, external):** This is the need of the individual to express his/her identity to others. They feel the need to communicate to others, who and what they are by their actions, which include purchase and use of certain products and services. Clothing, automobiles, holidays in exotic locations, etc. allow the consumers to express their identity to others since these products have symbolic or expressive meanings. Many marketers have promoted their products to cater to this need by proper brand image building.
3. **Need for Ego Defense (passive, internal):** When a consumer's identity is threatened, he/she will be motivated to defend and protect the self-image by certain behaviours and attitudes. A person who feels insecure may go for well-known brands for highly visible products to avoid any chance of socially incorrect purchase.
4. **Need for Reinforcement (passive, external):** Because of expectation of appreciation based on past experiences, individuals act in certain ways. Many brands of clothing, furniture, paintings, handicrafts, etc. are designed to cater to this need wherein consumer expects appreciation from the society.

- **Affective Growth Motives:**

1. **Need for Assertion (active, internal):** Many individuals seek success, admiration and dominance and they give a lot of importance to power, accomplishments and self esteem. Many sports goods and footwear are catering to this need.
2. **Need for Affiliation (active, external):** This is the need to develop mutually helpful and satisfying relationships with others by seeking acceptance and affection in interpersonal relations. This translates into a need for membership in groups and it is a critical part of most consumers' lives. Many ad campaigns make use of such relationship themes.
3. **Need for Identification (passive, internal):** Every individual plays different roles in different situations. A woman may be a mother to the children, a cook in the kitchen, an executive in an organisation, a member of a women's club, etc. Individuals gain pleasure from adding new satisfying roles and also by increasing the significance of already adopted roles. Many marketers promote their products to satisfy this need by encouraging consumers to assume new roles by using their products.
4. **Need for modeling (passive, external):** This is the tendency of individuals to base their behavior on others. Children try to imitate elders while learning to be consumers. Marketers use this need by showing desirable types of individuals using their brands.

Other Models:

➤ **Murray's List of Psychogenic Needs:**

Murray identified six psychogenic needs of individuals resulting in certain marketplace behaviours. These are:

1. **Autonomy need**-results in impulse buying, wearing unconventional clothes, etc.

2. Dominance need- results in aggressively demanding attention in service organisations
3. Nurturance need – results in donating to humanitarian causes
4. Exhibition need- results in wearing high fashion clothing
5. Cognizance need- results in visiting museums, learning about new technology, etc.
6. Exposition need- results in playing opinion leaders.

➤ **Dichter's list of consumption motives:**

Ernest Dichter, who was a strong believer in Sigmund Freud's Psychoanalytical theory of personality, identified a set of motives, which underlie an individual's consumption of diverse products. Since many of these motives are supposed to influence the consumption decision sub consciously, many advertisers have utilized this list by incorporating symbolism in their product advertising. This list of motives and the examples of consumption articles associated with each motive are as under:

1. Mastery over environment: Kitchen Appliances, Power tools
2. Status: Scotch Whisky, luxury car
3. Rewards: Chocolates, Sweets, Flowers, Gifts
4. Individuality: Tattoos, Flashy garments, Gourmet foods
5. Social Acceptance: Companionship, Sharing Coffee drinking
6. Love and affection: Toys for children, jewellery for wife
7. Security: Full drawer of neatly ironed shirts and pants
8. Masculinity: Toy Guns, heavy Shoes
9. Femininity: Dolls, decorations
10. Eroticism: Licking type Ice Cream bars, certain perfumes
11. Dis-alienation: Listening to and calling in TV talk shows (to stay connected)
12. Moral Purity/Cleanliness; White bread. Taking bath, khadi garments
13. Magic/mystery: Religious rituals, pyramids, and vastu.

Many more perspectives, theories and models are there in the classic literature of human needs. Marketers will have to evaluate the various models while applying for specific marketing problems.

Customer Emotions and Moods:

Emotions

Emotions are closely related to needs. Emotions are also capable of driving an individual toward a goal object. Deprivations of goal objects may be experienced as negative emotions and their attainment may be experienced as positive emotions. A human being always tries to seek positive emotional experiences and avoid negative emotional experiences.

Emotion, in its most general definition, is a complex psychophysical process, that arises spontaneously rather than through conscious effort, and evokes either a positive or negative psychological response or physical expressions, often involuntary, related to feelings, perceptions or beliefs about elements, objects or relations between them, in reality or in the imagination.

Emotions have three components: physiological, behavioural & cognitive.

Physiological component is the one, which happens by reflex – instantaneously and automatically as a response to a stimulus. Feelings of tremors, butterflies in the stomach, sudden perspiration, and sudden burst of energy, etc. in response to some external cues are examples of this component.

After this, the next stage is that of the **cognitive component**- the thinking stage, when the individual tries to understand the stimulus- its meaning, whether friend or foe, etc.

Depending on the **cognitive** appraisal and the understanding of the initial stimulus, there could be further physiological response or behaviour – this time at a reduced level after calming down.

Marketers can use this concept in two ways:

1. The product or service may be designed to fit appropriate consumer emotions. This takes the shape of designing the stimulus.
2. The second application is in helping in the cognitive appraisal. This can be done by proper communication such as attaching symbolism to products & services in advertising or in explaining certain deviations from the expected marketplace outcomes. The recent example is that of Nokia handling the problem of defective batteries in their cell phones. Psychologist Robert Plutchic has proposed eight primary emotions & eight secondary emotions. The primary emotions & the way of measuring these emotions by using relevant adjectives are as under:
 - a) Fear: threatened, frightened, intimidated
 - b) Anger: hostile, annoyed, irritated
 - c) Joy: happy, cheerful, delighted
 - d) Sadness: gloomy, sad, depressed
 - e) Acceptance: helped, accepted, trusting
 - f) Disgust: disgusted, offended, unpleasant
 - g) Anticipation: alert, attentive, curious
 - h) Surprise: puzzled, confused, startled

Other emotions experienced by individuals are the combinations of these emotions. For example, joy & acceptance combination results in the emotion of love. The other such secondary emotions are:

Acceptance + Fear = Submission
Fear + Surprise = Awe
Surprise + Sadness = Disappointment
Sadness + Disgust = Remorse

Disgust + Anger = Contempt
Anger + Anticipation = Aggressiveness
Anticipation + Joy = Optimism

There are many research studies linking consumption of products and services to directly experienced emotions. These studies have helped marketers in designing many advertising campaigns and also in adding certain features in the products to take care of positive or negative emotions.

Moods:

A mood is a relatively less intensive emotional or affective state. Moods differ from emotions in that they are less specific, often less intense, less likely to be triggered by a particular stimulus or event, and temporary. Moods generally have either a positive or negative valence. In other words, people often speak of being in a good or bad mood, unlike acute, emotional feelings like fear and surprise. Mood also differs from temperament or personality traits which are even more general and long lasting. However, personality traits (e.g. Optimism, Neuroticism) tend to predispose certain types of moods. Mood is an internal, subjective state, but it often can be inferred from posture and other observable behaviors. Moods affect the consumer behaviour in general and also the response of the consumer to the marketing activities to which he/she is exposed to at the time. Hence this is a very important concept for marketing.

Some examples of the marketing stimuli, which affect the moods of consumers (whether positive or negative), are as under:

- The ambience of a store or a restaurant
- The response of a sales person
- The sensory features of the product
- The tone & manner of the advertising

Moods have been found to result in favourable or unfavourable response to the marketer's efforts. Consumer researchers have found that customers are found to linger longer in positive mood environments and feel more positive towards brands, which create feelings of warmth. The recent advertisement campaign of Surf Excel – "Daag Achcha Hain Na", is utilizing this concept in creating a positive feeling towards their product. Marketers can use advertising, point of sale material, celebrity endorsements, free gifts, store ambience, etc. to induce positive moods in consumers to enable a more positive evaluation of their brand thereby influencing choice.

Motivational Research:

Motivational research is invariably qualitative research, designed to find out consumers' subconscious or hidden motivations, based on the assumption that, the consumers are not always aware of the reasons for their behaviour. Motivational research has been successfully used to discover underlying feelings, attitudes and emotions concerning any product, service or brand use.

However there have been some criticisms of motivational research. Because of the intensive nature of the qualitative research, samples were necessarily small. Thus there was concern that about generalizing findings to the entire market. Criticism was also about the projective tests, which were originally designed and developed for clinical research, rather than for consumer behavior specifically.

Despite all these criticisms, motivational research is still regarded as an important tool by marketers, who want to gain deeper insight into the unexplained reasons of consumer behavior beyond what conventional marketing research techniques can yield. Since these motivational researches often reveal unsuspected consumer motivations concerning product or brand usage, the principle use of such research is in

development of new ideas for promotional campaigns- ideas, which can penetrate the consumers' conscious awareness by appealing to unrecognized needs.

Motivational research also provides marketers the basic knowledge for new product development and enables them to predict consumer behaviour to new product ideas and advertising to avoid costly errors. Further, these qualitative research findings will pave the way for the researchers to design structured quantitative marketing research studies, to be conducted on a larger more representative sample of customers.

In spite of all the criticisms of motivational research, there is new compelling evidence that, the subconscious is the site of a far larger portion of mental life. The subconscious mind may understand and respond to non-verbal symbols, form emotional responses and guide actions for the consumer largely independent of the conscious awareness. Hence despite some shortcomings, motivational research has been proved to be of great value to marketers concerned with developing new product ideas & new advertising copy appeals.

Motivation Theory and Marketing Strategy:

Consumers do not buy products; they buy motive satisfaction or solutions to their problems or the benefits. For example, consumers do not buy perfume; they buy romance, sex appeal, sensual pleasure, sophistication, or many other emotional and psychological benefits. Marketers should recognise that they are not selling product attributes; but they are selling product benefits. It is important to discover the motives that their products and brands can satisfy and develop marketing mixes around these motives. There are many instances wherein multiple motives are involved in consumer behaviour. There are three steps in using these principles in developing suitable marketing strategies:

a) Discovering Purchase Motives:

When a consumer is asked to tell the researcher the reasons why he buys a certain product, there are two types of responses, which are received:

1. Motives, which are known to the consumer and freely admitted, are called as '**Manifest Motives**'. These are the motives the consumer immediately communicates without any hesitation. Motives, which conform to a society's prevailing value system, are more likely to be manifest than those in conflict with such values are.
2. The second group of motives which are either unknown to the consumer or that he /she is reluctant to admit are called as '**Latent Motives**'.

The task of a Marketer is to determine the combination of manifest as well as latent motives influencing the target consumer. Manifest motives are relatively easy to determine. Direct questions will generally produce reasonably accurate assessments of these motives. Determining the latent motives is however substantially more complex and difficult. Motivational research or projective techniques are designed to provide information on latent motives. Apart from the traditional projective techniques used on a focus group, there are new developments like 'laddering' or constructing a 'means-end' or 'benefit' chain. A product or brand is shown to a consumer who names all the benefits that use of that product may provide. Then for each benefit mentioned, the consumer is asked to identify further benefits that each of these named benefits will provide. This is repeated till the consumer can no longer identify additional benefits.

b) Designing the Marketing Strategy:

This is the next step after understanding the combination of motives influencing the consumer. This covers all aspects from product designing to marketing communications. There are several considerations while designing these strategies. First, to the extent possible the product must provide more than one benefit, depending on its importance and the advertising should communicate these multiple benefits. Direct appeals are generally effective for manifest motives since consumers are aware and willing to discuss these motives. However since the latent motives are quite often not completely socially desirable, indirect appeals are frequently used. The ad campaign should cover the target consumer's manifest as well as latent motives for purchasing the product.

c) Handling Motivational Conflicts:

With the multiplicity of manifest and latent motives of each consumer and the many situations in which these motives are activated, there are frequent conflicts between motives. The marketer should analyse the situations that are likely to result in a motivational conflict, provide a solution to the conflict and attract the patronage of these consumers who are facing the conflict. There are three types of conflict, which are important to marketers:

- d) Approach-Approach conflict:** The consumer may face a conflict between two products or services to take a decision. For example a consumer may have to decide on whether to take his family for a holiday or buy an air conditioners for the house with the limited budget. The conflict is normally resolved by a timely advertisement for either of these alternatives or a price modification like- 'buy now pay later' offer which could result in the selection of both alternatives.

- e) Approach-Avoidance conflict:** A person who is worried about his/her weight and at the same time wanting an ice cream, may face this type of conflict. The development of low calorie or pro-biotic ice cream reduces this conflict and allows the diet conscious consumer to eat the ice cream at the same time controlling the calorie intake. Similarly, people who want to enjoy sunbathing in a beach may be worried about the suntan and also health risks of sun exposure. The marketer who offers a sun tan lotion, which will take care of these concerns will reduce the conflict of the consumer, who can enjoy the sun bathing after applying this lotion.
- f) Avoidance-Avoidance conflict:** One example is that of a major breakdown of the washing machine and the consumer may not spend on a new washing machine, or pay to have the old machine repaired or go without the machine. Here again the offer of purchase with installment payments and offer of exchange of new machine for the old one will reduce the conflict for the consumer to motivate him to purchase the new machine. The other option is for the old brand of washing machine offering an annual maintenance contract, which will take care of the maintenance problems.

5.3 Attitudes

Attitude is a hypothetical construct that represents an individual's like or dislike for an item. Attitudes are positive, negative or neutral views of an "attitude object": i.e. a person, behaviour or event. People can also be "ambivalent" towards a target, meaning that they simultaneously possess a positive and a negative bias towards the attitude in question.

Attitudes are defined as learned predispositions to respond to an object or class of objects in a consistently favourable or unfavourable way.

Attitudes are learnt and they are formed on the basis of some experience or information about the object. The object in this context refers to many market related concepts like a product, brand, product category, service, product use, people, advertisement, price, retail outlet, etc.

Attitudes remain in the mind. This is what is known as predisposition and this will propel the consumer towards behaving in a certain way or prevent the consumer from behaving in another way.

Attitudes result in consistent response- favourable or unfavourable. However despite their consistency attitudes are not necessarily permanent and they do change.

Attitudes come from judgments. Attitudes develop on the basis of three factors- **affect**, **behavioral change or conation** and **cognition**. The affective response is a physiological response that expresses an individual's preference for an entity. The behavioral intention is a verbal indication of the intention of an individual. The cognitive response is a cognitive evaluation of the entity to form an attitude. Most attitudes in individuals are a result of observational learning from their environment. The link between attitude and behavior exists but depends on human behavior, some of which is irrational. For example, a person who is in favor of blood transfusion may not donate blood. This makes sense if the person does not like the sight of blood, which explains this irrationality.

The above three factors are discussed in more detail in the following paragraphs:

Cognitions are also called beliefs. Beliefs are expectations of what something is or is not; or what something will do or will not do. There are three types of beliefs- descriptive, evaluative and normative.

Descriptive beliefs are about the quality or attributes of the object or person. The examples are- 'this computer has a large memory or', 'this airline is always late", etc.

Evaluative beliefs are about personal likes and dislikes, preferences, etc.

Normative beliefs are moral & ethical in nature and mostly they relate to the way someone acts.

Hierarchies in Attitudes

The three components of attitude are related and the sequence in which these components occur for a person is known as 'hierarchy of attitudes' There are three types of attitude hierarchy which are discussed in the following paragraphs:

- a) **Learning Hierarchy:** This is the most commonly occurring hierarchy. In this cognition or thoughts come first, affect or feelings come next and conative or action comes last. In this case the consumer thinks first, feels next and acts last. The learning hierarchy assumes brand beliefs lead to brand feelings and finally to brand purchase. An example is that of choosing a place for a holiday. In this case the consumer collects all the information about several alternatives, and based on the judgment of suitable alternatives evaluate the personal feelings generated by each of the alternatives and then finally decide on which place to go.
- b) **Emotional Hierarchy:** Here the consumer feels first and then acts and thinks last. Based on the feelings towards a brand the consumer buys or avoids a brand. The thinking and learning takes place through product usage. In this case, considering the example of holiday planning, the consumer may have some positive feelings about some beach resort, which the consumer has seen on TV and decide on this without going into any other information. The cognition or learning process takes place last when the consumer is staying in the resort.

c) Low Involvement Hierarchy: This is the case wherein the consumer is not very much involved since not much is at stake unlike in the case of the earlier hierarchies of learning and emotional hierarchies where the consumer is highly involved. Take the example of a consumer who sees a new type of brown bread which seems to be good while shopping for other products in a store. The consumer may not think much about this and simply buy it and take it home. Thus the action of purchase (Conation) comes first in such a case, then the feelings (affect) and then thoughts (cognitive).

Factors affecting Attitude Change:

Attitudes can be changed through persuasion. The celebrated work of Carl Hovland, at Yale University in the 1950s and 1960s, helped to advance knowledge of persuasion. In Hovland's view, we should understand attitude change as a response to communication. He and his colleagues did experimental research into the factors that can affect the persuasiveness of a message:

1. Target Characteristics: These are characteristics that refer to the person who receives and processes a message. One such is intelligence trait intelligence – it seems that more intelligent people are less easily persuaded by one-sided messages. Another variable that has been studied in this category is self esteem. Although it is sometimes thought that those higher in self-esteem are less easily persuaded, there is some evidence that the relationship between self-esteem and persuasibility is actually curvilinear, with people of moderate self-esteem being more easily persuaded than both those of high and low self-esteem levels. The mind frame and mood of the target also plays a role in this process.

- 2. Source Characteristics:** The major source characteristics are expertise, Trust trustworthiness and Interpersonal attraction / attractiveness. The credibility of a perceived message has been found to be a key variable here. If one reads a report on health and believes it comes from a professional medical journal, one may be more easily persuaded than if one believes it is from a popular newspaper. Some psychologists have debated whether this is a long-lasting effect and Hovland and Weiss (1951) found the effect of telling people that a message came from a credible source disappeared after several weeks (the so-called " sleeper effect"). Whether there is a sleeper effect is controversial. Received wisdom is that if people are informed of the source of a message before hearing it, there is less likelihood of a sleeper effect than if they are told a message and then told its source.
- 3. Message Characteristics:** The nature of the message plays a role in persuasion. Sometimes presenting both sides of a story is useful to help change attitudes.
- 4. Cognitive Routes:** A message can appeal to an individual's cognitive evaluation to help change an attitude. This is studied in more detail in the coming paragraphs.

Routes for Changing of Attitude

There are many questions faced by marketers like why do some attitudes persist indefinitely while some others change quite often? To understand such issues and also to influence changes in consumer attitudes, one has to understand how attitudes can be formed where none existed before and how the already existing attitudes can be changed. There are three routes for attitude formation and change: Cognitive, affective and conative.

- a) Cognitive Route:** This is the most common and effective approach. In this case, the cognitive component of the consumer's attitude is focused

upon. There are four marketing strategies to achieve changes in attitude through this route:

- i) **Change beliefs:** In this strategy, the marketer tries to shift the beliefs of the consumer about the performance of the brand in one or more attributes. This is done by providing facts & statements about the performance of the particular attribute. When Coca-Cola faced the accusation that pesticide residues were found in many Coke bottles, they advertised giving the lab reports of reputed testing laboratories to prove that the pesticide residue was within tolerable limits.
- ii) **Shift importance:** Most consumers organize the various attributes of a brand in their mind in the order of their importance. Marketers try this method of convincing the consumer that the strong attributes of their brand are most important to the consumer. For example, Saffola brand cooking oil advertises that controlling cholesterol is important to the consumer and by inference since Saffola is known for this attribute the consumer is persuaded to change to this brand.
- iii) **Add beliefs:** This is another approach in which the marketer tries to add new beliefs to the already existing set of beliefs, pertaining to the brand attributes. One beer brand started advertising that date of packing of beer is important since freshness is an important attribute. This was relatively unknown to the consumer earlier and the consumer never bothered to look at the packing date. After this campaign the consumer started considering the age of beer as a relevant attribute.
- iv) **Change ideal:** In this strategy, the marketer tries to change the perceptions of the ideal brand. There are many five star hotels that have come up recently with proper certification on eco friendly concept being followed in their hotel. They try to change the attitude

of the hotel guests to consider an eco friendly hotel as an ideal attribute for an ideal brand.

b) Affective Route: Many companies try to influence consumers' liking of their brand without trying to change the beliefs. If the liking for the product increases in the mind of the consumer, it will lead to positive beliefs which in turn will lead to purchase of the brand. There are three basic approaches to achieve this:

- i) **Classical Conditioning:** In this approach a stimulus the consumer likes such as music is consistently paired with the brand name. Over a period, some of the positive feelings associated with the music will get transferred to the brand. Other such stimuli used are pictures, which create, warm, loving feelings, etc.
- ii) **Affect towards ad:** Positive feelings towards the ad may increase the liking for the brand. Using humour, celebrities, or emotional stories in the ads increase the affect towards the ad. Ads which arouse negative feelings or emotions like fear, guilt, sorrow, etc. can also bring in attitude change. For example CRY (Child Relief & You) a charity organisation shows pictures of destitute children to generate sympathy and thus contributions to the cause.
- iii) **Mere Exposure:** Just by increased exposure brand preference can be improved. Presenting the brand to the consumer on a large number of occasions does this. Repetitive advertisements of low involvement products have been proven to increase the liking of the consumer and subsequent purchase.

Thus, in this route which utilizes the concept of classical conditioning, the following points will have to be noted:

- Advertisements with this concept need not contain cognitive (Factual or attribute) information.

- Liking of the consumer for the ad itself will be critical for this type of campaign
- Repetition of the ads is most important.
- Traditional types of measuring effectiveness of advertising focusing on cognitive component will not be appropriate for these types of campaigns.

Psychological theories for Attitude Change:

The route followed by a marketer for molding or changing the consumer attitude as discussed earlier are what is done externally to elicit the desired change in attitude. In the following paragraphs we shall study the theories of internal psychological processes which occur in the mind of the consumer to produce these changes. There are four groups of theories, which explain these processes:

a) Learning Theories:

All the four learning theories viz. classical conditioning, instrumental conditioning, modeling and cognitive learning can be used to explain & influence changes in attitude.

- i) Classical conditioning methods are used to reposition a brand. Gold Spot was repositioned as a children's drink by showing its consumption in children's birthday parties. This learning method is used as already discussed for
 - creating new associations by pairing with certain celebrities, situations or user groups,
 - influencing the affective component by presenting emotional stimuli,
 - using environmental restructuring (like in the case of IBM repositioning itself as e-business solution provider rather than hardware manufacturer).

- ii) Instrumental Conditioning can also be used to change attitudes. Frequent use rewards given by airlines & hotels, free samples, etc. are examples of inducing attitude change through this method.
- iii) Modeling can also change attitudes. The fashion change induced by fashion shows by well known models is an example of this. By desired association even clothes which can be drastically different can find acceptance.
- iv) Cognitive learning is the most effective method of attitude change. Information is generated by the consumer himself or herself by a process of reasoning which is called 'inference making'. Based on some initial information and some logical expectations, the consumer generates further information internally to fill in missing information. Price- quality relationships, country of origin effects are some examples.

b) Attribution Processes:

Attribution motivation is the motivation to assign causes and to explain things. For changing attitude, this theory has been used for explaining consumers' behaviour in changing to a less preferred brand. When the consumer does this switch due to a coupon of small amount, the attitude towards the new brand will be more positive. If the coupon value is high the consumer is likely to attribute the reason for switch as more due to the coupon & hence may not have a positive attitude towards the less preferred brand. Attribution theory has also been used in explaining two strategies used by marketers known as foot-in-the-door strategy and door-in-the-foot strategy.

- Foot-in-the-door strategy: The consumer agrees for a small request by the marketer first although reluctantly. This is attributed by the consumer as his own decision and when subsequently a larger request is made the consumer is likely to agree. This method is followed by many

charitable organisations, which ask for a small donation first, followed by a larger one later, which the individuals are found to agree for.

- Door-in-the-face strategy: Knowing fully well that the request will be turned down, the marketer asks for a large request first. After it is refused, he will ask for a smaller request which the consumer is likely to accede since the consumer may feel bad and sometimes guilty for having turned down the initial request. This is called Door-in-the-face strategy.

c) Cognitive Consistency Theories:

Every person has various cognitions and these cognitions have to be consistent with each other. When there is any inconsistency, the person will try to reduce the inconsistency by changing one of the cognitions. Festinger's Cognitive dissonance theory explains this in more detail. Cognitive dissonance is a psychological term describing the uncomfortable tension that may result from having two conflicting thoughts at the same time, or from engaging in behavior that conflicts with one's beliefs, or from experiencing apparently conflicting phenomena.

In simple terms, it can be the filtering of information that conflicts with what you already believe, in an effort to ignore that information and reinforce your beliefs. In detailed terms, it is the perception of incompatibility between two cognitions, where "cognition" is defined as any element of knowledge, including attitude, emotion, belief, or behavior. The theory of cognitive dissonance states that contradicting cognitions serve as a driving force that compels the mind to acquire or invent new thoughts or beliefs, or to modify existing beliefs, so as to reduce the amount of dissonance (conflict) between cognitions. One example is that of a consumer having made a purchase starts doubting subsequently whether he has made the right choice. Assuming that the product can not be returned, the consumer starts feeling the discomfort of dissonance between two cognitions- pre-purchase & post-

purchase. One frequently observed consumer behaviour in such a situation is that the consumers become more attentive to the brand information after they have already bought the product. Such consumers are looking for positive reinforcements for their purchase decisions to reduce the dissonance.

There is another theory proposed by Heider known as 'balance theory' based on the principle of cognitive consistency. According to this theory, when a respected opinion leader endorses a brand which was not initially favoured by the consumer, the consumer will either lower his/her opinion of the opinion leader or change the attitude towards the brand. By this process the consistency is brought about in the cognitions of the consumer.

d) High and low involvement information processing:

When a consumer is exposed to some stimuli like an advertisement, there are two ways in which this information is processed:

- Central processing route: In this route, the consumer actively scrutinizes the information and examines and interprets it carefully. Hence in such situations wherein the consumer involvement is high, the quality of information provided by the advertiser plays a very important role.
- Peripheral processing route: In this, the consumer attends to the message superficially and tends to make quick decisions by simply looking at some of the elements of the ad. In this case wherein there is low involvement, the form of the message rather than the content is more important in changing the consumer attitude.

After the initial attitudes are formed, it is important that these attitudes must persist till the actual purchase is done. This attitude persistence is more associated with high involvement processing. Since all marketers face low involvement consumers most of the time, it is important to find out the conditions under which attitude persistence occurs even in low involvement

situations. Research has established that the peripherally processed cues such as brand names or celebrity endorsers can lead to attitude persistence and hence marketers have to be extremely cautious while deciding on such cues.

Functional theory of Attitude

The process of attitude change does not fully explain differences in attitudes and also the willingness to change in different individuals. Some of this variation is due to the reasons behind the consumers' attitudes. Psychologist Daniel Katz proposed his "Functional theory of Attitude" to explain this. According to this theory, individuals hold certain attitudes because the attitudes serve certain functions. He classified these into four categories – utilitarian, value-expressive, ego-defensive and Knowledge.

- a) **Utilitarian Function:** This function of attitudes guides consumers to consumers to achieve desired benefits. For example, the consumer who considers immediate relief and minimum side effects as important in selecting a pain-reliever is directed to brands, which fulfill these criteria. Conversely, in their utilitarian role, attitudes direct consumers away from brands, which unlikely to fulfill their needs.
- b) **Value Expressive Function:** The attitudes can express consumers' self images and value systems particularly for high involvement products. The self image of a consumer who buys a sports car may be of a domineering person who after the purchase may show aggressiveness as that fits the image. Similarly, the person who dresses in a conservative way just because others in the workplace dress conservatively has accepted the values of conservatism as expression of success. Advertisers often appeal to the value expressive nature of attitudes by implying that the use or purchase of a brand will lead to self-enhancement, achievement or independence. This is an appeal to the segment of consumers who value their self-expressive traits.

- c) **Ego-Defensive Function:** Attitudes protect the egos from anxieties and threats. Consumers purchase products like mouthwash to avoid anxiety producing situations. Most individuals use mouth wash to avoid bad breath rather than cure it. Advertisers use this theory of consumers' fears of social ostracism by showing greater social acceptance if they use certain brands. As a result the consumers develop positive attitude towards brands which are associated with social acceptance. Mercedes Benz has capitalized on this concept by projecting that the owners of Mercedes Benz will feel an air of status, power, social acceptance and influence.
- d) **Knowledge Function:** Attitudes help the consumers in organizing the huge amount of information they are exposed to daily. They sort out all these messages by using the knowledge function, which reduces uncertainty and confusion. Advertising that gives detailed information on new brands or new characteristics of their existing brands are valuable for this purpose.

Self Assessment Questions I

- a) _____ refers to the initiation, direction, intensity and persistence of behavior.
- b) Motivation is comprised of two components- Drive or arousal, & _____.
- c) _____ is a complex psychophysical process that arises spontaneously, rather than through conscious effort, and evokes either a positive or negative psychological response or physical expressions, often involuntary.
- d) Marketers should recognise that they are not selling product attributes; but they are selling product _____.

- e) _____ are defined as learned predispositions to respond to an object or class of objects in a consistently favourable or unfavourable way.
- f) All the four learning theories viz. _____ conditioning, instrumental conditioning, modeling & cognitive learning can be used to explain and influence changes in attitude.

5.4 Personality

Meaning of Personality

Personality can be defined as a dynamic and organized set of characteristics possessed by a person that uniquely influences his or her cognitions, motivations, and behaviors in various situations. Every person has a consistent way of responding to his or her environment and this is based on the person's inner psychological characteristics, which determine the kind of such response. Personality is thought to be determined largely by either genetics and heredity, or environment and experiences. There is evidence for both possibilities. Some even believe it is a combination of both. We keep describing people in terms of their personality in everyday life and many such descriptions are- dominant, outgoing, assertive, aggressive, lively, warm, aloof, sentimental, thick skinned, etc. These are all references to a person's personality.

There are many theories to explain how a personality develops. One of them which is quite simplistic is that a person finds it cumbersome to develop a new response every time a situation arises and it is more efficient for the individual to develop a standard response every time a similar situation arises. The personality traits can have a strong influence on the way consumers respond to marketer's promotional efforts and also as to when, where and how they consume particular products and services.

Hence an understanding of various personality characteristics will be very useful to plan and finalise various marketing mix strategies.

Nature of Personality

Personality is individualistic

These are due to inherited characteristics as well as those imbibed from the environment. This combination results in unique personality traits which are never duplicated. Hence no two individuals can be exactly alike. Two persons may however resemble in one or more of some personality characteristics; but never in all the characteristics. Hence personality becomes a useful tool, which enables a marketer to segment customers into different categories, depending on one or more of the common traits. If there are no commonalities at all of at least some of the personality traits among all the consumers, then it would be impossible to do any market segmentation and it would be futile to develop products and promotions targeted at particular segments.

Personality is enduring and consistent

Each individual has a distinct set of psychological traits, which lead to consistent and also enduring responses to cues and stimuli from the external environment. These features of a personality help marketers to explain and predict consumer behaviour on the basis of the personality characteristics. It is however not possible to change the personality of a consumer. The objective of a marketer is to find out which consumer responses are influenced favourably to which particular personality traits, so that they can try to influence relevant traits in their target group of customers. Personality is only one of the factors, which influence consumer behaviour although it is one of the most important factors.

Personality can also change

As the individual grows he cultivates a lot of traits which lead to consistent behaviour. However there are several circumstances which lead to gradual changes in the personality of the individual. For example the birth of a child may lead an aggressive person to become softer and more affectionate. Similarly major events in life like marriage, death of a loved person, estrangement from a lover, a big change in career, etc. can lead to noticeable changes in an individual's personality. Aging also contributes to such changes resulting in an older person behaving in a more mature and calm way to adverse situations. The social changes like women's empowerment also has brought in many changes in the general personalities in women in the last few decades & it has been found that women are showing many of the personality attributes traditionally exhibited by men.

Development of Personality

Personality development depends mainly on the genetic make up and the environmental effects. In the genetic factors, the psychological factors known as Psychogenic Traits and also the genetic group traits are the basic building blocks of development. Subsequently the environment in which the person grows up and lives will determine the personality.

Psychogenic Traits

Personality of an individual starts from the effect of hereditary factors. These are called psychogenic traits. Genetics have effects on an individual in four ways:

- 1. Physiological differences,*
- 2. Hereditary diseases,*
- 3. Biological clock and*
- 4. Psychological effects.*

Physiological differences

This is the most obvious effect of genetics. A person's physical features like height, weight, facial features, colour of skin, colour & texture of hair, etc. are all caused by heredity.

Hereditary diseases

Many diseases like hemophilia, Alzheimer's disease, Schizophrenia, diabetes, etc. have been proven to be caused by genetic factors.

Biological clock

All living beings are governed by what is called a Biological Clock, which decides the rhythms of sleep wake cycles in our daily cycle of activity. This is also known as "Circadian Rhythm."

Psychological effects

Such effects of genetics constitute the personality of the individual at birth. There is however an ongoing debate as to whether the behaviour of an individual gets predominantly influenced by the genetic factors or by the environmental factors while growing up. The first argument i.e. genetics being the major contributor credits the behavioral tendencies like our emotions, love of status, sexual preferences, notions of beauty, sociability, creativity, morality, etc. to our hereditary factors. The second argument insists that the personality gets predominantly influenced by the family and social environment like a person's upbringing, family life, parental values, peer group influences, school/college, any religious groups, etc.

The researchers trying to prove this point have studied the birth order of children. Birth order is the sequence in which the children are born to the same mother. Such researchers have proven after extensive studies that the birth order does matter. The older children are proven to be aspiring and ambitious. Having no younger children in the family during the initial period of their upbringing, they get influenced by the adult behaviour and learn to

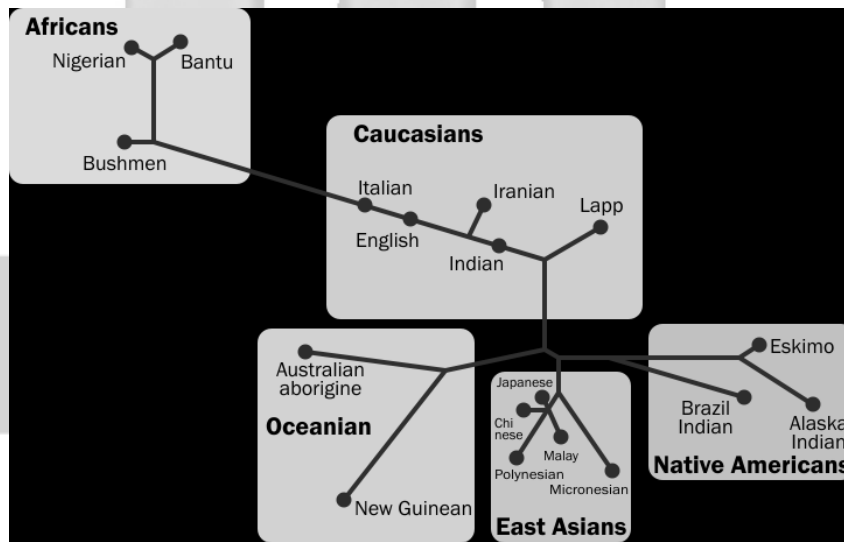
act responsibly, and also maintain and enforce law and order in the family. The younger children by contrast have been found to take themselves less seriously, are more sociable, less judgmental, more risk taking, And more open to new things and change.

Group Traits

These are again due to several hereditary factors like race, gender and age. These are considered as group traits. An individual is born with these traits and these traits can not be altered. Researches have analysed these traits to examine whether significant differences exist between groups of customers with these common traits.

Race:

This is a person's genetic heritage. This is the concept of dividing people into populations or groups on the basis of various sets of characteristics and beliefs about common ancestry. The most widely used human racial categories are based on visible traits (especially skin color, facial features and hair texture), and self-identification. One of the researches which was conceptualized by using a genetic distance map is given below:



The personality traits of different races have been generally found to have many common personality traits. For example - the core values of the Japanese are found to be hard work, loyalty to the group, obligation to return favours, respect for age and tradition, etc. Indians are found to be deeply religious, hard working, ambitious, maintain tradition and customs, humility, self-denial for the sake of group, etc. Chinese are found to value hard work, long term reciprocal relationships, respect for authority, harmony in all things, discipline in delaying gratification, etc.

Gender

This is a group trait and is divided into two groups- male and female. These groups have common traits, which influence consumer values and preferences. Male Female differences are found to be influenced by the life cycle. Sex differences between male and female pre-puberty children are found to be very minimal. However as they move into teenage years, the differences begin to show up and as they grow into adulthood and parenthood these differences are found to be more significant. As a person moves into old age, the differences are found to become less acute.

Age

In this context we are referring to chronological age which is different from psychological age (how young a person feels). This has a significant influence on the personality and also the consumer behaviour. Marketers have successfully segmented the markets based on age criteria.

Environment

There are separate theories and research streams, which consider the environment as the major determinant of personality. In these studies it has been proved that a personality can be developed and molded by a society by means of environmental shaping. The American psychologist B.F. Skinner is the leading proponent of such a theory known as

Behaviorism Theory. As per this theory, a person develops a pattern of behavioural responses because of the rewards and punishments offered by the environment of the person. Skinner believed that children do bad things because the behavior obtains attention that serves as a reinforcer. For example: a child cries because the child's crying in the past has led to attention. These are the responses and consequences. The response is the child crying, and the attention that child gets is the reinforcing consequence.

Theories of Personality

a) Psychoanalytic theory

Psychoanalysis is a family of psychological theories and methods based on the work of Sigmund Freud. As a technique of psychotherapy, psychoanalysis seeks to discover connections among the unconscious components of patients' mental processes. Psychoanalysis was devised in Vienna in the 1890s by Sigmund Freud, a neurologist interested in finding an effective treatment for patients with neurotic or hysterical symptoms. As a result of talking with these patients, Freud came to believe that their problems stemmed from culturally unacceptable, thus repressed and unconscious, desires and fantasies of a sexual nature. As his theory developed, Freud developed and cast aside a myriad of different frameworks to model and explain the phenomena he encountered in treating his patients. These concepts were adopted by researchers in Consumer Behaviour to analyse and explain the behavioural patterns of consumers in a market situation.

According to this theory the human personality can be broken down into three significant components: the id, ego and superego.

- a) The **id** is the source of primitive energy that builds up and needs to be released or expressed in some way. The id is motivated by the pleasure principle seeking immediate satisfaction without concern for the specific

means of satisfaction of basic physiological needs such as thirst, hunger, sex, etc.

- b) The **ego** is the structure that helps the id express itself. It emerges in order to realistically meet the wishes and demands of the id in accordance with the outside world. It operates according to the reality principle. Ego is the individual's conscience mediator between the id (i.e. the unconscious & impulsive forces) and the superego (i.e. the societal ideals). The ego helps the person to respond in ways acceptable to the society and such behaviours are called "defense mechanisms". For example, a person may want to buy a very beautiful house in a locality of his choice; but due to financial constraints he decides not to go for this purchase. It is the superego which reminds the ego that it is unwise to go for this purchase. To resolve this conflict, the person saves the ego by arguing that the neighbourhood of this house may really not be suitable since they are very rich. This argument is an example of the defense mechanism.
- c) Finally, the **superego** exercises moral judgment and societal rules in keeping the ego and id in check. The superego is the last function of the personality to develop and may be seen as an outcome of the interactions with one's parents during the long period of childhood dependency.

According to Freud, personality is based on the interaction of these three components. He enunciated that the personality of an individual is determined by how that person deals with the conflicts that are experienced while passing through a number of distinct stages of infant and childhood development.

Researchers who have applied Freud's theories to consumer behaviour believe that, the id and superego operate to create unconscious motives for purchasing decisions. Since the focus of such research is to understand and

uncover these unconscious motives, application of psychoanalytic theory to marketing is known as Motivational Research.

Many of the personality traits like aggression, rationalization, withdrawal, regression etc. in the market place have been explained by this theory. These theories have also been extended to observe link between the products purchased or consumed and the selected personality traits. In fact, there have been theories of Brands assuming personality characteristics and many companies have successfully exploited such theories in their brand promotion.

b) Non Freudian Personality theory:

Many researchers have disagreed with the Freudian theory that, personality is primarily instinctual and sexual in nature. They have viewed human beings as seeking to attain rational goals. The individual is supposed to overcome feelings of inferiority by striving for superiority, efforts to reduce tensions such as anxiety. They have classified the individuals into three personality groups: compliant, aggressive and detached.

1. Compliant individuals are those who lean towards others (they want to be loved, wanted and appreciated)
2. Aggressive individuals are those who normally move against others (they wish to excel and thus win admiration)
3. Detached persons are those who move away from others (they desire independence, self reliance, self sufficiency and freedom from any obligations)

These theories have been applied in the context of consumer behaviour. It has been found that the compliant persons prefer to use branded products, aggressive persons preferred brands with masculine appeal like Old Spice deodorant, and detached personalities were less likely to be brand loyal.

c) Trait theory of Personality:

The orientation of trait theory is primarily quantitative as opposed to psychoanalytical theories, which are qualitative. In this theory a person is considered as a composite of several personality traits. A personality trait is a consistent and characteristic way of behaviour of a person. Trait theories predict that, it is more realistic to expect, personality is linked to how consumers make choices and to the purchase and consumption of a broad category of products rather than individual brands. According to this theory there is more likely to be a relationship between a personality trait and whether he owns a convertible sports car, whereas this may not result in the purchase of a particular brand like Ferrari.

Personality traits and personal context**Personal Context**

The characteristics of the social, economic and cultural environment, in which a person has lived and is living, will have significant effect on the personality. These are termed as personal context. Personal Context has four dimensions, which affect consumer behaviour: Culture, Institutions & groups, Personal worth and social class. It is important to analyse these personal context factors to understand the consumer responses to various market situations.

Culture

Culture has been called "*the way of life for an entire society*". As such, it includes codes of manners, dress, language, religion, rituals, and norms of behavior such as law and morality, and systems of belief. According to many theories that have gained wide acceptance, culture exhibits the way that humans interpret their biology and their environment. According to this point of view, culture becomes such an integral part of human existence that it is the human environment, and most cultural change can be attributed to

human adaptation to historical events. Moreover, given that culture is seen as the primary adaptive mechanism of humans and takes place much faster than human biological evolution, most cultural change can be viewed as culture adapting to itself. Culture however excludes the genetically inherited instincts since these are not learnt. It also excludes the individual behaviours, knowledge, etc., which are exclusive to the person and not shared with others.

Culture has a regulatory effect on society. It offers standards and norms of behaviour and in every culture the members know the rules to follow. Since we keep interacting with the people with the same culture most of the times it makes things easier and more efficient to follow the culture. Culture keeps changing with the environment changes and it has a way of adopting itself. It envelops the entire society as if it is an environment itself and normally everyone takes it for granted.

Subculture is a culture within the larger group. This group may share a number of common characteristics of the larger group and at the same time have its own distinct features.

Culture has following elements:

- a) **Values:** Value is a concept that describes the beliefs of an individual or culture. A set of values may be placed into the notion of a value system. Values are considered subjective and vary across people and cultures. These are conceptions of what is good & desirable against what is bad and undesirable.
- b) **Norms:** A norm is a rule that is socially enforced. Social sanctioning is what distinguishes norms from other cultural products or social constructions such as meaning and values. These are rules of behaviour. They are a guide of do's and don'ts. These dictate acceptable and unacceptable behaviour.

- c) Rituals:** A ritual is a set of actions, often thought to have symbolic value, the performance of which is usually prescribed by a religion or by the traditions of a community. A ritual may be performed at regular intervals, or on specific occasions, or at the discretion of individuals or communities. It may be performed by a single individual, by a group, or by the entire community; in arbitrary places, or in places especially reserved for it; either in public, in private, or before specific people.
- d) Myths:** Myths are stories generally of gods and heroes, which become somewhat sacred in each society. Ramayana, Mahabharata, Bible, etc. are all myths.

Effects of Culture

Culture has many effects on the behaviour of individuals, which are as under:

a) Individualism vs. collectivism:

This concerns the value individuals have, regarding the importance for the overall group benefits as against their own self-interest. Many cultures exhibit close ties among individuals with the group interest being given more importance than the self interest. There are some cultures wherein the individuals exhibit loose ties with others and also self interest over the group interest giving a lot of importance for the individual freedom and survival of the fittest. The United States is an example of Individualism whereas the Asian countries like Japan, China and India exhibit collectivism. The implication of this characteristic to a marketer is the kind of emotional appeal which would be most effective to influence consumer behaviour. In an individualistic culture the emotional appeals can be ego focused with emotions like happiness, pride, anger, frustration, etc. being prominent. In the collectivistic culture, emotions associated with social context like empathy, peacefulness, indebtedness, shame, etc are more effective in molding the consumer behaviour.

b) Power Distance:

This refers to the extent of submissive relation with authority in a culture. The power distance is supposed to be large when the authoritarianism is greater among different levels of people in the society. This could be among the members of the family or the different managerial levels in a business organisation. In societies with a larger power distance, the people in lower levels are supposed to keep a distance from their superiors. In societies with smaller power distance, the members of different levels are not so formal. Decision making is more participative in a culture with smaller power distance than in the other cultures. Many western countries like USA, England, Germany, Switzerland, etc. are having a smaller power distance. Countries like India, Egypt, Malaysia, etc. are having a larger power distance. This characteristic will help in deciding on promotions and positioning of products in a marketing mix.

c) Uncertainty avoidance:

Many cultures have very clearly defined explicit and formal rules and regulations to avoid any ambiguity. In such societies new ideas and products are not easily accepted and the consumers are interested in greater dependability, reliability, warranties, guarantees, etc. on which the marketers have to concentrate in such cultures.

d) Masculinity vs. femininity:

Many societies have a masculine culture, wherein male and female roles are segregated and masculine roles are considered superior. In a masculine culture, money, success and material things play a dominant role and in a feminine culture the dominant features are improving quality of life, preserving the environment, placing relationships above monetary considerations, etc.

e) Abstract vs. associative thinking:

In many cultures people associate events which may not have much logical basis, like associating with the influence of the supernatural or the effect of Gods etc. In abstract cultures the logical thinking, cause and effect relationships are important. In these cultures, face to face communication, eagerness to change and innovate are the predominant behaviours.

Institutions and Groups

Groups can be defined as two or more persons sharing a common goal. Institutions are structures and mechanisms of social order and cooperation governing the behavior of two or more individuals. Institutions are identified with a social purpose and permanence, transcending individual human lives and intentions, and with the making and enforcing of rules governing cooperative human behavior. Institutions are more permanent groups. Schools, colleges, family, religious groups etc. are examples of institutions. Institutions influence individual behaviour by having some norms, values and also of conduct.

Types of Groups

Depending on the frequency of contact and interaction, groups can be divided as Primary groups and Secondary groups. In primary groups, the members meet frequently and it is important to follow the group opinions and norms. The examples are family, work organisation, etc. In secondary groups, the meetings are less frequent and the enforcement of group norms is less strict and less binding. The examples are distant relatives, musicians, artists, etc. Another way of differentiating the groups is according to whether the membership of these groups is real or symbolic. Groups also differ on whether they are formal or informal, whether the membership to the group is by choice of the member or whether it is assigned by the group. Different groups have differing influence on the behaviour of each individual with family being the most influential among all the groups. Families are

important in all cultures and influence of the members on the decision making process of one another is significant. Another group which exerts influence on customer behaviour is the religious group. Religion is the main influencer of values, customs and beliefs of individuals and thus on his/her behaviour.

Influence of Reference Groups:

A reference group is a sociological concept referring to a group to which another group is compared. Reference groups are used in order to evaluate and determine the nature of a given individual or other group's characteristics and sociological attributes. Reference groups provide the benchmarks and contrast needed for comparison and evaluation of group and personal characteristics. Some behavioural scientists have established that, reference groups have significant influence on an individual's consuming behaviour when the product or service is conspicuous. Conspicuous consumption is a term used to describe the lavish spending on goods and services that are acquired mainly for the purpose of displaying income or wealth. In the mind of a conspicuous consumer, such display serves as a means of attaining or maintaining social status. In such cases the reference groups wield enormous influence on the decisions of the consumer. There are different types of influence of the reference groups:

1. **Information:** The consumer looks forward to the reference group member's advice since he feels that they have the expertise to give such advice. Professionals like doctors, lawyers, tax consultants etc. for household customers and management consultants, legal advisors, chartered accountants, etc. for business customers are examples of such information influence.
2. **Normative:** When a consumer is interested in conforming to the expectations of someone else such influence is known as normative

influence. Senior family members have a normative influence on the junior members.

3. **Identification:** When a consumer buys something which makes him/her to be like the role model this is known as identification influence. Movie stars, sports persons, etc. serve as reference groups for a huge number of consumers.

Worth of a Person:

Personal worth is another personal context, which has a direct effect on the consumer behaviour. This comprises of income of the individual, the wealth in his/her possession and also the borrowing power. This also has a direct effect on the consumption patterns in the marketplace.

1. **Income:** The earnings of a person will largely decide on the kind of products which are consumed by them. Poor families spend their income mostly on food, housing & basic clothing. As the income increases, the proportion of the income spent on food as a percentage of total income declines & they start spending on clothing, automobiles, electrical accessories, luxury goods, housing etc. will go up sharply. This also reaches an upper limit & then the savings go on increasing with the increase in income.
2. **Wealth:** This comprises of the assets of the person minus liabilities. Assets can be in terms of properties, bank balances, investment in shares, jewellery, etc. & the liabilities could be the loans taken for housing, luxury goods, automobiles or any other purposes.
3. **Borrowing power:** This indicates the economic condition of the individual. Borrowing power depends on the anticipated future income of the person & asset accumulation. The credit cards & loans granted by banks for housing, automobiles, electrical goods, etc. are based on their assessment of this borrowing power.

Social Class:

Social class refers to the hierarchical distinctions between individuals or groups in societies or cultures. The factors that determine class vary widely from one society to another. Even within a society, different people or groups may have very different ideas about what makes one "high" or "low" in the social hierarchy. The most basic class distinction between the two groups is between the powerful and the powerless. Social classes with more power usually subordinate classes with less power, while attempting to cement their own power positions in society. In societies where such classes exist, one's class is determined largely by:

1. Occupation
2. Education and qualifications
3. Income (personal & household)
4. Wealth or net worth, including the ownership of land, property, means of production, etc.

Social classes are normally ranked in terms of their social prestige. The social class of a person normally does not change in a short period and it is relatively permanent. There can however be movement from one social class to another over a long period of time it can be a movement upwards or downwards depending the changes in the situation of the individual. Within each strata of a social class there are many homogeneous characteristics. The kind of houses they live in, the neighborhoods, food habits, socializing patterns etc. are similar in one stratum of social class. It is to be however kept in mind that income is not the important determinant of social class and in most societies higher income does not necessarily mean a higher social class. It is not uncommon for a person of relatively lower income to be in a higher social class and vice versa. The social class does have a significant influence on consumption patterns and a consumer's behaviour. This is true

in most of the countries and more so in countries like India where the social-class distinctions are prevailing for many centuries.

Cognitive Personality factors

Cognitive psychology is the school of psychology that examines internal mental processes such as problem solving, memory, and language. Based on this there are two predominant personality characteristics – Need for Cognition and visualisers vs. verbalisers.

Need for Cognition

This measures the person's need for enjoying of the thinking process. Researchers have established that, the persons who are high on this need for cognition are more likely to be responsive to an advertisement, which is rich in product-related information and description. The consumers who are low on this need are more attracted to the background of the ad, an attractive model, a well known celebrity, etc. Consumers who are high in this need are likely to get convinced by a written matter in the ad whereas those who are low in this need are likely to get convinced with a cartoon message. For the first group, the ad message should emphasise forcefully on the relative benefits of the brand. Need for cognition seems to play a positive role in the internet usage, especially related to product information, current events, news, learning, education, etc. All such research findings are very helpful to marketers in market segmentation efforts as also the framing of the advertising campaigns to such segments.

Visualisers vs. Verbalisers:

Some people prefer written information as a way of securing information whereas some others prefer visual images or messages as sources of information. Based on these traits researchers have classified the consumers into two groups:

1. **Visualisers:** These consumers prefer visual information & products that are rich in visual effects. Some marketers stress on the strong visual images to attract such consumers.
2. **Verbalisers:** Such consumers prefer written or verbal information & also products rich in verbal content. Such consumers respond favourably to ads, which raise a question and provide an answer, or give detailed description of product features.

Consumption and possession Traits: These traits can be divided broadly into three types as follows.

Materialism

There is a long enduring debate on what is the extent to which a person is considered as materialistic. Americans are considered as materialistic and this term has more or less acquired the status of a personality trait. This is a trait, which distinguishes between individuals who regard possessions as essential to their identities and their lives and those for whom possessions are secondary. Researchers have found some of the following characteristics of materialistic people.

1. Such persons especially value acquiring & showing off their possessions.
2. They are particularly self centered & selfish.
3. They seek lifestyles full of possessions.
4. Their many possessions do not give them greater personal satisfaction.

It has been found by research that the extent of consumer materialism varies from country to country. The marketing mix, which is successful in a particular country that is high on materialistic consumption, may not work in another country where such traits may be low.

Fixated Consumption

Fixation refers, in human psychology, to the state in which an individual becomes obsessed with an attachment to another human, an animal, or an inanimate object. Fixated consumers are those who get fixated with regard to consuming or possessing certain products. This is normally accepted behaviour in society and fixated consumers frequently display these products and they openly share with others who have similar interest. Examples of such fixation are the serious collectors of various objects Even there could be fixation of games like cricket or football which drives such consumers to spend huge amounts in such hobbies like collecting coins, stamps, antiques, vintage cars, etc. Fixated consumers have following traits:

1. A deep and passionate interest in a particular product category,
2. Willingness to put in considerable efforts to secure additional pieces of such an object or product category, and
3. Spending of substantial money and time in searching for the object or the product.

Compulsive Consumption

This is an abnormal behaviour. Such consumers who are compulsive have an addiction and are out of control. Examples are uncontrollable shopping, drug or alcohol addiction, eating disorders, etc. From a marketer's point, compulsive buying can also be a compulsive activity.

Personality influences on Consumer Behaviour

In order to apply these principles in Marketing, one has to understand how personality influences consumer behaviour. This will help in grouping the consumers into segments and then target them so that, they are likely to respond positively to their communications regarding the product or service being marketed. There are specific personality traits which provide insights into consumer behaviour.

Innovativeness

Innovators are the persons who are most likely to be the first to try new products and services. Hence for marketers these are the key people whose response to their new products and services will indicate the possibility of success or otherwise of their products. Researchers have developed many measuring instruments of innovativeness, which provide the nature and limits of a consumer's willingness to innovate. Recent studies have established a positive relationship between innovative users of the internet and buying on line. Internet shoppers tend to see themselves as being able to control their own future and they use the internet to seek information. They enjoy changes and are not afraid of uncertainty.

Dogmatism

This is a trait, which measures rigidity, as opposed to openness displayed by person's unfamiliar information that is contrary to their own established beliefs. A person with high degree of dogmatism is defensive towards unfamiliar and he will be uncomfortable and uncertain about any such situation. Consumers who are high in dogmatism are more likely to choose established brands rather than try out new innovative product alternatives. However it has also been found that, such highly dogmatic individuals tend to be more receptive to advertisements of new products and services which contain an appeal from an authoritative figure. Hence marketers of new product ideas use experts and well-known personalities to endorse such products so that, the highly dogmatic consumers accept such new products.

Consumers who are low on dogmatism however are likely to prefer new products in place of the established alternatives. Such consumers are likely to be more open to advertisements which contain factual differences in product benefits & also the information on new product usage.

Social Character

Sociology research has identified the personality trait known as Social Character. This social personality trait can be of two types as follows:

- a) **Inner Directed:** These are persons who rely on their own standards and values, in evaluating new products and these persons are more likely to be product innovators. These consumers are attracted by ads, which stress on product features and benefits, which will enable them to do a self-evaluation of these claims of the marketer.
- b) **Other Directed:** These are like to look for others for advising them on what is right and what is wrong. These are less likely to be innovators. These persons are more influenced by their thoughts of social approval of their purchase decisions.

Uniqueness

Many people try to be unique. They avoid conforming to other's expectations and standards. It has been found by research that when consumers are not concerned about their being criticized by others, they are more likely to make unique choices. Many marketing researchers measure the Consumer's Need for Uniqueness to help them in the study of consumer behaviour.

Stimulation

Some persons prefer calm, simple and uncomplicated living whereas some others prefer novel, complex and unusual experiences. This is the need for stimulation and some studies have established that people who respond to high stimulation levels have a greater willingness to take risks in trying out new product. They try to be innovative and seek more product-related information. Consumers whose lifestyles are equivalent to their stimulation levels appear to be satisfied. Those who are under stimulated are likely to be bored. An under stimulated consumer is likely to get attracted to a great

amount of activity and excitement, whereas an over stimulated person may prefer solitude, peaceful environment and relaxation.

Personality of a Business Customer

In a business environment the employees do bring their personality traits into the work they do. They can be aggressive or subdued, emotional or unemotional, task oriented or relationship oriented, etc. Some researchers have divided the business customers into two broad personality traits as below

Assertive

Such people make their stand in any situation very clear to others. They tend to be aggressive, forceful and demanding. In any social gathering they are likely to start a conversation and they normally take charge. They tend to fight, if placed in an uneasy social situation. In contrast the unassertive people are unassuming, contented, quiet and easygoing. Such people rarely express their own ideas and beliefs and also they tend to support other's ideas in most of the situations. When facing an uneasy social situation such people tend to avoid and may even take flight.

Responsive

A responsive person readily expresses all his feelings and emotions like joy, anger, sorrow, etc. openly. Such a person is normally relationship oriented. In contrast an unresponsive individual is a controlling type. He tends to be reserved, serious and cautious. He also tends to be independent or indifferent to other's feelings. He tends to predominantly use logic in taking decisions and is mostly task oriented.

Based on the above two traits the personality can be divided into four social styles:

Analytical

This person is normally low in assertiveness as well as in responsiveness. He tends to react slowly, takes maximum effort to organize. He has minimum concern for relationships. He is cautious in any action and tends to reject any involvement.

Amiable

This person is low in assertiveness, but high in responsiveness. Normally unhurried, he will put in maximum effort to relate. He has minimum concern for any change; is always supportive in all actions. He also tends to reject any conflicts.

Driving

This individual is high in assertiveness and low in responsiveness. Normally he is swift in taking action. He exerts maximum effort to control, has minimum concern for caution. He doesn't like inaction.

Expressive

He is high in both assertiveness as well as responsiveness. He reacts rapidly with maximum effort to get involved. He doesn't like routine and mostly thinking of future. He tends to reject isolation and takes impulsive action.

Limitations of Personality theories in Consumer Behaviour

Consumer Behaviour researchers have found some limitations in using personality characteristics to explain buyers' behaviour in all situations. Such theories explain only those patterns of behaviour, which are consistent and enduring. Many times the application is in explaining aberrations rather than typical behaviour. These theories assume that consumer is motivated by deep rooted drives in his buying behaviour. Such theories have limited application when it comes to mundane day to day purchases & researchers have to look elsewhere to find solutions to such situations.

5.5 Self concept

Self-concept or self-identity is the mental and conceptual understanding and persistent regard that, individual hold for their own existence. In other words, it is the sum totals of a person's feelings, knowledge and understanding of his or her self as an object. The self-concept is different from self-consciousness, which is an awareness or preoccupation with one's self. Components of the self-concept include physical, psychological, and social attributes, which can be influenced by the individual's attitudes, habits, beliefs and ideas. These components and attributes can not be condensed to the general concepts of self-image and the self-esteem.

Self-concept has at least three major qualities of interest to marketers: (1) it is learned, (2) it is organized, and (3) it is dynamic.

a) Self-concept is learned:

No one is born with a self-concept. It gradually emerges in the early months of life and is shaped and reshaped through repeated perceived experiences, particularly with others. The fact that self-concept is learned has some important implications:

- Because self-concept does not appear to be instinctive, but is a social product developed through experience, it possesses relatively boundless potential for development and actualization.
- Because of previous experiences and present perceptions, individuals may perceive themselves in ways different from the ways others see them.
- Individuals perceive different aspects of themselves at different times with varying degrees of clarity.
- Any experience which is inconsistent with one's self-concept may be perceived as a threat, and the more of these experiences there are, the more rigidly self-concept is organized to maintain and protect itself.

When a person is unable to get rid of perceived inconsistencies, emotional problems arise.

- Faulty thinking patterns, such as dichotomous reasoning (dividing everything in terms of opposites or extremes) or over generalizing (making sweeping conclusions based on little information) create negative interpretations of oneself.

b) Self-concept is organized:

Most researchers agree that self-concept has a generally stable quality that is characterized by orderliness and harmony. Each person maintains countless perceptions regarding one's personal existence, and each perception is orchestrated with all the others. It is this generally stable and organized quality of self-concept that gives consistency to the personality. This organized quality of self-concept has corollaries.

- Self-concept requires consistency, stability, and tends to resist change. If self-concept changed readily, the individual would lack a consistent and dependable personality.
- The more central a particular belief is to one's self-concept, the more resistant one is to changing that belief.
- Basic perceptions of oneself are quite stable, so change takes time.
- Perceived success and failure affect self-concept. Failure in a highly regarded area lowers evaluations in all other areas as well. Success in a prized area raises evaluations in other seemingly unrelated areas.

a. Self-concept is dynamic:

To understand the active nature of self-concept, it helps to imagine it as a compass: a continuously active system that dependably points to the "true north" of a person's perceived existence. This guidance system not only shapes the ways a person views oneself, others, and the world, but it also serves to direct action and enables each person to take a consistent

"stance" in life. Rather than viewing self-concept as the cause of behavior, it is better understood as the compass of human personality, providing consistency in personality and direction for behavior. The dynamic quality of self-concept also carries corollaries.

- The world and the things in it are not just perceived; they are perceived in relation to one's self-concept.
- Self-concept development is a continuous process. In the healthy personality there is constant assimilation of new ideas and expulsion of old ideas throughout life.
- Individuals strive to behave in ways that are in keeping with their self-concepts, no matter how helpful or hurtful to themselves or others.
- Self-concept usually takes precedence over the physical body. Individuals will often sacrifice physical comfort and safety for emotional satisfaction.
- Self-concept continuously guards itself against loss of self-esteem, for it is this loss that produces feelings of anxiety.
- If self-concept must constantly defend itself from assault, growth opportunities are limited.

Interdependent and Independent Self Concepts

The self-concept is different in different cultures. Researchers have categorised self-concept into two types: independent and interdependent (also called as separateness and connectedness).

The independent self-concept, places emphasis on personal goals, characteristics, achievements, desires etc. and this concept is predominant in western cultures like USA where individuals are inherently separate. Persons with such self-concept tend to be individualistic, egocentric, autonomous, self reliant and self contained. These persons define

themselves in terms of what they are, what they have achieved & what they possess.

The interdependent self-concept emphasizes family, cultural, professional and social relationships. Such a concept is predominant in most of the Asian countries in which individuals are inherently connected with each other. Individuals with interdependent self concept tend to be obedient, socio-centric, connected and relation oriented. They normally define themselves in terms of social roles, family relationships, and commonalties with other members of their groups.

A variation in the degree to which an individual is characterized by independent versus interdependent self-concept has been found to influence message preferences, consumption of luxury goods & products of conspicuous consumption. For example the ads emphasizing individuality, autonomy, etc are more effective with consumers wit independent self-concepts and ads emphasizing group activities, group membership, etc, work better with consumers with interdependent self-concept.

Possessions and extended Self

Researcher R.W.Belk developed a theory that; the **extended self** consists of the self plus possessions. People tend to define themselves in part by their possessions. Thus some of these possessions are not just manifestation of the self concept; they become an integral part of self identity. If such key possessions are lost by the individual he/she will become a somewhat different person. While some of these key items could be major items like the house or the car, they can also be some small items like a souvenir, photograph, a pet, a wedding ring, mangala sutra for a Hindu wife, or even a favourite cup. These objects have meaning to the individual beyond their market value to the individual. Some products get

embedded with the person over a long period of usage having got associated with a lot of memories. For example, one of the products in a scientist's extended self could be an old, worn out, cheap briefcase which he purchased to take to his first academic conference many decades ago & had accompanied him all round the world. Although worn out it has now become a part of the scientist and he plans to continue using it as long as possible.

Measuring Self Concept

Malhotra has developed a set of 15 pairs of adjectives in semantic differential scale. These have been very effective in describing ideal, actual and social self-concepts of individuals as well as images of automobiles and celebrities.

Using Self Concept to Position Products

The product brand image and consumer self concept relation ship will determine the consumer behaviour to seek brands that improve and maintain self-concept. Most of the time, this process is not deliberate at least at the conscious level. This can be used to ensure a match between the self concept of a target market, the image of a brand, etc. Hence marketers should develop product images consistent with the self concept of their target markets. While everyone's self concept is unique, there is also a significant overlap across individuals. For example many consumers see themselves as environmental friendly. Companies and products, which create an image of being environment friendly, are likely to be supported by these consumers.

Consumers prefer brands, which are in congruence with their self-concepts; however the degree to which they would be attracted to such a brand also depends on symbolism and conspicuousness of that product class.