

CONSUMER BEHAVIOR

RECKONER

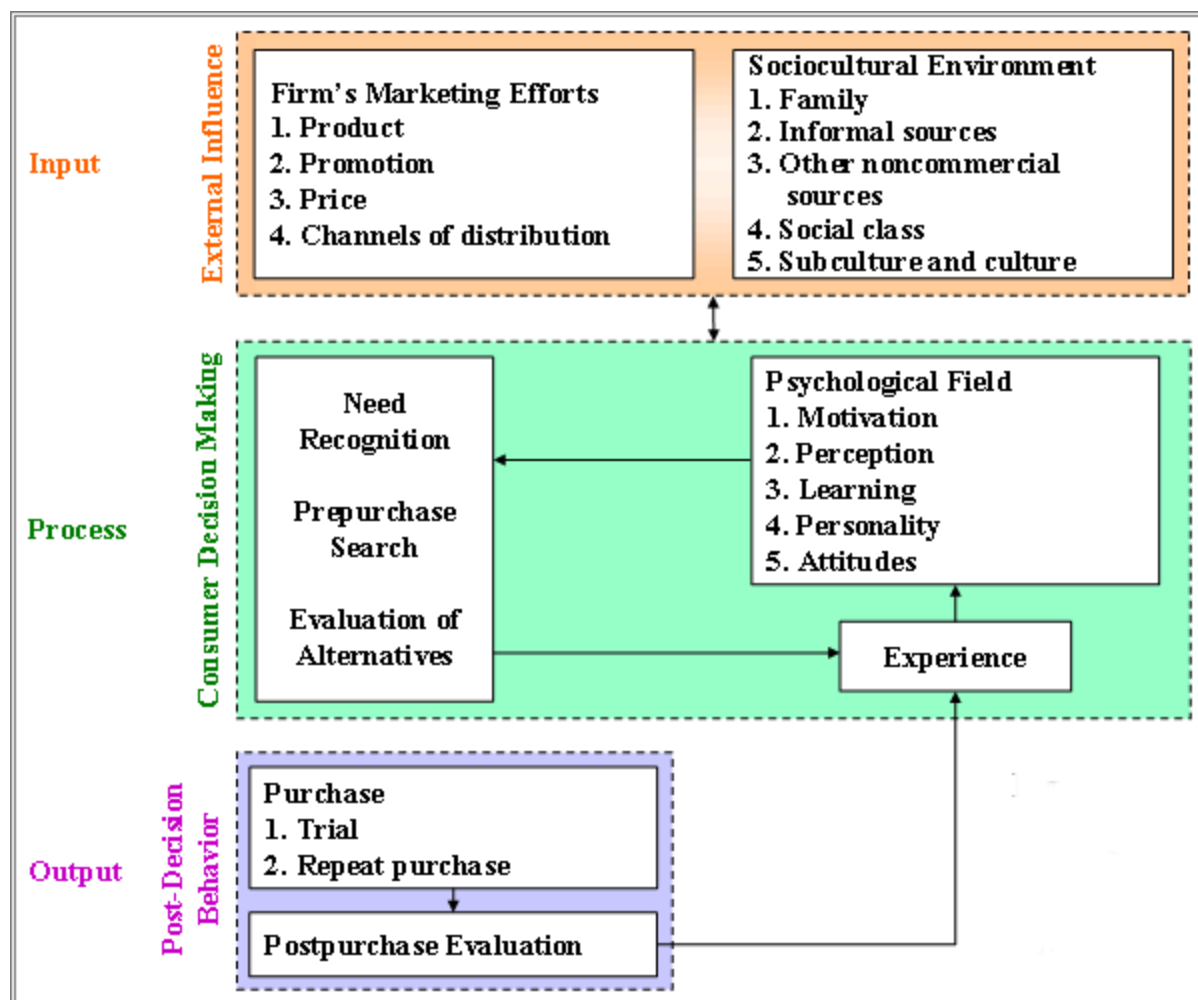
Q.1. Explain 3 stages of consumer decision making model

An individual who purchases products and services from the market for his/her own personal consumption is called as consumer

The model is designed to tie together many of the ideas on consumer decision making and consumption behaviour.

A model of consumer decision making process is presented has three major components.

1. Input
2. Process
3. Output



1. INPUT :-

The input component of our consumer decision making model draws on external influences that serve as sources of information about a particular product and influence a consumers product related values , attitude and behaviour.

Chief among these input factors are the marketing mix activities of organizations that attempt to communicate the benefits of their product and services to potential consumers and the no marketing sociocultural influences which, when internalized , affect the consumer purchase decisions.

➤ External Influences

1. Firm's Marketing Efforts
 - . Product
 - . Promotion
 - . Price
 - . Channel of distribution
2. Sociocultural Environment
 - . Family
 - . Informal source
 - . Other non-commercial source
 - . Social class
 - . Subculture and culture

➤ **Marketing Inputs**

1 .Product :-

The firm's marketing activities are a direct attempt to reach, inform and persuade consumers to buy and use its product. These inputs to the consumer decision making process take the form of specific marketing mix strategies that consist of the product including package, size and guarantees.

3. Promotion :-

The marketing product are promote the advertising, mass media advertising , direct marketing , personal selling and other promotion the product.

4. Price :-

In this concept consumer buy the product are different brand and different price policy in market.

5. Channel distribution :-

The selection of distribution channels to move the product from the manufacture to the consumer.

Ultimately the impact of a firm's marketing efforts in large measure is governed by the consumer perception of these efforts.

➤ **Sociocultural Inputs**

1. Family :-

The sociocultural environment also exerts a major influence on the consumer. Sociocultural inputs the comments of a friend an editorial in the newspaper, usage by family member.

2. Informal source :-

The views of experienced consumer sources of information Informal sources imply talks, meetings, e-mail, discussion groups etc. The advantage with informal sources is that they are the quickest way of retrieving the latest. The disadvantage is the difficulties in conveying exact information and that it requires a network of contacts.

3. Other no commercial source :-

The consumer report or the views of experience consumer participating in special interest discussion group on internet are all non-commercial.

4. Social class :-

The influences of social class ,culture and subculture although less tangible are important input factors that are internalized and affect communication by culture subtly indicate which consumption behaviour are all consumers.

5. Subculture & culture :-

The cumulative impact of each firm's marketing efforts the influences of family, friends and neighbours the unwritten codes of conduct communicated for different culture for different place.

2. Process

The process component of the model is concerned with how consumers make decision. To this process we must consider the influence of the psychological concept examined in part Two. The psychological field represents the internal influences. (Motivation, perception, learning, personality, and attitudes) that effect consumers decision making process.

1. Psychological field

.Motivation

- . Perception
- . Learning
- . Personality
- . Attitude

1. Motivation :-

Understand motivation is to comprehend our superordinate goal and secondarily the tensions that beset us and the experience we have had. More specifically regarding needs, their organization, and the nature of the superordinate goal

2. Perception :-

Perception is a dynamic balance between reality and consumers mentality. It is not sufficient to consider only perception to understand conflict; both the outer reality and inner mentality in this balance must be weighed and the nature of the balance itself must be reality for consumers decision.

3. Learning :-

Learning involves changes in an individual's behaviour arising out of experience. Most of the human behaviour is learned over time out of experience.

4. Personality :-

Personality can be described as the psychological characteristics that both determine and reflect how a person responds to his or her environment. Although mostly the personality tends to remain consistent and enduring, it may change abruptly in response to a major life events. Personality also change gradually over time.

6. Attitude :-

Attitude is defined as a mental, emotional or rational predisposition with regard to a fact, state, person or an object. In the context of consumer behaviour we are studying the attitude of buyers towards all the relevant attributes of a product or services as well as the markets.

3. OUTPUT

The output portion of consumer decision making model concerns five closely associated kinds of post decision activity. Need, Search, Evaluation of alternatives, purchase, Evaluation. The objective of five activity are increase the consumer's satisfaction with his or her purchase.

➤ Consumer Decision Making

1. Need recognition
2. Prepurchase search
3. Evaluation of Alternatives
4. Purchase
5. Post purchase Evaluation

1. Need recognition :-

Need is the most important factor which leads to buying of products and services. Need itself is the catalyst which triggers the buying decision of individuals. Individual buys the product identifies his/her need as thirst. These two steps are important when an individual purchases expensive products/services such as laptop, cars, and mobile phones and so on.

2. Prepurchase search :-

When an individual recognizes his need for a particular product/service he tries to gather as much information. A individual can acquire information through any of the following sources then family friends, commercial source, public source, personal source etc. For many source are uses for search the product information.

3. Evaluation of Alternatives :-

Evaluate the various alternatives available in the market. An individual after gathering relevant information tries to choose the best option available as per his need, taste and pocket.

4. Purchase :-

After going through all the above stages, customer finally purchases the product. Consumer try a product demo his satisfied then purchase the product.

5. Post purchase Evaluation :-

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

Q.2. You are the marketing manager of HDFCs Online Banking Division. How would you apply the concepts of providing value and customer satisfaction and retention to designing and marketing effective online banking?

CUSTOMER VALUE

The ratio between the customer's perceived benefits (economical, functional and psychological) and the resources (monetary, time, effort, psychological) used to obtain those benefits.

CUSTOMER SATISFACTION

The individual consumer's perception of the performance of the product or service in relation to his or her expectations.

CUSTOMER RETENTION

Providing value to the consumers continuously and more effectively than the competition so as to have highly satisfied and trusting customers, and from time-to-time surprise them by providing element of delight to their dealings with the company.

Designing and Marketing Effective Online Banking

- The website should be easy to use, not overloaded with stuff.
- The website should provide a single sign on to all the products that the HDFC bank provides to a customer i.e. all the products/services opted by the customer should be available through a single username/password. Like details regarding CASA, credit cards, debit cards, insurance etc should be linked to the same online account.
- The website should be such that it provides the customer everything without physically going to the bank. Like the customer wants to order a demand draft, he/she doesn't need to go to the bank. They can order online and reaches to them at the specified time frame. Value comes in the form of no charges for making DD, no psychic costs, no transportation costs, etc.

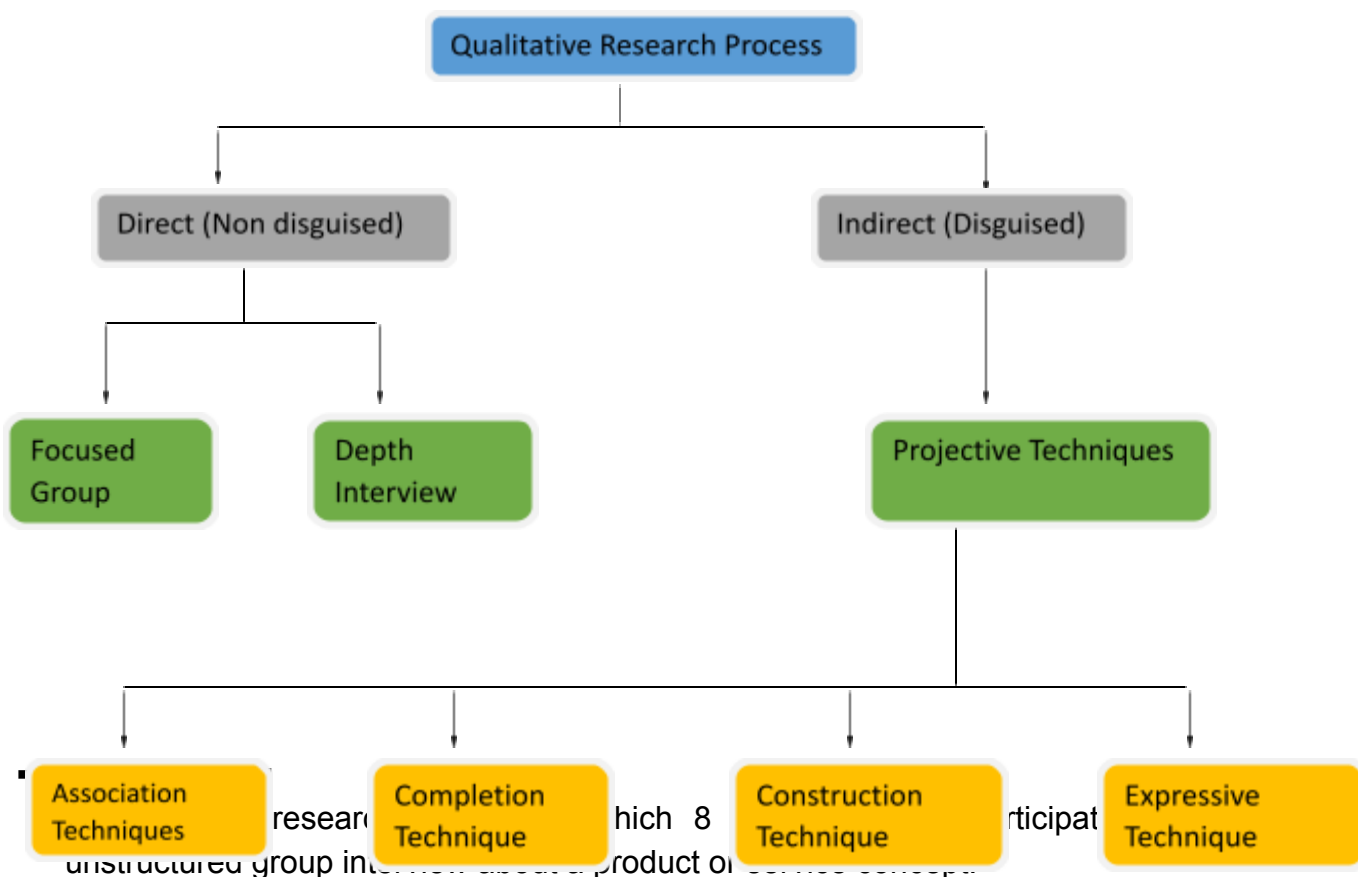
- Certain offers should be available through online usage only like credit points for paying bill through their website and not by giving cash at the retail counter. Receiving account statements on the online account rather than receiving paper based statements. Doing this they would receive points for shopping etc. These are the win-win situations for both i.e. bank and the customer.
- All the user preferences should be remembered by the website so as to make it unique experience, a customized/personalized feeling.
- The website should provide a strong customer complaint system which is very responsive. In case the customer is finding some kind of difficulty, then the website should provide proper mechanism to help the customer. This greatly helps bank to retain the customer and provide high customer satisfaction.
- Create customer tiers based on volume and consumption patterns like silver or gold account members.
- Linking all the products available on the website tends to make customer highly dependable on website of HDFC bank. This makes the customer to get retained with the bank.
- Summing all the above points, the value provided to the customer as the perceived benefits are very high as compared to the costs.

Q.3. define motivational research ? explain five different technique use in motivational research.

The term of motivational research which should logically include all types of research into human motives has become a term of art used to refer to qualitative research designed to cover the consumer sub conscious or hidden motivation based on the premise that consumer are not always aware the reason for their action motivational research attempts to discover underlying ,feeling,attitude and emotion concerning product,service or brand use.

- Story telling: This method consist of having customers tell reallife stories regarding their use of the product under study.
- Word association and sentence completion: in word association method respondents are presented with words, one at a time, and asked to say the first word thatcomes to mind. This method is highly useful indetermining consumers associations with existing brand names and those under development.now in sentence completion respondents are asked to complete a sentence upon hearing the opening phrase,

- Thematic apperception test: developed by Henry A. Murray, these tests consist of showing pictures to individual respondents and asking them to tell a story about each picture.
 - Drawing pictures and photo sorts: visual images are often used to study consumers' perception of various brands and to develop new advertising strategies in a study using photoshops conducted to tell a story about each picture.
 - Metaphor analysis: these methods include the tool termed ZMET (Zaltman Metaphor Elicitation Test).
- Q.4. A manufacturer of leading soft drink plans to launch nationwide new mint and ginger flavor carbonated soft drink in next summer. Advise the marketing manager to carry out suitable research with help of Qualitative and Quantitative research methods and suggest suitable methods for the company.
- Qualitative Research includes:



- **Depth Interview:**

A lengthy nonstructured interview between the respondent and a highly trained interviewer who minimizes his or her own participation in the discussion after establishing the general subject to be discussed.

- **Projective Techniques:**

Research procedures designed to identify consumer's subconscious feelings and motivations.

- **Word Association:-**

In this, respondents are presented with a list of words, one at a time and ask to respond to each with the first word that comes to mind. The words of interest, called test words, are interspersed throughout the list which also contains some neutral, or filler words to disguise the purpose of the study.

- **Completion Technique:-**

In Sentences/Story Completion, respondents are given incomplete sentences/story and asked to complete them. Generally they are asked to use the first word or phrase that comes to mind.

- **Construction Technique:-**

With a picture response, the respondents are asked to describe a series of pictures of ordinary as well as unusual events. The respondent's interpretation of the pictures gives indications of that individual's personality.

- **Metaphor Analysis:-**

Based on belief that metaphors are the most basic method of thought and communication.

- **Quantitative Research includes:**

- **Questionnaire:-**

For quantitative research, the primary data collection instrument is the Questionnaire, which can be sent through mail or online to selected respondents for self-administration or can be administered by field interviewers in person or by telephone.

- **Attitude Scale:-**

Researcher Often present respondents with a list of products or product attributes for which they asked to indicate their relative feelings or

evaluations. The instruments most frequently used to capture this evaluative data are called attitude scales. The most frequently used attitudes scales are Likert Scales, Semantic differential scales, behavior intention scales, and rank-order scales.

The Company can use questionnaire as an instrument to find out current market scenario and identify the suitable Marketing Plan for launching their product Nation Wide.

The use of filling Questionnaire online can reach more people and feedback of more people can be analyzed, more over use of Questionnaire can give benefit of using different attitude scales which will be helpful to identify the attitude of consumers towards current brands in the market. The use of Rating Scale helps to find out what factors consumer consider the most while buying a Soft drink.

The use of Questionnaire can help to identify whether there is relation between to variables for buying Soft drink or not. For E.X: Price and Income of the Consumer.

Q.5. Explain values and Lifestyles Segmentation in detail?

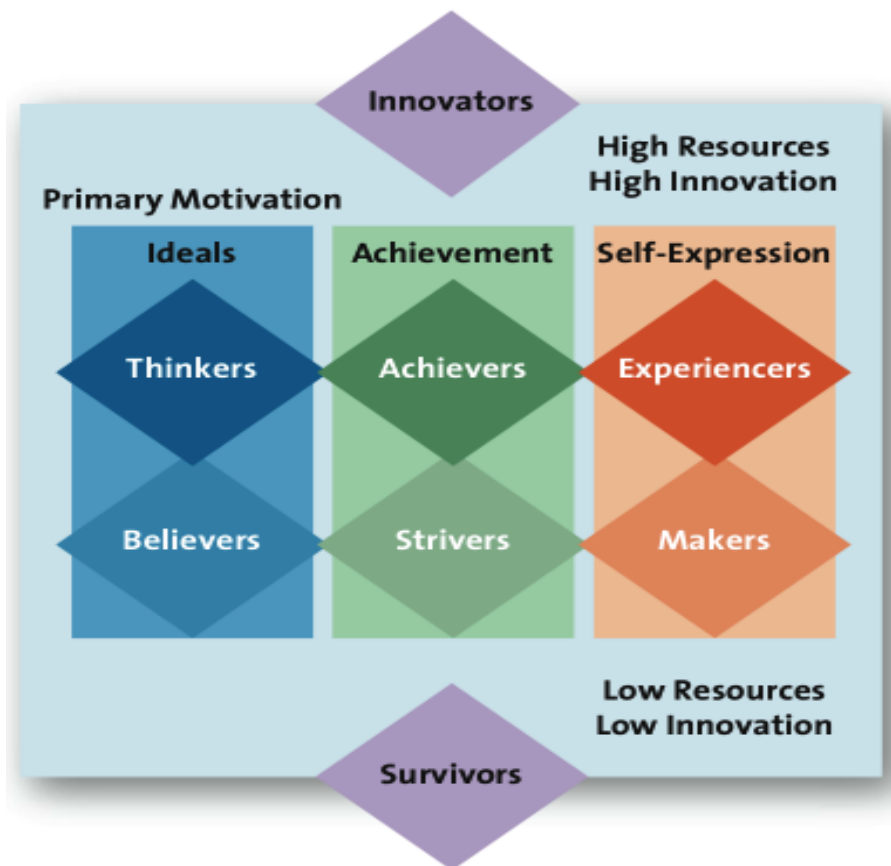
Ans:- VALS ("Values, Attitudes And Lifestyles") is a proprietary research methodology used for psychographic market segmentation. Market segmentation is designed to guide companies in tailoring their products and services in order to appeal to the people most likely to purchase them.

The main dimensions of the VALS framework are primary motivation (the horizontal dimension) and resources (the vertical dimension). The vertical dimension segments people based on the degree to which they are innovative and have resources such as income, education, self-confidence, intelligence, leadership skills, and energy. The horizontal dimension represents primary motivations and includes three distinct types:

Consumers driven by knowledge and principles are motivated primarily by ideals. These consumers include groups called Thinkers and Believers.

Consumers driven by demonstrating success to their peers are motivated primarily by achievement. These consumers include groups referred to as Achievers and Strivers.

Consumers driven by a desire for social or physical activity, variety, and risk taking are motivated primarily by self-expression. These consumers include the groups known as Experiencers and Makers.



At the top of the rectangle are the Innovators, who have such high resources that they could have any of the three primary motivations. At the bottom of the rectangle are the Survivors, who live complacently and within their means without a strong primary motivation of the types listed above. The VALS Framework gives more details about each of the groups.

VALS Framework and Segment

The following types correspond to VALS segments of US adults based on two concepts for understanding consumers: primary motivation and resources.

Innovator. These consumers are on the leading edge of change, have the highest incomes, and such high self-esteem and abundant resources that they can indulge in any or all self-orientations. They are located above the rectangle. Image is important to

them as an expression of taste, independence, and character. Their consumer choices are directed toward the "finer things in life."

Thinkers. These consumers are the high-resource group of those who are motivated by ideals. They are mature, responsible, well-educated professionals. Their leisure activities centre on their homes, but they are well informed about what goes on in the world and are open to new ideas and social change. They have high incomes but are practical consumers and rational decision makers.

Believers. These consumers are the low-resource group of those who are motivated by ideals. They are conservative and predictable consumers who favor local products and established brands. Their lives are centered on family, community, and the nation. They have modest incomes.

Achievers. These consumers are the high-resource group of those who are motivated by achievement. They are successful work-oriented people who get their satisfaction from their jobs and families. They are politically conservative and respect authority and the status quo. They favor established products and services that show off their success to their peers.

Strivers. These consumers are the low-resource group of those who are motivated by achievements. They have values very similar to achievers but have fewer economic, social, and psychological resources. Style is extremely important to them as they strive to emulate people they admire.

Experiencers. These consumers are the high-resource group of those who are motivated by self-expression. They are the youngest of all the segments, with a median age of 25. They have a lot of energy, which they pour into physical exercise and social activities. They are avid consumers, spending heavily on clothing, fast-foods, music, and other youthful favorites, with particular emphasis on new products and services.

Makers. These consumers are the low-resource group of those who are motivated by self-expression. They are practical people who value self-sufficiency. They are focused on the familiar-family, work, and physical recreation-and have little interest in the broader world. As consumers, they appreciate practical and functional products.

Survivors. These consumers have the lowest incomes. They have too few resources to be included in any consumer self-orientation and are thus located below the rectangle. They are the oldest of all the segments, with a median age of 61. Within their limited means, they tend to be brand-loyal consumers.

Q. 6. As a researchers suggest “Companies should endeavour to create apostles, convert defectors into loyalists avoid having terrorists or hostages, and reduce the number of mercenaries” How do you evaluate this view in perspective of consumer behaviour? As a marketer which concepts would you focus for execution of this suggestion?

Answer:- There are six types of Consumers.

- Loyalists
- Apostles
- Defectors
- Terrorists
- Hostages
- Mercenaries

Terrorists - at the very bottom of the scale you have customers who are extremely dissatisfied and have very low loyalty. They can do great damage to your business – particularly in the Internet age

Apostles – at the other end of the scale the highly loyal and highly satisfied customers. What sets them apart is the fact they actively go out and spread the good word. Some interesting research carried out by Xerox found that customers rating “extremely satisfied” were 6 times more likely to repurchase than those ranking “satisfied” the very next option down. These are your company’s best friends.

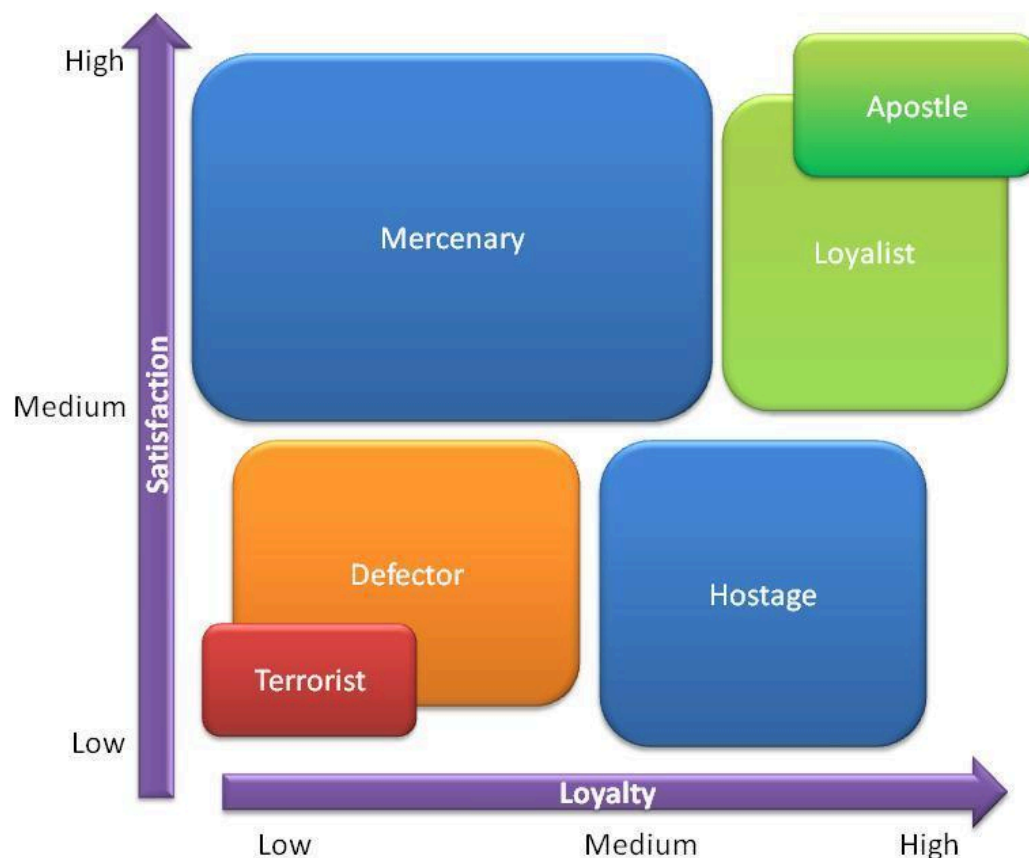
Hostages – with medium to high loyalty and satisfaction these customers tend be to “stuck”. Think of contracts where you are locked in for 12-18 months, not very happy but no easy way out or where other “costs of switching” keep you locked in to your current supplier. Monopoly / oligopoly supply situations create hostages too.

Mercenaries – often the bulk of your customer base. Apparently satisfied and loyal these people tend to switch to the best deal as they see it. In industries with a low cost of switching they are likely to change supplier quickly and without warning. For example where there are plenty of reasonable “me too” products then price / special offer is often

the differentiator. Many Mercenaries have the behaviour to deeply ingrained to change, but others would willingly become Loyalists when they receive the right product and service combination from a supplier.

Defectors – neither particularly loyal nor particularly satisfied. If they haven't already left they are likely to. However they tend not be as vocal as the Terrorists in expressing their dissatisfaction. They are often one trigger away from leaving. As with Mercenaries many would willingly become Loyalists when they receive the right product and service combination from a supplier.

Loyalists - High satisfaction and high loyalty but do not spread the word that much. What separates loyalists from apostles is really how they spread the word. As well as being active Apostles need to be very well connected and typically influential – i.e. they are able to spread the word to lots of people and those people are likely to listen. However the loyalists can be thought of as the bedrock of your company, they keep on coming back.



In above chart and discussion we can easily understand the whole concept of the consumer behaviour and consumers types. As a marketer would suggest the **Mercenaries consumer is the more satisfied and it is the perfect execution for this matter, Because they easily know their needs and willingness and behaviour towards the products.**

Mercenaries consumer is suitable for these situation because – often the bulk of your customer base. Apparently satisfied and loyal these people tend to switch to the best deal as they see it. In industries with a low cost of switching they are likely to change supplier quickly and without warning. So I would suggest to the Mercenaries consumer for these execution.

So researcher think about the “Companies should endeavour to create apostles, convert defectors into loyalists avoid having terrorists or hostages, and increase the number of mercenaries”

Because apostles and mercenaries are very important for the consumer behaviour.

Q. 7. Explain the impact of new Technologies on Marketing Strategies along with Example.

New technologies have enabled marketers to greatly customize their product, Services, and Promotional message. These new technologies and new media have made it easier for markets to adopt the elements of the marketing mix to specific consumer's need and to more quickly and efficiently build and maintain relationship with customers.

Marketers are also collecting and analyzing increasingly complex data on consumers buying patterns and personal characteristics, and quickly analyzing and using this information to target smaller and more focused groups of consumers. On the other hand, The same technologies enable consumer to find more information about goods and services (Including price), and more easily and efficiently, from the comfort of their homes on their home computers, Get the answers they need to make more informed decision.

There for more than ever before, marketers must ensure their products and services provide the right benefit and value and positioned effectively to reach the right consumers.

➤ CONSUMER HAVE MORE POWER THAN EVER BEFORE

They can use “Intelligent agents” to locate the best prices for products or services. bid on various marketing offerings, bypass Distribution outlets and middleman, and shop for

goods around the globe and around the clock from the convenience of their homes. Therefore marketers must offer more competitively priced products, with more options.

Related to this issue, as consumers spend more time online and have more technological tools that enable them to avoid exposure to TV ads, marketers have been reducing their advertising expenditures on the major networks and investing their advertising dollars instead in the newer media, especially in Web and e-mail advertising, and increasingly exploring cell phone advertising.

➤ **CONSUMERS HAVE MORE ACCESS TO INFORMATION THAN EVER BEFORE**

They can easily find reviews for products they are considering buying that have been posted by previous buyers. Click a button to compare the features of different product models at the sites of online retailers, and participate in virtual communities of persons who share the same interests they do. In turn, marketers must be aware of the limits of their promotional messages and assume that such consumers are highly likely to know all of their buying options.

➤ **MARKETERS CAN AND MUST OFFER MORE SERVICES AND PRODUCTS THAN EVER BEFORE**

The digitization of information enables sellers to customize the products and services they are selling and still sell them at reasonable prices. It also allows marketers to customize the promotional messages directed at many customers. For example, Amazon.com regularly sends personalized mails to previous book purchasers announcing newly published books; these suggestions are based on a determination of the interests of the targeted consumers derived from their past purchases.

Similarly, an online drugstore may vary the initial display returning buyers see when they revisit its Web site. Buyers whose past purchases indicate that they tend to buy national brands will see a display arranged by brand. Past purchasers who bought mostly products that were on sale or generic brands will see a display categorized by price and discounted products.

➤ **Increasing instantaneous exchange between marketers and customers**

Traditional advertising is a **one-way** street where the marketer pays a large sum of money to reach a large number of potential buyers via a mass medium, and then assesses (usually after the fact) whether or not the message was effective on the basis of future sales or market studies.

On the other hand, **digital** or **new media** communication enables a **two-way** interactive exchange in which consumers can instantly react to the marketer's message by, say, clicking on links within a given web site or even by leaving the site.

Thus, marketers can quickly gauge the effectiveness of their promotional messages rather than rely on delayed feedback through sales information that is collected after the fact.

➤ **Marketers can gather more information about consumers more quickly and easily**

Marketer can track consumers' online behavior and also gather information by requiring visitors to the web site to registered provide some background information before they get access to the site's features.

Thus, marketers can construct and update their consumer databases efficiently and inexpensively.

As a result, many marketers now employ **narrowcasting** - a method that enables them to develop and deliver more customized messages too increasingly smaller market segments on an ongoing basis.

Q.8. explain research design classification in details.

Ans: After we could define our research problems clearly, the next step we will do is formulating research design. This step is ultimately important as research design actually will be our detail guideline in conducting research project. Research design contains all required procedures in gaining information needed to answer our problems. If research approach is research guideline in a brief, thus research design will be our procedures in detail form to answer research problems.

In general, there are two main forms of research design: exploratory research design and conclusive research design. Conclusive research design is familiar known as quantitative research approach, while exploratory is known as qualitative research.

A. Exploratory Research Design

Exploratory research design is mainly aimed to explore or to gain a new or deeper understanding about particular problem. It is inappropriate to examine correlation between observed variables, since the variables in exploratory

research commonly have not yet been defined. And, in exploratory researchers usually use more flexible and using unstructured questions in the measurement tools.

B. Conclusive Research Design

In contrast with exploratory research design, conclusive research uses more formal and structured questions to test the correlation between variables or to test the truth from underpinning hypothesis. In conclusive research design we will be required to use some quantitative calculations.

1. Causal Research

It is used to prove that there is a relationship between observed variables. Commonly, there are two purposes of causal research. First, it helps researcher to figure out the nature of that relationship – which factor becomes the cause and the effect. Second, researcher can use this design to observe respondents even they who have never experienced the phenomena being researched by conducting an experiment. For more understanding you can read illustration below.

A manufacturer is intending to launch a new form of mosquito repellent products. This product has not been available in the market before. To test whether the new form will be preferred by consumers or not, the manufacturer tested through an experimentation. The cause variable (independent variable) is the new form of repellent. And, the effect variable (dependent variable) is the ease in use and the level of consumer complaints. Respondents were given samples of both the old products and the new form products to see how respondents response to the new one.

2. Descriptive Research

Descriptive research is a type of research design which main purpose is to describe phenomena. Basic assumption in this research design is the researchers have already figured out the problem, they are able to define the observed variables, and they can classify the population being measured. A researcher cannot describe Iphone based on the answers gained from a survey on respondents who have never known the Iphone. Based on how data are collected from respondents, descriptive research is split to:

a. Cross-sectional research

It is a descriptive research design where data is taken only once in a given time. Data can be taken from a group of respondents (single cross-sectional design), and can also be taken from several different groups of respondent (multiple cross-sectional design).

b. Longitudinal research

In this design, data are captured during a certain time interval from the same group of respondents. This research aims to see whether there are changes in the behavior of

the respondents for a period of time. For example, researchers want to know how consumer of an airline will behave during the holiday season.

The major limitation of longitudinal research is it is difficult to maintain the level of data consistency along the time interval because some factors may affect the respondents such as death, respondents were out of the deal, and the limited ability of the company to provide research facilities for long periods of time.

Cross-sectional research versus Longitudinal research

The table below presents you some relative advantages and disadvantages for both cross-sectional and longitudinal design. A plus (+) symbolize that the design has a comparative advantage compared to another one, and a minus (-) means it has comparative disadvantage.

Q. 9. Differentiate between Qualitative and Quantitative Research?

"Quantitative research, " also called "empirical research, " refers to any research based on something that can be accurately and precisely measured. For example, it is possible to discover exactly how many times per second a humming bird' s wings beat and measure the corresponding effects on its physiology"

"Qualitative research" refers to any research based on something that is impossible to accurately and precisely measure. For example, although you certainly can conduct a survey on job satisfaction and afterwards say that such-and-such percent of your respondents were very satisfied with their jobs, it is not possible to come up with an accurate, standard numerical scale to measure the level of job satisfaction precisely.

Quantitative research	Qualitative research
Considered hard science	Considered soft science
Objective	Subjective
Deductive reasoning used to synthesize Data	Inductive reasoning used to synthesize data
Focus—concise and narrow	Focus—complex and broad
Tests theory	Develops theory
Basis of knowing—cause and effect relationships	Basis of knowing—meaning, discovery

Basic element of analysis—numbers and statistical analysis	Basic element of analysis—words, narrative
Single reality that can be measured and generalized	Multiple realities that are continually changing with individual interpretation

Examples of Qualitative vs. Quantitative

Research question	Unit of analysis	Goal is to generalize	Methodology
What is the impact of a learner-centered hand washing program on a group of 2nd graders?	Paper and pencil test resulting in hand washing scores	yes	Quantitative
What is the effect of crossing legs on blood pressure measurement?	Blood pressure measurements before and after crossing legs resulting in numbers	yes	Quantitative
What are the experiences of black fathers concerning support for their wives/partners during labor?	Unstructured interviews with black fathers (5 supportive, 5 non-supportive): results left in narrative form describing themes based on nursing for the whole person theory	no	Qualitative
What is the experience of hope in women with advanced ovarian cancer?	Semi-structures interviews with women with advanced ovarian cancer (N=20). Identified codes and categories with narrative examples	no	Qualitative

Q. 10. Define consumer behaviour. Why is the study of consumer behaviour important for marketers?

The behaviour that the consumer display in searching for, purchasing, using, evaluation and disposing of products and services that they expect will satisfy their needs.

the study of consumer behaviour is important for marketers because It enables them to understand and predict buying behaviour of consumer in market place.

It is concerned with what consumers buy, why they buy it, when, where and how they buy it, how often they buy it, how they consume it and dispose it, how satisfied/dissatisfied they become after using it.

Q. 11 Define market segmentation also explain different variables in socio-cultural segmentation ?

Definition of market segmentation

- ✓ According to phillp kotler, " the purpose of market segmentation is to determine difference among them or marketing to them.
- ✓ According to phillp kotler "market segmentation is sub-dividing a market into distinct and homogeneous of customers, where any group can conceivably be selected as a target market to be met with distinct marketing mix".

Basis of market segmentation

1.geogrphic segmentation.

2.demographic

3.psychographic

4.behavioural segmentation

1. geographic segmentation

- ✓ Geographic segmentation refer to segmenting market by region of t a country or the world ,market size ,market density ,or climate .
- ✓ Market density mens the number of people within a unit of land . such as census tract
- ✓ Climate is commonly used for geographic segmentation because of its dramatics impact on residents need and purchasing behavior

2.demogrphic segmentation

- ✓ The next commonly used basis for market segmentation is the demographic characteristics of the market. In demographic segmentation the market is divided into groups on basis of variable such as
 1. age; consumers wants and liabilities change with age. On the basis of age a market can be divided into four parts ex; children, young, adults. and old
 2. life-cycle stage; a consumer stage in the life-cycle is an important variables in market such as leisure and tourism
 3. gender; gender segmentation is widely used in consumer marketing the best examples include clothing hairdressing magazines and toiletries and cosmetics.
 4. Income; another popular basis for segmentation many companies target affluent consumers with luxury goods and convenience services.
 5. ,social class; many marketers believe that a consumer perceived social class influence their preference for cars ,clothes ,home furnishing ,leisure activity and other product and service

3. psychographic segmentation: Often it has been that two consumers with the same demographic characteristics may act in an entirely different manner. This is because of the psychographic variables life style personality values and beliefs

4. behavioural segmentation

- ✓ In behavioral segmentation buyers are divided into groups on the basis of their knowledge of attitude towards use of or response to product the major behavioral variables used by marketers to segment the market are as follow
 1. occasions; buyers can be distinguished according to the occasions on which they develop a need purchase or use a product or when they get the idea to buy
 2. benefits ; here the marketers identifies benefits that a customer's looks for when buying a product this has been a very effective method of segmenting the market where a customer may buy for just knowing the time or durability or as a gift an accessory a dress item a jeweller item
 3. quantity consumed/usage rate; the quantity consumed at any given time has also been the basis for segmenting the beverages , soft drinks ,breweries and cigarette market
 4. buyer-readiness stage; another variable used for segmenting the market is buyer's readiness or preparedness to buy product

5. loyalty status ; consumers have varying degrees of loyalty to specific brands stores and other entities buyers can be divided hard core loyal soft core loyal spilt loyal and switchers.

- Different sociocultural variable segmentation

Scioclutural variable segmentation combines social and cultural variables that provide further basis for segmentation

1. family life style ; many families pass through similar phase in their formation growth and final dissolution at each stage the family unit needs different product and service. Family life style a composite variable it is explicitly based upon marital and family status implicitly reflects relative finally free of child rearing often re-finished their homes with more elaborate pieces
6. core cultural values; the approach corresponding to dividing consumers on the basis of culture heritage member of the same cultural tend to have same values beliefs and customs.
7. sub-clutural membership; wittier the larger cultural distinct sub group often are united by certain experience
8. social class; many marketers believe that a consumer perceived social class influence their preference for cars ,clothes ,home furnishing ,leisure activity and other product and service

Q.12. Perception: Meaning, Definition, Principles and Factors Affecting in Perception

Everyday different stimuli around us will be stimulating our sense organs. Many of these stimuli are received by our sense organs and are converted into sensations. These sensations are transmitted to the concerned parts of brain. In turn the brain will interpret these sensations. It is only after such interpretation we understand what the stimulus is.

Hence in understanding the world around us, attention occurs first, followed by sensation and finally interpretation by brain.

This process of 'interpretation of stimulus is known as perception'. So perception involves two processes: sensation interpretation. But interpretation of any stimulus requires past experience also. For example, a child who has not seen an elephant

earlier either in photo or directly cannot identify that animal, whereas another child who has seen earlier will identify the animal easily.

Hence, perception may be defined as “a process of interpretation of a present stimulus on the basis of past experience”.

Perception is not as simple as said here. It is an integrated approach. It is a synthetic process where different physiological and psychological processes are involved. For example, the accuracy of sense organs, clarity of sensations, mental set of an individual, etc. Otherwise our perception may go wrong.

Principles of Perceptual Organisation:

William James American psychologist has said if we understand the world as it appears to us, it will be a big booming- buzzing confusion. Hence, we do not see the things as they appear, but we see them as we want, i.e. more meaningfully.

In perceptual process we select a particular stimulus with our attention and interpret it. In the same way whenever it is necessary many discrete stimuli in our visual field are organised into a form and perceived more meaningfully than they appear.

This phenomenon was well explained by Gestalt psychologists. They believed that the brain creates a coherent perceptual experience by perceiving a stimulus as a whole than perceiving discrete entities. This is more meaningfully stated in the gestalt principle as ‘the whole is better than sum total of its parts’. This is explained under many sub-principles of perception.

Figure-ground Relationship:

According to this principle any figure can be perceived more meaningfully in a background and that figure cannot be separated from that background. For example, letters written with a white chalk piece are perceived clearly in the background of a blackboard.



Fig. 3.2: Reversible configurations

In the Figure 3.2, two faces can be seen in the background of a white colour. So also the white background can be perceived as a vessel in the background of two faces.

Grouping of Stimuli in Perceptual Organisation

As said above, according to gestalt principle, the objects can be perceived meaningfully when they are grouped together. There are some principles which are followed by us in order to make our perception more meaningful.

Closure:

When a stimulus is presented with gaps, the human tendency is to perceive that figure as complete one by filling the gaps psychologically

Factors Affecting Perception:

There are individual differences in perceptual abilities. Two people may perceive the same stimulus differently.

The factors affecting the perceptions of people are:

a. Perceptual learning:

Based on past experiences or any special training that we get, every one of us learns to emphasise some sensory inputs and to ignore others. For example, a person who has got training in some occupation like artistry or other skilled jobs can perform better than other untrained people. Experience is the best teacher for such perceptual skills.

For example, blind people identify the people by their voice or by sounds of their footsteps.

b. Mental set:

Set refers to preparedness or readiness to receive some sensory input. Such expectancy keeps the individual prepared with good attention and concentration. For example, when we are expecting the arrival of a train, we listen to its horn or sound even if there is a lot of noise disturbance.

c. Motives and needs:

Our motives and needs will definitely influence our perception. For example, a hungry person is motivated to recognise only the food items among other articles. His attention cannot be directed towards other things until his motive is satisfied.

d. Cognitive styles:

People are said to differ in the ways they characteristically process the information. Every individual will have his or her own way of understanding the situation. It is said that the people who are flexible will have good attention and they are less affected by interfering influences and to be less dominated by internal needs and motives than or people at the constricted end.

Q.13. Explain the Three Needs theory of motivation and its application in marketing.**1)Need of Achievement:**

“Behavior toward competition with a standard of excellence”.He and his associates defined four characteristics of individuals with a high need for achievement:

- i)A strong desire to assume personal responsibility for finding solutions to problems or performing a task,
- ii) A tendency to set moderately difficult achievement goals and to take calculated risks,
- iii)A strong desire for concrete performance feedback on tasks,
- iv)A single minded preoccupation with task accomplishment.

2) Need for power:

This is defined as the need to control the environment, to influence the behavior of others, and to be responsible for them. Power may be characterized by:

- i)A desire to direct and control someone else,
- ii)A concern for maintaining leader follower relations.

3) Need for Affiliation:

The need for affiliation is defined as an “attraction to another organism in order to feel reassured from the other that the self is acceptable”. Individuals with a high desire to establish and maintain friendly and warm relationships with others. identified three characteristics of individuals with a high need for affiliation:

- i) A strong desire for approval and reassurance from other,
- ii) A tendency to conform to the wishes and norms of others when pressured by people whose leadership they value,
- iii) A sincere interest in the feelings of other.

Q. 14. Why it is important for the marketers to understand the distribution between consumer Self Image and Ideal Self Image ? Explain the concept of self-image.

Ans :-

The consumer's self-concept plays a significant role in predicting and explaining behavior. Consumers have multiple selves, reflecting the many roles they play in their daily lives. Social psychologists talk about the multiple selves as role identities. A typical college student, for example, has a number of identities outside the classroom—as son or daughter, brother or sister, fraternity or sorority member, athlete, class project leader, lover, friend, and so on. Each identity is distinct and gives rise to a different set of purchase needs and purchase motivations.

Role identities, then, have enormous impact on marketplace behavior. The self-concept, however, is more complex than role identity. It not only encompasses the roles in which consumers see themselves but extends to how consumers feel they are viewed by others in each of these roles. When we make a purchase, we consider not just how the purchase suits our image of ourselves; we also consider how others will react to us once we buy, own, and use the product purchased. Through this process of reflective evaluation, consumers figure out how they will be viewed in the eyes of others and create a social self an image of how they believe others sees them.

Important Of Self Image

What is self-image? It is a configuration of beliefs related to the self. Consumer researchers define self-image in terms of the relationship between consumers and products

The managerial benefits of self image is neither recent nor exceptional, in fact among the individual factors accounting for the consumers behavior, we find the notions of personality and self image. Pieron 1994 stresses the fact that these notion are highly ranked as they represent the integrative unity of person, together with the whole set of permanent differential characteristics and behaviors.

Actual self-image

Actual self-image is part of what psychologists refer to as the *private self*. The private self involves those images that one has of oneself about which one feels protective. "This is who I am," the person may say, or "this is not how others think of me." Actual self-image is how consumers see themselves their personal identity. A sports car, for example, has a specific user image consumers tend to think of the person who drives it as outgoing, attractive, even sexy. Do target consumers see themselves in this light? If so, that is their actual self-image. Perhaps, however, they see themselves as introverted, unattractive, and not very sexy. That, then, is their actual self-image.

Ideal Self-Image

Ideal self-image, as shown in "The Configuration of Private and Public Self-Images That Comprise the Consumer's Holistic Self-Image", is also part of the private self. Ideal self-image is how consumers would like to be. A person may see himself as timid and lacking in confidence (actual self-image), yet he may not like this self-perception. He may want to become sensitive but self-assured (ideal self-image). As you may imagine, there is often a discrepancy between actual and ideal self.

The ideal self-motivates behavior through what psychologists call the self-esteem motive. People have ideal images of themselves, and realizing these images (through the acquisition of products that are associated with them) boosts their self-esteem. That is, buying and using a product that has an image consistent with consumers' ideal self-image helps them feel good about themselves.

Q.15. Explain how Maslow's Theory of Motivation can help marketers plan their communication strategies ?

ANS : There are two types needs- Basic and Secondary or acquired. Basic needs are important for survival whereas acquired needs are not so important. We know various needs are felt by a man but do not know about their preferential order. Maslow solved this problems and presented a theory on priority order of needs. Some important prepositions of Maslow's need priority model.

Hierarchy of Needs :

1. **Basic Physiological Needs** : In the hierarchy of needs theory, physiological needs are the first and most basic level of human needs. These needs, which are required to sustain biological life, include food, water, air, shelter, clothing, sex – all the biogenic needs, in fact, that were listed as primary needs earlier.
2. **Safety and Security Needs** : After the first level of need is satisfied, safety, and security needs become the driving force behind an individual's behavior. These needs are concerned not only with physical safety but also include order, stability, routine, familiarity, and control over one's life and environment. Health and the availability of healthcare are important safety concern.
3. **Social Needs** : The third level of Maslow's hierarchy includes such needs as love, affection, belonging, and acceptance. People seek warm and satisfying human relationship with other people and are motivated by love for their families. Because of the importance of social motives in Indian society, advertisers of many product categories emphasize this appeal in their advertisements.
4. **Esteem and Ego Needs** : When social needs are more or less satisfied, the fourth level of Maslow's become operative. This level is concerned with egoistic needs. These needs can take either an inward or an individual's needs for self-acceptance, self-esteem, success, independence, and personal satisfaction with a job well done. Outwardly directed ego needs include the needs for prestige, reputation, status and recognition from others.
5. **Needs for Self-Actualization** : According to Maslow, most people do not satisfy their ego needs sufficiently to ever move to the fifth level-the need for self-actualization. This need refers to an individual's desire to her potential – to become everything he or she is capable of becoming. In Maslow's words, "What a man can be, he must be". This need is expressed in different ways by different people. A young man may desire to be an this sport. An artist may need to express herself on canvas; a research scientist may strive to find a new drug that eradicates cancer. The self-actualization need is not necessarily a creative urge but that it is likely to take that from in people with some capacity for creativity.

❖ **Motivation can help marketers plan their communication strategies.**

Maslow's need hierarchy id readily adaptable to market segmentation and the development of adverting appeals because there are consumer goods designed to satisfy each of need levels and because most needs are shared by large segments of consumers. **For Example**, individuals buy health foods, medicines, and low-fat products to satisfy physiological needs. They buy

insurance, preventive medical services, and home security systems to satisfy safety and security needs. Almost all personal care and grooming products, as well as most clothes are brought to satisfy social needs. High tech products such as elaborate sound system and luxury products are often bought to fulfill ego and esteem needs.

The need hierarchy is often used as the basis for market segmentation, with specific advertising appeals directed to one or more need-segment levels. An ad for a expensive sports car may use a self-actualization appeal such as “you deserve the very best”.

Advertisers may use the need hierarchy for positioning products –i.e. deciding how the product should be perceived by prospective consumers. **For Example**, many ads for soft drinks stress social appeal by showing a group of young people enjoying themselves and the advertised products; others stress refreshment (a physiological need); still others may focus on low caloric content (thus indirectly appealing to the ego need).

Q.16. Explain the difference between absolute threshold and differential threshold with suitable example.

Absolute Threshold: The minimum amount of strength or intensity that a stimulus should possess to get noticed is referred to as an absolute threshold. It is the lowest intensity at which a stimulus can be detected i.e. in other words, it is the lowest level at which an individual can experience a sensation. Our senses also have an absolute threshold that determines the minimum possible amount of stimulation that is required for getting noticed. Thus, the absolute threshold varies from person to person. Some people are good at hearing and can hear the faintest of sounds; on the other hand there are others for whom a faint sound would get unnoticed. Similarly, some people have good eyesight and can small prints while others cannot. Thus, absolute thresholds differ from person to person, and any stimuli that falls below one's threshold, would get unnoticed. Thus, in order to get noticed, the marketer should understand that the absolute threshold for a stimulus should be kept high; **for example, when making decisions on packaging of potato wafers, the font size should be big, the colors flashy and attractive etc.**

B) Differential Threshold: The minimum amount of change that is required to be brought about in a stimulus so that the change gets noticed is referred to as the differential threshold. It is the minimum level of change that is necessary for a person to

detect that there has been a change in the stimuli. That is why it is also known as j.n.d. (or just noticeable difference). The concept can also be defined from the perceiver's perspective. Human beings also have the ability to perceive changes in a stimulus. Differential threshold refers to a person's ability to detect and perceive a change in the stimulus. The marketer should understand that while making changes in his 4Ps, he should keep the differential threshold in mind. He needs to determine the relevant j.n.d. for their offerings. For certain changes like decrease in price or discounts, he could keep the j.n.d. high so that it is noticeable, and consumers are attracted towards the discounted price; and in case of price increase, he should keep the j.n.d. low and increase the price gradually, so that it does not get noticed by the consumer. For changes like increased quantity at the same price, he should keep the j.n.d. high again, so as to be noticed. A new variant or a modified form, should exhibit the "NEW" so that it is noticeable. In a nutshell, the j.n.d. should be used in a manner that while positive changes (**eg. reduced price, discounts, "extra" quantity, product improvement etc**) should be noticeable to the consumers, negative changes (**eg. increased price, reduced quantity etc.**) should not be apparent. Other Concepts in Perceptual Selection: There are certain other concepts that relate to perceptual selectivity, viz.

Q.17. Explain Briefly Freudian Theory of personality. In what Was Neo-Freudian differ with this theory?

Ans: Consumer Behavior & Personality Theory :

1. Freudian Theory
2. Neo-Freudian Theory
3. Trait Theory

❖ **Freudian theory:**

Sigmund Freud's psychoanalytic theory of personality is one of the cornerstones of modern psychology. This theory was built on the premise that unconscious needs and drives, especially sexual and other biological drives, are at the heart of human motivation and personality.

Freud constructed his theory on the basis of patients' recollections of early childhood experiences, analysis of their dreams, and the specific nature of their mental and physical adjustment problems.

ID, Superego, And Ego :

Based on his analyses, Freud proposed that the human personality consist of three interacting system: ID , Superego and Ego.

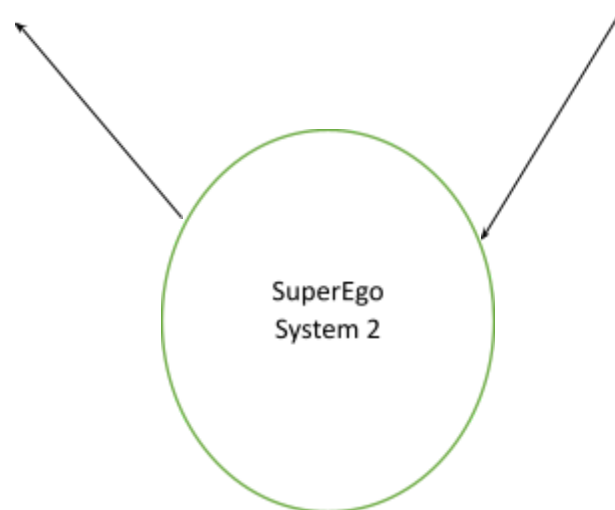
This Id was conceptualized as a “warehouse” of primitive and impulsive drives-basic physiological needs such as thirst, hunger, and sex- for which the individual seeks immediate satisfaction without concern for the specific means of satisfaction.

In contrast of the id, the superego is conceptualized as the individual's internal expression of society's moral and ethical codes of contract. The super ego's role is to see that the individual satisfies needs in a socially acceptable fashion. Thus, the superego is a kind of break that the restrains or inhibits the impulsive forces of the id.

Finally the ego is the individual's conscious control. It functions as an internal monitor that attempts to balance the impulsive demands of the id and sociocultural constrains of the superego. Fig represents the interrelationship among the three interacting systems. In addition to specifying a structure for personality, Freud emphasized that an individual's personality is formed as he or she passes through a number of distinct stages of infant and childhood development. These are the oral, anal, phallic, latent and genital stage. Freud labeled four of this stage of development to conform to the area of the body on which he believed the child's sexual instincts are focused at the time.



Gratification



According to Freudian theory, an adult's personality is determined by how well he or she deals with the crises that are experienced while passing through each of these stages. For instance, if a child's oral needs are not adequately satisfied at the first stage of development, the person may become fixated at this stage and as an adult display a personality that includes such traits as dependence and excessive oral activity. When an individual is fixated at the anal stage, the adult personality may display other traits, such as an excessive need for neatness.

Neo-Freudian Personality Theory:

Several of Freud's colleagues disagreed with his contention that personality is primarily instinctual and sexual in nature. Instead, these Neo-Freudians believed that social relationships are fundamental to the formation and development of personality. For instance, Alfred Adler viewed human beings as seeking to attain various rational goals, which he called style of life. He also placed much emphasis on the individual's efforts to overcome feelings of inferiority.

Harry stack Sullivan, another Neo-Freudian, stressed that people continuously attempt to establish significant and rewarding relationships with other. He was particularly concerned with the individual's effort to reduce tension such as anxiety.

Like Sullivan, Karen Horney was also interested in anxiety. She focused on the impact of child-parent relationships and the individual's desire to conquer feeling of anxiety. Horney proposed that individuals be classified into three personality group.

1. Complaint Individuals
2. Aggressive Individuals
3. Detached Individuals.

Q : 18 what is Consumer Perception? How Perception of a Consumer contribute decision making?

ANS : Definition: Customer Perception

Customer perception refers to the process by which a customer selects, organizes, and interprets information/stimuli inputs to create a meaningful picture of the brand or the product. It is a three stage process that translates raw stimuli into meaningful information.

Human beings are constantly attacked by numerous sensory stimulation including noise sight smell, taste etc, the critical question in the study of perception is why the same universe is viewed differently by different persons? The answer is the perception.

Perception is the process, through which the information from outside environment is selected, received, organized and interpreted to make it meaningful to us.

Perception s the process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.

➤ **Perception of a Consumer contribute decision making**

Consumer *involvement* will tend to vary dramatically depending on the type of product. In general, consumer involvement will be higher for products that are very expensive (e.g., a home, a car) or are highly significant in the consumer's life in some other way (e.g., a word processing program or acne medication).

It is important to consider the consumer's motivation for buying products. To achieve this goal, we can use the Means-End chain, wherein we consider a logical progression of consequences of product use that eventually lead to desired end benefit. Thus, for example, a consumer may see that a car has a large engine, leading to fast acceleration, leading to a feeling of performance, leading to a feeling of power, which

ultimately improves the consumer's self-esteem. A handgun may aim bullets with precision, which enables the user to kill an intruder, which means that the intruder will not be able to harm the consumer's family, which achieves the desired end-state of security. In advertising, it is important to portray the desired end-states. Focusing on the large motor will do less good than portraying a successful person driving the car.

Information search and decision making. Consumers engage in both *internal* and *external* information search.

Internal search involves the consumer identifying alternatives from his or her memory. For certain low involvement products, it is very important that marketing programs achieve "top of mind" awareness. For example, few people will search the *Yellow Pages* for fast food restaurants; thus, the consumer must be able to retrieve one's restaurant from memory before it will be considered. For high involvement products, consumers are more likely to use an *external* search. Before buying a car, for example, the consumer may ask friends' opinions, read reviews in *Consumer Reports*, consult several web sites, and visit several dealerships. Thus, firms that make products that are selected predominantly through external search must invest in having information available to the consumer in need—e.g., through brochures, web sites, or news coverage.

A *compensatory* decision involves the consumer "trading off" good and bad attributes of a product. For example, a car may have a low price and good gas mileage but slow acceleration. If the price is sufficiently inexpensive and gas efficient, the consumer may then select it over a car with better acceleration that costs more and uses more gas. Occasionally, a decision will involve a *non-compensatory* strategy. For example, a parent may reject all soft drinks that contain artificial sweeteners. Here, other good features such as taste and low calories *cannot* overcome this one "non-negotiable" attribute.

The amount of effort a consumer puts into searching depends on a number of factors such as the *market* (how many competitors are there, and how great are differences between brands expected to be?), *product characteristics* (how important is this product? How complex is the product? How obvious are indications of quality?), *consumer characteristics* (how interested is a consumer, generally, in analyzing product characteristics and making the best possible deal?), and *situational* characteristics (as previously discussed).

Two interesting issues in decisions are:

- *Variety seeking* (where consumers seek to try new brands not because these brands are expected to be "better" in any way, but rather because the consumer wants a "change of pace," and

- *“Impulse” purchases*—unplanned buys. This represents a somewhat “fuzzy” group. For example, a shopper may plan to buy vegetables but only decide in the store to actually buy broccoli and corn. Alternatively, a person may buy an item which is currently on sale, or one that he or she remembers that is needed only once inside the store.

A number of factors involve consumer choices. In some cases, consumers will be more *motivated*. For example, one may be more careful choosing a gift for an in-law than when buying the same thing for one self. Some consumers are also more motivated to *comparison shop* for the best prices, while others are more *convenience* oriented. *Personality* impacts decisions. Some like variety more than others, and some are more receptive to stimulation and excitement in trying new stores. *Perception* influences decisions. Some people, for example, can taste the difference between generic and name brand foods while many cannot. *Selective* perception occurs when a person is paying attention only to information of interest. For example, when looking for a new car, the consumer may pay more attention to car ads than when this is not in the horizon. Some consumers are put off by perceived *risk*. Thus, many marketers offer a money back guarantee. Consumers will tend to change their behavior through *learning*—e.g., they will avoid restaurants they have found to be crowded and will settle on brands that best meet their tastes. Consumers differ in the *values* they hold (e.g., some people are more committed to recycling than others who will not want to go through the hassle). We will consider the issue of lifestyle under segmentation.

Q.19. Who are consumer innovators? Explain personality traits that are useful in differentiation between consumer innovators and non-innovators.

ANS: DEFINING THE CONSUMER INNOVATOR:

Consumer innovator can be defined as the relatively small group of consumers who are the earliest purchasers of a new product. The problem with this definition, however, concerns the concept of earliest, which is, after all, a relative term. Sociologists have treated this issue by sometimes defining innovators as the first 2.5 percent of the social system to adopt an innovation. In many marketing diffusion studies, however, the definition of the consumer innovator has been derived from the status of the new product under investigation. For example, if researcher defined a new product as an innovation for the first three months of its availability, then they defined the consumers who purchase it during this period as “innovators”. Other researchers have defined

innovator in term of their innovativeness, that is, their purchase of some minimum number of new products from a selected group of new products. For instance, in the adoption of new fashion items, innovators can be defined as those consumers who purchase more than one fashion product from a group of 10 new fashion products. Non innovators would be defined as those who purchase none or only one of the new fashion products. In other instances, researchers have defined innovator as those falling within an arbitrary proportion of the total market (e.g. the first 10 percent of the population in a specified geographic area to buy the new product).

PERSONALITY TRAITS:

The personality traits that distinguish the consumer innovator from non-innovator. In this section, we will briefly highlight what researchers have learned about the personality of the consumer innovator.

First, consumer innovator generally are less than non-innovators. They tend to approach new or unfamiliar product with considerable openness and little anxiety. In contrast, non-innovators seem to find new products threatening to the point where they prefer to delay purchase until the product's success has been clearly established.

Consistent with their open-mindedness, it appears that innovators behaviour is an expression of an individual's need for uniqueness. Those new products, both branded and unbranded that represent a greater change in a person's consumption habits were viewed as superior when it came to satisfying the need for uniqueness. Therefore to gain more rapid acceptance of a new product, marketers might consider appealing to a consumer's need for uniqueness.

Still further, consumer innovator also differ from non-innovators in terms of social character. Consumer innovator are inner-directed; that a new product. In contrast, non-innovators are other-directed, relying on others for guidance on how to respond to a new product rather than trusting their own personal values or standards. Thus, the initial purchasers of the same automobile might be inner-directed, whereas the later purchasers of the same automobile might be other-directed. This suggests that as acceptance of a product progresses from early to later adopted, a gradual shift occurs in the personality type of adopted from inner-directedness to other-directedness.

There also appears to be a link between optimum stimulation level and consumer innovativeness. Specifically, individuals who seek a lifestyle rich with novel, complex, and unusual experience (high optimum stimulation levels) are more willing to risk trying

new products, to be innovative, to seek purchase-related information, and to accept new retail facilities.

Researchers have isolated a link between variety seeking and purchase behaviour that provides insights into consumer innovators. Variety-seeking consumers tend to be brand switcher and purchasers of innovative product and services. They also possess the following innovator-related personality traits: They are open-minded (or low in dogmatism), extroverts, liberal, low in authoritarianism, able to deal with complex or ambiguous stimuli, and creative.

To sum up, consumer innovators seem to be more receptive to the unfamiliar and the unique; they are more willing to run the risk of a poor product choice to increase their exposure to new products that will be satisfying. For the marketer, the personality traits that distinguish innovators from non-innovators suggest the need for separate promotional campaigns for innovators and for later adopters.

Q. 20. Describe the major characteristic of the trait theories of personality. Review there usefulness in explaining consumer behavior?

Trait theory constituted a major departure from the qualitative measure that typify the Freudian and neo-Freudian movements(eg.personal observation, self reported experiences, dream analysis, projective techniques.)

The orientation of trait theory is primarily quantitative or empirical; it focuses on the measurement of personality in terms of specific psychological characteristics, called traits. A trait is defined as “any distinguishing, relatively enduring way in which one individual differs from an other” trait theorists are concerned with the constrction of personality traits that enable them to pinpoint individual differences in terms of specific traits.

Selected single trait personality tested (which measures just one trait such as self-confidence) are often developed specifically for use in consumer behavior studies. these tailor made personality tests measures. such trait as **consumer innovativeness** (how receptive a person is to new consumer relted expericnes), **consumer materialism** (the degree of consumer attachment to “worldly possessions”) and **consumer ethnocentrism** (consumers likelihood to accept or reject foreign made products)

trait researchers have found that it is generally more realistic to expect personality to be linked to how consumers to make their choices and to the purchase or a consumption of

the brand product category rather than the specific brand. For example, there is more likely to be relationship between personality traits and rather or not individuals regularly eats peanut butter and jelly sandwiches than between a personality trait and brand of peanut butter purchased. It is of interest to note that the study of over 1000US adults found there is differences trait among soup lovers having preferences for different types of soups.

Q.21. Explain how consumer perceive a stimulus. How do consumers delete a stimulus for further processing?

Answer: **Background:** Our perception is an approximation of reality. Our brain attempts to make sense out of the stimuli to which we are exposed. This works well, for example, when we “see” a friend three hundred feet away at his or her correct height; however, our perception is sometimes “off”—for example, certain shapes of ice cream containers look like they contain more than rectangular ones with the same volume.

Factors in perception: Several sequential factors influence our perception. *Exposure* involves the extent to which we encounter a stimulus. For example, we are exposed to numerous commercial messages while driving on the freeway: bill boards, radio advertisements, bumper-stickers on cars, and signs and banners placed at shopping malls that we pass. Most of this exposure is random—we don’t plan to seek it out. However, if we are shopping for a car, we may deliberately seek out advertisements and “tune in” when dealer advertisements come on the radio.

Exposure is not enough to significantly impact the individual—at least not based on a single trial (certain advertisements, or commercial exposures such as the “Swoosh” logo, are based on extensive repetition rather than much conscious attention). In order for stimuli to be consciously processed, *attention* is needed. Attention is actually a matter of degree—our attention may be quite high when we read directions for getting an income tax refund, but low when commercials come on during a television program. Note, however, that even when attention is low, it may be instantly escalated—for example, if an advertisement for a product in which we are interested comes on.

Interpretation involves making sense out of the stimulus. For example, when we see a red can, we may categorize it as a Coke.

Weber’s Law suggests that consumers’ ability to detect changes in stimulus intensity appear to be strongly related to the intensity of that stimulus to begin with. That is, if you hold an object weighing one pound in your hand, you are likely to notice it when that weight is doubled to two pounds. However, if you are holding twenty pounds, you are unlikely to detect the addition of one pound—a change that you easily detected when

the initial weight was one pound. You may be able to eliminate one ounce from a ten ounce container, but you cannot as easily get away with reducing a three ounce container to two (instead, you must accomplish that gradually—e.g., 3.0 --> 2.7 --> 2.5 --> 2.3 --> 2.15 --> 2.00).

Several factors influence the extent to which stimuli will be noticed. One obvious issue is *relevance*. Consumers, when they have a choice, are also more likely to attend to *pleasant* stimuli (but when the consumer can't escape, very unpleasant stimuli are also likely to get attention—thus, many very irritating advertisements are remarkably effective). One of the most important factors, however, is repetition. Consumers often do not give much attention to a stimuli—particularly a low priority one such as an advertisement—at any one time, but if it is seen over and over again, the cumulative impact will be greater.

Surprising stimuli are likely to get more attention—survival instinct requires us to give more attention to something unknown that may require action. A greater *contrast* (difference between the stimulus and its surroundings) as well as greater *prominence* (e.g., greater size, center placement) also tend to increase likelihood of processing.

Subliminal stimuli: Back in the 1960s, it was reported that on selected evenings, movie goers in a theater had been exposed to isolated frames with the words “Drink Coca Cola” and “Eat Popcorn” imbedded into the movie. These frames went by so fast that people did not consciously notice them, but it was reported that on nights with frames present, Coke and popcorn sales were significantly higher than on days they were left off. This led Congress to ban the use of subliminal advertising. First of all, there is a question as to whether this experiment ever took place or whether this information was simply made up. Secondly, no one has been able to replicate these findings. There is research to show that people will start to giggle with embarrassment when they are briefly exposed to “dirty” words in an experimental machine. Here, again, the exposure is so brief that the subjects are not aware of the actual words they saw, but it is evident that something has been recognized by the embarrassment displayed.

Q.22. Why are consumer's needs & goals constantly changing? What factor influences the formations of new goals? Explain.

ANSWER:

NEEDS: every individual has needs: some are innate, others are acquired. Innate needs are physiological; they include the needs for food, water, air, clothing, shelter, and

sex. Because they are needed to sustain biological life, the biogenic needs are considered primary needs or motives.

Acquired needs are needs that we learn in response to our culture or environment. These may include needs for self esteem, prestige, affection, power and learning.

Because acquired needs are generally psychological, they are considered secondary data or motives.

They result from the individual subjective psychological state and from relationship with other. For e.g. all individual need shelter the elements thus finding a place to live fulfill and important primary need for a young, upwardly mobile couple.

However, the kind of mode they rent or buy may be the result of secondary data. The couple may seek a place in which they can entertain large group of people; they may want to live in an exclusive community to impress their friends and family. Thus the place where individual ultimately choose to live fulfills both primary and secondary needs.

GOALS:

Goals are the sought after results motivated behaviour. Our discussion of motivation is in part concerned with generic goals that is, the general classes or categories of goals that consumers see as a means to fulfill their needs.

If a student tells his parents that he wants to become an entrepreneur, he has stated a generic goal. If he says he wants to get an MBA degree from the Howard business school, he has expressed a product specific goal.

Marketers are particularly concerned with product specific goal, that is, the specifically branded products and services that consumers select for goal fulfillment.

Goals can be positive & negative. A positive goal is one towards which behavior is directed and a negative goal is one from which behavior is directed away.

FACTOR INFLUENCE:

1. substitute goals
2. frustration
3. defense mechanisms

1. **SUBSTITUTE GOALS:** when an individual cannot attain a specific goal or type of goal that he or she anticipates will satisfy certain needs, behavior may be directed to a substitute goal.

2. **FRUSTRATION:** failure to achieve a goal often results in feelings of frustration. At one time or another, everyone has experienced the frustration that comes from the inability to attain a goal.

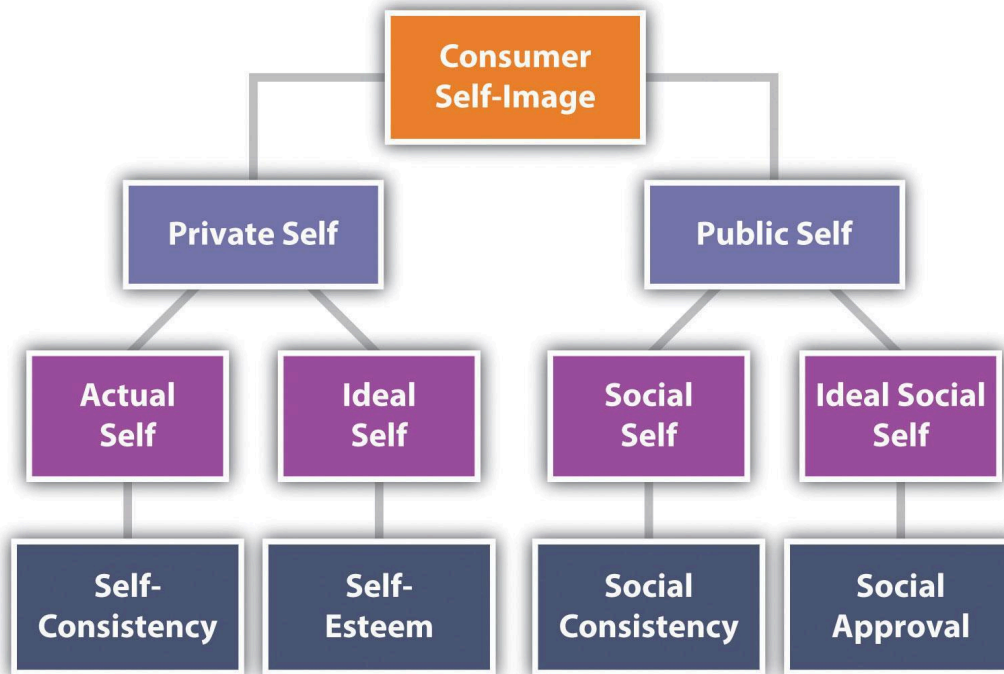
3. **DEFENSE MECHANISMS:** people who cannot cope with frustration often mentally reframe their frustrating situation in order to protect their self-images and self-esteem.

Q.23. Why is it important for marketers to understand the distinction between consumers' self-image and ideal self-image? Explain the concept of self-image.

Self-Image

The consumer's self-concept plays a significant role in predicting and explaining behavior. Consumers have multiple selves, reflecting the many roles they play in their daily lives. Social psychologists talk about the multiple selves as role identities. A typical college student, for example, has a number of identities outside the classroom—as son or daughter, brother or sister, fraternity or sorority member, athlete, class project leader, lover, friend, and so on. Each identity is distinct and gives rise to a different set of purchase needs and purchase motivations.

Role identities, then, have enormous impact on marketplace behavior. The self-concept, however, is more complex than role identity. It not only encompasses the roles in which consumers see themselves but extends to how consumers feel they are viewed by others in each of these roles. When we make a purchase, we consider not just how the purchase suits our image of ourselves; we also consider how others will react to us once we buy, own, and use the product purchased. Through this process of reflective evaluation, consumers figure out how they will be viewed in the eyes of others and create a social self—an image of how they believe others see them.



What is self-image? It is a configuration of beliefs related to the self. Consumer researchers define self-image in terms of the relationship between consumers and products. For example, if they own a sports car, certain consumers may see themselves as attractive and outgoing. Other consumers might see themselves as wealthy and reckless. As "The Configuration of Private and Public Self-Images That Comprise the Consumer's Holistic Self-Image" suggests, there are four major types of self-image that play a part in consumer behavior: actual self, ideal self, social self, and ideal social self. Other forms of self-image discussed in consumer behavior literature include the extended self, situational self, expected self, possible self, and interdependent self; however, for the sake of simplicity, we limit the discussion to the four popular forms (actual, ideal, social, and ideal social).

Our self-image includes:

1) Physical Description: I'm tall, have brown eyes...etc.

2) Social Roles: We are all social beings whose behavior is shaped to some extent by the roles we play. Such roles as student, housewife, or member of the football team not only help others to recognize us but also help us to know what is expected of us in various situations.

3) Personal Traits: These are a third dimension of our self-descriptions. "I'm impulsive...I'm generous...I tend to worry a lot"...etc.

4) Existential Statements (abstract ones): These can range from "I'm a child of the universe" to "I'm a human being" to "I'm a spiritual being"...etc.

Actual Self

Actual self-image is part of what psychologists refer to as the *private self*. The private self involves those images that one has of oneself about which one feels protective. "This is who I am," the person may say, or "this is not how others think of me." Actual self-image is how consumers see themselves—their personal identity. A sports car, for example, has a specific user image—consumers tend to think of the person who drives it as outgoing, attractive, even sexy. Do target consumers see themselves in this light? If so, that is their actual self-image. Perhaps, however, they see themselves as introverted, unattractive, and not very sexy. That, then, is their actual self-image.

"The Configuration of Private and Public Self-Images That Comprise the Consumer's Holistic Self-Image" further demonstrates that people are motivated to protect their personal identities. They feel uncomfortable if they catch themselves doing things that are not reflective of their true selves. This is the self-consistency motive. It drives people to act in ways that are in line with their actual self-images.

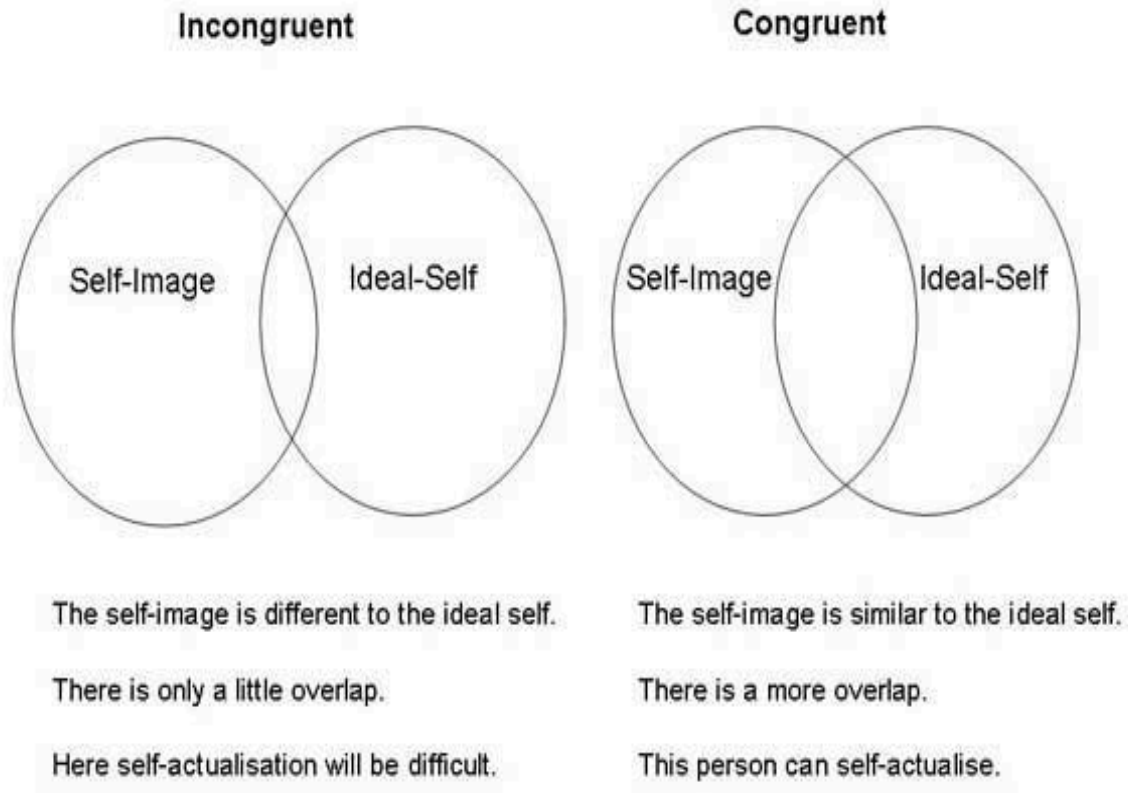
Ideal Self

"The Configuration of Private and Public Self-Images That Comprise the Consumer's Holistic Self-Image", is also part of the private self. Ideal self-image is how consumers would like to be. A person may see himself as timid and lacking in confidence (actual self-image), yet he may not like this self-perception. He may want to become sensitive but self-assured (ideal self-image).

As you may imagine, there is often a discrepancy between actual and ideal self.

The ideal self-motivates behavior through what psychologists call the self-esteem motive. People have ideal images of themselves, and realizing these images (through the acquisition of products that are associated with them) boosts their self-esteem. That is, buying and using a product that has an image consistent with consumers' ideal self-image helps them feel good about themselves. Ideal self refers to how you wish you were, and how you think you should be. It is shaped by your life experiences, messages

you received from other people about how you should be, cultural values, and things you admired in role models.



Where a person's ideal self and self-image are consistent or very similar, a state of congruence exists. If there is a mismatch between how you see yourself (your self-image) and what you'd like to be (your ideal self), then this is likely to affect how much you value yourself. Therefore, there is an intimate relationship between self-image, ideal self, and self-esteem. A person's ideal self may not be consistent with their actual experience, or what is even possible. This is called incongruence.

Q.24. How the implications of involvement theory focus on the selection of promotional media, and formation of communication message. Support your answer with the help of Example.

A-2.

Involvement Theory:

Involvement theory developed from a stream of research called **Hemispherical Lateralization**, or **Split-brain Theory**. The basic premise of split-brain theory is that the right and left hemispheres of the brain “specialize” in the kinds of information they process.

The left Hemispherical is primarily responsible for cognitive activities such as reading, speaking and attributional information processing. Individuals who are exposed to verbal information cognitively analyze the information processing and form mental images.

Unlike the left Hemispherical, the right Hemispherical of brain is concerned with nonverbal, timeless, pictorial and holistic information. Put another way, the left side of the brain is rational, active and realistic. The right side is emotional, metaphoric, impulsive and intuitive.

Involvement Theory focuses on media selection and formation of communication:

Building on the notion of Hemispherical lateralization, a pioneer consumer researcher theorized that individuals passively process and store right brain (nonverbal, pictorial) information – that is without active Involvement. Because TV itself was therefore considered a low involvement Medium.

This research conclude that **passive learning** occurs through repeated exposures to a TV commercial and produce changes in consumer behavior prior to changes in the consumer’s Attitude toward the product. Thus, Cognitive evaluation and Favorable attitude toward product take place before the actual purchase behavior.

To extend this line of reasoning, cognitive (verbal) information is processed by the left side of the brain. Thus, print media (Newspaper and Magazine) and

Interactive media (the Internet) are considered high-involvement media. According to this theory, Print advertising is processed in the complex sequence of cognitive stages depicted in classic models of information processing (high involvement information processing).

The right-brain theory of passive processing of information is consistent with classical conditioning. Through repetition, the product is paired with a visual image (distinctive package) to produce the desired response: purchase of the advertised brand. According to this theory, in situations of passive learning (generated by low involvement media), repetition is the key factor in producing purchase behavior. In marketing terms, the theory suggests that television commercials are most effective when they are of short duration and repeated frequently, thus ensuring brand familiarity without provoking detailed evaluation of message content.

The right-brain processing theory stresses the importance of the visual component of advertising, including the creative use of symbols. Under this theory, highly visual TV commercials, packaging, and in-store displays generate familiarity with the brand and influence purchase behavior. Pictorial cues are more effective at generating recall and familiarity with the product, whereas verbal cues (which trigger left-brain processing) generate cognitive activity that encourages consumers to evaluate the advantages and disadvantages of the product.

There are limitations to the application of split-brain theory to media strategy. Although the right and left Hemispheres of the brain process different types of cues, they do not operate independently of each other but work together to process information. Some individuals are integrated processors (they readily engage both Hemispheres during information processing). Integrated processors have better overall recall of both the verbal and the visual portions of print ads than individuals who exhibit right or left Hemispherical processing.

Q.25. What is learning? What are stimulus generalization and discrimination learning and how are they important to marketers? Learning

Learning involves "a change in the content or organization of long term memory and/or behavior." The first part of the definition focuses on what we know (and can thus put to use) while the second focuses on concrete behavior. For example, many people will avoid foods that they consumed shortly before becoming ill. Learning is not all knowledge based. For example, we may experience the sales people in one store being nicer to us than those in the other. We thus may develop a preference for the one store over the other; however, if pressed, we may not be able to give a conscious explanation as to the reason for our preference.

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

Stimulus generalization explains why some imitative me-too products succeed in the marketplace: Consumers confuse them with the original product they have seen advertised. It also explains why manufacturers of private-label brands try to make their packaging closely resemble the national brand leaders. They are hoping that consumers will confuse their packages with the leading brand and buy their product rather than the leading brand. Similarly packaged competitive products result in millions of lost sales for well-positioned and extensively advertised brands.

Product Line, Form, and Category Extensions The principle of stimulus generalization is applied by marketers to product line, form, and category extensions. In product line extensions, the marketer adds related products to an already established brand, knowing that the new products are more likely to be adopted when they are associated with a known and trusted brand name.

Marketers also offer product form extensions, such as Colgate mouthwash to Colgate toothpaste and L'Oreal Long & Strong conditioner to L'Oreal Long & Strong shampoo, etc. Marketers also offer product category extension that generally target new market segments. The product category extension is part of a growing trend among chocolate marketers of introducing higher end products with exotic flavours, for example, Cadbury's premium Celebrations Dry Fruit or Celebrations Mithai packs, or the Bournville brand of chocolates.

The success of product extensions depends on a number of factors. If the image of the parent brand is one of quality and the new item is logically linked to the brand, consumers are more likely to bring positive associations to the new offerings introduced as product line, form, or category extensions. For example, Tylenol, a highly

trusted brand, initially introduced line extensions by making its products available in a number of different forms (tablets, capsules, gel caps), strengths (regular, extra strength, and children's), and package sizes. It then extended its brand name to a wide range of related remedies for colds, flu, sinus congestion,

and allergies, further segmenting the line for adults, children, and infants. The number of different products affiliated with a brand strengthens the brand name, as long as the company maintains a quality image across all brand extensions. Failure to do so, in the long run, is likely to negatively affect consumer confidence and evaluations of all the brand's offerings. One study showed that brands that include diverse products are able to offer more successful brand extensions than brands that include similar likely associations between the benefits offered by the brand and its new extension are the key to consumers' reactions to the brand extension.

Family Branding Family branding -the practice of marketing a whole line of company products under the same brand name is another strategy that capitalizes on the consumer's ability to generalize favourable brand associations from one product to others. Campbell's originally a marketer of soups, continues to add new food products to its product line under the Campbell's brand name (e.g., chunky, condensed, kids, and lower sodium soups; frozen meals LG and Samsung are examples of companies that have used their brand names on a variety of new products, thus achieving ready acceptance for the new products from satisfied consumers of other LG and Samsung products.

While many marketers use family branding effectively, Procter & Gamble (P&G) was built on the strength of its many individual brands in the same product category. For example, the company offers multiple brands of laundry products, antiperspirants, and hair care products, including shampoo. Although offering many brands of the same product is expensive the combined weight of its brands has always provided P&G with great power in negotiating with advertising media and securing desirable shelf space for its products around the world. It also enables the company to effectively combat any competitors who may try to introduce products in markets dominated by P&G.

Retail private branding often achieves the same effect as family branding. For example, Walmart used to advertise that its stores carried only "brands you trust." Now, the name Wal-Mart itself has become a "brand" that consumers have confidence in, and the name confers brand value on Wal-Mart's store brands.

Licensing Licensing - allowing a well-known brand name to be affixed to products of another manufacturer is a marketing strategy that operates on the principle of stimulus generalization. The names of designers' manufacturers, celebrities, corporations, and

even cartoon characters are attached for a fee (i.e., "rented") to a variety of products, enabling the licensees to achieve instant recognition and implied quality for the licensed products. Pierre Cardin Tommy Hilfiger, Calvin Klein, and Christian Dior, whose names appear on an exceptionally wide variety of products, from pens to jewellery and luggage to perfume.

STIMULUS DISCRIMINATION Stimulus discrimination is the opposite of stimulus generalization and results in the selection of a specific stimulus from among similar stimuli. The key objective of a positioning strategy is to get the consumer to discriminate among similar stimuli by establishing a unique image for a brand in the consumer's mind. The positioning or position that a product or service holds in the consumer's mind is critical to its success. When a marketer targets consumers with a strong communications program that stresses the unique ways in which its product will satisfy the consumer's needs, it wants the consumer to differentiate its product from among competitive products on the shelf. Unlike

the imitator who hopes consumers will generalize their perceptions and attribute special characteristics of the market leader's products to its own products, market leaders want the consumer to discriminate among similar stimuli.

Product Differentiation Most product differentiation strategies are designed to distinguish a product or brand from that of competitors on the basis of an attribute that relevant, meaningful and valuable to consumers. However, many marketers also successfully differentiate their brands on an attribute that may actually be irrelevant to creating the implied benefit, such as a non-contributing ingredient, colour, or a distinctive package. It often is quite difficult to unseat a brand leader once stimulus discrimination has occurred. One explanation is that the leader is usually first in the market and has had a longer period to "teach" consumers (through advertising and selling) to associate the brand name with the product. In general, the longer the period of learning of associating a brand name with a specific product the more likely the consumer is to discriminate and the less likely to generalize the stimulus. Figure 7.5 depicts an example of stimulus discrimination where the advertiser of a Greek-style yogurt brand demonstrates that its product is substantially different from other yogurts because it is "ridiculously thick."

The principles of classical conditioning provide the theoretical underpinnings for many marketing applications. Repetition, stimulus generalization, and stimulus discrimination are all major applied concepts that help to explain consumer behavior in the marketplace. However, they do not explain all forms of behavioral learning. Although a great deal of consumer behavior (e.g., the purchase of branded convenience goods) is shaped to some extent by repeated advertising messages stressing a unique

competitive advantage, a significant amount of purchase behavior results from careful evaluation of product alternatives. Our assessment of products are often based on the degree of satisfaction the rewards we experience as a result of making specific purchases; in other words, from instrumental conditioning.

Q.26. How would you use the knowledge of hemisphere lateralisation to the design of TVC and print ads ?

The Knowledge of hemisphere lateralisation :

1. Individuals *passively* process and store right-brain information.
 - a) Because it is largely pictorial, TV viewing is considered a right hemisphere activity.
 - b) **Passive learning** was thought to occur through repeated exposures to low-involvement information.
 - i) TV commercials were thought to produce change in consumer behavior before it changed consumer attitudes.
 - c) The left hemisphere is associated with high-involvement information.
 - i) Print media (newspapers and magazines) are considered left hemisphere or high-involvement activity.
2. Right-brain theory is consistent with classical conditioning and stresses the importance of the *visual component* of advertising.
 - a) Recent research suggests that pictorial cues help recall and familiarity, although verbal cues trigger cognitive functions, encouraging evaluation.
 - b) The right-brain processing theory stresses the importance of the visual component of advertising, including the creative use of symbols.
 - c) Pictorial cues are more effective at generating recall and familiarity with the product, although verbal cues (which trigger left-brain processing) generate cognitive activity that encourages consumers to evaluate the advantages and disadvantages of the product.
3. There are limitations to split-brain theory.
 - a) Research suggests the spheres of the brain do not always operate independently of each other, but work together to process information.
 - b) Some individuals are integrated processors. They have better overall recall of both the verbal and visual portions of print ads than individuals who exhibit right or left hemispherical
 - c) There is evidence that both sides of the brain are capable of low- and high-involvement.

- d) It does seem the right side is more cognitively oriented and the left side more affectively oriented.

Q.27. Assume Yourself as a first time prospective buyer of a unit linked life insurance Product, Which are the different types of risk you may perceived while making purchase decision? How Would you handle these associated risks?

Ans:

Life insurers have understood for a long time that certain differences among the population lead some groups to exhibit more favourable mortality than others. All other things being equal, females outlive males; tobacco use is detrimental to health and adversely affects mortality. But formal preferred programs – life insurers selecting among standard risk applicants and offering premium discounts to the best risks – did not begin to develop until the HIV/AIDS scare in the 1980s.

Life insurance underwriting – whether on a group or individual basis – is an act of risk-based discrimination. Preferred programs necessarily elevate this discrimination due to multiple mortality classes being offered. If a customer wants the best rate for the best class of life insurance he must undergo a fully underwritten process that can be more invasive, time consuming and expensive, investigating an applicant's medical and non-medical history.

Perceived Risk: The degree of uncertainty perceived by the consumer as to the consequences (outcome) of a specific purchase decision

Functional Risk

One of the most common types of perceived risk, functional or quality risk refers to the fear that a product or service will fail to deliver promised functions or benefits. A new computer, for example, might fail to run the resource-intensive, audio editing program a sound engineer needs to perform her job.

Social Risk

Social risk refers to the possibility that buying a product or using a service can reduce a person's status with friends, family or neighbors. If, for example, someone purchases a pure-bred dog and finds his friends consider adopting animals from shelters the socially responsible behavior, he suffers a loss of status.

Financial Risk

Financial risk boils down to a fear that a potential purchase can tax or outstrip a person's monetary resources, now or in the future. Financial risk operates on both a subjective and objective level. A person with low or variable income can experience a high level of subjective financial risk, even with low-cost items. The purchase of a home, on the other hand, often means an objectively high level of risk, even for those with stable finances.

Physical Risk

Physical risk refers to the perceived potential for a purchase to cause bodily harm to a person or loved one. A firearm, for example, might create a high level of perceived physical risk in the minds of some customers. A book or magazine, by contrast, prompts physical risk concerns in few customers.

Time Risks

The increasing pace of contemporary life means more customers worry about time risks, in particular time lost when a product turns out to need replacement or fails to deliver as promised. It can also include pragmatic concerns about how much time you might spend waiting in line at a crowded retail outlet. Many businesses seek to alleviate this concern by offering online purchase options on their websites or through online retailers.

Psychological Risks

Consumers also face questions about whether a given purchase is the morally right choice. For example, a customer may want to buy from a particular company because it offers inexpensive alternatives, but feel ambivalent due to the company's labor practices.

How consumers handle risk ?

Consumers seek information : Consumers seek information about the product and product category through word of mouth communication (from friends and family and from other people whose opinions they value), from salespeople, and from the general media. They spend more times thinking about their choice and search for more information about the product alternatives when they associate a high degree of risk with the purchase.

Consumers are brand loyal: Consumers avoid risk by remaining loyal to a brand with which they have been satisfied instead of purchasing new or untried brands. High-risk perceivers are more likely to be loyal to their old brands and less likely to purchase newly introduced products.

Consumers select by brand image: When consumers have had no experience with a product, they tend to “trust” a favoured or well-known brand name. they often think well-known brands are better and are worth buying for the implied assurance of quality, dependability, performance, and service.

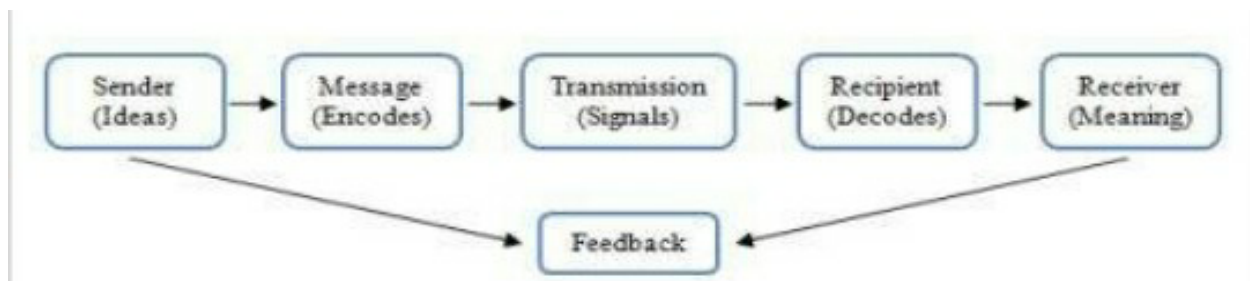
Consumers relay on store image: If consumers have no other information about a product, they often trust the judgement of the merchandise buyers of a reputable store and depend on them to have made careful decisions in selecting products for sale. Store image also provides assurance of return privileges and adjustment in case of dissatisfaction.

Consumer buy the most expensive model: As indicated in the discussion of price/quality relationship, consumers often feel that the most expensive model is probably the best in terms of quality.

Consumers seek reassurance: Consumers seek reassurance through money-back guarantees, government and private laboratory test results, warranties, and pre purchase trial (e.g. a test drive). Products that do not easily lend themselves to free or limited trial, such as a refrigerator, present a selling challenge to marketers.

Q.28. Communication model and influence of reference group on purchase decision.

The basic flow of communication can be seen in the diagram below. In this flow, the sender sends a message to the receiver and then they share the feedback on the communication process.



Reference group and it's influences on purchase decision

Reference groups are groups that consumers will look to for help in making purchasing decisions.

- Reference groups are groups that consumers compare themselves to or associate with. They can heavily influence purchasing patterns.
- Friends, clubs, religious groups, and celebrities can all act as reference groups.
- If a reference group endorses a product, either through use or statements about the product, those that look to the group will often purchase that product.

- opinion leader

The opinion leader is the agent who is an active media user and who interprets the meaning of media messages or content for lower-end media users.

- target market

a group of people whose needs and preferences match the product range of a company and to whom those products are marketed

Reference groups are groups that consumers compare themselves to or associate with. Reference groups are similar to opinion leaders in that they can have a profound influence on consumer behavior. Reference groups are considered a social influence in consumer purchasing. They are often groups that consumers will look to to make purchasing decisions. So if a reference group endorses a product, either through use or statements about the product, those that look to the group will often purchase that product. On the other hand, if a reference group disapproves of a product, those that associate with that group will probably not purchase the product.

Types of Reference Groups

Reference groups can be either formal or informal. Schools, friends, and peers are examples of informal reference groups . Clubs, associations, and religious organizations are usually formal reference groups. Individuals can also be reference groups (usually known as opinion leaders). Additionally, celebrities can be used as a reference group. A company might use a celebrity it feels will match its target market to get that market to purchase its product.

Friends

The friends we have are often one of the most powerful reference groups in influencing our consumer behavior.

Influence of Reference Groups

Reference groups can and do have a tremendous influence on purchasing decisions. This is evident in a number of ways, such as through roles. Everyone is expected to behave in a certain way based on the reference group we belong to. Students act like students. In keeping with this idea, people will often modify their own behavior to coincide with group norms (even those that profess non-conformity are in some ways conforming with other people who want the same thing). Reference groups communicate through opinion leaders, who influence what others do, act, and buy. In the consumer world, this means that if a reference group purchases a product, those that associate with the group likely will as well.

Q. 29. Explain the strategies for attitude change with suitable example.

Definition:

“Attitude is defined as a mental, emotional or rational predisposition with regard to a fact, state, person or an object”. In the context of consumer behaviour we are studying the attitude of buyers towards all the relevant attributes of a product or services as well as the marketer and markets.

Strategies for attitude change:

Attitudes are influenced by personal experience and other source of information, and personality.

Altering consumer attitude is a key strategy for the marketers. Marketers has to create positive attitude in consumer mind in order to attract them in comparison with the competitors products. The below are the attitude change strategies :

- 1). Changing the consumer's basic motivational function
- 2). Associating the product with an admired group or event,
- 3). Resolving two conflicting attitudes
- 4). Altering components of the multi attributes model
- 5). Changing consumer beliefs about competitors brands

(1). Changing the consumer's basic motivational function:

The consumer attitudes towards a product or brand can be changed by making a particular need important. The approach which is used to change the motivation is functional approach. According to this approach, attitudes can be classified in terms of four functions:

- (I) Utilitarian Function
- (II) Ego-defensive function
- (III) Value expressive function
- (IV) Knowledge Function

(I) Utilitarian Function :

Consumer value a particular brand because of its utility function. When a consumer is having an experience of using a product in past, he will tend to have positive opinion about it. Therefore the marketer can change the attitude of consumer by focusing on the utilitarian function which the consumers are not aware of.

Eg: Hit which can be used to kill mosquito and cockroach.

(II) The ego-defensive Function:

It is natural that most of the consumer wants to protect their self images and they want to feel secure and safe about the product which they are going to buy. Many advertisements helps the consumer to feel secure and confident by which the marketer tries to changes the attitude by offering reassurance to the consumers self concept.

Eg: Bolero advertisement.

(III) The value – expressive function :

Attitudes are an expression or reflection of the consumer's general values, lifestyles, and outlook. If a consumer segment generally holds a positive attitude toward owning the latest designer jeans, then their attitudes toward new brands of designer jeans are likely to reflect that orientation. Thus by knowing target consumer's attitudes, marketers can better anticipate their values, lifestyles or outlook and can reflect these characteristics in their advertising and direct marketing efforts.

(IV) The Knowledge Function:

Customers always have the urge of knowing more about the products. This "need to know" is considered to be important while positioning the product. Indeed, many

products and brands positioning are attempt to satisfy the need to know and to improve consumer's attitude toward the brand by emphasizing its advantages over competitive brands.

(2). associating the product with an admired group or event: Attitudes are related, at least in part, to certain groups, social events or causes. It is possible to alter attitudes toward companies and their products, services and brands by pointing out their relationships to particular social groups, events, or causes.

Companies regularly include mention in their advertising of the civic and public acts that they sponsor to let the public know about the good and that they are trying to do. For example Crest Sponsors a program that promotes good oral care to children through the Boys and Girls Clubs of America.

Recent research into brand-cause alliances have investigate the relationship between the "cause and the "sponsor". For instance, one study found that while both the brand and the cause benefit from such alliances, a low familiar cause benefited more from this association with a positive brand than did a highly familiar cause. This finding seems to indicate that it is likely to be a good idea for a sponsor to reveal to target consumers the reasoning behind their sponsorship, so that consumers know the sponsor's motives rather than from their own potentially inaccurate or negative motives.

(3). resolving two conflicting attitudes:

Attitude change strategies can sometimes resolve actual or potential conflict between two attitudes. Specifically, if consumers can be made to see that their negative attitude toward a product, a specific product, a specific brand or its attributes is really not in conflict with another attitude, they may be induced to change their evaluation of the brand.

(4). altering components of the multi attributes model:

Multi attitude models have implications for attitude change strategies; specifically, they provide us with additional insights as to how to bring about attitude change:

(I) Changing the relative evaluation of attributes :

The overall market for many products categories is often set out so that different consumer segments are offered different brands with different features or benefits. For instance, within a product category such as dishwashing liquids, there are brands such as Dawn that stress potency and brands such as Dove that stress gentleness. These two brands of dishwashing liquids have historically appealed to different segments of

the overall dishwashing liquid market. Similarly when it comes to coffee, or when it comes to headache remedies, there is the division between aspirin and acetaminophen.

(II) Changing brand beliefs:

A second cognitive oriented strategy for changing attitudes is changing beliefs or perceptions about the brand itself. Advertising helps us to find out what a particular product has “more” or is “better” or “best” in terms of some important product attribute. As a variation on this theme of “more” ads for Palmolive dishwashing gentleness by suggesting that it be used for hand washing of fine clothing items.

Within the context of brand beliefs, there are forces working to stop or

show down attitude change. For instance, consumers frequently resist evidence that challenges a strongly held attitude or belief and tend to interpret any ambiguous information in ways that reinforce their preexisting attitudes.

(III) Adding an Attitude:

This can be accomplished either by adding an attribute that previously has been ignored or one that represents an improvement or technological innovation.

The first route, adding a previously ignored attribute, can be illustrated by the point that yogurt has more potassium than a banana. For consumers interested in increasing their intake of potassium, the comparison of yogurt and bananas has the power of enhancing their attitudes toward yogurt.

The second route of adding an attribute that reflects an actual product change or technological innovation is easier to accomplish than stressing a previously ignored attribute.

Sometimes eliminating a characteristic or feature has the same enhancing outcome as adding a characteristic of attribute. For instance, a number of skin care or deodorant manufacturers offer versions of their products that are unscented.

(IV) Changing the overall brand rating :

Another strategy consists of attempting to alter consumer’s overall assessment of the brand directly, without attempting to improve or change their evaluation of any single brand attribute. Such a strategy frequently relies on some form of global statement that

“this is the largest selling brand” or “the one all others try to initiate” or a similar claim that sets the brand apart from all its competitors.

(V) Changing components of the multiattribute model as needed:

The following are the best possible ways:

1. By changing functional utility – Here the functional theory of the attitude is utilized and the marketers try to change these functions of the products by adding or improving them. Such a move can bring about change in attitude to a particular product.

2 by associating with a famous personality-

Marketers often try to change or influence attitude by associating themselves of their products to a famous personality or an establishment & reputed firm. This change the attitude of the consumer who likes to be such associated.

3. By changing the features & presenting the product in a new light – Marketers sometimes break the monotony & present the products in a new light as if they are newly launched by adding some extra features & outlook. This may change the attitude of consumers who are looking for new / fresh looks / features.

4. by changing the belief of consumer about a product –

Consumers have some belief & notion about a product. Marketers try to change & enhance that belief by giving additional facts & figures about the product’s enhanced image.

(5) Changing the beliefs about competitor’s brand:

Most consumers have some belief & perception about the competitor’s products. Marketers try to change that perception in such a way that their product would look more advantageous. They don’t directly say the competitors’ products are bad but they do devise certain methods to tell the consumers so that they can compare & test themselves & see the difference.

❖ **The elaboration likelihood model :(ELM)**

The elaboration likelihood model proposes the more global view that consumer attitudes are changed by two distinctly different “ route of persuasion”: a central route of persuasion and a peripheral route of persuasion.

(I) Central route of persuasion :

It is particularly relevant to attitude change when a consumer's motivation or ability to assess the attitude object is high. Attitude change occurs because the consumer actively seeks out information relevant to the attitude object itself.

Generally in central route of persuasion is involved in high involvement product.

E.g. – like take a decision to purchase new BMW car. It involves high involvement because its costly as well as durable so consumer wants to lot's of information about it.

(II) Peripheral route of persuasion:

It is particularly relevant to attitude change when a consumer's motivation or ability to assess the attitude object is very low. Generally peripheral route of persuasion is involved in low involvement product.

E.g. – take a decision about purchase of tooth paste or some other routinely used product.

❖ Ideal point model : (IPM)

The diversity of segments and preference in the emerging market , the ideal point method can be used to explore the different dimensions associated with attitudes towards existing brands. This opens up several possibilities for brand managers to segment the market based on attitudinal aspects. Practicing marketing managers will find the IPM effective in measuring attitudes. This model captures consumer perception on the “ideal “brand and compares their perception on existing brands.

E.g. – if the model is applying TV brand then they are six components:

- 1 picture quality
- 2 audio quality
- 3 usefulness of special features
- 4 handling ease
- 5 esthetic appeal
- 6 compactness

Q.30. Within the premises of consumer behaviour, examine the strategy for application of behavioural learning theories with its theoretical principles, and support them with practical example.

Some learning theories maintain that learning involves the development of connections between a stimulus and some response to it. That is, the association of a response and a stimulus is the connection that is learned.

Two fundamentally different methods of learning connections: classical and instrumental conditioning.

A. Classical conditioning: A type of conditioning in which an individual responds to some stimulus that do not ordinarily produce such a response. Ivan Pavlov, a Russian physiologist conducted experiments to teach dogs to salivate in response to the ringing of Bell. A simple surgical procedure allowed Pavlov to measure accurately the amount of saliva secreted by a dog. When Pavlov presented the dog with a piece of meat, they exhibited a noticeable increase in salivation.

Classical conditioning has some important implications for understanding human behaviour. Since higher-order conditioning for learning by human beings is important, its implication must be recognised.

For example, higher-order conditioning can explain how learning can be transferred to stimuli other than those used in the original conditioning. Another implication of higher-order conditioning is that reinforcement can be acquired. A conditional stimulus conditioning is that reinforcement can be acquired. A conditioned stimulus becomes reinforcing under higher-order conditioning.

STRATEGIC APPLICATION OF CLASSICAL CONDITIONING

- **Repetition:** Repetition increases strength of associations and slows forgetting but over time may result in *advertising wearout*.

✓ **Three – Hit Theory:**

- a. To make consumers aware of the product.
- b. To show consumers relevance of the product.
- c. To remind them of the benefits.

- **Stimulus Generation:** Making the same response to slightly different stimuli is called stimulus generation. E.g. Jangling of Keys instead of Bell. It helps “me-too” products to succeed. This principle is used in the following:

- ✓ **Product line Extension:** The marketer adds related products to an already established brand. Example: Maggi 2 min Noodles, Maggi veg aata noodles, Maggi Dal aata noodles, Maggi rice aata noodles, etc
- ✓ **Product Form Extension:** Lux Soap and Lux liquid soap.
- ✓ **Product Category Extension:** Maggi Noodles, Maggi Tomato Ketchup
- ✓ **Family Branding:** The practice of marketing a whole line of company products under the same brand name. **Example:** Cadbury’s, Nestle.
- ✓ **Licensing:** Allowing well-known brand name to be affixed to products of another manufacturer.
- ✓ **Stimulus Discrimination:** The ability to select a specific stimulus from among similar stimuli because of perceived differences. Opposite of stimulus generalization. This discrimination is the basis of positioning which looks for unique ways to fill needs
- ✓ **Product Differentiation**

B. Instrumental conditioning:

- This theory is given by B. F. Skinner
- Consumers learn by means of **trial and error** process in which some purchase behaviors result in more favorable outcomes (rewards) than other purchase behaviors.
- A favorable experience is instrumental in teaching the individual to repeat a specific behavior.

- Operant conditioning is a type of conditioning in which desired voluntary behaviour leads to a reward or prevents a punishment.
- People learn to behave to get something they want or to avoid something they don't want. Operant behaviour means voluntary or learned behaviour in contrast to reflexive or unlearned behaviour. The tendency to repeat such behaviour is influenced by the reinforcement or lack of reinforcement brought about by the consequences of the behaviour. Reinforcement, therefore, strengthens a behaviour and increase the likelihood that it will be repeated.

The Harvard psychologist B. F. Skinner did research for operant conditioning. Skinner argued that creating pleasing consequence to follow specific forms of behaviour would increase the frequency of that behaviour. People will most likely engage in desired behaviours if that are positively reinforced for doing so. Rewards are most effective if they immediately follow the desired response, on addition, behaviour that is not rewarded or is punished, is less likely to be repeated.

Strategic Application of Instrumental Conditioning

- **Customer Satisfaction (relationship)**
- **Reinforcement Schedule:** providing consistent and high satisfaction with each use
- **Shaping:** Reinforcement performed before the desired consumer behavior actually takes place.
- **Mass v/s Distributed Learning:** Learning schedule be spread out over a period of time is distributed learning. While the learning bunched up all at once is known as mass learning.
- **Modeling or Observation Learning:** Consumers often observe how others behave in response to certain situation.

Q.31. Emotional Advertising Appeals

Advertising Appeal is an igniting force which stimulates the customer mindset towards the product or services. It not the only factor in the marketing mix which initiates a consumer for buying the product but it is certainly one of the advertisers' most important creative strategy decisions involves the choice of an appropriate appeal.

Advertising appeals are designed in a way so as to create a positive image of the individuals who use certain products. Advertising agencies and companies use different

types of advertising appeals to influence the purchasing decisions of people. There are three types of appeals:

1. Rational or Informational Appeal
2. Emotional Appeal
3. Moral Appeal

Emotional Appeals In Advertising

Each of us enters the world as an irrational individual. For infants, feelings are everything. Our earliest response is to nonverbal communication. In the first years of life, mother's smile is comforting. Thunder is threatening. Life is simple. Meanings are clear. Then we invest 12 years or more in formal education to learn how to think rationally. By adulthood, it has become a habit.

Emotion-based advertising speaks the primal tongue. It communicates through design and color. Motion and stagecraft. Music and tonality. While the rational mind acts on logical relationships, the primal mind seeks symbolic relationships.

Symbols are, indeed, the vocabulary of emotional marketing. Just as we instinctively trust the person with a warm, firm handshake, we have confidence in the announcer with a smile in his voice. The best radio and voice-over announcers understand this. They know just when to smile - even though they're not on camera.

An emotional appeal is related to an individual's psychological and social needs for purchasing certain products and services. Emotions affects all type of purchase decisions. Types of emotional appeals are as follows:

- **Positive Emotional Appeal** - Positive emotions like- humour, love, care, pride, or joy are shown in advertisements to appeal audience to buy that product.

→For example- Jonson and Jonson baby products.

- **Negative Emotional Appeal** - This includes fear, guilt, and shame to get people to do things they should or stop.

→For example- Tobbaco Kills

- **Fear** - Fear is an emotional response to a threat that expresses some sort of danger. Ads sometimes use fear appeals to evoke this emotional response and arouse consumers to take steps to remove the threat.

→For example- Life Insurance

- **Anxiety** - Most people try to avoid feeling anxious. To relieve anxiety, consumers might buy mouthwash, deodorant, a safer car, get retirement pension plan.

- **Humour** - Humour causes consumer to watch advertisement, laugh on it, and most important is to remember advertisement and also the product connected with humour.

→For example- Happydent and Mentos.

Q.32. List and discuss factors that affect the credibility of formal communication sources of product information?

A) SOURCE CREDIBILITY

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

Credibility-

- Credibility of **informal sources**- opinion leaders, buzz agents
- Credibility of **formal sources**-source credibility, institutional advertising, cause related marketing
- Credibility of **endorser and spokespersons**-effectiveness, synergy, demographic characteristic, endorser credibility is not substitute to corporate credibility
- **Message credibility**
- **Effect of time** on source credibility-sleeper effect

REFERENCE GROUP

From a marketing perspective, reference group are that serve as frames of reference for individuals in their consumption decisions because they are perceived as credible sources. Reference group influencing broadly defined values or behavior are called normative reference groups.

Q.33. Explain the multi –attribute model of attitude formation.

- **Multi-attribute Attitude Models:** Attitude models that examine the composition of consumer attitudes in terms of selected product attributes or beliefs.
- The concept of the multi attribute model has its origins in social psychology with the theory that people make rational decisions before they act in a certain manner. The research of attitudes towards objects or behavior is mostly based on work made by Fishbein and/or Rosenberg, (Ajzen & Fishbein 1980; Bettman et al. 1975; Fishbein 1963; Rosenberg 1956).
- The models are made as to try and predict the behavior based on the attitudes that an individual holds versus an object or organization, e.g. a product or brand. The field of multiattribute models has been studied extensively by researchers in fields like economics, psychology and behavioral decision theory, (Huber 1974).
- The model is based on giving different attributes a numerical value as to weigh what attributes are most sought after in the object or organization.
- Examples
 - Attitude-toward-object Model
 - Attitude-toward-behaviour Model
 - Theory-of-Reasoned-Action Model
- **Attitude-Toward-Object Model:** The attitude-toward-object model is especially effective for measuring attitudes toward a service (or product) or toward an organization, such as a brand. The theory of the model is that consumer's attitude toward a product or brand is a function of the existence of or lack of certain favorable attributes or beliefs, (Fishbein 1963). Furthermore, brands or products that possess the desired attributes are seen as positive while those who lack are seen as negative and are usually rejected, (Schiffman & Kanuk 2004).
- **Attitude-Toward-Behaviour Model:** A consumer's attitude toward a specific behaviour is a function of how strongly he or she believes that the action will lead to a specific outcome (either favorable or unfavorable).

- Multiattribute models are used to understand and measure attitudes. The basic multiattribute model has three elements—attributes, beliefs, and weights. Attributes are the characteristics of the attitude object. Beliefs are a measurement of a particular attribute. Weights are the indications of importance or priority of a particular attribute. A multiattribute model can be used to measure a consumer's overall attitude.
- The most influential multiattribute model—the Fishbein model—also uses three components of attitude. The first, salient beliefs, is a reference to the beliefs a person might gain during the evaluation of a product or service. Second, object-attribute linkages, is an indicator of the probability of importance for a particular attribute associated with an attitude object. Evaluation, the third component, is a measurement of importance for the attribute. The goal of the Fishbein model is to reduce overall attitudes into a score. Past and predicted consumer behavior can be used to enhance the Fishbein model (Smith, Terry, Manstead, & Louis, 2008).\
- **Theory-of-Reasoned-Action Model** :In the model of reasoned-action the three aspects of attitudes are present with cognitive, affective and conative components. It measures the intention to make a purchase by identifying the customer's subjective norm. In the reasoned action's case this is done by assessing the feelings from what relevant others (family, friends and co-workers) to what the consumer thinks about the researched action. So for research to understand and predict the behavior of the customer, it is necessary to understand what feelings the relevant others would have, as well as the customer's motivation as to comply to the relevant others. E.g. my parents would view the purchase of a new apartment as an unnecessary expense, but my friends would love it.

Q.34. THE ELABORATION LIKELIHOOD MODEL

The field of persuasion research and practice is constantly on the lookout for ways to develop and deliver message content that can effectively raise awareness, generate desired attitudes, build confidence, establish social norms, engage audiences emotionally, and ultimately influence behaviour. However, the large body of literature and case studies synonymous with this field highlight the challenges of such a task, with persuasive endeavours often generating a range of mixed results, specifically on matters of important public policy.

Some of these results might represent a lingering artefact of the dominant thinking in persuasion research that occurred prior to the 1970s, involving variables and assumptions that investigators and practitioners continue to explore today as critical determinants of effective persuasion (which remains usually framed as positive and desired changes in audience attitudes and behaviour, although attitudes might just be one component of a behaviour change attempt). Such variables include characteristics of the message source (e.g., attractiveness, credibility), the message itself (e.g., level of complexity, number of arguments, rational or emotional appeals), the message recipient (e.g., mood, intelligence, involvement in the issue), and the context in which the message is presented (e.g., type of media, level of distraction in the communication environment)

Two distinct routes for information processing

The Elaboration Likelihood Model proposes two distinct routes for information processing: a central route and a peripheral route. The ELM holds that there are numerous specific processes of change on the "elaboration continuum" ranging from low to high. When the operation processes at the low end of the continuum determine attitudes, persuasion follows the peripheral route. When the operation processes at the high end of the continuum determine attitudes, persuasion follows the central route.

Central Route

The central route is used when the message recipient has the motivation as well as the ability to think about the message and its topic. Being at the high end of the elaboration continuum, people assess object-relevant information in relation to schemas that they already possess, and arrive at a reasoned attitude that is supported by information. Motivation to process the message may be determined by a personal interest in the subject of the message or individual factors like the [need for cognition](#). However, if the message recipient has a strong, negative attitude toward the position proposed by the message, a boomerang effect (an opposite effect) is likely to occur. That is, they will resist the message, and may move away from the proposed position. Two advantages of the central route are that attitude changes tend to last longer and are more predictive of behavior than the changes from the peripheral route.

Peripheral Route

The peripheral route is used when the message recipient has little or no interest in the subject and/or has a lesser ability to process the message. Being at the low end of the

elaboration continuum, recipients do not examine the information as thoroughly. With the peripheral route, they are more likely to rely on general impressions (e.g. "this feels right/good"), early parts of the message, their own mood, positive and negative cues of the persuasion context, etc. If these peripheral influences go completely unnoticed, the message recipient is likely to maintain his previous attitude towards the message. Otherwise, the individual will temporarily change his attitude towards it. This attitude change can be long-lasting, although durable change is less likely to occur than it is with the central route.

Q.35. How does the family influence the consumer socialization of children?

Socialization means imparting basic values and modes of behavior consistent with the culture in children

- **Consumer socialization:** process by which children acquire skills, knowledge, attitudes and experience necessary to function as consumers
- **Adult consumer socialization**
- **Intergenerational socialization:** when certain product loyalties or brand preference is transferred from one generation to another

Other functions of a family:

- Economic well-being
- Emotional support
- Suitable family lifestyles: upbringing, experience, goals, etc

Q.36. Define culture. Explain the different characteristics of culture with examples, for consumer behavior. What are the core cultural values held by members of the Indian culture?

Definition:

The sum total of learned beliefs, values, and customs that serve to regulate the consumer behavior of members of a particular society.

Characteristics:

- Culture is learned
- It is dynamic

- Satisfies needs
- Culture is transferred to generations

Core Indian Values

- Family orientation
- Savings orientation
- Festivities
- Shopping as a ritual
- Mythology
- Food habits

Q.37. What is diffusion of innovation? Explain the different product characteristics that influence diffusion process.

Def:

The process by which the acceptance of an innovation is spread by communication to members of social system over a period of time.

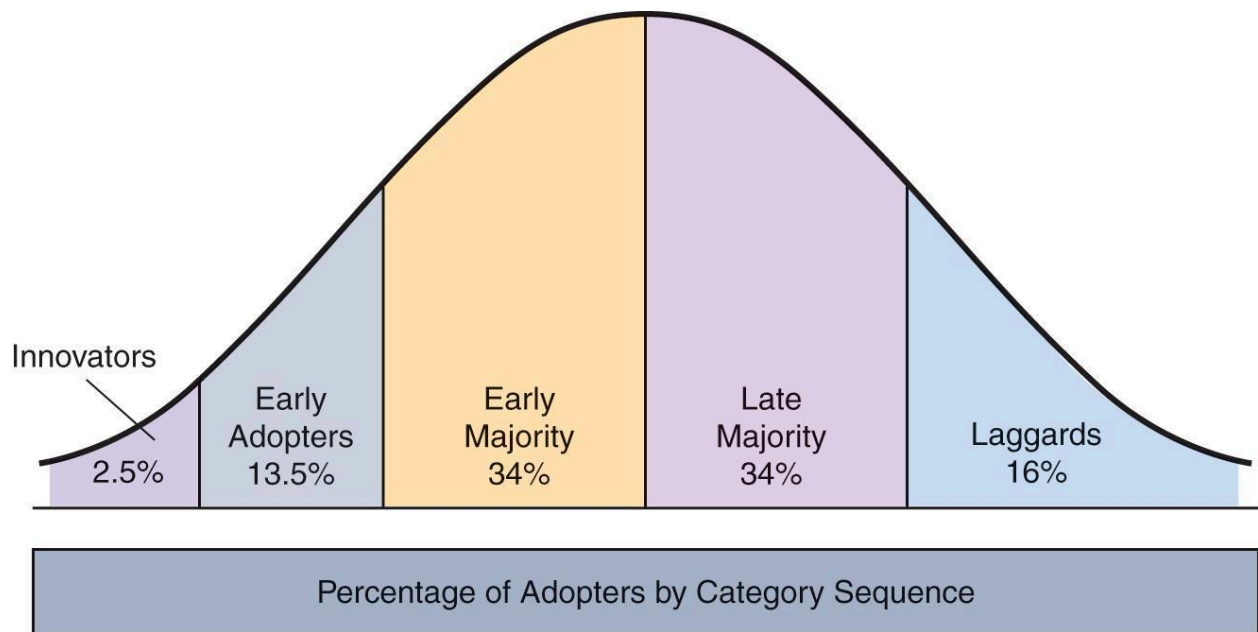
Product Characteristics That Influence Diffusion

- **Relative Advantage:** degree to which potential customers perceive a new product as superior to existing substitutes
- **Compatibility:** degree to which potential consumers feel a new product is consistent with their present needs, values
- **Complexity:** degree to which a new product is difficult to understand or use, affects product acceptance
- **Trialability:** degree to which a new product tried on a limited basis
- **Observability:** ease with which a product's benefits can be observed

Q.38. Discuss the adopter categories of diffusion process. How marketers try to control the rate and time of adoption through their new-product pricing strategies?

Def Adoption Process: The stages through which an individual consumer passes in arriving at a decision to try (or not to try), to continue using (or discontinue using) a new product.

Adopter Categories: The stages through which an individual consumer passes in arriving at a decision to try (or not to try), to continue using (or discontinue using) a new product.



- **Purchase Time:** refers to the time that elapses between consumers' initial awareness of new product or service and the point at which they purchase or reject it
- **Adopter Categories:** Rate of Adoption