

MP-601



Vardhaman Mahaveer Open University, Kota

Consumer Behaviour and Market Research

Course Development Committee

Chairman

Prof. (Dr.) Vinay Kumar Pathak

Vice-Chancellor

Vardhaman Mahaveer Open University, Kota

Subject Convener and Coordinator

Prof. (Dr.) P.K. Sharma

Director (School of Commerce and Management),

Vardhman Mahaveer Open University, Kota

Editing and Course Writing

Editor

Prof. (Dr.) P.K. Sharma

Director (School of Commerce and Management),

Vardhman Mahaveer Open University, Kota

Unit Writers**Unit No.****Unit Writers****Unit No.**

1. Ms. Jyoti Agrawal

(1, 8)

6. Dr. Geeti Sharma

(10)

Research Scholar,

Banasthali Vidhyapeeth, Banasthali

IIIM

Jaipur

2. Ms. Suruchi Sharma

(2)

7. Dr. Asheesh Pareek

(11)

Dept. of Management Studies

Asst. Professor (FMS)

Dehradun Institute of Management, Dehradun

M.D.S. University, Ajmer

3. Dr. Jyotsna D. Mehta

(3, 5)

8. Ms. Amita Sharma

(13, 16)

Subodh Institute of Management and Career Studies,

SKR Agriculture University

Jaipur

Bikaner

4. Ms. Monika Dubey

(4, 12)

9. Dr. Renu Jatana

(14, 15, 17)

Guest Faculty (SOCM)

Faculty of Commerce,

Vardhaman Mahaveer Open University, Kota

M.L.S. University, Udaipur

5. Dr. Gaurav Bissa

(6, 7)

10. Ms. Upasana Tyagi

(18)

Department of Business Studies

Modi Insitute of Management and Technology

Government Engineering College, Bikaner

Kota

Academic and Administrative Management

Prof. Vinay Kumar Pathak

Prof. L.R.Gurjar

Prof. Karan Singh

Vice-Chancellor

Director (Academic)

Director (MPD)

Vardhaman Mahaveer Open University,

Vardhaman Mahaveer Open University,

Vardhaman Mahaveer Open University,

Kota

Kota

Kota

Production November, 2014 ISBN-

All right reserved. No part of this book may be reproduced in any form by mimeograph or any other means, without permission in writing from the V.M.Open University, Kota.



Vardhaman Mahaveer Open University, Kota

CONTENTS

Consumer Behaviour and Market Research

Unit No.	Unit Name	Page No.
Unit – 1	Consumer Behaviour	1
Unit – 2	Determinants of Consumer Behaviour	13
Unit – 3	Buying Decision Process	37
Unit – 4	Consumer Behaviour Models	51
Unit – 5	Personality and Consumer Behaviour	63
Unit – 6	Perception and Consumer Behaviour	74
Unit – 7	Attitude and Consumer Behaviour	86
Unit – 8	Family Influences and Decision Making	99
Unit – 9	Social Class and Consumer Behaviour	112
Unit – 10	Consumer Preferences and Group Dynamics	121
Unit – 11	Organisational Buying Behaviour	130
Unit – 12	Market Research	143
Unit – 13	Marketing Research Design	154
Unit – 14	Sampling Techniques	167
Unit – 15	Data Collection	180
Unit – 16	Data Analysis and Interpretation	201
Unit – 17	Report Writing	228
Unit – 18	Research Trends in Marketing	238

Unit - 1 : Consumer Behavior

Structure of Unit

- 1.0 Objectives
 - 1.1 Introduction
 - 1.2 What is Consumer Behavior
 - 1.3 Determinants of Consumer Behavior
 - 1.4 Motivation and Consumer Behavior
 - 1.5 Buying Decision Process
 - 1.6 Consumer Behavior Models
 - 1.7 Customer Value, Customer Satisfaction & Retention
 - 1.8 Summary
 - 1.9 Self Assessment Questions
 - 1.10 Reference Books
-

1.0 Objectives

After completing this unit, you would be able to:

- Understand about the Consumer Behavior and its effects
 - Classifying the Determinant of Consumer Buying Behavior
 - Analyzing the Relationship between Motivation and Consumer Buying Behavior
 - Learning the Consumer's Buying Process
 - Developing the understanding of Consumer's Perception and his Expectations
 - Learning the Consumer Behavior Models
-

1.1 Introduction

The basis of any business depends upon the value provided to consumers and their long term retaining with the organization. The business retains any consumer by various methods such as by providing them the services of money, goods, status, emotions or any services. Whenever any organization decides to establish its business then the organization needs to make sure about following points:

- Who will be my target customers?
- How to contact them?
- What should be sold to them?
- How to motivate them for the products sold by the organization?
- How to satisfy the needs of Customers?

The above mentioned practice is considered that, now the organization is moving in the direction to understand the consumer's behavior. The unit will be able to answer various facts about the consumer behavior process.

The marketer tries to understand the needs of different consumers and having understood his different behaviors which require an in-depth study of their internal and external environment, they formulate their plans for marketing. Management is the youngest of sciences and oldest of arts and consumer behaviour in management is a very young discipline. Various scholars and academicians concentrated on it at a much later stage. It was during the 1950s, that marketing concept developed, and thus the need to study the behaviour of consumers was recognized. Marketing starts with the needs of the customer and ends with his satisfaction. When everything revolves round the customer, then the

study of consumer behaviour becomes a necessity. It starts with the buying of goods. Goods can be bought individually, or in groups. Goods can be bought under stress (to satisfy an immediate need), for comfort and luxury in small quantities or in bulk. For all this, exchange is required. This exchange is usually between the seller and the buyer. It can also be between consumers.

The concept of consumer behavior is defined as under: "The behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs." - **Schiffman and Kanuk**. "The study of consumers as they exchange something of value for a product or service that satisfies their needs" . - **Wells and Prensky**. "Those actions directly involved in obtaining, consuming and disposing of products and services including the decision processes that precede and follow these actions". -**Engel, Blackwell and Miniard**

This definition clearly brings out that it is not just the buying of goods/services that receives attention in consumer behaviour but, the process starts much before the goods have been acquired or bought. A process of buying starts in the minds of the consumer, which leads to the finding of alternatives between products that can be acquired with their relative advantages and disadvantages. This leads to internal and external research. Then follows a process of decision-making for purchase and using the goods, and then the post purchase behaviour which is also very important, because it gives a clue to the marketers whether his product has been a success or not.

1.2 What is Consumer Behavior?

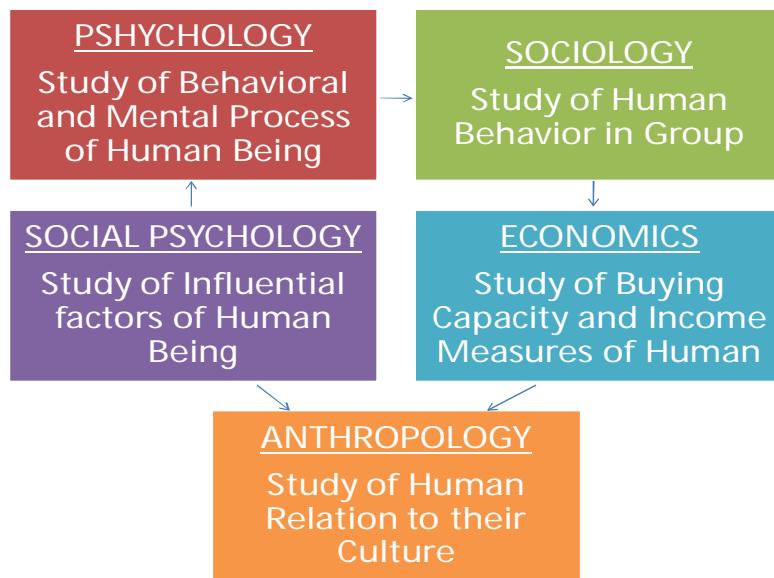
1.2.1 What is Consumer Behavior?

Consumer Behavior can be best explained that, as the behavior of consumer which he displays while buying, searching, selecting and finally using any particular product and comes to the conclusion that, whether the product will be able to satisfy the need or not. The consumer makes his decision regarding consumption units on the basis of resources available to him. The consumer makes decisions such as, what to buy, when to buy, from where to buy etc. The consumer evaluates his buying on the basis of value allocated to that product or on the basis of usability of the product. The consumer behavior can be explained in much better way by understanding the behavior of any individual regarding their decisions related to buying, using and disposing the products, services, ideas or experiences. Consumer behavior is also related with the term **Information**. The two ways communication between the consumer and service/product provider is must in consumer behavior process.

The consumer behavior study focuses more on the behavior of any individual, group of individuals or any organization in terms of their behavior displayed while selecting, demanding, purchasing, using and finally disposing the product, services, experiences or any ideas, which satisfies their needs and requirement. The consumer behavior theory talks about consumer or any society as a whole.

Several disciplines collectively referred to as the behavioral science which have of studies human behavior for some time, and we can draw upon their contribution for understating consumer behavior. This borrowing has been quite extensive and includes theories used in explaining behaviors as well as methods useful in investigating it. In fact, this borrowing is so extensive that consumer behavior is often said to be multidisciplinary in nature.

The behavioral science disciplines that have most contributed to our understanding of consumer are:



1.2.2 Nature of Consumer Behavior

It deals with issues related to cognition, affect and behavior in consumption behaviors, against the backdrop of individual and environmental determinants. The individual determinants pertain to an individual's internal self and include psychological components like personal motivation and involvement, perception, learning and memory, attitudes, self-concept and personality, and decision making. The environmental determinants pertain to external influences surrounding an individual and include sociological, anthropological and economic components like the family, social groups, reference groups, social class, culture, sub-culture, cross-culture, and national and regional influences. This can be explained with point of micro or macro levels depending upon whether it is analyzed at the individual level or at the group level.

It has borrowed heavily from psychology (the study of the individual: individual determinants in buying behavior), sociology (the study of groups: group dynamics in buying behavior), social psychology (the study of how an individual operates in group/groups and its effects on buying behavior), anthropology (the influence of society on the individual: cultural and cross-cultural issues in buying behavior), and economics (income and purchasing power).

Consumer behavior is dynamic and interacting in nature. The three components of cognition, affect and behavior of individuals alone or in groups keeps on changing; so does the environment. There is a continuous interplay or interaction between the three components themselves and with the environment. This impacts consumption pattern and behavior and it keeps on evolving and it is highly dynamic. Consumer behavior involves the process of exchange between the buyer and the seller, mutually beneficial for both.

As a field of study it is descriptive and also analytical/ interpretive. It is descriptive as it explains consumer decision making and behavior in the context of individual determinants and environmental influences. It is analytical/ interpretive, as against a backdrop of theories borrowed from psychology, sociology, social psychology, anthropology and economics; the study analyzes consumption behavior of individuals alone and in groups. It makes use of qualitative and quantitative tools and techniques for

research and analysis, with the objective is to understand and predict consumption behavior. It is a science as well as an art. It uses both, theories borrowed from social sciences to understand consumption behavior, and quantitative and qualitative tools and techniques to predict consumer behavior.

1.3 Determinants of Consumer Behavior?

The consumer behavior is determined by certain factors which are as below:

1.3.1 Family & Household Factors

A family is a group of two or more persons related by blood, marriage, or adoption who reside together. There are two main types of family : nuclear and extended family. The nuclear family is the immediate group of father, mother, and children living together. The extended family includes the nuclear family, plus other relatives, such as grandparents, uncles and aunts, cousins, and in-laws. The family into which one is born is called the family of orientation, whereas the one established by marriage is the family of procreation.

Household is another term frequently used by marketers when describing consumer behavior. Household differs from family in that household describes all the persons, both related and unrelated, who occupy a housing unit.

1.3.1(A) Variables Affecting Family Purchasing

Families have higher median incomes than do households because of the greater number of employed individuals in families. For both families and households, the four structural variables that impact purchasing decisions most and that are therefore, of primary interest to marketers are the age of head of household or family, marital status, presence of children, and employment status. However, the way families make decision can be better understood by considering sociological dimensions such as cohesion, adaptability, and communication.

Cohesion: Cohesion is the emotional bonding that family members have toward one another. It is a measure of how close to each other family members feel on an emotional level.

Family adaptability: Family adaptability is the ability of a marital or family system to change its power structure, role relationships, and relationship rules in response to situational and developmental stress. Family adaptability is measure of how well a family can meet the challenges presented by changing needs.

Communication: Communication is a facilitating dimension, critical to movement on the other two dimensions. Positive communication skills (such as empathy, reflective listening, and supportive comments) enable families to share with each other their changing needs and preferences as they relate to cohesion and adaptability.

1.3.2 Social Group

A group consists of people who have a sense of relatedness as a result of interaction with each other. Not every collection of individuals is a group, as the term is used by sociologists. Actually, we can distinguish three different collections of people: aggregations, categories, and groups. An aggregation is any number of people who are in close proximity to one another at a given time. While, a category is any number of people who have some particular attributes in common. Consumer's conformity can be shaped by three different types of reference group influences: informational, normative and

identification. It is important to distinguish among these types, since the marketing strategy required depends on the type of influence involved.

Informational influence: Informational influence occurs when an individual uses the behaviors and opinions of reference group members as potentially useful bits of information. This influence is based on either the similarity of the group's members to the individual or the expertise of the influencing group member. Thus, a person may notice several members of a given group using a particular brand of coffee. He or she may then decide to try that brand simply because there is evidence (its use by friends) that it may be a good brand. Or, one may decide to purchase a particular brand model of computer because of friend who is very knowledgeable about computers owns or recommends it. In these cases, conformity is the result of information shared by the group members.

Normative influence: Normative influence sometimes referred to as utilitarian influence, occurs when an individual fulfills group expectations to gain a direct reward or to avoid a sanction. One may purchase a particular brand of clothing to win approval from your colleagues. Or you may refrain from wearing the latest fashion for fear of teasing by friends. The essence of normative influence is the presence of a direct reward or sanction.

Identification influence: Identification influence also called value expressive influence occurs when individuals have internalized the group's values and norms. These then guide the individual's behaviors without any thought of reference group sanctions or rewards. The individual has accepted the group's values as his or her own. The individual behaves in a manner consistent with the group's values because the individual's values and the group's values are the same.

1.3.3 Consumer Social Class

Social class refers to grouping of people who are similar in their behavior based upon their economic position in the market place. Class membership exists and can be described as a statistical category whether or not individuals are aware of their common situation.

The scientific study of social stratification led to the emergence of nine variables as most important in the stream of sociological and other research concerned with social class. These nine variables were identified in an influential synthesis of social class research grouped in the following manner:

Economic variables: Occupation, income, and wealth are of critical importance because what a person does for a living not only determines how much the family has to spend, but is extremely important in determining the preference given to family members. Wealth is usually a result of an accumulation of past income in certain forms such as ownership of a business or of stocks and bonds; wealth is the source of future income which may enable a family to maintain its high social class from generation to generation.

Interaction variables: Personal prestige, association, and socialization are the essence of social class. People have high prestige when other people have an attitude of respect or preference to them. *Prestige* is a sentiment in the minds of people who may not always recognize it is there. For consumer analysts, prestige is studied in two ways: by asking people about their attitudes of respect toward others and by watching their behavior in such things as imitation of lifestyles and product usage. *Association* is a variable concerned with everyday relationships. People have close social relationships with people who like to do the same things they do, in the same ways, and with whom they feel

comfortable. While, *socialization* is the process by which an individual learn the skills, attitudes, and customs to participate in the life of the community. Much of the sociological research has concluded that social class behavior and values are learned early in the life cycle. The class positions of the parents are clearly differentiated in children by the time they have reached adolescence, not only for basic behavior patterns but personality variables that vary by social class such as self-esteem.

Political variables: Power, class consciousness, succession and mobility are important to understanding the political aspect of stratification systems. *Power* is the potential of individuals or groups to carry out their will over others. While this variable is central in the analysis of many theorist of social class, it is of less direct interest to marketers.

Class consciousness : refers to the degree to which people in a social class are aware of themselves as a distinctive group with shared political and economic interests. As people become more group conscious, they are likely to organize political parties, trade unions, and other associations to advance their group interests. Americans often state they are not class conscious and thus, advertising with a direct class appeal may not be well received. However, empirical sociological research as well as observation of marketing patterns reveals that Americans behave with a great deal of class consciousness.

Succession and Mobility : is a dual concept related to the stability or instability of stratification systems. Succession refers to the process of children inheriting the class position of their parents, such as: becoming Emir, Oba, Bale, Chief, etc.. Mobility refers to the process of moving up or down relative to their parents. When mobility occurs in an upward direction, the possibility exists that consumers will need to learn a new set of consumption behaviors-products and brands that are consistent with their new status.

1.3.4 Cultural Influence

Culture refers to a set of values, ideas, artifacts, and other meaningful symbols that help individuals communicate, interpret, and evaluate as members of society. Culture does not include instincts, nor does it include idiosyncratic behavior occurring as one-time solution to a unique problem.

Several aspects of culture require elaboration. First, culture is a comprehensive concept. It includes almost everything that influences an individual's thought process and behaviors. While culture does not determine the nature of frequency of biological drives such as hunger or sex, it does influence if, when, and how these drives will be gratified. It not only influences our preferences but how we make decision and even how we perceive the world around us. Second, culture is acquired. It does not include inherited responses and predispositions. However, since much of human behavior is learned rather than innate, culture does affect a wide array of behaviors.

Individualism This value is complex and closely interrelated with such things as freedom, democracy, nationalism, and patriotism. It is founded on a belief in the dignity, worth, and goodness of the individual. People have freedom; that is, they are independent from outside constraint. However, they are not freed from all social restraints but are to act as responsible agents.

Time Americans place a very high priority on time and believe that efficiently conserving time is a significant asset. However, many cultures value a decelerated relaxed lifestyle that places more worth on relationships. An American who tries to force members of another culture to conform to his tempo may offend them and lose their business as obtained in Nigeria.

Thought and Communication Patterns: Americans' speech and thought behavior is direct, or linear, whereas in some other cultures it is more circuitous. In "low-context" cultures such as the United States, communication depends mostly on explicit expressions, orally and through reports, contracts, and other written messages. In contrast, "high-context" cultures do business more slowly because communication depends more heavily on the context of verbal and nonverbal aspects of the situation. Thus, in Japan it may take considerably longer to transact business because the people need to know more about each other before a business relationship develops.

Personal Space: Ideas about the distance one should maintain from another in face-to-face interaction may vary among cultures. Americans typically become uncomfortable when someone "invades" their space, by engaging in close conversation or by touching them on the arm or shoulder. Conversely, Arabs and Africans who are comfortable with closer conversational distances may feel rejected by the larger personal space habits of Americans.

Materialism and Achievement: Americans are preoccupied with a "more and/or bigger is better" mentality, which equates success with material wealth. Another culture may place little value or significance on possessions and view such flaunting of wealth as vulgar, greedy, and disrespectful. Rather than achievement, another culture may stress quality of family time and relationships as its symbols of success and prestige.

Family Role: American families illustrate equality and shared roles, while in many other societies, family roles are very traditional. In such societies, with males holding preeminent positions, the husband is the provider and the wife supervises the household.

Religion: While Americans are a religious people, religion does not dominate their daily lives as it does among some cultures, such as Arabs. Arab daily routines revolve around prayer times and religious holidays and events. "It was Allah's will" is given as the explanation for major disasters.

In an environment where religion governs business and social practices, foreign business people must respect their hosts' customs, such as those pertaining to prayer and diet. Moreover, any changes threatening religious and cultural patterns will encounter resistance from religious and government leaders.

Competitiveness and Individuality: Americans encourage and reward individual ambition as a natural and desired trait. However, many other cultures value modesty, team spirit, collectivity, and patience. Thus, an aggressively competitive and individualistic demeanor by Americans in their interpersonal verbal communications, advertisements, physical gestures, status symbols, and so forth represents unacceptable behavior in those cultures.

Social Behavior: Americans view noisy eating and belching as unacceptable behavior, while in some other cultures they are expected as evidence of satisfaction. Conversely, behavior Americans accept as innocuous, such as showing the sole of one's foot, using the left hand to deliver an object, or speaking first, may be deemed inappropriate in other cultures.

1.4 Motivation and Consumer Behavior

Motivation is the driving force among individual consumers that impel them to action. This driving force is produced by a state of uncomfortable tension, which exists as the result of an unsatisfied need.

This unit discusses basic needs that operate in most consumers to motivate behaviour. It explores the influence that such needs have on consumption behaviour. It also explains why and how these basic consumers needs, or motivates are expressed in so many ways.

1.4.1 Motivation and Motives

Motivation may be defined as psychological forces that determine the direction of person's behaviour, a person's level of effort, and a person's level of persistence in the face of obstacles. In other words, motivation is the process that account for an individual intensity, direction, and persistence of effort towards attaining a goal. Motivation is the reason for behavior.

A motive is a construct representing an unobservable inner force that stimulates and compels a behavioral response and provides specific direction to that response. A motive is why an individual does something. There are numerous theories of motivation, and many of them offer useful insights for the marketing manager. This section describes Maslow's motive hierarchy approach to understanding consumer motivation.

1.4.2 Motivation Roles

Defining Basic Strivings: Motives influence consumers to develop and identify their basic strivings. Included among basic strivings are very general goals such as safety, affiliation, achievement, or other desired states which consumers seek to achieve. They serve to guide behavior in a general way across a wide variety of decisions and activities.

Identifying Goal Objects: Although there are exceptions, people often view products or services as means by which they can satisfy their motives. In fact, consumers often go one step further and think of products as their actual goals, without realizing that they actually represent ways of satisfying motives. This motivational push that influences consumers to identify products as goal objects is of great interest to marketers, particularly since it appears that it can be influenced. Certainly, the features designed into a product can affect the degree to which consumers may accept it as a goal or means for achieving some goal.

Influencing Choice Criteria: Motives also guide consumers in developing criteria for evaluating products. Thus, for a car buyer strongly influenced by the convenience motive, features such as electronic speed control and automatic driver-seat adjustments would become more important choice criteria than would style or mileage.

Directing Other Influences: Motives affect the individual determinants of perception, learning, personality, attitudes, and how people process information, this also results in directional influences on behavior. For example, motives influence information processing, which in turn regulates how we interpret and respond to our environment.

1.4.3 Rise in Motivation Factors

A variety of mechanisms can trigger the arousal of motivates and energize consumers. The following may work alone or in combination to activate behavior.

Physiological Conditions: This source of arousal acts to satisfy our biological needs for food, water, and other life-sustaining necessities. Depriving such a bodily need generates an uncomfortable state of tension. When this tension is sufficiently strong, arousal occurs to provide energy necessary to satisfy the need. The consumer's previous experience and present situation will strongly influence the directions any heightened activity will take.

Cognitive Activity: Humans engage in considerable cognitive activity (thinking and reasoning) even when the objects of their thoughts are not physically present. This

thinking, considered by some to be daydreaming or fantasy, can also act as a motive trigger. One way this occurs is when consumers deliberate about unsatisfied wants.

Situational Conditions: The particular situation confronting consumers may also trigger arousal. This can occur when the situation draws attention to an existing physiological condition, for example an advertisement for Coca-cola suddenly makes you aware of being thirsty. Here, the need for liquids may have been present, but not yet strong enough to trigger arousal. Seeing the advertisement draws attention to the condition and leads to activity. Situational conditions can also work alone to generate motive arousal. This appears to occur when circumstances draw consumers' attention to the disparity between their present state and something viewed as a better condition.

Stimulus Properties: Certain properties of external stimuli themselves also seem to have the power to generate arousal. These collative properties include the characteristics of novelty, surprising, ambiguity, and uncertainty. Stimuli possessing and sufficient amount of these properties have the potential of drawing attention to themselves by arousing an individual's curiosity or desire for exploration. As such, they represent a special type of situational condition. Stimuli with arousal potential are important for marketers because they can be used to attract and focus consumers' attention.

1.5 Buying Decision Process

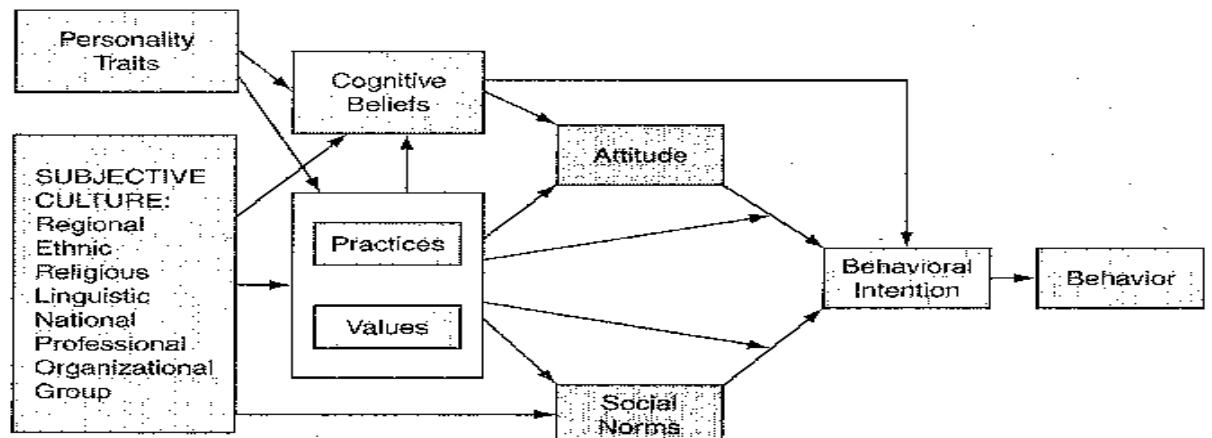
The decision-making process consists of a series of steps which the consumer undergoes. First of all, the decision is made to solve a problem of any kind. This may be the problem of creating a cool atmosphere in your home. For this, information search is carried out, to find how the cool atmosphere can be provided, e.g. by an air-conditioner or, by a water-cooler. This leads to the evaluation of alternatives and a cost benefit-analysis is made to decide which product and brand image will be suitable, and can take care of the problem suitably and adequately. Thereafter the purchase is made and the product is used by the consumer. The constant use of the product leads to the satisfaction or dissatisfaction of the consumer, which leads to repeat purchases, or to the rejection of the product.

The marketing strategy is successful if consumers can see a need which a company's product can solve and, offers the best solution to the problem. For a successful strategy, the marketer must lay emphasis on the product/brand image in the consumer's mind. Position the product according to the customer's Likes and dislikes. The brand which matches the desired image of a target market sells well. Sales are important and sales are likely to occur if the initial consumer analysis was correct and matches the consumer decision process. Satisfaction of the consumer, after the sales have been affected, is important for repeat purchase. It is more profitable to retain existing customers, rather than looking for new ones.

1.6 Consumer Behavior Models

Consumer Behavior models are segregated and designed by focusing on certain factors and theories. The Model shows the consumer life style in the centre of the circle. The consumer and his life style are influenced by a number of factors shown all around the consumer. These are culture, subculture, values, demographic factors, social status, reference groups, household and also the internal make up of the consumer, which are a consumer's emotions, personality motives of buying, perception and learning. Consumer is also influenced by the marketing activities and efforts of the marketer.

Model on Cultural Influences



The model explains all the cultural factors and their influence on buying decision process of consumers. The cultural influences are such as Religion, Ethnic, Religious, Language, Nationality etc where the others factors are influenced by the culture.

Model on Likely Hood

Exposure to Marketing Message	
Central Route to Persuasion	Peripheral Route to Persuasion
High Involvement with product Message or Decision	Low Involvement with Product Message or Decision
Strong Attention Focused on Central, Product Related Features and Factual Information	Limited Attention Focused on Peripheral, non-product features and feelings
Conscious thoughts about product attributes and use outcomes considerable elaborative activities	Low or Non-conscious information processing; few or no elaborative activities
Persuasion generally alters product beliefs, which influence brand attitudes which influences purchase intentions	Persuasion operates through classical conditioning; affect change, attitude towards the advertisements and non-conscious beliefs changes lead to a behavioral and attitude change

1.7 Customer Value, Customer Satisfaction & Retention

During the study of any consumer behavior subject or theory the first thing which every marketer needs to take care is that **Customer Value, Customer Satisfaction & Retention**.

1.7.1 Customer Value

Customer value is defined as the ratio between the customer's perceived benefits and the resources used to obtain those benefits. Perceived value is relative and subjective. Developing a value proposition is the core of successful positioning. The value propositions create customer expectations that the organizations must continuously fulfill and even exceed as competitors try to win over their markets. (Schiffman & Kanuk, 2008)

1.7.2 Customer Satisfaction

Customer Satisfaction is the individual's perception of the performance of the product or service in relation to his or her expectations. A widely quoted study that linked levels of customer satisfaction with customer behavior identified several types of customers; completely satisfied customers who are either *loyalist* who keep purchasing, or *apostles*

whose experiences exceed their expectations and who provide very positive, word of mouth about the company to others; **defectors** who feel neutral or merely satisfied and are just as likely to stop doing business with the company; consumers **terrorist** who have had negative experiences with the company and who spread negative word of mouth. (Schiffman & Kanuk, 2008)

Hostages are unhappy customers who stay with the company because of monopolistic environment or low prices and who are difficult and costly to deal with because of their frequent complaints; **mercenaries** are very satisfied customers who have no real loyalty to the company and may defect because of a lower price elsewhere or on impulse, defying the satisfaction loyalty rationale. (Schiffman & Kanuk, 2008)

1.7.3 Customer Retention

The overall objective of providing value to customers continuously and more effectively than the competition is to have and to retain highly satisfied customers, their strategy of customer retention makes it in the best interests of customers to stay with the company rather than switch to another firm. In almost all business situations, it is more expensive to win new customers defections produce significant increases in profits because of:

- Loyal customers buy more products
- Loyal customers are less price sensitive and pay less attention to competitors' advertisements
- Servicing existing customers, who are familiar with the firm's offerings and processes is cheaper
- Loyal customers spread positive word of mouth and refer other customers.

Furthermore, marketing efforts aimed at attracting new customers are expensive; indeed, in saturated markets, it may be impossible to find new customers. Today, the Internet and electronic marketer-consumer interactions are ideal tools for tailoring products and services to the specific needs of the consumers, offering them more value through increased customer intimacy and keeping the customers returning to the company.

1.8 Summary

Understanding of consumer behaviour in terms of their needs and wants as well their perception, attitude and personality including motivation and their rate of involvement is vital not only to the marketers whose primary objective is to make profit but also to the government and its regulatory agencies and society as a whole. The above unit gives a detailed description about the consumer behavior and the process as a whole. The unit helps in understanding that there are certain determinants which affects the consumer behavior and plays a vital role in deciding the product buying decision. The motivational factor acts as more influential factor which makes the consumer to go for particular products and services.

1.9 Self Assessment Questions

1. What is Consumer Behavior and which factors are necessary to explain the Consumer Behavior Process?
2. What are the Determinants of Consumer Behavior?
3. How do Family and Household factors affects the consumer buying decision?
4. How Motivation play an important role in Consumer Buying Decision and what are the motivational factors?
5. Briefly describe the consumer buying decision process?
6. Do you really think that Cultural influence plays an important role in consumer behaviour? If yes, then please design a case study on this.

1.10 Reference Books

- Ayuba B. (2005), **Marketing: Principles and Management**, Kaduna: Shukrah Printing
- David L. and Albert J.D. (2002), **Consumer Behaviour**, New Delhi: Tata McGraw Hill.
- Del I.H. Roger J.B. and Kenneth A.C. (2001), **Consumer Behaviour; Building Marketing Strategy**, New York: McGraw-Hill Irwin.
- Kotler P. (2002), **Marketing Management 21C.**, Upper Saddle River, U.S.A: Pearson Education, Inc. Pearson Prentice Hall.
- Leon G.S. and Leslie L.K (2004), **Consumer Behaviour**, Upper Saddle River, U.S.A: Pearson Education, Inc. Pearson Prentice Hall.
- Eric A. Linda P. and George Z. (2002), **Consumer**, New York: McGraw- Hill Irwin
- Robbins S.P. (2001), **Management**, New Delhi: Precentice-Hall

Unit - 2 : Determinants of Consumer Behavior

Structure of Unit:

- 2.0 Objectives
 - 2.1 Introduction
 - 2.2 Why to Study Consumer Buying Behavior?
 - 2.3 Determinants of Buying Behavior
 - 2.4 Cultural Determinants
 - 2.5 Social Determinants
 - 2.6 Psychological Determinants
 - 2.7 Personal Determinants
 - 2.8 Situational Determinants
 - 2.9 Marketing Determinants
 - 2.10 Economic Determinants
 - 2.11 Summary
 - 2.12 Self-Assessment Questions
 - 2.13 Reference Books
-

2.0 Objectives

After completing this unit, you would be able to:

- Understand the concept of consumer behavior
 - Understand the need for the companies to acknowledge it
 - Understand the psychological basis of consumer behavior
 - Learn about the various determinants of consumer behavior
 - Learn the cultural and social determinants of buying behavior
 - Learn about the psychological determinants of buyer behavior
 - Learn about the various situational influences
-

2.1 Introduction

Consumer satisfaction, which is widely accepted by the companies across the world and gaining importance day by day, can only be achieved by understanding the consumers and consumer behaviors. Consumer Behavior is a branch that deals with the various stages a consumer goes through or the buying tendencies of consumers, before purchasing products or services for his end use. Consumer Behavior is the study of individuals, groups and organizations that buy, use and dispose of goods, services, ideas or experience to satisfy their needs or wants. Each one of us has been a consumer for a much longer period than we realize. Probably, we all have exercised our purchasing power since our early childhood. As the time passes, there is development of certain rules providing a systematic way to choose among alternatives, whether one buys as small an item as a chocolate or biscuit packet or a major product like a car or a house. This often takes place as a subconscious act. All the consumers follow a similar process, but different people, no matter how similar they are, make different purchasing decisions. Consumers are unique in themselves; they have varied needs that are diverse from one another; and they have different consumption patterns and consumption behavior.

2.2 Why to Study Consumer Buying Behavior?

In our globalized world where economic crisis surfaces and competition gets fiercer day-by-day, consumers are becoming more and more important. Every individual is a consumer. There are rapid changes in demands and desires of the consumers who are considered to be the ‘center of the modern marketing’. In order for the companies to attain commercial success, it is important to understand consumer behavior. The relationship between consumer behavior and marketing strategy is emphasized because the success of companies’ marketing strategies depends upon the understanding of consumer behavior. Consumer buying decisions indicate how well the strategy fits market demand. Thus, marketing begins and ends with the consumer.

Recognition of consumer’s behavior is necessary to developing effective marketing plans. Offering appropriate marketing mix for specific target market requires recognition of consumers preferences and their decision-making processes. Also marketers need to know how their selected marketing mix affects consumer’s decision-making processes.

Therefore, there is an overwhelming need to study and understand the following aspects regarding ‘consumer buying process:

- What they buy,
- Why they buy,
- How they buy,
- When they buy,
- From where they buy, and
- How often they buy

For a firm to survive, compete and grow, it is essential that the marketer identifies these needs and wants, and provides product offerings more effectively and efficiently than other competitors. A comprehensive yet meticulous knowledge of consumers and their consumption behavior is essential for a firm to succeed.

2.3 Determinants of Buying Behavior

If the consumers bought things based on a select criteria, then it would be easy to convince them to buy specified products and services. There would be no need for elaborate ad campaigns and large advertising budgets. Unfortunately, consumers are influenced by many different stimuli, and they use many different factors to decide what to buy and when to buy it. The behavior of the consumer with regard to these factors is uncontrollable. These factors are also called the determinants of consumer buying behavior. These factors affect the consumer behavior differently. These are also called as the buying characteristics influencing consumer behavior. They cause consumers to develop product and brand preferences. Although marketers cannot directly control many of these factors, understanding of their impact is essential. An understanding of the influence of these factors is essential for marketers in order to develop suitable marketing mixes to appeal to the target customer.

Marketers, in general, cannot predict such factors but they must take them into account. Successful businesses understand how to leverage these factors to influence consumer-buying behavior, effectively market the products and maximize sales.

The determinants, which strongly influence consumer purchases, are:

Table 2.1 – Summary of Determinants of Buying Behavior

Cultural	Social	Psychological	Personal	Situational	Marketing	Economic
Culture	Personal Influence	Motivation	Gender	Consumer's Physical Situation	Product	Supply and Demand
Sub Culture	Groups	Learning	Age and Life-cycle stage	Consumer's Time Situation	Price	Interest Rates
Social Class	Family	Perception	Economic situation	Reason for Purchase	Promotion	Inflation
	Role & Status	Values, Beliefs and Attitudes	Occupation	Consumer's Momentary Conditions	Place	Unemployment
			Personality	Consumer's Knowledge	Packaging	Government Policy
			Education		Positioning	
			Lifestyle		People	

2.4 Cultural Determinants

Cultural factors have the deepest and broadest influence on the consumer. They constitute a stable and shared set of basic values, beliefs, customs, attitudes, traditions, perceptions, preferences, and behaviors learned by a member of society from family and other important institutions throughout life. These factors, inherent in the value system and decision processes, not only influence consumer behavior but also reflect it.

Cultural factors can be further categorized into the following:

Culture

E. B. Taylor defined culture as "that complex whole which includes knowledge, beliefs, art, morals, laws, customs and any other capabilities and habits acquired by man as a member of society." Engel, Blackwell, and Miniard (1986) define culture as "complex values, ideas, attributes, and other meaningful symbols that serve humans to communicate, interpret, and evaluate as members of society." Furthermore, the authors believe that humans develop their values by socialization and acculturation. Socialization is the process of absorbing ones culture. Acculturation is the process of learning a new culture. This occurs when a consumer moves to a new country or changes group identity.

Culture is the unique possession of human beings. They are born and brought up in a cultural environment. Humans, across all nations and races, are social animals and cultural beings.

Culture is a handed down way of life accepted by a homogeneous group of people and transmitted to the next generation. Culture acts as determinant and regulator of the human

behavior. Although world over people have same basic needs but how these needs are transferred into wants and how people go about satisfying those wants vary greatly as a result of their diverse culture. The deep-rooted cultural diversity and values of a country make it difficult for a marketer to opt for a standardized strategy to outperform competition. It has been found that even after tremendous exposure to globalization, consumers from different cultures have different attitudes, perceptions, tastes, preferences and values, and remain reluctant to purchase foreign products (Suh and Kwon, 2002). There are some codes and beliefs that stretch across countries while others are culture-specific (Langlois and Schlegelmilch, 1990). Marketers always try to identify “cultural shifts” which might point to new products that might be wanted by customers or to increase demand.

The culture prescribes the way in which one should live and has a huge effect on the things one purchases. Every product has some attributes that come from the country of origin. But if these attributes fail to generate enough synergy with the target market, there will be certain problem regarding communication mismatch. Let us understand the influence of culture on buying decision of individuals with the help of following examples:

- Most Germans don't own credit cards and running up a lot of debt is something people in that culture generally don't do.
- General Motors made a blunder by naming their one product as “NOVA” in Latin America because in Spanish, nova means “doesn't go”. So this offer failed awfully because of the language factor.
- In Beirut, Lebanon, women can often be seen wearing miniskirts while in Afghanistan women generally wear ‘burqas’, which cover them completely from head to toe. On the other hand, in India, there is a mix of all religious expressions as there is freedom of following one's own religion.
- If in the Western culture, consumption is often driven by a consumer's need to express individuality, it is not so in the case of Eastern culture where consumers are more interested in conforming to group norms.
- Bargaining for goods and services is common in India, in contrast to western tradition, where bargaining might be considered rude and abrasive.
- Consuming alcohol and meat in certain religious communities is not restricted, but in certain communities, consumption of alcohol and meat is prohibited.
- In India, people still value joint family system and family ties. Children in India are conditioned to stay with their parents till they get married as compared to foreign countries where children are more independent and leave their parents once they start earning a living for themselves.
- Females staying in West Bengal or Assam would prefer buying ‘Sari’ as compared to western outfits. Similarly a male consumer would prefer a ‘Dhoti Kurta’ during auspicious ceremonies in Eastern India as a part of the cultural tradition. Girls in South India wear skirts and blouses as compared to girls in north India who are more into ‘Salwar Kameez’. Our culture says that we need to wear traditional attire on marriages and this is what we have been following since years.
- People in North India prefer breads to rice, which is a favorite with people in South India and East India. In India most of the people are vegetarian therefore McDonalds offer special vegetable burgers and deals for India.

Since, the influence on buying behavior varies from country to country, therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries.

Sub-culture

Sub-culture is defined as a distinct cultural group that exists as an identifiable segment within a larger, more complex society. Within the culture, there are segments that share distinguished meaning, values and patterns of behavior, differing from those of the overall culture. It is termed as a subculture, that is, a group of people within a culture who are different from the dominant culture on certain grounds as national origin (Anglo Indians, Parsees, Moguls, Pathans, Indo-Chinese, and Singhalese etc.), age (Babies, Toddlers, Preteens, Teenagers, Youth, Matured, Retired), gender (Male, Female), religions (Hindus, Muslims, Sikhs, Christians, Buddhists etc.), sects (Roman Catholics, Protestant Christians, Digambara Jain, Shvetambara Jain, Shia Muslims, Sunni Muslims etc.) ethnic backgrounds/racial groups (In USA – Caucasians, Africans, Asian, American, Hispanics etc.), status (Upper Class, Middle class and Lower Class), common interests (Bikers group, Billiard Associations, Internet Community, etc.), vocation, jobs, language (Gujrati, Marathi, Bengali, Tamil, Kashmiri etc.), geographic/regional location (North, South, East, West, Rural, Urban) etc.

Sometimes a sub-culture will create a substantial and distinctive market segment, so that the marketing professionals design specific products for them. The products are tailor-made for the specific group only and are generally used in a mutually exclusive manner. It is important to know the characteristics of the sub-culture in creating the marketing mix, price, brand name identification, promotional activities and product positioning. The following will exemplify subculture effect on consumer behavior:

- Religion Subculture (Christianity, Hindu, Muslim, Sikhism, Jainism etc.)
 - A Hindu bride wears red, maroon or a bright colored lehanga or saree whereas a Christian bride wears a white gown on her wedding day. It is against the Hindu tradition to wear white on auspicious occasions. Muslims on the other hand prefer to wear green on important occasions.
 - Hindus consider eating beef to be a sin whereas Muslims and Christians relish it. Eating pork is against Muslim religion while some sections of the Hindu society do not mind eating it.
- Status (Upper Class, Middle class and Lower Class)
 - People from upper class generally have a tendency to spend on luxurious items such as expensive gadgets, cars, dresses etc.
 - It is hard to find an individual from a lower class spending money on high-end products. A person who finds it difficult to make ends meet would rather prefer spending on items necessary for survival.
 - Individuals from middle class segment generally are more interested in buying products, which would make their future, secure.
- Gender (Male/Female)
 - Products specific to females like cosmetics, fairness cream, personal sanitation products, jewellery, dress material, home appliances, detergents, bathing soap, dish washer etc. cater to this segment

- Males are traditionally perceived to be strong and tough. Products like automobiles, technical gadgets, suiting & shirting, and financial products etc. cater to this segment.
- Age (Babies, Toddlers, Preteens, Teenagers, Youth, Matured, Retired)
 - Products like diapers (Huggies, Mammy Poko Pants), baby soaps/creams/oil (Johnson & Johnson product range), Baby food (Cerelac etc.), Junior Horlicks, fruit juices (Real/Rasna/Tropicana etc.) Toys, Video Games, Learning Videos, Personal Hygiene, Complexion related products, study related tools, fashion accessories, food products like chips, breakfast cereals, milk products, chocolates, cosmetics, home loans, paints, home furnishings, appliances, financial products, shoes, retirement solutions etc. are some examples for various categories of Age sub-culture.
- Geographic/Regional (North, South, East, West, Rural, Urban)
 - Products like fertilizers, tractors, dust free mobiles, basic health hygiene drives etc. are tailor made for rural areas.
 - It is the reason why Hindi posters do not work in South India

Social Class

A social class is a group of people who have the same social, economic, or educational status in society. Almost every society has some form of social structure; social classes are society's relatively permanent and ordered divisions whose members share similar values, interests and behavior. Social class is also a sub cultural factor: members of any given social class tend to share similar values, interests, and behaviors. The class system may be based on religion, kinship or landed wealth. The social classes tend to have varying attitudes and values that are reflected in the consumer behavior of their members. It is also measured as a combination of occupation, income, education, wealth, language, residential location, attitudes, communication style, activities, values and other variables. These are different in all the social classes. One more striking feature is that the members of same social class are, quite often, hesitant and repulsive to mingling with the members of other social class (especially when marriages are concerned). This is significant in case of Indian society. While income helps define social class, the primary variable determining social class is occupation. Differences in social class can create customer groups whose profile can be widely used to predict consumer behavior. In this way marketing activities could be tailored according to different social classes. Social classes show distinct product and brand preferences in many areas including clothing, eating, leisure activities and home furnishings.

For example:

- Companies for items such as financial investments, expensive cars, villas, traveling experience, high-end jewellery, and eveningwear target upper classes.
- Middle classes represent a target market for most categories of domestic need products, economically designed automobiles etc.
- Lower classes are targeted for daily use products with emphasis on low price, cost saving schemes etc.
- Similarly, the rise of the middle class in India and China is creating opportunities for many companies to successfully sustain their products.

2.5 Social Determinants

A consumer may interact with several individuals on a daily basis, and the influence of these people constitutes the social factors that affect the buying process. This explains the outside influences of others on our purchase decisions either directly or indirectly. Consumers seek to imitate people they admire and will buy the same brands as their favorite athlete, model, or actress, not to mention, their friends. Social factors are on the rise with social media and word of mouth with like-minded acquaintances. This is the reason why Facebook, Twitter, and You Tube are gaining more advertising support. They are able to target their exact style audience and influence them socially. Social influences evolve from formal and informal relationships with other people. The social situation of a person can significantly affect the purchase behavior and companies understand this. For example:

- One might spend quite a bit of money each month eating at fast-food restaurants like Pizza Hut, McDonald's etc. but when it is time to take an important person to dinner, one often chooses a restaurant that is known for its status.
- A person may purchase expensive things for oneself, but if he or she is asked to opt for a gift item by a third person, there is a natural hesitation and we go for a more economical one.

Therefore, consumption is affected by the social situation a person is in. Social factors are more outward and have broad influences on one's beliefs and the way to do things. Social Factors influencing consumer-buying decision can be classified as under:

A) Personal Influence

Aspects of personal influence are as follows:

Opinion leaders:	Opinion leaders are people who exert direct or indirect social influence over others. They have expertise in certain areas. Consumers respect these people and often ask their opinions before they buy goods and services. For example, an information technology (IT) specialist with a great deal of knowledge about computer brands is an example and his opinion of them is likely to carry more weight than any sort of advertisement. Today's companies are using different techniques to reach opinion leaders.
Word of mouth:	It is the process by which people influence each other during face-to-face conversations. The Internet and e-mail have magnified power of word of mouth

B) Groups

A group is formed when two or more people interact to accomplish individual or mutual goals. Every individual has some people around who influence him/her in any way. Group can be formal or informal in nature. Consumers compare themselves to these groups for any purchase decision. Individual identifies with the group to the extent that he takes on many of the values, attitudes or behaviors of the group members. They have a direct or indirect influence on buying decision. They have a power to persuade or convince other people for a certain product.

Groups influence its members as follows:

- They influence members' values and attitudes.
- They expose members to new behaviors and lifestyles.
- They create pressure to choose certain products or brands.

The degree to which a group will affect a purchase decision depends on the following:

- An individual's susceptibility to the group
- Influence, and
- The strength of his/her involvement with the group.

The groups can be broadly categorized into the following:

- Reference Group
- Membership Group
- Dissociative Group
- Aspiration Group

Reference Group

A group that serves as a reference point and influence an individual's affective response, cognition and behavior is called reference group. Family members, relatives, friends, neighbours, friends, club members, colleagues and seniors at the work place can be categorized into this. Reference groups comprise of people that individuals compare themselves with. It influences a person's thoughts and actions. Most people rely on several reference groups for information or taking decisions. Reference groups have potential in forming a person's attitude or behavior. Their impact varies across products and brands. For example if the product is visible such as dress, shoes, car etc then the influence of reference groups will be high. Reference groups are people to whom an individual looks as a basis for self-appraisal or as a source of personal standards.

Membership Group

It is the group to which a person actually belongs. For example, a consumer who is part of a certain club would be influenced by the clothing or accessories of the fellow members and may tend to wear their style. These groups have a direct influence on a person's decision. Affinity marketing is focused on the desires of consumers that belong to a particular group. Marketers get the groups to approve the product and communicate that approval to its members.

Dissociative Group

There may also be groups where a consumer does not want to be associated with or belong to. For example, Honda tries to disassociate from the "biker" group whereas Harley Davidson and Yamaha promote such groups. Accordingly, the consumers would choose their side. The consumers may want to maintain a distance because of differences in values or behaviors. Hence, the consumption decision may be influenced.

Aspiration Group

It is the group where one wants to belong to or with which a person wishes to be identified. A consumer identifies with this group and may want to join as a member. They influence consumers' attitudes and behavior. If a person dreams of being a professional actor, then he or she has an aspirational group. That is why companies use celebrity endorsement in this respect to influence the aspirations of the audience. For example: Sachin Tendulkar advertised for Boost (a stamina building product) and Kareena Kapoor advertises for Lakme.

Another classification of Group can be done on the basis of frequency of interaction:

Primary Group

Consists of individuals one interacts with on a regular basis. Primary groups include:

- Friends
- Family Members
- Relatives
- Co Workers
- Seniors at workplace
- Neighbours

All the above influence the buying decisions of consumers in the following manner:

- They have used the product or brand earlier.
- They know what the product is all about.
- They have complete knowledge about the features and specifications of the product.
- Consumer has obvious reasons to trust them for their opinion

For example,

- If Harish wanted to purchase a laptop for, he went to the nearby store and purchased an HP Laptop. The reason why he purchased it was because all his friends were using the same model and were quite satisfied with the product. Thus, one tends to pick up products recommended by friends.
- Family plays an important role in influencing the buying decisions of individuals. A consumer who has a wife and child at home would buy for them rather than spending on himself.
- An individual entering into marriage would be more interested in buying a house, car, household items, furniture and so on.
- When an individual gets married and starts a family, the entire family takes most of his buying decisions. This is also true in case of joint family structure.
- A Luxury car in the neighborhood would prompt more families to buy the same model or even a better one.

Secondary Group

Secondary groups share indirect relationship with the consumer. These groups are more formal and individuals do not interact with them on a regular basis. They include:

- Religious associations
- Political parties
- Trade unions
- Civic bodies
- Professional bodies
- Clubs etc.

C) Family

Family members constitute the most influential people in life and hence strongly influence the buyer behavior. In this case, family includes; The people who raised the consumer (the “family of orientation”), and The consumer’s spouse and children (the “family of procreation”).

The family is the most important consumer buying organization in society and it has been researched extensively. As the fundamental social unit, the family's influence on consumer behavior is most important. Family acts as a purchasing unit. In the family, children adopt particular form of purchasing behavior in the purchase of products and services and act as a major reference group. In many cases, the children imitate the elders.

Most market researchers are interested in the roles, and influence of the parents, siblings, husband, wife and children on the purchase of different products and services. Grand Parents in the traditional joint families have influence on major purchase decisions.

It is important to remember that the buying roles change with change in consumer lifestyles.

Family consists of: -

- Influencer - Person who senses the need to buy a product.
- Decider - Person who takes final buying decision.
- User - Person who finally uses the product.

Family influences on consumer behavior result from three sources: -

- Consumer socialization
- Passage through the family life cycle
- Decision-making within the family.

Nowadays, children are well informed about goods and services through media or friend circles, and other sources. Therefore, they influence considerably in buying decisions across most product categories. A person is more like the parents than anyone else, at least in terms of the consumption patterns. Many of the things one buys and doesn't buy are a result of what the parents bought during the growing years. Companies are interested in which family members have the most influence over certain purchases..

Influence of Family Roles

A role requires behavior according to the expectations arising from the position within a group. People have many roles like Husband/wife, father/mother, employer/ee, etc. Individuals' roles are continuing to change therefore marketers must continue to update information.

Family is the most basic group a person belongs to. Marketers must understand that:

- The family unit makes many family decisions
- Consumer behavior starts in the family unit.
- Family roles and preferences are the model for children's future family.
- Family buying decisions are a mixture of family interactions and individual decision-making
- Family acts as an interpreter of social and cultural values for the individual.

Nowadays, two-income families are becoming more common; hence, the decision maker within the family unit is also changing. Besides, the family has less time for children, and therefore tends to let them influence purchase decisions in order to alleviate some of the guilt. With the rise of the middle class, especially in the post liberalization and globalized world, the spending power of the families has increased and the children have more money to spend on themselves.

D) Roles and Status

A person belongs to many groups simultaneously like family, clubs, organizations etc. Within each group, a consumer will be expected to play a specific role or set of roles dictated by the norms of the group. Roles in each group generally are tied closely to status. Social status refers to the position that a certain person is holding in society, generally due to influences of power, money or charismatic personality. The roles are certain behavior or activities they are expected to perform. People choose the products that communicate about their roles and status in society.

Each person possesses different roles and status in the society depending upon the groups, clubs, family, organization etc. to which he belongs. The person's position can be defined in terms of both role and status.

For example a person plays the role of a father/husband/son/brother in his family while in the company he plays the role of a manager/senior/subordinate, he may play the role of a spokesperson/treasurer for the club he is associated with and he is in the role of an avid fan in the sporting event of his liking. Therefore, those products or services would be purchased that conform to the roles and status. For example, an individual from an upper middle class would spend on luxurious items whereas an individual from middle to lower income group would buy items required for his/her survival.

2.6 Psychological Determinants

Psychological factors are the ways in which human thinking and thought patterns influence buying decisions. The ways in which an individual acquires and retains information affects the buying process significantly. Consumers make their decisions based on past experiences—both positive and negative. Concepts such as motivation and personality; perception; learning; values, beliefs and attitudes; and lifestyle etc. are useful for interpreting buying processes and directing marketing efforts for maximum benefit.

The following are the important psychological factors affecting the consumer buying behavior:

A) Motivation

It is the inner catalyst that makes a person buy a particular product or service. No matter how much money one has, motivation is the root cause of any purchase. For instance if a seller successfully motivates a buyer to purchase a specific goods and services by using its motivational techniques then it is possible to change the buying behavior of goods and services.

Motive or drive is a need that is sufficiently pressing to direct the person to seek satisfaction of that need. It is the energizing force that results in the required purchase behavior. Needs are hierarchical, for instance, once basic physiological needs are met, people seek to satisfy higher order needs or learned needs. Maslow theorized that people have to fulfill their basic needs—food, water, and sleep—before they can begin fulfilling higher-level needs as follows (Maslow's Hierarchy of Needs):

Table 2.2

Physiological needs	Needing food, water and sleep (basic to survival)
Safety needs	Feeling safe and sheltered from the harm (physical well-being)
Social needs	Being loved, befriended and accepted by others
Esteem needs	Being respected by others as a result of accomplishments
Self-actualization needs	Realizing one's full potential

The marketer must identify the buying motives of the target customers and influence them to act positively towards the marketed products. Some of the buying motives include:

- Pride and possession
- Love and affection
- Comfort and convenience etc.

Businesses that successfully leverage these needs will motivate consumers to buy their products. When the buyer's need is raised to a particular level they become the motives, which mean, "I want to achieve this", thus ultimately affecting the consumer buying behavior.

Following the economic crisis that began in 2008, the sales of new automobiles dropped sharply virtually everywhere around the world—except the sales of Hyundai vehicles. Hyundai understood that people needed to feel secure and safe and ran an advertisement campaign that assured car sales for the company. In this way the company cleverly took benefit from the psychological turmoil among the consumers.

B) Learning

It refers to changes in individual behavior that are caused by information and experience. For example, when a customer buys a new brand of perfume, and is satisfied by its use, then he/she is more likely to buy the same brand the next time. Through learning, people acquire beliefs and attitudes, which in turn influence the buying behavior.

Consumers are products of their experiences. They catalog each experience as good or bad for later use when a similar situation arises. These experiences influence the consumer buying behavior by changing the way they react to products similar to those they already have experience with. For example, many consumers choose to buy Toyota cars because they have had good experiences with their previous Toyota models. Companies that focus on the consumer experience often gain repeat business because the consumer does not feel the need to look anywhere else to fulfill that particular need. This often outweighs the fact that the competition may be cheaper or even better in some cases.

The learning process causes changes in an individual's behavior due to:

Behavioral Learning

The process of developing automatic responses to a situation built up through repeated exposure to it.

Table 2.3

Four variables central to how consumers learn from repeated experience are:

Drive	A need that moves an individual to action Drives are strong internal stimuli inside the consumer's mind that create calls for action. These calls for action, if strong enough, will create a motive (see above), and lead the consumer to attempt to move towards an object of stimuli. That object usually will be what satisfies the need.
Cue	A stimulus or symbol perceived by consumers. Drives create Cues. Cues refer to more "minor" stimuli that condition the consumer's behavior. Cues help the consumer decide when, where, and how to respond to a drive.

Response	The action taken by a consumer to satisfy the drive. Responses are the consumer's actions based off of drives, motives, and cues from environmental stimuli.
Reinforcement	The reward. Responses build Reinforcement, which influences the consumer's future buyer behavior. If the purchase experience and immediate experience with the product has been positive, then the consumer will likely consider buying that same product in the future. If the consumer's experience is somewhat negative, then they are likely to seek a different product later when the need has to be fulfilled again.

Marketers use two concepts from behavioral learning theory:

Stimulus generalization	<ul style="list-style-type: none"> • Occurs when a response elicited by one stimulus (cue) is generalized to another. • Using the same brand name for different products is an application of this concept
Stimulus discrimination	<ul style="list-style-type: none"> • Refers to a person's ability to perceive differences in stimuli.

Cognitive learning

- Involves making connections between two or more ideas or simply observing the outcomes of others' behaviors
- Adjusting one's accordingly.

All consumers are influenced by their learning experience. Learning not only affects what is bought, rather, it also affects how one shops. People with limited experience about a product or brand generally seek out more information than people who have used a product before.

It's the reason one doesn't buy a bad product twice. Experiencing first hand a product and brand helps the consumer decide whether they will go for a repurchase or not.

Learning refers to the process by which consumers change their behavior after they gain information or experience. Companies try to get consumers to learn about their products in different ways. For example:

- Car dealerships offer test drives.
- Pharmaceutical reps leave samples and brochures at doctor's offices.
- Other companies give consumers free samples.
- To promote its new line of coffees, McDonald's offered customers free samples to try.

While sampling is an expensive strategy, it gets consumers to try the product & many customers buy it, especially right after trying in the store.

Another classification of Learning is as below:

- **Operant or instrumental conditioning** - learning occurs through repetitive behavior that has a positive or negative consequence. Companies engage in operant conditioning by rewarding consumers, which cause consumers to want to repeat their purchasing behaviors. For example: Toys that come in Crax and Free car washes when the car is filled fuel at a filling station.
- **Classical conditioning** - occurs by associating a conditioned stimulus (CS) with an unconditioned stimulus (US) to get a particular response. The more frequently the CS is linked with the US, the faster learning occurs and this is what advertiser and businesses try to do. For example: If a person goes to a restaurant with close friends, then the tasty food produces a good feeling and one may associate the person with the food, thus producing a good feeling about the person.

C) Perception

Perception is the process by which consumers select, organize, and interpret information and environmental stimuli in order to form a more meaningful picture of the world around them. How the consumers determine what they will buy is heavily influenced by their perception of the situation they are in at that moment in time. It is the process through which an individual uses information to create a meaningful picture of the world. Perception has several steps:

- **Exposure** – sensing a stimuli (e.g. seeing an ad)
- **Attention** – an effort to recognize the nature of a stimuli (e.g. recognizing it is an ad)
- **Awareness** – assigning meaning to a stimuli (e.g., humorous ad for particular product)
- **Retention** – adding the meaning to one's internal makeup (i.e., product has fun ads)

How these steps are eventually carried out depends on a person's approach to learning.

It is important because people selectively perceive what they want and it affects how people see risks in a purchase. It is the impression, which one forms about a certain situation or object. A motivated person is ready to act. But the way or the manner in which he acts is influenced by his/her perception of the situation. For instance, a student may perceive examinations as an important event, and therefore, he/she would make every possible effort including purchase of new stationery like pens, whereas, another student may be casual about the examinations, and therefore, would not make extra efforts. Consumers are also more likely to retain information if a person has a strong interest in the stimuli. If a person is in need of new car they are more likely to pay attention to a new advertisement for a car while someone who does not need a car may need to see the advertisement many times before they recognize the brand of automobile.

One of the most massive forms of environmental stimuli is advertising. An average consumer may be exposed to hundreds of advertisements everyday. It is physically impossible for a consumer's brain to actively pay attention to all the stimuli around it, besides, all of the other environmental stimuli around: smells, tastes, sounds, conversations etc. As a result, the brain controls what stimuli it will engage with. It is this process that creates perception. The brain engages in distinct processes of:

- Selective Attention - The tendency for consumers to screen out most of the information they are exposed to. Companies have to work very hard to get the consumer's attention.
- Selective Distortion - The tendency of people to interpret information in a way that will support what they already believe, or what they want to believe.

- Selective Retention - Consumers usually forget much of the stimuli they have been exposed to. Consumers usually store the information that best supports their existing attitudes and beliefs (or the ones they want to have), so selective retention allows them to "remember" the good points they favor and "forget" the negative points that have been made about other brands that they don't like.

These processes are why marketers use so much repetition in their advertising campaigns. The companies have to battle their way into the minds of the consumer, force their way in, and in the end, convince the mind of the consumer that their message is the right one to pay attention to.

D) Values, Beliefs and Attitude

People use their values, attitude and beliefs for buying of any goods and services, which directly affect their buying behavior. Through the daily activities, beliefs and attitudes are built that in turn influence the buying behavior.

Values

These are personally or socially preferable modes of conduct or states of existence that are enduring in nature. Values are strongly held beliefs about various topics or concepts. Some examples of Personal Values are as below:

Comfortable life	Inner Peace	Fun	Self-respect
Excitement	Mature Love	Salvation	Sense of belonging
Freedom	Personal accomplishment	Security	Social acceptance
Happiness	Pleasure	Self-fulfillment	Equality
Wisdom	Regard to elders	Hospitality	Sacrifice

Beliefs

Beliefs are accepted facts (Right or Wrong). Means the opinion or mind set relating to a particular object, say, consumer's subjective perception of how well a product or brand performs on different attributes. A descriptive thought that a person holds about something. It may be based on knowledge, opinion, faith, trust and confidence. People may hold certain beliefs about certain brands/products. Beliefs develop brand images, which in turn can affect buying behavior.

Attitude

It is a learned predisposition to respond (a mental position, positive or negative evaluation, feeling or tendency) to products, services, companies, ideas, issues, or institutions, in a consistent favorable or unfavorable way. Consumers may develop a positive, or negative or neutral attitude towards certain product or brands, which in turn would affect the buying behavior. These are shaped by learned values and beliefs. Attitudes put people into specific frames of mind, and help to move them towards or away from certain products and brands. Consumer attitude greatly influence the success or failure of the firm's marketing strategy.

Unfortunately attitudes can be very difficult to change because they are a part of consumer's learned behavior patterns. Changing a consumer's attitudes and beliefs usually require to change many other perceptions and attitudes in other areas of the consumer's mind. Consumers often block information that conflicts with their beliefs and attitudes. They tend to selectively retain information or even distort it to make it

consistent with their previous perception of the product. Often it is easier to position a product into an existing attitude, than to fight against them and tries to change them, since companies want people to have positive feelings about their offerings.

Marketers need to understand these beliefs and attitudes in order to best position their messaging in front of the target consumer. If some of the target consumer's beliefs and attitudes are not positive about a product/service thereby preventing sales, then, there is a need to launch focused messaging campaigns for:

- Changing beliefs about the extent to which a brand has certain attributes.
 - Changing the perceived importance of attributes.
 - Adding new attributes to the product.
-

2.7 Personal Determinants

Personal factors include individual characteristics that, when taken in aggregate, distinguish the individual from others of the same social group and culture. These may explain why an individual's preferences often change along with the situation. The kinds of services people buy; change over the course of their lifetime. For instance a child never uses the razor because he does not need it; after attaining proper age, he needs it.

The important factors unique to an individual are:

A) Gender, Age and Life cycle

They have a potential impact on the consumer buying behavior. It is obvious that the consumers change the purchase of goods and services with the passage of time. Tastes in food, clothes, furniture, and recreation are often age related. Buying is also shaped by the stage of the family life cycle, the stage through which families might pass as they mature over time. Family life cycle consists of different stages such young singles, married couples, unmarried couples etc which help marketers to develop appropriate products for each stage.

The consumer buying behavior changes with the age of the consumer like small child needs diapers, toys, teenagers may prefer trendy clothes, whereas, office- executives may prefer sober and formal clothing and wrinkle creams may be a need with people in late thirties and so on..

The consumer behavior varies across gender. For instance, girls may prefer certain feminine colors such as pink, purple, peach, whereas, boys may go for blue, black, brown, and so on.

Men and women need and buy different products. They also shop differently and in general, have different attitudes about shopping. There is the popular belief that most men are averse to being shopping freak while the women love to shop till they drop. This belief is more prevalent in Indian circumstances. That's why so many advertisements are directed at one particular gender or the other. Women influence most of the household product purchases.

Many businesses today are taking care to figure out "what men want." Products such as face toners/creams and body washes/soaps for men such as the Lux Soap that featured actor Shahrukh Khan and hair solutions like Clean & Clear, Head & Shoulders etc. which feature celebrities like Saif Ali Khan, Virat Kohli etc. are a relatively new phenomenon. Some advertising agencies specialize in advertising directed at men. There is a difference in the purchase behavior of a single person working after studying than that of a newly

married couple. Regardless of the age, children affect the spending patterns of families. Once children graduate from college and parents are empty nesters, spending patterns change again. Empty nesters and baby boomers are a huge market that companies are trying to tap.

Marketers across the globe often define their target markets in terms of life-cycle stage and develop appropriate products and marketing plans for each stage. For instance,

- A bachelor would prefer spending lavishly on items like beverages, bikes, music, clothes, parties, clubs and so on.
- A young single would hardly be interested in buying a house, property, insurance policies, gold etc.
- An individual who has a family, on the other hand would be more interested in buying something, which would benefit his family and make their future secure.
- Ford and other car companies have created “aging suits” for young employees to wear when they’re designing automobiles. The suit simulates the restricted mobility and vision people experience, as they get older. Car designers can then figure out how to configure the automobiles to better meet the needs of older consumers.
- Lisa Rudes Sandel, the founder of Not Your Daughter’s Jeans (NYDJ), created a multimillion-dollar business by designing jeans for baby boomers. Rudes Sandel “speaks to” every one of her customers via a note tucked into each pair of jean that reads, “NYDJ (Not Your Daughter’s Jeans) cannot be held responsible for any positive consequence that may arise due to your fabulous appearance when wearing the Tummy Tuck jeans. You can thank me later.”

B) Economic Situation

Here the microeconomic factors (like personal income, savings, investment, creditworthiness, etc.) take predominance as compared to macro factors. The buying tendency of an individual is directly proportional to his income/earnings per month. The income of a person is the most important factor and the kingpin of the purchase behavior of an individual. If individual has lots of disposable money at hand, his buying nature would reflect extravagance, high quality or premium products, quantity and impulsive shopping. On the other hand, the buying is meticulously planned, low in quality, necessity based and limited in case of less money. The reserved money also plays important role in affecting the buying behavior of the individual. A person’s economic situation affects product choice. Marketers of income-sensitive goods watch trends in personal income, saving, and interest rates. If economic indicators point to a recession, marketers can take steps to redesign, reposition, and re-price their products. Some marketers target consumers who have lots of money and resources, charging prices to match.

C) Occupation

Employment pattern also affects consumer behavior. Several jobs require specialized equipment or clothing. In addition, people buy products or services that will give them greater status in the workplace. A person’s occupation affects the goods and services bought. Blue-collar workers tend to buy more rugged work clothes, whereas white-collar workers buy more business suits. A company can even specialize in making products needed by a given occupational group. Thus, computer software companies will design different products for brand managers, accountants, engineers, lawyers, and doctors etc.

The nature of job has a direct influence on the products and brands he picks for himself/herself.

For example, a person working with an organization as Chief Executive Officer will always look for premium brands (of clothes, watches, perfumes, mobiles, laptop, car and other luxury products and services etc.) which would go with his designation. College goers and students would prefer casuals as compared to professionals who would be more interested in buying formal shirts and trousers.

D) Personality

Personality is not what one wears; rather it is the totality of behavior of a man in different circumstances. Consumers are complicated. One of the major influencers of consumer buyer behavior is the consumer's own unique personality. It is a person's consistent behavior or response to recurring situations. Research suggests that key traits affect brand and product-type preferences. Cross-cultural analysis also suggests that residents of different countries have a national character, or a distinct set of personality characteristics common among people of a country or society. Personality characteristics are often revealed in a person's self-concept, which is the way people see themselves and the way they believe others see them. Consumers buy products that are consistent with their self-concept.

Self Concept or Self Image is one of the biggest factors that influence consumers. If a consumer's image matches a brand's image, then there is an increased purchasing. Products that the consumers identify with and the ones, which support their individual self-expression, drive many people. The main premise of self-concept is that a consumer's possessions directly contribute to, and directly reflect their identities. Basically a person "is" what they have. Therefore, marketers try to understand the target customers by the things that they own and the things that they buy. When personality is studied, those unique psychological characteristics are examined that create relatively consistent, lasting behavior in response to the consumer's environmental stimulus. Personality is extremely important, because it allows building a profile of the customer. It allows the understanding of who they are, and why they buy. This profile can be used to better understand how to customize the products and services for the target customer. This can be, then, effectively messaged through various media when selling to that customer segment.

Even the companies create Brand personality by attributing the specific mix of human traits to that brand. In order to better associate the brands with the target customers, they are given relatable personalities. This is done to attract specific consumers to the products and services. Traits affect the way people behave. Marketers try to match the product or service image to the perceived image of the customers.

Personality is usually referred to by traits like:

• Work Ethics	• Friendliness	• Dogmatism
• Compulsiveness	• Adaptability	• Authoritarianism
• Self-confidence	• Ambitiousness	• Introversion
• Extroversion	• Competitiveness	• Sociability
• Aggressiveness	• Defensiveness	• Autonomy

E) Education

The level of education in an individual affects the buying behavior in a significant manner. For example, highly educated individuals may spend on books, technical gadgets, personal care products, and so on. But a person with low or no education may spend less on personal grooming products, general reading books, and so on. Even the quality and taste in respect of various product and service categories will differ along with the education level.

F) Lifestyle

The Lifestyle of individuals has always been of great interest to marketers. They deal with everyday behaviorally oriented facets of people as well as their feelings, attitudes, interests and opinion. A lifestyle marketing perspective recognizes that people sort themselves into groups on the basis of the things they like to do, how they like to spend their leisure time and how they choose to spend their disposable income.

Activities	How a person spends time and resources
Interests	What a person considers important in the environment
Opinions	What a person thinks of self and the world

Lifestyle, a term proposed by Austrian psychologist Alfred Adler in 1929, refers to the way an individual stays in the society. It is really important for some people to wear branded clothes whereas some individuals are really not brand conscious. An individual staying in a posh locality needs to maintain his status and image. Bell elaborated on the concept in 1958, pointing to its potential significance in understanding, explaining and predicting consumer behavior. William Lazer introduced the concept of lifestyle patterns and its relationship to marketing, in 1963. He defined life style pattern as a systems concept. It refers to a distinctive or characteristic mode of living, of a whole society or its segment. The aggregate of consumer purchases, and the manner in which they are consumed, reflect a society or consumer's lifestyle. The term "life style", suggests a patterned way of life into which people fit various products, events or resources. It suggests that products are bought as part of a "life style package". Lifestyle is an important concept used in segmenting markets and understanding target customers. Demographics alone do not give a complete picture of the consumer, which is not provided by the study of demographics alone. By incorporating psychographics' information with demographics, the marketers understand the wants and needs of the consumers in a better way. Psychographics was a term first introduced by Demby in 1974 putting together psychology and demographics. Psychographics or Lifestyle refers to: The analysis of consumer lifestyle Its helps to segment and target consumers for new and existing products.

Lifestyle is a person's pattern of living as expressed in his or her psychographics. It involves measuring consumers' major AIO dimensions-activities (work, hobbies, shopping, sports, social events), interests (food, fashion, family, recreation), and opinions (about themselves, social issues, business, products). Lifestyle captures something more than the person's social class or personality. It profiles a person's whole pattern of acting and interacting in the world. When used carefully, the lifestyle concept can help marketers understand changing consumer values and how they affect buying behavior. Hence lifestyle patterns provide broader views about the consumers. The basic premise of lifestyle research is that the more the marketers know and understand their customers, the more effectively they can communicate to them and serve them. The fast changing

demographics, increasing purchasing power, increase in the number of working women, significant exposure to the global environment through the explosion of cable and digital networks have led to a drastic change of the lifestyle of the Indian consumer.

2.8 Situational Determinants

There are some temporary conditions that affect how buyers behave—whether they actually buy the product or service, buy additional units of them, or buy nothing at all. Incidentally, these factors are situational in nature and are highly dynamic in nature. The business organizations try to control these factors. They are as follows:

The Consumer's Physical Situation - The physical surroundings at the place of purchase affect buying behavior. For instance, when a customer is shopping in a store, the features that affect buying behavior would include the location of the store, the decor, the layout of the store, the noise level, the way merchandise is displayed, and so on.

Imagine a departmental store where it is very difficult to find the way out. Marketing professionals take physical factors such as a *store's design and layout* into account when they are designing their facilities. Presumably, the longer one wanders around a facility, the more is the probability to spend. Grocery stores frequently place bread and milk products on the opposite ends of the stores because people often need both types of products. To buy both, they have to walk around an entire store, which of course, is stacked with other items they might see and purchase.

Store locations are another example of a physical factor. Fuel stations (always found along traffic routes) are one of the many examples. Besides, the chains of restaurants, fast food joints (generally located in the supermarkets, malls, or where there is foot traffic) etc. also come in this category.

Physical factors like these—the ones over that firms have control—are called atmospherics. In addition to store locations, they include the *music played at stores*, the *lighting*, *temperature*, and even the *smells* one experience. All these are the ways to lure the consumers to stay more in the office or store or complex. Research shows that “strategic fragrance” results in customers staying in stores longer, buying more, and leaving with better impression of the quality of stores’ services and products. Mirrors near hotel elevators are another example. Hotel operators have found that when people are busy looking at themselves in the mirrors, they don’t feel like they are waiting as long for their elevators.

Not all physical factors are under a company’s control, however. For instance, rain and other *weather conditions* can be a boon to some companies, like umbrella makers, but a problem for others. Organizations like beach resorts, outdoor concert venues, golf courses, retail organizations, restaurants; clothing stores, automobile dealers, etc. suffer when the weather is rainy. Firms often attempt to deal with adverse physical factors such as bad weather by making their products more attractive during unattractive times. Off-season discounts, sale or schemes are such examples. Having an online presence is another way to cope with weather-related problems. *Crowding* is another situational factor. Some studies have shown that consumers feel better about retailers who attempt to prevent overcrowding in their stores. However, other studies have shown that to a certain extent, crowding can have a positive impact on a person’s buying experience, since if people are lined up to buy something, one would like to find out why. The phenomenon is often referred to as “herd behavior.” Hotels or restaurants, malls, multiplexes supermarkets etc. generally have a positive relation with crowd.

The Consumer's Time Situation - Customers may make different decisions based on when they purchase – the hour of the day, the day of the week, or the season of the year. For instance, a consumer who has received a pay cheque on a particular day may shop for more items, than at the end of the month when he is short of funds. Hence, the time of day, the time of year, and how much time consumers feel like they have to shop significantly affects what they buy. Researchers have even discovered whether someone is a “morning person” or “evening person” affects shopping patterns. Customers nowadays are “time starved.” Companies worldwide are aware of people’s lack of time and are finding ways to accommodate them. For instance, one-stop shops are popular with consumers since they allow them to make multiple transactions in less time. All the business models, which are based on real-time or online mechanism, are devised to help the time starved consumers. This is also very cost effective for the companies.

The Reason for the Consumer's Purchase - The reason of shopping also affects the amount of time one will spend shopping. Whether a consumer is making an emergency purchase or shopping for a gift or for convenience or sheer necessity makes an impact on the buying behavior. For instance, if one were bleeding badly, the person would not search for the best hospital in city but would go to the nearest one available. Purchasing a gift might not be an emergency situation, but one might not want to spend much time shopping for it either. Hence, gift coupons have become a popular way. For example, online shopping is becoming common nowadays but one would not resort to this way of purchase for an engagement ring, since, it is a high involvement product.

The Consumer's Momentary Conditions (Mood) - There are times when one feels like going on a shopping spree and at other times no attractive schemes are enough to drag one to the mall. People’s moods temporarily affect their spending patterns. A customer who is very happy would make a different buying decision, as compared to when he is not in a happy mood

The Consumer's Knowledge -Knowledge is the sum of all information known by a person. It is the facts of the world, as he/she knows it and the depth of knowledge depends on the scale of worldly experiences and the strength of an individual’s long-term memory. In other words, what exists as knowledge to an individual depends on how an individual’s perceptual filter makes sense of the information it is exposed to. Marketers may conduct research that will gauge consumers’ level of knowledge regarding their product. Knowledge is the familiarity with the product and expertise. For example, inexperienced buyers often use prices as an indicator of quality more than those who have knowledge of a product.

2.9 Marketing Determinants

Each element of the 7 Ps of the market mix has the potential to affect the buying process at various stages.

Product - The uniqueness of the product, the physical appearance, utility value, quality etc. is some of the attributes that have the potential to influence the buying behavior of the customers to a great extent.

Pricing - Pricing strategy does affect buying behavior of customers. Marketers must consider the price sensitivity of the target customers while fixing prices. It is important for the customer to be able to equate the utility of the product or service with the price tag over it. For example, there are many times when the price tag on a product or service has forced the customer to drop the idea of purchase.

Promotion - The various elements of promotion such as advertising, publicity, public relations, personal selling, and sales promotion affect buying behavior of customers. Marketers select the promotion mix after considering the nature of customers. Attractive and effective advertisements and other promotional mix have the potential to lure people to buy the product or service.

Place - The channels of distribution and the place of distribution affect buying behavior of customers. Marketers make an attempt to select the right channel and distribute the products at the right place.

Packaging - Attractive, informative and sensible packaging may force a customer to purchase the product, even if, there was no prior intention to do so. It should be able to complement the product or service to attract the customers.

Positioning - It is important for an organization to position the product or service appropriately. In the famous book by Al Reis and Jack Trout, 'Positioning', the authors explain that how an organization/product/service is seen and thought about by the customers is the critical determinant of the success in a competitive marketplace. Attribution theory says that most customers think of in terms of a single attribute, either positive or negative; it may be 'service' or 'honesty' or 'excellence' or 'quality' or 'toughness' etc. In every case, how deeply entrenched that attribute is in the minds of the customers and prospective customers determines how readily they'll buy that product or service and how much they'll pay.

People - The final P of the marketing mix is people. The people are the company's interface with the customers. The ability to select, recruit, hire and retain the proper people, with the skills and abilities to do the job required, is more important than everything else put together. There are common instances when the customers have given up the idea of purchase due to poor show by the sales people.

2.10 Economic Determinants

The economic determinants of the purchasing behavior can be examined in the following contexts:

- Macroeconomic environment shaped by the legislative and executive authorities. An individual buyer cannot affect these actions but can only adapt to them.
- Microeconomic environment in which an individual contributes to an extent through achieving incomes, savings, spending, investment, creditworthiness etc.

There are internal dependencies amongst economic conditions. The success or failure of a nation's economy can greatly affect consumer behavior based on a variety of economic factors. If the economy is strong, consumers have more purchasing power and money is pumped into the thriving economy. If the economy is struggling, the reverse is true. The following are important factors:

Supply and Demand - The law of supply and demand demonstrates the relationship between supply, demand and prices. As demand drives upward, so do the prices. This relationship attracts more suppliers, serving to not only stabilize the prices but also to keep the demand at healthy consumer levels. Supply and demand affects consumer behavior because if a product is too expensive, consumer demand for that product will decrease.

Interest Rates - Interest rate fluctuations affect consumer spending because when rates are high, consumers are less inclined to borrow money from the banks to purchase items such as a house or a car. Interest rates determine a consumer's purchasing power. For

instance, if individual borrowed money to purchase a home with an adjustable-rate mortgage, once that rate goes up, that individual may no longer be able to afford that house.

Inflation - An increase in inflation means an increase in prices. This affects whether or not a consumer is able to afford the higher price. Inflation directly affects the value of the rupee because when inflation goes up, the rupee's value goes down, and so does the consumer's purchasing power. Inflation especially affects consumer behavior when wages do not increase to accommodate the increase in prices.

Unemployment - Unemployment affects consumer behavior because if a person is without a steady income, his purchasing power decreases considerably.

Government Policy - The consumer buying behavior also depends on the policy intent and decisions of the government. For instance, if the policy framework supports public spending, low taxes, free trade etc., then, the consumers have more disposable income and choices to purchase from. Reverse is true in case if the government resorts to options like banning free trade and import, impose high taxes, etc.

2.11 Summary

The study of consumer behavior remains a corner stone to successful marketing strategy. Culture affects the things one purchase. A subculture is a group of people within a culture who are different from the dominant culture but have something in common with one another like common interests, vocations or jobs, and so forth. To some degree, consumers in the same social class exhibit similar purchasing behavior. Most market researchers consider a person's family to be one of the biggest determinants of buying behavior. Reference groups are groups that a consumer identifies with and wants to join. Companies often hire celebrities to endorse their products to appeal to people's reference groups. Opinion leaders are people with expertise in certain areas. Consumers respect these people and often ask their opinions before they buy goods and services. The personality describes the disposition as other people see it. Market researchers believe people buy products to enhance how they feel about themselves. The gender also affects what you buy and how you shop. Women shop differently than men. People buy different things based on their ages and life stages. A person's cognitive age is how old one "feels" oneself to be. To further understand consumers and connect with them, companies have begun looking more closely at their lifestyles (what they do, how they spend their time, what their priorities and values are, and how they see the world). Psychologist Abraham Maslow theorized that people have to fulfill their basic needs before they can begin fulfilling higher-level needs. Perception is how one interprets the world around and makes sense of it in the brain. Learning is the process by which consumers change their behavior after they gain information about or experience with a product. Consumers' attitudes are the "mental positions" people take based on their values and beliefs. Attitudes tend to be enduring and are often difficult for companies to change. Situational influences are temporary conditions that affect how buyers behave. They include physical factors such as a store's buying locations, layout, music, lighting, and even scent. Companies try to make the physical factors in which consumers shop as favorable as possible. If they can't, they utilize other tactics such as discounts. The consumer's social situation, time factors, the reason for their purchases, and their moods also affect their buying behavior. Besides, personal determinants like age, life cycle, gender etc. also influence the consumer buying behavior. Lastly, marketing factors like the 7 P's and economic factors like inflation, unemployment etc. are also responsible for influencing the purchase behavior.

2.12 Self-Assessment Questions

1. Explain what physical factors, social situations, time factors, and/or moods have affected your buying behavior for different products.
2. Describe how buying patterns and purchase decisions may vary by age, gender, and stage of life.
3. How does the process of perception work and how can companies use it to their advantage in their marketing?
4. Why do people's cultures and subcultures affect what they buy?
5. How do Maslow's hierarchy of needs and learning affect how companies market to consumers?
6. How do subcultures differ from cultures? How do they impact the consumer behavior?
7. How are companies trying to reach opinion leaders and why?
8. Why and how does the social situation the consumer is in, play a role in buying behavior?
9. Outline the types of physical factors companies try to affect and how they go about it.
10. What types of moods and time situations are likely to affect people's buying behavior?

2.13 Reference Books

- Kotler Philip & Armstrong Gary, "Principles of Marketing", 11th edition, Prentice Hall of India Private Limited, New Delhi, 2006
- Ramaswamy, V S & Namakumari S, "Marketing Management, Planning, Implementation and control, Global Perspective Indian Context", 3rd Edition, Macmillan India Limited, New Delhi, 2007
- Joshi Kritika, Gupta Vandana , "Cultural Influences on Indian Consumer and Their Buying Behavior, International Journal of Social Sciences and Interdisciplinary Research", Vol. 1, No.6, June 2012, ISSN 2277-3630
- Banerjee Saikat, "Dimensions of Indian culture, core cultural values and marketing implications-An analysis", Cross Cultural Management: An International Journal Vol. 15 No. 4, 2008 pp. 367-378 1352-7606
- Global Journal of Management and Business Research, Volume XII, Issue XV, Version I, 2 0 12
- Saffian Sarah, "Dreamers: The Making of Not Your Daughter's Jeans," *Reader's Digest*, March 2009, 53–55.
- International Journal of Economic Practices and Theories, Vol. 1, No. 1, 2011 (July)

Unit - 3 : Buying Decision Process

Structure of Unit:

- 3.0 Objectives
 - 3.1 Introduction
 - 3.2 Levels of Consumer Decision Making
 - 3.3 Matrix of Consumer Purchasing Decisions
 - 3.4 Buying Decision Process
 - 3.5 Involvement Affecting Buying Behaviour
 - 3.6 Profiling the Customer Buying Decision Process
 - 3.7 Summary
 - 3.8 Self Assessment Questions
 - 3.9 Reference Books
-

3.0 Objectives

After completing this unit, you would be able to :

- Understand the reason why marketers are interested in the consumer's Buying Decision Process.
 - Gain knowledge about the various levels of Consumer Decision Making.
 - Understand the five stages involved in the Buying Decision Process.
 - Understand the levels of involvement that can affect Buying Behaviour.
 - Appreciate profiling the Customer Buying Decision Process for the Marketer.
-

3.1 Introduction

Everyday, each one of us make several decisions about various aspects of our lives. Taking a decision involves choosing one behaviour alternative over another or selecting one course of action from two or more alternative choices. So a consumer may make a decision to buy a product or not buy it, or may make a choice between various brands. By studying the consumer's 'Buying Decision Process' the marketer can understand how the consumer takes a decision. In fact it provides a 'road map' of how consumers find their way in a world of consumption decisions. This information can be useful for the marketer to react to and influence behaviour of existing and potential consumers by using more effective communication and marketing strategies. It is therefore important, not only to understand the basic "Buying Decision Process", but also to understand how, the degree of involvement in the purchase decision as well as the extent of decision making actually involved, will have an impact upon the decision process of the consumer.

3.2 Levels of Consumer Decision Making

When a consumer makes a decision, the degree of information search is different in different cases. If all decisions regarding purchase required extensive effort then the consumers will be completely exhausted. If all purchase decisions were routine then it would be very monotonous and there would be no variety or novelty in purchase. We can identify four levels of consumer decision making on the basis of the effort involved :-

- (a) **Extensive Problem Solving** : This involves a high level of effort. The consumer searches for a great deal of information and indulges in ‘**COMPLEX DECISION MAKING**’.
- (b) **Limited Problem Solving** : Here the consumers have already established the basic criteria for evaluating the product category and the brands available in that category. The consumers thus make ‘**LIMITED DECISION MAKING**’.
- (c) **Routinized Response Behaviour** : This occurs when consumers have experience with the product category and have already established a set of criteria with which they evaluate the brands they purchase. Usually they search small amounts of information or review existing information. These decisions relate to the ‘**BRAND LOYALTY**’ shown by the consumer.
- (d) **Inertia** : This relates to very low involvement with the product and hardly any involvement in decision making.

3.3 Matrix of Consumer Purchasing Decisions

The process by which consumers make purchasing decisions must be understood so that strategic applications can be developed. Consumer decision making is not a single process. Deciding to buy a car is a different process from deciding to buy toothpaste. Consumer purchasing decisions can be based on two dimensions : (i) The extent of decision making and (2) the degree of involvement in the purchase. This will create the matrix shown in the figure that follows. In the matrix we shall take the amount of decision making of consumer on one axis and the level of involvement of the consumer on the other.

	HIGH-INVOLVEMENT PURCHASE DECISION	LOW-INVOLVEMENT PURCHASE DECISION
DECISION MAKING (information search, consideration of brand alternatives)	COMPLEX DECISION MAKING (autos, electronics, photography systems) Quadrant-I	LIMITED DECISION MAKING (adult cereals, snack foods) Quadrant-II
HABIT (little or no information search, consideration of only one brand)	BRAND LOYALTY (athletic shoes, adult cereals) Quadrant-III	INERTIA (canned vegetables, paper towels) Quadrant-IV

Figure-1 : The Matrix of Consumer Purchasing Decision

The first dimension represents a continuum from decision making to habit. Consumers can base their decision on a cognitive (thought) process of information search and evaluation of brand alternatives. On the other hand, little or no decision making may take place when the consumer is satisfied with a particular brand and purchases it consistently.

The second dimension depicts the high to low involvement in purchase decision. **High-involvement purchases** are those that are important to the consumer. Such purchases are related to the consumer’s ego and self-image and involve some financial, social, or

personal risk. Consumers thus consider product alternatives carefully. **Low involvement purchases** are not as important to the consumer, and the financial, social, and psychological risks are not high. Thus, it may not be worth the consumer's time and effort to search for information about brand and to consider a wide range of alternatives.

Decision making versus habit and low versus high involvement plotted on the matrix produce four types of consumer purchase processes. The first process, called **complex decision making**, takes place when involvement is high and decision making occurs (Quadrant-I). Examples might be : the decision to buy a home computer, a car etc. In such cases, consumers have the time to search for information and process it in more detail. They use this information to evaluate and consider alternative brands by applying specific criteria such as economy, durability, and service for an automobile.

When a consumer makes a decision in a low-involvement condition, it is likely to be characterized by **Limited Decision Making** (Quadrant-II). Consumers sometimes go through a decision process in buying, even if they are not highly involved, because they have very little past experience with a product. For example, a new line of packed chips may be introduced. The consumer examines the package in the store and purchases the product on a trial basis to compare to regular snack foods. However, information search is limited and few brands are evaluated.

Limited decision making is also likely to take place when consumers seek variety. It is also therefore called **variety seeking buying behaviour**. When involvement is low, consumers are more likely to switch brands out of boredom and in a search for variety. For example, a consumer may decide to try a new brand of biscuits or an adult cereal for variety's sake.

Complex or even limited decision making will not occur every time the consumer purchases a brand. When choice is repetitive, the consumer learns from past experience and with little or no decision making, buys the brand that is most satisfactory. Such **brand loyalty** is the result of repeated satisfaction and a strong commitment to a particular brand (Quadrant-III). Examples might be the purchase of Reebok Shoes or Colgate toothpaste. In each case, the purchase is important to the consumer : walking shoes because of regular use; toothpaste because of the importance of oral hygiene.

Notice that toothpastes appear as products that could be characterized by both brand loyalty and limited decision making. This shows that the decision processes are consumer-specific rather than product-specific. That is, degree of involvement and decision making depends more on the consumer's attitude toward the product than on the product's characteristics. One consumer might be involved with toothpaste because of importance of oral hygiene another might regard them as pretty much the same and switch brands in a search for variety.

The fourth choice process is **Inertia** (Quadrant-IV) or low involvement with the product and no decision making. **Inertia** means the consumer is buying the same brand, not because of brand loyalty, but because it is not worth the time and trouble to search for an alternative. Under low-involvement conditions, brand loyalty may reflect only the convenience or habit that is inherent in repetitive behavior rather than commitment to the brand purchased. Examples might be the purchase of paper towels or tissues.

3.4 Buying Decision Process

Smart companies try to fully understand the customers' buying-decision process - all their experiences in learning, choosing, using, and even disposing of a product. Marketing scholars have developed a "stage model" of the buying-decision process. The consumer passes through five stages : problem recognition, information search, evaluation of alternatives, purchase decision, and postpurchase behavior. The buying process starts long before the actual purchase and has consequences long afterward. Marketers need to analyse each of these stages in order to understand how a consumer reaches the purchase decision.

However, it is important to point out that consumers don't always pass through all five stages in buying a product. They may skip or reverse some. For example, when you buy your regular brand of soap, you go directly from the need for soap to the purchase decision, skipping information search and evaluation.

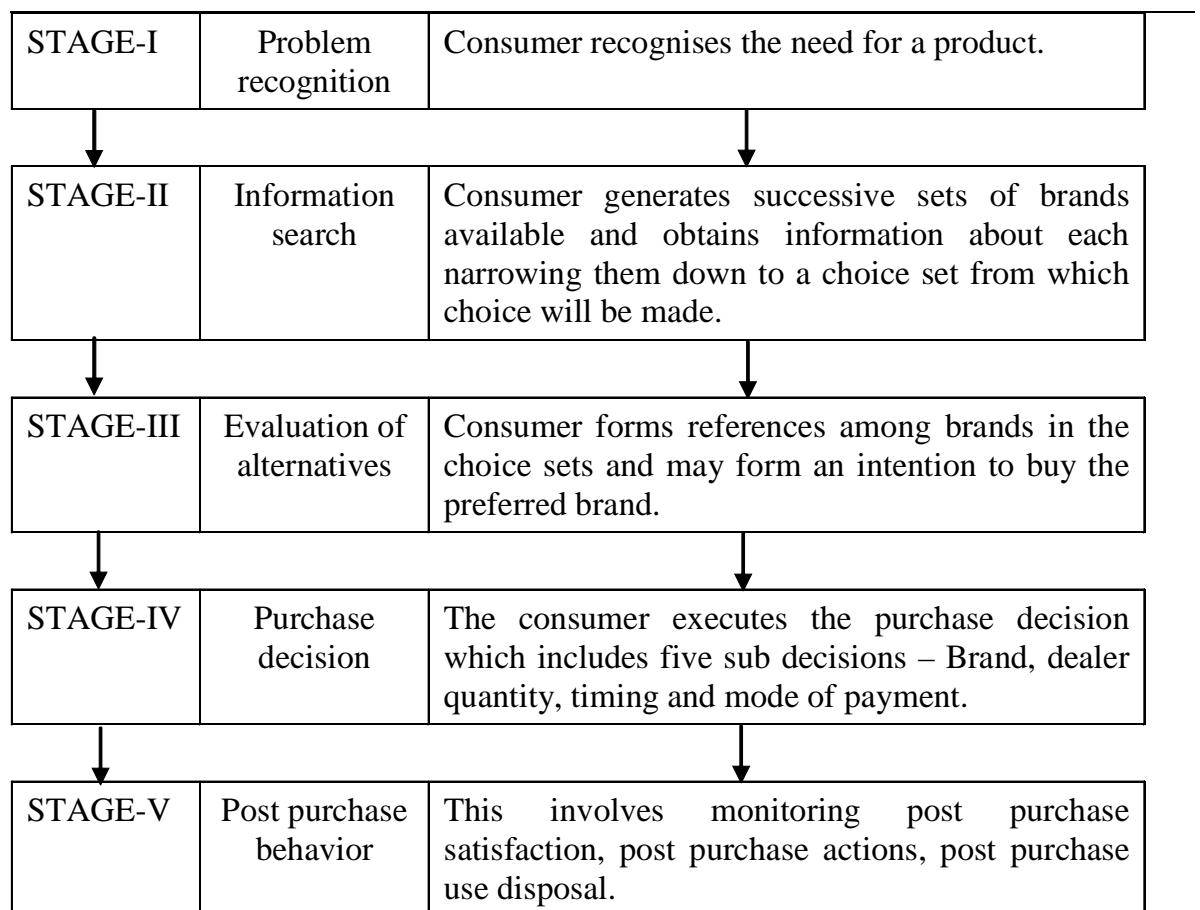


Figure 2 : The Five State Model of the Buying Decision Process

STAGE-I : Problem Recognition

The buying process starts when the buyer recognizes a problem or need. This need could be triggered by internal or external stimuli. With an internal stimulus, one of the person's normal needs - hunger, thirst, - rises to a threshold level and becomes a drive; or a need can be aroused by an external stimulus. A person may admire a neighbor's new car or see a television ad for a vacation, which triggers thoughts about the possibility of making a purchase.

Marketers need to identify the circumstances that trigger a particular need by gathering information from a number of consumers. They can then develop marketing strategies that spark off the consumer's interest. For discretionary purchases such as luxury goods, vacation packages, and entertainment options, marketers may need to increase consumer motivation so a potential purchase gets serious consideration.

Marketers can recognize the need of the consumers by understanding the consumer. This may be done by asking questions like :

- Who buys the product or service?
- Who makes the decision to buy the product?
- Who influences the decision to buy the product?
- How is the purchase decision made? Who assumes what role?
- What does the customer buy? What needs must be satisfied?
- Why do customers buy a particular brand?
- Where do they go or look to buy the product or service?
- When do they buy? Any seasonality factors?
- How is the product perceived by customers?
- What are customers' attitudes toward the product?
- What social factors might influence the purchase decision?
- Do customers' lifestyles influence their decisions?
- How do personal or demographic factors influence the purchase decision?

<u>Internal Stimuli</u> Perceived states of discomfort – physical or psychological	<u>External Stimuli</u> Informational cues from the market.
eg : <ul style="list-style-type: none"> • hunger • thirst • fear of getting late for work can make the consumers seek to address their needs. 	eg : Modern gadgets like the latest iPhone or the latest car in the market can attract the consumer towards the purchase decision.

Fig. 3 : Stimuli that may trigger the purchase decision.

STAGE-II : Information Search

Once the buyer has recognized his need the search for information shall begin. Usually consumers consider only a selected subset of brands depending upon their awareness levels. So out of the 'Total set' of brands available they will consider only those they are aware of. This shall constitute the 'Awareness set'. Then they will eliminate those brands they consider unfit for the need at hand and only the 'consideration set' will be analyzed. Finally, they will zero down to two or three brands that will form a part of the 'Choice set' from which they will make a final decision.

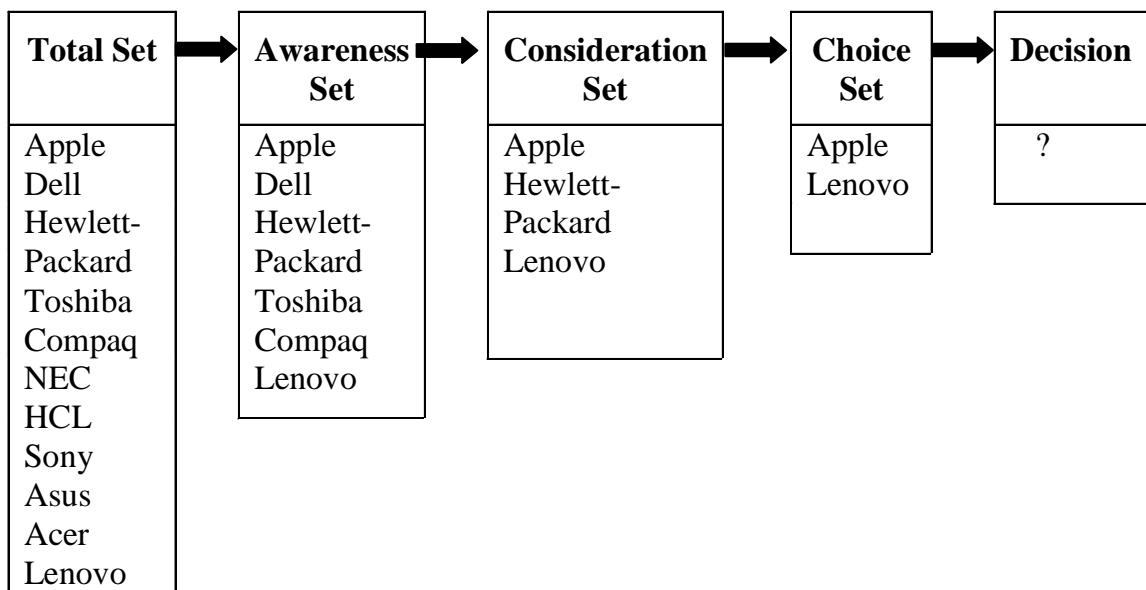


Fig. 4 : The Process of Consumer Decision Making through Generation of Successive Sets.

There are two levels of involvement with search. The milder search state is called heightened attention. At this level a person simply becomes more receptive to information about a product. At the next level, the person may enter an active information search : looking for reading material, phoning friends, going online, and visiting stores to learn about the product.

The information sources to for the consumers fall into four groups :

- **Personal.** Family, friends, neighbors, acquaintances.
- **Commercial.** Advertising, Web sites, salespersons, dealers, packaging, displays.
- **Public.** Mass media, consumer-rating organizations.
- **Experiential.** Handling, examining, using the product.

The relative amount and influence of these sources vary with the product category and the buyer's characteristics. The consumer receives the maximum information about a product from commercial-marketer-dominated-sources. However, the most effective information often comes from personal sources or public sources that are independent authorities.

Each information source performs a different function in influencing the buying decision. Commercial sources perform an information function, whereas personal sources perform an evaluation function. For Example a doctor often learns of new drugs from the medical representative but may consult other doctors for evaluation of the same medicines.

The Hierarchy of Attributes : A Guide to Consumer - Decision Making

The process of identifying the hierarchy of attributes of a product is called 'market partitioning' for example a person may first decide upon a brand (brand dominant) hierarchy eg. 'I want to buy a Samsung mobile.' or a nation from which he wants to buy a product (National - dominant) hierarchy : eg 'I want to buy a Japanese made car' or even when the buyer decides upon a price range (price-dominant) hierarchy e.g. 'I want to buy a car of about Rs. 7 - 8 lakhs'

The company must create a strategy that will help its brand to get into the prospective consumer's awareness, consideration and choice sets. If, for example, a store arranges cold drinks by brand and then each brand by the various options within the brand, a consumer will choose first the brand and then pick the flavour he wants. If all the brands of the same flavour are kept together, then the consumers will choose the flavour they want first and then choose the brand they want for that flavour.

STAGE-III : Evaluation of Alternatives

No single process is used by all consumers, or by one consumer in all buying situations. Consumers form judgements largely on a conscious and rational basis. The consumer evaluation processes can be understood by considering three basic concepts :

- i) The consumer is trying to satisfy a need.
- ii) The consumer is looking for certain benefits from the product solution.
- iii) The consumer sees each product as a bundle of attributes with varying abilities for delivering the benefits sought to satisfy this need. The attributes of interest to buyers vary by product - for example :
 - **For Hotels, it could be :** Location, cleanliness, atmosphere, price.
 - **For Mouthwash, it could be :** Color, effectiveness, germ-killing capacity, taste/flavor, price.
 - **For Car Tires, it could be :** Safety, tread life, ride quality, price.

Consumers will pay maximum attention to attributes that deliver the desired benefits. Marketers can segment the market for a product according to attributes important to different consumer groups. These segments can be thus identified by understanding the Beliefs and Attitudes of consumers.

People acquire beliefs and attitudes through experience and learning. These influence buying behavior. A belief is a descriptive thought that a person holds about something. An attitude is a person's enduring favorable or unfavorable evaluations, emotional feeling, and action tendency towards some object or idea. People have attitudes towards almost everything : clothes, music, food, parties, religion etc.

Attitudes put us into a frame of mind : liking or disliking an object, moving toward or away from it. They lead us to behave in a fairly consistent way toward similar objects. Because attitudes economize on energy and thought, they can be very difficult to change. A company must try to fit its product into existing attitudes rather than to try to change attitudes.

After the marketer understands the beliefs and attitudes of consumers he must realize that the consumer will develop a set of beliefs about the position the brand takes on each attribute. This will help to create the EXPECTANCY - VALUE MODEL which states that consumers combine their brand beliefs - both positive and negative, according to how important each is for them and create their own evaluation.

For example if a person wants to purchase a mobile phone, and is primarily interested in four attributes:

- Size and weight
- Memory capacity
- Battery Life
- Price

The person will first decide on the weightage he or she will give to each attribute and then rate all the various options available (x, y, z) on each of these attributes, in order to arrive at a decision.

An expectancy-model formulation predicts that the consumer will favour the option which has the highest perceived value. Suppose most mobile phone buyers form their preferences in the same way. The marketer of mobile phones can apply the following strategies to stimulate greater interest in the brand :

- **Redesign the mobile phone.** This technique is called real repositioning.
- **Alter beliefs about the brand.** Attempting to alter beliefs about the brand is called psychological repositioning.
- **Alter beliefs about competitors' brands** : This strategy, called competitive depositioning, makes sense when buyers mistakenly believe a competitor's brand has more quality than it actually has.
- **Alter the importance of weights of attributes** : The marketer could try to persuade buyers to attach more importance to the attributes in which the brand excels.
- **Bring attention to earlier neglected attributes** : The marketer could draw buyers' attention to neglected attributes, such as styling or processing speed.
- **Shift the buyer's ideals** : The marketer could try to persuade buyers to change their ideal levels for one or more attributes.

STAGE-IV : Purchase Decision

In executing a purchase intention, the consumer may make upto five subdecisions :

- **Brand** : Which Brand to buy ?
- **Dealer** : From where to buy ?
- **Quarity** : How much to buy ?
- **Timing** : When to buy ?
- **Payment** : Whether to buy by cash or credit or in instalments ?

This would obviously come after the consumer has evaluated various alternatives and may have also formed an intention to purchase some preferred brand.

In understanding how the final Purchase Decision gets made we can look at two aspects :

Heuristics : A Noncompensatory Model of Consumer Choice :

In making the final Purchase Decision, consumers often take "mental shortcuts" using simplifying choice heuristics. Heuristics are 'rules of thumb' or 'mental shortcuts' in the decision process.

With noncompensatory models of consumer choice, positive and negative attribute considerations are not taken together. Evaluating attributes in isolation makes decision making easier for a consumer, but it also increases the possibility that a different choice would have resulted if the consumer had deliberated in greater detail. Three choice heuristics are :

1. **The conjunctive heuristics** : The consumer sets a minimum acceptable cutoff level for each attribute and chooses the first alternative that meets the minimum standard for all attributes.

2. **The lexicographic heuristic** : The consumer chooses the best brand on the basis of its perceived most important attribute.
3. **The elimination-by-aspects heuristic** : The consumer compares brands on an attribute selected on the basis of probability - where the probability of choosing an attribute is positively related to its importance. Brands that do not meet minimum acceptable cutoffs are eliminated.

Intervening Factors

Even if consumers form brand evaluations, two general factors can intervene between the purchase intention and the purchase decision. The two main factors are :

- (i) **The attitudes of others.** The extent to which another person's attitude reduces our preference for an alternative depends on two things: (1) the intensity of the other person's negative attitude toward our preferred alternative and (2) our motivation to comply with the other persons' wishes. The more intense the other person's negativism and the closer the other person is to us, the more we will adjust our purchase intention. The opposite is also true.
Related to the attitudes of others is the role played by informed mediaries who use various media channels to disseminate their evaluations. Examples include product-testing reports published in consumer magazines, reviews of books, movies, music DVDs and CDs, letters to editors, and discussions in e-forums and various chat rooms.
- (ii) **The unanticipated situational factors.** That may erupt to change the purchases intention. Some other purchase might become more urgent, or a store salesperson may put off the consumer. Preferences and even purchase intentions are not completely reliable pre-dictors of purchase behavior.

A consumer's decision to modify, postpone, or avoid a purchase decision is heavily influenced by perceived risk. Consumers may perceive many types of risk in buying and consuming a product :

1. **Functional risk** - The product does not perform up to expectations.
2. **Physical risk** - The product poses a threat to the physical well-being or health of the user or others.
3. **Financial risk** - The product poses a threat to the physical well-being or health of the user or others.
4. **Social risk** - The product results in embarrassment from others.
5. **Psychological risk** - The product affects the mental well-being of the user.
6. **Time risk** - The failure of the product result in an opportunity cost of finding another satisfactory product.

The amount of perceived risk varies with the amount of money at stake, the amount of attribute uncertainty, and the amount of consumer self-confidence. Consumers develop routines for reducing the uncertainty and negative consequences of risk, such as decision avoidance, information gathering from friends, and preferences for national brand names and warranties. In order to be successful marketers must understand the factors that provoke a feeling of risk in consumers and provide information and support to reduce perceived risk.

STAGE-V : Post-purchase Behavior

After the purchase, the consumer might experience dissonance that stems from noticing certain features or hearing favorable things about other brands and will be alert to information that supports his or her decision. Marketing communications should ensure information that reinforces the consumer's choice and helps him feel good about the purchase decision. Clearly, the marketer's job therefore should not end with the purchase. Marketers must monitor post-purchase satisfaction, post-purchase actions, and post-purchase product uses.

- (a) **Post-purchase Satisfaction** - Satisfaction results from the fact that consumer's expectations are same as the product's perceived performance. If performance falls short of expectations, the consumer is disappointed; if it meets expectations, the consumer is satisfied; if it exceeds expectations, the consumer is delighted. These feelings make a difference in whether the customer buys the product again and talks favorably or unfavorably about it to others.
- (b) **Post-purchase Action** - If the consumer is satisfied, repurchase is more likely. The satisfied customer will also tend to say good things about the brand to others. On the other hand, dissatisfied consumers may abandon or return the product. They may seek information that confirms its high value. They may take public action by complaining to the company, going to a lawyer, or complaining to other groups (such as business, private, or government agencies). Private actions include deciding to stop buying the product (exit option) or warning friends (voice option). CRM (Customer Relationship Marketing) programs can be designed to build long-term brand loyalty. Post-purchase communications to buyers have been shown to result in fewer product returns and order cancellations.
- (c) **Post-purchase use and Disposal** - Marketers should also monitor how buyers use and dispose of the product. Sales frequency can be increased by product consumption rate. The more quickly buyers consume a product, the sooner they may be back in the market to repurchase it.

One opportunity to increase frequency of product use occurs when consumers' perceptions of their usage differ from reality. Consumers may fail to replace products with relatively short life spans soon enough because they overestimate its product life. One strategy to speed up replacement is to tie the act of replacing the product to a certain holiday, event, or time of year.

A good strategy is to provide consumers with better information about : (1) when they first used to product or need to replace it. (2) its current level of performance. The simplest way to increase usage is to learn when actual usage is less than recommended and persuade customers of the merits of more regular usage.

If consumers throw the product away, the marketer needs to know how they dispose of it, especially those that can damage the environment like batteries, beverage containers, electronic equipment, and disposable diapers. If the company shows concern for keeping the environment clean and introduce schemes for recycling the product through exchange policies, it will have a dual advantage for the company and the environment.

CASE STUDY : Rural Consumer Buying Behaviour

Marketers have realized the potential of the rural market in India. Rural consumers do exhibit certain behaviour that is unique. For example, rural consumers lead a more relaxed lifestyle and show low urgency in decision making, in comparison to the urban

consumer. The Indian rural consumer also tends to have more brand loyalty and are attracted towards bargains. Consumers in rural markets also tend to be more convinced to buy products that are endorsed by government and its agencies.

Buying and consumption behaviour in rural areas is also influenced by cultural values and norms. An understanding of these values and norms can help marketers in not only identifying the needs of rural consumers but also in developing products suited for them. Such information can also be useful in designing appropriate advertisements for the rural market.

Consumption and purchase decisions in rural areas are also driven by the occupation, and income of consumers. This is especially relevant for marketers as income in the rural areas is unstable, often being linked to the seasonality of agricultural production. Interestingly rural consumers interpret colours, symbols and social activities differently than their urban counterparts in India. For example, they prefer brighter festive colours and getting the children educated in the city would be seen as a status symbol.

Mass media is making definite inroads into rural markets yet its penetration is not as high as the urban sector. Dependence on information, advice and suggestions from other people is higher, thus opinion leaders play an important role. Fairs, village markets, exhibitions and road shows have a larger role to play in the information search process of consumers.

As the exposure to mass media and information technology is increasing, rural consumers are becoming more informed about products and services. Consequently their dependence on traditional reference groups like opinion leaders and sarpanchs is slowly declining. They are making more informed and relevant decisions.

Thus, rural consumers display a certain specific pattern in the five-stage buying decision process and while the essential process remains similar, the unique elements of the rural sector impinge upon each stage.

To conclude: We have seen that consumer buying process passes through each of the five stages of Problem recognition, Information search, Evaluation of alternatives, the final Purchase Decision and Post purchase behaviour.

It is important to reiterate that consumers do not always pass through all the five stages when they buy a product or a service. These five stages are not compulsory and do not have to be rigidly followed in each buying decision yet, they set the general tone of the process. In certain cases the consumers may already possess sufficient information about the options available and may therefore go straight from identification of the need to the final purchase, in other cases information search may throw up only one very clear alternative, removing the need to evaluate other possibilities.

Yet the 5 stage model for consumer decision making is an important guideline for marketers to understand how they can formulate strategy that takes into account the factors that influence consumers at every stage in the buying decision process, and therefore enhance the efficiency and effectiveness of the marketing efforts.

3.5 Involvement Affecting Buying Behaviour

The Elaboration likelihood model can be used to understand how various levels of involvement in decisions can affect buying behaviours. This model was developed by Richard Petty and John Cacioppo. It describes how consumers make evaluations in both low and high-involvement circumstances.

The model says that there are two means of persuasion :

- (i) **The central route** - where decisions are made on diligent, rational consideration of the product information. Customers will follow the central route only if they have sufficient motivation, ability and opportunity.
- (ii) **The peripheral route** - Where purchase decisions are the result of associating the brand with positive or negative cues eg. celebrity endorsement, a believable source or something that creates a positive feeling.

Low Involvement Buying Decisions use the peripheral route

Many products have low involvement in the purchase decisions and significant brand differences are absent. Usually low cost, frequently purchased products are low involvement ones.

Marketers will often try to convert a low involvement into a purchase decision through four strategies:

- (a) Linking the product to an involving issue eg. Pepsodent linked its toothpaste to germ fighting capacity.
- (b) Linking the product to an involving personal situation eg. 'Real' fruit juice brought out an 'active' variant that specified that no additional sugar was added.
- (c) Designing advertisement that highlight emotions related to personal values. e.g. 'Aashirwad' from ITC came out with a 'lite' version of rice.
- (d) A new and important feature may be added. e.g. GE light bulbs introduced a "soft white" version.

These strategies can raise low involvement with a purchase decision to a moderate level but not really a highly involved buying behaviour.

High Involvement Buying Decisions use the central route

High Involvement Buying Decisions use the Central route as the consumers are highly involved and motivated towards evaluating the brand in detail and search for information in detail, taking out time for the process. Marketers will aim at providing sufficient information so that the consumer will make an informed purchase decision.

Variety seeking Buying Behaviour

In situations where there is low involvement of consumer but there are significant differences in brands, consumers do a lot of brand switching. Take the example of 'cookies' - consumers may switch brands not because they are dissatisfied but because they are looking for variety.

Thus the market leader brand and minor brands will have different marketing strategies.

Market Leader will :

- Encourage habitual buying
- Dominate shelf space
- Bring out related but different product versions
- Avoid out-of-stock conditions
- Sponsor frequent reminder advertisements.

Minor brands challenging the leader will :

- Offer lower prices.
- Offer deals, coupons, free samples.
- Sponsor eye catching advertizements.
- Present reasons for trying something new.

The Biases of Consumers : A study of Heuristics

Many times consumers don't process information or make decisions in a deliberate or rational manner. In fact consumers may forecast the future outcomes or events and take a decision. These are identified as heuristics or biases. Let us consider some such heuristics:

1. **The Availability Heuristic** - Consumers think that if an example comes very quickly to their mind, it is likely to happen. For example if the consumer has recently heard of a product failure then he is more likely to go in for a product that promises a longer product warranty.
2. **The Representativeness Heuristic** - Consumers base their predictions on the similarity of a outcome to others. If one brand appears to be similar to another, it increases the chances of being purchased.
3. **The Anchoring and Adjustment Heuristic** - Consumers anchor on to an initial judgement and then adjust it on the basis of additional information. Marketers often aim at making a good first impression, especially in the service industry, in order to anchor the consumer.

3.6 Profiling the Customer Buying Decision Process

Marketers can understand the Buying Decision Process by four methods :

1. **Introspective Method** : In this the marketer imagines how they themselves would arrive at a purchase decision.
2. **Retrospective Method** : In this the marketer asks purchasers to recall the events leading to the purchase.
3. **Prospective Method** : Marketers locate consumers who plan to buy the product and ask them to outline how they propose to reach a purchase decision.
4. **Prescriptive Method** : Consumers may be asked to describe the ideal way to buy the product.

Thus, marketers try to understand the customers behaviour while making a buying decision which is called mapping the consumer's consumption activity cycle. The consumer's decision to purchase or not to purchase a product or service is an important moment for marketers. It will signify whether the marketing strategy has been insightful and effective. It will also help marketers to detect poorly planned strategies that miss the mark and need to be re-thought.

Understanding the Consumer Buying Decision process is thus of utmost importance to marketers so that they may make the right strategies for effectively impacting consumer purchase decisions.

3.7 Summary

Consumer decision making varies with the types of buying decisions. There is a great difference between buying a tube of toothpaste, a cricket ball, a laptop computer and a new car. More complex and expensive decisions are likely to involve more buyer deliberation and involvement and lead the consumer to search for more information e.g. buying a car. In other cases the buyer may be involved in a purchase but sees little differences in the brands. In this case the buyer may search around for available products but buy on basis of good price or convenience rather than brands (e.g. carpet). Many products are also brought under conditions of low consumer involvement and a no significant brand differences (e.g. packaged pulses). Some buying situations are marked by low consumer involvement but variety seeking buying behaviour (e.g. Cookies). Buying Decision Behaviour can be understood on the basis of a five stage model that shows how the consumer passes through five stages, namely, need recognition, information search, evaluation of alternatives, purchase decision and post-purchase behaviour. The marketer's job is to understand the buyers behaviour at each stage and assess the influences that impact behaviour at each stage. This understanding helps the marketer to develop a significant and effective marketing programme for the target market.

3.8 Self Assessment Questions

- 1 Why is it important for marketers to understand the Consumer's Buying Decision Process ?
- 2 What are the various levels of Consumer Decision Making ?
- 3 Does the buying decision process differ widely from one consumer to another in buying different products or services ? Explain your answer using a matrix to elaborate the various types of buying decisions. Give examples to illustrate your answer.
- 4 Outline the various stages involved in the buying decision process support your answer with examples of each stage.
- 5 If you are appointed as a marketing manager of a company that wants to introduce a new digital camera into the market. Your main competition is Nikon and Kodak which have built great brand loyalty over the years. Build a strategy to be followed in marketing your brand of digital camera.

3.9 Reference Books

- Schiffman Leon G. and Kanuk Leslie Lazar, *Consumer Behaviour*, PHI-EEE, New Delhi, 6th Edition, 2000.
- Blackwell Roger D., Miniard Paul W. and Engel James F., *Consumer Behaviour*, Thomson Publications, 10th Edition, 2007.
- Karunakkaran K., *Marketing Management*, Himalaya Publishing House, 3rd Edition, 2012.
- Kardes F.R., *Consumer Behaviour and Managerial Decision Making*, PHI, 2nd Edition, 2002.
- Solomon Michael R., *Consumer Behaviour : Buying, Having & Being*, Pearson Education, 2004.
- Kotler Philip, Keller Kevin L., Koshy Abraham, Jha M., *Marketing Management : A South Asian Perspective*, Pearson, 14th Edition, 2012. Perspective, Pearson, 14th Edition, 2012.

Unit – 4 : Consumer Behaviour Models

Structure of Unit:

- 4.0 Objectives
 - 4.1 Introduction
 - 4.2 Monadic Models
 - 4.3 Eclectic Multivariable Models
 - 4.4 Summary
 - 4.5 Self Assessment Questions
 - 4.6 Reference Books
-

4.0 Objectives

After completing this unit you will be able to understand:

- Meaning models and role of consumer models
 - Monadic and Eclectic Multivariable Models of consumer behaviour
 - Different types of monadic and multivariable models
 - Characteristics and suitability of each type of model
-

4.1 Introduction

Real world situation is very complex, where different forces work simultaneously in the system. Therefore, it becomes difficult to understand the working process of the system. Hence, in order to predict the future course of action the real world situation is conceptualized in form of a model that simplifies understanding of the system, identify various factors that 'may' lay impact on the main process. For example, if we can formalise the impact of promotion on consumer, appropriate marketing strategies can be formed to "shape up" consumer's buying behaviour.

Buying stage is the terminating stage of consumer buying process. In order to understand the buying process of a consumer it becomes crucial for the marketer to understand the consumer behaviour. Consumer behaviour is a multistage process, and actual buying comes at a much later stage. In order to predict the buying stage, the study of consumer behaviour models becomes almost mandatory.

Initially market researchers used traditional economic models to predict the consumer behaviour. The concept of demand, supply, price, income etc. and their interrelations were used to predict buying behaviour. But, these models ignored the socio-psychological factors that influence buying behaviour to a great extent. As a result marketers started using psychological models to predict the buying behaviour. But both these type of models were monadic models, i.e, using only one discipline of study. Whereas, real buying behaviour is affected and influenced by economic, sociological, psychological, environmental and various other factors simultaneously.

Thus the eclectic models or the multivariable models which take into account all these factors simultaneously are much more comprehensive and relevant, although it is difficult to check and validate these models becomes relatively difficult. Now we will discuss each type of model in detail.

4.2 Monadic Models

As discussed earlier monadic models explain consumer behaviour from the view point of single concept of study, either economic concept or socio-psychological concept. Different monadic models are as follows:

4.2.1 Elasticity Model

As the name suggests this is purely an economic model, more precisely. Micro-economic model based on the concept of price. According to this model as the price of a commodity increases (other things remaining constant) the demand of the commodity goes down. The extent of decline in demand depends on the nature of the commodity.

For example, diamond which is a non essential luxury commodity, even if the price goes up slightly, demand will fall to much lower level. Diamond is therefore, known as highly price elastic; while a commodity like petrol may not be very cheap. But if the price of petrol increases, people do not reduce its consumption, and decrease in demand is much less than the increase in price. All such commodities are called price inelastic.

4.2.2 The Black Box Model

Black Box model, known as stimulus response model, treat consumer's mind and thought process as a "black box" which cannot be opened and none can know how thought process works. The model highlights the input in form of marketing and environmental stimuli and resultant output, the buyer response (eg. purchase behaviour- purchase timing, purchase amount or purchase frequency).



Fig. 4.1 Black Box Model

Although the Black Box Model does not describe purchase behaviour process, but personality, motivation, attitude and learning has been included as psychological and personal factors that lie between input stimulus (marketing and environmental stimuli) and output behaviour (buyer response).

4.2.3 Response Hierarchy Model

The model assumes that the buyer passes through three stages namely cognitive, affective and behavioural stage, on the way to purchase. Unlike elasticity model which was purely economic, this model is purely psychological. Cognitive stage deals with developing knowledge or creation of awareness in the mind of the consumer. Affective stage is concerned with developing an interest for the product in the mind of the consumer and developing an influential picture of the product before him. It results in developing an

attitude or changing the attitude towards specific product. The attitude formation finally leads to desired behaviour formation, the buying behaviour.

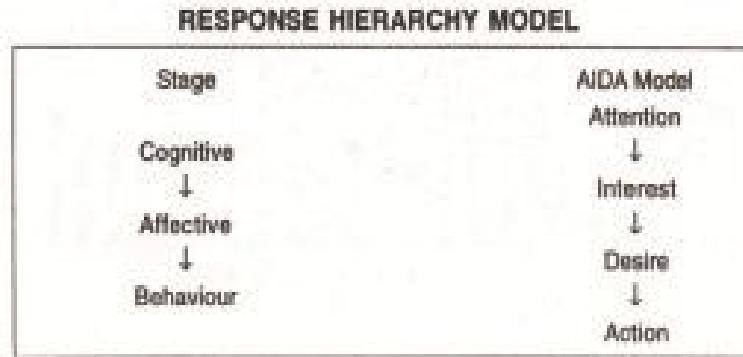


Fig. 4.2 Response Hierarchy Model

One of the most popular response hierarchy models is the AIDA Model. AIDA stands for, attention, interest, desire and action. AIDA represents the sequence of mental states of the consumer that he passes through, before taking the action of buying.

Figure 5-3 Models of the response process

Stages	Models			
	AIDA model ^a	Hierarchy of effects model ^b	Innovation adoption model ^c	Information processing model ^d
Cognitive stage	Attention	Awareness Knowledge	Awareness	Presentation Attention Comprehension
Affective stage	Interest	Liking Preference	Interest	Yielding
Behavioral stage	Desire	Conviction	Evaluation Trial	Retention Behavior
	Action	Purchase	Adoption	

4.3 Eclectic Multivariable Models

Models which formalise more comprehensive and relevant multiple influences on the purchase decision of consumer are known as eclectic or multivariable models. According to these models the consumer has to take the decision whether "to buy or not to buy". The consumer as a problem solver, receives information from different sources, which he is processes in the influence of external environment factors like, economic, social, cultural and psychological and finally takes the decision. Some multivariable models are as follows

4.3.1 The Howard Sheth Model

The model uses six sets of variables to explain the buyer decision process as can be seen in the Figure. These sets of variables are:

- (a) **Input variables** – These input variables are rational and emotional elements that include facts, feelings and images about product, service or brand that grab the attention of a customer. For example, if the customer wants to purchase an air ticket then will seek information regarding fare, duration of flight, the facilities provided on board, cancellation policy and will also be affected by the promotional offers of the company.
- (b) **Behavioural Determinants** - These variables are the pre-existing elements in consumer's mind and existing predisposition of the consumer influenced by his culture, family and other such factors. Behavioural determinants do not play an overt role rather they play a vital role in buying decisions. For example while buying an air ticket if the potential buyer considers time is valuable than money or traveling by air as status symbol, these thoughts will bear a positive impact on his decision of purchase.
- (C) **Perceptual Reactions** - The perceptual constructs deal with how a consumer obtains and processes information received from different sources. Consumers do not accept or believe on information at its face which is received from inputs variables. Consumers process the information and then interpret it. For example, a person who wishes to possess an ICICI gold credit card will compare the advantages and disadvantages with other similar credit card, he will seek. He will collect information actively and will try to accumulate related information and filter all the information he thinks is important. Filtration is subject to perceived uncertainty and lack of meaningfulness of information; this is referred to as stimulus ambiguity. Stimulus ambiguity occurs when a consumer does not understand the message from the environment. But a person who is not so interested may also receive the information, but passively, as he will not be sensitive to the information and hence won't filter much of it for processing purpose. For eg. an advertisement of razor will not be able to gain attention of a female as may not be interested in such stimuli.

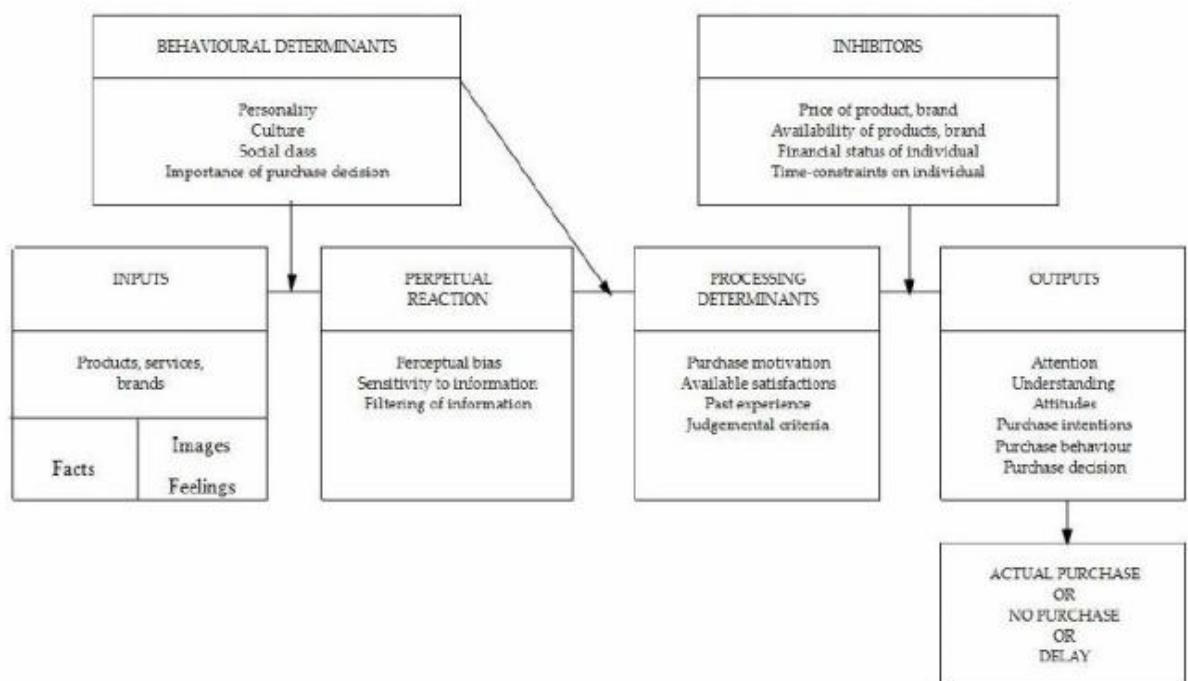


Fig. 4.4 The Howard Sheth Model

(d) Processing Determinants - These factors determine how the gathered information is to be evaluated. Consumer will apply some judgmental criteria to evaluate the alternatives. These criteria are factors such as, motivation, learning from the past relevant experience. Learning process will include experience about the product and also on its post- purchase services. These elements play a crucial role in the whole process. Hence, marketing research can be useful in identifying and assessing these subjective (psychological) elements in the consumer buying process.

(e) Inhibitors – External environment forces may restrain the purchase of a favoured brand and thus inhibit the actual or potential purchase behaviour. These inhibitors may vary from product to product. For possessing the gold credit card, the inhibitors can be:

- (i) Rate of interest charged on the credit card
- (ii) relative facilities offered by other equivalent cards
- (iii) Relative price of other equivalent credit cards
- (iv) Any formality that has to be fulfilled, one has to submit No Objection Certificate from his employer etc.

(f) Output Variable - The outcome of the process of interacting elements may result in either of the three following behaviours - purchase decision, not to purchase or post dated purchase.

Howard Sheth Model has a number of distinct features like - it highlights the need to understand the motivation level and learning of the consumer which guides the purchase behaviour. It also highlights the role of consumer satisfaction, which influences purchase decision in relation to a product or service. Model brings out that the purchase behaviour is an end product of the objective (rational) as well as 'subjective (emotional) element.

4.3.2 The Howard - Orlitzky Model

Howard and Orlitzky Model is an extension of Howard Sheth model, in terms of greater predictability of the consumer's buying decision. However, the model is much more complex than the Howard Sheth Model.

This model is more comprehensive as the variables are divided into "content" variables. i.e., the variables that deal with *what* the buyer thinks - brand comprehension, personal attitudes etc and "structural" variables, i.e., *how* the buyer thinks - media selection process, perceptual bias etc.

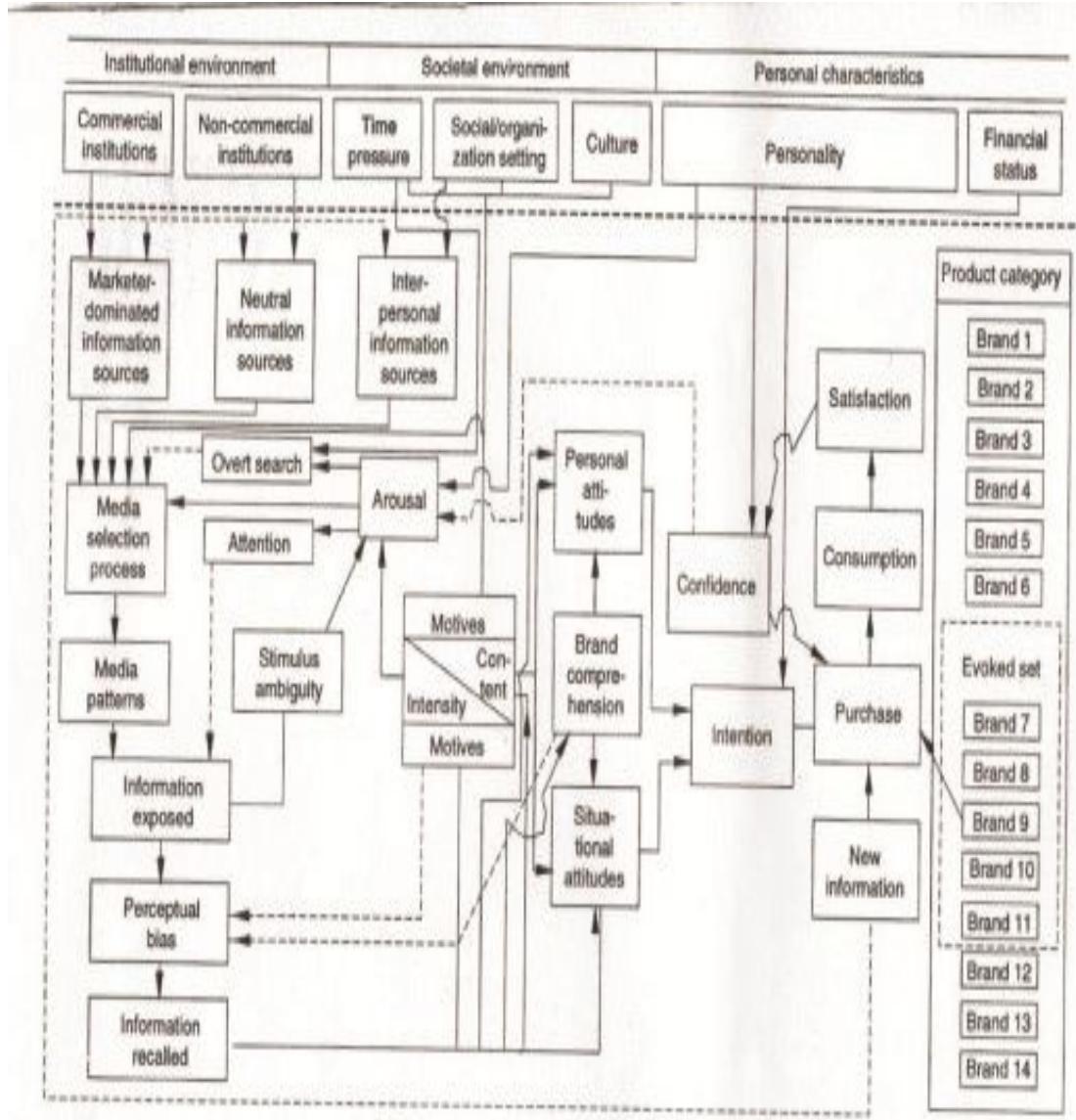


Fig 4.5 The Howard-Ostlund Model

(The Solid Indicate direct flows, while dashed lines indicate feedback effects)

4.3.3 The Engel, Blackwell and Miniard Model

The original model was developed by Engel Kollat and Blackwell in 1968. But since then it has undergone several revisions. The most recent version of this model has come in 1990, which was developed by Engel, Blackwell and Miniard. This model is based on a simple decision process comprising of five activities.

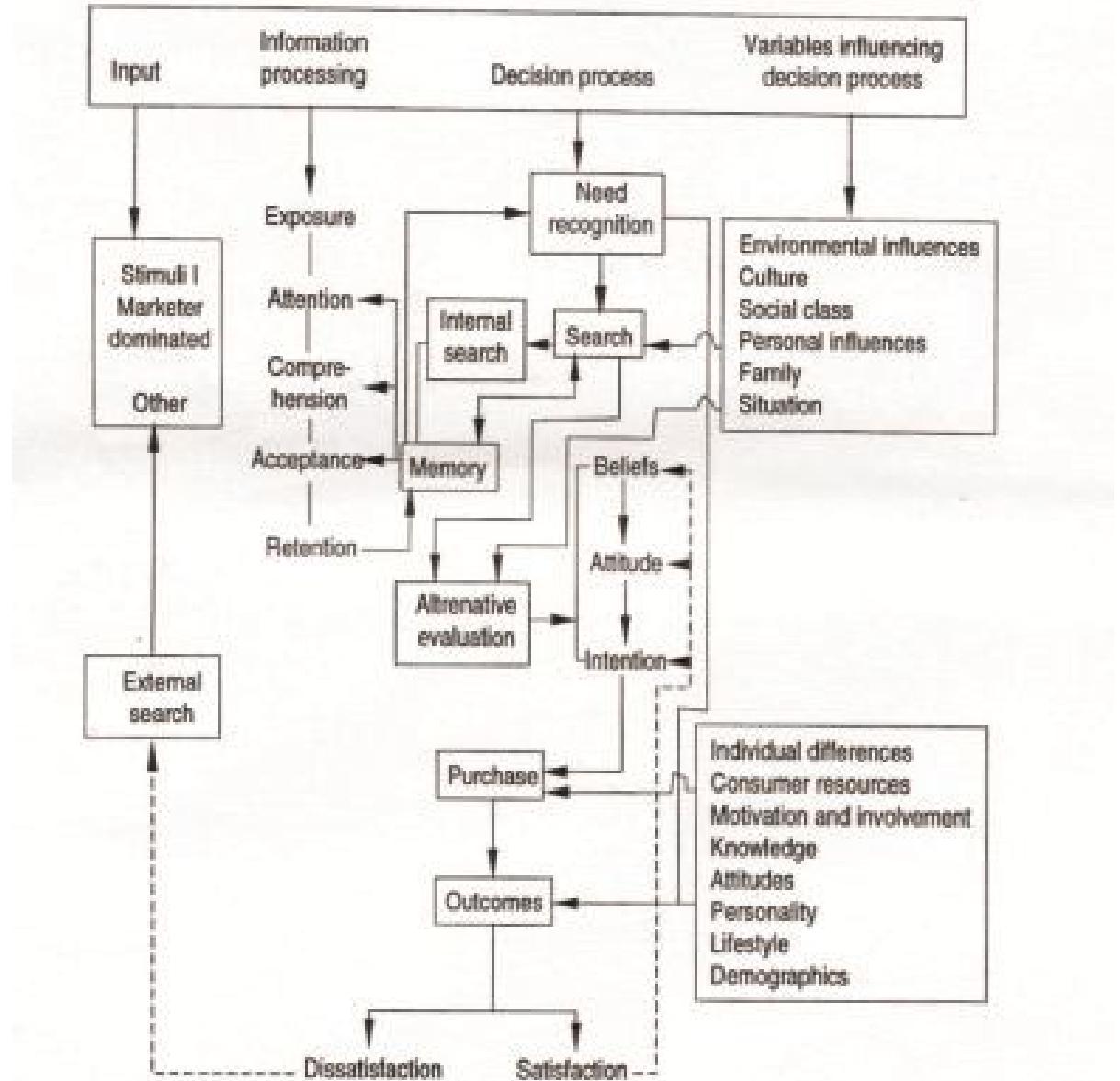


FIG. 9.5. The Engel - Blackwell —Miniard Model

Fig.4.6 The Engel-Blackwell-Miniared Model

These activities are as follows:

- Need recognition
- Information Search
- Alternative Evaluation
- Purchase
- Outcome

First influencing variable in this model is the **input**. The consumer receives stimulus inputs in form of information from mass media, references and contacts or market sources.

In **information processing** is the second variable. Here the information gets stored in active memory and from where information can be retrieved for evaluation. Next variable is **decision process**. This involves search process, evaluation process, and purchase process. Fourth variable that influences all the five activities of decision process is the

environmental influence. Environmental influence includes all the variables, which are crucial for influencing consumer's buying process, like income, family, culture, social class, physical situations, etc.

The process starts from consumer's need recognition. This stimulates the next stage, namely, search for information. This can be divided further into two more stages - customer searches internally, "memory search" and "external search". The search process identifies various alternatives by which the problem can be solved. Each alternative is evaluated on different criteria for example price-value criteria etc.. This stage also involves comparing brands at the end of the evaluation stage. As a result, perception and belief for the brand may change, which may in turn lead to change in attitude and intention to purchase. This stage leads to the purchase stage, where purchase of the most favourably evaluated brand takes place. After the purchase, if the product does not match the expectations or perception then it results in dissatisfaction of consumer for the product or brand. As negative outcome of the purchase activity the search behaviour is brought back and as positive outcome the purchase behaviour is repeated whenever need arises in future

The greatest strength of this model is its flexibility. Whenever buyer is dissatisfied with any activity, then he goes back to some earlier activity. While the weakness of the model is that it fails to describe the role of certain influencing variables like environmental factors whose role is not clearly mentioned in the model as to how it lay impact on the buying process.

4.3.4 The Nicosia Model

Francesco Nicosia believed that simulation techniques can explain consumer decision process in better manner. Therefore he presented his model by using technique of computer flow charting with feedback. All the variables in the model are viewed as interacting, but none being inherently dependent or independent. Thus the model describes a circular flow of influences where each component provides input to the next. The model has four basic "fields". Each field represents a sub-programme in the model. It is assumed that neither the seller nor the buyer has had any previous experience directly related to the particular product or brand.

Field one represents the flow of a message (promotional message or advertisement) from its source to the consumer. Here the change in attitude of consumer may take place. Field two is concerned with data search (internal and external) for alternative evaluation.

Internal search relates to the consumer's conscious and unconscious associations with the product, brand etc while external search refers to gathering information from the environment like. advertisement, reference group, market sources etc.

Field one From the source of the message to the consumer's attitude. Field three is related with transforming consumer motivation into the act of buying. If purchase occurs, field four consists of consumption storage (experience with the product) and use of the product; the output is feed back which .may or may not result in repeat purchase. Fourth field completes the cycle and closes the consumer loop.

Some market researchers feel that the search and evaluation process is "over rational." which may be true for highly valuable products but less likely to take place in case of low cost goods. The Nicosia model offers no detail explanation of the internal factors, which may affect the personality of the consumer, and how the consumer develops his attitude toward the product.

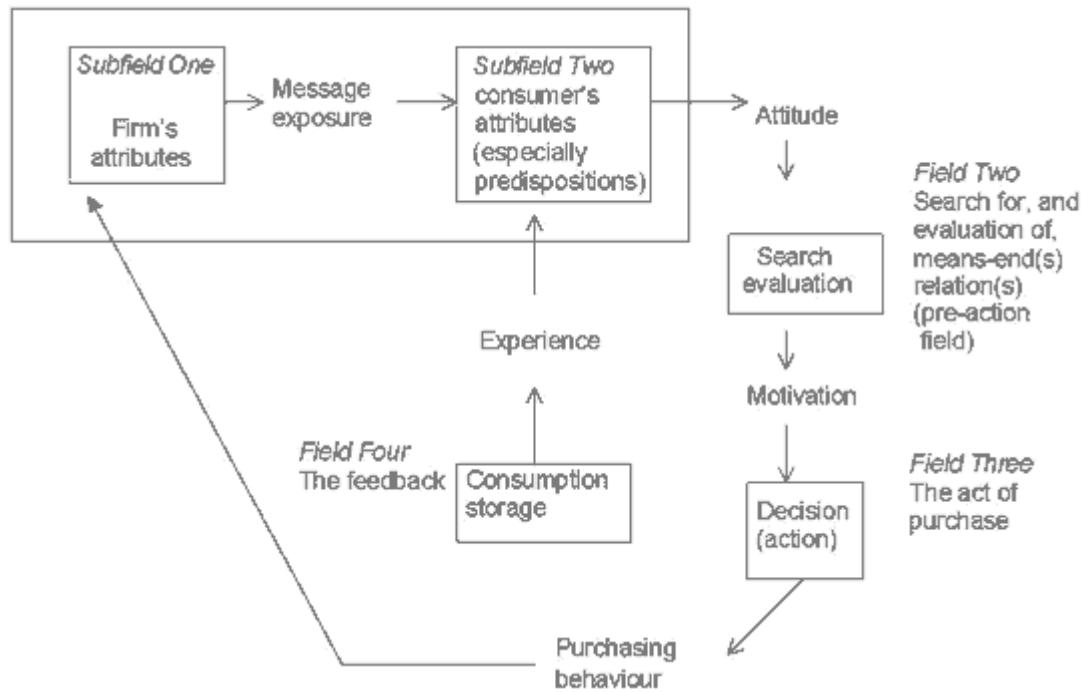


Fig. 4.7 The Nicosia model: a structure of consumer behaviour

4.3.5 The Product Adoption Model

This consumer behaviour model suggests how consumers "adopt" the innovative product or how the diffusion of innovation takes place. This model is highly beneficial for the marketers as it helps them to understand the process of diffusion and frame marketing strategies for innovative products.

Rogers defined the "diffusion" as the process by which an "innovation" is communicated over time among the individuals of the target market. Innovation is any new product or service that comes to the market first time. Rogers suggests that diffusion of innovative product follows a "normal curve", while it is adopted by different classes of consumers.

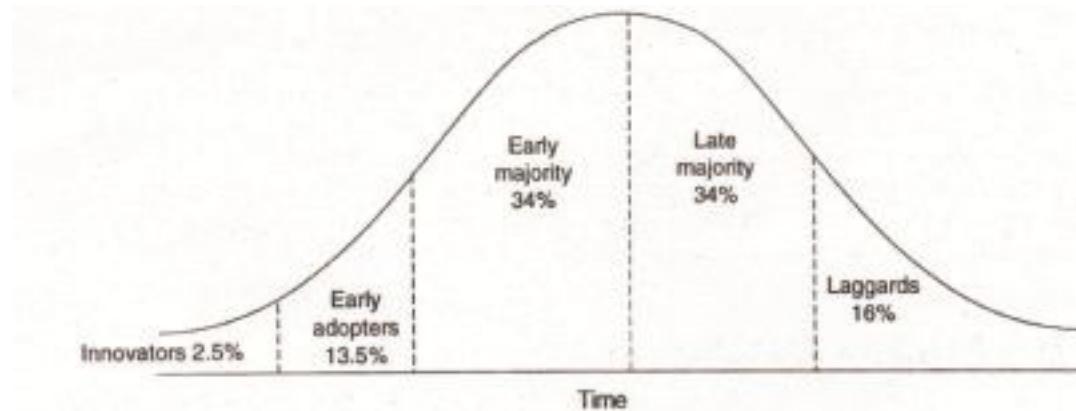


Fig. 4.8 Product Innovation Model

The diffusion process depends on four factors - the innovation itself: the communication process and channels used: the time at which individuals decide to adopt the product and the various classes of consumers.

Individuals can be classified into different categories of adopters on the basis of their adoption of innovations with respect to time.

- Innovators: These are venturesome people and kick start the adoption process. They like new ideas and are willing to try new products.
- Early Adopters: This group consists of opinion leaders. These people speed up the adoption process. But they carefully assess the product, before trying or using the product.
- Early Majority: This is a large group that purchases product when reassured that the product works and has been proven in the market. Unlike the early adopters, they hold their purchase and wait for prices to fall.
- Late Majority: These people are skeptical of new ideas and adopt new products only to make their social or economic presence.
- Laggards: This group of people is suspicious of all new ideas and their opinions are very hard to change of all the groups. They buy the product when the new product no more remains new.

The rate at which new product gains acceptance and is adopted by all types of consumers varies from product to product. The acceptance rate is much higher in case of FMCG like soft drinks, biscuits, pens, toothpaste, soaps etc. While in the case of technically complex consumer durables the rate is much lower. This model help marketers of such products to understand when they can expect majority to accept the product, as these products are always under the threat of technological obsolescence.

4.4.6 The Model of Family Decision Making

Family members often play an important role in the purchase of certain products and services like television, an automobile, planning for a holiday or buying a house. They interact and share information with each other and evaluate alternatives in the process of buying decision. These interactions are determined by the different consumption related "roles" played by the family members. These roles are :

- Influencers** - The family members who provide information and influence others. To take particular decision are influencers. Children may come back from school and tell that their friend's father had purchased a new car. say Swift Dezire and now they should also purchase the same or costlier car than that, is an example of influencing the family decision.
- Gate keepers** - The family members who control the flow of information and guidance to buy. The housewife wants to buy a particular brand of microwave she will withhold information about other brands and emphasise the features of the favoured brand influencing the buying process of other brands of microwave.
- Deciders** - The family members who have the power (singly or jointly) to take buying decision of the product or service. Husband and wife may jointly decide the destination of spending summer vacations. Wife alone decides which microwave to buy, mother and children decide which two-wheeler is suitable for the children. They all are deciders within the family.
- Buyers** - The family member who actually purchases the product or service. For eg. the child might be the decider of the brand of chocolate he wants to eat but mother actually buys it for him.
- Preparers** - The family members who transform or prepare the product into the form in which it is consumed. For eg. pasta is to be consumed by the children but mother prepares it and makes it ready for consumption..

Role played by different family members will be different for different product. For example, mother goes to the market to buy health drink for her children. After evaluating different brands she decides to buy one. She is the decider and buyer but not the user.

Husband purchases a piece of jewelry of his wife's choice. He is only a buyer while his wife is the decider and user. In case of products and services which are to be jointly consumed by everyone in the family, like a planned vacation, furniture, watching a movie are all based on family or group decision.

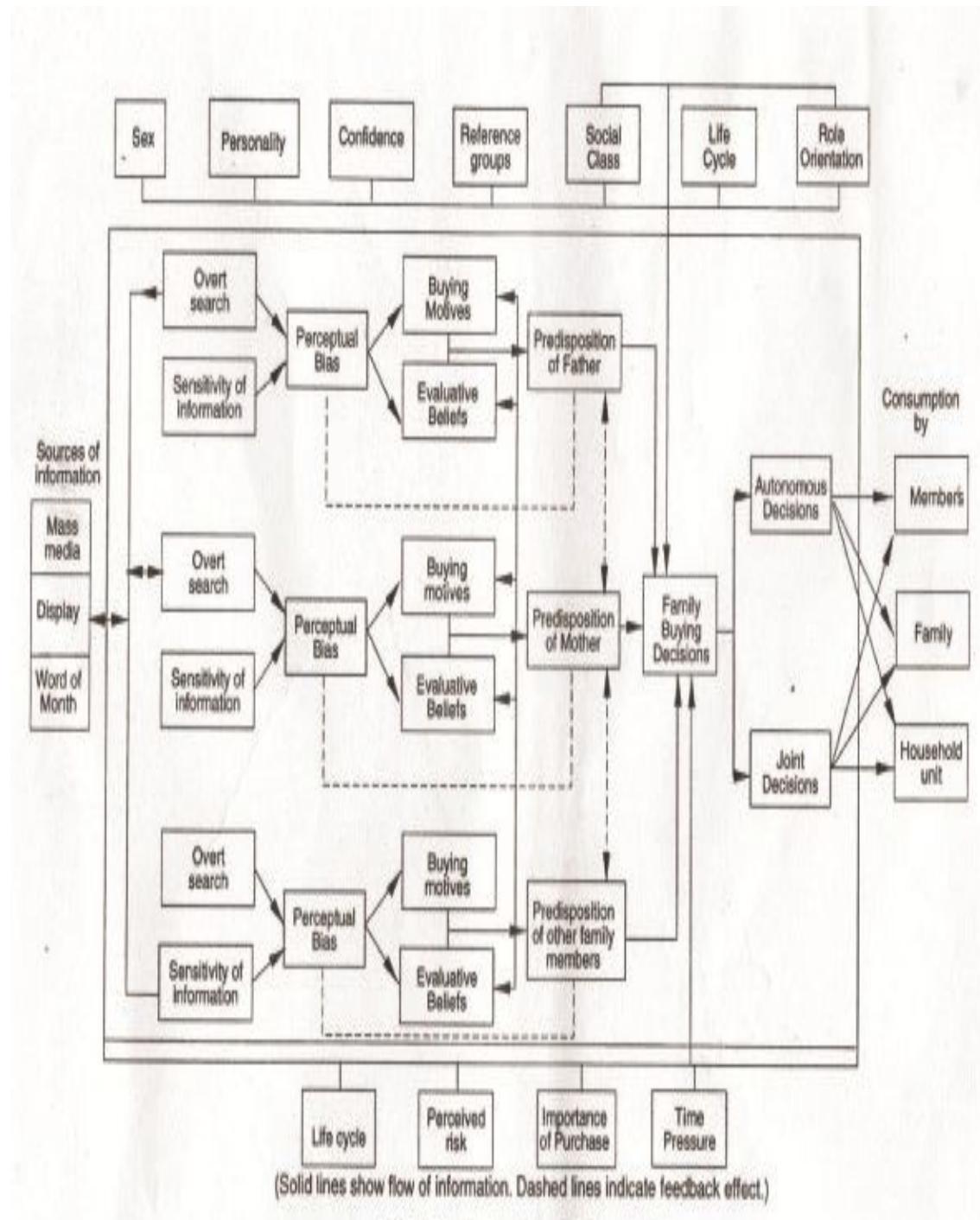


Fig. 4.9 Model of Family Decision Making

The left side of the model diagram shows the separate psychological predispositions of the father, mother and other members which lead to "Family Buying Decision". Whether

this decision will be made unanimously or individually, will depend on (a) social class; (b) economic status; (e) role orientation; (d) family life-cycle stage (e) perceived risk and (I) nature of the product.

4.6 Summary

A model represents theoretical construction of phenomena which is significant in influencing the outcome of a specific problem. Models in consumer behaviour provide valuable frame work and guidelines to solve marketing problems. The traditional approach that developed consumer behaviour models followed only one discipline. Models so developed were either pure economic models or pure socio-psychological models. Such models were known as monadic models. Later, new models were developed based on various disciplines, including economic, psychological, socio-psychological etc. These models were known as eclectic or multivariable models. Different types of monadic models are Elasticity Model, Black Box Model and Response Hierarchy Model. Different types of multivariable models are Howard Sheth Model, Howard - Ostlund Model, Engel-Blackwell-Miniared Model, Nicosia Model, Product Adoption Model and Model of Family Decision Making.

4.7 Self Assessment Questions

1. Discuss different viewpoints of consumer models.
 2. Briefly explain and assess the Howard and Sheth Model of Consumer Behavior.
 3. Critically assess Nicosia's model of Consumer Behavior
 4. Discuss the Howard Ostlund model. How is it different from Howard Sheth model?
 5. Discuss the model of family decision making.
 6. Discuss the product adoption model.
-

4.8 Reference Books

- Howard J.A and Sheth J.N (1969), the Theory of Buyer Behavior, New York: Wiley and Sons
- Kotler P., and Armstrong, G., Principles of Marketing, Eleventh Edition, 2006, Prentice-Hall.
- Kotler P., and Keller K.L., Marketing Management, Thirteenth edition, 2009, Pearson. Loudon. D.L. and Bitta A.J. Della, Consumer Behavior, Fourth Edition, 2002, Tata McGraw-Hill..
- Nicosia, F.M. Robert, W (1976). Consumer Behavior toward Sociology of Consumption journal of Consumer Research.
- Peter, P.J. and Olson, J.C., Consumer Behavior and Marketing Strategy, 7th Edition, McGraw-Hill Higher Education.
- Schifman, L.G. and Kanuk, L.L., Consumer Behavior, 3rd Edition, Prentice Hall
- Schiffman, L.G. and Kanuk, L.L., Consumer Behavior, 8th Edition, PHI
- Wells W.D. and Prensky, D., Consumer Behavior, 1996, John Wiley & sons, Inc.

Unit – 5 : Personality and Consumer Behaviour

Structure of Unit :

- 5.0 Objectives
- 5.1 Introduction
- 5.2 What is Personality ?
- 5.3 Personality Theories to Understand Consumers
- 5.4 Consumer Diversity and Personality
- 5.5 Limitations of Personality Variables
- 5.6 Brand Personality
- 5.7 Summary
- 5.8 Self Assessment Questions
- 5.9 Reference Books

5.0 Objectives

After completing this unit, you would be able to :

- Define the concept of Personality.
- Understand the Personality variables for consumer's buying decision process.
- Learn various theories of personality and the implication on Consumer Behaviour.
- Understand the concept of Consumer Diversity and its impact.
- Consider the limitations of personality variables.
- Learn about the concept of Brand Personality.

5.1 Introduction

At every stage of the Buying Decision process, personal variables such as gender, age, income, lifestyle and personality affect how consumers make choices to buy and use goods and services. Personality is one of the most important variables that the consumer behaviour analyst must study and consider because understanding the personality of the consumer shall lay the foundation to understanding the markets, which consists of people and their needs, ability, willingness and authority to buy. Deciding upon what products to buy and use varies between individuals because of the unique characteristics possessed by each individual. In this unit an attempt shall be made to study the major theories of personality that attempt to decode consumer behaviour. We shall also try to understand how consumers are different from each other on the basis of their personality and how brands too, have a personality.

5.2 What is Personality ?

Personality can be defined as, “the inner psychological characteristics and outer traits that combine in a pattern to determine and reflect how a person responds and adapts to the environment.” It is this pattern of inner and outer traits that we call personality, that influence a person’s product choices and affect how a consumer responds to the promotional efforts of companies and when, where, and how they consume particular products or services. In order to understand the nature of personality, we need to understand three distinct properties. These are :

- **Personality reflects individual differences.** Personality is a unique combination of factors and so no two individuals are exactly alike.
- **Personality is Consistent and Enduring.** The personality of an individual endures over a period of time. It cannot change frequently or suddenly. This is an essential aspect that helps marketers to predict consumer behaviour in terms of personality.
- **Personality can change :** Under certain circumstances, personality can change. For example a major life event can dramatically alter personality, or a stupendous effort to change on the part of the individual may change personality. Personality may also change as part of a gradual maturing process, as one gets older and more experienced.

5.3 Personality Theories to Understand Consumers

Marketers usually use four sets of personality theories to describe consumers. These include:

1) Self Concept Theory :

The Self Concept Theory states that individuals have a concept of the ‘Self’ based on who they think they are (actual self) and who they would like to be (ideal self). There are two main principles of the self concept theory.

- The desire to attain self consistency.
- The desire to enhance one’s self esteem.

So, if a consumer thinks of himself (actual self) as practical and conservative, he will buy formal suits, drive a sober car and if deep within himself, he wants to be carefree and reckless (ideal self) he might wear trendy clothes and drive a sports car. Subscribing to the perception of actual self would fulfill the desire to attain self-consistency while subscribing to the ideal self will enhance his self esteem.

Actual Self : It must be understood that there is no ‘one’ actual self. This is because consumers have different role identities - that of a father, husband, manager, etc. A combination of the various role identities will make up the actual self. Consumer’s purchase those products and services that match their own image. They look for congruence between the brand image and the self-image. Thus, a consumer will buy a product that is related to his or her ‘self concept’. This applies to many products ranging from perfume, bar soaps to automobiles.

Ideal Self : When there is a great difference between the actual self (what one thinks on) and the ideal self (what one wants to become) then it lowers the person’s self esteem. This, in fact, can influence purchase decisions. Consumers who have low self esteem may end up buying something based upon who they would like to be rather than what they are. Sometimes, buying to achieve an unrealizable self image can actually lead to compulsive purchase behaviour.

The Extended Self : The extended self consists of the most important possessions of a person incorporated into the self-concept. It simply subscribes to the idea that, “We are the what we wear and what we use”. The concept of the extended self recognizes the interrelationship between people and the symbols in their environment - This is called SYMBOLIC INTERACTIONISM. One outcome of this may be that consumers tend to buy complementary groups of products that are related to each other.

Marketers must understand the symbolic role of product constellations in projecting an image. In fact, this is the reason that advertisements for cars may also show fashionably dressed models, and advertisements for men's suitings may also show high end, luxury cars.

2) The Psychoanalytic Theory [Freudian Theory]

Sigmund Freud proposed the idea that much of one's adult personality stems from a fundamental conflict between a person's desire to gratify the physical needs and the necessity to function as a responsible member of society. This struggle is carried out in the mind among three systems, which Freud identified as id, ego and super-ego. There are describe as under:

- **Id** : The id is totally about immediate gratification - it is the "party animal" of the mind. It operates according to the pleasure principle; our basic desire to maximize pleasure and avoid pain guides our behavior. The id is selfish and illogical. It directs a person's psychic energy toward pleasurable acts without regard for any consequences.
- **The Superego** : The superego is the counterweight to the id. This system is essentially the person's conscience. It internalizes society's rules (especially as parents teach them to us) and works to prevent the id from seeking selfish gratification.
- **The Ego** : The ego is the system is between the id and the superego. The ego tries to balance these opposing forces according to the reality principle, which means, it finds ways to gratify the id that the outside world will find acceptable. These conflicts occur on an unconscious level, so the person is not necessarily aware of the underlying reasons for his behavior.

Consumer researchers have adapted some of Freud's ideas. In particular, his work highlights the potential importance of unconscious motives underlying our purchases. The implication is that consumers cannot necessarily tell us their true motivation for choosing a product, even if we can devise a sensitive way to ask them directly. The person channels her unacceptable desire into acceptable outlets by using products that signify these underlying desires.

Motivational Research

In the 1950s, motivational research borrowed Freudian ideas to understand the deeper meanings of products and advertisements. This approach adapted psychoanalytical (Freudian) interpretations with a heavy emphasis on unconscious motives. It assumed that consumers channel socially unacceptable needs into acceptable outlets - including products substitutes.

3) Socio-Cultural Theories (Neo-Freudian Theories)

Freud's work had a huge influence on subsequent theories of personality. Although he opened the door to the realization that explanations for behavior may be beneath the surface, many of his colleagues and students felt that an individual's personality is more influenced by how he handles relationships with others. We call these theorists neo-Freudian, meaning 'following from' or 'being influenced' by Freud.

Thus, Freud's disciples shifted from his view of personality in two ways:

- They felt social and cultural variables rather than biological drives are more important in personality development.

- Freud based his understanding of personality on emotionally disturbed people, whereas his disciples also relied upon observations of people who function normally in the social environment.

Alfred Alderfer gave a lot of importance to social orientation. He emphasized the individual's striving for superiority and stressed that children develop feelings of inferiority and their main goal as adults is to overcome these feelings.

Karen Horney described people as moving toward others (compliant), away from others (detached), or against others (aggressive). One early study found that compliant people are more likely to gravitate toward name brand products, detached types are more likely to be tea drinkers, and the researchers classified as aggressive individuals as those who preferred brands with a strong masculine orientation (e.g., Old Spice deodorant).

On the basis of these findings researchers in advertising suggested advertising the use of mouth wash or toilet soap for getting social approval, advertising colognes and after-shaves for social conquest and advertising tea in a traditional and subdued manner.

Carl Jung was also a disciple of Freud who went on to develop his own method of psychotherapy, which is called analytical psychology.

Jung believed that the cumulative experiences of past generations shape who we are today. He proposed that we each share a collective unconscious, a storehouse of memories we inherit from our ancestors. For example, Jung would argue that many people are afraid of the dark because their distant ancestors had good reason to fear it. These shared memories create archetypes, or universally recognized ideas and behaviour patterns. Archetypes involve themes, such as birth, death, or the devil, that appear frequently in myths, stories, and dreams.

Jung's ideas are reflected in advertising messages that often include archetypes. For example, some of the archetypes Jung and his followers identified include the "old wise man" and the "earth mother". these images appear frequently in marketing messages that use characters such as wizards, revered teachers, or even Mother Nature. The fascination with stories such as *Harry Potter* and *The Lord of the Rings* reflects the power of these images. The archetype approach has numerous advantages :

- Because Archetypes are grounded in the human psyche across all cultures and points in time, it is easy to understand a brand's personality-often even across nationalities.
- Archetypes help the brand communication group to incorporate the notion of how they think of the brand.
- Linking measures of Archetypes to more objective brand perception measures provides strong evidence to marketing decision makers that changes will achieve concrete business objectives.
- Measuring the health of a brand's personality on the basis of an archetype can act as an "early warning" signal that a brand is in trouble, sometimes years in advance of marketplace indicators. This alerts marketing managers giving them enough time to change the brand as appropriate.

4) Trait Theory :

This is an approach to personality that focuses on the quantitative measurement of personality traits. Personality Traits are the identifiable characteristics that define a person. Some specific traits relevant to consumer behavior include :

- Innovativeness (the degree to which a person likes to try new things).
- Materialism (the amount of emphasis he places on acquiring and owning products).
- Self-consciousness (the degree to which he deliberately monitors and controls the image of the self that he projects to others).
- Need for cognition (the degree to which he likes to think about things).
- Frugality (Frugal people deny short-term purchasing whims, choosing instead to resourcefully use what they already own.)

For example, one trait dimension distinguishes between those of us who consume to please others versus those who aren't very concerned about what others think. Also sociologist David Reisman introduced the terms inner-directed and outer-directed to distinguish between individualistic people and those who try to please others as some cultures tend to stress individualism, whereas others reward those who try to fit in. These are now known as inner-directed trait and outer directed trait.

The use of standard personality trait measurements to predict product choices has met with mixed success at best. In general, marketing researchers simply have not been able to predict consumers' behaviours on the basis of measured personality traits. Some logical explanations for these equivocal results are :

- Many of the scales are not sufficiently valid or reliable; they do not adequately measure what they are supposed to measure, and their results may not be stable over time.
- Psychologists typically develop personality tests for specific populations (e.g., people who are mentally ill); marketers then "borrow" them to apply to a more general population where they have questionable relevance.
- Often marketers don't administer the tests in an appropriate and relevant environment; for example, people who are not properly trained may administer them in a classroom or at a kitchen table.
- The researchers often make changes in the instruments to adapt them to their own situations, in the process deleting or adding items and renaming variables. These ad hoc changes dilute the validity of the measures and also reduce researchers' ability to compare results across consumer samples.
- Many trait scales measure gross, overall tendencies (e.g., emotional stability or introversion); marketers then use these results to make predictions about purchases of specific brands.
- In many cases, marketers ask consumers to respond to a large number of scales with no advance thought about how they will relate these measures to consumer behavior. The researchers then use a "shotgun approach," following up on anything that happens to look interesting.

Although marketing researchers largely abandoned the use of personality measures after many studies failed to yield meaningful results. More recent efforts have tried to benefit from past mistakes. Researchers are using more specific measures of personality traits that they have reason to believe are relevant to economic behavior.

5.4 Consumer Diversity and Personality

Marketers are keen to understand how personality influences consumption behaviour because by doing so :-

- They will be able to understand consumers.
- They can segment and target those customers who are more likely to respond.

Certain personality traits are useful for a better understanding of consumer behaviour. We can study these traits under five headings :-

(a) Consumer Innovativeness and Related Personality Traits :

Marketers are interested in consumers who are likely to try out new products, services or practices. Let us discuss some of the personality traits related to this dimension:-

- **Consumer Innovativeness** - This relates to how receptive a consumer is to a new product or service.
- **Dogmatism** - This refers to the degree of rigidity that an individual displays towards something especially when a person confronts information which is contrary to his existing beliefs.
- **Social Character** - People can be classified as distinct socio-cultural types. Social character is identified as a personality trait that could be inner-directed i.e. consumer relies on his inner values to evaluate new products, or the consumer could be other directed, i.e. the consumer seeks directions on what is 'right' or 'wrong' from others. These consumers are less likely to be innovators. Inner and outer directed people also seem to be attracted towards different types of ads. Inner directed people prefer ads that stress product features and personal benefits, other directed people prefer ads that feature social acceptance in a social environment.
- **Optimum Stimulation Level** - Some people prefer a simple, peaceful and uncluttered existence whereas others thrive in chaos and complex experiences. Products that match with their desired and optimum stimulation level will find favour with consumers. So some may be attracted towards a holiday involving adventure sports whereas others may prefer a relaxing, calming experience.
- **Variety-Novelty Seeking** - Variety or novelty seeking consumers are especially relevant to technological products. There are many different variety seeking behaviour. These are :
 - i) **Exploratory Purchase Behaviour** - Consumer is likely to switch brands to experience new and possibly better alternatives.
 - ii) **Vicarious Exploration** - Consumers find information about new alternatives and then day dream about the option.
 - iii) **Use innovativeness** - Consumer uses an existing product in a new way.

(b) Consumer Susceptibility to Interpersonal Influence

This is the characteristic of consumers to be likely to be responsive to the influence of others. Inter personal influence can work on consumers in three ways :

- Information influence - a tendency to accept information from others.
- Value expressive influence - a consumer's desire to be like others and therefore accepted by them.
- Utilitarian influence - a consumer's attempt to gain reward or avoid punishment by conforming to the other's wishes.

Marketers can use the concept of Social or Interpersonal influence to study the acceptance of new products and services by consumers.

(c) Cognitive Personality Factors

Two cognitive personality traits have shown signs of being useful in understanding selected aspects of consumer behaviour. These are :-

- **Visualizers versus verbalizers** - Visualizers are consumers who prefer and rely on visual information and products that stress the visual e.g. T.V. ads will influence visualizers. Verbalizers are consumers who prefer and rely on written or verbal information and products e.g. Print ads are more likely to impress verbalizers.
- **Need for Cognition** - Some people have a higher enjoyment in 'thinking' and respond better to the informative and descriptive part of the ad. They have a high need for cognition. Others may have a low need for cognition for information and may be more influenced by glamour and colour.

This understanding will help marketers to design ads that are more effective in reaching out to the largest audience.

(d) Consumption and Possession Traits - These traits are :

- **Consumer Materialism** - Consumers who regard possessions as essential to their identity and life. They are likely to be more frequent buyers, especially of high end products.
- **Fixated Consumption Behaviour** - Fixated consumers show a deep interest in a particular object or product category e.g. A consumer may be fixated on buying wrist watches of various types and may have a large collection of wrist watches, to which he/she continues to add.
- **Compulsive Consumption Behaviour** - Consumers who are addicted to purchasing - and have no control over their actions. Compulsive behaviour may not be product specific (chocoholics - buying for the sake of it !) or product specific (fetish for shoes !)
- **Consumer Ethnocentrism** - Some consumers are more receptive to foreign made products, whereas others are not. Highly ethnocentric consumers may feel it is wrong to purchase foreign made products (e.g. people who only buys swadeshi) others may be fascinated by foreign goods (e.g. people who prefer products made in other countries).

Thus, understanding personality traits and consumer diversity can be very useful for marketers who can enhance, the entire process of marketing through a better understanding of consumer behaviour.

5.5 Limitations of Personality Variables

Certain limitations have been seen in using personality characteristics to explain purchasing behaviour. These are :

- (i) Personality theories are meant to describe enduring patterns of behaviour but often the focus is on deviant rather than typical behaviour.
- (ii) Many applications assume that the purchase decision results from some deep seated drives. However most consumer behaviour is mundane and routine

Trait-factor theory has been the primary basis of marketing personality research. A typical study attempts to find a relationship between a set of personality variables and assorted consumer behaviours such as purchases, media choice, innovation, fear and social influence, product choice, opinion leadership, risk-taking, and attitude change. Personality often relates to specific attributes of product choice. People do make relatively good judgements about other people's traits and how they relate to automobile brands, occupations, and magazine choices.

Predicting consumer behavior was often the objective of personality research. Studies attempted to predict brand or store preference and other buyer activity, but usually found only very small amounts of variance in product choice explained by personality. The reason is that, personality is only one variable in the consumer decision-making process. Other dependent variables (such as intention) also need to be considered. Even if personality traits were found to be valid predictors of intentions or behavior, these traits are difficult to use in marketing strategy for the following reasons.

1. People with common personalities can represent wide variations in demographic variables, and mass media is primarily segmented on a demographic basis.
2. Measures that isolate personality variables often don't demonstrate adequate reliability and validity.

The failure of personality measures to predict consumer behaviour has stimulated development of more recent approaches. One approach is to relate personality measures to mediating variables or stages within the decision process, such as need recognition, and to understand the role of personality in information processing. Another approach incorporates personality date with information about individual's social and economic conditions. Yet another approach is to use broader concepts such as values and psychographics.

5.6 Brand Personality

The brand personality refers to the personality that consumers interpret from a specific brand. Brands may be characterized in a variety of ways. For example a brand may be seen to be old-fashioned or modern, fun or provocative, masculine or feminine or glamorous or useful. Some advertising, in fact, uses the tendency of some consumers to buy and own products that are an extension of themselves or a reflection of who they would like to be. In fact research has identified that three personality traits, namely :

- (1) Emotional Stability
- (2) Agreeability
- (3) The need for activity

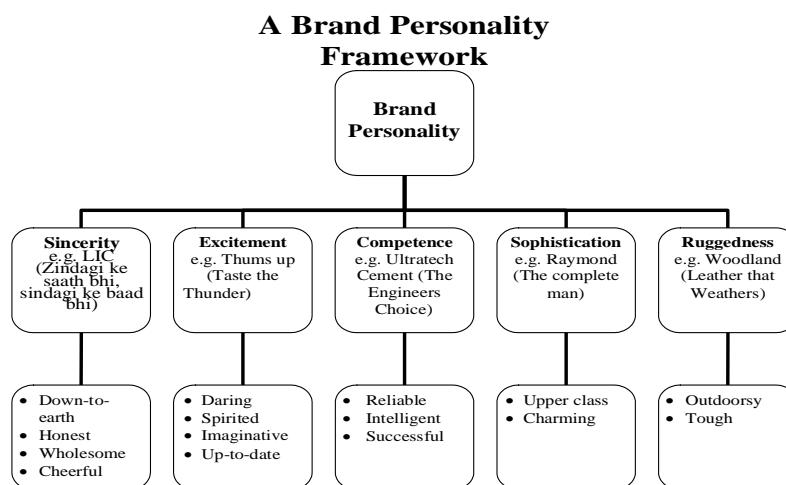
These can have a deep impact upon the customer orientation of employees towards a customer in a service organization. This will in turn have an impact upon the way the customer will percieve the service organization.

Thousands of brands borrow personality traits of individuals or groups to convey an image they want customers to form of them. A brand personality is the set of traits people attribute to a product as if it were a person. Creating a successful brand personality often is key to building brand loyalty, but it's not as easy as it looks. Many consumers (particularly younger ones) have a very sensitive "BS (Brand Sensitivity) detector" that alerts them when a brand isn't living up to its claims or is somehow not authentic. When this happens, the strategy may backfire as consumers rebel. One set of researchers terms this phenomenon a Doppelganger brand image (one that looks like the original but is in fact a critique of it).

The feelings about a brand's personality are part of brand equity, which refers to the extent to which a consumer holds strong, favorable, and unique associations with a brand in his or her memory - and the extent to which she or he is willing to pay more for the branded version of a product than for a non branded (generic) version.

Some personality dimensions are used to compare and contrast the perceived characteristics of brands in various product categories including the following :

- Old-fashioned, wholesome, traditional
- Surprising, lively, "with it"
- Serious, intelligent, efficient
- Glamorous, romantic, sexy
- Rugged, outdoorsy, tough, athletic



A product that creates and communicates a distinctive brand personality stands out from its competition and inspires years of loyalty. Personality analyses helps marketers identify a brand's weaknesses that have little to do with its functional qualities. Interestingly, colours are seen to have an association with personality. Certain colours are associated with specific personality traits. The colour red, for instance, is associated with warmth, passion and strength, and in specific cases the dangerous, and forbidden(too hot to handle!). Black is associated with sleek, sophistication, power and authority. Green is soothing and calming, and indicative of being eco-friendly.

What follows is a table showing the personality like association of colours. Marketers use these associations in product designing, product packaging and by using the correct colours in their advertising communications, in hoardings, print media and television media, to great advantage. Service industry also uses the personality implications of colours to give the right impact, in their interiors and the colour of the dress of the staff especially those who have direct customer interface.

The Personality-like Associations of Selected Colours

BLUE	Commands respect, authority	<ul style="list-style-type: none"> • It is advertiser's favoured colour • IBM holds the title to blue • Associated with club soda • Men seek products packaged in blue • Houses painted blue are avoided • Low-calorie, skim milk • Coffee in a blue packing can be perceived as "mild"
YELLOW	Caution, novelty, temporary, warmth	<ul style="list-style-type: none"> • Eyes register it faster • coffee in yellow can be perceived as "weak" • Stops traffic • Sales a house
GREEN	Secure, natural, relaxed or easy going, living things	<ul style="list-style-type: none"> • Good work environment • Associated with vegetables and chewing gum • Canada Dry ginger ale sales increased when it changed sugar-free package from red to green and white
RED	Human, exciting, hot, passionate, strong	<ul style="list-style-type: none"> • Makes food "smell" better • Coffee in a red can be perceived as "rich" • Women have a preference for bluish red • Men have a preference for yellowish red • Coca-Cola "owns" red
ORANGE	Powerful, affordable, informal	<ul style="list-style-type: none"> • Draws attention quickly
BROWN	Informal and relaxed, masculine, nature	<ul style="list-style-type: none"> • Coffee in a dark-brown can was "too strong" • Men seek products packaged in brown
WHITE	Goodness, purity, chastity, cleanliness, delicacy, refinement, formality	<ul style="list-style-type: none"> • Suggests reduced calories • Pure and wholesome food • Clean, bath products, feminine
BLACK	Sophistication, power, authority, mystery	<ul style="list-style-type: none"> • Powerful clothing • High-tech electronics
SILVER, GOLD	Regal, wealthy, stately	<ul style="list-style-type: none"> • Suggests premium price.

A brand personality is a statement about the brand's market position. Understanding this is crucial to marketing strategy, especially if consumers don't see the brand the way its makers intend them to and they must attempt to reposition the product (i.e., give it a personality makeover).

5.7 Summary

Personality can be described as the pattern of inner and outer traits that both determine and reflect how a person responds to his or her environment. Although personality tends to be consistent and enduring, it may change abruptly in response to a major life even, as well as gradually over time. Four theories of personality are prominent in the study of consumer behaviour: The Self concept theory, the Psychoanalytic Theory, Social/Cultural Theories (Neo Freudian Theories) and the Trait theory. Self-concept theory suggests that individuals have an actual self-image based on who they think they are and an ideal self-image based on who they would like to be. Marketers have applied this theory in the belief that there may be a congruence between consumers' self-image and their image of the brand. An extension of this theory realizes that the symbolic properties of groups of products and brands can influence people's self-image based on the assumption that 'we are what we use'. Psychoanalytic theory stresses the unconscious nature of consumer motives as determined in childhood by the conflicting demands of the id and the superego. Marketers have applied psychoanalytic theory by using depth and focus group interviews and projective techniques to uncover deep-seated purchasing motives. These applications are known as motivational research. Social/cultural theory emphasizes environmental variables in personality development. It goes beyond psychoanalytic theory in examining conscious, goal directed behaviour and considering individuals who function normally in a social environment. Trait theory seeks to measure personality traits by the development of personality inventories. Trait theory is the most widely applied of the personality theories in marketing because specific personality variables can be measured and related to consumer usage.

5.8 Self Assessment Questions

- 1 Explain the main characteristics of the psychoanalytic (Fruedian) theory and the social cultural (Neo-Fruedian) theories. How can these theories be used by consumer behaviour analysts).
 - 3 Describe personality trait theory. Give five examples of how personality traits can be used in consumer research.
 - 4 Explain the Self-Concept Theory describing the 'actual self', the 'ideal self' and the 'extended self'.
 - 5 How can an understanding of Consumer Diversity on the basis of personality help marketers? Discuss.
 - 6 Explain the concept of Brand Personality.
-

5.9 Reference Books

- Assael Henry, *Consumer Behaviour and Marketing Action*, Thomson Learning, 6th Edition.
- Schiffman Leon G. and Kanuk Leslie Lazar, *Consumer Behaviour*, PHI-EEE, New Delhi, 6th Edition, 2000.
- Karunakkaran K., *Marketing Management*, Himalaya Publishing House, 3rd Edition.
- Reynolds T.J., *Understanding Consumer Decision Making*, Lawrence Publications.
- Kardes F.R., *Consumer Behaviour and Managerial Decision Making*, PHI, 2nd Edition, 2002.
- Solomon Michael R., *Consumer Behaviour : Buying, Having & Being*, Pearson Education, 2004.
- Kotler Philip, Keller Kevin L., Koshy Abraham, Jha M., *Marketing Management : A South Asian Perspective*, Pearson, 14th Edition, 2012.

Unit- 6 : Perception and Consumer Behavior

Structure of Unit:

- 6.0 Objectives
 - 6.1 Introduction
 - 6.2 What is Perception?
 - 6.3 Perception Process
 - 6.4 Perception and Consumer Behaviour
 - 6.5 Perception and Marketing Strategy
 - 6.6 Summary
 - 6.7 Self Assessment Questions
 - 6.8 Reference Books
-

6.0 Objectives

After Completing this unit you would be able to:

- Understand the concept of perception;
 - Understand the features and characteristics of perception;
 - Understand the factors affecting perception mechanism;
 - Learn the process of perception;
 - Know about relation between perception and consumer behavior;
 - Learn the impact of perception on marketing strategies.
-

6.1 Introduction

Perception is the meaning, which a person gives to stimuli. Perception influences and shapes the behaviour. This is how individuals process and re-organise the information they receive. The time of day or what the individual is doing can affect the way he interprets a message. Perceptions vary from person to person. Different people perceive different things about the same situation. But more than that, we assign different meanings to what we perceive and the meanings might change for a certain person. One might change one's perspective or simply make things mean something else. Our perception is an approximation of reality. Our brain attempts to make sense out of the stimuli to which we are exposed.

6.2 What is Perception?

Human beings are constantly attacked by numerous sensory stimulations 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. Different people perceive the universe differently. Perception is the process through which the information from outside environment is selected, received, organized and interpreted to make it meaningful to us. This input of meaningful information results in decisions and actions. It is the result of a complex interaction of various senses such as feeling, seeing, hearing, thinking and comparing with known aspects of life in order to make some sense of the world around us. The quality or accuracy of a person's perception is an important factor in determining the quality of the decisions and actions. Perception is depending as the process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent picture of the world. A stimulus is any unit of

input of any of the senses. Sensory receptors are the human organs as the eyes, ears, nose, mouth and skin, they receive the sensory input. Their sensory functions are to see, hear, smell, taste, and feel. The study of perception is largely the study of what we subconsciously add to or subtract from raw sensory inputs to produce our own private picture of the world. Perception is the meaning, which a person gives to stimuli. Perception influences and shapes the behaviour. It can be defined as a complex process by which people select, organize and interpret sensory stimulation into a meaningful and coherent picture. The marketer must know how a customer perceives a product as a whole, its features, its packaging, its price etc., and then formulate the broad plans. A motivated person is ready to act. Act of motivated person is influenced by his perception of the situation. Perception not only depends upon physical stimuli but also the stimuli in relation to the surrounding field and conditions within the individual.

Features & characteristics of perception are:

1. Perception is basically a cognitive or thinking process and an individual's activities, emotions, feelings etc. are based on his perceptions of his surroundings or environment.
2. Perception being an intellectual and cognitive process will be subjective in nature. That is as a subjective process, different people may perceive the environmental occurrence of an event differently based on which aspects of the situation is absorbed by them, how they organise this information and on how they draw meaning and interpret it so as to obtain a meaningful understanding of the situation.

6.3 Perception Process

Perception is a process of receiving and interpreting environmental stimuli. In a world filled with complex environmental stimuli, our perceptions help us categorize according to our interpretation of the reality we see. The reality we see is almost never the same as the reality perceived by others. The perceptual process consists of following components:

1. **Environmental Stimuli:** Perception initiates with the presence of the stimulus situation.
2. **Sensations:** At any given moment, we are surrounded by countless environmental stimuli. We are not aware of most of these stimuli either because we have learned to ignore them or because our sense organs are not capable of receiving them. Sensation is the immediate and direct response of the sensory organs to simple stimuli (an advertisement, a package, a brand name). Human sensitivity refers to the experience of sensation. Sensitivity to stimuli varies with the quality of an individual's sensory receptors (e.g., eyes or ears) and the amount of intensity of the stimuli to which he is exposed. For example, a blind person may have a more highly developed sense of hearing than the average sighted person and may be able to hear sounds that the average person cannot.
3. **Attention:** Although we are capable of sensing many environmental stimuli, we attend to only a very small portion of them and ignore the rest. Numerous factors influence the attention process.
4. **Perception:** The process of perception involves organizing and interpreting the sensations we attend to visual images, sounds, orders and other sensations do not Perceptual Process. Simply enter our consciousness as pure, unpolluted sensations. As we attend to them, we consciously try to organize or categorise the

information into a meaningful perception that will somehow make sense to use; although we would like to think of ourselves as open-minded, unbiased, and non-judgmental in our perceptions, the demands of situation make it impossible, we are forced to draw quick inferences based upon very sparse information. We tend to categorise people using limited pieces of information and then act on this information, even though most of our inferences have not been confirmed. This process is called making perceptual inferences since we are required to diagnose our situation and make rapid inferences about it from scanty clues.

6.3.1 Factors influencing perceptual mechanism

1. External Factors: These are:

- (a) **Intensity:** High intensity increases the chances of selection. If the message is bright, if sentences are underlined it gets more attention than in normal case. The greater the intensity of stimulus, the more likely it will be noticed. An intense stimulus has more power to push itself through our selection filters than does the weak stimulus.
- (b) **Size:** Size establishes dominance and over-rides other things and thereby enhances perceptual selection. The bigger the size of perceived stimulus, higher is the probability that it is perceived.
- (c) **Frequency:** A repeated extremely stimulus is more attention getting than a single one. A stimulus that is repeated has a better chance of catching us. Repetition increases our sensitivity and alertness to the stimulus. Thus, greater the frequency with which a sensory stimulus is presented, the greater the chances we select it for attention. Repetition is one of the most frequently used techniques in advertising and is the most common way of receiving our attention. Repetition aids in increasing the awareness of the stimulus.
- (d) **Order:** According to Second and Backman, the order in which the objects or stimuli are presented is an important factor in influencing selective attention. Sometimes, the first piece of information among many pieces received, receives the most attention, thus making the other pieces of information less significant. Sometimes, the most important piece is left to the end in order to heighten the curiosity and perceptive attention. For example, a copywriter may intentionally build up to a major point by proceeding through several similar and less important points.
- (e) **Repetition:** A repeated message is more likely to be perceived than a single message. Work instructions that are repeated tend to be received better. Marketing managers and advertisers use this principle in order to get the customers' attention. Morgan and King stated that "a stimulus that is repeated has a better chance of catching us during one of the periods when our attention to a task is waning. In addition, repetition increases our sensitivity or alertness to the stimulus". This principle of repetition is used extensively in advertising to attract the attention of buyers.
- (f) **Novelty & family- :** The principle states that either the familiar or the novel factor can serve as an attention getter. New objects in a familiar setting or familiar objects in a new setting will draw attention. People quickly notice an elephant walking along a city street. Similarly, among a group of people walking towards us, we are most likely to perceive the face of a friend in the crowd. People with unusual clothing will be attention getters. Advertisers use this fact by using

celebrities or by using different kinds of cartoons, writing styles, etc. Advertisers use the impact of novelty by creating original packaging or advertising messages.

- (g) **Movement:** Moving objects are more likely to be perceived than stationary objects. Movement increases our awareness of the object before we become aware of the stationary surroundings. A flashing neon sign is more easily noticed. A moving car among parked cars gets our attention faster.
- (h) **Status:** Perception is also influenced by the status of perceiver. High status people can exert more influence on perception of employees than low status people.
- (i) **Contrast:** Stimuli that contrast with the surrounding environment are more likely to be selected for attention than the stimuli that blend in. A contrasting effect can be caused by colour/size or any other factor that is unusual. The contrast principle states that external stimuli that stand out against the background or which are not what are expected will receive better attention. The contrast effect also explains why a male person stands out in a crowd of females.

2. Internal Factors: These factors include:

- (a) **Needs and desires:** The needs and motives of the people play a vital role in perception. Perception of a frustrated person would be entirely different from that of a happy going person. People at different levels of needs and desires perceive the same thing differently. Power seekers are more likely to notice power related stimuli. Socially oriented people pay attention to interpersonal stimuli. People will be likely to notice stimuli relevant to current active motives and compatible with major personality characteristics.
- (b) **Experience:** Experience and knowledge have a constant bearing on perception. Successful experiences enhance and boost the perceptive ability and lead to accuracy in perception of a person whereas failure erodes self-confidence.
- (c) **Learning:** Learning is an important factor in developing perceptual sets. A perceptual set is basically what a person expects from the stimuli on the basis of his learning and experience relative to same or similar stimuli. This is also known as cognitive awareness, by which the mind organizer information and forms images and compares them with previous exposures to similar stimuli.
- (d) **Personality:** Personality is another important factor that has a profound influence on perceived behaviour. Optimistic people perceive the things in favourable terms while pessimistic people perceive in negative terms. According to Maslow, "that between these two extremes there exist a category that can see things more accurately and subjectively". Research on the effects of individual personality on perception reveals many truths. These are:
 - I. Thoughtful individuals do not expose by expressing extreme judgments of others.
 - II. Persons who accept themselves and have faith in their individuality perceive things favourably.
 - III. Secure individuals tend to perceive others as warm, not cold.

6.4 Perception and Consumer Behaviour

6.4.1 Different Perceptions of Consumers

People can emerge with different perceptions of the same object because of these perceptual processes :-

(a) Selective Attention. : People are exposed to a huge amount of daily stimuli in the form of advertisement but a person cannot possibly give attention to all the advertisements. Most of the advertisements (stimuli) are screened out. A person perceives only that stimulus (ad of the product) which he needs or which have unique selling preposition. People would like to notice the following types of stimuli:

- People are more likely to notice stimuli that relate to the current need.
- People are more likely to notice stimuli that they anticipate.
- People are more likely to notice stimuli whose deviations are large in relation to the normal size of stimuli. Ads that are larger in size or that use four colours or are novel and provide contrast are more likely to be noticed.

People differ in terms of the kind of information they prefer. They also have varying preference for media. Some are more interested in appearance, some in social prestige and some in price. Some prefer elaborate ads where as some like simple messages. Consumers show wide variation in their selective attention to commercial stimuli.

(b) Selective Distortion: It describes the tendency of people to twist information into personal meaning. People interpret information in a way that will support rather than challenge their pre-conceptions.

(c) Selective Retention: People tend to retain information that supports their attitudes and beliefs (selective retention). It has been found that consumers are much more likely to recall seeing advertisements of those brands that they are using or want to use. Because of these perceptual factors (selective attention, selective distortion, selective retention), marketers use drama and repetition in sending messages to their target market.

6.4.2 Perceptual Vigilance and Defense

Selective perception ensures that consumers will receive information most relevant to their needs and to brand evaluation. This process is called perceptual vigilance. Several studies have demonstrated the operation of perceptual vigilance. In one classic study, poor children overestimated the size of coins more than wealthy children did because they value them more. Because of their needs, the poor children were more aware of money as a stimulus. In a marketing study, **Spence** and **Engel** found that names for preferred brands are recognized faster than names for other brands.

Perceptual vigilance guides consumers to necessary information. It also filters out any unnecessary information. It has been estimated that the average consumer is exposed to 300-600 advertisements in a normal day. Therefore, the consumer must be selective in screening out information. Such a filtering process becomes particularly important in low involvement decision-making. In these circumstances the spent on information processing is very low. The consumer will pay attention only to exceptional information such as a change in price or brand features or the introduction of a new brand. Information processing occurs, therefore, by exception. Little attention will be paid to frequently repeated and familiar stimuli. Attention is only devoted to new and unfamiliar stimuli.

Perceptual defense refers to the individual being vigilant and screening out of those stimuli or elements, which create conflict or may give rise to a threatening situation. The consumers may subconsciously screen out the stimuli, which are found to be psychologically threatening even if the exposure has taken place. They may even perceive other factors to be present, which may not be a part of the stimulus situation.

For example the cigarette smoker may avoid anti-smoking advertisements or play down their importance. Accepting the message may mean recognizing that the smoker's actions are detrimental to his health.

6.4.3 Perception of Price and Risk

The perceptions of two characteristics of products are of such import to the marketer that they deserve particular attention. These characteristics are the price and the risk associated with a product. Both can be influenced, at least in part, by actions of the marketer. Both are critical factors in the consumer's decision to purchase many products.

Consumer Perceptions of Price

While the price of a product may appear at first blush to be a very objective piece of information, consumer research has revealed that the perception of price is a complex event. The meaning of the price of a product is influenced by the product itself, the characteristics of the consumer, and the situation in which the pricing information is embedded. One reason for this is that consumers seldom carry price information around with them. Studies of consumers in grocery stores reveal that even after dropping an item in a shopping basket, they may not be able to indicate the price of the item. Rather, consumers appear to have an acceptable price range for a particular product. As long as the price of an item is within this acceptable range, it is acceptable to the consumer. Minor price differences within the acceptable range have little impact on the consumer's behaviour. Several studies, for example, have found that for many product categories, consumers had an upper limit above which the article would be judged too expensive and a lower limit below which the quality of the item would be suspect.

An understanding of the price expectations of consumers and their acceptable price range offers a useful tool for the marketer. Most often a marketer will want to assure that his product is priced near the top of the acceptable price range. If the consumer perceives no difference between Rs 169 and Rs 189, there is little reason not to have a price of Rs 189. On the other hand, if the marketer is interested in emphasizing low price, he will either have to price the product below the acceptable range and run the risk of being perceived as lower in quality, or develop a communication campaign to draw attention to the price differential and perhaps narrow the size of the consumer's acceptable price range. Another problem associated with the perception of price is that the product's unit price may not be the relevant information for the consumer. For many high ticket items, like washing machines, T.V. and automobiles, the selling price is less important than the size of the down payment and monthly payment. Creative financing arrangements may make a more expensive product appear less costly. A dear example of this is found in the automobile industry where forty-eight-month and sixty-month financing plans have become standard. Ten years ago, such loans were a dream. The increased term of the loan makes the monthly payment more acceptable and helps offset the substantial increases that have occurred in automobile prices.

Consumers may also be more sensitive to price decreases than small price increases. One researcher has distinguished between upside price elasticity (sensitivity to price increases) and downside elasticity. A noticeable decrease in price is more likely to increase consumption of a product than a price increase is to decrease consumption. Price

sensitivity also appears to be affected by social factors in the purchase situation. **Woodside** has found the presence of a friend may decrease price elasticity while the perceived expertise of a salesperson may decrease price sensitivity.

Consumers also appear to be sensitive to certain price points. Recognition of such sensitivity has given rise to a practice often referred to as psychological pricing. In the retail trade it has long been a practice to price items at round number (e.g. Rs.200) when there is a desire to create the impression of quality while an odd price just below the even number (e.g., Rs.199), is used to denote savings. Unfortunately, there have been few studies designed to verify this practice. One well-controlled study has found evidence that supports the notion that consumers are more likely to perceive the odd price as substantially lower than the even price. A final problem for marketers interested in understanding consumer perceptions of price is that price is often used by consumers to determine other characteristics of the product. The most common example of this phenomenon is the use of prices as an indicator of product quality. A substantial amount of empirical evidence suggests that when the consumer has insufficient information regarding product quality, he is likely to use price as an indicator of product quality. On the other hand, when the consumer has adequate information on product quality, either through prior experience with the product or more complete product descriptions, price is less likely to be used as an indicator of quality. Price is more likely to be used as a measure of product quality in those situations where it is not clear how quality should be determined. This is apt to be the case for many service-type products, including professional services such as medical care and business consulting.

Consumer Perceptions of Risk

The degree of risk that a consumer perceives to be associated with a product or service is a critical determinant of the purchase decision. Risk has been the topic of considerable research in psychology, economics, and marketing. Unfortunately, there is no generally agreed upon definition of risk. Raymond Bauer, who pioneered the study of risk perception and its effects on consumer behaviour, suggested that much of the behaviour of consumers is influenced by risk, in the sense that any action of a consumer will produce consequences which he cannot anticipate with anything approximating certainty, and some of which, at least, are likely to be unpleasant. Risk is generally held to be function of the uncertainty associated with the outcomes of product purchase and use, and the consequences (rewards or costs) of those outcomes. **Punj** and **Stewart**, for example, suggested that risk is the result of an interaction of the magnitude of potential consequences and uncertainty associated with those consequences. Risk is certainly high when the costs of an incorrect decision are high and uncertainty is great. There is little risk when the consequences of a consumer's behaviour are likely to be trivial and uncertainty is low. It is the situation where uncertainty and the costs of an incorrect decision are not uniformly high or low, which creates problems for defining risk. Even when uncertainty is low, high costs of an incorrect decision may create the perception of high risk among some consumers. High levels of uncertainty and moderate costs may also be perceived as risky. Complicating the problem of defining risk is the fact that risk may take many forms. Jacoby and **Kaplan** **have defined five types of risks**:

- **Functional risk**, the risk that a product will not perform as expected
- **Financial risk**, the risk that the product will not be worth its cost
- **Physical risk**, the risk that the product may be dangerous or harmful
- **Psychological risk**, the risk that the product will not fulfil psychological needs such as self esteem or attractiveness.
- **Social risk**, the risk that a product will not be accepted by others.

Different products may carry different types of risks. The purchase of a home certainty carries financial risk, and may carry psychological or social risk. New fashions may carry psychological and social risk. A new product, with which the consumer is unfamiliar, may carry considerable functional risk. Many pharmaceutical products carry physical risk. Some products, such as flour, carry little risk, while others, such as an automobile, may carry all five types of risk. It is important for the marketer to understand the types of risks consumers associate with their products and the sources of those risks. Consumers are inclined to buy the safe product; all other things being equal by understanding perceived risks and designing strategies to help the consumer to cope with perceived risks, the marketer can remove an important impediment to product purchase. Consumers deal with risks in different ways and some consumers have a higher tolerance for risk than others. There is evidence to suggest that consumers tend to weight negative product information more heavily in high-risk situations. Consumers generally seek to minimize risk and use a wide range of strategies for this purpose. More extensive shopping and information gathering may reduce uncertainty associated with a purchase decision. Purchase of small quantities or the use of "free trials" offered by firms may reduce financial risk. Talking to others might reduce social risk. Functional risk might also be reduced by learning about the experiences of other consumers, reading the result of objective product tests such as those reported in *Consumer Reports*. the purchase of products that have performed satisfactory in the past- a type of brand loyalty- reduce the risk associated with the purchase decision.

6.4.4 How Buyers Perceive themselves and the Products?

Buyers see themselves and the product in terms of images. These images are formalized impressions residing in the minds of individuals with regard to given subject. Patterns of buying behaviour are influenced by the images. Consumers have images of different products, particular brands, and company's retail outlets and of themselves in their mind. As the image affect consumer's buying behaviour, marketers take them into account in drafting promotional plans and programmes. Differences among individual Products, brands and the like result in different images and motivation research is used not only to identify the nature of images but to detect the implications for marketing action.

- **Self Image:** Self-image is the picture of a person himself; the kind of person he considers himself to be and the kind of person that he imagines that others consider him to be. Different people have different kinds of self-image and this gives rise to market segmentation along psychological lines. A basic tenet of motivation research is that in many buying situations, an individual prefers to buy those products and brands whose images appear consistent with his self-image.
- **The Brand Image:** The brand image results from all the impressions consumers receive about a particular manufacturer's brand. In the minds of the consumers, familiar with a particular brand, there tends to be a considerable consistency in the brand image or as it is sometimes called the "brand personality." But for competitive brands there are usually distinctive images in the minds of consumers. Similarly, retail stores exhibit distinct images or personalities, as do corporate. Through long continued use of particular advertising and selling appeals, many brands have acquired definite images. In numerous cases, a brand image has developed without the management intending it. Whether or not a particular brand image was shaped deliberately, management should identify its nature precisely. Otherwise, ignorance of the brand image may result in poorly planned promotional programmes.

Perceptual Mapping

The image that a product or service has in the mind of the consumer that is how it is positioned is probably more important to its ultimate success than are its actual characteristics. Marketers try to position their brands so that they are perceived by the consumer to fit distinctive niche in the market place - a niche by no other product. They try to differentiate their products by stressing attributes they claim will fulfil the consumer's needs better than competing brands. They strive to create a product image consistent with the relevant self-image of the targeted consumer segment. The technique of perceptual mapping helps marketers to determine that how their products or services appear to consumers in relation to competitive brands, brands on one or more relevant characteristics. It enables them to see gaps in the positioning of all brands in the product or service, class and to identify areas in which consumers' needs are not being adequately met.

Product categorization

Marketers seek to facilitate the process of perceptual categorization. They want to make sure that the consumer recognizes a brand as part of a product class, but they do not want their brand to be a direct duplicate of other brands. Product positioning attempt to establish both product categorization and product uniqueness.

Process of Categorization

Consumers categorize information in a series of steps starting with a preliminary judgment about a product and ending with a definite categorization. **Bruner** has identified four stages of categorization:

1. **Primitive Categorization:** This is the consumer's first snap judgment concerning the nature of the information when he first sees that brand.
2. **Cue Search:** The object is now examined more closely and a larger number of informational sources are examined to help the consumer categorize the object. The consumer is interested and is receptive to more information. .
3. **Confirmation Check:** The consumer obtains additional information and with some certainty categorizes the object. As a result, the consumer need not seek out sources any longer to determine the nature of the product.
4. **Confirmation Completion:** This stage represents the final categorization. Once the product is categorized, additional exploratory search for information is no longer necessary. The consumer's mind is made up and any stimuli that are contrary to the final categorization are likely to be ignored.

If this categorization is common to many consumers, then the company has succeeded in positioning.

6.5 Perception and Marketing Strategy

Consumers' perceptions are of great importance for the company to study. It includes how does customer perceives the company and store image? Where does he position company product vis-a-vis competitors in mind space? How does he perceive price stimuli? Does he perceive any relationship between price and quality? Therefore the understanding of the customer perception is an essential guide to marketing strategy.

6.5.1 Company Image

TATA, GE, and LG are few of the companies that are investing in company brand. They have umbrella branding means all their products have the company name. In terms of perception they are building company image in the eyes of consumers. A company's

image is the perception consumers towards the company brand name based on their previous experiences and their knowledge and beliefs. Brand names are important both for consumer and industrial products. Marketers use perception effectively so that the brand and Logo convey the intended meaning. It has to be used in an appropriate manner so that brand equity and desired brand personality is created in the minds of the consumer.

6.5.2 Product Positioning

The essence of successful marketing is the image that a product has in the minds of the consumers - that is, positioning. The core of effective positioning is a unique position that the product occupies in the minds of the consumers. Most products fail because they are perceived as "me too" offerings that do not offer potential consumers any advantages or unique benefits over competitive products. Marketers of different brands in the same product category can effectively differentiate their offerings only if they stress the benefits that their brand provides rather than their products' physical features. A good positioning strategy should have two-pronged meaning- one that is congruent with the consumers' needs, while at the same time, featuring the brand against its competition. For example, the classic 7-up slogan "the Un-cola" was designed to appeal to consumers' desire for an alternative to the most popular soft drink, while also elevating the product by placing it in the same league with its giant competitor in the U.S. However it is important for the company to occupy the first position in a product category.

The result of successful positioning strategy is a distinctive brand image, which leads to consumer loyalty, positive image about the brand value, and a willingness to search for the brand.

- (A) **Umbrella positioning:** this strategy entails creating an overall image of the company around which a lot of products can be features individually. This strategy is appropriate for very large corporations with diversified product lines.
- (B) **Positioning against the competition:** every company has to position its brand against the competitors. This is primarily done using advertising. Allen Solly Formal Wear ad depicts the concepts of positioning against the competition to influence consumer imagery. Allen Solly had earlier promoted the unconventional concept of Friday Dressing. This ad portrays formal wear in an out-of-office environment, which is quite an unconventional idea. Allen Solly is positioning the brand as 'relaxing formal wear for work'. It depicts all that formal wear is not. This clearly shows that Allen Solly is positioning itself against the competition in the sense that it is portraying against what formal wear is' thought to be-boring, uncomfortable office wear. It emphasizes the concept of 'casual formals'. In this way, Madura Garments is also delving into the positioning in 'unowned position' because formal wear brands have not stressed upon this concept so far.
- (C) **Positioning based on a specific benefit:** here the company positions its brand on the basis of a particular benefit that is of interest to the consumers. For example, Voltas Max Clean Washing Machine. This washing machine ad targets kids. It is positioning itself on the basis of the benefits rather than the washing machine features and attempts to position it as the "ultimate cleaner" that actively tackles the dirtiest of clothes. The ad is targeted at the middle class housewives whose world revolves around their kids and family. This has been done to improve the image of the washing machine in the eyes of the housewives by stressing the benefits of the machine.

- (D) **Finding an unowned position:** in highly competitive markets, finding a niche unfilled by other companies is challenging but not impossible. For example, earlier, all the major toothpaste brands were focusing on teeth strength and white teeth in their campaigns. But Pepsodent entered with a focus on strong gums and prevention of gum diseases.

6.5.3 Product Repositioning

Regardless of how the product appears to be, the marketer may be forced to reposition it in response to market events, stagnating sales, competitor cutting into the brand's market share or too many competitors are stressing the same attribute. Another reason to reposition a product or a service is to satisfy the changing consumer preferences. Other reasons for positioning can be increasing relevance to the consumer, increasing occasions for use, and search for a viable position, bringing in new customers and making the brand contemporary.

Repositioning is a strategy wherein you create a slightly different image of your brand not going away too far from the brand's core values. Repositioning is changing the positioning of a brand. A particular positioning statement may not work with a brand. For instance, *Dettol* toilet soap was positioned as beauty soap initially. This was not in line with its core values. Dettol, the parent brand (antiseptic liquid) was known for its ability to heal cuts. The extension's "beauty" positioning was not in tune with the parent's "germ-kill" positioning. The soap, therefore, had to be repositioned as "germ-kill" soap ("Bath for grimy occasions") and it fared extremely well after repositioning. Here, the soap had to be repositioned for image mismatch. There are several other reasons for repositioning. Often falling or stagnant sales is responsible for repositioning exercises.

6.5.4 Perceptual Mapping

The technique of perceptual mapping helps marketers to determine just how their products or services appear to consumers in relation to competitive brands on one or more relevant characteristics. It enables them to see the gaps in the positioning of all brands in the product or service class and to identify areas in which consumer needs are not being adequately met.

6.5.5 Positioning of Services

Compared with the manufacturing firms, service marketers face a unique problem in positioning their offerings. Because services are intangible, images become a key factor in differentiating a service from its competition. Thus, the marketing objective is to enable the consumer to link a specific image with a specific brand name. Many service marketers have developed strategies to provide consumers with visual images and tangible reminders of their service offerings. One study of service environment identified five environmental variables most important to bank customers:

1. Privacy
2. Efficiency/convenience
3. Ambient background
4. Social conditions
- and
5. Aesthetics

The design of the service environment is an important aspect of service positioning strategy and sharply influences consumer impressions.

6.5.6 Perceived Price

Consumers use price only as an indicator of product cost and price has down-sloping demand curve relationship is too simplistic microeconomic theory approach. This approach towards pricing is devoid of consumer behaviour perspective. How consumer perceives price is important dimension. Price has major influence on both the purchase intentions and purchase satisfaction.

6.4 Summary

Perception is a process by which individual selects marketing stimuli, organizes, and interprets based on his own needs, values and expectations to make a meaningful and coherent picture of the world around him. Sensory perception comprises of the two factors namely, marketing stimuli and individual receptors. Sensory perception means receiving a stimulus inputs by the individual receptors. It is important that all the five senses of consumer are stimulated. Absolute threshold is the minimum level of marketing stimuli that is required to get noticed by the receptors of the customers. It is important for companies to manage both above and below the just noticeable difference (JND) levels depending on the situation. However, level of stimuli remains above the absolute threshold level. Perception process consists of three steps; perceptual selection, perceptual organization, and perceptual interpretation. This consists of Gestalt comprises of three principles namely, figure and ground, grouping, and closure. This chapter also discusses the application of perception for positioning and repositioning, positioning, perceived risk and price perception, that covers, psychological pricing, price and quality relationship, and reference pricing.

6.7 Self Assessment Questions

1. What is Consumer Perception? What are the features and characteristics of Consumer Perception?
 2. Describe the Consumer Perception process. Explain the elements of Consumer Perceptual Process.
 3. What are the factors influencing Consumer's perceptual mechanism? Describe with suitable examples.
 4. What is the linkage between Perception and Consumer Behaviour? explain with the definitions of perceptual Vigilance and Defence
 5. What do you mean by Perception of Price and Risk? Describe with examples.
 6. How Perception would be Important for Marketing strategy Designing? Explain with examples of product positioning and company image.
-

6.8 Reference Books

- Dr. Rajeev Kamra(2008), "Consumer Behaviour", Himalaya Publishing House, 2009, Mumbai.
- P.K. Agarwal & Manoj Kumar, "Consumer behaviour", Pragati Prakashan, 2006, Meerut.
- Dhruv Grewal, Kent 6.-Monroe, & R. Krishnan, "The effects of price-comparison advertising on buyers' perceptions of acquisition value, transaction value, and behavioural intentions", *Journal of marketing*, April 1998.
- Bruce F. Hall. "A new model for measuring advertising effectiveness", *Journal of Advertising Research*, April 2002.
- DPS Verma and Soma Sen Gupta, Vikalpa Vol. 29, 2004, April-June.
- S. Ramesh Kumar, "Brand Equity And Pricing Decisions", Indian Management, May 2004.
- Jagdish Sheth, "Balancing The Demand Price Equation" Indian Management, May 2004.
- Sen Gupta and Sanjeev Sharma, "Bata Pricing Has Completely Redefined and Rewritten Rules of Retail Marketing" Indian Management, May 2004.
- Vinod Mahanta and Rajiv Banerjee. "Point of More Return" Brand Equity. 21st September, 2005.

Unit- 7 : Attitude and Consumer Behaviour

Structure of Unit:

- 7.0 Objectives
- 7.1 Introduction
- 7.2 What is Attitude?
- 7.3 Attitude and Consumer Behaviour
- 7.4 Attitude Change
- 7.5 Summary
- 7.6 Self Assessment Questions
- 7.7 Reference Books

7.0 Objectives

After Completing this unit you would be able to:

- Understand the concept of Consumer Attitude;
- Understand Functions and components of Consumer Attitude;
- Learn the process and impact of Consumer Attitude Formation;
- know about Consumer attitude Measurement and change;
- Learn about attitude and Consumer Behavior linkage;
- Know about Models of Consumer Attitude.

7.1 Introduction

Attitudes are the emotional predispositions to respond positively or negatively to an object or class of objects. Predispositions are the result of constant learning influenced by the perception and personality. It is very difficult to change the perception because it is the result of continued learning. Attitudes led people to behave in fairly consistent way toward similar objects. If a consumer is brand loyal then it is very difficult to change his attitude and belief towards that brand. The marketer must try to identify the attitudes and beliefs of the customer segment and then develop the appropriate positioning strategy.

Consumer researchers assess attitudes by asking question or making inferences from behaviour. For example, if a researcher determines from questioning a consumer that the individual consistently buy Close up and recommends them to friends, the researcher is likely to infer that consumer possesses a positive attitude towards Close up toothpaste. Attitudes are important to the marketer because they theoretically summarize a consumer's evaluation of an object (brand, company) and represent positive or negative feelings and behavioural tendencies. Marketer's keen interest in finding out attitudes is based on the assumption that they are related to consumer's purchase behaviour. Advertising and other promotional methods are used to create favourable attitude towards new product/services or brands, reinforce existing favourable attitudes and/or change negative attitudes.

7.2 What is Attitude?

7.2.1 Concept of Attitude

Any individual considering a purchase or entering a buying situation takes into it certain attitudes. An attitude is a mental and neural state of readiness to respond, which is organized through experience and exerts a directive and/or dynamic influence on behaviour. An attitude is an enduring organization of motivational, emotional, perceptual

and cognitive processes with respect to some aspect of our environment. It is a learned predisposition to respond in a consistently favourable or unfavourable manner with respect to a given object.

We all have attitudes of one kind or other. When we watch T.V. in the evening our attitude to the advertisements and hence to the products they promote, are influenced. Unfortunately, beyond the knowledge that attitudes exist, very little else is actually known about them. This is particularly true of the critical relationship between attitude and behaviour. The traditional assumption in advertising has been that change in attitudes would result in change in behaviour.

The marketing manager's success is determined partly by his ability to understand, predict and influence the consumers' attitudes. The marketer may be interested in confirming the existing attitudes or change in the existing attitudes or create new attitudes depending on how his product is performing in the market. Attitude confirmation is perhaps, the easiest course of action, which is followed in case of established products. Such an act involves only reminding the consumers as to why they like it and why they should continue it to purchase. Attitude changing is more difficult task than mere confirming it. It is a change from disposition to act in the direction of the original attitude to a disposition to act in the opposite direction. A product disliked is to be liked by the consumers. It is really a difficult process. Attitude creation is to make the consumers to forget the old products or brands and to make them to go in for new product or brand entirely altogether. In fact, it is comparatively easier to create new attitudes than to change the existing one. The most powerful instrument to attitude change and creation is advertising.

Features & characteristics of attitude can be summarized by the following points:

1. Attitudes are not innate. Appearance of an attitude is dependent on learning.
2. The relationship between a person and an object is not neutral but has motivational affective properties.
3. Attitude cannot be observed directly. As we cannot observe pain, tension or an unspoken idea, we cannot see our attitude. It is something inside an individual.
4. The subject, object relationship is accomplished through the formation of categories both differentiating between the objects and between the people's positive or negative relation to the objects in the various categories.
5. Attitudes are not temporary states but are more or less enduring once they are formed.
6. Attitudes always imply a relationship between the person and objects.
7. Marketers are more concerned with understanding attitudes (for instance, does a brand have a favourable or unfavourable image), modifying attitudes (to make them more favourable towards others) and turning positive attitudes towards object or product into an action resulting in the purchase of the item in question.

7.2.2 Functions of Attitude for Consumers

Understanding the functions of attitudes mean understanding how they serve the individual. **Daniel Katz** has given four point classification of attitude function:

1. **Utilitarian/Adjustment Function:** Attitudes fulfil an adjustment function when they are instrumental in gaining rewards and/or avoiding punishment. Many of the attitudes we hold serve this function. When we join a new social group, we adopt many of its members' attitudes because they facilitate interaction and avoid

hassles. Once we have adopted these new attitudes, they guide our behaviour by directing it along the lines that are most likely to bring group approval.

In terms of marketing housewife who receives praise from guests for the *chholey* she prepared with **MDH** spices will develop a favourable attitude toward **MDH** spices because it has been instrumental in giving social reward. This attitude will influence her future shopping behaviour and **MDH** will have won a customer.

Many of the product attitudes we hold based on their utilitarian function. Bringing about behaviour changes through sampling, coupons, deals, and demonstrations is an effective marketing device for changing instrumental attitudes, provided the product being sampled or demonstrated is clearly superior to competitive products in providing satisfaction. In terms of advertising, product comparisons emphasize on need satisfaction, problem-solution advertising, and testimonials by satisfied users offer avenues for attitude change. Product news- new product, new ingredients, new improved performance is a technique widely used by marketers to modify utilitarian attitudes.

2. **Value Expressive Function:** Attitudes express a self-concept and value system. The self-image of an individual purchasing a sports car, for example, may be of a hard driving, domineering, person who likes to gain the upper hand. Aggressiveness may manifest itself in purchasing a car that fits this image. Likewise, the individual who dresses conservatively like everyone else where he works has accepted the values of conservatism and wealth as expressions of success.

Attitudes serve the value-expressive function when they are vehicles for expressing the basic values that an individual holds. There is little the individual marketer can do to alter the basic values of an individual or of a culture. Occasionally, industry-wide efforts are mounted to influence values, with individual firms contributing to a centrally administered promotional budget. Such efforts are notoriously unsuccessful, because values change slowly and are usually beyond the reach of the marketer.

Advertisers often appeal to the nature of attitudes by implying that use or purchase of a certain item will lead to or independence. In this manner, advertisers are appealing to a large segment that value these self-expressive traits. An ad that says "*Pepsi drinkers think young*" is value expressive to the extent that youth is highly valued.

3. **Ego Defensive Function:** Attitudes protect the ego from anxieties and threats. Many products, like mouthwashes, are purchased to avoid anxiety-producing situations. Most individuals use mouthwashes to avoid bad breath rather than to cure it. Advertising capitalizes on the fears of social ostracism by demonstrating greater social acceptance through use of certain products (for example, Close-up). As a result, consumers develop positive attitudes toward brands associated with social acceptance, confidence, and sexual desirability.

In marketing, particular brands may be preferred because of their compensatory value. Expensive cars, tailored clothes, jewellery, and prestige brands may be purchased as an unconscious denial of feelings of insecurity. The avowed preference of the youth culture for unconventional life styles, disreputable clothing, and unusual hairstyles is often an unconscious expression of rebellion against parents and other authority figures. While **Katz** identifies the ego-

defensive function as one of the functions that attitudes serve, psychoanalytic theorists argue that it is the only function of attitudes.

Men who are insecure in their masculinity may view products promoted as very macho favourably or individuals who feel threatened in social situations may form favourable attitudes toward products and brands that promise success or at least safety in such situations. These individuals would be likely to have favourable attitudes towards popular brands and styles of clothes and use personal care products such as deodorants, dandruff shampoo, and mouthwash.

4. **Knowledge Function:** Attitudes organize the mass of information consumers are exposed to daily and help set up standards on which to judge the information. The consumer sorts all the messages, ignoring the less relevant information. The organization of knowledge function also reduces uncertainty and confusion. Advertising that provides information about new brands or new characteristics of existing brands is valuable for the information it provides. Attitudes serve a knowledge function when they help us organize and simplify the complex and inexplicable world in which we live. As Katz points out,

"Individuals not only require beliefs in the interest of satisfying various needs, they also seek knowledge to give meaning to what would otherwise be an unorganized chaotic universe. People need standards and frames of reference for understanding their world, and attitudes help to supply such standards. "

The knowledge function organizes and classifies experience and objects so that they can be easily understood and dealt with. Products serve this function when they are positioned and presented in a clear unambiguous fashion.

7.2.3 Tri Component Attitude Model

Three components establish consumer attitudes. These components are:

- (a) **Cognitive Component:** The cognitive component consists of a person's cognitions leading to whole set of beliefs which he holds about the object. The beliefs are regarding the various attributes attitude object possesses. Attitudes about a perfume like fire and ice include beliefs about its lingering presence, unique smell, and use occasions.

What consumers believe about a brand (the cognitive dimension of attitudes) becomes the characteristics they ascribe to the brand. There are two types of beliefs: informational beliefs and evaluative beliefs. **Informational beliefs** are associated with product attributes (e.g., number of calories, vitamin content). **Evaluative beliefs are** associated with benefits (e.g., economy, good taste). Benefits are a basis for defining opportunity (is there a segment emphasizing nutrition? What is its size?); for positioning a new product (can a new beverage be introduced to appeal to this segment?); and for developing advertising strategy (what symbols, ideas, and messages will communicate nutrition for the whole family?).

- (b) **Affective Component:** This is a feeling or emotional component of the attitude. These feelings are about the attitude object, may be a brand. The affective dimension represents the consumers over all evaluation of the brand. Where beliefs about a brand are multidimensional because they represent the brand attributes the consumer perceives, while the effective dimension is one-dimensional. A consumers over all evaluation of a brand can be measured by rating it from poor to excellent or from prefer least to prefer most.

As the brands are evaluated in the context of specific situation, one's affective reaction to a product may change as the situation changes. For example, a consumer may believe that (1) Diet coke has caffeine and (2) caffeine will keep us awake. These beliefs may cause a positive affective response when a consumer needs to stay awake to study for an exam and a negative response when he wants to drink something late in the evening that won't keep him awake later.

Due to unique motivation and personalities past experiences, reference groups and physical conditions, individuals may evaluate the same belief differently. Some individuals may have a positive feeling towards the belief that Diet coke is made by a large multinational firm,' where as others could respond negatively.

- (c) **Cognitive (Behavioural) Component:** This component represents the potential or readiness to respond. It is one's tendency to respond in a certain manner towards an object or activity. A positive attitude is most likely to lead to recommendation or purchase.

A negative attitude is likely to lead to attack, punishment or destruction of the object, or things associated with it. In marketing, the buying intention is considered to be a conative component. A series of decisions to purchase or not to purchase close up gel tooth paste or to recommended other brands to friends would reflect the behavioural component of an attitude. Behavioural component provides response tendencies and behavioural intentions. Actual behaviours reflect these intentions as they are modified by the situation in which the behaviour will occur. Since, behaviour is generally directed toward an entire object, it is less likely to be attribute specific than are either beliefs or affect.

7.3 Attitude and Consumer Behaviour

7.3.1 Factors inhibiting the relationship between Attitudes & Consumer behaviour

Positive attitudes do not always lead to a purchase. The following conditions may cause a lack of association between attitudes, intentions and behaviour.

1. **Price:** An increase in the price of the favoured brand may cause the consumer to switch with no change in attitudes. In addition, special price promotions or better credit terms for competitive brands may cause a consumer to buy a less preferred brand.
2. **Availability:** The unavailability of the preferred brand may lead to the purchase of a less preferred brand with no change in attitudes.
3. **Changing Market Conditions:** The introduction of a new brand or a change in an existing brand may cause the consumer to change buying plans.
4. **The Repurchase Cycle:** A consumer is less likely to fulfil purchase intentions when the purchase cycle is long. The university of Michigan study interviewed consumers to determine actual or purchases one year after determining intentions. Many factors such as a change in needs, economic circumstances or alternatives available can intervene in the space of a year to change intentions.
5. **Lack of Involvement:** Attitudes are less likely to be related to behaviour for low involvement products.

7.3.2 Consumer attitude formation

Attitudes are learned though there are different approaches on how learning works as is acquired by individuals. Following factors lead to formation of attitude:

1. **Economic Factors:** A person's attitude towards a host of issues such as pleasure, work, marriage, working woman etc is influenced by economic factors such as his economic status in the society, rate of inflation in the economy, government economic policies and the country's economic condition.
2. **Family Factors:** During childhood, a person spent in major part of his time in the family. Thus, he learns from the family-members who provide him with readymade attitudes on a variety of issues such as education, work, health, religion, politics, economics etc. Every family installs or attempts to install such attitudes among its members as are considered appropriate to its socio-economic status in the society. Therefore, a person from a middle class family may hold a different attitude, towards spending than a person from an affluent family. In the later years of life, however, any person whom we admire, respect or fear may have greater influence on our attitudes.
3. **Social Factors:** Societies differ in terms of language, culture, norms, values, and beliefs etc, all of which influence a person's attitude. For example, people in India generally hold different attitude towards communism from the people of China. Similarly, Indians and Americans differ in their attitude towards religion. Thus, people belonging to a nation develop attitudes, which would be in tune with the needs of the society.
4. **Political Factors:** Politics plays a crucial role in the administration of a country. Therefore, political factors such as ideologies of the political parties, political stability and the behaviour of the political leaders greatly affect the attitudes of the people.
5. **Psychological Factors:** The psychological makeup of a person is made up of his perceptions, ideas, beliefs, values, information etc. It has a crucial role in determining a person's attitude. For example, if a person perceives that generally all antiseptic lotions have irritating effect, he is likely to develop a negative attitude towards all antiseptic lotions, though in fact one that doctor prescribed may not have irritating effect.
6. **Personality Factors:** Personality factors are important in attitude formation. However, many personality factors/characteristics are themselves determined by group and social factors. Many research studies show positive relation between a consumer's personality variables and particular attitudes. But since a consumer's personality is influenced by various groups and social factors as well as heredity factors, in understanding attitude formation, these factors particularly the former ones have to be analysed.
7. **Reference Group Factors:** Members of the reference group also plays a role in influencing consumer's attitudes or behaviour. The reference groups serve important inputs to a consumer's learning of his attitudes and awareness of alternative behaviours and life styles. In this process of socialization, the consumer will learn the value system norms, the desired behaviour patterns of the society etc.

7.3.3 Theories of Attitude Formation

Different theorists have proposed the theories for attitude formation & change. These are as following:

1. **Cognitive Dissonance theory:** Leon Festinger in late 1950's proposed the theory of cognitive dissonance. This theory sought to explain the linkage between attitudes and behaviour. Dissonance means inconsistency. Cognitive dissonance refers to any incompatibility that individual might perceive between two or more of his attitudes, or between his behaviour and attitude. Festinger argued that any form of inconsistency is uncomfortable and that individuals would attempt to reduce the dissonance and hence the discomfort. Therefore, individuals will seek a stable state where there is a minimum of dissonance.

Of course, no individual can completely avoid dissonance. Festinger argued that the desire to reduce dissonance would be determined by the importance of the elements creating the dissonance, the degree of influence the individual believes he has over the elements, and the rewards that may be involved in dissonance.

Implication of cognitive dissonance theory: Cognitive dissonance theory helps to predict the propensity to engage in attitude and behavioural change. If individuals are required, for example, by the demands of their job, to say or do things that contradict their personal attitude, they will tend to modify their attitude in order to make it compatible with the cognition of what they have said or done.

2. **Functional Theory:** Functional theory considers how attitudes and efforts are related to the motivational structure of the individual. The theory focuses on the meaning of the influence situation in terms of both the kind of motives that is aroused and the individual's method of coping and achieving his goals. An understanding of the functions served by attitudes is important for attitude change procedures since a particular method may produce change in individuals whose attitudes serve one particular function, but may produce no change in an opposite direction in individual for whom the attitudes serve a different function.

The most prominent person who visualized functional theory is Katz and he suggested four functions, of attitudes i.e., utilitarian or instrumental function, ego-defensive, value orientation, and knowledge. It can be seen that there is some similarity in parts of this theory to cognitive dissonance theory. When an attitude serves an adjustive function, one of the following two conditions must prevail before it can be changed :

- (i) The attitude and the activities related to it no longer provide the satisfaction they once did; and
 - (ii) The individual's level of aspiration has been raised, shift in the satisfaction, which come from behaviours, bring with them changes in the attitudes. When new behaviours inconsistent with attitudes bring satisfaction, these attitudes then must be adjusted.\However, Katz's functional theory has not stimulated much research except the work on changing ego-defensive attitudes.
3. **Self Perception Theory:** While most attitude-behaviour studies yield\ positive results that attitudes do influence behaviour, the relationship tends to be weak before adjustments are made for moderating variables. But requiring specificity, an absence of social constraints and experience in order to get a meaningful correlation imposes severe limitations on making generalizations about the Attitude - Behaviour (A - B) relationship. This has prompted some researchers to

take another direction to look at whether behaviour influences attitudes. This view is called self-perception theory.

Self-perception theory holds that attitudes are used, after the fact, to make sense out of the action that has already occurred.

When asked about an attitude toward some object, individuals recall their behaviour relevant to the object and then infer their attitude from their past behaviour. Self-perception theory has been well supported. While the traditional attitude-behaviour relationship is generally positive, it is also weak. In contrast, the behaviour-attitude relationship is quite strong.

4. **Social Judgment Theory:** The social judgment theory, formulated originally by **Sherif** and **Hornland**, attempts to explain how existing attitudes produce distortions of attitudinally related objects and how these judgments mediate attitude change. Accordingly, a person's own stand on an issue, that is initial attitude, serves as an anchor for the judgment of attitudinally related stimuli. The person's initial attitude on an issue provides a point of reference against which he evaluates other opinions. These views can be considered in terms of attitudinal continuum and can be considered as comprising latitudes. The latitude of acceptance, which is the range of opinions the individual finds acceptable, encompasses the opinion that best characterizes his **6%** stand. The attitude of rejection, which is the range of opinions the individual finds objectionable, encompasses the opinion he finds most objectionable. The attitude of non commitment is the range of opinion that the person finds neither acceptable nor unacceptable.

7.3.4 Attitude Measurement

In attitude research, measurement of the attitude, consumers held is generally obtained in a relatively direct fashion through the use of some type of attitudinal scales. In this method, a fairly direct question is given and respondents reflect the strength and direction of their attitudes by their responses, as measured upon carefully designed scales.

7.4 Attitude Change

7.4.1 What is Attitude Change?

Attitudes are measured on the likert or semantic scale, ranging from enthusiastic, positive, neutral, negative and horrible. If marketers' brand enjoy positive attitude of their current customers then they are concerned with maintaining positive attitudes. It has been researched that maintaining the loyal customer is five times less costly compare to acquiring a new customer. If their brand has negative then changing the neutral attitudes to positive attitudes or least neutral ones. It is also well researched that unhappy customer spread bad word of mouth to eleven other people. It is difficult but not impossible to change the attitude that is the reason it has marketing implications for the marketers. Attitude changes are learned by the consumers. Marketers have found that weakly held attitudes are easier to change than strongly held attitudes.

Consumers tend to develop strongly held attitudes in areas they consider being of great personal importance, that is, of high involvement. Although many factors can influence the attitude change, one fundamental consideration should be the degree of involvement that consumers are experiencing with the product. As discussed above attitude based on direct experience, value systems are strongly held and are difficult to change. But other

weak held attitudes are easier to change. For instance it is difficult to change the horrible ranked attitude (high degree of negative).

7.4.2 Attitude Change Strategies

Attitude can be changed in response to the introduction of new or improved products by themselves or the competition; the addition of new consumer experiences, either direct or indirect; the marketing efforts of the competition; and how the product performs after purchase. There are six categories of attitude change strategies. These strategies take only one view that attitude precedes behaviour, whereas other linkages are not taken into consideration. When faced stagnating market, declining market share, and increased competitors or wrong information about product forces marketers develop strategies that attempt to change or intensify attitudes.

1. The Elaboration Likelihood Model (ELM)

The Elaboration Likelihood model was developed by two psychologists from the Ohio State University. Richard Petty and John Cacioppo are the two developers of the Elaboration Likelihood model. There are two paths of persuasion discussed that effect attitude change in the model. They are the "central route" and the "peripheral route".

- **Central route:** It involves a lot of message elaboration. In other words, the message must be very specific and provides all relevant information. Elaboration is the extent to which a person carefully thinks about issue-relevant arguments contained in a persuasive communication. The purpose of using the central route is to scrutinize ideas, think of implications, and figure out if they have true merit. The purpose, of the central route is to process new information rationally. The central route is based on mental activity it requires a thoughtful analysis, or cognitive elaboration, therefore, the presentation of convincing factual information is desirable. This happens in high involvement product when consumers spend extra effort to gather, evaluate and learn the information about the product.
- **Peripheral Route:** The peripheral route offers a way to accept or reject a message without any active thinking about the attributes of the issue or the object of consideration. In other words, using the peripheral route allows you to make quick decisions by relying on a variety of cues. Peripheral cues include communication strategies that the receiver of information already feels positively towards. Examples might be food, money, or sex. You can also use expert appeal cues, and contrasting effects cues that provoke opposition of the information the speaker sends. Persuasion cues (secondary inducements) or emotional factors, such as source attractiveness or expertise, and price reductions or premiums induce attitude change.

2. Changing the Basic Motivational Function

With the passage of time customers needs undergo changes. Consumers also buy a product sometimes to satisfy multiple needs. Two people can each have an attitude toward some object for very different reasons. Consumer attitudes can be changed toward a product by making particular needs prominent. One method for changing motivation is known as the functional approach. As discussed above attitudes serve four basic functions: utilitarian, ego defensive, value-expressive and knowledge. By changing the basic motivational function, the attitude towards the product can be changed.

- **The Utilitarian Function:** Utilitarian function is related to the basic principles of reward and punishment. Customers develop some attitude towards products based on the cost or benefit of the product. For

instance, Nirma have positioned as "*Sab ki pasand Nirmn*" and also the cost benefit it gives to the consumers.

- **The Ego Defensive Function:** Most people went to protect their self-images or ego from external threats or internal feelings of insecurity. Attitudes formed based on this perform ego defense function. The more ego defensive the attitude, the less subject it is to outside influence. Avoiding painful formation is an ego defensive reaction. For instance, close up advertisement saying "*Kya aap close up karte hain*" show a young women and men losing a date because there is a bad heath and yellow teeth, but after the usage of the close up their problem gets solved.
- **The Value Expressive Function:** Attitudes are an expression of the consumer's general values and lifestyle, that is consumer's activities, interests, and opinions to express a particular social identity. Attitude is just not the reflection of objective product benefits, but what using the product says about him or her as a person. For instance, advertisement of Tata Sumo highlights that person who is down to earth and practical drives Tata Sumo. They have punchline "*Kyo Ki Kuch Hi Log Tata Sumo Chalate Hain*".
- **The Knowledge Function:** Some attitudes are formed as the result of a need for order, structure, or meaning because individuals have a strong need to know and understand the people and objects. This need is often strong when a person meets strangers, an ambiguous situation or is confronted with a new product. Pharmaceutical companies always highlight the product features, indications of usage, side effects and contraindications clearly. As doctor is not only knowledgeable but also it can have grave implications for the health.
- **Combining Several Functions:** Marketers can combine various functional approaches in their advertisements as various consumers look for different function from the same product. This would help in developing the positive attitude of all. For instance, advertisement of Bandaid has used Virendra shewag a cricket celebrity, would appeal to the sporty lifestyle persons (Value expressive).

3. Associating the Product with a Special Group, Event or Cause

Attitudes can be altered by indicating to consumers the product's services, and brands relationship to particular groups, events or causes. Celebrity, expert spokespeople can be of great value in improving the fortunes of a product. Celebrities increase awareness of a firm's advertising and enhance both companies' image and brand attitudes. As done by Lux, which uses the product as the beauty soap of film stars, which act as an effective reference group in this aspect. Associating product with certain events or cause can drastically change the attitude towards the product.

4. Resolving two Conflicting Attitudes

Consumers like harmony - they do not like conflict. If they can be shown that their attitude towards a product is in conflict with another attitude, they may be induced to change one of the attitudes. Marketer can show the consumers that their negative attitude towards 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 and attitude.

For example, consumers have general believe that vehicle which is sophistication is not sturdy. Toyata Innova advertisement has tried to change these two conflicting attitudes by saying "sleek and also sturdy". Dettol brand from Reckitt and Benkiser existed in the market as market leader in antiseptic liquid category. The distinctive feature of this liquid is painful when applied on wounds. Savlon came with antiseptic liquid with

advertisement that is effective yet it is not painful. Advertisement of Whirlpool brilliantly depicts a model dressed as Santa Claus (symbolically means 25 December) feeling cold in summers because of AC. This covey that one can feel cold also during summers (conflicting attitude) due to Whirlpool AC.

5. Altering Components of Multi Attribute Models

Multi attribute model have implications for attitude change strategies; this can be achieved by:

- a) Changing the relative evaluation of attributes by upgrading or downgrading significant attributes
- b) Changing brand beliefs
- c) Adding an attribute
- d) Changing the overall brand rating.

6. Low Involvement Products Attitude Change Strategies

As discussed above in ELM model, in low involvement products customers motivation and heir interest is too low to spend time on the product and evaluating them rationally. Persuasion cues (secondary inducements) or emotional factors, such as source attractiveness or expertise, pictures, colours, creative placement of ad components, and price reductions or premiums induce attitude change. Various ways of changing attitude of low involvement Products are:

1. Link the product or service to an involving issue
2. Link the product to a presently involving personal situation:
3. Develop high involvement advertisements
4. Reveal or introduce important product characteristics

7.4.3 Cognitive Dissonance

This is the feeling of uncomfortable tension, which comes from holding two conflicting thoughts in the mind at the same time. This also occurs when they are confronted with new information about a belief or attitude that is in conflict with the original information.

Dissonance increases with:

- The importance of the subject to us.
- How strongly the dissonant thoughts conflict.
- Our inability to rationalize and explain away the conflict.

Dissonance is often strong when we believe something about ourselves and then do something against that belief. Cognitive dissonance is a very powerful motivator which will often lead us to change one or other of the conflicting belief or action. The discomfort often feels like a tension between the two opposing thoughts. To release the tension we can take one of three actions:

Change our behaviour.

- Justify our behaviour by changing the conflicting cognition.
- Justify our behaviour by adding new cognitions.

Once products are purchased and used, post-purchase evaluation is conducted by the consumer. Did the product measure up to my expectations? Did it have all the features I expected or wanted? Did it satisfy my needs? Each decision is based on some sacrifice or

amount of compromise. After the purchases if cognitive dissonance occur than it is called as post purchase dissonance. What makes post purchase dissonance relevant to marketing strategists is the premise that dissonance propels consumers to reduce the unpleasant feelings created by the rival thoughts. Variety of marketing strategies can be adopted by the consumers to reduce the dissonance. Dissonance reduction can occur either by eliminating, adding, or changing elements. For example, if person is a chain smoker and he come across an article quoting research linking smoking and cancer. To reduce dissonance, the person could stop smoking (elimination), can remember grandfather, who smoked until the day he died at age ninety (adding). Alternatively, he might question the research that links cancer and smoking (changing). The consumer can rationalize his decision by selling the positive features of the brand to friends and acquaintance, or would talk to the two known satisfied owners for reassurance. In addition to these consumer - initiated tactics to reduce post purchase uncertainty, a marketer can relieve consumer dissonance by including messages in its advertising specifically aimed at reinforcing consumers decision by complementing- their wisdom, offering stronger guarantees or warranties, increasing the number and effectiveness of its services, or providing detailed brochures on how to use its products correctly. Advertisement of The Times of India not only compliments its old customer for purchasing their product but also at the same time gives assurance to new and prospective buyers that they have 1,00,000 customers.

7.5 Summary

Attitude is defined as an enduring organisation of motivational, emotional, perceptual, and cognitive processes to evaluate various objects that are stored in memory. Attitude has some basic characteristics such as, it is permanent and consistent yet is subjected to change over a period of time and attitude is situational in nature. Attitude serves four key functions for individuals, namely, ego defensive, knowledge, and value expressive and utilitarian function. Attitude change strategies can focus on affect, behaviour, cognitive or some combination. There are six categories of attitude change strategies; the elaboration likelihood model, Changing the basic motivational function, Associating the product with a special group, event or cause,. Resolving conflicting attitudes, Altering components in the multi-attribute model and Changing beliefs about competing brands. This chapter discusses all of them. In the end of the chapter cognitive dissonance is highlighted.

7.6 Self Assessment Questions

1. What is Attitude? Explain the Concept of Consumer Attitude.
2. What are the Characteristics of Attitude? Briefly describe the function of Attitude for Consumers.
3. What are the Attitude Components
4. What is the linkage between Attitude and Consumer Behaviour? Explain with suitable examples.
5. Explain the factors inhibiting the relationship between Attitudes & Consumer behaviour.
6. What do you mean by Consumer Attitude Formation? Explain with marketing examples.
7. Explain the Attitude formation theories.
8. What is attitude Change? Explain the Attitude Change Strategies briefly.

7.7 Reference Books

- Dr. Rajeev Kamra(2008), “Consumer Behaviour”, Himalaya Publishing House, 2009, Mumbai.
- P.K. Agarwal & Manoj Kumar, “Consumer behaviour”, Pragati Prakashan, 2006, Meerut.
- S. Ramesh Kumar, *"Brand Equity And Pricing Decisions"*, Indian Management, May 2004.
- Jagdish Sheth, *"Balancing The Demand Price Equation"* Indian Management, May 2004.
- Vinod Mahanta and Rajiv Banerjee. "Point of More Return" Brand Equity. 21st September, 2005.
- Prasad Sangameswaran, "Is Pricing Power Dead?" Indian Management, May 2004.
- "Positioning: The battle of mind" Al Ries and Trout.

Unit – 8 : Family Influences and Decision Making

Structure of Unit:

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Family and Household Influence
- 8.3 Traditional Family Life Cycle
- 8.4 Modern Family Life Cycle
- 8.5 Family Decision Making and Purchase Roles
- 8.6 Family and Influence Group
- 8.7 Summary
- 8.8 Self Assessment Questions
- 8.9 Reference Books

8.0 Objectives

After completing this unit, you would be able to:

- Understand the Household and Family Factors
- Understanding the Variables Affecting Family Purchase
- Defining the Family Life Cycle in Traditional Style
- Defining the Family Life Cycle in Modern Style
- Explaining the Nature of Family Decision Making
- Classifying the Various Influence Groups in Purchase and Decision Making

8.1 Introduction

With the exception of those very few people who are classified as hermits, most individuals interact with other people on daily basis, especially with members of their own families. The family commonly provides the opportunity for product exposure and trial and imparts consumption values to its members. As a major consumption group, the family is also a prime target for many product and services.

Family exerts a complex influence on the behaviors of its members. Prior family influence research has focused on intergenerational rather than intra generational influence in consumer socialization. As has been compellingly demonstrated, parents influence children. Yet, consumption domains clearly exist where sibling influence may also be exerted. The nature of this influence, however, is a matter of some debate. A consideration of recent research in behavioral genetics and developmental psychology leads to two conflicting pictures of sibling effects. In this research, we test these effects in one consumption domain, consumer innovativeness, that has the potential for both parental and sibling influence.

Consumers are increasingly faced with new products and new channels of purchase. Much research in the consumer literature explores the mechanisms by which consumers change or respond to innovations, both at macro- or market level perspectives and micro- or consumer level perspectives. Given the level of resources necessary for new product development and introduction, marketers are clearly very interested in what makes consumers likely to try something new. We suggest that family influence may be one important indicator of adoption probability.

8.2 Family and Household Influence

A family is a group of two or more persons related by blood, marriage, or adoption who reside together. There are two main types of family nuclear and extended family. The nuclear family is the immediate group of father, mother, and children living together. The extended family includes the nuclear family, plus other relatives, such as grandparents, uncles and aunts, cousins, and in-laws. The family into which one is born is called the family of orientation, whereas the one established by marriage is the family of procreation. Household is another term frequently used by marketers when describing consumer behavior. Household differs from family in that household describes all the persons, both related and unrelated, who occupy a housing unit.

8.2.1 Power of Influence Group

Within the context of consumer behavior, the concept of reference groups is an extremely important and powerful idea. The influence group is any person or group that serves as a point of comparison for an individual in forming either general or specific values, attitudes or behavior. It also provides insight into the methods marketers sometimes use to effect desired changes in consumer behavior. From the marketing perspective, influence groups are groups that serve as frames of reference for individuals in their purchase or consumption decisions. The usefulness of this concept is enhanced by the fact that it places no restrictions on group size or membership, nor does it require that consumers identify with a tangible group.

Reference groups that reference general or broadly defined values or behavior are called **normative influence groups**. An example of a child's normative influence group is the immediate family, which is likely to play an important role in molding the child's general consumer values and behavior. Influence groups that serve as benchmarks for specific or narrowly defined attitudes or behavior are called **comparative influence groups**. A comparative reference group might be a neighboring family whose lifestyle appears to be admirable and worthy of imitation.

Both normative and comparative influence groups are important. Normative influence groups influence the development of a basic code of behavior, comparative influence groups influences the expression of specific consumer attitudes and behavior. It is likely that the specific influences of comparative influence groups, to some measures, depend on the basic values and behavior patterns established early in a person's development by normative influence group.

Families have higher median incomes than do households because of the greater number of employed individuals in families. For both families and households, the four structural variables that impact purchasing decisions most and that are therefore of primary interest to marketers are the age of head of household or family, marital status, presence of children, and employment status. However, the way families make decision can be better understood by considering sociological dimensions such as cohesion, adaptability, and communication.

Cohesion: Cohesion is the emotional bonding that family members have toward one another. It is a measure of how close to each other family members feel on an emotional level.

Family adaptability: Family adaptability is the ability of a marital or family system to change its power structure, role relationships, and relationship rules in response to situational and developmental stress. Family adaptability is measure of how well a family can meet the challenges presented by changing needs.

Communication: Communication is a facilitating dimension, critical to movement on the other two dimensions. Positive communication skills (such as empathy, reflective listening, and supportive comments) enable families to share with each other their changing needs and preferences as they relate to cohesion and adaptability.

8.3 Traditional Family Life Cycle

Traditional family lifecycles involves nine stages of Single, Newly Married Couples, Full Nest I, Full Nest II, Full Nest III, Empty Nest I, Empty Nest II, The Solitary Survivor, and The Retired Solitary survivor.

Single stage: Although earnings are relatively low, they are subject to few rigid demands, so consumers in this stage typically have substantial discretionary income. Part of this income is used to purchase a car and basic equipment and furnishings for their first residence away from home usually an apartment. They tend to be more fashion and recreation oriented, spending a substantial proportion of their income on clothing, beverages, food away from home, vacations, leisure time pursuits, and other products and services involved in the mating game.

The first FLC stage consists of young single men and women who have established households apart from their parents. Although, most members of this FLC stage are fully employed, many are college or graduate students who have left their parent's homes. Young single adults are apt to spend their incomes on rent, basic home furnishing, the purchase and maintenance of automobiles, travel and entertainment, and clothing and accessories. Members of the bachelorhood stage frequently have sufficient disposable income to indulge themselves. Marketers target singles for a wide variety of products and services.

In most large cities, there are travel agents, housing developments, health clubs, sports clubs and other services and product marketers that find this FLC stage a lucrative target niche. Meeting, dating and mating are prominent concerns of many young adults who typically are beginning their working lives after recently completing college or some other form of career or job training. It is relatively easy to reach this segment because many special interest publication target singles.

Newly Married Couples: Newly married couples without children are usually better off financially than they have been in the past and will be in the near future because the wife is usually employed. Families at this stage also spend a substantial amount of their income on cars, clothing, vacations, and their leisure time activities.

They also have the highest purchase rate and highest average purchase of durable goods, particularly furniture and appliances, and other expensive items, and appear to be more susceptible to advertising in this stage. This FLC serves as a period of adjustment to married life. Because many young husbands and wives both work, these couples have available a combined income that often permits a lifestyle that provide them with the opportunities of more indulgent purchasing of possession or allows them to save or invest their extra income. This FLC have considerable start up expenses when establishing a new home. During this stage, the advice and experience of other married couples are likely to be important to newlyweds.

Full Nest I: With the arrival of the first child, some wives stop working outside the home, and consequently family income declines. Simultaneously, the young child creates new problems that change the way the family spends its income. The couple is likely to

move into their first home, purchase furniture and furnishings for the child, buy a washer, dyer, and home maintenance items, and purchase such products as baby food, chest rubs, cough medicine, vitamins, toys, wagons, sleds, and skates. These requirements reduce family savings and the husbands and wives are often dissatisfied with their financial position.

Full Nest II: At this stage the youngest child is six or over, the husband's income has improved, and the wife often returns to work outside the home. Consequently, the family's financial position usually improves. Consumption patterns continue to be heavily influenced by the children as the family ends to buy food and cleaning supplies in larger sized packages, bicycles, pianos, and educational lessons.

Full Nest III: As the family grows older, its financial position usually continues to improve because the husband's income rises, the wife returns to work or enjoys a higher salary, and the children earn money from occasional employment. The family typically replaces several pieces of furniture, purchases another automobile, buys several luxury appliances, and spends a considerable amount of money on health services and education for the children.

Empty Nest I: At this stage the family is most satisfied with their financial position and the amount of money saved because income has continued to increase, and the children have left home and are no longer financially dependent on their parents. The couple often makes home improvements, buy luxury items, and spend a greater proportion of their income on vacations, travel, and recreation. This is mostly applying to Western World than Africans.

Empty Nest II: By this time the household head has retired and so the couple usually suffers a noticeable reduction in income. Expenditures become more health oriented, centering on such items as medical appliances, medical care products that aid health, sleep, and digestion, and perhaps a smaller home, apartment, or condominium in a more agreeable climate.

The Retired Solitary survivor: The retired solitary survivor follows the same general consumption pattern except on a lower scale because of the reduction in income. In addition, these individuals have special needs for attention, affection, and security.

8.4 Modern Family Life Cycle

During recent years, many changes in the family have occurred, particularly in smaller family size, postponement of marriage, and rising divorce rates.

Thus, another conception of the family life cycle, which includes such stages as divorced, single parents and middle-aged married without children, has been offered. This modernized version is described as consisting of the following groups.

- Bachelor I: head is 18-34, single (never married, divorced, separated, widowed), no dependent children.
- Young Couple: female head is 18-34, couple (marriage or unmarried), and no children.
- Full Nest I: female head is 18-34, couple (married or unmarried), youngest child under 6.
- Full Nest II: female head is 18-34, couple (married or unmarried), youngest child 6 or over.

- Single Parent I: head is 18-34, single (never married, divorced, separated, widowed), youngest child 6 or over.
- Single Parent II: head is 18-34, single (never married, divorce, separated, widowed), youngest child 6 or over.
- Bachelor II: head is 35-64, single (never married, divorced, separated, widowed) no dependent children.
- Childless Couple: female head is 35-64, couple (married or unmarried), and no dependent children.
- Delayed Full Nest: female head is 35-64, couple (married or unmarried), youngest child under 6.
- Full Nest III: female head is 35-64, couple (married or unmarried), youngest child 6 or over.
- Single Parent III: head is 35-64, youngest child 6 or over
- Bachelor III: head is 65 or older, single (never married, divorced, separated, widowed), not dependent children.
- Older Couple (Empty Nest): female head is 65 or older, couple (married or unmarried), no dependent children.

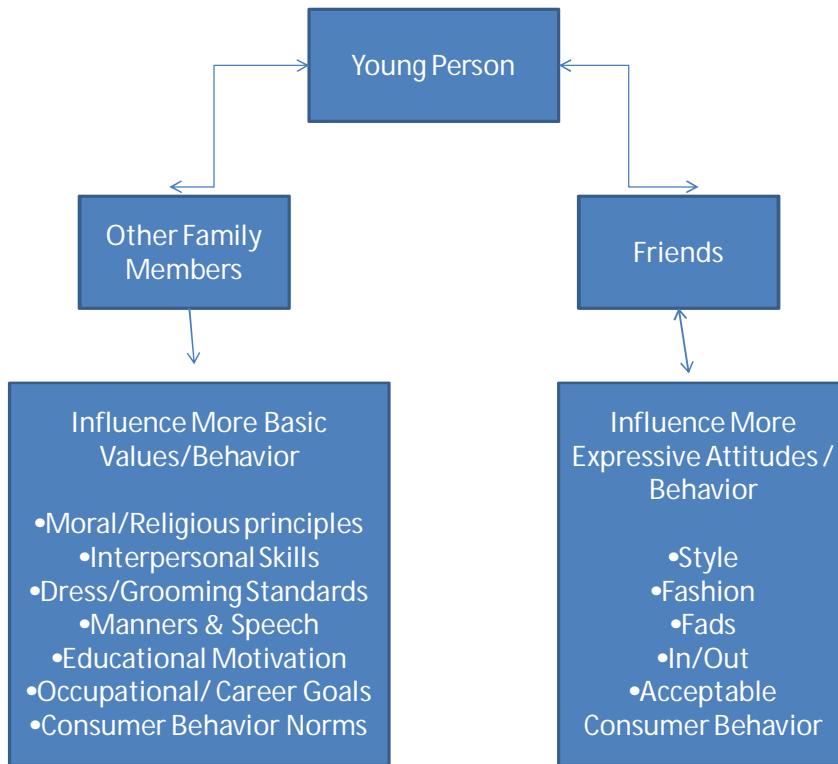
The modernized family life cycle is based on age (of the female in the household, if appropriate), which is traced through the groups of young, middle aged, and elderly. These various ages are affected by two types of critical events: (1) marriage and separation (by divorce or death), and (2) arrival of the first child and departure of the last child. Thus, the modernized family life cycle accounts for four household types over three age groups through a person's lifetime.

8.5 Family Decision Making and Purchase Roles

Family decision making is the process by which decisions that directly or indirectly involve two or more family members are made. Decision making by a group such as a family differs in many ways from decisions made by an individual. Family purchases are often compared to organizational buying decision. While this can produce useful insights, it fails to capture the essence of family decision making. Organizations have relatively objective criteria such as profit maximization that guide purchases. Families lack such explicit, overarching goals. Most importantly, many family purchases are inherently emotional and affect the relationships between the family members. The process families use to make purchase decisions and the outcomes of those process have important impacts on the well-being of the individual family members and the family itself. Thus, while family decision making has some things in common with organizational decision making, it is not the same.

Researchers found that children exert more influence in higher income and larger families. The influence of children increases with age and the ability to comprehend the content of advertising messages also increases with age. Certain researcher found that a significant positive relationship exists between adolescents' socio-economic background and the extent of brand preferences for various products. Age was related to the number of information sources preferred, and there was also an increase with age in the propensity to prefer friends as a source of information. Similarly, the tendency to rely on parents for information and advice decreased with age. It was also found that as the ages of children increased, they preferred to shop without their parents. Researchers further found positive relationships between the consumption ability of adolescents and social class and age.

Model of Consumer Behavior Reference Group



Gender differences were also observed as male adolescents displayed more favorable attitudes towards stores, greater consumer affairs knowledge, more materialistic values, and stronger social motivations for consumption. On the other hand, females showed more favorable attitudes towards advertising and scored significantly higher on information seeking and cognitive differentiation measures. In general, female children have stronger influence in family purchase decisions and use influence strategies such as reasoning, asking, and persuading more frequently than boys.

Mangleburg et al. (1999) proposed that in some families, children are treated more as equals by parents, whereas, in others, children are viewed as subordinate to parents' authority. These dimensions of family authority or parent-child authoritarianism are likely to be affected by family type, that is, single-parent, step-parent, or intact families. Parental coalition formation is seen as a means to reinforce the decisions made by one spouse and limit children's influence. Family type is expected to be related to parental coalition formation and parent-child authoritarianism. These two dimensions are expected to affect children's influence in family- and child-related purchase decisions. The study revealed that adolescents in single-parent families had greater influence than their counterparts in step and intact families, probably due to differences in socialization with respect to family authority relations. Kourilsky and Murray (1981) examined the effect of economic reasoning on satisfaction within the family and found that single-parent families exhibited a higher level of economic reasoning and satisfaction as compared to two-parent families.

Sundberg et al. (1969) reported that Indian girls perceived their families as significantly more cohesive than Indian boys; however, the absolute difference was not great. Sex differences in decision making were also found to be stronger in India than in America. Dhobal (1999) noted that across stages of product adoption—awareness, knowledge,

preference, conviction, and adoption—for durables, Fast Moving Consumer Goods (FMCGs), and services, children were previously inactive in all stages of adoption except for the actual adoption stage. However, today, children are active in all the five stages of adoption of durables as well as FMCGs. He reported that in the new urban Indian family, children were influencers/co-deciders at the time of purchase of personal products, consumables, financial products, vacations, educational products, and family automobiles while they were buyers of family toiletries and initiators or gatekeepers for purchases of household durables.

Bansal (2004) elaborated on the three stages of middle-class Indian youth— Early Youth (Ages 13-21), Middle Youth (Ages 22-28), and Late Youth (Ages 29 upwards). She pointed out that early youth are basically dependent on parents for funds; their spending power is between \$20-40 per month. They are generally influenced by parents and their peer group. The middle youth has an average spending power of \$140-800 per month, which is either purely disposable income or spent in shouldering some of the responsibility of the family. The primary influencers for this category of youth are peers and workmates. With Business Process Outsourcing jobs coming in, the number of ‘middle youth’ has shot up. For the late youth, the key decisions include career advancement and children. Given household expenses, the spending power remains equal to or sometimes less than what it was at the middle youth stage. Also, many would be taking up home and car loans, and paying for children’s education. The key influencers for them include peer group, workmates, spouse and kids. The consumption areas contain household, kid products, personal clothing and accessories, food, and entertainment.

8.5.1 Family Purchase Roles

There are six roles that frequently occur in family decision making. It is important to note that individuals will play various roles for different decisions:

- **Initiator:** The family member who first recognizes a need or starts the purchase process.
- **Information gatherer:** The individual who has expertise and interest in particular purchase. Different individuals may seek information at different times or on different aspects of the purchase.
- **Influencer:** The person who influences the alternatives evaluated, the criteria considered, and the final choice.
- **Decision maker:** The individual who makes the final decision. Of course, joint decisions also are likely to occur.
- **Purchaser:** The family member who actually purchases the product. This is typically an adult or teenager.
- **User:** The user of the product. For many products there are multiple users.

8.5.2 Parental Influence

Extant consumer research on families focuses primarily on the dyad between a parent and one child. Researchers have studied this family influence under the aegis of socialization or, more recently, as intergenerational influence, originally conceived of as a result of communication patterns and frequency within the family. Both the classic approach to family influence and more recent research trends offer insights into parent/sibling influence.

The effect of the parent in the socialization of offspring has been shown to affect many key consumer behaviors, including brand preference and loyalty, information search,

reliance on mass media, and price sensitivity. The underlying theme of traditional family socialization research is parents transmit values and attitudes as well as purchasing habits, brand preferences, and so on to children. This socialization approach assumes that children learn through modeling and other social learning tenets. That is, children learn consumer behaviors because their parents directly teach them and/or because they learn vicariously through observation of their parents' behaviors. A related approach examines general parenting style and its purported influence on child behavior.

Intergenerational influence research has evolved from this relatively straightforward socialization approach to focus on how the child's perception of the home affects his or her attitudes. This more recent intergenerational influence approach to studying family influence, based on balance theory applied in a communications vein, suggests that increased communication within families leads to more learning and incorporates both parent-to-child and child to-parent flows of influence. We adopt the recent definition offered by Moore and her colleagues that intergenerational influence is "the within family transmission of information, beliefs, and resources from one generation to the next". A summary of findings across intergenerational studies suggests that buying styles and skills are often shared intergenerationally. As Moore et al. (2002) review, research to date has shown that family influences help children create their identities. Researchers contend that this influence occurs via both observational learning and communication and that this intergenerational influence continues to influence adult children.

Most, if not all of the research reviewed above argues theoretically that it is the children's perception of their parent that influences the child. This perception may or may not be accurate, but the child's perception will influence them more than the true consumer behaviors of the parents.

8.5.3 Sibling Influence

Siblings can be important role models for each other and in many cases could act as a relevant peer group for comparison and modeling. Especially in adolescence, when peer comparisons are especially salient siblings are likely to be a strong reference group. Thus, in some domains, the siblings in the home may socialize each other more than the parents do (one may think of music preferences, for example). In these instances, the influence can thus be thought of as intra generational, and siblings become an important reference group influencing behavior. Thus, some readers with children may note "my younger child copies everything the older one does," and, hence, these readers may argue that sibling influence should be strong.

Indeed, Hoffman (1991) points out that siblings are in fact sometimes similar, showing that the average intra class correlation between siblings is usually greater than zero and in some domains (e.g., hobbies) is significant, although not strong. Researchers have demonstrated that attitudes and interests show somewhat more similarity among siblings than more general personality measures.

However, many readers, if they have siblings, may be mentally arguing "but I am nothing like my brother/sister." This observation is consonant with recent work outside consumer research, in both behavioral genetics and family socialization. Research over the last 2 decades in these fields has documented that siblings are surprisingly different from one another. This stream of research argues that although there are genetic reasons for siblings to be somewhat different, a purely genetic basis does not account for the degree of variation seen within families on sibling personality types, and sibling differences outweigh similarities for most psychological traits. Behavioral geneticists state that the differences not due to heredity are environmental; that is, families create some of the

differences we observe in siblings. Parents may create differences between their children not only because they pass on different genes but also because they create different environments for each child in the family. The most straightforward example of this different environment is birth order. A child born with an older sibling faces a different environment than does a child born first, with no older sibling.

From the identification of the factors that can create differences between siblings has blossomed the literature on “non-shared environments”. The simple yet powerful reconceptualization in this research stream is that family influences operate differently for different children within the same family. Even when children experience the same objective family environment or event (e.g., a mother losing her job), differences in age when the event occurs and genetics (as well as other objective differences) lead children to subjectively experience this environment or event differently. Different subjective experiences may be exacerbated by birth order rank.

Other researchers have explored how and why children and parents appear to actively create, perhaps unconsciously, different environments within the family for each sibling. Schachter and Stone’s work on “sibling deidentification” finds that siblings define themselves as different and so do their parents. By the time their first two children have reached 6 years of age, mothers begin to see the children as completely opposite in personalities and aptitudes, and that opinion rarely changes over time. These researchers also find that siblings are about twice as likely to report being different as they are to report being alike.

Thus, siblings themselves try to accentuate their differences. Festinger’s social comparison theory (Festinger 1954) was used by Schachter and Stone (1987) to explain why siblings try to appear to be, and often are, so different from one another. That is, if siblings find the constant comparison with the other sibling painful, they will attempt to make the other sibling a non-relevant comparison. Ross and Milgram (1982) go further, claiming that sibling rivalry can be generated both by the self, as outlined above, and by parental behavior, as when parents assign roles or engage in favoritism. Tesser’s (1988) self-evaluation maintenance theory continues in this vein, contending that siblings will develop their own niche areas of expertise that create a unique sense of identity.

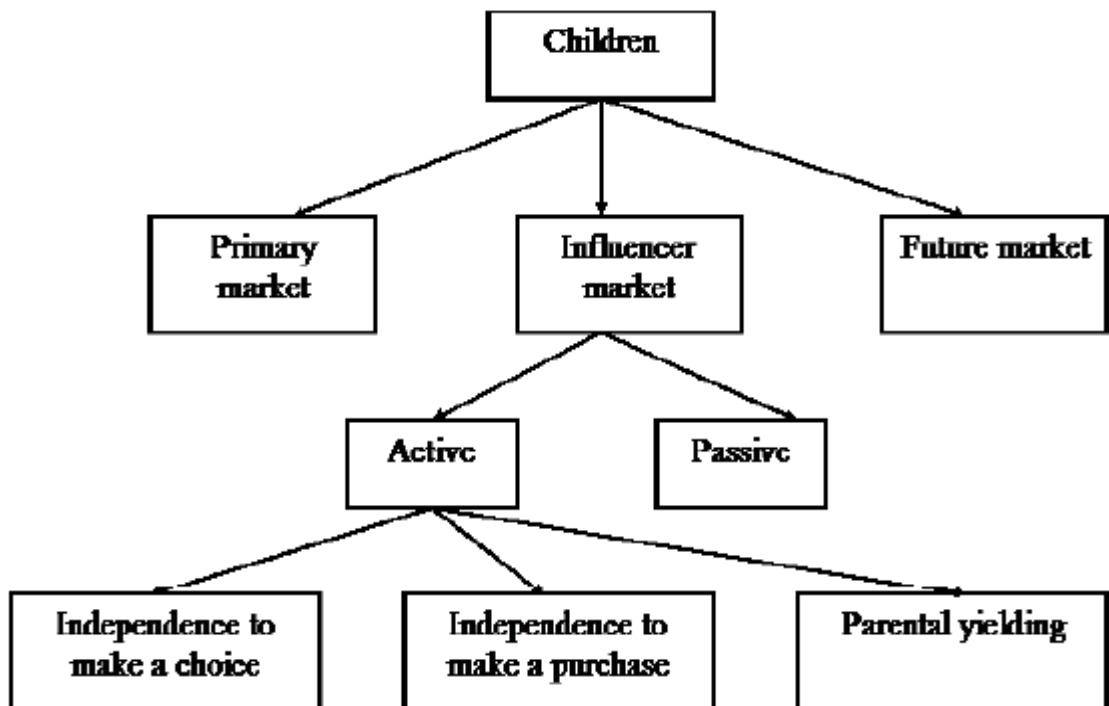
8.5.4 Children Influence

Research on family decision making has been largely confined to spouses, who have been considered as the relevant decision making unit in a family. However, the role of third party influences, such as children, on decision making strategies and negotiations is essential to taking a broader view of the relevant unit of analysis. Traditionally, women were seen to be the purchasing agents for the family. Nonetheless, increasing participation of women in the workforce has prompted a shift in this role as children are increasingly the “buyers” for the entire family. Even in families where women do not work, children are observed to share this role with their mothers. Children enjoy greater discretion not only in making routine consumption decisions for the family but also in pestering their parents to buy other products desired by them.

Contemporary researchers express that children constitute a major consumer market, with direct purchasing power for snacks and sweets, and indirect purchase influence while shopping for big-ticket items. Indian children have recently attracted considerable attention from marketers because the market for children’s products offers tremendous potential (pegged at Rs. 5000 crore/\$1110mn) and is rapidly growing. According to available industry data, the chocolate and confectionary market is estimated at Rs. 1300

crore/\$290mn, the apparel market at Rs. 480 crore/\$110mn and kids footwear at Rs. 1000 crores/\$220mn. In addition to this, 54% of India is estimated to be under the age of 25.

Children as Influencer



Children constitute three different markets: the primary, the influencer, and the future market. Certain products are simply children's products for which they are the primary users/buyers. They sometimes either purchase a product themselves or select the product before it is purchased by the parents. For other products, such as ones which are used by the entire family unit, they may influence purchases made by the parents. There are some products where children wield direct influence or pester power by overtly specifying their preferences and voicing them aloud. For other products, parents' buying patterns are affected by prior knowledge of the tastes and preferences of their children. This 'passive dictation' of choice is prevalent for a wide variety of daily consumed product items as well as products for household consumption. Also, decision making in households is seen to change with the mere presence of children. The nature of joint decisions in couple decision making units and family decision making units is seen to be different (Filiatrault and Ritchie, 1980). It is also observed that children are socialized by their parents to act as rational consumers. After years of direct or indirect observation of parental behaviour in the marketplace, they gradually acquire relevant consumer skills from their parents.

The amount of influence exerted by children varies by product category and stage of the decision making process. For certain products they are instrumental in initiating a purchase, while for others, they make the final selections themselves. The purchasing act is governed by how they have been socialized to act as consumers. Family, peers and media are key socializing agents for children wherein family-specific characteristics such as parental style, family's Sex Role Orientation (SRO), and patterns of communication play key roles. The structure of Indian families has been previously characterized as joint families with traditional SRO (that is, the husband predominated in all family affairs). However, owing to influences from the West, the structure of Indian families has changed to nuclear or extended families (nuclear families plus grandparents). The Indian families have become more modern in SRO, such that the decision making has become

more egalitarian. Compared to this, the West is experiencing an increase in the number of single parent or female-headed households. Such a shift in family composition and structure has a bearing on the strength in the role that children are expected to play as buyers in the family.

In India, the literature on family decision making is scant and researchers have only partially investigated the role of children along with other members in family purchase decision making. Family structures are undergoing a metamorphosis and the Indian society is also witnessing an increase in the number of single parent and dual career families. Though an impressive body of research exists in this field in the West, these parameters also merit investigation in different cultural settings. Studies specific to Indian marketing environment are necessary, as pointed by Webster (2000), "India is an interesting culture in which to explore the antecedents of marital power because its social and intellectual grains operate in ways vastly different from those the West takes for granted. For instance, unlike western culture, where the nuclear and neo local families are both the ideological and factual norm, the joint family has been and continues to be an important element of Indian culture" (p. 1037). Hence, the objective of this paper is to examine and critically evaluate the avenues already explored by previous researchers in India and abroad, and identify opportunities for future research.

8.5.5 Life Partner Influence

Marketers are interested in the relative amount of influence that a husband and a wife have when it comes to family consumption choices. The relative influence of husbands and wives can be classified as: **husband dominated, wife dominated, joint and autonomic.**

The relative influence of a husband and wife on a particular consumer decision depends in part on the product and service category. For instance, during the 1950s, the purchase of new automobile was strongly husband dominated, whereas food and financial banking decisions more often were wife dominated. Fifty years later, the purchase of the family's principal automobile is still often husband dominated in many households. However, in other context or situations, female car buyers are a segment to which many car manufacturers are currently receiving a great deal of marketing attention. Also, in the case of financial decision making, there has been a general trend over the past decade to have the female head of household make financial decisions. (Schiffman & Kanuk, 2008)

Husband-Wife decision making also appears to be related to cultural influence. Research comparing husband-wife decision making pattern in the People's Republic of China and in the United States reveals that among Chinese there were substantially fewer joint decisions and more husband dominated decisions for many households' purchases. However when limiting the comparison to urban and rural Chinese households, the research showed that in a larger city such as Beijing, married couples were more likely than rural couples to share equally in purchase decisions. Still further, because of China's 'one child' policy and the ensuing custom of treating a single child as a 'little emperor' many of the parents purchase decisions are influenced by the input of their child.

In another recent cross cultural study, husband-wife decision making was studied among three groups: Asian Indians living in India, Asian Indians living in the United States and American Nationals. Results show a decrease in husband-dominated decisions and an increase in wife-dominated decisions, going from Asian Indians in India, to Asian Indians in the United States, to American nationals. This pattern seems to indicate the impact of assimilation on decision making.

8.6 Family and Influence Group

There are various other functions which play by the family & influence group in terms of consumer behavior. These include economic well being, emotional support and suitable lifestyles.

8.6.1 Economic Well Being

Although families in the affluent nations of North America, Europe and Asia are no longer formed primarily for economic security, providing financial means to its dependents is unquestionably a basic family function. The family divides its responsibilities for providing economic well-being have changed considerably during the past 30 years. No longer are the traditional roles of husband as economic provider and wife as home-maker and child-rearer still valid. For instance, it is very common for married women with children in the United States and other Industrial countries to be employed outside the home and for their husbands to share household responsibilities.

The economic role of children also has changed. Today, despite the fact that many teenage children work, they rarely assists the family financially. Instead, many teenagers are expected to pay for their own amusements; other contributes to the costs of their formal education and prepares them to be financially independent. It is of interest to note when parents are involved in a college student's acquisition of a credit card, credit card balances tend to be lower.

8.6.2 Emotional Support

The provision of emotional nourishment to its members is an important core function of the contemporary family. In fulfilling this function, the family provides support and encouragement and assists its members in coping with decision making and with personal or social problems. To make it easier for working parents to show their love, affection, and support to their children, greeting card companies have been increasingly creating cards for parents to give to their children.

If the family cannot provide adequate assistance when it is needed, it may turn to a counselor, psychologist or other helping professional as an alternative. For instance, in most communities, educational and psychologist centres are available that are designed to assist parents who want to help their children improve their learning and communication skills or to generally better adjust to their environment.

8.6.3 Suitable Family Lifestyles

Another important family function in terms of consumer behavior is the establishment of suitable lifestyles for the family. Upbringing, experiences, and the personal and jointly held goals of the spouses determine the importance placed on education or career, on reading, on television viewing, on the learning of computer skills, on the frequency and quality of dining out, and on the selection of other entertainment and recreational activities. Researchers have identified a shift in the nature of family 'togetherness' whereas a family being together once meant doing things together, today it often means being in the same household and each person doing his or her own thing.

Family lifestyles commitments, including the allocation of time, are greatly influencing consumption patterns. For example, series of diverse pressures on moms has reduced the time that they have available for household chores and has created a market for convenience products and fast food restaurants. Also, with both parents working, an increased emphasis is being placed on the notion of 'quality time' rather than on the 'quantity of time' spent with children and other family members.

8.7 Summary

Family and Household are important not only for their direct role in the consumption process but also for critical role they perform in socializing children. The family household is the primary mechanism whereby cultural and social-class values and behaviour patterns are passed on to the next generation. Purchasing and consumption patterns are among those attitudes and skills strongly influenced by the family. For many consumers their family is their primary reference group for many attitudes and behaviors. The family is the prime target market for most products and product categories. A family is a group of two or more persons related by blood, marriage, or adoption who reside together. While, household describes all the persons, both related and unrelated, with a housing unit. The ways families make purchase decision are determined by cohesion, adaptability, and communication. Traditional family lifecycles involves nine stages of Single, Newly Married Couples, Full Nest I, Full Nest II, Full Nest III, Empty Nest I, Empty Nest II, the Solitary Survivor, and The Retired Solitary survivor. While, Family decision making is the process by which decisions that directly or indirectly involve two or more family members are made, family play six purchasing role; Initiator, Information gatherer, Influencer, Decision maker, Purchaser, and User.

8.8 Self Assessment Questions

1. What do you understand by Family Influence while making purchase decision? Give few examples inspired by personal life.
 2. What are the variables affecting family purchase decision? Examine.
 3. What are the stages in Traditional Family life Cycle decision making in Purchases? Discuss.
 4. What are the stages in Modern Family life Cycle decision making in Purchases? Discuss.
 5. What roles Family plays during purchases?
 6. How Parental Influence differ from Children Influence?
-

8.9 Reference Books

- David L. and Albert J.D. (2002), Consumer Behaviour, New Delhi: Tata McGraw Hill.
- Del I.H. Roger J.B. and Kenneth A.C. (2001), Consumer Behaviour; Building Marketing Strategy, New York: McGraw-Hill Irwin.
- Eric A. Linda P. and George Z. (2002), Consumer, New York: McGraw- Hill Irwin.
- James F. E. Roger D.B and Paul W.M. (1990), Consumer Behaviour, U.S.A: The Dryden Press.
- Webster, C. 2000. "Is Spousal Decision Making a Culturally Related Phenomenon?" Psychology and Marketing, 17 (2), 1035-1053
- Williams, L.A. and A. C. Burns (2000) "Exploring the Dimensionality of Children's Direct Influence Attempts." Advances in Consumer Research, 27, 64-71.
- Todd, S. (2001) "Understanding Children as Consumers: Towards and Ethical and Integrated Methodological Approach," Asia Pacific Advances in Consumer Research, 4, 99-101
- Solomon, M. (2003), Consumer Behavior Buying, Having and Being, Pearson Education Inc., India

Unit-9 : Social Class and Consumer Behaviour

Structure of Unit:

- 9.1 Objectives
- 9.2 Introduction
- 9.3 Characteristic of Social Class
- 9.4 Social Stratification
- 9.5 Social Class Categories
- 9.6 Measurement of Social Class
- 9.7 Social Class mobility
- 9.8 Applications of Social Class Influences
- 9.9 Marketing Applications of Social Class System
- 9.10 Self Assessment Questions
- 9.11 Reference Books

9.1 Objectives

- After going through this Unit, you would have:
- Familiarity with a basic definition of Social Class.
- Familiarity with the controversies surrounding the analysis of social classes.
- Recognition that occupation, income and wealth are important determinants of individuals' social class position.
- Identify the major characteristics of Social Class.
- Understand the relationship between social class and the new technology.
- Understand the consumer market factors that influence consumer buyer behavior.

9.2 Introduction

People are usually grouped in social classes according to income, wealth, education, or type of occupation. There is a major difference in the consumer behavior of different social classes. Each social class has distinct characteristics and approaches to consumer purchases. A marketer should understand the dynamic of the social class he or she is targeting. The division of members of a society into a hierarchy of distinct status classes, so that members of each class have either higher or lower status than members of other classes.

Social class is defined as the division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less status. Social class is a group of people who have relatively the same education, social status and money. For example, there is the working class, which is made up of those who perform blue collar jobs and may have enough money for their needs, but cannot be extravagant. Although social class can be thought of as a continuum - a range of social positions on which each member of society can be placed. Researchers have preferred to divide the continuum into a small number of specific social classes, or strata. Within this framework, the concept of social class is used to assign individuals or families to a social-class category. People are usually grouped in social classes according to income, wealth, education, or type of occupation. Virtually all human societies exhibit social stratification. Stratification sometimes takes the form of a caste system where the members of different caste are reared for certain roles and cannot change their caste membership .More frequently; stratification takes the

form of social classes. Social Classes have several characteristics. First, Person within each social class tends to behave more alike than persons from two different social classes. Second, persons are perceived as occupying inferior or superior positions according to their social class. Third, a person's social class is indicated by a number of variables, such as occupation, income, wealth, education , and value orientation, rather than by any single variable , fourth, individuals are able to move from one social class to another up or down during their lifetime. The Extent of this mobility varies according to the rigidity of social stratification a given society.

9.3 Characteristic of Social Class

- **Social Classes are Multidimensional:** Social classes are multidimensional, being based on numerous components. They are not equivalent to, or determined solely by, occupation or income or any one criterion; however, they may be indicated by, or be related to, one or more of these measures. It is important for the marketer to realize that some of these variables are more reliable "proxies" (substitutes) than other.
- **Social Classes are Hierarchical:** social classes have a vertical order to them, ranging from high status to low status. They exist as a position on the social scale. Individuals may be placed within a class on this hierarchy, based on status criteria.
- **Social Classes are Homogeneous:** Social classes may be viewed as homogeneous divisions of society in which people within a class have similar attitudes, activities, interests, and other behavior patterns. For the marketer this means that groups of people are exposed to similar media, purchase similar products and services, and shop in similar stores. This homogeneity allows the marketer in many cases to effectively segment the market by social class and to develop appealing marketing mixes.
- **Social Classes are Dynamic:** Social stratification systems in which people have some opportunity for upward or downward movement are known as open systems. People in closed systems have inherited or ascribed status; that is, they are born into one social level and are unable to leave it. Thus, the difference between a systems based on earned or achieved status versus one based on inherited status is significant with regard to social mobility.
- **Social Classes Restrict Behavior;** interaction between the classes is limited because most of us are more comfortable and find reinforcement with those "like us" in terms of values and behavior patterns. Consequently, members of the same social class tend to associate with each other and not to any large extent with members from another social class because they share similar educational backgrounds, occupations, income levels or lifestyles. The factor of limited interaction impedes interpersonal communication between different classes about advertising, products, and other marketing elements.

9.4 Social Stratification

Social stratification refers to the perceived hierarchies in which consumer's rate others as higher or lower in social status. Those who earn a higher status due to work or study have achieved status, whereas those who are lucky to be born wealthy or beautiful have ascribed status.

According to L. G. Schiffman and L. L. Kanuk, "Social stratification is the division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less".

9.4.1 Factors Responsible for Social Stratification

- 1) **Authority:** A person may have authority on account of owning land and property or holding authoritative positions with various organizations. If he owns land and has also employed workers to look after the property, he will have full access to the means of production and control over land. For example, if a person is interacting and associated with many organizations, a highly influential person with good contacts is also referred to as a person of authority on account of his social contacts and is accorded a high status by the society.
- 2) **Income:** This is inclusive of the salary or income from various sources, perks and pay and the amount drawn in totality. For instance, a person may simultaneously be the owner of a company and also the director/s of other companies. Further, the life style, fashion, views and the consumption pattern of such a person will convey a message of sophistication, hi-fi and sometimes insignia also. Whereas, the consumption pattern and life style of a middle level manager of a firm though referred to as 'well to do', will not be anywhere near to the former's living style.
- 3) **Occupation and Achievement:** Mostly an individual is "born into" a class. That is to say he/she automatically becomes a member of the class to which his/her parents belong. This means that a child born to a doctor, public servant, lawyer and so on, are accorded the same status as their parents. But, there are possibilities for some social mobility, through sheer hard work and determination.
- 4) **Education:** A professionally qualified person is given a higher status as compared to an ordinary graduate. That is, individuals who come from families having elite professions such as civil services, business executives, chartered accountants, lawyers, business owners, etc., are always considered as belonging to a higher social class. This also gives such people distinct advantages over their lesser-known counterparts.

9.5 Social Class Categories

Socioeconomic criteria have been employed to categorize the social classes (type and source of income-inherited or earned, occupational status — self employed or otherwise, educational level, geographical location, etc). Various social classes are:

- 1) **Upper Upper Class:** This is the wealthy, aristocratic, landed class. It acts as a reference group for rest of the social classes. Since its size is very small, it is not a major number segment; but it provides scope for niche marketing.

- 2) **Lower Upper Class:** Here we find novel rich consisting of those who have attained success and earned wealth. Successful professionals like doctors, lawyers, first generation successful entrepreneurs belong here. These provide market for specialized luxury goods.
- 3) **Upper Middle Class:** This group comprises of moderately successful people who have attained reasonable heights in their careers. They believe in good things of life and indulge in conspicuous consumption.
- 4) **Lower Middle Class:** The so-called 'common man' comprises this class. Small self-employed business people, non-managerial workers, etc., fall in this category. Not very highly educated, they buy bulk of mass marketed goods.
- 5) **Working Class:** Though largest headcount wise, consisting of skilled and semiskilled workers, they have sufficient money for basic consumer products, again buying cheap mass produced items.

For example:

Maruti Suzuki in India can segment the Indian society into these segments and have car offerings for all segments.

1. Upper class: Grand Vitara, Kizashi.
2. Middle class: SX4, Swift Dzire.
3. Working class: Omni.
4. Lower class. Alto, 800

9.6 Measurement of Social Class

When measuring social class, which is often used simultaneously with socioeconomic status, the characteristics of the father figure are most often used to represent the status of the children. This approach seems logical when assessing children from two-parent, intact families. The father figure approach may not always be an accurate portrayal of most families in society. With a high rate of divorced, step-parent, and single-parent, often female, families, looking at the father's income not only may be inaccurate but may sometimes be impossible. Therefore, when measuring the socioeconomic status of children it may be best to examine the characteristics of the person who heads the family whether that person is a male or a female. Since social class is about more than just money, researchers may want to consider other features besides the basic financial feature. Nonmaterial resources and social environment are factors that influence social class as well.

9.6.1 Techniques of Measurement

Although social class is a valid and useful concept, no general agreement exists on how to measure it. To attempt to resolve this dilemma, researchers have used a wide range of measurement techniques that they believe give a "fair" approximation of social class.

The most common techniques of measuring social class are:

- 1) **Subjective Approach:** The subjective approach requires respondents to report what they think their own social class is. Again, perception is the key. Predictably, the subjective approach leads many people to describe themselves as "middle class".

- 2) **Reputational Approach:** Using the reputational approach, respondents are asked to report the social class of others within their communities, rating only those people they feel comfortable assessing. Usually they are provided with a list of classes from which to choose and descriptors typical of people within each class. The reputational approach is based on analyzing the perceptions of respondents. It not only results in individual social class placements but also gives an overview of the class structure within the community as perceived by respondents.
- 3) **Objective Approaches:** Unlike the reputational and subjective methods, objective approaches rely on measurable data to establish social classification. Using the objective approach, a researcher first establishes a framework for measuring. He or she may use a single variable (single-item measure) or two or more variables (multiple-item measure). The range of scores possible is determined. Then people of known social class are scored. These scores are used as comparison points. As people respond to the measuring scales, their scores determine social class position. Although these methods are referred to as objective, the scales used to measure a particular variable may be subjective in design and in scoring. **For example**, how would you develop a way to measure occupation to determine social class?
 - i) **Single-Item Measures:** The most popular single-item measure, also called an index, is occupation. Despite its utility, the occupation index does not account for differentials in job performance. **For example**, the occupation index would group all small business people together in the middle class. Yet there are obvious distinctions among the entrepreneur who is barely making ends meet, the owner of a thriving local business and the owner of a regional chain of businesses. They may better be assigned to the lower-middle class, the upper-middle class, and the lower-upper class, respectively.
 - ii) **Multiple-Item Measures:** Although most researchers recognize that a combination of factors is important in determining social class, there is no universal agreement on how this should be done. Popular multiple-item measures, however, use various combinations (two or more) of occupation, possessions, education, source of income, type of house, area of residence, and even power, status, and culture.

9.6.2 Problems with Measurement of Social Class

The complexity of social class and its influence on consumption behavior has led to various in-depth research studies resulting in the use of various combinations of variables to help in estimation of social class. But it is still a topic of debate among researchers among whom some are not entirely convinced about the accuracy of the results produced by such indices, which therefore makes classification of consumers into various social classes a difficult task. Some problems identified, with respect to the measurement of social class are:

- 1) **Change in Demographics and Family Structures:** Change in demographics and family structures in recent years are not reflected accurately in the composite variable indices.
- 2) **Difficulty to put into a Certain Hierarchy:** People with highly differing backgrounds, education, and occupation are difficult to put into a certain hierarchy in the social class structure. For example, a college dropout earning several billion dollars.

- 3) **Pressure to Maintain Lifestyle:** People often are under pressure to maintain their lifestyle with respect to the social class they belong to. An **over privileged** household (household which has a significant amount of money to spend even after spending on 'appropriate' living standards with respect to its social class) may not have any problem in maintaining their lifestyle in accordance with the social class they belong to. An **underprivileged** household (household which is barely able to maintain the lifestyle 'appropriate' with respect to the class it belongs to), however, may have to spend a substantial amount of their income (or take credit) in maintaining the impression of belonging to that social class. This aspiration of underprivileged households to maintain their lifestyle in accordance to the class they belong to rather than shift to the next lower class has also been ignored as a criterion in social class measurement.
- 4) **Inter-generational Shift in Social Class:** Inter-generational shift in social class has also not been included as a criterion. Say, a lower class family educates their children, who enter into better jobs when they grow up and become a part of middle class.
- 5) **Ignorance of Similar Variables:** The family's social class measurement has traditionally focused on the husband's education, occupation, and income, and ignores similar variables related to the working wife.

9.7 Social Class Mobility

The concept of social class mobility refers to people belonging to one social class, willingly or unwillingly, shifting to other social classes. There are two types of social class mobility:

- 1) **Upward Social Class Mobility:** Upward mobility occurs when a shift occurs from a lower to a higher social class. Most people and families, obviously, aspire for upward social mobility. Upward social mobility has become possible in developing countries like India, where opportunities for better education and financing for education, alongwith a booming economy, have led to an increasing number of lower social class households moving-up the ladder. The increase in dual-income households, has also led to a large number of families moving to a higher social class. The growing middle class in India is an example of the increasing upward mobility in Indian society.
- 2) **Downward Social Class Mobility:** Downward mobility occurs from an upper to a lower social class. It may occur when individuals belonging to a certain social class get demoted to a lower social class by virtue of economic, social, and/or political changes. In 1972, Indira Gandhi, the then Prime Minister of India, abolished the titles, privileges, and allowances of the Indian royal families. This resulted in the downward social mobility of the Indian royal families, who then had to earn a living; many of them who could not change began to lead a miserable life.

Social class mobility generally occurs in an open society. A society can be said to be closed if social class mobility is not possible. An example of **social class non-mobility** is the Afro-American community of America in the early 20th century; this class of people was looked down upon, did not have access to education, and were employed only as servants and laborers, on account of their race. A closed society

takes a long time to transform itself into an open society where social classes are not very highly entrenched and people can move-up the social ladder.

The social mobility phenomenon is not particularly applicable to the marriage market where people generally prefer a spouse in the same social class and having a similar educational background.

9.8 Applications of Social Class Influences

Marketers have found social class measures important because of substantial differences in behavior between classes. As a result, social class characteristics have been related to every aspect of marketing strategy, which includes:

- 1) **Advertising:** Social class values can give direction to advertisers. Social class members must understand the language and symbols used in advertising; otherwise, it will fail to communicate.

For example, working and lower class consumers are more receptive to "Advertising that is strongly visual in character, which shows activity, ongoing work and life, impressions of energy and solutions to practical problems in daily requirements". In contrast, upper class consumers are more open to subtle symbolism, to approaches that are more "Individual in tone . . . that offers the kinds of objects and symbols that are significant of their status and self-expressive aims".

- 2) **Market Segmentation:** The substantial differences among social classes in the purchases of clothing, furniture, appliances, leisure goods, financial services and food products provide marketers with a basis for segmenting consumers.

For example, upper classes are likely to emphasize style and color in purchasing appliances, whereas lower class consumers emphasize appliances that work. In each case, different product lines for different social class segments would be appropriate. Some companies are adapting to social class influences abroad.

- 3) **Distribution:** Social classes frequently differ in store patronage. Lower class consumers are more likely to shop in discount stores and in neighborhood stores where they feel most comfortable and can rely on friendly salespeople for information. Upper class consumers are more likely to shop in regular department stores for products they consider risky and in discount stores for products with little risk.

These findings suggest that social class characteristics can provide guidelines for distribution strategies. If the target market is more likely to be in the lower socio-economic group, neighborhood stores should be used rather than down-town shopping centers. There should be more emphasis on sales personnel and a friendly store environment. Middle and upper class target groups suggest the use of regular department stores, with primary emphasis on the nature and variety of merchandise.

- 4) **Product Development:** Social classes may react differently to product characteristics and styles. A study by AT&T examined the style and color preferences for telephones among various social groups. Lower class consumers were not interested in a decorative or modern phone; they just wanted one that worked. The working class placed the greatest emphasis on phones of different designs and colors. These findings demonstrate that the lower class group would be a poor target for decorative phones, but the working class is a surprisingly

good target. Had AT&T assumed that higher socio-economic groups were the best target for high-style phones, it might have missed an important target group.

9.8.1 Determinants of Person's Social Class

There are also other factors which might be considered relevant to the determination of a person's class position such as the following:

- their education;
- the social background of their parents;
- their standard of living;
- their ownership of consumer durables;
- whether or not they own their own home;
- the value of their home if they do own it;
- their leisure pursuits
- their accent and dress ;
- their circle of friends and social connections ;
- their power and influence in society

9.9 Marketing Applications of Social Class System

The class system is universal phenomenon denoting a category or group of persons having a definite status in society which permanently determines their relation to other groups. The social classes are de facto groups (not legally or religiously defined and sanctioned) they are relatively open not closed. Their basis is indisputably economic but they are more than economic groups. They are characteristic groups of the industrial societies which have developed since 17th century. The relative importance and definition of membership in a particular class differs greatly over time and between societies, particularly in societies that have a legal differentiation of groups of people by birth or occupation. In the well-known example of socioeconomic class, many scholars view societies as stratifying into a hierarchical system based on occupation, economic status, wealth, or income.

According to Weber a more complex division of labor made the class more heterogeneous. In contrast to simple income--property hierarchies, and to structural class schemes like Weber's or Marx's, there are theories of class based on other distinctions, such as culture or educational attainment. At times, social class can be related to elitism and those in the higher class are usually known as the "social elite". For example, Bourdieu seems to have a notion of high and low classes comparable to that of Marxism, insofar as their conditions are defined by different habits, which is in turn defined by different objectively classifiable conditions of existence. In fact, one of the principal distinctions Bourdieu makes is a distinction between bourgeoisie taste and the working class taste. Social class is a segment of society with all the members of all ages and both the sexes who share the same general status. MacIver says whenever social intercourse is limited by the consideration of social status by distinctions between higher and lower there exists a social class

- **Effect on Marketing**

Marketers must be very aware of the social class of their target market. If a marketer wishes to target efforts toward the upper classes, then the market offering must be designed to meet their expectations in terms of quality, service, and atmosphere. A marketer should understand the dynamic of the social class as well. For example, the upper-middle class are generally ambitious, future-oriented people who have succeeded economically and now seek to enhance their quality of life. Material goods often take on

major symbolic meaning for this group. Effective marketers will understand that and be able to tailor their approach accordingly.

- **Income and social class**

Consumers in a social class are determined by a complex set of variables which includes income, family background and occupation. In this environment the status symbols express one's position in the society; therefore "haves and have-nots" together express "how long have you had".

In today's modern society incomes are starting to rise, the reason for this is because women have started to work also and there has become a rising number of educated and college graduates. Income does tend to matter to different social class people as upper class people will be able to purchase expensive products as they have the money to do so, however working class or middle class people will not be able to make expensive purchases as they do not have the money to do so.

Social class and consumption

Social class is a better indicator of purchases as that has a symbolic aspect, however it is low to moderate prices, for example liqueurs and cosmetics. Income tends to be a better indicator of purchase behavior for non-symbolic, high expenditure products such as fridge freezers and televisions. Both social class and income data are needed in order to predict behavior with expensive and symbolic products, for example cars and homes.

9.10 Self Assessment Questions

- 1) Explain Important of Social class in Consumer behavior.
- 2) Write about Problems with Measurement of Social Class
- 3) Identify Social Class Categories.
- 4) Explain Characteristic of Social Class
- 5) What is social Stratification and write Factors Responsible for Social Stratification

9.11 References Books

- Loudon, D.L. and Bitta A.J. Della, Consumer Behavior, Fourth Edition, 2002, Tata
- McGraw-Hill, New Delhi.
- Peter, P.J. and Olson, J.C., Consumer Behavior and Marketing Strategy, Seventh Edition, 2005, McGraw-Hill Higher Education.
- Schiffman, L.G. and Kanuk, L.L., Consumer Behavior, Eighth Edition, 2004, Prentice Hall, India.
- Wells W.D. and Prensky, D., Consumer Behavior, 1996, John Wiley & sons, Inc. Saroj Kumar and Naina Agarwal, Consumer Behavior, Thakur Publishers-Ahmedabad

Unit 10 - Consumer Preferences and Group Dynamics

Structure of Unit

- | | |
|-------|--|
| 10.0 | Objectives |
| 10.1 | Introduction |
| 10.2 | Theory of Consumer Preferences |
| 10.3 | Consumer Attitude, Consumer Behavior and Society |
| 10.4 | Consumer Preferences and Brand Consciousness |
| 10.5 | Group Behavior |
| 10.6 | Consumer Preferences and Reference Groups |
| 10.7 | International Aspects for Consumer Preferences |
| 10.8 | Factors Affecting Consumer Preferences |
| 10.9 | Summary |
| 10.10 | Self Assessment Questions |
| 10.11 | Reference Books |

10.0 Objectives

After reading this unit you would be able to :

- Learn to use consumer preferences in terms of marketing of goods and services.
- Study basic assumptions about consumer preferences.
- Learn the relation between consumer preferences and group dynamics..
- Explore utility functions as a tool for representing preferences.
- Study consumer reference groups and influences.
- Analyze the concept of consumer preferences and group behavior.
- Explore some special aspects of marketing in respect of consumer preferences.

10.1 Introduction

In today's globalised economy, making decisions about a product with many options is not easy. Consumer has become more intelligent. Education, media are playing a crucial role for awareness about consumer rights, new products and services. Consumer preferences deal with many aspects. For better understanding, we have provided some examples. Before buying a motorcycle, for example, you can discuss with the experiences of friends and family, read advertisements, visit dealers, and test-drive vehicles. You could be in the situation of research different models and financing options, read *Consumer Reviews*, price, insurance rates for popular models. As a consumer, you make choices every in your daily routine life. As a consumer, you should decide what type of housing to rent or purchase, what food, clothing, accessories to buy, how much education is necessary in terms of future aspects. Consumer preference covers an excellent example of constrained optimization. As we all know that people have unlimited expectations, but limited resources. Businessman use different types of publicity tools to promote their products and services, which closely affect preferences of consumers towards these products and services. Consumer preferences are associated with quality of transmission, advertising campaign and styles, product quality, market growth etc.

10.2 Theory of Consumer and Consumer Preferences

Purchasing of goods or services is not a simple process. It involves consumer interest for a product. It is concerned with the buying decision process. It covers a process in which we try a product and then accept. Generally, when we buy a product for first time, and if this experience is positive in respect of satisfaction, and then our acceptance will be done. Here, it is necessary to mention that in case of durable goods it is not possible. The reason behind this aspect is the fact that once a product is purchased and used, then the adoption process starts. Product adoption is a process of consumer decision to accept the product. In this regard, it is important to mention that generally, consumer durables are not selected for trial purchasing. Consumer durables are purchased for adoption. If we take an example of the behavior of rural consumers, we see that at the time of purchasing of consumer durables, many factors like the possession of the durables; source of purchase, classification of buyer, basis of purchase(cash or credit) , brand , reasons behind the brand selection etc. affects ones preference.

The theory of consumer preference lights on how consumers with available limited resources select goods and services. We should learn about consumer preferences to understand how a consumer compares the desirability of various sets of goods and services. Therefore, consumer preferences focus whether the consumer likes one particular set of goods or services better than another available. In this world, each consumer who wants to purchase goods or services has limited income.

10.2.1 Assumptions

Consumer **preferences** can be defined as the individual choices or tastes of various bundles of goods. Consumer ranks these bundles of goods as per the levels of utility. Consumer preferences are related with income and prices and measured by utility. Consumer's choices are not directly linked with ability of purchasing. These preferences can be determined and discussed with the use of indifference curves. For graphically presentation of consumer preferences, we need to define some related terms. We assume that there are only two goods in this world. These goods can be any two goods. For example of one good, say food, and let the other good be a composite of all other goods. For explanation, we can define two goods as Good A and Good B. We can define these combinations **commodity or goods bundles**. The basic objective of the theory of consumer preferences is making consumers ability for ranking these commodity bundles according to the amount of utility obtained from them. Every consumer has different preferences over the different combinations of goods defined by the set of commodity bundles.

For better understanding about consumer preferences and related aspects, we need to learn about some assumptions related with the theory of consumer preferences. Consumer preferences are based on some assumptions. These are as follows:

1. Decisiveness

The first is decisiveness. Here, given any two commodity bundles or baskets in commodity space, the consumer must be able to rank them. It means those consumers preferences are complete. It reveals that the consumer is able to rank any two baskets. For commodity bundles *A* and *B*, for example, the consumer can provide preferences according **bundle** *A*. Imagine we randomly select two commodity bundles or baskets *A* and *B*. This assumption reveals that the consumer should be able to say that they prefer commodity bundle *A* over *B*, or *B* over *A*, or both *A* and *B* give the same level of utility.

2. Consistency

The second assumption of this theory is consistency. The consumer should be consistent in his preference and rankings. Imagine, we are using three options bundle a, bundle b and bundle c. Let the consumer select commodity bundle A over B, and also commodity bundle B over C. We can expect that the consumer will prefer A over C. According to this assumption the consumer should select A over C. It means that consumer preferences are transitive. By this assumption we can understand that the consumer makes preferences that are consistent with each other. Here, we have presented consumer preferences with a view of consistency. For better understanding, we can represent transitivity in such a manner: If $A \sim B$ and if $B \sim C$, then $A \sim C$.

3. More is better

The third basic assumption about consumer preferences is more is better. Generally, consumers believe that they are paying much and receiving little. When a consumer goes to the market, he or she is in a trouble of choosing better option. This assumption reveals that consumer is a confused person when he or she has to decide.

10.3 Consumer Attitude, Consumer Behavior and Society

An attitude is a positive or negative systematic appraisal of a social purpose or action. A social purpose is associated with a business enterprise and its regulations, supply system and service. Theories related with attitudes like the well-known theory of planned behavior (Ajzen, 1985) have described attitude as a factor involved in determining behavioral preferences. It is a matter of behavior that there is continuing debate about when, and in what conditions, attitudes are major determinant factors of behavior. Attitudes are important in terms of consumer's choice and related questions.

Society also affects ones behavior as a consumer. The reason behind this is that we constantly change our perceptions. When we discuss about consumer and related choices, we should focus on discussing definitional and meaningful depth of the concept that 'the consumer' is not an agent of a single homogeneous group, 'the public'. Socialists favor to use the term '**publics**' to show the idea that not all members of 'the public' discuss and share the same objects and related values nor have the same relative authority within any society. Here, we can give an example that the poor/unemployed peoples are not able to pay for some services and it should not be ignorable that the importance of this different social status is also considerable. Consumer preferences are equally important and affected by social factors. Here, we can give an example of use of electricity, all members of the general public have to use electricity from some definite source but some customers pay directly, some pay indirectly (for example, those residing in care homes, hotels, dharamsalas) and others are dependents of customers. These groups have different relationships with suppliers and different preferences. These preferences influence on market activities and social discussions. We can present a model in which we derive consumer preferences or choices. Consumer preferences are determined in respect of the level of satisfaction the consumer gets from consuming different bundles of goods or services.

In this regard, we can say that the basic objective of a consumer is to select the bundle of goods which gives the highest level of satisfaction. But consumers are confused in their preferences. These confusions are consumer's income, knowledge about goods and services and the prices the consumer pays for the goods. The consumer preferences

relates with the process involved before making a purchase. Before purchasing, our preferences actually covers the understanding of a set of decisions like what, why, when, how, where, how much and how often consumers are associated with the product. Motivation is the driving force related with the causes in which a person takes suitable action to satisfy specific objectives. Motives can be defined as influences for providing the impulse for purchasing. Purchasing of durable goods is also different in terms of motivation behind the purchase. It depends on variety of products, nature of products and services that provides to a consumer.

10.4 Consumer Preferences and Brand Consciousness

Beside this, government officials also care about consumer preferences. For instance, if a government is interested in helping poor families to buy food, policy makers must decide how to do it. Conclusively, the effectiveness of a project depends on consumers' preferences. The theory of demand, therefore, is a model of how consumers behave. Every consumer has a set of preferences whose determination is outside the coverage of economics. Consumers are totally dependent upon cultural values, education, and individual choices. The systematic measurement of these values in terms of consumer preferences for a particular good or service is the real opportunity cost to the consumer who purchases and consumes the good or service. If a consumer purchases a particular good or service for his satisfaction, then the opportunity cost of that purchase is the forgone goods the consumer could have purchased instead. Brand can be understood as a name, term, symbol or design or a combination of them, which used to identify the goods or services of one seller and to differentiate them from competitors . Brand consciousness is important in terms of consumer preferences because it is a symbol of questions related to a purchasing. It creates information in respect of the awareness among the consumers about the number of brands. It is helpful for each product to assess the strategy used creating awareness among the consumers.

10.5 Group Behavior

Group dynamics is closely related with the consumer and social psychology literature interchangeably as "social influence" or "interpersonal impudence". Market professionals have played a major role to understand the effects of group influence on consumer preferences and behaviors. That is related with, how, why, what and when do consumers go to social norms? Group influence plays an important role in seminal models of consumer attitudes. Group influence has an impact on brand preferences related to evaluations of product or service quality. This is about consumer socialization that it is the process by which executives develop consumer related skills, knowledge and attitudes. As a student of management, we should be interested in the efficacy of consumer social influence theories in predicting the development of patterns of socialization and behaving that constitute consumer attitudes. Consumer behavior is closely related with psychology, sociology, anthropology, economics, etc. It is concerned with attempts to understand the buyer decision making process, both individually and in groups. It reveals major characteristics of individual consumers such as demographics, psychographics, and behavioral variables. This is an effort to understand what consumers really want. It is concerned with the assessment of influences on the consumer by groups such as family, friends, other reference groups, and common society. In the field of consumer preferences, Marketing professionals have tried to unfold and understand many

questions of buyer's decision process, the information and related influences of the environment on consumer preferences. We all know that everyone is different from others in more ways. We can see this difference in everyday situation like buying tea and snacks from the nearby shop to use. Many researchers have studied how people behave in a particular situation and why do they behave like that? The results have not been related with the efforts made due to the differentiation which people shows in their preferences. Thus, it is imperative for management students to keep an eye on latest researches on the various facets of consumer behavior, choices and attitudes in different contexts on a regular basis.

10.6 Consumer Preferences and Reference Groups

In the words of Olson & Peter, a reference group is defined as a group of one or more people that someone uses as a basis for differentiation on or point of reference in forming affective and cognitive responses and performing behaviors". Reference groups are found in the social network of an individual. It covers family members, friends and Colleagues. It is very useful in terms of brand preferences that change the mental status of consumer. Reference groups are divided into two segments. First is the primary group having family, friends, neighbors, and colleagues? Generally, the nature of Primary groups is informal. Second is secondary groups, In which less continuous interaction ids found. The nature of secondary groups is generally formal. Secondary groups consist of religious organizations like Vishwa Hindu Parishad, professional bodies, trade unions, etc. Other interesting factor about reference groups is that they are generally small groups. They do not reflect broad vision like entire social class. Conclusively, we can say that consumer preferences are also influenced by a large extent of external factors. Reference groups are helpful for promoting an individual to new attitudes, ideas and lifestyles. Reference groups influence attitudes and self- realization of an individual. They create pressures that may affect actual product and brand Preferences. The importance of the concept of reference groups for management students is that it helps in better understanding of an individual's behavior in respect of consumer preferences. Generally, reference groups are used as a source of information about products and as a basis of reference in product assessments. Generally, we have a need to compare our self on various dimensions with other individuals for judging the consequences of others behavior. Social comparison develops the stability of one's assessment and provides an offer for expressing affection. Social comparison is divided into two processes-reflected appraisal and comparative appraisal. Reflected appraisal is an evaluation of the self that is derived from the attitude of other persons during interaction. On the other hand, comparative appraisal is the evaluation of one's own attitude, belief, and ability. Conclusively, we can say that most of the buying decisions are affected by someone's direct recommendations. It has also been observed that although secondary sources of information may be important in developing awareness about the product or service. On the other hand, mouth publicity also plays an important role in determining purchase decisions. The interpersonal source is used and accessed more frequently by consumers because of its assumed objectivity in terms of purchase decisions. Consumer behavior could be suspicious because of interpersonal influence or group influence. It is related with other individual's behavior. Generally, our behavior in terms of purchasing depends on others choice. Another aspect is that we regularly observe others behavior, purchase decisions. Conclusively, we can say that for purchasing, we collect much information from many direct or indirect sources.

10.6.1 Reference Groups Influence on Consumer Preferences

Groups can influence consumer's preferences through various sources of social power. Social powers are more important in terms of affecting ones behavior. People react differently in different social situations. The influence of reference groups on consumer Preferences can be understood through these social dimensions. These can be summarized as under.

- **Reward :** Power of reward is the ability of group to give rewards. It is concerned with monetary and non-monetary rewards. In the category of monetary rewards, we cover money and gifts. On the other hand, in the category of non monetary rewards, we cover psychological satisfactions like recognition and praise. Today, we see that in some situations the use of Products or services provides the rewards of group acceptance. For example, use of android mobile phones create better acceptance among university students.
- **Power of Fear :** Power of fear is the ability of group to give threats. Generally in groups, people feels that they can be rejected if they do not use such type of products like deodorants, mouthwash, etc. These types of products are sold by using the fear of rejection. People are expected that they should behave like others in a group.
- **Legitimate Power :** It is concerned with group values. It involves the sanction of what should be done. In some cases of groups like professional associations of chartered accountants, physicians, lawyers or professors, the group has a legitimate influencing power on members because of their belongingness.
- **Referent Power :** It is concerned with the identification and feeling of oneness of a person within a group. The reason of this referent power is that usually a person admires himself or would be liked by the group. This type of power is often used to buy those products in which people feel status like Bajaj Pulsar Motorcycle. Consumers are expected that they should buy products recommended by the group if they want to be in the group.
- **Power of Experience :** Generally, people recognize information from members within a group, whom they perceive to be experts in a particular area. For example, we are purchasing laptop. We discuss computer experts before purchasing. Now we take a second example, imagine, we are investing in capital market. In this situation, we consult with those people who regularly invest in such type of markets.

10.7 International Aspects for Consumer Preferences

Consumer preferences can be different according to time, place and country. Generally, we think that the subject of consumer is easy but it is not true. Consumer preferences are complex in terms of understanding. Business organizations in different countries feel it very difficult to understand the behavior of a consumer. We see that our views are different and dependable as per the culture, values, attitudes and perceptions in which we live. Cultural differences play an important role in the field of consumer preferences. These are also important in every country in regard to consumerism. Culture affects consumer's product preferences. In this regard, it is necessary to mention that business organizations should conform that their marketing strategies plans and programmes are capable to meet the challenges of various cultures and desires of consumers in various

markets. Beside this, they should standardize their products and services for simplifying operations. Marketing programmes should be planned as per the needs of consumers of a particular area. It helps in achieving marketing objectives in respect of consumer preferences.

It creates an advantage of economies of scale. Marketing strategies should be as per the need of local market. Consumers in different countries prefer different aspects while they are in the process of purchasing. Generally, there are two types of marketing strategies. First is related to consumer preferences directly. First is standardized strategy. Second is localized strategy. For example, Indians favor major quantity of butter for good health. On the other hand, Americans favor optimum butter for good health. Consumers in different countries have their different desires and needs. They are having their different spending power, product choices and buying behavior. If an organization want to be an international image, adoption of suitable marketing strategies is necessary. In other words, we can say that it is compulsory for the survival of the organization in the international market. Each country has a National Character. Consumer preferences are also affected by nationality aspect. Distinctive consumer preferences and personality characteristics are also affect individual choice. An effective strategy must be tailored to the sensibilities and needs of each specific culture. For example, Gillette sells over 850 products in more than 220 countries. The company uses different brand names in different countries. Conclusively, we can say that , marketers should continuously update their marketing techniques. Here, it is nessary to discuss that some extra challenges than domestic market are found when we are in global business. If we are in global business, we should monitor global marketing strategies so that we can be a pioneer.

10.8 Factors Affecting Consumer Preferences

Generally, customers do not make their decisions with full mental exercise. Their purchases are affected by many cultural social, personal and psychological dimensions. Consumer preferences are beyond the control of the marketers but should be taken into account for making adequate marketing strategies. These can be divided into internal and external influences on consumer Attitudes or preferences.

(A)Internal Influences on Consumer Preferences

These internal influences mould the consumer choice directly through the psychological processes. Consumer preferences are generally difficult to understand and they are beyond the control of marketers. These are briefly discussed below:

- **Personality :** This is concerned with a person's different psychological characteristics. It affects to the consistent and lasting responses to stimuli in the environment. Many efforts have been made to enhance the relationship between personality traits and consumers' want to adjust with the environment. In 1945, Horney has suggested three personality groups:
 - (a) Compliant individuals - Those who move toward others or those who want to be loved praised and appreciated,
 - (b) Aggressive individuals- Those who move against others or those who desire to compete to win
 - (c) Independent or we can say free from obligations.

- **Lifestyle** : It is a kind of living revealed through a person's activities, interests, and views on occasions. If we discuss about present social scenario, we can see that reality shows on the television are concentrating on the life style of the youth.
- **Motivation** : According to Schiffman & Kanuk- Motivation is the driving force within individuals that forces them into action. Generally, consumers have many motives for particular attitudes. Different motives can affect to the same attitude. For example Taking admission in IIM, Ahmadabad can be a matter of prestige (esteem needs) for some of the aspirants of CAT Exam. On the other hand, it can be a mean of self actualization. For example, many people buy a home to fulfill their safety needs, while many buy a home for investment purpose.
- **Involvement** : It is concerned with an individual's interest in a product or service and the Necessity of the product for that person. The purchase of a Book like RAMAYANA is important for theological persons. On the other hand, this book cannot be useful for a drunkard person in the situation of drink. It reveals a higher involvement condition. As involvement with the product increases, consumers feel greater motivation. For example, we are purchasing for our sister's marriage. In this situation, we feel emotional involvement. Imagine, we are purchasing gold jewellery, we would search complete information regarding prices, location, goodwill of the jeweler, etc. We may visit the site of making ornaments; discuss the matter with family, friends, experts and other jewelers. However, if the same person purchases newspaper, he/she will not search intensive information as in the case above. Finally, it can be concluded that most of the consumer's present differentiation in their attitude is mainly due to the internal factors.

(B) External Influences on Consumer Preferences

Here, we are discussing about external factors related with consumer preferences. These external influences are concerned with environmental factors which affect consumer preferences indirectly. Consumer preferences are generally difficult to understand and they are beyond the control of marketers. These are briefly discussed below:

- **Social Culture** : Social Culture is the most fundamental factor in respect of a person's desires and attitudes. From society, we learn a lot like basic set of moral values, perceptions, preferences and choices through a process of socialization in which family, friends, colleagues are involved. In western countries, we see that materialism is involved in the society. On the other hand, we see a different culture of values, traditional society with full of conventions in developing countries like India. In western countries, society focuses on values like, achievement, success, progress, material luxuries, individualism, freedom, youthfulness, etc. In India, we are molding our child's with values like, honesty, truthfulness, unity, spirit of brotherhoodness and respect for elders. Conclusively, we can say that culture is a set of basic values, beliefs, norms, and associated behaviors. These values or beliefs are acquired by a member of society while growing up in a given social environment. Culture is associated with short term as well as long term period. Culture is developed with the help of a long period of time. Through Culture, we can build long term effect on the behavior of an individual or groups.
- **Social-Class** : Social class represents a group consisting of a number of people who have same positions in a society. Our social class reflects many dimensions such as family background, composition of family, education, occupation, ownership of property, income, etc. It is concerned with the division of society into a hierarchy of social classes. This hierarchy reflects us into a range from high status to low status.

The study of this hierarchy of social classes is important for students because consumers in a particular social class make preferences and consumption patterns. Generally, we favor certain products liked by the members of our own social class or a higher social class. On the other hand, we dislike those products which are not liked by the members of our own social class or a higher social class.

10.9 Summary

Conclusively, we can say that it is contemporary to mention that marketers have become more dynamic and the consumer has in a position to control over the strategic decisions in terms of their preferences. In today's globalised market, business organizations are facing many challenges to understand the pulses of modern consumers. In India, we see that we are so cultural in respect of understanding the consumers buying pattern. Globalization has imparted many aspects on Indian culture. As we see that changes in the aspirations of a consumer has been a common practice. If we see our global market, business practices have become more complex. Today, business environment is so turbulent. We are facing high competition in the market. Customer is the king of the market. Business organizations success depends on the efficiency of the marketing managers. All relevant studies in terms of consumer preferences are important for discussing. For achieving customer satisfaction understanding consumer preferences and the relation with groups is essential. Marketing managers should follow a proactive approach and also be reactive in the situation of grievances of the customers. This chapter is an attempt to develop a thought on consumer preferences and group dynamics. Consumer preferences are often studied because many policy decisions are significantly affected by their choices. Ultimately, Life **Satisfaction** is necessary because it deals with the fulfillment or gratification of a desire, need, or appetite. Life satisfaction covers comparing one's actual conditions of life with the desired standard.

10.10 Self Assessment Questions

1. What do you understand by consumer preferences? Explain It.
2. What are the assumptions of the theory of consumer preferences?
3. What is the relation of consumer preferences with groups? Explain it.
4. What are the basic characteristics of consumer preferences? Explain it.

10.11 Reference Books

- Skinner (1996). *Marketing*, Houghton Mifflin Company, Boston.
- Rodge T.R. (2001). *Influence of advertisement on consumer of different age groups and areas*. Indian Journal Of Marketing Vol. 3 (4),
- Bhawani Prasad G.V. and Sitakumari, K.(1987). *Impact of advertising on consumer durable market*. Indian Journal of Marketing Vol.63.
- Xavier (1991). The Colour television buying decision – A Post purchase analysis of Onida T.V. purchases. MBA project report, School of Management Studies, Cochin University of Science andTechnology, Cochin.
- Venkteswaralu,H and Rao P.P. (2000)., *Women as consumer*., New Delhi.
- Kulkarni M.S. and Murali D (1996). Study of purchasing practicesof consumers of Prabhani Town, Indian Journal of Marketing. Volume No. 25.

Unit - 11 Organizational Buying Behaviour

Structure of Unit

- 11.0 Objectives
 - 11.1 Introduction
 - 11.2 What is Organizational Buying?
 - 11.3 Participants in Business Buying Process
 - 11.4 Procurement Process
 - 11.5 Stages in Buying Process
 - 11.6 Organizational V/s Consumer Buying Behaviour
 - 11.7 Major Influences on Organizational Buyers
 - 11.8 Summary
 - 11.9 Self Assessment Questions
 - 11.10 Reference Books
-

11.0 Objectives

After completing this unit, you would be able to:

- Understand the concept of organizational buying
 - Understand the difference between business and consumer market
 - Understand the business buying process
 - To know about buying centre, influences and targeting
 - Understand various stages in buying process
 - To have preliminary understanding of B2B buying
-

11.1 Introduction

Those who supply goods and services to consumer markets are themselves in need of goods and services to run their business. These organizations - producers, resellers, and government -make up vast marketing organizations that buy a large variety of products, including equipment, raw material, and labour and other services. Some organizations sell exclusively to other organizations and never come into contact with consumer buyers.

The essence of the marketing philosophy is satisfaction of customers' needs and wants through the provision of the right products and services, at the right time, in the right place at the right price. This remains true whether that customer is an individual or an organization. All organizations, whether making products or delivering services have to purchase goods and services from a range of suppliers so that, they can run and manage their own operations.

The marketing concept means that organisations need to understand their customers before marketing plans can be developed, or attempts made to improve customer satisfaction. Combining many strands and elements from sociology, anthropology and economics the study of consumer behaviour is highly relevant. There are sufficient differences between individuals and organizations in what they purchase and the ways in which they go about their purchasing to make separate consideration worthwhile.

11.2 What is Organizational Buying?

Organizational buying, according to Webster and Wind (1972), is ‘the decision making process by which formal organizations establish the need for purchased products and services and identify, evaluate and choose among alternative brands and suppliers’. One of the important aspects of this definition is that organizational buying behaviour is a process rather than a static, one-off event. There are a number of stages, or phases, associated with product and service procurement, each one often requiring a key decision to be made. Organizations buy products and services on a regular basis and professional purchasing is a requirement in most businesses. Thus organizational buying behaviour is an integral part of the external relationships that an enterprise develops, either as a part of market-based exchanges or as fully developed relational exchanges.

The purchase of products and services by organizations presents a risk which varies according to many factors. For example, the complexity of the product or the frequency of purchase decisions may impact on the risk factor. The formalization of buying behaviour in organizations symbolizes the potential risk as well as being a means to reduce it.

Organizational buying behaviour is not just about the purchase of goods and services. In addition to this fundamental task, it is concerned with the development and management of inter-organizational relationships. The placement of orders and contracts between organizations can confirm a current trading relationship, initiate a new set of relationships, or may even signal the demise of a relationship. Clearly this aspect of organizational buying behaviour is important where there are relational exchanges. However, even in market exchanges, organizations should be alert to the relationship potential.

In order to explore Organizational Buying Behaviour (OBB), attention will first be given to comparing organizational with consumer buying behaviour. This is followed by an exploration of the characteristics of the decision making unit, the different types of buying situations, the process stages that are often involved.

11.2.1 Business Market versus Consumer Market

The Business market consists of all the organizations that acquire goods and services used in the production of other products or services that are sold, rented or supplied to others. More money and items are involved in sales to business buyers than to consumers. Think of a simple example of producing and selling of a simple pair of shoes. Hide dealers must sell hides to tanners, who sell leather to shoe manufacturers, who in turn sell shoes to wholesalers, who sell it to retailers, who finally sell it to the consumer. Each participant in this value chain also buys various other types of goods and services for the manufacturing of shoes.

11.2.2. Characteristics of Business Market

Few characteristics mark the business market and its buying process:

- **Fewer and large buyers:** Business market deals with fewer but much larger, who buyers buy large volume in geographically concentrated areas. For example, steering for four wheelers in automobile industry.
- **Demand is derived and largely inelastic:** The total demand is inelastic. It is not affected by price changes. The demand is derived from the demand for consumer goods. The demand is known as Derived Demand. It keeps on fluctuating because a small change in consumer demand results in major shift

in organizational demand. Demand is derived from the production and sales of buyers. Demand fluctuations are high as purchases from business buyers magnify fluctuation in demand for their products.

- **Relationship:** The relationship between supplier and customer is close. This is due to few and large customers.
- **Professionalism:** Professional and trained people make purchase. Purchase policies require buying instruments like quotations, tenders, contracts etc. Many of the buying instruments like request for quotations, proposals and purchase contracts are not typically found in consumer buying but are essential and integrated part of business buying.
- **Channel:** Organizations generally buy direct from manufacturers. Purchasing agents are also used.
- **Buying Influences:** More participants influence buying decisions. Buying committees and evaluation committees are used. Personal selling is important. The organizational buyers are trained professionals in purchasing.
- **Rationality:** Buyers are informed and are more rational in making buying decisions. The buying criteria can be value, quality or service.
- **The purchases are in large quantities.** Lot of buying occurs in direct dealing with manufacturers.
- **Many individuals are involved in making buying decisions.** As more people are involved in the selling process it takes multiple sales calls to win most business orders and sometimes some sales cycles can take years. The organizational decision process frequently spans a considerable time, creating a significant lag between the marketer's initial contact with the customer and the purchasing decision. Since many new factors can enter the picture during this lag time, the marketer's ability to monitor and adjust to these changes is critical.
- **The organizational buyer is motivated by both rational and quantitative criteria dominant in most organizational decisions;** the decision makers are people, subject to *many* of the same emotional criteria used in personal purchases.
- **Organizational buying decisions frequently involve a range of complex technical dimensions.** A purchasing agent for Maruti Automobiles, for example, must consider a number of technical factors before ordering a radio to go into the new model. The electronic system, the acoustics of the interior, and the shape of the dashboard are a few of these considerations.
- **Organizations cannot be grouped into precise categories.** Each organization has a characteristic way of functioning and a personality.

11.2.3. Buying Situations

The business buyer faces many decisions in making a purchase. The number of decisions depends on the buying situations like complexity of the problem being solved, newness of the buying requirement, number of people involved, and time required. Patrick Robinson and others distinguish three types of buying situations. They are as follow:-

1. New Task

In this situation, the buyer is buying the product for the first time. As the cost of the product or consumption value becomes higher, more number of executives are involved in the process. The stages of Awareness, Interest, Evaluation, Trial, and Adoption (AIETA) will be there for the products of each potential supplier. Only the products which pass all the stages will be on the approved list and price competition will follow subsequently.

- When the problem or need is totally different from previous experiences.
- Significant amount of information is required.
- Buyers operate in the extensive problem solving stage.

2. Modified Rebuy

In this buying situation, there is a modification to the specifications of the product or specifications related to delivery, price or any other term. Executives apart from the purchasing department are involved in the buying decisions. The company is looking for additional suppliers or is ready to modify the approved vendors list based on the technical capabilities and delivery capabilities.

- Decision makers feel there are benefits to be derived by re-evaluating alternatives.
- Most likely to occur when displeased with the performance of current supplier.
- Buyers operate in the limited problem solving stage.

3. Straight Rebuy

In this buying situation, only purchasing department is involved. They get information from inventory control department or section to reorder the material or item and they seek quotations from vendors in an approved list. The "in-suppliers" make efforts to maintain product and service quality. The "out-suppliers" have to make efforts to get their name list in the approved vendors' list and for this purpose they have to offer something new or find out any issues of dissatisfaction with current suppliers and promise to provide better service.

- The problem or need is a recurring or continuing situation.
- Buyers have experience in the area in question.
- Require little or no new information.
- Buyers operate in the routine problem solving stage.

11.2.4. Systems Buying and selling

These days many business buyers prefer to buy a total solution to a problem form one seller. This is called systems buying. This practice originated with government purchases of major weapons and communications systems. Bids are solicited from prime contractors who assemble the package or system. In bidding whosoever is awarded the contract will be responsible for further bidding out and assembling the systems subcomponents from second tier contractors. Systems' selling is a key industrial marketing strategy in bidding to build large-scale industrial projects, such as dams, steel factories, irrigation systems, sanitation systems, pipelines, utilities etc.

11.3 Participants in Business Buying Process

Many large organizational purchases involve consultative selling, that is where the buyer and vendor work together to define the problem, identify a solution and work together throughout a long process of implementation and support. Because of the relationship issues which occur in a long association, trust, integrity, empathy and engagement become important factors to consider in the buying decision.

11.3.1 The Buying Centre

Organizational buying is often referred to as group buying where a number of individuals or groups undertake different roles in the buying process. Often the buying process will involve highly technical issues which will require the input of technical experts. At the same time, major purchases will involve economic considerations such as financing, return on investment, maintenance costs, life cycle consideration and so on.

Webster and Wind call the decision-making unit of a buying organization the buying centre. Buying centre consists of all those individuals and groups who participate in the purchase decision making. Different groups or individuals may play one or more of the following roles:

- **Initiators:** Those who request that something be purchased. They may be users or others in the organization.
- **Users:** They may not only initiate the purchase process but are sometimes involved in the specification process. They will use the product once it has been acquired and subsequently evaluate its performance. Their role is continuous, although it may vary from the peripheral to highly involved, in the buying process.
- **Influencers:** These are individuals or groups who help specify the requirements or provide information to help evaluate the alternatives. People who provide technical input are usually in this group. They very often help set the technical specifications for the proposed purchase and assist the evaluation of alternative offerings by potential suppliers. These may be consultants hired to complete a particular project. This is quite common in high-technology purchases where the customer has little relevant expertise.
- **Buyers:** These individuals and groups have the formal authority to select vendors and undertake the actual purchase transaction. They may take a major role in the negotiations on price and conditions of supply.
- **Deciders:** These individuals have formal or informal authority to select the final supplier. May be the same as Buyers in routine purchases.
- **Approvers:** People who authorize the proposed actions of deciders or buyers.
- **Gatekeepers:** These individuals informally or formally control the flow of information or access to other groups involved in the buying process.

The typical buying centre has a minimum of five or six members and sometimes dozens. The buying centre may include people outside the target customer organization, such as government officials, consultants, technical advisors and other members of the marketing channel.

11.3.2 Buying Centre Influences

Buying Centre usually includes several participants with differing interests, authority, status and persuasiveness. Each member will have his or her own point of view as per his

or her expertise. Buyers exhibit different buying styles. There can be ‘keep it simple’ buyers, ‘want the best’ buyers, ‘want everything done’ buyers etc. According to Webster organizational buying is both ‘rational’ and ‘emotional’ because of the role an individual plays in the organization.

11.3.3 Buying Centre Targeting

The buying centre structure is not just limited to organizations; we can see similar patterns in family situations where the user, decision-maker and influencer are different members of the family. Similar elements may exist in peer groups where different peer group members have influence on the buyer behaviour.

A problem with working in a B2B environment for many vendors is the difficulty of establishing the members of the different groups and the level of their formal and informal involvement. A further problem lies in the manner in which the problem or solution specifications are arrived at.

If developed too early and with little input from the vendor, they could be excluded if they solved the problem in a way different from that required through the specification. Another problem may exist where one vendor has a special relationship with some of the buying groups and is able to bias the specifications towards their solution.

Buying patterns in habitual purchases and frequent low risk purchases where little evaluation is required follow similar processes as for individuals. These tend to use routine procurement practices with little involvement from the vendors prior to the buy decision.

Complex, large or infrequent and perceived risky decisions are similar to personal buy decisions but as we can see, usually involve many more participants and are usually much more formal in process. Organizational decisions are also capable of being of very large scale and can involve purchases in the many millions of dollars, take many months if not years to transact and can make or break careers and fortunes. Perceived risk can be very high and encompass many actors.

These complex transactions are often in situations where the specification or the problem and/or the solution are problematic. In environments where problems are dynamic and interact with a developing and changing society and economy and where solutions evolve with knowledge and technology, the specifications themselves evolve. Often the buyer needs the active support of the vendor to understand the problem or to understand the state of possible solutions.

Solutions themselves may adapt to the problem definition as it is uncovered. Often it takes the active support of the vendor to uncover the requirements, especially where the vendor has much greater knowledge of the problem environment. Thus, it is not unusual for a deep relationship to develop between buyer and vendor as the project evolves. Trust, integrity, empathy and openness often become key characteristics of the final decision process.

A good portion of organizational buying is controlled or constrained by the economic situation. Components, ingredients and supplies must fit with the conversion process and with the economic objectives of the final outcome. Some decisions are constrained by mandated decision rules which limit the scope of the decision making power of the actors, especially prevalent in government procurement.

Organizational buying is not entirely predictable or entirely rational. Individuals who specify requirements or provide technical input, those who search for information and others who undertake evaluations will still be influenced by their own past experiences,

knowledge and training. If a rigorous process of information search and evaluation is not undertaken or if there is time pressure to make a decision, then not all vendors will be considered or fully evaluated.

For targeting in the organizational buying, we can identify four types of business customers. They are as follows:

1. Price-oriented customers: For these types of customers price is everything.
2. Solution oriented customers: This segment of customers want low cost but understand the importance of other vital factors also.
3. Gold standard customers: These types of customers would look for the best performance in terms of quality of the product, timely assistance, reliable delivery etc.
4. Strategic value customers: These types of customers look for fairly long and permanent relationship with the suppliers.
5. Rules oriented customers: These types of customers buy as per the rules laid down by some other organization. For example buying on Directorate General of Supplies & Disposals (DGS&D) rate contract.

In a complex one-off buying situation an organization goes through a series of steps to arrive at the buying process itself. Externally or internally some trigger kicks off the process. At this point, some part of the organization defines the issues and seeks permission to do something about it. Some individual or department is then given responsibility to investigate and recommend action. A budget needs to be assigned and the process of establishing the need and investigating possible solutions commenced. This process can be complex where multiple organizational units are involved and where organizational change is involved. Organizational buying is very similar to individual buyer behaviour with some contextual differences. Organizations buy in furtherance of organizational objectives, such as to manufacture and deliver goods and services to members, customers or the community.

11.4 Procurement Process

Every organization has specific purchasing objectives, policies, procedures, organizational structures and systems. Earlier purchasing departments occupied a low position in management hierarchy, but nowadays the purchasing departments are the strategic units of an organization whose mission is to seek the best value from quality suppliers. On these objectives, policies, structures and systems depends the purchasing or procurement process of that organization.

Some multinationals have even elevated them to “Strategic supply department” with responsibility for global sourcing and partnering. Formally there are three company purchasing orientation.

1. **Buying orientation:** The purchaser's focus is short term and tactical. Buyers use two tactics: commoditization and multi-sourcing.

2. **Procurement orientation:** Here buyers simultaneously seek quality improvements and cost reduction. They encourage early suppliers involvement in materials handling, inventory levels, just-in-time management, and even product design. They work closely with their manufacturing group on Material Requirement Planning (MRP) to make sure suppliers arrive on time.
3. **Supply Chain Management orientation:** Here purchasing role is further broadened to become a more strategic, value-adding operation. Purchasing executives at the firm work with marketing and other company executives to build a seamless supply chain management system from the purchase of raw materials to the on-time arrival of finished goods to the end users.

Marketers need to understand how business purchasing departments work. These departments purchase many types of products, and the process varies from the types of products involved. Peter Kraljic has identified four product related purchasing processes. They are as follows:

1. **Routine products:** These products have low value and cost to the customer and involve little risk, for example office supplies. Customers will seek the lowest price and emphasize routine ordering.
2. **Leverage products:** These products have high value and cost to the customer but involve little risk of supply for example engine pistons, because many companies make them. The suppliers know that the customer will compare market offerings and costs, and it needs to show that its offering minimizes the customer's total cost.
3. **Strategic products:** These products have high value and cost to the customer and also involve high risk for example, Mainframe computers. The customer wants a well known and trusted supplier and be willing to pay more than the average price.
4. **Bottleneck products:** These products have low value and cost to the customer but they involve some risk for example spare parts. The customer wants a supplier who can guarantee a steady supply of reliable products. The supplier must propose standard parts and offer a tracking system, delivery on demand and a help desk.

11.5 Stages in Buying Process

Organizational buying is heavily influenced by derived demand, that is, demand for an end product or for a product or service sold by the buyer's customers. The demand for components by a manufacturer will be dependent on demand coming from their customers, the retailers and wholesalers, who in turn are reacting to demand from their customers, the consumers. Overall consumer demand may in turn be impacted and influenced by economic, social, political and technological factors in the environment.

Robinson and Associates have identified eight stages and called them *buyphases*. The stages are shown in Table 12.1. This model is called the *Buygrid* framework.

Table 11.1: Buygrid Framework

		Buyclasses		
Buyphases		New Task	Modified Rebuy	Straight Rebuy
	Problem Recognition	Yes	Maybe	No
	Need Description	Yes	Maybe	No
	Product Specification	Yes	Yes	Yes
	Supplier Search	Yes	Maybe	No
	Proposal Solicitation	Yes	Maybe	No
	Supplier Selection	Yes	Maybe	No
	Order-routine specification	Yes	Maybe	No
	Performance Review	Yes	Yes	Yes

The organizational buying process contains eight stages, or key phrases, although these stages parallel those of the consumer buying process, there are important differences that have a direct bearing on the marketing strategy. The complete process occurs in the case of a new task. Even in this situation, however, the process is far more formal for the industrial buying process than for the consumer buying process. Most of the information an industrial buyer receives is delivered through direct contacts such as sales representatives or information packets. It is unlikely that an industrial buyer would use information provided through a trade ad as the sole basis for making a decision. The eight stages are as follows:

11.5.1 Problem recognition

The buying process begins when someone in the company recognizes a problem or need that can be met by acquiring a specific product or service. Problem recognition can result from internal or external stimuli. Internally, the company may decide to launch a new product that requires new production equipment and materials. Or a machine may break down and need new parts. Perhaps a purchasing manager is unhappy with a current supplier's product quality, service, or prices. Externally, the buyer may get some new ideas at a trade show, see an ad, or receive a call from a salesperson who offers a better product or a lower price. In fact, in their advertising, business marketers often alert customers to potential problems and then show how their products provide solutions.

11.5.2. General need description

Having recognized that a need exists, the buyers must add further refinement to its description. Working with engineers, users, purchasing agents, and others, the buyer identifies and prioritizes important product characteristics. Armed with extensive product knowledge, this individual is capable of addressing virtually all the product concerns of a typical customer. To a lesser extent, trade advertising provides valuable information to smaller or isolated customers. Noteworthy is the extensive use of direct marketing techniques (for example, toll-free numbers and information cards) in conjunction with many trade ads. Finally, public relations play a significant role through placement of stories in various trade journals.

11.5.3 Product specification

The buying organization next develops the item's technical product specifications, often with the help of a value analysis engineering team. Value analysis is an approach to cost reduction in which components are studied carefully to determine if they can be redesigned, standardized, or made by less costly methods of production. The team

decides on the best product characteristics and specifies them accordingly. Sellers, too, can use value analysis as a tool to help secure a new account. By showing buyers a better way to make an object, outside sellers can turn straight rebuy situations into new-task situations that give them a chance to obtain new business.

11.5.4 Supplier search

The buyer now conducts a supplier search to find the best vendors. The buyer can compile a small list of qualified suppliers by reviewing trade directories, doing a computer search, or phoning other companies for recommendations. Today, more and more companies are turning to the Internet to find suppliers. For marketers, this has leveled the playing field—the Internet gives smaller suppliers many of the same advantages as larger competitors. These days, many companies are viewing supplier search more as *supplier development*. These companies want to develop a system of supplier-partners that can help it bring more value to its customers. For example, Wal-Mart has set up a Supplier Development Department which seeks out qualified suppliers and helps them through the complex Wal-Mart buying process. It offers a Supplier Proposal Guide and maintains a Web site offering advice to suppliers wishing to do business with Wal-Mart.

The newer the buying task, and the more complex and costly the item, the greater the amount of time the buyer will spend searching for suppliers. The supplier's task is to get listed in major directories and build a good reputation in the marketplace. Salespeople should watch for companies in the process of searching for suppliers and make certain that their firm is considered.

11.5.5 Proposal solicitation

In the proposal solicitation stage of the business buying process, the buyer invites qualified suppliers to submit proposals. In response, some suppliers will send only a catalog or a salesperson. However, when the item is complex or expensive, the buyer will usually require detailed written proposals or formal presentations from each potential supplier. Business marketers must be skilled in researching, writing, and presenting proposals in response to buyer proposal solicitations. Proposals should be marketing documents, not just technical documents. Presentations should inspire confidence and should make the marketer's company stand out from the competition.

11.5.6 Supplier selection

The members of the buying center now review the proposals and select a supplier or suppliers. During supplier selection, the buying center often will draw up a list of the desired supplier attributes and their relative importance. In one survey, purchasing executives listed the following attributes as most important in influencing the relationship between supplier and customer: quality products and services, on-time delivery, ethical corporate behaviour, honest communication, and competitive prices. Other important factors include repair and servicing capabilities, technical aid and advice, geographic location, performance history, and reputation. The members of the buying center will rate suppliers against these attributes and identify the best suppliers.

Buyers may attempt to negotiate with preferred suppliers for better prices and terms before making the final selections. In the end, they may select a single supplier or a few suppliers. Many buyers prefer multiple sources of supplies to avoid being totally dependent on one supplier and to allow comparisons of prices and performance of several suppliers over time.

11.5.7 Order-routine specification

The buyer now prepares an order-routine specification. It includes the final order with the chosen supplier or suppliers and lists items such as technical specifications, quantity needed, expected time of delivery, return policies, and warranties. In the case of maintenance, repair, and operating items, buyers may use blanket contracts rather than periodic purchase orders. A blanket contract creates a long-term relationship in which the supplier promises to resupply the buyer as needed at agreed prices for a set time period. A blanket order eliminates the expensive process of renegotiating a purchase each time that stock is required. It also allows buyers to write more, but smaller, purchase orders, resulting in lower inventory levels and carrying costs. Blanket contracting leads to more single source buying and therefore, buying more items from that source. This practice locks the supplier in tighter with the buyer and makes it difficult for other suppliers to break in unless the buyer becomes dissatisfied with prices or service.

11.5.8 Performance review

In this final stage, the buyer reviews the supplier's performance. This may be a very simple or a very complex process. The buyer may contact users and ask them to rate their satisfaction. The performance review may lead the buyer to continue, modify, or drop the arrangement. The seller's job is to monitor the same factors used by the buyer to make sure that the seller is giving the expected satisfaction.

11.6 Organizational V/s Consumer Buying Behaviour

Table 12.2: Differences between Organizational and Consumer Buying Behaviour

Buying Steps	Business to Business (B2B)	Consumer
Problem recognition	Anticipates and plans for purchase on a routine basis	Reacts to needs when they arise
Need description	Extensive, objective cost-benefit analysis	Limited analysis of benefits; concern with total cost
Product specification	Precise technical description using techniques such as value analysis	Description more in terms of benefits
Information/ Supplier search	Extensive search that extends to the search for supplier	Limited search – geographically and in terms of sources
Proposal solicitation	Formal, such as in a tender process if large volumes or values involved	May be verbal
Supplier Selection	Made after extensive evaluation of objective information	Limited analysis with subjective and anecdotal information influencing the decision
Order-Routine Specification	Routine calculation of re-order points as well as time and place of delivery	Not routine
Post-purchase performance review	Extensive comparison made and feedback given, concern with quality management at source.	Little basis for comparison

11.7 Major Influences on Organizational Buyers

Business buyers are subject to many influences when they make their buying decisions. Some marketers assume that the major influences are economic. They think buyers will favor the supplier who offers the lowest price or the best product or the most service. They concentrate on offering strong economic benefits to buyers. However, business buyers actually respond to both economic and personal factors. Far from being cold, calculating, and impersonal, business buyers are human and social as well. They react to both reason and emotion. Today, most business-to-business marketers recognize that emotion plays an important role in business buying decisions. For example, you might expect that an advertisement promoting large trucks to corporate truck fleet buyers would stress objective technical, performance, and economic factors. However, a recent ad for Volvo heavy-duty trucks shows two drivers arm-wrestling and claims, "It solves all your fleet problems except who gets to drive." It turns out that, in the face of an industry wide driver shortage, the type of truck a fleet provides can help it to attract qualified drivers. The Volvo ad stresses the raw beauty of the truck and its comfort and roominess, features that make it more appealing to drivers. The ad concludes that Volvo trucks are "built to make fleets more profitable and drivers a lot more possessive."

When suppliers' offers are very similar, business buyers have little basis for strictly rational choice. Because they can meet organizational goals with any supplier, buyers can allow personal factors to play a larger role in their decisions. However, when competing products differ greatly, business buyers are more accountable for their choice and tend to pay more attention to economic factors.

The following are the major influencers of business buyers—environmental, organizational, interpersonal, and individual:-

- **Environmental factors**

Business buyers are influenced heavily by factors in the current and expected economic environment, such as the level of primary demand, the economic outlook, and the cost of money. As economic uncertainty rises, business buyers cut back on new investments and attempt to reduce their inventories.

An increasingly important environmental factor is shortages in key materials. Many companies now are more willing to buy and hold larger inventories of scarce materials to ensure adequate supply. Business buyers also are affected by technological, political, and competitive developments in the environment. Culture and customs can strongly influence business buyer reactions to the marketer's behaviour and strategies, especially in the international marketing environment. The business marketer must watch these factors, determine how they will affect the buyer, and try to turn these challenges into opportunities.

- **Organizational factors**

Changes in purchasing department organization like centralized purchasing, decentralized purchasing and changes in purchasing practices like long-term contracts, relationship purchasing, zero-based pricing, vendor-performance evaluation are the organization factors of importance to marketers.

- **Interpersonal factors**

The buying center usually includes many participants who influence each other, so interpersonal factors also influence the business buying process. However, it is

often difficult to assess such interpersonal factors and group dynamics. As one writer notes, "Managers do not wear tags that say 'decision maker' or 'unimportant person.' The powerful are often invisible, at least to vendor representatives." Nor does the buying center participant with the highest rank always have the most influence. Participants may influence the buying decision because they control rewards and punishments, are well liked, have special expertise, or have a special relationship with other important participants. Interpersonal factors are often very subtle. Whenever possible, business marketers must try to understand these factors and design strategies that take them into account.

- **Individual factors**

Each participant in the business buying-decision process brings in personal motives, perceptions, and preferences. These individual factors are affected by personal characteristics such as age, income, education, professional identification, personality, and attitudes toward risk. Also, buyers have different buying styles. Some may be technical types who make in-depth analyses of competitive proposals before choosing a supplier. Other buyers may be intuitive negotiators who are adept at pitting the sellers against one another for the best deal.

11.8 Summary

Organizational buying is the decisions making process by which formal organizations establishes the need for purchased products and services, then identify, evaluate and choose among alternative brands and supplies. The business market consists of all the organizations that acquire goods and services used in the production of other products and services that are sold, rented, or supplied to others. Compared to consumer markets, business markets generally have fewer and large buyers, a close customer-supplier relationship and more geographically concentrated buyers. Demand in the business market is derived from demand in the consumer market and fluctuates with the business cycle. Business marketers need to be aware of the role of professional purchasers and their influencers, the need for multiple sales calls and the importance of direct purchasing reciprocity and leasing.

11.9 Self Assessment Questions

1. Define Organizational buying?
 2. What do you understand by systems buying?
 3. Who all are the participants in the business buying process?
 4. Define Buying Centre?
 5. Define the procurement process?
 6. What are the major influences on the organization buying? Discuss at length.
-

11.10 Reference Books

- Kotler, P., Keller, K. L., Koshy, A., Jha, M., Marketing Management: A South Asian Perspective, Twelfth Edition, Pearson Education.
- Webster Jr. F. E., Wind, Y., A General model for Understanding Organizational Buying Behaviour, Journal of Marketing (April 1972)
- Kraljic, P., Purchasing must become supply management, Harvard Business Review (September – October 1993).

Unit 12 - Marketing Research

Structure of the unit

- 12.0 Objectives
- 12.1 Introduction
- 12.2 Defining Marketing Research
- 12.3 Role of Marketing Research
- 12.4 Scope of Marketing Research
- 12.5 Relationship between Marketing Mix and Marketing Research
- 12.6 Marketing Research Process
- 12.7 Summary
- 12.8 Self Assessment Questions
- 12.9 Reference Books

12.0 Objectives

After completing this unit you will be able to understand:

- Meaning of marketing research
- Role of marketing research
- Relationship between marketing mix and marketing research
- Marketing Research process

12.1 Introduction

Marketing Research plays an important role of providing marketing information for marketing decisions. It is like a fact finding mission that complements Marketing Manager's judgement, intuition and understanding by seeking answers to questions related to product, pricing, distribution or promotion and in turn helps in taking tactical or strategic marketing decisions.

12.2 Defining Marketing Research

An organization may adopt four distinct routes when introducing a new offering (product, service or idea) to the market. It can -

- (a) utilize existing physical resources.
- (b) utilize competencies, skills and knowledge within the organization
- (c) identify the need gap in the market - find latent consumer demand or current dissatisfaction with existing means of need satisfaction
- (d) identify needs that are unmet

The initial two routes are related to organisation's strengths which are internal methods while on the other hand last two are related to identification of opportunities in the marketing environment which are external methods. Thus, developing marketing strategy with regard to organisation's strengths and consumer requirements minimizes the inherent risk and pave way for organizational survival and growth. In short we can say there can be no success in business without identifying consumer needs and developing the means of satisfying them. This signifies the importance of marketing research.

Marketing research is a systematic and objective study of problems pertaining to the marketing of goods and services. It may be emphasized that it is not restricted to any particular area of marketing but is applicable to all phases and aspects.

The **American Marketing Association (AMA)** defines marketing research as the function that links the consumer, customer, and public to the marketer through information--information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications.

In the above definition **AMA** emphasizes that the function of marketing research is to provide information to the management so that it can identify and react to marketing opportunities and problems. It also indicates the scope and process of marketing research.

12.3 Role of Marketing Research

Information is the pivot of marketing research. Marketing managers who take marketing decisions either strategic or tactical have a realization to gain more information from consumers, dealers or users in order to mitigate the risk of failure of their marketing decisions. Marketing research plays a vital role by providing necessary information for choosing an appropriate marketing strategy. Marketing strategy can be defined as segmentation, target market selection and positioning. Hence it is called marketing research at the strategic level of marketing.

At the tactical level market research fulfils critical role of providing information necessary for taking decisions related to marketing plans in the arena of 4P's of marketing – Product, Price, Place and Promotion. For example decisions related to product design or packaging, pricing, short or long term promotions, distribution and logistics. The role of marketing research can be summarized in following figure.

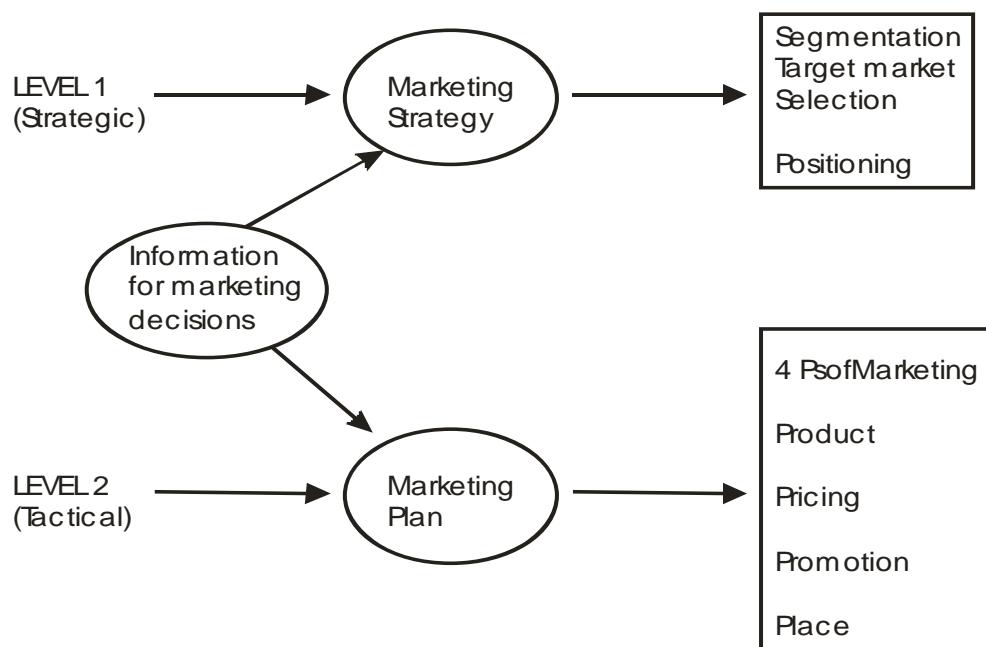


Fig.12.1 - Role of Marketing Research

12.4 Scope of Marketing Research

Marketing researchers are steadily expanding their activities. These activities are being benefited from increasingly sophisticated techniques such as attitude and motivation research, mathematical or statistical research covering various types of marketing problems that confront the marketing manager. A broad idea of marketing research is as follows –

- (a) **Product research** – It examines the aspects concerned with design, development and testing of new products as well as improved versions of existing ones. In addition, it assures the conformity of quality of newly developed product to the desired standards. Further, it analyses the product mix with that of the competitors. Product research explores the major aspects related to after sales servicing which is of significant value in case of consumer durable products or technical products. Product research is highly emphasizing for each stage of product life cycle- introduction, growth, maturity and decline. (Table 12.1) Along with the product, packaging is also of considerable importance. Researches covering different dimensions of packaging such as shape, size, colour are being conducted to evolve suitable marketing strategies.
- (b) **Sales research** – It examines the performance of different sales outlets or territories in terms of their respective sales that could be product wise in addition to overall performance. Further the marketing position could be evaluated vis-à-vis competitors.
Further the effectiveness of sales force could be determined by identifying specific factors that motivate them. In order to improve the effectiveness of distribution function the performance of distribution networks is evaluated from time to time.
- (c) **Customer research** – It probes into different aspects concerned with buyer behaviour. Further, it analyses the impact of social, economic and psychological factors on customer decision making. It studies the level of customer satisfaction, conducts attitudinal studies for existing products among different customer segments. Similarly, customer research also provides feedback related to deficiencies and scope for improvements in the product or clue for new offering. In addition, the firm may also undertake research related to market share by each customer type or each relevant geographic area.
- (d) **Pricing research** – Pricing is one of the major factors that influences the sales of a product. Although price of a product is determined on the basis of cost, a firm can use experimentation to find the extent of product acceptability in different technological environment, varying consumer segments, in different types of competition, varying nature of demand and at varying prices. Such experimentation helps the firm to know the price sensitivity level of different customer segments and helps to determine its profit margins and the appropriate price for the target segment. Pricing research is also relevant when the cost of production of product is declining and firm is in dilemma – whether to improve the quality or reduce the price of the product. Pricing research is relevant many other similar situations.

- (e) **Distribution research** – It refers to research in the area of supply chain, logistics and customer service. Distribution research focuses on issues related to service levels provided by current channels, criterion of choosing new channels, effectiveness, timeliness and economical value of different transportation routes and methods. It also investigates linkages between trade promotion schemes and channel performance. The research helps to identify and evaluate the effectiveness of the potential site of retail stores etc
- (f) **Promotion/Advertising research** – This may include research to find the effectiveness of different sales promotion schemes in terms of inciting sales. Another area of promotion research is advertising. The main purpose of advertising is creating awareness, understanding and stimulating sales of the product. The prospective client must be aware and understand the utility and value delivery of the product, there cannot be any sale. There are two types of advertising research:
- (i) **Media research**- It includes problems related to choosing particular media or a combination of media. For example, in case of print media, National Readership Survey (NRS) and Indian Readership Survey (IRS) provide syndicate data related to readership. Audit Bureau of Circulation (ABC) an autonomous body provides audited figures on circulation, all of which are barometer of effectiveness of print media. In case of electronic media like television the data related to the viewership of a television channel or programme is provided worldwide on a syndicated basis (data could be bought for use by anyone) by A.C. Nielsen. In India, ORG-MARG and IMRB offer this service. They provide peoplemeter data with brandname TAM and INTAM which is used by the advertising agencies when they do media panning and scheduling for their clients.
- (ii) **Copy testing**- It relates to researching the suitability of advertisement copy with the intended purpose like creating Brand awareness, Brand Recall, Brand image or inciting sales.

12.5 Relationship between Product Life Cycle and Marketing Research

Different decisions pertaining to marketing mix are taken in different life cycle stages of the market offering. Hence the nature, scope and subject of marketing research also vary depending on the life cycle stage of the product. It is on the basis of research inferences that marketing strategies are formulated. Hence marketing research plays a crucial role in strategic decision making. Marketing Research requirements with respect to marketing mix in different life cycle stages of a market offering have been discussed as follows:

Research Areas	Product Life-Cycle Stages				
	Pre-launch	Introduction	Growth	Maturity	Decline
<i>Environment</i>	Industry Structure, size, and growth, government policies			Environmental trends, changes in technology and consumer tastes; development of new market	Growth of substitutes
<i>Consumer</i>	Market segments; dissatisfaction with current market potential of proposed option	Size/profile of innovator/early adopter groups; motivation for brand adoption	Size/profile of early adopters/early majority; relationship with the brand adoption; attitudes towards the brand	Brand-response of different segments; size/profile of late majority/laggards; relationship with the brand	Consumer attitudes towards the brand; reasons discontinuance
<i>Product/Service</i>	Acceptability of product concept; positioning; benefits expectations; benefit expectation; patterns of product use	Trial/repeat purchase adoption rates; brand switch; initial experience; brand opinion vas-avis competition	Repeat purchase; brand image and identity; brand loyalty; patterns of brand use	Brand loyalty levels; scope for and acceptance of brand extensions; brand identity	Scope for repositioning and selective promotion
<i>Price</i>	Accountability of proposed price	Response to price' value-for-money	Opportunity for price modification	Influence of price on brand image, purchase and loyalty; response to price variants	Opportunity of brand-sustenance through price discounts
<i>Promotion</i>		Brand awareness; brand knowledge; initial brand image; appropriate promotion channels	Efficacy of promotion media vis-à-vis brand objectives	Impact of sales promotion; opportunities for repositioning the brand; impact of advertising strategies	
<i>Distribution</i>		Availability; dealer acceptance; dealer support for brand	Availability; dealer acceptance; dealer support to brand; dealer network	Degree of reach and penetration; dealer support to brand' opportunities for and potential of new channels	Reasons for dealer discontinuance of the brand
<i>Competition</i>	Substitutes; direct competition; Major players' segments dominated; competitive strategies	Early competitive response to brand	competitive response to brand development of the market	Market consolidation; competition growth' competitive response to brand	

Table 12.1 - Marketing Research Requirements in Different Life Cycle Stages

12.6 Marketing Research Process

The steps involved in Marketing Research Process are as follows:

1. Formulating the Marketing Research Problem: There are two types of research problems firstly, those which relate to states of nature for e.g. study of different economic scenario and secondly those which relate to relationships between variables eg impact of price on sales. At the very outset the researcher must find from the client's point of view the problem that he will study, i.e., he must transform the marketing issue into a subject-matter that he would like to inquire into through marketing research.

The Marketing research problem must be defined and addressed clearly by considering various dimensions or sub – problems. Then, the feasibility of a particular solution has to be considered before a working formulation of the problem can be set up. The formulation of a general issue into a specific research problem and sub-problems constitute the first step in a scientific enquiry. In case of research for finding reasons for decline in sales of a product relevant sub-problems also need to be addressed i.e. sales among different consumer section in the target market, analysis of growth and fall of sales among these sections, study of competitor's performance and other environmental factors and their impact on product sales.

Thus two states are involved in formulating the research problem, viz., understanding the problem thoroughly, and rephrasing the same into meaningful terms from an analytical point of view. Examples of "business problems" might be "what should be the price of the new gadget?" or "Which features to prioritize and promote?"

2. Development of working hypotheses: After the articulation of the marketing problem, it should be stated in terms of the workable or testable hypothesis or hypotheses. Working hypothesis is tentative assumption for specific problem that is formed to test its logical and empirical consequences and provides focal point for the research. In most types of research, the development of working hypothesis plays an important role. For this-

- Hypothesis should be very specific and limited to the objective of conducting the research in hand.
- Hypothesis should be testable through quantifiable measures. If a hypothesis is 'toy makes a child happy' is not testable if the construct happy has not been defined in specific terms. Similarly it is impossible to test the hypothesis 'This advertising campaign has been effective' without defining connotations of 'effectiveness'. For an advertisement effectiveness may be concerned with creating Brand Awareness, increasing Brand Recall, creating Brand preference or increasing sales etc. Thus the hypotheses should focus on more important facets of the problem in such a manner that it may indicate the type of data required and the type of methods of data analysis to be used.
- There should be a limited number of hypotheses in a study that can be tested. They should be prioritized as per the relevance to the study.

The role of the hypothesis is to guide and delimit the area of research and focuses on important facets of the problem.

It may be remembered that working hypotheses is not needed, in the case of exploratory or formulative researches as they do not aim at testing the hypothesis. But as a general rule, specification of working hypotheses is another basic step of the research process in most research problems.

- 3. Research objectives-** research objectives are the areas of inquiry or information required to verify the hypothesis. There may be multiple dimensions in the hypothesis and each of these dimensions may be labeled as a research objective. On the basis of priority assigned to the hypothesis being tested, objectives may be regarded as 'primary' or 'secondary' objectives. Primary or major objectives may be related to important hypothesis whereas secondary or minor objectives may be related to less crucial hypothesis. For eg. if Hindustan Levers were conducting a research to determine the consumer perception for their soap brands Lux and Lifebuoy then the hypothesis may be defined as follows:

H1: Consumers consider Lux as a beauty soap while they regard Lifebuoy as a family soap.

H2: Lux is preferred by female customers while male customers prefer Lifebuoy.

H3: Consumers of other brands of soap do not consider both the soaps for purchase and do not purchase any of the two.

It is clear from the above group of hypothesis that the major objective of the study is to determine the perception of different groups of users for the two brands and to determine the customer groups for both the brands. But H3 relates to users of other brands, hence it is less important than the other two hypothesis.

On these grounds the objectives of the research may be listed as follows:

- **Primary Objectives:**

- 1) The demographic profile of the current users of Lux and Lifebuoy.
- 2) Perception related to each brand of soap.

- **Secondary Objectives:**

- 1) The demographic profile of users of other brand.
- 2) The reasons for non usage of both the brands.

Although Secondary objectives are mere extension of the primary objectives but the relatedness of the primary objectives with the purpose of research raise them in importance.

When the study is planned, it becomes necessary to examine all possible issues as well. This may make the study too long and time consuming, but organizing the objectives in the order of relevance may make the study relevant and object oriented. Good research requires that a research objectives should not be more than a limited number

- 4. Choice of Research Design** – The nature of problem determines the research design. It provides the framework to collect and analyse the data. Exploratory research focuses on discovering new ideas. A descriptive study is undertaken when the information related to age sex, educational level, income or occupation is to be collected. A causal research establishes cause and effect relationship between two or more variables.

5. Determining Sample Design: Sample may be defined as the source of information for study or the group objects whose characteristics are to be measured. When all the objects are considered in any field of inquiry it constitutes a 'universe' or 'population'. A complete enumeration of all the items in the 'population' is known as a census inquiry. It can be presumed that in such an inquiry when all the objects are covered and no element of chance is left and highest accuracy is obtained. But in practice this may not be feasible as this type of study involves a great deal of time, money and energy. Hence most studies limit the source of information to a subgroup and the items so selected constitutes a sample. Major issues in deciding on a sample may be as follows:

Sampling Element- who should be the part of the sample?

Sample Size – How many should be selected?

Sampling Technique - How should these be selected from the sample?

Sample can be either probability sample or non-probability sample.

In a probability sample each element has a known probability of being included in the sample but the non - probability sample do not allow the researcher to determine its probability. Probability samples are those based on simple random sampling, systematic sampling, stratified sampling, cluster/area sampling whereas non- probability samples are those based on convenience sampling, judgement sampling and quota sampling techniques. A brief mention of the important sampling methods are as follows:

A: Probability Sampling

- (i) **Simple Random Sampling:** This type of sampling is also known as chance sampling or probability sampling where each and every item in the population has an equal chance of inclusion in the sample. For example if a study related to daily calorie consumption of people living in a city is being conducted in this case there would be no extraneous reason to assign greater probability of selection to some individuals. Thus each individual has equal opportunity of being selected. In practice other methods of sampling are preferred to random sampling as it is non-representative, time consuming and expensive.
- (ii) **Systematic Sampling:** This procedure is useful when sampling frame is available in the form of a list. In such a design the selection process starts by picking some random point in the list and then every nth element is selected until the desired number is secured.
- (iii) **Stratified Sampling:** When a sample is to be drawn from a group which is not homogeneous with respect to its constituents then the group is stratified into a number of non- overlapping subpopulations or strata and sample items are selected from each stratum. For example in a class of engineering students different strata can be formulated consisting of IT, mechanical, electrical, civil students. If the items selected from each stratum is based on simple random sampling the entire procedure, first stratification and then simple random sampling, is known as stratified random sampling.
- (iv) **Cluster Sampling and Area Sampling:** Cluster sampling involves grouping the population and then selecting the groups or the clusters for inclusion in the sample. For example a departmental store wishes to sample its credit card holders. It has 15,000 customers holding credit cards and a sample size is 450 customers are to be chosen. Through cluster sampling this list of 15,000 card holders could be formed into 100 clusters of 150 card holders each. Three clusters might then be selected for the sample randomly leading to a desired sample size of 450. This method is being used in India in retail audits conducted by agency such as ORG-MARG.

B: Non Probability Sampling

- (i) **Convenience Sampling :** In this method the objects of study are selected on the basis of researcher's convenience or on the basis of availability.
- (ii) **Quota sampling:** Quota sampling is thus an important form of non- probability sampling. In the above sampling method the cost of taking random samples from individual strata is often so expensive that a definite number of objects or quota is to be selected from each strata. But the actual selection of objects/items from the sample is researcher's judgement. This is called quota sampling. The size of the quota for each stratum is generally proportionate to the size of that stratum in the population.
- (iii) **Judgemental sampling:** In this technique the sample is selected on the basis of judgement of the researcher to ensure better quality of data collection. The effectiveness of this method depends on the researcher's expertise and familiarity with the subject. It is suitable for choosing small samples.
- (iv) **Snowball sampling:** Also known as 'chain referral sampling'. In this method the first object is selected at random or on the basis of researcher's judgement. Later the next object is referred by the first and the third by second or first and so on. This method is relevant when small sample size of specific population is to be covered. For example this method may be used when the feedback of a newly launched detergent is to be collected from housewives living in same locality.

6. Collecting the data: There are several ways of collecting the appropriate data which differ considerably in context of money costs, time and other resources at the disposal of the researcher. There are primarily two types of data

(i) **Primary Data:** The data that is collected afresh and for the first time and thus is original in nature is called primary data. For eg. data related to perception of users for a newly launched toothpaste in the market.

The data Primary data can be collected through:

- (a) **Observation:** This method implies the collection of information by way of investigator's own observation, without interviewing the respondents. The information obtained relates to present or currently happening and is not complicated by either the past behaviour or future intentions or attitudes of respondents. This method is an expensive method and the information provided by this method is also very limited and is not suitable where large samples are concerned.
- (b) **Experiments:** Controlled experiments are used frequently in marketing to draw causal inferences. They are useful in planning the marketing-mix. An example of such experiment is the study of impact of advertising on dependent variables such as sales, brand awareness, brand preference etc.
- (c) **Survey Method:** It is the most popular method of collecting primary data. Surveys are suitable when data related to attitude, behaviour, perception, awareness is to be collected.
 - **Mailed questionnaires:** The researcher and the respondents do not come in contact with each other if this method of survey is adopted. Questionnaires are mailed to the respondents with a request to return after completing the same. It is a cheap and the most popular method in various economic and business surveys.

- **Schedules:** Under this method the enumerators are provided with schedules containing relevant questions. These enumerators collected data by filling up the schedules on the basis of replies given by respondents.

(d) **Interview Method:** Data collection through interview method involves a dialogue involving oral – verbal stimuli and series of questions and responses. Interview method for data collection can be used through:

- **Personal interviews:** In this method the researcher seeks answers to a set of pre-conceived questions through personal interviews. This method of collecting data is usually carried out in a structured way as the outcome of the research depends upon the ability of the interviewer to a large extent.
- **Telephonic interviews:** This method of collecting information involves interviewing the respondents on telephone itself. This is not a very widely used method but becomes relevant when the data has to be accomplished in a very limited time.

(e) **Case Study Method:** The case study method deal with the processes that take place in any social unit- a person, a family, an institution or a community and develops interrelations between its elements. It is a qualitative method of data collection and involves careful and complete observation and intensive investigation of elements of a social unit.

(ii) Secondary Data : The data that has been already collected and organized after passing through analytical and statistical process is called Secondary Data. Secondary data can be collected through:

- various publications of central, state or local government
- technical, trade, marketing journals
- books, magazines and newspapers
- reports, publications of various associations connected with business or industry and reports of different marketing institutions
- reports prepared by research scholars, previously conducted research, survey reports, sales report, annual general reports etc.
- public records and statistics, historical documents and other sources of published information

7. Analysis of data: After the data collection, the data has to be analysed. The analysis of data requires a number of closely related operations such as establishment of categories, the application of these categories to raw data through coding, tabulation and then drawing statistical inferences.. Thus, researcher should classify the raw data into some purposeful and usable categories.

Analysis work after tabulation is generally based on the computation of various percentages, coefficients, etc., by applying various well defined statistical formulae.

8. Hypothesis-Testing: After the data analysis, the researcher may now test the hypotheses, if any to find if the facts support the hypotheses or they happen to be contrary. Various tests, such as Chi -square test, t-test, F-test, Z-test may be used to test the hypotheses depending upon the nature and object of research inquiry. Hypothesis-testing will result in either accepting the hypothesis or in rejecting it.

If the researcher had no hypotheses to start with, generalisations established on the basis of data may be stated as hypotheses to be tested by subsequent researches in times to come.

9. **Generalisations and Interpretation:** If a hypothesis is tested and upheld several times, it may help the researcher to arrive at generalisations, i.e., to build a theory. As a matter of fact, the real value of research lies in its ability to arrive at certain generalisations. If the researcher had no hypothesis to start with, he might seek to explain his findings on the basis of some theory. It is known as interpretation. The process of interpretation may trigger off new questions and may leave scope for further researches.
10. **Preparation of the Report:** Lastly, the researcher prepares the report of his research. Writing of report must be done with great care keeping in view the following:
 - (1) The layout of the report should be as follows:
 - (i) the preliminary pages;
 - (ii) the main text, and (iii) the end matter.
 - (2) Charts and illustrations in the main report should be used only if they present the information more clearly and forcibly.
 - (4) Calculated 'confidence limits' must be mentioned and the various constraints experienced in conducting research operations may as well be stated.

An Example of the Market Research Process in Action

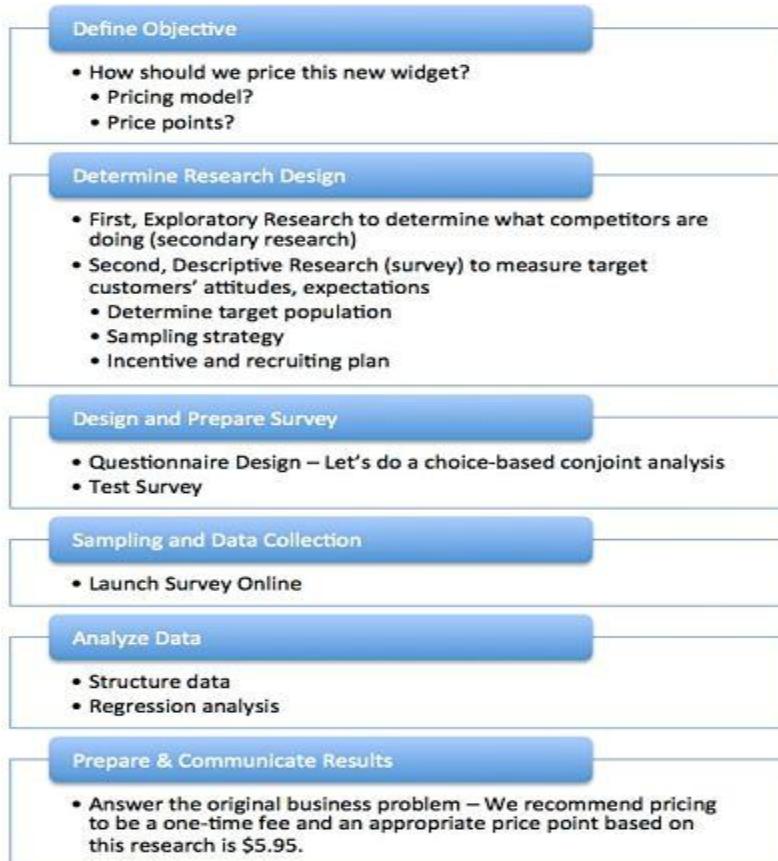


Fig. 12.2 – Marketing Research in Action

12.7 Summary

Marketing Research process follows a sequential pattern – including steps such as defining research problem, developing working hypothesis, setting research objectives, preparing sample design, data collection, data analysis , hypothesis testing, generalisations and interpretation and preparation of report. The research is structured with specified steps to be taken in a specified sequence and as the logical process of induction and deduction.

12.8 Self Assessment Questions

1. Briefly describe the different steps involved in marketing research process.
2. What do you mean by Marketing Research? Explain its significance in modern times.
3. Discuss the different types of sampling plans.
4. Discuss the different methods of data collection.
5. Develop a research plan for identifying the effectiveness of an advertisement of an air conditioner published in a state level newspaper

12.9 References

- Kothari C R, Research Methodology, Willey's Publications.
- Berry G. C., Marketing Research, Oxford University Press.
- Easwaran & Singh, Marketing Research, Oxford University Press.
- Michael V P, Research Methodology in Management, Himalaya Publishing House, Mumbai.
- Sachdeva J K, Business Research Methodology, Himalaya Publishing House, Mumbai.
- Malhotra & Dash, Marketing Research- An applied Orientation, Pearson Education, Noida
- Sekaran Uma, Research Methods for Business : A skill Building Approach, John Wiley & Sons.

Unit-13 Marketing Research Design

Structure of Unit

- 13.0 Objectives
- 13.1 Introduction
- 13.2 Importance of Marketing Research Design
- 13.3 Types of Marketing Research Design
- 13.4 Essentials of Research Design
- 13.5 Summary
- 13.6 Self Assessment Questions
- 13.7 Reference Books

13.0 Objectives

This unit will make you learn about---

- The concept of marketing research design and why it is important;
- Various types of research designs;
- Selection of appropriate marketing research design;
- Important research design decisions;
- Planning a research design in consumer research;
- Understanding the interplay of research design, time and budget.

13.1 Introduction

Research design can be defined as the systematic framework of what types of data will be collected in consonance to the research problems identified, how data will be collected and what instruments will be used to collect the data and how data will be analyzed. In tooth paste company example discussed above, the investigation into the reasons of why children do not brush teeth reveals critical information that parents are the decider about it, not the children. In initial phase, if children are asked reasons, it may not serve the purpose as most children will attribute it to the bad taste of the tooth paste but real fact may be that even parents do not insist their children to brush their teeth in night on account of fear of catching cold especially in winter season. So, if they do not do in winter season, they will not be doing it in summer season also. If finding of bad taste of tooth paste is relied, another concern from parents is aroused that good taste means more sugar in tooth paste. Many health conscious parents may not like the “good-taste-tooth-paste” idea. Marketing research designs are the research designs that are systematic efforts related to marketing issues and problems, data collection from customers, selection of instruments for collection of data from customers and analysis of data.

13.2 Importance of Marketing Research Design

Imagine a person drops from helicopter with his parachute. His parachute opens and he lands safely on some place. He cheers for his safe landing and now, he searches something in his pocket but he did not find it.....the “MAP”. Alas!! He cries as he does not know location of landing and way to return. Over and above, helicopter has flown away very far.

In short, marketing research designs basically work like a reference point to the overall execution of marketing research just like a map. Following are the salient points explaining the importance of marketing research designs---

- It saves energy, efforts and money as marketing research designs define the lines of execution from problem identification to the data collection.
- It filters unnecessary diversions and misleads and sifts the appropriate motives and canalization of research efforts.
- A good research design makes data collection easy and it saves from repetitive corrections.
- A good research design instills confidence in the surveyor or data collection executive as he gets well aligned research guidelines.
- Well thought research designs increase the parsimony of the findings.
- The data presentation will not be absurd and confusing as research design will generate only relevant data.
- If research design is precise, the data collected will have less missing values and non responses.
- A good research design works as controlling mechanism so that the data collection and analysis corresponds to the problems identified and defined.

13.3 Types of Marketing Research Design

Broadly, marketing research designs or research designs are of four types---

13.3.1 Exploratory Research Design

Exploratory research design is mostly first phase of research but it may not be necessarily same every time. Exploratory research design is used to get clear picture of some trends, opinions, problems through various methods of searching insights from secondary and primary sources of data. Secondary sources can be magazines, journals, newspapers, periodicals, journals, research papers, articles, published interviews, documentaries, commentaries etc. Primary sources of data can be opinion surveys, in-depth interviews of focus groups, field observations, brainstorming, projective techniques, panel discussions, debates, group activities, management games, video game sessions etc.

Exploratory research designs are aimed at gathering data to refine the problems and their hypotheses. Results of exploratory research do not help in decision making rather it helps in getting insights for further researches. It is generally applied on new and unexplored areas where investigation is in preliminary stage and informally structured. In such stage, the information is loosely defined. Concept testing is good illustration of exploratory research design. In concept testing, new concepts are introduced to the target customers and their opinions, behavior, attitude, belief, comments are collected to incorporate adjustments and then finally, concept is introduced in commercial form.

Let us look at various exploratory research designs---

- **In-depth Interviews**

In-depth interview method is used to surface the complete picture of views about the research topic. Interviewed person is considered to be expert in the field related to research topic. There is a lot more freedom to the interviewed person to

express his feelings and opinions in comparison to any group activity. Selection of interviewed persons is very critical and they should be stakeholders related to the issue. For instance, composition of customer satisfaction in telecom industry may need to interview the channel sales executives, consumer forum members, frontline-retailers, the regulatory officials, existing researches etc. Somebody can question that why not consumer is included in in-depth interview. The groups identified for in-depth interviews will build some theoretical framework of composition of customer satisfaction and that framework is tested for *empirical evidence* in later researches wherein appropriate sample size of customers will be surveyed.

Activity : Assume that you are considering launch of bakery shop specializing in high end designer cakes which cost more than Rs.20000/- . The concept is very exciting as customers will be consulted for a theme and taste of the cake they wish to build. Cake sizes will be more than 2 Cubic feet. The idea has erupted on account of seeing high rise development in the city and high net-worth individuals. The aspiration of high-networth-individuals inclination to the paid-customizations has also encouraged you to launch such concept. To understand this market, who are the persons from various stakeholder groups you will interview to get complete picture on pricing, concept, importance of such concept to their events, sourcing of raw materials, food regulations, etc.

- **Focus Group**

Focus group is generally group of some interested persons or experts or affected persons who discuss rigorously issues of research and researcher jots down minutes of the meeting and facilitates and directs the discussion. Researcher works like a moderator in the discussion. Many a times in focus group, the aggressive personality discussants hijack the discussion and submissive ones could not express completely. Here, researcher should skillfully drive the discussion to the desired exposure for each discussant. So, focus group implies a group discussion in order to identify perceptions, thoughts and impressions of a selected group of people regarding a specific topic of investigations (Kairuz, Crump and O'Brien, 2007).

Focus group should ideally have 5-10 participants. A neutral site and oval table is best suitable for focus group discussions and discussion can last for one-half or two hours. Researcher must remember that focus group is not a representative sample of population. So ideas and concept developed through focus group must be tested empirically for generalization to the larger population.

A focus group consists of moderator, note-taker, participants and transcriptionist. Among the various techniques of focus group method, some of them are two-way focus group, dual moderator focus group, dueling moderator focus group, respondent moderator focus group, client participant focus group, mini focus group, teleconferencing focus group, online focus group.

Activity : You are hired as consultant by education technology development company to organize a focus group discussion comprising of concerned persons from rural background. The company wants to explore issues related to adoption of advanced technologies and softwares for imparting education upto secondary level. What will be your criteria for selecting the discussants of focus group? Will you choose meritorious students of your area in focus group discussion?

- **Brainstorming**

Brainstorming session is like discussion which is based on list of ideas that are generated by group members and discussed step-by-step to improve overall broad idea. There are many techniques to conduct brainstorming sessions. For example, few of them are nominal group techniques, group passing techniques, team idea method, directed brainstorming, electronic brainstorming, guided brainstorming, question brainstorming, individual brainstorming, stepladder technique, brain-writing, brain-netting, Crawford's split writing, reverse brainstorming, Charette procedure, starbursting, rolestorming, round-Robin-brainstorming etc.

After developing specific and general broad ideas through brainstorming, the ideas can be arranged and filtered with the help of various techniques like using affinity diagrams, gap analysis, paired comparison analysis, six thinking hats technique, nominal group technique, multi-voting etc.

Activity : For a kitchen gardening concept, you are entrusted to organize brainstorming sessions with appropriate stakeholder participants. You are required to explore the opinions and rationales for commercial launch of such concept. Prepare a list of ten statements which will be moot points of the discussion and write a brief about participant stakeholders' profiles.

- **Projective Techniques**

Projective techniques are techniques of exposing the target respondents to a stimulus or stimuli and observing their response, attitude and belief, behavior to that stimulus or stimuli. For example, a group of walk-in customers in a mall are advised to ring the bell hanging on exit if they are satisfied with services at mall and time taken for at cash counter.

Apart from designs of exploratory research discussed above; the experience surveys, secondary data analysis, case study method, pilot studies are also used as exploratory research design in consumer research.

13.3.2 Descriptive Research Design

According to American Marketing Association, descriptive research design is a research design in which the major emphasis is on determining the frequency with which something occurs or the extent to which two variables co-vary. In other words, descriptive research design is aimed at collecting data to describe the characteristics of a population through various quantitative measures like measures of central tendency, measures of dispersion, measures of curves, frequency distribution etc. to provide insights in consumer research.

Essentially, descriptive research design tries to answer the "What", "When", "Who" and "Where" for the population specified. So, basically, descriptive research design describes the situation. It does not predict and determine any cause and effects relationships. Descriptive research is more analytical in the sense that it works on particular variable, set of variables or factor while exploratory research design synthesizes the information. Descriptive research design, through hypothesis testing, deductively test the statements generated by exploratory hypothesis. Descriptive research designs are used for both---individual subjects in sample and population at large.

As usual, descriptive research design starts with identifying the problems and hypothesis formulations. Before defining the problems and hypothesis formulation, the topics and sub topics of areas concerned are clearly demarcated. Next, the sample unit

characteristics and selection criteria are defined so that respondents can be sampled from pre-defined population.

After defining the sample unit or respondent, appropriate sample size is determined. If research objectives require proportions for some attribute then sample size determination depends on level of accuracy needed, level of confidence needed and any prior proportion estimate of the population. For example, a toy company wants to know that what is the proportion of first time branded toy buyers who will repurchase the branded toys after experiencing the first purchase of branded toys. Company decides 1% error level, 95% confidence interval and earlier studies showed that 33% of the total first-time-branded-toys-buyers repurchase the branded toys. The Margin of Error (E) formula is used to estimate the sample size for the research---

$$n = Z^2 pq / E^2 \quad \text{---(1)}$$

Here,

E is the margin of error which is 0.01% for our example.

p is prior value of proportion in decimals. For our example, it is 0.33;

q is $(1-p)$ i.e. 0.67;

Z is z score depending upon selected confidence interval which is 1.96 for 95% confidence interval in our example and

n is sample size to be calculated.

So, putting values in the formula we get the sample size as following---

$$n = 2802.94$$

The value 2802.94 is almost equal to 2803. Thus for our example, the appropriate sample size is 2803 respondents.

Many at times, the prior knowledge of proportion (value of p in above formula) is not available then a thumb rule of assuming it as 50% is incorporated and sample size is calculated again---

$$n = 9604$$

So, the sample size has changed from 2803 to 9604 when proportion is changed.

Above example of sample determination is applicable for proportion estimation. For population mean estimation, following formula is applicable---

$$n = (ZS/E)^2 \quad \text{---(2)}$$

Here,

E is margin of error;

Z is z-score calculated on the basis of confidence level and degree of freedom;

S is standard deviation and

n is the sample size which is to be calculated.

For example, company A wants to determine sample size for obtaining mean satisfaction score. Similar study was conducted by its competitor company B and their mean satisfaction score was 7.5 out of 10 (maximum score) with standard deviation of 0.25. The t-score can be taken equal to z-score for 95% confidence interval i.e. 1.96. If margin of error is 0.01 then sample size can be calculated as follows---

$$n = 2401$$

So, a sample of 2400 customers should be selected for research. After sample size determination, sampling method and research scope is defined. Sampling method can be random or non random depending upon availability of respondent data, accuracy required and budget allocation.

Before going to the next step of survey instrument designing, a small scale pilot survey should be conducted to achieve general view about the phenomena under research. Pilot survey may reveal some unidentified areas which were not part of research design initially. Pilot survey also refines the question statements and answer choices in the survey instrument.

Now, the survey instrument is designed to register responses of the sample units. The questionnaire or schedule is designed in such a way that it should be concise and exhaustive for the purpose of research objectives. According to Gay et al., 2006; the questionnaire should have more and more structured questions which are close ended and have clearly defined choices. Further, he advises the use of various types of scales like scaled items (Likert scale and semantic differential), rank scale, checklist items. Demographic information should also be given appropriate space in the instrument. Demographic information is valuable source for comparing groups of respondents. The number of questions should be neither more nor less than appropriate number. More number of questions would lead to more non-responses at the end of the survey instrument as respondent loses interest in exhaustion. While less number of questions may not cover the research objectives sufficiently. The questions which are asking personal details like income should be asked indirectly so that respondent does not tell a lie. Questions should be designed crisp and short. Wordiness should be avoided.

Once survey instrument is ready, survey administration is next phase of descriptive research design. Survey administration means contacting the respondents for collecting responses. There are various methods of collecting responses which include data collection through email, interview, telephonic and personal administration. A rigorous follow-up must be executed to accomplish the data collection and it will reduce non-responses, incomplete responses and wrong responses. Low rate of responses indicates that survey instrument does not appeal to the respondents. The survey instrument should be redesigned.

Types of Descriptive Research Designs

There are tentatively seven types of descriptive research designs---

- Longitudinal Research**

Longitudinal survey expands across the time line and surveying same set of respondents at different points of time (Lodico et al., 2006). Longitudinal researches range from couple of years to 10-15 years. Longitudinal studies are carried out observe perceptions, attitudes and preferences of customers over the period of time.

- Trend Research**

Some times, different groups are compared to see the development of any trends among them. Such surveys are called trend surveys. For instance, a fashion company has launched several jeans pattern over the years. Company wishes to know that how trends of jeans are picking up in their main target groups i.e. students, girls and working professionals.

- **Cross-Sectional Research**

Cross-sectional research is aimed at studying the beliefs, perceptions, preferences and attitudes of group at a point of time. The sampling becomes very important in such studies as opinions are registered only once. This is also very time efficient and economical in the sense that it is wrapped in very short period of time. This research design is also most popular and most used by the researchers. More advanced studies in cross-sectional design comprise of series of research on same group at very small time intervals in comparison to longitudinal research designs. When, at small intervals of time, the research is executed on same sample, it is called cohort research design. Cohort research design is midway between the cross sectional research and longitudinal research designs.

Activity : An air carrier is proposed to start air services from Tier III city to Tier I city. Company is pondering to start small charter plane services initially from Tier III city but it is concerned about the long term sustainable business growth. The government officials have proposed to partially share 20% of total pay load. There is high rise in property market surrounding the newly built airport. The political class and business class are eagerly waiting for opening up air services from their city. As a consultant, how do you design a research proposal based on trend research to uncover the factors for long term sustainability of air services from Tier III city?

13.3.3 Causal Research Design

Causal research designs are aimed at investigating the cause and effect relationships among the variables. Cause and effect relationships are important in understanding the phenomena and predicting the values of dependent variables from the values of independent variables. There can be three types of relationships between variables---

- **Relationship between Two Categorical Variables**

For example, a company wants to know whether gender influences use of type of contraceptives. Gender is categorical variable divided into two groups--males and females. Another categorical variable is choice of contraceptive which can be divided into condoms, copper T, male sterilization and female sterilization.

- **Relationships between one categorical and one quantitative variable**

For example, a garment company wishes to know whether level of income influences the choice of purchasing ready made garments or local tailor stitched garments. Here, choice of purchasing ready made garments and local tailor stitched garments is a categorical variable and level of income is a quantitative variable.

- **Relationship between two quantitative variables**

For example, a shoe company wants to diagnose whether there is relationship between the factory seconds sale and factory first sale. Factory seconds are those minor defected products which failed quality tests but they are sold at huge discounts. While factory first are those products which are successful lot in quality tests and these are sold at standard prices. Both the products are sold at same counter.

Other than discussed above, there are more categories of causal research design based upon number of variables involved and their role in relationships.

3.3.4 Experimental Research Design

Experimental research designs are designs to establish the cause and effect relationships under control conditions of other variables and manipulation of independent variable. In causal research design, the cause and effect relationship is investigated but neither independent variable is manipulated by the researcher nor is strict control applied over other variables.

In experimental research designs, knowledge of following terminology is required---

- **Independent Variable**

Independent variable is the variable which is being manipulated to observe its effect on dependent variable.

- **Dependent Variable**

Dependent variable is the variable which is being observed to observe the effects of independent variable's manipulation.

- **Control Variables**

Control variables are variables except the dependent and independent variables which can influence the experimental results. Control variables are put in strict control and they are kept in constant state so that the interplay of independent and dependent variables can be exposed clearly.

- **Experimental treatments**

Experimental treatments are the levels of manipulation in independent variables to be executed to observe the changes in dependent variable.

- **Control Group**

Control group is that group of participants who are not exposed to the experimental intervention or experimental treatment. Control group is required to register the phenomena without any experimental treatments.

- **Experimental Group**

Experimental group is the group of participants who are exposed to experimental treatments. This group experiences the manipulation of independent variable to observe the influence on dependent variable.

- **Pre-Test and Post Test**

Pre-test means recording the observations before the experimental treatment is executed on experimental group. Post test means that recording the observations after the experimental treatment is executed.

- **Subject**

Subject is the participant who is exposed to the experimental research.

Types of Experimental Research Designs

On the basis of above terminologies, following are the types of experimental research designs---

- **Posttest-Only Control Group Design**

The subjects are randomly distributed to two or more groups and then experimental treatment is introduced in one group which is called experiment group and it is not

introduced in another group which called control group. Now, post test results of experimental group and control group is compared. There is no pre-testing required.

- **Posttest-Only Randomized Group Design**
It is similar to posttest-only control group design except that there is no control group and two or more randomized groups are exposed to experimental treatments.
- **Pretest-Posttest Control Group Design**
The subjects are randomly assigned to different groups including one group as control group. Before introducing the experimental treatment to the groups, the pre-test measurement of independent and dependent variables is recorded. After introducing experimental treatment i.e. posttest; the groups are compared to observe the effect of manipulation of independent variable on dependent variable.
- **Pretest-Posttest Randomized Groups Design**
This experimental design is same as pretest-posttest control group design except that there is no control group defined and there are two or more experimental groups involved.
- **Solomon Four Group Design**
In this experimental research design, there are two kinds of groups--- pretest-posttest and posttest-only control group designs. Each type of design will have two groups i.e. experimental group and control group.
- **Factorial Design**
In factorial designs, the levels of independent and dependent variables are considered in the experiments. Number of groups under experiment depends upon levels defined for independent and dependent variables. For example, if in an experimental study there are two levels of independent variables and three levels of dependent variables, then there will be $2 \times 3 = 6$ groups in the experiment.
- **Repeated Measures Design**
In repeated measures design, the same subject is measured more than once on the same dependent variable.
- **Counterbalanced Designs**
Counterbalanced designs are similar to the repeated measures designs where in same subject is measured more than once for dependent variable but there are different levels of experimental treatments are exercised.

Experimental research designs refine the research execution as it controls the variables which can interfere the relationship between independent and dependent variables but there is also threat of increasing artificiality which may compromise research designs on real life application. Hence, researcher must attain optimal trade-off between the natural occurrence and artificial experiment.

13.3.5 Other Types of Research Design

After discussing about basic types of research designs in sections discussed previously, following is the brief introduction about some special types of research designs that do not fall in any of the basic research designs.

- **Meta Analytics Design**

Meta analytics design is the design of process that investigates several related studies to a common research problem and tries to draw conclusions. For example, there can be several studies related to customer satisfaction components. Meta analytics design draws the relatedness and conclusions from those studies that are related to general idea of customer satisfaction components.

- **Confirmatory Research Design**

Confirmatory research design tests the prior hypotheses derived from some theoretical framework based on previous studies. Confirmatory research tests the results of previous studies and tries to eliminate the probability of reporting any non-significant result as statistically significant.

- **Simulation Based Research Design**

Simulation is defined as mimicking the actual situation with the help of IT and computer science to create scenarios and predictions so that a picture of behavior of some trends are known in advance. This helps in understanding various scenarios based on optimism, pessimism and neutral environs. For example, a company may want to know what will happen worst and best to the gross sales of its home cleaning products in scenario of premium price, cost basis price and predatory price of the product.

- **Test Market/Marketing Design**

Test market design is used to gain information about viability of a product or service in a particular territory or geographical area before launching at large scale. For example, Max & Max wants to launch a small size tractor under the brand name “*Chhotu*” specially designed for small land holding farmers. Before launching it on mass scale, company wishes to know its field performance and perceived performance through limited test markets. So, company decided to launch it at selected dealerships in each state and went for test market the 50 small size tractors. Test market may last for few weeks to several months. All situations are carried out in reality except that product is not produced in large scale. Test market is comparatively costly than other methods because real products are put in real situations without telling customers that it is not final launch but a test marketing exercise. So, test marketing is basically aimed at knowing how well people respond to the product of the company at experimental scale.

- **Market Testing Design**

Market testing design is defined as research design in which a product is conceptualized and designed by investigating the need gaps and availability of the market for such product through a concept or prototype.

For instance, a company has found out through its previous research that mothers generally think that shoes and slippers are among the worst to carry germs from outside environment into home. Secondly, company also found out that mothers think that they usually do not do to sanitize the shoes and slippers except for some occasional washing with water. Company wants to fill this need gap through a product which is quick in sanitation, it can be used without water and it should not take less than 10 minutes to complete the sanitization process. Company has conceptualized a product which looks like a box in which shoes or slippers can be kept and a disinfectant vaporizer fumes the shoes/slippers after closing the box and sanitizes it in nearly 5-8 minutes. Company chooses a mega store floor to talk about such product through flyers and prints on receipts of purchase.

After getting wholesome feedback on the concept of shoe sanitizer box, company may come to know that customers were interested in such product and they told that they would be delighted if sanitizer can add some fragrance also.

- **Trend Analysis Studies**

Trend analysis studies primarily focus on catching the trends and patterns through various mathematical measures (linear and non linear functions) and with the help of modeling,

tries to predict the future values. For instance, a company which is marketing eye-glasses products through online media, wish to know what could be reasonable estimate for next three years of sales.

- **Cross-Sequential Studies**

Cross sequential studies are combination of longitudinal studies and cross sectional studies as discussed in earlier section of this chapter. Longitudinal research lasts for long period of time while cross sectional studies identify patterns, beliefs, attitudes, behaviors at one point of time. On industry and economic level, studies are carried out on periodic basis and long term data are obtained to record point of time specific phenomena and inherent trend built-ups in long run.

- **Virtual Research Design**

In today's world of technologies and graphics, everything can be virtually created to experience almost real without any brick and mortar setup. Virtual research is gaining momentum as it is cost effective, time savvy and almost near to real. Virtual platforms are created and prospective customers are asked to take part in virtual reality. Based on feelings expressed and surfing patterns, the critical insights are gained to develop the physical product or service. It gives more control on research activities while execution.

- **Ghost Shopping Design**

Many a times, a company feels skeptic about their frontline executive on implementation of process training in absence of top officials. Very often customer is taken casually by staff or floor sales executive when manager is out of the office. To trap such incidences and lack of training can be investigated by ghost shopper research in which a dummy customer goes to the shop floor and interacts with staff as if is there to really purchase the product and he notices or records the presentation. Then he delivers same to the manager for further investigation. It may be found that process training had not been effective hence staff is not able to handle customer service properly. By this company can redesign the training and retrain the staff for improved customer service process.

13.4 Essentials of Research Design

“How you climb a mountain is more important than reaching the top.”

Equally, it is applicable to consumer research studies. The research design should confirm to following checklist before embarking on certain research design and its execution---

- A research design should minimize the biasness and maximizes the reliability of data.
- A research can not be totally error free but it should be efficient enough to report the error rather than enveloping it.
- Research design should be comprehensively covering the all facets of the research problem.
- Research design should be in such a way that it should investigate the objectivity rather than exploring subjectivity.
- Research design should be in such a way that it should give similar results if executed again and again.
- Research design should generate findings in a way that it can be generalized for further application and references.
- Research design should be an optimal trade off between accuracy, budget and time. It should neither take too long nor unreasonably costly nor unnecessarily accurate.

13.5 Summary

The chapter discussed various designs of consumer research which are applicable as per the requirement of the research problem. Many a times, a combination of different research designs are used to justify the research objectives. Generally, research starts with exploratory research design to collect and organize relevant information and process it to transform into knowledge which can be empirically tested and verified through analysis of observation in descriptive and causal researches. The importance to design can be understood in such a way that research design is like a roller coaster in which a slightest of the error in design can lead to gravity pulling down to disaster. Hence, before embarking on research design, research design must confirm to the essentials of a good research design without fail.

13.6 Self Assessment Questions

1. What is research design? How it is important to consumer research? Please illustrate.
2. Write a brief note in 150 words about necessity of exploratory research design.
3. What is causal research design? How it is different from descriptive research design? Does correlation means causality?
4. Elaborate on various types of experimental research designs.
5. A FMCG company analyzed a research report on a usage experience on shampoo cum coloring product of the company and competitor. Shampoo cum coloring products were launched by both companies 18 months back. After 12 months, the research was done and the report is prepared.

As a researcher, you were invited for feedback on this report. Company executive tells that they are not able to cover the all facets of marketing aspects related to product like pricing decision (whether under-priced or over-priced), local language point of purchase promotion or brand endorsement, the packaging attractiveness and display of message “Shampoo *plus* Coloring” etc.

How do you interpret such conversation in terms of problems with research design?

13.7 Reference Books

- VP Michael (2012), ‘Research Methodology in Management’; 5th Edition, Himalaya Publishing House, Mumbai.
- J.K. Sachdeva (2009), ‘Business Research Methodology’; Himalaya Publishing House, Mumbai.
- Naresh K. Malhotra, Satyabhusan Dash (2011), ‘Marketing Research- An applied Orientation’; 6th Edition, Pearson Education, Noida
- C. N. Sontakki (2006), ‘Marketing Research’; Himalaya Publication House, Mumbai
- Uma Sekaran (2003), ‘Research Methods for Business : A skill Building Approach’ ; 4th Edition, John Wiley & Sons.
- Robert K. Yin (2003), ‘ Case Study Research Design and Methods’; 3rd Edition, Applied Social Research Methods Series Volume 5 by Sage Publications

Unit 14 - Sampling Techniques

Structure of Unit

- 14.0 Objectives
 - 14.1 Introduction
 - 14.2 Universe and Sampling
 - 14.3 Sampling Process
 - 14.4 Probability Sampling
 - 14.5 Non Probability of Sampling
 - 14.6 Univariate Analysis
 - 14.7 Properties of a Good Sample
 - 14.8 Summary
 - 14.9 Self Assessment Questions
 - 14.10 Reference Books
-

14.0 Objectives

After studying this study material you should be able

- To understand Universe & Sampling
 - To know the Sampling Techniques
 - To understand types of sampling methods
 - To analyse the techniques of Good Sampling
 - To understand the steps in sampling process.
-

14.1 Introduction

Collecting the data for any research problem under study, it is to decide about the type of inquiry to be conducted. The required information may be gathered by following either the census method or the sample method. If each and every unit of population of the universe are considered for the purpose of the survey, it is called census investigation. In case information is collected from some selected representative units from the whole population or the universe, it is called through sampling.

14.2 Universe and Sampling

A complete study of all the elements present in the population is known as a census. The national population census is an example of census survey. It is denoted by ‘N’. “A Universe or population may be defined as an aggregate of items possessing a common trait or traits”. – **Simpson & Kafka**. “The Universe or population consist of the total collection of items or elements that fall within the scope of statistical inquiry”. – **M. Humburg**. “A sample is that part of universe which is selected from the universe for the purpose of investigation”. - **Simpson & Kafka**. “A sample consist of small collection from some larger aggregate about which we wish information”. - **George W. Snedecor**.

Sampling is concerned with the selection of a subset of individuals from within a statistical population to estimate characteristics of the whole population. Two advantages of sampling are that the cost is lower and data collection is faster than

measuring the entire population. The selected part, which is used to ascertain the characters of the population is called sample.

Each observation measures one or more properties (such as weight, location, color) of observable bodies distinguished as independent objects or individuals. In business and medical research, sampling is widely used for gathering information about a population.

Sampling involves selecting a relatively small number of elements from a large defined group of elements and expecting that the information gathered from the small group will allow judgment to be made about the large group. The basic idea of sampling is that by selecting some of the elements in a population the conclusion about the entire population is drawn. Sampling is used when conducting census is impossible. In a census method a researcher collects primary data from every member of a defined target population. It is not always possible or necessary to collect data from every unit of the population. The researcher can resort to sample survey to find answers to the research questions. However, they can do more harm than good if the data is not collected from the people, events or objects that can provide correct answers to the problem.

The sampling design can be broadly grouped on two basis viz., representation and element selection. Representation refers to the selection of members on a probability or by other means. Element selection refers to the manner in which the elements are selected individually and directly from the population.

14.3 Sampling Process

The sampling process comprises of several following stages:

- **Define the Target Population :**

The first task of a researcher is to determine and identify the complete group of people or objects that should be included in the study. With the statement of the problem and the objective of the study acting as guideline the target population should be identified on the basis of descriptors that represent the characteristics features of element that make the target population's frame. These elements become the prospective sampling unit from which a sample will be drawn.

- **Select the Data Collection Method :**

Based on the research problem the data requirements and the research objectives, the researcher should select a data collection method for collection the required data from the target population elements. The method of data collection guides the researcher in identifying and securing the necessary sampling frame for conducting the research.

- **Specifying a Sampling Frame :**

The researcher should identify and assemble a list of eligible sampling units. The list should contain enough information about each prospective sampling unit so as to enable the researcher to contact them. Drawing an incomplete frame decreases the likelihood of drawing a respective sample.

- **Specifying a Sampling Method :**

The researcher can choose between probability and non-probability sampling methods. Using a probability sampling method will always yield better and more accurate information about the target population's parameters than the non-probability sampling methods. Seven factors should be considered in deciding the

appropriateness of the sampling method viz., 1. research objectives, 2. degree of desired accuracy, 3. availability of resources, 4. time frame, 5. advanced knowledge of the target population, 6. scope of the research and perceived statistical analysis needs.

- **Determine the Sample Size :**

The sample size is decided based on the precision required from the sample estimates, time and money available to collect the required data. While determining the sample size due consideration should be given to the variability of the population characteristics under investigation, the level of confidence desired in the estimates and the degree of the precision desired in estimating the population characteristic. The number of prospective units to be contacted to ensure that the estimated sample size is obtained and the additional cost involved should be considered.

- **Implementing the Sampling Plan :**

The actual procedure to be used in contacting each of the prospective respondents selected to form the sample should be clearly laid out. The instruction should be clearly written so that interviewers know what exactly should be done and the procedure to be followed in case of problems encountered, in contacting the prospective respondents.

- **Sampling and Data Collecting :**

The sample respondents are met and actual data collection activities are executed in this stage, Consistency and control should be maintained at this stage.

14.4 Probability Sampling

Probability sampling is one in which every unit in the population has a chance (greater than zero) of being selected in the sample, and this probability can be accurately determined. The combination of these traits makes it possible to produce unbiased estimates of population totals, by weighting sampled units according to their probability of selection.

Example: We want to estimate the total income of adults living in a given street. We visit each household in that street, identify all adults living there, and randomly select one adult from each household. (For example, we can allocate each person a random number, generated from a uniform distribution between 0 and 1, and select the person with the highest number in each household). We then interview the selected person and find their income.

People living on their own are certain to be selected, so we simply add their income to our estimate of the total. But a person living in a household of two adults has only a one-in-two chance of selection. To reflect this, when we come to such a household, we would count the selected person's income twice towards the total. (The person who is selected from that household can be loosely viewed as also representing the person who isn't selected.)

In the above example, not everybody has the same probability of selection; what makes it a probability sample is the fact that each person's probability is known. When every element in the population *does* have the same probability of selection, this is known as an

'equal probability of selection' (EPS) design. Such designs are also referred to as 'self-weighting' because all sampled units are given the same weight.

Data is one of the most important things in statistics. Due to practical difficulties it will not be possible to make use of data from a whole population when a hypothesis is tested. Therefore, data values from samples are taken to make inferences about a population. Since, not all data are used; there is an uncertainty (which is called the sampling error) in the inferences made. In order to minimize such uncertainties, it is important that unbiased samples be chosen.

When individuals are chosen for a sample in such a way that each individual in the population has an equal probability of getting selected, then such a sample is called a random sample.

For example, consider the case where 10 houses out of 100 houses in a neighborhood are to be chosen as a sample. The number of each house is written in pieces of paper, and all the 100 pieces are in a basket. One randomly chooses 10 different pieces of paper with replacement from the basket. Then the chosen 10 numbers will be a random sample.

These various ways of probability sampling have two things in common:

1. Every element has a known nonzero probability of being sampled and
2. Involves random selection at some point.

14.4.1 Types of Sampling:

1. Simple Random Sampling:

A simple random sample (SRS) of size n is produced by a scheme which ensures that each subgroup of the population of size n has an equal probability of being chosen as the sample. A simple random sample is a random sample chosen in such a way that each of the samples of that sample-size (that can be chosen from the population) has an equal probability of being selected as the sample. This sampling technique requires the reach throughout the total scope of the population. In other words, the population should be sufficiently small, temporally and spatially, to do simple random sampling efficiently. Looking back at the example, in the second paragraph, it can be seen that what is done there is simple random sampling and the sample of 10 houses drawn in that way is a simple random sample.

For example, consider the case of testing light bulbs produced by a company, for lifetime. The population under consideration is all the light bulbs produced by the company. But in this case, some bulbs are yet to be produced and some bulbs are already sold. So the sampling is temporally limited to the bulbs currently in stocks. In this case, simple random sampling cannot be done, since it is impossible to make sure that, for each k , each sample of size k has equal probability of being selected as a sample to be investigated.

Merits

1. There is less chance for personal bias.
2. Sampling error can be measured
3. This method is economical as it saves time, money and labour.
4. The simple random sampling technique can be easily understood.
5. The survey result can be generalized to the defined target population with a margin of error.

6. The actual size of the sample resulting in a valid representation of the defined target population

Demerits

1. The major drawback of the simple random sample is the difficulty of obtaining complete and accurate listing of the target population elements.
2. It is expensive in case of a large population.
3. It is most suitable for a small population.

2. Systematic Random Sample:

Random samples chosen with systematic pattern are called systematic random samples. There are several steps in choosing a sample using this method.

1. Index the population (numbers should be assigned randomly)
2. Calculate the max-value of the sampling interval (the number of individuals in the population divided by the number of individuals to be chosen for the sample.)
3. Select a random number between 1 and the max-value.
4. Repeatedly add the max value to select the rest of the individuals.
5. Choose the sample by selecting the individuals corresponding to the number sequence obtained.

For example, consider selection of 10 houses out of 100 houses. Then, houses are numbered from 1 to 100, to find a systematic random sample. Then, max-value is $\frac{100}{10} = 10$. Now, choose a number randomly in the range 1-10. It can be done by drawing lots. Say, 7 is the number obtained as a result. The random sample is the houses numbered 7, 17, 27, 37, 47, 57, 67, 77, 87, and 97.

Merits

1. It has simplicity and flexibility.
2. There is no need to number the entire in a large personnel file before drawing the sample.
3. It is an attractive, economical method for researcher.

Demerits

1. The result in the sample not truly representative of the target population.
2. The estimate may not be accurate.
3. The potential for the hidden data not known by the researcher.

3. Stratified Random Sampling:

Divide the population into "strata". There can be any number of these. Then choose a simple random sample from each stratum. Combine those into the overall sample. That is a stratified random sample. (Example: Church A has 600 women and 400 men as members. One way to get a stratified random sample of size 30 is to take a SRS of 18 women from the 600 women and another SRS of 12 men from the 400 men.)

Stratified random sampling is very useful when the divisions of target population are skewed or when extremes are present in the probability distribution of the target

population elements of interest. The goal in stratification is to minimize the variability within each stratum and maximize the difference between strata. The ideal stratification would be based on the primary variable under study. Researchers often have several important variables about which they want to draw conclusion.

Merits

1. It is more representative.
2. It ensures greater accuracy of result.
3. It is easy to administer as the universe is sub-divide.
4. Greater geographical concentration reduces the time and expenses.
5. For non-homogeneous population, it may yield more reliable results.

Demerits

1. To divide the population into homogeneous strata, it requires more money, time and statistical experience which is difficult one.
2. If proper stratification is not done, the sample will have an effect of bias.
4. **Multi-Stage Sampling:**

Sometimes the population is too large and scattered for it to be practical to make a list of the entire population from which to draw a SRS. For instance, when a polling organization samples US voters, they do not do a SRS. Since voter lists are compiled by counties, they might first do a sample of the counties and then sample within the selected counties. This illustrates two stages. In some instances, they might use even more stages. At each stage, they might do a stratified random sample on sex, race, income level, or any other useful variable on which they could get information before sampling.

5. Cluster Sampling :

It is a sampling technique used when "natural" groupings are evident in a statistical population. It is often used in marketing research. In this technique, the total population is divided into these groups (or clusters) and a sample of the groups is selected. Then the required information is collected from the elements within each selected group. This may be done for every element in these groups or a subsample of elements may be selected within each of these groups. A common motivation for cluster sampling is to reduce the average cost per interview. Given a fixed budget, this can allow an increased sample size. Assuming a fixed sample size, the technique gives more accurate results when most of the variation in the population is within the groups, not between them. Cluster sampling offers more of heterogeneity within groups and more homogeneity among the groups

Merits

1. The cluster sampling method is widely used due to its overall cost effectiveness and feasibility of implementation.
2. It is valuable in under-developed countries.

Demerits

1. It is less accurate than other methods.
2. The tendency of cluster is to be homogeneous.

14.5 Non Probability Sampling

Is any sampling method where some elements of the population have *no* chance of selection (these are sometimes referred to as 'out of coverage'/'under covered'), or where the probability of selection can't be accurately determined. It involves the selection of elements based on assumptions regarding the population of interest, which forms the criteria for selection. Hence, because the selection of elements is nonrandom, nonprobability sampling does not allow the estimation of sampling errors. These conditions give rise to exclusion bias, placing limits on how much information a sample can provide about the population. Information about the relationship between sample and population is limited, making it difficult to extrapolate from the sample to the population.

Example: We visit every household in a given street, and interview the first person to answer the door. In any household with more than one occupant, this is a nonprobability sample, because some people are more likely to answer the door (e.g. an unemployed person who spends most of their time at home is more likely to answer than an employed housemate who might be at work when the interviewer calls) and it's not practical to calculate these probabilities.

Non Probability sampling methods include accidental or convenience sampling, quota sampling and purposive sampling as described under:

1. Accidental or Convenience or Haphazard Sampling

Convenience sampling is sometimes referred to as *haphazard* or *accidental sampling*. It is not normally representative of the target population because sample units are only selected if they can be accessed easily and conveniently. There are times when the average person uses convenience sampling. A food critic, for example, may try several appetizers or entrees to judge the quality and variety of a menu. And television reporters often seek so-called 'people-on-the-street interviews' to find out how people view an issue. In both these examples, the sample is chosen randomly, without use of a specific survey method.

The obvious advantage is that the method is easy to use, but that advantage is greatly offset by the presence of bias. Although useful applications of the technique are limited, it can deliver accurate results when the population is homogeneous. For example, a scientist could use this method to determine whether a lake is polluted. Assuming that the lake water is well-mixed, any sample would yield similar information. A scientist could safely draw water anywhere on the lake without fretting about whether or not the sample is representative. Examples of convenience sampling include:

- the female moviegoers sitting in the first row of a movie theatre
- the first 100 customers to enter a department store
- the first three callers in a radio contest.

Merits

1. Convenient sampling allows a large number of respondents to be interviewed.
2. It is suitable when the universe is not clearly defined.

Demerits

1. The scale measurements can have a serious negative impact on the overall reliability.

2. The raw data and result are not generalizable to the defined target population with any measure of precision.
3. It is not possible to measure the representativeness of the sample

2. Quota Sampling

This is one of the most common forms of non-probability sampling. Sampling is done until a specific number of units (quotas) for various sub-populations have been selected. Since there are no rules as to how these quotas are to be filled, *quota sampling* is really a means for satisfying sample size objectives for certain sub-populations.

The quotas may be based on population proportions. For example, if there are 100 men and 100 women in a population and a sample of 20 are to be drawn to participate in a cola taste challenge, you may want to divide the sample evenly between the sexes—10 men and 10 women. Quota sampling can be considered preferable to other forms of non-probability sampling (e.g., judgement sampling) because it forces the inclusion of members of different sub-populations.

Merits

1. The greatest advantage of quota sampling is that the sample generated contains specific sub-groups in the proportion desired by researchers.
2. It may eliminate or reduce selection bias.

Demerits

1. Personal bias are there in this method of sampling.
2. Sampling error cannot be estimated.

3. Purposive or Judgment Sampling

This approach is used when a sample is taken based on certain judgements about the overall population. The underlying assumption is that the investigator will select units that are characteristic of the population. The critical issue here is objectivity: how much can judgment be relied upon to arrive at a typical sample? *Judgement sampling* is subject to the researcher's biases and is perhaps even more biased than haphazard sampling. Since any preconceptions the researcher may have are reflected in the sample, large biases can be introduced if these preconceptions are inaccurate.

One advantage of judgement sampling is the reduced cost and time involved in acquiring the sample. This method of sampling is also known as subjective or 'judgment sampling' method. Accordingly, investigator himself purposively chooses certain items which to his judgment are best representatives of the universe. Here the selection is deliberate and based on own idea of the investigator about the sample units. In addition, no response effects may turn *any* probability design into a nonprobability design if the characteristics of nonresponse are not well understood, since nonresponse effectively modifies each element's probability of being sampled.

Merits

1. It is simple method
2. It is used to obtain a more representative sample
3. It is very helpful to make public policies, decisions etc.

Demerits

1. Due to individual bias the sample may not be a representative one.
2. It is difficult to get correct sampling errors.

- The estimates are not accurate.

14.6 Univariate Analysis

Univariate analysis involves the examination across cases of one variable at a time. There are three major characteristics of a single variable that we tend to look at. In most situations, we would describe all three of these characteristics for each of the variables in our study.

The Distribution:

The distribution is a summary of the frequency of individual values or ranges of values for a variable. The simplest distribution would list every value of a variable and the number of persons who had each value. For instance, a typical way to describe the distribution of college students is by year in college, listing the number or percent of students at each of the four years. Or, we describe gender by listing the number or percent of males and females. In these cases, the variable has few enough values that we can list each one and summarize how many sample cases had the value. But what do we do for a variable like income or GPA? With these variables there can be a large number of possible values, with relatively few people having each one. In this case, we group the raw scores into categories according to ranges of values. For instance, we might look at GPA according to the letter grade ranges. Or, we might group income into four or five ranges of income values.

Category	Percent
Under 35	9%
36-45	21
46-55	45
56-65	19
66+	6

Table 1. Frequency distribution table.

One of the most common ways to describe a single variable is with a **frequency distribution**. Depending on the particular variable, all of the data values may be represented, or you may group the values into categories first (e.g., with age, price, or temperature variables, it would usually not be sensible to determine the frequencies for each value. Rather, the values are grouped into ranges and the frequencies determined.). Frequency distributions can be depicted in two ways, as a table or as a graph. Table 1 shows an age frequency distribution with five categories of age ranges defined. The same frequency distribution can be depicted in a graph as shown in Figure 2. This type of graph is often referred to as a histogram or bar chart.

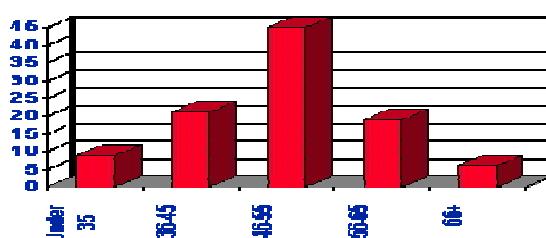


Table 2. Frequency distribution bar chart.

Distributions may also be displayed using percentages. For example, you could use percentages to describe the:

- percentage of people in different income levels
- percentage of people in different age ranges
- percentage of people in different ranges of standardized test scores

Central Tendency:

The central tendency of a distribution is an estimate of the "center" of a distribution of values. There are three major types of estimates of central tendency:

The **Mean** or average is probably the most commonly used method of describing central tendency. To compute the mean all you do is add up all the values and divide by the number of values. For example, the mean or average quiz score is determined by summing all the scores and dividing by the number of students taking the exam. For example, consider the test score values:

15, 20, 21, 20, 36, 15, 25, 15

The sum of these 8 values is 167, so the mean is $167/8 = 20.875$.

The **Median** is the score found at the exact middle of the set of values. One way to compute the median is to list all scores in numerical order, and then locate the score in the center of the sample. For example, if there are 500 scores in the list, score #250 would be the median. If we order the 8 scores shown above, we would get:

15,15,15,20,20,21,25,36

There are 8 scores and score #4 and #5 represent the halfway point. Since both of these scores are 20, the median is 20. If the two middle scores had different values, you would have to interpolate to determine the median.

The **mode** is the most frequently occurring value in the set of scores. To determine the mode, you might again order the scores as shown above, and then count each one. The most frequently occurring value is the mode. In our example, the value 15 occurs three times and is the mode. In some distributions there is more than one modal value. For instance, in a bimodal distribution there are two values that occur most frequently.

Notice that for the same set of 8 scores we got three different values -- 20.875, 20, and 15 -- for the mean, median and mode respectively. If the distribution is truly normal (i.e., bell-shaped), the mean, median and mode are all equal to each other.

Dispersion. Dispersion refers to the spread of the values around the central tendency. There are two common measures of dispersion, the range and the standard deviation. The **range** is simply the highest value minus the lowest value. In our example distribution, the high value is 36 and the low is 15, so the range is $36 - 15 = 21$.

The **Standard Deviation** is a more accurate and detailed estimate of dispersion because an outlier can greatly exaggerate the range (as was true in this example where the single outlier value of 36 stands apart from the rest of the values. The Standard Deviation shows the relation that set of scores has to the mean of the sample. Again lets take the set of scores: **15,20,21,20,36,15,25,15**

To compute the standard deviation, we first find the distance between each value and the mean. We know from above that the mean is 20.875. So, the differences from the mean are:

15	-	20.875	=	-5.875
20	-	20.875	=	-0.875
21	-	20.875	=	+0.125
20	-	20.875	=	-0.875
36	-	20.875	=	15.125
15	-	20.875	=	-5.875
25	-	20.875	=	+4.125
$15 - 20.875 = -5.875$				

Notice that values that are below the mean have negative discrepancies and values above it have positive ones. Next, we square each discrepancy:

-5.875	*	-5.875	=	34.515625
-0.875	*	-0.875	=	0.765625
+0.125	*	+0.125	=	0.015625
-0.875	*	-0.875	=	0.765625
15.125	*	15.125	=	228.765625
-5.875	*	-5.875	=	34.515625
+4.125	*	+4.125	=	17.015625
$-5.875 * -5.875 = 34.515625$				

Now, we take these "squares" and sum them to get the Sum of Squares (SS) value. Here, the sum is 350.875. Next, we divide this sum by the number of scores minus 1. Here, the result is $350.875 / 7 = 50.125$. This value is known as the **variance**. To get the standard deviation, we take the square root of the variance (remember that we squared the deviations earlier). This would be $\text{SQRT}(50.125) = 7.079901129253$.

Although this computation may seem convoluted, it's actually quite simple. To see this, consider the formula for the standard deviation:

$$\sqrt{\frac{\Sigma(X - \bar{X})^2}{(n - 1)}}$$

where:

- X = each score
- \bar{X} = the mean or average
- n = the number of values
- Σ means we sum across the values

In the top part of the ratio, the numerator, we see that each score has the mean subtracted from it, the difference is squared, and the squares are summed. In the bottom part, we take the number of scores minus 1. The ratio is the variance and the square root is the standard deviation. we can describe the standard deviation as:

The square root of the sum of the squared deviations from the mean divided by the number of scores minus one

Although we can calculate these univariate statistics by hand, it gets quite tedious when you have more than a few values and variables. Every statistics program is capable of

calculating them easily for you. For instance, I put the eight scores into SPSS and got the following table as a result:

N	8
Mean	20.8750
Median	20.0000
Mode	15.00
Std. Deviation	7.0799
Variance	50.1250
Range	21.00

Which confirms the calculations.

The standard deviation allows us to reach some conclusions about specific scores in our distribution. Assuming that the distribution of scores is normal or bell-shaped (or close to it!), the following conclusions can be reached:

- approximately 68% of the scores in the sample fall within one standard deviation of the mean
- approximately 95% of the scores in the sample fall within two standard deviations of the mean
- approximately 99% of the scores in the sample fall within three standard deviations of the mean

For instance, since the mean in our example is 20.875 and the standard deviation is 7.0799, we can from the above statement estimate that approximately 95% of the scores will fall in the range of $20.875-(2*7.0799)$ to $20.875+(2*7.0799)$ or between 6.7152 and 35.0348. This kind of information is a critical stepping stone to enabling us to compare the performance of an individual on one variable with their performance on another, even when the variables are measured on entirely different scales.

14.7 Properties of a Good Sample

Generally a sample should possess following characteristics:-

Representativeness : The sample should possess all the qualities of the universe, it is possible only when sample chosen is free from any bias.

Homogeneity : When two or more samples are to be taken from the same universe, they should be homogeneous. There should not be any difference in characteristics and nature of different units of sample

Independence : All the units of the universe must be independent with each other. In other words, selection of one unit as sample should not affect the other units.

Adequacy: Adequate number of units is selected to constitute a sample. Larger the sample, more reliable is the conclusions of the enquiry.

Lack of Bias : Sample should be free from personal bias of the investigator so the results of the inquiry are correct and reliable.

14.8 Summary

Sampling is the study of representative items from the universe or population. Informations are gathered from universe by conducting census or sample. The logical steps are involved in the sample execution such as target population, data collection method, sampling frame, sampling method, sample size, sampling units and execute the overall plan. Sampling techniques may be classified as non- probability and probability techniques. The non-probability sampling include convenience, judgmental, quota, and snowball sampling. In probability sampling technique include.

14.9 Self Assessment Questions

1. What do you mean by Universe? Explain
2. What do your mean by sample? Explain
3. Define the sample and its characteristics.
4. Explain various Types of sampling

14.10 Reference Books

- Philip Kotlar, Marketing Management, Prencitce-Hall of India, New Delhi
- Rajan Saxena, Marketing Management, Tata McGraw-Hill, New Delhi
- V.S. Ramaswamy and S. Namakumari, Marketing Management – Planning, Implementation and Control, McMilan India. Chennai.
- Leon G. Shiffman and Leslie Lazar Kanuk, Consumer Behaviour, Prentice-Hall of India. New Delhi.
- Cravens, Hill and Woodruff, Marketing Management, All India Travellers Bookseller, Delhi.

Unit - 15 : Data Collection

Unit Structure

- 1.0 Objectives
 - 15.1 Introduction
 - 15.2 Principles of Data Collection
 - 15.3 Sources of Data Collection
 - 15.4 Methods of Data Collection
 - 15.5 Projective Techniques
 - 15.6 Summary
 - 15.7 Self Assessment Test
 - 15.8 References
-

15.0 Objectives

After completing this unit you will be able :

- To study the sources of data
- To understand principle of data collection
- To Understand methods of data collection
- To Understand modern methods of data collection
- To understand projective techniques

15.1 Introduction

Data collection is one of the most important stage in conducting a research. Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes. The data collection component of research is common to all fields of study including physical and social sciences, humanities, business, etc. While methods vary by discipline, the emphasis on ensuring accurate and honest collection remains the same. Data collection starts with determining what kind of data required followed by the selection of a sample from a certain population. After that, use a certain instrument to collect the data from the selected sample.

Systematic gathering of data for a particular purpose from various sources, including questionnaires, interviews, observation, existing records, and electronic devices. The process is usually preliminary to statistical analysis of the data. Data collection is a term used to describe a process of gathering (or obtaining) specific information about a phenomenon or an activity. The collection of data from surveys, or from independent or networked locations via data capture, data entry, or data logging. For the purposes of compliance with ethics and data storage policies, 'data' means 'original information which is collected, stored, accessed, used or disposed of during the course of the research, and the final report of the research findings'.

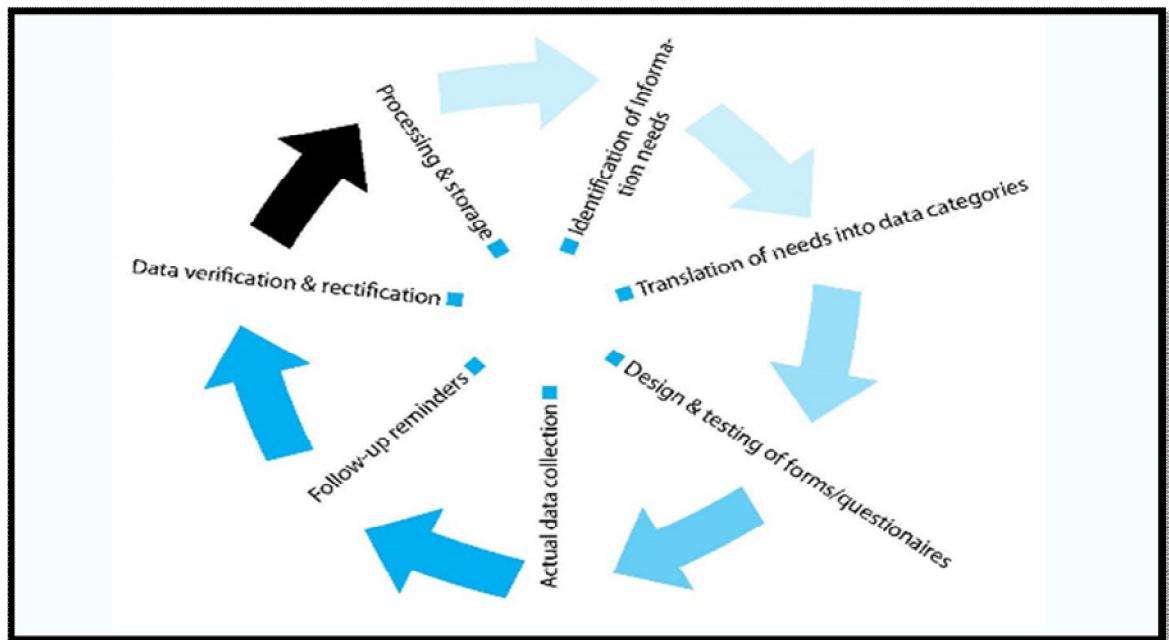
Data are the basis for all scientific research. Collecting good quality data plays a vital role in supplying objective information for the problems under study so that some analytical understanding of the problems and hence solutions can be obtained.

15.2 Principles of Data Collection

5-right principles of data collection

1. Get the right data: collect data which are relevant to the specific topic or issue. For example, to better understand gender disparity in school, one must collect data on students separately for boys and girls.
2. Get the data right: collect data with precise definition and appropriate method of measurement. For example, data on new entrants in Grade 1 must not include those who actually attended another school, dropped out, then enrolled in this school for the first time.
3. Get the data right away: get current and timely data. For example, school censuses should be organized as close to the start of the school year as possible, once enrolment is complete and attendance has stabilized.
4. Get the data the right way: get data through a rigorous process which can guarantee data quality and ensure consistency. Instructions about methods and data standards must be explained clearly. The people involved in data collection should be properly trained.
5. Get the right data management: collect reliable data which is guaranteed by good quality control conducted by relevant stakeholders. It is important to involve all the stakeholders at different levels of the system to check that the collected data are reliable and complete before they are processed, analyzed and used. Always respect the motto: '**Do not collect data that will not be used.**'

Data Collection Process: There are basic seven stages but they can vary according to purpose and research study.



15.3 Sources of Data Collection

Information Sources for data collection:

(a) Primary Data

A primary source could be defined as something that was created either during the time period being studied or afterward by individuals reflecting on their involvement in the events of that time.

Sources of Primary Data: In this the data is collected by the researcher themselves. Examples include:

- Artifacts (e.g. coins, plant specimens, fossils, furniture, tools, clothing, all from the time under study);
- Audio recordings (e.g. radio programs)
- Unpublished materials: Diaries; Letters;
- Internet communications on email,
- Interviews (e.g., oral histories, telephone, e-mail);
- Journal articles published in peer-reviewed publications;
- Newspaper articles written at the time;
- Original Documents (i.e. birth certificate, will, marriage license, trial transcript);
- Patents;
- Images: Photographs, film, art and posters, advertisements, maps
- Proceedings of Meetings, conferences and symposia;
- Records of organizations, government agencies (e.g. annual report, treaty, constitution, government document);
- Speeches;
- Survey Research (e.g., market surveys, public opinion polls);
- Video recordings (e.g. television programs);
- Works of art, architecture, literature, and music (e.g., paintings, sculptures, musical scores, buildings, novels, poems).
- Web site.
- Published materials: Books (including memoirs), magazines, and newspapers contemporary to the event
- Human Beings: Individual, focus groups, and a panel of respondent specifically set up by the researcher for interview, observation, action research, case studies, life histories, questionnaires, ethnographic research, longitudinal studies etc. to collect original work, raw data

(i) Advantages of primary data:

- The primary data are original and relevant to the topic of the research study so the degree of accuracy is very high.
- Primary data is that it can be collected from a number of ways like interviews, telephone surveys, focus groups etc. It can also be collected across the national

borders through emails and posts. It can include a large population and wide geographical coverage.

- Moreover, primary data is current and it can better give a realistic view to the researcher about the topic under consideration.
- Reliability of primary data is very high because these are collected by the concerned and reliable party.

(ii) **Disadvantages of primary data:**

- For collection of primary data where interview is to be conducted the coverage is limited and for wider coverage a more number of researchers are required.
- A lot of time and efforts are required for data collection. By the time the data collected, analysed and report is ready the problem of the research becomes very serious or out dated. So the purpose of the research may be defeated.
- It has design problems like how to design the surveys. The questions must be simple to understand and respond.
- Some respondents do not give timely responses. Sometimes, the respondents may give fake, socially acceptable and sweet answers and try to cover up the realities.
- With more people, time and efforts involvement the cost of the data collection goes high. The importance of the research may go down.
- In some primary data collection methods there is no control over the data collection.
- Incomplete questionnaire always give a negative impact on research.
- Trained persons are required for data collection. In experienced person in data collection may give inadequate data of the research.

(b) **Secondary Data**

Definition: A secondary source of information is one that was created *later* by someone who *did not* experience first-hand or participate in the events or conditions being researched. They comment upon, explain, or interpret primary sources.

Sources of Secondary Data: Data already exists and may be available in written, typed or in electronic forms. Examples include:

- Previous Research
- Web information (also considered primary).
- Historical data and information
- Dictionaries (also considered tertiary);
- Encyclopedias (also considered tertiary);
- Articles that review other sources
- Textbooks(also considered tertiary);
- Biographies(also considered tertiary);
- Company's records or archives
- Monographs, other than fiction and autobiography;
- Commentaries, criticisms;

- Biographical works;
- Journal articles (depending on the discipline can be primary);
- Magazine and newspaper articles (this distinction varies by discipline);
- government publications
- Industry analysis offered by media, web sites, the internet, and so on.
- In some cases, the environment or particular settings and events may themselves be sources of data, as for example- studying the layout of a plant.
- Bibliographies
- Dictionaries, Encyclopedias
- Histories;

(i) Advantages of Secondary Data:

- It is cheaper and faster to access.
- It provides a way to access the work of the best scholars all over the world.
- Secondary data gives a frame of mind to the researcher that in which direction he/she should go for the specific research.
- Secondary data save time, efforts and money and add to the value of the research study.

(ii) Disadvantages of Secondary data:

- The data collected by the third party may not be a reliable party so the reliability and accuracy of data go down.
- Data collected in one location may not be suitable for the other one due variable environmental factor.
- With the passage of time the data becomes obsolete and very old Secondary data collected can distort the results of the research. For using secondary data a special care is required to amend or modify for use.
- Secondary data can also raise issues of authenticity and copyright.

(c) Tertiary sources

Definition: Tertiary sources consist of information which is a distillation and collection of primary and secondary sources. Examples include:

- Almanacs;
- Bibliographies (also considered secondary);
- Chronologies;
- Dictionaries and Encyclopedias (also considered secondary);
- Directories;
- Fact books;
- Guidebooks;
- Indexes, abstracts, bibliographies used to locate primary and secondary sources;
- Manuals;
- Textbooks (also be secondary).

15.4 Methods of Data Collection

After designing an experiment the statistical treatment of a problem begins. Collection of data is the first step in the statistical treatment of a problem. Numerical facts are the raw materials upon which the investigator is to work and just as in a manufacturing concern the quality of a finished product depends, *inter alia*, upon the quality of the raw material in the same manner, the validity of conclusions in a research is governed, among others considerations, by the quality of the data used. Assembling if facts us thus a very important step and no pains should be spared to see that the data collected are accurate, reliable and thorough.

There are mainly five major methods of data collection.

1. Questionnaires

Questionnaire is a [research](#) instrument consisting of a series of [questions](#) and other prompts for the purpose of gathering information from respondents; although they are often designed for [statistical](#) analysis of the responses.

Questionnaires can be used in a variety of survey situations, for example postal, electronic, face-to-face and telephone. Postal and electronic questionnaires are known as self-completion questionnaires, i.e. respondents complete them by themselves in their own time. Face-to-face (F2F) and telephone questionnaires are used by interviewers to ask a standard set of questions and record the responses that people give them.

Questionnaires are commonly used:

- To collect factual information in order to classify people and their circumstances
 - To gather straightforward information relating to people's behaviour
 - To look at the basic attitudes/opinions of a group of people relating to a particular issue
 - To measure the satisfaction of customers with a product or service
 - To collect 'baseline' information, this can then be tracked over time to examine changes
- Advantages and disadvantages of using questionnaires

Advantages	Disadvantages
<ul style="list-style-type: none">• Can contact a large number of people at a relatively low cost (postal and telephone)	<ul style="list-style-type: none">• Response rates can be low (postal) and refusal rates high (telephone, F2F)
<ul style="list-style-type: none">• Easy to reach people who are spread across a wide geographical area or who live in remote locations (postal and phone)	<ul style="list-style-type: none">• There is little control over who completes a postal questionnaire, which can lead to bias
<ul style="list-style-type: none">• Respondents are able to complete postal questionnaires in their own time and telephone call-backs can be arranged for a more convenient time• Telephone questionnaires can make it easier to consult some disabled people	<ul style="list-style-type: none">• Postal questionnaires are inappropriate for people with reading difficulties or visual impairments and those who do not read English• Postal and phone questionnaires must be kept relatively short
<ul style="list-style-type: none">• F2F questionnaires can make it easier to identify the appropriate person to complete the questionnaire	<ul style="list-style-type: none">• F2F and phone questionnaires require the use of trained interviewers
<ul style="list-style-type: none">• F2F questionnaires can be longer than postal and phone questionnaires, collect more information and allow the use of 'visual aids'	<ul style="list-style-type: none">• F2F questionnaires are time consuming for respondents, more costly and more labour intensive than other methods

Design of Questionnaires

Theme and covering letter: The general theme of the questionnaire should be made explicit in a covering letter. It includes- who you are; why the data is required; give, if necessary, an assurance of confidentiality and/or anonymity; and contact number and address or telephone number. For example: 'It would be appreciated if you could return the completed questionnaire by... if at all possible'.

Confidentiality: Respondents need to be reassured that their identities or personal details must not be disclosed to others, except for research purposes, and any data used in the report will not be linked to any respondents.

Instructions for completion: It is need to provide clear and unambiguous instructions, General and specific instructions for particular question should be indicated (circle, tick, cross, etc.).

Appearance: A neat, careful layout and professional look will increase response rate and help in analysis.

Length: Excessive size can reduce response rates. If a long questionnaire is necessary, then give more thought to appearance.

Question sequence

To achieve the best response rates, questions should flow from the least sensitive to the most sensitive, from the factual and behavioral to the attitudinal, and from the more general to the more specific. The order is as follows:

Screens are used as a screening method to find out early whether or not someone should complete the questionnaire. **Warm-ups** are simple to answer, help capture interest in the survey, and may not even pertain to research objectives. **Transition** questions are used to make different areas flow well together. **Skips** include questions similar to "If yes, then answer question 3. If no, then continue to question 5." **Difficult** questions are towards the end because the respondent is in "response mode." Also, when completing an online questionnaire, the progress bars lets the respondent know that they are almost done so they are more willing to answer more difficult questions. **Classification** or demographic question should be at the end because typically they can feel like personal questions which will make respondents uncomfortable and not willing to finish survey.

Coding: If analysis of the results is to be carried out using a statistical package or spreadsheet it is advisable to code non-numerical responses. The coded responses (1 or 2) are used for the analysis purpose. An example of coding is:

Male []	Female []
1	2

Thank you: Even though the covering letter will express appreciation for the help given, it is also a nice gesture to finish the questionnaire with a further thank you.

Framing of Questions

- Keep the questions short, simple and to the point; avoid all unnecessary words.
- Use words and phrases that are unambiguous and familiar to the respondent. For example, 'dinner' has a number of different interpretations; use an alternative expression such as 'evening meal'.

- Only ask questions that the respondent can answer. Hypothetical questions should be avoided. Avoid calculations and questions that require a lot of memory work, for example, ‘How many people stayed in your hotel last year?’
- Avoid loaded or leading questions that imply a certain answer. For example, by mentioning one particular item in the question, ‘Do you agree that Colgate toothpaste is the best toothpaste?’
- Vacuous words or phrases should be avoided. ‘Generally’, ‘usually’, or ‘normally’ are imprecise terms with various meanings. They should be replaced with quantitative statements, for example, ‘at least once a week’.
- Questions should only address a single issue. For example, questions like: ‘Do you take annual holidays to Spain?’ should be broken down into two discreet stages, firstly find out if the respondent takes an annual holiday, and then secondly find out if they go to Spain.
- Do not ask two questions in one by using ‘and’. For example, ‘Did you watch television last night and read a newspaper?’
- Avoid double negatives. For example, ‘Is it not true that you did not read a newspaper yesterday?’ Respondents may tackle a double negative by switching both negatives and then assuming that the same answer applies. This is not necessarily valid.
- State units required but do not aim for too high a degree of accuracy. For instance, use an interval rather than an exact figure: Ex. How much did you earn last year?

Less than \$10,000 []

Between \$10,000 and \$20,000 []

Avoid emotive or embarrassing words – usually connected with race, religion, politics, sex, money.

Types of Questionnaire Formats: There are two types of questionnaire questions, open-ended and closed-ended. Following description gives the format of questionnaire:

1. **Open Format Questions/ open-ended questions:** Open format questions or open-ended questions give an opportunity to express opinions in a free-flowing manner. An ideal questionnaire would include an open-ended question at the end of the questionnaire that seeks feedback and/or suggestions for improvements from respondents.

Example of an Open Format Question

State your opinion about the quality of ABC Corporation's products and services?

2. **Closed Format Questions:** Multiple choice questions, where respondents are restricted to choose among any of the given multiple choice answers are known as closed format or closed-ended questions. It has the ease at performing preliminary analysis.

Example of a Closed Format Question

Which are the gadgets that you cannot live without?
-circle those applicable:

Cell
Phone

Laptop

PDA

iPOD

Digital
Camera

XBOX
360

Classification of Closed Format Questions for Questionnaire Design: There are 7 types of closed-ended questions:

A. Leading Questions: Questions that force for a particular type of answer are known as leading questions and all the answers would be equally likely. An example of a leading question would be a question with choices such as, fair, good, great, poor, superb, excellent etc.

Example of a Closed-Ended Leading Question

How would you rate the products of XYZ Corporation?

1
Fair

2
Good

3
Excellent

4
Superb

B. Importance Questions: In importance questions, the respondents are usually asked to rate the importance of a particular issue, on a rating scales of 1 to 5.

Example of a Closed-Ended Importance Question

Cost-effective services are:

1
Extremely
Important

2
Very
Important

3
Somewhat
Important

4
Not Very
Important

5
Not at all
important

C. Likert Questions: A Likert scale provides a battery of attitude statements. The respondent then says how much they agree or disagree with each one.

Example of a Closed-Ended Likert Question

ABC Corporation's Products have to improve on quality?

1
Strongly
Agree

2
Agree

3
Neither Agree
or Disagree

4
Disagree

5
Strongly
Disagree

D. Dichotomous Questions: These are simple questions that ask respondents to answer in a yes or no, there is no scope for a middle perspective.

Example of a Closed-Ended Dichotomous Question

Do you like the Products of ABC Corporation?

Yes

No

E. Bipolar Questions: Bipolar questions are the ones having two extreme answers written at the opposite ends of the scale. The respondents are asked to mark their responses between those two.

Example of a Closed-Ended Bipolar Question

How would you describe the services of XYZ Corporation?

Efficient X Inefficient
Fast X Slow
Reliable X Unreliable

F. Rating Scale Questions: In rating scale questions, the respondents are asked to rate a particular issue on a scale that ranges between poor to good. It has an even number of choices, so that respondents are not given the choice of selecting a middle option.

Example of a Closed-Ended Rating Scale Question

How would you rate the services of ABC Corporation?

1
Good

2
Fair

3
Poor

4
Very Poor

G. Buying Propensity Questions: Buying propensity questions try to assess the future intentions of customers and determine respondent's buying intention.

Example of a Closed-Ended Buying propensity Question

If mobile phones had an in-built mp3 Player, would you prefer to buy it?

1
Definitely

2
Probably

3
Probably
Not

4
Not Sure
4
Definitely
Not

2. Interview

Interviews are a systematic way of talking and listening to people and are another way to collect data from individuals through conversations. The researcher or the interviewer often uses open questions. Data is collected from the interviewee. The researcher needs to remember the interviewer's views about the topic are not of importance. The interviewee or respondent is the primary data for the study.

An **interview** is a conversation between two or more people where questions are asked by the interviewer to elicit facts or statements from the interviewee. Interviews are a standard part of journalism and media reporting, but are also employed in many other situations, including qualitative research.

Purpose:

- Interview method investigate issues in an in depth way and discover how individuals think and feel about a topic and why they hold certain opinions
- It investigates the use, effectiveness and usefulness of particular library collections and services.
- Interview technique helps in decision making, strategic planning and resource allocation and deepens the understanding and explains statistical data.
- It adds a human dimension to impersonal data sensitive topics which people may feel uncomfortable discussing in a focus group.

Types of interview

1. **Informal, conversational interview/ Unstructured / in-depth interview:** This type of interview is non-directed and is a flexible method. The researcher has to be a good listener and note new or interesting data the interviewee gives. It "... requires good communication and facilitation skills" No predetermined questions are asked, in order to remain as open and adaptable as possible to the interviewee's nature and priorities; during the interview the interviewer "goes with the flow".
2. **General interview guide approach/ Semi-structured:** The researcher has a list of key themes, issues, and questions to be covered. In this type of interview the order of the questions can be changed depending on the direction of the interview.
3. **Standardized, open-ended interview / Structured:** The same open-ended questions are asked to all interviewees; this approach facilitates faster interviews that can be more easily analyzed and compared.
4. **Closed, fixed-response interview:** All interviewees are asked the same questions and asked to choose answers from among the same set of alternatives. (This type of question is often called closed, closed ended, pre-coded, or fixed choice).
5. **Non-directive Interview:** In non-directive interviews there are no preset topics to pursue. Questions are usually not pre-planned. The interviewer listens and does not take the lead. The interviewer follows what the interviewee has to say. The interviewee leads the conversation.
6. **Focus group interview:** A focus group is an interview conducted by a trained moderator in a non-structured and natural manner with a small group of respondents. The moderator leads the discussion. The main purpose of focus groups is to gain insights by listening to a group of people from the appropriate target market talk about specific issues of interest.

7. ***Telephone interview:*** This is an alternative form of interview to the personal, face-to-face interview.

Ethical Issues for Smooth implementation

In conducting interviews, ethical issues are one of the main concerns. The following is a list of some of the issues and suggested ethical solutions-

- ***Explain purpose.*** Explain the purpose of the inquiry to the respondent.
- ***Promises and reciprocity.*** State what the respondent will gain.
- ***Risk assessment.*** Consider in what ways the interview might put the respondent at risk in terms of stress, legal liabilities, ostracism or political repercussion.
- ***Confidentiality.*** It should be maintained during and after research work.
- ***Inform consent.*** What kind of consent is necessary, if any.
- ***Data access and ownership.*** Evaluate who has the right to access data and for what purpose.
- ***Mental health.*** Consider how interviewer and interviewee mental health may be affected by conducting the interview.
- ***Advice.*** Appoint an adviser on ethical matters during the course of the study.
- ***Data collection boundaries.*** How hard will researcher push for data? What lengths will go to in trying to gain access to data researcher want? What won't researcher do? How hard will researcher push interviewees to respond to questions about which they show some discomfort?
- ***Interview schedule*** – each interview schedule should have a cover page with number, name and address. The cover sheet should make provision to record which call it is, the date and time, the interviewer, the outcome of the call and space to note down specific times at which a call-back has been arranged. Space should be provided to record the final outcome of the call – was an interview refused, contact never made, number disconnected, etc.
 - ***Procedure for call-backs*** – a system for call-backs needs to be implemented. Interview schedules should be sorted according to their status: weekday call-back, evening call-back, weekend call-back, and specific time call-back.

Interview process

Stage 1: Determine what information is required. What do you want to find out?

Stage 2: Decide on the method of data collection and the audience for the interviews.

Stage 3: Draft the interview schedule, considering content, wording, format, structure and layout

Stage 4: Pilot/test the interview schedule with colleagues or a sample of potential interviewees and revise as necessary

Stage 5: Conduct the interviews

Stage 6: Transcribe interviews

Stage 7: Analyze the transcripts

Stage 8: Write up, present and use the findings

CHARACTERISTICS OF A GOOD SCHEDULE

- It asks for and obtains all the information required for achieving the research objectives.
- It contains questions relevant to the study and does not include any irrelevant and unimportant questions.
- It does not aim at obtaining any information which can be more accurately and effectively obtained by other data-gathering methods like observation.
- It contains no questions that are unclear, ambiguous, double, leading, loaded or uninformative, and long.
- It contains no open-ended or discussion questions unless they are absolutely necessary.
- It does not contain questions which are beyond the memory span of respondent
- It contains questions that can be answered as quickly and easily as possible.
- It avoids unwarranted presumptions about the respondents.
- It does not restrict the choices of answers so as to bias or distort replies to be given.
- Choices to closed questions are adequate, reasonable, unidimensional and logically consistent.
- Each question is limited to a single idea or single reference.
- No embarrassing questions are given without providing an opportunity to explain.
- Appropriate balance between personalization and indirect form is maintained.
- Filter questions are used wherever necessary.
- Topics and questions are arranged in a logical and psychological sequence that is natural and easy for the respondent.
- Transition between one section and another is smooth.
- Inter-related questions are so positioned as to avoid context effects.
- Questions seeking ‘reasons for’ are based on reason analysis.
- Questions and alternative answer choices are properly coded.
- Design requirements like margin, spacing etc., are taken care of
- Appropriate introduction and instruction are included.
- The instrument has been adequately pre-tested and revised so as to be a satisfactory tool for the particular survey.

Comparison of postal, telephone and personal interview surveys

	Postal survey	Telephone survey	Personal interview
Cost (assuming a good response rate)	Often lowest	Usually in-between	Usually highest
Ability to probe	No personal contact or observation	Some chance for gathering additional data through elaboration on questions, but no personal observation	Greatest opportunity for observation, building rapport, and additional probing
Respondent ability to complete at own convenience	Yes	Perhaps, but usually no	Perhaps, if interview time is prearranged with respondent
Interview bias	No chance	Some, perhaps due to voice inflection	Greatest chance
Ability to decide who actually responds to the questions	Least	Some	Greatest
Impersonality	Greatest	Some due to lack of face-to-face contact	Least
Complex questions	Least suitable	Somewhat suitable	More suitable
Visual aids	Little opportunity	No opportunity	Greatest opportunity
Potential negative respondent reaction	'Junk mail'	'Junk calls'	Invasion of privacy
Interviewer control over interview environment	Least	Some in selection of time to call	Greatest
Time lag between soliciting and receiving response	Greatest	Least	May be considerable if a large area involved
Suitable types of questions	Simple, mostly dichotomous (yes/no) and multiple choice	Some opportunity for open-ended questions especially if interview is recorded	Greatest opportunity for open-ended questions
Requirement for technical skills in conducting interview	Least	Medium	Greatest
Response rate	Low	Usually high	High

Strengths of interview

- Good for measuring attitudes and most other content of interest.
- Allows probing and posing of follow-up questions by the interviewer.
- Can provide in-depth information.
- Can provide information about participants' internal meanings and ways of thinking.
- Closed-ended interviews provide exact information needed by researcher.
- Telephone and e-mail interview provide very quick turnaround.
- Moderately high measurement validity (i.e., high reliability and validity) for well constructed and tested interview protocols.
- Can use with probability samples.
- Relatively high response rates are often attainable.
- Useful for exploration as well as confirmation.

Weaknesses of interview

- In-person interviews usually are expensive and time consuming.
- Reactive effects (e.g., interviewees may try to show only what is socially desirable).
- Investigator effects may occur (e.g., untrained interviewers may distort data because of personal biases and poor interviewing skills).
- Interviewees may not recall important information and may lack self-awareness.
- Perceived anonymity by respondents may be low.
- Data analysis can be time consuming for open-ended items.
- Measures need validation.

3. Observation

Observation involves recording the behavioral patterns of people, objects and events in a systematic manner. Observation is a complex research method because it often requires the researcher to play a number of roles and to use a number of techniques; including her/his five senses, to collect data. The observer puts himself in the actual situation and watch carefully. On the basis of his knowledge, skills and experience he collects the data without contacting the respondents. The results of observation entirely depend on the talents of the researcher. This method can be used only by expert persons in the research.

Observation is the active acquisition of information from a primary source. In living beings, observation employs the **senses**. In science, observation can also involve the recording of data via the use of instruments. The term may also refer to any **data** collected during this activity. Observation is a systematic process of recording behavioral patterns of people, objects, and occurrences as they happen. Observation is the systematic description of events, behaviors, and artifacts in the social setting chosen for study. Observation enable the researcher to describe existing situations using the five senses, providing a "written photograph" of the situation under study

Purpose:

- to identify and guide relationships with informants;
- to help the researcher get the feel for how things are organized and prioritized, how people interrelate, and what are the cultural parameters;
- to show the researcher what the cultural members deem to be important in manners, leadership, politics, social interaction, and taboos;
- to help the researcher become known to the cultural members, thereby easing facilitation of the research process; and
- to provide the researcher with a source of questions to be addressed with participants

Types of Observational method:

1. **Structured or unstructured:** In **structured** observation, the researcher specifies in detail what is to be observed and how the measurements are to be recorded. It is appropriate when the problem is clearly defined and the information needed is specified. In **unstructured** observation, the researcher monitors all aspects of the phenomenon that seem relevant. The potential for bias is high.
2. **Disguised or undisguised:** In disguised observation, respondents are unaware they are being observed and thus behave naturally. Disguise is achieved, for example, by hiding, or using hidden equipment or people disguised as shoppers. In **undisguised** observation, respondents are aware they are being observed. There is a danger of the Hawthorne effect – people behave differently when being observed.
3. **Natural or contrived:** **Natural** observation involves observing behavior as it takes place in the environment, for example, eating hamburgers in a fast food outlet. In **contrived** observation, the respondents' behavior is observed in an artificial environment, for example, a food tasting session.
4. **Personal:** In personal observation, a researcher observes actual behavior as it occurs. The observer merely records what takes place.
5. **Mechanical:** Mechanical devices (video, closed circuit television) record what is being observed. These devices may or may not require the respondent's direct participation.
6. **Non-participant:** The observer does not normally question or communicate with the people being observed. He or she does not participate.
7. **Participant:** In participant observation, the researcher becomes, or is, part of the group that is being investigated.

Observation can be carried out in two types of environments:

- Laboratory observation (which is done in a lab set up by the researcher).
- Naturalistic observation (which is done in real-world settings).

Choice of roles**The role adopted depends on the following:**

- **Purpose of the research:** Does the research require continued longitudinal involvement (long period of time), or will in-depth interviews, for example, conducted over time give the type of insights required?
- **Cost of the research:** To what extent can the researcher afford to be committed for extended periods of time? Are there additional costs such as training?

- **The extent to which access can be gained:** Gaining access where the role of the researcher is either explicit or covert can be difficult, and may take time.
- The extent to which the researcher would be comfortable in the role: If the researcher intends to keep his identity concealed, will he or she also feel able to develop the type of trusting relationships that are important? What are the ethical issues?
- The amount of time the researcher has at his disposal: Some methods involve a considerable amount of time. If time is a problem alternate approaches will have to be sought.

It is important to collect observational data (in addition to attitudinal data) because what people say is not always what they do! The researcher can play an ***overt*** or ***covert*** role and the role the researcher can adopt in this situation are:

- Complete Participant
- Complete Observer
- Observer as Participant
- Participant as Observer

Strengths of observational data

- Allows one to directly see what people do without having to rely on what they say they do.
- Provides firsthand experience, especially if the observer participates in activities.
- Can provide relatively objective measurement of behavior (especially for standardized observations).
- Observer can determine what does not occur.
- Observer may see things that escape the awareness of people in the setting.
- Excellent way to discover what is occurring in a setting.
- Helps in understanding importance of contextual factors.
- Can be used with participants with weak verbal skills.
- May provide information on things people would otherwise be unwilling to talk about.
- Observer may move beyond selective perceptions of people in the setting.
- Good for description.
- Provides moderate degree of realism (when done outside of the laboratory).

Weaknesses of observational data

- Reasons for observed behavior may be unclear.
- Reactive effects may occur when respondents know they are being observed (e.g., people being observed may behave in atypical ways).
- Investigator effects (e.g., personal biases and selective perception of observers)
- Observer may “go native” (i.e., over-identifying with the group being studied).
- Sampling of observed people and settings may be limited.
- Cannot observe large or dispersed populations.
- Some settings and content of interest cannot be observed.
- Collection of unimportant material may be moderately high.
- More expensive to conduct than questionnaires and tests.
- Data analysis can be time consuming.

4. Other Methods of Data Collection

In addition to the above discussed methods of data collection, the following methods can be used:

1. **Warranty Cards:** These are post sized cards which are used by dealers of consumer durables to collect information regarding the product. The information sought is printed in the form of questions on the 'Warranty cards' which is placed inside the package along with the product with a request to the consumer to fill in the card and post the same to the dealer.
2. **Store Audits:** Store audits are performed by distributors as well as manufacturers through their salesmen at regular intervals. The information is used to estimate market size, market share, seasonal purchasing pattern etc. The data is obtained mostly by observational method. Store audits are invariably panel operation, for the derivation of sales estimates and compilation of sales trends are the base for the calculation. It provides an efficient way to evaluate the effect of various in-store promotions on the sales.
3. **Pantry Audits:** This is used to estimate consumption of the basket of goods at the consumer level. The investigator collects an inventory of types, quantities and prices of the commodities consumed. In pantry audits the data is recorded from the examination of consumer's pantry. The objective in a pantry audit is to identify the type of consumers who buy certain products and certain brands. The basis assumption is that the contents of the pantry accurately portray consumer's preference. Pantry audits are usually supplemented by direct questioning relating to reasons for preference of a product.
4. **Consumer panels:** The consumer panels consist a group of consumers who are interviewed on a regular basis over a period of time. The consumer panels may be transitory or continuing panels. A transitory panel is set up to measure the effect of a particular phenomenon. The panel is conducted on a before and after basis. Interview is conducted before the phenomenon takes place and another interview after the phenomenon has occurred so as to measure the changes in the attitude and behavior of the consumers. A continuing consumer panel is set up for an indefinite period with a view to collect data on a particular aspect of consumer behavior over a time period.
5. **Mechanical Devices:** Use of mechanical device enables to record data accurately, Eye camera, Pupilometric camera, Psychogalvanometer, Motion picture camera and Audiometer are some of the devices used for data collection. Eye cameras are designed to record the focus of eyes of a respondent on a specific portion of a sketch or diagram or a product package etc. Pupilometric cameras record dilation of the pupil as a result of visual stimuli. The extent of dilation shows the degree of interest aroused by the stimuli. Psychogalvanometer is used to measure the extent of body excitement as a result of the visual stimulus. Motion pictures are used to record the movement of the buyer while deciding to buy a consumer good. Audiometers are used with television to find out the type of programmes as well as channels preferred by viewers. A device is fitted in the television itself to record the changes which can be used to ascertain the market share.

15.5 Projective Techniques

We have so far considered techniques that rely on the individual's own report of his behavior beliefs, feelings, etc. These techniques presuppose that the respondents are willing and able to give such information about them. There is also the possibility that the respondents are unwilling to discuss controversial topics or to give intimate information about them or they are unable to give the desired information either because they cannot express their feeling in exact words or because they are not quite aware of their feelings about the matter in question.

To get the desired data despite the respondent's lack of self-insight or his unwillingness several indirect techniques have been developed. These techniques are designed to provide the respondent with unstructured stimulus situations. It is assumed that because the stimuli are unstructured the respondents will be required to organize or structure them and will, in the process, reveal important aspects of their own personality and behavior.

In these techniques the true nature of the subject-matter is so concealed that the respondent is not aware of its import nor of the purpose of the study. The correct interpretation of results largely depends on the user's trained judgment discretion. He must be able to distinguish the relevant part of the results from the irrelevant-the grain forms the chaff. The standardization and cross-cultural validation of these techniques are now slowly coming up.

These are a wide variety of these techniques as described below:

- (a) Rorschach ink blot test. This test was first developed by a swiss scientist Herman Rorschach. Under this test ten cards with ink blots printer on them are shown to a respondent and from his interpretation of these blots inferences are drawn regarding his beliefs, feelings, attitudes, perception, and underlying motivations.
- (b) Sentence completion test. In this technique the respondent is presented with the beginning of a series of sentences as a stimulus and he is required to complete these sentences.
- (c) Word association test. Here the stimulus questions usually consist of a single word or a short phrase. The respondent is asked to respond with the first word that comes to his mind. For example, if the stimulus word is "black" the subject may respond immediately by saying 'white' or 'Negro' or some other word. The content as also the rate of the subject's response may indicate his areas of emotional disturbance.
- (d) Role Playing. This technique is called psychodrama if the respondent plays himself and sociodrama if he acts out the roles of others. Here the respondent is removed from the paper-and-pencil situation, and has relatively little time to prepare an answer he thinks would have social desirability. If the interviewer himself adopts a role which complements that adopted by the respondent, he has the opportunity of subjecting the respondent to sequence of stimuli and to investigating the dynamics of his behavior
- (e) Thematic apperception test (TAT). This test consists of a series of pictures dealing with the ordinary day-today or extraordinary events. The subjects are asked to tell stories on the basis of these pictures. On the assumption that through these stories subjects project their personalities, these stories are interpreted by trained psychologists.
- (f) Error choice and information test. In the error choice method respondents are asked to choose among different possible answers to a factual question (such as, "what is the

salary of the average psychiatrist?”). All the answers provided are incorrect, and the direction of the error a respondent makes is used as a measure of his values, attitudes, or expectations. Another relatively structured indirect test is the information test, which is based on the premise that the amount and kind of information an individual possesses about a given subject are related to his values and expectations. Consequently, information questions may be utilized as indirect measures of these dimensions.

It should be remembered that evidence on the validity of these projective techniques thus far is not at all conclusive. The response may be interpreted differently by different experts. Despite this drawback, these techniques are very useful inasmuch as they encourage free response by the individual mirroring his attitudes and feelings which may not be possible in other techniques.

Advantages

These techniques divert individual's attention away from himself and thus reduce embarrassment and defensiveness. They are especially useful with young children, illiterates and persons with language handicaps.

Limitations

1. Many of these techniques lack standardization in the administrations and scoring procedures. Thus the results obtained by different researchers may not be comparable.
2. Many techniques show spurious relationships and give only an illusion of validity.
3. Some techniques also lack reliability. Interpretations of identical data developed by different experts do not always agree.

15.6 Summary

Research data source can be broadly classified into three types: primary, secondary and tertiary. The success of research is based upon proper collection of data. Schedule is the form containing some questions which are to be filled by the field interviewer from the respondents. The purpose of the schedule is to attain objectivity and to act as memory. To collect quantitative primary data, a researcher must design a questionnaire or an observation form. Designing a questionnaire is an art rather than a science. The design of observational form requires explicit decisions about what to be observed and how that behavior is to be recorded. It is useful to specify the who, what, when, where, why, and way of the behavior to be observed. The types of interview are structured, unstructured, focused, and respective. There are several techniques of interview such as establishing contact, starting an interview, establishing rapport, recall, probe questions, encouragement, guiding the interview, recording, closing the interview and report. The internet and computers can greatly assist the researcher in designing sound questionnaires and observational forms.

15.7 Self Assessment Test

1. Differentiate primary sources of data from secondary sources.
2. What are the uses of secondary data?
3. discuss the different methods of data collection.
4. Define ‘observation’
5. Explain the features of schedule.
6. What are the qualities of good questionnaire?
7. What are the advantages of Interview methods of data collection?
8. What are the requirements of a successful interview?
9. Explain the modern methods of data collection.
10. Explain the type of questionnaires.

15.8 Reference Books

- Research Methodology – Dr.C.M. Choudhary, RBSA Publishers, Jaipur
- Research Methodology – Dr.C. Murthy, Vrinda Publications, Delhi.
- Research Methodology – C.R.Kothari. New Age Publications 2004
- Research Methodology – D K Bhattacharya, Excel Books Publication
- Research Methodology –Y K Singh, APH Publication
- Research Methodology- VV Khanzode, APH Publication

Unit-16 : Data Analysis and Interpretation

Structure of Unit

- 16.0 Objectives
- 16.1 Introduction
- 16.2 Types of Data Analysis
- 16.3 Process of Data Analysis
- 16.4 Summary
- 16.5 Self Assessment Questions
- 16.6 Reference Books

16.0 Objectives

After completing this unit, you will be able to:

- Understand the types of data analysis
- Understand process of data analysis;
- Learn the key steps of data analysis. Know the key steps in data preparation;
- Understand various types of statistical analysis depending upon type and characteristics of data
- Learn the use of hypothesis testing.

16.1 Introduction

Data analysis is the process of drawing results from huge data collected from surveys. It needs skills and experience of researcher to draw the right and suitable path of data analysis. Data collected from sample are analyzed to draw the conclusion about the problems defined and identified in consumer research. For example, a skin-care Company wants to find out whether their new herbal cream stands out vis-à-vis the competitors in terms of instant glow. The data collected from appropriate size of sample is put on unbiased statistical analysis to draw conclusion for making the right decision.

Data is collection of facts, values or measurements describing certain phenomena and numerically represent the phenomena. The data can be qualitative and quantitative in nature. Qualitative data describes certain phenomena while quantitative data measures certain phenomena. For example, if data regarding the motives of buying a hatch-back car through in-depth interviews are collected, it is qualitative data as it wants to know why consumer wants to buy a hatch-back car. On the other hand, if large sample size of consumers is surveyed related to score of company on satisfaction scale, it is quantitative data that quantifies the satisfaction attribute through an appropriate scale.

Data Analysis, (in research) is the phase of a study that includes classifying and tabulating information needed to perform quantitative or qualitative analyses according to the research design and appropriate to the data. Data analysis follows collection of information and precedes its interpretation or application. In simple words, data analysis is basically the processing of huge amount of data and drawing meaningful information that can be helpful in making decisions. As consumer is evolving continuously, consumer research needs to be carried out simultaneously to grab the latest trends, patterns, tastes and preferences etc. as quickly as possible so that companies sustain its relevance in the market.

16.2 Types of Data Analysis

There are two types of data analysis---Qualitative Analysis and Quantitative Analysis. Mostly, qualitative analysis is carried out first and then, quantitative analysis is carried out to collect empirical evidences to support or nullify the inferences of qualitative analysis.

16.2.1 Qualitative Analysis

Qualitative analysis is defined as drawing meaningful contents from various information sources like videos, documents, recordings, photos, texts, key information interviews, focus groups, observations, group discussions etc. Qualitative analysis is aimed at understanding why and how of decision making and along with what, where and why in consumer research. It identifies particular themes and pattern in consumer behavior.

There are various tools available to conduct qualitative data analysis. Some of these are Typology, Taxonomy, Grounded Theory (Constant Comparison), Induction, Matrix/Logical Analysis, Quasi-Statistics, Event (Frame) Analysis, Metaphorical Analysis, Domain Analysis, Hermeneutical Analysis, Discourse Analysis, Semiotics, Content Analysis, Phenomenology/Heuristic, Narratology etc.

16.3.2 Quantitative Analysis

Quantitative analysis means analyzing data statistically and getting findings from smaller sample to estimate characteristics for larger population. The characteristics of population or sample are mean, median, mode, standard deviations, range etc. Further, quantitative analysis includes hypothesis testing to accept or reject certain theoretical statements. For example, there are various sales promotional offers in festive seasons. Company wants to know whether these sales promotion offers induce customers to buy more. For such research problem, following null hypothesis can be framed and tested statistically to reject or accept the statement and an alternate hypothesis statement is also considered which is just opposite to the null hypothesis.

Null Hypothesis: *The sales promotion offers in festive season does not induce customer to buy more.*

Alternate Hypothesis: *The sales promotion offers in festive season induce customer to buy more.*

16.3 Process of Data Analysis

As per definition mentioned above, the data analysis comprises of data classification, data coding, data preparation, data tabulation, data graphing, statistical analysis and interpretation. Now, let us understand each step in detail---

16.3.1 Data Classification

Data classification is defined as process of arranging data into homogenous groups or clusters on the basis of selected characteristics. There are many bases on which data can be classified. Following table exhibits types of data classification on various bases---

Table 16.1 Various Types of Data Classification

Data Classification Basis	Type of Data	Example
Nature of Data	Qualitative	The data collected in terms of categories, names, alphanumeric variables like birthdays, occupation, education, marital status etc.
	Quantitative	The data collected in the form of numeric variables like consumption per week, monthly buying budget, satisfaction score etc.
Source of Data	Primary	The data collected directly from respondents or sample unit through questionnaire, schedule, feedback survey etc.
	Secondary	The data collected from authentic publications, journals, magazines, books, periodicals etc.
Measurement of Data	Discrete	The data obtained in the form of whole countable numbers like number of visits to the market in a month, number of purchases of toothpaste in a year, number of family members etc.
	Continuous	The data collected in the form of decimal or fractions or with no definite divisions like disposable income in a month, height, distance traveled to the market etc.
Arrangement of Data	Ungrouped Data	Raw data which can not be categorized in groups.
	Grouped Data	The data is grouped on the basis of some characteristics.
Chronology of Data/ Temporal Data		The data collected on different times.
Geographical Distribution of Data		The data categorized on the basis of geographical distribution like zip code wise, Tehsil wise, district wise, state wise etc.
One Way Classification		Classification of data on the basis of one characteristic. For example, classifying the consumer base on the basis of gender.
Two Way Classification		Classification of data on the basis of two characteristics. For example, classifying the consumer base on the basis of gender and education.
Multi Way Classification		Classification of data on the basis of more than two characteristics. For example, classifying the consumer base on the basis of gender, education, income level and age groups.

Right data are right when classified in right way and right classification eases the analysis or else it may derail the entire process of analysis. While classifying the data, the objectives of research should be repeatedly referred so that analysis takes its due course.

16.3.2 Data Coding

Usually, statistical analysis is done on software or computer programs. To facilitate the analysis in computers (Whether qualitative or quantitative analysis), the data must be coded in a way so that computer understands and processes it. For example, in our facial cream case in Activity A, computer does not understand the text “Housewife” and “Working Woman” and computer won’t be able to process it. Therefore, coding in the form of some numerical value is given to the options to facilitate the analysis. In facial cream case, “Housewife” and “Working Woman” can be coded as “1” and “2” respectively. In the same way, the entire questionnaire or schedule components are coded appropriately.

In quantitative analysis, the close ended data items of the questionnaire/schedule are generally coded before actual field survey and generally, open ended data items have varied answers which are not known in advance, hence they are coded after completion of field survey. Coding of data must be simple so that it does not need rocket science to un-code or to understand the meaning of analysis and interpretation.

In qualitative analysis, there are various methods of coding like quantification of broader theme, hierarchy of themes and use of colors to identify the patterns, memoing, transcribing the data, dividing data into analytical units, segmenting the data, symbolizing the data, *a priori* coding, inductive coding, enumerating data etc.

Often, when researcher collects data, he also gets some non responses or misses some entries. The care must be taken in coding such missing data and non responses. First, research should try to refurbish the missing data or non response by contacting the respective respondents. Even if, some missing and non response data are left, it must be coded appropriately to isolate such cases for missing value analysis.

Mostly, researcher does coding of responses after completion of survey but if coding is done simultaneously to the survey, it saves a lot of time and effort. Besides this, it also conserves the relevance of the data as it is coded at the same time.

While gauging relationships between two variables measured on rating scales, both the variables should be coded in such a way that same direction of degree of agreement or disagreement is followed. For example, a facial cream company surveyed its customers on pricing of product and functional experience of product on five point rating scale. The pricing is measured on degree of satisfaction with it. The “Very Dissatisfied” feeling with pricing is coded numerically as “1” and the “Very Satisfied” feeling with pricing is coded numerically as “5”. Now, the “Very Dissatisfied” feeling with functional experience must also be coded as “1” and the “Very Satisfied” feeling with functional experience should be coded as “5”. If done otherwise, the statistical analysis will give absurd indication of negative correlation.

16.3.3 Data Preparation

Data preparation is very important step for conducting the statistical analysis and drawing inferences. The data preparation means refining the data as per the requirement of research objectives, models being analyzed; through outlier detection and removal, data standardization and data transformation. Before getting into data preparation, the data reliability and validity is checked to see whether data is appropriate for statistical analysis or not. Reliability and validity are explained in detail below:

- Reliability

Reliability is defined as the extent to which scale can be repeatedly administered to yield consistent results. If any scale does not give consistent results, the scale is not useful for further analysis and it needs improvement. Reliability is measured by Cronbach's Alpha. Value of Cronbach's Alpha ranges between "0" and "1. Alpha value equal to zero means not at all reliable and Alpha value equal to 1 means perfectly reliable data. A scale measurement should have Alpha value more than 0.6 (Malhotra & Birks, 2007, p. 358). Following is the formula for Cronbach's Alpha

$$\alpha = \frac{K}{K-1} \left(1 - \frac{\sum_{i=1}^K \sigma_{Y_i}^2}{\sigma_X^2} \right) \quad \dots \dots \dots \quad (1)$$

Here.

K=Number of items.

σ_x^2 = Variance of observed total score and

$\sigma_{Y_i}^2$ = variance of component i for the sample.

- Validity

Validity is defined as the extent to which measurement is able to capture the concept of research in the real world. If a multi-item scale is able to capture the research concept then it is good measure for the research purpose. As per the requirement of research, there are many types of validity which can be applied to judge the accuracy of the scale instruments. For better understanding of reliability and validity, observe the following picture in Figure 16.1 sourced from Wikipedia.

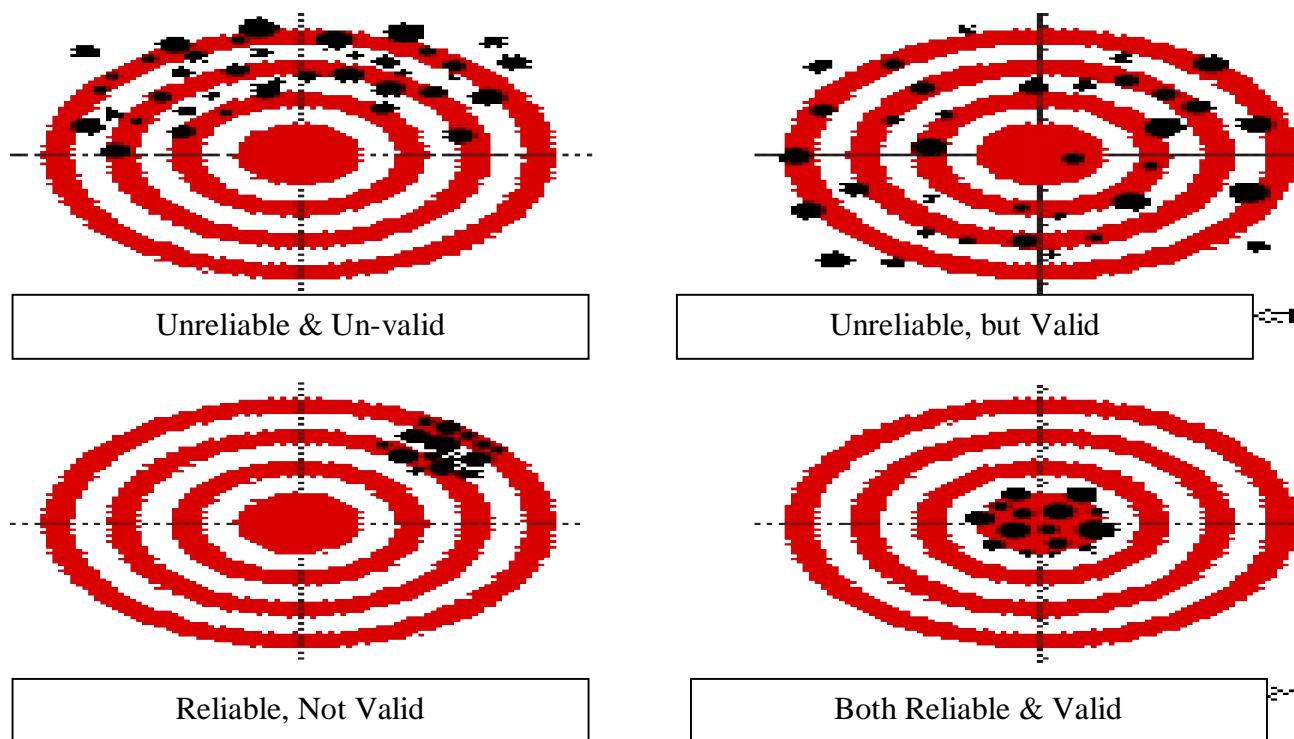


Figure 16.1: Reliability & Validity

It is not necessary that data which is reliable should also be valid. The reliability of scale is established if scale gives consistent results over the number of trials and the validity of scale is established when scale accurately addresses the measurement of the issue targeted in the research.

However, some precautions must be taken before interpreting the reliability scores---

- When number of items in a measure is more, the Cronbach's Alpha tends to be higher. In such cases, the correlation among the scale items must be observed and correlations among the items should not be low or else the higher reliability score should not be trusted.
- For measures to be "reliable", the measures should be unidimensional. The unidimensional measure means that the measure should refer to only and only single attribute.
- Cronbach's Alpha value more than 0.90 is also doubtful in the sense that the item scale of the measure is too simple to generate valid response.
- Very often, reliability is considered synonymous to validity.
- The reliability is highly influenced by sample size, procedure employed and chance errors therefore, if scale is repeated, then care must be taken to simulate the previous research settings.

After checking the reliability and validity of the scale measurements, the data preparation is the next step. In data preparation, outlier detection & removal, standardization and transformations are carried out on the data as per research requirement. Data preparation is the process of readying the data for advanced statistical analysis through outliers' detection, standardization, transformation and making it programmable for the softwares to conduct smooth analysis.

• **Outliers, Detection and Removal**

Outliers in data are basically extreme observations which are statistically insignificant and hence they lie outside the distribution of overall pattern (Moore and McCabe 1999). Such observations do not fit the overall model under consideration or they show some error in measurement. While testing the relationships among two or more variables, the outliers must be removed before conducting any relationship analysis because outliers unnecessarily weaken or strengthen the relationships between the variables.

Outliers can be easily detected by drawing histogram or scatter plot. For example, observe following histogram in Figure 16.2 and scatter plot in Figure 16.3

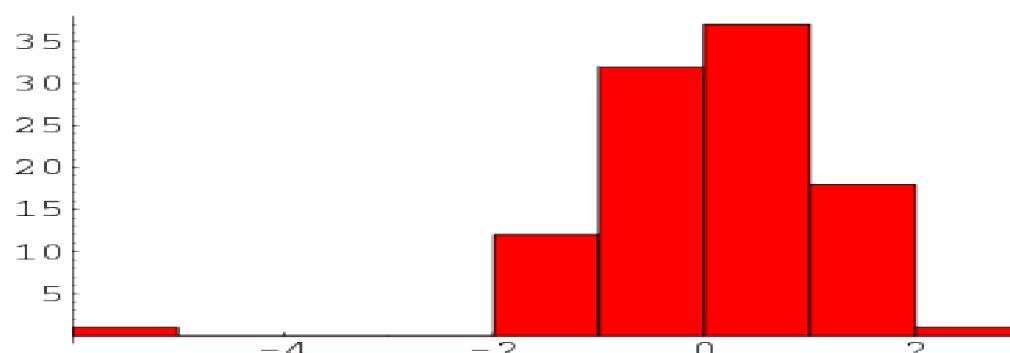


Figure 16.2: Histogram Showing Outliers

The Figure 16.2 containing histogram of some observed data shows an isolated column near the intersection of X and Y axis. This is outlier data which is out of the overall distribution of data. Including such outlier data into the analysis will unnecessarily pull the data to the lower rating of -4 or less while general pattern of distribution is in the range of -2 to +2. While comparing two variables on scatter plot, the outliers get isolated from best fit regression line or pattern of data. Figure 16.3 shows a scatter plot with outlier isolated from the concentration of data over regression line---

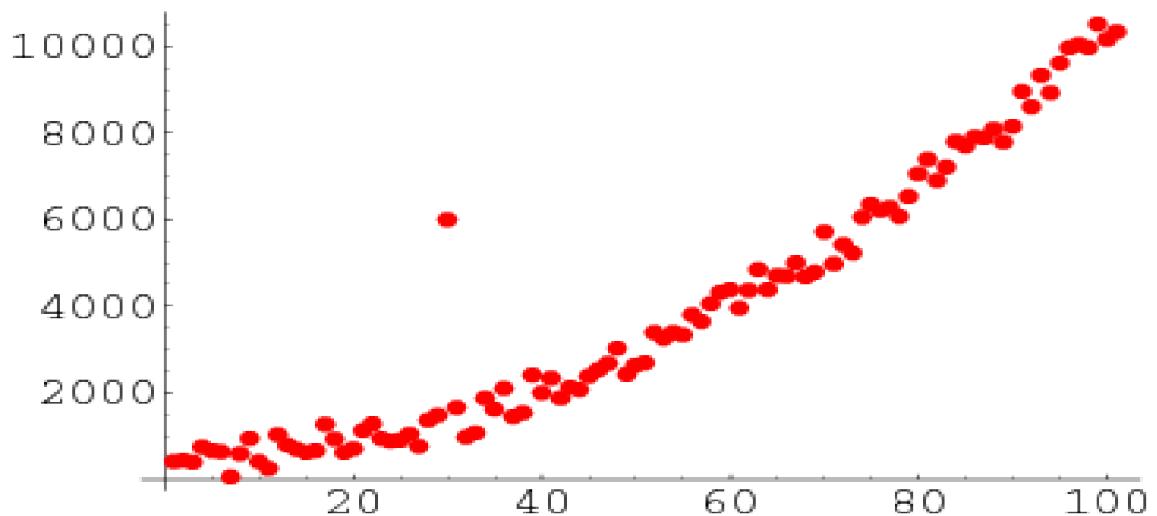


Figure 16.3: Scatter Plot Showing Outlier

So outliers are basically those observations which are far away from major group of data. The outliers influence the mean but median and mode are generally least affected or sometimes not at all affected. If statistical analysis of any consumer research involves extensive use of mean then outliers must be removed other wise analysis can be misleading. For example, a grocery store's monthly food receipts in a city is listed below-

Table 16.2 Grocery Store's Monthly Food Receipts

Month of 2012	Monthly Food Receipts (₹)
January	1500000/-
February	1050000/-
March	875000/-
April	1900000/-
May	1190000/-
June	235000/-
July	1980000/-
August	980000/-
September	1200000/-
October	1650000/-
November	1575000/-
December	1260000/-

The average monthly food receipts of the grocery store can be obtained by summing up all the 12-month receipts and dividing the sum by 12. The mean obtained is Rs.1282917/- But when we closely look at the data, the June month's food receipts is far away from general pattern of the data. Further investigation is carried out to know the reasons for such low food receipts in June month; it is found that there was general operational and maintenance shutdown of 25 days in June month. Therefore, the store was opened for public only for 5 days. If June month's food receipts are excluded and average is found out only for rest 11 months, the average monthly food receipts is Rs.1378182/. The difference of mean is very apparent from above example. While removing the outlier, the reasons behind such observations must be checked as in the case of grocery store example discussed above.

As we remove outlier observations from data, the data is influenced hence it loses its rawness and purity hence the decision for removing outliers must be taken carefully.

- **Data Standardization**

Consider the comparison of annual rainfall and annual expenditures on consumer durables in a given territory from Year 2002 to Year 2012 in the following table---

Table 16.3 Year by Year Annual Rainfall & Expenditures on Consumer Durables

Year	Annual Rainfall (mm)	Expenditures (₹)
2002	110	40000000
2003	250	86000000
2004	310	120000000
2005	160	35500000
2006	360	142000000
2007	335	133900000
2008	290	11000000
2009	110	32500000
2010	190	44000000
2011	225	67000000
2012	250	71000000

The annual rainfall data is measured in millimeter (mm) and expenditure on consumer durables is measured in Indian Rupees (₹). Both the data series have different measurement units. Over and above, there is great difference in the magnitude of data of both variables. The rainfall figures are in three digits while consumer durables expenditures are in 9-8 digits. This makes data comparison very difficult. If a scatter plot is drawn based on Table 16.3 data, it looks like this---

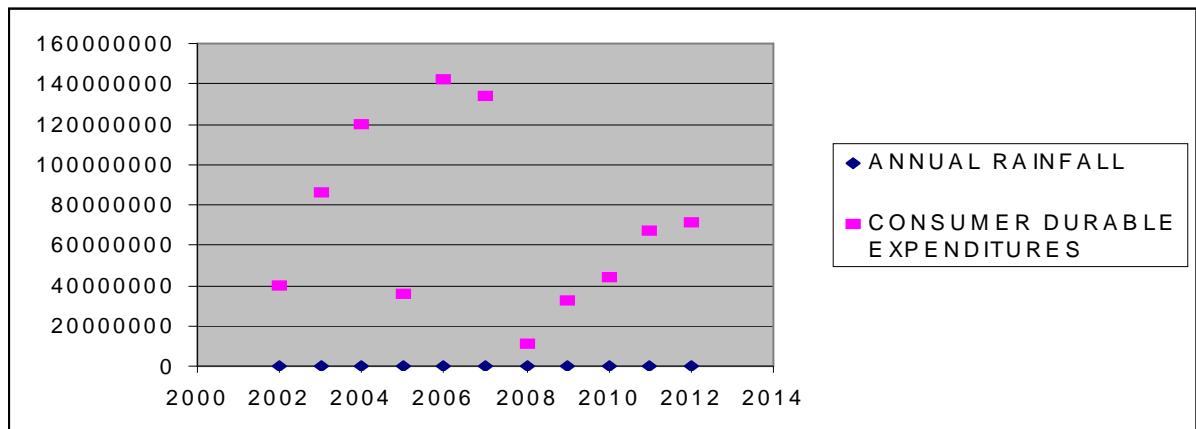


Figure 16.4: Scatter Plot of Un-standardized Data

Above graph gives us very vague results like rainfall (denoted with diamond shapes) has no fluctuation at all and graph shows almost zero rainfall as all diamond points touch X axis. There is no sign of relationship or association between annual rainfall and consumer durable expenditures (denoted by rectangle points) as trend of both the variables have no sign of walking together. The first conclusion about similar rainfall is certainly wrong as data table does not suggest the consistent rainfall while second may be or may not be true.

Data standardization primarily does two things--- one, it makes observations unit-less or dimensionless and second, it reduces the observations to their respective standard scores (also called z-scores), now; standard scores of each observation of variables can be compared for analysis due their unit-less property and equal size magnitude (both are in decimals). For data standardization, the mean of the data series is deducted from each observation of data series and then resultant is divided by standard deviation of the data series. Following table shows the standardized scores for the annual rainfall and expenditures on consumer durables from year 2002 to 2012---

Table 16.5 Standardized Data of Annual Rainfall and Consumer Durable Expenditure

Year	Standardized Score of Annual Rainfall	Standardized Score of Expenditures on Consumer Durables
2002	-1.46	-0.70
2003	0.17	0.33
2004	0.87	1.10
2005	-0.88	-0.80
2006	1.45	1.60
2007	1.16	1.41
2008	0.64	-1.36
2009	-1.46	-0.87
2010	-0.53	-0.61
2011	-0.12	-0.09
2012	0.17	0.00

When standardized scores of annual rainfall and expenditures on consumer durables are plotted in a scatter graph, the following pattern is obtained—

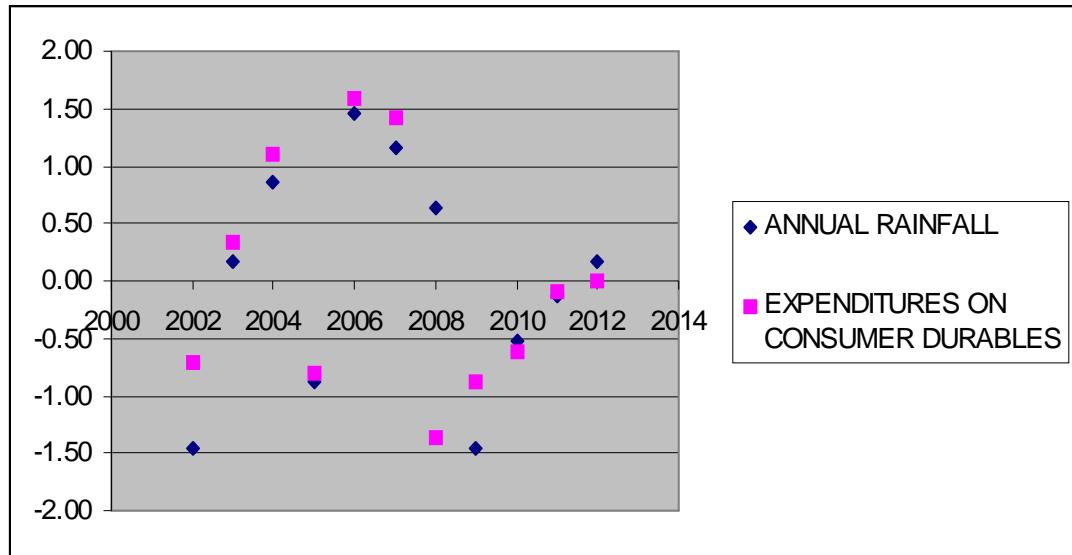


Figure 16.5: Scatter Plot of Standardized Data

If we closely observe the above scatter graph, there are pairs of observations of annual rainfall and expenditures on consumer durables for each year. This indicates that there is existence of relationship or association between these two variables and it also shows fluctuations of both the variables clearly. Following line graph of both the variables depicts it more explicitly---

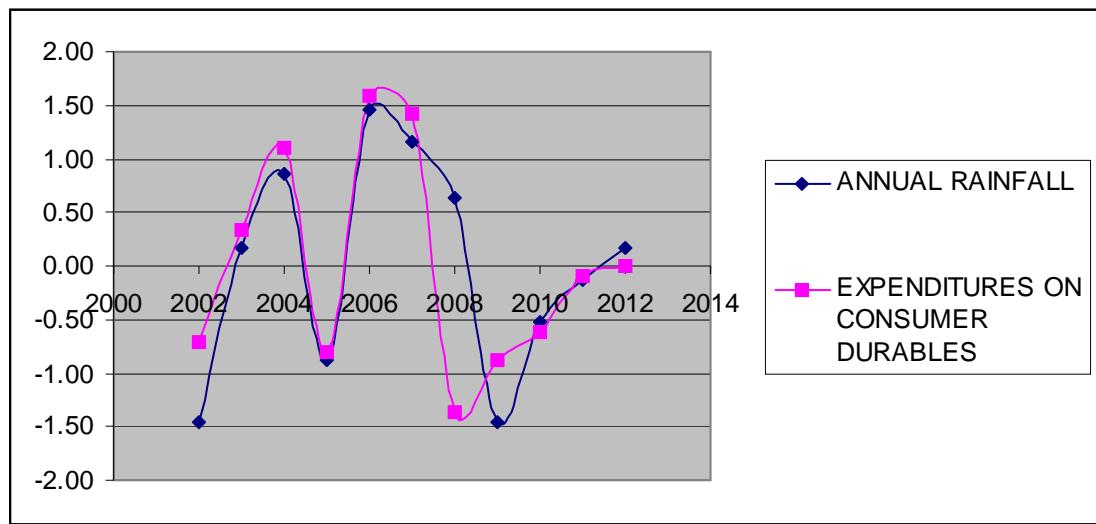


Figure 16.6: The Trend-line Graph of Standardized Data

The diamond-shape-joining trend line for annual rainfall and rectangle-shape-joining trend line for consumer durables expenditures over the years have a walkthrough together hence there is visible sign of association between the two variables. Thus, standardization refines the data so that right analysis and interpretation can be carried out.

Table 16.6 Daily Sweet Consumption and Study Hours of Child

Days of Week	Sweet Consumption (GMs)	Study Hours of Child (Hours)
Mon	150	1.5
Tue	75	2.5
Wed	110	2.25
Thu	80	2
Fri	90	2
Sat	180	4
Sun	175	3.75

- **Data Transformations**

While performing some statistical methods, certain assumptions are to be met for the data. For example, the data should be normally distributed with stable variance for applying any parametric testing methods. If data are skewed (whether positive or negative), the data must be transformed so that close to normal distribution is achieved. Without transformation of skewed data, the results of parametric test methods will be doubtful. Following figure shows different types of distributions---

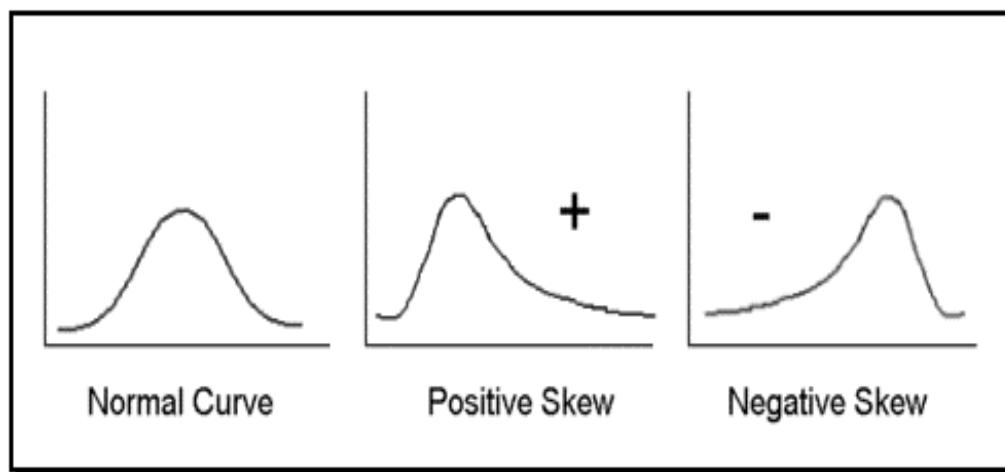


Figure 16.7: Types of Distribution

Mostly, normal curve distribution is required to apply the parametric statistical methods. In Normally distributed data, the mean, mode and median are equal while in skewed data, the data does not have mean equal to mode and median.

So, data transformation means applying some definite mathematical function to the observations of data set so that assumptions of statistical methods are met. Mostly, normality assumption is achieved as closely as possible to the normal by transforming the data.

- **Methods of Transformation**

There are three methods of transforming the data to attain normality and stabilizing the variance---

(a) Logarithm Transformation

In logarithm transformation, each data value is put on logarithmic function with suitable base (generally, number 10 is taken as base). For example, an observation about height of the customer is 172 centimeter; its logarithm transformed value is 2.2355.

(b) Square Root Transformation

In square root transformation, each data value is square-rooted. For example, average spending of working woman on beauty products is Rs.150 per week. Hence, the square root transformation of data is 12.23.

(c) Reciprocal Transformation

In reciprocal transformation, the data value is reciprocated and reciprocal is obtained. For example, the working hours per day and fast food spending per day observations are 10 hours and Rs.300. Their respective reciprocal transformations are 0.1 Hour Inverse and 1/300 Rupees Inverse.

There are many more transformations possible according to requirement of the consumer research objectives. For example; square transformation, power transformation, exponential transformation etc. Practically, when variation is uniform against the mean of data set, the data is near to normality. Transformations uniform the variance of data. If standard deviation is proportional to the mean, the logarithm transformation is used; if variance is proportional to the mean, the square root transformation is used and if standard deviation is proportional to the square root of the mean, the reciprocal transformation is used. The logarithm transformation and reciprocal transformation can not be used with data containing zero values.

Transformations should be used with caution. Not all type of data can be transformed successfully. The data with long tailed distribution can not be transformed effectively. Bimodal or multi-modal data can not be transformed. A data set having large number of same observation can not be transformed. For such data, non parametric methods like rank based method, Wilcoxon Rank Sum method, Krushal Wallis H-Test etc. can be used for further statistical analysis.

Activity A

Following is the annual growth (in percentage) of males and females in India from 1981 to 2001. Apply log, square root and reciprocal transformations. Obtain the transformed data and comment on if transformation was helpful in interpreting the data---

Table 16.7: Annual Growth Rate of Population by Sex in India

Annual Growth Rate of Population by Sex in India			
(As on 1st March, 1981 to 2001)			
Year	Annual Growth Rate (%)		
	Persons	Males	Females
1981	-	-	-
1982	2.19	2.23	2.16
1983	2.19	2.22	2.15
1984	2.18	2.22	2.13
1985	2.16	2.21	2.12
1986	2.15	2.20	2.11
1987	2.14	2.18	2.09
1988	2.12	2.16	2.08
1989	2.11	2.14	2.07
1990	2.09	2.12	2.05
1991	2.07	2.10	2.04
1992	2.05	2.07	2.03
1993	2.03	2.04	2.01
1994	2.00	2.00	2.00
1995	1.98	1.97	1.99
1996	1.95	1.93	1.98
1997	1.92	1.89	1.96
1998	1.90	1.85	1.95
1999	1.87	1.80	1.94
2000	1.84	1.75	1.93
2001	1.81	1.71	1.92

16.3.4 Data Tabulation

Data tabulation is defined as arrangement of data in rows and columns. Rows are horizontal arrangement of data and columns are vertical arrangements of data. In a table, each cell of the table is indicated in reference to the row and column it corresponds to.

Tabulation of data makes observation and analysis easier. It summarizes the huge data in visually observable data.

Following are the reasons for tabulating the data in analysis---

- It saves spaces and it reduces the data to minimum possible.
- It enables the comparison of the data.
- It facilitates the calculations and detecting the errors and omissions.
- It is the basic structure needed for further statistical analysis and inter-relationships between the variables
- It makes representation of inferences easier.

Types of Tabulation

Depending on depth of the research, there can be simple as well as complex tabulations. Simple tabulation is basically one-way tabulation in which table arrays the data based on one variable only. On the other hand, Complex tabulation can have more than one variables. It may be two-way table, three-way or manifold table as per requirement.

In Table 16.8: Simple Tabulation is shown in which the respondents are divided on the basis of one variable i.e. types of occupation---

Table 16.8 Simple Tabulation

Types of Occupation	Frequency
Student	45
Professional	32
Salaried Employee	67
Businessman	42
Un-employed	12
Retired	23

In Table 16.9 Two –Way Tabulation, the respondents are categories on the basis of two variables i.e. religion and education---

Table 16.9 Two-Way Tabulation

Religion> Education \\	Hindu	Muslim	Others
Upto Primary	456	789	231
From 6 th to Secondary	768	400	65
From Higher Secondary to Graduation	1256	785	56
From PG to Ph.D	122	65	23

In Table 16.10 Three-Way Tabulation, the respondents are categorized on the basis of three variables i.e. gender, religion and education---

Table 16.10 Three-Way Tabulation

Gender>	Male			Female			
	Religion>	Hin du	M usl im	O th er s	Hindu	Muslim	Others
Education \\							
Upto Secondary	300	29 0	1 2 5		225	227	45
From Higher Secondary to Graduation	368	27 9	8 9		222	209	34
From PG to Ph.D.	301	25 6	1 4		78	56	13

Likewise, there can be four-way, five-way or many-fold tabulations.

16.3.5 Data Graphing

Data graphing is pictorial presentation of data in the form of appropriate graphs. Graphing gives more sensible look to the data and it enables the analyst to visually understand the pattern or trends in data. For example, a weather report of average temperature in 20 cities on a particular date is shown below---

Table 16.11 Temperature in Degree Celsius of 50 Cities

City	Temp	City	Temp
Jaipur	41	Goa	43
Kanpur	39	Daman	41
Bikaner	45	Indore	44
Jammu	23	Kota	45
Mumbai	38	Shimla	21
Patna	34	Ladakh	15
Delhi	42	Srinagar	17
Chennai	47	Ranchi	42
Kolkata	39	Surat	44
Puducherry	37	Baroda	44

When such bulky data is graphed it becomes easier to interpret the trend or pattern. Observe the following graph---

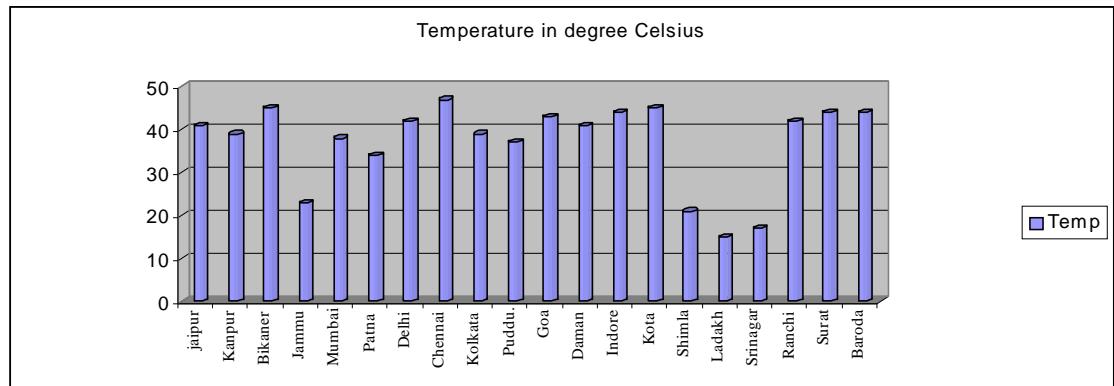


Figure 16.8: Histogram of Temperatures of 50 Cities

At a glance, you can interpret following points from Graph 16.8---

- Highest temperature city
- Lowest temperature city
- General trend of temperature is on higher side
- Mostly cities are between the temperature band 30 degree Celsius and 50 degree Celsius
- 11 out of 20 cities are equal to or above 40 degree Celsius temperature

The pictorial presentation in the form of graphs gives lot of fruitful information at a glance.

Types of Graphs

According to the type of data and analysis required, various forms of graphs like circle graph, bar graph, picture graph, histogram, line graph, scatter graph, radar graph etc. can be used. Each graph must have following components clearly mentioned---

- Title of the graph
- Unit of the variable being graphed
- Variable names on X and Y axis
- The coloring and names of various graph-lines
- The good visibility of graphs over the background
- If required, source of information should be mentioned in under-note
- Appropriate alignments of all the titles and tags of the graph to look neat and clean

16.3.6 Statistical Analysis & Interpretation

After all of the above steps, the statistical analysis is carried out with the help of softwares. As per the software requirement, formats, values, types of variables etc. are set in active template so that software runs the analysis smoothly.

After checking the reliability and validity; doing standardization and transformation of the data set, the descriptive statistics like mean, mode, median, variance, standard deviation, skewness, kurtosis etc. are calculated to understand data in brief and crisp

manner. Mean, median and mode are called measures of central tendency. Variance and standard deviation are called measures of dispersion. Skewness and kurtosis give us the information about distribution of data. Hence, skewness and kurtosis are called measures of distribution.

Understanding Descriptive Statistics

- **Measures of Central Tendency**

Mean, median and mode are measures of central tendency as these statistics tell us about how data is concentrated towards the central value. Mean is the result of dividing the sum of all observations by the number of observations. As mean is mathematically derived, therefore, further algebraic operations are possible. Mean summarizes the entire data but it also gets influenced by extreme values or outliers therefore the extreme value or outliers must be removed before calculating the mean.

On the other hand, median is a positional value at the center of the entire data set, if data set is arranged in increasing or decreasing order. In case of odd number of observation in a data series, median is the value which is at middle while in case of even number of observations; median is the average of two values positioned just around the center. Median stays at the data set in a position, where half of the data is less than median and other half of the data set is more than median. No further mathematical operations are possible with median as it is a positional figure. It is not affected by extreme values or outliers. Similarly, mode is the most frequently occurring observation in entire data set. There can be one modal value, two modal values or more than two modal values in the data set. Mode tells us most frequently occurring observation hence it is also not affected by extreme values or outliers.

- **Measures of Dispersion**

Measures of dispersion tell us the spread of the data around the mean or measures of central tendency. If there is an imaginary discus which is thick at the center and thin at the circumference. The thick central part of discus represents the measures of central tendency and the thin circumference part of discus represents the measures of dispersion.

Variance is among the first measure of dispersion. It is the mean of squared deviations of each observation from sample mean, while standard deviation is square root of variance. As variance is squared value, it has squared unit of measurement which is difficult to handle for conducting further mathematical operations. Hence, standard deviation reduces squared unit of the variance into simple unit of measurement and then obtained figure can be used for further mathematical calculations easily.

- **Measures of Distribution**

Skewness and kurtosis give us information about the distribution of data set. Please observe the following distribution graphs—

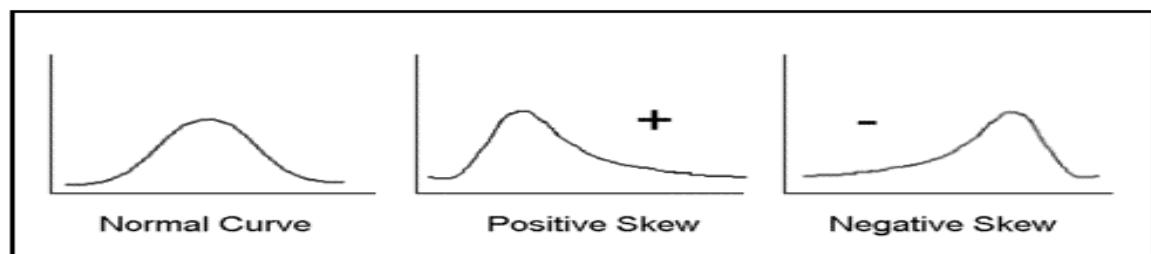


Figure 16.9: Types of Distribution of Data

Ideally, the distribution of data should be equally distributed around the mean value. The Normal Curve in above picture shows that if graph is divided from the middle along the vertical axis, the parts of the data set will be equal halves. Such data set are called normally distributed and their mean, median and mode are equal. The other two graphs are not symmetrical as the normal curve is. One curve has long tail in the right and another curve has long tail in the left side. This asymmetry is called skewness. For normal curve, the skewness is zero. For right long tailed curves, skewness is positive and for left long tailed curve, skewness is negative. It is not necessary that all skewed data should be transformed to the normally distributed data through transformations. If statistical analysis in consumer research requires use of parametric methods wherein strong assumption of normality is essential, the skewness of the dataset must be removed by trimming or removing the longer tail observations from data set.

Kurtosis means the peakedness of the peak of the distribution curve. Observe the following graph—

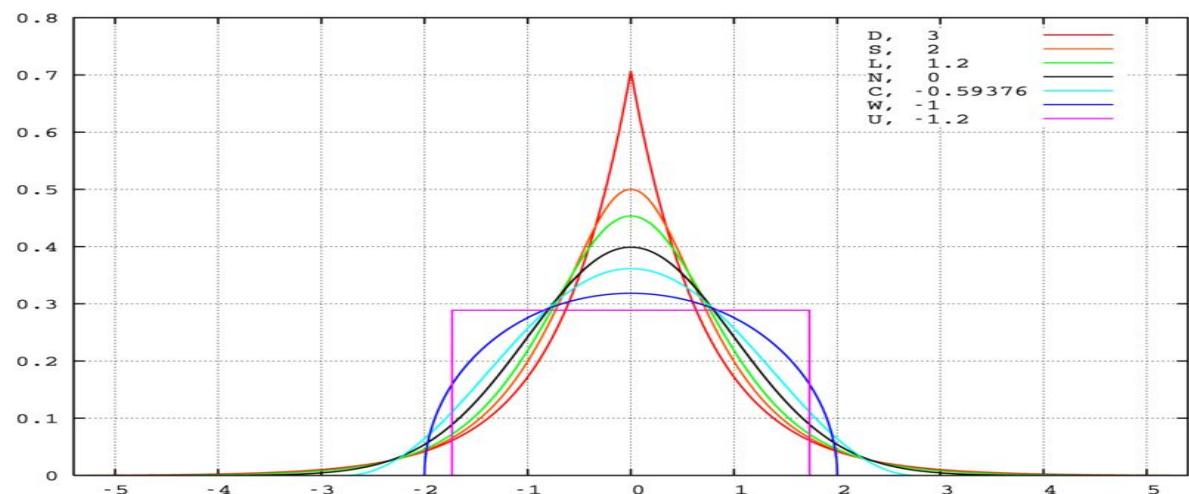


Figure 16.10: Types of Data Distribution on the Basis of Peakedness

From upper line of distribution curve to the lower line of distribution curve, the peak of the curve is flattening more and more. Ideally, normally distributed curve should look like the middle line curve in the above graph. At middle line curve, the kurtosis is zero. Kurtosis increases as the peak sharpens and kurtosis drops below zero value, as the peak flattens.

Linearity and Non Linearity in Data

Very often, in consumer research, researcher tries to find out relationships between two or more variables. For example, relationship between satisfaction and post purchase behavior, relationship between functional experience and satisfaction, relationship between perception and post purchase intentions of buyer etc. For applying parametric methods on data set, strong assumption of linearity is required. The linearity of data means that the variance in dependent variable can be explained by variance in independent variable with reasonable accuracy through following equation---

Here,

Y= Dependent Variable,

X= Independent Variable,

m = Rate of change in Y with respect to change in X ,

b = Y-Intercept and

e = Error Term.

In equation, dependent variable is the variable which we want to predict and independent variable is the variable we are changing to observe its effects on dependent variable. For example, we may like to know whether consumer decides for repurchasing the product if he is satisfied with product performance. Here, satisfaction is independent variable and repurchase decision is dependent variable. In the equation, m is the rate of change in dependent variable with respect to change in independent variable. Y-Intercept (b) is the point on Y axis where the trend line crosses it. Error Term (e) is the gap between the calculated Y through linear equation mentioned above and observed value of Y (Y'). The less the error term, the more accurate the linear equation is. In many instances, a dependent variable is linearly attached with more than one independent variable. The linear equation can be modified for incorporating more than one variable as below---

Here, X,W,Z,...= various independent variables and

m,n,o..... = various rate of change in Y with respect to X,W,Z,.....

Sometimes, the error term size is so large that linear equation can not predict the dependent variable with reasonable accuracy and reliability. In such cases, data are transformed and again put in the equation to reduce error term size. Even after transformation, if data do not fit into linear equation then data can be assumed to be non-linear.

In Non-linear data set, the dependent variable is not directly proportional to the independent variable hence linear equation stated above is not useful. There are wide varieties of non-linear equations that can be used to define non-linear relationships, for example, exponential functions, quadratic function, logarithm function, combination of linear and non-linear functions equations etc. can be tried through approximations.

Detection of linearity and non-linearity in the data set can be found out by two methods—one, graphical method and second, statistical method. In graphical method, the two comparable variables are plot in scatter graph. If the observations arrange in a cigar like structure then linearity can be assumed. See the following scatter graph of marks obtained in science and mathematics---

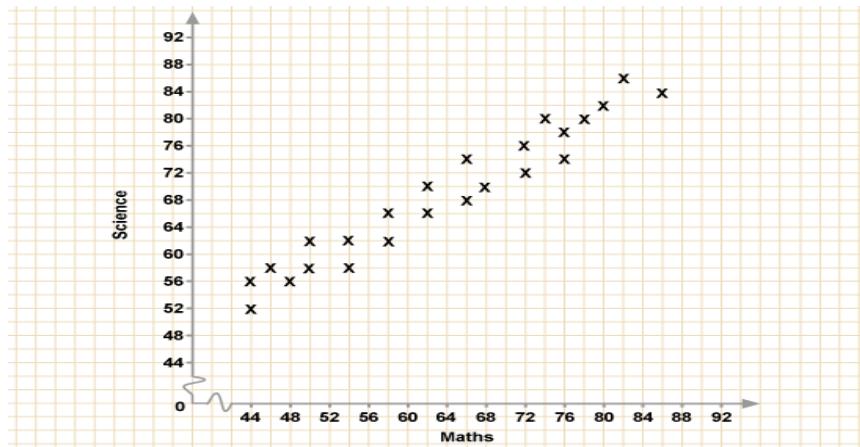


Figure 16.11 Cigar like Scatter Graph

In statistical method, correlations among the competing variables must be examined carefully. If correlations are weak and they are significant also, then there can be existence of non-linear relationships among the variables.

Selecting Type of Analysis

There are three types of analysis depending on number of variables under consideration--

- Univariate Analysis**

The univariate analysis involves single variable. For example, the marks of student in numerical ability after an Intelligent Quotient (IQ) training can be analyzed over the period of time or on different groups. Univariate analysis is descriptive in nature as it describes only one variable. No relationships among the variables are studied in univariate analysis.

- Bivariate Analysis**

Bivariate analysis describes the two competing variables. One is assumed to be independent and second as dependent variable. The independent variable is used as predictor to the dependent variable. The relationship among dependent and independent variables is studied in bivariate analysis apart from describing each variable. For linear data set, the correlations are obtained to observe the association or relationships between the variables.

Many a times, cross-tabulation of data sets of two variables are obtained to get indications about any associations between the variables. For example, a grocery store wants to know whether any dissatisfied customer from other brands tend to use store's own branded products in the related category. The positive correlations between the dissatisfaction from other brand and tendency to purchase store's own brand can be tested. Generally, bivariate analysis starts with hypothesis formulations between the competing variables. For example, Hypothesis for above example can be as "There is no relationship/association between the dissatisfaction from other brands and tendency to purchase the store's own brand". This hypothesis can be empirically tested. If this hypothesis is rejected, the opposite of this hypothesis i.e. "There is relationship/association between the dissatisfaction from other brands and tendency to purchase store's own brand" is accepted.

Multivariate Analysis

In multivariate analysis, three or more variables are studied for understanding the relationships among them. In consumer research, there are multiple variables that affect the buying behaviour. Hence, multivariate analysis is useful in understanding consumer behaviour. For instance, an automobile company might be interested in knowing how some variables are interlinked in creating positive consumer behaviour. The variables affecting consumer buying behaviour found in earlier studies are ambiance, interaction with staff, test driving experience, sales presentation, sales material and automobile features. Company wants to know about the weightage of each variable and interlinks among these variables in influencing buying behaviour.

Multivariate analysis has many types of models of analysis based on research objectives. Following are the types of multivariate analysis and specific use---

Table 16.12 Types of Multivariate Analysis

Type of Multivariate Analysis	Specific Use
Factor Analysis	To extract the latent variables from the number of variables initially taken. For example, An agriculture company may want to know top five variables among the 20 variables that influence the fertilizer purchase decision maximum.
Mutivariate Analysis of Variance (MANOVA)	MANOVA is used where two or more dependent variables and interaction between independent variables are studied.
Multivariate Regression Analysis	MRA tries to predict a model through the regression relationships among the response variables and predictor variables.
Artificial Neural Networks (ANN)	ANN is used to analyze the non linear data set to predict the values.
Discriminant Analysis	It is used to distinguish between the groups on the basis of some characteristics.
Cluster Analysis	Cluster Analysis classifies the homogenous groups based on degree of association. The members of a group have stronger association with same members of the group and weaker association with other sort of group members.
Correspondence Analysis	It is used to explore the structure of categorical variables included in cross-tabulations.
Redundancy Analysis	It is used to explore the specified set of response variables from a set of independent variables.

Each method of multivariate analysis briefly discussed in above table has array of statistical procedures that are complex and beyond the scope of this book.

Relationships between Variables

In consumer behaviour, there are multiple factors or variables (like tastes, preferences, culture, prior experience, point of purchase, sales promotion scheme, endorsements etc.) influence the buying decision at each step of the buying process. The interaction between variables becomes very meaningful while drafting competitive strategies. Analysis of finding relationships among variables depends on types of variables being analyzed. The following table shows how to work on relationships---

Table 16.13 Types of Variables and Analysis Procedure

Types of Variables	Analysis Procedure
Both variables are categorical.	Cross tabulation or contingency tables are constructed to observe the conditional probabilities of the combinations of variables.
Both variables are quantitative	One variable is defined as response variable and other is taken as predictor variable to see how variance in predictor variable influences the variance in response variable.
One variable is categorical and other one is quantitative variable	The effect of categories of categorical variables on quantitative variable is examined through Box-plot graphs.

To determine the relationships among variables, following steps are undertaken---

- Constructing Contingency Table/Cross-Tabulation**

The categorical variables can be analyzed for relationships through cross-tabulation of conditional probabilities of the variables. For example, data are collected for students' success and failure in exam versus coaching undertaken or not. Following is the cross-tabulation of students' result and coaching status---

Table 16.14 Contingency Table

Coaching> Success \\	Coaching Taken	No Coaching Taken	Row Total
Pass	75	99	174
Fail	120	82	202
Column Total	195	181	376

If we divide value of each cell by total number of the students, we get following joint probability distribution table---

Table 16.15 Contingency Table with Probabilities

Coaching> Success\/ Failure	Coaching Taken	No Coaching Taken	Row Total
Pass	0.20	0.26	0.46
Fail	0.32	0.22	0.54
Column Total	0.52	0.48	1.00

By observing the above joint distribution table, it is noticeable that students who have taken coaching have higher percentage of failures than the successes while in the case of students who did not take coaching have near to equal chances of successes and failures. On the basis of contingency table it can be interpreted that coaching is not effective in getting success and moreover, those who have taken coaching tend to fail than succeed. The reasons of students not succeeding even after taking coaching classes can be explored further.

- **Conducting Test of Independence**

Test of independence or Chi-square test of independence examines whether the raw variable and column variable are independent or not. It assumes a null hypothesis that the raw and column variables are independent. If this hypothesis is rejected than it can be established that there is dependency or some sort of relationship exist between the raw and column variables. It is applied only on categorical variables. **p-value** is calculated to draw the inference. In statistical significance testing, the **p-value** is the probability of obtaining a test statistic equal to or more extreme as the one that was actually observed, assuming that the null hypothesis is true (David M. Levine, Timothy C. Krehbiel, Mark L. Berenson, P.K. Viswanathan). A researcher will often "reject the null hypothesis" when the **p-value** turns out to be less than a certain significance level, often 0.05 or 0.01. Such a result indicates that the observed result would be highly unlikely under the null hypothesis (that is, the observation is highly unlikely to be the result of random chance alone). If **p-value** is found to be less than the significance level, the null hypothesis is rejected and it is established that there is association between the variables. **p-value** is basically the probability associated with obtaining the observed data assuming that null hypothesis is true.

- **Correlation Analysis**

Correlation analysis can be used to find the strength of linear relationship. Many a times, it is confused with evidence of existence of relationship or causality. Correlation is not evidence of existence of relationship between the variables and it also does not tell that one variable causes variance in other variable. It just gives us the indication of strength of association (If at all association between variable exists). Correlation is measured by coefficient of correlation which ranges between -1 and +1. Correlation coefficient near to zero means weak association between variables and correlation near to 1 means very strong association between the variables. Correlation should strictly be applied only on variables which are linearly related.

- **Linear Regression Analysis**

If cross tabulation indicates association, test of independence rejects the null hypothesis that the variables are independent and correlation is significant at satisfying level; the next step of data analysis is regression analysis.

As previously explained, regression analysis assumes that there is linear relationships between response variable and predictor variable(s). The less the linear equation errors in predicting the response variables, the better it is. Generally, Least Square Regression method is used to best fit the equation to the normal trend line. The closer it is to the normal line, the better it is.

Coefficient of Determination (R Squared) is calculated to find out how much variance of response variable is explained by the predictor variables. Its value ranges from 0 to 1. Closer it is to zero, the less predictor variable explains the variance of response variable. For example, R Squared equal to 0.63 means that 63% of total variance of response variable is explained by the predictor variable.

While interpreting R Squared, caution must be taken that when number of variables increase in the regression, it tends to increase and it does not decrease. Hence, Adjusted R Squared is used when there is more number of variables in the data analysis. Analogically, Adjusted-R-Squared's value also ranges between 0 and 1.

- **Non-Linear Regression Analysis**

When variables are in non linear relationship then non linear regression analysis is applied. The non linear regression is a more complex and lengthy procedure where approximation and iterative procedures are extensively used. The idea is to find out the best fit non-linear equation through iterations and approximations.

The iterative processes use various algorithms to approximate the best fit. For example, the Gauss-Newton, the Marquardt-Levenberg, the steepest decent method, Nelder Mead, generalized reduced gradient methods etc. are few of them.

- **Parametric Tests and Non Parametric Tests**

Parametric tests are tests applied on those samples in which parameters (population mean, variance, standard deviation etc.) of population from which sample is drawn are already known or reasonable assumption can be made about them. If population parameters are not known then non parametric tests are applied on sample data.

While conducting hypothesis testing, the decision of choosing types of tests is very crucial. Choice of test depends on type and nature of data set. If data is normally distributed and it is nominal or ordinal type of data then parametric tests are applied. If data is not normally distributed and there is interval and ratio scale data then non parametric tests are applied. Following table lists the various types of parametric and non parametric tests available---

Table 16.16 Parametric and Nonparametric Tests

Parametric Tests	Non Parametric Tests
ANOVA	Krushal-Wallis
t-Test	Mann-Whitney
Paired t-Test	Wilcoxon Signed Rank Test

On the basis of type of data set and analysis required, following table shows the appropriate tests applicable for data analysis---

Table 16.17 Statistical Tests Applicable According to Nature of Data

		Outcome variable					
Input Variable		Nominal	Categorical (>2 Categories)	Ordinal	Quantitative Discrete	Quantitative Non-Normal	Quantitative Normal
	Nominal	χ^2 or Fisher's	χ^2	χ^2 -trend or Mann-Whitney	Mann-Whitney	Mann-Whitney or log-rank ^a	Student's <i>t</i> test
	Categorical (2>categories)	χ^2	χ^2	Kruskal-Wallis ^b	Kruskal-Wallis ^b	Kruskal-Wallis ^b	Analysis of variance ^c
	Ordinal (Ordered categories)	χ^2 -trend or Mann-Whitney	e	Spearman rank	Spearman rank	Spearman rank	Spearman rank or linear regression ^d
	Quantitative Discrete	Logistic regression	e	e	Spearman rank	Spearman rank	Spearman rank or linear regression ^d
	Quantitative non-Normal	Logistic regression	e	e	e	Plot data and Pearson or Spearman rank	Plot data and Pearson or Spearman rank and linear regression
	Quantitative Normal	Logistic regression	e	e	e	Linear regression ^d	Pearson and linear regression

Each method indicated in above table is a collection or family of statistical tools and each method needs a book size explanation.

- **Hypothesis Testing & Significance Level**

In consumer research, research problem is converted into hypothesis statements (null hypothesis and alternative hypothesis) and these statements are empirically tested on the basis of observed data. For example, a toothpaste company wants to know whether there is any impact of brand ambassador on sale of toothpaste. For this consumer research problem, following null hypothesis can be framed---

Null Hypothesis: Brand ambassador does not impact the sales.

Null hypothesis is framed in such a way that it is opposite of the general view. Mostly, it is assumed that when brand ambassador is associated with the brand, the sale must rise. Therefore, null hypothesis is framed in opposite way and data is collected to empirically test the hypothesis. An alternate hypothesis is also framed which is just opposite of null hypothesis. For our example of null hypothesis, the alternative hypothesis is as follows---

Alternate Hypothesis: Brand ambassador does impact the sales.

The empirical data collected is tested with appropriate statistical tests at desired significance and confidence intervals. Confidence interval is set as to know how well empirical observations are good estimate of population parameter. Confidence intervals are generally set as 99%, and 95% and their respective significance levels are 1% and 5%. Confidence interval of 99% means that ,with repeated samples in repeated experiments, the observations yield good estimate of population parameter almost every time.

Thus hypothesis acceptance or rejection helps us in understanding the relationship with proven statistics. Based on this, marketing strategy decisions are critically examined and formulated.

16.4 Summary

Statistical analysis is not an exact science wherein subjective decisions are very important to decide the direction of the analysis and finding the right conclusions. In each step of statistical data analysis, the researcher should be skilled enough to take critical decisions. Decisions of the researcher may take few seconds to couple of years. The objective is not to complete the research project but to achieve result with reasonable and relevant accuracy. Consumer research is an evolving field where lots of noise of media and external factors (like preferences, tastes, buying patterns, sales promotion, income growth, culture, decision maker profiles, points of sale etc.) play a role in buying. The utmost care must be taken in leading the conclusions or else it can be disastrous to trust the statistics. That's why it is well said that research is fallible if not dealt carefully. Instead of running to finish the research project, more time should be taken to fine tune the design of research and analysis. In present time, there are plenty of statistical analysis software packages are available. Some are readily useable and some needs programming skills to master it. Selecting the right analysis software package is also very important decision.

16.5 Self Assessment Questions

1. Write a short note on types of data analysis with illustrations.
2. Discuss data classification in detail.
3. Why data preparation is required before starting the statistical analysis? Discuss steps of data preparation.
4. What is linearity and non linearity in data? And how outliers in data set can be detected and removed?
5. Write in 300 words about the entire process of data analysis and interpretation.
6. How relationships between variables can be identified? Explain with illustration.

16.6 Reference Books

- Aggarwal B.M., (2009), Statistics for Business & Economics, New Delhi, Ilex Publications.
- Hooda R.P. (2010), Statistics for Business and Economics, 4th Edition, (94,2000, 2003,2010), New Delhi, Macmillan Publishers India Ltd.
- Sharma Anand, (2005), Quantitative Techniques for Decision Making, Mumbai, Himalaya Publishing House.
- Gupta S.C., Gupta Indra (2005), Business Statistics, Mumbai, Himalaya Publishing House.
- Srivastava T.N. , Rego Shailaja (2012), Statistics for Management, New Delhi, Tata McGraw-Hill
- Michael, VP, (2012), Research Methodology in Management, 5th Edition, Mumbai, Himalaya Publishing House.
- Sachdeva J.K., (2009), Business Research Methodology, Mumbai, HPH.

Unit-17 : Report Writing

Structure of Unit

- 17.0 Objectives
 - 17.1 Introduction
 - 17.2 Types of Report
 - 17.3 Contents of Research Report
 - 17.4 Good Research Report
 - 17.5 Contents of Effective Report
 - 17.6 Summary
 - 17.7 Self Assessment Questions
 - 17.8 Reference Books
-

17.0 Objectives

After studying this study material you should be able to:

- Understand of importance of research report
- Study the types of reports
- Main contents of research report
- Presentation of research report
- FeatureS of good research report
- Presentation of effective research report

17.1 Introduction

Research reports are written to communicate to the world at large the results of the research, field work, and other activities. Research report is a concrete outcome of the research work undertaken. The quality of the research is judged by the quality of the writing and how well the importance of the findings is conveyed. A research carried out very scientifically revealing findings of great importance may not be of value if the same is not communicated effectively. In the context of social research, the reports assumes important as it is through the reports of the research gets information regarding the social problems at various level of the society. This chapter provides an insight into the basics of writing research reports and characteristics features of a good report.

17.2 Types of Reports

Reports can be broadly classified into two types : 1.Oral report and 2. Written report. Research reports are written type only.

1. **Oral Report** : An oral reports is presentation of information through the spoken word. Oral reports is lack of visual advantages. Its presentation is less rigid than for written reports. it will not be so precise and consume more time for presentation.

Principles of Oral Report : 1. Researcher should have as highly qualified or specified knowledge in the subject of presentation. 2. Oral reporting is properly planned, 3. Researcher should consider the objective of his report. 4. Researcher has to organize it in a logical manner. 5. It is worth to consider the suitability of language, and 6. Research should ensure that within the time allotted to his for presentation of reports.

2. **Written Report :** Written report are classified into different methods by different authors.
1. **Time interval Report :** Report are based on time interval. The reports could be daily, weekly, monthly, quarterly or annual.
 2. **Special Report :** Some report are prepared for a special assignment.
 3. **Functional Report :** On the basis functional report, it could be three types of reports – i. informational , ii. Examination, and iii) analytical.
 - i.) **Informational Report :** It is a factual report on a particular subject and it neither contains an analysis nor conclusions.
 - ii) **Examination Report :** It analyses the facts of the subject matters.
 - iii) **Analytical Report :** It is contained the presentation, analyses, conclusions and recommendation. It is the most comprehensive.
 4. **Field Report :** It is also called subject matter report. The support is based on the subject matter.
 5. **Physical Report :** It is on the basis of make-up. The two usual forms are short-form and long-form.
 6. **Relationship Report :** Report is classified on the basis of the relationship between the reader and writer. It could be divided into three types : 1) Administrative, ii) Professional and iii) Independent.
 - i) **Administrative Report :** It is written within an organization.
 - ii) **Professional Report :** It is submitted by an outside expert to an organization.
 - iii) **Independent Report :** It is prepared by non-profit research organization and published for the benefit of the public.
 7. **Employment Report :** It is based on the employment status of the authors.
 8. **Private Report :** It is prepared by government or public institution.
 9. **Government Report :** It is prepared by government or public institution.
 10. **Formality Report :** It is classified on the basis of formality. This report may be either formal or informal.
 - i) **Formal Report :** It is written to meet the requirements of a formal occasions. e.g. A report prepared by an executive for the top management.
 - ii) **Informal :** It is prepared to suit an informal occasion e.g. A report prepared by one employee for the information of his colleagues.

Thus, research reports are classified into different ways – which are not mutually exclusive of classifying reports on account of the different view points or aspects of research approaches involved.

17.3 Contents of Research Report

Any research report whether in the context of a Master's dissertation, Ph. D. thesis or a bigger research project should have a proper layout and it should be presented in a scientific way. The contents of the research report should comprise the following:

1. Preliminary Section

- (i) Title page
- (ii) Approval sheet
- (iii) Preface
- (iv) Acknowledgement
- (v) Contents
- (vi) List of tables
- (vii) List of figures
- (viii) List of appendices

2. Main Body

- (i) Introduction: Statement of the problem, purpose of the study, assumptions and delimitations, definition of important concepts, objectives of the study, Hypothesis.
- (ii) Review of literature
- (iii) Methodology : Procedures used and methods of data collection.
- (iv) Presentation and analysis of data : Test, tables, figures.
- (v) Inferences
- (vi) Conclusions and suggestions : Design of the study, Findings and recommendations.

3. Reference Section : Bibliography and appendix

Report writing is a process which should be carried out various stages. The goal of the writing process is to generate clear, effective documents so as to enable the audience to act. The writing process is performed in the following three stages viz, preliminary, main body and reference section.

I Preliminary Section

The purpose of a report is to communicate to others the important points of a piece of research :

- (i) why you did it,
- (ii) how you did it,
- (iii) what you found and
- (iv) what you think it means

The layout of research report as stated above is discussed separately:

(i) Title Page

The title should provide a single line description of the study.

Try to avoid using catchy newspaper style headlines as titles: a formal report is not supposed to be an exercise in journalism. The reader will initially see the title and nothing else, but wishes to know whether or not the report is relevant to his/her research interests. Your title should be a brief, but accurate reflection of the content of the report. It should indicate the purpose of the research, for whom it was conducted and by whom.

- Title of Report
 - Student name/student number
 - Course/Subject
 - Date Due
- (ii) Approval Sheet
It indicates by a page of dissertation with all necessary certificates and the signature of the supervisor.
- (iii) Preface
It contains some initial remarks and perhaps a brief statement of the scope, aim and general character of the research.
- (iv) Acknowledgement : This page is devoted as a matter of gratitude. The researcher conveys indebtedness for the professional academic and administrative support received by him during his research work.
- (v) Contents
It shows the sections of the research report. This page provides the readers a bird's eye view of the report and enables them to locate each section of the research report. It consists of the chapter headings, major subdivisions of the chapters. All the titles and headings appear in exact words and order as they are in the report.
- (vi) List of Tables & Figures
A separate list of tables and figures with full titles are given in the report. All pages in the preliminary section are numbered at the right side top corner with lower-case Roman numerical (i, ii etc)

II Main Body of the Report

This aspect of the research report deals with the introduction, review of literature, methodology, presentation and analysis of data, inferences, conclusion, findings and suggestions regarding the research problem

- (i) **Introduction :** The introduction prepares the researcher for the report by describing the various parts : background, problem statement and research objectives. An explanation of the nature of the problem and its history in terms of existing literature is given. There are two main reasons for describing the existing literature related to the research problem. The first is to provide a total picture of the research topic and of how the present problem fits into that picture. The second is to tell the reader what research has and has not been done on the problem. Obviously, the investigator must show that his particular investigation has not been done before. He must also point out what contribution his research is making to the existing body of research. It also consists of a statement of the objectives of the research project. If the research has been done of any organization then this section also consists of a statement of the frame of reference which was given to the researcher at the inception of the study.
- (ii) **Review of literature :** With the review of literature in the main context of the report, the researcher studies the previous research studies and the important writings of authors in the area under study are also reviewed.

- (iii) **Methodology** : The methodology contains the following sections:
1. The type of the study viz.. descriptive, exploratory should be mentioned in the methodology.
 2. The sampling design explains the sample method and sample size.
 3. The data collection method is described in the report.
 4. The tools used for analysis of data should be explained.
- A description of methodology tells the researcher about the technical aspects of the study. It tells him what was done to solve the problem. The purpose of this information is two-fold. First, it aims at satisfying the criterion of replicability, that is, providing another researcher so much information that if he likes he may reproduce research himself. Second it aims at enabling the reader to appraise the quality and worth of the study. If these aims are not fulfilled then the description is inadequate.
- (iv) **Presentation and Analysis of Data** : The analysis is generally the longest section of the report. The objective is to explain the data. Wherever needed the data should be supplemented with charts, and graphs. The conclusion serves the important function of tying together the whole thesis or assignment. The recommendations of the study are also presented in this section. It provides idea about the corrective actions. In academic research, the suggestions broaden the understanding of the subject area. In applied research, the recommendation includes the guidelines for further managerial actions. Several alternatives may be provided with further justifications. The conclusion should leave the reader with the impression of completeness and of positive gain.
- (v) **Findings-** The findings section constitutes the major part of a report. It should present the essential details of the statistical analysis. Because of the technical nature of the material, the manner of its organization and presentation is critical and should depend upon the type of report. In any case, description of chance of accidental discoveries (called serendipity) should be avoided.
- From the point of view of findings, reports may be either descriptive or explanatory. The problem in writing a descriptive report is to communicate to an audience a good many often discrete facts about the population studied. In a descriptive report an author is like a guide, accompanying his readers through the collection of his findings. The findings should be organized in the way that makes it easiest for the readers to grasp them. Like the guide, the author helps by pointing out particularly important findings and by suggesting possible interpretations and implications.
- (vi) **Limitations & Conclusion** : Every study has flaws. There should be a separate section for presenting these flaws. This should be done not to show humility or one's technical competence, but rather to prevent the reader from taking too much or too little from the findings. It is equally important to underline the scope of further research. In particular this section should deal with the question of bias and non-response. The reader should be told about the sources and types of biases their probable reasons and effects. There should also be an analysis of the number, characteristics and reasons of non-response and substitutions. The reader should be told how these are related to differences in culture, demographic characteristics, distances and modes of transport, terrain, climate, call-back attempts and motivational efforts of interviewers.

III Reference Section

The bibliography follows the main body of the text and is a separate but integral part of a thesis, preceded by a division sheet or introduced by a centered capitalized heading BIBLIOGRAPHY. A bibliography is a list of secondary sources consulted while preparing the report. In a proper sense bibliography differs from the reference list. A bibliography is the listing of the work that is relevant to the main topic of research interest arranged in the alphabetical order of the last names of the authors. A reference list is a subset of bibliography. It includes details of all the citations used in the literature survey and elsewhere in the research report, arranged in the alphabetical order of the last names of the author. These citations are provided for the purpose of crediting the author and enabling the reader to find the works cited. Each of the manuals specifies with examples, how the books, journals, newspaper articles, dissertations and so on should be referenced.

For books the order may be as under

1. Name of the author, last name first
2. Title of the book in italics,
3. Place of publication and the publisher
4. Year of publication

References for articles in journals could be cited as under.

1. Name of the author, last name first
2. Title of article in quotation marks
3. Name of periodical, in italics
4. The volume or volume and number
5. The date of the issue
6. The pagination

The appendix contains information of a subordinate, supplementary or highly technical nature that the researcher does not want to place in the body of the report, each appendix should be clearly separated from the other and should be listed in the table of contents.

17.4 Good Research Report

Presentation has become an important communication medium in organizations because a research report is properly understood if it is accompanied by a presentation. The readers can enter into a dialogue with the researcher of the report to share the thinking processes that the researcher has gone through in writing the report.

Presentation Skills – Research report presentation skills include the ability to mix in the right proportion various elements of 1. Communications, 2. Presentation package, 3. Use of audio-visual aids to achieve proper presentation. The researcher needs to acquire the public conversation skills.

17.4.1. Characteristics of a Good Research Report

A research report needs to have following characteristics:

- Clarity : The information given in the report must be understood at the first reading. The report has to be easy to read with legible writing and a clear message.
- Concise : The report is only to be as long as it is needed to include the necessary information. Use short, simple sentences. Do not use jargon or words that aren't required.
- Complete : Ensure all required information is in the report.
- Accuracy and Correctness : Every piece of information must be accurate and verifiable.

17.4.2 Principles of Research Report Writing

Research report writing is a job that needs special skill which can be developed with practice. There are some basic principles of research report writing may be followed.

1. Research report should be written objectively. Objectivity is essential for good research work. Researcher should narrate the facts and develop the inferences as can be drawn.
2. Research report has to be organized and coherent explanations about the matters. Research report must be given different sections and in a proper sequence so that the examiners, planners and readers are taken logically from beginning to end.
3. Research report should be written in a definite and in a concrete style. It should contain required statistical information to support the thesis.
4. Research report should be written in the impersonal style. Researcher should avoid the use of first person. This would help the researcher to remain more objective in nature.
5. Research report must be absolute clarity in the presentation of information and ideas. Research report writing should be plain and simple. It is not necessary to use elegant words and syntax variation in a research report.
6. Research report should be neat and tidy, wherever possible, visual aids should be presented in research report. Visual aids are tables, tree charts, diagram, pie diagram, bar diagram and suitable models and modeling may be presented in researcher report.
7. The researcher should write short sentences and in simple language. He should avoid to use the long sentence in the research report to convey the ideas.
8. Researcher report must be comprehensive in presentation of ideas. A short report may be incomplete explanations and omit some important aspects of the study.
9. The physical presentation includes a variety of things such as choice of paper and the cover page, page layout, form of typing, numbering of pages, display of captions and binding of the document.

17.5 Contents of Effective Report

Report writing is a skill which can be indoctrinated and learned through experience. Following may be the possible errors which probably we all know but they become inevitable since we cannot recall them at the right time when it is required the most. It is therefore, very critical that researcher should be alert to avoid the report from being.

- **Boring** - The report should be written keeping the background of the target audience in mind. Abrupt deviations from the objective can make report lifeless to the target audience. There are instances where the flow of the topic or subsequent pages or slides is not in sync; this also makes report boring. The overall outline should be drawn in a way before hand so that all chips fir in well and moves towards the objective of the report writing.
- **Errors** - Be cautious about spelling and grammatical errors. They are the tow important focus points while writing a report. Wrong spelling and improper use of tense can cause severe damage to the overall value and impact of a report. A report with misspellings and mixed tenses gives an impression of an immature report writer. Any proper documentation requires correct and complete sentence with proper words and tenses.
- **Language** - In order to explain the subject, a writer sometimes uses complex long sentences with too many clauses or keeps the sentence incomplete. Sometime, as a result of this, the reader will either fail to identify the relevant points or nor understand the subject at all. The language used in a report should be lucid. While writing a report, a writer should also take care of the nonconfigurative terminologies, idioms, abbreviations and technical words. At any given point of time this is should be kept in mind that report is to make viewer or reader comfortable with the findings rather to confuse the reader concerned.
- **Lengthy** -The target audience will generally have essential understanding of the matter or have some basic understanding of the subject. In such cases it is not required for a writer to overemphasize a specific topic at length. The audiences would be more concerned with the facts and findings and they would look for data and analysis part of the report Their focus will be more on the inferences, conclusions and on the probable solution suggested if any. A writer should keep a report topic very specific, relevant and crisp.

In case the target audience is not from the same background then writer can briefly defiance the subject without too much emphasizing the subject. The writer can suggest references to different sources to interested readers for further reading. This will help not only to maintain correct length of the report but will also provide the right information to the interested audience.

- **Format** - Fancy background with multiple colour text used for subject writing in different font sizes is not the way to attract the audience to read the report. This will have a negative effect on the report or the presentation. Text having different font size, style and too many colours nullifies the importance of the report by distracting the audience attention from main subject. A report intended for the purpose of presentation can be prepared with animation and flash, though it should always be kept in mind that too much usage of the same should also be avoided. Usage of such effects should be limited only to the extent that, it adds value to the report and should be limited only to the extent that, it adds value to the report and should help enhancing the overall impact of the report in the reader's mind.

- **Objective Style** - Objective style should be used for report writing, where simple language should be used. It is also important to note that report writer should avoid using expressions which leave sentence from being non-confirmative with many probable answers. Expression like “may be”, “probably”, “seems to be”, “like to be” should be avoided. An expression like these reduces the vitality of the report and puts question on the writer’s findings.
- **Representation** - Graphs, charts and tables in the report make it easy to the viewer for recollecting and reconnection whenever required. That doesn’t mean that every data needs to be represented in all the available formats. The writer needs to select the best representation which can explain the subject clearly without messing up the data. If a data is well represented by table then tabular format should be used rather than graph or charts and vice versa.
- **Multinational Culture** - A good report must not incorporate any such word, phrase, idiom, vernacular or statistics which is no way connected to the report. It should not hurt any culture or community as a whole and should not start a controversial debate from your inputs. A report should be general and it should give data which are pertaining to the subject only.
- **Attractive** - A report is indeed an artist’s presentation of his/her work. It portrays the effort taken by writer to, present the topic after doing the full research on it. Therefore, report writing should be done in a tidy way so that it depicts the effort put in by the writer. It should be neat and legible for a reader.
- **Logical Analysis** - Logical analysis shows how much work has been done to achieve the objective of the report. Based on the type of report, the contents of the logical analysis portion will vary. But a report which has not logical analysis will lack weight.

17.6 Summary

Research report preparation and presentation is the final step in the social and business research project. This process begins with interpretation and analysis of data and leads to conclusions and recommendations. Types of reports can be classified into two types: oral and written. Written reports are classified differently. On the basis of time interval, functional, examination, subject matter or field, physical form, relationship, employment status, private, public, formal, informal, special, long and analytical report. Report writing is a process which should be carried out various stages such as per luminary stage, main body and reference stage. A research report consists of three parts, preliminaries, the text and the reference materials. The preliminaries may consist of title page, preface, Table of contents and list of figures. The text may consist of introduction, statement of problem, objectives, methodology, analysis, findings and conclusions. The reference material includes, bibliography, appendix and index. Basic principles of report writing may be objectivity, coherent, concrete style, impersonal style, absolute clarity, neat and tidy, simple language, comprehensibility and physical presentation. Research report presentation skills include the communications, presentation package and use of audio-visual aids to achieve proper presentation.

17.8 Self Assessment Questions

- 1 Explain the significance of Research.
 - 2 What are the stages of writing research reports.
 - 3 Define Research Reports.
 - 4 What are the characteristics of a good report.
 - 5 Explain the parts of reports.
-

17.9 Reference Books

- Philip Kotler, Marketing Management, Prencitce-Hall of India, New Delhi
- Rajan Saxena, Marketing Management, Tata McGraw-Hill, New Delhi
- V.S. Ramaswamy and S. Namakumari, Marketing Management – Planning, Implementation and Control, McMilan India. Chennai.
- Leon G. Shiffman and Leslie Lazar Kanuk, Consumer Behaviour, Prentice-Hall of India. New Delhi.
- Cravens, Hill and Woodruff, Marketing Management, All India Travellers Bookseller, Delhi.

Unit-18 : Research Trends in Marketing

Structure of Unit

- 18.0 Objectives
 - 18.1 Introduction
 - 18.2 Importance of Market Research
 - 18.3 New Market Research Trends
 - 18.4 Summary
 - 18.5 Self Assessments Questions
 - 18.6 Reference Books
-

18.0 Objectives

After reading this unit you will be able to understand:

- Importance of market research
 - Trends in Market Research
-

18.1 Introduction

In business, demand is always changing and therefore it is essential to know how things are changing. Marketing trends have changed continuously over past several years through use of advancing technology and growing mediums. Market research requires a special form of skill and therefore market research companies are often employed as research takes lot of time and the professionals have necessary experience required for the same. Companies are stepping out of their boxes to compete for the top position in an economy that is still very injured. Many companies have realized that the best way to thrive is to tap into the many online innovations consumers are attached, addicted, and dedicated to. Simply advertising on the radio and in the newspaper is a thing of the past. More marketing dollars are being spent on digital marketing because; through social media customers are provided ways to give insight about brands and their reputations. Companies are stepping out of their boxes to compete for the top position. Many companies have realized that the best way to thrive is to tap into the many online innovations consumers are attached, addicted, and dedicated to. Simply advertising on the radio and in the newspaper is a thing of the past. More marketing dollars are being spent on digital marketing because; through social media customers are provided ways to give insight about brands and their reputations. Social sites like FaceBook, Twitter, and LinkedIn help companies understand what consumers want now, what they do not like, and what they hope to see in the future. Companies know that when consumers are satisfied with a product they do not mine sharing their buying experience with others.

18.2 Importance Of Market Research

Market research is very important for every business. To keep up with market trends and maintain a competitive edge – market research is significant. Whether its a new business just starting out or expansion of business, market research is an essential task to undertake, helping to understand target market and increase sales. Flaws you find in grand plan at the start of the process will be much easier to correct than further down the line. Plus, having a better understanding of market will help to create a business strategy,

providing with more information regarding staff to be employed, premises would be need and how much stock might need to start with. More the information to help in plan, the less likely of the wastage of money. Market research will also provide a better understanding of competition - and ultimately how to make your business perform better than others.

There are many different ways to conduct market research, from hitting local high street and interviewing potential customers to analysing trends in larger market data.

If your business is on the smaller end of the scale, you will be able to collect most, if not all, of the necessary market data yourself. If your aiming for global domination, you might need some outside help. Carrying out market research can help in a number of ways:

1. **Identifying Potential Customers:** Market research help to identify the prospect customer. it helps in understanding the customer behaviour regarding their gender, their age, their location or their lifestyle in buying or consuming the product.
2. **Develop Effective Strategies:** Market research helps in formulating marketing strategies regarding price and advertising of product. It also help to understand the best way to target the audience – whether that is through radio, internet or direct marketing.
3. **Identify Business Opportunities:** Research lead to identifying existing or new gaps in the marketsuch as untapped or underserviced markets, as well as changing market trends such as population shifts, higher education levels, increased leisure spends and more.. It may allow to identify changing market trends driven by the economy.

18.3 New Market Research Trends

While traditional marketing research technique such as surveys and focus groups are still widely used, there are many new market **research methods and techniques** to spice things up. As technology and socioeconomic trends change, so will our means of gaining customer insights. Many of these are really just new technologies applied to traditional methods, as opposed to radically different methodologies. Here are some of the new market research trends and techniques popular now days:

1. A shift from data collection to data analysis:

Today, actual customer behaviour data is collected with ease, to the point where analysis (or data mining) is much more challenging than obtaining the data. For example, [Google Analytics](#) provides webmasters with plenty of information about website visitors , including languages, pages visited, screen resolutions, etc. All of this information can be used to fine tune a website to the audience. Another example of “[big data](#)” data mining of is Amazon’s predictive recommendations. By carefully monitoring the products a user purchases/views and correlating that information with purchase histories of others, Amazon is able to very effectively present product recommendations. All of this is done through data mining, without having to ask the user “what other products might you like?” Twitter is another great source of readily available data that can be mined. Jonathan Harris performed a great TED talk that demonstrates how readily available data can be visualized.

2. A shift from “how do think you will behave?” (self-reporting) to “I know how you behaved” (observational research):

If you wanted to know what colour cereal box would sell the most cereal, would you rather base your decision on a survey or an actual experiment where colors are tested?

Of course the experiment would be more valuable. I want to know what customers actually do or want, not what they think they do or want. It's not that customers are trying to deceive researchers; it's just that it's difficult for users to predict their own future actions. Now, the world of market research is shifting from self-reporting techniques (surveys, focus groups), to *observational* research methods whenever possible. The data is much more reliable.

3. Mobile Market Research Methods:

Smart phones and tablets are taking the world by storm. These devices are becoming a preferred platform for many applications and markets, including market research. Examples of how these devices are being used in market research include:

- *Text messaging surveys and voting* (SMS Surveys) – One good example of this is a company called “[Poll Everywhere](#).” They allow seminar attendees to vote and respond to poll questions via SMS (text messaging).
- *Smartphone designed surveys* – Good mobile surveys are ones designed specifically for the Smartphone form factor. There are many companies working on this, such as iOpinion Surveys and [Opinion Meter](#). These surveys can be web-based, optimized for phones, or they can be native applications built specifically for iOS, Android, or windows mobile operating systems.
- *Location Awareness* – Advanced phone market research techniques can leverage Smartphone location (GPS) information to trigger questions or simply track movement over time. For example, you can imagine a survey question that only appears when the phone knows the user is at the gas station.
- *Mobile Ethnography* – Ethnography is the scientific research strategy often used in social science. It is often employed for gathering empirical data on human societies and cultures. Data collection is often done through participant observation, interviews, questionnaires, etc. Ethnography aims to describe the nature of those who are studied (i.e. to describe a people, an ethnos) through writing. Using information like location awareness, researchers are able to gather rich contextual data (using mobile phones) in such a way that the researcher imposes a minimal amount of their own bias on the data about behaviors, allowing them to really understand the habits and lifestyles of subjects.

4. Biometric Market Research Techniques (Neuromarketing)

It is a new field of marketing research that studies consumers' sensorimotor, cognitive, and affective response to marketing stimuli. Researchers use technologies such as functional magnetic resonance imaging (fMRI) to measure changes in activity in parts of the brain, electroencephalography (EEG) and Steady state topography (SST) to measure activity in specific regional spectra of the brain response, and/or sensors to measure changes in one's physiological state, also known as biometrics, including (heart rate and respiratory rate, galvanic skin response) to learn why consumers make the decisions they do, and what part of the brain is telling them to do it. Neuromarketing research raised interest for both academic and business side. In fact, certain companies, particularly those with large-scale goals, have invested in their own laboratories, science personnel and / or partnerships with academia. New biometric

research methods that measure a subject's physical response to stimuli (e.g., television commercial) provide valuable data that a subject might not be able or willing to express verbally. Examples of biometric market research methods include heart rate monitoring, respiration monitoring, skin and muscle activity, brain activity (using functional MRI) and eye tracking. Campbell Soup has used such methods in their market research. Companies such as Google, CBS, and Frito-Lay amongst others have used neuromarketing research services to measure consumer thoughts on their advertisements or products.

5. **Prediction Markets:** Prediction markets are speculative markets created for the purpose of making predictions. Assets are created whose final cash value is tied to a particular event or parameter. The current market price can then be interpreted as predictions of the probability of the event or the expected value of the parameter. A prediction market is like a mini stock market, where a group of people can buy and sell "predictions" of various events. For example, a prediction market security might reward a dollar if a particular candidate is elected, such that an individual who thinks the candidate had a 70% chance of being elected should be willing to pay up to 70 cents for such a security.
6. **Virtual Shopping:** Virtual shopping involves a respondent going about their usual shopping routine in a computer simulated virtual reality store. Just like in a real store, they are able to move around, pick up items read labels and add or remove products from their baskets. From the respondents point of view, this methodology offers a fun, new way of participating in market research. Virtual Store Research is an extension of the traditional methods of [marketing research](#). While marketing research employs techniques like focus groups, surveys and observation to better understand consumer decision-making, virtual store research uses these standard research techniques within a simulated store setting, delivered via computer. Virtual store research utilizes 2-dimensional and 3-dimensional [computer simulation](#) technology to create retail contexts that are as close to the real shopping experience as possible. This allows test consumers within the virtual environment to interact with store merchandise and make purchase decisions in a way that closely resembles real in-store behavior. Additionally, virtual store technology can help consumer packaged goods companies and retailers make daily business decisions without the need for physically changing stores and products. It's a good way to test things retail issues like product placement, store layout, packaging, etc. Once again, the idea is to replicate a real situation for research subjects and observe behavior, as opposed to asking them what they think they will do.
7. **Live Audience Response:** In the field of marketing, every one wishes to read the minds of their consumers. Although no one can read minds but some valuable and purposeful technology can be applied to get the job done. Audience Response Technology allows client to collect and interpret real-time data from real- live consumers. These systems involve a handheld remote control for audience members to respond to questions that appear on-screen (usually in a PowerPoint slide). In conferences or lectures, presenters can engage with the audience through this technology.
8. **Online Collaboration Tools:** Collaboration is a working practice whereby individuals work together to a common purpose to achieve business benefits. Key features of collaboration tools are:

- Synchronous collaboration such as online meetings and instant messaging
- ASynchronous collaboration such as shared workspaces and annotations

Tools like Skype (video calling), instant messaging, and shared whiteboarding allow researchers to conduct a variety of “traditional” market research techniques using new technology. These technologies are often much cheaper than physically gathering people. They also allow researchers to gather people from broader geographies much easier.

9. **Social Media Market Research:** Just a few years ago, businesses were limited with regard to the social media networks they could implement into their marketing campaigns, with the biggies including Facebook, LinkedIn and Twitter. Now, it seems like new social media sites are appearing all the time. While some never really get off the ground, others like Pinterest, Google+, Tumblr and Instagram have surged in popularity and have provided businesses with a plethora of new options that allow them to produce engaging content in a variety of media forms and build their audiences across more channels than ever before.

Consequently, it has become common for businesses to branch out and experiment with multiple networks with the aim of reaching the maximum amount of consumers. This diversification seems to prove fruitful for many companies because it often builds brand equity by making it easier for consumers to recognize a particular brand. Social media dominates the Web, so it is natural that market researchers are looking for ways to leverage this technology. When people say “social media market research” they might mean several different things:

- **Research of social media** — Simply researching the market of social media. For example, “X% of people use Facebook and the average age of a Google+ user is X.”
- **Research using social media data** — There is a lot of data that can be gleaned from social media sites. Looking at how many times a certain news story or product is shared across sites can tell researchers a lot about what works and doesn’t work in journalism, product concepts, etc. “Listening” to social media is like eavesdropping on a million conversations and can be a great place to pick up on trends.
- **Research using social media as part of the methodology or delivery mechanism** — Many companies have a large following on social media sites and can leverage that audience to ask questions. Often, if a customer is willing to follow/friend/subscribe/whatever to a company on a social media site, they are a big fan of that company and one of the best customers (probably a “promoter” in NPS, or [net promoter score](#) language). What a gold mine for companies to have instant access to their highly loyal and interested customers for market research purposes. A good example of using social media to conduct market research is [GoPollGo](#), a twitter polling company.

10. **QR Code Surveys:** A QR code (short for Quick Response) is a specific matrix barcode (or two-dimensional code), readable by dedicated QR barcode readers and camera phones. The code consists of black modules arranged in a square pattern on a white background. The information encoded can be text, URL or other data. This overlaps with mobile phone market research. A poster could ask a simple survey question and provide two QR codes, asking people to scan their choice. Such an approach makes it very easy for someone to take a one-question survey without doing

much more than pointing a phone. A webmaster would then be able to gather the response data in aggregate. Other companies are using QR codes as a simple launch point to a mobile survey.

In this process, known as mobile tagging, the smartphone's owner points the phone at a QR code and opens a [barcode reader](#) app which works in conjunction with the phone's camera. The reader interprets the code, which typically contains a call to action such as an invitation to download a mobile application, a link to view a video or an [SMS](#) message inviting the viewer to respond to a poll. The phone's owner can choose to act upon the call to action or click cancel and ignore the invitation.

Static QR codes, the most common type, are used to disseminate information to the general public. They are often displayed in advertising materials in the environment (such as billboards and posters), on television and in newspapers and magazines. The code's creator can track information about the number of times a code was scanned and its associated action taken, along with the times of scans and the operating system of the devices that scanned it.

Dynamic QR codes (sometimes referred to as unique QR codes) offer more functionality. The owner can edit the code at any time and can target a specific individual for personalized marketing. Such codes can track more specific information, including the scanners names and email address, how many times they scanned the code and, in conjunction with tracking codes on a website, conversion rates. The technology for QR codes was developed by Densa-Wave, a Toyota subsidiary. The codes were originally used for tracking inventory.

Here are a few examples of QR codes in current use:

- QR codes on business cards link to the individual's full resume or website.
- A Starbucks promotion featured a QR code-enabled scavenger hunt involving hints accessed through QR codes in the stores.
- Quiring Monuments in Seattle puts QR code on gravestones to connects people to an online obituary or a website about the deceased.
- In Florida, the J.N. "Ding" Darling National Wildlife Refuge puts QR codes on signs to connect people to informational videos about wildlife along the trails.

11. Mobile Ethnography –

Ethnography was once a research method reserved for large projects and businesses with big budgets. With the penetration and instant-access characteristics of mobile research, mobile ethnography allows for ethnographic studies with lower costs and compressed timelines. Ethnography is a scientific research strategy often used in social science. It is often employed for gathering empirical data on human societies and cultures. Data collection is often done through participant observation, interviews, questionnaires, etc. Ethnography aims to describe the nature of those who are studied (i.e. to describe a people, an ethnos) through writing. Through video chat, mobile polls and other tools, it is possible to conduct contextual and immersion studies without the need for constant on-site supervision and many of the other characteristics that make traditional ethnography daunting and expensive.

12. Increased Automation and Accelerated Speed to Market –

As the amount of data available to researchers increases, artificial intelligence, data mining tools, trends analysis algorithms and other research software are improving the ability to uncover trends, collate data and achieve results. This, in turn, is reducing the overall time need to conduct thorough research and produce results for clients. Both are fueling a surge in research-related spending within businesses and creating an ideal market for researchers in the years ahead.

13. Increased Emphasis on the Customer Experience –

Study reports including interactive elements, such as word clouds, video clips and storytelling, help to provide information with increased insight. Geo-location targeting, mobile surveys and other tools help to conduct studies in the moment as experiences are occurring to capture a truer sense of the study participant. The result is that traditional question-and-answer and static report formats of qualitative research are losing ground to new technologies at a rapid pace.

14. Content Curation:

One of the main ways that companies are establishing authority and gaining trust with consumers is by consistently creating valuable content through a variety of channels. This typically involves relevant industry information that provides insight or entertainment to an audience. Content curation is the gathering, organizing and online presentation of content related to a particular theme or topic. As a rule, a content curation site reproduces some of the original content and links to the full entry. Some content curation sites also provide original content, interpretation and commentary. Doing so allows a company to steadily build rapport with its demographic and develop a loyal following. According to the Content Marketing Institute, the top B2B content marketing strategies are social media, articles on a business's website, eNewsletters, case studies, videos and articles on other websites.

By using one or more of these channels, businesses are able to build a positive reputation within their industry. This trend suggests that marketing to the masses through techniques like television ads and radio ads are becoming less effective. Instead, it's better to concentrate on inbound marketing, by producing valuable, engaging content designed for a specific audience.”

Some brands prefer to use diverse sources of information and make this accessible to the appropriate people. It gives brand marketers the opportunity to filter out excess information, organize the information, and add value, whilst also making it attractive to potential customers.

18.4 Summary

Just as marketing is changing in recent years, technologies are also changing the way that market research is conducted. Traditional research methods, like study groups, polls and observational studies, are going digital and expanding the ability for researchers and businesses to target participants and collect information. Successful businesses expect innovative research solutions that offer more than just data. Focus groups, observational studies and other traditional tools still have functional uses and are relevant in the digital world, however their costs are substantially higher than many of the emerging and maturing research methods available today. Deliberative and **participative research methods** are gaining popularity due to their increased ability to discover information on a larger scale.

However, the largest growth is found in **social media** and **mobile market research**. Across the globe, the Internet and mobile technologies are providing unprecedented access to markets and individuals. This provides a wealth of information that can be obtained without the need to secure a facility or spend months qualifying participants. From high-definition video conferencing and instant communication around the world to the ability to reach participants on their mobile devices and access to demographics that are traditionally hard to reach. With the help of mobile technologies, social media and other advances, qualitative researchers are enjoying a period of research advancement where greater market penetration, increased consumer willingness and skyrocketing business demand are pushing research to previously unseen heights. These current and emerging trends are likely to influence market research as a whole for years to come.

18.6 Self Assessment Questions

- 1 Discuss some the recent trend seen in market research.
- 2 Write short note on:
 - (i) Neuromarketing
 - (ii) Content Marketing
 - (iii) Social media marketing
- 3 Why there is need of conducting market research?
- 4 List some of the companies conducting market research in India.

18.7 Reference Books

- www.gov.uk/market-research
- www.qualitative-research.net
- www.contentmarketing.com
- <http://www.mymarketresearchmethods.com>