CHAPTER II

REVIEW OF LITERATURE
PART ONE

CONSUMER BEHAVIOR

INTRODUCTION

As the twentieth century has come to a close and we have moved into the third millennium, we can see many developments and changes taking place around us with all the industries and firms within each industry trying to keep pace with the changes and diverse needs of the people. Though for decades together, marketers have regarded ‘customer’ as the king and evolved all activities to satisfy him, this concept is gaining more momentum and importance today.

This can largely be attributed to the prevailing market situation. Not only competition has become intense but over an above with the market being flooded with many products. The challenge before the marketers is to understand the diversity of consumer behavior and offer goods and services accordingly. Today the company image is built and made known by its customers. Thus the success of the firm will be determined by how effective it has been in meeting the diverse consumer needs and wants by treating each customer as unique and offering products and services to suit his needs and creating a life time value and relationship with him. (Nair 2004; 3)

Marketers have come to realize that their effectiveness in meeting consumer needs directly influences their profitability the better they understand the factors underlying consumer behavior, the better able they are to develop effective marketing strategies to meet consumer needs. (Assael 2001; 3)

Today, the digital revolution of the market place allows much greater customization of products, services, and promotional messages than older marketing tools. Digital technologies enable marketers to collect and analyze increasingly complex data on consumers’ buying patterns and personal characteristics. Over a period of a decade, the digital revolution has introduced several drastic changes into the business environment:

1. Consumer has more power than ever before. Consumers can use “intelligent agents” to locate the best prices for products or services, bid on various marketing offerings, by pass distribution outlets and middlemen,
and shop for goods around the globe and around the clock from the convenience of their homes.

2. Consumers have access to more information than ever before. Consumers can easily find reviews for products they are considering buying that have been posted by previous buyers, click a button to compare the features of different product models at the sites of online retailers and subscribe to “virtual communities” of persons who share the same interests they do.

3. Marketers can offer more services and products than ever before. The digitalization and services they are selling and still sell them at reasonable prices. It also allows marketers to customize the promotional message directed at many customers.

4. The exchange between marketers and customers is increasingly interactive and instantaneous. Traditional advertising is a one-way street where the marketer pays a large sum of money to reach a large number of potential buyers via a mass medium, and then assesses whether or not the message was effective via future sales or market studies. On the other hand, digital communication enables a two-way interactive exchange in which consumers can instantly react to the marketer’s message by, say, clicking, on links within a given website or even by leaving the site. Thus marketers can quickly gauge the effectiveness of their promotional messages rather than rely on delayed feedback through sales information that is collected after the fact.

5. Marketers can gather more information about consumers more quickly and easily. Marketers can track consumers’ online behavior and also gather information by requiring visitors to websites to register and provide some information about themselves before they get access to the site’s features. Thus, marketers can construct and update their consumer databases efficiently and inexpensively. (schiffman and kanuk 2003;4-6) The study of consumer behavior provides strategic information about what consumers need and want and how marketing programmes should be designed to precipitate and exchange. Understanding consumer behavior offers consumers greater satisfaction. It helps to understand how people behave during the stage of obtaining, using and disposing of product. Understanding issues such as:
• Psychology of how consumers think, feels reason, and select between different alternatives.
• Psychology of how the consumer is influenced by his or her environment.
• The limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome. Help marketers to make a more informed decision as to which strategy to employ.

HISTORY OF CONSUMER RESEARCH
The field of consumer behavior is rooted in the marketing concept, a business orientation that evolved in the 1950s through several alternative approaches toward doing business referred to respectively as the production concept, the product concept, and the selling concept.

The production concept assumes that consumers are mostly interested in product availability at low prices; its implicit marketing objectives are cheap efficient production and intensive distribution. This orientation makes sense when consumers are more interested in obtaining the product than they are in specific features and will buy what’s available rather than wait for what they really want. Today using this orientation makes sense in developing countries or in other situations in which the main objective is to expand the market.

The product concept assumes that consumers will buy the product that offers them the highest quality the best performance, and the most features. A product orientation leads the company to strive constantly to improve the quality of its product and to add new features that are technically feasible without finding out first whether or not consumers really want these features. A product orientation often leads to “marketing myopia” that is, a focus on the product rather than on the consumer needs it presumes to satisfy. Marketing myopia may cause a company to ignore crucial changes in the market place because it causes marketers to look in the mirror rather than through the window. A natural evolution form both the production concept and the product concept is the selling concept, in which a marketer’s primary focus is selling the product that it has unilaterally decided to produce. The assumption of the selling concept is that consumers are unlikely to buy the product unless they are aggressively persuaded to do so—mostly through the “hard sell” approach. The problem with this approach is that it
fails to consider customer satisfaction. When consumers are induced to buy products they do not want or need, they will not buy them again.

The field of consumer behavior is rooted in a marketing strategy that evolved in the late 1950s, when some marketers began to realize that they could sell more goods, more easily, if they produced only those goods they had already determined that consumers would buy. Instead of trying to persuade customers to buy what the firm had already produced, marketing–oriented firms found that it was a lot easier to produce only products they had first confirmed, through research, that consumers wanted. Consumer needs and wants became the firm’s primary focus. This consumer-oriented marketing philosophy came to be known as the marketing concept. The key assumption underlying the marketing concept is that, to be successful, a company must determine the needs and wants of specific target markets and deliver the desired satisfactions better than the competition. The marketing concept is based on the premise that a marketer should make what it can sell, instead of trying to sell what it has made. Whereas the selling concept focuses on the needs of the sellers and on existing products, the marketing concept focuses on the needs of the buyer and customer satisfaction. The widespread adoption of the marketing concept by American business provided the impetus for the study of consumer behavior. To identify unsatisfied consumer needs, companies had to engage in extensive marketing research. In so doing, they discovered that consumers were highly complex individuals, subject to a variety of psychological and social needs quite apart from their survival needs. They discovered that the needs had priorities of different consumer segments differed dramatically, and in order to design new products and marketing strategies that would fulfill consumer needs, they had to study consumers and their consumption behavior in depth. Thus, the marketing concept underscored the importance of consumer research and laid the ground work for the application of consumer behavior principles to marketing strategy. (Schiffman and Kanuk 2003;9-11)

**DEFINITION OF CONSUMER BEHAVIOR**

The term consumer behavior is defined as the behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. Consumer behavior focuses
on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items. That includes what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase and the impact of such evaluations on future purchases, and how they dispose of it. One of the most important constants among all of us, despite our differences, is that above all we are consumers. We use or consume on a regular basis food, clothing, shelter, transportation, education, equipment, vacations, necessities, luxuries, services and even ideas. As consumers we play a vital role in the health of the economy-local, national, and international. The purchase decisions we make affect the demand for basic raw materials, for transportation, for production, for banking: They affect the employment of workers and the employment of resources, the success of some industries and the failure of others. In order to succeed in any business, and especially in today’s dynamic and rapidly evolving market place, marketers need to know every thing they can about consumers what they want, what they think, how they work, how they spend their leisure time. They need to understand the personal and group influences that affect consumer decisions and how these decisions are made. (Schiffman and Kanuk 2003:8)

Consumer behaviors reflects the totality of consumers’ decisions with respect to the acquisition, consumption, and disposition of goods, services, time, and ideas by (human) decision making units [overtime]. (Mussen and Rosenzweig 1976; 331-358).Consumer behavior may be defended as:

The decision process and physical activity individuals engage in when evaluating, acquiring, using, or disposing of goods and services.

(Schiffman and Kanuk 2003:8)
includes profit and not profit businesses, government agencies (local, state, and national), and institutions (e.g. schools, hospitals, and prisons), all of which must buy products, equipment, and services in order to run their organizations. (Schiffman and Kanuk 2003:9).

**SIGNIFICANCE OF CONSUMER BEHAVIOR**
Understanding the reasons for studying a discipline enables one to better appreciate its contributions. Studying consumer behavior has a lot of benefits to marketers that enable them to create long lasting relationship with customers.

**SIGNIFICANCE IN DAILY LIVES**
In a general sense, the most important reason for studying consumer behavior is the significant role it plays in our lives. Much of our time is spent directly in the market place, shopping or engaging in other activities. A large amount of additional time is spent thinking about products and services, talking to friends about them, and seeing or hearing advertisements about them. In addition, the goods we purchase and the manner in which we use them significantly influence how we live our daily lives. These general concerns alone are enough to justify our study. However, many seek to understand the behavior of consumers for what are thought to be more immediate and tangible reasons.

**APPLICATION TO DECISION MAKING**
Consumers are often studied because certain decisions are significantly affected by their behavior or expected actions. For this reason, consumer behavior is said to be an applied discipline. Such applications can exist at two different level of analysis:

1. The **Micro** perspective
2. The **Macro** perspective

The micro perspective seeks applications of this knowledge to problems faced by the individual firm or organization. The societal perspective applies knowledge of consumers to aggregate-level problems faced by large groups or by society as a whole.
MICRO PERSPECTIVE
The micro perspective involves understanding consumers for the purpose of helping a firm or organization accomplish its objectives. Advertising managers, product designers, and many others in profit-oriented businesses are interested in understanding consumers in order to be more effective at their task. In addition, managers of various non-profit organizations have benefited from the same knowledge. For example, the United Way and the American Red Cross have been effective in applying an understanding of consumer behavior concepts to their activities.

MACRO PERSPECTIVE
On the macro, or aggregate, level we know that consumers collectively influence economic and social conditions within an entire society. In market systems based on individual choice, consumers strongly influence what will be produced, for whom it will be produced, and what resources will be used to produce it. Consequently, the collective behavior of consumers has a significant influence on the quality and level of our standard of living. Consider the overall impact of American consumers’ strong desire for private automobile transportation. Vast amounts of resources have been used to produce cars, highway systems, and petroleum products used in their operation. It has also strongly influenced where many of us live (for example, suburbs) and how we run our daily lives (for example, what we eat where we shop, and how we are entertained). Furthermore, this collective desire not only has led to the development of a strong transportation network but also has significantly contributed to our pollution problems, energy needs, and international relations.

As this illustrate, understanding consumer behavior from a macro perspective can provide insight into aggregate economic and social trends and perhaps even predict such trends. In addition, this understanding may suggest ways to increase the efficiency of the market systems and improve the well-being of people in society. (Loudon and Della Bitta 2004;8-9)

APPROACHES TO STUDYING CONSUMER BEHAVIOR
There are two broad approaches to the study of consumer behavior:

1. A Managerial Approach
2. A Holistic Approach
A managerial approach views consumer behavior as an applied social science. It is studied as an adjunct to and a basis for developing marketing strategies. A holistic approach views consumer behavior as a pure rather than applied social science. In this view, consumer behavior is a legitimate focus of inquiry in and of itself without necessarily being applied to marketing.

Although it may appear that the first view has the most credence for marketers, in reality, a holistic approach also provides a useful perspective to strategy in many cases.

**A MANAGERIAL APPROACH**

A managerial approach to consumer behavior tends to be more micro and cognitive in nature. It is micro in emphasizing the individual consumer: his or her attitudes, perceptions, and lifestyle and demographic characteristics. Environmental effects- reference groups, the family, culture -are studied in the context of how they influence the individual consumer. In being more micro, a managerial orientation is also more cognitive; that is, it emphasizes the thought processes of individual consumers and the factors that go into influencing their decisions. Marketing managers find such a focus on the individual only natural. The goal of all marketing strategy should be to satisfy the needs of individual consumers in a socially responsible manner. Information is collected on the consumer’s needs (desired product benefit), thought processes (attitudes and perceptions), and characteristics (lifestyles and demographics). This information is then aggregated to define segments of consumers that can be targeted with the company’s offerings. Thus, a more affluent, older baby boom segment might be identified that likes causal wear and emphasizes performance over status. Identification of such a segment would have implications for marketers of everything from clothes to home computers and from yogurt to cars. But there are risks in taking too rigid a managerial perspective. First, it might overemphasize the rationality of consumers. The cognitive view is that consumers search for and process information in some systematic manner in an attempt to meet their needs. But in many cases, such systematic processing may not occur, as when consumers buy products for their symbolic value, on impulse, or on an addictive basis. Using a strictly approach may not reveal the underlying nature of the consumer’s decision in these cases. Second, a micro view might over look the dynamics of environmental factors independent of the individual. For example, a perspective
on gift giving in the context of ritual behavior would be culturally derived and might be insightful for many marketers. Yet such a perspective might be overlooked if the focus is primarily on individual consumers. Third, a managerial perspective tends to focus more on purchase than on consumption. This is only natural since marketing managers emphasize sales results as represented by purchasing behavior. But, recently, the focus has increasingly shifted to what happens after the purchase. Satisfaction is generally defined by the consumption, not the purchase experience. A whole new area in marketing called relationship marketing recognizes that marketers must maintain a relationship with their customers after the purchase. And to a large degree, this relationship will depend on the consumption experience.

**A HOLISTIC APPROACH**

A holistic approach is more macro in its orientation. It tends to focus more on the **nature of consumption experience** than on the purchasing process because it stresses the broader, culturally derived context of consumption. Consumption is seen as being symbolic as well as functional, antisocial as well as social, and idiosyncratic as well as normative. Purchase behavior is of little inherent interest outside of its impact on the consumption experience. When it is studied, it is in the context of shopping rather than decision making because shopping is frequently culturally derived. Where as a managerial orientation is more interested in predicting what the consumer might do in the future, the holistic approach is more interested in understanding the environmental context of the consumer’s action. A holistic approach also has its drawbacks. The most important is that findings regarding the culturally derived meaning of consumer activities and consumption experiences may not be actionable from a marketer’s perspective. This need not bother those who study consumer behavior for its own sake, but findings from consumer behavior should be actionable for marketing strategies in a business context. Second, a holistic approach does not put sufficient emphasis on purchase decisions. Marketers must understand how consumers reach decisions if they are to influence them. Third, although many consumer decisions are not made through a process of systematic processing, many are. Some understanding of such cognitive processes is necessary if marketers are to attempt to meet consumer needs.(Assael 2001; 21-22).
CURRENT TRENDS IN CONSUMER BEHAVIOR

A historical perspective shows that a consumer orientation developed out of economic necessity in the 1950s. With the advent of a buyer’s market, marketing managers began to identify consumer needs in a competitive environment and to gear marketing strategies accordingly. A better understanding of consumer needs, perceptions, attitudes and intentions became necessary. Current trends suggest that marketers must continue to be sensitive to changes in consumer needs, demographic characteristics, and lifestyles in order to develop effective marketing strategies. Three changes in particular are likely to have an impact on marketers:

1. A greater value orientation on the part of consumers
2. Greater interest in and access to information on products and services.
3. The desire for more customized products.

Marketing firms need some systematic basis for collecting information. Most have a marketing information system designed to provide data on what consumers do and why. Such information systems are designed to collect both secondary data (existing data from published sources or company records) and primary data (data collected by the company to answer its research questions.) (Assael 2001; 26)

CONSUMER BEHAVIOR IN THE DIGITAL WORLD

Techno-ready marketing explains technology adaptation as a distinct process guided by beliefs. Technology readiness Index shows receptiveness to technology; predicts the adoption rate of a new technology and reflects the state of the customers mind. Customers can be segmented based on adoption of technology into explorers, pioneers, skeptics, paranoids and laggards. An understanding of how and why customers adopt technology is a prerequisite for crafting effective marketing strategies. For over four years, the authors have been doing research in this field and delving into issues like, what drives technology customers, measurement and assessment of their pre-disposition to new technologies and the role of technology in marketing. Techno-ready marketing is a science and practice of marketing products and services that are innovative and technology intensive. It is a process of creating and developing markets for innovative products. This discipline rests on two basic premises—technology and innovation. ‘Techno’ refers to enhancement of a body of knowledge and innovation means striving for something new and unexpected. The rapid pace of
technological advancements has drawn a lot of attention to techno-ready marketing. The critical success factors involved in techno-ready marketing are unique as are the factors leading to customer satisfaction. Technology Readiness (TR) refers to this distinct behavioral process that is responsible for the adoption of technology by the customers. Technology Readiness varies from one customer to another. At one end the spectrum, we have customers who actively seek out new technology and at the other we have those who are resistant to it. Technology Readiness is multifaceted. It is encompasses many more aspects than just ‘early adopters’ and ‘innovators’. An index of technology Readiness can be used to predict the adoption rate and the response of the customers towards a new technology. Influence of technology on human life is historical. From the wheel to the steam engine, all the technological innovations had to go through the various phases involved in the customer’s adoption cycle. Varying level of TR is responsible for different levels of penetration of products and services like cell phones and Internet shopping. Today, technology Readiness is used to project customer response to emerging technologies. (Anshul Kaushesh 2002; 65-66)

CONSUMER BEHAVIOR MODEL

DEFINITION OF A MODEL

A model can be defined as simplified representation of reality. It simplifies by incorporating only those aspects of reality that interest the model builder. Other aspects that are not of interest only add to the complexity of the situation and can be ignored. Thus an architect’s model of a building may not show furniture arrangements if that is not important to the building’s design. Similarly, in modeling consumers we should feel free to exclude any aspects that are not relevant to their behavior. Since we have defined consumer behavior as involving a decision process models that focus on this process will be of considerable interest. (Loudon and Della Bitta 2004; 599)

Comprehensive verbal models have been employed most often in the study of consumer behavior. A variety of such models exist, each taking a somewhat different view of consumers. Those chosen for presentation here are well known and represent a broad perspective:
1. TRADITIONAL MODELS

The earliest comprehensive consumer models were actually devised by economists seeking to understand economic systems. Economics involves the study of how scarce resources are allocated among unlimited wants and needs. Its two major disciplines-macroeconomics and microeconomics-have each developed alternative views of consumers.

MICROECONOMIC MODEL

The classical microeconomic approach, developed early in nineteenth century, focused on the pattern of goods and prices in the entire economy. It involved making a series of assumptions about the nature of the “average” consumer and then developing a theory useful in explaining the workings of an economy made up of many such people. Focus was placed on the consumer’s act of purchase, which, of course, is only a portion of what we have defined as consumer behavior. Thus, microeconomists concentrated on explaining what consumers would purchase and in what quantities these purchases would be made. The taste and preferences leading to these purchases were assumed to be known already. Therefore microeconomists chose to ignore why consumers develop various needs and preferences and how consumers rank these needs and preferences. The resulting theory was based on a number of assumptions about consumers.

MACROECONOMIC VIEW POINTS

Macroeconomics focuses on aggregate flows in the economy- the monetary value of goods and resources, where they are directed, and how they change over time. From such a focus, the macroeconomist draws conclusions about the behavior of consumers who influence these flows. Although the discipline has not generated a full unified model of consumers, it does offer a number of insights into their behavior. One interest centers on how consumers divide their income between consumption and savings. This deals with two economic facts of life: higher income families spend a smaller proportion of their disposable income than lower income families, but as economic progress raises all income levels over
time these proportions do not seem to change. That is, lower income groups do not significantly change the proportion of income devoted to spending as economic progress results in an increase in their income. The relative-income hypothesis explains this apparent contradiction by arguing that people’s consumption standards are mainly influenced by their peers and social groups rather than their absolute income levels. Therefore, the proportion of a family’s income devoted to consumption is expected to change only when an income change places the family in a different social setting. This will not happen when all income levels are rising at the same time. A variety of other variables have been suggested by macroeconomists as influencing consumption patterns. Included are consumer’s previous income experiences, accumulated liquid assets, and variations in taxes or credits. Although useful, these suggestions represent rather traditional approaches to studying consumers, stressing economic variables while tending to ignore the influence of psychological factors.

2. CONTEMPORARY MODELS

As the study of consumer behavior evolved into a distinct discipline, newer approaches were offered to describe and explain what influenced consumer behavior. These contemporary views are quite different from previous models because of their concentration on the decision process that consumers engage in when deliberating about products and services. Therefore, contrary to the economic models, emphasis is placed on the mental activity that occurs before, during, and after purchases are made. A second distinguishing characteristic of contemporary models is their extensive borrowing from material developed in the behavioral sciences. In fact, most of the variables discussed in these models were originally identified in the fields of psychology and sociology. A large number of contemporary consumer models have been developed, varying considerably in terms of their sophistication, precision, domain, and scope. However, due to space limitations only a few of the more widely quoted models will be reviewed here. (Loudon and Della Bitta 2004; 600-605)
THE NICOSIA MODEL

In the last recent years marketing scholars have build buyer behavior models taking the marketing man’s point of view. The Nicosia model is one such buyer behavior model. It also is said to be a systems model, because the human being is analyzed as a system, with stimuli as the input to the system and the human behavior as an output of he system. This model was developed in 1966, by Francesco Nicosia, an expert in consumer motivation and behavior. The Nicosia model tries to explain buyer behavior by establishing a link between the organization and its (prospective) consumer. The model suggests that messages from the firm first influences the predisposition of the consumer towards the product or service. Based on the situation, the consumer will have a certain attitude towards the product. This may result in a search for the product or an evaluation of the product attributes by the consumer. If the above step satisfies the consumer, it may result in a positive response, with a decision to buy the product otherwise the reverse may occur. The Nicosia model groups the above activity explanation into four basic areas-fields one has tow sub areas– the consumers attribute and firms attributes. Depending on the way, the message is received by the consumer, a certain attribute may develop. This newly developed attribute becomes the input for area two. The second area or area two is related to the search and evaluation, undertaken by the consumer, of the advertised product and also to verify if other alternatives are available. In case the above step results in a motivation to buy the product/service, it becomes the input for third area. The third area explains how the consumer actually buys the product. And area four is related to the uses of the purchased items. This fourth area can also be used as an output to receive feed back on sales results to the firm.
NICOSIA MODEL IN BRIEF

(Source: Nair, Suja R., "Consumer Behaviour in Indian Perspective", 1/e, Himalaya Publishing House, Bombay, PP.33)
HOWARD-SHETH MODEL

The Howard-Sheth Model serves as an integrating frame work for a very sophisticated comprehensive theory of consumer behavior. It should be noted that the authors actually use the term “buyer” in their model to refer to industrial purchase as well as ultimate consumers. Thus, it can be seen that their interest was to develop a unified theory useful for understanding a great variety of behaviors.

The model attempts to depict rational brand choice behavior by buyers under conditions of incomplete information and limited abilities. It distinguishes three levels of decision making:

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

2. **Limited problem solving**- in this more advanced stage choice criteria are well defined but the buyers is still undecided about which set of brands will best serve him. Thus, the consumer still experiences uncertainty about which brand is “best”.

3. **Routinized response behavior**- buyers have well-defined choice criteria and also have strong predispositions toward on brand. Little confusion exists in the consumer’s mind and he is ready to purchase a particular brand with little evaluation of alternatives.

The model borrows from learning-theory concepts to explain brand choice behavior over time as learning takes place and the buyer moves from extensive to routinized problem-solving behavior. Five major components are involved:

**INPUT VARIABLES**

Input variables are depicted in the left portion of the model as stimuli in the environment. Significative stimuli are actual elements of brands that the buyer confronts, while symbolic stimuli are generated by producers representing their products in symbolic form, such as in advertisements. Social stimuli are generated by the social environment including family and groups.
OUTPUT VARIABLES
The five output variables in the right-hand portion of the model are the buyer’s observable responses to stimulus inputs. They are arranged in order from attention to actual purchase and are defined as follows:

- **Attention**– the magnitude of the buyer’s information intake.
- **Comprehension**– the buyer’s store of information about a brand.
- **Attitude**– the buyer’s evaluation of particular brand’s potential to satisfy his or her motives.
- **Intention** – the buyer’s forecast of which brand he or she will buy.
- **Purchase behavior**– the actual purchase act, which reflects the buyer’s predisposition to buy as modified by any inhibitors. (Loudon and Della Bitta 2004:607)

PERCEPTUAL CONSTRUCT
This refers to all the complex states or psychological processes (perception) and how the individual deals with the information cues received from various sources. It can be seen that all information available is not attended to (attention) and may not always be crystal clear in its meanings (stimulus ambiguity). Although the individual may be engaged in an overt search for information, sometimes he/she may be bombarded with unwanted information. Moreover, any information cues to which the individual may attend may be distorted (perceptual bias) as a result of his own frame of reference.

LEARNING CONSTRUCT
The second set of hypothetical constructs in this theory are more complex and numerous. ‘Motives’ refers to the goals the individual attempts to achieve through his/her buying behavior. These goals are derived from the various derives (needs) which may be acting as a cue for his/her motive.

More closely related to the buyers intention is his attitudes towards the product/brand. Whether he/she has formed a positive attitude and if not will there be a change in the attitude etc., are some of the factors which may effect the attitude and individual has towards the product/brand.

Other learning construct include ‘brand comprehension’ i.e., knowledge / awareness about he brand characteristic features that forms the basis for the buyers evoked set of alternatives; choice criteria, and the confidence the
individual has about his/her brand comprehension, attitudes or intentions. Finally, the model includes a construct, ‘satisfaction’. This refers to “feed back” mechanism, i.e., the post purchase and post use evaluation of the output of the process.

**EXOGENOUS VARIABLES**

It includes a number of variables which are not explained but have a bearing on some or all of the constructs discussed above and indirectly influences the output or consumer response.

1. **Social and organizational setting**: Man is basically a social animal. Because of his interactions with various groups and society, they look to each other for guidance regarding what to buy, how to buy/dress etc.

2. **Social Class**: In order to conform to norms of the social class to which he/she belongs, the individual will be engaged in a behavior which will be acceptable to the social class to which he belongs.

3. **Culture**: Refers to the shared, somewhat consistent pattern of behavior of a group of people. Each culture has a set of beliefs, values, etc. so the pattern of buyer’s behavior will be based on a pattern of behavior shared in a specific subset of the larger culture – a subculture trait.

4. **Purchasing power/financial status**: The money / income available for purchasing goods and services during some specified time period also plays a role in influencing the consumption pattern and thereby his buying behavior. (Nair 2004; 25-26)
THE HOWARD SHETH MODEL

Fig. 2.1: Howard-Sheth model of buying behaviour (Source: J.N. Sheth and J.A. Howard, "The Theory of Buyer Behaviour," Wiley, 1969)
CONSUMER DECISION PROCESS

WHAT IS A DECISION?

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

LEVEL OF CONSUMER DECISION MAKING

Not all consumer decision-making situations receive (or require) the same degree of information search. If all purchase decisions required extensive effort, then consumer decision making would be an exhausting process that left little time for anything else. On the other hand, if all purchases were routine, then they would tend to be monotonous and would provide little pleasure or novelty. On a continuum of effort ranging from very high to very low, we can distinguish three specific level of consumer decision making:

1. Extensive problem solving.
2. Limited problem solving
3. Reutilized response behavior.

Which were discussed in Howard-Shenth model of consumer behavior (Schiffman and Kanuk 2003; 547-549)

The example of consumer decision making cited above may be generalized toward a typical consumer problem solving model consisting of four basic types of activities in the process of purchasing. The consumer’s four steps are (1) problem recognition, (2) information search and evaluation, (3) purchase decision,
and (4) post purchase behavior. The assumptions underlying this and other decision-process approaches to consumer behavior seem to be the following:

1. Two or more alternatives exist, so that a choice must be made by the consumer.
2. Consumer evaluative criteria facilitate the forecasting of each alternative’s consequences for the consumer’s goals or objectives.
3. The consumer uses a decision rule or evaluative procedure to determine the chosen alternatives.
4. Information obtained from external sources and/or memory is used in the application of the decision rule or evaluative procedure.

However, it has been suggested that for certain purchase situations some consumers do not engage in prepurchase decision process. For example, they may not have stored information, it may not be retrieved or retrievable, and they may not search externally. Thus, some purchases may occur as a result of approaches other than a decision process. They can occur out of necessity (such as allocation of income within certain categories of expenditures, food/beverage, housing, and medical care); they can be derived from certain culturally mandated lifestyles (for example, the “standard package” of goods desired throughout a society, including transportation, personal care, and household appliances and furnishings items); they can be interlocked with other purchases (such as gasoline, repair services, and insurance being interlocked with the purchase of an automobile); they can reflect purchase preferences acquired in early childhood (such as with food preferences and store choices); They can result from conformity to group norms or imitation of others (such as adoption of smoking behavior among teens); they can result from recommendations by personal or non-personal sources (such as often occurs in the adoption process); they can be made on the basis of various surrogates (such as price, manufacturer’s reputation, or packaging); they can even occur on a more superficial basis (such as selecting a brand on the basis of convenience of the shelf height). (Formisano, Olshavsky, and Tapp 1982; 474-479)

DECISION MAKING PROCESS

This process consists of a series of processes or steps, beginning with a felt need or want arising from either internal or external services and terminating with a confirmation of the decision. The need may be an urgent or compelling one (as
that of thirst on a hot day), demanding immediate satisfaction; or it may be one for
which the satisfaction can be delayed or postponed (as that for purchasing a carpet
or a wall clock). In any event a tension is created which sooner or later must be
quit. Where the decision process is lengthy and complex, it is labeled as extensive
decision making”.

There are three recognized stages:

1. Predecision stage
2. Decision stage,
3. Post-decision stage.

THE PREDECISION STAGE

In this stage, the activities are external and to some extent observable. Individual
awareness to stimuli can be recorded. Knowledge can be obtained about the contents
and meaning of advertisement message. Preferences can be made a matter of statistical
record.

THE DECISION STAGE

In this stage, the activities are internal and not observable. The decision is
in terms of the individual’s past experiences and understanding as well as his
innate characteristic. “All of the experiences, attitudes, opinions, and feelings
accumulated within an individual make up the “cognitive structure” peculiar to
each individual as he approaches a buying decision.”

THE POST-DECISION STAGE

In this stage, the individual has to undertake risk of uncertainty as to best
selection or whether to act or not to act. There is a lurking fear that the decision
may have been a poor one. The seller can relieve this anxiety of the buyer by
giving messages needed for the product. (Seibert 1973; 102-103)

TYPES OF DECISION MAKING

The decision making process varies with the type of product involved. There
will be a lot of difference in the decision making process involved for
purchasing a bathing soap, a sports kit, an expensive camera, a new television, a
new family car, and a personal computer. This will depend on how complex the
decision is likely to be and degree of involvement required from the participants.
In other words, more complex the decisions more the involvement of buying
participants and more the buyer deliberation.
1. ROUTINISE RESPONSE BEHAVIOR /HABITUAL BUYING BEHAVIOR

This is the simplest type of buying behavior. This behavior is adopted for the purchase of low cost, frequently purchased items. Here the buyers do not give much thought, or search or take a lot of time to make the purchase. The products in this class are generally classified as low involvement goods. The buyers are very well aware of the product class, know the brands and also have a clear preference among the brands. So the buyers have to take very few decisions for the purchase of such type of goods.

The marketer has to ensure two tasks. (1) The marketer must continue to provide satisfaction to the existing customers by maintaining quality, service and value. (2) He must try to attract new customers by making use of sales promotion techniques like point of purchase displays off-price offers, etc., and also introduce new features to the products.

2. LIMITED PROBLEM SOLVING/ DISSONANCE REDUCING BUYING BEHAVIOR

Here the buying behavior is more complex as compared to routine buying behavior because the consumer is confronted with an unfamiliar brand in a familiar product class. For instance, a housewife is thinking of buying a new pressure cooker and may be shown the ‘united pressure cooker’ by he retailer. The housewife will ask questions, watch advertisements and gather more information to learn more about the ‘united pressure cooker’. This buying behavior is described as limited problem solving because the buyer are in a situation where they are fully aware of the product class but not familiar with all the brands and their features. Here the marketer’s job is to design a communication programme which will help the buyer to gather more information, increase his brand comprehension and gain confidence in the brand.

3. EXTENSIVE PROBLEM SOLVING /COMPLEX BUYING BEHAVIOR

This buying is referred to as a complex buying behavior because the consumer is in an unfamiliar product class and is not clear about what criteria to consider for buying. For example, a person may become interested in purchasing a
music system, for the first time. He heard of the various brand names as BPL, Videocon, Philips, National and Panasonic but lacks clear brand concepts. He does not know what product attributes or features to consider while choosing a good music system. So he is in a extensive problem solving situation.

The marketers must understand the information gathering and evaluation activities of the prospective consumers. They have to educate the prospective buyers to learn about the attributes of the product class, their relative importance and the high standing of the marketer’s brand on the more important brand attributes. In other words, the marketing communications should aim at supplying information and help the consumer to evaluate and feel good about his/her brand choice. (Nair 2004; 238)

A SIMPLIFIED FRAMEWORK FOR STUDYING CONSUMER BEHAVIOR

The study of consumer behavior can also be quite complex, because of the many variables involved and their tendency to interact with and influence each other. A diagram presented below, organize a picture of the factors that have been identified as the most important general influences on consumer behavior. Reference to the below figure reveals that it is made up of three major sections;

1. External environmental variables influencing behavior.
2. Individual determinants of behavior.
3. The consumer’s decision process.
EXTERNAL VARIABLES

The external environment depicted in the outer circle is made up of six specific influences and one catch-all grouping for all other factors. The six specific influences are culture, subculture, social class, social group, family, and personal influences. The open partitions (dotted lines) denote the influence of these variables on individual determinant and on each other.

The concept of culture has been characterized as “that complex whole that includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society”. As such, it provides a basis for many of our values, beliefs, and actions as consumers. For example, the
emphasis people in our society place on time and punctuality forms the basis for positive consumer reactions to such market offerings as fast-food franchises, express check-out lanes at supermarkets, and quartz watches.

Subcultures emphasis is on segments of a given culture that have values, customs, traditions, and other ways of behaving that are unique and that distinguish them from others sharing the same cultural heritage. These aspects of uniqueness can have significant implications for the understanding of consumers and the development of successful marketing strategies. Subcultures distinguished on the basis of age and ethnic dimensions receive particular attention.

The term “social stratification” refers to the process by which people in a society rank one another into different social positions. The result is a hierarchy often referred to as a set of social classes. People within a given social class tend to share beliefs, values and methods of behaving. They also tend to associate more closely with one another than with people from different social classes. The values, wants, and interactions that develop in these distinct groupings tend to have significant influences on consumers. They affect such basic factors as membership in a group, choice of neighborhoods, appreciation of certain styles, and choice of place to shop.

A social group can be viewed as a collection of people who have a sense of relatedness resulting from some form of interaction with one another. These groups can have many functions. One that is particularly important from a consumer behavior perspective is the influence that group members can on the individual. That is, the group can serve to persuade and guide the individuals’ values and behavior. The common interest that college students show in the latest fashions and in music, serves as an illustration. Another interesting aspect of social group is their role in providing consumers with various forms of information that can influence subsequent behavior.

The family is a special form of social group that is distinguished, at least in part, by numerous and strong face-to-face interactions among its members. The influence of different family members on purchase decisions is one area of interest in the field of consumer behavior. In some cases, decisions are made by one individual with little influence from the family members. In other cases, the interaction is so strong it is said to actually yield a joint decision rather that just an influence of one member on another. Of course, the nature and degree of influence
in these decision–making patterns are quite important to marketers attempting to inform and persuade consumers regarding their offerings. Another aspect of family influence on consumer behavior is the way in which the stage of a family’s life cycle (newly married, childhood years, and so on) influences the need for products and services. In a similar vein, the changing patterns of family and household structures, including families with working wives and those made up solely of singles; have significant implications for consumer behavior.

The process of personal influence, which can be described as the effects on an individual resulting from communications with others, has long been of interest to marketers. Interest in this subject is strong because personal influence has an important effect on the amount and type of information that consumers obtain about products. It is also considered to be significant force acting on a consumer’s values, attitudes, brand evaluations, and interest in a product. In fact, personal influence is an important function of opinion leaders. These opinions, leaders are people that others look to for advice, opinion, and suggestions regarding purchase decisions. Personal influence also strongly affects the process of diffusion by which new product and service innovations spread in the marketplace.

The last category of environmental influences in the diagram is labeled “other influences”. This general category encompasses influences on consumers that are not specifically dealing with the topics just reviewed. An example might be the effects of media that are not incorporated into one of the other categories. Many of these influences, including physical surroundings, the interpersonal setting, national events, and the consumer’s available cash; have been summarized by the term “situational variables”.

**INDIVIDUAL DETERMINANTS**

Major individual determinants of consumer behavior are portrayed in the inner ring of diagram. These variables influence how the consumer proceeds through a decision process regarding products and services. The decision process itself is shown in the center of the figure. An arrow leading from the external environment into individual determinants demonstrates that environmental stimuli do not directly influence consumers. Instead, the stimuli are modified by internal influences such as learning, personality, attitudes, information processing, and motives. The opened circle between the decision process and these variables
denotes the great influence they have on the decision process. The opened partitions between the individual determinants themselves represent the influence they have on each other.

Figure shows the five major groups of individual determinants: personality and self-concept, motivation and involvement, information processing, learning and memory, and attitudes.

Personality and self-concept provide the consumer with a central theme. That is, they provide a structure for the individual so that a consistent pattern of behavior can be developed.

Motives are internal factors that energize behavior and provide guidance to direct the activated behavior. Involvement describes the personal relevance or importance that the consumer perceives in a given purchase situation, high involvement will lead to a motivated state.

The term “information processing” refers to the activities that consumers engage in when acquiring, integrating, and evaluating information. These activities involve actively seeking information or passively receiving it, attending to only certain parts of the information, integrating that which has been attended to with information from other sources, and evaluating the information for the purpose of making decision. Such activities are varied and occur at all stages of the decision process. They also strongly involve some individual factors, including motivation, learning and attitudes.

The important role of learning and memory is related to the matters like what consumers learn, how they learn, and what factors govern the retention of learned material in memory. Not only do consumers acquire and remember product names and characteristics, but they also learn standards for judging products, places to shop, problem-solving abilities, behavior patterns, and tastes. Such learned material sorted in memory significantly influences how consumers react to each situation that they confront.

Attitudes guide our basic orientation toward objects, people, events, and our activities. As such, attitudes strongly influence how consumers will act and react to products and services, and how they will respond to communications that marketers develop to convince them to purchase their products.
THE DECISION PROCESS

The inner portion of figure details the consumer decision process regarding products and services. The major steps in this process are shown as problem recognition, information search and evaluation, purchasing processes, and post purchase behavior.

Problem recognition occurs when the consumer is activated by awareness of a sufficient difference between her actual state of affairs and her concept of the ideal situation. This can occur through internal activation of a motive such as hunger, by confronting some external stimulus such as an advertisement, or by being affected by additional variables such as social or situational influences. In either case, however, action occurs only when the consumer perceives a sufficiently large discrepancy between the actual and ideal states.

Given that the consumer is aroused to action, the next stage is to undertake an information search. This usually starts with internal search – a quick and largely unconscious review of memory for stored information and experiences regarding the problem. This information is in the form of beliefs and attitudes that have influenced the consumer’s preferences toward brands. Often such a review results in recognizing a strong brand preference, and a routine purchase occurs. However, if an internal search does not provide sufficient information about products, or how to evaluate them, the consumer continues with a more involved external search for information. This results in exposure to numerous informational inputs called stimuli, which can arise from a variety of sources, including advertisements, printed product reviews, and comments from friends.

Any informational stimuli are subjected to information processing activities, which the consumer uses to derive meaning from stimuli. This process involves allocating attention to available stimuli, deriving meaning from these stimuli, and holding this meaning in what is termed “short-term memory”, where it can be retained briefly to allow further processing.

The alternative-evaluation phase involves comparing the information gained in the search process for alternative products and brands to the product–judging criteria or standards the consumer has developed. When such a comparison leads to favorable evaluations, the consumer is likely to develop a purchase intention toward that alternative receiving the most favorable evaluation.
A purchasing process usually follows strong purchase intentions. This process involves a series of selections, including the type of retail outlet as well as the specific brand or service to use. The consumer’s purchase then leads to various outcomes. One such outcome is satisfaction as a result of direct experience in using the brand. Satisfaction will affect the consumer’s beliefs about the brand. Other outcomes are dissatisfaction and post-sale doubt. These can generate a heightened desire for additional information and influence subsequent problem recognition. In both cases, post purchase experiences result in feedback to the problem–recognition stage. (Loudon and Della Bitta 2004; 21-25).
PART 2
ENVIRONMENTAL INFLUENCES ON CONSUMER BEHAVIOR

THE INFLUENCE OF CULTURE ON CONSUMER BEHAVIOR

The study of culture is a challenging undertaking because its primary focus is on the broadest component of social behavior - an entire society. In contrast to the psychologist, who is principally concerned with the study of individual behavior, or the sociologist, who is concerned with the study of groups, the anthropologist is primarily interested in identifying the very fabric of society itself.

WHAT IS CULTURE?

Given the broad and pervasive nature of culture, its study generally requires a detailed examination of the character of the total society, including such factors as language, knowledge, laws, religions, food customs, music, art, technology, work patterns, product, and other artifacts that give a society its distinctive flavor. In a sense, culture is a society’s personality. For this reason, it is not easy to define its boundaries.

Because our objective is to understand the influence of culture on consumer behavior, we define culture as the sum total of learned beliefs, values, and customs that serve to direct the consumer behavior of members of a particular society.

The belief and value components of our definition refer to the accumulated feelings and priorities that individuals have about “things” and possessions. More precisely, beliefs consist of the very large number of mental or verbal statements (i.e. “I believe……”) that reflect a person’s particular knowledge and assessment of something (another person, a store, a product, a brand). Values also are beliefs. Values differ from other beliefs, however, because they meet the following criteria (1) they are relatively few in number; (2) They serve as a guide for culturally appropriate behavior; (3) they are enduring or difficult to change; (4) they are not tied to specific objects or situations; and (5) they are widely accepted by the members of a society. Therefore, in a broad sense, both values and beliefs
are mental images that affect a wide range of specific attitudes that, in turn, influence the way a person is likely to respond in a specific situation. (Thomas C.O’Guinn and L.J. Shrum 1997; 278-295)

The criteria that a person uses to evaluate alternative brands in a product category (such as Volvo versus Jaguar automobiles), or his or her eventual preference for one of these brands over the other, are influenced by both a person’s general values (Perceptions as to what constitutes quality and the meaning of country of origin) and specific beliefs (particular perceptions about the quality of Swedish –made versus English-made cars). In contrast to beliefs and values, customs are overt modes of behavior that constitute culturally approved or acceptable ways of behaving in specific situations. Customs consist of everyday or routine behavior. For example, a consumer’s routine behavior, such as adding sugar and milk to coffee, putting ketchup on hamburgers, putting mustard on frankfurters, and having a salad after rather than before the main course of a meal, are customs. Thus, whereas beliefs and values are guides for behavior, customs are usual and acceptable ways of behaving (Schiffman and Kanuk 2003; 408)

It is difficult to present only one definition of culture and expect it to portray the richness of the field and its relevance to understanding consumer behavior. However, the following two are representative:

That complex whole that includes knowledge, beliefs, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society. (Edward B. Tylor 1891; 1) The distinctive way of life of a group of people, their complete design for living. (Kluckhohn 1951; 86)

Therefore, culture is everything that is socially learned and shared by the members of a society. Culture consists of material and non material components. Non material culture includes the words people use; the ideas, customs, and beliefs they share; and the habits they pursue. Material culture consists of all the physical substances that have been changed and used by people, such as tools, automobiles, roads, and farms. In a marketing and consumer behavior context, artifacts of the material culture would include all the products and services which are produced and consumed; Nonmaterial culture would include the way in which consumers shop in supermarkets, our desire for newer and better products, and our responses to the word “sale”. The significance of culture in understanding human behavior (of which consumer behavior is a part) is that it
extends our understanding of the extent to which people are more than just chemistry, physiology, or a set of biological drives and instincts. (Cuzzort 1969; 359)

The implication is that although all customers may be biologically similar, their views of the world, what they value, and how they act differ according to their cultural backgrounds. It has long been recognized that culture influences consumers. All of the activities in which people engage are culturally determined, and nearly all purchases of goods are made either to provide physical comfort or to implement the activities that make up the life of a culture. (Duesenberry 1949;19)

Thus, an understanding of culture enables the marketer to interpret the reaction of consumers to alternative marketing strategies. Sometimes guidance from cultural anthropologists (those social scientists who study people and their culture) is sought in order to gain a better understanding of the market. Anthropologists are able to assist the marketer in understanding how culture is reflected in individuals and in society. Anthropologists have also helped marketers recognize that consumer goods have a significant ability to carry and communicate cultural meaning. This occurs through a process in which cultural meaning is drawn from a particular cultural world and is transferred to a consumer goods through advertising and the fashion system and then from these goods into the life of the individual consumer through certain consumption rituals. (McCracken 1986; 71-84)

A wide range of measurement techniques is used to study culture. The range includes projective techniques, attitude measurement methods, field observation, participant observation, content analysis, and value measurement survey techniques. (Schiffman and Kanuk 2003;433)

THE INFLUENCE OF SUBCULTURE ON CONSUMER BEHAVIOR

Culture was seen to consist of basic behavioral patterns which exist in a society. However not all segments of a society have the same cultural patterns. Perhaps, therefore, the marketer can distinguish more homogeneous subgroups within the heterogeneous national society.

We refer to these groups as subcultures because they have values, customs, traditions, and other ways of behaving that are peculiar to a particular group within a culture. This means that there are subcultures of students, professors,
professional football players, rock musicians, marketers, and other groups. Moreover, individuals may be members of more than one subculture at the same time. Thus, it is imperative that marketers understand who constitutes the most relevant subculture for their particular product or service. By knowing the characteristics and behavioral pattern of the segment they are trying to reach, they are in a better position to refine the marketing mix required to satisfy that target segment properly. (Loudon and Della Bitta 2004; 128)

In addition to segmenting in terms of cultural factors, marketers also segment overall societies into smaller subgroups that consist of people who are similar in terms of their ethnic origin, their customs, and the ways they behave. These subcultures provide important marketing opportunities for astute marketing strategists. The subculture divisions are based on a variety of sociocultural and demographic variables, such as nationality, religion, geographic locality, race, age, and sex. The members of a specific subculture possess beliefs, values, and customs that set them apart from other members of the same society. In addition, they adhere to most of the dominant culture beliefs, values, and behavioral patterns of the larger society. The cultural profile of a society or nation is a composite of two distinct elements: (1) the unique beliefs, values, and customs subscribed to by members of specific subcultures; and (2) the central or core cultural themes that are shared by most of the population, regardless of specific subcultural memberships. Subcultural analysis enables the marketing manager to focus on sizable and natural market segments. When carrying out such analyses, the marketer must determine whether the beliefs, values, and customs shared by members of a specific subgroup make them desirable candidates for special marketing attention. Subcultures, therefore, are relevant units of analysis for market research. (Schiffman and Kanuk 2003; 438)

Subcultures can be defined not only by race and religion but by demographics and lifestyles as well. Common values among teenagers often set them apart from an adult-dominant society, thus defining a teen subculture. The religious, ethnic national and lifestyle diversity in American culture makes it distinct from most other societies which are much more homogeneous. The vast majority of people in most European countries are of the same race and religion. In Japan, most people consider themselves of common ancestry.
CHARACTERISTICS OF SUBCULTURES

The influence of a subculture on consumer behavior depends on several factors:

1. **Subcultural distinctiveness**: the more a subculture seeks to maintain a separate identity, the greater is its potential influence.

2. **Subcultural homogeneity**: A subculture with homogeneous values is more likely to exert influence on its members.

3. **Subcultural exclusion**: At times, subcultures have sought exclusion from or have been excluded by society. African Americans have at times been excluded from a white-dominant society through the denial of educational and occupational opportunities. Exclusion tends to strengthen the influence of subcultures by isolating them from society and, thus, encourages the maintenance of subcultural norms and values.

Subcultures are important to marketers because they represent groups with distinct values, customs, and purchasing habits. The more distinctive and homogeneous a subculture, the greater will be its influence on consumer purchases. The marketers have increasingly directed strategies to these groups. (Assael 2001; 509, 528)

India presents a picture of varying styles and consumption patterns. Each state and religion has its own traditional styles of dressing, wearing ornaments, food preferences, etc. In North India, wheat and wheat products are consumed more, whereas in the south rice and rice products are the staple food. Certain communities do not accept non-vegetarian food, while among the other communities, non-vegetarian food is popular with slight differences. For the Muslims, eating pork is a taboo, while Christians find this delicious food. Depending on the subcultural category, the marketers will have to identify who belong to the particular subculture, what are their habits, lifestyle, stage of family life cycle etc. This information can be used to create a value added segmentation of the subcultural group. Thus the marketing manager will have to ensure that product characteristics tailored to the specialized needs of the market segment is communicated through a suitable media, so as to build a brand image and also gain a competitive edge over rival firms (Nair 2004; 189-190)
INFLUENCE OF SOCIAL CLASS ON CONSUMER BEHAVIOR

The term “Social class” has been defined as a group consisting of a number of people who have approximately equal position in a society. These positions may be achieved rather than ascribed, with some opportunity existing for upward or downward movement to other classes. (Dressler and Carns 1973; 370)

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. Consistent with this practice, 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. (Schiffman and Kanuk 2003; 372)

Most societies can be divided into a social class hierarchy where by some individuals have higher status than others. These social classes are identifiable groups of individuals whose behaviors and lifestyles differ from those of other classes. Members of a particular social class tend to share similar values and behavior patterns. It is important to stress that social classes are not formal groups with a strong identity but rather loose collections of individuals with similar life experiences. In most societies, individuals can be divided into three major groupings of high, middle, and lower classes. Often, however finer distinctions are made. The United States, for example, is typically divided into six or seven levels that the largest numbers of individuals are concentrated in the middle classes (65 to 70 percent of population). In Thailand, there are five classes: (1) an aristocracy (descendants of royalty), (2) an elite (composed of top professionals and political leaders), (3) an upper-middle class (merchants, small business people, and white–collar workers), (4) the lower–middle class (crafts people and skilled laborers), and (5) the lower class (unskilled laborers and peasants). Although most societies have some kind of hierarchical structure, the size and composition of the classes depends on the relative prosperity of a particular country. For example, compared with United States, the strong economies of Japan and Scandinavia result in an even larger and more predominant middle class with much smaller groups above and below. In other words, there is greater quality among people than in other
societies. The Japanese structure represents a concreted government effort to abolish the social class system and mix people together from all levels of society.

Interestingly, across most societies the upper classes are more similar to each other than they are to other classes within their own countries because the upper classes tend to be more cosmopolitan and international in orientation. The lower classes, on the other hand, are most likely to be culture bound (unaware of other cultures and therefore little influenced by them). As a result, they tend to be the most different from the other classes in terms of lifestyles, dress, and eating behaviors.

CLASS STRUCTURE IN INDIA

The class structure in India is somewhat unique because it evolved from a very rigid caste system. This system differs from social class in one sense because it has very distinct and inflexible boundaries between groups. Caste membership is assigned at birth and determines one’s occupation and duties in life (thereby having a strong control over behavior). The four major castes (from highest to lowest) are (1) Brahmins (Priests and scholars), (2) Kshatriyas (warriors and princes), (3) Vaisayas (merchants and artisans), and (4) Sudras (Laborers and servants). These four groups are in turn divided into over 3,000 subcastes. In addition, there is a lower element of society, once called the untouchables, who are considered outcasts. Although modernization and industrialization have weakened the caste system over time, its influence can still be felt, especially in more rural areas.

SOCIAL CLASS INFLUENCES

Social class structures are important because they strongly affect norms and values and, therefore, behavior. This occurs because members of the same social class interact regularly among themselves, both formally and informally. Thus, we are more likely to be influenced by individuals in our own social class than by those in other classes. Note that social class influence is not a cultural straitjacket; it merely reflects the fact that people with similar life experiences are more likely to exhibit similar lifestyles and behavior. It also possible for the norms and behaviors of consumers in one class to influence consumers in other social classes. A traditional and commonly cited theory of class influence is the trickle-down effect, where by trends that begin in the upper classes are copied by lower classes. A common example is fashion and clothing. Styles are often first
introduced in the upper class and then later become popular with other groups. These class distinctions pose important marketing implications in areas of product and service development, advertising and personal selling messages, media exposure, and outlet selection. (Hoyer 1999; 325, 327,328,348)

INFLUENCE OF SOCIAL GROUPS (REFERENCE GROUPS) ON CONSUMER BEHAVIOR

WHAT IS A GROUP?

Not every collection of individual 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. A category is any numbers of people how have some particular attributes in common. A group consists of people who have a sense of relatedness as a result of interaction with each other. (Dressler and carns 1973; 259)

WHAT IS REFERENCE GROUP?

Within the context of consumer behavior, the concept of reference groups is an extremely important and powerful idea. A reference group is any person or group that serves as a point of comparison (or reference) for an individual in forming either general or specific values, attitudes, or a specific guide for behavior. This basic concept provides a valuable perspective for understating the impact of other people on an individual’s consumption beliefs, attitudes and behavior. It also provides insight into the methods marketers sometimes use to effect desired changes in consumer behavior. From a marketing perspective, reference 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, non does it require that consumers identify with a tangible group (i.e., the group can be symbolic such as owners of successful small businesses, leading corporate chief executive officers, rock stars, or golf celebrities). (Schiffman and Kanuk 2003; 330)
TYPES OF REFERENCE GROUPS

One of the ways to discuss the concept of groups is to identify the types of groups to which a consumer may belong. Three types of reference groups can be described—Aspirational, Associative, and Dissociative.

ASPIRATIONAL
Aspirational reference groups are groups that we admire and wish to be like but are not currently a member of. For example, groupies often aspire to be like members of a rock band. Or, a younger brother may want to be like his older brother and other older children. Some Eastern-European youths aspire to be like their American counterparts.

ASSOCIATIVE
Associative reference groups are groups that we do belong to. For example, you are an accepted member of a clique of friends and an extended family. You might also be a member of a particular work group, club, or school group. The gender, ethnic, geographic, and age groups to which you belong are also associative reference groups. Associative reference groups are therefore those which we are a member and with whom we identify.

DISSOCIATIVE
Dissociative reference groups are groups whose attitudes, values, and behaviors we disapprove of and that we do not wish to emulate. Rap groups promoting violence are dissociative reference groups for some people. Americans serve as dissociative reference groups to consumers in some Arab countries, and neo-Nazis serve as dissociative reference groups for some Americans and Germens. Gypsies are regarded as a dissociative reference group by some Romanians because they are regarded as dirty, uncivilized, and polluting. (Hoyer and Maclnnis 1999; 380)

NATURE OF REFERENCE GROUPS
Reference groups have certain characteristics that affect their influence on consumers. They establish norms, roles, status, socialization, and power.

Norms are the (generally undefined) rules and standards of conduct the group establishes. Group member are expected to conform to these norms, which relate to the appropriateness of clothes, eating habits, makes of cars, or brands of cosmetics.
Values are shared beliefs among group members as to what behaviors are desirable and undesirable. Values are largely defined by cultures and subcultures but they do vary substantially by family and peer group. One family may place more value on social status and another on personal enhancement independent of status.

Roles are functions that the individual assumes or that the group assigns to the individual to attain group objectives. In group purchasing behavior, marketers can identify specific roles in an attempt to offer the best available brand or product category. The following roles have been identified in family decision making: the influencer, the gatekeeper (the individual who has the most control over the flow of information into the group), the decision maker, the purchasing agent, and the consumer.

Status refers to the position the individual occupies within the group. High status implies greater power and influence. A chairperson of the board has the highest status within an organization but may be the weakest member of a weekly bridge club. Symbols of dress or ownership are frequently associated with both high and low status. For example, the chairperson’s oak-paneled office symbolizes status but so does the janitor’s uniform. Consumers sometimes purchase products to demonstrate status in a broader societal sense so that the message is one of wealth and implied superiority. The elegant dress and expensive car may be status symbols, but in some groups, symbolism operates in exact reversal to one’s wealth and position. Jeans and small cars may be the norm among wealthy suburbanites, and large cars and more expensive clothes may be status symbols among lower socioeconomic groups.

Socialization is the process by which an individual learns the group’s norms and role expectations. The individual moving from one job to another must learn the informal rules and expectations from primary work groups along with the organization’s formal rules and expectations.

Consumer Socialization is the process by which consumers acquire the knowledge and skills necessary to operate in the marketplace. The two most important types are the socialization of children and the socialization of new residents in a community.
Power the influence that a group has on an individual is closely related to the group’s power. Various sources of group influence have been identified but three are particularly relevant for marketing strategy: expert power referent power, and reward power.

**Expert power** To have expert power, an individual or group must have experience and knowledge. A consumer may accept a friend’s purchase recommendation if the friend is regarded as more knowledgeable or experienced with the product. A sales representative also may be regarded as an expert source as long as he or she has established credibility with the consumer.

**Referent power** The basis for referent power is the individual’s identification with members of the group. The greater the similarity between the individual’s beliefs and attitudes and those of group members, the greater the referent power of the group. The individual either is a member of a group or may aspire to belong to a group because of common norms and values.

**Reward Power** It is based on the group’s ability to reward the individual. The business organization can reward an employee with money and status. The family can rewards the child with praise and approval. Social groups can also provide rewards in purchasing behavior. Compliments on clothes or looks provided by a relevant group member reinforce the consumer’s choice. The three types of group power suggest the way reference groups influence consumer choice. First, expert power suggests informational influence. The testimonial of an expert in an advertisement or the experiences of a knowledgeable friend are informative communications. Second, referent power suggests that groups have comparative influence in permitting a comparison of the individual’s beliefs, attitudes, and behavior to those of the group. As referents, groups provide the consumer with the basis for evaluating his or her self-image. Third, reward power suggests that reference groups have normative influence by directly influencing attitudes and behavior based on group norms and encouraging compliance with these norms.

(Assael 2001; 542-545)

Human beings by nature are gregarious and group living is one of the most enduring features of this race. There is a natural inclination for closely interacting with one another and this has resulted in the emergence of a variety of social groupings, such as family, friendship groups etc. Such social grouping comprise of individuals who are bound together in a network of relatively stable social
relationships on account of certain common goals and ideologies. This characteristic feature gets extended to the consumer when he is involved in buyer choice behavior. However going by the sociable nature of consumers, marketers have realized that group influence plays a major role in shaping consumer behavior. For better understanding of the complex buying behavior of a consumer, the marketer has to undertake an in-depth study to understand who comprises of the target markets reference group and the procedure adopted by the reference group to induce, persuade and motivate the prospective customers. (Nair 2004; 225-226)

**INFLUENCE OF FAMILY ON CONSUMER BEHAVIOR**

Although the term family is a basic concept, it is not easy to define because family composition and structure, as well as the roles played by family members, are almost always in transition. Traditionally, however, family is defined as two or more persons related by blood, marriage, or adoption who reside together. In more dynamic sense, the individuals who constitute a family might be described as members of the most basic social group who live together and interact to satisfy their personal and mutual needs. According to many sources, the family remains the central or dominant institution in providing for the welfare of its members.

Although families sometimes are referred to as households, not all households are families. For example, a household might include individuals who are not related by blood, marriage, or adoption, such as unmarried couples, family friends, roommates, or boarders. However, within the context of consumer behavior, households and families usually are treated as synonymous. In most western societies, three types of families dominate: the married couple, the nuclear family, and the extended family. The simplest type of family, in number of members, is the married couple- a husband and a wife. As a household unit, the married couple generally is representative of either new married who have not yet started a family or older couples who have already raised their children.

A husband and wife and one or more children constitute a **nuclear family.** This type of family is still commonplace but has been on the decline. The nuclear family, together with at least one grandparent living within the household, is called an **extended family.** Within the past 30 years the incidence of the extended family has also declined because of the geographic mobility that splits up families.
Moreover, because of divorce, separation, and out-of-wedlock births, there has been a rapid increase in the number of single-parent family households consisting of one parent and at least one child. For instance in an individualistic society such as that in Canada, the nuclear family is most common. In a kinship culture (with extended families), such as that in Thailand, a family would commonly include a head of household, married adult children, and grandchildren. (Childers and Rao 1992; 198-211)

A key aspect of households is that more than one individual can become involved in acquisition and consumption. Thus, we discuss various aspects of household consumer behavior, with particular emphasis on various household decision roles and how household members influence decision processes. Whenever consumer behavior occurs in the context of a multi-person household, there are a variety of tasks or roles that may be performed in acquiring and consuming a product or service. The household members who perform these tasks or roles are defined as follows:

1. **Gatekeeper**: Members of a household who collect and control information important to the decision.

2. **Influencer**: Members of the household who try to express their opinions and influence the decision.

3. **Decider**: The person or persons who actually determine which product or service will be chosen.

4. **Buyer**: the household member who physically acquires the product or service.

5. **User**: The members of the household who consume the product.

A key point is that each role can be performed by different household members and by a single individual, subset of individuals, or the entire household. (Hoyer and Maclinnis 1999; 370)

Although many marketers recognize the family as the basic consumer decision making unit, they most frequently examine the attitudes and behavior of the one family member whom they believe to be the major decision maker. In some cases, they also examine the attitudes and behavior of the person most likely to be the primary user of the product or service. For instance, in the case of men’s underwear, which is frequently purchased by women for their husbands and unmarried sons, it is commonplace to seek the views of both the men who wear the underwear and the women who buy it. By considering both the likely user and
the likely purchaser, the marketer obtains a richer picture of the consumption process.

**THE FAMILY LIFE CYCLE**

Sociologists and consumer researchers have long been attracted to the concept of the family life cycle (FLC) as a means of depicting what was once a rather steady and predictable series of stage through which most families progressed. However, with the advent of many diverse family and life style arrangements, what was the rule has been on the decline. This decline in the percentage of families that progress through a traditional FLC (to be explored shortly) seems to be caused by a host of societal factors, including an increasing divorce rate, the explosive number of out of wedlock births, and the 35-years decline the number of extended families that transpired as many young families moved to advance their job and career opportunities.

The notion of the FLC remains a useful marketing tool when one keeps in mind that there are family and lifestyle arrangements that are not fully accounted for by the traditional representation. FLC analysis enables marketers to segment families in terms of a series of stages spanning the life course of a family unit. The FLC is a composite variable created by systematically combining such commonly used demographic variables as marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household. The ages of the parents and the relative amount of disposable income usually are inferred from the stage in the family life cycle.

To reflect the current realities of a wide range of family and lifestyle arrangements, our treatment of the FLC concept is divided into two sections. The first section considers the traditional FLC schema, and the second section focuses on alternative FLC stages, including increasingly important nontraditional family structures. The traditional family life cycle is a progression of stages through which many families pass:

Stage I: Bachelorhood- young single adult living apart from parents.
Stage II: Honeymooners –young married couple.
Stage III: Parenthood- married couple with at least one child living at home.
Stage IV: Post parenthood- an older married couple with no children
Stage V: Dissolution- one surviving spouse.
Dynamic sociodemographic changes in society have resulted in many non traditional family life cycles. The stages that a family or nonfamily household might pass through: stages such as childless couples, couples marrying later in life, single parents, unmarried couples or single-person households. These nontraditional stages are becoming increasingly important to marketers in terms of specific market niches. (Schiffman and Kanuk 2003; 354, 357-358, 366)

Income constraints and family responsibilities define many of the purchase decisions of families along both the traditional and nontraditional life cycles. For example both young singles and newly married couples have significant discretionary income, the latter because husband and wife are likely to be employed. Whereas young singles spend more on clothing, entertainment, vocations, and other leisure pursuits, newly married spend more on the required trappings of a new household. One study found that they account for 41 percent of all stereo sales and 25 percent of sales of bed-room furniture. When children arrive, the couple is likely to move into a new home, purchase baby-related products and buy home appliances. Discretionary income declines. As the children grow older, the family buys more food and household items. Parents are likely to allocate money to home improvements and to replacement of old cars and appliances. They also begin to spend more on children and teen-related items such as clothing, electronic toys, and recreational products. In the post parenthood stage, discretionary income increases, and parents can afford to spend more money on themselves. Spending for travel and luxury items increases. In the later stage parents generally retire from work. Their income beings to decrease and they spend more on medical expenses. (Assael 2001; 571-572)

PERSONAL INFLUENCE ON CONSUMER BEHAVIOR

Personal influence is best described as the effect or change in a person’s attitudes or behavior as a result of communication with others. It can occur in a number of ways. The following distinctions can be made to indicate the multidimensional nature of this communication phenomenon:

1. Communication leading to influence may be source-initiated (by the influencer) or recipient-initiate (by the influencee).
2. Communication may result in one-way or two-way influence. That is, the individual may influence while being influenced.
3. communication resulting in influence may be verbal or visual (Robertson 1971; 170)

**Personal Influence** is frequently used synonymously with the term “word-of-mouth” advertising or communication. Since word-of-mouth is oral communication, it is actually subset of personal influence. Promotional activities conducted by the marketer are not the only or necessarily the most important influences on purchasing behavior. There is evidence that favorable word-of-mouth communication can actually have more influence than the huge sums spent on advertising. Consequently, many companies advertise little and depend instead, on word-of-mouth promotion. Whether for durable goods or nondurable, products or services, word-of-mouth advertising has a big impact. (Herr, Kardes and kim 1991; 454-462)

The marketer frequently tries to create a “synthetic” or simulated word-of-mouth program by using celebrities in advertising campaigns. These spokes people enter our home via the media and speak to us as if it were a one-to one conversation. This simulated personal influence may nevertheless by very effective. It is clear that personal influence—whether actual or synthetic—can be quite convincing. The marketer is vitally interested in this process because a product’s success appears dependent on it. It is very important, therefore, that mostly favorable, not unfavorable, communications take place. As one study of the spread of usage in a new food product in a married student’s housing complex showed, exposure to favorable word-of-mouth communication increased the probability of purchase, while exposure to unfavorable comments decreased the probability. (Arndt 1967; 291-295)

Therefore, it is very important to marketers to manage the personal influence and word-of-mouth communications process effectively. Why is the word-of-mouth communication so strong? There seem to be three main reasons for its dominant position in relation to impersonal media:

1. Consumers view word-of-mouth as reliable and trustworthy information which can help people to make better buying decisions.
2. In contrast to the mass media, personal contacts can provide social support and give a stamp of approval to a purchase.
3. The information provided is often backed up by social-group pressure to force compliance with recommendations. (Arndt 1967; 25)
**Opinion leaders:** Opinion leader is a person who informs or persuades others in a purchase situation. He exerts personal influence on others. Those people who are able, in a given situation, to exert personal influence are opinion leaders. They are the ones to whom others look for advice and information. The term “opinion leader” is perhaps unfortunate because it tends to connote people of high status who make major decisions for the rest of us. In the marketing context, such a designation is unfortunate because it erroneously suggest an absolute leader whom others seek to follow. In effect, opinion leadership is a relative concept, and the opinion leader may not be much more influential than his followers. (Robertson 1971; 175)

Nevertheless, opinion leader can informally and subtly affect the behavior of others toward products, either positively or negatively. If they like a product or service, they can help to assure its success; if they do not like it, they can contribute to its failure. It all depends on the verbal and or visual communication that flows between them and others whom they influence. For communication of marketing information through two or multistep flow models, opinion leadership is important and is found at all levels in society. That is, consumers tend to be influenced by those who are members of the same groups, people very much like themselves. Thus, every status level and every group will have opinion leaders, with the flow of influence being generally horizontal within them. However, the fact that opinion leaders are found in all strata of society does not necessarily mean that they are equally effective or important to the marketer at each social level. In fact, personal influence appears to be more operative and to have greater importance and effectiveness at higher-income and status levels. (Myers and Reynolds 1967; 306)

**EFFECTS OF ADOPTION AND DIFFUSION OF INNOVATIONS ON CONSUMER BEHAVIOR**

**WHAT IS INNOVATION?**

New-product innovation is an essential element of a dynamic economy and a critical activity for the marketer. A new and better product is developed, they are launched in the market place and their fate is determined by votes of consumers through their purchase or rejection of the products. New-product introductions are becoming more expensive, and the chances of product success are less than in previous years. Thus it is important to understand the nature of an innovation and
how individuals and groups of consumers adopt them. The term “innovation” can be defined in several ways. One view based on consumer perceptions defines it as “any idea, practice, or material artifact perceived to be new by the relevant adopting unit. (Ward and Robertson 1972; 426)

THE ADOPTION PROCESS

The acceptance and continued use of a product or brand by an individual is referred to as “adoption”, although there are differing views about where this happens. (Antil 1988; 5-16)

The following stages present a simplified model of adoption process:

1. **Awareness** At this stage the potential adopter finds out about the existence of a product but has very little information and no well-formed attitudes about it.

2. **Comprehensive** This stage represents the consumer’s having knowledge and understanding of what the product is and can do.

3. **Attitude** Here, the consumer develops favorable or unfavorable behavioral predispositions toward the product. Termination of the adoption process is likely at this stage if attitudes are not favorable towards the product.

4. **Legitimation** Here, the consumer becomes convinced that the product should be adopted. This stage is predicated upon favorable attitudes towards the innovation, and the consumer may use information already gathered as well as additional information in order to reach a decision.

5. **Trial** If possible, the consumer tests or tries the product to determine its utility. Trial may take place cognitively that is, whereby the individual vicariously uses the product in a hypothetical situation or it may be actually used in a limited or total way, depending on the innovation’s nature.

6. **Adoption** At this stage, the consumer determines whether or not to use the product in a full-scale way. Continued purchase and / or use of the item fulfill the adoption process. (Robertson 1971; 76-77)

The significance of adoption process is quite important to marketers. It has been found, for example, that for early stages of the adoption process, the mass media appear to be most effective in creating awareness; thus the marketer would design awareness and interest-generating messages to be transmitted by such impersonal sources. At later stages in the adoption process, however, personal sources of information appear to become more important so the marketer would desire to
have effective personal selling and word-of-mouth communications at these points. (Loudon and Della Bitta 2004; 273)

**THE DIFFUSION PROCESS**

The adoption process is an individual phenomenon relating to the sequence of stages through which an individual passes from first hearing about a product to finally adopting it. The diffusion process, however, refers to a group phenomenon indicating how an innovation spread among consumers. The diffusion process, of course, necessarily involves the adoption process of many individuals over time. Perhaps the best marketing-oriented definition of the diffusion process is “the adoption of new products and services over time by consumers within social systems as encouraged by marketing activities.” This definition recognizes the various components of the process which are important in the spread of an innovation. How does diffusion occur? Analysis of fashion life cycles and their diffusion provides some insights into the process. Several theories of fashion diffusion have been suggested. First, the theory of upper-class fashion leadership postulates that fashions are initially adopted by the upper class and are then imitated by each succeeding lower class until they have “trickled-down” to the lowest class. The fashion industry has long emphasized elite-oriented fashion, and lesser fashion designers and producers frequently copy the designs of their more famous counterparts. A second theory proposes that mass production combined with mass communications make new styles and information about new styles available simultaneously to all socioeconomic classes. Fashion diffusion, therefore, have the potential to start at essentially the same time within each class. This mass-market view is sometimes referred to as the horizontal flow or “trickle-across” theory. A third and newer theory of fashion diffusion recognizes that many new fashions have been initiated by subcultural groups such as youths, blue-collar workers, and ethnic minorities. These innovations may range from new ideas, to customary artifacts of a culture or subculture, to styles resurrected from the past, or even to home made inventions. Whether a fashion is new or customary, the unique subculture style becomes admired and diffuses into the mass population where it is selectively assimilated into the dominant culture. The fourth and most general theory of leadership suggests that nearly all creative or innovative individuals can become leaders of fashion trends if their innovative choices are reasonably in line with the social climate and lifestyles of the times. In
this view, fashion leadership is not confined to the upper class but can emerge by a process in which collective tastes are formed by many people. Styles that most closely represent existing trends in consumer’s tastes will slowly gain acceptance as the preferred fashion. Prestigious innovators who select this fashion will help to better define the public’s tastes toward what should be the appropriate fashion and to legitimize their choices. There is evidence to support each of these theories of fashion diffusion. The fashion-conscious or fashion-change-agent sector of the population can be important to the spread of a new fashion. This group is a large and broadly fashion-oriented market segment. Many of the people in the population are interested in or oriented toward fashion monitoring, if not necessarily toward changing their wardrobes. For example, data consistently show that as much as half the female population and 25 percent of the male population have an active fashion consciousness. This group enjoys monitoring fashion magazines, fashion trends, and new style offerings, and is broadly innovative and communicative. For a new style to obtain mass endorsement, fashion-change agents are important. This group, working across geographical regions and within personal social networks, is significant in the acceptance or rejection of a fashion object. (Olson 1980; 13-16)

Consumers who are enduringly involved with product are the ones who exercise an important position in the diffusion process. Such consumers tend to seek information on an ongoing, basis, have considerable product knowledge and expertise, exert influence on other consumers’ behavior, and buy new products. (Houston 1988; 299-303)

We must remember that marketing actions should be designed to change the diffusion process to the firm’s advantage. Diffusion researchers are concerned with two aspects of communication—the channels through which word of new product is spread to the consuming public and the types of messages that influence the adoption or rejection of new product. Diffusion is always examined in the context of a specific social system, such as a target market, a community, a region, or even a nation. Time is an integral consideration in the diffusion process. Researchers are concerned with the amount of purchase time required for an individual consumer to adopt or reject a new product, with the rate of adoption, and with the identification of sequential adopters. The five adopter categories are innovators, early adopters, early majority, late majority, and laggards. Marketing
strategists try to control the rate of adoption through their new-product pricing policies. Marketers who wish to penetrate the market to achieve market leadership try to acquire wide adoption as quickly as possible by using low prices. (Schiffman and Kanuk 2003; 541)
PART 3
INDIVIDUAL DETERMINANTS
OF CONSUMER BEHAVIOR

PERSONALITY AND SELF-CONCEPT
WHAT IS PERSONALITY?

The study of personality has been approached by theorists in a variety of ways. Some have emphasized the dual influence of heredity and early childhood experiences on personality development; others have stressed broader social and environmental influences and the fact that personalities develop continuously over time. Some theorists prefer to view personality as a unified whole; others focus on specific traits. The wide variation in viewpoints makes it difficult to arrive at a single definition. However, we propose that personality be defined as “those inner psychological characteristics that both determine and reflect how a person responds to his or her environment”.

The emphasis in this definition is on inner characteristics those specific qualities, attributes, traits, factors, and mannerisms that distinguish one individual from other individuals. The deeply ingrained characteristics that we call personality are likely to influence the individual’s product choices: They affect the way consumers respond to marketers’ promotional efforts, and when, where, and how they consume particular products or services. Therefore, the identification of specific personality characteristics associated with consumer behavior has proven to be highly useful in the development of a firm’s market segmentation strategies. (Schiffman and Kanuk 2003; 120)

The behavior of an individual is organized into a coherent pattern. That is, although a person’s behavior changes somewhat to deal with many different circumstances, there is a tendency to behave in a consistent manner, throughout various situations. This view emphasizes the totality of a person’s make up rather than focusing on specific actions that he or she will take in any particular instance. Personality and self-concept are two psychological notions that have been used by those studying consumer behavior to account for the organized totality of the consumer’s make up. The purpose in studying these variables is to determine
their usefulness in understanding consumer’s basic orientations and their brand and store preferences, media usage patterns, susceptibility to persuasion, and other facets of consumer behavior. The hope is that knowledge of consumers’ personalities and self-concepts will allow us to appreciate the underlying consistency or pattern reflected in their product choices and other behavior. Also people have always judgments about the personalities of others in terms of the degree to which they are aggressive, adventuresome sociable, charismatic, and so on. And even though most of us believe that we have an intuitive grasp of what constitutes personality. (Loudon and Della Bitta 2004:298)

SOME MAJOR PERSONALITY THEORIES

It certainly is not possible in the scope of this research to review all major concepts of personality. It should also be appreciated that to fully characterize even a few of the major theories would require of great deal of space. Therefore, the flowing paragraphs are offered as brief thumb-nail sketches of only some of the important aspects of several major personality theories.

PSYCHOANALYTIC PERSONALITY THEORY

Freud, the father of psychoanalytic theory, proposed that every individual’s personality is the product of struggle among three interacting forces-the id, the ego and superego. According to Freud, the id is the source of strong inborn drives and urges such as aggression and sex. The id operates on what is called the pleasures principle, that is, it acts to avoid tension and seeks immediate pleasure. However, it tends to operate at a very subjective and unconscious level and is not fully capable of dealing with objective reality. Also, many of its impulses are not acceptable to the values of organized society. For example, when an individual is hot and thirsty his id would urge him to grab something cold to drink. There would be no concern about how the drink was acquired or whether it belonged to some one else.

The ego comes into being because of the limitations of the id in dealing with the real world. Through learning and experience, the ego develops the individual’s capabilities of realistic thinking and ability to deal appropriately with his environment. It operates on what is called the reality principles, which is capable of postponing the release of tension until that time when it will be effectively directed at coping with the external environment. To illustrate, although the hungry individual’s id would encourage him to just take food away
form his friend, the ego might reason that asking for the food may take longer but may also result in getting a greater portion. Because it serves in this way as the organized focal point for effective action in the environment, the ego is said to be the executive of the personality.

The superego is the third component of personality. It constitutes the moral part of the individual’s psychic structure through internalizing the values of society. It represents the ideal by defining what is right and good, and it influences the individual to strive for perfection. Therefore, it acts to control basic strivings of the id which could disrupt the social system and influences the ego to strive for socially approved goods rather than purely realistic ones. As an example, people often compliment their friends on their taste in selecting new clothes or other products. The ego might influence such behavior, because it is instrumental in maintaining a friendship. However, the superego would also have an influence, because the activity is something that our society has accepted as proper and good behavior. This may be happening while the id is actually fostering feelings of jealousy. However, because these feelings will not be very effective for dealing with the environment, the ego will act to suppress them.

According to Freud, the individual’s total personality develops and is defined by the relationships among the id, ego, and superego. The ego serves to administer the interaction between moral standards of the superego and the often socially unacceptable desires and attempted expressions of the id. This usually results in realistic compromises between very basic strivings and accepted behavior. Many of these compromises are said to be accomplished at the unconscious level. In fact, Freudian psychology argues that a vast portion of our behavior is unconsciously motivated or affected by subconscious factors that only occasionally reach the individual’s conscious level of awareness. Therefore, to fully understand the causes of behavior and the interactions of personality, one must appreciate what factors are influencing the consumer at unconscious and subconscious levels.

Marketers have sometimes used Freudian psychoanalytic theory as a basis for attempts at influencing consumers. One such application is the appeal to fantasy, which plays an important role in the operation of the pleasure principle of the id. Fantasy has been used in promotions for various products including perfume, sports footwear (Nike), and jeans (Levi’s).
SOCIAL THEORIES

Among those who rejected Freud’s id-based theory of personality, some reasoned that the individual develops a personality through numerous attempts to deal with others in a social setting. These social theorists, sometimes collectively called the Neo-Freudian school, viewed individuals as striving to overcome feelings of inferiority and searching for ways to obtain love, security and brotherhood. Their argument minimized the role of id-based instincts that Freud emphasized. Instead, they stressed that childhood experiences in relating to others produce feelings of inferiority, and lack of love. These feelings motivate individuals to perfect themselves and also to develop methods to cope with anxieties produced by such feelings of inferiority. (Loudon and Della Bitta 2004; 301-305)

The first major consumer-behavior study using a neo-Freudian approach was based on the theoretical scheme of Karen Horney. Horney identified ten major needs which are acquired as a consequence of individuals attempting to find solutions to their problems in developing a personality and dealing with others in a social environment. These ten needs were then classified into three major orientations which describe general strategies for relating to others:

1. **Compliant Orientation:** Those who move toward people and stress the need for love, approval, modesty, and affection. These individuals tend to exhibit large amounts of empathy and humility, and are unselfish.

2. **Aggressive orientation:** Those who move against people and stress the need for power, strength, and the ability to manipulate others.

3. **Detached Orientation:** Those who move away from people. These individuals stress the need for independence, freedom, and self-reliance in their dealing with others. An important consideration is that no strong emotional ties develop between themselves and others. (Cohen 1967; 270-278).

A CAD (Compliant, Aggressive, Detached) instrument was developed to measure people’s interpersonal orientations within a consumer context. Result of the study indicated that different products and brands were used by individuals having different personality types. For example, it was found that “compliant” types prefer known brand names and use more mouthwash and toilet soaps; “aggressive” types prefer to use razors instead of electric shavers, use more
cologne and after shave lotions, and purchase old spice and Van Heusen shirts; and “detached” types appear to have the least awareness of brand. Other research has found that the detached personality type appears to be less involved in purchasing than are complaints or aggressive types. (Houston 1988; 158-162)

Although such findings are interesting, social personality theories have not fund great application in the consumer behavior area. Additional research is necessary to refine scales and to generate a wider base of findings form which to develop marketing strategies. (Noerager 1979; 53-59)

TRAIT THEORY

The most popular personality concepts used to explain the behavior of consumers has been trait theory. The concept of trait is based upon three assumptions or propositions: (1) individuals possess relatively stable behavioral tendencies, (2) People differ in the degree to which they possess these tendencies, and (3) these relative differences between individuals are useful in characterizing their personalities. Therefore, we see that traits are general and are relatively stable personality characteristics which influence tendencies to behave. (Loudon and Della Bitta 2004; 305)

Trait theory constitutes a major departure from the qualitative measures that typify the Freudian and neo-Freudian movements (e.g., personal observation, self reported experiences, projective techniques). The orientation of trait theory is primarily quantitative or empirical; it focuses on the measurement of personality in terms of specific psychological characteristics, called traits. A trait is defined as “any distinguishing, relatively enduring way in which one individual differs form another.” Trait theorists are concerned with the construction of personality tests (or inventories) that enable them to pinpoint individual differences in terms of specific traits. Selected single-trait personality tests (which measure just one trait, such as self-confidence) are often developed specifically for use in consumer behavior studies. These tailor-made personality tests measure such traits as consumer innovativeness (how receptive a person is to new experiences), consumer materialism (the degree of the consumer’s attachment to worldly possession), and consumer ethnocentrism (the consumer’s likelihood to accept or reject foreign-made products). Trait researches have found that it is generally more realistic to expect personality to be linked to how consumers make their choices and to the purchase or consumption of a broad product category rather
than a specific brand. For example, there is more likely to be relationship between a personality trait and whether or not an individual owns a convertible sports car than between a personality trait and the brand of convertible sports car purchased. (Schiffman and Kanuk 2003; 126)

MOTIVATION AND INVOLVEMENT

It has been observed by psychologists and consumer researchers that there is diversity in consumer behavior with many individuals experiencing the same kind of needs and motives but varying in the way of expressing them. This is why marketers are putting all efforts in understanding human motives so as to be able to predict human behavior at the market place. The market place is full of various product offerings, some of which have succeeded, while some have failed to capture the market. All this is ultimately based on the ability of the marketers in understanding the consumer needs. It can be said that all the activities of human being are caused and behind every action there is particular need or motive. Needs can be a feeling or desire for something which is lacking and through performing various activities to get the feeling of lacking removed and thus become satisfied. Thus human behavior is caused by motives or needs and motivation is the process of inducing persons to experience needs for a certain goal or behavior. So we can say motivation is concern with:

1. Needs – the most basic human requirements.
2. Drives – tells how these needs translate into behavior.
3. Goal – what these behavior aim to achieve. (Nair 2004; 143)

WHAT IS MOTIVATION?

Motivation is the driving force within individuals that impels them to action. This driving force is produced by state of tension, which exists as the result of an unfulfilled need. Individuals strive both consciously and subconsciously to reduce this tension through behavior that they anticipate will fulfill their needs and thus relieve them of the stress they feel. The specific goals they select and the patterns of action they undertake to achieve their goals are the results of individual thinking and learning. The specific goals that consumers wish to achieve and the courses of action they take to attain these goals are selected on the basis of their thinking processes (cognition) and previous learning. Therefore, marketers must
view motivation as the force that induces consumption and, through consumption experiences, the process of consumer learning. (Schiffman and Kanuak 2003; 87)

THE NATURE AND ROLE OF MOTIVES
A number of writers have drawn distinctions between motive and other related concepts such as needs, wants, and drives. For our present purposes these distinctions are not very helpful and will be avoided. We will view a motive as an inner state that mobilizes bodily energy and directs it in selective fashion towards goals usually located in the external environment. This definition implies that motives involve two major components:
1. A mechanism to arouse bodily energy
2. A force that provides direction to that bodily energy

The arousal component activates general tension or restlessness but does not provide direction for release of this energy. The directive aspect of motives focuses such aroused energy toward some goals in the individual’s environment. That is, when our hunger is aroused, we are usually directed toward particular foods. Various concepts have been offered to explain how motives exert their directional influences on consumers. Earlier views held that inborn instincts beyond the individual’s control provided the direction for behavior. Later it was stressed that basic needs (hunger, thirst, and the like) impelled people toward action. This view also held that behavior instrumental in satisfying a need would become associated with it and have a higher likelihood of occurring in future situations involving the same need arousal. These somewhat simplistic views of motivation have been found lacking because they imply that people are impelled by various forces and have very little conscious control over the direction of their own actions. For this reason, a cognitive orientation has gained in popularity. It emphasizes the role of mental processes such as planning, evaluation, and goal selection in directing behavior. This suggests that consumers have a very active role in selecting their goals, evaluating the relative usefulness of products in terms of these goals, and consciously orchestrating their behavior in terms of these products.

THE ROLE OF MOTIVES
As has already been noted, the role of motives is to arouse and direct the behavior of consumers. The arousal component activates bodily energy so that it
can be used for mental and physical activity. In their directive role, motives have several important functions for guiding behavior. These are discussed below.

**Defining Basic Striving** 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 a 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 goals. Much effort is also spent on developing promotions that persuade consumers to consider products as objects useful for achieving some motive. For example, the ad for old spice effectively suggests that use of the product could lead to pleasant motive satisfactions.

**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 styling or mileage. It appears that marketers are also capable of influencing consumer’s choice criteria. In some cases, this occurs because consumers are not consciously aware of their own motives. For example, a salesperson for air conditioners may remark that one model is more efficient than others, thereby making the consumer realize that operating economy is important to his choice. In other cases, people are aware of their motives but unsure of the specific criteria to use in their product evaluations. In this case, the marketer can inform consumers the importance of particular criteria and how well her product meets these criteria.

**Directing Other Influences** At a more fundamental level, 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.

CLASSIFYING MOTIVES

Since the early 1900s many thousands of motive concepts have been suggested to account for the great diversity of human behavior. The need to group so many suggestions into a more manageable set of general categories soon became apparent. A variety of classification schemes ranging from the simplified to the complex have been proposed.

SIMPLIFIED CLASSIFICATION

A number of classification methods are simplified so that they group motives on the basis of one unique characteristic of interest. Several of particular relevance to understanding consumers are highlighted as follows.

Physiological Versus Psychogenic one scheme categorizes motives according to their underlying sources. Physiological motives are oriented toward directly satisfying biological needs of the individual, such as hunger, thirst, and pain avoidance. Conversely, psychogenic motives focus on the satisfaction of psychological desires. Examples include the seeking of achievement, affiliation, or status. It is interesting to note that consumers often can satisfy physiological needs at the same time they are satisfying psychogenic motives. For example, sharing a favorite drink with friends after a touch football game satisfies affiliation needs as well as one’s thirst. Although general agreements exist about the number and nature of physiological motives, there is less consensus about their psychogenic counterparts. However, a common characteristic of such psychological motives is that they are learned. This learning can occur throughout life, but the childhood socialization process probably accounts for a majority of these acquired motives. Learned or secondary motives exert a very important influence on people. In fact, many argue that in economically advanced societies, psychogenic motives dominate over physiological ones in affecting consumer’s goals and acquisition of products to attain or express these goals. This is a significant consideration to marketers involved in the design of products and advertising appeals.

Conscious Versus Unconscious motives also differ in the degree to which they reach consumer’s awareness. Conscious motives are those of which consumers are
quite aware, whereas a motive is said to be unconscious when the consumer is not aware of being influenced by it. It has been suggested that people are not conscious of some motives because they don’t want to confront the true reason for their purchase. To illustrate, purchases of expensive clothes are frequently justified in terms of the clothes, “fit” or durability rather than the status they are expected to display. In other cases, consumers simply may not be aware of the true motives behind many of their purchases. For example, we really don’t understand why we prefer certain colors over others.

**Positive Versus Negative** Motives can exert either positive or negative influence on consumers. Positive influences attract consumers toward desired goals, while negative ones direct them away from undesirable consequences. Positive attraction exerts the predominant influence, but a few very important cases of negative forces do exist. One example of a negative force is fear, which can play an important role in some purchases such as toothpaste for decay prevention and insurance to protect loved ones. (Loudon and Della Bitta 2004; 322-326)

**COMPREHENSIVE CLASSIFICATION**

Although the above distinctions provide useful perspective, they are limited because only one characteristic serves as the basis of classification. A more comprehensive method using four two-pole motive tendencies has been suggested by MC Guire. As shown in the below table, the relevant distinctions are cognitive/affective (mental deliberation versus emotional reactions), preservation/growth (maintenance of equilibrium versus self-development), active/passive (self-initiated action versus reactive tendencies) and internal/external (achievement of new internal states versus new relationships with the environment). These four means of classification are not intended to be mutually exclusive. In fact, when used together they provide an interesting basis for appreciating sixteen major motivational influences on consumer behavior.
A Comprehensive Classification
Of Major Motive Influences

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1. **Consistency** Motivation to maintain a coherent and organized view of the world. Example: When a consumer learns that the cereal he considered nutritious really is not very high in food value, he feels “uncomfortable” and attempts to find an explanation for this inconsistency.

2. **Attribution** Motivation to understand or infer causes for various occurrences. This is focused in three major directions: (a) inferences as to the causes of various events; (b) attempts by people to understand their own attitudes, values, and so on, from the behavior they see themselves engaging in; and (c) inferences about the reasons other people act the way they do. Example: The meaning consumers derive from information in their environment such as promotional messages, being strongly influenced by attribution inferences.

3. **Categorization** Motivation to categorize complex information in order to organize and deal with it more easily. Example: Clothing, which is frequently categorized into formal, causal, and “hang-around” categories.

4. **Objectification** Motivation to use “objective”, external information instead of internal reflection to draw conclusions about one’s value, attitudes, and the like. This is similar to attribution but more passive in nature. Example: A consumer using the amount of Ski equipment purchased as her measure of the degree she enjoys the sport.

5. **Autonomy** Motivation to seek individuality and personal growth through self-actualization and development of a distinct identity. Example: Reading various self-help books in order to improve oneself.
6. **Exploration** Motivation to seek stimulation through new events or circumstances. Example: Impulse purchases or switching from favorite to other brands to generate some excitement in one’s life.

7. **Matching** Motivation to develop mental images of ideal situations and regularly compare (match) perceptions of actual situations to these ideals. Example: Comparison of a new car model to one’s ideal car rather than to other brands. A strong matching motive implies that internal standards, not characteristics of other brands, are more important criteria for judging products.

8. **Utilitarian** Motivation to use the external environment as a valuable resource for information and skills to solve life’s problems. Example: Doing a lot of “window shopping” to see how available products can help around the home.

9. **Tension Reduction** Motivation to reduce or avoid any tension that is generated when needs are not being satisfied. Example: Avoiding new brands because they generate uncertainty (and tension) regarding how well they will perform.

10. **Self-expression** Motivation to project one’s identity to others. Example: Purchase of a corvette to reflect one’s enjoyment of the sporty life in the fast lane.

11. **Ego-defensive** Motivation to protect oneself from social embarrassment and other threats to feelings of self-worth. Example: Purchase of underarm deodorant, dandruff shampoo, strong denture adhesive, or carpet fresher to avoid the potential of social disgrace.

12. **Reinforcement** Motivation to act in ways that have previously resulted in rewarding situations. Example: Consistently arguing with one’s auto mechanic because such behavior was necessary in the past to get the car fixed properly.

13. **Assertion** Motivation to strive for competition, power, and success. Example: Consumers use some products as a means to be competitively successful.

14. **Affiliation** Motivation to seek acceptance, affection, and warm personal contact with others.

15. **Identification** Motivation to develop new identities and roles to enhance one’s self-concept. Acting these roles out in social settings allows expression of values and development of feelings of importance. Example: Patronizing certain “gathering spots” frequented by young professionals in an attempt to belong or identify with that group.
16. **Modeling** Motivation to imitate other individuals with whom one identifies or empathizes. Example: G.I.Joe, Rambo, wrestling figures, or similar toys. (McGuire 1976; 2:302-319)

**AROUSAL OF MOTIVES**

Most of an individual’s specific needs are dormant much of time. The arousal of any particular set of needs at a specific moment in time may be caused by internal stimuli found in the individual’s physiological condition, by emotional or cognitive processes, or by stimuli in the outside environment.

**PHYSIOLOGICAL AROUSAL**

Bodily needs at any one specific moment in time are based on the individual’s physiological condition at the moment. A drop in blood sugar level or stomach contractions will trigger awareness of a hunger need. Secretion of sex hormones will awaken the sex need. A decrease in body temperature will induce shivering, which makes the individual aware of the need for warmth. Most of these physiological cues are involuntary; however, they arouse related needs that cause uncomfortable tensions until they are satisfied. For example, a person who is cold may turn up the heat in his bedroom and also make a mental note to buy a warm cardigan sweater to wear around the house.

**EMOTIONAL AROUSAL**

Sometimes daydreaming results in the arousal or stimulation of latent needs. People who are bored or who are frustrated in trying to achieve their goals often engage in daydreaming (autistic thinking), in which they imagine themselves in all sorts of desirable situations. These thoughts tend to arouse dormant needs, which may produce uncomfortable tensions that drive them into goal-oriented behavior. A young woman who daydreams of a torrid romance may spend her free time in Internet single chat rooms; a young man who dreams of being a famous novelist may enroll in a writing workshop.

**COGNITIVE AROUSAL**

Sometimes random thoughts can lead to a cognitive awareness of needs. An advertisement that provides reminders of home might trigger instant yearning to speak with one’s parents. This is the basis for many long-distance telephone company campaigns that stress the low cost of international long-distance rates.
ENVIRONMENTAL AROUSAL

The set of needs an individual experiences at a particular time are often activated by specific cues in the environment. Without these cues, the needs might remain dormant. For example, the 6 O’clock news, the sight or smell of bakery goods, fast-food commercials on television, and the end of the school day—all of these may arouse the “need” for food. In such cases, modification of the environment may be necessary to reduce the arousal of hunger. A most potent form of situational cue is the goal object itself. A woman may experience an overwhelming need for a new television set when she sees her neighbor’s new high-definition home theater; a man may suddenly experience a “need” for a new car when passing a dealer’s display window. Sometimes an advertisement or other environmental cue produces a psychological imbalance in the viewer’s mind. For example, a young college student who constantly uses his cell phone may see a new, slick-looking cell phone model with more features displayed in a store window. The exposure may make him unhappy with his old cell phone and cause him to experience tension that will be reduced only when he buys himself the new cell phone model. When people live in a complex and highly varied environment, they experience many opportunities for need arousal. Conversely, when their environment is poor or deprived, fewer needs are activated. This explains why television has had such a mixed effect on the lives of people in underdeveloped countries. It exposes them to various life styles and expensive products that they would not otherwise see, and it awakens wants and desires that they have little opportunity or even hope of satisfying. Thus while television enriches many lives, it also serves to frustrate people with little money or education of hope, and may result in the adoption of such aggressive defense mechanisms as robbery, boycotts, or even revolts. There are two opposing philosophies concerned with the arousal of human motives. The behaviorist school considers motivation to be a mechanical process; behavior is seen as the response to a stimulus, and elements of conscious thought are ignored. An extreme example of the stimulus-response theory of motivation is the impulse buyer who reacts largely to external stimuli in the buying situation. According to this theory, the consumer’s cognitive control is limited; he or she does not act but reacts to stimuli in the market place. The cognitive school believes that all behavior is directed at goal achievement. Needs and past experiences are
reasoned, categorized and transformed into attitudes and beliefs that act as predispositions to behavior. These predispositions are focused on helping the individual satisfy needs, and they determine the actions that he or she takes to achieve this satisfaction. (Schiffman and Kanuk 2003; 99-101)

**MOTIVE HIERARCHY**

The concept of a hierarchy underlies many schemes offered to explain the structuring of motive influences. The most influential motive is seen as enjoying the most dominant position in the hierarchy; the second most influential holds the second most dominant position, and so on through the entire list. To be useful, however, the hierarchy concept must also help explain what factors influence the relative ordering of motives. (Loudon and Della Bitta 2004; 334)

Abraham Maslow developed a motivational theory based on a hierarchy of needs. According to Maslow, consumers are motivated to act by first satisfying the lowest level of needs before the next higher level of needs becomes activated. Once these have been satisfied, the individual then attempts to satisfy the next higher level, and so on. Thus, the unfulfilled needs lead to action. Maslow defined five levels of needs, from lowest to highest:

1. **Physiological** (Food, water, shelter, sex).
3. **Social** (affection, friendship, acceptance).
4. **Ego** (prestige, success, Self-esteem)
5. **Self actualization** (Self-fulfillment).

Marketers can appeal to a range of needs within Maslow’s five levels. For example, they can appeal to:

- **Physiological needs** through sexual appeals, as in ads for personal grooming products.
- **Safety needs**, as in messages advertising safer cars or promoting a safer environment.
- **Social needs**, by showing group acceptance as a result of wearing certain types of clothing or suing a brand of soap or deodorant.
- **Ego needs**, by linking a product to success in business (credit card) or in sports activities (athletic shoes).
• **Self-actualization needs**, by showing self-fulfillment through travel, education or cultural pursuits. According to Maslow, few people satisfy their social and ego needs and move to the fifth level. In fact, most advertising appeals focus on social and ego needs, whether it is an appeal for the status of a luxury car or the more mundane appeal for the social protection a deodorant affords. One researcher equates Maslow’s theory to three stages in a family’s life cycle. In the first stage, young adults acquire material possessions primarily to gain acceptance and to emulate their peers (level 3). Having established themselves in their middle years, consumers view possessions as a means of demonstrating success and gaining self-esteem (level 4). As adults reach older age, possessions are no longer important. They now seek experiences that provide emotional satisfaction and self-realization (Level 5).

(Assael 2001; 79-80)

**RATIONAL VERSUS EMOTIONAL MOTIVES**

Some consumer behaviorists distinguish between so-called rational motives and emotional motives. They use the term rationality in the traditional economic sense, which assumes that consumers behave rationally by carefully considering all alternatives and choosing those that give them the greatest utility. In a marketing context, the term rationality implies that consumers select goals based on totally objective criteria, such as size, weight, price, or miles per gallon. Emotional motives imply the selection of goals according to personal or subjective criteria (e.g. Pride, fear, affection, or status). The assumption underlying this distinction is that subjective or emotional criteria do not maximize utility or satisfaction. However, it is reasonable to assume that consumers always attempt to select alternatives that, in their view, serve to maximize their satisfaction. Obviously, the assessment of satisfaction is a very personal process, based on the individual’s own need structure, as well as on past behavioral and social (or learned) experiences. What may appear irrational to an outside observer may be perfectly rational in the context of the consumer’s own psychological field. For example, a person who pursues extensive plastic facial surgery in order to appear younger is using significant economic resources, such as the surgical fees, time lost in recovery, inconvenience, and the risk that something may go wrong. To that person, the pursuit of the goal of looking younger and utilization of
the resources involved are perfectly rational choices. However, to many other persons within the same culture who are less concerned with aging, and certainly to persons from other cultures that are not as preoccupied with personal appearance as westerners are, these choices appear completely irrational. Consumer researchers who subscribe to the positivist research perspective tend to view all consumer behavior as rationally motivated, and they try to isolate the causes of such behavior so that they can predict and, thus, influence future behavior. Experientialists are often interested in studying the hedonistic pleasures that certain consumption behaviors provide, such as fun, or fantasy, or sensuality. They study consumers in order to gain insights and understanding of the behaviors consumers display in various unique circumstances. (Schiffman and Kanuk 2003: 93-94)

THE MEASUREMENT OF MOTIVES

How are motives identified? How are they measured? How do researchers know which motives are responsible for certain kinds of behavior? These are difficult questions to answer because motives are hypothetical constructs—that is, they can not be seen or touched, handled, smelled, or otherwise tangibly observed. For this reason, no single measurement method can be considered a reliable index. Instead, researchers usually rely on a combination of various qualitative research techniques to try to establish the presence and/or the strength of various motives. Some Psychologists are concerned that many measurement techniques do not meet the crucial test criteria of validity and reliability. Validity ensures that the test measures what it purports to measure; reliability refers to the consistency with which the test measures what it does measure. Constructing a scale that measures a specific need, while meeting both criteria, can be complex. For example, a recent research project employed six different studies to develop and validate a seemingly simply five-item scale to measure status consumption (defined as the tendency to purchase goods and services for the prestige that owning them bestows). Respondents are asked to indicate their level of agreement or disagreement (a Likert scale) on the following five items:

1. I would buy a product just because it has status.
2. I am interested in new products with status.
3. I would pay more for a product if it had status.
4. The status of the product is irrelevant to me.
5. A product is more valuable to me if it has some snob appeal (Eastman, goldsmith, and Flynn, 1999; 41-52)

The findings of qualitative research methods are highly dependent on the analyst; they focus not only on the data themselves but also on what the analyst thinks they imply. By using a combination of assessments (Call triangulation) based on behavioral data (observation), subjective data (Self-reports), and qualitative data (projective tests, collage research, etc.), many consumer researchers feel confident that they are achieving more valid insights into consumer motivations than they would by using any one technique alone. Though some marketers are concerned that qualitative research does not produce hard numbers that objectively “prove” the point under investigation, other are convinced that qualitative studies are more revealing than quantitative studies. However, there is a clear need for improved methodological procedures for measuring human motives, (Schiffman and Kanuk 2003; 111)

**BUYING MOTIVE**

Motive can be a strong desire, feeling, an urge from within, a stimulus or emotion which plays a role in the consumer’s decision to purchase a product or service. A consumer purchases a particular product or service because of strong inner feeling or force which instills in him a strong desire to have possession of the same. A **Buying motive** can thus be said to be all the desires, considerations and impulses, which induces a buyer to purchase a given product. Prof. D.J. Duncan has defined ‘buying motives’ as “those influences or considerations which provides the impulse to buy, induce action or determine choice in the purchase of goods or services”. (Nair 2004; 232,235)

The importance of customer buying motives in the marketing success of a product was emphasized about eighty years ago in the pioneering work of **Melvin T. Copeland**. Copeland in 1924 in his “principles of Merchandising” tried to lay some foundation stones for marketing theory in his formulation of consumer buying habits and consumer buying motives. He has long since recognized that some of these early generalizations were premature, but it cannot be denied that they pointed toward the type of exploration of marketing theory that is in full swing today. (MCNair 1957; 181-184)

Copeland’s approach is still widely used in the literature of marketing and advertising. Each year thousands of college men and women, preparing to take
their place in the world of business, learn that buying motives fall into categories, and the type of motive should determine the nature of the appeal to be used in merchandising the product (Udell 1964: 6)

An examination of 717 advertisements in current periodicals, included general magazines, women’s magazines, and national weeklies. The study was confined to the buying motives of individual consumers. Whether advertisers have made a careful study of buying motives or not, they certainly have learned from observation, in a general way at least, which motives are operative. The advertisements offer tangible evidence as to the motives to which appeals actually are being made in current advertising and sales practice. In carrying on this study, the first differentiation of buying motives that became apparent was between primary motives and selective motive. A primary motive is one which impulse to purchase the kind of article offered for sale. A selective motive on the other hand, is one in which the aim is to divert the consumer’s expenditure away form other brands of the same article. The motive of securing home comfort-the desire to make the home more livable by the installation of an attractive clock is an example of primary motive and the economy in purchase, or price, motive is an example of a selective motive. From the study covered in this survey, it was concluded that if the demand for any article is latent, appeals only to primary motives are appropriate. If the article is a new article or one for which the consumers have not felt the need, then the general objective in selling and advertising must be to arouse the desire for such an article before any attempts is made to influence brand selection; the consumer’s expenditure must be diverted from other commodities or purposes. The fact that a buying motive is generally familiar to consumers is a strong reason for making a definite appeal to it; the more familiar consumers are with the motive, the more they are likely to be influenced by an appeal to that motive.

Another classification of the buying motives found in the 717 advertisements studied became apparent after the results had been tabulated. This grouping is more basic than the distinction between primary and selective motives. The basic classification that finally was decided upon was to group the buying motives according to whether they were:
1. Instinctive
2. Emotional
3. Rational (Logical)

1. **INSTINCTIVE BUYING MOTIVES**

The instinctive group includes such buying motives as:

a. **Distinctiveness** Desire to manifest individuality in judgement or taste, or to display leadership in personal appearance or in the appreciation of new offerings.

b. **Emulation** The purpose of the consumer who is influenced to make a purchase by the motive of emulation is to equal or rival his neighbors and associates in display, wherever the avenue of expenditure may lead. He wishes to show that he can “keep up” with them.

c. **Economical Emulation** Ordinarily, the appeal to emulation does not stress low cost or economy. At first thought, furthermore, cheapness seems inconsistent with emulation, for the latter frequently operates to prove, at least nominally, that the consumer can afford to “keep up” with his acquaintances, that he does not find it necessary to economize more than they do, that he is sufficiently successful financially to afford at least as good articles as they can afford.

d. **Proficiency** Example of enjoyment of such credit as may accrue from a capable performance of the tasks. The motive for attaining proficiency arises from the satisfaction that is felt in doing one’s tasks well.

e. **Romantic Instinct** Example, an advertisement for incense: A tiny wisp of incense, curling from a burner in your home tonight, can bring to you all the mystery, the beauty and the lure of Eastern Romance.

f. **Ambition** Appeals to ambition differ from the appeals to the buying motives of social achievement and proficiency, in that ambition carries with it a stronger idea of advancement. In arousing this motive greater effort is made to inspire self-confidence and courage in the prospective buyer’s mind.

g. **Social Achievement** This motive aims at the achievement of distinction in social relationships by the manifestation of good taste in managing and participating in social affairs. Example: A book of etiquette, which offered instruction on how to avoid social blunders.

h. **Maintaining and preserving Health** This buying motive goes back to the instinct of self-preservation. It is universal and innate.
i. **Proper Care of Children** This motive is related to the desires of parents to assure their children of proper care, by such means as providing comfortable clothing and healthful food. This differs from the preceding motive in that it is based on the instinct of parental affection and the recognition of the duty of fulfilling parental obligations.

j. **Satisfaction of the Appetite** This pertains to the inherent desire for food and drink, in order to provide nutrition and refreshment for the body. Where it is sought to arouse this motive, however, the emphasis is not on health or the necessity of sustenance, but upon the enjoyment of a good meal or an “appetizing” article of food or drink.

k. **Pleasing the sense of Taste** When the appeal is made to this motive, the emphasis is on the flavor, the quality, or savor as perceived by the tongue, whereas satisfaction of the appetite is experienced through the digestive organs.

l. **Alleviation of Laborious Tasks** The inherent desire of consumers to lessen the effort required to perform essential task, to “save Labor,” to mitigate the performance of disagreeable tasks, to secure relief from drudgery.

m. **Security from Danger** To obtain security from danger, either to one’s self or to one’s family, is a natural desire to which appeal as a buying motive.

2. **Emotional Buying Motives**

   Buying motive to which:

   a. **Pride of Personal Appearance** Pride is closely related to emulation, but there are distinctions between the two motives. Pride is self esteem, the feeling of elation at having those things of which one is worthy, the satisfaction of making a good impression for one’s own worth, or more commonly, by one’s appearance. In emulation the object is to make good showing in comparison with others, to be “in fashion”, whether or not that fashion is artistic and beautiful. In the appeals to pride, the notion of comparison with one’s associates is pushed into the background and the emphasis is placed on the inherent attractiveness or worth of the results obtained. In marketing Ladies’ garments, for example, if the chief selling point is that they are fashionable, the buying motive aimed at is emulation; if the selling point is that they are beautiful, the buying motive is pride.
b. Pride In Appearance of Property  Pride in the beauty, charm, and attractiveness of one’s possessions is a appeal was made in 31 advertisements. The home and the automobile were the types of property, to which pride in appearance chiefly was applied as a buying motive. Well-kept floors, an attractive doorway, and decorative bookcases were examples of the objective sought in pride in appearance of property.

c. Expression of Artistic Taste  This motive was used only for promoting the sale of specialty goods. The object of the consumer who desires to express artistic taste is not primarily to achieve distinctiveness or satisfy pride, but to enjoy art and artistic accomplishment, to obtain the satisfaction which comes to the possessor of that which is artistic. One furniture advertisement, for example, was addressed “to those who love furniture for its beauty of design and execution.”

d. Happy Selection of Gifts  The satisfaction of choosing gifts that are appropriate to the occasion and pleasing to the recipient was the major buying motives in sixteen advertisements.

e. Cleanliness  The result of cleanliness is better health, greater comfort, or more attractive appearance, but when cleanliness appears as a buying motive, the emphasis is on the means, not on health, comfort, or appearance. The desirability of accomplishing those results is taken for granted. Cleanliness, moreover, includes both personal cleanliness and home cleanliness. Among the nineteen advertisements in which the buying motive of cleanliness was used, five were for soap and cleaning compounds, four for tooth brushes, and ten miscellaneous, including such articles as an electric washing machine, insecticide, cold cream, and polishing wax.

f. Securing Personal Comfort  The objective in securing personal comfort is to enjoy the contentment which flows form physical comfort. Personal comfort is a motive that can be aroused for buying numerous commodities that do not directly affect health. Under this same heading is included also the motive of securing relief from discomfort or pain, where the negative appeal commonly is used. Examples of appeals to the motive of securing personal comfort included a shaving cream, which was stated to afford a “good, smooth, comfortable shave”; rubber-soled shoes – “a new comfort in summer dress”; soap, which was said to “refresh and invigorate the skin.”
g. Pleasure of Recreation, recreation is the refreshment of strength and spirits by pleasurable activity, and usually carries with it a connotation of enjoyment of the big out door world. In view of the obviously widespread popularity of recreation, of the enjoyment that millions of consumers obtain from recreation, it is surprising that this buying motive appeared in so few advertisements.

h. Entertainment Whereas recreation connotes refreshment and exhilaration, entertainment conveys the less active concept of diversion by the agreeable engagement of the attention. Entertainment includes various forms of amusement, such as indoor games, and also the serious, instructive use of non-working hours.

i. Obtaining Opportunity for Greater Leisure Where the appeal to this motive is used, the desirability of leisure, whether utilized for rest, recreation, or entertainment, is taken for granted. Little or no reference is made to the use to which the leisure will be put; it is assumed that the normal person welcomes greater leisure to be utilized as he may prefer at the moment. “A housekeeper’s time may be very profitably invested in play, in visiting, and receiving friends, or in taking beauty naps”.

j. Securing Home Comfort This is the buying motive which arises from the desire of a person to make his home comfortable because of the pleasure which accrues from the comfort itself; it carries with it the concept of the quiet, personal enjoyment of one’s home. This motive aims to enhance the” livability” of the home, rather than to take pride in its appearance.

3. Rational Buying Motives

a. Handiness In seeking to arouse this motive, emphasis is placed upon the means by which the result is to be accomplished rather than upon the result itself. The convenience of having the article ready at hand, its adaptability for numerous, varied purposes and the avoidance of inconvenience are reasons advanced or buying a product that is “handy”. A company manufacturing absorbent cotton pointed out that its product has “countless uses” and that is “absorbs twenty times its weight in moisture”. A manufacturer of kitchen cabinets showed the “wonderful convenience built into it.”

b. Efficiency in Operation or Use As in the case of the buying motive of handiness, so in the motive of securing efficiency in operation or use, the emphasis is placed upon the means by which a desired result is accomplished
rather than upon the result itself. Efficiency in operation or use covers such sales arguments as the smoothness or precision with which a tool or machine works, the facility with which the desired result can be accomplished.

c. Dependability in Use Where this motive is used, an attempt is made to provide reasons which will assure the purchaser of the article that it will accomplish the object sought. In order to enhance the confidence of prospective purchasers of the article, in order to have its claims for dependability in use believed, a manufacturer frequently gives a guarantee of performance. Each of the watch advertisements aimed to prove that watch was accurate and dependable is performance.

d. Dependability in Quality When a consumer is influenced by this buying motive, he is seeking assurance that he is purchasing an article the quality of which is uniformly maintained. This dependability usually results from the care exercised in production and the reputation achieved by the producer or the magnitude of his operations frequently is cited as assurance of dependability in quality. Dependability in quality is used almost solely as a selective motive, to induce preference for one brand over competing brands. A few examples of the buying motive of dependability in quality are the following: A manufacturer of soups explained that real cream was used in his cream soups. A canned milk producer stated that his product was “Absolutely Pure.”

e. Durability is another selective motive; it stresses the resistance of the article to wear and tear and its length of life. Durability carries with it an implied dependability in use during the expected period of life of the article, and also commonly connoted economy in maintenance. It is, in effect, a composite motive, but one that is used frequently enough to justify differentiation from other buying motives.

f. Economy in Use In contrast to economy in purchase, economy in use is a primary buying motive; the object of the consumer in purchasing an article from this motive is to reduce the amount that otherwise would be expended for other purchases. The reason given for buying one brand of oil stove, for example, was that stove “saves one-fourth of your fuel.” “A fine engine in a fine care signifies an investment to be conserved.”

g. Economy in Purchase This is another selective motive, because the price differential between competing brands is considered only after deciding to
buy the type of article; price as a sales argument ordinarily is a reason for brand selection. (Copeland 1924; 139-153)

Patronage Motives

A patronage motive is the reason or incentive for a buyer to trade with a particular firm in preference to patronizing other firms which offer similar commodities. When two or more sellers offer closely similar merchandise at similar prices, the choice of the buyer turns on patronage motives. In practical salesmanship patronage motives are used just as buying motives are used. In fact, the chief argument that a salesman can use frequently is a statement of reasons for patronizing his company in preference to other firms offering a similar product at the same or even slightly lower prices. Patronage motives originate in the special facilities which a firm can offer, such as promptness in delivery also in buying motives of dependability in quality and economy in purchase. When a firm acquires a reputation for selling a dependable product or for quoting reliably fair prices, that reputation becomes a patronage motive for the firm’s customers. Continuous business relationships growing out of such patronage motives often tend to establish buying habits and constitute good-will for the seller. The patronage motives are as follows:

1. Reliability of seller
2. Punctuality in delivery
3. Promptness in delivery
4. Securing exact fulfillment of specifications
5. Variety for selection
6. Engineering and designing service
7. Dependable repair service

1. Reliability of seller

When a firm has established a reputation for reliability and integrity, it has acquired good-will which assures it of patronage. When its customers have learned through experience that it is worthy of confidence in fulfilling its promises and that its product is trustworthy, that firm can utilize “reliability of seller” as a patronage motive in soliciting sales.

2. Punctuality in Delivery

The ability to rely without apprehension on the delivery of equipment or materials on the date specified when the order is placed is a powerful
patronage motive. The period intervening between the date when the order is placed and the promised date of delivery may be long or it may be short. The purchase, however, generally is inconvenienced if the delivery is not made punctually.

3. **Promptness in Delivery**

Promptness in delivery differs from punctuality in delivery in that the former signifies shipment immediately upon receipt of the order. Punctuality in delivery, on the other hand, is used for orders which are to be filled at a specified future date. In order to be able to appeal to this motive, the manufacturer generally carries a stock of the equipment or materials on which prompt deliveries are offered, and often he establishes warehouses at points convenient for serving his customers.

4. **Securing exact fulfillment of specifications**

The exact fulfillment of specifications not only means economy to the buyer, but it also is essential for maintaining the reputation of his product and for assuring the smooth operation of his plant and freedom from vexatious annoyances.

5. **Variety for Selection**

A policy of producing a wide variety of products is sharply in contrast with a policy of standardization and specialization in production. The company producing a wide variety of sizes or items generally has a higher unit cost than that of the specialized manufacturer. Where a wide variety is produced, however, that fact can be used as a patronage motive.

6. **Engineering and Designing service.**

This patronage motive is used by firms offering personal assistance by their experts in determining the requirement of prospective customers and in working out specifications for customers.

7. **Dependable Repair Service**

One company manufacturing hoists referred to the quick service that it was prepared to give when repair parts were needed. Just as facility in making repairs was not stressed as a buying motive, so the dependability of the service on repair parts was rarely referred to as a patronage motive. As a matter of fact, however, promptness in supplying repair parts is a big factor in building goodwill. (Copeland 1924; 303-318)
Ironically, the current definitions of consumer buying motives, while retaining Copeland's original distinction, vary considerably from author to author. Charles Phillips and Delbert Duncan, co-authors of a widely used marketing textbook, emphasize the importance of reasoning, its presence or its absence, in the motivation to purchase. (Udell 1964; 6)

Emotional product motives are those which lead the consumer to buy a certain product without considering the reasons for or against the action. In contrast, rational product motives for buying are usually described as those which involve conscious reasoning about a course of action. (Phillips and Duncan 1960; 51) Richard H. Buskirk has defined rational buying motive as "any consideration affecting the full, long-run cost of the article to the purchaser. (Buskirt 1961; p. 174)

Jerome McCarthy distinguishes between the motives by stating that, "so called 'rational' motives can be appealed to directly without offending consumers, whereas 'emotional' motives must be appealed to more subtly." (McCarthy 1960; P. 85)

A RECLASSIFICATION OF PRODUCT BUYING MOTIVES

The objective of this reclassification is to identify buying motives in a way that will guide managerial decision making toward the development of effective marketing programs. The buyer's needs and desires must be appealed to and satisfied, and this satisfaction can be derived from one of the following sources:

1. The product's physical performance.
2. The consumer's social and psychological interpretation of the product and its performance.
3. A combination of the product's physical performance and the consumer's social and psychological interpretation of the product.

Given the two basic sources of satisfaction, physical performance and socio-psychological interpretation, product buying motives may be classified according to two extremes, those which are operational and those which are socio-psychological.

OPERATIONAL BUYING MOTIVES

Operational buying motives include those reasons for the purchase that are directly related to the anticipated performance of the product. In other words, their
satisfaction is derived from the product's physical performance. The majority of product buying motives for industrial goods fall within this class. For example, a road construction company purchases a new dump truck because it will serve the firm by hauling construction materials.

**SOCIO-PSYCHOLOGICAL BUYING MOTIVES**

Socio-psychological buying motives comprise those reasons for the purchase that are indirectly related to the anticipated performance of the product and directly related to the consumer's social and psychological interpretation of the product. The utility that the consumer receives is only indirectly derived from the product's physical performance. The direct source of utility is the psychological satisfaction that the consumer receives through the ownership, use, and social prestige of the product. This psychological satisfaction may be received at the buyer's conscious or subconscious level of thought. If a young lady receives psychological satisfaction from a bottle of expensive French perfume because she associates it with an advertisement picturing a heavy romance, she is probably receiving psychological satisfaction at a subconscious level. However, if the satisfaction is primarily derived from her belief in the social prestige of the perfume, the psychological satisfaction is received at a more conscious level.

The potential source of satisfaction is the controlling factor in distinguishing between the two types of buying motives. However, it is important to recognize that a product is rarely purchased on the basis of one motive and that the motives inducing a purchase can seldom be classified as entirely socio-psychological or entirely operational. Therefore, the motives inducing the purchase of a product should be visualized as existing on the continuum between the two extreme types of buying motives.

The suggested classification takes on a fuller meaning when it is applied to the marketing strategy of the business firm. Although all aspects of the marketing program may relate to both the socio-psychological and operational buying motives, advertising and sales efforts are most closely related to the socio-psychological buying motives, whereas the quality of the products are most closely related to the operational buying motives.

The socio-psychological and operational continuum offers a more useful approach to buying motives. This classification emphasizes the importance of
customer buying motives in the development of the entire marketing program. In addition, it provides management with a general guide for the allocation of marketing strategy between product efforts and sales efforts. (Udell 1964; 8-10)

BRAND AND BUSINESS BUYING MOTIVES

Another way to use buying motives affects how you present the product to the prospect. These are called brand and business motives. Business buying motives cause the customer to buy products from one particular business. Brand buying motives lead a customer to purchase one product in preference to another.

Some Business Buying Motives include:
- Superior service
- Selection and competence of sales representatives

Some Brand Buying Motives include:
- Brand preference
- Quality preference
- Price preference
- Design and/or engineering preference
- Appetizing food or drink
- Recognition and superiority

Many name brands promote a quality difference over generic products made by the same manufacturer while generic products promote their price differences. (Rada Jr. 1999; 25-29)

SIX BUYING MOTIVES

As a salesperson you might think that people buy your product or service because of the reasons you give them. On the contrary, people buy not because of your reasons, not your company's reasons but for their very own reasons. These reasons may not seem sensible, logical or even intelligent to us but they seem that way to the prospect. There are six different motives and they are not presented in any special order nor are they any more important than any other. They are:
• **Desire for gain** (usually financial)
• **Fear of loss** (again, usually financial)
• **Comfort and convenience**
• **Security and protection**
• **Pride of ownership**
• **Satisfaction of emotion**

I shall refer to these as the **six buying motives**. You may notice that all these buying motives are emotional, not logical. People buy emotionally, not logically. In order to sell effectively you must keep this point foremost in your mind. They may buy in anticipation of financial gain or fear of financial loss. They want to feel secure and safe. They desire the comfort and convenience that a service or product may provide. They want to feel the pride and ownership of a product or they may purchase to satisfy the needs of love and ego.

There may also be times where more than one motive may apply to the same purchase. Take for an example a person who is considering remodeling his or her kitchen. The dominant buying motive may be the comfort and convenience a new layout and new cupboards will offer. On the other hand, a remodeled kitchen will add value to her home (desire for gain) and prevent obsolescence with the subsequent difficulty in selling (fear of loss). The plumbing and wiring will be improved giving peace of mind from electrical fires or leaking pipes (security and protection). The new kitchen will probably be the talk of the neighborhood gaining personal satisfaction to the home owner (satisfaction of emotion) and making it the center of attention for visiting friends (pride of ownership). Anyone or any combination of all the six buying motives could apply to influencing this home owner to remodel his or her kitchen. It is extremely important that you uncover these underlying buying motives because the prospect in all likelihood will not come out and tell you. They are sometimes only vaguely aware of their motives themselves. (Chitwood 1998; 1-2)

In order for your business to have effective sales promotions, you need to understand customer's buying motives. People want many things and many want the same things in varying degree to satisfy their own personal needs. Generally consumers buy for the following reasons:
Comfort
Consumers desire physical ease and well-being. Consumers believe they will have a more comfortable ride in a luxury car. That is why in the last decade, they have been purchasing models advertised as luxury vehicles.

Convenience
Consumers want to save time and energy. Today, consumers have personal trainers come to their homes so they don't have to spend time at the health club. Others have a personal masseuse visit them as well. There are even mobile vets and pet groomers who will make house calls as well. Other people shop only by catalog or online because they don't want to waste time in the sores.

Security
Consumers want to know their future is provided for and their family's welfare is assured. When consumers thought duct tape and plastic would make their homes secure, they ran to the stores to purchase these items. Today many consumers have dead bolt locks on their doors, alarm systems installed to protect their homes and flood lights around their property. After 9/11, lawyers saw an influx of clients writing wills or updating their estate plans.

Prestige
People like to be recognized as an outstanding member of a desirable group or as an extraordinary person. Think of the individuals who have purchased expensive items at charity auctions, just to give the item away to a less fortunate person than themselves. These are the consumers that will buy exotic vacations and unusual goods to secure prestige. It doesn't matter how much they pay, they want other people to notice what they have or where they are going.

Health
There is a strong desire for men and women to look and feel physically fit. Think of all the new techniques such as injection, creams and other treatments on the market to make a person look younger. Men and women are willing to spend thousands of dollars to get ride of wrinkles around the eyes or the mouth. In addition, walk into any store and check out the vitamin / herb / mineral aisle. Each year, more and more products are on the shelves. Look around at the health stores that are in the business in your neighborhood. They sell foods with no preservatives, and some even have a food bar where health drinks are made on the
premises. Because people always want to lose weight, there are diet bars, diet companies around every corner willing to help consumers achieve their goals.

**Value**

Many consumers only purchase items when they believe they are securing full value for each dollar spent. They are conscious of how much each item costs and will bargain shop until they find a store that provides value.

**Recreation and amusement**

Football stadiums, baseball parks and basketball venues attract thousands of people willing to spend in order to amuse themselves. Entertainers charge high prices for their concerts, and people are willing to pay for these tickets as well. Going along with the tickets are items to purchase: shirts, jackets, books, records, CDs and more. As a business owner and to increase your bottom line, you need to determine how to help consumers satisfy these needs. However, because neighborhood and communities differ, determine your customer base. Market your products or services to these customers, knowing your customers' buying motives. If you don't know your customers' buying motives, you are wasting your money on advertising and marketing campaigns and won't be successful in getting customers to purchase your products or services. (Gerson 2003; 1-2)

According to Canfield, there are five basic motives which cause people to buy:

1. **Comfort and Convenience** for which reason they purchase labour saving devices and innumerable conveniences at home, at work and in recreation, such as oven, stoves, pressure cookers, electric iron, sofa set, Soft bed, good nourishing and tasty food, some type of conveyance, air conditioners, washing machines and luxury articles.

2. **Safety and Protection** People generally fear loss of life, health, friends, job, reputation and comfort so they cherish for security. As they grow older this fear becomes greater. On this count are purchased houses, investments, insurance policies, woolen clothings, burglary alarms, locking devices and lockers, medicines and drugs, tonics and health giving drinks, and many other such items.

3. **Satisfaction of pride and vanity** People like to feel important in the society, among friends, clubs, to get admiration and achieve status symbols which feed their vanity. For all this, ladies purchase costly costumes, jewellery or join expensive clubs, go to theatres and purchase products of arts, have improvements and expensive home decoration objects. Men purchase television, refrigerators,
costly furnitures, coolers, cars, fancy ties, after shave lotions, perfumes and other variety goods.

4. **Love and affection** includes a sense of duty, a love of family and society and a desire to see justice done to oneself and others. Children’s food, toys, readymade baby suits, and even life insurance for children; labour saving devices, beautiful presents, costly jewellery, beauty preparations, fashion goods, perfumes, romantic novels for the wife are generally purchased to satisfy the buyer’s affection motive.

5. **Gain and Economy motive** Some people like to make money; others to save money. The purchasers they make enable them to gain monetary or personal benefits or to acquire better things at lower costs. A business man may purchase things he can resell at profit. A housewife may go around shops to buy her needs of grocery and dress material because of her desire to save money and utilise this saving for further purchases. (Canfield 1958; 73-74)

According to Rustom Davar, there are following motives in addition to the above motives mentioned by Canfield:

1. **Play and Relaxation** Vacations, sports and leisure-time activities (indoor or outdoor games or going to cinema shows, music concerts) are activities of the good life desired by many people. People purchase sports and games materials indoor games, tickets for cinema shows or horse racing, boxing, and purchasing radio, television sets, record players, light books and magazines to satisfy these motives.

2. **Sex and Romance** This drive occurs in both young and old and involves pleasing or flattering the opposite sex. Cosmetics wedding anniversary, or birthday presents, fancy clothes are purchased because of this motive. Woman spends money on hairdos, ministrations in beauty parlours, tickets to dances and fashionable clothes to appeal to men.

3. **Adventures and Excitements** People are curious, they like new things, new experiences, and new places to visit. To satisfy these desires, they purchase latest clothing fashions, new books and many such things.

4. **Convenience Motive** Customer’s desire for convenience is also one of the important factors which influence the customer’s purchases. Mortimer gives ten kinds of convenience to be reckoned within marketing.

   a. **Form-** Products must be available in a wide variety of form. The drug product, for example, may come in liquid, paste, syrup, powder, pill or inhalant form.
b. **Quantity or units**  Goods must be offered in all sizes, quantities or units desired by the consumer.

c. **Time**  Products must be available at the time the consumer wants them.

d. **Place**  Sellers must offer opportunities to consumers for shopping in the most convenient locations possible.

e. **Packaging**  Packages must be easy to find, open, use and store.

f. **Combination** or "Packaging" convenience is found in service industries.

g. **Automation**  Many consumers dream of push button home.

h. **Credit**  Installment and credit purchases of furniture, appliance, radios and other time saving devices, where products are purchased now and paid in future.

i. **Selection**  A seller must offer his products at convenient prices and in an assortment of colours, materials or flavours.

j. **Readiness**  Everything one purchases must be ready and easy to use. (Davar 1969; 99-100)

The business success is depending on the ability to persuade others to take actions.

There are many buying motives that may bring a customer to any business:

- Gain
- Time saved
- Health
- Comfort
- Protection
- Pleasure
- Amusement
- Security
- Utility
- Productivity
- Convenience
- Happiness
- Pride (vanity)
- Fear
- Love
- Profit
- Conformity
- Saved effort
- Money saved
- Need
- Want
- Economy
- Luxury
- Safety

The key to successful selling is to determine which motives brought the customer to you and then develop a sales presentation that will convince the customer that you and your products or services can meet those needs. (Boaze 2004;1)

Every consumer psychologist would love to know what motivates people to buy certain goods or services. If we knew what motives would lead to a decision to purchase then perhaps we could create a marketing program to instill or intensify those motives among potential buyers. So why not just ask consumers about their motives? The answer is that unfortunately, most people do not know exactly what their motives are, and even if they did, they would often be unwilling
to reveal their motives. Motives may be difficult to identify but, basically, they have a pretty simple make up. So far as we know, they only have two key properties: direction and intensity. Buying motives determine two things:
1. What consumers want to do?
2. How much they want to do it?

The business success of each enterprise is dependent on its ability to understand the buying motives of consumers and persuade them to make purchase decision. Knowledge of buying motives of consumers is very important factor to marketers because the intention and need of marketers is to attract consumers as many as possible. (Eisenberg 2006; 1-2)

INVolvement

Involvement refers to consumers’ perceptions of importance or personal relevance for an object, event or activity. Consumers who perceive that a product has personally relevant consequences are said to be involved with the product and to have a personal relationship with it. Involvement with a product or brand has both cognitive and affective aspects. Cognitively, involvement includes means-end knowledge about important consequences produced by using the product. (This CD would be fun to play at parties). Means-end is knowledge about consequences and values. The means-end perspective suggests that consumers think about product attributes subjectively in terms of personal consequences.

Involvement also includes affect, such as product evaluations (I like the David Letterman show). If product involvement is high, people may experience stronger affective responses such as emotions and strong feelings (I really love my Mazda). Although marketers often treat consumers’ product involvement as either high or low, involvement actually can vary from quite low levels (little or no perceived relevance) to moderate (some perceived relevance) to very high levels (great perceived relevance).

Involvement is a motivational state that energizes and directs consumers’ cognitive and affective processes and behaviours as they make decisions. For instance, consumer who are involved with cameras are motivated to work harder at choosing which brand to buy. They may spend more time and effort shopping for cameras (visiting more stores, talking to more sales people). They may interpret more product information in the environment (read more ads and
brochures). And they may spend more time and effort integrating this product information to evaluate brands and make a purchase choice.

Some researchers have used the term "felt involvement" to emphasize that involvement is a psychological state that consumers experience only at certain times and on certain occasions. Consumers do not continually experience feelings of involvement, even for important products such as a car, home or special hobby equipment. Rather, people feel involved with such products only on certain occasions when the means-end knowledge about the personal relevance of those products is activated. As circumstances change, that means-end knowledge is no longer activated, and people's feelings of involvement fade (until another time). (Peter and Olson 2005: 82-83)

HIGH INVOLVEMENT AND LOW INVOLVEMENT

There are many studies done over the past two decades or so which suggest the applicability to the "Hierarchy of effects" model is limited to conditions of high involvement on the part of consumers. Herbert E. Krugman was the first person to observe and comment that involvement with the product or the message acts as a moderator variable in the communication process. According to this theory, advertising affects individuals in two ways:

1. High involvement hierarchy

2. Low involvement hierarchy

The high involvement hierarchy is similar and corresponds to the hierarchy of effects model.
A high involving communication creates some cognitive change, which brings about a change in affect, which will finally result in change in behaviour. This model assumes that people behave according to their prior attitudes and also that they at times try to rationalize their attitudes. In case of the second process, the low involvement hierarchy begins with a cognitive change and this will be followed by change in behaviour. This model further, assumes that people are passive learners and that their behaviour is not preceded by strong beliefs about the product. There is a general understanding that product involvement is affected by consumer commitment, the importance of and familiarity with a product on the consumer's part and the degree of differentiation in the product. So advertising, in the case of high involvement will have to create favorable attitudes towards the product or brand. (Nair 2004; 276-277)

INFORMATION PROCESSING

To make purchasing decisions, consumers acquire and process information from advertising, from friends and neighbours and from their own experiences with products. Processing requires that consumers perceive information by selecting, organizing, and interpreting it. Consumers must also retain information in memory and retrieve it when evaluating brands. Marketers have a direct interest in the way consumer's process information. If consumer information processing does not result in positive brand evaluation and purchase behaviour, companies can lose millions of dollars on ineffective advertising. (Assael 2001; 241)

Just as a computer processes information received as input, so too does the human mind process the information it receives as input. Information processing is related to both the consumer's cognitive ability and the complexity of the
information to be processed. Consumers process product information by attributes, brands, comparisons between brands, or a combination of these factors. Although the attributes included in the brand's message and the number of available alternatives influence the intensity or degree of information processing, consumers with higher cognitive ability apparently acquire more product information and are more capable of integrating information on several product attributes than consumers with lesser ability. (Schiffman and Kanuk 2003; 226)

The more experience a consumer has with a product category, the greater his or her ability to make use of product information. Greater familiarity with the product category also increase cognitive ability and learning during a new purchase decision, particularly with regard to technical information. Some consumers learn by analogy; that is, they transfer knowledge about products they are familiar with to new or unfamiliar products in order to enhance their understanding. (Paxton and John 1997; 266-284)

HOW CONSUMERS STORE, RETAIN AND RETRIEVE INFORMATION

Of central importance to the processing of information is the human memory. A basic research concern of most cognitive scientists is discovering how information gets stored in memory, how it is retained, and how it is retrieved.

Structure of Memory

Because information processing occurs in stages, it is generally believed that there are separate and sequential "store houses" in memory where information is kept temporarily before further processing:

a. A sensory store
b. A short-term store
c. A long-term store

Sensory store All data come to us through our senses; however, the senses do not transmit whole images as a camera does. Instead, each sense receives a fragmented piece of information (such as the smell, color, shape and feel of a flower) and transmits it to the brain in parallel, where the perceptions of a single instant are synchronized and perceived as a single image, in a single moment of time. The image of a sensory input lasts for just a second or two in the mind's sensory store. If it is not processed, it is lost immediately. We are constantly bombarded with stimuli from the environment and subconsciously block out a great deal of information that we do not "need" or cannot use. For marketers,
means that although it is relatively easy to get information into the consumer's sensory store, it is difficult to make a lasting impression.

**Short-term Store** The short-term store (known as **working memory**) is the stage of real memory in which information is processed and held for just a brief period. Anyone who has ever looked up a number in a telephone book, only to forget it just before dialing, knows how briefly information lasts in short-term storage. If information in the short-term store undergoes the process known as rehearsal (i.e. the silent, mental repetition of information), it is then transferred to the long-term store. The transfer process takes from 2 to 10 seconds. If information is not rehearsed and transferred, it is lost in about 30 seconds or less. The amount of information that can be held in short-term storage is limited to about four or five items.

**Long-term Store** In contrast to the short-term store, where information lasts only a few seconds, the long-term store retains information for relatively extended periods of time. Although it is possible to forget something within a few minutes after the information has reached long-term storage, it is more common for data in long-term storage to last for days, weeks, or even years. Almost all of us, for example, can remember the name of our first-grade teacher.

**Retention** Information does not just sit in long-term storage waiting to be retrieved. Instead, information is constantly organized and reorganized as new links between chunks of information and forged. In fact, many information processing theorists view the long-term store as a network consisting of nodes (i.e. concepts), with links between and among them. As individuals gain more knowledge about a subject, they expand their network of relationships and sometimes their search for additional information. This process is known as **activation**, which involves relating new data to old to make the material more meaningful. Consumer memory for the name of a product may also be activated by relating it to the spokesperson used in its advertising. For many people, Michael Jordan means Nike Sneakers. The total package of associations brought to mind when a cue is activated is called a schema. Product information stored in memory tends to be brand based, and consumers interpret new information in a manner consistent with the way in which it is already organized. Consumers are confronted with thousands of new products each year, and their information
search is often dependant upon how similar or dissimilar these products are to product categories already stored in memory.

**Retrieval** is the process by which we recover information form long-term storage. For example, when we are unable to remember something with which we are very familiar, we are experiencing a failure of the retrieval system. Marketers maintain that consumers tend to remember the product's benefits rather than its attributes, suggesting that advertising messages are most effective when they link the product's attributes with the benefits that consumers seek from the product. Consumers are likely to spend time interpreting and elaborating on information they find relevant to their needs and to activate such relevant knowledge from long-term memory.

For a long time, consumer researchers believed that all consumers passed through a complex series of mental and behavioral stages in arriving at a purchase decision. These stages have ranged as follows:

- **Awareness** (exposure to information)
- **Evaluation** (preference, attitude formation)
- **Behavior** (purchase)
- **Final evaluation** (adoption or rejection)

This same series of stages is often presented as the consumer adoption process. After many years, some theorists began to realize that there were some purchase situations that simply did not call for extensive information processing and evaluation; that sometimes consumers simply went from awareness of a need to a routine purchase, without a great deal of information search and mental evaluation. Such purchases were considered of minimal personal relevance, as opposed to highly relevant, search-oriented purchases. Purchases of minimal personal importance were called low involvement purchases, and complex, search-oriented purchases were considered high-involvement purchases. (Schiffman and Kanuk 2003; 226-232)

**LEARNING AND MEMORY**

Learning is an important component of behavior. Learning certainly occurs **intentionally**, as when a problem is recognized and information is acquired about products which might solve the problem. However, consumer learning also can occur **unintentionally** and this type of learning can strongly influence the
behaviour of consumer. One benefit of the learning mechanism is that consumers are able to adapt to a changing environment. Consequently, knowledge of learning principles can be useful in understanding how consumers’ wants and motives are acquired and how their tastes are developed. Also, appreciation of learning and memory processes can aid our understanding of how frequently to repeat advertising messages; how visual symbols, songs and other techniques can facilitate consumers' learning and memory regarding products and promotions; and how consumers develop habitual purchase patterns for some goods.

**Definition of Learning**

Very simply, learning can be viewed as a relatively permanent change in behaviour occurring as a result of experience. The implications of this definition are fairly subtle and, therefore, require some explanation. First, as before, the term "behavior" is used to refer to non-observable cognitive activity as well as to covert actions. Therefore, it is very possible for learning to occur without any change in observable behaviour. Changes in consumers’ attitudes resulting from exposure to new information about a brand demonstrate this point. Second, learning results in relatively permanent changes in behaviour. This excludes changes brought about by fatigue or other short-lived influences such as drug-induced behaviour. Third, since our definition of learning stresses experience, we must exclude the effects of physical damage to the body or brain and of natural human growth. (Loudon and Della Bitta 2004; 386-387)

From a marketing perspective, consumer learning can be said to be "The process by which persons acquires the purchase and consumption knowledge and experience that they apply to future related behaviour." (Nair 2004; 71)

**COMPONENTS OR ELEMENTS OF LEARNING PROCESS**

An individual receives a variety of stimulus input. When specific stimuli become associated with specific responses in a sufficiently permanent manner then the occurrences of the stimuli tends to bring out a particular response, we say learning has occurred. But to understand the learning process, we have to consider the various components or elements of the learning process. (Nair 2004; 71)

Four elements seem to be fundamental to the vast majority of situations:
The exact nature and strength of these components influence what will be learned, how well it will be learned, and the rate at which learning will occur.

**Motive** Motives arouse individuals, thereby increasing their readiness to respond. This arousal function is essential, since it activates the energy needed to engage in learning activity. Marketers strive to have their brand or its name available when relevant consumer motives are aroused because it is expected that consumers will learn a connection between the product and motive. For this reason, we see advertisements for Perstone antifreeze shortly before winter and Coppertone Suntan lotion during the summer.

**Cues** A cue may be viewed as a weak stimulus not strong enough to arouse consumers, but capable of providing direction to motivated activity. That is, it influences the manner in which consumers respond to a motive. The shopping environment is packed with cues, such as promotions and product colors, which consumers can use to choose between various response options in a learning situation. For example, when we are hungry we are guided by certain cues, such as restaurant signs and the aroma of food cooking, because we have learned that these stimuli are associated with food preparation and consumption.

**Response** A response may be viewed as a mental and physical activity the consumer makes in reaction to a stimulus situation. Responses appropriate to a particular situation are learned over time through experience in facing that situation. It must be emphasized that our inability to observe responses does not necessarily mean that learning is not taking place because the occurrence of a response is not always observable. For example, a hungry baby is more likely to cry or exhibit sucking behaviour than other responses.

**Reinforcement** Perhaps the most widely acceptable view of reinforcement is anything that follows a response and increases the tendency for the response to reoccur in a similar situation. Because reinforced behavior tends to be repeated, consumers can learn to develop successful means of responding to their needs or changing conditions. For example, drinking 7-Up on a hot day or purchasing a
ticket for a ski weekend can both reduce motive arousal for the consumer. (Loudon and Della Bitta 2004; 388-389)

The role of reinforcements in learning has been highlighted by Edward L. Thorndike-of several responses made to the same situation, those which are accompanied or closely followed by satisfaction (reinforcements) will be more likely to recur. Those which are accompanied or closely followed by discomfort (negative reinforcement or punishment) will be less likely to occur. (Nair 2004; 73) There are two schools of thought in understanding the process of consumer learning:

– Behaviorist school

– Cognitive school

BEHAVIORIST SCHOOL

The behaviorist school is concerned with observing changes in individuals' responses as a result of exposure to stimuli. Behaviorist psychologists have developed two types of learning theories: classical conditioning and instrumental conditioning. Classical conditioning views behavior as the result of a close association (contiguity) between a primary stimulus (social success) and a secondary stimulus (a brand of toothpaste, deodorant or soap). Instrumental conditioning views behaviour as a function of the consumer's assessment of the degree to which purchase behaviour leads to satisfaction. Satisfaction leads to reinforcement and to an increase in the probability of repurchasing.

COGNITIVE SCHOOL

The cognitive school views learning as problem solving and focuses on changes in the consumer's psychological set (the consumer's attitudes and desired benefits) as a result of learning. In this respect, the cognitive school more closely describes learning within a framework of complex decision making. However, the concepts are relevant to habit since complex decision making may lead to routinized purchases when the consumer is satisfied with the brand and repurchases it over a period of time. (Assael 2001; 106)

MEMORY

Consumer memory contains a vast storehouse of knowledge about products, services, shopping excursions, and consumption experiences. Retrieval is the process of accessing what we have stored in memory. We can store
information and remember things like what brands or services we have used in the past; certain features of these products or services; how, where, when and why we bought them; how, where, when, and why we used them; and whether or not we liked them. We may also have stored information and have the capacity to remember old products we have disposed of (a favorite car we sold) or memories of special experiences we have had (a sporting event we attended with friends). Moreover, the information we have stored and can retrieve has been learned from numerous sources, such as marketers, the media, word of mouth, and personal experience. Also, what resides in our memory and what we can retrieve depend at least in part on our motivation, ability, and opportunity to process the information to which we have been exposed. (Hoyer and Macinnis 1999; 163)

Certain aspects of memory have already been mentioned in the Information processing part. Moreover, memory is comprised of three memory stores, each with different types of memory. Sensory (iconic and echoric) memory involves a very brief analysis of incoming information short-term memory represents active working memory and involves imagery and discursive processing. Long-term memory represents the permanent memory store; it includes autobiographical and semantic memory. In each store, information can be lost if it does not receive further processing. Long-term memory can be represented as a set of semantic (or associative) networks, with concepts (or nodes) connected by associations (or links). Notably, although LTM reflects what we have stored, not everything stored in LTM is equally accessible (equally capable of being retrieved). Thus, memory and retrieval are different Phenomena.

To enhance the likelihood that information in LTM is stored and to reduce the likelihood that information in memory is lost, marketers can enhance memory via principles like chunking, recirculation, rehearsal, and elaboration. Retrieval is the process of remembering information that is stored in memory. Entities are retrieved when nodes are activated and made accessible. Entities to which the node is linked may also be activated because activation of one node spreads to related nodes in the network. If the link between the nodes is sufficiently strong, activation of one concept may facilitate retrieval of the item to which it is linked. Even if the activation potential is not sufficient to retrieve a linked item, the activation may be sufficient to prime the concept in memory, thereby making it more retrievable when other cues are present. If a node is not activated often, it is
said to decay in memory. In some cases, we fail to retrieve information or we retrieve information that is not accurate. There are two types of retrieval task: those that make explicit reference to an item we were supposed to have remembered (explicit memory) and those that reveal memory for episodes for which we have no prior memory (implicit memory). Recall and recognition are often used to measure explicit memory. Finally, recognition and recall are often critically important to marketers because they serve as objectives for marketing communications, influence consumer choice, and have important strategic implications. Factors that facilitate recognition and recall include characteristics of the information (its favorability, salience, prototypically, congruence, and modality redundancy), what it is linked to (priming and retrieval cues), how it is processed (in imagery mode), and characteristics of consumers (mood and expertise). (Hoyer and Macinnis 1999; 185-186)

ATTITUDES

Attitude has been called “the most distinctive and indispensable concept in contemporary American social psychology”. And it is one of the most important concepts marketers use to understand consumers. Over the years, researchers have tried a variety of approaches to studying attitudes in an attempt to provide a more complete understanding of behavior. Attitude has been a key concept in psychology for more than a century, and at least 100 definitions and 500 measures of attitude have been proposed. Although the dominant approach to attitudes has changed over the years, nearly all definitions of attitude have one thing in common: they refer to people’s evaluations. (Peter and Olson 2005; 124)

In a consumer behavior context, an attitude is a learned predisposition to behave in a consistently favorable or unfavorable way with respect to a given object. Each part of this definition describes an important property of an attitude and is critical to understating the role of attitudes in consumer behavior.

The attitude “object” the word object in our consumer oriented definition of attitude should be interpreted broadly to include specific consumption – or marketing-related, concepts, such as product, product category, brand, service, possessions, product use, causes or issues people, advertisement, Internet site, price, medium, or retailer. In conducting attitude research, we tend to be object specific. For example, if we were interested in learning consumer’s attitudes
toward three major brands of DVD Players, our “object” might include Sony, Toshiba, and Panasonic, if we were examining consumer attitudes toward major brands of cellular telephones, our “object” might include Nokia, Ericsson, Samsung, LG Panasonic, and Motorola.

**Attitudes are A Learned Predisposition** There is general agreement that attitudes are learned. This means that attitudes relevant to purchase behavior are formed as a result of direct experience with the product, word-of-mouth information acquired from others, or exposure to mass media advertising, the Internet and various forms of direct marketing (e.g. a retailer’s catalog). It is important to remember that although attitudes may result form behavior, they are not synonymous with behavior. Instead, they reflect either a favorable or an unfavorable evaluation of the attitude object. As learned predispositions, attitudes have a motivational quality; that is, they might propel a consumer toward a particular behavior or repel the consumer away from a particular behavior.

**Attitudes Have Consistency** another characteristic of attitudes is that they are relatively consistent with the behavior they reflect. However, despite their consistency, attitudes are not necessarily permanent; they do change. It is important to illustrate what we mean by consistency. Normally, we expect consumers’ behavior to correspond with their attitudes. For example, if a French consumer reported preferring Japanese over Korean electronics, we would expect that the individual would be more likely to buy a Japanese brand when his current VCR needed to be replaced. In other words, when consumers are free to act as they wish, we anticipate that their actions will be consistent with their attitudes. However, circumstances often preclude consistency between attitudes and behavior. For example, in the case of our French consumer, the matter of affordability may intervene, and the consumer would find a particular Korean VCR to be a more cost-effective choice than a Japanese VCR. Therefore, we must consider possible situational influences on consumer attitudes and behavior.

**Attitudes occur within a situation**

It is not immediately evident from our definition that attitudes occur within and are affected by the situation. By situation, we mean events or circumstances that, at a particular point in time, influence the relationship between an attitude and behavior. A specific situation can cause consumers to behave in ways seemingly inconsistent with their attitudes. It is important to understand how
consumer attitudes vary from situation to situation. For instance, it is useful to know whether consumer preferences for different burger chains (e.g., Burger King, MC Donald’s, Wedy’s) vary in terms of eating situations (i.e., lunch or snack, evening meal when rushed for time, or evening meal with family when not rushed for time). Consumer preferences for the various burger restaurants might depend on the anticipated eating situation. It is important to consider the situation in which the behavior takes place, or we can misinterpret the relationship between attitudes and behavior. Situation might influence consumer attitudes toward specific brands of products or services. (Schiffman and Kanuk 2003:253-256)

ATTITUDE MEASUREMENT

Attitudes are subjective attributes of people. They are also regarded as constructs in the sense that they are conceptualization of human qualities which are formed based on either rational consideration or on the basis of statistical evidence. This means individuals may vary along a number of attitudinal dimensions. Psychologists have devised numerous methods for the measurement of attitudes. The most significant ones are:

- Likert scales
- Thurstone type of scale
- Semantic differential
- Kelly’s repertory gird (Nair 2004; 135)

We will discuss one of the important scales in the following:

LIKERT SCALE

Likert Scales are developed by utilizing the item analysis approach wherein a particular item is evaluated on the basis of how well it discriminates between those persons whose total score is high and those whose score is low. Those items or statement that best meet this sort of discrimination test are included in the final instruments. These scales consist of a number of statements which express either a favorable or unfavorable attitude towards the given object to which the respondent is asked to react. The respondent indicates his agreement or disagreement with each statement in the instrument. Each response is given a
numerical score, indicating its favorableness or unfavorableness, and the scores are totaled to measure the respondent’s attitude. In a Likert scale, the respondent is asked to respond to each of the statements in terms of several degrees, usually five degrees (but at times 3 or 7 may also be used) of agreement or disagreement. For example, when asked to express opinion whether one considers his job quite pleasant, the respondent way respond in any one of the following ways:

1. strongly agree
2. agree
3. undecided
4. disagree
5. strongly disagree

Each point on the scale carries a score. Response indicating the least favorable degree of satisfaction is given the least score (say 1) and the most favorable is given the highest score (say 5). The Likert scaling technique, thus, assigns a scale value to each of the five responses.

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<tr>
<td>Strongly agree</td>
<td>Agree</td>
<td>Undecided</td>
<td>Disagree</td>
<td>Strongly Disagree</td>
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If the instrument consists of, say 30 statements, the following score values would be revealing.

\[
30 \times 5 = 150 \quad \text{Most favorable attitude}
\]
\[
30 \times 3 = 90 \quad \text{A neutral attitude}
\]
\[
30 \times 1 = 30 \quad \text{Most unfavorable attitude.}
\]

The scores for any individual would fall between 30 and 150. if the score happens to be above 90, it shows favorable attitude toward the given point of view, a score of below 90 would mean unfavorable attitude and a score of exactly 90 would be suggestive of a neutral attitude. (Kothari 2003; 104-105)
PART 4
CONSUMER DECISION PROCESSES

INTRODUCTION

Consumer decision processes vary considerably in their complexity. Most of the decisions consumers are required to make are probably rather simple ones such as the purchase of staple foods (although a disadvantaged consumer might argue persuasively that merely buying food is difficult when one is functionally illiterate). However, consumers also must make decisions that are comparatively complicated, such as when buying durable goods. The range of difficulty of consumer decision processes extends even further to problem solving that may be characterized as being highly complex, such as might well typify the consumer’s purchase of a very expensive item like a home. (Loudon and Della Bitta 2004; 485) The range of consumer problem solving approaches can be placed on a spectrum from routine problem solving, to extensive problem solving as follows;

1. Routine Problem Solving (RPS)
2. Limited Problem Solving (LPS)
3. Extensive Problem Solving (EPS)

Routine Problem Solving (RPS)
When consumers buy a brand they have purchased before, it usually involves little or no information seeking and is performed quickly. Consumers are brand loyal and tend to buy in a habitual, automatic and unthinking way.

Limited Problem Solving (LPS)
When consumers buy a new brand in a familiar product category, it usually involves a moderate amount of information seeking and time in choosing.

Extensive Problem Solving (EPS)
When consumers buy in an unfamiliar product category, it usually involves the need to obtain substantial information and a longer time to choose. They must form a concept of the new product category and determine the criteria to be used in choosing a brand. (Howard 1989; 361-364)
CONSUMER DECISION MAKING PROCESS

Consumer decision making process may be generalized toward a typical consumer problem-solving model consisting of four basic types of activities in the process of purchasing. The consumer’s four steps are:

1. Problem Recognition
2. Information search and Evaluation
3. Purchase Decision
4. Post purchase Behavior

(Olshavsky and Granbios 1979; 93)

**Problem Recognition**

Problem recognition results when a consumer recognizes a difference of sufficient magnitude between what is perceived as the desired state of affairs and what is the actual state of affairs, enough to arouse and activate the decision process. (Engel and Blackwell 1982; 300)

Consumer information processing and motivation process are highly relevant to problem recognition. Consumers must become aware of the problem or need through processing of information arising internally or externally. They then become motivated, thus the process of problem recognition means that the consumer becomes aroused and activated to engage in some purposeful purchase decision activity.

This motivation to resolve a particular problem, however, depends on two factors:

1. The magnitude of the discrepancy between the desired and actual state.
2. The importance of the problem. (Hawkins, Coney and Best 1980; 388)

The buying process starts with problem recognition the buyer recognize a problem or need. The need can be triggered by internal stimuli when one of the person’s normal needs-hunger, thirst, sex-rises to a level high enough to become a drive. A need can also be triggered by external stimuli. A person might have felt the need for a new hobby when her busy season at work slowed down, and she thought of cameras after talking to a friend about photography or seeing a camera ad. At this stage, the marketer should research consumers to find out what kinds of needs or problems arise, what brought them about, and how they led the consumer to this particular product.
SEARCH AND EVALUATION

An interested consumer may or may not search for more information. If the consumer’s drive is strong and a satisfying product is near at hand, the consumer is likely to buy it then. If not, the consumer may store the need in memory or undertake an information search related to the need. For example, a person who is looking for a camera probably will pay more attention to camera ads, cameras used by friends, and camera conversations. Or may actively look for reading material, phone friends, and gather information in other ways. The amount of searching she does will depend on the strength of her drive, the amount of information she starts with, the ease of obtaining more information, the value she places on additional information and the satisfaction she gets from searching.

The consumer can obtain information from any of several sources. These include:

- **Personal sources** (Family, friends, neighbors, acquaintances)
- **Commercial sources** (advertising, salespeople, dealers, packaging, displays)
- **Public sources** (mass media, consumer-rating organizations)
- **Experimental Sources** (handling, examining, using the product).

The relative influence of these information sources varies with the product and the buyers. Generally, the consumer receives the most information about a product from commercial sources, those controlled by the marketer. The most effective sources, however, tend to be personal. Commercial sources normally inform the buyer, but personal sources legitimize or evaluate products for the buyer. People often ask others-friends, relatives, acquaintances, professionals-for recommendations concerning a product or service. Thus, companies have a strong interest in building such word-of-mouth sources. These sources have two chief advantages. First, they are convincing; word of mouth is the only promotion method that is of consumers, by consumers, and for consumers. As more information is obtained, the consumer’s awareness and knowledge of the available brands and features increases. A company must design its marketing mix to make prospects aware of and knowledgeable about its brand. It should carefully identify consumers’ sources of information and the importance of each source.
EVALUATION OF ALTERNATIVES

Alternative evaluation is the stage of the buyer decision process in which the consumer uses information to evaluate alternative brands in the choice set. We have seen how the consumer uses information to arrive at a set of final brand choices. How does the consumer choose among the alternative brands? The marketer needs to know about alternative evaluation. Unfortunately, consumers do not use a simple and single evaluation process in all buying situations. Instead, several evaluation processes are at work.

The consumer arrives at attitudes toward different brands through some evaluation procedure. How consumers go about evaluating purchase alternatives depend on the individual consumer and the specific buying situation. In some cases, consumers use careful calculations and logical thinking. At other times, the same consumers do little or no evaluating; instead they buy on impulse and rely on intuition. Sometimes consumers make buying decisions on their own; sometimes they turn to friends, consumer guides, or sale people for buying advice. Suppose Anna has narrowed her choices to four cameras. And suppose that she is primarily interested in four attributes—picture quality, ease of use, camera size, and price. Anna would choose it. However, the brands vary in appeal. Anna has formed beliefs about how each brand rates on each attribute. Clearly, if one camera rated best on all the attributes, we could predict that Anna would choose it. However, the brands vary in appeal. Anna might base her buying decision on only one attribute, and her choice would be easy to predict. If she wants picture quality above everything, she will buy the camera that she thinks has the best picture quality. But most buyers consider several attributes, each with different importance. If we knew the importance weights that Anna assigns to each of the four attributes, we could predict her camera choice more reliably. Marketers should study buyers to find out how they actually evaluate brand alternatives. If they know what evaluative processes go on, marketers can take steps to influence the buyer’s decision.

PURCHASING PROCESS

In the evaluation stage, the consumer ranks brands and forms purchase intentions. Generally, the consumer’s purchase decision will be to buy the most preferred brand, but two factors can come between the purchase intention and the purchase decision.
The attitudes of others

Unexpected situational Factors

If Anna’s husband feels strongly that Anna should buy the lowest-priced camera, then the chances of Anna’s buying a more expensive camera will be reduced by effect of the first factor (i.e. the attitude of others). The consumer may form a purchase intention based on factors such as expected income, expected price, and expected product benefits. However unexpected events may change the purchase intention. Anna may lose her job, some other purchase may become more urgent, or a friend may report being disappointed in her preferred camera, or a close competitor may drop its price. Thus preferences and even purchase intentions do not always result in actual purchase choice.

**POST PURCHASING BEHAVIOR**

Post-purchasing Behavior is the stage of the buyer decision process in which consumers take further action after purchase, based on their satisfaction or dissatisfaction. The marketer’s job does not end when the product is bought. After purchasing the product, the consumer will be satisfied or dissatisfied and will engage in post purchase behavior of interest to the marketer. What determines whether the buyer is satisfied or dissatisfied with a purchase? The answer lies in the relationship between the:

- **Consumer’s expectations**
- **Product’s perceived performance**

If the product falls short of expectations, the consumer is disappointed; if it meets expectations, the consumer is satisfied; if it exceeds expectations, the consumer is delighted. The larger the gap between expectations and performance, the greater the consumer’s dissatisfaction. This suggests that sellers should make product claims that faithfully represent the product’s performance so that buyers are satisfied. Some sellers might even understate performance levels to boost consumer satisfaction with the product. For example, Boeing’s salespeople tend to be conservative when they estimate the potential benefits of their aircraft. They almost always underestimate fuel efficiency. They promise a 5 percent saving that turns out to be 8 percent. Customers are delighted with better-than-expected performance; they buy again and tell other potential customers that Boeing lives up to its premises.
Almost all major purchases result in cognitive dissonance, or discomfort caused by post-purchase conflict. After the purchase, consumers are satisfied with the benefits of the chosen brand and are glad to avoid the drawbacks of the brands not bought. However, every purchase involves compromise. Consumers feel uneasy about acquiring the drawbacks of the chosen brand and about losing the benefits of the brands not purchased. Thus consumers feel at least some post-purchase dissonance for every purchase.

Why is it so important to satisfy the customer? Such satisfaction is important because a company’s sales come from two basic groups:

1. **New customers**
2. **Retained Customers**

It usually costs more to attract new customers than to retain current ones. And the best way to retain current customers is to keep them satisfied. Customer satisfaction is a key to building lasting relationships with consumers to keeping and growing consumers and reaping their customer lifetime value. Satisfied customers buy a product again, talk favorably to others about the product, pay less attention to competing brands and advertising, and buy other products from the company. Many marketers go beyond merely meeting the expectations of customers- they aim to delight the customer. A dissatisfied consumer responds differently. Whereas, on average, a satisfied customer tells 3 people about a good product experience, a dissatisfied customer gripes to 11 people. In fact, one study showed that 13 percent of the people who had a problem with an organization complained about the company to more than 20 people. Clearly, bad word of mouth travels farther and faster than good word of mouth and can quickly damage consumer attitudes about a company and its products. Therefore, a company would be wise to measure customer satisfaction regularly. It cannot simply rely on dissatisfied customers to volunteer their complaints when they are dissatisfied. Some 96 percent of unhappy customers never tell the company about their problem. Companies should set up systems that encourage customers to complain. In this way, the company can learn how well it is doing and how it can improve. The 3M Company claims that over two-thirds of its new-product ideas come from listening to customer complaints. But listening is not enough—the company also must respond constructively to the complaints it receives. By studying the overall buyer decision, marketers may be able to find ways to help consumers move
through it. For example, if consumers are not buying a new product because they do not perceive a need for it, marketing might launch advertising messages that trigger the need and show how the product solves customers’ problems. If customers know about the product but are not buying because they hold unfavorable attitudes toward it, the marketer must find ways to either change the product or change consumer perceptions. (Kotler and Armstrong 2004; 199-201)
MARKETING IN THE AGE OF CONVERGENCE

The issue of marketing convergence has been gaining momentum in the recent time. The marketers are using various dimensions of convergence to get to the customers as well as serve them better. It is difficult to find out a proper definition of the term "convergence". A somewhat comprehensive definition can be found in the work of Daly and Smith (2000) who define convergence as: "The intentional use of technology to integrate the devices necessary to accomplish certain tasks."

The term convergence was actually coined by Prahalad and Hamel (1990) who opined that the companies need to put together disparate or separate products and services to come-up with the new market-offerings to satisfy the needs of the consumers. Wind (2001-2002) have said that convergence marketing can create major changes in consumer behavior as well as the marketing process.

An important part of convergence marketing is product convergence. Product convergence in simple terms means the combination of different products which satisfy different consumer needs in a single unit. For example the mobile handset with having camera feature serves the purpose of being a tool of communication as well as a camera. In the new millennium we have seen many successful convergence products such as the PALM (a convergence of a mobile phone and a PDA). Presently in India the picture is not so different from the rest of the world. Convergence products such as the mobile camera have been successfully marketed in India as well as the mobile phone with a built in torch-light (which is in fact the largest selling mobile handset in India). (Roy 2006; 250-254)

CONVERGENCE AND CONSUMER BEHAVIOR

We are now well and truly living in an age of convergence where technological boundaries are getting obliterated and knowledge streams are gradually merging. Convergence of technological streams have produced
possibilities without which the converging technological streams individually would not have been able to achieve more and more resources being devoted to technological upgradation therefore, the future presents a beguiling spectrum of opportunities just waiting to be tapped, an understanding of how and why customers adopt convergence is a prerequisite for crafting effective marketing strategies.

Convergence marketing is "a science and practice of marketing products and services that are innovative and convergence intensive." It is a process of creating and developing markets for innovative products. This discipline rests on two basic premises - convergence and Innovation. 'Innovation' means striving for something new and unexpected. So here we are talking about new products and services, which are cutting-edge and convergence-intensive.

The rapid pace of technological advancements has drawn a lot of attention to convergence marketing. The critical success factors involved in convergence marketing are unique as are the factors leading to customer satisfaction. Convergence marketing is different from conventional marketing in five aspects as mentioned below:

- **Convergence adoption is a distinct process** The adoption of convergence products by the customers follows a psychological map, which is different from the conventional process. Convergence very often eliminates some element of human input during the use and consumption of the product. The process of adoption of convergence by the customers will be guided by their beliefs - their predisposition to convergence, feeling of comfort / discomfort with convergence and insecurity.

- **Convergence innovations require different marketing strategies** This principle follows from the first one. Once we recognize and understand that convergence adoption process is unique, we will become aware of the need for different marketing strategies. Many consumer goods can be marketed by appealing to the self-image of the consumer, but in case of convergence products the decision of the consumer will be governed by the functional benefits he can derive from it. For instance while buying a computer, a part from the features characteristics like user friendliness play an important role in the purchase decision.
- **Customer satisfaction is very critical** In case of convergence intensive products, especially the ones that are new to the market, customers need a lot of guidance and hand holding before they become comfortable with the use of convergence. Moreover, the extent of help and support required also varies from customer to customer.

- **Law of critical mass governs convergence markets** In many convergence industries we see one player controlling a dominant portion of the market. Often early movers gain a tremendous advantage if they are able to capture a substantial share of the market. The dominant player in such markets enjoys a significant competitive advantage.

- **Customer responsive convergence**, Convergence that is designed around customer needs, accelerates the rate of adoption of convergence by the customers. It also reduces service costs as the problems faced by the customers during the use of convergence are eliminated as far as possible. It also helps the companies to build a critical mass. Unfortunately, many companies ignore this dimension of customer responsiveness while designing and marketing convergence products.

**CONVERGENCE READINESS**

The way customers approach a purchase decision for a convergence intensive product or device is unique. Convergence Readiness refers to this distinct behavioral process that is responsible for the adoption of convergence by the customer. It varies from one customer to another. At one end of the spectrum, we have customers who actively seek out new convergence and at the other we have those who are resistant to it. An Index of Convergence Readiness (CRI) can be used to predict the adoption rate and the response of the customers towards a new convergence. It is reflective of their state of mind rather than their competencies. Customers’ beliefs about convergence and its benefits define their interaction with convergence-based product. The CRI comprises of 36 convergence belief statements, which try to determine the respondent's feelings about convergence. Approximately half the statements relate to positive beliefs and other half relate to negative beliefs. Various convergence beliefs can be classified into four distinct categories:

1. **Optimism**
2. **Innovativeness (contributors)**
3. Discomfort
4. Insecurity (inhibitors)

Optimism is related to age, with older adults being less positive about Convergence. Innovativeness refers to a tendency to be a Convergence pioneer and a thought leader. Discomfort and inhibits adoption of Convergence arises from a perceived lack of control over Convergence.

TYPES OF CONVERGENCE CUSTOMERS

Based on the four dimensions discussed above, customers can be classified into five types depending upon their disposition towards convergence.

1. Explorers
2. Pioneers
3. Skeptics
4. Paranoids
5. Laggards

Explorers
As the name indicates explorers are open to embracing the newest of technologies. They rank high on contributors and low on inhibitors. They are the first ones to be attracted to new technologies. For them, convergence is a source of mental stimulation and they believe that convergence provides them freedom, control and efficiency. They are thought leaders and become a source of information for their friends. They are likely to be younger than the other segments, are most educated and most of them are working in convergence professions.

Pioneers
Pioneers are open to trying new convergence but suffer from some degree of insecurity and discomfort. They need some degree of assistance and guidance from the organization during their use of new convergence. They understand the benefits of convergence and want the best and the latest. Like explorers they also enjoy convergence but are unforgiving if the convergence fail to work for them. They are also young, some of them work in convergence professions and most of them have an incidence of computer use in their jobs.

Skeptics
Skeptics rank low on motivators but do not have any inhibitions about adoption convergence, which means that though they will not be excited about new
convergence, they will not loathe it, either. They wait to see the results of a new convergence as they lack the desire to be innovators. They are not intimidated by convergence and can easily master it but they are skeptical about the benefits of convergence.

**Paranoids**

Paranoids are attracted by convergence but their insecurity and discomfort levels inhibit them. They need a little convincing from the marketers to adopt new convergence. Like explorers they also enjoy convergence and believe that it increases their efficiency. For paranoids, the human touch that the convergence eliminates is extremely important. What they need the most is lot of support and reassurance. Paranoids might be described as struggling middle class. Most of them are not very affluent. They will not take any initiative until they are sure that there are no risks.

**Laggards**

Laggards wait for the other to adopt convergence and will try it themselves only when they are convinced about its benefits. They rank lower in motivation and higher in inhibition than the market as a whole. They completely lack faith in convergence and are not convinced about the benefits of convergence. Moreover, their inhibitions also arise from low disposable income and a pressured lifestyle. Most of the laggards are older in age and are retired. Therefore, efficiency and extended working hours do not attract them. This segmentation of the customers has some important implications for the markets.

Convergence business needs to constantly re-examine their assumptions about their markets and customers. They need to constantly seek feedback from the market and incorporate it into their marketing strategies. Undertaking a periodic marketing audit, which includes a comprehensive review of the marketing environment, the company and its marketing strategy, is a step in the right direction. Like any field of management, this rising spiral of technological advancements has also transformed the broader field of marketing. The impact of convergence of marketing function is expected to be very profound and extensive. (Lawrence 2006; 185-192).