CHAPTER - III

SALES PROMOTION AND ADVERTISEMENTS

The methodology of conducting the research is elaborated in this chapter.

Advertising is big business and ranks among the top industries of the world. The growth of advertising industry is directly related to the level of business activity and the health of its economy. In fact, the size of the advertising industry is considered as an indicator of living standard in a particular country and the level of its economic independence.

Advertising has very powerful influence on the content of most media that is available to the public audience. The costs of creating, producing and distributing media are often covered by advertisers who are allowed to sell their goods within the context of the media that is being created. Since it is the advertisers' money that is allowing for the production of media, the companies that are using this resource tend to have a lot of say as to how the content is presented. This is necessary for attaining a marketable audience. This influence often dictates how extreme the representations are and to what extent controversial or eclectic information is presented.

Marketable audiences have a reciprocal influence on media. Without an audience to aim their sales pitches at, advertisers would have little or no incentive to fund the projects that house their ads. So the demographics of a 'marketable audience' are also key in determining the type of content to be displayed. The responsibility of the viewer is to be critical in how the advertising effects their attitudes as consumers.
Advertisements are often misleading, in that they represent only the best aspects of a product and leave out information that would deter someone from buying their product (e.g. environmental effects, economic effects, social effects). The viewer needs to take some responsibility in researching the products and services that they put their money toward, and should refrain from patronizing companies that have a detrimental effect on society. This is difficult, however, when advertising can be so misleading.

Since the 15th century, advertising has constantly evolved, taking many forms, from word-of-mouth to television to in-store advertising.

Advertising in the modern world was greatly influenced by television, which played an important role for nearly six decades. However, as cable TV became popular and many channels evolved, advertisers worldwide faced one of their biggest challenges – fragmentation of television viewership. Studies revealed that in-store advertising if done properly is informative, engaging and entertaining for the shoppers apart from being profitable to retailers and advertisers. But it is argued that in-store advertising cannot compete with television as in-store advertising sooner or later loose its novelty. Justin Sampson, Director of customer relationship management at ITV (largest TV broadcaster in Britain) said, “No other medium can make a brand famous in the way television does.”

Sorab Mistry, Chairman & CEO of McCann Erickson India, said

“For too long, things tended to happen to this industry by chance, not design. The boom of 1994 was a chance affair- a fallout of economy opening up. We
agencies were overwhelmed; now, we have long-term vision.” (Source: Business Today. (Aug 22 – Sept 6, 2000)

With the advancement of civilization, advertising started evolving into mass advertising through the media, print, billboards and radio. It is believed that advertising as a distinct medium developed with newspapers in the 17th century. The advertisements at that time included only a simple description about the product in black and white along with the price of the products. With the advancement of technology in the 19th century, advertisements started appearing in colour.

Started in 1940’s, television advertising has been considered as the most effective and omnipresent mass market advertising medium. Since then, television industry has gradually developed passing through three different eras – pre-remote, remote and the Digital Video Recorder age. With the number of television channels increasing, viewership of television fragmented. Viewers rarely watched the advertisements, which the advertisers felt that the very purpose of TV ads failed. However, analysts opined that advertisers had no major alternative other than television for advertising their products.

In the beginning of the twentieth century, advertisers adopted the electronic media for their functions. Television became a major source of advertising in 1950. The use of colour television in 1960 has accelerated the development of advertising.

Increasingly, other mediums such as those discussed below are overtaking television due to a shift towards consumer's usage of the Internet. Advertising on the World Wide Web is a recent phenomenon. Prices of Web-based advertising space are
dependent on the "relevance" of the surrounding web content and the traffic that the website receives. E-mail advertising is another recent phenomenon.

The most common method for measuring the impact of mass media advertising is the use of the rating point (rp) or the more accurate target rating point (trp). These two measures refer to the percentage of the universe of the existing base of audience members that can be reached by the use of each media outlet in a particular moment in time. The difference between the two is that the rating point refers to the percentage to the entire universe while the target rating point refers to the percentage to a particular segment or target. This becomes very useful when focusing advertising efforts on a particular group of people. For example, think of an advertising campaign targeting a female audience aged 25 to 45. While the overall rating of a TV show might be well over 10 rating points it might very well happen that the same show in the same moment of time is generating only 2.5 trps (being the target: women 25-45). This would mean that while the show has a large universe of viewers it is not necessarily reaching a large universe of women in the ages of 25 to 45 making it a less desirable location to place an ad for an advertiser looking for this particular demographic.

3.1 IMPACT

"Half the money I spend on advertising is wasted; the trouble is, I don't know which half."

John Wanamaker, Father of Modern Advertising
The impact of advertising has been a matter of considerable debate and many different claims have been made in different contexts. During debates about the banning of cigarette advertising, a common claim from cigarette manufacturers was that cigarette advertising does not encourage people to smoke who would not otherwise. The (eventually successful) opponents of advertising, on the other hand, claim that advertising does in fact increase consumption.

According to many media sources, the past experience and state of mind of the person subjected to advertising may determine the impact that advertising has. Children under the age of four may be unable to distinguish advertising from other television programs, whilst the ability to determine the truthfulness of the message may not be developed until the age of eight.

3.2 PUBLIC SERVICE ADVERTISING

The same advertising techniques used to promote commercial goods and services can be used to inform, educate and motivate the public about non-commercial issues, such as AIDS, political ideology, energy conservation, religious recruitment, and deforestation.

Advertising, in its non-commercial guise, is a powerful educational tool capable of reaching and motivating large audiences. "Advertising justifies its existence when used in the public interest - it is much too powerful a tool to use solely for commercial purposes." - Attributed to Howard Gossage by David Ogilvy
Public service advertising, non-commercial advertising, public interest advertising, cause marketing, and social marketing are different terms for (or aspects of) the use of sophisticated advertising and marketing communications techniques (generally associated with commercial enterprise) on behalf of non-commercial, public interest issues and initiatives.

3.3 ADVERTISING IN INDIA

Agencies are still looking at themselves in terms of the margins and growth rates of the mid-nineties. At about 10-12 per cent this year, growth rate is one-fourth of what it was in the early nineties. Operating margins are down to roughly half of the 20-22 per cent they were then. The costs have gone up, but not more than the rate of inflation. Besides, the biggest component of cost in the agency business is people. That remains one of the lowest in the world, making India a fairly competitive market for advertising services.

The fact is India is a volume-driven market, not a margin-driven one. It is a lesson that consumer product marketers learnt sometime back. Admen refuse to learn it. Most agency heads cannot believe that advertising services too are about volumes not margins. Many complained about how O&M was discounting heavily to get business. But O&M can afford to discount because it handles two, maybe three times the business that a medium-size agency does. It is a path that Lowe, McCann, Leo Burnett and others have quickly followed. To draw an analogy with media, Sun TV dominates southern India but has the most competitive rates because it does not want to lose business to the competition.
3.4 BRAND IMAGE FORMATION AND BRAND PREFERENCE

Having a congruent image between the brand and celebrity does not guarantee any positive effect on consumers' brand preferences. The fundamental question is - what a brand image really does to consumers? Baran and Blasko explained, "Since most products aren't special, most advertising does all that so-called image stuff... There's no information about the product, there's only information about the kind of people who might be inclined to use the product." (p.13). This view is echoed by Feldwick (1991) who has suggested that the subjective experience of using a brand can be different from the subjective experience of using an identical product without the brand reassurance. In the case of using celebrity advertising to build brand image, the effects are examined with a social psychological framework.

3.5 DECISION MAKING PROCESS AND PURCHASE DECISION

Decades ago, John Dewey (1910) conceptualised decision-process behavior as problem solving - thoughtful, reasoned action focused on need satisfaction. As Ajzen and Fishbein (1980, p.5) put it, "Human beings are usually quite rational and make systematic use of the information available to them... People consider the implications of their actions before they decide to engage or not to engage in a given behavior." A lot of marketing research has shown that consumer decision follows the sequence of need recognition, search for information, alternative evaluation, purchase, and then outcome. The sequence can have major variations, however, from one situation to the next in terms of the extent to which each of these steps is followed.
There are two types of decision-making processes defined. They include Extended Problem Solving and Limited Problem Solving (Engel, Warshaw, Kinnear, 1991). In extended problem solving, thinking leads to feeling, which leads to action. The very nature of the decision often necessitates collection of information that is processed and stored.

Various product attributes are weighed and evaluated. In limited problem solving, consumers will simplify the process by sharply reducing the number and variety of information sources and alternatives considered. The two problem solving processes above suggest that brand images have a relatively insignificant impact on the consumer's purchase decision if the product/service involves extended problem solving. On the contrary, the brand images of product/service that involves limited problem solving will have a more significant impact on the consumer's purchase decision.

- Celebrity endorsements do work in the Indian scenario. The level and the magnitude of the effect vary with the celebrity and the product category but most endorsements have a favourable impact.

- The consumer looks for a variety of aspects from the endorsement like the credibility and likeability of the endorser. Credibility also means the fit between the brand and the celebrity.

- Multiple endorsements do clutter the minds of the consumer.
• When one endorser endorses many brands, then the recall of the endorsement depends entirely on the power of the brand. There are definitely some brands that go unnoticed and the recall for those stands is at a bare minimum. The company in that case can heighten the advertising content because that etches a special place in the mind space of the consumer.

• It is not just the financial gains from the endorsements that matter to the celebrity. They also look for the fit with the brand and what the endorsement might do to their image.

• Professional performance of the endorser is important in deciding the success of the endorsement. However, the bad performance should be stretched so as to make sense to the audience.

• More than the bad performance in the professional field, it is the association of the celebrity with a controversy or ill-behaviour that causes negative impact to the endorsements. During the match fixing scandal in India, the commercials featuring Ajay Jadeja and Mohammed Azharuddin were all taken off air so that they did not have a negative effect on the brand.

• The celebrities' accessibility, regional appeal factors, popularity, attractiveness, belief system are some other important platforms, which are raised when we study the impact of celebrity endorsement on brands.
3.6 CELEBRITY ENDORSEMENT MODELS

3.6.1 Meaning Transfer Model

McCracken (1989) brings up the Meaning Transfer Model, which is a rich and comprehensive description of the endorsement process. The central premise of the meaning transfer model is that a celebrity encodes a unique set of meanings that can be transferred to the endorsed product. The model is divided into three stages: culture, endorsement and consumption.

Fig.1 The Meaning Transfer Model

Key: Path of meaning movement
Stage of meaning movement

* Source: McCracken, 1989, p 315

Stage 1: Culture

McCracken (1989) declares that celebrities are different from anonymous models that companies use to bring value to the advertisement. Celebrities deliver meaning of extra subtlety, depth and power. Advertisements can carry meaning transfer without the assistance of celebrities.
Anonymous actors and models offer demographic information like gender, age, status, etc. but these useful meanings are relative vague and indistinct. Celebrities provide a variety of characteristics and a special life-style that anonymous models cannot offer. They are more powerful endorsers when compared to their anonymous counterparts.

Celebrities bring to mind the meanings in their character with greater vividness and precision and address the target group with meanings of long acquaintance. Celebrities “possess” their meanings because they have created them on public stage by the impression of intense and frequent performance.

Celebrities use these powerful meanings from the persona they assume in the television, movies, and other careers which work as large advertisements. Each new dramatic role brings the celebrity into contact with arrange of objects, persona and context which generate meanings that reside in the celebrity. When the celebrities deliver these meanings in an advertisements, they are passing along a meaning with which they have been charged to another meaning transfer process.

**Stage 2: Endorsement**

McCracken (1989) claims that the selection of specific celebrities is based on the meanings that they characterise and on a sophisticated marketing plan. Based on various factors to be considered by the companies, the right choice of celebrity is to be made. On selection of the right celebrity, the advertisement campaign must identify and bring these meanings to the products which should be properly comprehended with all meanings that it wishes to achieve from the celebrity. Each
celebrity is required to in their of cultural significance, where some may not be appropriate for the product. To achieve this, the advertisements must be filled with people, objects, context and copy that have the same meaning as the celebrity.

According to McCracken (1989) the advertisement must be designed in the way that the celebrity and the product work in perfect symmetry, so that the customer is attracted to take the final step in the meaning transfer process. When a link between the celebrity and product is established, the consumer is prepared to accept the attributes of the product put forth by the celebrity.

**Stage 3: Consumption**

McCracken (1989) relates that the final step in the meaning transfer process is the most complicated stage. The part played by the celebrity is to combine the meaning of the products they advertise and relate their own self to the product features. The self constructed image portrays the celebrity as a kind of exemplary, inspirational figure to the consumer.

As per the study, McCracken (1989) establishes the connection celebrity and consumer in stage one and three as more than a parallel relation. The consumer does not admire the celebrity just because he or she meets the expectations of the consumer, but it is also due to the fact that the meaning and the attributes of the products are passed through them in the right perspective.

Celebrities serve the final stage of meaning transfer because they are the “superior customer” of a kind. The celebrities are perfect figures because they are seen to have created the clear, coherent and powerful selves that everyone seeks. They provide good assistance to the meaning transfer process because they illustrate so
vividly the process by which these meanings can be accumulated and some of the novel shapes into which they are accumulated.

McCracken (1989) advocates as to how celebrity endorsement operates as a process of meaning transfer. It is a review of each of the three stages where the meaning moves into the persona of the celebrity, then it moves from the celebrity into the product and finally from the product to the consumer. Therefore, celebrities are the key players in the meaning transfer process.

3.6.2 The TEARS Model

Shimp (2003) writes that there are two general attributes, credibility and attractiveness that play an important role in facilitating communications effectively. These attributes are also important when it comes to determining how effective an endorser can be.

Fig. 2. TEARS Model

*Based On Shimp (2003)
The first general attribute credibility refers to the tendency to believe or trust someone. When an endorser is perceived as credible, the attitude of the audience seems to change through a psychological process called internalization. This process occurs when the receiver accepts the endorser’s position on an issue as his or her own.

Two important sub attributes of the endorser credibility are Trustworthiness and Expertise.

- **Trustworthiness**, the *T* in the TEARS model refers to being seen as believable, dependable and someone whom can be trusted. The trustworthiness of an endorser lays in audience’s perception of the endorser’s motivation. The consumers get convinced about the endorsement when they believe that the celebrity’s endorsement does not circle around his or her self-interest, then the persuasive effect of the endorser is high.

- The second sub attribute is **Expertise**, the *E* component of the TEARS model. The expertise is about having some specific skills, knowledge or abilities that can be related to the endorsed brand. The fact whether the endorser is an expert or not is immaterial. The extent to which the target audience perceives the endorser is far more relevant.

The second general attribute is attractiveness. This is not just physical attractiveness. The different characters that the audience can perceive in an endorser can be intellectual skills, personality properties, lifestyle characteristics and athletic skills. When the consumers find something in the endorser that they like, persuasion occurs through identification. Identification means that the consumers are likely to
adopt the endorser’s behaviour, attitude, interests or preferences if they find the endorser attractive.

Attractiveness can be divided into three sub attributes, physical attractiveness, respect and similarity.

- The A component in the TEARS model, *Attractiveness* is a key consideration in many endorsement relationships. Research supports the idea that attractive people are likely to produce more favourable evaluations of advertised brands than less attractive endorsers.

- *Respect*, the R in model represents the quality of being admired due to one’s personal qualities and accomplishment. Celebrities can be represented for their acting abilities, athletic skills, political arguments and personality. A respected celebrity who endorses a brand can improve a brand’s equity via the positive effect the consumers may get towards the brand.

- The final sub attribute in attractiveness is the S, which is *Similarity*. This refers to how the endorser matches with the audience in terms of age, gender, ethnicity, social class, etc. Shimp says that this is an important attribute because audiences tend to better like individuals who are sharing the same characteristics. A celebrity endorser is more likely to be seen as trustworthy the more he or she matches with the audiences gender, age ethnicity etc. This adds more favourable attitude towards the endorsed brand.
3.6.3 The No TEARS Approach

In this model Shimp (2003) explains how managers and advertisers actually select particular endorsers to align with their brand. Compared to the use of the TEARS model, the “no TEARS” approach is a tool which enables proper selection of celebrities and to avoid pitfalls arising out of it.

The advertisers use a variety of factors when selecting celebrity endorsers. The following factors are considered to be the most important:

1. **Celebrity and audience match up:** The most primary function is that the endorser must well with the brand’s target market. The advertisers must ensure that the target audience positively relates to the endorser.

2. **Celebrity and brand match up:** The advertising executives require that the celebrity’s behaviour, values and decorum are associated to the image desired for the advertising brand. If a brand has a wholesome image or wants to project this particular attribute, then the celebrity endorser should personify wholesomeness.

3. **Celebrity Credibility:** A celebrity’s credibility is basically the reason for choosing celebrity endorsement. People who are trustworthy and received as knowledgeable about the product category are best able to convince others to agree to a special course of action. In other words, credibility is a key determinant of endorser effectiveness.
4. **Celebrity Attractiveness:** When choosing a celebrity as a spokesperson, advertisers have to evaluate different aspects that can be lumped together under the general label “attractiveness”. Attractiveness is multi-faceted and does not include just physical attractiveness, it is also subordinate in importance to credibility and the endorser match up with the audience and the brand.

5. **Cost Consideration:** Another important consideration for the advertising agency is the cost of acquiring a celebrity’s service. Before choosing a celebrity the company has to perform a cost-benefit analysis to determine whether the choice of the celebrity can be justified in terms of proportions because it is difficult to project the revenue stream that will be obtained from using a special celebrity endorser. The task is to calculate the return on investments from a given range of celebrity that can correlate with the desired image and its target market.

6. **Working ease and difficulty factors:** There are celebrities who may be easy or difficult to work with. The advertisement agencies need to select celebrities who are “hassle free” of dealing with people who are unobliging.

7. **Saturation Factor:** Another important aspect to be considered is the number of other brands that the celebrity endorses. If a celebrity is over exposed, endorsing too many products, the perceived credibility of such an endorser may suffer.
8. **The Trouble Factor:** A final consideration for the company to have in mind is the evaluation of the likelihood that the celebrity will get into trouble is matter of concern to brand managers and ad agencies. The potential negative effects to the brand if the celebrity endorsing the brand gets convicted of crime is also to be probed into.

Based on the above mentioned literature pertaining to endorsement, it can be observed that celebrity endorsement is a means of convincing the end user to the point of purchase. This requires a detailed on the behavioural aspect of the consumers.

The study aims at identifying how celebrity endorsement has an influence on consumer behaviour. Hence, in the following pages, the extent to which consumer behaviour is affected by celebrity endorsement is dealt with.

### 3.7 CONSUMER BEHAVIOUR

**Consumer behaviour** is the study of when, why, how, and where people do or do not buy product. It blends elements from psychology, sociology, social anthropology and economics. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general.
Customer behaviour study is based on consumer buying behaviour, with the customer playing the three distinct roles of user, payer and buyer. Relationship marketing is an influential asset for customer behaviour analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer. A greater importance is also placed on consumer retention, customer relationship management, personalisation, customisation and one-to-one marketing. Social functions can be categorized into social choice and welfare functions.

Each method for vote counting is assumed as social function but if Arrow’s possibility theorem is used for a social function, social welfare function is achieved. Some specifications of the social functions are decisiveness, neutrality, anonymity, monotonicity, unanimity, homogeneity and weak and strong. No social choice function meets these requirements in an ordinal scale simultaneously. The most important characteristic of a social function is identification of the interactive effect of alternatives and creating a logical relation with the ranks. Marketing provides services in order to satisfy customers. With that in mind, the productive system is considered from its beginning at the production level, to the end of the cycle.

A consumer is the ultimate user of a product or service. The overall consumer market consists of all buyers of goods and services for personal or family use, more than 270 million people (including children) spending trillions of dollars in the United States as of the late 1990s.

Consumer behavior essentially refers to how and why people make the purchase decisions they do. Marketers strive to understand this behavior so they can
better formulate appropriate marketing stimuli that will result in increased sales and brand loyalty. There are a vast number of goods available for purchase, but consumers tend to attribute this volume to the industrial world's massive production capacity. Rather, the giant known as the marketing profession is responsible for the variety of goods on the market. The science of evaluating and influencing consumer behavior is foremost in determining which marketing efforts will be used and when.

To understand consumer behavior, experts examine purchase decision processes, especially any particular triggers that compel consumers to buy a certain product. For example, one study revealed that the average shopper took less than 21 minutes to purchase groceries and covered only 23 percent of the store, giving marketers a very limited amount of time to influence consumers. And 59 percent of all supermarket purchases were unplanned. Marketers spend a great deal of time and money discovering what compels consumers to make such on-the-spot purchases. Market researchers obtain some of the best information through in-store research, and will often launch new products only in select small venues where they expect a reasonable test of the product's success can be executed. In this manner, they can determine whether a product's success is likely before investing excessive company resources to introduce that product nationally or even internationally.

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

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

Marketers can better predict how consumers will respond to marketing strategies.

3.8 STAGES OF THE CONSUMER BUYING PROCESS

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

The 6 stages are:

1. *Problem Recognition* (awareness of need)--difference between the desired state and the actual condition. Deficit in assortment of products. Hunger--Food. Hunger stimulates the need to eat. It can be stimulated by the marketer through product information.

2. *Information search*--
   - Internal search, memory.
   - External search if more information is needed through friends and relatives (word of mouth). Marketer dominated sources; comparison shopping; public sources etc.
A successful information search leaves a buyer with possible alternatives, the *evoked set*.

3. *Evaluation of Alternatives*—It relates the need to establish criteria for evaluation, features the buyer wants or does not want. Rank or weigh alternatives or resume search. Information from different sources may be treated differently. Marketers try to influence by "framing" alternatives.

4. *Purchase decision*—Choose buying alternative, includes product, package, store, method of purchase etc.

5. *Purchase*—May differ from decision, time lapse and product availability.

6. *Post-Purchase Evaluation*—outcome: Satisfaction or Dissatisfaction. Cognitive Dissonance, arriving at the right decision. This can be reduced by warranties, after sales communication etc.

3.9 **TYPES OF CONSUMER BUYING BEHAVIOUR**

Types of consumer buying behavior are determined by:

- Level of Involvement in purchase decision, importance and intensity of interest in a product in a particular situation.

- Buyers level of involvement determines why he/she is motivated to seek information about a certain products and brands but virtually ignores others.
The four types of consumer buying behaviour are:

- **Routine Response/Programmed Behavior**—buying low involvement frequently purchased low cost items; need very little search and decision effort; purchased almost automatically. Examples include soft drinks, snack foods, milk etc.

- **Limited Decision Making**—buying product occasionally. When there is a need to obtain information about unfamiliar brand in a familiar product category. Requires a moderate amount of time for information gathering. Examples include Clothes--know product class but not the brand.

- **Extensive Decision Making/Complex** high involvement, unfamiliar, expensive and/or infrequently bought products. High degree of economic/performance/psychological risk. Examples include cars, homes, computers, education. Spend a lot of time seeking information and deciding

- **Information from the companies; friends and relatives, store personnel etc.**

- **Impulse buying, no conscious planning.**

The purchase of the same product does not always elicit the same Buying Behavior. Product can shift from one category to the next. For example: Going out for dinner for one person may be extensive decision making (for someone that does not go out often at all), but limited decision making for someone else. The reason for the
dinner, whether it is an anniversary celebration, or a meal with a couple of friends will also determine the extent of the decision making.

3.10 CATEGORIES THAT EFFECT THE CONSUMER BUYING DECISION PROCESS

A consumer, making a purchase decision will be affected by the following three factors:

1. **Personal**
2. **Psychological**
3. **Social**

1. **Personal**

These are unique to a particular person. Demographic factors like gender, race, age etc. which member of the family is responsible for the decision making are those which relate to this factor. For instance, young people purchase things for different reasons than older people.

2. **Psychological factors**

Psychological factors include:
**Motives**

A motive is an internal energizing force that orients a person's activities toward satisfying a need or achieving a goal. Actions are effected by a set of motives, not just one. If marketers can identify motives then they can better develop a marketing mix.

MASLOW hierarchy of needs-

- Physiological
- Safety
- Love and Belonging
- Esteem
- Self Actualization

Need to determine what level of the hierarchy the consumers are at to determine what motivates their purchases. Motives often operate at a subconscious level therefore are difficult to measure.

**Perception**

Perception is the process of selecting, organizing and interpreting information inputs to produce meaning. Information inputs are the sensations received through sight, taste, hearing, smell and touch.
Selective Exposure—select inputs to be exposed for consumer awareness. More likely if it is linked to an event, satisfies current needs, intensity of input changes (sharp price drop).

Selective Distortion—Changing/twisting current received information, inconsistent with beliefs.

Selective Retention—Remember inputs that support beliefs.

- Ability and Knowledge

Need to understand individuals capacity to learn. Learning, changes in a person's behavior caused by information and experience. Therefore to change consumers' behavior about the product, it is essential to give them new information about the product eg. free sample etc.

When making buying decisions, buyers must process information. Knowledge is the familiarity with the product and expertise.

Inexperience buyers often use prices as an indicator of quality more than those who have knowledge of a product. Non-alcoholic Beer example: consumers chose the most expensive six-pack, because they assume that the greater price indicates greater quality.

Learning is the process through which a relatively permanent change in behavior results from the consequences of past behavior.
• **Attitudes**

Knowledge and positive and negative feelings about an object or activity—maybe tangible or intangible, living or non-living, drive perceptions, etc. Individual learns attitudes through experience and interaction with other people. Consumer attitudes toward a firm and its products greatly influence the success or failure of the firm's marketing strategy. Attitudes and attitude change are influenced by consumers' personality and lifestyle. Consumers screen information that conflicts with their attitudes. Distort information to make it consistent and selectively retain information that reinforces consumer attitudes. There is a difference between attitude and intention to buy (ability to buy).

• **Personality**

All the internal traits and behaviors that make a person unique, uniqueness arrives from a person's heredity and personal experience. Examples include:

- Workaholism
- Compulsiveness
- Self confidence
- Friendliness
- Adaptability
- Ambitiousness
- Dogmatism
- Authoritarianism
o Introversion
o Extroversion
o Aggressiveness
o Competitiveness

Traits effect the way people behave. Marketers try to match the store image to the perceived image of their customers. There is a weak association between personality and Buying Behavior, this may be due to unreliable measures. Nike ads. Consumers buy products that are consistent with their self concept.

Lifestyles

Recent trends in lifestyles are a shift towards personal independence and individualism and a preference for a healthy, natural lifestyle. Lifestyles are the consistent patterns people follow in their lives.

3. Social Factors

Consumer wants, learning, motives etc. are influenced by opinion leaders, person's family, reference groups, social class and culture.

• Opinion leaders

Spokespeople etc. Marketers try to attract opinion leaders...they actually use (pay) spokespeople to market their products. Michael Jordon (Nike, McDonalds, Gatorade etc.)
Roles and Family Influences

This is based on the expectations from within the family and the group. People have many roles. Husband, father, employer / employee. Individuals role are continuing to change therefore marketers must continue to update information.

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

- that many family decisions are made by the family unit
- consumer behavior starts in the family unit
- family roles and preferences are the model for children's future family (can reject/alter/etc)
- family buying decisions are a mixture of family interactions and individual decision making
- family acts an interpreter of social and cultural values for the individual.

The Family life cycle: families go through stages, each stage creates different consumer demands:

- bachelor stage...
- newly married, young, no children...me
- full nest I, youngest child under 6
- full nest II, youngest child 6 or over
o full nest III, older married couples with dependant children
o empty nest I, older married couples with no children living with them, head in labor force
o empty nest II, older married couples, no children living at home, head retired
o solitary survivor, in labor force
o solitary survivor, retired
o Modernized life cycle includes divorced and no children.

- **Reference Groups**

  Individual identifies with the group to the extent that he takes on many of the values, attitudes or behaviors of the group members, families, friends, sororities, civic and professional organizations. Any group that has a positive or negative influence on a person’s attitude and behavior are called *Membership groups*. Affinity marketing is focused on the desires of consumers that belong to reference groups. Marketers get the groups to approve the product and communicate that approval to its members. The degree to which a reference group will affect a purchase decision depends on an individuals susceptibility to reference group influence and the strength of his/her involvement with the group.

**Social Class**

An open group of individuals who have similar social rank. Social class influences many aspects of the lives of consumers. Social class determines to some extent, the types, quality, quantity of products that a person buys or uses. Lower class people tend to stay close to home when shopping, do not engage in much pre purchase
information gathering. Stores project definite class images. Family, reference groups and social classes are all social influences on consumer behavior. All operate within a larger culture.

**Culture and Sub-culture**

Culture refers to the set of values, ideas, and attitudes that are accepted by a homogenous group of people and transmitted to the next generation. Culture also determines what is acceptable with product advertising. Culture determines what people wear, eat, reside and travel. Cultural values should be with regard to good health, education, individualism and freedom. Culture effects what people buy, how they buy and when they buy.

### 3.11 CONSUMER BEHAVIOUR MODELS – AN OVERVIEW

Consumer behaviour is a multistage process in which actual buying comes at a much later stage. It becomes crucial for the marketer to understand the initial stages so that they are able to predict the buying stage. This makes the study of consumer behaviour models almost mandatory.

Consumer behaviour models serve two distinct functions:

- They explain the factors that effect purchase of a particular type of goods and services.
- They allow future predictions to be made and are able to assess the likely outcomes of various marketing strategies.
In order to perform the above mentioned functions, the consumer behaviour model must be relevant (must be as much as possible nearer to the real market situation), comprehensive (they should not be vague and poorly constructed) and valid (the outcomes predicted by the model should be testable and verifiable). If these qualities are maintained in the model, then models become not only useful tools but essential tools for the marketer.

3.11.1 Input, Process and Output Model

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

Need Recognition

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

Product Awareness

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

**Evaluation and Intention**

- **Evaluation**

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

- **Intention**

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

**Post Purchase Behaviour**

If, after the purchase and use of the product, the customer is satisfied, he is happy and goes in for repeat purchases or recommends the same to his friends and acquaintance. If however, the consumer is dissatisfied, he discontinues further purchase of the product and builds a negative attitude towards it, which may be harmful to the company.
Fig. 3: Input, Process and Output Model

Source: Matin Khan, Consumer Behaviour, New Age International (P) Ltd., 2001, P-29
The post purchase behaviour is very important for the marketer and the company because it leads to proper feedback for improvement and maintaining the quality and features as desired by the purchaser. If the customer is very happy with the purchase, he forms a good impression about the product and the company.

3.11.2 Black Box Model

It is also called stimulus response model. Consumer’s mind and thought processing is treated like a ‘black box’ which cannot be opened to find out how it is working. The model highlights the input stimulus like a promotional advertisement and the resultant output, the purchase behaviour as shown is Fig.4.

![Fig.4 Black Box Model](image)

Source: Dr. S.L.Gupta and Sumitra Pal, Consumer Behaviour, Sultan Sons, Delhi – Page 256

Black box model, although does not go on to describe as how purchase behaviour is formed, mentions personality, motivation, attitude and learning process as the factors standing in between the input stimulus and the output behaviour.
3.11.3 Howard – Sheth Model

A simplified version of the basic Howard – Sheth model is shown in the model consists of four major sets of variables

1) Inputs,
2) Perceptual and learning constructs,
3) Outputs and
4) Exogenous (external) variables.

(1) Inputs

The input variables consist of three distinct types of stimuli (information sources) in the consumer’s environment. Physical brand characteristics and verbal product characteristics are furnished by the marketer in the form of product or brand information. The third type stimulus is provided by the consumer’s social environment. All the three types stimuli provide inputs concerning the product class or specific brands to the prospective consumer.

(2) Perceptual and Learning Constructs

The central component of the Howard – Sheth model consists of psychological variables that are assumed to operate when the consumer is contemplating a decision. These constructs are treated as abstractions and are not operationally defined or directly measured. Some of the variables are perceptual in nature and are concerned with how the consumer receives and processes information acquired from the input stimuli and other parts of the model.
Fig. 5 Howard – Sheth Model

(3) Outputs

The model indicates a series of outputs that correspond in name to some of the perceptual and learning construct variables (attention, brand comprehension, attitudes, intention etc) in addition to the actual purchase.

(4) Exogenous Variables

External variables are not directly part of the decision making process and are not shown in the model presented here. Relevant external variables include the importance of the purchase, consumer personality traits, time pressure and financial status.

3.12 CONSUMER NEEDS

- Consumers adjust purchasing behavior based on their individual needs and interpersonal factors. In order to understand these influences, researchers try to ascertain what happens inside consumers’ minds and to identify physical and social exterior influences on purchase decisions.

On some levels, consumer choice can appear to be quite random. However, each decision that is made has some meaning behind it, even if that choice does not always appear to be rational. Purchase decisions depend on personal emotions, social situations, goals, and values.

- People buy to satisfy all types of needs, not just for utilitarian purposes. These needs, as identified by Abraham Maslow in the early 1940s, may be
physical or biological, for safety and security, for love and affiliation, to obtain prestige and esteem, or for self-fulfillment. For example, connecting products with love or belonging has been a success for several wildly popular campaigns such as "Reach Out and Touch Someone," "Fly the Friendly Skies," and "Gentlemen Prefer Hanes." This type of focus might link products either to the attainment of love and belonging, or by linking those products with people similar to those with whom people would like to associate.

- **Prestige is another intangible need**, and those concerned with status will pay for it. However, goods appealing to this type of need must be viewed as high-profile products that others will see in use. One benefit of targeting this type of market is that the demand curve for luxury products is typically the reverse of the standard; high-status products sell better with higher prices.

- Some equate the type of need to be met with certain **classes of goods**. For instance, a need for achievement might drive people to perform difficult tasks, to exercise skills and talents, and to invest in products such as tools, do-it-yourself materials, and self-improvement programs, among others. The need to nurture or for nurturing leads consumers to buy products associated with things such as parenthood, cooking, pets, houseplants, and charitable service appeals.

- **Personality traits and characteristics** are also important to establish how consumers meet their needs. Pragmatists will buy what is practical or useful, and they make purchases based more on quality and durability than on
physical beauty. The aesthetically inclined consumer, on the other hand, is
drawn to objects that project symmetry, harmony, and beauty. Intellectuals are
more interested in obtaining knowledge and truth and tend to be more critical.
They also like to compare and contrast similar products before making the
decision to buy. Politically motivated people seek out products and services
that will give them an "edge," enhancing power and social position. And
people who are more social can best be motivated by appealing to their
fondness for humanity with advertising that suggests empathy, kindness, and
nurturing behavior. One successful way an insurance company targeted this
market was through its "You're in good hands with Allstate" campaign.

- Consumers also vary in how they determine whose needs they want to
  satisfy when purchasing products and services. Are they more concerned with
  meeting their own needs and buying what they want to, for their own
  happiness? Or do they rely on the opinions of others to determine what
  products and services they should be using? This determines, for example,
  whether or not they will make a purchase just because it's the newest, most
  popular item available or because it is truly what they need and/or want. This
  also influences the way marketers will advertise products. For example, a wine
distributor trying to appeal to people looking to satisfy their personal taste will
emphasize its superior vintage and fine bouquet; that same distributor,
marketing to those who want to please others, will emphasize how sharing the
wine can improve gatherings with friends and family.
• **Cultural and social values** also play large roles in determining what products will be successful in a given market. If great value is placed on characteristics such as activity, hard work, and materialism, then companies who suggest their products represent those values are more likely to be successful. Social values are equally important. If a manufacturer suggests their product will make the consumer appear more romantic or competitive in a place where those values are highly regarded, it is more likely consumers will respond.

### 3.13 PURCHASE PATTERNS

While all of this information might be helpful to marketers, it is equally important to understand what compels the consumer to actually make a purchase, as opposed to just generating interest. For example, some consumers respond based on how they are feeling, or more emotionally, while some are focused on making the wisest economic decision. Knowing the different elements that stimulate consumer purchase activity can help marketers design appropriate sales techniques and responses.

Adding to the complexity of the issue is the fact that purchase decisions are not always made on the basis of an *attribute-by-attribute* comparison (attribute-based processing). Consumers also make decisions based on an overall evaluation of their impressions, intuition, and knowledge based on past experience, or attitude-based processing. Learned attitudes also influence these decisions. For example, parents who drank Kool-Aid as children often buy it for their kids, either because they associate it with fond memories or just because of brand familiarity or loyalty.
There is time and effort associated with each of these strategies, though attribute-based processing requires significantly more effort on the consumer's part. To dedicate the time required for an attribute-by-attribute comparison, consumers need the combination of motivation and the time or opportunity to use such a strategy.

Other contributing factors were discussed in Mantel's study, such as personality differences and each individual's "need for cognition." Need for cognition reflects to what extent individuals "engage in and enjoy thinking." People with a high need for cognition tend to evaluate more and make more optimal in-store purchase decisions. This is in part because they do not react to displays and in-store promotions unless significant price reductions are offered. Low-need cognition people react easily when a product is put on promotion regardless of the discount offered.

Consumers are also affected by their perceived roles, which are acquired through social processes. These roles create individuals' needs for things that will enable them to perform those roles, improve their performance in those roles, facilitate reaching their goals, or symbolize a role/relationship, much in the way a woman's engagement ring symbolizes her taking on the role of a wife.

Other factors that influence purchase decisions include the importance attributed to the decision. People are not likely to take as much time doing brand comparisons of mouthwash as they are a new car. The importance of the purchase, as well as the risk involved, adds to how much time and effort will be spent evaluating the merits of each product or service under consideration. In cases of importance such as the purchase of a car or home appliance, consumers are more likely to use rational, attribute-based comparisons, in order to make the most informed decision possible.
In some cases, consumers make very little effort to evaluate product choices. "Habitual evaluation" refers to a state in which the consumer disregards marketing materials placed in a store, whether because of brand loyalty, lack of time, or some other reason. Indeed, evaluating all relevant marketing information can become time consuming if it is done every time a person shops.

On the opposite side of the coin, "extensive evaluation" is the state in which consumers consider the prices and promotions of all brands before making a choice. There are also in-between states of evaluation, depending again on the importance of the purchase and the time available to make a decision (some consumers, usually those who earn higher incomes, value their time more than the cost savings they would incur). Decisions on whether to compare various products at any given time may be a factor of the anticipated economic returns, search costs or time constraints, and individual household purchasing patterns.

When it comes time to actually make purchases, however, one person in the family often acts as an "information filter" for the family, depending on what type of purchase is being made and that person's expertise and interest. The information filter passes along information he or she considers most relevant when making a purchase decision, filtering out what is considered unimportant and regulating the flow of information. For example, men are more often the family members who evaluate which tools to purchase, while children pass along what they consider to be seminal information about toys. At times, family members may take on additional roles such as an "influencer," contributing to the overall evaluation of goods being considered for purchase. Or one person may act as the "decider," or the final decision-maker.
Ultimately, purchase decisions are not made until consumers feel they know enough about the product, they feel good about what they're buying, and they want it enough to act on the decision.

Hence it can observed that advertisements do play a pivotal role in the behavioral pattern of the consumers. More so, it creates a greater impact when celebrities endorse the products. The presence of celebrities in advertisements not only seem to be attractive, but they also lead consumers to a stage where they find that the testimonials given by such celebrities are quite convincing and assuring about the products. To substantiate this phenomenon, a comprehensive study has been conducted, which elaborates on various perspectives of the celebrity impact on consumers.

3.14 CONCLUSION

This chapter completely enumerated different types of sales promotion and advertisement effectiveness over the marketing arena. This chapter also explained different aspects brand knowledge and brand loyalty which are directly related to the sales promotion aspects.