Chapter 2

Theoretical Framework and Review of Literature
1) Model of Consumer Behavior

Consumers make any buying decisions every day. Most large companies research consumer buying decisions in great detail to answer questions about what consumers buy, where they buy, how and how much they buy, when they buy and why they buy.

Marketers can study actual consumer purchases to find out what they buy, where and how much. But learning about the ways of consumer buying behavior is not so easy as the answers are often locked deep within the consumer’s mind. For companies with billions of dollars on the line, the buying decision is the most crucial part of their enterprise”, states a consumer behavior analyst.

Yet no one relay knows how the human brain makes that choice. Often, consumers themselves don’t know exactly what influences their purchases. “Buying decisions are made at an unconscious level”, says the analyst, and consumers don’t generally give very reliable answers if you simply ask them, ‘why did you buy this?’ (Jim Edwards, 2005 : 21-24).

The central question for marketer is: How do consumer respond to various marketing efforts the company might use? The starting point is the stimulus response model of buyer behavior shown in figure 2.1.1. This figure shows that marketing and other stimuli enter the consumer’s “black box” and produce certain responses. Marketers must figure out what is in the buyer’s black box.
Marketing stimuli consists of the four Ps: Product, Price, Place and Promotion. Other stimuli include major forces and events in the buyer’s environment: economic, technological, political and cultural.

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(Figure 2.1.1) Model of buyer behavior

All these inputs enter the buyer’s black box, where they are turned into a set of observable buyer response: product choice, brand choice, dealer choice, purchase timing and purchase amount.

There marketer wants to understand how the stimuli are changed into responses inside the consumer’s black box, which has two parts. First, the buyer’s characteristics influence how they perceive and react to the stimuli. Second, the buyer’s decision itself affects the buyer’s behavior (Kotler & Armstrong, 2007:130).
2) Characteristics Affecting Consumer Behavior

Consumer purchase are influenced strongly by cultural, social, personal and psychological characteristics, shown in figure 2.1.2 for them most part, marketers cannot control such factors, but they must take them into account.

2.1) Cultural Factors

Cultural factors exert a broad and deep influence on consumer behavior. The marketer needs to understand the role played by the buyer’s cultural, subculture and social class.

2.1.1) Culture

Culture is the most basic case of a person’s wants and behavior. Human behavior is largely leaned. Growing up in a society, a child learns basic values, perceptions, wants, and behaviors from the family and other important institutions. Every group or society has culture, and cultural influences on buying behavior may vary greatly from country to country. Failure to adjust to these differences can result in ineffective marketing or embarrassing mistakes.

Marketers are always trying to spot cultural shifts in order to discover new products and services that might be wanted. For example, the cultural shift towards greater concern about health and fitness has created a huge industry for health and fitness services, exercise equipment and clothing, more natural foods and variety of diets.
2.1.2) Subculture

Each culture contains smaller subcultures, or group of people with shared value systems based on common life experiences and situations. Subcultures include nationalities, religions, racial groups and geographic regions. Many subcultures make up important market segments, and marketers often design products and marketing programs tailored to their needs. Examples of four such important subculture groups include Hispanic, African, American, Asian-American and mature consumers (ibid, p. 131)

(Figure 2.1.2) Factors influencing consumer behavior

1The U.S. Hispanic market includes American of Cuban, Mexican, Central American South American and Puerto Rican which consists of more than 41 million consumers.
2.1.3) Social Class

Almost every society has some form of social class structure. Social classes are society’s relatively permanent and ordered divisions whose members share similar values, interests and behaviors. Social class is not determined by a single factor such as income, but is measured as a combination of occupation, income, education, wealth and other variables. In some social systems, members of different classes are reared for certain roles and cannot change their social positions.

Marketers are interested in social class because people within a given social class tend to exhibit similar buying behavior. Social classes show distinct product and brand references in areas such as clothing, home furnishing, food, leisure activity and automobiles.

2.2) Social Factors

A consumer’s behavior is influenced by social factors, such as the consumer’s small groups, family and social roles and status.

2.2.1) Groups

A person’s behavior is influenced by many small groups. Groups that have a direct influence and to which a person belongs are called membership groups. In contrast, reference groups serve as direct (face-to-face) or indirect points of comparison or reference in forming a person’s attitudes or behavior. People often are influenced by reference groups to which they do not belong.
Marketers try to identify the reference group of their target markets. Reference groups expose a person to new behavior and lifestyles, influence the person’s attitudes and self-concept, and create pressures to conform that may affect the person’s product and brand choices. The importance of group influence varies across products and brands. It tends to be strongest when the product is visible to others whom the buyer respects (ibid., p. 135).

2.2.2) Family

Family members can sternly influence buyer behavior. The family is the most important consumer buying organization in society, and it has been researched extensively. Marketers are interested in the roles and influence to husband, wife and children on the purchase of different products and services.

2.2.3) Roles and Status

A person belongs to many groups-family, clubs and organizations. A person’s position in each group can be defined in terms of both role and status. A role consists of the activities people are expected to perform according to the person around them. Each role carried a status reflecting the general given to it by society. People usually choose products appropriate to their roles and status.

2.3) Personal Factors

A buyer’s decision also are influenced by personal characteristics such as the buyer’s age and life-cycle stage. Occupation, economic situation, lifestyle and personality and self-concept.
2.3.1) Age and life-cycle stage

People change the goods and services they buy over their lifetimes. Tastes in food, cloths, furniture and reaction are often age related. Buying is also shaped by the stage of the family life cycle – the stages through which families might pass as they mature over time. Marketers often define their target markets in terms of life-cycle stage and develop appropriate products and marketing plans for each stage.

Traditional family life-cycle stages include young single and married couples with children. Today, however, marketers are increasingly catering to a growing number of alternative, nontraditional stages such as unmarried couples, singles marrying later in life, childless couples, same-sex couples, single parents, extended parents (those with young adult children returning home), and others.

2.3.2) Occupation

A person’s occupation affects the goods and services bought. Blue collar workers tend to buy more rugged work clothes, whereas executive buy more business suits. Marketers try to identify the occupational groups that have an above average interest in their products and services. A company can even specialize in making products needed by a given occupational group.
2.3.3) Economic Situation

A person’s economic situation will affect product choice. Marketers of income-sensitive goods watch trends in personal income, savings and interest rates. If economic indicators point to recession, marketers can take steps to redesign, reposition and re-price their products closely. Some marketers target consumers who have lots of money and resources, charging prices to match.

2.3.4) Lifestyle

People coming from the same subculture, social class and occupation may have quite different lifestyles. Lifestyle is a person’s pattern of living as expressed in his or her psycho graphics. It involves measuring consumer’s major AIO\textsuperscript{2} dimension-activities (work, hobbies, shopping, sports, social events), interests (foods, fashion, family, recreation), and opinions (about themselves, social issues, business, products).

Lifestyle captures something more than the person’s social class or personality. If profiles a person’s whole pattern of acting and interacting in the world pattern of acting and interacting in the world. When used carefully, the lifestyle concept can help markets understand changing consumer values and how they affect buying behavior.

\textsuperscript{2}Activities, interests and opinions.
Several research firms have developed lifestyle classifications. The one most widely used is SRI\textsuperscript{3} Consulting Business Intelligence’s VALS\textsuperscript{4} typology (see figure 2.1.3) VALS classification people by psychological characteristics and four demographics that correlate with purchase behavior how they spend their time and money. It divides consumers into eight groups based on two major dimensions: primary motivation and resources.

Primary motivation include ideals, achievements and self-expression. According to SRI – BI, consumer who are primarily motivated by ideals are guided by knowledge and principles. Consumers who are primarily motivated by achievement look for products and services that demonstrate success to their peers. Consumer who are primarily motivated by self-expression desire social or physical activity, variety, and risk Consumer within orientation are further classified into those with high resources and those with low resources, depending on whether they have high or low levels of income, education, health, self-confidence, energy and other factors.

\textsuperscript{3}Stand ford Research Institute  
\textsuperscript{4} Values Attitudes and Lifestyle
Consumer with either very high or very low levels of resources are classified without regard to their primary motivation (Innovators, Survivors). Innovators are people with so many resources that they exhibit all resources that they do not show a strong primary motivation. They must focus on meeting needs rather than fulfilling desires.
2.3.5.) Personality and Self-Concept

Each person’s distinct influences his or her buying behavior. Personality refers to the unique psychological characteristics that lead to relatively consistent and lasting responses to one’s own environment. Personality is usually described in terms of traits such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability and aggressiveness. The idea is that brands also have personalities and that consumers are likely to choose brand with personalities that match their own. A brand personality is the specific mix of human traits that may be attributed to a particular brand one researcher identified five brand personality trait (Aaker, 1997: 347-356)

1. Sincerity (down to earth honest, wholesome, and cheerful)
2. Excitement (daring, spirited, imaginative, and up to date)
3. Competence (reliable, intelligent, and successful)
4. Sophistication (upper class and charming)
5. Ruggedness (outdoorsy and tough)

The researcher found that a number of well-known brands tended to be strongly associated with on particular trait. Many marketers use a concept related to personality a person’s self-concept (also called self-image). The basic self-concept premises is that people’s possessions contribute to and reflect their identities; that is, “we are what we have”. Thus, in order to understand consumer behavior, the marketer must first understand the relationship between consumer self-concept and possession.
2.4) Psychological Factors

A person’s buying choice are further influenced by four major psychological factors: motivation, perception, learning, and beliefs and attitudes.

2.4.1) Motivation

A person has many needs at any given time. Some are biological, arising from states of tension such as hunger, thirst, discomfort. Others are psychological, arising from the need for recognition, esteem, or belonging. A need becomes a motive when it is aroused to sufficient level of intensity. A motive (or drive) is a need that is sufficiently pressing to direct the person to seek satisfaction. Psychologist have developed theories of human motivation. Two of the most popular—the theories of Sigmund Freud and Abraham Maslow—have quite different meaning for consumer analysis and marketing.

Sigmund Freud assumed the people are largely unconscious about the real psychological forces shopping their behavior. Freud’s theory suggests that a person’s buying decisions are affected by subconscious motives that even the buyer may not fully understand. The term motivation research refers to qualitative research designed to probe consumer’s hidden, subconscious motivations. Consumers often don’t know or can design just why they act as they do. Thus, motivation researchers use a variety of probing techniques to uncover underlying emotions and attitudes towards brand and buying situation.
These sometimes bizarre techniques range from sentence completion, word association, and inkblot or cartoon interpretation tests to have consumer from daydreams and fantasies about brands or buying situations.

Abraham Maslow sought to explain why people are driven by particular needs at particular times. Why does one person spend much time an energy on personal safety and another on gaining the esteem of others? Maslow’s answer is that human needs are arranged in hierarchy as shown in figure (2.1.4), from the most pressing at the bottom to the least pressing at the top (Maslow, 1943: 370-396). They include physiological, safety needs, social needs, esteem needs and self-actualization needs.

(Figure 2.14) Maslow’s Hierarchy of needs
A person tries to satisfy the most important need first. When that need is satisfied will stop being a motivated and the person will then try to satisfy the next most important need.

2.4.2) Perception

A motivated person is ready to act. How the persons ac is influenced by their own perception. All of us learn by the flow of information through our five senses: sight, hearing, smell, touch, and taste. However, each of us receives, organizes, and interprets this sensory information in an individual way. Perception is the process by which people select, organize, and interpret information to form a meaningful picture of the world.

People can form different perceptions of the same stimulus because of three perceptual process: selective attention, selective distortion and selective retention. People exposed to a great amount of stimuli everyday is impossible for a person to pay attention to all these stimuli. Selective attention- the tendency for people to screen out most of the information to which they are exposed-means that marketers must work especially hard to attract the consumer’s attention.

Even noticed stimuli do not always come across in the intended way. Each person fits incoming information an existing mind-set. Selective distortion describes the tendency of people to interpret information in a way that will support what they already believe.
For example, if you distrust a company might perceive even honest ads from the company as questionable.

Selective distortion means that markets must try to understand the mind-set of consumers and how these will affect interpretations of advertising and sales information. People also will forget much of what they learn. They tend to retain information that supports their attitudes and beliefs because of selective retention, consumer are likely to remember good points made about a brand they favour and to forgot good points made about competing brands. Because of selective exposure, distortion and retention, marketers must work hard to get their message through. This facts explains why marketers use so much drama and repetition in sending message to their market.

Interestingly, although marketers worry about whether their offers will be perceived at all, some consumers worry they will be affected by marketing messages without even knowing it through subliminal advertising.

Numerous studies by psychologists and consumer researchers have found little or no link between subliminal message and consumer behaviour. It appears that subliminal advertising simply doesn’t have the power attributed by its critics. Most advertisers scoff at the nation of an industry conspiracy to manipulated consumers through “invisible” message. Says one industry insiders. The very idea of us as puppeteers, cruelly pulling the strings of consumers marionettes, is almost much to bear (Garfield, 2000:105).
2.4.3) Learning

When people act, they learn. Learning describes changes in an individual’s behavior arising from experience. Learning theorists say that most human behavior is learned. Learning occurs through the interplay of drives, stimuli, cues, responses, and reinforcement.

A drive is a strong internal stimulus that calls for action. A drive becomes a motive when it is directed toward a particular stimulus object. Cues are minor stimuli that determine when, where, and how the person responds. The practical significance of learning theory for marketers is that they can build demand for a product by associating it with strong drives, motivating cues, and providing positive reinforcement.

2.4.4) Belief and Attitudes

Through doing and learning, people acquire beliefs and attitudes. These, turn, influence their buying behavior. A belief is a descriptive thought that a person has about something. Beliefs may be based on real knowledge, opinion, or fact and may or may not carry emotional charge. Marketers are interested in the beliefs that people formulate about specific products and services, because these beliefs make up product and brand images that affect buying behavior. If some of beliefs are wrong and prevent purchase, the marketer will want to launch a campaign to correct them.
People have attitude regarding religion, politics, clothes, music, food, and almost everything else. Attitude describes a person relatively consistent evaluation, feelings and tendency toward an object. Attitudes put people into a frame of mind of liking or disliking things of moving towards or away from them. Attitudes are difficult to change. A person’s attitudes fit into a pattern, and to change one attitude may require difficult adjustments in many others. Thus, a company should usually try to fit its products into existing attitudes rather than attempt to change attitudes. Of course, there are exception in which the cost of trying to change attitudes may pay off handsomely (Kotler, 2007 : 145)

3) Types of Buying Decision Behavior

Buying behavior differs greatly for a tube of toothpaste, financial services, choosing a restaurant, and a new car. More complex decisions usually. Figure 2.1.5 shows types of consumer buying behavior based on the degree of buyer involvement and degree of differences among brands.

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<td>Dissonances reducing buying behavior</td>
<td>Habitual buying behavior</td>
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(Figure 2.1.5) Four types of buying behavior
3.1) Complex Buying Behavior

Consumers undertake complex buying behavior when they are highly involved in a purchase and perceive significant differences amount Brands. Consumers may be highly involved when the product is expensive, risky, purchased infrequently, and highly self-expressive. Typically, the consumer has much to learn about the product category. The consumer has much to learn about the product category. The buyers will pass through a learning process, first developing beliefs about the product, then attitudes, and then making thoughtful purchase choice. Marketers of high-involvement products must understand the information-gathering and evaluation behaviour of high-involvement consumers. They need to help buyers learn about product-class attributes and their relative importance.

They need to differentiate their brand’s features perhaps by describing the brand’s benefit.

3.2) Dissonance-Reducing Buying Behavior

Dissonance-Reducing buying behavior occurs when consumers are highly involved with an expensive, infrequent, or risky purchase, but see little difference among brands. To counter such dissonance, the marketer’s after sale communications should provide evidence and support to help consumers feel good about their brand choices.
3.3) Habitual Buying Behavior

Habitual buying behavior occurs under conditions of low consumer involvement and little significant brand difference. Consumers appear to have low involvement with most low-cost, frequently purchased products. In such cases, consumer behavior does not pass through the usual belief-attitude-behavior sequence.

Consumers do not search extensively for information about brands, evaluate brand characteristics, and make weighly decision about which brands to buy. Instead, they passively receive information as they watch television or read magazines. Consumers do not form strong attitudes towards a brand; they select the brand because it is familiar. Because they are not highly involved with the product, consumers may not evaluate the choice even after purchase. Thus, the buying process involves brand beliefs formed by passive learning, followed by purchase behavior, which may or may not be followed by evaluation.

3.4) Variety-Seeking Buying Behavior

Consumers undertake variety-seeking buying behavior in situations characterized by low consumer involvement but significant perceived brand differences. In such consumer often do not of brand switching. Brand switching occurs for the sake of variety rather than because of dissatisfaction.
4) The Buyer Decision Process

Buyer decision process consist of five stages: need recognition, information search, evaluation of alternatives, purchase decision, and post purchase behavior (see figure 2.1.6), clearly, the buying process starts long before the actual purchase and continues long after.

(Figure 2.1.6) Buyer Decision Process

Marketers need to focus on the entire buying process rather than on just the purchase decision (Kotler & Keller, 2006: 191-203).

The figure suggests that consumer pass through all five stages with every purchase. But, in more routine purchase consumer often skip or reverse some of these stages. However, we use the model in figure 2.1.6 because it shows all the consideration that arise when a consumer faces a new and complex purchase situation.
4.1) Need Recognition

The buying process starts with need 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 stimuli. At this stage, the marketers should research consumers to find out what kind of needs or problems arise, what brought them about, and how they led the consumer to the particular product.

4.2) Information Search

An interested consumer may or may not search for more information. If the consumer’s drive is strong and satisfying producer is near at hand, the consumer is likely to buy it them. It not, the consumer may store the need in memory or undertake an information search related to the need. The amount of searching depends on the strength of drive, the amount of information at the first place, the ease of obtaining more information, the value of additional information, and the satisfaction that consumer gets from searching.

Consumer can obtain information from any of several sources. These include personal sources (family, friends, neighbors, acquaintances), commercial sources (advertising, sales people, web sites, dealers, packaging, display), public sources (mass media, consumer-rating organization, internal searches), and experimental sources (handlings, examining, using the product). The relative influence of these, information sources varies with the products and the buyer.
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. It’s rare that an advertising campaign can be as effective as a neighbor learning over thence and saying, “This is wonderful product” (Pruden & Varra, 2004:25).

4.3) Evaluation of Alternatives

Consumer do not use a simple and single evaluation process in all buying situations, Instead, several evaluation processes are at work. How consumer go about evaluation purchase alternatives depends on the individual consumer and the specific buying situation. In some cases, consumer use careful calculations and logical thinking. At other times, the same consumers do little or no evaluating; instead they by on impulse and rely on intuition. Sometimes consumers make buying decisions on their own; sometimes they turn to friends, consumer guided, or sale people for buying advice. 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 decisions.
4.4) Purchase Decision

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 first factor is unexpected situations factors. 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. Thus preferences and even purchase intentions do not always result in actual purchase choice.

4.5) Post Purchase Behavior

After purchasing the product, the consumer will be satisfied or dissatisfied and will engage in post purchase behavior of interest to the marketer. What deter whether the buyer is satisfied or dissatisfied with a purchase lies in the relationship between the consumer’s expectations and the product’s perceived performance. If the product falls short of expectations, the consumer is disappointed; if it means expectations, the consumer is satisfied, if it exceeds expectations, the consumer is delighted.

Almost all major purchase result in cognitive dissonance, or dissonance, or discomfort caused by post purchase conflict. After the purchase, consumers are satisfied with benefits of the chosen brand and are gland to avoid the drawbacks of the brands not bought. However, every purchase involves compromise.
Consumers feel uneasy about acquiring the draw backs 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. (Schiffman & Kanuk, 2002: 220).

5) The Buyer Decision Process for New Products

Buyer may pass quickly or slowly though stages in trying to satisfied a need, and some of the stages may even be reversed. Much depends on the nature of the buyer, the product, and the buying situation. But, how do the buyers approach the purchase of new products? A new products is good, service, or idea that is perceived by some potential customers as new. It may have been around for a while, but marketers interest is in how consumer learn about products for the first time and make decision on whether to adapt them. Marketers define the adoption process as the mental process through which an individual passes from first learning about innovation to find adoption, and adoption as the decision by an individual to become a regular user of the product (Waarts et al., 2002:412).

5.1) Stages in the Adoption Process

Consumers go through five stages in the process of adopting a new product:

- Awareness: The consumer becomes aware of the new product, but lacks information about it.
- **Interest:** The consumer seeks information about the new product.

- **Evaluation:** The consumer considers whether trying the new product makes sense.

- **Trail:** The consumer tries the new product on a small scale to improve their estimate of its value.

- **Adoption:** The consumer decided to make full and regular use of the new product.

5.2) **Individual Difference in Innovativeness**

People differ greatly in their readiness to try new products. In each product area, there are “consumption pioneers” and early adopters. Other individuals adopt new product much later. People can be classified into the adopter categories shown in figure 2.1.7 (Simon & Schuster, 2003)

(Figure 2.1.7) **Adopter categorization on the basis of relative time of adoption of innovations**

The five adopters groups have differing values. Innovators are venturesome. They try new ideas at some risk. Early adopters are guided by respects- they are opinion leaders in their communities and adopt new ideas early but carefully.
The early majority are deliberate—although they rarely are leasers, they adopt new ideas before the average person. The late majority are skeptical—they adopt an innovation only after a majority of people have tried it. Finally, laggards are traditional-bound—they suspicious of changes and adopt the innovation only when it has become something of a traditional self. In general, innovators and early adopters tend to be relatively younger, better educated, and higher in income than later adopters, and non-adopters. They are more receptive to unfamiliar things, rely more on their own values and judgment, and are more willing to take risks. They are less brand loyal and more likely to take advantage of special promotions such as discounts, coupons, and samples (Kotler and Aremstrong, 2007: 152).

5.3) Influence of product characteristics on rate of adoption

The characteristics of the new product affect its rate of adoption. Some products catch on almost overnight, whereas others take a long time to gain acceptance.

Five characteristics are especially important in influencing an innovation’s rate of adoption:

- Relative advantage: The degree to which the innovation appears superior to existing. The greater the perceived relative advantage of using a new product the innovation, the sooner it will be adopted.
• Compatibility: The degree to which the innovation fits the values and experiences of potential consumers.

• Complexity: The degree to which the innovation is difficult to understand and use.

• Divisibility: The degree to which the innovation may be tried on a limited basis.

• Communicability: The degree to which the results of using the innovation can be observed or described to others.

The new product marketer must research all these factors where developing the new product and its marketing program.

6) Consumer Behavior Across International Borders

Understanding consumer behavior is difficult enough of for companies within the border of single country. For companies operating in many countries, however, understanding and serving the needs of consumers can be daunting. Although consumers in different countries may have some things in common, their values, attitudes, and behaviors often vary greatly. International marketers must understand such differences and adjust their product and marketing program accordingly. Multinational companies (Like McDonald’s) face tough decision on which products to emphasize in which countries. The allocation of products and advertising money to the different countries must be guided by
consumer preferences, and economic future conditions in each country (Kotler, 2006: 89).

Often, difference across international marketers are subtle. They may result from physical differences in consumers and their environments. In India, where many consumers eat heavy fried breakfast and many consumers skip the meal altogether, Kellogg’s advertising attempt to convince buyers to switch to lighter, more nutritious breakfast diet. Failing to understand difference in customs and behaviors from one country to another can spell disaster for a marketer’s international products and programs. Marketers must decide on the degree to which they will adopt their products and marketing programs to meet the unique cultures and needs of consumers in various markets.

7) Services Marketing

Every business is service business, companies are not a chemical company. They are a chemical services, business. Theodor Levitt said, “There is no such things as service industries. There are only industries whose component are greater or less than those of other industries. Everybody is in service”, “Business planned for services are apt to succeed; business planned for profit are apt to hail,” observed American educator Nicholas Murray Butler in an age of increasing product.
Communications, service quality is one of the most promising sources of differentiation and distinction. Giving good service is the essence of practicing a customer orientation (Kotler, 2006: 167).

Services have grown dramatically in recent years. Services are growing even faster in the world economy, making up 37 of value of all international trade. A large number of business organizations offer services. (Kotler and Armstrong, 2007: 239). A service is any act or performance that one party can offer to another that is essentially in tangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product (Kotler and Keller, 2006: 372).

7.1) **Nature and Characteristics of a Service**

A company must consider four special service characteristics when designing marketing programs: intangibility, inseparability, and perishability.

7.1.1) **Service Intangibility**

Service intangibility means that services cannot be seen, tasted, felt, heard, or smelled before they are bought. To reduce uncertainty, buyers look for “signals” of services quality. They draw conclusions about quality from the place, price, equipment, and communication that they can see. Therefore, the service provider’s task is to make the services tangible in one or more ways and to send the right signals about quality. (Kotler and Armstrong, 2007, 239).
Service companies can try to demonstrate their service quality through physical evidence and presentation. It could make this positioning strategy tangible through a number of marketing tools:

- **Place**: The exterior and interior should have clean lines. The layout of the desks and the traffic flow should be planned carefully. Waiting lines should not get overly long.

- **People**: Personal should be busy. There should be sufficient number of employees to manage the workload.

- **Equipment**: Computers, copying machines, payment machines, desks should be an look “State of art”.

- **Communication Material**: Printed materials – text and photos should suggest efficiency and speed.

- **Symbol**: The name and symbols should suggest – hast service.

- **Price**: The company could advertise that it will deposit $ 5 in the account of any customer or will give 5$ discount to any customer who waits in line for more than five minutes (Kotler and Keller, 2006 : 372).

### 7.1.2) Service Inseparability

Physical goods are produced, then stored later sold, and still later consumed. In contrast, services are first sold, the produced and consumed at the same time. Service inseparability means that services cannot be separated from
their providers, whether the providers are people or machines. If a service employee provides the service, then the employee become a part of the service. Because the customer is also present as the service is produced, provider customer nitration is a special feature of services marketing. Both the provider and the customer affect the service outcome (ibid, p. 240)

7.1.3) Service Variability

Service variability means that the quality of services depends on who provides them as well as when, where, and how they are provided. Service buyers are aware of this variability and often talk to others before seeking a service provider, there steps, service firms can take to increase quality control as follows : Invest in good hiring and training producer, standardize the service performance process throughout the organization and monitor customer satisfaction (Kotler and Keller, 2006 : 376).

7.1.4) Service Perishability

Service parish ability means that services cannot be stored for later sale or use. The perishability of service is not a problem when demand is steady. However, when demand fluctuates, service firms often have difficult problems. Thus, service firms often design strategies for producing a better match between demand and supply. Hotels and resorts charge lower process in the off-season to attract more guest and restaurants hire part-time employees to serve during peak periods (Kotler and Armstrong, 2007 : 240)
8) Categories of Service Mix

The Service component can be a minor or a major part of the total offering. Five categories of offerings be distinguished:

- Pure tangible good – The offering consists primarily of a tangible good. No services accompany the product.

- Tangible good with accompanying services – The offering consists of a tangible good accompanied by one or more services. Levitt observes that “the more technologically sophisticated the generic product (e.g., cars and computers), the more dependent are its sales on the quality and availability of its accompanying customer services”.

- Hybrid – The offering consists of equal parts of goods and services. For example, people patronize restaurant for both food and services.

- Major services with accompanying minor goods and services. For example, airline passenger buy transportation. The trip include some tangibles, such as food and drinks, a ticket stub, and an airline magazine. The service requires a capital intensive good-an airplane-for its realization, but the primary item is a service.

- Pure Service – The offering consist primarily of a service. Examples include baby-sitting, psychotherapy, and massage (ibid, p. 373).
9) Food Service Marketing

Food service marketing and hence customer behavior is often subsumed into that of generalized ‘hospitality’ and in some text is amalgamated with a still more amorphous ‘tourism’. Both of these grouping tend to favor the hotel industry. There are no books dedicated to consumer research in the food-service industry. Yet, food service is an important industry in its own right, not least in term of financial turnover, and although it contributes in part to both hotels and tourism, it has its own separate characteristics.

Restaurants, including those in chains and those that are part of hotels, take away, and ever contract catering, are more volatile, changeable and fashion-prone than hotels or tourist attractions. Thus, in principle food services presents a particularly interesting area for studying consumer behavior. The food service industry has features which set it apart from other areas of the service sector such as financial and professional services. It is closely concerned with food choice and quality, but at the sometime has long been considered to offer a rich meal experience to which may other factors contribute. The food service industry exemplifies two aspect of post modern consumer culture. As Peacock (1992) notes, is flexible artisan-focused and context-dependent enough to offer a high degree of customization. Thus, it can provide on ultimately short-lived fashion product in highly simulated environment’ typical criteria of postmodernism. At the same time, this is the industry that has been the most
blatant operationalization of service, phenomenon of McDonaldization, which can be the other face of postmodern consumer society.