CHAPTER # 1

INTRODUCTION TO MARKETING AND CONSUMER BEHAVIOUR
1.1 Introduction to Marketing

The study of any discipline should start with its working definition delineating properly its contents and characteristics, defining its scope and boundary, and prescribing the objective for which it stands. From this point of view, progress can be achieved only when the term “Marketing” is defined clearly. However, the framing of precise definition by bringing together all the characteristics is not simple because the evolved discipline has judiciously borrowed concept and principles from various other disciplines namely economics, sociology, psychology, anthropology, history, statistics, and so on. Hence, marketing is an applied social science. It has developed into a separate discipline by now. The sub-areas of marketing on the basis of above contributing disciplines include consumer behaviour, advertising, brand management, sales management, and retailing.

1.1.1 Marketing

The term ‘Marketing’ in general encompasses all the activities involved in production of goods and services by a firm to their consumption by the targeted customers. Marketing starts with understanding needs of the customers both stated and unstated, designing products or service to satisfy those needs, informing the target customers about the availability of the product or service, influencing, motivating the customer to buy the product and also making the product available at the place where the customer needs, at an appealing price. In a nutshell marketing is the organizational process in which decision is taken with respect to the fundamental pillars namely Product, Price, Place and the Promotion¹ (‘4Ps’). In order to be successful, each organization must be able to convince their customers to buy from them and not from their competitors. A good marketing programme precisely helps in achieving this.

From the managerial point of view, marketing (management) is the process of planning and executing the conception, pricing, promotion, and distribution of ideas,
goods, and services to create exchanges that satisfy individual and organizational goals. Marketing management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.

The set of tasks necessary for successful marketing management includes developing marketing strategies and plans, connecting with customers, building strong brands, shaping the market offerings, delivering and communicating value, capturing marketing insights and performance, and creating successful long-term growth.

The UK Chartered Institute of Marketing gives a simple definition “Marketing is the management process responsible for identifying, anticipating, and satisfying customers’ requirements profitably.” Philip Kotler defines Marketing Management as “the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer value.”

Looking to the above definitions, it can be said that marketing is essentially creating and delivering customer value by all means.

### 1.1.2 Important Concepts in Marketing

To understand the marketing function entirely with holistic insights, proper understanding is essential about the fundamental concepts along with current trends. Marketing essentially hinges on the core concepts like Needs, Wants, and Demands; Target Markets, Positioning, and Segmentation; Offerings and Brands; Value and Satisfaction; Marketing Channels (three kinds of marketing channels); Supply Chain; Competition; Marketing Environment and Marketing Planning.

### 1.1.3 New Paradigms in Marketing

Over the last couple of decades marketing is undergoing a sea change and many new concepts have evolved ever since. The dynamic changes in the firms operating environment due to increase pressures from external uncontrollable factors especially competitive forces have been instrumental in invention or innovation of newer practices by organizations in the field of marketing.
Redesigning the Four Ps

The ‘4Ps’ or the marketing mix consists of a company’s service and/or product offerings to consumers and the methods and tools it selects to accomplish the exchange. Four basic elements include:

(i) The product—features, designs, brands, packaging, etc.
(ii) The price—list price (including discounts, allowances, and payment).
(iii) The place—distribution of the product or service.
(iv) Promotion—advertising, sales promotion, public relations, and sales efforts designed to build awareness of, and demand for the product or service.

In today’s interactive, networked, and customer-controlled marketplace, we attribute much of marketing inability to live up to the stated goal of “identifying and satisfying customer needs and wants” to the most common of all marketing management concept, the managerial rubric of the four Ps — the focus on product, price, place and promotion. It is high time that the firms concentrate their efforts on value creation process in by first building a customer-centric view and then integrating internal activities and processes. A primary reason to rethink the four Ps is that changing marketplace dynamics simply make the concept obsolete.

![Diagram: Traditional Concept of Marketing](source: Chekitan S.Dev & Don E. Schultz, Marketing Management Jan/Feb'05, p.21)
The traditional view of marketing assumes that an organization should start with its customers. But that's not the way it really works today. Figure 1.1 illustrates the traditional concept of marketing as practiced by marketers.

Robert Lauterborn suggested that the sellers' '4Ps' correspond to the customers' '4Cs' which was better explained by Prof. Jagdish Sheth by marking it as '4As'. Many researchers have suggested niches like broadening the concept to '7Ps', '10Ps' and '10Ss' for service marketing as well.

**Table - 1.1**

**Redesigning 4Ps in Marketing**

<table>
<thead>
<tr>
<th>The “Ps” In Marketing and “Ss” In Services Marketing</th>
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<tbody>
<tr>
<td><strong>Marketing</strong></td>
</tr>
<tr>
<td>Product</td>
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<tr>
<td>Price</td>
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<tr>
<td>Place</td>
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<tr>
<td>Promotion</td>
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<tr>
<td>Customer Solution</td>
</tr>
</tbody>
</table>

The lessons learnt by firms suffering from myopic view brought out a new mix based on outside demand-based approach.

**Figure - 1.2**

**Customer Centric Marketing Mix**

Source: Chekitan S. Dev & Don E. Schultz, Marketing Management Jan/Feb'05 p.21, 23
This demand-based view of the marketplace provides a different way to look at the marketing function. It positions the consumer at the beginning of the marketing process, not at the end. To do this, marketing must change rather dramatically, if it is to provide any viable management value to firms in the 21st century.

**Customer-Centric**

Customers are the lifeblood of any organization and the heart of the demand-driven economy. Scores of books have been written about the importance of customers, ways to provide value to them, and the need for a company to be customer-oriented. Senior executives in all industries readily agree that customers are critical to the survival of a firm, that customers are their most valuable assets, and that their entire organization must be customer-centric. Yet, in spite of the apparent universal acceptance of the importance of customers, the actions of most firms don’t always match this talk. Despite billions of dollars being spent by firms on advertising, customer satisfaction, and customer relationship management program, many firms still fail to put customers at the center of their organization.

Companies need both Customer Experience Management (CEM) and Customer Profitability Management (CPM). Without measuring customer profitability, companies can easily waste efforts providing too much value to low value customers. But once they identify who are their high value customers, companies also need to know how to provide right customer experience to them, in order to retain customers, acquire new customers, and expand the margins they are generating per customers.

Managers, thus, need to be familiar with two key tools – customer experience and customer profitability – and employ each one strategically.

*Customer Value Mapping* is based on the premise that customers purchase from suppliers based on value and that they choose the supplier perceived to deliver the greatest value. Customer value equals quality relative to price. According to Bradley Gale (1994, *Managing Customer Value*, New York: The Free Press), quality is determined as a composite of judgments about all non-price attributes, such as product attributes and customer service dimensions. Since quality is a higher-level subjective attribute in practice, it is measured as perceived quality.
Relating CEM and CPM

To Maximize Growth, senior executives need not only utilize both Customer Experience Management (CEM) and Customer Profitability Management (CPM) — but also know how to link these two strategic tools.

Customer profitability measurements can then be used to optimize CEM investment in customer acquisition, retention, and expansion, so that the right customers are targeted and the ROI on each customer is understood. In turn, where customer profitability tracks the financial value that customers offer to a firm, CEM can provide strategic guidance for increasing that value and can specify precisely which aspects of the customer experience is likely to impact which aspect of customer profitability. The diagram below provides a model for these two frameworks:

Figure - 1.3
Relationship between CEM and CPM

Firm Value

Customer Profitability

Customer Acquisition

Customer Retention

Customer Expansion

Brand Experience

Customer Interface

Continuous Innovation

Brand Experience

Brand Experience

Brand Experience

Brand Experience

Organization Structure

Source: Advertising Express, July 05, p. 33
Some others have also termed the ‘customer centric approach’ as ‘assets based view’.
Let us try to understand the same with respect to the following model.

**Figure - 1.4 – Assets Based View**

The above views as held by various authors gives a paradigm shift in customers’ role from being the delivery destination to the consultant who gives innovative ideas. The synergy of customers’ ideas and the implementation of the same by the company, make the product more acceptable and saleable. Customer relationship is strengthened when the customer feels confident that the company is not only focusing on selling its products, but is looking at mutual benefit factors. Such tool acts as Customer Retention Management (CRM) for the organization which constantly strives to achieve maximum market coverage. Demand based approach in fact provides an opportunity for the firm to adopt a *Free Lunch* concept as should be happy to get the suggestions directly from the user and that too at no cost! They end up divulging their ideas without any desire for money or IP rights.

### 1.2 Introduction to Consumer Behaviour

At an outset, it is absolutely essential to understand the meaning, definition and scope of the term ‘consumer’ and then study about consumer behaviour and its relationships and subsequent implications for marketer.
1.2.1 Understanding ‘Consumer’
Consumer is a broad term and any person who uses a product or service or deals with it can be called a consumer. It is not necessary that the person should be a buyer of the product or service. The term consumer should not be confused with the word 'customer' which has the limited meaning of usually denoting a person who contracts to buy the product. For example, if you are selling coffee beans, you may have just one customer in the Manager of a cafeteria. On the other hand all the persons who drink coffee in the cafeteria are your consumers. It is necessary to distinguish between the two broad categories of consumers we come across.

These are 'personal consumers' and 'institutional consumers'. Personal consumers are those individuals and households who themselves consume goods or services. Institutional consumers on the other hand are businesses, organizations and groups that buy and consume goods and services during the course of their operations. This research focuses more on the personal consumers.

1.2.2 The Role of Consumer in Marketing
The field of consumer behavior is rooted in the marketing strategy that evolved in the late 1950s. Instead of trying to persuade customers to buy what the firm had already produced, marketing-oriented firms found that it was a lot easier to produce only products they had first confirmed, through research, that consumers wanted. This consumer-oriented concept came to be known as the marketing concept. Consumer needs and wants became the primary focus firm. The key assumption for a successful company must be to determine the needs and wants of specific target markets, and deliver the desired satisfactions. Consumer Orientation is marketing in itself.

Consumer is the most important person in the economy. It constantly tries to achieve a better standard of living by acquisition of goods and services; strives to increase income to meet growing needs; realizes that needs can be ever growing and yesterday's luxuries are today's necessities; and exercises options, dictates creation of goods and services. All these constitute uninhibited consumer behavior.
Importance of the Present Day Consumer

The problem of understanding consumer behavior becomes all the more complicated and research oriented in the era of globalization, privatization and liberalization that the changing role of consumers do warrant a research in order to serve them better and satisfy their emotional and unwarranted needs.

Over a period of last two decades, the digital revolution has introduced several drastic changes into the business environment. At present,

- Consumers have more power than ever before.
- Consumers have access to more information than ever before.
- Marketers can offer more services and products than ever before.
- The exchange between marketers and customers is increasingly becoming interactive and instantaneous.
- Marketers can gather more information about consumers more quickly and easily.
- Impact reaches beyond the PC-based connection to the Web.

1.2.3 Consumer Behaviour

The study of consumer behavior is not altogether a recent activity. While it has blossomed into a much-studied science only during the last two decades, it finds mention even in the earliest of treatise The Wealth of Nations by Adam Smith published in 1776.

In the early theory and the treatments given in the various treatises that followed it, simplistic assumptions were made that consumers pursue their needs with limited incomes and are compelled to exercise choices to derive optimized satisfaction levels utilizing the available incomes. In these treatments the satisfaction derived and the utility levels arrived at by a consumer from increased consumptions were analyzed. Much of the theory was built on such analyses but the underlying assumption was that consumer behavior is a uni-disciplinary economic activity.

By the later part of the twentieth century as marketing became a more important activity, marketers were seeking answers for the many questions they had about how their consumers behaved. The early economic theories of consumer behavior were found to be inadequate. It was realized that consumer behavior is really much more
complex and interdisciplinary, and it involved concepts from various human behavior sciences. The effects of Sociology, Psychology, and Anthropology besides Economics were recognized on the behavior of consumers and the science of Consumer Behavior came into existence.

1.2.4 Basics of Consumer Behaviour

Consumer behaviour may be defined as the behaviour exhibited by people in planning, purchasing and using economic goods and services. Consumer behaviour is an integral part of human behaviour and cannot be separated from it. In fact, it is the subset of human behaviour. Human behaviour refers to the total process by which individuals interact with their environment.11

The term consumer behaviour is defined, as "the behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs."12 It includes:

- What they buy?
- Why they buy it?
- When they buy it?
- Where they buy it?
- How often they buy it?
- How often they use it?
- How they evaluate it after purchase?
- How they dispose of it?

1.2.5 Concept of Consumer Buying Behaviour

Consumer buys a particular product because he is influenced by certain motives. Motive is strong feeling, urge, instinct, desire or emotion that makes the buyer to react in the form of decision to buy. For that matter every human activity is motivated and is not spontaneous. In other words, needs are motivational elements behind purchase. Abraham H. Maslow (Motivation and Personality, Harper and Row, 1954, p.82) classifies these needs, in a pyramid form known as 'Hierarchy of Needs'13 namely physiological need, safety or security need, social need, self-esteem need, and self-actualization need.

Consumer behavior is influenced by three factors: cultural (culture, subculture, and social class); social (reference group, family, and social role and status); and personal (age, stage in the life cycle, occupation, economic circumstances, lifestyle,
personality, and self-concept). Research into all these factors can provide marketers with clues to reach and serve consumers more effectively.

Marketers always try to generate wants and, once wants are generated, they are conditioned by certain motives. These are termed as buyer or buying motives. Buying motives are defined as "those influences or considerations which provide the impulse to buy, induce action or determine choice in the purchase of goods or services." 14 Four main psychological processes that affect consumer behavior are motivation, perception, learning and memory.

The typical buying process consists of the following sequence of events: problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior. The marketer's job is to understand behavior at each stage. The attitudes of others, unanticipated situational factors, and perceived risk may all affect the decision to buy, as will consumers' levels of post-purchase satisfaction and post-purchase actions on the part of the company.

Figure - 1.5
Factors Influencing Buying Behaviour 15

<table>
<thead>
<tr>
<th>Marketing Stimuli</th>
<th>Other Stimuli</th>
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<tbody>
<tr>
<td>Product &amp; Services</td>
<td>Economic</td>
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<tr>
<td>Price</td>
<td>Technological</td>
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<td>Distribution</td>
<td>Political</td>
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<td>Communication</td>
<td>Cultural</td>
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<td>Economic</td>
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<th>Consumer Characteristics</th>
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<th>Buying Decision Process</th>
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<td>Problem</td>
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<td>Recognition</td>
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<td>Information Search</td>
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<td>Evaluation of Alternatives</td>
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<td>Purchase Decision</td>
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<td>Post-Purchase</td>
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<th>Purchase Decision</th>
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<td>Product Choice</td>
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<td>Brand Choice</td>
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<td>Dealer Choice</td>
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<td>Purchase Amount</td>
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<td>Purchase Timing</td>
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<td>Payment Method</td>
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1.3 Marketing Power Tools To Sway Consumer Behaviour

The term 'promotion' is a general term and includes primarily three types of sales activities.

(i) Mass impersonal selling methods (Advertising)
(ii) Face-to-face or Personal Selling (Salesmanship)
(iii) Activities other than personal selling and advertising, such as point-of-purchase display (P.O.P), shows and exhibitions, demonstration and other non-recurrent selling efforts. (This form of activity is called "Sales Promotion").

The Figure - 1.6 portrays the relationship of these tools with consumer response.

**Figure - 1.6**

*Effect of Promotional Tools on Consumer Response*[^16]

![Figure 1.6](image)

AIDA

Advertising has the capacity to generate highest awareness. It is also higher in arousing interest. However, it is not so effective in leading the consumer to action. Personal selling works exactly the opposite way. It is highest in making people buy and creating a desire for the product. It is, however, low in generating awareness. Sales promotion is highest in including action. Public relations and publicity are confined to creating awareness and a low level of interest.^[17]
1.3.1 Introduction to Marketing Power Tools: Brand, Advertising and Sales

The holistic marketing and one of its components namely relationship marketing has put emphasis on brand loyalty research which consequently brings out influence exerted by demographic and marketing mix factors especially advertising and sales promotion.

The study is focused on two important facets of promotion one being the advertising and the other sales promotion. More so their effect on brand creation would be understood by clearly delineating the roles in marketing and communication world.

*Power Tool: I – Brand*

Brands sell. Brands endure. Brands are strategic assets. Brand building, as companies know it today has long been acknowledged as the key to wealth creation. *It is built through the interaction of promotional tools like advertising, personal selling, sales promotion, public relation and publicity.* The proliferation of consumer goods in the last two decades has led to the development of branding as the essential definitive tool for competitive differentiation.

In order to understand the meaning of the brand, a proper working definition of brand is essential. “A brand is a name, term, sign, symbol, or design, or some combination of these elements, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors. The different components of a brand—brand names, logos, symbols, package designs, etc.—are called brand elements.”

“Brands are the world’s new opinion makers” (Kunde, 2002:22). This very flattering role encompasses a responsible task for brand and corporate management. As Pringle and Thompson (2001) recognized, the third wave of branding has come. In the 50’s, brands resonated with consumers’ rationale, in the 70’s with consumers’ emotions, whereas in the 90’s they have to hit the spiritual and ethical level of consumers to establish a long lasting meaningful brand relationship.
Brand understanding is not universal. (De Chernatony, 2001; Kapferer, 2004). Authors of various papers unquestionably refer to a brand at a more profound, and abstract level by referring to a positioning, cluster of values, relationship and promise to customer; and a support the idea that a brand needs to be integrated in the core of the company (Kunde, 2002; Lepla and Parker 2002; Keller, 2003). Many of the conceptual, models of a brand contain several key elements of the branding puzzle: personality, relationship, image, value proposition, brand essence, and benefit for customer, etc. In the kernel of these concepts lie brand essence (Aaker, 1992) or brand identity (Kapferer, 2004). To manage perceived image, inner self of the brand, i.e. its identity, is what should really be managed (Kapferer, 2004).

Many companies have learned to their sorrow that brand is not just trademark, product, logo, symbol or name, but it is a name of marketable product to which relevant and unique set of associations and benefits, both functional and emotional are attached. The crores of rupees companies spend on corporate identify projects are often wasted because there is no brand strategy behind them. Thus, consumers experience the same dull and irritating service, mediocre or sub-quality products and a less-than-satisfactory customer experience. Similarly, having a good name does not guarantee success. Many other companies have placed their faith in the advertising rupee, hoping that mass communication will do the trick. There are still many that do not realize that all of these elements are necessary but not sufficient to produce a great brand. Brands provide consumers with a choice and means of simplifying the decisions; acts as Quality assurance and Risk avoidance; and provides scope for Self expression (Social status, Success, Aspiration, Love and Friendship and Personality).

The key to standing out from the crowd is still the development of a powerful brand image, but the nature of branding has itself been forced to change. What is emerging from this metamorphosis is a new kind of brand experience of the consumer, offering hi-tech and hi-touch brand interaction.


**Power Tool: II—Advertising**

In modern times advertising prevails in all walks of human life. It has acquired the distinction of being the most visible and glamorous method of marketing communication. Some of the prominent definitions of advertising include:

According to the American Marketing Association, “Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor. It involves the use of such media as magazine, newspaper, space, radio, motion pictures, outdoor media, cards, catalogues, direct mail, directories and references, store signs, programmers and menus, novelties and circulars”.

According to William Stanton, “Advertising consists of all the activities involved in presenting to a group of non-personal, oral or visual, openly sponsored message regarding a product, service or idea. This message called an advertisement is disseminated through one or more media and is paid for by the identified sponsor”.

In view of the above, Weeler opined that “Advertising is any form of paid non-personal presentation of ideas, goods or services for the purpose of inducing people to buy”. However, John E. Kennedy defines it as, “Advertising is salesman in print”. In line of the scope of Kennedy’s definition Prof. Sidney Bernstein has defined advertising as “a substitute for the human salesman”.

According to Chris Jacques, “Advertising is the business of creative thinking for commercial advantage”.

In view of the above inputs, it can be concluded that advertisements not only talk about a brand or a manufacturer/supplier, but also provide product information. Advertising is a form of communication whose purpose is to inform potential customers about products and services and how to obtain and use them. (Source: Wikipedia)

In today’s world of intense competition, targeting to get and hold the attention is of utmost importance. “It has been estimated that the average consumer is exposed to
300 to 600 advertisements in a normal day (Assael 1981)"). Medium could be anything ranging from TV, radio, slots, magazine and newspaper ads, posters, brouchers, on the apparels, online pop-up ads and many more. Advertisers relentlessly try to explore more and more avenues to exhibit their product ads where consumers are expected to perceive.

Advertiser’s plans can fructify into sales, if only the contents transmitted result in consumer ‘perception’. Perception depends on how consumer’s senses react to the exposure of physical product or its information. Of the many factors likely to influence these selective perceptions, some important ones are acuity of sensory equipment, physical experience, psychological and physical condition, previous experiences, and current needs and purpose.

Perception whether favorable or unfavorable is developed based on variety of advertising appeals namely rational and emotional. White goods do have certain amount of emotional appeals. However, consumers take long time to evaluate or make decision. Table - 1.3 shows different type of advertising appeals

<table>
<thead>
<tr>
<th>Rational Appeals</th>
<th>Subconscious / Cognitive Appeals</th>
<th>Emotional Appeals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit / Price / Cost</td>
<td>Fear</td>
<td>Esteem / Vanity</td>
</tr>
<tr>
<td>Quality</td>
<td>Humour</td>
<td>Ego</td>
</tr>
<tr>
<td>Value</td>
<td>Sensory</td>
<td>Stardom / Admiration</td>
</tr>
<tr>
<td>Comparison / Competitive</td>
<td>Sex / Love</td>
<td>Health</td>
</tr>
<tr>
<td>Acceptance / Popularity</td>
<td>Teasers</td>
<td>Awareness / Consciousness</td>
</tr>
</tbody>
</table>

It has been suggested that in order for advertising to be effective it must be “liked” by the consumer (Biel and Bridgwater 1990)\(^4\). The rational for this is that if an advertisement is liked, it will gain consumers attention, thereby creating awareness of the product or brand.
**Power Tool: III – Sales Promotion**

Sales promotion involves those activities – other than advertising, personal selling, and public relations – that stimulates customer purchase and the effectiveness of intermediaries. The Institute of Sales Promotion defines it as, “a range of tactical marketing techniques designed within a strategic marketing framework, to add value to a product or service in order to achieve a specific sales and marketing objective.”

According to American Marketing Association, sales promotion refers to “those activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness, such as display shows and exhibitions, demonstrations, and various other non-recurrent selling efforts not in ordinary routine.”

However, some authors define it as short-term promotional tool used to stimulate sales. Roger A. Strang defines it as, “Sales promotion is short-term incentives to encourage purchase or sale of a product or service.” On the similar lines William Q. Kelly opines, “Muddled...... Misused...... Misunderstood....That is sales promotion.”

Stanley M. Ulanoff in his Handbook of Sales Promotion, defines sales promotion as all the marketing and promotion activities, other than advertising, personal selling, and publicity, that motivate and encourage the consumer to purchase by means of such inducements as premiums, advertising specialties, samples, cents-off coupons, sweepstakes, contests, games, trading stamps, refunds, rebates, exhibits, displays, and demonstrations. It is employed as well, to motivate retailers’, wholesaler; the manufacturer’s sales forces to sell through the use of such incentives as swards or prizes (merchandise, cash and travel), direct payments and allowances, cooperative advertising, and trade shows. It offers a direct inducement to act by providing extra worth over and above what is built into the product as its normal price. These temporary inducements are offered usually at a time and place the buying decision is made.
Summing up, Sales promotion deals with promotion of sales by the offer of incentives, which are essentially non-recurring in nature. It is also known by the names of Extra-Purchase-Value (EPV) and Below-the-line selling.

Sales promotion and public relations are two tools of growing importance in marketing planning. It stimulates consumer markets, the trade, and the organizations own sales force. Sales promotion expenditures now exceed advertising expenditures and are growing at a faster rate. Sales promotion planning calls for establishing the sales promotion objectives, selecting the tools, developing, pre-testing, and implementing the sales promotion program, and evaluating the results.

Table No. 1.3
**Major Decisions in Sales Promotion**

- Establishing objectives (larger sized units, trial, attract switchers, etc.)
- Selecting the sales-promotion tools (consumer-promotion, trade-promotion, and/or business- and sales force promotion tools)
- Selecting business and sales-force promotion tools
- Developing the program (make decisions on the size of the incentive, conditions for participation, duration of the promotion, distribution vehicle, timing and the total sales-promotion budget)
- Pre-testing, implementing, controlling, and evaluation the program
  - Overall, sales promotions work best when they attract competitors’ customers to try a superior product and get a switch.
  - Consumer surveys, experiments and scanner data indicate results.

For the purpose of the study, sales promotion is defined as a "diverse collection of incentive tools, mostly short term, designed to stimulate quicker and / or greater purchase of particular products/services by consumers" (Kotler, 1998). Sales promotions are classified as price and non-price based on the nature of the promotions (Campbell and Diamond, 1992; Blattberg and Neslin, 1990). Price promotions are defined as 'promotions such as Coupons, Cents off, Refunds, and Rebates that temporarily reduce the cost of the goods or service' (Cooke, 1983). Non-price promotions are defined as promotions such as giveaways (freebees), or contests in which value is temporarily added to the product at full price.
1.3.2 The Role of Advertising in Brand Creation

Advertisement or any other marketing effort of the company exerts a certain degree of influence on the general public, who by nature and culture are very emotional, and who believe all the things that are depicted or picturised in any media holds true and for their betterment only. *It forces an individual to perceive and as universally known perceptions can make or mar one’s product image through which brands are created generally.* It also explains by the way of model the impact of advertisement and other related sources like reference groups that directly or indirectly influence people (as depicted in various forms of advertisements) and what kind of creativity an ad agency or company employs in order to influence the groups, to whom the consumers look for genuine information and guidance.

The Role of Advertising within the Marketing Program

Advertising planning and decision-making take place in the context of an overall marketing program. Obviously, there are several marketing tools that can be used to help an organization achieve its marketing objectives. Its product or service can be developed or refined. A distribution network can help match an organization’s output with its clientele. Pricing strategy is another marketing decision variable. The most appropriate way to improve the sales of a brand may not involve promotion or advertising at all, but may involve more extensive distribution, better relationships with the trade, a lower price, or simply better product quality. In addition to placing the advertising plan in this total context, the brand manager must also take care to develop a marketing program in which the component parts work in a coordinated, synergistic manner instead of at cross-purposes.

Advertising plays an important but relatively limited role in marketing. It can be used to promote a product’s many advantages, but it doesn’t determine which features will satisfy people’s needs, where products should be distributed, or what price should be charged. Such marketing issues must be resolved before any advertising appears; in effect, the marketing process provides the framework in which advertising is created.

Table – 1.4 brings forth two significant perspectives on advertising:
Table 1.4
Role of Advertising—Two Views

<table>
<thead>
<tr>
<th>Advertising—Market Power</th>
<th>Advertising Information</th>
</tr>
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<tbody>
<tr>
<td>Advertising affects consumer preferences and tastes, changes product attributes and differentiates the product from competitive offerings</td>
<td>Advertising informs consumers about product attributes and does not change the way they value those attributes</td>
</tr>
<tr>
<td>Consumers become brand loyal and less price sensitive, and perceive fewer substitutes for advertised brands</td>
<td>Consumers become more price sensitive and buy best ‘value’. Only the relationship between price and quality affects elasticity for a given product</td>
</tr>
<tr>
<td>Potential entrants must overcome established brand loyalty and spend relatively more on advertising</td>
<td>Advertising makes entry possible for new brands because it can communicate product attributes to consumer</td>
</tr>
<tr>
<td>Firms are insulated from market competition and potential concentration increases, leaving firms with more discretionary power</td>
<td>Consumers can compare competitive offerings easily and competitive rivalry is increased. Efficient firms remain, and as the inefficient leave, new entrants appear the effect on concentration is ambiguous</td>
</tr>
<tr>
<td>Firms can charge prices and are not as likely to compete on quality or price, dimensions. Innovation maybe, reduced</td>
<td>More informed consumers put pressures on firms to lower prices and improve quality innovation is facilitated via new entrants</td>
</tr>
<tr>
<td>High prices and excessive profits accrue to advertisers and give them even more incentive to advertise their products. Output is restricted compared to conditions of perfect competition</td>
<td>Industry prices are decreased. The effect on profits due to increased competition and increased efficiency is ambiguous.</td>
</tr>
</tbody>
</table>

The Role of Advertising within the "Communications Mix"

Advertising is notorious for this inability to actually get the sale: while the effects of advertising in increasing brand awareness and favourable attitudes for the brand are easily documented, effects on sales are harder to find. It is thus often useful, after advertising creates awareness of a brand, to supplement advertising with sales promotions (both consumer promotions and trade promotions), which are often more effective in actually getting consumers to try the brand. Thus, an integral part of the advertising planning and decision-making process is an assessment of the role that advertising is meant to play – as one part of a firm’s communications mix and as one part of the total marketing mix.

Advertising and Brand Creation

All consumers whether educated or not, do not enjoy rational thinking because of many reasons. They tend to seek opinion from various people who also may belong to the same category (Emotionally charged) or they tend to believe / trust what is being depicted in ads are true. Figure - 1.7 (model) illustrates the concept better.
A normal consumer when exposed to advertisement seeks information and rational assessment from various groups of the society which he thinks possess knowledge and judgement but unfortunately this groups have also been portrayed in the advertisement as their reference groups or consultancy groups. This reference groups by virtue of their status are influenced by ads and so are not able to make an honest assessment of the information and ultimately the consumer remains confused and chooses a natural course of action i.e. selection of advertised product, services or ideas.

Advertising plays a great role in initiating the process of loyalty formation. On one hand sales promotion tries to break the existing loyalty pattern in an existing product or brand by offering a higher trial in a short period of time and advertising helps in creating recognition for the new brand. The knowledge creation is the task of the whole marketing system of a brand and not of only advertising and sales promotion functions. According to Theodore Levitt, “The new competition is not between what companies produce in the factories but between what they add to their factory output in the form of packaging, services, advertising, customers services, financing, delivery arrangements, warehousing, and other things that people value.”

Figure - 1.8
Role of Integrated Marketing Communication in Brand Building

Source: Tapan K Panda, Branding Paradigms and Prognostications, ICFAI University Press, Hyderabad, 2005, p. 28
The models for building brands vary across categories. Brands use alternative routes for delivering tangible benefits. A strong attribute, which delivers a tangible benefit, may help the brand rise above the clutter of marketing communications to trigger trial purchase.

About the significance of advertisement in modern times, it is rightly said, "While the pace of development may vary in different countries, the direction will be the same and therefore the manner in which marketing and advertising professionals discharge their social responsibilities is vital to our existence in society". The right to be informed is one of the fundamental rights of the consumer. Of course, he must be protected from deceitful and exaggerated claims. Advertisement is rightly described as "the most important moral influence". No society should permit such a powerful force to operate without a commitment to certain norms and values.

**Figure - 1.9**

*Brand Creation through Strategic Advertising*

![Diagram showing brand creation through strategic advertising](image)
As mentioned earlier, Philip Kotler has replaced 4 P’s to 4 C’s, which take a customer-based approach rather than a seller-based view. What best you can find when the product becomes Customer Value, Price becomes Customer Costs, Place becomes Customer Convenience and Promotion becomes Customer Communication. This narrates that consumer are the backbones of any organization and it is they who actually make or break a brand.

Consumer or buyers want customer value, lower total costs (reduction of the ad cost burden being transferred to them) more convenience and honest communication. THEY WANT STRATEGIC RELATIONSHIP AND NOT TACTICAL MARKETING. The 4 P’s of marketing are controlled by the company and hence are classified as ‘tactical marketing’.

At all levels of marketing imagery advertising is identified as one of the principal components of image creation. While it is quite common to regard advertising as a major factor in leveraging brand equity (Achenbaum, 1989)\textsuperscript{29}, it is worth noting that consumers are not passive recipients of image-laden advertising. Joyce (1991)\textsuperscript{30} suggests that “people took away from communications, including advertising, what they chose to, and indeed brought existing preconceptions to them” (p. 269). In view of the above, it can be emphasized that advertising plays a significant role in creating brand awareness and consequently brand preference.

1.3.3 The Role of Sales Promotion in Brand Creation

Although sales promotion activity can be used to create awareness, it is usually used for the later stages of the buying process that is to create interest and desire, and-in particular—to bring about action. Sales promotion can quite successfully complement other tools within the promotion mix, for example by reinforcing a particular image or identity developed through advertising.

Sales promotions have become a vital tool for marketers and their importance has been increasing significantly over the years. In India, sales promotions expenditure by various marketing companies is estimated to be Rs 5,000 crores and the emphasis on sales promotion activities by Indian industry has increased by 500 to 600 percent during the last 3-5 years (Economic Times, June 15, 2003). In the year 2003, there
were as many as 2,050 promotional schemes in the Rs. 80,000 crores FMCG market (Dang et. al, 2005). However, white goods / consumer durable industry too witnessed intense sales promotion activities.

Over the last few years there has been a rapid increase in the use of sales promotion, for a number of reasons.

- There has been a greater acceptance of the use of sales promotion by top management, and more people are now qualified to use it. In addition, there is greater pressure today to obtain a quick sales response, something that sales promotion can be good at achieving.
- Markets have become increasingly competitive, and there is evidence that customers have become less loyal to brands and are prepared to go for the best deal on offer. Sales promotion is often used to break brand loyalty.
- As advertising channels proliferate, audiences have become saturated with messages and advertising efficiency has declined because of increasing costs and media clutter.

**Objectives of Sales Promotion**

**Profit or Brand Creation!!!**

Some of the commonly attempted objectives, which have been proven by market records, are:

- Increase sales (in general, and focusing on new uses, increased usage, upgrading unit of purchase, winning sales of fading brands etc.)
- Make the sale of slow-moving products faster and stabilize a fluctuating sales
- Identify and attract new customers
- Educate customers regarding product improvements
- Reduce the perception of risk associated with the purchase of a product
- Motivate dealers to stock and sell more (including complete product line)
- Motivate sales force to take the achievement higher than targets
- Attract sales force to give desired emphasis on new accounts, latent accounts, new products, and difficult territories
- Put power into the sales-presentation
- Counter competitors sales-promotion and, marketing efforts
Companies may use anyone or a combination of the above objectives in varying form to suit the product-market needs of their product. However, the question that confronts most of the organizations and marketers is - whether to use this tool so as to increase sales or to create / enhance brand image? The question poses serious dilemma as both the objectives are on different axis and serves different purposes.

Out of all the objectives some seems to be working in the negative direction so far as the contribution of sales promotion to brand creation is concerned. For example if the seller uses incentive type promotion to attract new customers or triers and because of its seer magnitude of offers, it often results in brand switching or attracts price sensitive customers. There are many research studies, which suggest that being a short-term tool to increase sales it suffers negatively on the brand front. So it can be said that there is a negative relationship of sales promotion with the brand creation or built up.

The effect of promotions on the brand is generally examined through two constructs; namely, brand equity and consumer-based brand equity, although conceptually, these two terms are very close substitutes. Brand equity is the added value endowed by the brand (Farquhar, 1989) and is the end result of brand loyalty, brand awareness, perceived quality, brand associations and other proprietary brand assets (Aaker, 1991). Brand equity is also conceptualized as the incremental utility (Simon and Sullivan, 1993) and totality of the utility derived from the brand (Swait et al, 1993). It is the difference between overall brand preference and multi attribute preference based on objectively measured attribute levels (Park & Srinivasan, 1994) and overall quality and choice intention (Agarwal and Rao, 1996).

Reasons for Rapid Growth of Sales Promotion in India (Refer to Annexure 1)

A perusal of the list of the product groups which emerged as the major users of sales promotion, and from the market feel, it seems clear that a transformation from the seller's to the buyers' market is taking place and marketing has become more competitive in these product markets. In addition to increasing competition, other
reasons for rapid growth of sales promotion in India, as pointed out ninety five large sized cooperating companies in survey are summarized below:

- Sales promotion makes an immediate effect on sales which can be easily measurable against the other promotional methods.
- Channels of distribution are emerging as powerful entities and demand greater use of incentives to get desired results.
- Products are becoming standardized and similar, and so need increased support of non-price factors of which sales promotion is an important one.
- Impulse buying is on the increase, and so is the rise in the number of marginal customers. With virtually no brand loyalty, offer of attractive schemes help manufacturers to induce such customers to choose their product.
- India is a secular country inhabited by peoples of many different religions. Each religion prescribes its own code of conduct that exerts strong influence on consumer's purchase and consumption behaviour. Each religion has its own important festivals that are celebrated with traditional pomp and splendor. During these times most people spend money on various items including electronic and durable goods. Marketers have effectively utilized these socio-cultural characteristics of consumers by implementing various sales promotional measures.

1.3.4 The Role of Brand in Customer Decision Making

The classical model of consumer decision making divides the process into six steps of buyer readiness from brand awareness, to knowledge, liking, preference, conviction, and finally to purchase. Consumers are said to ascent through these stages of readiness from first hearing of a brand to actual purchase. The steps are not necessarily equidistant. Some products will be approached by consumers with more caution than others depending upon the risk factor (e.g. the economic commitment or greater psychological commitment). Products that are ‘low risk’ are not likely to involve a great amount of conscious decision-making. Once brand loyalty has been established less time will be spent on the decision-making process. Branding thus assists in establishing simple decision rules and so helps to reduce the time spent consciously making a decision for frequently used product. Although this hierarchical approach to decision-making may be criticized as being inadequate the
model offers a useful framework within which to consider how advertising, sales promotion and brand works.

Brands offer a number of benefits to customers and the firms. Brands are valuable intangible assets that need to be managed carefully. The key to branding is that consumers perceive differences among brands in a product category.

Brand researchers have developed several conceptualizations of brands and *how brands affect consumer behavior (current and future purchases)*. Earlier models—such as Aaker’s brand equity model and Keller’s customer-based brand equity model—have focused heavily on how consumers perceive and evaluate brands by investigating certain knowledge structures such as brand awareness, image and personality (Aaker, 1991; Aaker, 1997; Keller, 1993).40

Different authors have presented different perceptual and cognitive factors that influence purchase. Aaker (1991), in his seminal book Managing Brand Equity, identified three key perceptual/cognitive variables: name awareness, brand associations, and perceived quality.

One of the most useful comments on the difference between mere products and brands is attributed to Stephen King, who said: “A product is something that’s made in a factory, a brand is something bought by consumers. A product can be copied by a competitor, a brand is unique. A product can be quickly outdated; a successful brand properly managed, can be timeless.”

Brand awareness also plays an important role in consumer decision-making by influencing which brands enter the consideration set, which of these brands are used as a heuristic, and the perception of quality (Macdonald and Sharp, 2000)41. During the decision-making process the consumer retrieves, from long-term memory, those products and brands of which she/he is aware. This small set of brands (the consideration set) is important, since a brand that is not part of the consideration set is unlikely to be chosen (Mowen and Minor, 2001)42. A relationship exists between the level of brand awareness and the purchase decision (Woodside and Wilson, 1985).43

The more easily the consumer recalls the brand in an unaided recall situation, the
higher the purchase intention and the more likely the purchase of the brand. In other words, top-of-mind brands have the highest possibility of purchase.

Consumers do not always spend a great deal of time or cognitive effort in making purchase decisions. They often try to minimize decision-making by using a heuristic such as "buy the brand I have heard of" or "choose the brand I know" and then purchase only familiar, well-established brands (Keller, 1993). The decision-making process is further simplified by a brand's association with quality (Sekaran, 2003). High perceived quality is said to drive a consumer to choose one brand above competing brands (Yoo et al., 2000; Lin and Chang, 2003). Consumers' perception of quality is sometimes based on the belief that "if he/she is familiar with the brand, the organization must have spent heavily on advertising. If the organization spends a lot on advertising, it must have good profits which means that many consumers are satisfied with the product; therefore the product must be good" (Macdonald and Sharp, 2003). Especially in low-involvement situations, familiarity has a greater effect on the quality perception of a brand than its physical characteristics do (Macdonald and Sharp, 2003). *This research is focused on the brand awareness of consumers / householders of Gujarat State.*

### Table 1.5

**Historical Evolution of Brand**

<table>
<thead>
<tr>
<th>PARADIGM</th>
<th>SCOPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>Strategy formation focuses on generating superior performance through the identification, creation and protection of favorable market positions (Porter 1990)</td>
</tr>
<tr>
<td>Projective</td>
<td>Focal platform for articulating the strategic intent. Enacted through creation, development and communication of a coherent brand identity. (Kapferer 1992; Aaker 1996)</td>
</tr>
<tr>
<td>Adaptive</td>
<td>Customer centrality phenomenon. i.e. facilitating decision-making, reducing risks, and providing symbolic value. (1992-1997 Keller and others)</td>
</tr>
<tr>
<td>Relational</td>
<td>It is an on-going process. Brands are created through collaboration and competition between organizations and consumers. (Putnam, Phillips and Chapman 1996)</td>
</tr>
</tbody>
</table>

## Brand Equity

An understanding of brand equity is essential for gaining competitive advantages. Brand equity should be defined in terms of marketing effects uniquely attributable to a brand. Building brand equity depends on three main factors: (1) The initial choices for the brand elements or identities making up the brand; (2) The way the brand is integrated into the supporting marketing programs; (3) The associations indirectly transferred to the brand by linking the brand to some other entity (e.g., the company, country of origin, channel of distribution, or another brand).

Brand equity refers to the customer based brand equity, where the most common view on brand equity seems to depart from Farquhar’s (1989) definition: the value endowed by the brand to the product. Most researchers have since then provided similar definitions (Aaker, 1991; Keller, 1993; Yoo and Donthu, 2001; Lassar et al., 1995; Washburn and Plank, 2002; Rajh et al. 2003; Myers, 2003). Lassar et al. (1995) summarizes five important considerations where brand equity:

- refers to consumer perceptions, rather than objective indicators;
- is a global impression of the value associated with a brand;
- originates from the brand name, and not only physical attributes;
- is a relative measure, that must be compared to relevant competitors; and
- influences the financial brand equity positively.

Brand equity needs to be measured in order to be managed well. Brand audits are in-depth examinations of the health of a brand and can be used to set strategic direction for the brand. Brand audits measure “where the brand has been,” and “where the brand is at now.” The brand equity can be studied under three approaches like cost based, price based and consumer based in the following categories:

<table>
<thead>
<tr>
<th>Cost Based</th>
<th>Price Based</th>
<th>Consumer Based</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historical cost</td>
<td>Price premium</td>
<td>Brand knowledge</td>
</tr>
<tr>
<td>Replacement cost</td>
<td>Equalization price</td>
<td>Attitude rating</td>
</tr>
<tr>
<td>Market value</td>
<td>Indifferent price</td>
<td>Blind test</td>
</tr>
<tr>
<td>Discounted cash flow</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand contribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inter-brand method</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Brand Loyalty

Loyalty is at the heart of equity and is one of the important brand assets. Brand loyalty is a conscious or unconscious decision expressed through intention or behavior to repurchase a brand continually. Loyalty reflects the consumer’s attitude towards the brand, especially when there is a change, either in price or product features. As the brand loyalty increases, the vulnerability of the customer base to competitive action gets reduced.

Each level of brand loyalty provides different equity to the brand. Marketers adopt various strategies and programs at different levels with the objective of creating trusted loyal customers.

Figure - 1.10
Levels of Brand Loyalty


Loyalty Redefined

In the relationship world, when we speak of loyalty we are ultimately speaking of commitment. Although it is tempting to define loyalty as simply repurchase, marketers often have little power over the variables and constraints directly controlling how customers pass through the purchase environment. In addition,
repurchase is only one of several outcomes that can be described as loyal behaviors; some refer to sales volume and share, and some to profitability.

Customer Perspective

- Modern customer considers himself having unique set of characteristics.
- Tremendous sense of freedom; choice has become more unpredictable with respect to their tastes, preferences and needs
- Phenomenal changes in demographic, psychographic, geographic aspects, and change in the attitude lead to high level of involvement and expectation from products and services.
- Customers now want companies to provide something beyond high-quality products and reliable service. They want more of human dimensions in transactions.

One of the surveys points out certain startling revelations about consumers' willingness to pay more which is an essential feature of brand loyalty or for that matter branding as a whole.

Table - 1.6

<table>
<thead>
<tr>
<th>Essence of Brand Loyalty</th>
<th>Consumers Will Pay Premium Prices for Better Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ninety-six percent of consumers say they will pay a premium to buy at least one type of product.</td>
<td>• Ninety-six percent of consumers say they will pay a premium to buy at least one type of product.</td>
</tr>
<tr>
<td>Almost half will pay &quot;as much as they can&quot; for certain items.</td>
<td>• Almost half will pay &quot;as much as they can&quot; for certain items.</td>
</tr>
<tr>
<td>Seventy-six percent say some products are just too important to scrimp on.</td>
<td>• Seventy-six percent say some products are just too important to scrimp on.</td>
</tr>
<tr>
<td>Fifty-one percent say that even when the economy is bad, they will spend on &quot;affordable luxuries.&quot;</td>
<td>• Fifty-one percent say that even when the economy is bad, they will spend on &quot;affordable luxuries.&quot;</td>
</tr>
<tr>
<td>Fifty-eight percent concentrate spending on a few categories that matter the most to them.</td>
<td>• Fifty-eight percent concentrate spending on a few categories that matter the most to them.</td>
</tr>
</tbody>
</table>

Source: BCG Harris Interactive Survey of Adults with More Than $50,000 in Household Income, November 2002.

Trust Builds Brand Loyalty

As illustrated in Figure No:1.11-(i) it is clear that Trust Based – Relationship View of brand leads to sustainable customer satisfaction, delight and finally results in trust.

Traditional View (i)

The traditional view of looking at brand implies that the brand caters more to the functional aspect that results in customer deriving satisfaction.
The more rational perspective from the organizational points of view is to create an emotional attachment with the customer so as to results in an enduring commitment from the customer, more aptly described as ‘Customer Relationship View’.

*Relationship View (ii)*

**Source:** Jeff Hess and John W. Story, Fidelity Factor, Marketing Management, Nov. Dec. 2005, pp.47

**Customer Satisfaction**

Satisfaction reflects a person’s comparative judgments resulting from a product’s perceived performance (or outcome) in relation to his or her expectations. If the performance falls short of expectations, the customer is dissatisfied and disappointed. If the performance matches the expectations, the customer is satisfied.
Customer Delight
If the performance exceeds expectations, the customer is highly satisfied or delighted.

Customer Trust
Trust is at the center of customer relationship phenomena, and is the key to understanding relationships of a personal character. Trust is an acknowledgement of brand motivation. It’s the powerful idea that a brand has its customers’ best interests in mind, and that it’ll do whatever it takes to make them happy. Trust lives in the dissatisfied customer happily marching into a favorite store, fully expecting a swift and peaceful resolution; it is absent in the dissatisfied customer anticipating conflict and aggravation.

![Figure - 1.12](image)

Trust-Based Commitment Model

<table>
<thead>
<tr>
<th>Relationship Conditions</th>
<th>Relationship Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>Personal Connection</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Functional Connection</td>
</tr>
</tbody>
</table>


Brand Loyalty the Road Ahead...
Any organization, in order to be successful should position the concept of ‘Brand Loyalty’ to the center of strategic planning. To be truly effective, customer loyalty must be at the heart of overall business strategy and not just an add-on to marketing strategy. It must be the driving force behind any enterprise.

With customer loyalty at the center of business strategy, it is embedded in everything that is being done. Living the brand becomes a clearer organizational driver. And all other strategies are developed with the explicit starting point and end goal of customer loyalty (and its array of behaviours and attitudes). (See the below figure) Resources are reallocated, not added on.
Does this mean abandoning your other business strategies? Absolutely not. Whirlpool Corporation, in its 2004 annual report, articulated how customer loyalty had become the core of its strategy, executed through its operations and organizational strategies:

"Moving the core of our strategy to the next level means focusing our efforts on creating unmatched levels of customer loyalty for our brands... world-wide. Wining and retaining customers, we believe, is increasingly based on the reputation of our brands and the experience consumers have with them over their life-time of ownership. "The ability to earn this loyalty requires that we consistently provide consumers with innovative solutions to meet their daily needs and lifestyles. We must provide them with high-quality, competitively produced products that deliver, and build upon, the positive experience during each step of the ownership cycle. "We do this by partnering with the best added value trade partners and service providers. We also are increasingly staying in touch with our customers by connecting with them directly during their ownership and building this brand relationship over time."

The above concept of customer loyalty clearly brings out all the features pertaining to the role that brand plays in the consumer decision making.

Advertising affects the attitudes of consumers towards the products or brands and consequently affecting the buying patterns, as can be seen below.
It can be also construed that brand influences consumer decision making as it combines ad-awareness, ad-viewership, image or perceived quality and associates brand symbol in consumer's mind.

**1.4 Summary**

Consumer behaviour analysis is the use of behaviour principles, usually gained experimentally, to interpret human economic consumption. It stands academically at the intersection of economic psychology on one hand, and marketing science – the study of the behaviour of consumers and marketers, especially as they interact – on the other. Whilst behaviour principles are central to its theoretical and empirical research programme, its quest to interpret naturally occurring consumer behaviours such as purchasing, saving, brand choice, the adoption of innovations, and the consumption of services raises subtle issues.

It is aptly clear that purchasing a new product for the first time involves taking a risk. To reduce this risk the consumer may rely upon information about the actual product conveyed through advertising material. The consumer may still be unsure of the suitability of the product (especially if the item is expensive) and may be reassured by the use of a well-known brand name, make or manufacture. The consumer may still be in some doubt as to the suitability of the product and many look to other using it
for reassurance of reliability and quality. As one writer noted, few people are prepared to trust their own judgment totally in isolation without some reference to what others in the same situation believe. In each case the purchase will be seeking to reduce can influence the consumer’s decision-making process whether it be through the provision of factual information concerning physical characteristics and qualities of the product, through after sales service or product augmentation or from the ‘added values’ associated with a particular brand communicated through use of particular advertising imagery concerning the social status of cache of the product and its effectiveness.

The consumer based brand equity (CBBE) is defined as the ‘differential effect of brand knowledge or consumer response to the marketing of the brand’ (Keller, 1993). Brand knowledge is defined in terms of brand awareness and brand image. A brand develops a strong equity with customers when the customers are familiar with the brand and have a favourable, strong and unique brand association in their memory. According to Aaker (1991), a brand’s equity is developed over the years and customers create and own a brand’s equity. If a brand has strong equity with consumers, then it commands a premium over other brands with less equity (Firth, 1993), is likely to have a higher market share (Park & Srinivasan, 1994), will be more elastic to advertising and promotion (Keller, 1998), will be easier to achieve greater market penetration (Robertson, 1993) and will result in a more efficient product line extension (Keller and Aaker, 1992).

Customer Loyalty generally implies ‘Brand Loyalty’. Brand Loyalty when looked at from the customer perspective determines attitude that sometimes leads to a relationship with the brand, generally expressed in terms of revealed behaviour (i.e. the pattern of purchases) and quite often buying is moderated by the individual’s characteristics, circumstances and / or the purchase situation.

Consumer decision making is the totality of the brand’s perception, including the relative quality of the products and services, financial performance, customer loyalty, satisfaction and overall esteem towards the brand. It relates to how the customers, employees and all the stakeholders feel about it.

37
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