CHAPTER 2: LITERATURE REVIEW
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Literature Review of relevant earlier academic, scholarly and research work is an essential component of any academic project, as a good literature review creates a strong foundation, based on which knowledge in the domain can be further built and expanded. It identifies areas where further research is needed and opens up opportunities to extend, ratify, generalize or contest earlier research findings and conclusions.

An exhaustive literature review has been carried out covering the domain which is provided in the following sections, leading to the section on Research Gaps identified. Care has been taken to ensure that the review is not restricted by narrow geographic boundary to any country or region. Stress has been given to more recent publications in reputed international journals, as they in turn have reviewed previous work and have built on past work. The review was however restricted to publications in English language only.

The literature review carried out is concept centric or domain centric. Out of the vast number of papers reviewed only those papers propounding concepts relevant to the study has been included in the subsequent sections.

The literature review attempts to report and inform all the relevant advances in accumulated knowledge in the domain However, papers of higher relevance or which appeared to present breakthrough concepts have been discussed at somewhat greater length.
2.1 LITERATURE REVIEW ON MARKETING MIX

The basics in study of marketing management, for decades, revolved around the concept of the 4Ps of marketing mix – product, place, price and promotion. Ettenson et. al. (2013) made a revolutionary contribution by providing a SAVE model of marketing to retool the 4Ps of marketing mix, which shifts the emphasis from products to solutions, place to access, price to value and promotion to education as detailed below:

**Figure 2.1 SAVE Model**

<table>
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<tr>
<th>Instead of</th>
<th>Focus on</th>
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<tr>
<td>PRODUCT</td>
<td>SOLUTION</td>
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<td></td>
<td>Define offerings by the needs they meet, not by their features, functions, or technological superiority.</td>
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<td>PLACE</td>
<td>ACCESS</td>
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<td>Develop an integrated cross-channel presence that considers customers’ entire purchase journey instead of emphasizing individual purchase locations and channels.</td>
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<tr>
<td>PRICE</td>
<td>VALUE</td>
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<td>Articulate the benefits relative to price, rather than stressing how price relates to production costs, profit margins, or competitors’ prices.</td>
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<tr>
<td>PROMOTION</td>
<td>EDUCATION</td>
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<td>Provide information relevant to customers’ specific needs at each point in the purchase cycle, rather than relying on advertising, PR, and personal selling that covers the entire marketing communication spectrum.</td>
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The concept is well suited for marketing of new and innovative products.
2.2 LITERATURE REVIEW ON CHANNEL STRATEGIES

Marketing channels enable marketers to physically reach their products and services to their widely dispersed end customers and marketers rely on channel intermediaries to purchase in bulk, carry inventories and sell their goods preferentially over those of their competitors.

Marketing channel strategy decisions are of great importance as they represent constraints and opportunities, inherently over a long term, according to Dwyer and Welsh (1985). Marketing channel strategies refer to the choice of structure in designing the distribution channel by manufacturers. They also include influence strategies which refer to content, frequency and intensity of communications intended to achieve demonstration of favourable behaviours by their channel partners.

The study of channel structure, as a component of channel strategy, has received considerable attention. Mallen (1973) presented channel structures and characteristics on the basis of a mix of different sets of functions performed by various levels of channel intermediaries. As research on channel structure progressed, several varying elements were studied across different channels. Rosenbloom (1987) studied channel levels or number of intermediaries between the manufacturer and the end customer, intensity at various levels or the number of intermediaries at each channel level and the types of intermediaries at each level like wholesalers, distributors and retailers.
Recent research on channel structure is focused on the operationalization of channel structure as transactional form or bureaucratic form.

Transactional form research by Williamson (1979, 1981) presented governance structures and arrived at transaction costs analysis based decisions on performance of functions internally or externally. Costs and benefits studies on using vertically integrated channels have shown that external or market transactions are superior to internal or relational transactions in cases of low environmental uncertainty, low levels of transaction-specific asset requirement, high prevalence of bargaining conditions and when performance assessment was objective (Reukert et. al. 1985; Dwyer and Oh 1988; Heide and John 1988; Noordewier, et. al. 1990).

Research on bureaucratic form of channel structure studied structural dimensions like centralization, formalization, and specialization or differentiation in channel performance (Reukert et. al. 1985; Dwyer and Oh 1988; Stern and Reve 1980). This approach looked at aspects of power, authority, and control of the channel to achieve the desired performance. This approach stressed that the effectiveness, efficiency, and adaptiveness of the channel could be improved by increasing centralization, formalization, and specialization. Centralization refers to the extent to which decisions taken unilaterally or on shared basis with channel partners. Formalization involves the extent to which activities and social relationships are governed by laid down rules, procedures, agreements and contracts. Specialization or
differentiation refers to the extent that tasks are segregated (Reukert et. al. 1985).

As channel intermediaries increasingly turn non-exclusive, at more than one level to carry multiple brands, it is becoming challenging for marketers to keep their channel partners motivated and loyal to favour their brand over competition. A well-crafted communication strategy plays an important role in improving channel functioning and contributes significantly as the first step in the journey to superlative channel management. Mohr and Nevin (1990) proposed that communication strategy moderates the impact of channel conditions (structure, climate, and power) on channel outcomes (coordination, satisfaction, commitment, and performance). It concludes that when communication strategy matches channel conditions, it enhances channel performance. Collaborative communication strategy enhances results when channel conditions are marked by relational structures, supportive climate and symmetrical power, whereas autonomous communication strategy yield better results where channel conditions like discrete structures, unsupportive climate or asymmetric power prevails. The gaps in their study are empirical testing of propositions developed, effect of competition or regulation, channel complexity in terms of number of levels and number of intermediaries in each level. Longitudinal analysis of communication strategies on evolution of channel structure and behaviour is also a gap identified in the study.

Marketing investments by marketers towards advertisements and promotions creates accumulation of goodwill for channel members, which in turn spurs
sales growth. This forms an incentive for further investment by channel members. **Chintagunta and Jain (1992)** developed a dynamic model for determining equilibrium marketing investment levels for channel members and a framework for understanding the effects of channel dynamics on difference in profits resulting from coordinated marketing interventions. They have concluded that when the manufacturer and channel member followed a coordinated strategy, it resulted in enhanced marketing effort levels by channel members resulting in higher total channel profits and that there is greater need for such coordinated strategy when discounts, rates, carryover effects of marketing efforts and goodwill interactions between manufacturers and channel partners are high.

**Boyle et. al. (1992)** developed measures of the following six influence strategies in marketing channels - 1. Promise: Source certifies to extend specified reward contingent on the target's compliance, 2. Threat: Source informs the target that failure to comply will result in negative sanctions. 3. Legalistic plea: Source contends that target compliance is required by formal agreement. 4. Request: Source asks target to act; no mention of subsequent sanctions. 5. Information exchange: Source supplies information with no specific action requested or otherwise indicated. 6. Recommendation: Source stresses that specific target action is needed for the latter to achieve desired outcomes. They examined association of the influence strategies on channel relationship and alternative channel governance structures (market, administered, franchise, and corporate). The results confirmed the predicted
negative association between relationalism and the following influence strategies: threats, promises, legalistic pleas and requests.

**Bandyopadhyay and Robicheaux (1998)** extended the study of the impact of six influence strategies of suppliers on their dealers in USA and in India – information exchange, recommendation, request, promise, threat and legal pleas and found that in India, recommendation and legal pleas, which demand compliance of the terms of agreement between them, had positive impact on dealer satisfaction. The researchers acknowledge that with increasing competition, recruiting and retaining channel intermediaries is challenging and conclude that by using proper influence strategies marketers will be able to attain the desired channel performance levels while keeping channel partners satisfied. The study lacks generalizability as it has been tested in only electric lighting industry, in only two countries.

Continuing on the same vein, variables like culture, reward and compensation systems, leadership and degree of external market competition were found by **Franco and Bourne (2003)** to influence channel performance. Further variables like perception of organizational orientation, culture, internal emphasis on financial vs marketing related achievements were tested by **Paswan (2003)** and found to play a profound role in channel management decisions.

Trust, respect and concern for mutual welfare in relationship with channel intermediaries are of great strategic importance to improve channel
performance. The concept of equity in channel relationship thus provides a new approach in which channel relationships are included in the firm’s strategic planning and implementation. Mathur (2013) proposed five key drivers of channel equity - communication, trust, commitment, dependence, and customer orientation and that relationship specific investment will have favourable impact on the drivers of channel equity and would enable firms to build their channel equity. The favourable impact of relationship-specific investments is moderated by the relationship phase, and external uncertainty. The domain of channel strategies discussed hitherto has been restricted to manipulation of factors like power and influence.

The concept of generic strategies was applied by Wren (2007) to the domain of channel management. He examined the relationship of different channel structures; specifically channel power, control and vertical integration on the choice of generic channel strategies of cost leadership, differentiation, focus, and combination strategies. He developed propositions that firms which are highly vertically integrated would choose a low cost strategy, whereas those with low levels of vertical integration would choose a differentiation strategy and those with moderate levels of vertical integration would choose a combination strategy. Porter (1980) was of the view that objective performance measures would improve performance of cost leaders, whereas Lassar and Kerr (1996) were of the view that cost leaders maintained arm’s length control relationship which did not allow behavioural interventions to influence their performance. On the other hand, in case of differentiators,
Govindarajan and Fisher (1990) found that using behavioural measures comprising subjective non-financial parameters were more influential to impact their performance.

Drawing from concepts of generic strategies of Porter (1980) and concepts of Balanced Scorecard expounded by Kaplan and Norton (1992), an integrated model for measuring marketing channel performance was developed by Valos and Vocino (2006), with measures for various facets of channel performance covering aspects like internal communication and coordination, internal conflict or ambiguity, which discriminates between efficiency and effectiveness in performance measurement and provides a comprehensive framework for overall performance improvement across channels and integrating market segmentation strategy based on customer lifetime value and channel strategy in terms of channel cost and channel response.

The relevance of the preceding few publications is derived from the emphasis on channel structures, communication, influence and alignment, followed by performance and reward measures to foster successful marketing of new innovative products by marketers through their channel intermediaries.

2.3 LITERATURE REVIEW ON PROMOTION STRATEGIES

Advertising and Sales Promotion through various modes are of the elements in the promotion mix within the 4Ps of marketing mix which are used to spread awareness about a product, develop interest in the product amongst the target audience and influence them through any one or more of the diverse
communication themes to prefer the product over competitor offerings and purchase the product. Marketers formulate communication and promotion strategies and design profitable advertisement and sales promotional campaigns to capture mindshare of potential customers in the most effective manner. The primary challenge for marketers is creating effective advertising to ensure that it not only attracts the target consumer's attention, but also educates the consumer about product benefits and generates interest to prefer and purchase the product. There is a profusion of literature on the domain of advertisement, communication, branding and promotions with regard to extent of coverage and depth in testing variables to arrive at directions for effective promotional interventions. The review will therefore be restricted to relevant literature on promotion of new products in low involvement category and on advertising effectiveness.

Marketing communication provides different opportunities and challenges in high versus low involvement category products and concerning products that predominantly engage their cognitive versus affective faculties. The degree of involvement of consumers with a product category determines their perception in marketing communication and advertisement appeals.

As consumers do not care much about a low involvement category product, they perceive such advertisements as a series of forgettable images and verbose of unread content. Krugman (1977) formulated a low involvement theory, wherein he considers high involvement to be more of a left brain activity and low involvement to be more of a right brain activity. Accordingly,
he suggests usage of print medium for high involvement category products, as reading, speaking and logical thinking are left brain activities and usage of television medium for low involvement category products, as perception of images and music are right brain activities. Several researchers have concluded on the basis on empirical evidence on similar lines that memory of images through every type of visual stimulus, including television, print and outdoor media is superior to that of words. Whereas both hemispheres of the brain are capable of perceiving verbal and visual content, when the message is overloaded with visual content, the right brain processing dominates, to which the processor is consciously oblivious and forms the main basis for subsequent product evaluation and purchase behaviour. Advertising effects are largely acquired below the conscious level and stored in the implicit memory. This implicit learning does not use our analytical powers, but it operates continuously, automatically and has an apparently unlimited capacity for storage both in quantity and time. According to Dens and Pelsmacker (2010), consumers recall the brand in advertisements with informational appeals if they are highly involved in the product category, while for lower involvement categories, consumers recall brands with positive emotional appeals. Regarding branding of new products, they are of the view that for advertising brand extensions, marketers need to make sure they stress the distinctiveness of the new product well enough. They further argue that advertisement itself should also be distinctive enough with adequate informational appeals, because of the focus on the newness of the product and its benefits, regardless
of consumers’ product category involvement levels. New products with new brand names can attract attention but suffer from lower brand recall.

**Vaughn (1986)** contributed to the development of understanding of relationship between cognitive and affective processing of commercial communication by enumerating four hierarchy-of-effect types of message perception, based on which he formulated four advertising planning strategies: informative, affective, habitual and satisfaction, as given in Figure 2.2 below.

**Figure 2.2 Advertisement Planning Strategies**

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<thead>
<tr>
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<th>Processing of Commercial Communication</th>
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<tr>
<td></td>
<td>Cognitive</td>
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<tr>
<td>High Involvement</td>
<td>Informative Strategy</td>
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<tr>
<td></td>
<td>Learn-Feel-Do</td>
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<tr>
<td>Low Involvement</td>
<td>Habitual Strategy</td>
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<td></td>
<td>Do-Learn-Feel</td>
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Source: Modified from Foote, Cone and Belding Grid (Vaughn, 1986)

**Heath, R. (2000)** argues that most responses of consumers to advertisements are low involvement processing in nature and provides a Theory of Low Involvement Processing of advertising, which operates through the repeated processing of elements at low attention levels leading to the gradual establishment of meaningful brand associations in consumers, as follows:
Consumers consider most reputed brands to be undifferentiated on performance and hence do not accord much importance to knowledge about brands. Brand decisions are not made rationally but tend to be made intuitively. Most advertising is processed at very low attention levels using low involvement processing.

Low involvement processing is a cognitive process, not subconscious or unconscious. It uses very little working memory, which means it is poor at interpreting messages or drawing conclusions from advertisements. It simply stores all stimuli as an association with the brand.

The way our long term memory works means that the more often something is processed, the stronger it links to the brand. Thus it is these associations repeatedly stored via low involvement processing which tend to define brands in our minds and influence intuitive brand decisions.

Creativity increases the attention paid to advertisements. It is rarely powerful enough to initiate the sort of high involvement processing needed to interpret and store complex messages. But it does strengthen the linkage between the association and brand.

The effectiveness of brand associations in influencing intuitive brand choice does not depend on recall of the advertising that created them. This means that advertising itself does not have to create high awareness to be recalled in order to be influential.
Common wisdom on effectiveness of advertisement and sales promotions has been challenged by Abraham and Lodish (1990), who opine that television advertisements have led to increased sales in only half the instances tested, in the case of trade promotions, only 16% instances studied across 65 product categories have resulted in incremental sales, which lead them to conclude that many companies could improve profitability by restrained expenses on advertisements and promotions. The traditional notions of marketers of continually raising expenditure on advertisement to promote their brand and increase sales are some of the myths that they have argued against. They also advocate greater usage of empirical studies on effectiveness of advertisements to justify continued expenditure.

Echoing concerns on devising means to check economics of soaring advertising expenditure, researchers have developed a model for optimum level of advertising. Teng and Thompson (1983), Dockner and Jorgensen (1988) and Krishnan and Jain (2006) have opined that the determinants of optimal advertising are advertising effectiveness, discount rate, and the ratio of advertisement to profits. Based on the dynamics of these factors, the optimal advertising takes decrease-increase, increase-decrease, monotonically increasing or monotonically decreasing shape. A high discounted advertising coefficient and a low advertising-sales ratio recommends an advertising increase, while a low discounted advertising coefficient and a high advertising-sales ratio recommends an advertising decrease.
Sales promotions have grown significantly over the years, accounting for a major chunk of marketing budgets. They often result in achieving quick spurts in sales over a short time. Hence marketers are increasingly inclined to tilt promotional mix in favour of promotions. Common forms of promotions have been coupons, seasonal price discounts, sweepstakes, contests, free samples, trial packages, loyalty reward programs, free gifts and free samples. Marketers are becoming increasingly creative with their promotions to consumers.

One of the most common types of promotion involves the offer of a reward, free gift or gratification with the purchase of a product. They are two distinct types, based on timing of the reward, immediate or delayed. Kim (2013) examined the relative effectiveness of immediate versus delayed promotion and concluded that in case of variety seeking purchase behaviour, which involves an element of higher perception of risk, delayed promotion is more attractive. On the other hand, some of the offers add an element of uncertainty by either not specifying the exact free gift or by offering an array of possible free gifts, making the exact one uncertain. Several researchers provided insight beneficial or detrimental effect of to such uncertainties in promotion design. Uncertainty interferes with the pattern seeking thought process of the human mind, generates anxiety, and individuals people take action to reduce this anxiety by acquiring information to reduce it (Loewenstein, 1994; Calvo and Castillo, 2001). There is also evidence in favour of the opposite view that individuals expect the best possible outcome when there is uncertainty about the outcome (Lee and Qiu, 2009; Goldsmith and Amir, 2010) and they are
therefore likely to be favourable to purchase. Laran and Tsiros (2013) built on these studies and concluded that in case affective purchase decisions, introducing uncertainty increases purchase likelihood while introducing uncertainty decreases purchase likelihood in case of cognitive purchase decisions.

2.4 LITERATURE REVIEW ON CONSUMER BEHAVIOUR

Consumer behaviour has been keenly studied by researchers and a rich literature on the subject has been developed. Consumer behaviour theories propose that consumers actively search for and use information to make informed purchase decisions. This assumes a rational approach in treating the consumer as intelligent, thinking and with problem solving ability to make logical decisions (Markin and Narayana, 1975). However, consumer behaviour on many occasions appears irrational as it does not involve extensive information search or a comprehensive evaluation of alternatives (Olshavsky and Granbois, 1979).

This led theorists to view consumer behavior in terms of a two-fold dichotomy; low involvement consumer behavior and high involvement consumer behavior (Engel and Blackwell, 1982). Interest, needs, values and enthusiasm in different product categories vary in degree amongst consumers. Involvement refers to the response of consumers to a product category, based on the levels of these variables. Beatty and Smith (1987) established that Involvement is positively related to active information search covering media
and sales outlets, attitude towards and time spent on shopping. The level of involvement with a product category in terms of low or high involvement indicates that the impact of communication is different and that different stimuli are needed to attract their attention (Krugman, 1965).

In the study of low versus high involvement states, the construct of involvement has been defined and involvement scales have been developed to ascertain product specific involvement of individuals, which encompasses emotional, personal and social status involvement. Zaichkowsky (1985) developed a semantic differential scale to measure the construct of involvement for products. He developed the Personal Involvement Inventory “to measure involvement with product purchase decisions”. Laurent and Kapferer (1985) created Consumer Involvement Profiles by studying various facets like perceived importance of the product, risk, pleasure and sign value and suggested segmentation of the market can be attempted based on involvement profile, since consumers can be active or passive to advertising and marketing communications depending on their level of involvement, so that even for low involvement category products, consumer profiles can reveal consumers being high on certain facets, which can be identified and targeted.

Bauer et. al. (2006) proposed a product involvement category dependent model of consumer decision making styles and encouraged future researchers to further investigate this relationship that products and product involvement have on the decision-making styles exhibited by consumers.
Involvement is a personal phenomenon, although it expresses an individual’s views and feelings about an object and how they respond to an object, according to VonRiesen & Herndon (2011). They also differ in duration of time expended in evaluating a product, their search patterns and the quantum along with the extent of detail of information they seek.

2.5 LITERATURE REVIEW ON NEW PRODUCT ADOPTION

A new product needs to be perceived as different, improved with features and benefits that meet social, functional, experiential and aspirational needs of consumers. According to Ziamou (1999), the degree of newness is perceived differently by producers and consumers. In most of the studies, new products have been designated as such based on the view of the producer. There are some other categories of new products classifications (Robertson, 1971; Booz et. al., 1982; Gatignon and Robertson, 1991; Cooper et. al., 2002; Ziamou, 2002; Ofek and Sarvary, 2003), all of which are based on the extent of newness or degree of innovation of the product. Some new products are new to the market, some of them are new to the producer, and some are totally new. Some are upgradations and improvements over existing products while some are entirely innovative, new to the world products. Ofek and Sarvary (2003) have introduced the category of new to the customer. All of these classifications indicate product features and performance and do not give cognizance to perception of consumers on newness or their anticipated response to the new products.
Adopters of an innovation were classified by Rogers (2003), in his classic work - Diffusion of Innovations, first published in 1962, according to the timing of their adoption into: (1) Innovators; (2) Early Adopters; (3) Early Majority; (4) Late Majority; and (5) Laggards. According to Rogers (2003), other than innovators, who constitute the first two and one-half percent, adopters are influenced in the timing of adoption by social influence, which increases for later adopters, along with imitation in varying degrees.

Based on the seminal work of Rogers published in 1962, Bass (1963) developed a model of conditional likelihood of adoption at a time, as a linear function of number of previous adoptions, based on interplay of innovation and interplay. This model came to be known as the Bass Model. Further, Bass developed the model theoretically and it was empirically tested on 11 consumer durables to be able to predict sales of new products Bass (1966, 1969). Thus, Bass Model provides a useful framework to view diffusion of new products and technologies to enable realistic estimate of the pattern of sales growth and timing of peak sales. Literature on diffusion of innovations and adoption of new products has grown substantially since then, with most involving further development and extension of the Bass Model. Further Bass has provided challenging directions for future researchers develop a database available to all researchers containing thoroughly researched and refereed historical data series with supporting qualitative information, data collection methodology, data quality assessment, and so on, containing many product categories from many different countries with series such as sales, adoptions,
penetration, prices, advertising, generational, and other data that diffusion modelers may require.

The primary concepts examined by researchers to unearth factors of adoption of new products by consumers, range from awareness or familiarity, involvement and expertise at the level of individual characteristics of the consumer to product characteristics like newness, complexity and price to psychographic factors like domain specific consumer innovativeness and opinion leadership.

**Kalish (1985)** opined that adoption of a new product is preceded by and is conditional on awareness and adoption occurs if the perceived risk adjusted value of the product exceeds selling price of the new product. Continuing further along the lines of awareness and familiarity with a domain, **Moreau et al. (2001)** showed that consumers who have developed expertise in the primary domain of a new product rapidly adopt the new product but resist adoption of a radically new category disrupting product, as their expertise decreases their understanding of the product’s benefits.

**Ziamou and Ratneshwar (2002)** extensively researched the role of information shared by marketers in influencing consumer perception of new high-technology product performance uncertainty. They are of the view that more information is not always better in reducing performance uncertainty and it depends on whether a new interface is combined with a new functionality or
with a pre-existing functionality. In the former event consumer uncertainty is increased, whereas in the latter it is decreased.

Taylor-West et. al. (2013) concluded that in case of low complexity products, adequate information needs to be supplied by marketers so that consumers have a clear understanding of the product and its functionalities. Their research conclusions support a similar prior view by Rogers (1995) who had stated that high degree of complexity of a new product can become a potential barrier to adoption by consumers. Taylor-West et. al. (2013) further conclude that in case of new products which contain complex innovative components, the technology, usage and benefits need to be explained in detail to avoid such products perceived by consumers as too complex and therefore excluded their consideration set. They have provided directions to future research to investigate the source and process of information search by consumers. This would provide valuable information for developing marketing communication, promotion and channel strategies to disseminate requisite product and application information to counter adoption barriers.

Adoption decisions were found to be self-reinforcing by Gounaris and Koritos (2012) who concluded that “the decision to adopt improves the understanding of adopters regarding the benefits delivered by an innovation. Consequently, they hold a precise, less ambiguous perception of how specific innovation attributes translate into benefits. Hence, when recalling the decision process through which they adopted an innovation, adopters relate specific innovation attributes, including specific benefits received.” They have given
directions for future research to examine a holistic model to improve the understanding of all the parameters that influence the intention of a consumer to adopt an innovation.

**Rogers (2003)** concluded that the decision to adopt an innovation is a function of five distinctive innovation attributes, namely relative advantage, compatibility, complexity, trialability, and observability.

**Wee (2003)** confirmed and built on the findings of Rogers (2003) in the domain of electronic durables to conclude that the seven most important factors in adoption of new consumer, ranked in order of importance are trialability, compatibility, relative advantage, observability, complexity, image and perceived risk of adoption.

Moving on from the approach of individual’s interaction with the product to alternate approaches, we find two major approaches have been used to understand new product adoption. One approach uses the aggregate model, which examines the consumer’s traits after the adoption process has taken place and gives primacy to social influence on an individual. The second approach resorts to contingency models that explore an individual’s personal predispositions.

In the first approach, according to the theory of diffusion a new product gets accepted and adopted gradually over time, as word of mouth spreads out from the adopters and reduces the uncertainty regarding the product effectiveness in the minds of the potential adopters. Researchers have provided models
assuming heterogeneous population of susceptible individuals. Consumers actively consider, deliberate and solicit opinion of influentials in society, to decide on adoption and usage. Influentials have been categorised under various constructs like Lead Users (von Hippel, 1986), Heavy Users (Godes and Mayzlin, 2009; Iyengar et al., 2011), Market Mavens (Feick and Price, 1987), Social Connectors (Goldenberg et al., 2006), Social Hubs (Goldenberg et al., 2009), Experts (Goldenberg et al., 2006), Influentials (Watts and Dodds, 2007), Opinion Leaders (Katz and Lazarsfeld, 1955; King and Summers, 1970; Flynn, et al., 1996; Rogers, 2003) and Innovative Consumers (Goldsmith and Hofacker, 1991).

The construct of innovativeness was conceptualized and introduced into consumer behaviour literature by Midgley and Dowling (1978). Innovativeness is ‘the degree to which an individual or other unit of adoption is relatively earlier in adopting new ideas than other members of a system’ as defined by Rogers (2003). Dimensions of Innovators are that they are hungry for and gather information on their own, take greater risks, they not influenced by others, wish to own newest products and are somewhat price insensitive (Goldsmith, 2001) thus making them early adopters. Additionally dimensions of innovativeness are relatively affluence, self confidence, self-respect, knowledge, logic, sensibleness and intelligence (Clark and Goldsmith, 2006). The construct of consumer susceptibility to interpersonal influence is the tendency to learn about products and services by observing or seeking information from others and willingness to conform to their expectations.
regarding purchase decisions (Bearden et. al., 1989). Susceptibility is dependent on cultural assimilation of interpersonal influence (D’Rozario, 2001). Susceptibility to interpersonal influence is measured, based on the dimensions of informational influence and utilitarian influence (Park and Lessig, 1977). There is an inverse relationship between susceptibility and innovativeness (Manning et. al., 1995; Lalwani, 2002).

Opinion Leadership is characterized by domain specific interest and knowledge, eagerness to discuss and disseminate information with the intention to persuade others and influence their opinion (Katz and Lazarsfeld, 1955; King and Summers, 1970; Myers and Robertson, 1972; Flynn et. al., 1996; Rogers, 2003). King and Summers (1970) studied the concepts of opinion leadership and word of mouth publicity and their role in influencing new product adoption. Thereafter there have been numerous studies on opinion leadership. Myers and Robertson (1972) studied greater number of dimensions of opinion leadership than previous studies and concluded that opinion leadership was correlated to domain knowledge and innovative behaviour, without any significant demographic differentiation and introduced the concept of two way influence, where the opinion leader was only somewhat more influential than the audience. However, opinion leadership scales have been criticized for a lack of psychometric soundness and for having low external validity owing to differences across cultures (Childers 1986; Flynn et. al., 1996).
The construct of Market Maven was first conceptualized and described by Feick and Price (1987) as highly involved in the marketplace, seek and acquire marketplace information on various kinds of products, places to shop. They are heavy users of coupons (Price et al., 1988), more interested in smart buying (Slama et al., 1992), have larger evoked sets (Elliot and Warfield, 1993) than others who are not market mavens. They have been aptly described psychographically by Wiedmann et. al. (2001) as highly interested in and involved with the marketplace. They are knowledgeable about shopping and are keen to share their knowledge, expertise and opinion with other consumers in their social circle, (Goldsmith et al., 2003), who seek information and consult market mavens to arrive at informed market decisions. There are many dimensions of the above consumer behaviour constructs which are common and overlapping, however notable differences exist.

The influence of societal motivators were studied by many researchers. Venkatesh et. al. (2003) concluded that societal influence is a major factor in decision to adopt a superior technology based innovation. Deacon et. al. (2003) have studied inhibitions to adoption of new products in food industry and have provided three recommendations to marketers to succeed in new product introduction, stimulate emotional attachment by consumer participation, build enduring involvement with opinion leaders and develop network to promote word of mouth publicity.

A recent study by Risselada et. al. (2014) conclusively stated that “social influence affects adoption through different social influence variables”. Their
findings have implications in development of referral campaigns and provide guidance to social media marketers. They also advise that marketers promote referrals heavily immediately after new product introductions, as the effect of referrals decreases over time. Major gaps in their studies was inclusion of only direct marketing data and ignoring mass marketing and channel based marketing situations.

In the second approach, concepts of optimal distinctiveness have been studied by some researchers. Social identity is derived variably amongst individuals on a continuum with need for uniqueness, distinctiveness, individualism and differentiation at one end and the need for similarity, validation and assimilation at the other end. Timmor and Katz-Navon (2008) conclude that an individual’s decision to adopt a new product is affected by the size of consumers who have already adopted the product and is dependent on the individual’s predisposition towards the opposing needs for assimilation or distinctiveness. Iyenger et al. (2011) studied social contagion operating over network ties in adoption of new drugs by physicians and found that adoption is affected by usage volume of peers, which is likely to arrive from enhanced source credibility.

In an earlier study, using this approach of an individual’s predisposition, Manning et. al. (1995) developed constructs of consumer novelty seeking and consumer independent judgement and they are of the view that the former construct is positively related to early stages of the adoption process, whereas the later construct is associated with later stages of the adoption process. The
former refers to the tendency of the individual to seek new product introduction, while the latter refers to the extent to which an individual takes new product adoption decision, without depending on any communication from others. Further, they reported finding that these measures were not domain specific but were generalized across product categories.

The rich literature on the on new product diffusion and adoption process, various theories on the diffusion mechanism, psychographic profiles and predispositions of early adopters and their role as influential in the marketplace from mid 1950s to current research have been reviewed and synthesized by Nejad et. al. (2014). They have organized the research literature on influentials in four interrelated areas: Influence on Others; Identification of Influentials; Targeting Influentials; and Diffusion Outcomes and integrated theories of social influence, social networks, and social learning, and offered four primary mechanisms through which consumers influence each other in the diffusion process, to provide a comprehensive, systematic, and structured review of extant research on the role of influentials and influence processes in new product diffusion, and provide researchers in this field with an integrative view and a map for future research. They have also recommended directions for future research in three crucial areas which have the greatest potential for impacting new product marketing decisions, which are first, the development/selection of metrics for measuring the impact of influential on diffusion, secondly, the dynamics of diffusion processes related to time and thirdly, the role and impact of negative influentials.
However, researchers have also professed contrarian views challenging the dominant idea in literature on new product adoption that individuals are categorized as innovative; that they are identifiable by socio-economic characteristics; that marketing communications can be made more effective by targeting communications at opinion leaders; and that a superlative set of product features will accelerate the pace of adoption. Two such instances of researchers professing views contrary to diffusion theory and relying more on traditional need fulfillment approach of consumer behaviour are presented next. According to Laaksonen (1994), consumer perceptions of new products are guided by their perceived relevance of the product to the individual in terms of needs, goals, values, knowledge and attitude, while Littler (2001) provides contrarian explanations for new product adoption, such as: mood related activity; availability of finance; imitation of friends or colleagues; direct or indirect persuasion, ability to satisfy specific need and the moderation effects of perception of risks, uncertainties, costs and benefits.

2.6 LITERATURE REVIEW ON SYNTHETIC LUBRICANTS

Synthetic lubricants have been developed for superior performance compared to conventional mineral based oils. Benefits of synthetic lubricants have been presented in Appendix B of the Society for Automotive Engineers, “Progress in Technology Series 22”, 1980, based on studies which were conducted during the 1970 and 1980. The superior performance features of synthetic engine oils are:
1. Enhanced engine cleanliness
2. Improved fuel economy
3. Lower oil consumption.
4. Excellent cold starting and low temperature fluidity
5. Outstanding performance in extended oil drain field service
6. High temperature oxidation resistance
7. Outstanding Single and Double Length SAE-ASTM API E and F Performance Tests (note API SE and SF specs were the latest at the time of the testing)
8. Excellent wear protection.
9. Extended drain capability.

The above benefits lead to lower downtime of equipment, lesser replacement of worn out machine parts, reduced expenses on lubricants procurement, inventory, handling and disposal, reduced manpower expenses and reduced environment pollution issues.

Additionally reduced machine operating temperatures, vibration levels and mechanical losses improves mechanical efficiency and decreases energy consumption according to Barrett (2007). He concludes that although high initial purchase price may be an inhibitor for equipment owners in deciding to use synthetic oils instead of mineral oil based lubricants, “peace of mind or pride in ownership will remain a major driver” and he predicts global market for synthetic lubricants to increase in future with continual introduction of more powerful, efficient, durable and maintenance free equipment.
The prices of fully synthetic lubricants are typically four to six times of mineral oil lubricants (Barrett, 2007), however prices of semi-synthetic lubricants or blended synthetic lubricants are typically in the range of one and half to two and half times of that of mineral oil lubricants. Barrett (2007) cautions that continued usage of synthetic lubricants at commercial scale would have to be justified by quantification of benefits derived from such usage.

2.7 LITERATURE REVIEW ON LUBRICANTS MARKETING

Academic research in marketing is dominated by only a few industries like fast moving consumer goods like personal care goods, toiletries, household cleanliness items and so on and consumer durables like electronic goods, cars and so on. In the service category, researchers have focused on the hospitality, tourism and medical care industry. A low involvement product category like automotive lubricants has been largely ignored by academia and researchers on marketing, as inferred from the miniscule representation of the industry in published research literature.

The automotive lubricant buying behaviour of four wheeler motor vehicle consumers in Delhi was studied by Srivastava (2013) who created a perceptual map of price against quality for popular brands wherein Castrol and Servo were placed in the bracket of perceived high price and high quality, Veedol and Superfleet were placed at the bottom rung, while MAK and HP were placed at an intermediate level. The researcher concludes that purchase
decision of consumers had positive correlation with price and consumer benefits while it had negative correlation with quality and accessibility. Consumer perceptions are formed as a result of brand positioning developed by brands. Hence brands which are better positioned in minds of consumers are expected to be better placed in marketing of new innovative products.

On similar lines Pawar and Khandelwal (2012) studied rural markets in Maharashtra to gain insight into perceptions of rural consumers in purchase of automotive lubricants. They have used factor analysis to arrive at three primary factors namely, branded quality, expert advice and value for money which determine purchase of automotive lubricants by rural consumers. Consequently they recommend marketers to improve awareness of their brand through increased advertisement and promotions. They also recommend encouraging and incentivizing mechanics to promote their brand, as according to them “service stations and mechanics play the role of gatekeeper in the purchase of automotive lubricants”.

These two studies were geographically dispersed by cover northern and western India, and covered urban and rural markets respectively. Both indicated that purchase decisions were governed by perceptions of brand and value for money. As highlighted and recommended by Pawar and Khandelwal (2012), lubricants marketers are already well versed with criticality of the role played by mechanics in influencing purchase of automotive lubricants and have therefore devised aggressive incentive programmes for mechanics, enticing them to promote their brands. However, it would be of interest to
academicians and marketers to know the preferred means advertisement and promotion which contribute effectively to build brand image in the minds of consumers also to know about other possible sources of influence on not only consumers, but also mechanics.

2.8 RESEARCH GAPS

Based on the review of literature, research gaps have been identified where no research study has been done on the following areas:

2.8.1. Awareness, adoption and usage of synthetic lubricants for two-wheeler motor vehicles in India.

2.8.2. The most effective media to create awareness of a new product in low involvement category like synthetic lubricants.

2.8.3. Effect of sales promotion events in promoting adoption of new products in low involvement category.

2.8.4. Diffusion of information on introduction of synthetic lubricants, a new product in low involvement category and its effect on adoption.

2.8.5. Sensitivity to high prices, value for money and personal economic factors on new product adoption.

2.8.6. The effect of satisfaction on adoption of a new product in low involvement category on its continued usage and on brand loyalty.