INTRODUCTION
CHAPTER – I

INTRODUCTION

One of the most profound realizations to strike any marketer is that there is a great diversity among consumers. A closer inspection of the total market, however, shows that smaller groups of consumers have more homogeneity than the group as a whole in certain characteristics, especially their consumer behaviour. As marketers began to study the behaviour of consumers, they soon realized that despite overriding similarities, consumers were not all alike; nor did they wish to use the identical products that every one else used. Rather, many consumers preferred differentiated products that they felt more closely reflected their own personal needs, personalities, life styles, and so forth. To better satisfy the specified needs of selected groups of consumer, marketers adopted a strategy of market segmentation.

The strategy of segmentation allows producers to avoid head-on competition in the market place of differentiating their offerings, not just on the basis of price, but through styling, packaging, promotional appeal (or) method of distribution. In firms employing a strategy of segmentation, the market is viewed as being made up of smaller segments, each more homogeneous than the total in important characteristics. Thus, market segmentation is the process of partitioning the heterogeneous market in to segments. The goal is to facilitate development of
unique marketing programs which will be most effective for these specific segments.

**Bases For Segmentation**

In searching for appropriate market segments, it is critical for a marketer to decide which bases for defining segments would be most fruitful in creating a winning marketing strategy. Six major categories of consumer characteristics (or) variables can be distinguished as bases for segmentation; they are:

**Geographic Segmentation**

In geographic segmentation, the market is divided in terms of different locations. The theory behind this strategy is that people who live in the same locale have similar needs and wants, and that these needs and wants differ from those of people in other areas.

That assumption may not be as valid today as it was in the past when, lacking good transportation, television, and other means of communication, communities tended to grow up in isolation from one another and developed distinctive tastes and customs. Although, Indians, as a people are much more unified today, regional differences still exist. It is relatively easy to find geographically-based differences for some products; in addition, geographic segments are usually readily accessible through local media, including newspapers, TV and Radio and through regional editions of magazines.
Demographic Segmentation

Demographic characteristics, such as age, sex, martial status, income, occupation and education, are most often used as the basis for market segmentation. It is often said that a market consists of people with purchasing power and the willingness to buy. That is,

\[ \text{Market} = \text{people} \times \text{purchasing power} \times \text{willingness to buy} \]

Demography refers to the vital and measurable statistics of a population. Demographic characteristics are generally easy to identify and to measure, furthermore, they can often be associated—either singly (or) in composite—with the usage of specific products and with specific media. Because product needs often vary with age, marketers have found age to be a useful variable in distinguishing segment. Many producers have carved out a place in the market by concentrating on a specific age segment. Gender has always been a distinguishing segment variable. Woman have traditionally been the main users of such products as hair-care and cosmetics; and men, of cigars and shaving preparations.

Martial status is an increasingly important variable for segmenting markets, now that more and more people are choosing to remain single (or) are divorcing. In the past, the focus of most marketing efforts was the family, but marketers are gradually discovering the benefits of targeting special promotional efforts to singles.
Income has long been an important variable for distinguishing market segments. Marketers are usually interested in affluent consumers—and for good reason. 10% of those families at the highest income levels in this country receive more than 40% of the nationals total money income. Marketers have found that occupational category (white-color, blue color etc) and educational level can also be used to distinguish market segments. These two socio-economic variable are useful to marketers because they seem to reflect values, attitudes, tastes (or) more broadly, life styles.

**Psychological Segmentation**

Psychological characteristics refers to the intrinsic qualities of the individual consumer, such qualities are often used as segmentation variables. One of the major problems of demographic segmentation is its lack of “richness” in describing consumers for market segmentation and strategy development. It lacks color, texture and dimensionality when describing consumers, and it often needs to be supplemented by some thing that fills in the bare statistical picture.

The earliest psychological segmentation studies concentrated on the relationship between personality characteristics and product choice. The object was to find one (or) more personality traits that could reliably predict the selection of one brand over other. Consumers were given standard personality tests that measured such traits as dominance (or) aggression and were also asked-in an addendum, as it were—to specify their brand preference in certain product
categories. Researchers then looked for correlations between personality traits and brand preferences.

Since the early 1970s, psychographics (alternatively known as life style) has been growing in popularity as a psychological basics for segmentation. Psychographic tests (i.e. inventories) appear similar in composition to personality tests because they often consists of a battery of brief statements designed to capture selected dimensions of consumers' inner feelings and their predispositions to behave in certain ways. Researchers conduct psychographic research by asking consumers to express agreement (or) disagreement with statements covering their activities, interests and opinions. Statistical techniques are then used to group together consumers with similar responses and to contrast them with groups of consumers who hold similar views.

Psychographic studies can be either generic (or) product-specific. A product-specific study, as the name implies, is used to determine the psychological profile of users (or) potential users of a specific product. But generic studies are conducted with no specific product in mind. Their purpose is to reveal broad-based patterns in the market place and they are used by marketers to uncover new product opportunities (or) new ways to promote existing products.
Socio Cultural Segmentation

Sociological (i.e., group) and anthropological (i.e., cultural) variable provide further bases for market segmentation. For example, consumer markets have been successfully subdivided into segments on the basis of cultural and sub cultural membership, socio class membership and stage in the family life cycle.

Some marketers have found it useful to segment their markets on the basis of cultural heritage, since members of the same society tend to share the same values, beliefs and customs. This strategy is particularly successful if marketing takes place in an international context. Very often a product must be altered (or) reformulated in some way in order for it to do well in several cultures.

With in a particular culture there are sometimes distinct groups (or) subcultures that are united by certain experiences, values (or) beliefs. Such groups can also provide fertile segments for selected marketing efforts. Cigarette companies have been especially diligent in focusing attention on sub cultural segments. Social class has been particularly amenable to treatment as a market segmentation variable. It is some times measured by income alone, or by an indexed composed of several demographic variables, such as education, income and occupation.
The concept of social class implies that there are people higher (or) lower on the social status scale. Studies have shown that consumers in different social classes vary in terms of values, product preferences and buying habits. Marketers have regularly used their knowledge of social class differences to appeal to specific social classes.

Another frequently used sociological basis for market segmentation is stage in the family life cycle. The life cycle concept is based on the premise that families pass through several phases in their formation, growth and final dissolution. At each phase the family unit needs different products. Young marrieds, for example, need basic furniture to start a home; older, more established families may want more elaborate furnishings. Each of the family life cycle categories may be a distinct segment for a particular marketer.

User Behaviour Segmentation

Markets can also be segmented by the rate of usage of a particular product category and the degree of loyalty to a particular brand.

Rate of usage refers to the volume of purchases a consumer makes of a particular product, and it generally differentiates between heavy users, light users and non users. Marketers who rely on usage rate to segment their markets also seek demographic (or) psychological information to distinguish subgroups. For example, one study of male beer drinkers utilized psychographic variable to distinguish heavy drinkers from non drinkers and light drinkers. Compared with the other two segments, heavy drinkers were found to be more self-indulgent, less
accepting of responsibility, more sports minded, and to have a very masculine view of life.

Some times brand loyalty is a useful basis for segmentation. Marketers often try to identify the characteristics of their brand-loyal consumers so that they can direct their promotional efforts to people with similar characteristics in the larger population or they may decide to go after consumers who show no brand loyalty, since such people may represent greater market potential than consumers who are loyal to competing brands. Non-brand-loyal consumers also suggest a different type are marketing mix to the marketing practitioner (low price, consumer ‘deals’, point-of-purchase delays etc). Identifying brand-loyal consumers and distinguishing them from those who are not brand loyal by means of demographic, psychological (or) socio cultural characteristics is seldom easy. For this reason, brand loyalty is used less frequently than usage rate to differentiate market segments.

Usage Situation Segmentation

Marketers often become complacement after identifying their market by demographic and psychographics (‘who’ buys) and may go further to understand ‘how’ the product is used and enjoyed, whether the consumer is at work, play (or) home. Actually, a manufacturer’s or retailer’s product line can be seen as a range of items appealing to the needs of diverse person-situation market segments. Relatively recent evidence suggests that particular usage situations are viable bases for segmentation. This segmentation approach divides the market by groups
of consumers within usage situation. For example, one study found that the
evaluation of specific fruit varied according to whether the fruit was viewed as (1)
part of breakfast (2) a daytime snack (or) (3) a supper dessert. Other research
found that behaviour differs between gift-giving situations which are obligatory in
nature and those that are voluntary.

Importance Of The Study

Studies about situational influence on buyer behaviour will be useful for
new product introduction, advertising and product positioning. A product brand
can be introduced, advertised and also positioned as suitable for a particular
situation. There are two types of situations:

i. Consumption situation and

ii. Purchase situation

Consumption situation is the anticipated usage situation. It is the
circumstances which prevails at the actual place of consumption. It includes what
is consumed? Where it is consumed? and whom it is consumed?

Like consumption situation, purchase situation also influence buyers brand
choice behaviour. It refers to the situation that is particular to the place where
actual purchase is being made. It can be said as an in-store-environment.

Studies on consumer non-durable products purchased for single use
consumption situations have all shown that consumption situation directly
influences behaviour. Research studies in consumer behaviour are likely to result
in good predictions only when consumers brand loyalty and product involvement
are intense enough to be influential across all relevant situations. Thus for understanding the complex consumer behaviour it seems feasible and also necessary to study situational influence.

**Objectives Of The Study**

The main purpose of the study is to empirically examine situations as a factor influencing consumer brand choice behaviour.

The specific objectives are:

i. to examine the purchase intention for specific brands of the two consumer non-durable products chosen for the study.

ii. to analyse the association of sex, age, employment status and income level with their brand choice behaviour.

iii. to examine consumers brand choice and brand switching behaviour, for the products chosen in specific consumption situations.

iv. to analyse the association of sex, age and employment status and income level with their intention to consume the products in specific consumption situation.

v. to examine consumers brand switching behaviour in specific purchase situations.

vi. to analyse the association of sex, age employment status and income level with their brand switching behaviour for the chosen products in specific purchase situations.
Methodology

The study is primarily an exploratory type of research and hence required the following methodology for its application.

Sample

Paramathi Velur Taluk area was selected for the present study. Convenience-sampling technique was adopted. Paramathy Velur Taluk comprises of three panchayat unions namely Kabilarmalai, Paramathi and Mohanur. Using simple random method 280 samples were collected. The samples were collected in Velur town, Paramathi, Nanjai Edayar, Pothanur, Palapatti, Mohanur, Jederpalayam, Pandamangalam and Kabilarmalai. Interview method is adopted to conduct the present study.

Product Selection

Two non-durable products, namely soft drinks and biscuits were selected. These products are selected because consumers frequently purchase them. After selecting the products, with the help of data collected from selected retail stores four fast moving brands from each product was selected.

Data Collection

Both quantitative and qualitative data were collected from the respondents by issuing self-administered questionnaires. The respondents were assured of anonymity. Beside, direct information has also been obtained from retailers, authorized dealers etc. Secondary data and information were collected from various books, journals and periodicals pertaining to the relevant matter of the
subject under study. The questionnaires were personally collected after verifying
the correctness of the answers.

**The Questionnaire**

A two-part questionnaire has been developed to assess the brand preference
under different situations. A structured questionnaire was used for data collection.
It includes the product brands and different situations. The questionnaire was
framed in such a way to find out consumer intentions of buying the products, their
brand choice behaviour in general and in specific situations, their brand switching
behaviour and brand loyalty.

**Frame Work Of Analysis**

Non-parametric chi-square test of significance, Spearman's $r$ and Kendall's
tau are used for analyzing ranks and finding out the association of sex, age,
employment status and income level with consumers brand choice behaviour for
given two products. Non-parametric chi-square test of significance, Kendall's co-
efficient of concordance, Spearman's $r$ and Kendall's tau are used for analyzing
ranks and finding out the association of sex, age, employment status and income
level with consumers intention of consuming the given two products in specific
consumption situations.

**Limitations Of The Study**

Besides the usual limitations of any behavioural and attitudinal study,
present study posed the following further limitations,
i. Only two non-durable products which are frequently purchased by consumers are taken for this study.

ii. For each of the two products selected, only four brands which are fast moving in selected retail stores are chosen for the study.

iii. Only few purchase and consumption situations which are frequently encountered by consumers in their daily life are considered for the study.

Chapterisation

The study is presented in six chapters. The brief contents of these chapters are as follows.

**Chapter I:** On introduction, introduces the subject matter, explains the problem, narrates the importance and sets out the objectives of the study.

**Chapter II:** On consumer behaviour, a theoretical approach deals consumer-decision making, brand loyalty and brand switching behaviour.

**Chapter III:** Deals with consumer brand choice behaviour for the two given products and the association of sex, age, employment status and income level with brand choice.

**Chapter IV:** Explain consumer brand choice behaviour and brand switching behaviour in specific consumption situations for each of the two products.

**Chapter V:** Analyse brand choice in specific situations and explains consumer's
intention to choose regular (or) alternative brand, when their regular brand is available (or) not available in the store.

Chapter VI: Being concluding chapter presents the summary of finding of the study.


