CHAPTER III
OVERVIEW OF PAINT INDUSTRY IN INDIA AND MARKETING THEORIES ON CONSUMER BUYING BEHAVIOUR

This Chapter of the study is divided into two sections. Section I contains theoretical discussion on paint industry in India, its growth and marketing practices. Section II of the study contains an overview on marketing theories on consumer buying behaviour.

SECTION -1
OVERVIEW OF PAINT INDUSTRY IN INDIA

3.1 Overview of Paint Industry in India

India is the second largest paint market in Asia with an annual demand of over two million tonnes. The Indian paint industry has been growing constantly over the last decade. Growth has been consistent with the GDP growth rate and in some years even higher. Over the past few years, the Indian paint market has substantially grown and caught the attention of many international players. The country continues to enjoy a healthy growth rate compared to other economies, backed by the increasing level of disposable income, and demand from infrastructure, industrial and automotive sectors. On the back of such advocacy, it is anticipated that the sector will post a CAGR (Compound Annual Growth Rate) of around 15 per cent during 2012 to 2015, according Indian paint industry expert forecast.

Indian paint industry at `.26,040 crore (in 2011-12). Share of decorative paint share is `.18,490 Crores (71 per cent) and share of industrial paint is `.7,550 Crores (29 per cent). In volume terms, the size of the industry is 3.1 million tonnes with decorative paints being 2.4 million tonnes and industrial paints being 0.7 million tonnes. The per capita paint consumption has been estimated to be 2.57 kilograms. The paint market is estimated to double to `.50,000 crore by 2016 with per capita consumption increasing to over 4 kilograms. Industry leaders are hopeful of achieving the ambitious growth over the next four years.
3.1.1 Segmentation of the Industry

India's paint industry can be classified into decorative paints, which account for 75 per cent of the market, and industrial paints, which make up the remaining 25 per cent. Decorative paint markets were further segmented into sub-segments, such as emulsions, enamel paints, distemper and cement paints. Decorative paint market can be further classified by product class which includes premium paints, mid-tier paints and economy paints. The industrial paint market covers sub-segments such as automotive coating, high performance coating, powder coating and coil coating. The demand for paints is both derived and direct. The demand for decorative paints is a direct demand whereas the demand for industrial paints is a derived demand.

Decorative paints account for the bulk of the market in terms of volume and value. The unorganized segment plays a huge role in the decorative paints segment due to low technical know-how and a highly scattered market. The industrial paints segment is dominated by the organized sector due to its high technology orientation. It is also the more profitable segment. Most of the organized companies have a nationwide presence with multi-location manufacturing facilities. The companies in the unorganized sector are mostly regional, spread in and around their manufacturing facilities and deal in low value products.

3.1.2 Market Status

Presently, the growth of the Indian paint industry is being witnessed from new demand pockets, especially in Tier-II and Tier-III cities, thus, signaling the growing acceptance of quality products among the masses. The growing popularity of quality paints and increasing income levels of people residing in Tier-II and Tier-III cities have pushed the growth in premium paint market of Indian decorative paint industry. The growth in the market is going to be driven by emergence of the middle class in India, increase in the propensity to spend and growing young population tending to stay in nuclear
families. The demand for industrial paint is going to be driven by the pick-up in the automobile industry and growth in infrastructure in a country like India. Infrastructure is at the lowest level in the country today, hence the industry experience sustained growth in paints business

3.1.2.1 Factors Influencing Buying Behaviour of Consumers

As a consumer product that is being sold to a young, increasingly more affluent customer, key success factors in decorative paints are as below:

• **Brand:** Paints are becoming a high involvement purchase for the end use consumer, hence the brand plays a key role in determining his choice, both for new construction and repainting activities

• **Product portfolio:** It is essential for paints companies to have a judicious mix of targeted products for its core customer along with a complete product portfolio across product categories and price points for the entire customer universe

• **Distribution:** Sales of decorative paints requires extensive dealer networks, especially in the rural and semi-urban markets; hence a strong supply chain and pan-India distribution presence is essential

3.1.2.2 Reason for the Growth of Domestic Players

Indian climatic conditions are not conducive for foreign formulations and modification cost in product formulation is quite high. As a result, imports are not much of a threat to Indian players. In the case of industrial paints, major players already have a tie-up with global players for the latest technology and markets accessible to them. It negates the further supply from the international markets even after reduction of import duty from 40 per cent to 15.3 per cent in the last eight years.
3.1.2.2 Product Ranges

Most companies have an identical range of products for the decorative paint market. In the industrial segment, the range is more customized and guided by the technology support provided by the collaborators. In the case of decorative products, the technology has been mostly indigenously perfected over the years and the products can be divided on the basis of interior and exterior applications or in categories such as water-based and solvent-based.

Moreover, most companies have been advertising their products in the interior/exterior emulsions category, which has expanded the market and triggered a shift from distempers and cement paint. While solvent-based enamels are still popular in India, there is a clear shift from solvent-to water-based glossy enamels in overseas markets, India will take some time to switch over to water-based coatings. For the decorative range, it is difficult for international companies to set up shop on a stand-alone basis because of existing barriers such as the strong network of established players, brand image, range of products (Indian context) and required distribution logistics. Therefore, the safer route has been and will be to tag along with existing companies. For industrial products, however, this may not apply and based on their tie-ups in home countries and their original equipment manufacturer (OEM) customers, the required range can be produced and sold. There is, however, room for niche players, with radical and unique ranges of products properly conceived and marketed in the Indian context and supported with machines.

3.1.2.3 Conventional Paints

One more concept that is being adopted in India is the use of eco-friendly paints. Conventional paints have more than 1,000 chemicals and substances such as formaldehyde and benzene. These chemicals may lead to health problems. Low level exposure to paint, based on lead-based pigments may irritate or burn the eyes, nose, throat and skin and cause reactions such as headaches, dizziness or nausea while high levels of exposure to some of the
elements in paint, even for a short period, can cause severe and lasting impact such as kidney or liver damage or respiratory problems.

Some of the paint companies have proactively worked towards the elimination of lead-based pigments and have substituted non-toxic raw materials. Thus eco-paints are non-toxic with low VOCs (Volatile Organic Compounds), have no odor and can be tinted to any color with non-toxic tints. They are produced from fewer than 250 chemical components and more than 98 per cent of these chemicals are derived from plant sources and minerals. The raw materials are also low in toxic substances, renewable and feature a low environmental footprint.

3.1.2.4 Major Players in the Market

The leaders in the organized paint industry in India are Asian Paints with over 40 per cent market share, Kansai Nerolac (20 per cent), Berger Paints (19 per cent) and AkzoNobel (12 per cent). Asian Paints is a market leader in the decorative segment while Kansai Nerolac dominates the industrial and automotive segment. The share of industrial paints in the total paint consumption is very low when compared to global standards. It accounts for 25 per cent of the paint market with 75 per cent of the paints sold in India for decorative purposes.

Currently all key players in the Indian paint market are in expansion mode. Asian Paints has enhanced its capacity at its facility in Himachal Pradesh (for powder coatings) and Maharashtra (industrial coatings) and Berger's facility in Jammu started contributing to its top line performance, albeit on the lower side. Kansai Nerolac is putting up a green field plant at Hosur in Tamil Nadu and is carrying out expansion at its Lote Parshuram and Bawal plants.
3.1.5 Primary Reasons for the Growth of Decorative Paint Industry in India

The Indian paint and coatings industry was riding high on the growth in the Indian automobile industry, new construction in the housing segment and improving infrastructure throughout the country. Thus, there has been a higher growth of emulsion paints for interiors vise-versa distempers. There is increasing use of economy emulsion in place of lower-priced distempers. Similar is the trend for exteriors where emulsion-based coatings are now preferred against conventional cement-based coatings.

In spite of economic slowdown, the Indian paint industry is growing though at a slower rate. It has tremendous potential for growth in the coming years. The decorative segment has outpaced the industrial segment in growth rate but the industrial segment has the greater potential for growth, as and when the automobile industry business improves. The players with aggressive marketing strategies and comprehensive product portfolios will grow at a faster rate. The emerging trends in technology and marketing indicate that the industry is likely to consolidate in the coming years with industry leaders improving their market share.

Consumers are looking forward to new product launches some for application in special areas. Companies are increasing the value-added services available to customers by offering a variety of finishes through specialized and trained applicators, well supported by back end support of specialized service. Moreover, consumers are continuously looking for better products, more and more consumers are switching to marginally higher-priced emulsions where they get more durable and better-looking finishes in a wider range of colours.

Disposable income plays a critical role in the decorative paint market. Thus, increase in people’s income will help the industry to grow. Moreover, the rural sector has a major share of the decorative paints segment. Thus, any benefit to the rural sector for improving the dispensable income is directly co-
related to the growth of the paint industry. Besides, decorative paints are marketing savvy products backed by large advertisement campaigns and dealership networks. Huge investments required in setting up a vast marketing and dealership network, to advertise and develop a brand over a period of time will also help the industry to reach new heights.

The supporting speculations for infrastructure, commercial and industrial consumers are like increased repainting activity, globalisation resulting in mega projects managed by international consultants, Boom in the Indian Housing Sector, increasing urbanisation, Shift from semi-permanent to permanent housing structures. In a similar way strong industrial growth and heavy infrastructure spending, new projects pertaining to roads, ports and industrial segments is a positive sign for encouraging industrial coat segments.

3.1.6 Changing Marketing Practices

The decorative paints industry, one of the main two categories (the other being industrial paints), constitutes a significant part of the total paint market in India, and been making rapid strides too. There is a great silver lining for the industry. With the boom in the construction industry, the demand for decorative paint is growing approximately at 17-18 per cent per annum. This figure sounds challenging, but this is the fact. Currently, two types of demand are witnessed in decorative paints sector - from new projects and recoating.

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Source: Central Statistical Organisation
Courtesy: Boston Decorative Painting Service

With the revival of the economy in India, both segments are thriving, and hence the growth rate is high too. Interior paint sector (in decorative segment) has been witnessing a significant change in the coating system.
Earlier, interior paint constituted various paint processes like putty, primer coat, emulsion coat/enamels coat, etc. Today, the whole putty application is changing: on top coat, the enamel (coat) is no more popular with the customers, rather they prefer emulsion coat more.

Similarly, exterior paints segment has undergone several changes as well. Innovation, value addition, etc. make the segment a vibrant one. Today, painting a house is no more considered a luxury, rather it has become a necessity. There has been a significant growth in the exterior coatings segment, and paint manufacturers have introduced premium products having superior quality with increased durability. The exterior coatings market is also growing fast. There exists a high margin in this segment, and the customers’ perception about the quality of major companies helps them realise a higher margin.

Like many other segments, SMEs (Small Medium Scale of Entrepreneurs) have emerged competitive and offer good quality. The changes certainly augur well. However, the industry has to traverse a long distance. The per capita paint consumption in India is only around 2.5 liter. The industry is less than half the size compared to the Chinese market, and about one fifth of the US market by volume. Even Sri Lanka and Pakistan have higher per capita paint consumption. This is surely a strong reason to be optimistic about the continued growth potential of this sector.

3.15.1 Promotion of Complete Home Solution’

Lately, the dynamics of many industries have changed due to the increase in disposable income of the people. It is because they seek innovative products. It has been reflected in the paint industry as well. For example, paint companies in the past were supplying only their products, whereas now they offer a complete solution (i.e., material and labour) to paint a house. The new concept, ‘Home Solution’, is likened by the customers though they have to spend more. Designer and textured finishes, coupled with washable and scratch
resistance properties are in vogue. Besides, feature walls in deep shades are now preferred by urban consumers.

Today, consumers are ready to experiment with choice of shades. One may select Mediterranean yellow on the outside of a building, accentuated by red on parapets. In the interiors, metallic shades are used and so are gold and copper. Further, trends are shifting from conventional painting to aluminium/glass exteriors, especially in commercial complexes. This could positively affect and impact exterior coatings market. Another important change is the growth of darker shades vis-à-vis white and pastels. This is a sign of changing decor styles and consumers’ willingness to experiment. The increasing popularity of textures and fashion finishes further illustrates this point. It has been observed that painting of houses is generally done during the festive season, and mostly for an available budget. Hence, a very small segment of customers use high and expensive paints (with high value addition). In smaller cities, products manufactured by SMEs are more popular.

3.1.5.2 Eco-Friendly Paints

Due to the environment-friendly preferences by paint consumers, of late paint companies have taken several measures to promote environment-friendly paints. For example, Nerolac is offering solutions and products for lead-free and low-Volatile Organic Compounds (VOC) coatings. This in turn is helping the key customers to formulate and provide eco-friendly decorative paints in the market. There is a great silver lining for the decorative paint industry. With the boom in the construction industry, the demand for decorative paint is growing approximately at 17-18 per cent per annum. The growth has just begun, and the demand will rise in 2015. So there is a need for increasing awareness of safe and eco-friendly paints. People do not have any knowledge of what paints they opt for, or whether it could become a potential hazard affecting their health. While spending on such products, customers tend to prefer low-quality paints.
Industry experts feel that there is a need for increasing awareness of safe and eco-friendly paints. People do not have any knowledge of what paints they opt for, or whether it could become a potential hazard affecting their health. While spending on such products, customers tend to prefer low-quality paints. However, there are some who are prepared to pay a higher price. Taking due knowledge of the fact, all household or decorative products of Paint companies have started to promote lead, mercury, arsenic and chromium free products. SMEs are also leaving no stone unturned to play a significant role in making environment-friendly paints. SME sector is the market leader in the water-based segment (environment-friendly paint). Last year, growth of the SMEs in water-based paints was above 20 per cent, and it was more than 5 per cent in the case of solvent-based paints. Growth in large companies comes mainly from the solvent-based sector. Like countries in the West, people in India are moving towards water-based paints for both interiors and exteriors. Thus, in all
probability, the demand for water-based products should remain robust in the coming years.

3.1.5.3 Technology Adoption

The paint industry is a growing sector in future. The broad product ranges and the advanced technology is helping substantially. The refining of paint products in terms of environmental concern and aesthetic aspect started long back and now the decorative paints segment contributes more than 75 per cent of industry. However some surveys predict that in few years the ratio of industrial to decorative sector will be same. This is good news for those who are pioneers in industrial coat segment, since the current industrial coating market size is estimated around 30 per cent. The requirement of premium products in paint and coating technology is the future demand. There are companies manufacturing bio-paints by using less harmful materials like chalk, china clay, plant oils and tree resins, which are healthier than synthetic components. The other technologies are like zero VOC, water-based, lead, mercury and chromium free shades. Few more advancements are like IR (Infra-Red Rays) reflective, UV resistance, Fleuroscenes, Texture and high heat resistance coatings.

3.1.5.4 Cost factor

In a recent survey published by McKinsey, it summarised the consumer behaviour, with respect to green products. It identified five barriers preventing Consumers’ from purchasing green products - lack of awareness, negative perceptions, distrust, high prices and low availability. Before buying green products, consumers must know that there exist such products in the market, which live up to their expectations. A few consumers buy these only because they are green, which comes with many advantages. The survey also states that price is one of the largest obstacles in purchasing green products. These are not necessarily more expensive than the so-called standard products. Cost is commensurate to the value provided. Perhaps, the paint industry has not been
successful in convincing the consumers that these are good products worth the expense.

3.1.6 Challenges Faced by the Industry
Some of the prominent challenges for Indian paint industry are:

- **Seasonal Demand:** Paint Industry is a seasonal industry. The demand shoots up during the Diwali season or other festive seasons and it will be low in the rainy season.

- **Inventory Management at Dealer Level:** The product differentiation is minimal in paint industry. The very close substitutes are readily available (e.g. ICI Dulux can be a very close substitute for Asian Paints Royale). Hence the inventory management at the dealer level is of prime importance. It is also important for brand visibility and occupying the shelf space.

- **Distribution Costs:** Distribution costs are important for a lower price product like Distemper. The Distemper is a stiff paint and is sold on weight basis. It is called as the “Bread and Butter” of the paint industry as the consumption is highest for this product. Hence, the cost associated with distribution of it is of prime importance.

- **Shade Offerings:** As the shades offered by the paints companies are very high in number, (e.g. Asian paints offers more than 1200 own shades), the problem of distribution becomes very significant. The demand for a particular shade may peak up suddenly in a particular region. The inventory management at the distributor and dealer level is of great importance.

- **Low Per Capita Consumption:** As mentioned earlier, the per capita paint consumption in India is in one of the lowest. It stands at mere 815 gms per person per annum as compared to the 25 kg per person per
annum in US. This shows the lower penetration of the paint industry in the country. The paint companies have to educate the customers that they should go for the repainting of their houses frequently. This is a very unique feature of the industry that the Indian people will go for repainting either for some festival such as Diwali or occasions like Marriage or when the repainting is absolutely unavoidable.

- Competition from the Unorganised Players: A critical challenge in the paints industry was the competition from the unorganised players; who were not liable for excise as well as other taxes. Reduction of excise duties over the last few years, from 40 per cent to the present level of 12 per cent, has helped to create a level playing field between the unorganised and organised segments.

3.1.7 Future Outlook for the industry

Companies are unanimous in saying that the future of the industry is bright. The Indian paint industry has grown by 1.5-2 times of India’s GDP growth on a year-on-year basis. With the revival and upswing of economic activities in the country, the paint industry is expected to witness double digit growth in the current fiscal. Many feel that the growth has just begun, and the demand will rise in 2015. The per capita consumption of paint in India is estimated to be more than 800 grams compared to 10 kg in other Asian countries, and above 20 kg in the developed countries. Against the backdrop of a rapidly changing scenario, even if the per capita consumption is 2.5 kg, which in all probability is likely to happen in the coming five years, the industry should witness 100 per cent growth - from approximately `. 25,000 crore to `. 50,000 crore by 2015. Further, the market share of SMEs will remain approximately 50 per cent, as the customers are gradually recognizing their quality.

The prospect of the industry further brightens with setting up of shops by prospective global paint manufacturers in India. The outlook is promising,
and the industry is estimated to grow by 15 per cent on an annual basis. Prediction of normal monsoon has provided further momentum to the sector. The industry should continue to grow handsomely, as the monsoon is projected to be normal, and GDP is being projected to grow in touching 8 per cent in the coming months. However, there exists a risk factor due to sharp increase in raw material prices from the beginning of the current financial year. This could affect the margins of paint companies substantially. Going by the current trend and customers’ attitude, the future augurs well for the industry. What is positive for the industry is that today people in rural India also feels it a necessity rather than a luxury to paint their houses every year, which is indeed a significant change of thought.

SECTION II
MARKETING THEORIES ON CONSUMER BUYING BEHAVIOUR (CONSUMER ATTITUDE PREFERENCES AND SATISFACTION)

3.2 Overview of Consumer Buying Behaviour

Consumer behavior involves the psychological processes that consumers go through in recognizing needs, finding ways to solve these needs, making purchase decisions (e.g., whether or not to purchase a product and, if so, which brand and where), interpret information, make plans, and implement these plans (e.g., by engaging in comparison shopping or actually purchasing a product). Sources of influence on the consumer, the consumer faces numerous sources of influence.
Often, we take cultural influences for granted, but they are significant. An American will usually not bargain with a store owner. This, however, is a common practice in much of the World. Physical factors also influence our behavior. We are more likely to buy a soft drink when we are thirsty, for example, and food manufacturers have found that it is more effective to advertise their products on the radio in the late afternoon when people are getting hungry. A person’s self-image will also tend to influence what he or she will buy—an upwardly mobile manager may buy a flashy car to project an image of success. Social factors also influence what the consumers buy—often, consumers seek to imitate others whom they admire, and may buy the same brands. The social environment can include both the mainstream culture (e.g., Americans are more likely to have corn flakes or ham and eggs for breakfast than to have rice, which is preferred in many Asian countries) and a subculture (e.g., rap music often appeals to a segment within the population that seeks to distinguish itself from the mainstream population). Thus, sneaker manufacturers are eager to have their products worn by admired athletes. Finally, consumer behavior is influenced by learning—you try a hamburger and learn that it satisfies your hunger and tastes good, and the next time you are hungry, you may consider another hamburger.
3.2.1 Consumer Choice and Decision Making

Consumer choice of product and decision making processes are:

i. Problem Recognition

Consumer involvement will tend to vary dramatically depending on the type of product. In general, consumer involvement will be higher for products that are very expensive (e.g., a home, a car) or are highly significant in the consumer’s life in some other way (e.g., a word processing program or acne medication).

It is important to consider the consumer’s motivation for buying products. To achieve this goal, we can use the Means-End chain, wherein we consider a logical progression of consequences of product use that eventually lead to desired end benefit. Thus, for example, a consumer may see that a car has a large engine, leading to fast acceleration, leading to a feeling of performance, leading to a feeling of power, which ultimately improves the consumer’s self-esteem. A handgun may aim bullets with precision, which enables the user to kill an intruder, which means that the intruder will not be able to harm the consumer’s family, which achieves the desired end-state of security. In advertising, it is important to portray the desired end-states. Focusing on the large motor will do less good than portraying a successful person driving the car.

EXHIBIT: 3.2
PROBLEM RECOGNITION

Problem Recognition
Evaluation of Alternatives
Post Purchase Emulation/behaviour

Information search
Purchase

Theory
Complicatio
ii. Information Search and Decision Making

Consumers engage in both internal and external information search. Internal search involves the consumer identifying alternatives from his or her memory. For certain low involvement products, it is very important that marketing programs achieve “top of mind” awareness. For example, few people will search the Yellow Pages for fast food restaurants; thus, the consumer must be able to retrieve one’s restaurant from memory before it will be considered. For high involvement products, consumers are more likely to use an external search. Before buying a car, for example, the consumer may ask friends’ opinions, read reviews in Consumer Reports, consult several web sites, and visit several dealerships. Thus, firms that make products that are selected predominantly through external search must invest in having information available to the consumer in need—e.g., through brochures, web sites, or news coverage.

EXHIBIT: 3.3
INTERNAL AND EXTERNAL

A compensatory decision involves the consumer “trading off” good and bad attributes of a product. For example, a car may have a low price and good gas mileage but slow acceleration. If the price is sufficiently inexpensive and gas efficient, the consumer may then select it over a car with better acceleration that costs more and uses more gas. Occasionally, a decision will involve a non-compensatory strategy. For example, a parent may reject all soft drinks that
contain artificial sweeteners. Here, other good features such as taste and low calories cannot overcome this one “non-negotiable” attribute.

Two interesting issues in decisions are:

1. Variety seeking (where consumers seek to try new brands not because these brands are expected to be “better” in any way, but rather because the consumer wants a “change of pace,” and

2. “Impulse” purchases—unplanned buys. This represents a somewhat “fuzzy” group. For example, a shopper may plan to buy vegetables but only decide in the store to actually buy broccoli and corn. Alternatively, a person may buy an item which is currently on sale, or one that he or she remembers that is needed only once inside the store.

A number of factors involve consumer choices. In some cases, consumers will be more motivated. For example, one may be more careful choosing a gift for an in-law than when buying the same thing for one self. Some consumers are also more motivated to comparison shop for the best prices, while others are more convenience oriented. Personality impacts decisions. Some like variety more than others, and some are more receptive to stimulation and excitement in trying new stores. Perception influences decisions. Some people, for example, can taste the difference between generic and name brand foods while many cannot. Selective perception occurs when a person is paying attention only to information of interest. For example, when looking for a new car, the consumer may pay more attention to car ads than when this is not in the horizon. Some consumers are put off by perceived risk. Thus, many marketers offer a money back guarantee. Consumers will tend to change their behavior through learning—e.g., they will avoid restaurants they have found to be crowded and will settle on brands that best meet their tastes. Consumers differ in the values they hold (e.g., some people
are more committed to recycling than others who will not want to go through the hassle). We will consider the issue of lifestyle under segmentation.

iii. The Family Life Cycle

Individuals and families tend to go through a "life cycle:" The simple life cycle goes from.

![Family Life Cycle Diagram]

For purposes of this discussion, a "couple" may either be married or merely involve living together. The breakup of a non-marital relationship involving cohabitation is similarly considered equivalent to a divorce. In real life, this situation is, of course, a bit more complicated. For example, many couples undergo divorce. Then we have one of the scenarios:

![Family Life Cycle Diagram]

Single parenthood can result either from divorce or from the death of one parent. Divorce usually entails a significant change in the relative wealth of spouses. In some cases, the non-custodial parent (usually the father) will not pay the required child support, and even if he or she does, that still may not leave the custodial parent and children as well off as they were during the marriage. On the other hand, in some cases, some non-custodial parents will be
called on to pay a large part of their income in child support. This is particularly a problem when the non-custodial parent remarries and has additional children in the second (or subsequent marriages). In any event, divorce often results in a large demand for:

- Low cost furniture and household items
- Time-saving goods and services

Divorced parents frequently remarry, or become involved in other non-marital relationships; thus, we may see.

**EXHIBIT: 3.6 INVOLVED IN OTHER NON-MARITAL RELATIONSHIPS**

Generally, there are two main themes in the Family Life Cycle, subject to significant exceptions:

- As a person gets older, he or she tends to advance in his or her career and tends to get greater income (exceptions: maternity leave, divorce, retirement).

- Unfortunately, obligations also tend to increase with time (at least until one’s mortgage has been paid off). Children and paying for one’s house are two of the greatest expenses.

Note that although a single person may have a lower income than a married couple, the single may be able to buy more discretionary items.
iv. Family Decision Making

Individual members of families often serve different roles in decisions that ultimately draw on shared family resources. Some individuals are information gatherers/holders, who seek out information about products of relevance. These individuals often have a great deal of power because they may selectively pass on information that favors their chosen alternatives. Influencers do not ultimately have the power decide between alternatives, but they may make their wishes known by asking for specific products or causing embarrassing situations if their demands are not met. The decision maker(s) have the power to determine issues such as:

- Whether to buy;
- Which product to buy (pick-up or passenger car?);
- Which brand to buy;
- Where to buy it; and
- When to buy.

Note, however, that the role of the decision maker is separate from that of the purchaser. From the point of view of the marketer, this introduces some problems since the purchaser can be targeted by point-of-purchase (POP) marketing efforts that cannot be aimed at the decision maker. Also note that the distinction between the purchaser and decision maker may be somewhat blurred:

- The decision maker may specify what kind of product to buy, but not which brand;
- The purchaser may have to make a substitution if the desired brand is not in stock;
- The purchaser may disregard instructions (by error or deliberately).
It should be noted that family decisions are often subject to a great deal of conflict. The reality is that few families are wealthy enough to avoid a strong tension between demands on the family’s resources. Conflicting pressures are especially likely in families with children and/or when only one spouse works outside the home. Note that many decisions inherently come down to values, and that there is frequently no "objective" way to arbitrate differences. One spouse may believe that it is important to save for the children’s future; the other may value spending now (on private schools and computer equipment) to help prepare the children for the future. Who is right? There is no clear answer here. The situation becomes even more complex when more parties—such as children or other relatives—are involved.

Some family members may resort to various strategies to get their way. One is bargaining—one member will give up something in return for someone else. For example, the wife says that her husband can take an expensive course in gourmet cooking if she can buy a new pickup truck. Alternatively, a child may promise to walk it every day if he or she can have a hippopotamus. Another strategy is reasoning—trying to get the other person(s) to accept one’s view through logical argumentation. Note that even when this is done with a sincere intent, its potential is limited by legitimate differences in values illustrated above. Also note that individuals may simply try to "wear down" the other party by endless talking in the guise of reasoning (this is a case of negative reinforcement as we will see subsequently). Various manipulative strategies may also be used. One is impression management, where one tries to make one’s side look good (e.g., argue that a new TV will help the children see educational TV when it is really mostly wanted to see sports programming, or argue that all "decent families make a contribution to the church"). Authority involves asserting one’s "right" to make a decision (as the "man of the house," the mother of the children, or the one who makes the most money). Emotion involves making an emotional display to get one’s way (e.g., a man cries if his wife will not let him buy a new rap album).
v. The Means-End Chain

Consumers often buy products not because of their attributes per se but rather because of the ultimate benefits that these attributes provide, in turn leading to the satisfaction of ultimate values. For example, a consumer may not be particularly interested in the chemistry of plastic roses, but might reason as follows.

The important thing in a means-end chain is to start with an attribute, a concrete characteristic of the product, and then logically progress to a series of consequences (which tend to become progressively more abstract) that end with a value being satisfied. Thus, each chain must start with an attribute and end with a value. An important implication of means-end chains is that it is usually most effective in advertising to focus on higher level items. For example, in the flower example above, an individual giving the flowers to the significant other might better be portrayed than the flowers alone.
3.2.3 Consumer Attitudes

Consumer attitudes are a composite of a consumer’s (1) beliefs about, (2) feelings about, (3) and behavioral intentions toward some “object”—within the context of marketing, usually a brand, product category, or retail store. These components are viewed together since they are highly interdependent and together represent forces that influence how the consumer will react to the object.

i. Beliefs

The first component is beliefs. A consumer may hold both positive beliefs toward an object (e.g., coffee tastes good) as well as negative beliefs (e.g., coffee is easily spilled and stains papers). In addition, some beliefs may be neutral (coffee is black), and some may be differ in valance depending on the person or the situation (e.g., coffee is hot and stimulates--good on a cold morning, but not good on a hot summer evening when one wants to sleep). Note also that the beliefs that consumers hold need not be accurate (e.g., that pork contains little fat), and some beliefs may, upon closer examination, be contradictory.

ii. Affect

Consumers also hold certain feelings toward brands or other objects. Sometimes these feelings are based on the beliefs (e.g., a person feels nauseated when thinking about a hamburger because of the tremendous amount of fat it contains), but there may also be feelings which are relatively independent of beliefs. For example, an extreme environmentalist may believe that cutting down trees is morally wrong, but may have positive affect toward Christmas trees because he or she unconsciously associates these trees with the experience that he or she had at Christmas as a child.
iii. Behavioral intention

The behavioral intention is what the consumer plans to do with respect to the object (e.g., buy or not buy the brand). As with affect, this is sometimes a logical consequence of beliefs (or affect), but may sometimes reflect other circumstances—e.g., although a consumer does not really like a restaurant, he or she will go there because it is a hangout for his or her friends. Changing attitudes is generally very difficult, particularly when consumers suspect that the marketer has a self-serving “agenda” in bringing about this change (e.g., to get the consumer to buy more or to switch brands). Here are some possible methods:

1. Changing affect

   • One approach is to try to change affect, which may or may not involve getting consumers to change their beliefs. One strategy uses the approach of classical conditioning to “pair” the product with a liked stimulus. For example, we “pair” a car with a beautiful woman. Alternatively, we can try to get people to like the advertisement and hope that this liking will “spill over” into the purchase of a product. For example, the Pillsbury Doughboy does not really emphasize the conveyance of much information to the consumer; instead, it attempts to create a warm, “fuzzy” image. Although Energizer Bunny ads try to get people to believe that their batteries last longer, the main emphasis is on the likeable bunny. Finally, products which are better known, through the mere exposure effect, tend to be better liked—that is, the more a product is advertised and seen in stores, the more it will generally be liked, even if consumers do not develop any specific beliefs about the product.

2. Changing behavior

   • People like to believe that their behavior is rational; thus, once they use our products, chances are that they will continue unless someone is able
to get them to switch. One way to get people to switch to our brand is to use temporary price discounts and coupons; however, when consumers buy a product on deal, they may justify the purchase based on that deal (i.e., the low price) and may then switch to other brands on deal later. A better way to get people to switch to our brand is to at least temporarily obtain better shelf space so that the product is more convenient. Consumers are less likely to use this availability as a rationale for their purchase and may continue to buy the product even when the product is less conveniently located.

3. Changing beliefs

- Although attempting to change beliefs is the obvious way to attempt attitude change, particularly when consumers hold unfavorable or inaccurate ones, this is often difficult to achieve because consumers tend to resist. Several approaches to belief change exist.

4. Change currently held beliefs

- It is generally very difficult to attempt to change beliefs that people hold, particularly those that are strongly held, even if they are inaccurate. For example, the petroleum industry advertised for a long time that its profits were lower than were commonly believed, and provided extensive factual evidence in its advertising to support this reality. Consumers were suspicious and rejected this information, however.

5. Change the importance of beliefs

- Although the sugar manufacturers would undoubtedly like to decrease the importance of healthy teeth, it is usually not feasible to make beliefs less important--consumers are likely to reason, why, then, would you bother bringing them up in the first place? However, it may be possible to strengthen beliefs that favor us--e.g., a vitamin supplement
manufacturer may advertise that it is extremely important for women to replace iron lost through menstruation. Most consumers already agree with this, but the belief can be made stronger.

6. Add beliefs

- Consumers are less likely to resist the addition of beliefs so long as they do not conflict with existing beliefs. Thus, the beef industry has added beliefs that beef (1) is convenient and (2) can be used to make a number of creative dishes. Vitamin manufacturers attempt to add the belief that stress causes vitamin depletion, which sounds quite plausible to most people.

7. Change ideal

- It usually difficult, and very risky, to attempt to change ideals, and only few firms succeed. For example, Hard Candy may have attempted to change the ideal away from traditional beauty toward more unique self-expression.

8. One-sided vs. two-sided appeals

- Attitude research has shown that consumers often tend to react more favorably to advertisements which either (1) admit something negative about the sponsoring brand (e.g., the Volvo is a clumsy car, but very safe) or (2) admits something positive about a competing brand (e.g., a competing supermarket has slightly lower prices, but offers less service and selection). Two-sided appeals must, contain overriding arguments why the sponsoring brand is ultimately superior—that is, in the above examples, the “but” part must be emphasized.

3.2.4 Consumer Perception

Consumer perception is an approximation of reality. Our brain attempts to make sense out of the stimuli to which we are exposed. This works well, for
example, when we “see” a friend three hundred feet away at his or her correct height; however, our perception is sometimes “off”—for example, certain shapes of ice cream containers look like they contain more than rectangular ones with the same volume.

i. Perception

Knowledge of how consumers acquire and use information from external sources is important to marketers in formulating communication strategies. Marketers are particularly interested in (1) how consumers sense external information, (2) how they attend to various sources of information, (3) how this information is interpreted and given meaning, and (4) how the information is retained. These four processes are all part of perception, the process by which an individual receives, attends to, interprets, and stores information to create a meaningful picture of the world.

Perception is an individual process; it depends on internal factors such as a person’s beliefs, experiences, needs, moods, and expectations. The perceptual process is also influenced by the characteristics of a stimulus (such as its size, colour, and intensity) and the context in which it is seen or heard. Selectivity occurs throughout the four stages of the consumer’s perceptual process. Perception may be viewed as a filtering process in which internal and external factors influence what is received and how it is processed and interpreted. The sheer number and complexity of the marketing stimuli a person is exposed to in any given day require that this filtering occur.

Selective perception may occur within all four stages of the perceptual process, as shown in the exhibit.

**EXHIBIT: 3.8**

**SELECTIVE PERCEPTION PROCESS**

![Selective Perception Process Diagram]

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ii. Sensation

Sensation is the immediate, direct response of the senses (taste, smell, sight, touch, and hearing) to a stimulus such as an ad, package, brand name, or point-of-purchase display. Perception uses these senses to create a representation of the stimulus. Marketers recognize that it is important to understand consumers’ physiological reactions to marketing stimuli. For example, the visual elements of an ad or package design must be designed so that consumers sense their existence. This is one reason why many TV ads start with a particular sound effect or visual movement.

Marketers sometimes try to increase the level of sensory input so that their advertising messages will get noticed. For example, marketers of colognes and perfumes often use strong visuals as well as scent strips to appeal to multiple senses and attract the attention of magazine readers. Some advertisers have even inserted microcomputer chips into their print ads to play a song or deliver a message. Selective exposure occurs as consumers choose whether or not to make themselves available to information. For example, a viewer of a television show may change channels or leave the room during commercial breaks.

iii. Selecting Information

Sensory inputs are important but are only one part of the perceptual process. Other determinants of whether marketing stimuli will be attended to and how they will be interpreted include internal psychological factors such as the consumer’s personality, needs, motives, expectations, and experiences. These psychological inputs explain why people focus attention on some things and ignore others. Two people may perceive the same stimuli in very different ways because they select and attend to messages differently. An individual’s perceptual processes usually focus on elements of the environment that are relevant to his or her needs and tune out irrelevant stimuli. Think about how much more attentive you are to advertising for personal computers, tires, or stereos when you are in the market for one of these products.
Selective attention occurs when the consumer chooses to focus attention on certain stimuli while excluding others. One study of selective attention estimates the typical consumer is exposed to nearly 1,500 ads per day yet perceives only 76 of these messages. Other estimates range as high as 3,000 exposures per day. This means advertisers must make considerable effort to get their messages noticed. Advertisers often use the creative aspects of their ads to gain consumers’ attention. For example, some advertisers set their ads off from others by showing their products against a vibrant colour background. Marketers also place ads in certain times or locations so that consumers will notice them more easily. For example, a consumer may pay more attention to a commercial that is heard alone at home than to one heard in the presence of friends, at work, or anywhere distractions may be present. If advertisers can isolate a particular time when the listener is likely to be attentive, they will probably earn his or her undivided attention.

iv. Consumer Motivation

While need recognition is often a basic, simple process, the way a consumer perceives a purchase situation and becomes motivated to resolve it will influence the remainder of the decision process. For example, one consumer may perceive the need to purchase a new watch from a functional perspective and focus on reliable, low-priced alternatives. Another consumer may see the purchase of a watch as more of a fashion statement and focus on the design and image of various brands.

To better understand the reasons underlying consumer purchases, marketers devote considerable attention to examining motives—that is, those factors that compel a consumer to take a particular action. One of the most popular approaches to understanding consumer motivations is based on the classic theory of human motivation popularized many years ago by psychologist Abraham Maslow. His hierarchy of needs theory postulates five basic levels of human needs, arranged in a hierarchy based on their importance. As shown in the exhibit, the five needs are (1) physiological—the basic level of
primary needs for things required to sustain life, such as food, shelter, clothing, and sex; (2) safety—the need for security and safety from physical harm; (3) social/love and belonging—the desire to have satisfying relationships with others and feel a sense of love, affection, belonging, and acceptance; (4) esteem—the need to feel a sense of accomplishment and gain recognition, status, and respect from others; and (5) self-actualization—the need for self-fulfillment and a desire to realize one’s own potential.

According to Maslow’s theory, the lower-level physiological and safety needs must be satisfied before the higher-order needs become meaningful. Once these basic needs are satisfied, the individual moves on to attempting to satisfy higher-order needs such as self-esteem. In reality, it is unlikely that people move through the needs hierarchy in a stair step manner. Lower-level needs are an ongoing source of motivation for consumer purchase behaviour. However, since basic physiological needs are met in most developed countries, marketers often sell products that fill basic physiological needs by appealing to consumers’ higher-level needs. For example, in marketing its wipes, Huggies
focuses on the love between parent and child (social needs) in addition to the
gentleness of the product a sense of accomplishment and gain recognition,
status, and respect from others and self-actualization-the need for self-
fulfillment and a desire to realize one’s own potential.

While Maslow’s needs hierarchy has flaws, it offers a frame-work for
marketers to use in determining what they needs want their products and
services to be shown satisfying. Advertising campaigns can then be designed to
show how a brand can fulfill these needs. Marketers also recognize that
different types of consumers have different need levels. For example, a young
single person may be attempting to satisfy social or self-esteem needs in
purchasing a car, while a family with children will focus more on safety needs.
Chrysler used ads like the one to communicate that its cars meet the security
needs of consumers with children.

v. Information Search

The second stage in the consumer decision-making process is
information search. Once consumers perceive a need that can be satisfied by
the purchase of a product, they begin to search for information needed to make
a purchase decision. The initial search effort often consists of an attempt to
scan information stored in memory to recall past experiences and/or knowledge
regarding various purchase alternatives. This information retrieval is referred
to as internal search. For many routine, repetitive purchases, previously
acquired information that is stored in memory (such as past performance or
outcomes from using a brand) is sufficient for comparing alternatives and
making a choice. If the internal search does not yield enough information, the
consumer will seek additional information by engaging in external search.
External sources of information include:

• Personal sources, such as friends, relatives, or co-workers.

• Marketer-controlled (commercial) sources, such as information from
  advertising, salespeople, or point-of-purchase displays and the Internet.
• Public sources, including articles in magazines or newspapers and reports on TV.

• Personal experience, such as actually handling, examining, or testing the product.

Determining how much and which sources of external information to use involves several factors, including the importance of the purchase decision, the effort needed to acquire information, the amount of past experience relevant, the degree of perceived risk associated with the purchase, and the time available. For example, the selection of a movie to see on a Friday night might entail simply talking to a friend or checking the movie guide in the daily newspaper. A more complex purchase such as a new car might use a number of information sources—perhaps a review of Road & Track, Motor Trend, or Consumer Reports: discussion with family members and friends; and test-driving of cars. At this point in the purchase decision, the information-providing aspects of advertising are extremely important.

The Internet influences consumers’ external search patterns significantly for many products. For the travel industry, 60 percent indicated in 2006 that the Internet is very or extremely important for making travel plans, compared to one-third in 2002. TNS Canadian Facts research also noted that website satisfaction reached 36 percent, compared with 27 percent previously. The type of information sought involved significant moves from simple things like researching the weather or the destination to more complex comparisons of travel costs and accommodations.
3.3 Conclusion

Today, consumers are ready to experiment with choice of shades. Before buying paint products consumers must know that there exist such products in the market and must be able to take correct decision about which live up to their expectations. A few consumers buy paints only because they as easy to use, recommend by the painters, cost effective are green, which comes with many advantages etc. their buying decisions should be rational than emotional. This study aims to analyse the consumers’ attitude, preferences and satisfaction towards selected brands of paints. The study focuses on both household and commercial users/consumers of paints in Coimbatore city. Well recognised as Tire III, developing city of the nation. The following chapters provided an empirical discussion of the data collected and analysed during the filed survey.
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