

## **COURSE GUIDE**

### **MKT 303 CONSUMER BEHAVIOUR**

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## INTRODUCTION

**MKT 303:** Consumer Behaviour is a first semester course work of three credit units. It will be available to all students, taking the B.Sc. Marketing and all other related programmes in the Faculty of Management Sciences. This course material on Consumer Behaviour, MKT 303 is made up of 21 units (course guide inclusive) and it is divided into four modules.

The course guide tells you what the course MKT 303 is all about, the materials you will require and how to make the best use of the materials to ensure desirable successful outcome. The course guide also tells you how to make good use of your time, the test questions in the Tutor-Marked Assignment (TMA). There will be tutorial classes for students and full details concerning the tutorial classes will be conveyed to you at the appropriate time.

## WHAT YOU WILL LEARN IN THIS COURSE

The course outline is built on such areas as Consumer in Economic Theory, Psychology of Marketing, Purchasing Process and Current Status of Consumer Behaviour Research. It analyses Consumer Behaviour and tries to explain relevant issues in consumerism. The course also discusses the nature of communication in consumer behaviour and how it affects attitudes. To keep you abreast of current consumer behaviour, this course also covers current status of Consumer Behaviour Research.

## COURSE AIMS

The aim of this course is to acquaint you with the behaviour and processes that consumers (individuals or groups) display in searching for, purchasing, using and evaluating and disposing of products and services that they expect will satisfy their needs. The course will also expose you on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items. That includes what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase and the impact of such evaluation on future purchases.

### **The aim will be achieved by:**

- Explaining the concept of Consumerism in Economic Theory
- Identifying the factors that motivate consumers in their decision making
- Analyzing the Psychology of Marketing
- Explaining the nature of communication in consumer behaviour
- Itemizing the purchasing process
- Emphasizing the importance of problem recognition in psychology of marketing and purchasing process.

- Explaining the current status of consumer behaviour research, and
- Identifying the benefits and challenges of contemporary marketing tools

## **COURSE OBJECTIVES**

At the end of this course, you should be able to:

- explain the behaviour and processes that consumers display in searching for, purchasing, using and evaluating and disposing of products and services that they expect will satisfy their needs;
- discuss the reason why the primary focus of marketing is on consumers and their needs;and
- identify the impact of contemporary marketing tools and new message formats.

## **STUDY MATERIALS**

- The Course Guide
- Study Units
- Textbooks, journals and internet sources
- Self Assessment Exercise
- Tutor Marked Assignment
- Tutorials

## **STUDY UNITS**

There are 4 modules and 5 study units under each module and that makes 20 study units. The course guide is a study unit on its own and that brings the total study units of the course material to 21 units.

### **Module 1 Consumer in Economic Theory**

- Unit 1 Consumer Behaviour
- Unit 2 Motivation and Consumer Behaviour
- Unit 3 Consumer Satisfaction
- Unit 4 Consumer Satisfaction and Orientation in Marketing Insight
- Unit 5 Issues in Consumerism

### **Module 2 Psychology of Marketing**

- Unit 1 Psychology in Industrial Marketing
- Unit 2 Nature of Communication in Consumer Behaviour
- Unit 3 Attitude Change and Consumer Behaviour
- Unit 4 Attitude Change and Persuasive Communication
- Unit 5 Problem Recognition

### **Module 3 Purchasing Process**

- Unit 1 Problem Recognition
- Unit 2 Information Search
- Unit 3 Alternative Evaluation and Selection Process
- Unit 4 Outlet Selection and Purchase
- Unit 5 Post Purchase Process

### **Module 4 Current Status of Consumer Behaviour Research**

- Unit 1 Models of Consumer Research
- Unit 2 Consumer Research Process
- Unit 3 Interdisciplinary influences on the study of Consumer Behaviour
- Unit 4 Contemporary Marketing Tools
- Unit 5 New Message Formats

### **Module 5 Consumers Role**

- Unit 1 Role of the Consumer in Marketing
- Unit 2 Group Influence on Consumer
- Unit 3 The Nature And Influence of Individual: Predispositions to Consumer Decision Making

## **ASSIGNMENT**

Each unit contains Self Assessment questions and Tutor Marked Assignment which you are required to answer. These exercises are designed to test your assimilation and understanding of what you have learnt.

The best 3 TMA out of 4 that students will take will constitute 30% of the student's total score per semester. You are expected to do these assignments and turn them in to be graded by the computer

## **FINAL EXAMINATION AND GRADING**

At the end of the course, you will be required to write the final exam, which constitutes 70% of your total score for the semester.

The summation of the Tutor Marked Assignments and the final examination gives a total score of 100%.

## **SUMMARY**

This course MKT 303 – Consumer Behaviour highlights almost every aspect of individuals, groups, or organizations and the processes they use to select, secure, use and dispose of products, services, experiences or ideas to satisfy needs and the impacts that these processes (marketing tools, research process and new message

formats) have on the consumer and society. The knowledge of consumer behavior is critical for influencing decisions almost in every sphere of life where an exchange is inevitable.



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## **MODULE 1      CONSUMER IN ECONOMIC THEORY**

Unit 1	Consumer Behaviour
Unit 2	Motivation and Consumer Behaviour
Unit 3	Consumer Satisfaction
Unit 4	Consumer Satisfaction and Orientation in Marketing Insight
Unit 5	Issues in Consumerism

### **UNIT 1      CONSUMER BEHAVIOUR**

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2.0	Objectives
3.0	Main Content
3.1	The meaning of Consumer Behaviour
3.2	The nature of consumer behavior
3.3	External Influences
3.4	Internal Influences
3.5	Self-Concept and Lifestyle
3.6	Situation and Consumer Decisions
3.7	Marketing Strategy
3.8	Regulatory Policy
3.9	Social Marketing
3.10	Informed Individuals
4.0	Conclusion
5.0	Summary
6.0	Tutor Marked Assignment
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#### **1.0    INTRODUCTION**

Consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, use and dispose of products, services, experiences or ideas to satisfy needs and the impacts that these processes have on the consumer and society. The knowledge of consumer behavior is critical for influencing not only product purchase decisions but decisions about which college to attend, which charities to support, how much recycling to do, or whether to seek help for an addiction or behavioral problem.

#### **2.0    OBJECTIVES**

At the end of this unit, you should be able to:

- explain the meaning of consumer behaviour;

- describe the nature of consumer behaviour and;
- demonstrate how consumer behavior can be applied

### **3.0 MAIN CONTENT**

#### **3.1 The Meaning of Consumer Behaviour**

Communication with consumers and receiving feedback from them is a crucial part of consumer behavior which is of interest to marketers. That is, consumer behavior involves the acquisition and use of information. Understanding and managing the production, acquisition, consumption, and disposal of goods, services, ideas, and experiences is the focus of businesses, governments, and consumer organizations. Consumers may consist of individual or groups. Consuming groups include families, clubs and organizations, purchasing units within organizations, and government. On the other hand, acquiring includes activities such as receiving, producing and definitely, purchasing. Also, behaviours such as collecting, preparing, wearing, sharing and storing equally play important roles in consumer behavior. Ultimately, disposing spans a range of behaviours that includes giving, throwing away, recycling and depleting.

Each of these behaviours can involve goods, services, ideas and experiences. Hence, it is the interaction between these processes that shapes the consumption behavior of a consumer or group of consumers.

#### **SELF ASSESSMENT EXERCISE**

What is the meaning of Consumer Behaviour?

Answer:

Consumer behavior involves the acquisition and use of information. Understanding and managing the production, acquisition, consumption, and disposal of goods, services, ideas, and experiences is the focus of businesses, governments, and consumer organizations.

#### **3.2 The Nature of Consumer Behaviour**

Individuals develop self-concepts and subsequent lifestyles based on a variety of internal and external influences. These self-concepts and lifestyles produce needs and desires, many of which require consumption decisions to satisfy. As individuals encounter relevant situations, the consumer decision process is activated. This process and the experiences and acquisitions it produces in turn influence the consumers' and lifestyle by affecting their internal and external characteristics.

Our view of ourselves and the way we try to live are determined by internal factors such as personality, values, emotions and external factors such as culture, age, and friends. Our view of ourselves and the way we try to live results in desires and needs

that we bring to the multitude of situations we encounter daily. Many of these situations will make us to consider a purchase. Our decision, and even the process of making it, will cause learning and may affect many other internal and external factors that will change or reinforce our current self-concept and lifestyle.

### **3.3 External Influences**

We organize our discussions of external influences from large-scale macro-groups to smaller, more micro-group influences. Culture is perhaps the most pervasive influence on consumer behavior. For instance, while Americans share many values and consumption behavior, there is also rich diversity and ongoing change in this society that create both marketing opportunities and unique social energy. Other external influences like income, education, occupation, age and location also play significant roles in influencing consumer behavior.

### **3.4 Internal Influences**

Internal influences begin with perception, the process by which individuals receive and assign meaning to stimuli. This is followed by learning, that is, changes in the content or structure of long-term memory; motivation - the reason for a behavior; personality – an individual’s characteristic response tendencies across similar situations; and emotions – strong, relatively uncontrolled feelings that affect our behavior.

### **3.5 Self – Concept and Lifestyle**

The self-concept is the totality of an individual’s thoughts and feelings about him – or herself. Lifestyle is, quite simply, how one lives. It includes the products one buys, how one uses them, what one thinks about them, and how one feels about them. It is the manifestation of the individual’s self-concept – the total image the person has of him or herself as a result of the culture he or she lives in and the individual situations and experiences that comprise his or her daily existence. It is the sum of the person’s past decisions and future plans.

#### **SELF ASSESSMENT EXERCISE**

Explain the term Self-concept and lifestyle

Answer:

The self-concept is the totality of an individual’s thoughts and feelings about him – or herself. Lifestyle is, quite simply, how one lives.

Often we make choices with the awareness of their full impact on our lifestyle, but generally we are unaware of the extent to which our decisions are influenced by our current or desired lifestyle.

### **3.6 Situation and Consumer Decisions**

Consumer decisions result from perceived problems and opportunities. Consumer problems arise in specific situations and the nature of the situation influences the resulting consumer behavior. It is important to note that for most purchases, consumers devote very little effort to the decision process, and emotions and feelings often have as much or more influence on the outcome as do facts or product features. Despite the limited effort that consumers often devote to the decision process, the results have an important effect on the individual consumer, the firm, and the larger society.

### **3.7 Marketing Strategy**

All marketing strategies and tactics are based on explicit or implicit beliefs about consumer behavior. Decisions based on explicit assumptions and sound theory and research are more likely to be successful than are decisions based solely on implicit intuition. Thus, knowledge of consumer behavior can be an important competitive advantage.

### **3.8 Regulatory Policy**

Effective regulation of many marketing practices requires an extensive knowledge of consumer behavior. For example, where a government food regulatory body orders the removal of specific information on the label of a company, because they think it could be misleading in spite of the information being true. This action was taken based on the belief and knowledge at the disposal of this agency about how consumers process information.

### **3.9 Social Marketing**

This is the application of marketing strategies and tactics to alter or create behaviours that have a positive effect on the targeted individuals or society as a whole. Social marketing strategy requires a sound understanding of consumer behavior.

### **3.10 Informed Individuals**

Most economically developed societies are legitimately referred to as consumption societies. Most individuals in these societies spend more time engaged in consumption than in any other activity. Therefore, knowledge of consumer behavior can enhance our understanding of our environment and ourselves. Such an understanding is essential for effective purchase behavior and reasoned business ethics.

## **4.0 CONCLUSION**

Many firms attempt to influence consumers via product features, adverts, packages or store environments. Given the magnitude of these direct and indirect influence

attempts, it is important that consumers accurately understand the strategies and tactics being used. It is equally important for people to understand the consumer behavior basis of these strategies so that we can set limits on them when required.

## **5.0 SUMMARY**

This section explained what Consumer Behaviour is about. The nature and application of Consumer Behaviour were also analysed in order to shed adequate light on the importance of these aspects of consumerism.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. Describe how the internal and external influences affect the nature of consumer behavior.
2. Define Social Marketing.
3. Explain the relationship between situations and consumer decisions.

## **7.0 REFERENCES/FURTHER READINGS**

Hawkins, D.I., Best, R.J. & Coney, K.A., (2004). 'Consumer Behaviour: Building Marketing Strategy'. New York: McGraw Hill.

Arnould, E., Price, L. & Zinkhan, G., (2002). 'Consumers'. New York: McGraw Hill.

## UNIT 2 MOTIVATION AND CONSUMER BEHAVIOUR

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- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Classic Theories of Motivation
  - 3.2 Cross-cultural Examination of Motive
  - 3.3 Consumer Involvement
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Readings

### 1.0 INTRODUCTION

Why do people buy and consume the products, services, experiences, and brands they do? This question is key to consumer behavior. Motive is a critical factor that shapes consumption. Motivation is an inner drive that reflects goal-directed arousal. In a consumer behavior context, the result of this internal drive is a desire for a product, service, or experience. The motivated consumer is aroused, ready, and willing to engage in an activity. This section deals with the application of motivational concepts to the realm of consumer behavior.

### 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the various theories of motivation
- identify the five consumer needs
- provide insights into the whys of consumer behavior and motivating factors in the choice of products or brands.

### 3.0 MAIN CONTENT

#### 3.1 Classic Theories of Motivation

**Freud's Theory** – believes that the human psyche is broadly divided into the conscious and the unconscious. The ego represents that conscious mind. It is composed of perceptions, thoughts, memories, and feelings. The ego gives the personality a sense of identity and continuity. The unconscious mind is called the id. It includes all the instincts and psychic energies that exist at birth. In this sense, the id is biologically determined. The motivations that derive from the unconscious mind are both innate and unique to the individual.

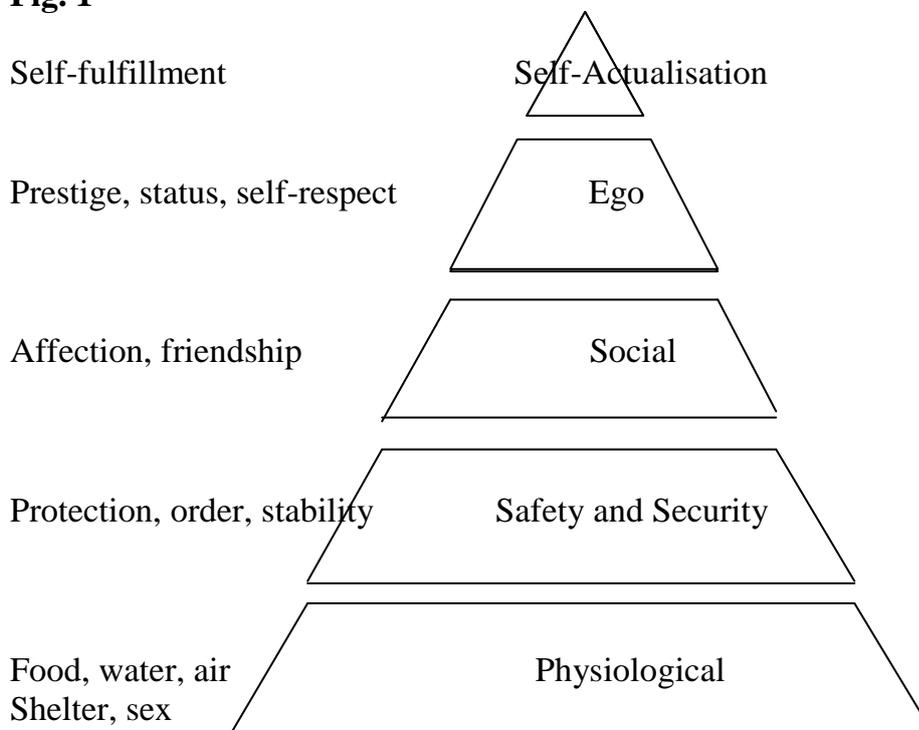
Some kinds of consumer behaviours are driven by unconscious motives. Consumers often have difficulty articulating exactly why they like something or why they have purchased something. For this reason, marketing researchers often make use of techniques that facilitate an understanding of unconscious motives.

**Jung's Theory** – Jung specified that there were forces beyond the individual (the collective unconscious) that play an important role in directing human behavior. He conceived of the unconscious as being subdivided into the personal unconscious and the collective unconscious. The personal unconscious holds previously conscious experiences that have been repressed, forgotten, suppressed, or ignored. For the collective unconscious theory, Jung saw archetypes as an important bridge between the way humans consciously express their thoughts and a more instinctive, visual form of expression. Archetypes are a common reservoir of images that represent the collective unconscious.

Jung's approach is important for marketers because it provides a way to explore myths, images, and symbols. In turn, myths and symbols are the building blocks for creating marketing phenomena, such as advertisements and promotions.

**Maslow's Theory** – Maslow's hierarchy of needs appears as a pyramid, with a broad base of the pyramid representing the most dominant needs. Maslow's approach specifies that needs are arranged in a sequence from lower-level needs to higher-level needs as depicted below:

**Fig. 1**



Altogether, five needs are identified as illustrated in the diagram above. The lower-level needs, starting with the physiological, are considered to dominate the higher-

level needs. That is, consumers must satisfy lower-level needs before they begin to pursue higher-order needs. The highest level of need according to Maslow, is related to self-actualisation. Consumers desire to live up to their full potential. They want to maximize the use of their skills and abilities. This need for self-actualisation only becomes activated if all four of the lower-level needs have already been satisfied. Maslow's need hierarchy provides a useful summary or inventory of human needs that may guide consumer behavior.

**Murray's Theory**– Murray believes that people differ in their priority ranking of needs. He had a view of the self and motives that derived from Western psychology, and his theory is culture-bound, that is, it does not necessarily apply outside the society where the theory was developed. However, because his inventory of motives is so comprehensive it is more adaptable to different cultural traditions.

One of the major criticisms of Murray's work is that it is just a lengthy inventory of needs, which is difficult and impractical for marketers to use. Murray identified acquisition needs (to gain possession or property), order needs (to put things in order, achieve cleanliness, arrangement, organization, balance), and retention needs (to retain possession of things: to hoard: to be frugal, economical, and miserly) as among the most basic human needs.

### **SELF ASSESSMENT EXERCISE**

List four classic theories of Motivation

Answer:

Freud's theory, Jung's theory, Maslow's theory and Murray's theory

### **3.2 Cross-Cultural Examination of Motives**

The study of motivation centers on why people begin, stops, and persist in specific actions in particular circumstances. Marketers are interested in this at different levels. For example, they are interested in the basic needs for the acquisition of possession or the particular desire for a type of product, but they are also interested in understanding and predicting why a particular consumer in a specific social, cultural setting buys a special brand. Hence the need to discuss the five types of motives as follows:

**The Achievement Motive** – The Achievement need is defined as the need to experience emotion in connection with evaluated performance. Where the individually oriented achievement motive implies striving for its own sake, the socially oriented achievement motive has the goal of meeting expectations of significant others. Thus, the motive to achieve goals can be for social and collective reasons.

**The Power Motive** – The Power need is defined as the need to have control or influence over another person, group, or the world at large. There is a general conclusion that people who have a high need for power strive to be assertive. Although everyone may have some desire for agency and control, assertiveness may

not be the control strategy of choice. For example, people in many Asian cultures appear to use what is termed **secondary control**. This involves accommodating existing circumstances and may mean limiting individualism in order to fit with present circumstances. One socially acceptable way for people to fulfill their power need is by collecting prestige possessions, or symbols of power.

**The Uniqueness/Novelty Motive** – The Uniqueness need, that is, the need to perceive oneself as different from others, is referred to as “pursuit of difference”. Individuals in independent-self cultures express the desire to be independent and unique. Many cultures in particular put a premium on standing out and being unique. The need for uniqueness is closely related to self-esteem motives. Individuals with an independent view of self seek to maintain self-esteem by distinguishing and differentiating themselves from others. One way consumers can differentiate themselves is through attitudes and beliefs. Another way is through **uniqueness attributes**, for example, physical qualities, information or experiences.

**The Affiliation Motive** – The Affiliation need is defined as the need to be with people. One of people’s most basic social behavior is the urge for contact. The universality of the need to belong is revealed by the use of ostracism as a punishment in many societies. Research reveals that feelings of belonging are strongly motivating. However, despite the importance of belonging, in some cases the urge for contact and shared action can take primitive and even destructive forms such as mob behavior. It has been observed that in industrialized societies, consumers feel more and more detached as years unfold. As a result, consumers sometimes experience a strong motivation to reconnect and associate with groups. Many consumers are eager to find ways to overcome feelings of detachment, depersonalization and isolation. Advertisers often try to position products and services as symbols of affiliation or as a means that will enable consumers to achieve connection with people.

**The Self-Esteem Motive** – This is the need to maintain a positive view of one’s self. Studies show that some people take credit for successes, explain away failures, and see themselves as better than most others in most ways. This is referred to as **Self-enhancing bias**. This is a noticeable difference between the American and the Japanese cultures. While this motive is seen as fundamental in the Western culture, its appeals are perceived quite negatively in the Japanese culture.

### **SELF ASSESSMENT EXERCISE**

- i. Define the Achievement Motive.
- ii. Define Affiliation Motive.

Answer:

- i. The Achievement need is defined as the need to experience emotion in connection with evaluated performance.
- ii. The Affiliation need is defined as the need to be with people.

### 3.3 Consumer Involvement

Motives need to be understood in terms of the effort that consumers are willing to commit. When motivation to achieve a goal is high, consumers are likely to invest substantial effort. Pursuing goals, the motivated consumer may feel involved- interest, excitement, anxiety, passion, engagement, and flow.

Involvement can include heightened thinking and processing information about the goal object, referred to as **cognitive involvement**. Involvement can also or instead include heightened feelings and emotional energy, referred to as **affective involvement**. Advertisements that encourage people to experience the feelings and sensations associated with a product are stimulating affective involvement. On the other hand, adverts that provide a detailed enumeration of information about a product or websites that include comprehensive brand comparisons appeal to cognitive involvement.

Consumer involvement is a function of the goal object, the individual, and the decision situation. Involvement is the perceived level of personal importance or interest evoked by a stimulus within a specific situation. Therefore, a consumer's involvement level varies with the person's interpretation of a given stimulus and according to his or her personal values or interest. Involvement is equivalent to a person's activation level at a particular moment of time. Involvement becomes activated when personal needs, values, or self-concept is stimulated within a given situation.

Some products and brands may generate many feelings and thoughts; others may stimulate almost no feelings or thoughts. The same product can have different involvement levels across people. One reason for this difference across people is that all consumers do not share the same motivations and needs at the same time. **Enduring involvement** represents the long term interest that a consumer has in a product class. Products that consumers continue to be involved with over time are central to a consumer's values, needs, or self-concept.

### 4.0 CONCLUSION

This section has been able to delve into the various theories on motivation by looking at the submissions made by various authorities. The cross-cultural examination of motive as it involves various categories of consumers was also discussed. Consumer involvement as it entails goal object, the individual, and the decision situation was analysed.

### 5.0 SUMMARY

Motivation is an inner drive that reflects goal-directed arousal. The motivated consumer is ready and willing to engage in an activity. Understanding the goals consumers are pursuing can provide insights into many aspects of their behavior,

including how they perceive and interpret the world around. Four classic theories of motivation are: Freud's concept of drives; Jung's concept of archetypes; Maslow's concept of need hierarchy; and Murray's list of human needs. Consumers' perceptions of social and cultural situations shape their desires and goals for action. Motives need to be understood in terms of consumer effort and involvement.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. List and explain the five types of motive
2. Define Cognitive and Affective Involvement
3. What is meant by Self-enhancing bias?

## **7.0 REFERENCES/FURTHER READINGS**

Perreault, W.D., Cannon, J.P., McCarthy, E.J., (2011). 'Basic Marketing: A Marketing Strategy Planning Approach'. New York: McGraw Hill.

Hawkins, D.I., Best, R.J., Coney, K.A., (2004). 'Consumer Behaviour: Building Marketing Strategy'. New York: McGraw Hill.

## **UNIT 3 CONSUMER SATISFACTION**

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- 3.0 Main Objectives
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  - 3.2 Causes of Satisfaction
  - 3.3 Relationship between Performance and Satisfaction
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  - 3.5 Relationship between Choice and Satisfaction
  - 3.6 Consequences of Satisfaction and Dissatisfaction
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
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### **1.0 INTRODUCTION**

Individual post-purchase consumer behavior is of growing concern to marketers as they shift their focus from inducing consumers to purchase products and services to developing profitable long-term relationships with them. Long-term relationships are more likely if marketers concern themselves with how best to satisfy customers in both the short and long run. Therefore, there is a need to discuss factors that lead to satisfaction and the outcomes of satisfaction for consumers and marketers.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- determine the meaning of satisfaction
- identify the causes of satisfaction
- discuss the effects of satisfaction and dissatisfaction on the consumer.

### **3.0 MAIN CONTENT**

#### **3.1 Defining Satisfaction**

Satisfaction can be described as a judgment of a pleasurable level of consumption-related fulfillment, including levels of under-fulfillment or over-fulfillment. Consumers can make satisfaction judgments with respect to any or all of the aspects or stages of product and service experience. As a result, each aspect or stage becomes a potential point of differentiation for a market offering. However, it is a mistake to assume that all judgments sum up to an overall level. Satisfaction is more complex than that. It should be noted that satisfaction emerges across the service or product

experience and even when uncomfortable things happen, events may evolve in such a way as to make an experience satisfying overall.

**Satisfaction focuses on fulfillment** - Fulfillment could come in different varieties. For example, consumers may feel fulfilled or satisfied with the removal of a negative state (e.g. repair of a computer hardware problem). Or the feeling of over-fulfillment and satisfaction with a product or service experience that provides unexpected pleasure. Also, consumers can experience satisfaction when a product or service experience gives greater pleasure than anticipated in a given situation even though it does not exactly fill them up, that is, under-fulfillment.

**Satisfaction is an internal state** - This means accounts of satisfaction must highlight the meanings that operate in the customers' field of awareness. Judgments of satisfaction vary and different customers make different satisfaction judgments about the same level of performance. For instance, we cannot categorically say that "product quality leads to satisfaction" without examining customer's experience.

Hence, dissatisfaction could be defined as an unpleasant level of consumption-related fulfillment. However, factors that contribute to higher levels of satisfaction may sometimes differ from those that contribute to higher levels of dissatisfaction.

### **SELF ASSESSMENT EXERCISE**

Satisfaction is an internal state. Explain

**Answer:** This means accounts of satisfaction must highlight the meanings that operate in the customers' field of awareness. Judgments of satisfaction vary and different customers make different satisfaction judgments about the same level of performance.

### **3.2 Causes of Satisfaction**

The following have been stated as the identifiable causes of satisfaction by various authors:

- a. A positive change from an earlier perceived negative situation will give a consumer the satisfaction desired.
- b. Satisfaction takes place where the sense of achievement surpasses what is originally predicted by the consumption of a good or service by the consumer.
- c. Satisfaction is tailor-made to the requirements of the consumer. Hence, the level of satisfaction.

### **3.3 Relationship between Performance and Satisfaction**

Many managers believe that product performance or service quality paves the road to satisfaction. Mission statements, company slogans and promotional materials often claim quality as an ideal and assert a close relationship between quality and satisfaction. Despite the fact that service or product quality is a frequent

organizational goal, a single managerially useful meaning of quality and performance eludes us.

There is no such thing as objective quality (judgments are always based on perception), and managers interested in customer satisfaction need to find out how customers (who buy the product or service) perceive quality. Nevertheless, looking across many descriptions of quality, one can conclude that perceived quality involves preferences, is based on comparative standards, differs among customers and situations, and resides in the use or consumption of the goods or service. Moreover, quality has both cognitive (thinking) and affective (emotional) aspects.

Perceived quality is an important predictor of customer satisfaction. It is suggested that quality – satisfaction – purchase intention. Although not absolute, research revealed a significant relationship between quality (product performance) and customer satisfaction.

### **3.4 Relationship between Employee and Customer Satisfaction**

Corporate slogans and mission statements sometimes link customer satisfaction to employee satisfaction. The effect may be most pronounced in the service industry where satisfaction with contact employees is vital to overall customer satisfaction. Although it seems simple and obvious to say employee satisfaction is linked to customer satisfaction, translating knowledge of that link into managerial action is not so easy.

The critical incident technique is a systematic procedure for recording events and behaviours observed to lead to success or failure on specific tasks. This technique found out that employees and customers mostly had shared notions of the sources of customer satisfaction and dissatisfaction. One implication is that the customer is not always right and does not always behave in acceptable ways and a second implication is that contact employees generally want to provide good service and are proud of their ability to do so.

### **3.5 Relationship between Choice and Satisfaction**

In most situations, consumers use features of product or service choice to form satisfaction judgments. In other cases however, the features that drive choice and satisfaction may differ, or they may differ in importance to consumers. Satisfaction instead is driven by feelings of harmony with nature, connection to a community of adventurers, and personal growth experiences that result from the consumption experience, not the pre-purchase choice process.

There are a lot of reasons why choice criterion may differ from satisfaction drivers. One is that consumers have trouble foreseeing the possible problems and benefits of consumption. A related reason for differences between choice and satisfaction drivers might be that aspects of the consumption situation that directly affect satisfaction and dissatisfaction are unpredictable and hence cannot be used as choice criterion.

Another related issue is that consumers' satisfaction judgments focus on purchase outcomes, whereas firms emphasize differences between products or brand attributes in their marketing communications. If a company can distinguish itself from competitors in terms of consumer outcomes, it may be able to more closely align choice criteria and satisfaction drivers.

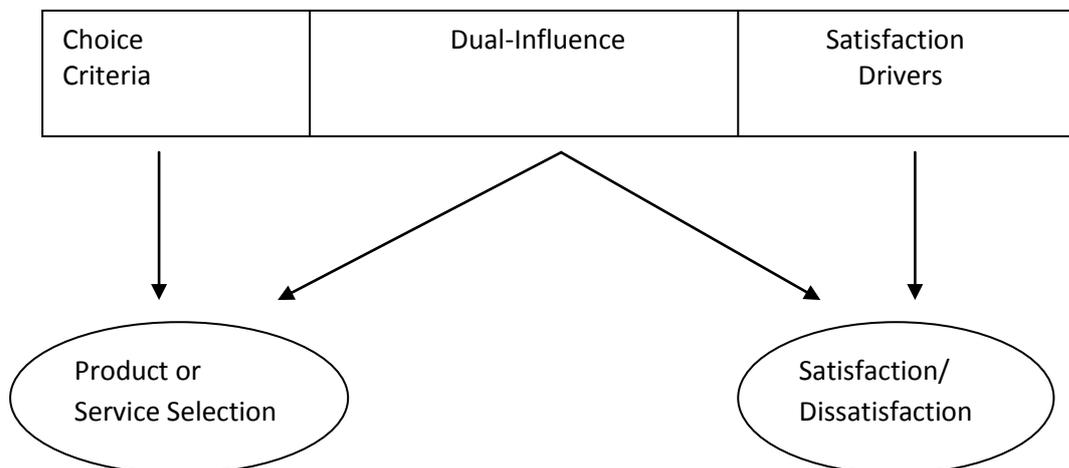
### SELF ASSESSMENT EXERCISE

Perceived quality is an important predictor of customer satisfaction, discuss.

Answer:

It is suggested that quality – satisfaction – purchase intention. Although not absolute, research revealed a significant relationship between quality (product performance) and customer satisfaction.

**Fig. 2 Drivers of Choice and Satisfaction**



### 3.6 Consequences of Satisfaction and Dissatisfaction

In response to satisfying or dissatisfying purchase and consumption experiences consumers may opt to exercise one or more of four behavioural responses as follows: exit, voice, continued patronage or twist.

**Exit** – A consumer will exit when there is a dissatisfying purchase and consumption experience. At a minimum, the dissatisfied consumer may attempt to avoid that product or service, selecting other alternatives whenever they are accessible and feasible. It should be noted however, that not all decisions to exit are based on dissatisfaction, and not all dissatisfied consumers exit.

**Voice** – Voice can take several different forms including compliments an organization may receive when it delivers an especially satisfying outcome, complaints to the company about performance failure, negative and positive word-of-mouth with other consumers, or third-party complaints or compliments. Consumers' complaints and compliments to firms provide valuable feedback, and their interpersonal

communications, both positive and negative; strongly influence other consumers' purchases.

**Continued Patronage** – Satisfaction is a relatively temporary post-purchase state that reflects how the product or service has fulfilled its purpose. Customer loyalty is a deeply held commitment to re buy or re- patronise a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior. Thus, continued patronage includes both readiness to act (repeat purchase) and resistance to alternatives.

**Twist** – This refers to a situation where consumers express themselves through actions other than switching, voice, or loyalty. Twist refers to positive and negative ways in which consumers restructure meanings, roles, and objects in the marketplace. That is, the consumer reacts to consumer satisfaction or dissatisfaction with novel behaviours anticipated by the offering organization. An example of a positive twist is where loyal customers to a book store helped in the relocation of the store from one location to another.

#### **4.0 CONCLUSION**

We have been able to ascertain that consumer satisfaction is hinged on a variety of situations. The relationships that exist between satisfaction and other factors involved in a satisfactory process were established. The behavioural responses available to consumers which determine a satisfactory or dissatisfactory situation were also delved into.

#### **5.0 SUMMARY**

Satisfaction is a judgment of a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment. It involves emotional and cognitive appraisals. Satisfaction judgments can be made with respect to any or all of the aspects or stages of product and service experience. Satisfaction judgments are nested within the customer's life experience, and different customers are likely to make different satisfaction judgments about the same level of product or service performance.

#### **6.0 TUTOR MARKED ASSIGNMENT**

1. Define Satisfaction.
2. State and explain four consumer behavioural responses
3. With the aid of a diagram, illustrate the drivers of choice and satisfaction.

#### **7.0 REFERENCES/FURTHER READINGS**

Bettman, J.R., Luce, M.F., Payne, J. W., (1998), "Constructive Consumer Choice Processes", *Journal of Consumer Research*, Vol. 25, pp. 187 – 217.

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## **UNIT 4 CUSTOMER SATISFACTION AND ORIENTATION IN MARKETING INSIGHT**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 High-Involvement Purchase and Consumption
  - 3.2 Low-Involvement Purchase and Consumption
  - 3.3 Low-Involvement Marketing Strategies
  - 3.4 Involvement as a Segmentation Variable
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assessment
- 7.0 References/ Further Readings

### **1.0 INTRODUCTION**

High involvement and low involvement affect attention, information search, purchase, and consumption satisfaction differently. Thus, the marketing strategies used vary with level of involvement, and marketers use involvement to identify segments in the market.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain the term high-involvement purchase and consumption;
- describe low-involvement as it relates to purchase and consumption;and
- explain low-involvement marketing strategies

### **3.0 MAIN CONTENT**

#### **3.1 High-Involvement Purchase and Consumption**

When consumers are highly involved with a purchase, they are willing to expend greater levels of shopping effort. The higher the level of involvement, the greater the amount of time and money that consumers are willing to spend and the greater number of stores they will visit. High involvement increases attention and more importance is attached to the stimulus object. The purchase process is more complex for highly involved consumers, and they are motivated to make a careful purchase decision. They search extensively for relevant information about products or brands that are personally relevant. They consciously evaluate alternatives and make detailed comparisons before making a final selection.

Purchase involvement is positively related to search activities. That is, consumers with high involvement place greater importance on major information sources and engage in an active search process. However, they are more likely to generate negative cognitive responses to product-related messages. They are more likely to value purchasing and shopping activities than consumers of low involvement.

Highly involved consumers often show more satisfaction with products. Since high involvement motivates consumers to spend time and effort to avoid post-purchase dissatisfaction, these consumers generally report higher satisfaction and less negative disconfirmation with the product they purchase. As in many areas of consumer behavior, it is hardly known how involvement levels ebb and flow over time and how the relationship between involvement and other variables, such as satisfaction, may vary over time.

### **3.2 Low-Involvement Purchase and Consumption**

In many purchase situations, the consumer rarely cares, hence a low involvement. Low-involvement consumers are not active information seekers or active information processors. They tend to make little comparison among brands or among product attributes. Low-involvement consumers do not see a lot of differences between brands and view them as reasonable substitutes for one another. The purchase decision may result from simple recognition of the product on the shelf.

Since low-involvement purchasers are not paying much attention, they may get easily confused, or they may make mistakes. In many instances, however, the low-involvement purchaser may not really care too much about the mistakes. If a purchase error is made, the consumer might not even notice. Consumption experiences may not involve much arousal or involvement.

#### **SELF ASSESSMENT EXERCISE**

Who are Low-Involvement Purchase and Consumption consumers?

Answer: Low-involvement consumers are not active information seekers or active information processors. They tend to make little comparison among brands or among product attributes. Low-involvement consumers do not see a lot of differences between brands and view them as reasonable substitutes for one another.

### **3.3 Low-Involvement Marketing Strategies**

Marketers of a product that evokes low involvement may consider strategies that will increase consumers' involvement with a product or brand over a short period or for longer periods. The level of involvement consumers have with a certain product can be influenced over long periods of time by creative marketing strategies, such as effective advertising or product usage campaigns.

Also, marketers may link low-involvement products with high-involvement issues, such as health. For instance, marketers may link low-involvement food products with a high-involvement health attribute such as cancer prevention. Another way to raise involvement levels is to adopt the advertising medium to the product category. Thus, marketers can raise the involvement level of the situation by promoting their product in a high-involvement medium (the Web) instead of a low-involvement medium (the radio).

Though, brand managers of low-involvement products may not be thrilled with the idea that consumers do not really care about their products. On the other hand, consumers in a low-involvement situation are willing to try unfamiliar brands without a full search for information and without forming a strong preference first. Complete evaluation of the brand comes after the brand has been purchased and used. Thus, marketers can appeal to low-involvement consumers through extensive distribution networks or through clever in-store displays.

### **3.4 Involvement as a Segmentation Variable**

Involvement can be a useful segmentation variable. For instance, consumers can be segmented into the following four groups based around their involvement with a product category and with particular brands:

- Brand loyalists – those who are highly involved both with the product category and with particular brands
- Information seekers – those that are highly involved with a product category but who do not have a preferred brand.
- Routine brand buyers – those who are not highly involved with the product category but are involved with a particular brand in that category.
- Brand switchers – those who are not involved with the product category or with particular brands.

#### **SELF ASSESSMENT EXERCISE**

List the four groups' consumers can be segmented into based on their involvement in a product category or brand.

Answer: They are: Brand Loyalists, Information Seekers, Routine Brand Buyers and Brand Switchers

### **4.0 CONCLUSION**

High-involvement purchases and consumption involves situations where the consumer is willing to expend more resources in a search for a product or brand. Low-involvement consumers on the other hand are hardly bothered by the type of product or brand purchased. They usually see all products as the same. In the case of low-involvement marketing strategies, marketers are able to identify brands that are non-

performing based on specific responses from consumers. Through this, they are able to fashion ways to improve consumer involvement.

## **5.0 SUMMARY**

Involvement can include cognitive or affective involvement. Marketers can stimulate one or both types of involvement. Consumer involvement is a function of the goal object, the individual, and the decision situation. It is important to keep in mind that in many purchase situations the consumer does not necessarily care. Low-involvement consumers are not active information seekers or active information processors. Often, low-involvement consumers are indifferent among a group of brands. Several strategies can be used by marketers for products that evoke low-involvement.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. What is Low-Involvement Marketing Strategy?
2. Discuss the term 'High-Involvement Purchase and Consumption'
3. Define the following: Routine Brand Buyres; Brand Switchers and Information Seekers

## **7.0 REFERENCES/ FURTHER READINGS**

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Perreault, W.D., Cannon, J.P., McCarthy, E.J., (2011). 'Basic Marketing: A Marketing Strategy Planning Approach'. New York: McGraw Hill.

## **UNIT 5 ISSUES IN CONSUMERISM**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Can consumer satisfaction be measured?
  - 3.2 How should Marketing be evaluated?
  - 3.3 Micro-Marketing Cost too much
  - 3.4 Macro-marketing Cost does not Cost much
  - 3.5 Challenges facing Marketers
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-marked Assignment
- 7.0 References/ Further Readings

### **1.0 INTRODUCTION**

The worldwide drive toward market-directed economies is evidence that consumers want freedom and choices in markets. Command economies are simply not able to meet needs as observed in China. Although there is much talk about the world as a global village, but the world has surely not gotten there yet. The disparity in the quality of life between an individual in the suburbs of an African country is still so enormous from that of his Western counterpart. Even in the face of a serious global economic downturn, the challenges faced by consumers, and marketing managers, in the advanced economies seem minor by contrast. Hence, this section intends to discuss the potential issues relating to marketing evaluation alongside consumer satisfaction measurements.

### **2.0 OBJECTIVES**

At the end of this study, you should be able to:

- explain how marketing should be evaluated differently at the micro and macro levels;
- discuss some of the challenges marketers face as they work to develop ethical marketing strategies that serve consumers' needs.

### **3.0 MAIN CONTENT**

#### **3.1 Can Consumer Satisfaction be measured?**

There are limits to interpreting any measure of consumer satisfaction when trying to evaluate macro-marketing effectiveness. One basic issue is that satisfaction depends

on and is relative to your level of aspiration or expectation. Less prosperous consumers begin to expect more out of an economy as they see the higher living standards of others. Also, aspirations levels tend to rise with repeated successes and fall with failures. Products considered satisfactory today may not be satisfactory the next day, or vice versa. Similarly, consumer satisfaction is a highly personal concept. Thus, looking at the “average” satisfaction of a whole society does not provide a complete picture for evaluating macro-marketing effectiveness. Although, efforts to measure satisfaction are useful, any evaluation of macro-marketing effectiveness has to be in part subjective.

Measuring the marketing effectiveness of an individual firm is also difficult, but it can be done. Expectations may change just as other aspects of the market environment change; hence, firms have to do a good job of coping with the change. Individual business firms can and should try to measure how well their marketing mixes satisfy their customers.

### **SELF ASSESSMENT EXERCISE**

Can consumer satisfaction be measured?

Answer: There are limits to interpreting any measure of consumer satisfaction when trying to evaluate macro-marketing effectiveness. One basic issue is that satisfaction depends on and is relative to your level of aspiration or expectation.

### **3.2 How should Marketing be Evaluated?**

There is a need for marketing to satisfy consumers at a cost that consumers consider a good value. Therefore, it is useful to distinguish between two levels of marketing. Managerial (micro) marketing concerns the marketing activities of an individual firm, whereas macro-marketing concerns how the whole marketing system works. Some complaints against marketing are aimed at only one of these levels at a time. Also, different nations have varied social and economic objectives. Since consumer satisfaction is our objective, marketing’s effectiveness must be measured by how well it satisfies consumers.

### **3.3 Micro-marketing Cost is too Much**

Many firms implement highly successful marketing programmes, while others are still too production-oriented and inefficient. For customers of the latter firms, micro-marketing is often costly. Therefore, many consumers are not satisfied. The situation is further compounded because majority of consumer complaints are never reported. In cases where they are reported, most of these cases never get fully resolved. Further evidence shows that too many firms are too production oriented and that is the reason why many new products fail. Generally speaking, marketing inefficiencies are due to one or more of three reasons:

- Lack of interest in or understanding of the sometimes fickle customer.
- Improper blending of the four P's – caused in part by over-emphasis on internal problems as contrasted with a customer orientation.
- Lack of understanding of or adjustment to the market environment.

Any of these problems can easily lead to business failures. A firm cannot create value if it does not have a clue about what customers think or say. Another sign of failure is the inability of firms to identify new target markets and new opportunities. A new marketing mix that is not offered does not fail, but the lost opportunity can be significant for both a firm and society. Too many managers focus on whatever strategy seems easiest rather than seeking really new ways to satisfy customers. For reasons like these, marketing does cost too much in many firms.

### **3.4 Macro-Marketing does not Cost too Much**

Some will argue that the macro-marketing system causes a poor use of resources and lead to an unfair distribution of income. This implies that some marketing activities by individual firms should not be permitted- and because they are, our macro-marketing system does a less-than-satisfactory job. It is true that firms in a market-directed economy try to carve out separate monopolistic markets for themselves with new products. But consumers do not have to buy the new product unless they think it is of better value.

The idea that firms can manipulate consumers to buy anything the company chooses to produce is simply not true. A consumer who buys a soft drink that tastes terrible would not buy another bottle of that brand, regardless of how many times it is advertised. Consumer needs and wants change constantly. Marketing's job is not just to satisfy consumer wants as they exist at any particular point in time. Rather, marketing must keep looking for new and better ways to create value and serve consumers. There is no doubt that marketing caters to materialistic values. Though some people may disagree as to whether marketing creates these values or simply appeals to values already there.

Some critics argue that macro-marketing system is flawed because it does not provide solutions to important problems, such as questions about how to help the homeless or minorities who have suffered discrimination. Many of these people do live in dire circumstances but is it as a result of a market-directed system? There is no doubt that many firms focus their effort on people who can pay for what they have to offer. But, as the forces of competition drive down prices, more people are able to afford more of what they need. Therefore, the matching of supply and demand stimulates economic growth, creates jobs, and spreads income among more people. In other words, a market-directed economy makes efficient use of resources.

### **3.5 Challenges Facing Marketers**

Marketers face the challenge of preparing creative and innovative marketing plans, though that in itself will not improve the value of marketing to society. We need to face up to other basic challenges that require new ways of thinking.

### **4.0 CONCLUSION**

Macro-marketing does not cost too much. Consumers have assigned business the role of satisfying their needs. Customers find it satisfactory and even desirable to permit businesses to cater to them and even to stimulate wants. As long as consumers are satisfied, macro-marketing will not cost too much- and business firms will be permitted to continue as profit-making entities. Business exists at the consumer's discretion. It is mainly by satisfying the consumer that a particular firm and our economic system can justify its existence and hope to keep operating.

### **5.0 SUMMARY**

Many business managers do not understand the marketing concept or the role that marketing plays in our way of life. They seem to feel that business has a basic right to operate as it chooses. Further, many managers have had little or no training in business management and are not as competent as they should be. Others fail to adjust to the changes taking place around them. However, the situation is improving as more business trainings are now available and more competent people are being attracted to marketing and business generally.

### **6.0 TUTOR MARKED ASSIGNMENT**

1. State the reasons for marketing inefficiencies.
2. Macro Marketing does not cost too much. Discuss.
3. Briefly describe how marketing should be evaluated.

### **7.0 REFERENCES/FURTHER READINGS**

Arnould, E., Price, L., Zinkhan, G., (2002). 'Consumers'. New York: McGraw Hill.

Perreault, W.D., Cannon, J.P., McCarthy, E.J., (2011). 'Basic Marketing: A Marketing Strategy Planning Approach'. New York: McGraw Hill.

## **MODULE 2 PSYCHOLOGY OF MARKETING**

- Unit 1 Psychology in Industrial Marketing
- Unit 2 Nature of Communication in Consumer Behaviour
- Unit 3 Attitude Change and Consumer Behaviour
- Unit 4 Attitude Change and Persuasive Communication
- Unit 5 Problem Recognition Process

### **UNIT 1 PSYCHOLOGY IN INDUSTRIAL MARKETING**

#### **CONTENT**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The inter-relationship between Psychology and Marketing
  - 3.2 The importance of the study of Consumers
  - 3.3 Application of Consumer Behaviour
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignments
- 5.0 References/Further Readings

#### **1.0 INTRODUCTION**

The study of consumers helps firms and organizations to improve their marketing strategies. Although you may come across some definitions and some topics which had already been discussed under consumer behaviour in unit 1 of Module 1, this does not intend to take you back to what you already know but rather it is intended to refresh your memory and for you to be able to understand how human behaviour influences buying or consumption habits.

This unit is designed to teach you the inter-relationship that exists between Psychology and Marketing, the role Psychology plays in industrial marketing, the importance of the study of Consumer Behaviour and the different applications of consumer behaviour in industrial marketing.

#### **2.0 OBJECTIVES**

At the end of the unit, you should be able to:

- explain the role psychology plays in marketing;
- state the different ways the study of consumers helps firms and organizations improve their marketing; and
- describe the different applications of consumer behavior

### 3.0 MAIN CONTENT

#### 3.1 The inter-relationship between Psychology and Marketing

Psychology as an academic and applied discipline involves the scientific study of mental functions and its role in social behaviours. It has the immediate goal of understanding individuals and groups by both establishing general principles and researching specific cases and by many accounts aims to benefit society.

Marketing on the other hand is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives. This definition stresses the importance of beneficial exchanges that satisfy the objectives of both those who buy and those who sell. To satisfy both buyers and sellers, Marketing seeks.

- To discover the needs and wants of prospective customers and
- To satisfy these needs

These prospective customers include both individuals buying for themselves and their households and organizations that buy for their own use such as manufacturers or for resale such as wholesalers and retailers. Before a marketer or any business person can get a customer to buy his/her product, the marketer has to understand the way the prospective customer thinks to be able to influence him/her to buy the product being presented and this is where Social Psychology comes in. **Social Psychology** is the study of how humans think about each other and things in the society and how they relate with them. Social Psychologists study such topics as the influence of others on individual's behaviour and the formation of beliefs and attitudes.

An organisation's marketing activity focuses on assessing and satisfying consumer needs and this is where Consumer Psychology comes in. **Consumer Psychology** is a specialty area that studies how our thoughts, beliefs, feeling and perception influence how people buy and relate to goods and services. Consumer Psychology employs theoretical psychological approaches to the understanding of consumers. This field is a sub-specialty of Industrial –Organizational Psychology and is also known as the Psychology of Consumer Behaviour or the Psychology of Marketing.

According to Perner(2008), a Professor of Consumer buying and Decision Making," memorizing the definition of Consumer Psychology may not be necessary", rather he stressed the importance of the following useful points from the definition and these are:

- i. Behaviour occurs either for the individual or in the context of a group ( for example, friends can influence what kind of clothes a person wears) or an organization (example, people on the job make decisions as which product the firm should use)

- ii. Consumer behaviour involves the use and disposal of products as well as the study of how they are purchased. Marketers are interested on how a product is used as it influences how a product is best positioned (since many environmental problems result from product disposal(e.g. garbage piling up at landfills)
- iii. Consumer behaviour involves services and ideas as well as tangible product.
- iv. The impact of consumer behaviour on society is also of relevance as aggressive marketing of high fat foods may have serious effect on the national health and economy.

It is also important to note that Consumer psychologists study a variety of topics which includes:

- How consumers choose businesses, products and services
- The thought processes and emotions behind consumer decisions
- How environmental variables such as friends, family, media and culture influence buying decisions
- What motivates people to choose one product over another?
- How personal factors and individual difference affect people's buying choices
- What marketers can do to effectively reach out to their target customers

### **3.2 The Importance of the Study of Consumer**

The study of consumers helps firms and organizations improve their marketing strategies by understanding such issues as:

- i. The psychologies of how consumers think, feel, reason and select between different alternatives like in brands, products and retailers.
- ii. The behaviour of consumers while shopping or making their marketing decisions.
- iii. How limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome
- iv. The psychology of how the consumer is influenced by his or her environment for example, culture, family, media, etc.
- v. How consumer motivation and decision strategies differ between products that differ in their level of importance or interest that they entail for the consumer, and
- vi. How marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer.

#### **SELF ASSESSMENT EXERCISE**

What is the role of Psychology in Marketing?

Answer: Psychology plays very important roles in marketing as

- i. It helps the marketer to understand the way the consumer thinks reasons and selects different products
- ii. It enables the marketer to understand how the consumer is influenced by his or her environment
- iii. Psychology of marketing also helps marketers to come up with new ideas on how to improve their marketing campaigns and strategies to effectively reach the consumers

You can go on and on to cite the numerous roles Psychology plays in Marketing or how the two disciplines are interrelated, the list is endless.

### **3.3 The Application of Consumer Behaviour**

There is the tendency for one to think of a consumer as just one person who identifies a need and makes a purchase and then disposes of the product during the three stages involved in the consumption process. In many cases, different people play a role in this sequence of events. This brings us to the application of Consumer Behaviour.

There are four major applications of Consumer Behaviour and these are:

#### **1. Marketing Strategy**

Managers, advertisers and marketing professionals take time to study consumer behaviour because understanding consumer behaviour is good business. The basic marketing concepts states that firms exist to satisfy needs and marketers can only satisfy these needs to the extent that they understand the people or organizations who will use the products and services they are trying to sell. For a marketing strategy to be successful or in order to make a better marketing plan there is need for the marketer to incorporate knowledge about consumers into every aspect of a successful marketing plan.

#### **2. Marketing Ethics and Public Policy**

In business, conflicts often arise between the goal to succeed in the market place and the desire to maximize the well-being of consumers by providing them with safe and effective products and services. However, sometimes, consumers take advantage of these obligations and try to exploit them through propaganda about the products or services of an organization and this may lead drop in sales, forced layoffs and reduced hours for many employees. In order to get the customers' and the general public's attention on the true situation of the products, the National Food and Drug Agency usually steps in.

Business Ethics are rules of conduct that guide action in the market place i.e. the standards against which most people in a culture judge what is right and what is wrong, good or bad. These universal values include honesty, trustworthiness, fairness, respect, justice, integrity, concern for others, accountability and loyalty. Ethical

business is good business. Consumers will naturally think better of products made by organizations or firms they feel behave ethically.

### **3. Social Marketing**

Social Marketing involves getting ideas across to consumers rather than selling something. Marketers filter much of what we learn about the world whether through the affluence they depict in glamorous magazines or the roles actors play in the commercials. Advertisements show us how we should act with regard to recycling, alcohol consumption, the types of houses and cars we might wish to own and even how to evaluate others based on the products they buy or don't buy. Social Marketing generally involves using knowledge of customer attitudes to make an impact on consumers.

### **4. A Better Consumer**

People often buy products not for what they do but for what they mean. This principle does not imply that a product's basic function is not important but rather that the roles products play in our lives extend well beyond the tasks they perform. The deeper meaning of a product may help it to stand out from other similar goods and services—all things being equal. We tend to choose the brand that has an image or even a personality consistent with ours.

## **SELF ASSESSMENT EXERCISE**

State two important points or ideas that may come up as you try to define consumer behavior

Answer

- i. Behaviour occurs either for the individual or in the context of a group ( for example, friends can influence what kind of clothes a person wears) or an organization (example, people on the job make decisions as which product the firm should use)
- ii. Consumer behaviour involves services and ideas as well as tangible product.

## **4.0 CONCLUSION**

The study of consumers helps firms to know how personal factors and individual differences affect peoples' choices and what marketers can do to effectively reach out to target customers. The study of consumers also helps marketers to know the thought processes and emotions behind customer decisions and what motivates people to choose one product over another.

## 5.0 SUMMARY

Consumer behaviour is inter-disciplinary; this means that is based on concepts and theories about people that have been developed by scientists in such diverse disciplines as Psychology, Social Psychology, sociology and economics. The study of consumer behaviour enables marketers to understand and predict consumer behaviour in the market place.

Consumer behaviour has become an integral part of strategic market planning and also the belief that ethics and social responsibility should also be integral components of every marketing decision is embodied in a revised marketing concept i.e. the societal marketing concept that calls on marketers to fulfill the needs of their target markets in ways that improve society as a whole.

## 6.0 TUTOR MARKED ASSIGNMENT

1. State and explain the different applications of consumer behavior
2. Consumer behaviour is interdisciplinary, Discuss with examples
3. How does the study of consumer help firms and organizations?
4. Consumer Psychologists study a variety of topics, what are some of these topics?

## 7.0 REFERENCES/FURTHER READINGS

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## **UNIT 2 NATURE OF COMMUNICATION IN CONSUMER BEHAVIOUR**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Components of Communication
  - 3.2 The Communication Process
  - 3.3 The Message Initiator
    - 3.3.1 Credibility
    - 3.3.2 The Target Audience
    - 3.3.3 The Feedback
  - 3.4 Barriers to Communication
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References /Further Reading

### **1.0 INTRODUCTION**

It is typical for marketers to rely on the communication model which specifies the elements they need to control in order to communicate with their customers. This unit will be discussing these different models of communication which includes the source, where the communication originates and another is the message itself. There are many ways to say something and the structure of the message has a significant effect on how we perceive it. The message has to be transmitted through a medium which could be TV, Radio, Magazine, Billboard or Personal contact. One or more receivers interpret the message in the light of their own experiences and finally the source receives feedback so that the marketer can use receivers' reaction to modify aspects of the message. The unit also discusses the various barriers or difficulties encountered in communication.

### **2.0 OBJECTIVES**

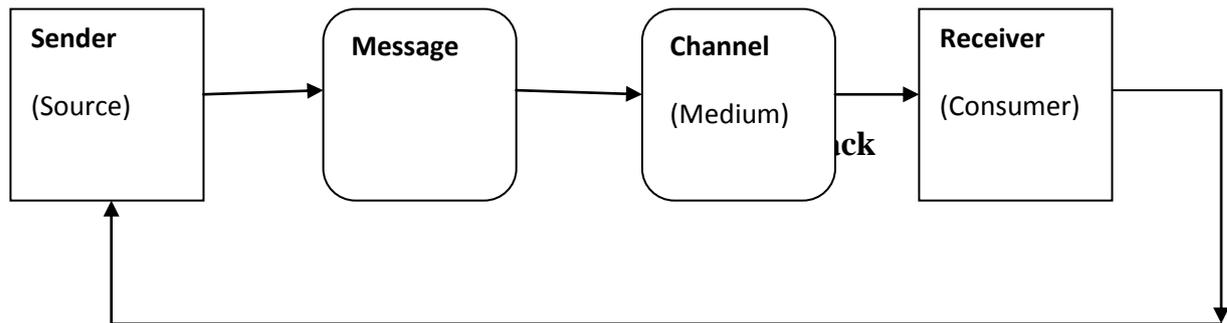
At the end of the unit, you should be able to:

- illustrate the different components of communication;
- describe the phases involved in the communication process; and
- explain the various barriers to communication and how to overcome such barriers.

### 3.0 MAIN CONTENT

#### 3.1 Components of Communication

Communication can be defined in many ways; however, most marketers agree that communication is the transmission of a message from a sender to a receiver through a medium or channel of transmission. In addition to these four basic components (sender, receiver, medium and message, the fifth essential component of communication is feedback. Figure 3.1 below depicts the basic communication model.



**FIGURE 3.1** Basic Communication Model

##### 1. The Sender

The Sender as the initiator of the communication can be a formal or an informal source. A formal communicator source is likely to represent either for a profit or nonprofit organization, while an informal source can be a parent or a friend who gives product information or advice.

Consumers often rely on informal communication sources in making purchase decisions because unlike formal sources, the sender is perceived as having nothing to gain from the receiver's subsequent actions. For that reason, marketers must always encourage and even initiate positive word-of-mouth communications about their products and services.

##### 2. The Receiver

The Receiver of formal marketing communication is likely to be a **targeted** prospect or a customer for example, a member of the marketer's target audience. Intermediary and unintended audiences are also likely to receive marketers' communications. Examples of **intermediary** audiences are wholesalers, distributors, and retailers who receive trade advertising from marketers designed to persuade them to order and stock merchandise and relevant professionals such as Doctors and Lawyers who are sent professional advertising in the hopes that they will specify or prescribe the marketer's products.

**Unintended** audiences include everyone who is exposed to the message who is not specifically targeted by the sender for example, shareholders, creditors, suppliers, employees, bankers and the local community (publics that are important to the marketer).

### 3. The Medium

The medium or communications channel can be **impersonal** for example mass media or **interpersonal**, for example a formal conversation between a sales person and a customer or an informal conversation that takes place between two or more people that takes place, face to face, by telephone, mail or online.

Mass Media are generally classified as:

- i. Print – newspapers, magazines, billboards
- ii. Broadcast – radio, television
- iii. Electronic – internet

These classifications notwithstanding, new modes of interactive communication that permit the receivers of communication messages to provide feedback are beginning to blur the distinction between interpersonal and impersonal communications for example, these days, most companies encourage consumers to visit their websites to find out more about the product or service being advertised or to order online.

1. **Direct marketers**, also known as database marketers also seek individual responses from advertisements they place in all the mass media- broadcast, print, and online as well as from direct mail. Home shopping networks are expanding dramatically as consumers demonstrate their enthusiasm for TV and online shopping. (This area will be discussed extensively in the subsequent units under module 4 - Current Status of Consumer Behaviour Research)
2. **The Message:** The message can be **verbal**, (spoken or written) or **nonverbal** (photograph, an illustration or a symbol) or a combination of the two. A verbal message whether it is spoken or written can usually contain more specific product or service information than a nonverbal message, nevertheless, a combination of verbal and nonverbal message is often more persuasive than either would be alone.

Nonverbal information takes place in both interpersonal and impersonal channels and often takes the form of symbolic communication. Marketers often try to develop logos or symbols that are associated exclusively with their products and that achieve high recognition. For example, the Coco-Cola Company has trademarked both the word Coke in a specific typographic style and the shape of the traditional Coke bottle and both are instantly recognizable to consumers as symbols of the company's best-selling soft drink.

### 3. Feedback

This is an essential component of both interpersonal and impersonal communications. Prompt feedback permits the sender to reinforce, to change, or to modify the message to ensure that it is understood in the intended way. It is a lot easier to obtain feedback both verbal and nonverbal from interpersonal communications than impersonal communications. For example, a good sales person usually is alert to nonverbal feedback provided by the prospective customer. Such feedback may take the form of facial expression for example, an expression of belief, smile, unbelief, a frown or total boredom. It may also be in the form of body movements like head nodding, head shaking, finger tapping, etc. Because of the high cost of space and time in impersonal media, it is very important for sponsors of impersonal communications to devise methods to obtain feedback as promptly as possible so that they may revise a message if its meaning is not being received as intended.

#### SELF ASSESSMENT EXERCISE

Define Communication the way a marketer will understand it and State the components of Communication.

#### Answer

- i. Communication can be defined in many ways; however, most marketers agree that communication is the transmission of a message from a sender to a receiver through a medium or channel of transmission.
- ii. The four basic components of Communication are the: sender, receiver, medium and message. There is the fifth essential component of communication, which is feedback

### 3.2 The Communication Process

There are different phases involved in the communication process. By and large, a company's marketing communications are designed to make the consumer aware of the product or service, induce purchase or commitment, create a positive attitude toward the product, give the product a symbolic meaning or show how it can solve the consumer's problem better than a competitive product or service.

The communication process involves the following stages:

### 3.3 The Message Initiator or the Source

The sponsor or the initiator of the message first must decide to whom the message should be sent and what meaning it should convey. Then the sponsor must encode the message in such a way that its meaning is interpreted by the targeted audience in precisely the intended way.

The sources of impersonal communications usually are organizations (either profit or non-profit organization) that develop and transmit appropriate messages through

special departments (for example marketing or public relations) or spokespersons. The target or receivers of such messages are a specific audience or several audiences that the organization is trying to inform, influence or persuade, for example, a museum (non-profit organization) may wish to target both donors and visitors and on the other hand, a mail-order company (for-profit organization) may want to persuade consumers to call a toll-free number for a copy of its catalog.

Marketers have several means of encoding their messages for example; they can use words, pictures, symbols, spokespersons and special channels. They can buy space or time in carefully selected media like daily newspapers or television /radio station to advertise or broadcast their messages.

In the context of the message, there is one major factor that cannot be overlooked and that is **Credibility**.

### **3.3.1 Credibility**

One major factor that affects the decoding of the message is the credibility of the source. The initiator or the sponsor of the communication and his or her perceived honesty and objectivity has an enormous influence on how the communication is accepted by the receiver(s). When the source is well respected and highly thought of by the intended audience, the message is much more likely to be believed. On the other hand, a message from a source considered unreliable or untrustworthy is likely to be received with skepticism and may be rejected.

Credibility is built on a number of factors and the most important of these factors are the **perceived intentions** of the source. Where the receivers perceive any type of personal gain for the sponsor of the message as a result of proposed action or advice, the message itself becomes suspect.

Credibility could be that of (i) credibility of Informal Sources (ii) Credibility of Formal Sources and (iii) Credibility of Spokespersons and Endorsers and (iv) Message Credibility

#### **i. Credibility of Informal Sources**

Informal sources such as family, friends and neighbours tend to have a strong influence on a receiver's behaviour and this is because they are perceived as having nothing to gain from their purchase recommendation. These opinion leaders or informal communication sources who may not profit tangibly by providing product information to others may however profit psychologically as he may obtain a great deal of ego satisfaction and this ego gratification may actually improve the quality of the message as he or she may go further to seek latest detailed information about the product in order to enhance his or her position as an expert. However, the fact that the opinion leader does not receive any material gain from the recommendation increases the likelihood that the advice will be seriously considered.

Clever marketers tend to capitalize on informal sources by initiating word- of- mouth campaigns. This they do by enlisting typical consumers, who agree to bring products they are promoting to gatherings of family and friends, read books they are promoting on mass transit etc. These agents however may not receive direct payments but are often offered free samples.

There is also the problem of negative word of mouth which usually results in unfounded rumours that marketers have to deal with and today marketers are more acutely concerned about this issue.

## **ii. Credibility of Formal Sources**

Because consumers recognize that the intentions of commercial sources like manufacturers, service companies, financial institutions retailers etc are clearly profit oriented, they are perceived to be less objective and have less credibility when compared with not for profit sources like Consumer Reports or newspaper articles, which are perceived to be neutral, with greater credibility as they are perceived to be more objective in their product assessment.

Consumers tend to judge source commercial credibility on such factors as:

- past performance
- reputation
- the kind of quality of service they are known to render
- the quality of and image of other products they manufacture
- The image and attractiveness of the spokesperson used
- The type of retail outlets through which they sell and
- Their position in the community, such as evidence of their commitment to such issues as social responsibility or equal employment.

Generally, firms with well-established reputations have an easier time selling their products than do firms with lesser reputation. The ability of a quality image to invoke credibility is one of the reasons for the growth of family brands. In the crowded market place, companies try to distinguish themselves and increase their credibility by being good corporate citizens and engage in cause relate marketing for example helping flood victims or AIDS patients.

## **iii. Credibility of Spokespersons and Endorsers**

Sometimes, the consumers tend to regard the spokesperson who gives the product message as the source or initiator of the message. Every now and then the man or woman who usually appears in person or in a commercial or advertisement has a major influence on message credibility.

Many studies have investigated the relationship between the effectiveness of the message and the spokesperson or endorser employed and some of the key findings of the body of research are that:

- The effectiveness of the spokesperson is related to the message itself, i.e. where the message comprehension is low, receivers rely on the spokesperson's credibility in forming attitudes towards the product and vice versa.
- The synergy between the endorser and the type of product or service advertised is an important factor, for example, for attractiveness related products like cosmetics, physically attractive celebrity spokesperson significantly enhanced message credibility and attitude toward the advertisement.
- Endorsers who have demographic characteristics such as age, social class and ethnicity that are similar to those of the target audience are viewed as more credible and persuasive than those that do not.
- The endorser's credibility is not a substitute for corporate credibility. A study discovered that although the endorser's credibility strongly impacted the audience's attitudes toward the advert, the perceived corporate credibility had a strong impact on attitudes toward the advertised brand

#### **iv Message Credibility**

The reputation of the retailer who sells the product has a major influence on the message credibility. Products sold by well-known quality stores tend to carry the added endorsement and implicit guarantee of the store itself. For example, if it is at Shoprite, it must be good.

The aura of credibility generated by reputable retail advertising reinforces the manufacturer's message as well. The reputation of the medium that carries the advertisement also enhances the credibility of the message. For a example the image of a prestige magazine confers added status on the products advertised within it. The reputation of the medium for honesty and objectivity also affects the believability of the advertising.

The consumers' previous experiences with the product or the retailer have a major impact on the credibility of the message. Fulfilled product expectation tend to increase the credibility accorded future messages by the same advertiser and unfulfilled product claims or disappointing product experiences tend to reduce the credibility of future messages.

#### **3.3.2 The Target Audience**

Receivers decode the message they receive based on their personal characteristics and personal experiences. For example, assuming you are trying to purchase a product online and you receive a substandard service and also a delayed delivery from the online retailer, you will be reluctant to use this outlet again. You would rather go to reputable outlet that is known for excellent service delivery.

There are a number of factors that affect the decoding and the comprehension of persuasive messages and these include the following:

- i. Personal Characteristics and Comprehension.
- ii. Involvement and Congruency
- iii. Mood

#### **i. Personal Characteristics and Comprehension**

A person's demographics (such as age, gender, and marital status), socio-cultural memberships (like social class, race, and religion) and lifestyle are the key determinants in how a message is interpreted. For example, a student may interpret a Professor's easygoing manner as an indication of a relaxed grading meticulousness. Personality, attitudes, and prior learning all affect how a message is decoded. Perception which is based on expectations, motivation, and past experience certainly influences message interpretation. It is not everyone that reads and understands the marketing communications they receive in the same way that the sender intended.

#### **ii. Involvement and Congruency**

A target audience's level of involvement is an important consideration in the design and content of persuasive communication as it determines how much attention is paid to the message and how carefully it is decoded. For example who is highly interested in obtaining a Masters Degree in Business Administration from the National Open University of Nigeria, will always be on the lookout on the University's website for any advertisement on the said programme and would want to read every word of the advertisement.

#### **iii. Mood**

Mood or affect plays a significant role in how a message is decoded. A consumer's mood such as feelings of cheerfulness or unhappiness affects the way in which an advertisement is perceived, recalled and acted upon. Marketers of many image-centered products such as cosmetics and fashion found that appeals focused on emotions and feelings associated with these products are more effective than rational appeals describing the product's benefits. Nevertheless, some advertisers have used emotional appeals effectively for technologically complex products. For example, Apple Computers encourages consumers to "Think Different".

Many Studies have shown that positive mood generally enhanced the learning of brand names and the product category to which they belonged.

### **3.3.3 The Feedback (The Receiver's Response)**

Marketing communications are generally designed to persuade a target audience to act in a desired way i.e. to purchase a specific brand or product or it may be to vote for a

presidential association for the marketers association as the case may be. Therefore the ultimate test of marketing communications is the receiver's response. It is important for the sender to obtain prompt and accurate feedback as quick as possible because it is only through feedback can the sender determine whether and how well the message has been received.

Like you learnt earlier in this unit, under **medium**, one of the important advantages of interpersonal communication is the ability to obtain immediate feedback through verbal as well as nonverbal cues. Immediate feedback is the factor that makes personal selling so effective. It enables the sales person to tailor the sales pitch to the expressed needs and observed reactions of each prospective customer.

Obtaining feedback is as important in impersonal or mass communication as it is in interpersonal communication. Because of the high cost of advertising space and time in mass media, many marketers consider impersonal communication feedback to be even more essential.

### **SELF ASSESSMENT EXERCISE**

Describe the different stages involved in the communication process. In which of these stages is credibility essential?

#### **Answer**

1. The different phases that are involved in the communication process are:
  - i. The Message initiator or the Source – is the one that encodes the message in such a way that the meaning is interpreted to the target audience in the intended way.
  - ii. The Target audience – is the receiver of the message, who decodes the message he (she or they) receive s based on his (her or their) personal characteristics or past experiences.
  - iii. The Feedback or the Receivers response - is the response given by the receiver, who after receiving the message, decoded and acted in a certain way (i.e. the desired way in the case of marketing communication).
2. Credibility is essential in the context of the message initiator or the source. Credibility could be that of (i) credibility of Informal Sources (ii) Credibility of Formal Sources and (iii) Credibility of Spokespersons and Endorsers and (iv) Message Credibility.

### **Barriers to Communication**

There are various barriers to communication which may affect the accuracy with which consumers interpret messages and these barriers include:

- i. Selective Perception
- ii. Psychological Noise

### i. Selective Perception

Consumers selectively perceive advertising messages. They read carefully adverts for products they are interested in and tend to ignore advertisements that have no special interest or relevance to them. Furthermore, technology provides consumers with increasingly sophisticated means to control their exposure to media. For example, TV remote controls offer viewers the ability to “wander” among programme offerings with ease-this is referred **grazing** .TV remote controls also enables viewers to zap commercials by muting the audio and also channel surf or switch channels to check out other programme offerings during commercial breaks.

The Video Cassette Recorder on the other hand enables viewers to fast forward or zip through commercials of prerecorded programmes. The majority of consumers zip indiscriminately through videotapes to avoid all commercials without first evaluating the commercials they zap. Recent development in technology has in fact introduced new appliances for example digital video recorders and services which allows consumers not only to watch programmes whenever they want, but also to skip commercials easily. Therefore there are indeed several that consumers can pick out messages they have interest for.

### ii. Psychological Noise

Psychological noise may be in the form of competing advertising messages or distracting thoughts. For example, a viewer faced with the clutter of eight or nine successive commercial messages during a program break may actually receive and retain almost nothing of what he has seen. Also a business executive planning a departmental meeting while driving to work may too engross in his/her thoughts to hear a radio commercial. Another familiar example is that of a student daydreaming about his/her Saturday night dates while lectures are going on and may not hear a direct question by the lecturer. There are different forms of distraction that tend to impair the reception of a message.

These psychological noises notwithstanding, there are various strategies that marketers use to overcome them and these are:

- **Repeated exposure to an advertising message** – Psychological noise can be surmounted through repetition or redundancy of the advertising appeal, thereby facilitating message reception. Therefore, repeating an advertisement several times is a must.
- **The use of Contrast** – Copy writers often use contrast to break through the psychological noise and advertising clutter. Contrast involves features within the message itself to attract additional attention for example, featuring an unexpected outcome such as colour or sound, or using tested message appeals that tend to attract attention.
- **The use of Teasers** – Broadcasters and Marketers also use teasers to overcome noise, for example informative quizzes shown at the beginning of a commercial

break are designed to engage viewers in sticking with the channel in order to find out at the end of the break whether their own answers were right.

- **The introduction of new technologies** – With the introduction of new technologies, marketers can now place customized advertisements on such devices as cell phones and addressable cable TV boxes; they can get consumers to register for promotional messages and giveaways more easily and engage consumers with the product before the actual sales.
- **The Web** – the web provides marketers with more options and many advertisers have shifted considerable sums from the TV to internet advertising. Online marketers can place adverts that consumers' Personal Computers will automatically retrieve from the internet in such formats as floater adverts.

#### 4.0 CONCLUSION

The traditional view of communication regards the receiver as a passive element in the process. However, new developments in interactive communications, especially in marketing highlight the need to consider the active roles a consumer plays when he or she obtains product information and builds relationship with the company. Therefore the communication process which begins with the message initiator or the source must be encoded and passed via a medium in such a way that the meaning is interpreted by the target audience in precisely the intended way in order for the target audience to give a feedback by acting in the desired way.

#### 5.0 SUMMARY

This unit has described the nature of communication in consumer behaviour i.e. how the consumer receives and is influenced by marketing communications. There are five basic components of communication and these are: the sender, the message, the medium, the receiver and the feedback which is the receiver's response. The communication process involves the sender encoding the message using words, pictures, symbols or spokespersons and sends it through a selected channel or medium. The receiver decodes or interprets the message based on his or personal characteristics and, and responds or does not respond based on such factors as selective perception, psychological noise and comprehension.

#### 6.0 TUTOR MARKED ASSIGNMENT

1. What do you understand by selective perception as a barrier to communication?
2. Psychological noise is known to be one of the major barriers to communication; however marketers have come up with certain strategies to surmount this barrier, what are these strategies?
3. Certain factors tend to affect the decoding and the comprehension of persuasive messages. What are these factors?
4. Compare and contrast the credibility of formal and informal sources of communication.

## **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 3     ATTITUDE CHANGE AND CONSUMER BEHAVIOUR**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Attitudes and Attitude Models
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    - 3.3.1 Theory of trying –to- consume Model
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  - 3.5 The Power of Attitudes
- 4.0 Conclusion
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### **1.0 INTRODUCTION**

Whenever we are asked whether we like or dislike a product or service (for example Mr. Biggs Peppered Chicken or MTN Network services), we are being asked to express an attitude. As consumers, you and I have a vast number of attitudes toward products, services, advertisements, direct mail, and the internet and retail stores. In this unit, we will be discussing the meaning of attitude, the different attitude models, how marketers change attitudes and the power of attitudes.

However, within the context of consumer behaviour , an appreciation of prevailing attitudes has considerable strategic merit.

### **2.0 OBJECTIVES**

At the end of this unit you should be able to:

- Define attitude and the different attitude models;
- Summarize the three components of the Tricomponent attitude model
- Summarize three of various types of multiattribute models of attitude discussed in this unit.
- State the different ways through which marketers change attitude
- Identify the sources of influence on attitude formation

### 3.0 MAIN CONTENT

#### 3.1 Attitudes and Attitude Models

In order to assess attitudes, Consumer researchers ask questions or make inferences from the behaviour of consumers; this simply means that attitude can be defined in a consumer behaviour context. An attitude (in the context of consumer behaviour) is a **learned predisposition** to behave in a **consistently** favourable or unfavourable way with respect to a given **object**. Every part of this definition describes an important property of an attitude and is critical to understanding the role of attitudes in consumer behaviour. You will notice that each part of this definition that describes the property of an attitude has been highlighted. Now let us examine them one after the other for a clearer understanding.

- **The Attitude “Object”**

The word object here in our consumer – oriented definition refers to a specific consumption or marketing –related concepts such as product, product category, brand, service, possessions, product use, causes or issues, people, advertisement, internet site, price, medium, or retailer. There is general agreement that an attitude can be conceptualized as a summary evaluation of an object. However in conducting attitude research, marketers tend to be object specific for example, if the research is on brand, and let say mobile networks in Nigeria “object” will include, Airtel, GLO, MTN, Etisalat, etc (i.e. if we are examining consumer attitudes toward these brands)

- **Attitude as learned Predisposition**

It is generally agreed that attitudes are learned. This means that attitudes relevant to purchase behaviour are formed as a result of direct experience with the product, word-of-mouth information acquired from others or exposure to mass media advertising, the internet, etc.

It is important to note that attitudes result from behaviour and reflect either a favourable or an unfavourable evaluation of the attitude object. As learned predispositions, attitudes have a motivational quality i.e. they might propel or repel a consumer toward or away from a particular behaviour.

- **Attitudes have consistency**

Attitudes are relatively consistent with the behaviour they reflect. However, this does not mean that they are necessarily permanent as they do change. For example if you say you prefer to study in National Open University of Nigeria over studying in University of Lagos, we would expect that after your first degree, you come back to National Open University for your Masters degree. It is expected that your actions will be consistent with your attitudes. However, sometimes circumstances may thwart

consistency between attitudes and behaviour, for example, your choice of course or programme may not be currently available.

- **Attitudes occur in a situation**

Situation here refers to events or circumstances that, at a particular point in time influence the relationship between an attitude and behaviour. A specific situation can cause consumers to behave in ways seemingly inconsistent with their attitudes. For example, Morning Fresh may be you or your wife's or girl friend's preferred washing liquid for kitchen utensils but each time any of runs low, you may switch to a different brands of washing liquid, which may be cheaper. Though you may not be satisfied with this brand –switching behaviour, but it is influenced by a specific situation i.e. .your wish to economize.

- **Attitude Models**

Psychologists have tried to find ways to construct models that capture the underlying dimensions of attitude having being inspired by the need to understand the relationship between attitudes and behaviour. They focused on specifying the composition of attitude to better explain or predict behaviour.

The following are some important attitude models used to explain or predict behaviour.

- i. Tricomponent Attitude Model
- ii. Multiattribute Attitude Model
- iii. Theory of Trying- to – consume Model
- iv. Attitude –toward-the- advert-model

### 3.2 Tricomponent Attitude Model

According to this model, attitudes consist of three major components which are:

1. **The Cognitive Component** - This is the first part of the tricomponent attitude which consists of a person's cognitions, that is the knowledge and perceptions that are required by a combination of direct experience with the attitude object and related information from various sources. This knowledge and resulting perceptions commonly take the form of beliefs, i.e. the consumer believes that the attitude object possesses various attributes and that specific behaviour will lead to specific outcome.
2. **The Affective Component** – A consumer's emotions or feelings about a particular product or brand constitute the affective component of an attitude. These emotions and feelings are frequently treated by consumer researchers as basically evaluative in nature,( i.e. the extent to which the individual rates the attitude object as favourable or unfavourable, good or bad, etc and these

experiences also manifest themselves as emotionally charged states for example, happiness, sadness, shame, disgust, anger distress etc.

3. **The Conative Component** – Conation is the final component of the tricomponent attitude model. It is concerned with the likely hood or tendency that an individual will undertake a specific action or behave in a particular way with regard to the attitude object. The conative component according some interpretations may also include the actual behaviour itself. In marketing and consumer research, the conative component is frequently treated as an expression of the consumer’s intention to buy. Here buyer intention scales are used to assess the likelihood of a consumer purchasing a product or behaving in a certain way.

### SELF ASSESSMENT EXERCISE

Define Attitude in the context of Consumer Behaviour and state some the important Models of Attitude you have learned.

#### Answer

- i In the context of Consumer Behaviour, Attitude may be defined as a learned predisposition to behave in a consistently favourable or unfavourable way with respect to a given object.
- ii. Some important of Models of Attitude are:
  - a. Tricomponent Attitude Model
  - b. Multiattribute Attitude Model
  - c. Theory of trying-to-consume Model
  - d. Attitude-toward-the-advert Model

### 3.3 Multiattribute Attitude Models

Multiattribute Attitude Models portray consumers’ attitudes with regard to an attitude object( for example, a product, a service, a cause or an issue) as a function of consumer’s perception and assessment of the key attributes or beliefs held with regard to the particular attitude object. There are various types of Multiattribute Attitude Model but we are going to discuss briefly three of such attitude models and these are:

- a. The attitude-toward-object model
- b. The attitude-toward-behaviour model
- c. The theory- of-reasoned-action model

#### a. The attitude-toward-object model

The attitude-toward-object model is especially suitable for measuring attitudes toward a product or service category or specific brands. According to this model, the consumer’s attitude toward a product or specific brands of a product is a function of the presence or absence and evaluation of certain product –specific beliefs and /or

attributes. In other words, consumers generally have favourable attitudes toward those brands that they believe have an adequate level of attributes that they evaluate as positive, and they have unfavourable attitudes toward those brands they feel do not have an adequate level of desired attributes or have too many negative or undesired attributes.

#### **b. The attitude-toward-behaviour model**

This model is designed to capture the individual's attitude toward behaving or acting with respect to an object rather than the attitude toward the object itself. The appeal of the attitude –toward-behaviour model is that it seems to correspond more closely to actual behaviour than does the attitude –toward-object model.

#### **c. The theory-of-reasoned-action model**

This theory represents a comprehensive integration of attitude components into a structure that is designed to lead to both better explanation and better prediction of behaviour. Like the basic tricomponent attitude model, the theory –of –reasoned-action model incorporates a cognitive component, an affective component, and a conative component, however, they are put together in a pattern different from that of tricomponent model. With this expanded model, it is necessary to measure the subjective norms that influence an individual's intention to act to be able to understand intention. The subjective norm can be measured directly by assessing a consumer's feelings as to what relevant or significant others like family, friends, roommates, coworkers etc would think of the action being contemplated i.e., whether they will look favourably or unfavourably to the anticipated action. This means that for consumer researchers to understand the subjective norm about an individual's desire to purchase a product, there is need to identify these relevant others.

### **3.3.1 Theory of trying – to – Consume Model**

This theory tries to explain the consumer's goal i.e. "trying" to consume; the theory is designed to account for the many cases in which the action or outcome is not certain but instead reflects the consumer's attempts to consume or purchase. In trying to consume, there are often **personal impediments**, for example there are students who are trying to further their education but are not able to pay the fees, in this case the product (or service) they are trying to consume is knowledge. There is also **environmental impediment**, for example, when a student tries to go and pay his or her fees and gets registered into the school but was not able to meet up with the deadline, that only the first 20 students who happen to be on the queue between some specified dates will be registered. The key point here is that in these cases of trying, the outcome is not and cannot be assumed to be certain.

### 3.3.2 Attitude –Toward –the –Advert Models

In order to understand the impact of advertising or some other promotional medium on consumer attitudes toward particular products or brands, consumer behaviour researchers have paid considerable attention toward developing what has been referred to as Attitude-toward-the-advert models. According to this model, the consumer forms various feelings (affects) and judgments (cognitions) as the result of exposure as the result of exposure to an advert. These feelings and judgments in turn affect the consumer's attitude toward the advert and beliefs about the brand secured from exposure to the advert and in the end, the consumer's attitude toward the advert and beliefs about the brand influence his or her attitude toward the brand.

#### SELF ASSESSMENT EXERCISE

The Tricomponent Model of Attitude is made up of three components; summaries each of these three components in one or two short sentences.

#### Answer

The three components of Tricomponent model of Attitude are:

- i. **The Cognitive Component** – is the first part of the tricomponent model of behaviour and consists of a consumer's perception that takes the form of beliefs i.e. beliefs that the attitude object possesses some attributes.
- ii. **The Affective Component** – consists of a consumer's emotions or feelings about a particular product or brands i.e. the extent to which consumers rate the attitude object as favourable or unfavourable.
- iii. **The Conative Component** – is the final component and it is concerned with the likely hood or the tendency that a consumer will undertake a specific action with regards to the attitude objects i.e. an expression of the consumer's intention to buy.

### 3.4 How marketers change Attitude

Every now and then, on newspapers, internets, billboards, etc, advertisers constantly bombard us with such messages as, "BUY NOW!", imploring us to change our attitudes and buy their products. These persuasion attempts range from logical arguments to graphic pictures, from peers who try to intimidate us to celebrities who try to charm us.

Certain factors determine the effectiveness of marketing communications, these factors helps to determine how and if consumers will form new attitudes or change existing attitudes. Change of attitude usually comes about through persuasion (which is the number one job for many marketing communications). These psychological factors which influence people to change their minds or comply include the following:

- i. **Reciprocity** – People are more likely to give if they first receive. Including money in a small survey questionnaire increases the response rate, just like giving out miniature samples of a product, while advertising the product increases the chances of people wanting to buy the bigger pack.
- ii. **Scarcity** – Just like people, for example a beautiful woman is even more attractive when she is not available and so are items too. If you observe children closely, you will notice that when they have surplus provision of sweets and chocolates, then they tend to be wasteful and have little or no value for them, but the moment you deny them of these stuff for a short period of time, they begin to crave for it. Generally human beings value limited items. When products are scarce, the demand for them increases.
- iii. **Authority** - We all tend to believe an authoritative source much more readily than one that is less authoritative. For example a publication in The Guardian Newspapers may make much impact on the readers than a publication in P.M. news ( However, this is not intended to doubt the authenticity of the latter)
- iv. **Consistency** – As we discussed earlier in this unit, people try not to contradict themselves in terms of what they say and do about an issue. Like the example we used, that if you say prefer to study in National Open University of Nigeria over studying in University of Lagos which also operates distance education, then you should come back to NOUN for your Masters Degree after you are done with your first degree.
- v. **Liking** – It is very easy to agree with those we like or admire. In one study, university students who went about dressed in rags, in what they refer to as “Rag Day”- a day meant for raising money for charity; good looking girls and boys (in spite of the “rags”) raised more funds more funds than their counterparts who were not as attractive. This also why most organizations especially, the new generation banks staff their marketing departments with very good looking men and ladies, who can easily market their products and increase their customer base.
- vi. **Consensus** – Most times, we consider what others do before we decide what to do. People are more likely to donate to a charity if they first see a list of the names of their neighbours who have already done so. Usually at the end of each business year, most organizations publish the names of their customers or clients in the pages of newspapers, either expressing their gratitude for their patronage or sending them season’s greetings. When we see the long list of these customers which cuts across different tribes, religion, social classes etc, we may be influenced to patronize them too.

### 3.5 The Power of Attitudes

The term attitude can be used in many and varied context. However in this context (Consumer Behaviour), it refers to a lasting, general evaluation of people (you and I inclusive), objects, advertisements or issues. Anything that we have an attitude toward is referred to as an **Attitude Object**; however, this term is not new to you as you have across it severally in our discussions in Attitude Models.

An attitude is lasting because it tends to endure over time. It is general because it involves more than a momentary event, just like being harassed by a police man for a crime you did not commit may make you develop a negative attitude towards all police men over time. Consumers have attitudes towards a wide range of attitude objects from product specific behaviours , (for example you may prefer butter to margarine) to more general consumption- related behaviours (example, how often you will want to spread fat on your bread). Generally it is your attitude that determines your choice of action.

Psychologist, Daniel Katz developed the functional theory of attitudes to explain how attitudes facilitate social behaviour. According to this approach, attitudes exist because they serve some function for the person. Two people can each have an attitude toward some object for very different reasons. It is therefore helpful for marketers to know why an attitude is held before he or she tries to change it. The different attitude functions are:

- i. **Utilitarian function** - This relates to the basic principles of reward and punishment. We develop some attitudes towards products simply because they provide pleasure or pain. If you like fruit cakes, you will develop a positive attitude towards fruitcakes. Adverts that stress straightforward benefits appeal to the utilitarian function.
- ii. **Value-expressive function** – attitudes that perform value-expressive function relate to the consumer’s central values. A person forms a product attitude in this case because of what the product says about him or her as a person (for example, what sort of man has a private jet).
- iii. **Value –expressive attitudes** are also relevant in the analysis of lifestyles, which considers how consumers a number of activities, interests, and opinions to express a particular identity.
- iv. **Ego- defensive function** – These are attitudes that we form to protect us from external threats or internal feelings. For example Products that promises to help project an affluent image (e.g. You hear such advertising slogans like “it’s for the big boys and the big girls”) appeal to their insecurities about their social status.
- v. **Knowledge function** – We form some attitude because we need order, structure or meaning. A knowledge function applies when a person is in ambiguous situation e.g. (it’s okay to wear jeans to work, but only on Friday)

### SELF ASSESSMENT EXERCISE

State at least three psychological factors that determine the effectiveness of marketing communications or that influences people to change their minds.

#### Answer

Marketers can change attitudes through

1. Reciprocity – this involves giving out free samples of products, monetary gifts etc as a way to encourage people to change their attitude and purchase a product
2. Liking – We tend to agree with those we like or those we admire and it easy for these people to influence us to change our minds.
3. Consensus – Most times, we consider what others do before we decide what to. We feel better going to where everyone goes because we think for everyone to buy a particular product or patronize the services of a particular organization, that it must be good.

#### **4.0 CONCLUSION**

How consumers attitude are formed and how they are changed are two closely related issues of considerable concern to marketing practitioners. When it comes to attitude formation, it is useful to remember that attitudes are learned and that different learning theories provide unique insights as to how attitudes initially may be formed.

Attitude formation is facilitated by direct experience personal experience and influenced by the idea and experiences of friends and family members and exposure to the mass media. Also an individual's personality plays a role in attitude formation. These same factors have an impact on attitude change i.e. attitude changes are learned and they are influenced by personal experiences and the information gained from various personal and impersonal sources. The consumer's own personality affects both the acceptance and the speed with which attitudes are likely to be altered.

#### **5.0 SUMMARY**

An attitude is a learned predisposition to behave in consistently favourable or unfavourable way with respect to a given object. Each property of this definition is critical to understanding why and how attitudes are relevant in consumer behaviour and marketing. In order to understand the role of attitude, it is important to appreciate the structure and composition of an attitude. Four broad categories of attitude models were discussed and these are the tricomponent attitude model, the multiattribute attitude model, the trying-to-consume attitude model and attitude –toward- the advert model.

#### **6.0 TUTOR MARKED ASSIGNMENT**

1. State and explain three of the various types of Multiattribute attitude model you have learned.
2. Which of the attitude models tries to explain the consumer's goal? Discuss.
3. Identify the factors that determine how and if consumers will form new attitudes
4. State and explain four different attitude functions.

## **7.0 REFERENCES/FURTHER READINGS**

Fill, C. (2005) Marketing Communications. New Jersey: Prentice Hall Inc.

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## **UNIT 4 ATTITUDE CHANGE AND PERSUASIVE COMMUNICATION**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Designing Persuasive Communication
  - 3.2 Communication Strategy
  - 3.3 Target Audience
    - 3.3.1 Media Strategy
    - 3.3.2 Message Strategies
    - 3.3.3 Message Structure and Presentation
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

You will recall that we discussed Persuasion in the previous unit, though briefly. You will recall that we said that it is the number one job for many marketing communications, which involves an active attempt to change attitudes. In this unit, we are going to study how attitudes are changed through persuasive communication and the first step involves the designing of the persuasive communication in such a way that it will meet the desired objectives.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- describe the stages involved in the creation of persuasive communication;
- list some of the decisions marketers must make in designing the message; and
- identify the factors that influence the selection of media category in message strategy.

### **3.0 MAIN CONTENT**

#### **3.1 Designing Persuasive Communication**

#### **3.2 Communication Strategy**

There are different stages involved in the creation of Persuasive Communication; these stages may be collectively referred to as the **Communication Strategy**. This

strategy involves establishing the primary communications objectives and these objectives might consist of creating awareness of a service, promoting sales of a product, encouraging or discouraging certain practices, attracting retail patronage, creating goodwill or a favourable image, reducing post purchase dissonance and any combination of these and other communication objectives. Thereafter, the sponsor selects the appropriate audiences for the message and the appropriate media through which to reach them. The communication strategy should also include a mechanism that alerts the sponsor to any need for modifications or adjustments to the media or the message.

The stages involved in the creation of Persuasive Communication are as follows: First of all, the sponsor, who may be an individual, a for-profit or a non –for- profit organization, must establish the objectives of the communication then:

1. Select the appropriate **audiences** for the message,
2. Select the appropriate **media** through which to reach them and then,
3. Design or encode the **message** in a manner that is appropriate to each medium and each audience

Now let us discuss these stages one by one (the key words have been highlighted above) for a clearer understanding.

### **3.3 The Target Audience**

This is an essential component of a communication strategy. It involves the selection of the appropriate audience. The fact that the audience is made up of great number of individuals must be taken into consideration because each individual has his or her own traits, characteristics, interests, needs, experiences, knowledge and so on and so forth. It is therefore necessary for the sender to segment the audience into groups that are homogeneous in terms of some relevant characteristics.

Segmentation enables the sender to create specific messages for each target group and to run them in specific media that are seen heard or read by the relevant target group. It is very unlikely for marketers to develop a message that can appeal simultaneously to its total audience. Companies that have diverse audiences sometimes find it useful to develop a communications strategy that consists of an overall or umbrella communication message to all their audiences from which they develop a series of related messages targeted directly to the specific interests of individual segment.

#### **SELF ASSESSMENT EXERCISE**

Describe the process involved in designing persuasive communication

**Answer**

The first step in designing a persuasive communication is to establish the objectives of the communication and then (i) select the appropriate audiences for the message, (ii) select the appropriate media through which to reach them and (iii) Design or encode the message in a manner that is appropriate to each medium and each audience .

**3.3.1 Media Strategy**

This is an essential component of a communication plan, which calls for the placement of advertisement in the specific media, read, viewed or heard by each targeted audience. To accomplish this, advertisers develop a consumer profile of their target customers through research, which includes the specific media they read or watch.

Media organizations regularly research their own audiences in order to develop descriptive audience profiles. A cost effective media choice is the one that closely matches the advertiser's consumer profile to medium audience profile.

Before selecting specific media vehicle, advertisers must select general media categories that will enhance the message they want to convey. The media category the marketer selects depends on:

- i. The product or service to be advertised
- ii. The market segments to be reached and
- iii. The marketer's advertising objectives

Rather than select one media category to the exclusion of others, many marketers use multimedia campaign strategies with one primary media category carrying the major burden of the campaign and other categories providing support.

**3.3.2 Message Strategies**

The message may be referred to as the thought, idea, attitude, image or other information that the sender wishes to convey to the intended audience. In trying to encode the message in a form that will enable the audience to understand its exact meaning, the sender must know exactly what he or she is trying to say and why (I.e. what the objectives are and what the message is intended to accomplish). The sender must also know the characteristics of the target audience in terms of education, needs, interests and experience before designing a message through words and pictures that it would be easy to be decoded accurately by the target audience.

**SELF ASSESSMENT EXERCISE**

What are the factors that influence the selection of media category in message strategy?

**Answer**

The factors that influence the selection of media category in message strategy are:

- i. The product or service to be advertised
- ii. The market segments to be reached and
- iii. The marketer's advertising objectives

**3.3.3 Message Structure and Presentation**

There are certain decisions that marketers must make in designing the message and these decisions include:

- i. The use of Resonance
- ii. Message Framing (Positive / Negative message framing)
- iii. One-sided versus two-sided messages
- iv. Comparative Advertising and
- v. The order of Presentation

Now we are going to summarise these points one after the other.

**i. The use of Resonance**

Advertising Resonance may be defined as wordplay, often used to create double meaning and is used in combination with a relevant picture. Examples of advertising resonance are Airtel Telecommunication's slogan (" **Nigeria** we've got you covered") next to a lady and two men standing on the map of Nigeria with an umbrella over their heads and Pepsi's slogan ("hit the beach topless") next to Pepsi bottle cap lying in the sand.

By using resonance in advertisements, marketers can improve the chances that their adverts will be noticed by consumers and create favourable and lasting impressions. A recent study which tested the effectiveness of metaphors and puns showed that using rhetorical figures and symbols in adverts increased the recall and memory of these messages.

**ii. Message Framing**

In message framing, there are both positive message framing and negative message framing. **Positive framing** is when a marketer stresses the benefits to be gained by using a specific product and **Negative framing** stresses the benefits to be lost by not using the product.

Research shows that appropriate message framing decision depends on the consumer's attitudes and characteristics as well as the product itself. For example, a study found out that persons with a low need for cognition were more likely to be persuaded by negatively framed messages. Another study found that an individual's self-image impacts the type of framing that he or she finds more persuasive. Individuals with an

independent self-image (i.e., who view themselves as defined by unique characteristics) were more persuaded by messages stressing an approach goal (Positive Framing), and those with an interdependent self-view (i.e., who view themselves as defined by others) found messages that stress avoidance goals more convincing (negative framing).

### **iii. One-sided versus two-sided messages**

There are very real strategy questions that marketers face every day and the answers to these questions depend on the nature of the audience and the nature of the competition. Some of these questions include, whether they should tell their audience only the good points about their product or also tell them about the bad or common place, whether they should pretend that their products are the only ones of their kind or also acknowledge competing products.

In situation where the audience is friendly (e.g. if it uses the advertiser's products) and if it initially favours the communicator's position, or if it is not likely to hear an opposing argument, then a one-sided (supportive) message that stresses only favourable information is most effective. On the other hand, if the audience is critical or unfriendly (e.g. if it uses competitive products), if it is well educated, or if it is likely to hear opposing claims, then a two-sided (refuting message) is likely to be more effective. However, two sided advertising messages tend to be more credible than one- sided advertising messages because they acknowledge that the advertised brand has shortcomings. Two-sided can also be very effective when consumers are likely to see competitor's negative counterclaims.

### **iv. Comparative Advertising**

This is a widely used marketing strategy in which a marketer claims product superiority for its brand over one or more explicitly named or implicitly identified competitors, either on an overall basis or on selected product attributes. Comparative advertising is useful for product positioning, for target market selection and for brand-positioning strategies. However, some critics of this technique are of the view that comparative adverts often assist the recall of the competitor's brand at the expense of the advertised brand. Some studies have however contradicted this view as it was discovered that comparative adverts are capable of exerting more positive effects on brand attitudes, purchase intentions and actual purchase than non -comparative advertisement.

### **v. Order of Presentation**

Communication researchers have found that the order in which a message is presented affects audience respectively. Issue of whether to present the commercial first or last or whether to give bad news first or last usually arises. This is the reason why politicians and other professional communicators struggle for position when they address an audience sequentially and this is because they are aware that the first and

the last speeches are more likely to be retained in the audience's memory than those in between. On TV, the position of a commercial in a commercial box can be critical, this is because the commercials shown first are recalled the best, whereas those in the middle are recalled the least.

Some researchers have found out that the materials presented first produces a greater effect, this is referred to as **primary effects** whereas others have found that the materials presented last is more effective and this is called **recency effect**. Magazine and newspaper publishers recognize the impact of order effects by charging more for advertisement on the front, back and inside covers of magazines than for the inside magazine pages because of their greater visibility and recall.

### **SELF ASSESSMENT EXERCISE**

There are certain decisions that marketers must make in designing the message under message structure and presentation, what are these decisions?

#### **Answer**

The decisions marketers make in designing the message under message structure and presentation are:

- i. The use of Resonance
- ii. Message Framing (Positive / Negative message framing)
- iii. One-sided versus two-sided messages
- iv. Comparative Advertising and
- v. The order of Presentation

## **4.0 CONCLUSION**

In designing persuasive communication, different stages are involved. There is need to establish the primary communication objectives, select the appropriate audience, media and the message. The manner in which a message is presented influences its impact as we have learned that on-sided messages are more effective in some situations and with some audiences and two-sided messages are more effective with others.

## **5.0 SUMMARY**

This unit has described how the marketer goes about designing persuasive communication which is referred to as communication strategy and how these communications impact on consumer behaviour.

In order to create persuasive communication, the sponsor must establish the primary communication objectives which consist of creating awareness of a service, promoting sales of a product or encouraging (or discouraging) certain practices. The sponsor then selects appropriate audiences for the message and appropriate media through which to reach them and then design or encode the message in a manner that is appropriate to

each medium and to each audience. The communication strategy is not complete without an immediate feedback mechanism that alerts the sponsor to any need for modifications or adjustments to media or the message.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. Write short notes on any three of the following:
  - a. The use of Resonance
  - b. Message Framing (Positive / Negative message framing)
  - c. One-sided versus two-sided messages
  - d. Comparative Advertising and
  - e. The order of Presentation
2. What do you understand by communication strategy? Discuss.
3. What are the steps involved in designing a persuasive communication?

## **7.0 FURTHER READING/REFERENCES**

Fill, C. (2005) Marketing Communications. New Jersey: Prentice Hall Inc.

Hawkins, D.I., Best, R.J. and Coney K.A. (2001) Consumer Behaviour: Building Marketing Strategy. New York: Irwin/McGraw- Hill.

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## UNIT 5 PROBLEM RECOGNITION PROCESS

### CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Problem Recognition
  - 3.2 Opportunity Recognition
  - 3.3 Need Recognition
  - 3.4 Information Search
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Reading

### 1.0 INTRODUCTION

Problem recognition involves perceiving a need and perceiving a difference between a person's ideal and actual situation big enough to trigger a decision. This unit discusses problem recognition as the primary or the first step in consumer decision making. The unit also discusses opportunity recognition and need recognition as the major shifts in problem recognition. In order to solve a problem after its recognition, you need information; the unit also discusses how to search for information.

### 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- describe at what point problem recognition occurs;
- illustrate with a diagram how a problem arises in one of two ways;
- explain how need and opportunity recognition occurs in problem recognition; and
- identify how to solve a recognized problem.

### 3.0 MAIN CONTENT

#### 3.1 Problem Recognition

Problem Recognition is the first step in the consumer decision- making process. It is caused by a difference between the consumer's **ideal state** and **actual** state. Therefore it is when we experience a significant difference between our current state of affairs and some state we desire. We realize that to get from here to there, we need to solve a problem, which may be small or large, simple or complex.

A person who unexpectedly runs out of petrol on the highway has a problem and so does the person who becomes dissatisfied with the image of his car even though there is nothing wrong with the car mechanically.

There are various causes or sources of problem recognition and these include:

- Out of stock
- Dissatisfaction
- New needs/wants
- Related products/purchases
- Marketer induced problem recognition
- New products

### **3.2 Opportunity Recognition**

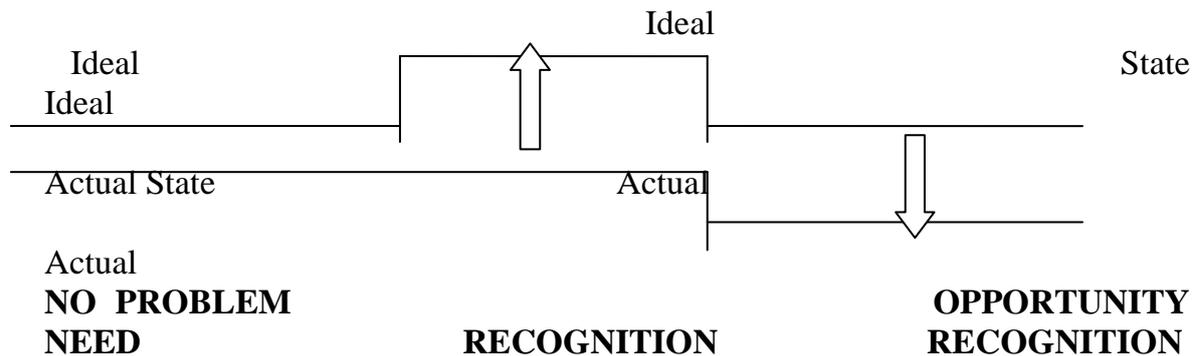
Opportunity recognition often occurs when we are exposed to different or better quality products. For example, the person who suddenly becomes dissatisfied with the image of his or her car may have landed a new and better paying job and with this sudden change in his circumstances becomes dissatisfied with his or her actual state. This means as our frame of reference shifts, we make purchases to adapt to the new environment (i.e. moving our ideal state upward).

### **3.3 Need Recognition**

Need recognition occurs in several ways. A person's actual state can decrease if he or she runs out of a product, for example, the person who unexpectedly ran out of petrol on the highway. Another way that need recognition can occur is when an individual buys a product that does not adequately satisfy his or her needs or if the individual realizes that he or she has a new need or desire, for example, when you buy a new house, this sets off a long list of other choices because you will need to buy many new things to fill the house (assuming there is any money left over)

#### **Note**

It is important to note that in both need and opportunity recognition that there exists a gulf between the actual state and the ideal state. The diagram below, figure 5.3.1 depicts this gulf.

**Figure 3.3 Problem Recognition: Shifts in Actual or Ideal States****SELF ASSESSMENT EXERCISE**

When do you recognize that you have a problem?

**Answer**

Problem recognition occurs when one experiences a significant difference between his or her current state of affairs, the actual state and some state we desire, the ideal state.

**3.4 Information Search**

Once a consumer recognizes that he or she has a problem, there is need for a solution this problem. **Information Search** is the process by which we survey the environment for appropriate data to make a reasonable decision. There are different types of information search and these include:

**i. Pre- purchase Search**

You might recognize a need and then search the market place for specific information. This process is known as **pre purchase search**.

**ii. Ongoing Search**

Most people, especially experienced shoppers enjoying browsing or looking around just for the fun of it or because they like to stay up-to-date on what is happening in the marketplace, these shopaholics engage in what is referred to as **ongoing search**.

**Table 3.4** below describes some differences between pre-purchase search and ongoing search

S/N	Pre-purchase Search	Ongoing Search
1.	Involvement in the purchase	Involvement with the product
2.	Market Environment	Market Environment
3.	Situational Factors	Situational Factors
S/N	Motives	
1.	Making better purchase decisions	Building a bank of information for future use
		Experiencing fun and pleasure
S/N	Outcomes	
1.	Increased product and market knowledge	Increased product and market knowledge leading to:
		<ul style="list-style-type: none"> <li>• Future buying efficiencies</li> <li>• Personal influence</li> </ul>
2.	Increased satisfaction with the purchase outcome	Increased impulse buying
		Increased satisfaction from search and other outcomes

The differences between these two search modes help to distinguish between internal and external search. As a result of our prior experience and the fact that we live in a consumer culture, each of us has some degree of knowledge already in memory about many products.

Whenever we need to make a decision on any purchase, we may engage in internal search as we scan our own memory bank to assemble information about different product alternatives.

### iii. Deliberate Versus Accidental Search

We may get to know about a product either through directed learning or incidental learning. If on a previous occasion you have already searched for relevant information and if you bought a pair of shoes last month, for example, you probably will have a good idea of the best kind to buy another month. This is **directed learning**.

At other times, we may acquire information in a passive manner. Though a product may not be of direct interest to us today, we will still encounter advertising, packaging, and sales promotion activities, all of these results to **incidental learning**.

### iv. Online Search

We are a perfect target for advertisers when we search online because we declare our desire to make a purchase. Many companies who recognize this pay search engines

like Google, Bing, Yahoo and Ask.com to show adverts to users who search for their brand names.

### **SELF ASSESSMENT EXERCISE**

List the various ways you can search for information to solve your problem as a consumer.

#### **Answer**

The various ways you can search for information to solve your problem are through:

- i. Pre-purchase search
- ii. Ongoing search
- iii. Deliberate Versus Accidental search
- iv. Online search

### **4.0 CONCLUSION**

We learnt that problem recognition is the first step in consumer decision making. A problem exists when a consumer runs out of stock of a product, is dissatisfied with the product or has new needs or wants etc. At this level, a consumer needs a great deal of information in order to take a decision on how to solve this problem and he or she can search for information via various means either in the market place, online, getting the information accidentally, etc.

### **5.0 SUMMARY**

Problem recognition is when we experience a significant difference between our current state (actual state) of affairs and some state we desire (ideal state). We realize that to get from here to there, we need to solve a problem, which may be simple or complex. A problem arises in one of two ways, need recognition (actual state) and opportunity recognition (ideal state) and either way, there is a gulf between the two states.

Once a problem is recognized, there is need for a solution and the consumer has to search for information to solve this problem which can be done through different processes which include pre-purchase search, ongoing search, online search and Deliberate versus accidental search.

### **6.0 TUTOR MARKED ASSIGNMENT**

1. Compare and contrast opportunity recognition and need recognition.
2. Enumerate the various causes or sources of problem recognition.
3. What are the major differences between ongoing search and pre-purchase search?
4. What is your understanding of deliberate versus accidental search?

## **7.0 REFERENCES/FURTHER READINGS**

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## **MODULE 3      DECISION PROCESS**

Unit 1	Problem Recognition
Unit 2	Information Search
Unit 3	Alternative Evaluation and Selection Process
Unit 4	Outlet Selection and Purchase
Unit 5	Post Purchase Processes

### **UNIT 1      PROBLEM RECOGNITION**

#### **CONTENT**

1.0	Introduction
2.0	Objective
3.0	Main Content
3.1	Problem Recognition: Characteristics of problem recognition
3.2	The nature of problem recognition
3.3	Types of consumer problems
3.4	Uncontrollable determinants of problem recognition
3.5	Marketing Strategy and Problem Recognition
4.0	Conclusion
5.0	Summary
6.0	Tutor Marked Assignments
7.0	References/Further Readings

#### **1.0      INTRODUCTION**

What determines a purchase preference differs from one consumer to another. Various situations determine the problem recognition obtainable. Firstly, the cause for purchase could be different amongst individuals. The value of a pen that a student will buy in order to take notes will likely differ from the one another consumer will present as a gift to a friend. Also, the urgency or amount of time available to the consumers may vary in a purchase situation. Similarly, the surroundings might be an equally determining factor of a buying behavior either through social, cultural or economic affiliation.

Recognizing a problem or identifying a need is the first stage of a purchase process. The ability to spot the gap between what is obtainable and what is desired goes a long way in the consummation of a purchase. You will recall that we already discussed problem recognition in the previous module as it relates to psychology of Marketing under unit 5. This section will again define and equally explain problem recognition and some of its notable characteristics as it relates to the purchasing process for a better understanding of the subject matter.

## 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- define the term ‘problem recognition’;
- explain the characteristics that are peculiar to the process of problem recognition;
- discuss the nature and types of consumer problems;
- explain the uncontrollable factors in problem recognition; and
- mention the strategies that could be adopted in problem recognition.

## 3.0 MAIN CONTENT

### 3.1 Problem Recognition: The Characteristics of Problem Recognition

Identifying a problem is the first step in any purchasing or decision process. Hawkins et al., (2004) defined problem recognition as “the result of a discrepancy between a desired state and an actual state that is sufficient to arouse and activate the decision process”. They explained “an actual state” as “the way an individual sees his or her feelings and circumstance at a point in time”. On the other hand, “a desired state” is “the way an individual would like to feel or be at a present time”. An individual’s response to an identified problem is directly linked to its significance to the consumer, arising from the inconvenience or discontentment being created by the problem. Hence, the difference between a consumer’s desired state and actual state is what could be regarded as the recognition of a problem arising.

Perreault et al., (2011) described problem recognition as, “a process that is set in motion when a consumer becomes aware of an un-met need”. In this case, problem recognition could be spontaneous. For example, a student who discovers there is a need to buy a pen before going into the examination hall. Similarly, problem recognition could be over a longer time period. For instance, a recent graduate who needs to get transport to and from work will have to consider whether to buy a car or go with public transport. If he decides to buy a car, he will have to decide what make and model to buy which could make a purchase decision longer.

### SELF ASSESSMENT EXERCISE

What is Problem Recognition?

**Answer:** Problem Recognition is the result of a discrepancy between a desired state and an actual state that is sufficient to arouse and activate the decision process.

### 3.2 The Nature of Problem Recognition

It is worthy to note that the consumer's perception plays a key role in problem recognition. Perception and not purposeful reality is what drives problem recognition. Consumer's way of life and current condition may shape what an individual regards as a problem or otherwise. For instance, consumers of cigarettes who think it is not harmful because they do not inhale the smoke are not facing the reality that smoking is harmful to their health.

Conclusively, problem recognition may not end up in purchase. That is, the fact that a consumer identifies a need does not mean the individual is willing to resolve the problem at that point in time. This could be as a result of:

- a. A delay in purchase which may be due to financial or time constraints or both.
- b. Lack of satisfactory options to solve the problem; and
- c. An individual's unwillingness in solving the problem

A simple illustration which explains the points made above is that of a consumer who wants to buy a very good leather shoe but finds out that he or she does not have enough money to purchase (**financial constraint**) or does not have enough time to go round the shoe shops for the quality of shoe desired (**time constraint**). Where a customer is not able to get a pair of shoe of a particular colour or size for instance, it could lead to lack of purchase due to a (**unsatisfactory options**). Also, a consumer might not make a purchase if the problem recognized is not taken as a priority or immediate need.

#### SELF ASSESSMENT EXERCISE

Problem recognition may not end up in purchase. Give three reasons why this could be possible.

#### Answers

- a. A delay in purchase which may be due to financial or time constraints or both
- b. Lack of satisfactory options to solve the problem and
- c. An individual's unwillingness in solving the problem

### 3.3 Types of Consumer Problems

Consumer problems can be active or inactive as identified by Hawkins et al., (2004).

**Active Problems** – are problems that are already known to the consumer or which the consumer will be aware of in the normal cause of action. In essence, the consumer only needs to be convinced about the superiority of one brand over another in satisfying this need.

**Inactive Problem** – is a problem which is unknown to the consumer. In contrast, this type of problem requires the consumer to be convinced by the seller that there is a

problem in the first instance and that the brand being introduced is the most suitable to solve the problem.

### 3.4 Uncontrollable Determinants of Problem Recognition

Differences between what a customer aspires for and his current state creates a situation for problem recognition. These differences could be due to various factors which affect the wants of the consumer at a particular time. These factors cannot be controlled by the marketing personnel in spite of being noticeable and rational. A typical example is the culture of the consumer. The custom and differences in behavior, for instance, plays an important role in the choices that will be made between an American and a Brazilian consumer. Another factor such as age could have a considerable impact on what a consumer regards as a desire which needs satisfaction.

### 3.5 Marketing Strategy and Problem Recognition

There are three key strategies for a marketing manager to adopt in regards to problem recognition. These are as follows:

- I. **Discovering Consumer Problems** – This approach refers to the use of surveys or focus groups in identifying problems. These could be achieved through one of the following types of analysis:
  - a. **Activity analysis** – this focuses on the problems consumers face during the performance of a particular activity.
  - b. **Product analysis** – this analysis targets the frequency in purchase of a particular product or brand name.
  - c. **Problem analysis** – this method involves asking questions from consumers about what product, brand or activity could be linked to problems listed.
- II. **Responding to Consumer Problems** – after problem recognition, the firm tries to provide a solution by aligning their activity or product in tune with consumers' needs.
- III. **Assisting Consumers Recognise Problems** – this could be achieved through;
  - a. **Generic problem recognition** – identifying a problem that a diverse range of products can solve
  - b. **Selective problem recognition** – identifying a problem that only one brand can solve.
- IV. **Suppressing Problem Recognition** – a means by which firms play down the problem recognition generated by their competitors, consumer groups or government agencies. A good example is an advert by a cigarette manufacturer portraying smoking as not injurious to health, despite contrary adverts by government agencies.

## **4.0 CONCLUSION**

We have been able to establish that problem recognition arises when there is an obvious gap between the consumer's desired state and the actual state. This gap could be determined by the consumer's way of life or current situation. Where the problem is perceived large and important to the consumer, the process of searching for how to solve the problem evolves.

## **5.0 SUMMARY**

The decision made by the consumer becomes broad and compounded as purchase involvement increases. A movement from a limited decision making to an extended one leads to increase in information search, alternative evaluation more complex and post-purchase evaluation becomes more detailed.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. What are the three key strategies for a marketing manager to adopt in regards to problem recognition.
2. State and define the two types of consumer problem.
3. Explain and give an example of Problem Recognition Suppression.

## **7.0 REFERENCES/FURTHER READINGS**

Hawkins, D.I., Best, R.J., Coney, K.A., (2004). 'Consumer Behaviour: Building Marketing Strategy'. New York: McGraw Hill.

Arnould, E., Price, L., Zinkhan, G., (2002). 'Consumers'. New York: McGraw Hill.

## UNIT 2 INFORMATION SEARCH

### CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Nature of Information Search
  - 3.2 Types of Information search
  - 3.3 Sources of information
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### 1.0 INTRODUCTION

The advent of internet has made a significant impact on how consumers search for information. Companies and marketers have easy access to provide consumers with information they might be interested in, through their websites. These sites can be used as a medium for advertising products or services to prospective consumers. Some companies have gone a step ahead by ensuring that their websites are user-friendly and that it gives consumers a feeling of personalized experience.

### 2.0 OBJECTIVES

At the end of this unit, you should be able:

- state the nature and types of information search;
- highlight the kind of information required in the searching process; and
- mention the available sources of information

### 3.0 MAIN CONTENT

#### 3.1 Nature of Information Search

There are two main kinds of information search namely:

**Internal Search** – where the consumer attempts to get a solution to an identified problem by considering information previously identified in order to find out if there is a known solution, what makes up the available solution and how they can be compared with each other.

**External Search** – a scenario where an internal search does not proffer solution, then a search method is adopted to access relevant external information in solving the

problem. In most cases, an internal search serves as a guide to what kind of information is being sought externally.

External Information can include the following:

- Views, attitudes, feelings and behaviours of friends, family or even strangers.
- Information gathered from books, websites, articles or personal contacts
- Personal experience with a product by way of trial or observation.
- Information generated by marketers and sales personnel.

### SELF ASSESSMENT EXERCISE

Name the two main kinds of Information Search.

**Answer:** Internal Search and External Search

### 3.2 Types of Information Required

A consumer's purchase decision requires information in three key areas:

- A. Appropriate Evaluative Criteria** – This can be described as the desired characteristics in a product by a consumer. For instance, a consumer might want some specific features in a television set to be purchased. In doing so, he would have to conduct an internal search first and then an external search where more information is required than what an internal search could provide.
- B. Appropriate Alternatives** – These are the brands that have been categorized as possible solutions to an identified problem. They are called the **awareness set**. Out of this set, the brands that have been selected for consideration are known as the **evoked set**. The ones that have been dropped from further consideration are the **inept set**. Finally, the brands which the consumer is indifferent about are the **inert set**.
- C. Alternative Characteristics** – This process requires a consumer to gather information about each brand within an evoked set. That is, collecting information about each brand on each significant evaluative criterion within an evoked set. For example, a consumer might want to gather information on the price, weight and size of a television set before actual purchase.

### 3.3 Sources of Information

Five main primary sources of information identified by various authors were:

- **Recollection** of previous searches or personal experiences
- **Individual sources** – friends and relatives
- **Independent sources** – consumer groups, magazines and government organizations
- **Marketing sources** – such as websites and adverts

- **Experiential sources** – like product trial and inspection

## **SELF ASSESSMENT EXERCISE**

List 5 sources of information

Answer:

- Recollection of previous searches or personal experiences
- Individual sources
- Independent sources
- Marketing sources
- Experiential sources

## **4.0 CONCLUSION**

Consumers are only able to remember a few brands that they might consider as probable solution from an evoked set of brands. Internal and external searches are further carried out on these set, while marketers try to ensure that their brands fall within the evoked set of most members of their target consumers.

## **5.0 SUMMARY**

Having recognized a problem, consumers can conduct widespread internal and external searches, partial internal and external search or internal search only, as the occasion demands.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. List four examples of External Information.
2. Briefly explain the types of Information required in a consumer's purchase decision.
3. What is "Internal Search"?
4. Give three examples of independent sources of information

## **7.0 REFERENCES/FURTHER READINGS**

Perreault, W. D., Cannon, J. P., McCarthy, E. J., (2011). 'Basic Marketing: A Marketing Strategy Planning Approach'. New York: McGraw Hill.

Hawkins, D. I., Best, R. J., Coney, K. A., (2004). 'Consumer Behaviour: Building Marketing Strategy'. New York: McGraw Hill.

## UNIT 3 ALTERNATIVE EVALUATION AND SELECTION

### CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Alternative Evaluation Selection
  - 3.2 Attribute-based and Attitude-based Choice Processes
  - 3.3 Evaluation Criteria
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assessment
- 7.0 References/Further Readings

### 1.0 INTRODUCTION

This section will attempt to explain how consumers arrive at the purchase decisions they make. It delves into how the features of a brand and indeed the lifestyle of the consumer shape their evaluative and selection processes.

### 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- discuss the theories involved in shaping consumer's choices; and
- describe attribute-based and attitude-based choice processes and their relationship with the Evaluation Criteria process.

### 3.0 MAIN CONTENT

#### 3.1 Alternative Evaluation and Selection

##### How Consumers make Choices

Making choices are usually circular, emotional, incomplete, and based on practicality rather than optimal choices. Similarly, situations such as fatigue or time availability affect the choices a consumer makes at a point in time. The **rational choice theory** assumes that the consumer possesses enough expertise to determine which option maximizes their value, and therefore make their choices based on this. In reality however, all consumers are **rationally bounded**. That is, they have a limited capacity for processing information. Therefore, consumers tend to make decision processes that are deemed appropriate for specific events rather than engaging in strict rational choices.

## SELF ASSESSMENT EXERCISE

What is Rational Choice theory?

**Answer** - The rational choice theory assumes that the consumer possesses enough expertise to determine which option maximizes their value, and therefore make their choices based on this.

### 3.2 Attribute-based and Attitude-based Choice Processes

Attribute-based choices require the consumer to compare one specific attribute after another, across a range of brands being considered. It requires the consumer to be knowledgeable about the specific attributes at the time the choice is being made.

On the contrary, an attitude-based choice entails the use of intuitions, impressions or general attitude. This process does not involve any attribute-by-attribute comparison among brands. It dwells more on the consumer's habit or reflexes in a purchase situation.

### 3.3 Evaluation Criteria

This process is closely related to the attribute-based selection as it involves the consideration of a variety of characteristics or advantages, price inclusive, that a consumer believes a brand can offer in solving an identified problem. It should be noted that Evaluative Criteria can be tangible in nature like its physical features or intangible such as the case with style or taste of a brand.

It is equally important to note that the Evaluative Criteria can be measured in three different ways for the purpose of strategy formulation by decision makers. These can be stated as follows:

- Identifying what Evaluative Criteria are being used by consumers
- Consumer's perception of the alternatives on each criterion and
- The relative importance of each criterion

In the identification of the Evaluative Criteria being adopted by a consumer, the marketing personnel could use a direct method, which involves asking consumers' questions or observing their comments on particular products, or adopting an indirect method which involves answering questions based on hypothetical projections made by the marketer in an attempt to decipher the Evaluation Criteria of a consumer.

There are various ways to test the likely decision a consumer will make, such as the use of rank ordering scales, when confronted with evaluating brand performance on specific attributes. However, findings reveal that these techniques are not as effective, as they do not take cognizance of consumers' emotions in their assessment.

As earlier stated, evaluative criteria can be measured by direct and indirect methods. In spite of the technique used, the usage condition should be defined as attribute importance varies from one situation to another.

### **SELF ASSESSMENT EXERCISE**

Name one way to test the likely decision a consumer will make when evaluating brand performance.

**Answer:** The Rank Ordering Scale

## **4.0 CONCLUSION**

After information gathering about available alternative solutions to an identified problem, consumers use the most suitable alternative, for instance, the attribute-based or attitude-based methods of selection in proffering a lasting solution to a recognized problem.

## **5.0 SUMMARY**

Consumers make choices in a variety of ways. The Rational Choice theory believes the consumer has enough information to make a choice based on the option that will be value maximizing. The bounded rationality rule believes that there is a limit to the volume of information an individual can process at a particular time. The attribute and attitude based selection method are two major approaches to any consumer selection process.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. What is Bounded Rationality?
2. State the three different ways in which Evaluative Criteria can be measured.
3. Differentiate between the Attribute-based and the Attitude-based choice processes.
4. What is Evaluation Criteria?

## **7.0 REFERENCES/FURTHER READINGS**

Bettman, J.R., Luce, M.F., Payne, J. W., (1998), "Constructive Consumer Choice Processes", *Journal of Consumer Research*, Vol. 25, pp. 187 – 217.

Arnould, E., Price, L., Zinkhan, G., (2002). 'Consumers'. New York: McGraw Hill.

## **UNIT 4     OUTLET SELECTION AND PURCHASE**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Outlet Selection and Purchase
  - 3.2 Feature Affecting Outlet Selection
  - 3.3 Consumer Characteristics and Outlet Choice
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

Our discussion so far has suggested that brands are selected before outlets. Though this might be the case in most situations, it is however important to note that the choice of outlets rather than brands are equally important to consumers.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- mention the three main scenarios in outlet or product selection;
- list and discuss the features that affect outlet selection; and
- enumerate the reasons for variances between consumers' characteristics and the differences in their outlet choice.

### **3.0 MAIN CONTENT**

#### **3.1 Outlet Selection and Purchase**

The process involved with outlet selection and choosing a brand are quite the same. Once the consumer recognizes a need for an outlet to be selected, he or she then progresses to an internal search or even external search, assesses the relevant options, and makes a selection based on these assessments. This section will be discussing the criteria consumers use in selecting a retail outlet, the characteristic that impact on the criteria used and features that affect the quantity and type of brands purchased. There are three main scenarios in making an outlet or product selection decision:

- a. The consumer may choose the brand first and the outlet second
- b. Choose the outlet first, followed by the brand or
- c. Choose outlet and brand at the same time.

While some consumers would prefer to identify and select their products first before choosing an outlet, others may select the store name first before taking a decision as per the features they desire in their chosen brand. The third category of consumers will rather take a decision on the retail outlet and the product simultaneously. However, the growth in activity of in-home shopping cannot be over-emphasised. Nowadays, shopping via telephone, mail and more importantly the internet are growing more rapidly than any other traditional or non-traditional ways of shopping. Hence, most stores now run internet retailing alongside the traditional outlets.

### 3.2 Features Affecting Outlet Selection

This section considers the consumer's evaluative criteria in the choice of retail outlets. Four main features have been identified as follows:

- a. **Outlet Image** – A consumer's perception of the image of a store. The image set could be based on the desired target consumers or a group of target consumers.
- b. **Retailer Brands** – In this case, the store or outlet is the brand. All products that the store sells are its own brand. Previously, retail outlets stocked manufacturer's brand without any brand of their own, but more recently, many stores have introduced their own brands at lower-prices as alternative options to the established brands.
- c. **Retail Advertising** – Advertising is a way through which retailers create awareness to consumers about the attributes they possess. This is particular attained through adjustments in sale prices to attract consumers to the store, while maintaining high quality production.
- d. **Store location and size** – The proximity of an outlet performs a significant role in consumer store choice. Where all other things are approximately equal, a consumer will most probably choose the nearest location to shop. Similarly, the size of a store is of equal importance to a consumer due to a larger variety of products that could be assessed in one shopping experience. The **Retail Attraction Model** is used to estimate the level of store attraction based on store size and distance from the consumer.

### SELF ASSESSMENT EXERCISE

What is an Outlet Image?

**Answer:** A consumer's perception of the image of a store

### 3.3 Consumer Characteristics and Outlet Choice

The motive for shopping varies from one consumer to another. Two characteristics that determine a store choice made by a consumer are:

- i. **Perceived risk** – This is the risk associated with non-performance of products as expected by the consumer. This may lead to an increase in the following:
  - Social Cost – wearing a hair-cut not liked by one's peers
  - Time Cost – a watch repair that requires the wrist-watch to be taken to the shop, left there, and picked up later.
  - Financial Cost – an expensive hat that does not fit.
  - Effort Cost – volume of work lost on a computer system due to system failure
  - Physical Cost – a new medicine that has a harmful side effect.
- ii. **Shopping Orientation** – A mode of shopping that places emphasis on certain activities or shopping motivations is known as a shopping orientation. It could be informed by the consumer's lifestyle or related influences

### **SELF ASSESSMENT EXERCISE**

State two characteristics that determines a store choice by the consumer

**Answer** – Perceived Risk and Shopping Orientation

### **3.4 Purchase**

Purchase is the process of completing a transaction after a selection has been made by the consumer. It is called an act of purchasing or renting as the case may be. Though the internet offers an online purchase option, most consumers end up not buying online when confronted with challenges on how to make proper checks on products they are interested in or negative reaction to delivery charges associated with online purchases. Also, consumers are security conscious; hence, asking them to provide their credit card number and other personal details online could be discouraging in making purchases.

Rather than cash purchases, the use of credit and debit cards now play a major role in consumer transactions and has been found to result to increased purchases in retail outlets. As a result, it is pertinent for stores to find ways to reduce time spent at check out registers for instance, by setting up automated check-out points.

### **4.0 CONCLUSION**

The process used in brand selection is equally the one used in outlet selection. The only difference is in the kind of evaluative criteria used. Also, the choice of an outlet could be simultaneous with choosing a brand or product. On the other hand, one could also be chosen before the other based on the consumer's evaluation process.

### **5.0 SUMMARY**

Consumers must select outlets and products. The store image is a major evaluative criterion. Consumers visit shops for various reasons which are generally referred to as

the shopping orientation. Once an outlet and a brand have been chosen, the consumer can consummate the transaction an acquisition of the product.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. Itemize and explain the features affecting Outlet Selection.
2. What are the three main scenarios in making an Outlet or Product selection decision?
3. With adequate examples, describe “Purchase”.

## **7.0 REFERENCES/FURTHER READINGS**

Hawkins, D.I., Best, R.J., Coney, K.A., (2004). 'Consumer Behaviour: Building Marketing Strategy'. New York: McGraw Hill.

## UNIT 5 POST-PURCHASE PROCESS

### CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Post-purchase Processes
  - 3.2 Purchase Evaluation and Customer Satisfaction
  - 3.3 Determinants of satisfaction and Dissatisfaction
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assessment
- 7.0 References/Further Readings

### 1.0 INTRODUCTION

Customer relationship programmes are now common place in most organizations. The aim of such programmes is to increase the satisfaction, commitment, and retention of customers. This section examines the post-purchase processes that produce customer satisfaction and commitment.

### 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- state and discuss the category of post-purchase processes that are obtainable;
- explain the link between purchase evaluation and customer satisfaction; and
- itemize the causes of consumer satisfaction or dissatisfaction

### 3.0 MAIN CONTENT

#### 3.1 Post-purchase Processes

The post-purchase process can be categorized into the following:

- Post-purchase dissonance
- Post-purchase non-use
- Post-purchase use
- a) **Post-purchase Dissonance** – This involves the doubt or anxiety a consumer has after making a difficult or major purchase decision. The degree of the dissonance experienced by the consumer is a function of one or more of the following:
  - The degree of commitment or irrevocability of the decision. The easier it is to change the decision, the less likely to experience dissonance

- The importance of the decision to the consumer. The more important the decision, the more likely an occurrence of dissonance.
- The difficulty of choosing among the alternatives. The more difficult it is to choose among alternatives, the more the likelihood of dissonance.
- The individual's tendency to experience anxiety. The higher the tendency for a consumer to experience anxiety, the higher the level of dissonance such a consumer will experience.

Dissonance takes place because making a permanent decision in choosing a product over another, means that the attractive features of the one not chosen is forgone.

- b) **Post-purchase Non-use** - this occurs when a consumer acquires a product that is not used or used only sparingly relative to its potential use. Also, non-use can occur where the situation or the purchaser changes between the purchase and the potential usage occasion. For example, a decision to purchase food ingredients at a supermarket requires a second decision to prepare and consume the food. The second decision occurs at a different point in time and in a different environment from the first.
- c) **Post-Purchase Use** – Due to limited time for decision making, most consumer purchases do not result in dissonance. This is as a result of the immediate use of the product purchased by the consumer or a member of the household without recourse to how it was purchased.

### SELF ASSESSMENT EXERCISE

List the Post-purchase processes

**Answer:** Post-purchase dissonance, Post-purchase non-use and Post-purchase use

### 3.2 Purchase Evaluation and Customer Satisfaction

As generally discussed, consumer's evaluation of a purchase can be affected by the purchase process, post-purchase dissonance, product use or non-use. Also, the outlet or brand or both can equally be a factor considered in evaluation. Purchases could be evaluated based on availability of product information, price, and service or product performance.

The choice of one product as against available alternatives is a function of the consumer's perception of the superiority of the product, a general liking for the product or other reasons the consumer is particular about. As such, the consumer expects a specific level of performance from such product. These performance levels could exceed, fall below, or meet required performance expectations.

A product whose performance fails to meet expectation will generally cause dissatisfaction to the consumer. Whereas, when perception of a product performance meets expectations that are at or above the minimum desired performance level,

satisfaction generally occurs. In essence, satisfaction minimizes the level of decision making the next time the problem is recognized.

### 3.3 Determinants of Satisfaction and Dissatisfaction

Finally, let us take a look at the probable causes of satisfaction and dissatisfaction in a purchase process:

- **Core service failure** – mistakes and service catastrophes that harm the customer.
- **Service encounter failure** – for instance, negative attitude of service employees
- **Pricing** – price hiking or deceptive pricing
- **Inconvenience** – waiting time for service
- **Responses to service failure** – reluctant and negative responses or total failure to respond
- **Attraction by competitors** – higher quality or better value by competitors
- Ethical problems

### SELF ASSESSMENT EXERCISE

How can price be a source of dissatisfaction to a consumer?

**Answer:** This could be through price hiking or deceptive pricing.

### 4.0 CONCLUSION

We have been able to discuss the post-purchase process, while delving into how consumers evaluate their purchases and factors that determines the levels of satisfaction or dissatisfaction.

### 5.0 SUMMARY

Consumers have doubts or anxiety about their purchases sometimes. This is called post-purchase dissonance. Whether or not dissonance is experienced, most purchases are followed by product use. Product non use is of equal concern. In this scenario, both consumers and marketers suffer alike. Switching brands or products or even stores are some of the ways a consumer tries to correct the perceived anomaly. After the evaluation process or complaint process, consumers are encouraged to make repurchases at a future date.

### 6.0 TUTOR MARKED ASSIGNMENT

1. What factors can affect the degree of post-purchase dissonance experienced by the consumer?

2. What are the determinants of satisfaction and dissatisfaction in a purchase process?
3. Explain the Post-purchase processes.
4. What is the relationship between Purchase Evaluation and Customer Satisfaction?

## **7.0 REFERENCES/FURTHER READINGS**

Arnould, E., Price, L., Zinkhan, G., (2002). 'Consumers'. New York: McGraw Hill.

Perreault, W.D., Cannon, J.P., McCarthy, E.J., (2011). 'Basic Marketing: A Marketing Strategy Planning Approach'. New York: McGraw Hill.

## **MODULE 4      CURRENT STATUS OF CONSUMER BEHAVIOUR RESEARCH**

Unit 1	Models of Consumer Research
Unit 2	The Consumer Research Process
Unit 3	Interdisciplinary Influences on the Study of Consumer Behaviour
Unit 4	Contemporary Marketing Tools
Unit 5	New Message Formats

### **UNIT 1      MODELS OF CONSUMER RESEARCH**

#### **CONTENTS**

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Consumer Research Paradigms
3.2	Positivism versus Interpretivism
3.3	Quantitative/Qualitative Research
3.3.1	Comparisons between Qualitative and Quantitative Research Designs
3.3.2	Combining Qualitative and Quantitative Research Findings Conclusion
5.0	Summary
6.0	Tutor Marked Assignment
7.0	References/Further Readings

#### **1.0      INTRODUCTION**

The field of consumer research developed as an extension of the field of marketing research. Just like the findings of marketing research are used to improve managerial decision making, so too are the findings of consumer research. Consumer research enables marketers to study and understand consumers' needs and wants and how they make consumption decisions. This unit discusses the different consumer research perspectives and or paradigms, comparing and contrasting their different approaches to consumer research.

#### **2.0      OBJECTIVES**

At the end of this unit you should be able to:

- differentiate qualitative from quantitative research;
- describe how marketers combine both qualitative and quantitative research findings in making marketing decisions;
- identify qualitative and quantitative research methods; and

- compare and contrast interpretivism and positivism as two major perspectives that seek to understand consumer behavior.

### 3.0 MAIN CONTENT

#### 3.1 Consumer Research Paradigms

Consumer research is the methodology used to study consumer behaviour and takes place at every phase of the consumption process; before, during and after the purchase.

One general way we classify consumer research is in terms of the fundamental assumptions the researchers make about what they study and how they study it. We call a set of beliefs that guide our understanding of the world a **Paradigm**. Just like in other fields of study, a paradigm dominates the discipline of consumer behaviour, however some believe it is in the middle of a paradigm shift – which occurs when a competing paradigm challenges the dominant set of assumptions. The basic set of assumptions underlying the dominant paradigm at this point in time is **Positivism**.

The early researchers gave little thought to the impact of mood, emotions or situations on consumer decisions. They believed that marketing was simply applied economics and that consumers were rational decision makers who objectively evaluated the goods and services available to them and selected those that gave them the highest satisfaction at the lowest cost. Later on the researchers were proved wrong as they came to discover that consumers were not always consciously aware of what motivated them to make certain decisions or choices.

This situation led to the discovery of **Motivational Research** by a Viennese Psychologist, **Ernest Dichter** in **1939**. He used Freudian Psychoanalytic techniques to uncover the hidden motives of consumers. His work led to the development of two different research methodology- quantitative and qualitative that consumer researchers today use to study consumer behaviour.

#### 3.2 Positivism versus Interpretivism

1. **Positivism** also referred to as **modernism** is the basic set of assumption underlying the dominant paradigm in recent times. This perspective has significantly influenced the Western art and science since the late 16<sup>th</sup> century. This perspective is based on the following assumptions:
  - i. It emphasizes that human reason is supreme and there is a single, objective truth that science can discover
  - ii. It encourages us to stress the function of objects and there should be a separation between researcher and subjects in research relationships.
  - iii. Positivism encourages us to celebrate science and technology
  - iv. Positivism emphasizes the existence of real causes and regards the world as a rational, ordered place with a clearly defined past, present and future.

2. **Interpretivism** which is also referred to as **Postmodernism** questions the assumptions of Positivism. Proponents of this perspective argue that our society emphasizes science and technology too much, and they feel that this ordered, rational view of behaviour denies the complex social and cultural world in which we really live. Other proponents of this perspective are of the view that positivism puts so much emphasis on material well being.

Interpretivism by its assumptions stresses the following:

- i. The importance of symbolic, subjective experience and the idea that meaning is in the mind of a person, based on his or her own experiences.
- ii. That the world in which we live is composed of mixture of images and there no wrong or right answers
- iii. That values should not be assigned to products as they help us to create order
- iv. The need to focus on regarding consumption as offering a set of diverse experiences.

### SELF ASSESSMENT EXERCISE

State two major differences between Positivism and Interpretivism

#### Answer

- i. Positivism emphasizes the objective truth that science can discover, while interpretivism stresses the importance of symbolic subjective experiences of individuals.
- ii. Positivism encourages and emphasizes science and technology, while interpretivism advocates the social and the cultural world.

### 3.3.1 Quantitative/Qualitative Research

#### Quantitative Research

Quantitative Research is descriptive in nature and this research approach is known as **positivism**. It is used by researchers to understand the effects of various promotional inputs on the consumer, thus enabling marketers to predict consumer behaviour. The research methods used in quantitative research consists of:

- Experiments
- Survey techniques and
- Observations

The findings are:

- Descriptive
- Empirical
- Generalize- able if they are collected randomly, using a probability sample, and

- the data collected lend themselves to sophisticated statistical analysis because they are quantitative.

## 1. Qualitative Research

Quantitative Research is analytical in nature and is used for understanding consumer experiences. This research approach is known as interpretivism. The qualitative research methods include the following:

- Depth interview
- Focus groups
- Metaphor analysis
- Collage research and projective techniques.

These techniques are administered by highly trained interviewer-analysts who also analyse the findings; hence the findings tend to be somewhat subjective. Because sample sizes are generally small, findings cannot be generalized to larger population. Qualitative research is essential useful in such areas as:

- In obtaining new ideas for promotional campaigns and produce that can be tested more thoroughly in larger, more comprehensive studies.
- In consumer behaviour research by consumer behaviour researchers who are interested in the act of consumption rather than in the act of buying (i.e. decision making).

### 3.3.2 Comparisons between Qualitative and Quantitative Research Designs

S/N	Objective	Qualitative Research	Quantitative Research
1.	Study purpose	Studies designed to provide insights about new product ideas and positioning strategies	Studies aimed at describing a target market- its characteristics
2	Types of question and data collection method	Open-ended, unstructured questions and further probing by the interviewer.	Closed –ended questions with predefined possible responses and open-ended questions that have to be coded numerically
3.	Sampling methods	Small probability samples; the samples are generally not representative of the universe under study	Large probability samples, providing that the data collection instruments are valid and reliable, the result can be as representative of the

			universe
4.	Data Analysis	Data collected are analysed by the researchers who have collected it and who have expertise in the behavioural sciences	The data is collected by a field force retained by the researcher and then coded, tabulated and entered into the data base

### 3.3.3 Combining Qualitative and Quantitative Research Findings

Marketers often use a combination of quantitative and qualitative research to help make strategic marketing decisions. They do this by using qualitative research findings to discover new ideas and to develop promotional strategy. On the other hand, they use qualitative research findings to predict consumer reactions to various promotional inputs. From time to time, Ideas arising from qualitative research are tested empirically through quantitative studies. The predictions made possible by quantitative research and the understanding provided by qualitative research together produce a richer and more robust profile of consumer behaviour than either research approach used alone.

#### SELF-ASSESSMENT EXERCISE

State in three ways, how the quantitative research method differs from the qualitative research method.

#### Answer

The quantitative research methods consist of:

- i. Experiments
- ii. Survey techniques and
- iii. Observation

While the qualitative research methods consist of:

- i. Depth interview
- ii. Focus groups and
- iii. Metaphor analysis

## 4.0 CONCLUSION

There are many perspectives on consumer behaviour, but we can roughly divide research into two approaches: The positivist perspective which emphasizes the objectivity of science and the consumer as a rational decision maker and the research approach is quantitative in nature. There is the interpretivist perspective, which in contrast stresses the subjective meaning of the consumer's individual experience and

the idea that any behaviour is subject to multiple interpretations rather than to one single explanation.

## **5.0 SUMMARY**

The field of consumer research developed as an extension of the field of marketing research to enable marketers to predict how consumers would react in the market place and to understand the reasons they made the purchase decisions they did. Consumer research undertaken from a managerial perspective to improve strategic marketing decisions is known as positivism. Positivist research is quantitative and empirical and tries to identify cause and effect relationships in buying situations. It is often supplemented with qualitative research.

Qualitative research is concerned with probing deep within the consumer's psyche to understand the motivations, feelings and emotions that drive consumer behaviour. Qualitative research findings cannot be projected to larger populations but are used primarily to provide new ideas and insights for the development of positioning strategies. Interpretivism, a qualitative research perspective is generally more concerned with understanding the act of consuming rather than the act of buying (decision making).

## **6.0 TUTOR MARKED ASSIGNMENT**

1. Discuss the evolution of motivational research
2. Compare and contrast positivism and interpretivism
3. How does qualitative research design differ from quantitative research design?
4. Explain how marketers combine qualitative and quantitative research findings to make marketing decisions

## **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 2 THE CONSUMER RESEARCH PROCESS**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Developing Research Objectives
  - 3.2 Collecting Secondary Data
  - 3.3 Designing Primary Research
    - 3.3.1 Quantitative Research Design
    - 3.3.2 Quantitative Research Collection Instruments
    - 3.3.3 Qualitative Research Designs and Data Collection Methods
  - 3.4 Data Analysis and Reporting Research Findings
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignments
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

This unit discusses the major steps involved in the consumer research process and these steps include the development of research objectives, the collection of data, the designing of primary research, Data analysis and reporting research findings.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- enumerate the steps involved in the research process;
- differentiate secondary data from primary data; and
- determine the basis for the design of a research study
- differentiate between qualitative research data

### **3.0 MAIN CONTENT**

#### **3.1 Developing Research Objectives**

This is the first and the most difficult step in the consumer research process. It is important for the marketing manager and the research manager to define and agree at the outset on the purposes and objectives of the study to ensure that the research design is appropriate. This can be done through a carefully thought-out statement of objectives, which helps to define the type and the level of information needed. The statement of objectives will help to determine whether the research will involve a qualitative or a quantitative study. For example, if the purpose of the study is to come

up with new ideas for products or promotional campaigns, it will entail a qualitative study and if it is to find out how many people in the population i.e. the percentage of people that use certain products, then a quantitative study will be adopted.

### 3.2 Collecting Secondary Data

After the statement of objectives, the next step is the search for secondary data. A secondary data is any information originally generated for some purpose other than the present research objectives (i.e. the original data performed by the individual researchers or organizations to meet specific objectives, which is referred to as **primary data**). Secondary data includes both internal and external data.

**Internal Secondary data** consists of such information as data generated in-house by earlier studies as well as analysis of customer files, such as past customer transaction, letters from customers, sales call reports and data collected via warranty cards. The use of internal secondary data by companies to compute customer lifetime value profiles has been on the increase. These profiles include:

- i. Customer acquisition costs (the resources needed to establish a relationship with the customer)
- ii. The profits generated from individual sales to each customer.
- iii. The costs of handling customers and their orders (some customers may place more complex and variable orders that cost more to handle) and
- iv. The expected duration of the relationship.

**External Secondary data** consists of any data collected by an outside organization. The major source of these data is the federal government, which publishes information collected by a various government agencies about the economy, business and virtually all demographics of a country's population.

### SELF ASSESSMENT EXERCISE

What do you understand by primary data and secondary data?

#### Answer

A primary data is the original data performed by the individual researchers or organizations to meet specific objectives, while secondary data is any information originally generated for some purpose other than the present research objectives.

### 3.3 Designing Primary Research

The design of a research study is based on the purposes of the study. If descriptive information is needed, then a quantitative study is likely to be undertaken and if the purpose is to get new ideas, for example, for positioning or repositioning of a new idea, then a qualitative study is undertaken. Because the approach of each type of

study differs in terms of method of data collection, sample design, and type of data collection instrument used, each research approach will be discussed separately.

### 3.3.1 Quantitative Research Designs

A quantitative research study consists of a research design, the data collection methods and instruments to be used and the sample design. Three basic designs are used in quantitative research and these are:

- (a) Observation Research
- (b) Experimentation (in a laboratory or in the field e.g. a retail store) or
- (c) Survey (i.e. by questioning people)

#### a. Observational Research

This is an important method of consumer research because marketers recognize that the best way to gain an in-depth understanding of the relationship between people and products is by watching them in the process of buying and or using the products. Doing so enables observational researchers to comprehend what the product symbolizes to a consumer and provides greater insight into the bond between people and products that is the essence of brand loyalty. Many large corporations and advertising agencies use trained researchers or observers to watch, note and sometimes videotape consumers in stores, shopping malls or their homes to study their responses to products. There are different types of Observational research and these are:

- i. **Mechanical observation** - is a form of observation whereby mechanical or electronic devices are used to record customer behaviour or responses to a particular marketing stimulus. For example, government planners use data collected from electronic pass devices placed at toll gates to decide which roads should be expanded.
- ii. **Psychological observation** - marketers use psychological devices to monitor respondents' pattern of information processing. For example an electronic eye camera may be used to monitor the eye movements of subjects looking at a series of advertisements for various products and electronic sensors placed on the subject's heads can monitor the brain activity and attentiveness levels involved in viewing each advertisement.

#### b. Experimentation

Testing of the relative sales appeal of many types of variables such as package design, prices, promotional offers, or copy themes is made possible through experiments designed to identify cause and effect. In such experiments called causal research, only some variables are manipulated i.e. the independent variable, while the dependent or all other variables are kept constant. This is referred to as a **controlled experiment** and this type of experiment ensures that any difference in the outcome, the dependent

variable is due to different treatments of the variable under study and not to extraneous variable.

**Test Marketing** is a major application of causal research, whereby elements such as package, price, and promotion are manipulated in a controlled setting in order to predict sales or gauge the possible responses to the product prior to launching the product.

### c. Surveys

If researchers wish to ask consumers about their purchase preferences and consumption experiences, they can do so in person, by mail, by telephone or online. All of these are referred to as the survey method and each of these survey methods has certain advantages and disadvantages that the researcher might weigh when selecting the method of contact.

- i. **Personal interview surveys** – This usually takes place in the home or in retail shopping areas. However, retail shopping surveys or otherwise referred to as **mall intercepts** are used more frequently than home interviews due to the reluctance of people to allow strangers into their homes and the high incidence of working women as few women stay at home these days due challenging economic situations.
- ii. **Telephone surveys** – These are also used to collect consumer data; however evenings and weekends are often the only times to reach telephone respondents, who tend to be less responsive and sometimes even hostile to calls that interrupt their dinner, television viewing or general relaxation after an otherwise hectic day at work. There is also the difficulty of reaching people with unregistered numbers.
- iii. **Mail Surveys** – These are conducted by sending questionnaires directly to individuals at their homes. One of the major problems of mail questionnaires is a low response rate, but researchers have developed a number of techniques to increase returns such as enclosing a stamped, self- addressed envelope, using a provocative questionnaire and sending pre-notification letters as well as follow-up letters.
- iv. **Online surveys** – These are sometimes conducted on the internet. Respondents are directed to the marketer's or researcher's web site by computer adverts or home pages. Because the sample's respondents are self-selected, the results cannot be projected to the larger population. However, researchers who conduct computer polling believe that anonymity of the internet encourages respondents to be more forthright and honest than they would be if asked the same questions in person or by mail; others believe that the data collected may be suspect because some respondents may create new online personalities that do not reflect their own beliefs or behaviour.

## SELF ASSESSMENT EXERCISE

List the three basic designs used in quantitative research and give an example of each

### Answer

The three basic designs used in quantitative research are:

- I. Observation – example, mechanical observation
- II. Experimentation – example, controlled experiment
- III. Survey – example, personal interview survey.

### 3.3.2 Quantitative Research Data Collection Instruments

Data collection instruments are developed as part of a study's total research design to regulate the collection of data and to ensure that all respondents are asked the same questions in the same order. Data collection instruments include:

- i. Questionnaires
- ii. Attitude scales.

Data collection instruments are usually pretested and clarified to assure the validity and the reliability of the research study. A study is said to be **valid** if it collects the appropriate data needed to answer the questions or the objectives stated in the first stage of the research process. A study is said to be **reliable** if the same questions asked of a similar sample produce the same findings.

#### I. Questionnaires

The primary data collection instrument for quantitative research is the questionnaire which can be sent through the mail to selected respondents for self-administration or can be administered by field interviewers in person or by telephone. In order to motivate respondents to take the time to respond to surveys, researchers try to make the questionnaires interesting, objective, unambiguous, easy to complete and generally less burdensome. The questions can be disguised or undisguised as to its true purpose as disguised questionnaires sometimes yields more truthful answers. The questions can be open-ended or closed-ended. Open-ended questions tend to yield more insightful information.

#### II. Attitude Scales

Researchers often present respondents with a list of products or product attributes for which they are asked to indicate their relative feelings or evaluations. The instrument most frequently used to capture this evaluative data are called attitude scales and the most frequently used attitude scales are:

- a. Likert Scales

- b. Semantic Differential Scales
  - c. Behaviour Intention Scales
  - d. Rank-order Scale
- **Likert Scales** – it is the most popular, easy to read, interpret and simple for consumers to answer. They check or write the number corresponding to their level of agreement or disagreement. Its principal benefit is that it gives the researcher option of considering the responses to each statement separately or of combining the responses
  - **Semantic Differential Scales** – This is easy to construct and administer. It consists of series of two different or contrary adjectives like cold / hot, good / bad, like /dislike etc anchored at the end of an odd-numbered for example, five or seven point continuum. Respondents are asked to evaluate a concept may be a product or a company on the basis of each attribute by checking the point on the continuum that best reflects their feelings or beliefs.
  - **Behaviour Intention Scales** - This measures the likelihood that consumers will act in a certain way in the future, such as buying the product again or recommending it to a friend. The scales are easy to construct and customers are asked to make subjective judgments regarding their future behaviour.
  - **Rank –order Scales** – Here, subjects are asked to rank items such as products or retail stores in order of preference in terms of criterion such as overall quality or value for money. Rank – order scaling procedures provide important competitive information and enable marketers to identify needed areas of improvement in product design and product positioning.

### 3.3.3 Qualitative Research Designs and Data Collection Methods

When it comes to selecting appropriate research format for a qualitative study, the researcher has to take into consideration the purpose of the study and the types of data needed. The research methods which may differ in composition all have roots in psychoanalytic and clinical aspect of psychology and they stress open-ended and free response type questions.

The key data collection techniques for quantitative studies are:

- i. Depth Interviews
- ii. Focus Groups
- iii. Projective Techniques and
- iv. Metaphor Analysis

#### i. Depth Interviews

In depth interviews, respondents are encouraged to talk freely about their attitudes, interest in addition to the product category or brand under study. The interview which is between a respondent and a highly trained interviewer is usually lengthy, lasting between 30minutes to an hour. The interviewer minimizes his or her participation in

the discussion after establishing the general subject to be discussed and afterwards the interviewer carefully studies the transcripts, videotape or audiotape recordings of the interviews together with reports of respondent's moods, gestures or body languages. These studies provide markets with valuable ideas about product design and insights for positioning or repositioning.

## ii. Focus Group

This consists of 8 to 10 respondents who meet to with a moderator cum analyst for a group discussion focused on a particular product or any subject of research interest. Researchers are then encouraged to discuss their interests, attitudes, reactions, motives and feelings about the product, usage experience and so on. The interview with the focus groups are held in specially designed conference rooms and are taped and sometimes videotaped to assist in the analysis, this usually takes about 2hours to complete. The respondents are recruited on the basis of a carefully drawn consumer profile called  **Screener Questionnaire**, which is based on specifications by the marketing management.

## iii. Projective Techniques

These consist of a variety of disguised tests which are designed to tap the underlying motives of individuals despite their unconscious rationalization or efforts at conscious concealment. They may be in the form of incomplete sentences, untitled pictures or cartoons, ink blots and word association. They are sometimes administered as part of a focus group and are used for researching consumer needs and motivations.

## iv. Metaphor Analysis

This emerged in the 1990s to counter the lapses that may arise in communication in the course of consumer research. The research method suggests that most communication is nonverbal and that people do not think in words but in images. - Therefore if consumers' thought processes consist of series of images or pictures in their minds, then it is likely that many respondents cannot adequately convey their feelings and attitudes about the research subject i.e. product or brand through the use of word alone. It is therefore important to enable consumers to represent their images in an alternate, nonverbal form through the use of may be drawings, pictures or music. The use of any of these forms of expression to describe or represent feelings about another is referred to as **Metaphor**.

## SELF ASSESSMENT EXERCISE

Mention two quantitative research data collection instruments you have learnt and two ways each of these instruments can be administered.

**Answer**

- a. Quantitative research data collection instruments I have learnt are
  - i. Questionnaires
  - ii. Attitude scales
- b. These instruments can be administered through these ways
  - i. Questionnaires – through mails or by field interviewers in person
  - ii. Attitude scales – through the use of Likert scale and semantic differential scale

**3.4 Data Analysis and Reporting Research Findings**

In qualitative research, the moderator or test administrator usually analyzes the responses received.

In quantitative research on the other hand, the other hand, researcher supervises the analysis; open ended responses are first coded and quantified by converting them into numerical scores and then all of the responses are tabulated and analyzed using sophisticated analytical programs that correlate the data by selected variables.

In both qualitative and quantitative research, the research report includes a brief executive summary of the findings. Depending on the assignment from of the marketing management, the research report may or may not include recommendations for marketing action.

The body of the report included full description of the methodology used and, for quantitative research, also includes tables and graphics to support the findings. A sample of the questionnaire is usually included in the appendix to enable management to evaluate the objectivity of the findings

**4.0 CONCLUSION**

The consumer research process, whether qualitative or quantitative in approach consists of six steps which are: defining the objectives, collecting secondary data, developing a research design, collecting primary data analyzing the data and preparing a report of the findings. The research objectives should be formulated jointly by the marketer and the person or company that will conduct the actual research. Findings from secondary data and exploratory research are used to refine the research objectives.

**5.0 SUMMARY**

The field of consumer research developed as an extension of the field of marketing research to enable marketers to predict how consumers would react in the marketplace and to understand the reasons they made the purchase decisions they did. Consumer research undertaken from a managerial perspective to improve strategic marketing decisions is quantitative and empirical and tries to identify cause-and-effect

relationships in buying situations. This is often supplemented with qualitative research. Qualitative research is concerned with probing deep within the consumer's psyche to understand the motivations, feelings and emotions that drive consumer behaviour.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. List and describe the key data collection techniques for quantitative studies
2. Compare and contrast data analysis and reporting research findings in qualitative quantitative research.
3. What do you understand by attitude scales? Write short notes on three attitude scales you know.
4. Observational research is regarded as the best way to gain in-depth information, discuss.

## **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 3 THE INTERDISCIPLINARY INFLUENCES ON THE STUDY OF CONSUMER BEHAVIOUR**

### **CONTENT**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Interdisciplinary Influences on the Study of Consumer Behaviour
  - 3.2 Diversity of Interests of People Who do Consumer Research
  - 3.3 Consumer Research: An Academic or an Applied Focus?
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 6.0 References/Further Reading

### **1.0 INTRODUCTION**

This unit discusses the interdisciplinary influences on the study of consumer behaviour, the interdisciplinary research issues in consumer behaviour and also tries to answer the question, “Should consumer research have an academic or an applied focus?”

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- enumerate the other disciplines that lent some concepts to consumer behavior;
- explain the diversity of interests of people who do consumer research; and
- explain whether consumer research should have an academic or an applied focus.

### **3.0 MAIN CONTENT**

#### **3.1 Interdisciplinary Influences on the Study of Consumer Behaviour**

Consumer behaviour was relatively a new field of study in the mid to late 1960s. This was because it had no history or body of research of its own. Marketing theorist borrowed heavily from concepts developed in other scientific disciplines such as Psychology, sociology, social psychology, anthropology and economics to form the basis of this new marketing discipline. Many early theories concerning consumer behaviour were based on economic theory, (refer to module 1 of this material - Consumer in Economic Theory) on the notion that individuals act rationally to maximize their benefits or satisfaction in the purchase of goods and services.

Current research discovered that consumers are just as likely to purchase impulsively and to be influenced not only by family and friends, by advertisers and role models, but also by mood, situation and emotion.

### **3.2 Diversity of Interest of People who do Consumer Behaviour**

Universities, manufacturers, museums, advertising agencies and governments employ consumer researchers. Several professional groups such as the Association for Consumer Research and the Society for Consumer Psychology have been formed since the mid 1970s.

To gain an idea of the diversity of interests of people who do consumer research, there is need to consider the list of professional associations that sponsor the field's major journal, the journal of Consumer Research: the American Association of Family and Consumer Sciences, the American Statistical Association, the Association for Consumer Research, the Society for Consumer Psychology, the International Communication Association, the American Sociological Association, the Institute of Management Sciences, the American Anthropological Association, the American Marketing Association, the Society for Personality and Social Psychology, the American Association for Public Opinion Research and the American Economic Association.

With all these researchers from diverse backgrounds interested in consumer behaviour and depending on the training and interests of the researchers studying it, they will approach the same consumer phenomenon in different ways and at different levels

#### **SELF ASSESSMENT EXERCISE**

A diversity of people who do consumer research belong to professional associations who sponsor the field's journal. List four of these associations.

#### **Answer**

- i. The Society for Consumer Psychology
- ii. The International Communication Association
- iii. The Society for Personality and Social Psychology
- iv. The American Statistical Association

### **3.3 Consumer Research: An Academic or Applied Focus?**

Many argue that the value of the knowledge generated from consumer research should be judged in terms of its ability to improve the effectiveness of marketing practice and therefore regard the field of consumer behaviour as an applied social science.

However, other researchers are of the view that consumer behaviour should not have a strategic focus at all but rather it should focus on the understanding of consumption for its own sake rather than marketers applying this knowledge to making a profit.

Though most consumer researchers do not hold this rather extreme view, but it has encouraged many to expand the scope of their work beyond the field's traditional focus on the purchase of goods such as food, appliances and car to embrace social problems such as homelessness or environmental preservation.

### **SELF ASSESSMENT EXERCISE**

What is the explanation put forward by those who argue that the field of consumer behaviour is an applied science?

#### **Answer**

Those who argue that the field of consumer behaviour is an applied science explained that the knowledge generated from consumer research should be judged in terms of its ability to improve the effectiveness of marketing practice.

## **4.0 CONCLUSION**

The field of consumer behaviour is interdisciplinary as it is composed of many researchers from many different fields who share an interest in how people interact with the market place. These disciplines are categorised by the degree to which their focus is, whether the individual consumer or the larger society.

## **5.0 SUMMARY**

This unit discussed the interdisciplinary influences on the study of consumer behavior, such as the influence of economics, sociology, psychology and social psychology to mention but a few. The unit also discussed the diversity of the interest of people who do consumer research through several professional associations that sponsor the field of consumer behaviour's major journal. The unit also discussed the different views of researchers as to whether consumer behaviour should be regarded as an academic or an applied science.

## **6.0 TUTOR -MARKED ASSIGNMENT**

1. Consumer behaviour is said to have borrowed some concepts from certain disciplines, name these disciplines
2. What are the major factors that influence consumer's purchasing power with reference to current consumer research?
3. The field of consumer behaviour is an applied science, discuss.

## **7.0 REFERENCES/FURTHER READINGS**

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## UNIT 4 CONTEMPORARY MARKETING TOOLS

### CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Impact of Digital Technologies on Marketing Strategies
  - 3.2 Virtual Consumption and the Power of Crowds
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Readings

### 1.0 INTRODUCTION

Consumer behaviour has changed dramatically in the past decade. Today, consumers can order online many customized products ranging from foot wears, clothing to computers. In fact many have replaced their daily newspapers with customized, online editions of these media and are receiving information from online sources. Also students choosing a university have online access to all the important information about the university just like you have access to National Open University of Nigeria's courses, course materials, virtual classes (online facilitation) and all other information.

This unit discusses the impact of digital technologies on marketing strategies. It also discusses virtual consumption and the power of crowds.

### 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- Identify the impact digital technologies have made in the business environment;
- Explain how the web is changing consumer behavior; and
- Describe the impact the web has on family relationship and social life.

### 3.0 MAIN CONTENT

#### 3.1 Impact of Digital Technologies on Marketing Strategies

Online communication has introduced several dramatic changes into the business environment. Digital technologies allow much greater customization of products, services and promotional messages than older marketing tools. They enable marketers to adapt the elements of the **marketing mix** (company's service/product offering to consumers and the methods and tools it uses to accomplish the exchange) to

consumer's needs more quickly and efficiently and to build and maintain relationship with customers on a greater scale.

The several impact online communication and digital technologies have made in the business environment include the following:

**1. The empowerment of consumers**

Consumers have more power than ever before as they can use “intelligent agents” to locate the best prices for products or services, bid on various marketing offerings, bypass distribution outlets and middlemen and shop for goods around the globe and around the clock from the convenience of their homes.

**2. Consumers have access to more information**

Consumers have access to more information than ever before, they can easily find reviews for products they are considering buying that have been posted by previous buyers, click a button to compare the features of different product models at the sites of online retailers.

**3. Marketers are able to offer more services than ever before**

Digitization of information enables sellers to customize the products and services they are selling and still sell them at reasonable prices. It also allows marketers to customize the promotional messages directed at many customers.

**4. The exchange between marketers and customers becomes more interactive and instantaneous**

Compared with traditional advertising which is one-way street, (i.e. the marketers pay a large sum of money to reach a large number of potential buyers via a mass medium) digital communication on the other hand enables a two-way interactive exchange in which consumers can constantly react to the marketer's message for example, clicking on links within a given web or even by leaving the site.

**5. Ability of marketers to gather more information about customers more quickly and easily**

Marketers are able to track consumers' online behaviour and also gather information by requiring visitors to web sites to register and provide some information about themselves before they get access to the site's features. Thus marketers can construct and update their consumer databases efficiently and inexpensively. This results to many marketers employing **narrowcasting** (a method that enables them to develop and deliver more customized messages to increasingly smaller marketers on a regular basis).

## 6. Impact reaches beyond the PC-based connection to the web

Currently, most of the digital communications between consumers and marketers take place via a PC connected to the web through a phone line, a cable modem or other high-speed connection or wirelessly. On the other hand, the digital revolution has also given us PDAs (Personal Digital Assistants) that are rapidly becoming connected to the web, also wirelessly. Recent development in technology also enables consumers to purchase products via their mobile phones. Some homes now have TV cable boxes that enable two-way communications with broadcasters and all cable subscribers will have such boxes as they move on to high-definition TV. Some companies are merging the TV and the PC into a single device that provides households with hundreds of cable channels, interactive capabilities with broadcasters and high-speed wireless access to the web. These and more are the products made possible by recently developed technologies.

### SELF ASSESSMENT EXERCISE

Identify four of the impacts that digital technologies have made in the business environment.

#### Answer

Four of the impacts that digital technologies have made in the business environment are:

- i. The exchange between marketers and customers becomes more interactive and instantaneous.
- ii. The empowerment of consumers.
- iii. Ability of marketers to gather more information about customers more quickly and easily.
- iv. Consumers have access to more information.

## 3.2 Virtual Consumption and the Power of Crowds

You all will agree that the digital revolution is one of the most significant influences on consumer behaviour and impact of the web will continue to expand as more and more people around the world log in. Many of us are avid surfers and it is hard to imagine a time when texting, Twittering, skypeing or BlackBerrys and iPhones were not accepted as part of daily life.

Electronic marketing has increased convenience because it breaks down many of the barriers time and location cause. You can shop 24/7 without leaving home, you can read today's newspaper without getting drenched in the rain while picking up a hard copy and you don't have to wait for the 6.00 P.M news to find out what the weather will be like tomorrow-at home or around the globe. And with the increasing use of handheld devices and wireless communications, you can get that same information from stock quotes to the weather even when you are away from your computer. It is

not all about businesses selling to consumers, the cyberspace explosion has created a revolution in consumer-to-consumer activity. Just as e-consumers are not limited to local retail outlets in their shopping, they are not limited to their local communities when they look for friends or fellow fans of wine, hip-hop, football, clubs etc. The web provides an easy way for consumers around the world to exchange information about their experiences with products, services, music, restaurants and movies.

After all that is said and done, one question that will continue to prick our minds in our reflective moments is ,” will the web bring people closer together or drive each of us into our own private virtual world?” Most people who have access to the internet are spending less time with friends and family, less time shopping in stores and more time working at home after hours. Research shows that one-third of people who have access to the internet are online at least 5 hours a week and also 60percent of internet users say they have reduced their television viewing, and one-third say they spend less time reading newspapers.

A study by the Pew Internet and American Life Project reveals that more than half users of the group surveyed feel that e-mail actually strengthens family ties. Users reported far more off-line social contact than nonusers. These results argue that people spend more time than ever with others, but just that they form strong relationships over the internet instead of in person, however the author of the first survey disagrees as he observed and pointed out that when one spends too much time on the internet, that one doesn't hear a human voice and never gets a hug.

A follow-up study found that it works both ways, as extroverts tend to make even more friends on the Web; while introverts on the other hand feel even more cut off from the rest of the world.

### **SELF ASSESSMENT EXERCISE**

How has electronic marketing increased convenience in the consumption of goods / services and communication?

#### **Answer**

- i. Electronic marketing has increased convenience because it breaks down many of the barriers time and location cause. You can shop 24/7 without leaving home, you can read today's newspaper without getting drenched in the rain while picking up a hard copy and you don't have to wait for the 6.00 P.M news to find out what the weather will be like tomorrow-at home or around the globe.
- ii. The web provides an easy way for consumers around the world to exchange information about their experiences with products, services, music, restaurants and movies.

## 4.0 CONCLUSION

This unit discussed the impact of Digital Technologies on Marketing Strategies and Virtual Consumption and the Power of Crowds. You all will agree that the web is transforming the way consumers interact with companies and with each other. Online commerce allows us to locate new and unfamiliar products from around the world, and consumption communities provide forum for people to share opinions and product recommendations. However, potential problems accompany these benefits, including the loss of privacy and the deterioration of traditional social interactions as people log more time online.

## 5.0 SUMMARY

In this unit, we discussed the contemporary marketing tools in consumer research. The contemporary marketing tools – the digital technologies allow much greater customization of products, services and promotional messages than do older marketing tools. The digital revolution is one of the most significant influences on consumer behaviour as it enables marketers to adapt the elements of the marketing mix to the consumers' needs more quickly and efficiently and to build and maintain relationships with customers on a much greater scale.

## 6.0 TUTOR MARKED ASSIGNMENT

1. Has the web brought people closer together or driven everyone into his or her own private virtual world? Discuss and support your answers with some evidence.
2. Give five examples of the several impact online communication and digital technologies have made in the business environment.
3. Digital technologies have made some impacts in the business environment both positive and negative, what are these impacts?

## 7.0 REFERENCES/FURTHER READINGS

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## UNIT 5 NEW MESSAGE FORMATS

### CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Mobile Commerce
  - 3.2 Social Media Platforms
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Readings

### 1.0 INTRODUCTION

The array of new ways of transmitting information in both text and picture form offers marketers exciting alternatives to traditional advertising on TV, billboards, magazines and so on. **M-commerce** or mobile commerce is the trend or the craze in our business environment. This unit discusses the Mobile commerce and the different media platforms through which marketers promote their goods and services.

### 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- define mobile commerce;
- distinguish the various social media platforms

### 3.0 MAIN CONTENT

#### 3.1 Mobile Commerce

**Mobile Commerce** or M-commerce involves the promotion of goods and services by marketers through wireless devices , including cell phones, PDAs, and ipods. Tiny cell phones screens have become electronic wallets that buy coke or pay utility bills. In fact owning a cell phone is no longer a status symbol in our environment, what is now a status symbol is the type of cell (brand and model) and how very expensive the cell phone is.

#### 3.2 Social Media Platforms

If you are on Facebook or MySpace you are one of the one billion people that analysts project will use social media applications globally.

Social media refers to the set of technologies that enable users to create content and share it with a large number of others. Social media is so widespread that in the United States and other developed countries, more people use these platforms than use e-mail and spend more time on these networks than their overall participation online.

Social media platforms include the following:

**i. Blogs**

Bloggng started as a grassroots movement where individuals shared their thoughts on a range of topics from the important and not so important topics. It is a website organized like a diary. The blogger writes his or her thoughts and publishes them on the internet and anyone can read and react to them.

**ii. Video blogging or vlogging**

Here you post video diaries on sites such as YouTube or photos on flicker

**iii. Podcasting**

Here, you create your own radio show that people can listen to either on their computers or iPods.

**iv. Virtual worlds**

These are immersive 3-D digital environments e.g. Second Life.

**v. Twitter**

Here, short messages referred to as “tweets”, with a maximum character of 140 are posted through the site [www.twitter.com](http://www.twitter.com) via text message and email postings. The number of users and the sites continues to grow exponentially as more and more celebrities (Artistes and Soccer stars) post “tweets” to their followers, promoting their music, their football clubs or themselves.

**vi. Widgets**

These are small programmes that users can download onto their desktops or embed in their blogs or profile pages that import some form of live content, for example, a football blogger can place an ESPN, com widget on his blog that displays up-to-the-minute NFL rankings.

**vii. Facebook**

This is the easiest way to keep in touch with friends, family, acquaintances and for marketers to promote their products and services and keep in touch with a network of customers.

**viii. YouTube**

This is a search engine for the most popular videos on the web. It started about eight years ago and over 2 billion videos have been uploaded all over the world by video marketers.

## **SELF ASSESSMENT EXERCISE**

Explain what you understand by “Mobile commerce”

### **Answer**

**Mobile Commerce** or M-commerce involves the promotion of goods and services by marketers through wireless devices , including cell phones, PDAs, and ipods.

## **4.0 CONCLUSION**

This unit discussed the new message formats which basically involves the spread of message to others in their social networks. Marketers promote their goods and services through wireless devices, including cell phones, PDAs, and ipods and this is what is Mobile commerce is about.

## **5.0 SUMMARY**

The new message formats are the craze of the moment and any marketer who has not been caught in the bug yet may be said to be unserious about his business (products and services), as soccer stars and celebrities also promote themselves (profession) through these platforms which include twitter, blogs, video blogging etc.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. What is social media? List and explain four social media platforms you know.
2. Mobile commerce is the trend or the craze in our business environment today, discuss.

## **7.0 REFERENCES/FURTHER READINGS**

Fill, C. (2005) Marketing Communications. New Jersey: Prentice Hall Inc.

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## MODULE 5

Unit 1	Role of the Consumer in Marketing
Unit 2	Group Influence on Consumer
Unit 3	The Nature and Influence of Individual: Predispositions to Consumer Decision Making

### UNIT 1    ROLE OF THE CONSUMER IN MARKETING

#### CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	The meaning of Consumer
3.2	Differences between consumer and customer
3.3	Types of Consumer
3.4	Types of Consumer market
3.5	Types of consumer products
3.6	Roles of Consumers in the Market
3.7	Consumer Perspective and View Points
3.8	Consumer Decision – Process behaviour
4.0	Conclusion
5.0	Summary
6.0	Tutor Marked Assignment
7.0	References/Further Readings

#### 1.0    INTRODUCTION

The consumer is the end user of a specific product or service, they determine to a large extent the sales which eventually enhances the performance of any organization. A product or service organization needs to understand the type of consumers it is targeting with its goods or services because a market exists for the products or services the organisations intend to present into the market. It is important knowing the consumer because it enables the firms to properly present the product or service to the potential buyer, hence increasing sales and profitability.

Again, consumers are classified into diverse forms of which this section will identify and describe seven major types of consumers. The company usually does the marketing of its own products and services, but consumers also play a key role in the marketing process.

Marketers should understand that when developing their plan, that the consumer is the fundamental factor in all decisions related to marketing. The understanding of the roles of consumers in marketing will help the organization to maximize the

effectiveness of her marketing plan. A consumer product is the one bought by final consumers for their personal consumption and usage. It is divided into various types in order to help the business organization to target their business appropriately. Perception and its various processes is a very important aspect of consumer behaviour that determines the purchase of goods and services of an organization. Therefore, organizations should strictly handle their advertising process in a credible way. The consumer decision process and the cognitive dissonance of post-purchase behaviour are very important for the organization to study as it could lead to great patronage and enhance profitability.

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain the meaning of consumer;
- distinguish between the term “consumer” and “customer” in marketing;
- identify the types of consumer
- define market and describe the various types of market
- explain the various types of consumer products and their various characteristics
- explain what consumer perspective is all about and the process of perception
- explain the consumer decision process

## **3.0 MAIN CONTENTS**

### **3.1 The Meaning of Consumer**

In the fields of economics, marketing, and advertising, a consumer is generally defined as the one who pays to consume the goods and services produced by a seller (i.e., company, organization) ([www.boundless.com](http://www.boundless.com)). A consumer can be a person (or group of people), usually classified as an end user or target demographic for a product, good, or service. In the absence of their active demand, the manufacturers would lack a key enthusiasm to produce, which is to sell to consumers.

Consumers may comprise of individual or groups which include schools, families, clubs and any form of organizations, purchasing units within organizations, and even government.

### **SELF ASSESSMENT EXERCISE**

Who is a Consumer?

**Answer:** A consumer is the one who pays to consume the goods and services produced by a seller (i.e., company, organization).

### 3.2 Differences between a Consumer and a Customer

The importance of knowing the differences between a consumer and a customer is very critical in deciding the marketing strategy for product or service. The terms "consumer" and "customer" are frequently used interchangeably, but a consumer and customer are not always the same thing. It must, therefore, be noted that the consumers use products while customers buy them. A consumer may also be a customer and a customer can also be a consumer, but there are circumstances where this varies.

#### Customer

The customer is the one who purchases a product or service. Simply put, it is the consumer that buys the product or service, he pays for getting the product. A customer may or may not use it for themselves. Take, for instance, a person buying milk is a customer, a retailer buying milk for resale is a customer, and a company buying milk to serve its employee is a customer.

#### Consumer

Consumer is the one who uses or consumes a product or service. It is not compulsory that a consumer should purchase the product or service. In case of any other person buying the product, which is consumed by another person, then the other person is the consumer and the buyer is the customer. For example, a person drinking milk purchased by some other person is a consumer. Consumers either buy or does not buy the products that they unavoidably use while customers are people who buy goods and services, but may not use the merchandise themselves. The consumer uses the product or service while Customers pay for the product or service. Consumers have goals and purpose when buying items, customers buy these products and may not use them personally, they either buy them to resell or buy for those who want them.

Consumers relate generally to an individual or family while customers can be an individual, organization or another seller. The consumers play a significant role in the demand for products manufactured by the firms while customers decide if they will buy them or not. Therefore, we can say, consumers and customers, are very vital people in maintaining the balance and profit of one's company. Even if customers are not the same as the consumers of products, they should not be completely ignored in the marketing efforts since they are the ones who control the purse strings.

#### SELF ASSESSMENT EXERCISE

- i. What is the difference between a consumer and a customer?
- ii. In what situation can a customer be a consumer?

- i. **Answer:** A consumer is the end user of a product or service while a customer is the one that pays for the service. A customer is not necessarily a consumer and a consumer is not necessarily a customer.
- ii. **Answer:** a customer can be a consumer if he or she buys for self-consumption.

### 3.3 Types of Consumer

There are different types of goods and services that are normally offered for sale to consumers by companies and manufacturers. A manufacturing company needs to understand the type of consumers it is targeting with its goods in order to know that a market exists for the products they are introducing to the consumers. This is also important because it enables the company to appropriately present the product to the potential purchaser, hence increasing the company's sales and profitability. The different types of consumers which are to be considered include:

#### Seasonal consumers

Many consumers buy and consumed products on a seasonal basis. They shop at specific times when the need for them arises. Cash flow for a business selling seasonal products can be very hard because long periods of the year may be without sales, so it is vital to quickly and effectively target seasonal consumers.

Examples of products that rely on seasonal consumers include: Umbrellas during the rainy season, in the hot season there is demand for cold or icy drinks, in December there is increase purchase for Christmas trees and decorations and in summer there is increasing demand for Beachwear.

#### Personal consumers

These are individuals who purchase goods for personal, family or household use. Examples include purchase of goods for personal use such as car, clothes, mobile phone etc. It is good to wonder why cameras and internet connections were added to cell phones. This is because it will be hard to imagine any individual who would not be eager to take photos and share them with their personal contacts and friends. Manufacturers selling products to personal consumers are constantly looking for ideas for upgrades and add-ons to enhance the appeal of their goods to individuals and hence patronage, which will lead to profitability for the organization.

#### Organizational consumers

This category of Consumers, purchase products for organizations, governments or businesses. They buy in bulk and may place long-term recurring orders for the product they want to purchase. The organizational consumers are generally highly prized and sought after by Companies. The Products and services offered to them are often expected to meet very strict standards or meet the specific requirements of the buyer and negotiated at specific prices. The Manufacturers and service providers who target

these consumers are expected to be flexible in sale negotiation, but rigid in maintaining product quality.

### **Impulse buyers**

There are situations when consumers make unplanned buying decisions, they are called Impulse buyers. They make swift decisions and immediately purchase the products, due to some kind of emotional appeal which influences their action. The consumers did not really have any initial plan to purchase, so product placement is very important. The Manufacturers who want to target impulse buyers will need their goods to be featured prominently in a store. The examples of impulse products are Chocolates, Cookies and novelty items. The impulse buyers can be targeted by offering them significant discounts or immediate service.

### **Need-based consumers**

Need-based consumers buy goods and services when they are needed and not at any other time. Many of the hardware products are sold to the need-based consumers. A need for a certain product normally makes consumers buy it because it is needed immediately for a certain purpose. The marketers should create a sense of need for this type of product, for it to be sold to consumers. Examples are Computer accessories, paint, light bulb, air conditioning, life insurance etc.

### **Discount driven consumers**

They are the type of consumers who purchase goods and services primarily for the discounts on offer. They may not engage in any buying activity until discounts are been offered on products they like. Discount driven buyers are price sensitive and would like to make a purchase when they are given discounts as opposed to when they are sold for full price. Coupons and stock are usually sold to consumers at discount. Manufacturers, retailers and service providers may offer discounts during the period of recession or harsh economic conditions to cushion the effect this will have on consumers.

### **Habitual consumers**

Habitual consumers are those who cannot do without using certain brands or types of goods. The consumers, as a result of this, developed loyalty to that brand. Marketers normally work hard to create brand loyalty amongst their consumers for such products as body lotion, soda, groceries or clothes. Also, Cigarettes and alcohol are examples of products that may be targeted at habitual consumers. Advertising is often used to communicate appeal to habitual consumers.

## **SELF ASSESSMENT EXERCISE**

List and discuss the various types of consumer.

**Answer:** The various types of consumers include: seasonal, personal, organizational, impulse, habitual, discount-driven and need-based consumers.

### **3.4 Roles of Consumer in Marketing**

The three basic roles played by the consumer in marketing include the following:

#### **Marketing research**

The consumers play a major role in marketing research before a product or service is released to the public. The company must first identify the target consumers, and then invite them to participate in focus groups discussion or send them a questionnaire on key elements of marketing plan to be adopted for the company. This may involve questioning the consumers about the right price to charge and what marketing message appeals to them, particularly when releasing a new product or service to the market.

#### **Product feedback**

The consumer also plays a key role in the feedback-gathering process for a company, when launching a new product to the market or assessing the product performance in relation to other competitors. The company needs to evaluate results and continually monitor consumer needs after the marketing plan has been implemented. For instance, software developers get regular feedback from consumers in order to help them develop new and improved versions of programs.

#### **Bringing in new customer**

This is another major role play by Consumers in Marketing. They act as agents to further the effects of firm's marketing plan to a prospective buyer. With word-of-mouth marketing, consumers who have used a firm product can assist in referring other consumers to the product. This marketing strategy is very effective because individuals tend to trust people they know when it comes to trying new products and services.

### **SELF ASSESSMENT EXERCISE**

Discuss the roles of consumer in marketing

**Answer:** A candidate is expected to discuss the three basic roles of consumer i.e. marketing research role, product feedback role and their role in bringing in new customers.

### 3.5 Types of Consumer Market

The Market involves two or more parties who engage in the exchange of goods, services, and information. A market can also be described as a place where two or more parties are engaged in buying and selling of products or services. It allows buyers and sellers of a good or service to interact in order to facilitate an exchange between the two parties involved. In addition to targeting specific types of consumers or segments, Businesses can tailor their products and services to different types of macro marketplaces. Firms can sell the same product or service differently in various markets by modifying what they offer, their pricing, promotional strategies, and distribution channels. This section, therefore, identifies and explain five various types of the consumer market.

#### (a). Business to Business (B2B)

B2B is a business model which facilitates business transactions from one company to the other, for example, an engineering manufacturing company which provides equipment to the Construction Company. In a situation where a firm sells to other businesses, she is participating in the business-to-business market. This requires a greater emphasis on customer education and proof of benefit than on desirability, status or other emotional sales pitches. Business-to-business selling often consists of gathering larger orders from fewer customers, with more personal interaction, rather than advertising and promotions. The B2B market may have subset focusing on the sale of industrial products, consulting services, and financial services.

#### **Industrial**

The industrial market is largely of companies doing business in hard goods such as machinery, materials, chemicals, vehicles, office furniture and supplies. The buyers are usually the manufacturers while the sellers are the suppliers. In Industrial Market, the Suppliers must be experts in their product or service and the overall market. A consultative selling approach is used by the Industrial Market to partner with customers, in order to help solve buyers' problems or meet their specific business goals.

#### **Professional services**

This is another subset of B2B, which consists of providing consulting or delivery of business needs such as marketing, information technology, human resources, benefits planning, management consulting and payroll. There are some commercial services, especially those involving information technology systems, including the sale of hard goods such as computers and software. Many sole entrepreneurs offer professional services such as consultancy, while a variety of other services such as advertising, public relations, promotions and media buying are grouped under the same umbrella.

## **Financial services**

This aspect of commercial services market deals with selling of financial services. This includes banking, insurance, commercial credit and lending, tax planning, investments and asset management and consulting publicly traded companies. The Financial services professionals are certified, highly trained, licensed or bonded. Financial services providers often must follow specific government rules and regulations for them to operate effectively.

### **(b). Business-to-government (B2G)**

This is a derivative of B2B marketing and is often referred to as a "public sector marketing" which encompasses marketing of products and services to various government levels such as federal, state and local. This is done through integrated marketing communications techniques such as strategic public relations, branding, marketing communications(marcom), advertising, and web-based communications.

### **(c). Business to consumer market (B2C)**

It is the usual one where the online retailers sell directly to the consumers. The Retail Market includes the Departmental Stores, Food Chain Outlets, Franchise Stores, Specialty Stores, and Supermarkets. In this type of Consumer Market, new business opportunities are discovered due to the rapidly changing lifestyle and spending pattern of the people, especially in the suburban areas and in small towns. Departmental Stores evolve from the big retail chain houses, as westernized lifestyle and western culture has made them become more prominent in recent time. They usually provide the retailer low-profit margins, while its growth potential is very high. The companies need to modify their business activities, to utilize this growth potential, in accordance with the changing lifestyle and changing consumption trends of the customers. It must be noted also, that when customers receive enough value for money, only then they will be loyal to the brands and will make a repeated purchase.

## **Consumer products market**

In this section, the following major types of consumer products market will be discussed:

### **Durable Goods**

This is a market for different consumer products such as an air conditioner, apparels, bicycles, electrical appliances, electronic goods, FMCG (Fast Moving Consumer Goods), furniture and jewelry. In this market, an aggressive strategy is required because the customers lack loyalty for the brand and tend to quickly shift from one brand to another. The market is characterized by high level of competition among the sellers.

### **Food and beverages market**

This consists of the sub-markets for alcohol, beer, beverages, bakery products, confectionery, dairy products, meat, poultry products and packaged food products. This market is full of growth opportunities because of the changing lifestyle pattern of the people. Consumer awareness and brand loyalty of customers greatly contribute to the growth of this market.

### **Transportation service market**

This consists primarily, the Postal Services, Courier Services, and Logistic Services. The Market is dominated by small and medium enterprises and a few large enterprises. Companies in this type of market, require brand name, strong distribution network and a significant amount of capital investment. The emergence of e-commerce and the increasing use of the internet, has resulted in the opening of new horizons for this type of market. The companies take the advantages of reduced costing, improved customer relationship and accelerated movement of materials to go for strategic tie-ups with international business houses. This enables them make proper use of the new business opportunities arising from increased level of Foreign Direct Investment and Economic Growth.

#### **(d). Consumer to Consumer (C2C)**

This facilitates an online business environment, usually, where customers can trade with each other. The two forms of C2C markets are auctions and classifieds. C2C marketing has become popular with the arrival of the internet, as companies such as eBay and amazon.com have enabled greater interaction between customers. It can be said that C2C represents a market environment where a customer makes the purchase of goods from another customer using a third-party platform to facilitate the deal. The C2C marketplace activity has increased as more companies have entered the space to facilitate business transactions. Many companies target the niche markets by using the platform to list specific products to attract unique consumers.

#### **(e). Consumer to business (C2B)**

In this type of business model, the consumers create value and businesses consume that value. For example, when a consumer suggests an innovative idea for a company, that consumer is creating value for the company if the idea is adopted as input. The C2B model is also called a reverse auction or demand collection model, which enables buyers to name or demand their own price, for a specific good or service. In this kind of situation, the website collects the demand bids and then offers it to participating sellers.

**(f). Characteristics of Consumer Markets**

The characteristics of this market include demographic traits like age and income. The consumer market is the one in which buyers purchase goods and services for consumption rather than resale. However, not all consumers have the same tastes, preferences, and buying habits due to different characteristics which distinguish them from one another. These consumer characteristics include various demographic, psychographic, behaviouristic and geographic traits. Marketers usually define these characteristics through market segmentation, the process of separating and identifying key customer groups.

**Demographic characteristics**

These are based on demographic factors such as differences in gender, age, ethnic background, income, occupation, education, household size, religion, generation, nationality and even social class. They are further defined by a certain range, like companies identifying the age of their consumers in the 18 to 24, 25 to 34, 35 to 54, 55 to 65, and 65+ age groups. Companies often used this range to discover which demographic groups has the majority of their customer base.

It is, therefore, advisable that Companies should target their advertising towards these demographic groups. For example, a new product may be targeted toward 18 to 24-year-olds with incomes between N25,000 and N50,000.

**Psychographic characteristics**

The Psychographic characteristics include interests, activities, opinions, values, and attitudes of customers. Obviously, many products are geared toward a consumer's interest. Examples are Health magazines targeted at expectant mothers who are interested in learning health tips for taking care of a new baby. The consumer interest may include participation in martial arts or basket weaving. The consumers' opinions and attitudes can be both specific and general.

The company understands consumer opinions and attitudes better after conducting a focus group, and use the information obtained to develop advertising campaigns for it products. Consumer values provide the clue about individuals feels on certain social issues, which can be of interest to the company.

**Behaviouristic characteristics**

The Behaviouristic characteristics of consumer markets are product usage rates, brand loyalty, user status and benefits that consumers seek. There are Companies which may like to know how often their consumers visit their restaurants, stores or use their products. The marketing departments of these Companies usually try to distinguish between heavy, medium and light users, whom they can then target with advertising.

Marketers like to know which customers are brand loyalists because those consumers usually only buy the company's brand.

### **Geographic characteristics**

The geographic characteristics are often based on market size, region, population density, and climate. It is possible for a small retailer to find opportunities in a small market in which larger competitors have no interest. Companies that sell Umbrella will likely sell more products during the raining period. Also, Consumers in different regions of the country have differences in food taste and lifestyle. There are rapid changes now in Consumer Markets and it is flooded with new opportunities and new challenges. These changes in the consumers' buying behavior have become an important factor that is creating new opportunities in the consumer market.

### **SELF ASSESSMENT EXERCISE**

Discuss the demographic characteristics of the consumer market.

Answer: Characteristics of consumer markets are based on demographics which include differences in gender, age, ethnic background, income, occupation, education, household size, religion, generation, nationality and social class. They are further defined by a certain range, like companies identifying the age of their consumers in the 18 to 24, 25 to 34, 35 to 54, 55 to 65, and 65+ age groups. Companies often used this range to discover which demographic groups has the majority of their customer base. It is, therefore, advisable that Companies should target their advertising towards these demographic groups. For example, a new product may be targeted toward 18 to 24-year-olds with incomes between N25,000 and N50,000.

It is expected that the company would identify these demographic characteristics through market research surveys, which in turn will be used to know the demographic groups having the majority of their customer base.

## **3.6 Types of Consumer Product**

In marketing, there are four major types of Consumer Product, they are discussed as follows:

### **CONVENIENCE PRODUCT**

The convenience product is the one bought most frequently, immediately and without great comparison or buying effort. Examples include such product as laundry detergents, fast food, sugar, and magazines. They are usually low-priced and placed in many locations which make them readily available to consumers when needed or wanted. These products are classified into *Staples* products which are bought on regular basis; *Impulse* products which are bought with some planning and *Emergency* products which are those bought in urgency.

## **CHARACTERISTICS OF CONVENIENCE PRODUCTS**

The Convenience Products have the following characteristics:

1. They are bought frequently
2. They are purchased at low price
3. The products are easily available in stores
4. The Brand is always acceptable to customers
5. Price and quality of the product is not usually considered when customers want to make purchase.

## **SHOPPING PRODUCT**

Shopping products are those that the customer usually compares on the basis of their attributes such as quality, price, and style when making selection and purchasing decision. Thus, the difference between shopping and convenience product is that the shopping product is usually less frequently purchased and more carefully compared. Therefore, consumers spend much more time and effort in gathering information and comparing alternatives when they want to make the purchase. The types of consumer products that can be regarded as shopping products are furniture, clothing, used cars, airline services etc. As a matter of fact, marketers usually distribute these products through fewer outlets but provide deeper sales support in order to help customers in the comparison effort.

## **CHARACTERISTICS OF SHOPPING PRODUCT**

1. They are Purchased less frequently by customers.
2. Planning is needed for the product purchase.
3. Comparison is needed when customer want to purchase the product.
4. They are usually complex than convenience products.
5. In retail outlets, they are not available.
6. The Customer usually shops for the product.

## **SPECIALTY PRODUCT**

The Specialty products are products and services with unique characteristics or brand identification for which a significant group of consumers is willing to make a special purchase effort. There is a need for special purchase effort to be made for specialty products, but this applies only to certain consumers. The product in this category includes designer clothes, luxurious cars, professional and expensive photographic equipment, etc. In order to buy Roll Royce Car, the buyer would make a special effort, by travelling great distances to buy one. However, there is less comparison for specialty products. Rather, the effort must be understood in terms of time buyers invest to reach dealers that sell the products.

## CHARACTERISTICS OF SPECIALTY PRODUCT

1. The product has unique characteristics
2. The product is purchased less frequently
3. It has a high price
4. The Brand is not acceptable to all customers
5. There is less comparison for specialty products
6. The products are available at special places
7. The products usually offer high status in mind.

Marketing consideration	Types of Consumer Products			
	Convenience	Shopping	Specialty	Unsought
<b>Customer buying behaviour</b>	Frequent purchase, little effort (planning, comparison), low customer involvement	Less frequent purchase, much effort (planning and comparison of brands on price, quality, style etc.)	Strong brand preference and loyalty, special purchase effort, little comparison of brands, low price sensitivity	Little product awareness and knowledge or little interest
<b>Price</b>	Low price	Higher price	High price	Varies
<b>Distribution</b>	Widespread distribution, convenient locations	Selective distribution, fewer outlets	Exclusive distribution in only one or a few outlets	Varies
<b>Promotion</b>	Mass promotion	Advertising and personal selling	More carefully targeted promotion	Aggressive advertising and personal selling
<b>Examples</b>	Toothpaste, magazines, laundry detergent	Television, furniture, clothing	Luxury goods (e.g. Rolex watch), designer clothing	Life insurance or pre-planned funeral service

**Source:** Kotler & Armstrong (2014): Principles of Marketing (15 Edition). Pearson Education Ltd. Pp 251.

## UNSOUGHT PRODUCT

The Unsought products are those which a consumer either does not know about or knows about but does not consider buying under normal conditions. Thus, in this product, the consumers do not think about it normally, at least not until it is needed. Most new innovations by Companies are unsought products until consumers become aware of them. Other examples of these products are life insurance, pre-planned funeral services etc.

The unsought products, due to their nature, often require much more advertising, selling and marketing efforts than other types of consumer products.

## CHARACTERISTICS OF UNSOUGHT PRODUCT

1. The product required a lot of advertisement
2. It also requires Personal selling
3. A lot of Marketing efforts is needed to sell the product.

## SELF ASSESSMENT EXERCISE

List the various types of consumer products.

Answer: The various types of consumer products are listed below:

1. Convenience product
2. Shopping product
3. Specialty product
4. Unsought product

### 3.7 Consumer Perception and Overview Contents

Perception according to Arun & N Meenakshi (2013), is a process by which a person selects, organizes and interprets sensory stimulation to form a meaningful picture of the world. It is the process by which a consumer makes sense of the information that s/he receives.

The individual forms different perceptions about the same stimulus, based on these three perceptual processes, which are: selective attention, selective distortion, and selective retention. People are exposed to a great number of stimuli on a daily basis and it is impossible to pay attention to all these stimuli.

- **Selective attention:** People cannot pay attention to all the exposures for the day therefore, there is the tendency for people to screen out most of the information to which they are exposed. This means that marketers have to work very hard to drag customers' attention.

- **Selective distortion:** Consumers proceed to make sense of the information that they have paid attention to. They interpret the stimuli and assign meaning to it. They can distort information they receive, and oppose attitudes and views of others. They may pretend not to hear the message at all. It is possible that the source of the message can be discounted and discredited.
- Therefore, a marketer should communicate clearly and leave no scope for the customer to interpret in any other way. The source of the message should be very credible and authoritative that customer cannot discredit and the message should be very forceful and credible that the customers cannot discount it.
- **Selective retention:** A customer remembers only a few messages, and they are the ones which are in line with his existing beliefs and attitudes. Selective retention helps to reduce cognitive dissonance, for example, a customer remembers only positive reviews of the product he has bought recently. The customer actively discounts the negative reviews and at the same time discredit their sources.

The information from the word of mouth concerning the product and advertising must be consistent to aid retention. Perception depends on the customer, the stimuli, and the situation. The quality of the stimuli can be improved to enhance the profitability of exposure, attention, and retention. Communication should be designed in a manner that enables distortion free perception.

### SELF ASSESSMENT EXERCISE

- i. Explain what you understand by consumer perspective.
- ii. List the various process of consumer perspective.

**Answer:** Perception is a process by which a person selects, organizes and interprets sensory stimulation to form a meaningful picture of the world. It can also be described as the process by which a consumer makes sense of the information s/he receives.

**Answer:** Selective attention, selective distortion and selective retention.

### 3.8 The Consumer Decision Process

According to Kumar & N Meenakshi (2013), the buying process is divided into various stages- Need recognition, Information search, Evaluation of alternatives, Purchase and Post-purchase evaluation of decisions. They are discussed as follows:

1. **Problem recognition:** the decision-making process begins with the recognition that a problem or need exists. The need can be triggered by internal stimuli when one of the person's normal needs like hunger, thirst, sex etc. become a drive. Consumer's need is also triggered by external stimuli e.g. an individual can think of a camera after talking to a friend about photography or seeing camera advertisement (Armstrong & Kotler, 2005).

It is, therefore, suggested that at this stage, the marketer should conduct research on consumers' needs or problems, what brought them about, and how it influence consumer's product purchase.

- 2. Information search:** this is the second stage of the consumer buying process, the consumer, after recognizing the need for a product, searches for alternatives that may fulfill his needs, and evaluate these alternatives on the basis of various choice criteria. If the consumer's drive is strong and a satisfying product is near at hand, the consumer is likely to buy them.

The amount of search the consumer does depends on the strength of his/her drive, the amount of information s/he starts with, the ease of obtaining more information, and the satisfaction s/he got from searching. The consumer can obtain information from several sources which include personal, commercial, public and experiential sources. The most effective out of all these sources is the personal sources. In Commercial sources, the buyer is normally informed, while personal sources evaluate products for the buyer. The consumer's awareness and knowledge of the available brands and features increases, as more information is obtained about the brands. It becomes very imperative for a company to design its marketing mix in such a way that the prospects be well aware and knowledgeable about its brand. Also, the Company should carefully identify consumers' sources of information and the importance of each source, in order to come up with effective Marketing policy.

- 3. Evaluation of alternatives:** the marketer needs to know about the various alternatives available to consumers. This will help the consumer processes information that will be needed to arrive at brand choices. Unfortunately, consumers do not use a simple and single evaluation process in all buying situations, they instead use several evaluation processes to arrive the final decision. The manner in which the consumers go about evaluating purchase alternatives depends on the individual consumer and the specific buying situation. In some cases, consumers use careful calculations and logical thinking while at other times, they do little or no evaluation. It means in this kind of situation they buy on impulse and rely on intuition. The consumers may decide on their own; turn to friends, consumer guides, or salespeople to make a product purchase. Marketers should study their buyers, in order to determine how they actually evaluate brand alternatives. This definitely will enable marketers to take necessary steps to influence the buyer's decision.

- 4. Purchase Decision:** the consumer forms purchase intentions at the evaluation stage by deciding to buy the most preferred brand. There are two factors which come between the purchase intention and the purchase decision. The first factor is the attitudes of other consumers while the second factor is unexpected situation factors. The consumer purchase intention may be based on factors such as expected income, price, and product benefits. The possibility of an unexpected event such as loss of job, negative word of mouth etc. may make cause change in the consumers' purchase intention. Thus, preferences and even purchase intentions may not necessarily result in actual product purchase by the consumer.

- 5. Post-purchase Behaviour:** This stage is very important because the marketer's job does not end when the product is bought. The consumer after purchasing the product may be satisfied or dissatisfied, this result into post-purchase behavior, which is of interest to the marketer. The determinant of whether a customer is satisfied or not satisfied with product purchase lies in the relationship between the consumer's expectations and the product perceived performance. This depends on if the product falls short of expectations, the consumer becomes disappointed; if it meets expectations, this result to customers' satisfaction and if it exceeds expectations, then consumer becomes delighted. The gap between expectations and performance determines the level of consumer's satisfaction or dissatisfaction. This means that when consumers' expectation exceeds product performance there will be dissatisfaction and if consumers' expectation is less than the product performance this will result in consumers' satisfaction. Therefore, sellers should make product claims that faithfully represent the product's performance so that buyers are satisfied. It is, therefore, not strange to see some sellers making performance levels seem far below what it is, in order to boost consumer satisfaction with the product. For example, in the case of Toyota Camry Brand, people tend to associate the car with fuel efficiency, while other Nissan Cars are believed to have more fuel efficiency. Customers are delighted with better than expected performance; they make a repeat purchase and give good information to the potential consumer that the products live to their expectation. Cognitive Dissonance: the kind of discomfort caused by post-purchase conflict is what is been referred to as cognitive dissonance after the purchase, consumers are satisfied with getting the benefits of the brand purchased and are happy for avoiding the drawbacks of the brands not bought. However, every purchase involves compromise. Consumers don't feel happy about acquiring the shortcomings of the chosen brand and forfeiting the benefits of the brand not purchased.

Therefore, making them feel some form of post-purchase dissonance for every purchase. It is very important to satisfy customer because a company's sales come from two basic groups- new customers and retained customers. It is costlier to attract new customers than to retain current ones. Marketers have realized that the best way to retain current customers is to make them be satisfied. Customer satisfaction enables the firm to maintain profitable relationships with their customers. This can be achieved through keeping and growing consumers by the firm, thus enabling it to enjoy customer lifetime value. A satisfied customer makes a repeat purchase and says favourable things about the product, pay less attention to competing brands and advertising and buy other product from the company. In contrary, a dissatisfied customer responds differently by passing unfavourable information concerning the company. Therefore, the company should be wise to measure customer satisfaction on a regular basis and create a system that gives room for customer complaints.

### **SELF ASSESSMENT EXERCISE**

Why is it important to satisfy customers?

Explain what is meant by cognitive dissonance.

**Answer:** It is very important to satisfy customer because a company's sales come from two basic groups- new customers and retained customers. It is costlier to attract new customers than to retain current ones. However, it is always good for Company to retain current customers by keeping them satisfied. Customer satisfaction is a key to building profitable relationships with the customer- to keeping and growing consumers and reaping their customer lifetime value. A satisfied customer makes a repeat purchase and says favourable things about the product, pay less attention to competing brands and advertising and buy other product from the company. In contrary, a dissatisfied customer responds differently by passing unfavourable information concerning the company. Therefore, the company should be wise to measure customer satisfaction on a regular basis and create a system that gives room for customer complaints.

**Answer:** The kind of discomfort caused by post-purchase conflict is what is been referred to as cognitive dissonance after the purchase, consumers are satisfied with getting the benefits of the brand purchased and are happy for avoiding the drawbacks of the brands not bought. However, every purchase involves compromise. Consumers don't feel happy about acquiring the disadvantages of the chosen brand and about losing the benefits of the brand not purchased. Therefore, making them feel some form of post-purchase dissonance for every purchase.

#### 4.0 CONCLUSION

Companies should try as much as possible to first find out who their consumer is because they determine to a large extent the sales which eventually enhances the performance of any organization. Also, knowing the types of consumers for goods or services is also important because it enables the company to appropriately present the product or service to the potential buyer, hence increasing sales and profitability. Roles of the consumer in marketing are key profitability factors for the organization because they help in marketing research, bringing in new customers and product feedback. Knowing the types of the consumer market will also help the business organization to tailor their products and services to different types of macro marketplaces. This means that the Company can sell similar product or service differently in various markets by modifying its offering, pricing, promotional strategies and distribution channels. Again, it is not just enough for an organization to go into consumer goods production, it must also be able to know exactly the type of consumer goods or product that it is targeting. Perception being a process by which a person selects, organizes and interprets sensory stimulation to form a meaningful picture of the world, and having various process; means organization should try as much as possible to make the awareness and advertisement of their product very perfect in order for it to be able to influence potential buyers positively. Companies should also be aware that consumers pass through a process which may eventually lead to purchase. However, in order to be able to retain the current customers, the

organization should try to satisfy their customers so that they can have a positive cognitive dissonance of the organization and its product.

## 5.0 SUMMARY

This section has examined who is a consumer, difference between a consumer and a customer, types of the consumer, types of consumer market, types of consumer products, and roles of the consumer in marketing.

It also examined the perception and the various process of perception which could move consumers to the action of whether to purchase or not. Lastly, the section looked into the various process in buying and the cognitive dissonance that may likely happen after a product must have been purchased.

## 6.0 TUTOR MARKED ASSIGNMENT

1. Who is a consumer?
2. What do you think differentiates a consumer from a customer?
3. Discuss the various types of consumer.
4. Enumerate and exhaustively explain the various types of the consumer market.
5. Elucidate the various types of consumer products and their characteristics.
6. What relevance is the role of the consumer in marketing? Discuss.
7. What is perception? Discuss its relevance in buying decision making.
8. Discuss the consumer buying process.

## 7.0 REFERENCES/FURTHER READINGS

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## **UNIT 2      GROUP INFLUENCE ON CONSUMER**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The meaning of Group in Marketing
  - 3.2 Types of Groups in Marketing
  - 3.3 Influence of Groups on Consumer
  - 3.4 Culture and Sub-Cultural Influences of Consumer Behaviour
  - 3.5 Social Stratification
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

A group can be considered as two or more people who have the same norms, values or beliefs. These group members have an interdependent relationship with one another. In Marketing, it is sometimes necessary to consider customers as a group rather than as an individual. This is because it enables Marketers to know what products or services' attribute appeal to the group, which of the group members should be targeted, under what classifications do the customer belongs as a member of the group and what are the cultural differences, peculiarities, and similarities of the group members. Social Stratification can be described as a situation in which people are ranked to different categories or hierarchy in the society. In other words, people are divided into social class. The consumer belongs to a social position in the society known as Social Class. The social class concept assumes that the society is divided into the hierarchy of classes which vary from high class to lower class. In Nigeria, we have the low income, middle income, and high-income, class. The idea of social class enables the consumer's status to be determined in the society. The consumer's status is a reflection of the position s/he occupies in the society and to a certain extent, his/her lifestyle.

The essence of Social Stratification is that it indicates differences in power, status, and wealth distribution amongst individuals and group members in the society. There are certain individuals that are blessed more than others, these individuals have greater power, status and position than others. This is important to a Marketer because it helps in determining the kind of products or services prefer by the different categories of consumers.

## 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the meaning of group;
- explain the various types of group;
- describe how group has influence on consumer;
- explain what is culture and subculture;
- demonstrate how culture has influence on consumer's buying decision making
- define social stratification and the reasons for its importance in consumer behaviour.

## 3.0 MAIN CONTENT

### 3.1 The Meaning of Group in Marketing

Consumers normally belong to one group or the other, in which they relate with one another as members of the same group or completely different groups. This relationship is very important because it allows for better understanding among the group members or different group members. It enables the member to influence the behaviour of other members of the group and as the marketer, this provides a good way of understanding how the group influences the individual members. It enables Marketers to determine the kind of marketing strategy to use when designing product or service offerings to consumers.

A group is described as two or more individuals who share the same norms, values or belief and have a kind of defined relationship with one another, such that their behaviour is interdependent (Khan, 2013). This means that group members because they share the same belief, values or norms are likely to exercise influence on one another in terms of what they need, wants or desire. The extent to which group associate, interact or relate determines how they exert influence on one another.

### SELF ASSESSMENT EXERCISE

Explain the term "Group" as it relates to Marketing.

Answer: Group can be defined as two or more Individuals who share common norm, values or belief and have a defined relationship with one another, in such a way that their behaviour is interdependent on one another. In Marketing, the knowledge of Group members enables a better understanding of how the members influence one another in terms of their needs, wants or desires.

### 3.2 Types of Groups in Marketing

There are various types of groups in Marketing, the common types are:

- (i) **Reference groups** – These are the groups which individuals look to when forming attitudes and opinions (Churcill, Jr & Peter, 1998; Peter & Donnelly, 2009). It also serves as direct (face to face) or indirect points of comparison in forming a person's attitude or behaviour (Kotler & Armstrong, 2012). People are often influenced by another reference group to which they are not members. A person can be exposed to new behaviour and lifestyles through the Reference group. It influences person attitude and self-concept. In a reference group, consumer's choice of products and brand choice may be affected most especially for the product which is visible to others whom s/he respects (Kotler & Armstrong, 2012). The Marketers usually identify the reference groups of their target markets, in order to direct their marketing efforts toward the members.
- (ii) **Primary reference groups** – This includes family and close friends. They are usually small groups which a person or member associated with. The family members have been described as the most important consumer buying organization in any society. It consists of family, friends, peers and business associates with whom there is regular contact among members. The members of the primary reference group exert a lot of influence on one another. This may be, has contributed to marketers' interest in understanding the roles played by the husband, wife, children and other family members in the purchase of products and services for the household (Kotler & Armstrong, 2012; Khan, 2013).
- (iii) **Secondary reference groups** – The members of these groups meet infrequently and are not closely knitted (Khan, 2013). Examples include members of the club, religious groups, shopping group, fraternal organisations, trade or professional associations (Peter & Donnelly, 2009).
- (iv) **Aspirational groups** – Is described as the group which an individual wish to belong or they want to join in the future. It is also known as anticipatory aspirational groups. There is also a Symbolic Aspirational group, in which a person is attached but will not like to belong. Examples of the Symbolic aspirational group include professional sports group and elite group. Marketers normally use a symbolic group to advertise products (Khan, 2013).
- (v). **Membership groups** - Are the types of groups that have a direct influence and to which a person belongs. They have great influence on a person's behaviour and as a result is of interest to Marketers. The Non – membership groups are those which a person is not a member but may wish to become a member in future (Khan, 2013).
- (vi) **Dissociative groups** – They are described as groups that a person wishes to maintain a distance from as a result of differences in values and behaviours (Marshall & Johnston, 2010). It is very important for a Marketer to know what

makes a group to be dissociative to a consumer so as to know the kind of offering that will be tailored to the needs of that consumer.

### **SELF ASSESSMENT EXERCISE**

Ade is a Sale Executive of Kwara Food and Beverages (KFB) Company, the manufacturer of Sweet Yoghurt. The company has just introduced the Yoghurt to the market and there is fear that if effective marketing strategies are not used to target the appropriate customers, the product might fail. As the Marketing Consultant to the KFB company advise her on which of the groups to direct its marketing program.

Answer: The company should direct its marketing program to the Reference group. This is because the individuals look to the Reference Groups when forming attitudes and opinions. The products being a convenience good are bought regularly and its purchase may be influenced by group members. The primary reference group members play an important role when it comes to consumer's decision on what to buy. They are mostly close friends and family. The secondary reference groups are equally important in influencing their members on product purchase. These are members of the same club, religious groups, shopping group, fraternal organisations, trade or professional associations. Please note that any other types of groups can be discussed depending on how the candidate provide his/ her explanation to support his/her views. The most important thing to note is that a reference group offers the best option.

### **3.3 Influence of Groups on Consumer**

In this section, the influence of Groups on the consumer, most especially the Reference Groups is examined and its importance in Marketing is also discussed. Reference Groups are often used in the advertising campaign by Marketers. They employ pleasant scenery and settings to promote their products to consumers (Khan, 2013).

This may be in form of using celebrities, experts, professional, spokesman and opinion leaders to advertise their products to consumers (Khan, 2013). They make their products attractive to consumers through the designing of effective adverting strategies. The various methods of using Reference Groups in advertising products to consumers are discussed below:

**Celebrities:** There are Companies which invest a large amount of their resources in nurturing celebrities for their brands. They do this by building their product lines around the superstars or celebrities. The companies use these celebrities to endorse their products in order to add substantial interest and appeal to the products. However, there may problem where such endorsers are involved in a scandal. This is because it may have an adverse effect on the endorsed brand (Kotler & Armstrong, 2012). Examples of products endorsed by celebrities include Lux, Milo, Bournvita, Peak Milk, Maclean toothpaste etc.

**Spokesman:** They are also called spokesperson, they are well known and respected individuals that serve as an advocate for a product, whose name, over time become associated with the advocated product ([www.businessdictionary.com](http://www.businessdictionary.com)).

**Experts and Professionals:** This involves the use of experts to promote products for companies. The prospective customers try to evaluate the product and decide whether or not to buy the product based on the expert advice or suggestion. Doctors, Sportsmen, and other Professionals are commonly used to promote brands for companies (Khan, 2013).

**Opinion leaders:** These are people who have special skills, knowledge, personality or other characteristics which enable them to exert social influence on others. They are also referred to as the influential or leading adopters, anytime they talk the consumers listen.

Opinion leaders are found useful in the purchases of cars, entertainment, clothing, club membership, electronics, vacation locations, food and financial investment (Kerin, Hartley & Rudelius, 2009). This makes the Marketers identify and direct their marketing efforts toward them (Kotler & Armstrong, 2012).

The study on group influence is very important in Marketing because it enables us to determine the role played by the Opinion leaders in disseminating information about the products and its usage to other customers.

Customers usually share their experience about products with one another and this enables them to evaluate their product experience with performance. In the situation where the customers' experience falls short of expectation, this result to cognitive dissonance. Marketers must address this problem so as to change the customers' negative perception about the product. Opinion leaders are usually young, educated and having high income and more knowledge about the product. They exist for different products, for example, the Pharmacists are Opinion leaders for Pharmaceutical products, Computer Engineers and Professional provide useful information about computers, laptops, and other computer accessories. Also, Medical personnel offers useful advice on health-related products and Security experts provide useful information on security tips and gadgets (Khan, 2013). The Opinion leaders are in better position to provide information about the likes and dislikes of product users, the Marketers, therefore, effectively used them in their commercial campaign to promote products to the consumers.

The consumers tend to rely more on personal words that come from other customers, friends, and associates, than those from commercial sources, such as advertisement and salespeople. This personal word is often referred to as Word-of-mouth communication, it has a powerful influence on consumer buying behaviour and it naturally happens when a customer feels strongly about the brand s/he uses, one way or the other (Kotler & Armstrong, 2012). Word-of-mouth is also known as Buzz and is defined as the communication which is generated about a product in the marketplace. This form of communication has been described as a sound promotional strategy which has greatly reduced the need for costly advertising spending (Marshall & Johnston, 2010). Word of mouth has been described as the most powerful and

authentic information source because it involves friends and the information is considered trustworthy. A lot of product sales are directly based on word of mouth activity among friends, family, and colleagues. The influence it has on consumers has prompted most companies to promote positive and retard negative word of mouth. Marketers have realized that by providing the consumers factual information and giving appropriate product demonstrations have proven helpful to companies (BrandWeek, 2003; Kerin, Hartley & Rudelius, 2009).

### **SELF ASSESSMENT EXERCISE**

Describe the term “Word-of-mouth” communication and enumerate its importance to marketing.

Answer: Word-of-mouth communication is personal word that come from other customers, friends, and associates, rather than those from commercial sources, such as advertisement and salespeople; which has a powerful influence on consumer buying behaviour. It is important to marketing because it serves as a sound promotional strategy which has greatly reduced the need for costly advertising spending. Word-of-mouth communication also serves as the most powerful and authentic information source because it involves friends and the information is considered trustworthy. The influence it has on consumers has prompted most companies to promote positive and retard negative word of mouth.

### **3.4 Culture and Sub-Cultural Influences of Consumer Behaviour**

Culture is one of those important factors which influence consumer behaviour and Marketers have because of this, developed the interest in studying its effect on product preferences among buyers. Culture is referred to as a set of values, ideas, and attitudes that are learned and shared among group members (Kerin, Hartley & Rudelius, 2009). According to Marshall & Johnston (2010), Marketers need to be aware of culture for two reasons which are (i) learning a target market’s culture is essential to an effective marketing strategy and (ii) failing to understand cultural norms has a significant negative effect on product acceptance. Culture includes language, cultural values, and nonverbal communication. Language is an important building block and primary means of communication in any society. Cultural values are described as principles shared by a society which asserts positive ideals. The nonverbal communications are those communication done through facial expressions, eye behaviour, gestures, posture and any other body language (Marshall & Johnston, 2010). Culture has been described as the most basic cause of a person’s wants or behaviour. Human behaviour is learned, this probably explains why a child learns basic values, perceptions, wants and behaviour from his or her family and other institution as s/he grows up. In every society or group, there is cultural variation, which has varying influences on buying behaviour. Marketers, therefore, should not fail to adjust to these differences because it may result in ineffective marketing (Kotler & Armstrong, 2012). It is very important for Marketers to spot cultural shift for them to discover new products that might be wanted as a result of the shift. Today, there is a cultural shift toward health and fitness

which have created demand for health and fitness services, exercise equipment, sports wears, organic foods and variety of diets (Kotler & Armstrong, 2012).

Subcultures are defined as subgroups within the larger, or national, culture with unique values, ideas and attitudes. It is also described as a group within the culture that shares similar cultural artifacts created by differences in ethnicity, religion, race, or geography. Each group normally exhibits sophisticated social and cultural behaviour which affect buying pattern and provide the basis for multicultural marketing programs.

In the United States of America, we have three largest subcultures namely Hispanics, African Americans and Asian Americans (Kerin, Hartley & Rudelius, 2009; Marshall & Johnston, 2010; Kotler & Armstrong, 2012). There are differences in cultures among these subcultures which Marketers must give greater attention. It is, therefore, imperative that the market should be segmented in terms of cultural values and be positioned in a way that will make it appeal to the target segment. The three largest subcultures in Nigeria are Yoruba, Hausa, and Igbo. There are cultural changes in every society which brings about new demands or marketing opportunities, for instance, the desire for more leisure, fun, and enjoyment have created the need for the rise in hospitality and tourism industry. There is an increase in the number of people who engaged in hotel services, travel tours, and entertainment industries. The urge for saving time has led to the demand for fast moving and safer vehicle. The increase in the number of working class mothers has led to the emergence of fast food centres, convenience foods, cooking aids, disposable diapers, telemarketing and E business. The desire to spend a better life after retirement has led to the demand for comprehensive health care and direct housing services. The desire for consumers to live a more natural and healthier life has led to the demand for natural herbal remedies and supplements. In furnishing, there is a change from synthetic to natural fibres (Khan, 2013). There is also, the desire for green products as a result of marketers' concern for the environment. The green marketing revolution has brought about the need for reduction of wastes and recycling of these wastes to safer products.

### **SELF ASSESSMENT EXERCISE**

How are behaviours of groups and individuals influenced by culture?

Answer: Culture can be described as a set of values, ideas, and attitudes that are learned and shared among group members. On the other hand, subcultures are described as a group within the culture that shares similar cultural artifacts created by differences in ethnicity, religion, race, or geography.

There are cultural changes in every society which brings about new demands or marketing opportunities. Culture influences individuals or groups behaviour in the following ways:

- (i) Cultural changes in form of the desire for more leisure, fun, and enjoyment have created the need for the rise in hospitality and tourism industry.
- (ii) The urge for saving time has led to the demand for fast moving and safer vehicle.
- (iii) The increase in the number of working-class mothers has led to the emergence of fast food centres, convenience foods, and cooking aids.
- (iv) The desire to spend a better life after retirement has led to the demand for comprehensive health care and direct housing services.
- (v) The desire for consumers to live a more natural and healthier life has led to the demand for natural herbal remedies and supplements.
- (vi) In furnishing, there is a change from synthetic to natural fibers and
- (vii) There is also, the desire for green products as a result of marketers' concern for the environment.

### **3.5 Social Stratification**

Social Stratification can be described as a situation in which people are ranked to different categories or hierarchy in the society. In other words, people are divided into social class. The relatively, permanent and homogenous divisions in the society, into which people sharing similar values, interests, and behaviour can be grouped is called Social Class (Kerin, Hartley & Rudelius, 2009). Social Class, therefore, develop on the basis of individuals or groups' wealth, skill, and power. It has been established that to a certain extent, individuals within social classes exhibit common values, attitudes, beliefs, lifestyles, and buying behaviours (Kerin, Hartley & Rudelius, 2009; Peter & Donnelly, 2009). Social stratification has been regarded as a reality of life. There are three types of behaviour exhibited by Social Classes which are unique, shared and excluded behaviour. The behaviour of all social classes can be unique within themselves, this means that each social class has its own pattern of purchase, education, occupation, recreation etc. It is a shared behaviour when there are many behaviour that are common between social classes and they behave in a similar manner without much difference. Excluded behaviour is described as the one that social classes do not indulge in or they try to avoid, as it is against their standards and norms (Hawkins, Best, & Coney, 1998; Khan, 2013). There are many social class categories which exist, we have the three major class categories namely: upper, middle, and lower (Kerin, Hartley & Rudelius, 2009).

Also, we have the four different social classes namely: Upper Americans, middle class, working class and lower Americans (Peter & Donnelly, 2009); and the six major class categories namely: Upper Upper class, Lower Upper class, Upper Middle class, lower Middle Class, Upper Lower class and Lower Lower class (Khan, 2013). The three major classes structure is observed in the Great Britain, Western Europe, and Latin America, so also in Nigeria where we have the High-Income Class, Middle Income Class and the Lower Income Class (Kerbo, 2000). People in the upper classes, generally focus on achievements and the future, they think in abstract or symbolic terms. The lower classes when compared with the middle classes have a more short-term orientation, are more emotional than rational in their reasoning, think in concrete

rather than abstract terms and see fewer personal opportunities. The middle class give focus to fashion and buy what the media recommend. They want to spend on worthwhile experiences for children and shop for better brands of clothes at more expensive stores. They consider the appearance of their home as important (Kerin, Hartley & Rudelius, 2009; Peter & Donnelly, 2009). Social Classes are being used as the basis by companies to reach prospects for their products and services. The upper classes are targeted by companies for financial investments, expensive cars, and formal evening wear. The middle classes are the target market for home improvement centers, automobile parts stores, and personal hygiene products. The lower classes are the target for status symbol products enhancing self-esteem, pseudo symbols of prosperity such as used scooters and readily available products (Kerin, Hartley & Rudelius, 2009; Khan, 2013). There are different reasons for shopping and purchases among the social classes. The upper classes shop for pleasures and visit exclusive and sophisticated stores. The upper and middle classes are involved in greater information search for the products and services they want or desire. The lower classes buy less costly products and have much less information (Khan, 2013).

According to Khan (2013), the following process is followed in designing a Marketing strategy using social stratification:

- (i) The marketer relates the group status to the product
- (ii) Data is collected from the targeted social strata
- (iii) The product is positioned according to the social status
- (iv) A proper marketing mix is developed for the social class.

### **SELF ASSESSMENT EXERCISE**

Explain what is Social stratification and their buying patterns.

Answer: Social Stratification is a situation in which people are ranked to different categories or hierarchy in the society. In other words, people are divided into the social class. The relatively, permanent and homogenous divisions in the society, into which people sharing similar values, interests, and behaviour can be grouped is called Social Class. It must be stated that to a certain extent, individuals within social classes exhibit common values, attitudes, beliefs, lifestyles, and buying behaviours. In Nigeria, we have the High-Income Class, Middle Income Class, and the Lower Income Class. Social Classes are being used as the basis by companies to reach prospects for their products and services. The upper classes are targeted by companies for financial investments, expensive cars, and formal evening wear. The middle classes are the target market for home improvement centers, automobile parts stores and personal hygiene products. The lower classes are the target for status symbol products enhancing self-esteem, pseudo symbols of prosperity such as used scooters and readily available products. There are different reasons for shopping and purchases among the social classes. The upper classes shop for pleasures and visit exclusive and sophisticated stores. The upper and middle classes are involved in greater information

search for the products and services they want or desire. The lower classes buy less costly products and have much less information.

#### **4.0 CONCLUSION**

Company should consider customers as a group rather than as an individual, in order to enable her know what products or services' attribute appeal to the group and which of the group members should be targeted. Culture is one of the important factors which influence consumer buying behaviour. The Groups are divided into the hierarchy of classes known as Social Stratification. This indicates that differences exist in power, status and wealth distribution amongst individuals and group members in the society. Marketers are, therefore, encouraged to know the consumer's social position or Social Class in the society for an effective marketing strategy to be designed at their target market segment.

#### **5.0 SUMMARY**

This section has examined the concept of a group in marketing, the common types of groups and their importance to marketing. It has been shown in the section that individuals and groups members exercise great influence on consumer buying behaviour.

Culture contains small subcultures. Also, Cultural changes in every society normally bring about new demands or marketing opportunities. The concept of social stratification enables us to know that consumer occupies the social position or social class in the society. This social position reflects, the lifestyle and status of the consumer. This information helps marketer to determine the kind of products which reflects the life styles and status of the consumer.

#### **6.0 TUTOR MARKED ASSIGNMENT**

1. Explain the types of reference groups that Marketers are having concerned about.
2. Who is an Opinion leader? How relevant is s/he in promoting products to the consumers?
3. Examine how Culture Influences Consumer's buying decision making. Provide Examples where necessary.
4. What is Social stratification? Discuss the relevance of the concept in Marketing.
5. Discuss the important roles played by celebrities, expert/professionals and spokesperson in influencing individuals and groups purchases decision.
6. Describe the major steps involved in designing a Marketing strategy for a Social Class.

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## **UNIT 3 THE NATURE AND INFLUENCE OF INDIVIDUAL: PREDISPOSITIONS TO CONSUMER DECISION MAKING**

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### **1.0 INTRODUCTION**

The way consumers think and feel about products are influenced by situational and psychological factors. The situational factors are those that relate to time and place of observation which has effect on consumer current behaviour while psychological factors show how this information is interpreted, used and influenced the consumer decision making process. Consumer decision making process involves recognizing a need, search for information about alternative needs, evaluate the information obtained, make purchases, and perform post-purchase evaluation. An individual becomes a consumer through learning. The consumer behaviour is thus, learned through a consumer's life experiences, personal characteristics and relationships. The Consumer's Personality is based on his/her interactions with others in different situations.

In this Module, our focus will be based on Personality trait theories because it offers the best insight on consumers buying behaviour.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain the situational influences on consumer buying behaviour;
- identify the psychological influences on consumer buying behaviour;

- discuss the consumer decision making process;
- describe the learning process;
- discuss Personality and its relevance to Consumer buying decisions.

### 3.0 MAIN CONTENT

#### 3.1 Situational influences on Consumer Buying Behaviour

There are certain situational factors which affect consumers either consciously or unconsciously when making attempt to purchase a product or brand. These are factors which are in particular to a time and place of observation that may have a considerable effect on the current behaviour of the consumers (Peter & Donnelly, 2009). They are namely:

- Physical feature – they are very apparent features which include aroma, geographical, institutional, sound, lighting and other material which surround the stimulus object. Examples, may be where the product is located; the product's demand based on weather conditions such as umbrella, raincoat, cardigan, coffee etc.; the kind of aroma in the restaurant or hotels and other physical features which distinguish a product from other ones.
- Social features are those which provide additional description to a product or situation such as presence of other persons, their roles, characteristics and interpersonal characteristics.
- Time – this may be specified in units, ranging from the time of the day to season of the year. This may be expressed relative to the past or future event, time since last purchase or after Purchase and time since or after payday.
- Task features – this includes an intent to perform certain tasks such as select, shop for, or obtain information about a general or specific purchase. It may also reflect different user or buyer roles which are anticipated by the individual. This may involve shopping for personal use or when shopping for a product as a gift to a friend or another person.
- Current conditions – this makes up the final feature that characterizes a situation. There are momentary moods such as situation where one is having acute anxiety, excitement or pleasantness or momentary conditions such as when one has cash on hand, is ill or fatigue.

These situations are different from chronic individual traits, which may be considered to be immediately antecedent to the current situation (Belk, 1975; Hornik, 1982; Park, Iyer & Smith, 1989; Bitner, 1992).

#### SELF ASSESSMENT EXERCISE

Identify the situational influences on brand or product purchase.

Answer: there are five groups of situational influences which are:

- Physical features such as aroma, geographical, institutional, sound, lighting and other material surrounding the object;

- (ii) Social features are those which provide additional description to a product or situation such as presence of other persons, their roles, characteristics and interpersonal characteristics;
- (iii) Time - this may be expressed ranging from time of the day to season of the year; past or future event, and time since last purchase or after purchase;
- (iv) Task features are intent to perform certain tasks such as select, shop for, or obtain information about the general or specific purchase, the consumer wants to make and
- (v) Current conditions which make up the final feature that characterizes a situation. This may be momentary mood or conditions which are different from chronic individual traits.

### **3.2 Psychological influences on Consumer Buying Behaviour**

Consumers are normally predisposed to certain information apart from situational influences, which affect the way they feel and think about a product or brand. These are psychological factors which influence the consumers on how to interpret and use the information for their purchase decisions. The two important psychological factors that will be discussed are consumers product knowledge and product involvement (Peter & Olson, 2005; Peter & Donnelly, 2009).

Product knowledge – this is the amount of information that consumer stored in his/ her memory about particular product classes, forms, brands, models and how to purchase them. Examples include forms of products such as instant or grand coffee; package sizes such as small, medium or large, and stores that sell the product (where to make a purchase). Group, marketing, and situational influences determine the initial level of product knowledge and the changes in it. This may be in form of a customer hearing about the product from a friend (that is, Group Influence), see the advert about the product from a newspaper (that is, Marketing Influence) or see the product on his/ her way to work (that is, Situational influence).

This initial level of product knowledge may determine how much additional information that may be sought by the consumer when deciding to make a purchase. A consumer may, therefore, need to seek for extensive information when purchasing a new product for which he has little product knowledge (Peter & Donnelly, 2009).

Product involvement is the consumer's perception of the importance or personal relevance of a product or item when trying to make a purchase. There are two types of product involvement which are high involvement and low involvement product. The high involvement product requires a high degree of consumer's product knowledge while low involvement are those products which the consumers are familiar with in terms of use and purchase e.g. toothbrush, soap etc. The high involvement product encourages extensive decision making from the consumers so as to ensure that the product purchase is just the right one they intended to purchase (Peter & Donnelly, 2009).

## SELF ASSESSMENT EXERCISE 2

What are the Psychological factors which influence consumer's purchase?

Answer: The psychological factors influence the consumers on how to interpret and use the information for their purchase decisions. The two important psychological factors are consumers product knowledge and product involvement.

Product knowledge is the amount of information that consumer stored in his/ her memory about particular product classes, forms, brands, models and how to purchase them. The initial level of product knowledge may determine how much additional information that may be sought by the consumer when deciding to make a purchase. A consumer may, therefore, need to seek for extensive information when purchasing a new product for which he has little product knowledge.

Product involvement is the consumer's perception of the importance or personal relevance of a product or item when trying to make a purchase. There are two types of product involvement which are high involvement and low involvement product. The high involvement product requires a high degree of consumer's product knowledge while low involvement are those products which the consumers are familiar with in terms of use and purchase e.g. toothbrush, soap etc.

### 3.3 Consumer Decision Making Process

It has been established through several years of Marketing Research that there exists a five-stage model of consumer decision making process (Marshall & Johnston, 2010). The model assumes that Consumer chooses products they want to buy as a result of going through the decision-making process.

It must be stated that in some situations, not everyone must pass through the five stages for every purchase, but consumers normally begin with problem recognition, followed by information search about the product, evaluation of the alternatives, decide on product choice, and finally make post-purchase evaluation. This model is important because it gives a complete decision-making process which occurs when consumers are fully involved in product purchase. According to Peter and Donnelly (2009), there are three types of decision making which are recognized in terms of how complex or expensive a product is and how involved a consumer is in making purchase of the product. They are:

#### i. Extensive decision making

in this situation the consumer expend much time and effort in arriving at the purchase decision because it involves a highly complex or expensive product that is important to the consumer. The purchase of a car, house or computer is very good examples, which may involve a consumer's considerable time and effort in comparing alternatives and deciding on the right choice to make. Marketers must provide

useful information to the consumers that will highlight competitive advantages for such high involvement products (Peter & Donnelly, 2009).

## **ii Limited decision making**

Requires more moderate but some time and effort searching for and comparing alternatives. Consumers normally shop several stores and compare a number of different brands and styles when buying products such as shirts, shoes and electronic items for household use. Marketers prefer to use attractive advertising and in-store displays to make consumers be aware and buy the products.

## **iii. Routine decision making**

They are common, simple, inexpensive and familiar packaged goods purchase by consumers. They often, have developed brand loyalty for those products and are purchased without deliberations. This includes soft drinks, candy bars, chocolate, sardines, corn beef, semovita, milo, biscuits etc. The products need to be available in a variety of outlets at a competitive price. Marketers use celebrity spokespeople other non-product related cues to encourage purchases of the low-involvement products (Peter & Donnelly, 2009).

The five stages in consumer decision making are discussed as follows:

### **3.3.1 Need Recognition**

This is the starting point of consumer buying process, there is recognition of unsatisfied needs by the consumer. The Purchase is initiated by a problem or need which drives the consumer decision making process.

There is problem recognition when a perceived gap occurs between existing and desired consumer position (Khan, 2013). In other words, there is a person's perceived reality of present time known as the real state and the desires that reflect how a person would like to feel in the present time which is known as a preferred state. The balance between the two states does not require anything but when there is a discrepancy, a problem is created and the consumer decision making process begins (Marshall & Johnston, 2010). The gap is created by internal or external drivers. The internal drivers are basic human needs such as hunger, rest, clothing, and security. External drivers occur when people interact with the world. A person may be hungry (the real state) and wants to eat (preferred state). This may lead to other choices such as eat at home or dine out. It must be noted that sometimes when the disparity is not sufficient to drive the person to action, they do not respond to every gap between a real and preferred state (Marshall & Johnston, 2010). Marketers need to understand problem recognition for them to learn about the problems and needs of the target market, in order to create value-added products. Also, key elements of an effective marketing strategy, particularly communication, are based on a good knowledge of problem recognition triggers. Marketers should understand what types of needs consumer may

have. A good classification of needs was developed by Maslow and include five types: physiological, safety, love, esteem, and self actualisation needs (Maslow, 1954; Peter & Donnelly, 2009; Marshall & Johnston, 2010). Maslow was of the view that lower-order needs such as physiological and safety needs must be satisfied before higher-order needs can be satisfied. It is very realistic to note that though the hierarchical arrangement of Maslow's need theory presents a convenient explanation; the various need categories may not follow that order and in most cases, overlap (Peter & Donnelly, 2009).

### 3.3.2 Alternative Search

The individual on realizing his/her needs searches for various alternatives information that will enable the satisfaction of his/her needs. The information needed for a particular purchase decision can be collected from the following sources:

- (i) **Internal sources** - this is done for routine and habitual purchases where the individual may make the purchase with little or no additional information search or evaluation.
- (ii) **Group sources** – this comes from communication with other people such as family, friends, neighbours, and acquaintances.  
The exact nature of the source of information may be difficult to determine but the group source of information is considered to be the most powerful influence on purchase decisions.
- (iii) **Marketing Sources** – this is in the form of information which comes from advertising, salespeople, dealers, packaging, and displays. It represents the primary source of information about a particular product.
- (iv) **Public Sources** are those from publicity such as a newspaper feature article about the product, and independent ratings of the product such as Consumer Reports. The articles and reports often discuss features like dependability and service requirements about the product.
- (v) **Experiential Sources** – this involves handling, examining, and perhaps trying the product while a consumer is shopping. It requires an actual shopping trip by an individual and may be the final source to be consulted before making product purchase (Peter & Donnelly, 2009).

The information obtained from all these sources are then processed for the product evaluation. An individual carries out information processing under the following steps:

- (i) an individual is exposed to information
- (ii) becomes attentive to information
- (iii) understands the information and
- (iv) retains the information (Beatty & Smith, 1987; Srinivasan & Ratchford, 1991; Ozanne, Brucks & Grewal, 1992; Peter & Olson, 2008; Peter & Donnelly, 2009).

### 3.3.3 Alternative Evaluation

The consumer after searching for information, analyse and evaluate possible product choices. They move from many options to a more restricted awareness set and from there to a final consideration set from which a decision is made (Marshall & Johnston, 2010). The individual evaluates the alternatives based on information received from internal and external sources. It has been ascertained that consumers make product choices on three perspectives which are: emotional, attitudinal and attribute-based choice (Marshall & Johnston, 2010). They are explained below:

Emotional choice – this is when purchases are not made for rational reasons but based on feelings, attitude or attribute that consumer has about a product, depending on the situation. The product choice frequently encompasses a mix of all three. Product design and execution give focus on creating an emotional response to the product through marketing communication which connects the product to the target audience by using images and words which are emotional.

Attitude Based choice - this is when people use beliefs and values to direct their product assessment. The consumer creates the awareness set by discarding or including products or brands using existing attitudes. Consumers judge two brands that are relatively similar by looking to existing attitude to guide their decisions (Marshall & Johnston, 2010).

Attribute-based choice – this is the most prevalent approach to product decisions and it is based on the premise that product choices are made by comparing set of defined attributes of the brands. The product features or benefits are considered relevant in making purchase decision. Brand image, prestige, attitudes about a product may also be important evaluative criteria. A brand that is perceived as offering greatest attributes will be the one consumer will like best. The brand that consumer likes best will be the one the consumer will purchase (Sheppard, Hartwick & Warshaw, 1988; Peter & Donnelly, 2009; Marshall & Johnston, 2010).

### 3.3.4 Purchase Decision

The consumer makes actual purchase based on the result from search and evaluation if no other factors intervene after deciding on the brand intended for purchase. The consumer has to take into consideration many decisions before purchase, such as product type, brand model, dealer selection and method of payment etc. According to Marshall and Johnston (2010), the consumer is confronted with five important decisions when making final purchase, and this includes: what, where, how much, when and selection of payment method in respect to the purchase. The consumer may also decide to modify, postpone, or avoid to purchase based on certain perceived risk. Other factors such as store atmosphere, pleasantness or ease of shopping, salesperson assistance, time and financial circumstances can affect whether or not a purchase decision should be made or postponed (McDonald, 1994; Donovan, Rossiter, Marcolyn & Nesdale, 1994; Greenleaf & Lehman, 1995; Kerin, Hartley & Rudelius,

2009; Peter & Donnelly, 2009). The perception of risk may be based on consequences and uncertainties involved. The consumer may see consequences from economic loss, an embarrassment that may result if the product is not good and physical harm as a result of using the product. The perceived risk may be functional (related to financial and performance) or psychosocial (related to, if product will further one's self or reference group image). The amount of risk a consumer perceives in a particular product depends on the price and how other people see the individual using the product. Consumers generally try to reduce risk in their decision making by either reducing negative consequences or reducing the uncertainty about the product.

The widely used strategy to reduce risk is by increasing the certainty of the purchase outcome of the product. This is possible by seeking additional information regarding the proposed purchase (Peter & Donnelly, 2009).

### **3.3.5 Post Purchase Evaluation**

In a situation where the individual finds that a certain response has achieved the desired goal, there is the tendency that such cue-response pattern will be remembered. In other words, the response is likely to be repeated when the cue appears together again, in such occasion, it can be said that there is learning (Peter & Donnelly, 2009). Frequent reinforcement, therefore, increases the habit potential of the particular response and when the response does not satisfy the need adequately, the possibility of the response being repeated is reduced. This simply means that when an individual finds a particular product fulfilling the needs for which the product was purchased, there will be the repurchase of the product the next time the need arises. This will consequently lead to brand loyalty which may be difficult for competing firms to change. There are studies which center on buyer's attitudes, motives or behaviour before, during and after purchase. Specifically, studies have been done to examine post-purchase dissonance and post-purchase satisfaction (Peter & Donnelly, 2009). Post-decision dissonance relates to cognitive dissonance. The cognitive dissonance theory states that there is often lack of harmony among an individual's various cognitions or attitudes and beliefs after a decision has been made. This relates to buying decisions of such products as automobiles, major home appliances, and homes. In these cases, the decision to purchase is usually an important one both financially and psychologically and a number of favourable alternatives are available. Cognitive dissonance is a feeling of post-purchase psychological tension or anxiety that a consumer may experience when faced with two or more highly attractive alternatives (Kerin, Hartley & Rudelius, 2009). The research on post-purchase consumer satisfaction has been based on what is called the disconfirmation paradigm. This approach views satisfaction with products and brands as a result of two other variables which are the expectations a consumer has about a product before making the purchase and the difference between the consumer expectations and post-purchase perceptions of the product performance. The consumer becomes satisfied when the product performed as expected or better than expected and when the product performed worse than expected the consumer becomes dissatisfied. There is no accepted definition about satisfaction or dissatisfaction. Satisfaction can be simply

defined as a situation where product's performance is in line with customer's expectation.

In a situation where the product surpasses the expectancy level and the product's performance is much better than expected this will be a source of satisfaction and delight to consumers. In a situation where the product's performance is below expectation, there will be consumer's dissatisfaction. The customer's dissatisfaction may lead to the following situation:

- (i) Discontinuing purchase of the product which a customer is dissatisfied.
- (ii) Negative words of mouth about the product.
- (iii) Lodges complain about the product to the seller or manufacturer
- (iv) lodges complaint to the third party such as government agencies like courts, consumer protection agency or any law enforcement agency. It is very important for firms to have satisfied customers in order for them to promote positive word of mouth about the firm's product (Khan, 2013).

The Marketer must be careful not to let the pre-purchase expectations exceed the product performance level but try to create a positive expectation that will be consistent with the product's performance (Oliver, 1993; Mano & Oliver, 1993; Peter & Donnelly, 2009).

According to Marshall and Johnston (2010), the four critical characteristics of post-purchase assessment are dissonance, use/non-use, disposition and satisfaction/dissatisfaction.

Dissonance - this is when a high – involvement, large purchases lead to a level of doubt or anxiety. The consumers should try to reduce dissonance by thorough information search and evaluation of alternatives.

Use/Non-use – Marketers should be concerned that the customers use the product correctly. Satisfied customers mean a greater likelihood of buying additional purchases. Many products are purchased but not used, the marketer should ensure that they stimulate product usage by customers. There are expiration dates for many products, this is done in order to encourage customers to use the product quickly and repurchase.

Disposal – marketers are now concerned about how products are disposed once they are no longer in use. This has made environmental issue become popular for marketers and consumers in the world today. Environmentally friendly products are now produced by firms which encourage proper use and disposal of the products.

Satisfaction/ dissatisfaction – products are often evaluated by consumers, this includes if there is any dissonance at the time of purchase, use/nonuse of the product, product disposition, the purchase experience and the value equation. This evaluation results in

consumer's satisfaction or dissatisfaction with the product and purchase decision (Marshall and Johnston,2010).

### **SELF ASSESSMENT EXERCISE**

What are the important stages in the consumer decision process?

Answer: 1. Need Recognition  
 2. Alternative Search  
 3. Alternative evaluation  
 4. Purchase decision  
 5. Post-Purchase evaluation

### **3.4 Learning Process**

Learning as a concept in Marketing is very important because it explains how consumer's behaviour is learned, how they get information about products and services, which criteria they use when assessing alternatives and how they make purchase decisions. According to Marshall and Johnston (2010), learning is described as any change in the content or organization of long-term memory or behaviour. They further gave two fundamental approaches to learning which are conditioning and cognitive learning. Conditioning is creating an association between two stimuli, which are of two types namely: classical and operant conditioning. Classical conditioning associates a stimulus (marketing information) and response (attitude, feeling, behaviour). Operant conditioning entails rewarding a desirable behaviour, for example offering a free sample for a product purchase. Cognitive learning is more active and involves mental processes that acquire information to work through problems and manage life situations (Cunha Jr., Janiszewski & Laran, 2008). Learning is described as changes in individuals behaviour arising from experience. It usually results from (i) repeated experience and (ii) reasoning (Kerin, Hartley & Rudelius, 2009; Kotler & Armstrong, 2012).

Behavioural learning - this is the process of developing automatic responses to a situation built up through repeated exposure to it. The variables that are central to how consumers learn from repeated experience include:

- (i) Drive – this is the need to moves an individual to action, for example, hunger, thirst etc.
- (ii) Cue – is a symbol that is perceived by a consumer.
- (iii) A response – is the action taken by a consumer to satisfy the drive,
- (iv) Reinforcement – is referred to as reward receives from taking action.

The above can be illustrated with this example: when a person is thirsty(drive), he sees an advert for coca cola drink (cue), takes action by buying a bottle of coke (response), and finds the drink tasting good (reward).

There are two concepts from behavioural learning theory: Stimulus generalization and Stimulus discrimination. There is stimulus generalization when a response elicited by one stimulus (cue) is generalized to another stimulus, for example using the same brand name for different products like beer for Guinness Larger Beer and Guilder Larger Beer.

Stimulus discrimination is the ability to perceive differences in stimuli, for example, Consumer's perception of differences in the advert for Bournvita and Milo beverages. Cognitive learning – this is consumer's learning through thinking, reasoning, and mental problem solving without direct experience. This involves making connections between two or more ideas or observing the outcomes of others' behaviour and adjusting to that behaviour accordingly. This can be done through repetition in advertising, for example linking Panadol with a headache with the slogan "Panadol fast relief pains". Learning relates to habit formation which explains why there is a close link between habits and brand loyalty (Kerin, Hartley & Rudelius, 2009). Brand loyalty results from positive reinforcements of the previous action of a consumer's consistent purchase of a brand over time.

### **SELF ASSESSMENT EXERCISE**

What is learning? Discuss the variables which are central to how consumers learn from repeated experience.

Answer: Learning is described as changes in individuals behaviour arising from experience. It usually results from (i) repeated experience and (ii) reasoning. Give examples where necessary.

The variables which are central to how consumers learn from repeated experience include:

- (i) Drive – this is the need to moves an individual to action, for example, hunger, thirst etc.
- (ii) Cue – is a symbol that is perceived by a consumer.
- (iii) A response – is the action taken by a consumer to satisfy the drive,
- (iv) Reinforcement – is referred to as reward receives from taking action.

The above can be illustrated with this example: when a person is thirsty (drive), he sees an advert for coca cola drink (cue), takes action by buying a bottle of coke (response), and finds the drink tasting good (reward).

### **3.5 Personality**

Motivation serves as the energising force that makes consumer behaviour to be purposeful while personality guides and direct consumer's behaviour. Personality is another very important determinant which influences consumer's consumption pattern. A Consumer will always want to use the product that matches his/her

personality. Motivation and Personality are closely related and are used to explain why people do some things and not others. Motivation is described as the energizing force which stimulates behaviour to satisfy a need. Personality refers to a person's consistent behaviours or responses to recurring situations (Kerin, Hartley & Rudelius, 2009; Khan, 2013). There are many theories on Personality but most identify key traits that can be found in a person. The Personality trait theories offer greatest insights on consumers (Marshall & Johnston, 2010). The key traits are the enduring characteristics within a person or in his or her relationship with others. The most common traits identified are assertiveness, extroversion, compliance, dominance, and aggression etc. The traits are inherited or formed at an early age and change little over years (Kerin, Hartley & Rudelius, 2009). The personality trait theories have two basic assumptions which include (i) Each person has a set of consistent, enduring personal characteristics and (ii) those characteristics can be measured to identify differences between individuals. These core traits often lead to outward characteristics which are noticed by people, for example, an extrovert favour the company of others, a conscientious person is usually very careful, precise and organized. This information can help marketers develop product features or marketing communication that incorporate images that will be consistent with the individual's personality. It has been established that compliant people prefer known brand names while aggressive types use razors, not electric shavers (Cohen, 1967; Bartos, 1989; Marshall & Johnston, 2010). The personality characteristics often revealed a person's self-concept, which is the way people see themselves and the way they perceive others are seeing them. The way people see themselves are referred to as actual self while the way others see them is the ideal self. Marketers recognize these two self-images and this is reflected in the type of products or brand offering to consumers. It has been reported also that consumers purchase brands that have a personality that is consistent with their own. There are five brand's personality identified, which include: sincerity, excitement, competence, sophistication, and ruggedness. The knowledge of brand's personality helps marketers to connect their brand to a consumer (Aaker, 1997; Aaker, Fournier & Brassel, 2004; Marshall & Johnston, 2010).

Most well-known brands have a strong association with particular traits, for example, Jeep Cars are known for their ruggedness, Apple with excitement and CNN with competence (Kotler & Armstrong, 2012). These examples show clearly that brands have personality and consumer will want the brand personality that matches with their own.

### **SELF ASSESSMENT EXERCISE**

What is the Personality traits theory and how is it relevant to Marketers?

Answer: The Personality trait theories offer greatest insights on consumers. The key traits are the enduring characteristics within a person or in his or her relationship with others. The most common traits identified are assertiveness, extroversion, compliance, dominance, and aggression etc. The traits are inherited or formed at an early age and change little over years.

This information can help marketers develop product features or marketing communication that incorporate images that will be consistent with the individual's personality. It has been reported also that consumers purchase brands that have a personality that is consistent with their own. The knowledge of brand's personality helps marketers to connect their brand to a consumer. Most well-known brands have a strong association with particular traits, for example, Jeep Cars are known for their ruggedness, Apple with excitement and CNN with competence. These examples show clearly that brands have personality and consumer will want the brand personality that matches with their own.

#### **4.0 CONCLUSION**

The psychological and situational influences determine consumers' initial level of product knowledge and the changes in it. The consumers' initial level of product knowledge determines how much additional information that may be sought when deciding to make purchases, most especially, for new products that they have little knowledge about. Consumer chooses products they want to buy as a result of going through the decision-making process but in some situations, they may not pass through the five stages for purchases to be made. Consumers through learning and experience get information about products and services, develop criteria for assessing alternatives needed to process information and finally make their purchase decision. Also, Consumers Personality reflects the kind of brands they purchase.

#### **5.0 SUMMARY**

In Consumers decision making, there are situational and psychological factors which affect the way a person think and feel about products. There exist a five-stage model of consumer decision making process which assumes that consumer chooses products they want to buy as a result of going through the decision-making process. These are namely: problem recognition, followed by information search about the product, evaluation of the alternatives, deciding on product choice, and finally post-purchase evaluation. Learning involves the use of the mental process in solving problem, thus Consumer Behaviour is usually learned from life experiences, personal characteristics and relationships with others. Personality is another very important determinant which influences consumer's consumption pattern. Marketers, therefore, need to know the brand's personality that will connect their brand to customers.

#### **6.0 TUTOR MARKED ASSIGNMENT**

1. What are the Situational influences on consumer buying behaviour?
2. How do Psychological influences have effects on consumer buying behaviour?
3. Examine the important stages in consumer decision making process.
4. Discuss the various sources of information search.
5. Differentiate between customer's satisfaction and dissatisfaction. How can customers react to dissatisfaction?
6. What is the personality trait's theory? How relevant is it to Marketer?

7. Explain the term learning. How does it help in consumer decision making?
8. Describe the meaning of the terms post-purchase dissonance and post-purchase satisfaction. How relevant are the concepts to Marketing?
9. Mention the critical characteristics of post-purchase assessment.
10. Enumerate the important decisions consumer must take into consideration when making final Purchase.

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