



MKT 824 CONSUMER
BEHAVIOUR

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Course Title Consumer Behaviour

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Course Guide

**COURSE
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Introduction

The course material of Consumer Behaviour is designed to serve as a guide for graduate courses who are undertaking a master degree in Marketing and Business related subjects.

Course Objectives

The objectives of this material are:

- To highlight the importance and necessity of global approach to understanding consumer behaviour. To offer a material that emphasizes and illustrates the relationship between individuals and the communities and cultures in which they live.
- To provide a comprehensive understanding of consumer adopting a culturally relative orientation. To illustrate how culture affects internal, individual variables such as perception, emotions, memory, and decision making as well as self-concept, life style, values and family structure.
- To highlight the connection between understanding consumers and good marketing practice.

Structure of the Course Material

This study material on Consumer Behaviour consists of Fourteen Course Units divided into four parts. Module I provides the background for strong and comprehensive understanding of the consumer behaviour principles examined throughout the rest of units covered. Unit 1 introduces our perspective on the nature and scope of consumer behaviour. The chapter also provides the crucial link between understanding consumer behaviour and marketing strategy amongst others. Unit 2 presents a comprehensive examination of effective market segmentation.

Module 2 discusses consumer as an individual. Unit 1, present an in-depth analysis and discussion of consumer needs motivation and involvement exploring both the rational and emotional bases of consumer actions. Unit 2 discusses the impact of the full range of personality theories on consumer behaviour. The chapter considers the related concepts of self and self-image. Unit 3 provides a comprehensive examination of the impact of consumer perception on marketing strategy and importance of product positioning and repositioning. Unit 4 examines how consumers learn and discuss behavioral and cognitive learning theories. Unit 5 offers an in-depth examination of consumer attitudes formation as well as the attitudinal change.

Module 3 centered on the social and cultural dimensions of consumer behaviour. It begins with a discussion of consumer social group, reference group, family and household role orientations. Unit 1 examines the importance of family and household in purchase decision.

Unit 2 provides an insight into the role of social/reference group in the consumer behaviour. Unit 3 examines social class while

Unit 4 investigates the impact of societal and cultural values, beliefs, and customs on consumer behaviour.

Module 4 explores various aspects of consumer decision making. Unit 1 offers a comprehensive discussion product adoption and diffusion of innovations from consumer perspectives. Unit 2 provides a comprehensive analysis of the consumer information processing. Unit 3 describes how consumers make products/service decisions, and expands on the increasingly important practice of relationship marketing. This section concludes with a comprehensive model of consumer decision making. Unit 4 introduces the concept of organizational buying behaviour as it relates to consumer behaviour. It provides vivid explanation of organization buying features and process.

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MODULE 1 INTRODUCTION

Unit 1 Introduction to Consumer Behaviour

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UNIT 1 INTRODUCTION TO CONSUMER BEHAVIOUR

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1.0 INTRODUCTION

Businesses stay in business by attracting and retaining customers. They do this by engaging in exchanges of resources including information, money, goods, services, status, and emotions with consumers, exchanges that both businesses and customers perceive to be beneficial.

When companies ask, who are our customers? How do we reach them?

What should we sell to them? What will motivate them to buy? What makes them satisfied? They are asking questions that require sophisticated understanding of consumer behaviour. This unit provides a brief insight into the meaning and perspective of Consumer behaviour as well as understanding why it is important to study consumers.

2.0 OBJECTIVES

After studying this unit, you should be able to:

- Define the terms “consumer behavior”.
- Describe the importance of ‘consumer behavior’.
- The different perspective of consumer behavior.

3.0 MAIN CONTENT

3.1 Consumer Behaviour Defined

The term consumer behavior is defined as the behavior that consumer display in searching for purchasing, using, evaluating and disposing of product and services that they expect will satisfy their needs. Consumer behavior focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items. This 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 their future, and how they dispose of it.

In another words, consumer behavior can be define as the behaviour of individuals in regards to acquiring, using, and disposing of products, services, ideas or experiences. Consumer behavior also includes the acquisition and use of information. Thus, communication with consumers and receiving feedback for them is a crucial part of consumer behavior which is of great interest to marketers.

3.2 Customers and Consumers

The term “customer” it typically used to refer to someone who regularly purchases from a particular store or company. Thus, a person who shops at Wuse Shopping Mall or who uses Texaco gasoline is viewed as a customer of these firms. The term “Consumer” more generally refers to anyone engaging in any of the activities used in our definition of consumer behavior. Therefore, a customer is defined in terms of specific firm while a consumer is not.

The traditional viewpoint has been to define consumers strictly in terms of economic goods and services. This position holds that consumers are potential purchasers of products and services offered for sale.

3.3 Consumer Behaviour as an Academic Field of Study

The academic field of consumer behavior is the study of individuals, groups, or organization and the process they use to select, use and dispose of products, service, experience, or ideas to satisfy needs and the impact that these processes have on the consumer and society.

Several discipline collectively referred to as the behavioral science have studies human behavior for sometime, and we can draw upon their contribution for understating consumer behavior. This borrowing has been quite extensive and includes theories used in explaining behaviors as well as methods useful in investigating it. In fact, this borrowing is so

extensive that consumer behavior is often said to be multidisciplinary in nature.

The behavioral sciences disciplines that have most contributed to our understanding of consumer are:

- Psychology: study of the behavior and mental processes of individual
- Sociology: study of the collective behavior of people in groups.
- Social psychology: study of how individuals influence and are influenced by groups.
- Economics: study of people's production, exchange, and consumption of goods and services.
- Anthropology: study of people in relation to their culture.

3.4 Types of Consumers

The term consumer behavior describes two different kinds of consuming entities: the personal consumer and the organizational consumer.

The personal consumer buys goods and services for his or her own use, for the use of the household, or as a gift for a friend. In each of these contexts, the products are bought for final use by individuals, who are referred to as end users or ultimate consumers. The organizational consumer *–includes profit and not-for-profit businesses, government agencies (local, state, and Federal), and institutions (such as schools, hospital, and prisons), all of which must buy products, equipment, and service in order to run their organizations.*

3.5 Why Study Consumer Behaviour

The understanding of the reason why we study consumer behaviour cannot be over emphasized. Some of these however, include; Firstly, Consumer behaviour is significant in our Daily lives. The most important reason for studying consumer behaviour from a general sense is the role it plays in our lives. Much of our time is spent directly in the market place and shopping amongst others. Secondly, consumer behaviour is indispensable in decision making. Consumers are often study because certain decisions are significantly affected by their behaviour or expected actions.

3.6 Applications of Consumer Behaviour Knowledge

From the marketing point of view, understanding consumer behaviour is crucial to successful delivery of firms' offerings in the market place. Some of the marketing application areas of consumer behaviour knowledge include; *Market-Opportunity Analysis*, this involves examining trends and conditions in the marketplace to identify consumers' needs and wants that are not being fully satisfied. *Target-Market Selection*, this has to do with identifying distinct groupings of consumers who have unique wants and needs and the selection of a segment that matches the firm's strength and offer better opportunities. *Marketing-Mix Determination*, this involves developing and implementing a strategy for delivering an effective combination of want-satisfying features to consumers within target market. The marketing mix is made up of four components; product, price, promotion and place. Marketing strategy, understanding of consumer behaviour is needed in strategic marketing activities. This is because marketing strategies and tactics are based on explicit or implicit beliefs about consumer behaviour. Effective Regulatory policy in terms of marketing practices requires an extensive knowledge of consumer behaviour.

Social marketing also require an in depth understanding of consumers and their behaviours or attitudes. Social marketing is the application of marketing strategies and tactics to alter or create behaviours that have positive effect on the target individuals and or society as a whole. Social marketing has been used in attempts to reduce smoking, to increase the percentage of children receiving their vaccinations in a timely manner, to encourage environmentally sound behaviours, to reduce behaviours potentially leading to AIDS, to enhance support of charities, to reduce drug use, and many other important courses.

3.7 Perspective of Consumer Behaviour

The study of Consumer behaviour can be approach in three different perspectives namely; *Consumer Influence Perspective*, *Wholistic Perspective* and *Intercultural Perspective*. From *Consumer Influence Perspective*, *Consumer behaviour is said to be of particular interest to those who, for various reasons, desire to influence or change their behaviour, including those whose primary concern is marketing, consumer education and protection and public policy.*

Wholistic Perspective, Consumer behaviour according to this perspective goes beyond consumption. Researchers in this area argue that purchase decision is only a small component in the constellation of events involved in the consumption experience and that it is time for

consumer experts to take consumption as the central emphasis and examine all facets of the value potentially provided when some living organism acquires, uses, or disposes of any product that might achieve a goal, fulfill a need, or satisfy a want.

Intercultural Perspective stressed the importance of consumer behaviour across different culture. According to this perspective, on all continents, there is striving toward economic development and greater self-sufficiency. Even in socialistic countries, consumer goods are becoming increasingly important. This perspective holds that as a consumer-oriented society emerges, an early manifestation is a middle class with disposal income and that unless political restrictions are imposed arising standard of living will becomes a dominant concern.

3.8 Marketing Strategy and Consumer Behaviour

To survive in a competitive environment, a marketer must provide target customers more value than is provided by its competitors. *Customer Value is the difference between all the benefits derived from a total product and all the cost of acquiring those benefits.* Providing superior customer value requires the organization to do better job of anticipating and reacting to customer needs than the competitors does. An understanding of customer behaviour is the basis for strategic marketing formulation. Consumers' reactions to this marketing strategy determine the organization's success or failure. However, these reactions also determine the success of the consumers in meeting their needs, and they have significant impacts on the larger society in which they occur.

Marketing strategy is conceptually very simple. It begins with an *analysis of the target market which includes company, conditions, competitors, and consumers.* Next, Market segmentation: This involves identifying product-related need sets, grouping customers with similar need sets, describing each group and selecting an attractive segment to serve.

Third stage is marketing strategy and it involves manipulation of marketing mix. The marketing mix includes the product, price, communications, distribution, and services provided to the target market. The final stage Outcomes involves analysis of firm's product position and customer satisfaction resulting from implementation of the strategy.

SELF ASSESSMENT EXERCISES

- i. Define Consumer Behaviour and identify the various perspectives for understanding Behaviour of Consumer.

- ii. What are the major marketing applications of an understanding of consumer behaviour?

4.0 CONCLUSION

From the above analysis, understanding of consumer behaviour in terms of their needs and wants as well their perception, attitude and personality including motivation and their rate of involvement is vital not only to the marketers whose primary objective is to make profit but also to the government and its regulatory agencies and society as a whole. The study of consumer behaviour remains a corner stone to a successful marketing strategy.

5.0 SUMMARY

This unit serves as an introduction to field of consumer behaviour. The discussion centers on defining consumer behaviour and describing different perspectives of consumer behaviour that include consumers influence perspective, Wholistic perspective and Intercultural perspectives. The unit provides a distinctive explanation between Customers and Consumers as well as the stages involved in consumer marketing strategy. Two types of consumers, that is personal and organization were identified. The high point of the unit was the analysis of the areas of application of knowledge of consumer behaviour in marketing. These areas are Market-Opportunity Analysis, Target-Market Selection, Marketing-Mix Determination, Marketing strategy, Effective Regulatory policy and Social marketing.

6.0 TUTOR MARKED ASSIGNMENT

Differentiate between Customers and Consumers and explain the types of consumers you know.

Answer to Self Assessment Exercise 1

Consumer behavior can be defined as the behavior that is displayed in searching for purchasing, using, evaluating and disposing of product and services that they expect will satisfy their needs.

There are three perspectives of studying consumer behaviour. They are; Consumer Influence Perspective: Under this perspective, Consumer behaviour is said to be of particular interest to those who, for various reasons, desire to influence or change that behaviour, including those whose primary concern is marketing, consumer education and protection and public policy.

Wholistic Perspective: Consumer behaviour according to this perspective goes beyond consumption. Researchers in this area argue that purchase decision is only a small component in the constellation of events involved in the consumption experience and that it is time for consumer experts to take consumption as the central emphasis and examine all facets of the value potentially provided when some living organism acquires, uses, or disposes of any product that might achieve a goal, fulfill a need, or satisfy a want.

Intercultural Perspective: This perspective stressed the importance of consumer behaviour across different culture. According to this perspective, on all continents, there is striving toward economic development and greater self-sufficiency. Even in socialistic countries, consumer goods are becoming increasingly important. This perspective holds that as a consumer-oriented society emerges, an early manifestation is a middle class with disposal income and that unless political restrictions are imposed arising standard of living will becomes a dominant concern.

Answer to Self-Assessment Exercise 2

The marketing application areas of consumer behaviour knowledge include;

Market-Opportunity Analysis: This involves examining trends and conditions in the marketplace to identify consumers' needs and wants that are not being fully satisfied.

Target-Market Selection: This has to with identifying distinct groupings of consumers who have unique wants and needs and the selection of segment that matches the firm's strength and offer better opportunities.

Marketing-Mix Determination: It involves developing and implementing a strategy for delivering an effective combination of want-satisfying features to consumers within target market. The marketing mix is made up of four components; product, price, promotion and place.

Marketing strategy: Marketing strategy activities requires understanding of consumer behaviour. This is because marketing strategies and tactics are based on explicit or implicit beliefs about consumer behaviour.

Effective Regulatory policy: An enduring regulatory policy in terms of marketing practices requires an extensive knowledge of consumer behaviour.

Social marketing: This requires an in depth understanding of consumers and their behaviours or attitudes. Social marketing is the application of marketing strategies and tactics to alter or create behaviours that have positive effect on the target individuals and society as a whole.

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UNIT 2 MARKET SEGMENTATION

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1.0 INTRODUCTION

One of the most profound realizations to strike any marketer is that there is a great diversity among consumers. A close inspection of the total market, therefore, shows that smaller groups of individuals have more homogeneity than the group as a whole in certain characteristics, especially in consumer behaviour. This unit introduces the concept of identifying and selectively marketing to such homogeneous groups of consumers.

2.0 OBJECTIVES

After studying this unit, you should be able to:

- State the concept of market segmentation
- State the criteria for segmenting markets
- Describe the process of conducting market segmentation as well as the bases

3.0 MAIN CONTENT

3.1 Market Segmentation Defined

Market segmentation can be defined as the process of dividing a market into distinct subsets of consumers with common needs or characteristics and selecting one or more segments to target with a distinct marketing mix. Before the widespread acceptance of market segmentation, the prevailing way of doing businesses with consumers was through *mass marketing –that is, offering the same product and marketing mix to all consumers.*

The strategy of segmentation allows producers to avoid head-on competition in the marketplace by differentiating their offerings, not only on the basis of price but also through styling, packaging, promotional appeal, method of distribution, and superior service. Marketers have found that the costs of consumer segmentation research, shorter production runs, and differentiated promotional campaigns are usually more than offset by increased sales. In most cases, consumers readily accept the pass-through cost increase for products that **closely** satisfy their specific needs.

Market segmentation is one of the steps in a four-phase ~~strategy~~ ~~strategy~~ After segmenting the market into homogeneous clusters, the marketer then must select one or more segments to target. To accomplish this, the marketer must decide on a specific marketing mix – that is a specific product, price, channel, and/or promotional appeal for each distinct segment.

3.2 Market Criteria for Effective Segmentation

A decision to use a market segmentation strategy should rest on consideration of four important criteria that affect its profitability. In order for segmentation to be viable, the market must be (1) identifiable and measurable, (2) accessible, (3) substantial, and (4) responsive

Identifiable and Measurable: Segments must be identifiable so that the marketer can determine which consumers belong to a segment and which do not. However, there may be a problem with the segment's measurability (that is, the amount of information available on specific buyer characteristics) because numerous variables (e.g. psychological factors) are difficult, if not impossible, to measure at the present time. For example, if the marketer discovered that consumers who perspire profusely favored a particular brand, very little could be done with this information since such a group would be difficult to measure ~~identify~~ for segmentation purposes.

Accessible: This criterion refers to the ease of effectively ~~and~~ ~~and~~ economically reaching chosen segments with marketing efforts. Some desired segments may be inaccessible because of legal reasons; ~~for~~ ~~for~~ example, liquor manufacturers are unable to market directly to young teenagers. In fact, there is a vigorous debate dealing with the constitutionality of segmenting and targeting certain groups in some countries like United States.

It is more likely, however, that segments may be inaccessible because the marketer is unable to reach them at reasonable cost via ~~existing~~ ~~existing~~ promotional media and retail outlets.

Substantial: This criterion refers to the degree of which a chosen segment is large enough to support profitably a separate marketing program. As was noted previously, a strategy of market segmentation is costly. Thus, one must carefully consider not only the number of customers available in a segment but also the amount of their purchasing power.

Responsive: There is little to justify the development of a separate and unique marketing program for a target segment unless it responds uniquely to these efforts. Therefore, the problem is to identify market segments that will respond favorably to marketing programs designed specially for them.

If the four criteria above are fulfilled, segmentation will be an attractive marketing strategy.

3.3 Process/Stages of Market Segmentation

The eight steps involved in the market-segmentation process are as follows:

Define the problem or determine the use to be made of the research:

Market segmentation can be used to answer a wide range of questions about the response of market segments to the firm's marketing strategies (such as price or product changes, new product offerings, and advertising themes), and can aid in the selection of target market segments for the firm's offerings.

Select basis of segmentation: Segmentation studies are usually conducted by market practitioners using one of two general alternatives for choosing a segmentation basis: prior and clustering methods. In the prior segmentation approach, management decides in advance what basis to use for segmentation. If, for example, concern is with the likely impact of a price increase, consumer-income or price-sensitivity measures may be chosen as the segmentation basis. With this type of market approach, therefore, the marketer must begin by selection some basis for it.

The clustering method presents an alternative that addresses potential limitation of the prior method. In this approach, rather than selecting a basis for segmentation in advance, the researcher first attempts to see how a sample group of consumers may form their own groupings based on a variety of descriptor variables, such as needs, attitudes, benefits sought, and lifestyle characteristics. This procedure typically starts with measuring consumers on a wide variety of descriptors. Then, usually with computer-based grouping methods, the researcher attempts to find

how consumers may cluster together on the basis of these measures. Such an approach is said to allow consumers to form ~~groupings~~ ^{natural groupings}, instead of forming only those pre-established by the researcher when the prior method is used. If such natural groupings are identified, the next step will be to determine what descriptor or set of descriptors may be associated with, or explain, these groupings. This information will then be used to form the basis or bases for segmentation.

Generally, segmentation bases used by marketers can be categorized as falling into one of two major groupings: general consumer characteristics and situation-specific consumer characteristics. General consumer characteristics include demographic, geographic, socioeconomic and lifestyle characteristics. Situation-specific consumer characteristics include product usage, purchase patterns, and benefit sought in a product. Each of these groupings offers advantages as well as disadvantages, depending on the situation faced by the marketer. The relevant considerations for making a selection in the segmentation process are management's specific needs and the state of knowledge about each variable's relevance as market-segmentation basis.

Choose a set of descriptors that defines, characterizes, or relates to the segmentation basis: These descriptors of segments can include virtually any variable (such as sex, and social class). To illustrate, the degree to which a person may respond to price deals may be linked to such demographic descriptors as age, income, and location. In fact, the enormous number of possible variables from which to select makes the decision process complex for the marketer.

Select a sample of consumers that is representative of the population of interest: Here, the idea is to research and identify segments on a low-cost basis. Instead of gathering data from the entire population, a less costly sample of consumers is selected. It is then determined if segments are identifiable within this sample. If this is the case, the next step is to project sample results to the relevant population in order to segment the entire market.

Collect data on segment descriptors from the sample of consumers: When obtaining these data, the marketer may rely on primary data collection efforts or on available secondary sources.

Form segments based on chosen consumer descriptors: Here the marketer must define and use a dividing line to determine to which segment each sample consumer will be assigned. For example, if the marketer were segmenting consumer into heavy-use and light-use soft-

drink users, the decision might be to classify heavy users as those who purchase more than four lighters of soft drinks per week.

Establish profiles of segments: Once respondents have been classified into segments, profiles of these segments can be established on the basis of their key discriminating characteristics.

Translate the results into marketing strategy. This is the most difficult aspect of any segmentation project. During this stage the marketer uses findings about the segments estimated sizes and profiles to select target market groups and design appropriate marketing mixes for the chosen segments. Thus, the key to a successful segmentation study is the ability to interpret results and use them as guidelines for the design, execution, and evaluation of an appropriate marketing strategy. The selection of target segments is a complex “art in which the marketer consider such factors as the segments expected responses to marketing variables, their reach-ability, the nature of competitive activity within each segment, and the company’s resources and ability to implement a segmented strategy. Information from the segment profile should help generate diverse ideas and creative strategies for appealing to chosen segments.

SELF ASSESSED EXERCISE 1

Define market segmentation and explain the conditions for adopting marketing segmentation strategy.

3.4 Bases for Segmentation

The first step in developing a segmentation strategy is to select the most appropriate base(s) on which to segment the market. The followings are major categories of consumers’ characteristics that provide the most popular bases for market segmentation. They include geographic factors, demographic factors, psychological factors, psychographic (lifestyle) characteristics, socio-cultural variables, use-related characteristics, use-situation factors, and benefit sought.

Geographic Segmentation

In geographic segmentation, the market is divided by location. The theory behind this strategy is that people who live in the same area share some similar needs and wants and that these needs and wants differ from those of people living in other areas. For example, certain food product and/or varieties sell in one region than in others.

Geographic segmentation is useful strategy for many marketers. It is relatively easy to find geographically based differences for many

products. In addition, geographic segments can be easily reached through the local media, including newspapers, TV and radio, and magazines.

Demographic Segmentation

Demographic refers to the vital and measurable statistics of a population. Demographic characteristics, such as age, sex, marital status, income, occupation, and education, are most often used as the basis for market segmentation. Demography helps to locate a target market, whereas psychological and socio-cultural characteristics help to describe how its members think and how they feel. Demographic is often the most accessible and cost-effective way to identify a target market. Indeed, most secondary data, including census data, are expressed in demographic terms. Demographics are easier to measure than other segmentation variables: they are invariably included in psychographic and socio-cultural studies because they add meaning to the findings. Demographic variables reveal on-going trends that signal business opportunities, such as shifts in age, gender, and income distribution.

Psychological Segmentation

Consumer segmentation strategies are often based on specific psychological variables. Psychological characteristics refer to the inner or intrinsic qualities of the individual consumer. For instance, consumers may be segmented in terms of their motivations, personality, perceptions, learning, and attitudes.

Psychographic Segmentation

Marketing practitioners have heartily embraced psychographic research, which is closely aligned with psychological research, especially personality and attitude measurement. This form of applied consumer research commonly referred to as lifestyle analysis has proven to be a valuable marketing tool that helps identify promising consumer segments that are likely to be responsive to specific marketing messages. The psychographic profile of a consumer segment can be thought of as a composite of consumers' measured activities, interests, and opinions.

Socio-cultural Segmentation

Socio-cultural variables that is group and anthropological variables provide further bases for market segmentation. For example, consumer markets have been successfully subdivided into segments on the basis of

stage in the family life cycle, social class, core cultural, sub-cultural memberships, and cross-cultural affiliation.

Use-Related Segmentation

An extremely popular and effective form of segmentation categorizes consumer in term of product, services, or brand usage characteristics, such as level of usage, level of awareness and degree of brand loyalty.

Marketers of a host of other products have also found that a relatively small group of heavy users accounts for a disproportionately large percentage of product usage: targeting these heavy users has become the basis of their marketing strategies. Other marketers take note of the gaps in market coverage for light and medium users and profitably target those segments.

Usage-Situation Segmentation

Marketers recognize that the occasion or situation often determines what consumers will purchase or consume, for this reaction, they sometimes focus on the usage-situation as a segmentation variable.

Many products are promoted for special usage occasions. The greeting card industry, for example, stress special cards for a variety of occasions that seem to be increasing almost daily, such, as charismas, sallah, naming graduation, etc

Benefit Segmentation

Marketing and advertising executive attempt to identify the one most important benefit or their product or service that will be most meaningful to consumers. Examples of benefit that are commonly used include financial security, data protection, good health, fresh breath, and peace of mind.

SELF ASSESSMENT EXERCISE 2

Before you proceed further, do kindly attempt this exercise:

Identify the various steps involves in conducting market segmentation

4.0 CONCLUSION

Market segmentation remains one of the must appropriate tool for effective strategic marketing. It gives marketers sense of purpose and guide them in the right direction that are likely to yield profitable returns through offerings continuous offering of superior quality product and services to consumer in the targeted market more than its competitors.

5.0 SUMMARY

Market segmentation and diversity are complementary concepts. With out a diverse marketplace; composed of many different peoples with different backgrounds, interests, needs and wants, there really would be little reason to segment markets. Segmentation is defined as the process of dividing a potential market into distinct subsets of consumers with a common need or characteristics and selecting one or more segments to target with a specially designed marketing mix.

The major classes of consumer characteristics serves as the most common bases for market segmentation. These include geographic segmentation, demographic segmentation, psychological segmentation, psychographic segmentation, socio-cultural segmentation, use-related segmentation, usage-situation segmentation, and benefit segmentation

6.0 TUTOR MARKED ASSIGNMENT:

Differentiate between geographical and demographic market segmentation strategy.

Answer to Self Assessment Exercise 1

Market segmentation can simply be defined as the process of dividing a market into different smaller units of consumers with common needs or characteristics and selecting one or more segments to target with distinct marketing mix.

A decision to use a market segmentation strategy should rest on consideration of four important criteria that affect its profitability. These conditions include the fact that target market for segmentation must be; identifiable and measurable; accessible; substantial, and above all responsive.

Answer to Self Assessment Exercise 2

Basically there are eight step to conducting effective marketing segmentation. They are as follows: Definition of the marketing problem; Select the basis of segmentation; Choose a set of descriptors that defines, characterizes, or relates to the segmentation basis; Select sample of consumers that is representative of the larger population of interest; Collect data on segment descriptors from the sample of consumer; Form segments based on chosen consumer descriptors;

Establish profiles of segments; Translate the results into marketing strategy.

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MODULE 2 CONSUMER AS AN INDIVIDUAL

Unit 1 Motivation and Involvement
Unit 2 Personality and Self-concept
Unit 3 Perception
Unit 4 Learning and Memory
Unit 5 Attitude Formation and Change

UNIT 1 MOTIVATION AND INVOLVEMENT

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1.0 INTRODUCTION

Motivation is the driving force among individual consumers that impel them to action. This driving force is produced by a state of uncomfortable tension, which exists as the result of an unsatisfied need. This unit discusses basic needs that operate in most consumers to motivate behaviour. It explores the influence that such needs have on consumption behaviour. It also explains why and how these basic consumers needs, or motivates are expressed in so many ways.

2.0 OBJECTIVES

After studying this unit, you should be able to:

- Describe the nature of motives and their role in influencing consumer behaviour
- State the basic categories of motives
- Motivation theories
- Nature of consumer involvement and its market implications

3.0 MAIN CONTENT

3.1 Concept of Motivation and Motives

Motivation may be defined as psychological forces that determine the direction of person's behaviour, a person's level of effort, and a person's level of persistence in the face of obstacles. In another words, motivation is the process that account for an individual intensity, direction, and persistence of effort towards attaining a goal. Motivation is the reason for behavior. A motive is a construct representing **un**observable inner force that stimulates and compels a behavioral response and provides specific direction to that response. A motive is why an individual does something.

3.2 Theory of Motivation

There are numerous theories of motivation, and many of them offer useful insights for the marketing manager. This section describes Maslow's motive hierarchy approach to understanding consumer motivation.

Abraham Maslow organized five major types of human needs into a hierarchy. The need hierarchy illustrates maslow's conception of people satisfying their needs in a specified order, from bottom to top. The need, in ascending order are; physiological needs (Food, Water, Sex, Shelter), Safety needs (Protection against threat and deprivation), Belongingness needs (Friendship, Affection, Affiliation and Love), Esteem needs (Independence, Achievement, recognition, Self respect, Accomplishment and Freedom), Self-Actualization (Realizing one's full potential or Self Fulfillment).

Maslow's hierarchy of needs approach is based on four premises

- All human acquire a similar set of motives through genetic endowment and social interaction.
- Some motive are more basic or critical than others
- The more basic motives must be satisfied to a minimum level before other motives are activated
- As the basic motive become satisfied, more advanced motives come into play.

Marketing Strategy and Maslow's Motive Hierarchy

- i. **PHYSIOLOGICAL:** Food, water, sleeps, and, to an extent, sex, are physiological motives.
Product *Health foods, medicines, sports drinks, low-cholesterol foods, and exercise equipment.*
- ii. **SAFETY:** Seeking physical safety and security, stability, familiar surroundings, and so forth are manifestations of safety needs.
Product: *Smoke detectors, preventive medicines, insurance, retirement investments, seat belts, burglar alarms, and sunscreen.*
- iii. **BELONGINGNESS:** Belongingness motives are reflected in a desire for love, friendship, affiliation, and group acceptance
Products: *Personal grooming, foods, entertainment, clothing, and many others.*
- iv. **ESTEEM:** Desires for, superiority, self-respect, and prestige are examples of esteem needs. The needs relate to the individual's feelings of usefulness and accomplishment.
Products *Clothing, furniture, liquors, hobbies, stores, and cars amongst others.*
- v. **SELF-ACTUALIZATION:** This involves the desire for self-fulfillment, to become all that one is capable of becoming.
Products: *Education, hobbies, sports, some vacations, museums.*

3.3 Classifications of Motives

McGuire has developed a motive classification system that is more specific in understanding consumer behaviour. McGuire's motives that are of most use to marketing are briefly described in the following sections.

Need for Consistency: A basic desire is to have all facets or parts of one consistent with each other. These facets include attitudes, behaviors, opinions, self-images, views of others, and so forth. Marketers use this in several ways. First, it makes clear the need for a consistent marketing mix. The second area of marketing interest with consistency is called cognitive dissonance. This refers to a tendency of consumers to worry about the wisdom of major purchases after they have been made. Often making a major purchase is not consistent with the need to save money or to make other purchase.

Need to Attribute Causation: This set of motives deals with our need to determine who or what causes the things that happen to us. Do we attribute the cause of a favorable or unfavorable outcome to ourselves or to some outside force? Attributing cause is part of the foundation for the use of rhetorical theory to understand consumers' responses to persuasive messages.

Need to Categorize: we have a need to categorize and organize information and experiences in some meaningful yet manageable way. So we establish categories or mental partitions that allow us to process large quantities of information.

Need for Cues: These motives reflect needs for observable cues or symbols that enable us to infer what we feel and know. Impressions, feelings, and attitudes are subtly established by viewing our own behavior and that of others and drawing inferences as to what we feel and think. In many instances, clothing plays an important role in presenting the subtle meaning of a desired image and consumer lifestyle.

Need for Independence: The need for independence and individuality is a characteristic of some culture. It is likely that all individuals in all cultures have this need at some level. Americans are taught that it is proper and even essential to express and fulfill this need. In contrast, in countries such as Japan, fulfillment of this need is discouraged, while fulfillment of the need for affiliation is socially acceptable. Owning or using products and services that are unique is one way to express their independence.

Need for Self-Expression: This motive deals with the need to express one's identity to others. We feel the need to let others know by our actions (which include the purchase and display of goods) who we are and what we are. The purchase of many products such as clothing and automobiles allows consumers to express their identity to others, since these products have symbolic or expressive meanings.

Need for Ego-Defense: The need to defend our identities or egos is another important motive. When our identity is threatened, we are motivated to protect our self-concept and utilize defensive behaviors and attitudes. Many products can provide ego-defense. A consumer who feels insecure may rely on well-known brands for socially acceptable products to avoid any chance of making a socially incorrect purchase.

Need for Reinforcement: We are often motivated to act in certain ways because we are rewarded for doing so. Products designed to be used in public situations (clothing, furniture, and artwork) are frequently sold on the basis of the amount and type of reinforcement that will be received.

Need for Affiliation: Affiliation is the need to develop mutually helpful and satisfying relationship with others. Marketers frequently use such affiliation-based themes as “Your kids will love you for it” in advertisements.

Need for Modeling: The need for modeling reflects a tendency to base behavior on that of others. Modeling is a major means by which children learn to become consumers. The tendency to model explains some of the conformity that occurs within reference groups. Marketers utilize this motive by showing desirable types of individuals using their brands.

Need for Novelty: We often seek variety and difference simply out of a need for novelty. Marketers refer to the outcome of this motive as variety-seeking behavior. This may be a prime reason for brand switching and some so-called impulse purchasing. The need for novelty is curvilinear and changes over time. That is, individuals experiencing rapid change generally become satiated and desire stability, while individuals in stable environments become “bored” and desire change.

Need for Assertion: The need for assertion reflects a consumer’s need for engaging in those types of activities that will bring about an increase in self-esteem as well as esteem in the eyes of others. Individuals with a strong need for assertion are more likely to complain when dissatisfied with a purchase.

3.4 Role of Motives

The role of motives is to arouse and direct the behavior of consumers. The arousal component activates bodily energy so that it can be used for mental and physical activity. In their directive role, motives have several important functions for guiding behavior. These are discussed below:

Defining Basic Strivings: Motives influence consumers to develop and identify their basic strivings. Included among basic strivings are very general goals such as safety, affiliation, achievement, or other desired states which consumers seek to achieve. They serve to guide behavior in a general way across a wide variety of decisions and activities.

Identifying Goal Objects: Although there are exceptions, people often view products or services as means by which they can satisfy their motives. In fact, consumers often go one step further and think of products as their actual goals, without realizing that they actually represent ways of satisfying motives. This motivational push that influences consumers to identify products as goal objects is of great interest to marketers, particularly since it appears that it can be influenced. Certainly, the features designed into a product can affect the

degree to which consumers may accept it as a goal or not in achieving some goal.

Influencing Choice Criteria: Motives also guide consumers in developing criteria for evaluating products. Thus, for a car buyer strongly influenced by the convenience motive, features such as electronic speed control and automatic driver-seat adjustments would become more important choice criteria than would style or mileage.

Directing Other Influences: Motives affect the individual determinants of perception, learning, personality, attitudes, and how people process information. This also results in directional influences on behavior. For example, motives influence information processing, which in turn regulates how we interpret and respond to our environment.

3.5 Motives Arousal

A variety of mechanisms can trigger the arousal of motivated and energize consumers. The following may work alone or in combination to activate behavior.

Physiological Conditions: This source of arousal acts to satisfy biological needs for food, water, and other life-sustaining necessities. Depriving such a bodily need generates an uncomfortable state of tension. When this tension is sufficiently strong, arousal occurs to provide energy necessary to satisfy the need. The consumer's previous experience and present situation will strongly influence the directions any heightened activity will take.

Cognitive Activity: Humans engage in considerable cognitive activity (thinking and reasoning) even when the objects of their thoughts are not physically present. This thinking, considered by some to be daydreaming or fantasy, can also act as a motive trigger. One way this occurs is when consumers deliberate about unsatisfied wants.

Situational Conditions: The particular situation confronting consumers may also trigger arousal. This can occur when the situation draws attention to an existing physiological condition, for example an advertisement for Coca-cola suddenly makes you aware of being thirsty. Here, the need for liquids may have been present, but not yet strong enough to trigger arousal. Seeing the advertisement draws attention to the condition and leads to activity. Situational conditions can also work alone to generate motive arousal. This appears to occur when circumstances draw consumers' attention to the disparity between their present state and something viewed as a better condition.

Stimulus Properties: Certain properties of external stimuli themselves also seem to have the power to generate arousal. These collative properties include the characteristics of novelty, surprising ness, ambiguity, and uncertainty. Stimuli possessing and sufficient amount of these properties have the potential of drawing attention to themselves by arousing an individual's curiosity or desire for exploration. As such, they represent a special type of situational condition. Stimuli with arousal potential are important for marketers because they can be used to attract and focus consumers' attention.

3.6 Definition of Involvement

Involvement is a reflection of strong motivation in the form of high perceived personal relevance of a product or service in a particular context. Depending upon the perceived linkage between the individual's motivating influences and the benefits offered by the object, it is a continuum ranging from low to high. It becomes activated as felt involvement when intrinsic personal characteristics (needs, values, and self-concept) are confronted with appropriate marketing stimuli within a given situation.

In other words, involvement consists of differences in the intensity of interest with which consumers approach their dealings with the marketplace.

3.7 Dimensions of Involvement

The concept of involvement is multifaceted in that it appears to have a number of important dimensions. Some of these dimensions are described as follows:

Antecedents: A variety of variables are thought to precede involvement and influence its nature and extent. These so-called antecedents can be viewed as bases or sources that interact with each other to generate the degree of involvement the consumer will experience at any particular time. These variables include person, stimulus/object, and situational categories.

Involvement Properties: Involvement may be thought of as an internal state that the consumer experiences. As mentioned earlier, this internal state has arousal properties and, like motivation, it also has a directional influence on how consumers will behave. As an internal state, involvement may be viewed as having three main properties: intensity, direction, and a level of persistence.

Response Factor: The response dimension characterizes how a consumer behaves under different involvement conditions. That is, it

describes the mental and physical actions or reactions the consumer. Therefore, the response dimension is a function of the type of involvement generated and the situations confronted.

3.8 Types of Involvement and Marketing Implications

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

Before you precede further attempt the following exercise

SELF ASSESSMENT EXERCISE

- i. Define Motivation and Identify McGuire's Psychological Motives.
- ii. Discuss the role of motives in understanding consumer behaviour.

4.0 CONCLUSION

Consumer needs are the basis of all modern marketing. Needs are the essence of the marketing concept. The key to company's profitability, and growth in highly competitive marketplace is its ability to identify and satisfy unfulfilled consumer needs better and sooner than competitors.

5.0 SUMMARY

Motivation is the reason for behavior. Maslow identify five needs: physiological, Safety, Belongingness, Esteem, and Self-Actualization. McGuire classification of motives includes; Need for Consistency, Need to Attribute Causation, Need to Categorize, Need for Cues, Need for Independence, Need for Self-Expression, Need for Ego-Defense, Need for Reinforcement, Need for Affiliation, Need for Modeling, Need for Novelty and Need for Assertion. Involvement consists of differences in the intensity of interest with which consumers approach their dealings with the marketplace. The concept of involvement appears in dimensions of antecedents, involvement properties and response Factor.

6.0 TUTOR MARKED ASSIGNMENT

What is Involvement? Explain the dimensions of consumer involvement.

Answer to Self Assessment Exercise

- i. Motivation is the process that account for an individual intensity, direction, and persistence of effort towards attaining a goal. McGuire classification of motives includes; Need for Consistency, Need to Attribute Causation, Need to Categorize, Need for Cues, Need for Independence, Need for Self-Expression, Need for Ego-Defense, Need for Reinforcement, Need for Affiliation, Need for Modeling, Need for Novelty and Need for Assertion
- ii. Motives plays significance role in understanding behaviour of consumer. Some of the roles motives plays include; Defining *Basic Strivings: Motives influence consumers to develop and identify their basic strivings.* Identifying Goal Objects: People often view products or services as means by which they can satisfy their motives. This motivational push that influences consumers to identify products as goal objects is of great interest to marketers. Influencing Choice Criteria: Motives also guide consumers in developing criteria for evaluating products. *Directing Other Influences: Motives affect the individual determinants of perception, learning, personality, attitudes, and how people process information.* This also results in directional influences on behavior.

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UNIT 2 PERSONALITY AND SELF-CONCEPT

CONTENTS

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 - 3.2 Theories of Personality
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1.0 INTRODUCTION

Although personality tends to be consistent and enduring, it may change abruptly in response to major life events over time. This unit gives vivid analysis of personality and self concept and how they relate to various aspects of consumer behaviour. It examines what personality is, review several major personality theories, and describe how these theories have stimulated marketing interest in the study of consumer personality. Concept of brand personality was also discuss and how it relates to consumer self concept.

2.0 OBJECTIVES

After studying this unit, you should be able to:

- Describe meaning and theories of personality and their potential for understanding consumers.
- State how consumer personality are measured
- Describe the nature of self concept and brand personality

3.0 MAIN CONTENT

3.1 Personality Defined

Personality is defined as the distinctive and enduring patterns of thoughts, emotions, and behaviors that characterize each individual's adaptation to the situations of his or her life. An individual's consistent

self-representations form the basis for what we understand as personality.

3.2 Theories of Personality

Three major theories or approaches to the study of personality have been used in consumer research: psychoanalytic, social-psychological, and trait-factor.

Psychoanalytic Theory

The psychoanalytic theory posits that the human personality system consists of the id, ego, and superego. The id is the source of psychic energy and seeks immediate gratification for biological and instinctual needs. The superego represents societal or personal norms and serves as an ethical constraint on behavior. The ego mediates the demands of the id and the moralistic prohibitions of the superego. The dynamic interaction of these elements results in unconscious motivations that are manifested in observed human behavior.

The psychoanalytic theory served as the conceptual basis for the motivation-research movement. According to the philosophy of motivation researchers, consumer behavior is often the result of unconscious consumer motives, which can be determined through the indirect assessment methods such as projective and related psychological techniques.

Socio-Psychological Theory

Socio-psychological theory differs from psychoanalytic theory in two important respects. First, social variables rather than biological instincts are considered to be the most important determinants in shaping personality. Second, behavioral motivation is directed to meet needs.

A representative example of socio-psychological personality theory is the Horney paradigm. This model suggests that human behavior results from three predominant, interpersonal orientations: compliant, aggressive, and detached. The Horney theory has been used in marketing research in a form called the CAD scale, developed by J.B. Cohen and consisting of a 35-item scale. It has been applied in situations where the desire is to relate specific consumer choices to personality.

Trait-Factor Theory

Trait-factor theory represents a quantitative approach to the study of personality. This theory postulates that an individual's personality is

composed of definite predisposition attributes called traits. A trait is more specifically defined as any distinguishable, relatively enduring way in which one individual differs from another. Traits can alternatively be considered individual difference variable.

Three assumptions delineate the trait-factor theory. It is assumed those are common to many individuals and vary in absolute amounts among individuals. It is further assumed that these traits are relatively stable and exert fairly universal effects on behavior regardless of the environmental situation. It follows directly from this assumption that a consistent functioning of personality variables is predictive of a wide variety of behavior. The final assumption asserts that traits can be inferred from the measurement of behavioral indicator. A widely used measurement technique is the standard psychological inventory, such as the California psychological Inventory or the Edwards Personal Preference Scale (EPPS).

Trait-factor theory has been the primary basis of marketing personality research. The typical study attempts to find a relationship between a set of personality variables and assorted consumer behaviors such as purchases, media choice, innovation, fear and social influence, product choice, opinion leadership, risk taking, and attitude change. Personality has been found to relate to specific attributes of product choice. Research also indicates that people can make relatively good judgments about other people's traits and how these relate to such choices as automobile brands, occupations, and magazines.

SELF ASSESSMENT EXERCISE 1

Discuss the various methods available for measuring consumer's personality

3.3 Measurement of Personality

It should be clear from the above discussion that personality is not a concept that has a single characteristic. Instead, it is multidimensional in nature, with many interacting elements. Therefore, rather than focusing solely on only one aspect of the complex whole, methods designed to assess the aggregate personality have to account in some way for this variety. Four general approaches to measurement that have had popularity and can accommodate the multidimensional nature of personality are rating methods, situational tests, projective techniques, and inventory schemes.

Rating Methods: Typically, the rating method involves one or more evaluators assessing predetermined personality characteristics of a

subject on a number of standardized rating scales. In some cases, the basis of the evaluation is a somewhat informal interview with the subject. In other cases, observation of the subject's behavior is used in place of an interview. This observation may be accomplished in a setting designed for the purpose, or it may take place in a portion of the subject's everyday environment such as a home or shopping setting. Of course, the type of scale employed for evaluation, the personality characteristics chosen for study, and the skills of evaluators can all have an influence on final results.

Situational Tests: With this technique, a situation is devised that closely resembles a typical real-life situation. Usually, several people are allowed to interact with each other in a group setting. A scenario is provided to them as a focus of discussion, and the behaviors of the subjects are observed and measured. This may take the form of tabulating the frequency of occurrence for specific activities (such as aggression, submissiveness) or rating the intensity of certain behaviors on standard scales. A special form of situation technique is the stress test which places an individual in a pressure-type situation; his methods of acting in the situation are assessed to reveal aspect of his personality.

Projective Techniques: The objective behind development of projective methods is to uncover the basic organization of an individual's personality, as well as his underlying conflict and motives. Typically, the individual is presented with an ambiguous individual image and is asked to explain it or relate any meaning it has to him. The assumption is that because the stimulus itself is ambiguous. The individual is actually projecting his own interpretations onto it, and in the process he reveals aspect of his own personality.

Inventory Schemes: A potential limitation of rating methods, situational tests and projective techniques is subjective scoring. That is, the measurement of an individual's personality is largely dependent on the evaluator's subjective interpretation of the information obtained. In addition, these methods require a considerable amount of time and effort to set up, administer, and evaluate. The personality tests designed to minimize these potential problems by exposing subjects to a large number of standardized questions with pre-specified answers options from which they can select. Usually, the inventory is in written form, and a subject responds to the instrument much in the same way as he would to an "objective" test.

3.4 Self- Concept Defined

We can view the self-concept as a person's perception of himself which includes his physical being, other characteristics such as strength,

honesty, and good humor in relation to others, and even extending to include certain possessions and his creations.

Although the self-concept is highly complex, it is well organized and works in a consistent way. To the outside observer, a person may appear irrational and inconsistent in her behavior, but the individual taking such action is behaving in the only way she knows, given her frame of reference. When this individual's point of view is known, it usually becomes clear that she is not acting in an inconsistent way. For example, we may think a consumer is irrational to patronize a store that charges higher prices than its competition does for identical products. However, the consumer may show this loyalty because of the good service or because the salespeople make her feel important. Therefore, when viewed through her eyes, the slightly higher cost for her store loyalty may be well worth the money.

3.5 How Self Concept Develop

Behaviorists have formed various theories of how people develop their self-concepts. Social interaction provides the basis for most of these theories. Four particular views of self-concept development are presented below.

Self-Appraisal: Some theorists believe that a person fashions a self-concept by labeling his own dominant behavior patterns according to what is socially acceptable and unacceptable behavior. For example, certain behaviors are classified as "social," and others are labeled as "antisocial." By observing his own behavior, a person might begin to develop an awareness that his behavior falls into the general category "antisocial. With repeated confirmation of this label, a portion of the person's self-concept emerges, playing a dominant role in how he views himself.

Reflected Appraisal: A second theory of self-concept development is termed reflected appraisal or the "looking-glass self". Basically, this theory holds that appraisals a person receives from others mold the self-concept. The extent of this influence depends upon characteristics of the appraiser and his or her appraisal. Specifically, greater impact on the development of a person's self-concept is said to occur when: (1) the appraiser is perceived as a highly credible source, (2) the appraiser takes a very personal interest in the person being appraised, (3) the appraisal is very discrepant with the person's self-concept at the moment, (4) the number of confirmations of a given appraisal is high, (5) appraisals are supportive of the person's own beliefs about himself or herself. Appraisals from "significant others" such as parents, close friends, trusted colleagues, and other persons/ individuals strongly admires influence self-concept development.

Social Comparison: The reflected appraisal theory gives a different picture of self-concept development because it emphasizes that people are passive and merely reflect the appraisals of others. The social comparison theory, however, states that people's self-concepts depend on how they see themselves in relation to others. **Veblen**, the major proponent of this theory was curious as to why people so strongly desired to acquire more goods and services than necessary to meet their physical needs. The absolute amount of products, property, and services was not as important, he felt, as the relative amount accumulated; that is, in comparison with others. "The end sought by accumulation is to rank high in comparison with the rest of the community. So long as the comparison is distinctly unfavorably to him, the normal, average individual will live in chronic dissatisfaction.

This theory has much more direct bearing upon the development of marketing strategies than have the theories discussed so far. Particular, this view of how people perceive themselves is dependent upon their perception of their relative status as compared to social class, reference groups, and other groups important to them. By determining which a person compares himself or herself to in the consumption of products and services, marketers can develop messages that communicate the group's referent's use of particular products and brands. Purchases would then be seen by the person as a means to increase relative position in the group.

Biased Scanning: This theory is concerned with motivation and biased scanning. In essence, this theory views self-concept development in terms of identity aspirations and biased scanning of the environment for information to confirm how well the person is meeting his or her aspirations. It suggests that a person who aspires (is motivated) to be a good lawyer, for example, will seek out information that helps to confirm this aspiration and filter out information that contradicts it. Thus, perceptual scanning is biased toward seeing ourselves as we would like to be (that is, it is biased toward self-gratification).

3.6 Brand Personality and Marketing Application

Brand personality refers to the communication goals concerning the attributes inherent in a product as well as the profile of perceptions by consumers about specific brands. Brands have three dimensions. One dimension is physical attributes, such as the color, ingredients, and so forth. A second dimension is functional or the consequences of using a brand. Both of these types of attributes are objectively verifiable. The third dimension of brands is their characterization, their personality as perceived by consumers.

Brands may be characterized as modern or old-fashioned, or lively or exotic, just as people are characterized.

For marketing applications, a more effective use of the concept of personality may be to describe brands. The assumption is dropped that people have consistent patterns (drives or traits) that guide their decisions to all brands or consumption situations. Rather, brands have consistent responses evoked to them, not based upon assumptions about the personality of the consumers responding to the brands, although such responses will be stronger in some types of consumers or personalities than among others. Brand personality is a portion of the brand's overall image, understood perhaps by many consumers but more attractive (or repulsive) to some consumers than to others. Do attempt the following exercise before proceeding further

SELF ASSESSMENT EXERCISE 2

Briefly explain the concept "Brand Personality".

4.0 CONCLUSION

Personality is a deep ingrained characteristic that influence the consumer's product choices. They affect the way consumers respond to marketers' promotional efforts, and when, where, and how they consume particular products or services. Therefore, the identification of specific personality characteristics associated with consumer behaviour has proven to be highly useful in the development of a firm's marketing segmentation strategy.

5.0 SUMMARY

Personality defines the distinctive and enduring patterns of behaviors that characterize each individual's adaptation to the situations of his or her life. Psychoanalytic, social-psychological, and trait-factor are theories of personality usually refer to in consumer research. The most popular methods for measuring personality are rating methods, situational tests, projective techniques, and inventory schemes.

6.0 TUTOR MARKED ASSIGNMENT

Explain the developmental processes of consumer self concept.

Answer to Self Assessment Exercise 1

The most popular methods for measuring personality are rating methods, situational tests, projective techniques, and inventory schemes.

Rating Methods: This rating method involves one or more evaluators assessing predetermined personality characteristics of a subject on a number of standardized rating scales. *Situational Tests:* With this technique, a situation is devised that closely resembles a typical real-life situation. Usually, several people are allowed to interact with each other in a group setting. A topic or scenario is provided to them as a focus of discussion, and the behaviors of the subjects are observed and measured.

Projective Techniques: Under this method, the individual is presented with an ambiguous individual image and is asked to explain it or relate any meaning it has to him. The assumption is that because the stimulus itself is ambiguous. The individual is actually projecting his interpretations onto it, and in the process he reveals aspect of his own personality. *Inventory Schemes:* The personality inventory is designed to minimize subjective scoring by exposing subjects to a large number of standardized questions with pre-specified answers options from which they can select.

Answer to Self Assessment Exercise 2

Brand personality can be defined as the communication goals concerning the attributes inherent in a product as well as the profile of perceptions received by consumers about specific brands. Brands have three dimensions; physical attributes, functional attributes, and characterization

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UNIT 3 PERCEPTION

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1.0 INTRODUCTION

This unit examines the psychological and physiological bases of human perception and discusses the principles that influence our perception and interpretation of the world we see. Knowledge of these principles enables marketers to develop advertisement that have a better average chance of being seen and remember by their consumers.

2.0 OBJECTIVES

After studying this unit, you should be able to:

- Describe nature of consumer perception
- Identify elements and Processes of perception
- Describe implication of consumer perception in strategy marketing

3.0 MAIN CONTENT

3.1 Definition of Perception

Perception is defined as the process by which an individual organizes and interprets stimuli into a meaningful and coherent picture of the world. It can be described as “how we see the world around us”. Two individuals may be exposed to the same stimuli under the same apparent conditions, but how each person recognizes, selects, organizes, and interprets these stimuli is a highly individual process based on each person’s own needs, values, and expectations.

3.2 Elements of Perception

Perception is made up of different concept. However within the frame work of consumer behaviour, the basic elements or concept of perception include; Sensation, Absolute Threshold, Differential Threshold, Subliminal Perception.

Sensation

Sensation is the immediate and direct response of the sensory organs to stimuli. A stimuli is any unit of input to any of the senses. Examples of stimuli (i.e. sensory input) include products, packages, brand names, advertisements, and commercials. Sensory receptors are the human organs (the eyes, ears, nose, mouth, and skin) that receive sensory inputs. Their sensory functions are to see, hear, smell, taste and feel. All of these functions are come to play, either singly or in combination, in the evaluation and use of most consumer products.

Absolute Threshold

The lowest level at which an individual can experience a sensation is called the absolute threshold. The point at which a person can detect and differentiate between “something” and “nothing” is that person’s absolute threshold for that stimulus. Package designers try to determine consumers’ absolute thresholds to make sure that their new-product designs will stand out from competitors’ packages on retailers’ shelves.

Differential Threshold

The minimal difference that can be detected between two similar stimuli is called differential threshold, or the just noticeable different. When it comes to product improvements, marketers very much want to meet or exceed the consumer’s differential threshold; that is, they want consumers to readily perceive any improvements made in the original product.

Subliminal Perception

Stimuli that are too weak or too brief to be consciously seen or heard may nevertheless be strong enough to be perceived by one or more receptor cells. This process is called subliminal perception. Because the stimulus is beneath the threshold, or “limens”, of conscious awareness, though obviously not beneath the absolute threshold of the receptors involved.

3.3 Perception Process

In studying consumer behaviour, perception process are divided into five parts this includes; Pre-attentive Processing, Selection, Organization, Interpretation and Elaboration.

Pre-attentive Processing

Pre-attentive processing refers to the simultaneous preconscious monitoring of all sensory channels for events that will require a shift in attention. This kind of pre-attentive processing is what makes it possible for us to suddenly hear our name spoken across a crowded, noisy room or wake at the cry of a baby.

Selection

Perceptual selection refers to the fact that consumers select only a small portion of the stimuli to which they are exposed for conscious processing, or what we might term focal attention. To get the consumer's focal attention, an escalation of sensory impulses is required.

Organization

The third part in the perceptual process is perceptual ~~Organization~~ **Categorization**. classify perceptions into categories and apply prior knowledge about the categories to organize them. Basically, categorization involves comparison between a perceived target and categorical knowledge. Categorization is a fundamental sense-make activity that encompasses all forms of stimulus situations.

Interpretation

The fourth part in the perceptual process is interpretation. The interpretation of perceptual stimuli involves the application of learned associations between perceptual cues, or signs, and meanings to novel stimuli. These associations are, on turn, based on individual expectations, motivations, and experiences grounded in cultural convention. Hence, interpretation depends on consumer knowledge structures.

At least two different sorts of knowledge structures are important in interpretation. One type, called schemas. Schemas includes organized collections of beliefs and feelings that a person has about objects, ideas, people, of situations. The second type of knowledge structure, called

scripts, includes sequences of actions associated with objects, ideas, people, or situations.

Elaboration

Sometimes consumer interpretation of perceptual stimuli also includes high levels of elaboration. Elaboration reflects the extent to which perceptual stimuli are integrated with prior knowledge structures. Interpretation always involves some elaboration, that is, some accessing of prior knowledge structures; but this can be at low levels such as simply recognition. At high levels of elaboration, people engage in processes such as counter arguing, problem solving, daydreaming, and fantasizing. Elaboration produces freedom of memory and attitude from the specific details of the original message or its setting. It can even result in a boomerang effect where the attitude change is opposite to that advocated in the persuasive message.

SELF ASSESSMENT EXERCISE I

Define and explain the basic elements of perception.

3.4 Perception and Consumer Information Processing

Information processing is a series of activities by which stimuli are perceived, transformed into information, and stored. Information processing model having four major steps or stages: exposure, attention, interpretation, and memory. The first three of these constitute *perception*.

Exposure

Exposure occurs when a stimulus comes within range of our sensory receptor nerves. For an individual to be exposed to a stimulus requires only that the stimulus be placed within the person's relevant environment. The individual need not receive the stimulus for exposure to have occurred.

Interpretation

Interpretation is the assignment of meaning to sensations. It is a function of the gestalt or pattern formed by the characteristics of the stimulus, the individual, and the situation. Thus, the entire message, including the context in which it occurs, influences our interpretation, as does the situation in which we find ourselves. For example, our beliefs about a new product are influenced by our beliefs about the capabilities and social responsibility of the company that produces it. Likewise,

consumers may interpret a high level of advertising for some products as meaning that the products are of low quantity.

Attention

Attention occurs when the stimulus activates one or more sensory receptor nerves and the resulting sensations go to processing. We are constantly exposed to thousands of times stimuli than we can process. Attention is determined by three factors the stimulus, the individual, and the situation.

3.5 Judgment of Perception and Marketing Strategy

Most consumer perception research deals with perceptual interpretation. This is fundamental to issues of perceived product and service quality. Perceptual judgments begin with selective attention to perceptual stimuli in the marketing landscape. Through selective exposure and attention, consumers form basic images of brands, products, and marketing communications, for instance. They draw basic perceptual inferences about the attributes of these marketing stimuli. Through learning and experience, consumers eventually form summary perceptual judgment that links the sensory stimuli to outcomes they consider desirable. Because consumers use information selectively, marketers must examine such issues as perceived quality and PCI in developing an understanding of particular consumers' perceptual judgments of particular market offerings.

SELF ASSESSMENT EXERCISE 2

Analyze the various process of perception.

4.0 CONCLUSION

Individual consumers act and react on the basis of their perceptions, not on the basis of objective reality. For each individual reality is totality personal phenomenon, based on that person's needs, wants, values and personal experiences. Thus, to the marketer, consumers' perceptions are much more important than their knowledge of objective reality.

5.0 SUMMARY

Perception is a process by which an individual selects, organizes and interprets stimuli into a meaningful and coherent picture of the world. It can be described as "how we see the world around us". The elements of perception include; Sensation, Absolute Threshold,

Differential Threshold, Subliminal Perception. The process by which perception developed includes; Pre-attentive Processing, Selection, Organization, Interpretation and Elaboration. While, Consumer Information processing model have four components: exposure, attention, interpretation, and memory, only the first three of these constitute perception.

6.0 TUTOR MARKED ASSIGNMENT

Discuss the nature of information processing in understanding consumer perception.

Answer to Self Assessment Exercise 1

Perception is defined as the process by which an individual selects, organizes and interprets stimuli into a meaningful and coherent picture of the world. It can be described as “how we see the world around us”. The basic elements of perception include; Sensation, Absolute Threshold, Differential Threshold, Subliminal Perception. Sensation is the immediate and direct response of the sensory organs to stimuli. The lowest level at which an individual can experience a sensation is called the absolute threshold. The minimal difference that can be detected between two similar stimuli is called differential threshold, or the just *noticeable different*. *Stimuli that are too weak or too brief to be* consciously seen or heard may nevertheless be strong enough to be perceived by one or more receptor cells. This process is called *subliminal perception*.

Answer to Self Assessment Exercise 2

Perception process includes; Pre-attentive Processing, Selection, Organization, Interpretation and Elaboration. Pre-attentive processing refers to the simultaneous preconscious monitoring of all sensory channels for events that will require a shift in attention. *Perceptual selection refers to the fact that consumers select only a small portion of* the stimuli to which they are exposed for conscious processing, or what we might term focal attention. The third part in the perceptual process is *perceptual organization*. *Consumers classify perceptions into categories* and apply prior knowledge about the categories to organize them. The *interpretation of perceptual stimuli involves the application of learned* associations between perceptual cues, or signs, and meanings to novel stimuli.

Elaboration reflects the extent to which perceptual stimuli are integrated with prior knowledge structures. Interpretation always involves some

elaboration, that is, some accessing of prior knowledge structures; but this can be at low levels such as simply recognition.

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UNIT 4 LEARNING AND MEMORY

CONTENTS

- 1.0 Introduction:
- 2.0 Objectives:
- 3.0 Main Content
 - 3.1 Learning Defined
 - 3.2 Elements of Learning
 - 3.3 Types of Learned Behaviour
 - 3.4 Behavioural Theory of Learning
 - 3.5 General Characteristics of Learning
 - 3.6 Memory Defined
 - 3.7 Advertising/Marketing Application
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References /Further Readings

1.0 INTRODUCTION

This unit explains two of the fundamental methods by which consumers are able to adapt to their environment, which is learning and memory. Consumers experience everyday life, and most try to learn from these experiences. Often, knowledge is one outcome of that learning, and this knowledge in turn influences memory and future perception, and experiences.

2.0 OBJECTIVES

After studying this unit, you should be able to:

- Define learning and memory
- Describe method of learning and its implication in understanding consumer behaviour.
- State basic features and theories of learning.

3.0 MAIN CONTENT

3.1 Learning Defined

Learning can be viewed as a relatively permanent change in behavior occurring as a result of experience. Because not all learning theorists agree on how learning takes place, it is difficult to come up with a generally accepted definition of learning. From a marketing perspective, however, consumer learning can be thought of as the process by which

individuals acquire the purchase and consumption knowledge and experience that they apply to future related behavior. Several points in this definition are worth noting.

Consumer learning is a process; that is, it continually evolves and changes as a result of newly acquired knowledge (which may be gained from reading, from discussions, from observation, from thinking) or from actual experience. Both newly acquired knowledge and personal experience serve as feedback to the individual and provide the basis for future behavior in similar situations.

3.2 Elements of Learning

Despite their different viewpoints, learning theorists in general agree that in order for learning to occur, certain basic elements must be present. The elements included in most learning theories are motivation, cues, response, and reinforcement.

Motivation: The concept of motivation is important to learning theory.

Remember, motivation is based on needs and goals. Motivation acts as a spur to learning. The degree of relevance, or involvement, determines the consumer's level of motivation to search for knowledge or information about a product or service. Uncovering consumer motives is one of the prime tasks of marketers, who then try to teach motivated consumer segments why and how their products will fulfill the consumer's needs.

Cues: If motives serve to stimulate learning, cues are the stimuli that direct these motives. In the marketplace, price, styling, packaging, advertising, and store displays all serve as cues to help consumers fulfill their needs in product-specific ways. Cues serve to direct consumer drives when they are consistent with consumer expectations. Marketers must be careful to provide cues that do not upset those expectations.

Response: How individuals react to a drive or cue-how they behave-constitutes their response. Learning can occur even when responses are not overt.

Reinforcement: Reinforcement increases the likelihood that a specific response will occur in the future as the result of particular cues stimuli.

3.3 Types of Learned Behaviour

Nearly every type of behavior we exhibit as humans has been learned. The following provide some specific example:

Physical Behavior: Generally, we learn many physical behavior patterns useful in responding to a variety of situations faced in everyday life. For example, all healthy humans learn to walk, talk, and interact with others. As consumers, we also learn methods of responding to various purchase situations. These may take the forms of learning to act dissatisfied when hearing the first price quote on a car, or learning to read closely the fine print in purchase contracts. Consumers may also learn certain physical activity through the process termed modeling, in which they mimic the behavior of other individuals, such as celebrities. This suggests the important influence of learned physical behavior.

Symbolic Learning and problem Solving: People learn symbolic meanings that enable highly efficient communication through the development of languages. Symbols also allow marketers to communicate with consumers through such vehicles as brand names (Samsung and Sony), and slogans (simply the best) the marketer intends for these symbols to connote positive images of the company to consumers in addition to keeping the firm's name familiar to them.

One can also engage in problem-solving learning by employing processes of thinking and insight. Thinking involves the mental manipulation of symbols representing the real world to form various combination of meaning. One use of thinking and problem solving is that they enable consumers to evaluate mentally a wide variety of products without having to purchase them.

Affective Learning: Humans learn to value certain elements of their environment and dislike others. This means that consumers learn many of their wants, goals, and motives as well as what products satisfy these needs. Learning also influences consumers' development of favorable or unfavorable attitudes toward a company and its products. These attitudes will affect the tendency to purchase various brands.

Before you proceed further, do attempt this exercise

SELF ASSESSMENT EXERCISE I

What is consumer learning? Briefly explain types of learned behaviour.

3.4 Behavioural Theory of Learning

Two behavioral learning theories, briefly discussed here, are classical conditioning and operant conditioning. Both take a behaviorist approach to learning. They treat human memory processes as a black box-process that is not really necessary to understand. Under the behaviorist approach, consumers operate on the environment (e.g. people do things).

In turn, consumers experience consequences from the environment (e.g. rewards, punishments, and pairings of stimuli). These consequences determine the probabilities of future behavioral responses.

Classical Conditioning Theory

Classical conditioning is a specific procedure that creates a learning environment, but other learning processes may operate simultaneously with this procedure. Classical conditioning became well known from the Russian psychologist Ivan Pavlov. Pavlov is most famous for his experiments with dogs. When he administered meat powder to dogs, they would naturally salivate. Every time that he administered the powder, he would sound a bell. Through repetition, the dogs learned to associate the sound of the bell with the coming of food. Eventually, the dogs learned to associate the sound of the bell, even when the meat powder was not present. The temporal contiguity principle states that stronger associations are learned when events occur close together in time as opposed to far apart in time.

Classical learning research helped generate early understanding of stimulus generalization. Stimulus generalization refers to the tendency of stimuli that are similar to evoke similar responses. That is, consumers make a leap of sorts. They make a judgment that one stimulus is similar enough to another that it warrant a similar response.

Marketers use stimulus generalization to devise branding and product strategies. These strategies include family branding, band extensions, licensing, and look-alike packaging.

Operant Conditioning Theory

Operant condition, also called instrumental conditioning, occurs as consumers shape their behaviors to respond to rewards and punishments in the marketplace. Under operant conditioning, the frequency of occurrence of a behavior is modified by the consequences of the behavior. That is, the frequency of behavior is conditioned by the extent of reinforcement associated with that behavior. Responses are made deliberately, as opposed to the involuntary responses illustrated by classical conditioning. Under operant conditioning, consumers' satisfaction with purchases serves to reinforce future behavioral responses, specifically, repeat purchases. The stream of associations that occur during consumption (e.g. imagery, daydreams, and emotions) may also serve as important reward mechanisms.

Operant conditioning involves several importances for understanding of consumer behavior, including shaping, reinforcement, and punishment schedules.

3.5 General Characteristics of Learning

Regardless of which approach to learning is applicable in a given situation, several general characteristics of learning are relevant and of interest to marketing managers. Five of the most important are strength of learning, extinction (or forgetting), stimulus generalization, stimulus discrimination, and the response environment.

Strength of Learning: The strength of learning is heavily influenced by four factors: importance, reinforcement, repetition, and imagery. Generally, learning comes about more rapidly and lasts longer; the more important the material to be learned; the more reinforcement received during the process, the greater the number of stimulus repetitions that occurs, and the more imagery contained in the material.

Importance: Importance refers to the value that the consumer places on the information to be learned. The more important it is for you to learn a particular behavior or piece of information, the more effective and efficient you become in the learning process.

Reinforcement: Anything that increases the likelihood that a given response will be repeated in the future is considered enforcement. While learning frequently occurs in the absence of reinforcement (or punishment), reinforcement has a significant impact on the speed at which learning occurs and the duration of its effect. A negative reinforcement involves the removal or the avoidance of an unpleasant consequence.

Punishment: Punishment is the opposite of reinforcement. It is any consequence that decreases the likelihood that a given response will be repeated in the future.

Basically, there are two very important reasons for marketers to determine precisely what reinforces specific consumer purchase: to obtain repeat purchases, the product must satisfy the goals sought by the consumer; and to induce the consumer to make the first purchase, the promotional messages must promise the appropriate type of reinforcement – that is, satisfaction of the consumer's goals.

Repetition: Repetition increases the strength and speed of learning. Simply, the more times we are exposed to information or practice a behavior, the more likely we are to learn it. The effects of repetition are, of course, directly related to the importance of the information and

the reinforcement given. Less repetition of an advertising message is necessary for us to learn the message if the subject matter is very important or if there is a great deal of relevant reinforcement. Since many advertisements do not contain information of current importance to consumers or direct rewards for learning, repetition plays a critical role in the promotion process for many products.

Imagery: Imagery Words, whether a brand name or a corporate slogan, create certain images. The theory behind the imagery effect is that high-imagery words leave a dual code since they can be stored in memory on the basis of both verbal pictorial dimensions, while low-imagery words can only be coded verbally. High-imagery brand names are learned more quickly than are low-imagery names. Likewise, advertising claims consistent with the image evoked by the brand name are easy to recall.

Extinction: Extinction, or forgetting as it is more commonly termed, occurs when the reinforcement for the learned response is withdrawn, the learned response is no longer used, or the individual is no longer reminded of response. The rate at which extinction occurs is inversely related to the strength of the original learning. That is, the more important the material, the more reinforcement, the more repetition, and the greater the imagery and the more resistant the learning is to extinction.

Stimulus Generalization: Stimulus generalization (often referred to as the rub-off effect) occurs when a response to one stimulus is elicited by a similar but distinct stimulus. Thus, a consumer who learns that cookies taste good and therefore assumes that their new Chocolate cones will also taste good has engaged in stimulus generalization. The fact that stimulus generalization is common provides a major source of brand equity and brand extensions based on brand equity.

Stimulus discrimination: Stimulus discrimination refers to the process of learning to respond differently to similar but distinct stimuli. At some point, stimulus generalization becomes dysfunctional because less and less similar stimuli are still being grouped together. At this point, consumers must begin to be able to differentiate among the stimuli.

Response Environment: Consumers generally learn more information than they can readily retrieve. That is, we frequently have relevant information stored in memory we cannot access when needed. One factor that influences our ability to retrieve stored information is the strength of the original learning. A second factor affecting retrieval is the similarity of the retrieval environment to the original learning environment. Thus, the more the retrieval situation offers cues similar to

the cues present during learning, the more likely effective retrieval is to occur.

Matching the retrieval and learning environments requires an understanding of when and where consumers make brand or store decision. Decision on brand or store made at home do not have the same set of cues that are available at a retail outlet.

3.6 Memory Defined

Memory is the total accumulation of prior learning experiences. It consists of two interrelated components; Short-term and long-term memory. These are not distinct physiological entities. Instead, short-term memory is that portion of total memory that is currently activated or in use. In fact, it is often referred to as working memory.

Short-term Memory: Short-term memory has a limited capacity to store information and sensations. In fact, it is not used for storage in the usual sense of that term. Individuals use short-term memory to hold information while they analyze and interpret it. They may then transfer it to another system (write or type it), place it in long-term memory or both. Thus, short-term memory is closely analogous to what we normally call thinking. It is an active, dynamic process, not a static structure. Two basic types of information processing activities occur in short-term memory elaborative activities and maintenance rehearsal.

Long-Term Memory: Long-term memory is viewed as an unlimited storage. It can store numerous types of information such as concepts, decision rules, processes, affective (emotional) states, and so forth. Marketers are particularly interested in semantic memory, which is the basic knowledge and feelings we have about a concept. It represents our understanding of an object or event at its simplest level.

3.7 Advertising/Marketing Application

Short Memory & Advertising Applications

Numerous memory concepts have significant implications for the field and advertising. The following conclusions represent only a sampling of the useful guidelines that are available.

- Advertising messages with unique aspects have a greater potential for being remembered.
- The order in which material is presented seems to influence how well it will be retained, with the middle portion being most easily forgotten.

- Messages that encourage immediate rehearsal of material stimulate its retention
- More information can be processed and retained if it is chunked.
- The amount of information that can be transferred to long-term memory is a function of the time available for processing.
- Memory is cue-dependent, and presentation of relevant cues will stimulate recall.
- Material in long-term memory can be quite different from the information presented in a learning situation.
- Material that is meaningful, to the individual is learned more quickly and therefore has a greater chance of being retained than does non-meaningful material.

SELF ASSESSMENT EXERCISE 2

Discuss the various general characteristics of Consumer learning.

4.0 CONCLUSION

Consumers' learning is an important component of their behaviour. Learning certainly occurs intentionally, as when a problem is recognized and information is acquired about products which might solve the problem. Knowledge of learning principles can be useful in understanding how consumers' wants and motives are acquired and how their tastes are developed. Also, appreciation of learning and memory processes can aid marketers of how frequently to repeat advertising messages and develop brand loyalty. General characteristics of learning are relevant and of interest to marketing managers. Five of the most important are strength of learning, extinction (or forgetting), stimulus generalization, stimulus discrimination, and the response environment.

5.0 SUMMARY

Consumer learning can be thought of as the process by which individuals acquire the purchase and consumption knowledge and experience that they apply to future related behavior. In order for learning to occur, certain basic elements must be present. The elements included in most learning theories are motivation, cues, response, and reinforcement. Five of the most important general characteristics of learning are strength of learning, extinction, stimulus generalization, stimulus discrimination, and the response environment. There are many types of learned behaviour such as Physical Behavior, Symbolic Learning and problem Solving, Affective Learning. Memory is the total accumulation of prior learning experiences. It consists of two interrelated components; Short-term and long-term memory.

6.0 TUTOR MARKED ASSIGNMENT

Define memory and explain the two components of consumer memory.

Answer to Self Assessment Exercise 1

Consumer learning can be defined as the process by which individuals acquire the purchase and consumption knowledge and experience that they apply to future related behavior. There are many types learned behaviour such as Physical Behavior, Symbolic Learning and problem Solving, Affective Learning. Physical Behavior is learned behaviour that is useful in responding to a variety of situations consumer faced in everyday life. Symbolic learning and problem solving: Symbolic learning enables highly efficient communication through the development of languages. One can also engage in ~~problem-solving~~ employing the processes of thinking and insight. Thinking involves the mental manipulation of symbols representing the real world to form various combination of meaning. Affective Learning: Learning also influences consumers' development of favorable or unfavorable attitudes toward a company and its products. These attitudes will affect the tendency to purchase various brands.

Answer to Self Assessment Exercise 2

Five of the most important general characteristics are strength of learning, extinction, stimulus generalization, stimulus discrimination, and the response environment. Strength of Learning: The strength of learning is heavily influenced by four factors: importance, reinforcement, repetition, and imagery. Generally, learning comes about more rapidly and lasts longer. Importance: Importance refers to the value that the consumer places on the information to be ~~be~~ **Reinforcement:** Anything that increases the likelihood that a response will be repeated in the future in considered ~~be~~ **Punishment.** Punishment is any consequence that decreases the likelihood that a given response will be repeated in the future.

Repetition: Repetition increases the strength and speed of learning. The effects of repetition are directly related to the importance of the information and the reinforcement given. Imagery: Imagery Words create certain images. The theory behind the imagery effect is that high-imagery words leave a dual code since they can be stored in memory on the basis of both verbal pictorial dimensions. Extinction: Extinction occurs when the reinforcement for the learned response is withdrawn, the learned response is no longer used, or the individual is no longer reminded of response. Stimulus Generalization: Stimulus generalization occurs when a response to one stimulus is elicited by a similar but

distinct stimulus. Stimulus discrimination: Stimulus discrimination refers to the process of learning to respond differently to similar but distinct stimuli. Response Environment: One factor that influences retrieval is the similarity of the retrieval environment to the original learning environment. Thus, the more the retrieval situation offers cues similar to the cues present during learning, the more likely effective retrieval is to occur.

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UNIT 5 ATTITUDE FORMATION AND CHANGE

CONTENTS

- 1.0 Introduction
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- 3.0 Main Content
 - 3.1 Definition of Attitude
 - 3.2 Attitude Function
 - 3.3 Characteristics of Attitude
 - 3.4 Sources of Attitude Development
 - 3.5 Structure Models of Attitudes
 - 3.6 Strategies for Changing Attitudes and Intentions
- 4.0 Conclusion
- 5.0 Summary
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- 7.0 References/Further Readings

1.0 INTRODUCTION

How consumer attitude are formed and how they are changed are two closely related issues of considerable concern to marketing practitioners. In this unit we define attitude and explore how attitudes are formed and organized.

2.0 OBJECTIVES

After studying this unit, you should be able to:

- State features of consumer attitude
- Describe how consumer attitude affects marketing activities.
- Describe how attitudes are developed.

3.0 MAIN CONTENT

3.1 Definition of Attitude

An attitude is an enduring organization of motivational, emotional, perceptual, and cognitive process with respect to some aspect of our environment. It is a learned predisposition to respond in a consistently favorable or unfavorable manner with respect to a given object. Thus, an attitude is the way we think, feel, and act toward some aspect of our environment such as a retail store, television program, or product.

In another words, an attitude is how positive or negative, favorable or unfavorable, or pro or con a person feels toward an object. This definition views attitude as a feeling or an evaluative reaction to object.

Attitude may also be defined as “an enduring organization of motivational, emotional, perceptual, and cognitive process with respect to some aspect of the individual’s world. This views attitude as being made up of three components: the cognitive or knowledge component, the affective or emotional component and the cognitive or behavioral-tendency component.

3.2 Attitude Function

Attitudes serve four key functions for individuals:

Knowledge function: some attitudes serve primarily as a means of organizing beliefs about objects or activities such as brands and shopping. These attitudes may be accurate or inaccurate with respect to “objective” reality, but the attitude will often determine subsequent behaviors rather than “reality”.

Value-expressive function: Other attitudes are formed and serve to express an individual’s central values and self-concept. Thus, consumers who value nature and the environment are likely to develop attitudes about products and activities that are consistent with that value. These consumers are likely to express support for environment protection initiatives, to recycle, and to purchase and use “green products.

Utilitarian function: This function is based on operant conditioning. We tend to form favorable attitudes toward objects and activities that are rewarding and negative attitudes toward those that are not. Marketers frequently promise rewards in advertising and conduct extensive product testing to be sure the products are indeed rewarding.

Ego-defensive function: Attitudes are often formed and used to defend our egos and images against threats and shortcomings. Products promoted as very macho may be viewed favorably by men who are insecure in their masculinity. Or, individuals who feel threatened in social situations may form favorable attitudes toward products and brands that promise success or at least safety in such situations.

Any given attitude can perform multiple functions, though one may predominate. Marketers need to be aware of the function that attitudes relevant to the purchase and use of their brands fulfill or could fulfill for their target markets.

3.3 Characteristics of Attitude

Attitudes have several important characteristics or properties; namely, they have an object; direction, intensity, and degree; have structure, and are learned.

Attitudes Have an Object: By definition, attitudes must have an object. That is, they must have a focal point whether it is an abstract concept, such as “ethical behavior”. Or a tangible item, such as a motorcycle. The object can be a physical thing, such as a product, or it can be an action, such as buying a refuse bin. In addition, the object can be either one item, such as a person, or a collection of items such as a social group; it also can be either specific.

Attitudes Have Direction, Degree and Intensity: An attitude expresses how a person feels toward an object. It expresses direction-the person is either favorable or unfavorable toward, or for or against the object; degree- how much the person either likes or dislikes the object; and intensity-the level of sureness or confidence of expression about the object, or how strongly a person feels about his or her conviction.

The direction, degree, and intensity of a person’s attitude toward product have been said to provide marketers with an estimate of his or her readiness to act toward, or purchase, the product. However, a marketer must also understand how important the consumer’s attitude is viz -a-vis other attitudes, and the situational constraints, such as ability to pay, that might inhibit the consumer from making a decision.

Attitudes Have Structure: Attitudes display organization, which means that they have internal consistency and possess inter-attitudinal centrality. They also tend to be stable, to have varying degrees of influence, and to be generalizable.

The structure of human attitudes may be viewed as a complex network of interconnected attitudes in a type of circular pattern. At the center of this structure are the individual’s important values and self-concept. Attitudes close to the hub of this system are said to have a high degree of centrality. Other attitudes located farther out in the structure possess less centrality.

Attitudes do not stand in isolation. They are associated with each other to form a complex whole. This implies that a certain degree of consistency must exist between them. That is, because they are related, there must be some amount of “fit” between them, or conflict will result. Also, because the more central attitudes are related to a larger number of

other attitudes, they must exhibit a greater degree of consistency than more peripheral attitudes do.

Because attitudes cluster into a structure, they tend to show stability over time. The length of time may not be infinite, but it is far from being temporary. Also, because attitudes are learned, they tend to become stronger, or at least more resistant to change, the longer they are held. Thus, newly formed attitudes are easier to change and less stable than are older ones of equal strength.

Attitudes tend to be generalizable. That is, a person's attitude toward a specific object tends to generalize toward a class of objects.

Attitudes Are Learned: They develop from our personal experiences with reality, as well as from information from friends, salespeople, and news media. They are also derived from both direct and indirect experiences in life. Thus, it is important to recognize that learning precedes attitude formation and change, and that principles of learning can aid marketers in developing and changing consumer attitudes.

3.4 Sources of Attitude Development

All attitudes ultimately develop from human needs and the values people place upon objects that satisfy those perceived needs.

Personal Experience: People come into contact with objects in their everyday environment. Some are familiar, while others are new. We evaluate the new and reevaluate the old, and this evaluation process assists in developing attitudes toward objects.

Our direct experiences with sales representatives, products, services, and stores help to create and shape our attitudes toward those market objects. However, several factors influence how we will evaluate such direct contacts:

Needs: Because needs differ and also vary over time, people can develop different attitudes toward the same object at different points in their life.

Selective perception: We have seen that people operate on their personal interpretation of reality. Therefore, the way people interpret information about products, stores, and so on, affects their attitudes toward them.

Personality: Personality is another factor influencing how people process their direct experiences with objects. How aggressive-passive,

introverted-extroverted, and so on, that people are will affect the attitudes they form.

Group Associations: All people are influenced to one degree or another by other members in the groups to which they belong. Attitudes are one target for this influence. Our attitudes toward products, ethics, warfare, and a multitude of other subjects are influenced strongly by groups that we value and with which we do or wish to associate. Several groups, including family, work and peer groups, and cultural and sub cultural groups, are important in affecting a person's attitude development

Influential Others: A consumer's attitude can be formed and changed through personal contact with influential persons such as respected friends, relatives, and experts. Opinion leaders are examples of people who are respected by their followers, who may strongly influence the attitudes and purchase behavior of followers.

To capitalize on this type of influence, advertisers often use actors and actresses who look similar to or act similar to their intended audiences. People tend to like others who are similar to themselves, because they believe that they share the same problems, from the same judgments, and use the same criteria for the evaluating products.

3.5 Structure Models of Attitudes

The following section examines several important attitude models: the tri-component attitude models, and the multi-attribute attitude models. Each of these models provides a somewhat different perspective on the number of component parts of an attitude and how parts are arranged or interrelated.

TRICOMPONENT ATTITUDE MODEL

According to the tri-component attitude model, attitudes consist of three major components: a cognitive component, an affective component, and a co-native component.

The Cognitive Component: The first part of the tri-component attitude model consists of a person's cognitions that is, the knowledge perceptions that are acquired 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; that is, the consumer believes that the attitude object possesses various attributes and that specific behavior will lead to specific outcomes.

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 primarily evaluative in nature; that is, they capture an individual's direct or global assessment of the attitude object (i.e. the extent to which the individual rates the attitude object as "favorable" or "unfavorable," "good" or "bad").

The Co-native Component: Conation, the final component of the tri-component attitude model, is concerned with the likelihood or tendency that an individual will undertake a specific action or behave in a particular way with regard to the attitude object. According to some interpretations, the co-native component may include the actual behavior itself.

In marketing and consumer research, the co-native component is frequently treated as an expression of the consumer's intention to buy. Buyer intention scales are used to assess the likelihood of a consumer purchasing a product or behaving in a certain way.

MULTI-ATTRIBUTE ATTITUDE MODELS

Multi-attribute attitude models portray consumer's attitudes with regard to an attitude object (e.g. a product, a service, or a cause or an issue) as a function of consumers' perception and assessment of the key attributes or beliefs held with regard to the particular attitude object. The components of this type of attitude model include: the attitude-toward-object model, the attitude-toward-behavior model, and the theory-of-reasoned-action model.

The Attitude toward object: 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 favorable attitudes toward those brands that they believe have an adequate level of attributes that they evaluate as positive, and they have unfavorable attitudes toward those brands they feel do not have an adequate level of desired attributes or have too many negative or undesired attributes.

The Attitude-Toward-Behavior Model: The attitude-toward-behavior model is the individual's attitude toward acting with respect to an object rather than the attitude toward the object itself. The appeal of the attitude-toward-behavior model is that it seems to correspond somewhat more closely to actual behavior than does the attitude-toward-object model.

Theory of Reasoned Action Model: The theory of reasoned action presents a comprehensive integration of attitude components into a structure that is designed to lead to both better explanation and better predictions of behavior. Like the basic tri-component attitude model, the theory-of-reasoned-action model incorporates a cognitive component, an affective component, and a co-native component: however, there are arranged in a pattern different from that of the tri-component model.

3.6 Strategies for Changing Attitudes and Intentions

Some strategies for influencing changes in consumers' attitudes toward certain behaviors have already been identified. Various change strategies are discussed collectively below. Although many factors can influence the consumer's choice among these alternatives, one fundamental consideration should be the degree of involvement that consumers are experiencing with the product.

Low-Involvement Strategies: Under low-involvement conditions consumers are not likely to make brand choices on the basis of attitudes established through developing clearly formulated beliefs about the product or service. In essence, their interest is too low to spend **thinking** about products and evaluating them in a rational and deliberative fashion.

Consequently, one potential low-involvement strategy may be to change consumers' attitudes by using peripheral cues to encourage favorable reactions toward advertisements used to promote the brands. Such cues might involve use of pictures, color, attractive spokespeople or characters, creative placement of advertisement components, and music in broadcast advertisements. Some of the low involvement strategies include to: *Link the product or service to an involving issue; Link the product to a presently involving personal situation; Develop high-involvement advertisements; Change the importance of product benefits; and Reveal or introduce important product characteristics.*

High-Involvement Strategies: Potentially, a variety of strategies are available for changing consumer attitudes under high-involvement conditions. Before implementing such strategies, however, the marketer must be clear on whether the attempt is to change consumer attitudes about the brand, or whether it is to change attitudes about **behaving** toward the brand. As consumer attitudes about behaving toward brand are more closely related to their intentions to purchase. Changes in behavioral intentions are related to changes in attitudes toward the behavior and changes in subjective norms about the behavior. All of these, in turn, are functions of their components. These relationships

suggest the following potential strategies; **Change existing beliefs about the consequences of behavior; Change consumers evaluation of the consequences of particular action.; Introduce new belief/evaluation combinations; Change existing normative; Change motivations to comply with subjective norms; and Introduce new normative components.**

You can proceed further, after working out this exercise

SELF ASSESSMENT EXERCISE

- i. Define Consumer Attitude and explain the basic functions it serves.
- ii. Briefly explain characteristics of Consumer attitude.

4.0 CONCLUSION

Within the context of consumer behaviour, an appreciation of prevailing attitudes has considerable strategic merit. Attitude is a learned predisposition to behave in a consistently favourable or unfavourable way with respect to a given object such as product. Each element of attitude is critical to understanding why and how it is relevant in consumer behaviour and marketing.

5.0 SUMMARY

Consumer attitude is defined as the way consumer think, feel, and act toward some aspect of our environment such as a retail store, television program, or product. Attitudes serve four key functions for individuals: attitude plays four important function of Knowledge, Value-expressive, Utilitarian and Ego-defensive. Consumer attitudes are developed through Personal Experience, Group Associations and Influential Others. Tri-component attitude models and the multi-attribute attitude models provides a somewhat different perspective on the number of component parts of an attitude and how parts are arranged or interrelated.

6.0 TUTOR MARKED ASSIGNMENT

Discuss the various sources of attitude development.

Answer to Self Assessment Exercise 1

Consumer attitude is defined as the way consumer think, feel, and act toward some aspect of our environment such as a retail store, television program, or product. Attitudes serve four key functions for individuals: *Knowledge function: some attitudes serve primarily as a means of*

organizing beliefs about objects or activities such as brands and shopping.

Value-expressive function: Other attitudes are formed and serve to express an individual's central values and self-concept. Utilitarian *function: This function is based on operant conditioning. We tend to form favorable attitudes toward objects and activities that are rewarding and negative attitudes toward those that are not.*

Ego-defensive function: Attitudes are often formed and used to defend our egos and images against threats and shortcomings.

Answer to Self Assessment Exercise 2

Attitudes have several important characteristics they are; Attitudes Have *an Object: Attitudes must have an object. That is, they must have a focal point whether it is an abstract concept, or a tangible item.* *Attitudes Direction, Degree and Intensity: An attitude expresses how a person feels toward an object. It expresses direction-the person is either favorable or unfavorable toward, or for or against the object; degree-how much the person either likes or dislikes the object; and intensity-the level of sureness or confidence of expression about the object, or how strongly a person feels about his or her conviction. Attitudes Structure: Attitudes display organization, which means that they have internal consistency and possess inter-attitudinal centrality. They also tend to be stable, to have varying degrees of salience, and to be generalizable. Attitudes Are Learned: They develop from our personal experiences with reality, as well as from information from salespeople, and news media. They are also derived from both direct and indirect experiences in life.*

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MODULE 3 CONSUMER AND SOCIAL/CULTURAL SETTING

Unit 1 Family and Household

Unit 2 Social Group

Unit 3 Consumer Social Class

Unit 4 Cultural Influence

UNIT 1 FAMILY AND HOUSEHOLD

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3.6 Marketing Strategy and Family Decision Making

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5.0 Summary

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1.0 INTRODUCTION

In this unit, we explore the concept of family and household as they influence consumers' behaviour. With the exception of those very few people who are classified as hermits, most individuals interact with other people on daily basis, especially with members of their own families. The family commonly provides the opportunity for product exposure and trial and imparts consumption values to its members. As a major consumption group, the family is also a prime target for many product and services.

2.0 OBJECTIVES

After studying this unit, you should be able to:

- Define family and an household
- Describe traditional and modern family life cycle
- State variables affecting family purchase decision
- Describe the importance of family influences on consumer behaviour

3.0 MAIN CONTENT

3.1 Family and Household Defined

A family is a group of two or more persons related by blood, marriage, or adoption who reside together. There are two main types of family nuclear and extended family. The nuclear family is the immediate group of father, mother, and children living together. The extended family includes the nuclear family, plus other relatives, such as grandparents, uncles and aunts, cousins, and in-laws. The family into which one is born is called the family of orientation, whereas the one established by marriage is the family of procreation.

Household is another term frequently used by marketers when describing consumer behavior. Household differs from family in that household includes all the persons, both related and unrelated, who share a housing unit.

3.2 Variables Affecting Family Purchase

Families have higher median incomes than do households because of the greater number of employed individuals in families. For both families and households, the four structural variables that impact purchasing decisions most and that are therefore of primary interest to marketers are the age of head of household or family, marital status, presence of children, and employment status. However, the way families make decision can be better understood by considering sociological dimensions such as cohesion, adaptability, and communication.

Cohesion: Cohesion is the emotional bonding that family members have toward one another. It is a measure of how close to each other family members feel on an emotional level.

Family adaptability: Family adaptability is the ability of a marital family system to change its power structure, role relationships, and relationship rules in response to situational and developmental stresses. Family adaptability is measure of how well a family can meet the challenges presented by changing needs.

Communication: Communication is a facilitating dimension, critical to movement on the other two dimensions. Positive communication skills (such as empathy, reflective listening, and supportive comments) enable

families to share with each other their changing needs and preferences as they relate to cohesion and adaptability.

3.3 Traditional Family Life Cycle

Traditional family lifecycles involves nine stages of Single, Newly Married Couples, Full Nest I, Full Nest II, Full Nest III, Empty Nest I, Empty Nest II, The Solitary Survivor, and The Retired Solitary survivor.

Single stage

Although earnings are relatively low, they are subject to few rigid demands, so consumers in this stage typically have substantial discretionary income. Part of this income is used to purchase a car and basic equipment and furnishings for their first residence away from home—usually an apartment. They tend to be more fashion and recreation oriented, spending a substantial proportion of their income on clothing, beverages, food away from home, vacations, leisure time pursuits, and other products and services involved in the mating game.

Newly Married Couples

Newly married couples without children are usually better off financially than they have been in the past and will be in the near future because the wife is usually employed. Families at this stage also spend a substantial amount of their income on cars, clothing, vacations, and their leisure time activities. They also have the highest purchase rate and highest average purchase of durable goods, particularly furniture and appliances, and other expensive items, and appear to be more susceptible to advertising in this stage.

Full Nest I

With the arrival of the first child, some wives stop working outside the home, and consequently family income declines. Simultaneously, the young child creates new problems that change the way the family spends its income. The couple is likely to move into their first home, purchase furniture and furnishings for the child, buy a washer, dryer, and home maintenance items, and purchase such products as baby food, chest rubs, cough medicine, vitamins, toys, wagons, sleds, and skates. These requirements reduce family savings and the husbands and wives are often dissatisfied with their financial position.

Full Nest II

At this stage the youngest child is six or over, the husband's income has improved, and the wife often returns to work outside the home. Consequently, the family's financial position usually improves. Consumption patterns continue to be heavily influenced by the children as the family tends to buy food and cleaning supplies in larger packages, bicycles, pianos, and educational lessons.

Full Nest III

As the family grows older, its financial position usually continues to improve because the husband's income rises, the wife returns to work or enjoys a higher salary, and the children earn money from occupational employment. The family typically replaces several pieces of furniture, purchases another automobile, buys several luxury appliances, and spends a considerable amount of money on health services and education for the children.

Empty Nest I

At this stage the family is most satisfied with their financial position and the amount of money saved because income has continued to increase, and the children have left home and are no longer financially dependent on their parents. The couple often makes home improvements, buy luxury items, and spend a greater proportion of their income on vacations, travel, and recreation. This is mostly apply to Western World than Africans.

Empty Nest II

By this time the household head has retired and so the couple experience a noticeable reduction in income. Expenditures become health oriented, centering on such items as medical appliances, medical care products that aid health, sleep, and digestion, and perhaps a smaller home, apartment, or condominium in a more agreeable climate.

The Solitary Survivor

If still in the labor force, solitary survivors still enjoy good income. They may sell their home and usually spend more money on recreation, and the types of health-oriented products and services mentioned above.

The Retired Solitary survivor

The retired solitary survivor follows the same general consumption pattern on a lower scale because of the reduction in income. In

addition, these individuals have special needs for attention, affection, and security.

3.4 Modern Family Life Cycle

During recent years, many changes in the family have occurred, particularly in smaller family size, postponement of marriage, and rising divorce rates. Thus, another conception of the family life cycle, which includes such stages as divorced, single parents and middle-aged married without children, has been offered. This modernized version is described as consisting of the following groups.

- i. Bachelor I: head is 18-34, single (never married, divorced, separated, widowed), no dependent children.
- ii. Young Couple: female head is 18-34, couple (marriage or unmarried), and no children.
- iii. Full Nest I: female head is 18-34, couple (married or unmarried), youngest child under 6.
- iv. Full Nest II: female head is 18-34, couple (married or unmarried), youngest child 6 or over.
- v. Single Parent I: head is 18-34, single (never married, divorced, separated, widowed), youngest child 6 or over.
- vi. Single Parent II: head is 18-34, single (never married, divorce, separated, widowed), youngest child 6 or over.
- vii. Bachelor II: head is 35-64, single (never married, divorced, separated, widowed) no dependent children.
- viii. Childless Couple: female head is 35-64, couple (married or unmarried), and no dependent children.
- ix. Delayed Full Nest: female head is 35-64, couple (married or unmarried), youngest child under 6.
- x. Full Nest III: female head is 35-64, couple (married or unmarried), youngest child 6 or over.
- xi. Single Parent III: head is 35-64, youngest child 6 or over.
- xii. Bachelor III: head is 65 or older, single (never married, divorced, separated, widowed), not dependent children.
- xiii. Older Couple (Empty Nest): female head is 65 or older, couple (married or unmarried), no dependent children.

The modernized family life cycle is based on age (of the female in the household, if appropriate), which is traced through the groups of young, middle aged, and elderly. These various ages are affected by two types of critical events: (1) marriage and separation (by divorce or death), and (2) arrival of the first child and departure of the last child. This modernized family life cycle accounts for four household types over three age groups through a person's lifetime.

3.5 Nature of Family Decision Making and Purchase Roles

Family decision making is the process by which decisions that directly or indirectly involve two or more family members are made. Decision making by a group such as a family differs in many ways from decisions made by an individual.

Family purchases are often compared to organizational buying decision. While this can produce useful insights, it fails to capture the essence of family decision making. Organizations have relatively objective criteria such as profit maximization that guide purchases. Families lack such explicit, overarching goals.

Most importantly, many family purchases are inherently emotional and affect the relationships between the family members. The process families use to make purchase decisions and the outcomes of those process have important impacts on the well-being of the individual family members and the family itself. Thus, while family decision making has some things in common with organizational decision making, it is not the same.

Family Purchase Roles

There are six roles that frequently occur in family decision making. It is important to note that individuals will play various roles for different decisions:

- Initiator(s): The family member who first recognizes a need or starts the purchase process.
- Information gatherer(s): The individual who has expertise and interest in particular purchase. Different individuals may seek information at different times or on different aspects of the purchase.
- Influencer(s): The person who influences the alternatives evaluated, the criteria considered, and the final choice.
- Decision maker(s): The individual who makes the final decision. Of course, joint decisions also are likely to occur.
- Purchaser(s): The family member who actually purchases the product. This is typically an adult or teenager.
- User(s): The user of the product. For many products there are multiple users.

3.6 Marketing Strategy and Family Decision Making

Formulating an effective marketing strategy for most consumer products requires a thorough understanding of the family decision-making process in the selected target markets with respect to that product.

The family decision-making process often varies across market segments such as stages in the family life cycle or social class. Therefore, it is essential that marketers analyze family decision making within each of the defined target markets. Within each target market, there is the need to:

- Discover which family members are involved at each stage of the decision process.
- Determine what their motivations and interests are.
- Develop a marketing strategy that will meet the needs of each participant.

Attempt the following exercise before proceeding further

SELF ASSESSMENT EXERCISE

- i. Differentiate between Family and Household
- ii. Discuss variables affecting family purchase

4.0 CONCLUSION

Family and Household are important not only for their direct role in the consumption process but also for critical role they perform in socializing children. The family household is the primary mechanism whereby cultural and social-class values and behaviour patterns are passed on to the next generation. Purchasing and consumption patterns are among those attitudes and skills strongly influenced by the family. For many consumers their family is their primary reference group for attitudes and behaviours. The family is the prime target market for most products and product categories.

5.0 SUMMARY

A family is a group of two or more persons related by blood, marriage, or adoption who reside together. While, household describes all the persons, both related and unrelated, with a housing unit. The families make purchase decision are determined by cohesion, adaptability, and communication. Traditional family lifecycles involves nine stages of Single, Newly Married Couples, Full Nest I, Full Nest II, Full Nest III, Empty Nest I, Empty Nest II, The Solitary Survivor, and The Retired Solitary survivor. While, Family decision making is the process by which decisions that directly or indirectly involve two or more family members are made, family pay six purchasing role; Initiator, Information gatherer, Influencer, Decision maker, Purchaser, and User.

6.0 TUTOR MARKED ASSIGNMENT

Critically analyze the Traditional Family Life Cycle.

Answer to Self Assessment Exercise 1

A family is a group of two or more persons related by blood, marriage, or adoption who reside together. There are two main types of family nuclear and extended family. The family into which one is born is called the family of orientation, whereas the one established by marriage is the family of procreation. While, household describes all the persons, both related and unrelated, who occupy a housing unit. Household is another term frequently used by marketers when describing consumer behavior.

Answer to Self Assessment Exercise 2

The way families make purchase decision are determined by three sociological factors; cohesion, adaptability, and communication.

Cohesion: *Cohesion is the emotional bonding that family members have toward one another.* It is a measure of how close to each other family members feel on an emotional level. Family adaptability: Family adaptability is measure of how well a family can meet the challenges presented by changing needs. Family adaptability is the ability of a family system to change its power structure, role relationships, and relationship rules in response to situational and developmental stress.

Communication: *Communication is a facilitating dimension, critical to movement on the other two dimensions.* Positive communication skills enable families to share with each other their changing needs and preferences as they relate to cohesion and adaptability.

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UNIT 2 SOCIAL GROUP

CONTENTS

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 - 3.2 Classification of Group
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1.0 INTRODUCTION

Every consumer belongs to one group or the other. Their attitude and perception towards products are shaped by the influence of group they belong. In this unit, we analyze the importance of group in understanding consumer behaviour in the market place.

2.0 OBJECTIVES

After studying this unit, you be able to:

- Define social group and identify different types of consumer social groups
- Identify characteristics of a social group
- Describe reference group and its influence on consumer behaviour

3.0 MAIN CONTENT

3.1 Concept of Group

A group consists of people who have a sense of relatedness as a result of interaction with each other. Not every collection of individuals is a group, as the term is used by sociologists. Actually, we can distinguish three different collections of people: aggregations, categories, and groups. An aggregation is any number of people who are in close proximity to one another at a given time. While, a category is any number of people who have some particular attributes in common.

3.2 Classification of Group

Groups may be classified according to a number of dimensions, including function, degree of personal involvement, and degree of organization.

Group by Content of Function

Group can viewed from the content of their function. Group can categorized along such lines as students, factory workers, church members, and so on. Actually, these are subtypes of the major kinds of groups that we encounter in a complex society, which could generally be categorized along such lines as family, ethnic, age, sex, political, religious, residential, occupational, educational and so forth.

Group by Degree of Personal Involvement

By using this criterion, we can identify two different types of groups: primary and secondary. The hallmark of a primary group is that interpersonal relationships take place usually on face-to-face basis, with great frequency, and on an intimate level. These groups have shared norms and interlocking roles. Families, work groups, and even recreational groups (if individuals have some depth of personal involvement) are examples of such groups.

Secondary groups are those in which the relationship among members is relatively impersonal and formalized. This amounts to a residual category that includes all groups that are not primary, such as political parties, unions, occasional sports groups. Although such groups are secondary, the interpersonal relationships that occur may nevertheless be face-to-face. The distinction lies in the lack of intimacy of personal involvement.

Group by Degree of Organization

Groups range from those that are relatively unorganized to highly structured forms. This continuum are usually simplify into two types: formal and informal. Formal groups are those with a definite structure (for example, they may have a president, vice president, secretary, and treasurer). They are likely to be secondary groups designed to accomplish specific goals, whether economic, social, political, or altruistic. Informal groups are typically primary groups, characterized by a relatively loose structure, a lack of clearly defined goals or objectives, unstructured interaction, and unwritten rules. Because of the extent of their influence on individuals' values and activities, informal groups are probably of greater importance in seeking to understand consumer behavior.

3.3 Group Properties

In order to understand the nature of groups better, we need to examine several other important concepts, including status, role, socialization, and power and their significance for consumer behavior.

Status

Status refers to the achieved or ascribed position of an individual in a group or in society, and it consists of the rights and duties associated with that position. Status also may refer to some grouping on the basis of age or sex, family, occupation, and friendship or common interest.

Norms

Norms are the rules and standards of conduct by which group members are expected to abide. For informal groups, norms are generally unwritten but are, nevertheless, usually quite well understood. For example, as a general manager for a large financial institution, such as First Bank Nigeria Plc, you might be expected to live in a certain area of town, drive a certain type of car, and dress well. Behavior deviation outside these latitudes might result in slower advancement in the organization. Thus, as employees or consumers, we often readily know what we can and cannot wear, drive, say; eat, and so on, in order to be well accepted within the relevant groups.

Role

This term is used to designate all of the behavior patterns associated with a particular status. Role is the dynamic aspect of status and includes the attitudes, values, and behavior ascribed by the society to persons occupying this status. The social structure partially prescribes what sort of role behavior is acceptable and thus what is expected. For instance, an upper-class husband who is a successful physician may feel that in his position he is expected to drive an expensive car, live in an exclusive neighborhood, dress in fashionable clothes, and give generously to charities. Conversely, a lower-class husband who is an assembly-line worker may feel comfortable in a role in which he drives a pickup truck, lives in a bungalow, wear jeans and boots, and drinks beer with his friends.

Role has a strong, pervasive influence on our activities as consumers. For example, other people have expectations regarding the products we buy to meet the needs of our roles. Just a few of the many consumption decision directly affected include the places we shop, the clothes we wear, the cars we drive, the house in which we live, and the recreational

activities we engage in. marketers, therefore, help individuals play their roles by providing the right costumes and props to be used in gaining acceptance by some group. Again, it's the symbols of products that provide so much of the satisfaction that accrues from a product.

Socialization

Socialization refers to the process by which a new member learns the system of values, norms, and expected behavior patterns of the groups being entered. When a new student arrives on a university campus, she or he soon learns from fellow students what is expected in the way of dress, eating patterns, class attendance, extra-curricular activities, and so on. Residents new to a neighborhood soon learn what patterns are expected in the group concerning home maintenance; learn lawns and landscaping, interior decoration, entertaining and so on. Thus, individuals are continually engaging in the process of socialization (although it is more intense at an early age) as they enter the groups that have an impact on their lives. Consumer socialization is the process by which individuals acquire skills, knowledge, and attitudes relevant to their effective functioning as consumers in the marketplace. This is particularly relevant to young people, although, as an ongoing process, it has usefulness in other situations, too, as was indicated above.

Power

Groups have power to influence their members' behavior. Various sources of social power may be operative in different social situations: reward power, coercive power, legitimate power, expert power, and referent power. Marketers seek to use these forms of power to influence consumers.

Do attempt this exercise before proceeding

SELF ASSESSMENT EXERCISE I

What is a group? Enumerate the ideal properties of a group.

3.4 Concept and Types of Reference Groups

Reference groups are those an individual uses (that is refers to) in determining his/her judgments, beliefs, and behavior. These may be of a number of types, as explained by the following classification system.

Membership versus Non-membership: Membership groups are those to which the individual belong. Membership in some groups is automatic by virtue of the consumer's age, sex, education, and marital

status. Before acting a consumer might consider whether purchase or use of a product would be consistent with his or her role as a member of one of these groups, such as tribal association/meetings

Positive versus Negative: Reference groups can also be classified as to whether they attract or repel the individual. For instance, a positive reference group for the upwardly mobile consumer may be the “sport club crowd” in that city. There are negative groups, however, that a person attempts to avoid being identified with. For example, an individual who is trying to succeed as a new management trainee may attempt through her speech, dress, and mannerisms to disassociate herself from her lower-social-class background in order to have a greater chance of success in her job.

Reasons for Accepting Reference-Group Influence

Generally, consumers accept reference-group influence because of the perceived benefits in doing so. It has been suggested that the nature of social interactions between individuals will be determined by the individual's perception of the profit of the interaction. An interaction situation may result in rewards (such as friendship, information, satisfaction, and so on) but will also exact costs (lost time, money expended, alternative people and activities sacrificed). The difference between these rewards and cost, that is, the net profit from the social exchange, individuals will attempt to maximize. Thus, individuals will choose their groups and interact with members based upon their perception of the net profit of that exchange, rather than rewards or costs alone.

3.5 Nature of Reference Group Influence

Consumer's conformity can be shaped by three different types of reference group influences: informational, normative and identification. It is important to distinguish among these types, since the marketing strategy required depends on the type of influence involved.

Informational influence: Informational influence occurs when an individual uses the behaviors and opinions of reference group members as potentially useful bits of information. This influence is based on either the similarity of the group's members to the individual or the expertise of the influencing group member. Thus, a person may notice several members of a given group using a particular brand of coffee. He or she may then decide to try that brand simply because there is evidence (its use by friends) that it may be a good brand. Or, one may decide to purchase a particular brand model of computer because of friend who is very knowledgeable about computers owns or

recommends it. In these cases, conformity is the result of information shared by the group members.

Normative influence: Normative influence sometimes referred to as utilitarian influence, occurs when an individual fulfills group expectations to gain a direct reward or to avoid a sanction. One may purchase a particular brand of clothing to win approval from colleagues. Or you may refrain from wearing the latest fashion for fear of teasing by friends. The essence of normative influence is the presence of a direct reward or sanction.

Identification influence: Identification influence also called value-expressive influence occurs when individuals have internalized the group's values and norms. These then guide the individual's behaviors without any thought of reference group sanctions or rewards. The individual has accepted the group's values as his or her own. The individual behaves in a manner consistent with the group's values because the individual's values and the group's values are the same.

3.6 Reference Group Marketing Strategies

Marketers use all three types of reference group influence when developing advertisements. Informational influence in advertising typically show members of a group using a product, with the message that if you are or want to be in a group such as this one, you should use this product. However, the reason is not because you will be accepted or rewarded by the group members for using it or punished for not using it. Rather, the message is that "these types of people find this brand to be the best; if you are like them, you will too."

Normative group influence involves the explicit or implicit suggestion that using (or not using) the brand will result in members of a group you belong to or wish to join rewarding (punishing) you. One reason for the reduced use of this technique is the ethical questions raised by implying that a person's friends would base their reactions to the individuals on his or her purchases.

Identification influence is based on the fact that the individual has internalized the group's values. The advertising task is to demonstrate that the advertised product is consistent with the groups and therefore the individual's values.

Attempt this exercise

SELF ASSESSMENT EXERCISE 2

Identify different types of group you know.

4.0 CONCLUSION

Almost all consumer behaviour takes place within a group setting. In addition, groups serve as one of the primary agents of consumer socialization and learning. Therefore understanding how groups function is essential to understanding consumer behaviour.

5.0 SUMMARY

This unit analyze the concept of group within the from consumer behaviour perspective. Group consists of people who have a sense of relatedness as a result of interaction with each other. Status, Norms, Role, Socialization, and Power are the essential features of a social group. Reference groups are those an individual uses (that is refers to) in determining his /her judgments, beliefs, and behavior. Reference group factors that influence Consumer's conformity and shape their behaviour include; informational, normative and identification.

6.0 TUTOR MARKED ASSIGNMENT

Discuss the degree of reference influence on consumer behaviour

Answer to Self Assessment Exercise 1

A group consists of people who have a sense of relatedness as a result of interaction with each other. Group features includes; Status, Norms, Role, Socialization, and Power.

Answer to Self Assessment Exercise 2

Groups may be classified according; function, degree of personal involvement, and degree of organization. Group can viewed from the content of their function. Group can be categorized along such functional lines as students, factory workers, and church members. Group can be categorized in according to Degree of Personal Involvement. By using this criterion, two different types of groups can be identified: primary and secondary. The hallmark of a primary group is that interpersonal relationships take place usually on face-to-face basis, with great frequency, and on an intimate level. Secondary groups are those in which the relationship among members is relatively impersonal and formalized. Group may also be categorized by Degree of Organization. Groups range from those that are relatively unorganized to highly structured forms called formal and informal group respectively.

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UNIT 3 CONSUMER SOCIAL CLASS

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Social Class Defined
 - 3.2 Variables of Social Class Research
 - 3.3 Determinants of Social Class
 - 3.4 Consumer Behaviour and Social Class Categorization
 - 3.5 Social Class Measurement
 - 3.6 Problems of Social Class Measurement
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1.0 INTRODUCTION

The concept of social class can be useful to the marketer for understanding consumer behaviour and plotting a marketing strategy. This unit examines the influence of social class on consumer behaviour.

2.0 OBJECTIVES

After studying this unit, you should be able to:

- Describe the concept and meaning of social class
- State essential characteristics of a social class
- Describe social class categorization and measurement
- Identify problems associated with measuring a social class

3.0 MAIN CONTENT

3.1 Social Class Defined

Social class refers to grouping of people who are similar in their behavior based upon their economic position in the market place. Class membership exists and can be described as a statistical category whether or not individuals are aware of their common situation.

3.2 Variables of Social Class Research

The scientific study of social stratification led to the emergence of nine variables as most important in the stream of sociological and other research concerned with social class. These nine variables were

identified in an influential synthesis of social class research grouped in the following manner:

Economic variables: Occupation, income, and wealth are of critical importance because what a person does for a living not only determines how much the family has to spend, but is extremely important in determining the preference given to family members. Wealth is usually a result of an accumulation of past income in certain forms such as ownership of a business or of stocks and bonds; wealth is the source of future income which may enable a family to maintain its high social class from generation to generation.

Interaction variables: Personal prestige, association, and socialization are the essence of social class. People have high prestige when other people have an attitude of respect or preference to them. Prestige is a sentiment in the minds of people who may not always recognize it is there. For consumer analysts, prestige is studied in two ways: by asking people about their attitudes of respect toward others and by watching their behavior in such things as imitation of lifestyles and product usage. *Association is a variable concerned with everyday relationships. People have close social relationships with people who like to do the same things they do, in the same ways, and with whom they feel comfortable.* While, socialization is the process by which an individual learns the skills, attitudes, and customs to participate in the life of the community. Much of the sociological research has concluded that social behavior and values are learned early in the life cycle. The positions of the parents are clearly differentiated in children by the time they have reached adolescence, not only for basic behavior patterns but personality variables that vary by social class such as self-esteem.

Political variables: Power, class consciousness, succession and mobility are important to understanding the political aspect of stratification systems. Power is the potential of individuals or groups to carry out their will over others. While this variable is central in the analysis of many theorists of social class, it is of less direct interest to marketers.

Class consciousness refers to the degree to which people in a social class are aware of themselves as a distinctive group with shared political and economic interests. As people become more group conscious, they are likely to organize political parties, trade unions, and other associations to advance their group interests. Americans often state they are not class conscious and thus, advertising with a direct class appeal may not be well received. However, empirical sociological research as well as observation of marketing patterns reveals that Americans behave with a great deal of class consciousness.

Succession and Mobility is a dual concept related to the stability or instability of stratification systems. Succession refers to the process of children inheriting the class position of their parents, such as : becoming Emir, Oba, Bale, Chief, etc Mobility refers to the process of moving up or down relative to their parents. When mobility occurs in an upward direction, the possibility exists that consumers will need to learn a new set of consumption behaviors-products and brands that are consistent with their new status.

3.3 Determinants of Social Class

Consumer social class is function of many factors some of which include the followings;

Occupation

When strangers meet, a question often asked is, “What kind of work do you do?” This question provides a good clue to the social class of the individual. Consumer analysts consider occupation as the best single indicator of social class. The work consumers do greatly affects their lifestyles and is the single most important basis for according prestige, honor, and respect.

Personal Performance

A person’s status can also be influenced by her or his success relative to that of others in the same occupation-by an individual’s personal performance. Personal performance also involves activities other than job-related pursuits. A reputation as a good mother or a good father may contribute to one’s status.

Interactions

People feel most comfortable when they are with people of similar values and behavior. In such an approach, group membership and interactions are considered a primary determinant of a person’s social class. Although interactions are probably the best validity check in social class research, they are not as useful a variable as occupation, because of the difficulty in measuring social interactions. Social intimacy is an expression of social equality even though the interactions may be difficult to measure.

Possessions

Possessions are symbols of class membership-not only the number of possessions, but the nature of the choices made. The most important

possession decision reflecting a family's social class is the choice of where to live. This includes both the type of home and the neighborhood. Other possessions that serve as indicators of social status include club memberships, preferred furniture styles, clothing, and appliances.

Value Orientations

Values-shared beliefs about how people should behave-indicate the social class to which one belongs. When a group of people share a common set of abstract convictions that organize and relate a large number of specific attributes, it is possible to categorize an individual in the group by the degree to which he or she possesses these values.

3.4 Consumer Behaviour and Social Class Categorization

Consumers appear to be able to classify branded products and services according to perceived social class use. These social classes are explained below:

Upper Class: Consumers in this category can be subdivided into Upper-Uppers and Lower-Uppers.

Upper-Uppers: The consumption patterns of upper-uppers are quite different from those of other classes. Although expense is frequently no object, they do not purchase in order to impress others. They tend to be conservative in their consumption, buying relatively few goods, and use more services than goods. One reason for their low consumption of goods is that many of their belongings are passed on from generation to generation.

Lower-Uppers: The consumer behavior of lower-uppers may be characterized as oriented strongly toward conspicuous consumption. Their purchase decisions are geared toward demonstrating wealth and status through such items as expensive cars, large estates, and expensive jewelry amongst others.

While the upper class may be a significant market for many high-price luxuries, for most new-product introductions this group can be largely ignored. However, they may be used effectively as reference groups in advertising to those below them and sometimes their use of products will "trickle down" to the other social-class groups.

Middle Class: The middle class is made up of Upper-Middle and Working Class.

Upper-Middles: This group purchases a far greater number of products than any other class. Because they are successful, their purchase decisions reflect strong social implications. Through their consumption they want to project an image of success and achievement. Their purchases emulate higher strata and are a display of their success, not only for their peers but for other lower on the social scale. Because they purchase higher-quality products and attempt to display good taste, they are frequently termed the “quality market”.

Working Class: The working-class world tends to be more limited in both direct and vicarious experiences, which is reflected in consumption patterns. Expenditures are concentrated into fewer categories of goods and services. The working class is more concerned with immediate gratification than are middle-class families, but avoid spending their money in ways that are considered “out-of-place.” Their spending is centered more on the interior-exterior interest of their house.

Although working-class consumers’ behavior resembles middle-class behavior in hard goods spending, their expenditures for services lag behind and are also lower. Some of the reasons suggested for the lack of service-oriented consumption among the working class in comparison with the middle class are that they tend to be “do-it-yourselfers”; their expenditures for children’s education are much smaller; they are more likely to spend their vacation at home or visiting relatives, saving on motel and transportation costs; they do not frequent expensive restaurants, but tend to consume their meals away from home with relatives.

Lower Class: This group is one that buys largely on impulse. Lower class represents an attractive segment for manufacturers of food products or other frequently purchased items, and for certain durables. Lower class spending behaviour can be described as “compensatory consumption”.

3.5 Social Class Measurement

Generally, three methods have been identified for measuring consumer social classes. They include; subjective method, reputation method and objective method.

Subjective Method: In this approach, individuals are asked to rank themselves in the social-class hierarchy. However, because most people are reluctant to categorize themselves as either lower or upper class, the middle class ends up with an unrealistically large share.

Reputation Method: This approach asks members of a community to rank each other in the status system. Because citizens must know each

other in order to rank each other, this approach is limited to small communities and, therefore, cannot be widely used by marketers.

Objective Method: Individuals are ranked on the basis of certain objective factors (such as occupation and education) and are positioned accordingly in the social-status hierarchy. For the marketer who is seeking only suggestive evidence of class's impact on a product area, a simplified, proxy measure is acceptable.

3.6 Problems of Social Class Measurement

In spite of the many approaches used to measure social classes, there are a number of problems with the concept of doing this. The following are a few of the problem areas often associated with social-class measurement done by marketers.

- The ranking of social class based simply upon an average of the person's position on several status dimensions. This ignores the inconsistencies which arise from an individual ranking high on one dimension but low on another.
- A person's social class is assumed to be stable, and thus the effects of mobility are ignored.
- An individual identifies only with the social class in which she or he is categorized, thus ignoring reference-group effects from other classes.
- The social class of an entire family may be measured by examination of characteristics of only the adult male wage earner, thus ignoring characteristics of other family members.

SELF ASSESSMENT EXERCISE

- i. Explain the concept of Social Class and identify those variables that determine consumer's Social Class status.
- ii. How can Consumer Social class be measured?

4.0 CONCLUSION

Social class defines consumer status either in terms of performance or even the group from which he/she belongs. Marketers need to understand the grouping of these classes and the bases in order to be able to designing an appealing market strategy that satisfied their needs and wants.

5.0 SUMMARY

In this unit we discuss the concept as well as the meaning of consumer social class that is the people who are similar in their behavior based upon their economic position in the market place. Several factors have been identified as determinants social class such as Occupation, **Personal performance, Interactions, Possessions and Value Orientations.** In measuring consumer social class three methods have been identified that include; subjective method, reputation method and objective method.

6.0 TUTOR MARKED ASSIGNMENT

Enumerate problems that are likely to be encountered in measuring consumer's social class.

Answer to Self Assessment Exercise 1

Social class is defined as grouping of people who are similar in their behavior based upon their economic position in the market place. Several factors have been identified as determinants of final consumer's social class. These include:

Occupation: Consumer analysts consider occupation as the best single indicator of social class. The work consumers do greatly affects their lifestyles and is the single most important basis for according prestige, honor, and respect.

Personal Performance: Consumer's social class can also be influenced by her or his success relative to that of others in the same occupation-by an individual's personal performance. Personal performance also involves activities other than job-related pursuits. A reputation as a good mother or a good father may contribute to one's status.

Interactions: People feel most comfortable when they are with people of similar values and behavior. In such an approach, group membership and interactions are considered a primary determinant of a person's social class.

Possessions: Possessions are symbols of class membership-not only the number of possessions, but the nature of the choices made. The most important possession decision reflecting a family's social class is the choice of where to live. This includes both the type of home and the neighborhood. Other possessions that serve as indicators of social status include club memberships, preferred furniture styles, clothing, and appliances.

Value Orientations: Values-shared beliefs about how people should behave-indicate the social class to which one belongs. When a group of people share a common set of abstract convictions that organize and relate a large number of specific attributes, it is possible to categorize an individual in the group by the degree to which he or she possesses these values.

Answer to Self Assignment Exercise 2

Three methods have been identified for measuring consumer status: subjective method, reputation method and objective method.

Subjective Method: In this approach, individuals are asked to rank themselves in the social-class hierarchy. However, because most people are reluctant to categorize themselves as either lower or upper class, the middle class ends up with an unrealistically large share.

Reputation Method: This approach asks members of a community to rank each other in the status system. Because citizens must know each other in order to rank each other, this approach is limited to small communities and, therefore, cannot be widely used by marketers.

Objective Method: Individuals are ranked on the basis of certain objective factors (such as occupation and education) and are positioned accordingly in the social-status hierarchy. For the marketer who is seeking only suggestive evidence of class's impact on a product area, a simplified, proxy measure is acceptable.

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UNIT 4 CULTURAL INFLUENCE

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Concept and Nature of Culture
 - 3.2 Basic Characteristics of Culture
 - 3.3 Concept and Types of Cultural Values
 - 3.5 Dimensions of Cultural Values; A Case of United States
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 - 3.6 Consumer Rituals and Dimensions
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1.0 INTRODUCTION

Marketing across the culture is a difficult and challenging task. In this unit we identify the role and usefulness of cultural analysis in the development of marketing strategies. From the definition to characteristics and basic cultural values, this unit stresses the significance of culture in understanding human behaviour.

2.0 OBJECTIVES

After studying this unit, you should be able to:

- Describe Meaning of culture and its essential features.
- Describe nature of cultural values and how its influence consumer behaviour.
- Describe cultural changes and its implication for strategic marketing practices.

3.0 MAIN CONTENT

3.1 Concept and Nature of Culture

Culture refers to a set of values, ideas, artifacts, and other meaningful symbols that help individuals communicate, interpret, and evaluate as members of society. Culture does not include instincts, nor does it

include idiosyncratic behavior occurring as one-time solution to a unique problem.

Culture provides people with a sense of identity and an understanding of acceptable behavior within society. Some of the more important attitudes and behaviors influenced by culture are the following; Sense of *self and space*; *Communication and language*; *Dress and appearance*; **Food and feeding habits**; **Time and time consciousness**; **Relationships (family, organizations, government, etc.)**; **Values and norms**; **Beliefs and attitudes**; **Mental process and learning**; **Work habits and practices**.

The purpose of our discussion on consumer behaviour and notwithstanding the diversity of the concept, culture can be defined as the sum total of learned beliefs, values, and customs that serve to direct the consumer behavior of members of a particular society.

In other words, Culture is the complex whole that includes knowledge, belief, art, law, morals, customs, and any other capabilities and habits acquired by humans as members of society.

Several aspects of culture require elaboration. First, culture is a comprehensive concept. It includes almost everything that influences an individual's thought process and behaviors. While culture does not determine the nature or frequency of biological drives such as hunger or sex, it does influence if, when, and how these drives will be gratified. It not only influences our preferences but how we make decision and even how we perceive the world around us. Second, culture is acquired. It does not include inherited responses and predispositions. However, since much of human behavior is learned rather than innate, culture does affect a wide array of behaviors.

Third, the complexity of modern societies is such that culture seldom provides detailed prescriptions for appropriate behavior. Instead, in most industrial societies, culture supplies boundaries within which most individuals think and act. Finally, the nature of cultural influences is such that we are seldom aware of them. One behaves, thinks, and feels in a manner consistent with other members of the same culture because it seems "natural" or "right" to do so. The influence of culture is similar to the air we breathe; it is everywhere and is generally taken for granted unless there is a fairly rapid change in its nature.

3.2 Basic Characteristics of Culture

Although the definitions of culture presented earlier are excellent, they seek to characterize culture in only a few words. It is evident that the concept is difficult to convey clearly in any definition. However, despite

the challenges involve in defining the concept, many social scientists agree that the following features are essential.

Culture is invented

Culture does not simply “exist” somewhere waiting to be discovered. People invent their culture. This invention consists of three interdependent elements: (1) an ideological component, that consists of the ideas, beliefs, values and ways of reasoning that human beings learn to accept in defining what is desirable and undesirable; (2) a technological component that consists of the skills, crafts, and arts that enable humans to produce material goods derived from the natural environment; and (3) an organizational component (such as the family and social class) that makes it possible for humans to coordinate their behavior effectively with the actions of others.

Culture is learned

Culture is not instinctive, but is learned beginning early in life and is charged with a good deal of emotion. The great strength of this cultural stamp handed down from one generation to another is such that at an early age, children are firmly imbued with their culture’s ways of acting, thinking, and feeling. This obviously has important implications for the behavior of consumers because these preconditions of that behavior are molded by their culture from birth.

Culture is Social Shared

Culture is a group phenomenon, shared by human beings living in organized societies and kept relatively uniform by social pressure. The group that is involved in this sharing may range from a whole society to a smaller unit such as a family.

Cultures are Similar but Different

All cultures exhibit certain similarities. For example, each of the following elements is found in all societies: a calendar, cooking, courtship, dancing, education, family, gestures, government, housing, language, law, music, and religious ritual. There is, however, great variation from society to society in nature of each of these elements, which may result in important consumer-behavior differences around the world.

Culture is Gratifying and Persistent

Culture satisfies basic biological needs as well as learned needs. It consists of habits that will be maintained and reinforced as long as those

who practice them are gratified. Because of this gratification, cultural elements are handed down from generation to generation. Thus, people are comfortable doing things in the customary way, such as traditional marriage found in Nigeria.

Our thorough inculcation with culture causes it to persist even when we are exposed to other cultures. No matter where we go or what we do, we cannot escape our cultural heritage.

Culture is Adaptive

In spite of our resistance to change, cultures are gradually and continuously changing. Some societies are quite static, with a very slow rate of change, while others are more dynamic, with very rapid changes taking place.

Culture is Organized and Integrated

A culture “hangs together” that is, its parts fit together. Although every culture has some inconsistent elements, it tends to form a consistent and integrated whole.

Culture is Prescriptive

Culture involves ideal standards or patterns of behavior so that members of society have a common understanding of the right and proper way to think, feel, and act. Norms are society’s rules or guidelines specifying what behavior are appropriate or inappropriate in given situations.

3.3 Concept and Types of Cultural Values

From sociological perspective, cultural value can be defined as “widely held belief or sentiment that some activities, relationships, feelings, or goals are important to the community’s identity or well-being.” In a psychological vein, Milton Rokeach defines values as “centrally held and enduring beliefs that guide actions and judgments in specific situations and beyond immediate goals to more ultimate end states of existence. Values, therefore, produce inclinations to respond to specific stimuli in standard ways. That is, a specific behavior is expected to either help or hinder the attainment of some value group of values. Consumers, then, are motivated to engage in behaviors designed to enhance the achievement of certain values and to avoid those behaviors perceived to hinder the attainment of certain states.”

Values are cultural determined; this means that they are learned from social interaction, largely from our families and friends in settings such as schools and places of worship such as mosques and churches. Values strongly influence consumer behavior; even though specific situations may dictate slightly different actions, overall there is much similarity in consumer behavior within a given culture, such as in tastes, methods of shopping and so forth.

It is crucial for the marketer to understand society's basic value structure so that strategy decisions do not fly in the face of ingrained cultural patterns. It is much easier to harmonize with the culture than to attempt to change fundamental cultural values.

Types of Cultural Values

Values transcend specific objects and situations. They deal with modes of conduct (termed instrumental values) and end-state of existence (called terminal values). That is, an individual who has a "value" has an enduring belief that a particular mode of conduct or end-state existence is preferable to some other mode of conduct or end-state of existence. Values serve as standard or criteria that tell us how to act, what to want, and what attitudes to hold, and they allow us to judge and compare ourselves with others.

3.4 Dimensions of Cultural Values; A Case of United States

Each culture has what may be termed core values, which are the dominant cultural values that people accept with little question. In America, although values are not always obvious or easy to analyze, there are major patterns that can be identified. This is not to say that "American values" are exclusive to the United States, or that all Americans share them. However, the American value system is appreciably different from those of some other culture, and most Americans do subscribe to the culture pattern described below.

Individualism This value is complex and closely interrelated with such things as freedom, democracy, nationalism, and patriotism. It is founded on a belief in the dignity, worth, and goodness of the individual. People have freedom; that is, they are independent from outside constraint. However, they are not freed from all social restraints but are to act as responsible agents.

Time Americans place a very high priority on time and believe that efficiently conserving time is a significant asset. However, many cultures value a decelerated relaxed lifestyle that places more worth on relationships. An American who tries to force members of another

culture to conform to his tempo may offend them and lose their business as obtained in Nigeria.

Thought and Communication Patterns: Americans' speech and thought behavior is direct, or linear, whereas in some other cultures it is more circuitous. In "low-context" cultures such as the United States, communication depends mostly on explicit expressions, orally and through reports, contracts, and other written messages. In contrast, "high-context" cultures do business more slowly because communication depends more heavily on the context of verbal and nonverbal aspects of the situation. Thus, in Japan it may take considerably longer to transact business because the people need to know more about each other before a business relationship develops.

Personal Space: Ideas about the distance one should maintain from another in face-to-face interaction may vary among cultures. Americans typically become uncomfortable when someone "invades" their space, by engaging in close conversation or by touching them on the arm or shoulder. Conversely, Arabs and Africans who are comfortable with closer conversational distances may feel rejected by the larger personal space habits of Americans.

Materialism and Achievement: Americans are preoccupied with "more and/or bigger is better" mentality, which equates success with material wealth. Another culture may place little value or significance on possessions and view such flaunting of wealth as vulgar, greedy, and disrespectful. Rather than achievement, another culture may stress quality of family time and relationships as its symbols of success and prestige.

Family Role: American families illustrate equality and shared roles, in many other societies, family roles are very traditional. In such societies, with males holding preeminent positions, the husband is the provider and the wife supervises the household.

Religion: While Americans are a religious people, religion does not dominate their daily lives as it does among some cultures, such as Arabs. Arab daily routines revolve around prayer times and religious holidays and events. "It was Allah's will" is given as the explanation for major disasters. In an environment where religion governs business and social practices, foreign business people must respect their hosts' customs, such as those pertaining to prayer and diet. Moreover, any changes threatening religious and cultural patterns will encounter resistance from religious and government leaders.

Competitiveness and Individuality: Americans encourage and reward individual ambition as a natural and desired trait. However, many other cultures value modesty, team spirit, collectivity, and patience. Thus, an aggressively competitive and individualistic demeanor by Americans in their interpersonal verbal communications, advertisements, physical gestures, status symbols, and so forth represents unacceptable behavior in those cultures.

Social Behavior: Americans view noisy eating and belching as unacceptable behavior, while in some other cultures they are expected as evidence of satisfaction. Conversely, behavior Americans accept as innocuous, such as showing the sole of one's foot, using the left hand to deliver an object, or speaking first, may be deemed inappropriate in other cultures.

3.5 Cultural Change and Implications for Strategic Marketers

The values are not fixed or static, but instead are dynamic, changing elements of our culture. Cultural change may come about slowly in an evolutionary manner, or a culture may change rapidly, which tends to place more stress on the system. The marketer needs to understand that cultures do change and to appreciate the implications this may have for consumer behavior.

Implications of Cultural Change for the Strategic Marketer

As cultural changes mold new consumers in terms of their behaviour, they have significant implications for many aspects of marketing strategy. These include; product-planning, distribution, advertising, and market-segmentation decisions.

Product Planning: Assessing consumers' present and emerging value orientations can help the marketer identify new product opportunities and achieve better product positioning among consumer segments.

Some value segments contain many consumers, and this suggests that products can be positioned by designing them with attributes that are related to the global values distinguishing that particular market segment. Contemporary marketing offerings require periodic audits of product and service lines to determine how well they satisfy the complex needs and wants of changing consumers.

Distribution Channels: Changing consumer-value system may lead to different shopping patterns, and new outlets may be necessary to reach consumers. For instance, the "ego-involved", self-gratifying values of

the marketplace offer many retailing challenges and opportunities. For time-pressured consumers, retailers may offer in-home catalog shopping or toll-free telephone ordering of merchandise. Stores may use discounts and special offers to shift unemployed consumers to off-peak hours in order to expedite shopping by the most time-impooverished consumers.

Promotion: New approaches in copy and artwork are called for in communicating memorably and persuasively with changing consumers. There are a number of ways that advertising is moving to appeal to the value of this new society: defiance of social taboos; more informative copy; more true-to-life vignettes; more advertising that names and debates competitors; more advertising segmented toward the higher-educated, higher-income groups; more advertising that frankly acknowledges mounting public cynicism about advertising; greater stress on ecology; more advertising that realistically, paternalistically, acknowledges women's changing role in our society and more advertising that break with tradition.

Market Segmentation: Knowledge of consumer value orientations provides a measurable set of variables, related to needs, which gives the marketer insight beyond merely demographic and psychographic dimensions. The growing diversity of individual tastes, coupled with a hedonistic philosophy and increasing incomes are contributing to ever-greater segmentation of the market. Thus, understanding such value shifts in society could be useful in predicting changing consumption patterns for products. Also, the marketer might be able to identify large market segments on the basis of value profiles and then develop programs that would emphasize those values important to each consumer segment

3.6 Consumer Rituals and Dimensions

Cultural rituals consist of behaviors that occur in a relatively fixed sequence and that tend to repeated periodically. Knowledge of rituals simplifies behavioral choices such as how to behave at a wedding, for example. In addition, a ritual makes symbolic statements about the social order, often by dramatizing cultural myths and often linking the present with the past. Rituals organize people's feelings and facilitate and simplify group communications. That is, rituals organize life experience and give it meaning. They are particularly useful in handling situations involving risk, whether the risk is social, emotional, or physical. Cultural rituals propose principles and blueprints for consumer behavior that provide marketers with many opportunities for product positioning.

Dimension of Consumers Rituals

Basically there are four important types of consumer rituals namely; possession, grooming, divestment, and exchange.

Possession rituals: People undertake possession rituals when products move from the marketplace to the home or workplace where they are consumed. Possession rituals also occur when people move into a new home or take possession of pre-owned goods, which may involve cleansing, customization, or making offerings. Removing tags and packaging, customizing, placing, arranging, monogramming, re-labeling, framing, storytelling about special possessions, and so on are some of the ritualized activities people engage in to symbolize ownership.

Grooming rituals tend to be private behaviors that aid in the transition from private to public self and back again. Clean/dirty, public/private, work/leisure is three of the symbolic transformations that are often involved in grooming rituals. Numerous beauty products (shampoos, cosmetics, perfumes) and personal services (salons, resorts, etc.) are marketed on their contribution to making grooming rituals successful.

Divestment rituals occur when consumers relinquish possession of objects. Exchange rituals, like holidays gift giving, are an extremely important ritual type. An important class of exchange rituals involves rite of passage.

SELF ASSESSMENT EXERCISE

Attempt the following questions:

- i. Define Culture and identify the essential features for understanding culture of consumers.
- ii. Distinguish between Instrumental and Terminal values.

4.0 CONCLUSION

The culture of consumer defines and shape behaviours they exhibit in the marketplace. This includes what they buy, how they buy and when they buy. It is an important variable for predicting the behaviour of final consumers. Therefore, the success of marketers' strategy is determined by who well it capture the important elements of cultural variables.

5.0 SUMMARY

Cultural understanding is crucial to analyzing consumer behaviour in the marketplace. Culture is defined as the sum total of learned beliefs, values, and customs that serve to direct the consumer behavior of

members of a particular society. Culture is invented, learned, Socially Shared, Similar but Different, Gratifying and Persistent, Adaptive, Organized and Integrated, Prescriptive. Product Planning, Distribution Channels, Promotion, and Market Segmentation are some of the important implications of culture in strategic marketing.

6.0 TUTOR MARKED ASSIGNMENT

Vividly discuss the dimension of Consumers Rituals.

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MODULE 4 CONSUMER AND DECISION MAKING

- Unit 1 Adoption and Diffusion of Innovation
- Unit 2 Consumer Information Processing
- Unit 3 Consumer Decision Making
- Unit 4 Organizational Buyer Behaviour

UNIT 1 ADOPTION AND DIFFUSION OF INNOVATION

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Concept of Innovation
 - 3.2 Consumer Adoption Process
 - 3.3 Process of Diffusion
 - 3.4 Categories of Adopters
 - 3.5 Factors Affecting the Spread of Innovation
 - 3.6 Innovation Analysis and Diffusion Enhancement Strategies
- 3.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
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1.0 INTRODUCTION

In this unit we present consumer perspective on diffusion, introducing some key concepts, such as innovation, diffusion and adoption. Various contexts in which innovation and diffusion take place were also discussed. Consumer adoption behaviour and how adoptions lead to successful innovations from an organizational and societal perspective were analyzed.

2.0 OBJECTIVES

After studying this unit, you should be able to:

- State differences between diffusion and innovation.
- Describe process of consumer diffusion

- Identify factors affecting the spread of innovation
- Identify categories of adopters

3.0 MAIN CONTENT

3.1 Concept of Innovation

The term “innovation” can be defined in several ways. One view based on consumer perceptions defines it as “any idea, practice, or material artifact perceived to be new by the relevant adopting unit. Another view establishes a continuum or range of newness based on the effects on established consumption patterns. Under this conception three categories of innovation are classified as described below:

- **Continuous innovations:** Continuous innovations have the least disrupting influence on established consumption patterns. Product alteration is involved, rather than the establishment of a totally new product.
- **Dynamically continuous innovations:** Dynamically continuous innovations have more disrupting effects than do continuous innovations, although they do not generally alter established patterns. These may involve the creation of new products or the alteration of existing items.
- **Discontinuous innovations:** Discontinuous innovations involve the establishment of new products with new behavior patterns. Examples of these situations would include television, computers, and automobiles.

3.2 Consumer Adoption Process

The acceptance and continued use of a product or brand by an individual is referred to as “adoption,” although there are differing views about when this happens. Adoption model consists of the following stages:

Awareness: At this stage the potential adopter finds out about the product but has very little information and no well-formed attitudes about it.

Comprehension: This stage represents the consumer’s having knowledge and understanding of what the product is and can do.

Attitude: Here, the consumer develops favorable or unfavorable behavioral predispositions toward the product. Termination of the

adoption process is likely at this stage if attitudes are not favorable toward the product.

Legitimizing: Here, the consumer becomes convinced that the product should be adopted. This stage is predicated upon favorable attitudes toward the innovation, and the consumer may use information already gathered as well as additional information in order to reach a decision.

Trial: If possible, the consumer tests or tries the product to determine its utility. Trial may take place cognitively, that is, whereby the individual vicariously uses the product in a hypothetical situation or it may be actually used in a limited or total way, depending on the innovation's nature.

Adoption: At this stage, the consumer determines whether or not to use the product in a full-scale way. Continued purchase and/or use of the item fulfill the adoption process.

Thus, adoption is seen to be a sequence of events through which individual consumers pass over a period of time. Some consumers pass through these stages early in a product life while others may do so much later. In addition, the adoption process describes consumers who are actively involved in thinking about and considering a product.

The significance of the adoption process to marketers is in two fold. First, not all consumers pass through the adoption process with the same speed. Some move swiftly, while others proceed more slowly. Second, the marketer's communication forms vary in their effectiveness over the different stages in the adoption process. These points can be important in assisting the marketer to develop an effective promotional program. It has been found, for example, that for early stages of the adoption process, the mass media appear to be most effective in creating awareness; thus, the marketer would design awareness-and interest generating messages to be transmitted by such impersonal sources. At later stages in the adoption process, however, personal sources of information appear to become more important so the marketer would desire to have effective personal selling and word-of-mouth communications at these points. This indicates then, that as consumers move through the adoption process, the amount of mass-media advertising might be decreased while the amount of personal selling is increased.

3.3 Process of Diffusion

Perhaps the best marketing-oriented definition of the diffusion process is “the adoption of new products and services over time by individuals in a social making when a new product is involved.

The diffusion process is the manner in which innovation spread throughout a market. The term spread refers to purchase behavior in which the product is purchased with some degree of regularity. The market can range from virtually the entire society to the students at a particular campus

Not matter which innovation is being studied or which social group is involved, the diffusion process appears to follow a similar pattern over time.

3.4 Categories of Adopters

Innovators: Innovators are venturesome risk takers. They are capable of absorbing the financial and social costs of adopting an unsuccessful product. They are cosmopolitan in outlook and use other innovators rather than local peers as a reference group. They tend to be younger, better educated, and more socially mobile than their peers. Innovators make extensive use of commercial media, sales personnel, and professional sources in learning of new products.

Early adopters: Early adopters tend to be opinion leaders in local reference groups. They are successful, well educated, and somewhat younger than their peers. They are willing to take a calculated risk on an innovation but are concerned with failure. Early adopters also use commercial, professional, and interpersonal information sources, and they provide information to others.

Early majority: Early majority consumers tend to be cautious with respect to innovations. They adopt sooner than most of their social group but also after the innovation that has proven successful to others. They are socially active but seldom leaders. They tend to be somewhat older, less well educated, and less socially mobile than the early adopters. The early majority relies heavily on interpersonal sources of information.

Late majority: Late majority members are skeptical about innovations. They often adopt more in response to social pressures or a decreased availability of the previous product than because of a positive evaluation of the innovation. They tend to be older and have less social status and mobility than those who adopt earlier.

Laggards are locally oriented and engage in limited social interaction.

They tend to be relatively dogmatic and oriented toward the past.

Innovations are adopted only with reluctance.

3.5 Factors Affecting the Spread of Innovation

The rate at which an innovation is diffused is a function of ten factors describe below.

Type of group: Some groups are more accepting of change than others. In general, young, affluent, and highly educated groups accept changing new products, readily. Thus, the target market for the innovations is an important determinant of the rate of diffusion.

Type of decision: The type of decision refers to an individual versus a group decision. The fewer individuals involved in the purchase decision, the more rapidly an innovation will spread. Therefore, innovations likely to involve two or more household members will generally spread slower than innovations that effect primarily on individual.

Marketing effort: The rate of diffusion is heavily influenced by the of marketing effort involved. Thus, the rate of diffusion is completely beyond the control of the firm.

Fulfillment of felt need: The more manifest or obvious the need that the innovation satisfies, the faster the diffusion.

Compatibility: The more the purchase and use of the innovation fits the individual's and group's values or beliefs, the more rapid the diffusion.

Relative advantage: The better the innovation is perceived to meet the relevant need compare to existing methods, the more rapid the diffusion. Both the performance and the cost of the product are included in relative advantage.

Complexity: The more difficult the innovation is to understand and use, the slower the diffusion. The key to this dimension is ease of use, not complexity of product.

Observability: The more easily consumers can observe the positive of adopting an innovation, the more rapid its diffusion will be.

Trialability. The easier it is to have low-cost or low-risk trial of the innovation, the more rapid its diffusion. The diffusion of some product has been hampered by the difficulty of trying out the product in a realistic manner.

Perceived risk. The more risk associated with trying an innovation, the slower the diffusion. Risk can be financial, physical, or social. Perceived

risk is a function of three dimensions: (1) the probability that the innovation will not perform as desired; (2) the consequences of its not performing as desired; (3) the ability to reverse, and the cost of reversing, any negative consequences.

3.6 Innovation Analysis and Diffusion Enhancement Strategies

Diffusion Determinant Inhibitor Enhancement

Strategies

1. Nature of group Conservative Search for other markets Target innovators within group
2. Type of decision Group Choose media to reach all deciders Provide conflict reduction themes
3. Marketing effort Limited Target innovators within group Use regional sellout
4. Felt need Weak Extensive advertising showing importance of benefits.
5. Compatibility Conflict Stress attributes consistent with values norms
6. Relative Advantage Low Lower price Redesign product
7. Complexity High Distribute through high-service outlets Use skilled sales force Use product demonstrations Extensive marketing efforts
8. Observability Low Use Extensive advertising
9. Trialability Difficult Use free samples to early adopter Use high-service outlets
10. Perceived risk High Success documentation Endorsement by credible sources Guarantees.

SELF ASSESSMENT EXERCISE

Before you conclude this unit, do work out this exercise:

- i. Discuss the various processes involved in adoption of product by consumers.
- ii. Identify the various classes of adopters.

4.0 CONCLUSION

Influential consumers often aid the spread of innovations within a social system. Thus, the diffusion of innovations depends largely on the flow of information, not just from media sources but between consumers as well. Therefore, marketers should be interested in identifying these type consumers and understanding who frequently they change their behaviour or try new products and services first before developing any strategy.

5.0 SUMMARY

Innovation is defined as any idea, practice, or material artifact perceived to be new by the relevant adopting unit. Adopters are made of five groups Innovators, Early adopters, Early majority, Late majority and Laggards. Consumer adoption process consists of Awareness, Comprehension, Attitude, Legitimizing, Trial and Adoption. Designing product, manager must be aware of factors affecting the spread of innovations such as Type of group, Type of decision, Marketing effort, Fulfillment of felt need, Compatibility, Relative advantage, Complexity, Observability, Trialability and Perceived risk.

6.0 TUTOR MARKED ASSIGNMENT

Identify and explain factors that are likely to affect the spread of Innovation.

Answer to Self Assessment Exercise

- i. Consumer adoption process consists of the following stages:
Awareness, Comprehension, Attitude, Legitimizing, Trial and Adoption. Awareness: At this stage the potential adopter finds out about the existence of a product but has very little information and no well-formed attitudes about it.
Comprehension: This stage represents the consumer's having knowledge and understanding of what the product is and can do.
Attitude: Here, the consumer develops favorable or unfavorable behavioral predispositions toward the product. Termination of the

adoption process is likely at this stage if attitudes are not favorable toward the product. Legitimizing: Here, the consumer becomes convinced that the product should be adopted. This stage is predicated upon favorable attitudes toward the innovation, and the consumer may use information already gathered as well as additional information in order to reach a decision. Trial: If possible, the consumer tests or tries the product to determine its utility. Trial may take place cognitively, that is, whereby the individual vicariously uses the product in a hypothetical situation or it may be actually used in a limited or total way, depending on the innovation's nature. Adoption: At this stage, the consumer determines whether or not to use the product in a full-scale way. Continued purchase and/or use of the item fulfill the adoption process.

- ii. Adopters can be grouped into five classes of Innovators Early adopters Early majority Late majority and Laggards. Innovators: Innovators are venturesome risk takers. They are capable of absorbing the financial and social costs of adopting an unsuccessful product. They are cosmopolitan in outlook and use other innovators rather than local peers as a reference group. *Early adopters: Early adopters tend to be opinion leaders in local reference groups. They are successful, well educated, and somewhat younger than their peers. They are willing to take a calculated risk on an innovation but are concerned with failure.* *Early majority: Early majority consumers tend to be cautious with respect to innovations. They adopt sooner than most of their social group but also after the innovation that has proven successful with others.* Late majority: Late majority members are skeptical about innovations. They often adopt more in response to social pressures or a decreased availability of the previous product than because of a positive evaluation of the innovation. *Laggards are locally oriented and engage in limited social interaction. They tend to be oriented toward the past. Thus adopt innovations with reluctance.*

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UNIT 2 CONSUMER INFORMATION PROCESSING

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Information Processing Defined
 - 3.2 Stages of Information Processing
 - 3.2.1 Exposure
 - 3.2.2 Attention
 - 3.2.3 Comprehension
 - 3.2.4 Acceptance
 - 3.2.5 Retention
 - 3.3 Types of Information Sought
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 - 3.5 Determinants of Benefits and Cost of Information Search
 - 3.6 Marketing Strategies Based on Information Search Patterns
- 4.0 Conclusion
- 5.0 Summary
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1.0 INTRODUCTION

Because consumers' reactions to stimuli, which usually depend on how the stimuli are processed, can greatly shape their attitudes and behavior, an understanding of information processing can be very useful. This unit provides a comprehensive analysis of how consumer process information in order to make an appropriate product/service chosen decisions.

2.0 OBJECTIVES

After studying this unit, you should be able to:

- Describe what is meant by the terms "Information processing".
- State the Stages of Information Processing
- Describe types of information consumer usually sought.

3.0 MAIN CONTENT

3.1 Information Processing Defined

Information processing refers to the process by which a stimulus is received, interpreted, stored in memory, and later retrieved. As you will

see, an appreciation of information-processing principles and findings can yield some important lessons for the practice of advertising. Although advertising is perhaps the greatest beneficiary of what we know about how people process information, these lessons can be applied to many areas of communication, including personal selling, package design, branding, training of salespeople, and even consumer behavior.

3.2 Stages of Information Processing

Information processing can be broken down into five basic stages. These stages are based on the information-processing model developed by William McGuire. These stages can be defined as follows:

- i. Exposure: the achievement of proximity to a stimulus such that an opportunity exists for one or more of a person's five senses to be activated.
- ii. Attention: the allocation of processing capacity to the incoming stimulus.
- iii. Comprehension: the interpretation of the stimulus.
- iv. Acceptance: the degree to which the stimulus influences the person's knowledge and/or attitudes.
- v. Retention: the transfer of the stimulus interpretation into long-term memory.

3.2.1 Exposure

Information processing begins when patterns of energy in the form of stimulus inputs reach one or more of the five senses. Exposure occurs from physical proximity to a stimulus that allows the opportunity for one or more senses to be activated. This requires the communicator to select media, either interpersonal or mass, that reach the target market. Given exposure to a stimulus of sufficient strength, a person's sensory receptors are activated and the encoded information is transmitted along nerve fibers to the brain. This activation is called a sensation, which is affected by the following three thresholds:

- i. Lower or Absolute Threshold: the minimum amount of stimulus energy or intensity necessary for sensation to occur.
- ii. Terminal Threshold: the point at which additional increases in stimulus intensity have no effect on sensation.
- iii. Difference Threshold: the smallest change in stimulus intensity that will be noticed by an individual.

Many consumer researchers maintain that stimuli must attain at least the lower or absolute threshold before they can have an impact on the

person. Others argue that stimuli below the lower threshold can be influential. This controversial concept has become known as *subliminal persuasion*.

3.2.2 Attention

Attention can be defined as the allocation of processing capacity to the incoming stimulus. Because capacity is a limited resource, consumers are very selective in how they allocate their attention. The reality of selective attention means that, while some stimuli will receive attention, others will be ignored. The marketer's job is to achieve the former. Consequently, it is important to understand the factors that determine attention. Such factors can be grouped into two major categories: personal or individual determinants, and stimulus determinants.

Personal Determinants of Attention

Personal determinants refer to those characteristics of the individual that influence attention. For the most part, these factors are not under the marketer's control. Rather, their existence should be recognized and viewed as constraints against which strategy should be evaluated.

i. Need/Motivation: Everyone is well aware from daily life that physiological needs have a strong influence on those stimuli that receive attention and those that do not. Hungry people, for example, are far more receptive to food stimuli than they would be on other occasions. Consumer economists have long contended that the worst time for food shopping is when one is hungry, because of the sharp increase in purchasing. The nature of consumers' need states at the time of exposure to advertising should affect the emphasis placed on an ad's attention-getting properties. If it is possible for an ad to reach consumers when their needs are activated, then less emphasis on enhancing an ad's ability to gain attention is warranted, since the consumer is already motivated to process the advertisement.

ii. Attitudes: According to cognitive consistency theories, such as balance theory and congruity theory, people strive to maintain a consistent set of beliefs and attitudes. (hence the name cognitive consistency). The principle of cognitive consistency suggests that attitudes may also influence the attention given to marketing communications. Consumers possessing unfavorable attitudes may allocate little attention.

iii. Adaptation Level: An important tendency people share is to become so habituated to a stimulus that it is no longer noticed that is, they develop an adaptation level for the stimulus. This same phenomenon occurs in marketing Advertising is especially

likely to fall victim to adaptation. Although adaptation level frequently represents a barrier between marketers and consumers, marketers can also employ it to their advantage. The use of unique product packaging, for instance, can help a product stand out on the shelf. Similarly, an advertising tactic for gaining attention is to include stimuli within an advert that deviate from the consumer's adaptation level.

iv. Span of Attention: The amount of time we can focus our attention on a single stimulus or thought is quite limited. You can easily demonstrate this to yourself by testing just how long you are able to concentrate on a particular thought before your mind begins to "wander". This limited span of attention may partly explain the increasing use of shorter commercials.

Stimulus Determinants of Attention: The second set of factors influencing attention stimulus determinants, are characteristic of the stimulus itself. They represent "controllable" factors in the sense that they can be used for gaining and/or increasing attention.

i. Size: In general, the larger the stimulus, the more likely it will attract attention. Increasing a print advert's size will enhance the odds of gaining the consumer's attention. A similar relationship holds for the size of the illustrations or pictures within an advert. The likelihood of a product being noticed in a store can depend upon the size or amount of shelf space allocated to the product. This can be particularly important for impulse items, whose sales may depend partly on how much space they receive.

ii. Color: The attention-attracting and holding power of a stimulus may be sharply increased through the use of color. Companies placing adverts in the Yellow Pages, for instance, are encouraged to use the color red as a means of attracting attention. Consumer's Color adverts cost more, so their incremental effectiveness must be weighed against the additional expense.

iii. Intensity: Greater stimulus intensity often produces more attention. Loud sound and bright colors, for instance, can enhance attention. Radio and television commercials often begin with a loud noise to attract attention. Brightly colored print ads are also quite common.

iv. Contrast: People have a tendency to attend more closely to those stimuli that contrast with their background. The presentation of stimuli that are inconsistent or contrast with one another creates a perceptual conflict that enhances attention.

v. Position: Stimuli may also be more noticeable simply because of certain locational properties.

vi. Directionality: The eye will tend to follow any signs within the stimulus that indicate directionality.

- vii. Movement:** Stimuli in motion attract greater attention than stationary stimuli even quasi or perceived motion.
- viii. Isolation:** Isolation involves presenting a small number of stimuli in a relatively barren perceptual field.
- ix. Novelty:** Unusual or unexpected stimuli (e.g. those that deviate from one's adaptation level) attract attention. Advertisers understand the value of novelty and frequently rely upon it for gaining attention.
- x. Learned" Attention-Inducing Stimuli:** Some stimuli attract our attention because we have been taught or conditioned to react to them. A ringing phone or doorbell, for example, typically elicits an immediate response from the person. Ringing phones or wailing sirens are sometimes included in the background of radio and TV adverts to capture attention.
- xi. Attractive Spokesperson:** A common attention-grabbing device is to employ an attractive model or celebrity as a spokesperson. It is nearly impossible to watch TV for any length of time or flip through most magazines without encountering at least one advert with an attractive person.
- xii. Scene Changes:** A new technique for capturing attention is the use of rapid-fire scene changes, which can cause an involuntary increase in brain activity.

3.2.3 Comprehension

Comprehension, the third stage of information processing, is concerned with the interpretation of a stimulus. It is the point at which meaning is attached to the stimulus. This meaning will depend on how a stimulus is categorized and elaborated in terms of existing knowledge.

Stimulus categorization: Stimulus categorization involves classifying a stimulus using concepts stored in memory. Consumers' behavior can be affected by how they categorize marketing stimuli.

Stimulus Elaboration: In addition to classifying a stimulus, comprehension also involves the degree of elaboration that occurs during stimulus processing. Elaboration refers to the amount of integration between the new information and existing knowledge stored in memory or, as some has described it, the number of personal connections made between the stimulus and one's life experiences and goals. Elaboration falls along a continuum ranging from low to high.

Personal Determinants of Comprehension: Comprehension, like attention, is influenced by many stimulus and personal factors. We first consider how personal factors can affect comprehension.

- i. Motivation:** Just as a person's motivational state during information processing can influence attention, so too can it exert an affect on comprehension. Motivation can also influence the elaboration that occurs during comprehension. When a stimulus is perceived as personally relevant (i.e., the stimulus is seen as having some usefulness for need satisfaction). More elaborate processing should occur. An advert featuring a product that is irrelevant to a consumer's needs will typically be processed in a very shallow fashion. The relatively few thoughts that are generated during processing will focus more on the advert than the product. In contrast, when consumers are more motivated during advert processing, they will engage in more thinking, especially about the advertised product.
- ii. Knowledge:** The knowledge stored in memory is obviously a major determinant of comprehension. Categorization of a stimulus depends heavily on knowledge. Knowledge also enhances consumers' ability to understand a message. This beneficial affect on understanding is accompanied by a reduction in miscomprehension. Knowledge can help consumers to recognize faulty logic and erroneous conclusions and to avoid incorrect interpretations.
- iii. Expectation or Perceptual Set:** Comprehension will often depend on prior conceptions or expectations of what we are likely to see. Expectations have recently been shown to influence how consumers process information provided by a salesperson. Subjects engaged in much more careful consideration of the information supplied by a salesperson that deviated from their expectations of the "typical" salesperson than in that supplied by one who matched their expectations.

3.2.4 Acceptance

The simple fact is that message comprehension is not the message as acceptance. Consumers may understand perfectly all that is being communicated, but they may not agree with the message for any number of reasons. Indeed, many if not most consumers are skeptical of advertising claims.

A key question, then, is what determines how much, if any, acceptance will occur during information processing. Research has shown that acceptance may heavily depend on the thoughts that occur during the comprehension stage. Such thoughts are often referred to as *cognitive responses*. *Cognitive responses provide a valuable complement to* standard attitude measures in evaluating communication effectiveness. Although standard attitude measures can reveal whether a

communication leaves a favorable or unfavorable impression on the viewer, they often fail to reveal the reasons for this impression.

Nonetheless, cognitive responses are not without their limitations. There are some reasonable questions about the extent to which cognitive responses or, more generally, verbalizations of mental processes can fully reflect the content and activities that occurs during processing. A second concern is that focusing solely on cognitive thoughts is overly restrictive. This latter concern has led researchers to explore the role of affective responses.

3.2.5 Retention

The final stage of information processing is retention, which involves the transfer of information to long-term memory. Although much current knowledge about memory comes from the cognitive psychology literature, consumer researchers have become very interested in this area over the past decade.

Physiological Properties of Human Brain: The human brain is divided into left and right hemispheres, which are connected by a large fiber tract known as the corpus callosum. It is now believed that these two hemispheres are responsible for different types of cognitive activity. The left brain is viewed as the center for logical, abstract, and conceptual thinking, whereas the right brain focuses on creative, intuitive, and imaginable thinking. In addition, the brain is responsible for the processing of verbal or semantic information, whereas the right brain is involved with the processing of pictorial or visual information.

Multiple-Store Theory of Memory: In addition to these physiological characteristics of memory, many believe important psychological differences exist in the structure and functioning of memory. One influential viewpoint is that memory consists of three different storage systems: sensory memory; short-term memory, and long-term memory.

Sensory Memory: In sensory memory incoming information receives an initial analysis based largely on such physical properties as loudness, Pitch, and so on. Visual processing at this stage is referred to as iconic and auditory processing as echoic. It takes place virtually instantaneously, which iconic processing requiring only one quarter of a second.

Short-Term Memory: Once the stimulus passes through sensory processing, it enters short-term memory which is viewed as the “workbench” for information-processing activities. In affect, it

combines sensory input with the contents of long-term memory so that categorization and interpretation can take place.

Long-Term Memory: Long-term memory is viewed as an unlimited, permanent storehouse containing all of our knowledge.

3.3 Types of Information Sought

A consumer decision requires information on the following:

- The appropriate evaluative criteria for the solution of a problem.
- The existence of various alternative solutions.
- The performance level or characteristic of each alternative solution on each evaluative criterion.

In summary, consumers engage in internal and external search for appropriate evaluative criteria, the existence of potential solutions, and the characteristics of potential solutions. However, extensive search generally occurs for only a few consumption decisions. Nominal and limited decisions that involve little or no active external search are the rule. In addition, consumers acquire substantial information without deliberate search through low-involvement learning.

3.4 Sources of Information

There are basically five sources of information available to consumers:

- Memory of past searches, personal experiences, and low-involvement learning.
- Personal source, such as friends, family, and others.
- Independent sources, such as magazines, consumer groups, and government agencies.
- Marketing sources, such as sales personnel and advertising.
- Experiential sources, such as inspection or product trial.

3.5 Determinants of Benefits and Cost of Information Search

There are four basic types of factors that influence the expected benefits and perceived costs of information search. These include; Market Characteristics, Product Characteristics, Consumer Characteristics, and Situation Characteristics.

Market Characteristics: Market characteristics include the number of alternatives, price range, store distribution, and information availability. It is important to keep in mind that it is the consumer's perception of, or

beliefs about, the market characteristics that influence shopping behavior, not the actual characteristics. While beliefs and reality are usually related, often they are not identical. Obviously, the greater the number of alternatives (products, stores, brands) available to resolve a particular problem, the more external search there is likely to be. At the extreme, there is no need to search for information in the face of a complete monopoly. The perceived range of prices among equivalent brands in a product class is a major factor in stimulating external search.

Store distribution-the number, location, and distances between retail stores in the market-affects the number of store visits a consumer will make before purchase. Because store visits take time, energy, and in many cases money, a close proximity of store will often increase this aspect of external search.

In general, information availability is directly related to information use. However, too much information can cause information overload and the use of less information. In addition, readily available information tends to produce learning over time, which may reduce the need for additional external information immediately prior to a purchase. Advertising, point-of-purchase displays, sales personnel, packages, other consumers, and independent sources such as Consumer Reports are major sources of consumer information.

Product Characteristics: Product characteristics such as price level and differentiation tend to influence external search with higher prices and greater differentiation associated with increased external search. Consumers appear to enjoy shopping for positive products-those whose acquisition results in positive reinforcement. In contrast, shopping for negative products-those whose primary benefit is negative reinforcement (removal of an unpleasant condition) – is viewed as less pleasant.

Consumer Characteristics: A variety of consumer characteristics affect perceptions of expected benefits, search costs, and the need to carry out a particular level of external information search. Some of these characteristics include knowledge social status household life cycle, shopping orientations and level of product involvement.

Situation Characteristics: Situational variables can have a major impact on search behavior. For example, real that one of the primary reactions of consumers to crowded store conditions is to minimize external information search. Temporal perspective is probably the most important situational variable with respect to search behavior. As the time available to solve a particular consumer problem decreases, so does the amount of external information search.

3.6 Marketing Strategies Based on Information Search Patterns

Sound marketing strategies take into account the nature of information search engaged in by the target market prior to purchase. Two dimensions of search are particularly appropriate: the type of decision influences the level of search, and the nature of the evoked need influences the direction of the search. Some of the marketing strategies includes Maintenance Strategy, Disrupt Strategy, Capture Strategy, Intercept Strategy, Preference Strategy, Acceptance Strategy

SELF ASSESSMENT EXERCISES

While concluding this unit, work out the following exercise

- i. Define Information Processing.
- ii. Identify the various types of Information Sought

4.0 CONCLUSION

In this unit students have learned about consumer information processing, different types of information sought as well as the sources of consumers' information. They have also learned about the various stimulus determinants of attention and all other stages involved in information processing.

5.0 SUMMARY

Information processing is concerned with the process by which a stimulus is received, interpreted, stored in memory, and later retrieved. Information processing can be broken down into five basic stages: Exposure, Attention, Comprehension, Acceptance, and Retention. These stages are however influenced by various factors ranging from personal to stimulus.

6.0 TUTOR MARKED ASSIGNMENT

Enumerate the Stimulus determinants of Consumer Attention

Answer to Self Assessment Exercises

- i. Information processing refers to the process by which a stimulus is received, interpreted, stored in memory, and later retrieved.
- ii. A consumer decision requires information on the following:

- The appropriate evaluative criteria for the solution of a problem.
- The existence of various alternative solutions.
- The performance level or characteristic of each alternative solution on each evaluative criterion

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UNIT 3 CONSUMER DECISION MAKING

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Decision Defined
 - 3.2 Level of Consumer Decision Making
 - 3.3 Models of Consumers' Decision Making
 - 3.4 Stages of Consumer Decision Making
 - 3.5 Consumer Decision Making and Relationship Marketing
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1.0 INTRODUCTION

Deciding what to buy is one of the consumers' most basic tasks. This unit draws together many of the psychological, social and cultural concepts developed throughout the course into an overview framework for understanding how consumers make decisions. This unit takes a broader perspective and examines consumer decision making in the context of all types of consumption choices.

2.0 OBJECTIVES

After studying this unit, student you be able to understand:

- Meaning and various level of consumer decision making
- Models of consumer decision making
- Stages of consumer decision making

3.0 MAIN CONTENT

3.1 Decision Defined

Every day, each of us makes numerous decisions concerning every aspect of our daily lives. However, we generally make these decisions without stopping to think about how we made them and what is involved in the particular decision-making process itself. In the most general terms a decision is the selection of an option from two or more alternative choices. In other words, for a person to make a decision, a choice of alternatives must be available. On the other hand, if the consumer has no alternatives from which to choose and is literally

forced to make a particular purchase or take a particular action, then this single “no-choice” instance does not constitute a decision; such a no-choice decision

Consumer decision produces an image of an individual carefully evaluating the attributes of a set of products, brands, or services and rationally selecting the one that solves a clearly recognized need for the least cost. It has a rational, functional connotation. While consumers do make many decisions in this manner, many others involve little conscious effort. Further, many consumer decisions focus not on brand attributes but rather on the feelings or emotions associated with acquiring or using the brand or with the environment in which the product is purchased or used

3.2 Level of Consumer Decision Making

On a continuum of effort ranging from very high to very low, we can distinguish three specific levels of consumer decision making: Extensive Problem Solving, Limited Problem Solving, and Routinized Response Behavior.

Extensive Problem Solving

When consumers have no established criteria for evaluating a product category or specific brands in that category or have not narrowed the number of brands they will consider to a small, manageable subset, their decision-making efforts can be classified as extensive problem solving. At this level, the consumer needs a great deal of information to establish a set of criteria on which to judge specific brands and a correspondingly large amount of information concerning each of the brands to be considered.

Limited Problem Solving

At this level of problem solving, consumers already have established the basic criteria for evaluating the product category and the various brands in the category. However, they have not fully established preferences concerning a select group of brands. Their search for additional information is more like “fine-tuning”; they must gather additional brand information to discriminate among the various brands.

Routinized Response Behavior

At this level, consumers have experience with the product category and a well-established set of criteria with which to evaluate the brands they are considering. In some situations, they may search for a small amount

of additional information; in others, they simply review what they already know.

Just how extensive a consumer's problem-solving task is depends on how well established his or her criteria for selection are, how much information he or she has about each brand being considered, and how narrow the set of brands is from which the choice will be made. Clearly, extensive problem solving implies that the consumer must seek more information to make a choice, whereas routinized response behavior implies little need for additional information.

3.3 Models of Consumers' Decision Making

The term models of consumers refer to a general view or perspective as to how and why individuals behave as they do. Specifically, we will examine models of consumers in terms of the following four views: Economic, Passive, Cognitive, and Emotional view.

Economic View

In the field of theoretical economics, which portrays a world of perfect competition, the consumer has often been characterized as making rational decisions. This model, called the economic man theory, has been criticized by consumer researchers for a number of reasons. To behave rationally in the economic sense, a consumer would have; to be aware of all available product alternatives, be capable of ranking each alternative in terms of its benefits and disadvantages, and be able to identify the one best alternative. Realistically, however, consumers rarely have all of the information or sufficiently information or even an adequate degree of involvement or motivation to make the so-called "perfect" decision. Consumers operate in an imperfect world in which they do not maximize their decisions in terms of economic considerations, such as price-quantity relationships, marginal utility, or indifference curves. Indeed, the consumer generally is unwilling to engage in extensive decision-making activities and will settle, instead, for a "satisfactory" decision, one that is "good enough".

Passive View

Quite opposite to the rational economic view of consumers is the passive view that depicts the consumer as basically submissive to the self-serving interests and promotional efforts of marketers. In the passive view, consumers are perceived as impulsive and irrational purchasers, ready to yield to the aims and into the arms of marketers. At least to some degree, the passive model of the consumer was subscribed

to by the hard-driving super salespeople of old, who were trained to regard the consumer as an object to be manipulated.

The principal limitation of the passive model is that it fails to recognize that the consumer plays an equal, if not dominant, role in many buying situations-sometimes by seeking information about product alternatives and selecting the product that appears to offer the greatest satisfaction and at other times by impulsively selecting a product that satisfies the mood or emotion of the moment.

Cognitive View

The third model portrays the consumer as a thinking problem solver. Within this framework, consumers frequently are pictured as either receptive to or actively searching for products and services that fulfill their needs, enrich their needs and enrich their lives. The cognitive model focuses on the processes by which consumers seek and evaluate information about selected brands and retail outlets.

Within the context of the cognitive model, consumers are viewed as information processors. Information processing leads to the formation of preferences and, ultimately, purchase intentions. The cognitive view also recognizes that the consumer is unlikely to even attempt to obtain all available information about every choice. Instead, consumers are likely to cease their information-seeking efforts when they perceive that they have sufficient information about some of the alternatives to make a “satisfactory” decision. As this information-processing viewpoint suggests, consumers often develop shortcut decision rules (called **heuristics**) to facilitate the decision-making process. They also use decision rules to cope with exposure to too much information (i.e. information overload).

Emotional View

Although long aware of the emotional or impulsive model of consumer decision making, marketers frequently prefer to think of consumers in terms of either economic or passive models. In reality, however, each of us is likely to associate deep feelings or emotions, such as joy, fear, love, hope, sexuality, fantasy, and even a little “magic” with certain purchases or possessions. These feelings or emotions are likely to be highly involving. For instance, a person who misplaces a favorite fountain pen might go to great lengths to look for it, despite the fact that he or she has six others at hand.

When a consumer makes what is basically an emotional purchase decision, less emphasis is placed on the search for pre-purchase

information, instead, more emphasis is placed on current mood ~~feelings~~ (“Go for it!). This is not to say that emotional decisions are not rational.

3.4 Stages of Consumer Decision Making

This section presents an overview model of consumer decision making that reflects the cognitive (or problem-solving) consumer and, to some degree, the emotional consumer. The stages include; Input, Process, and output.

INPUT

The input component of consumer decision-making model draws on external influences that serve as sources of information about a particular product and influence a consumer’s product-related values, attitudes, and behavior. Chief among these input factors are the marketing mix activities of organizations that attempt to communicate the benefits of their products and services to potential consumers and the non-marketing socio-cultural influences, which when internalized, affect the consumer’s purchase decisions.

PROCESS

The process component is concerned with how consumers make decisions. To understand this process, we consider the influence of the psychological field represents the international influences (motivation, perception, and attitudes) that affect consumer’s decision-making processes (what they need or want, their awareness of various product choices, their information-gathering activities, and their evaluation of alternatives). The act of making a consumer decision consists of three stages: need recognition, pre-purchase search, and evaluation of alternatives.

OUTPUT

The output portion of the consumer decision-making model concerns two closely associated kinds of post-decision activity: purchase *behavior and post-purchase evaluation. The objective of both activities* is to increase the consumer’s satisfaction with his or her purchase.

Purchase Behavior

Consumers make two types of purchases: trial purchases, and long-term commitment purchases. When a consumer purchases a product (or brand) for the first time and buys a smaller quantity than usual, this

purchase would be considered a trial. Thus, a trial is the exploratory phase of purchase behavior in which consumers attempt to evaluate a product through direct use. For instance, when consumers purchase a new brand of laundry detergent about which they may be uncertain, they are likely to purchase smaller trial quantities than if it were a familiar brand. Consumers can also be encouraged to try a new product through such promotional tactics as free samples, coupons, and/or sale prices.

Post-purchase Evaluation

As consumers use a product, particularly during a trial purchase, they evaluate its performance in light of their own expectations. There are three possible outcomes of these evaluations: Actual performance matches expectations, leading to a neutral feeling; Performance exceeds expectations, causing what is known as positive disconfirmation of expectations (which leads to satisfaction); and Performance is below expectations, causing negative disconfirmation of expectations and dissatisfaction. For each of these three outcomes, consumers' expectations and satisfaction are closely linked; that is, consumers tend to judge their experience against their expectations when performing a post-purchase evaluation.

SELF ASSESSMENT EXERCISE 1

What is decision? Explain the various level of decision making.

3.5 Consumer Decision Making and Relationship Marketing

Relationship marketing impacts consumers' decisions and their consumption satisfaction. Firms establish relationship marketing programs (some time called loyalty programs) to foster usage loyalty and a commitment to their products and services. At its heart, relationship marketing is all about building trust (between the firm and its customers), and keeping promises made to consumers. Therefore, the emphasis in relationship marketing is almost always on developing long-term bonds with customers by making them feel special and by providing them with personalized services.

SELF ASSESSMENT EXERCISE 2

- i. What is Decision? Explain the various level of decision making.
- ii. Vividly explain one model of Consumers' Decision Making.

4.0 CONCLUSION

The consumer's decision to purchase or not to purchase a product or service is an important moment for most marketers. It can ~~can~~ ~~whether~~ whether a marketing strategy has been wise, insightful, and effective, or whether it was poorly planned and missed the mark. Thus, marketers are particularly interested in the consumer's decision-making process.

5.0 SUMMARY

Decision involves the selection of an option from two or more alternative choices. Basically, three levels of decision making exist: Extensive Problem Solving, Limited Problem Solving, and Routinized Response Behavior. Economic, Passive, Cognitive, and Emotional perspective provides view in understanding consumer behaviour in decision making. In order to come up with decision about what, when and how to buy, consumer undergo three stages of decision making that is Input, Process, and Output.

6.0 TUTOR MARKED ASSIGNMENT

Explain the various stage of consumer decision making.

Answer to Self Assessment Exercise 1

A decision is the selection of an option from two or more alternative choices. In other words, for a person to make a decision, a choice of alternatives must be available. There are three specific levels of consumer decision making: Extensive Problem Solving, Limited Problem Solving, and Routinized Response Behavior. *Extensive Problem Solving: At this level, the consumer needs a great deal of information to establish a set of criteria on which to judge brands and a correspondingly large amount of information concerning each of the brands to be considered.* *Limited Problem Solving: At this level of problem solving, consumers already have established the basic criteria for evaluating the product category and the various brands in the category. However, they have not fully established preferences concerning a select group of brands.* *Routinized Response Behavior: At this level, consumers have experience with the product category and a well-established set of criteria with which to evaluate the brands they are considering*

Answer to Self Assessment Exercise 2

The popular models of consumers' decision making include: Economic, Passive, Cognitive, and Emotional view.

Economic View: In the field of theoretical economics, which portrays a world of perfect competition, the consumer has often been characterized as making rational decisions. To behave rationally in the economic sense, a consumer would have; to be aware of all available product alternatives, be capable of correctly ranking each alternative in terms of its benefits and disadvantages, and be able to identify the one best alternative

Passive View: In the passive view, consumers are perceived as impulsive and irrational purchasers, ready to yield to the aims and into the arms of marketers. Quite opposite to the rational economic view of consumers is the passive view that depicts the consumer as basically submissive to the self-serving interests and promotional efforts of marketers. *Cognitive View:* The cognitive model focuses on the processes by which consumers seek and evaluate information about selected brands and retail outlets. Within the context of the cognitive model, consumers are viewed as information processors. Information processing leads to the formation of preferences and, ultimately, purchase intentions. *Emotional View:* This model emphasizes the role of emotion in consumer purchase decision. According to this model consumer associate deep feelings or emotions, with certain purchases or possessions.

7.0 REFERENCES /FURTHER READINGS

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UNIT 4 ORGANIZATIONAL BUYER BEHAVIOUR

CONTENTS

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- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Organizational Buying Defined
 - 3.2 Characteristics of Organizational Buyer
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1.0 INTRODUCTION

Organizational buying is in some ways similar to consumer buying since it is not the firm making the buying decisions but the people within those firms. This unit provides an insight into the concept, types, process as well as the variables that influence organizational buying and buyer's behaviour.

2.0 OBJECTIVES

After studying this unit, you be able to understand:

- Describe nature of organizational buying
- Identify different variables influencing the organizational buyer's behaviour
- Describe types of decision situation confronting organizational buyers
- State steps of organizational buying decisions

3.0 MAIN CONTENT

3.1 Organizational Buying Defined

Organizational buying can be defined as the decision making process by which organizations establish the need for purchased products and services, and identify, evaluate, and choose among alternative brands

and suppliers. Organizational buyers make purchase decisions in order to satisfy their goals, as do final consumers. But the goals differ. Organizations have the goals of producing a good, providing a service, or selling an item, and therefore buy products and services that will allow them to effectively engage in these activities.

3.2 Characteristics of Organizational Buyer

There are several important organizational buyer characteristics typically cited that differentiate them from final consumers. The main features of organizational buyers include: group involvement, technical knowledge and rational motivation.

Group Involvement: Because products purchased by organizational buyers are often costly and complex, a group of individuals may be involved in the decision. People from engineering, production, finance, purchasing, and even top management could participate in a large purchase decision.

Technical Knowledge: Professional buyers, generally quite knowledgeable about the products or services being bought, make the purchase decision or may be directed by other technically competent individuals such as engineers to the appropriate purchase decision based on a group decision.

Rational Motivation: Organizational buyers are often strongly directed by rational motivations. Such factors are generally economically based and can be translated into monetary values so that costs and benefits may be carefully weighed.

3.3 Patterns of Organizational Buying

Organizational buying patterns are characterized by a number of differences from final consumers in their decision process and purchase patterns. They include:

Formality: Much organizational buyer behaviour is typified by greater formality than that of final consumers. Often proposals, quotation requests, and purchase contracts are involved which lend to the formality.

Complexity: This is a prime cause of the formality necessary in purchasing. Because organizational buyer behaviour is so much more complicated than consumer behaviour, products and services are more technically complex and the financial risks are generally much higher than those faced by consumers, greater formality in decision making

requires the conscious consideration of the large number of factors involved in the decision.

Lengthy Negotiation: Much organizational buying requires more extensive negotiation over a longer time period than typically occurs among final consumers. Some of the reasons for this situation are: the size of the order is large and the purchase price is very important, a large number of people are involved in the decision and above all the product is complex and specifications must be carefully agreed to.

Multiple Suppliers: Organizational buyers hesitate to limit their buying of an item to a single source because their supply could be jeopardized by unforeseen circumstances such as strike. Company policies, therefore, may not allow a single vendor to supply more than a certain percentage of the company's requirements. Instead, buyers source the same product from two or more suppliers in order to be assured a steady supply of the item.

Large Orders: The typical organizational purchase is much larger than that made by final consumers. Resellers also purchase in large quantities, break into smaller lots, and sell to other organizational buyers or final consumers.

Infrequent Purchase: Obviously, very large scale and costly items such as buildings and large computers would be only infrequently purchased by organizations. The organizational marketer must, therefore, be vigilant about selling opportunities because they may arise only infrequently.

Direct Buying: Because of order size, product complexity and bulk, technical assistance prior to and after sale, and geographic proximity of customers, a direct relationship between producers and buyers has been widely adopted for many organizational purchasing situations.

Reciprocity: This occurs when two organizations agree to purchase each other, and is found more frequently in industries where products are homogeneous with little price sensitivity. However, this informal and innocent reciprocity among firms should always be justifiable on the basis of gaining a competitive quality product, price, delivery, terms and service from suppliers otherwise it makes poor economic sense and is a source of frustration for professional buyers.

Importance of Service: Organizational buyers, more so than final consumers, require service because it has such a direct bearing on their costs, sales, and profits. Companies known for their exceptional service tend to be the ones who excel in an industry, and it is a particular

importance to those firms who are unable to stand out otherwise in market with homogeneous products and prices.

3.4 Influences on Organizational Buyer Behaviour

There are four broad categories of factors that influence organizational buyer behaviour: Environmental, Organizational, Interpersonal, and Individual.

Environmental Factors: Seven environmental factors influence organizational buyers: physical, technological, economic, political, legal, ethical, and cultural. Physical environment includes such factors as the climate and geographical location of the organization and can affect the behaviour of organizational members and determine the constraints and options for the buying organization. Technological development defines what types of goods and services are available to the organizational buyer. In addition, it influences the quality of the buying process itself through development of improved purchasing technology using more sophisticated equipment such as computers to facilitate complex purchasing and inventory control decision. The *Economic environment for the buying organization is affected by price and wage conditions, money and credit availability, consumer demand, and levels of inventory in key industry sectors.* These sorts of factors will determine the availability of goods and services, ability of buyers to finance purchases, and what prices will be paid. Just as for final consumers, the economic environment will influence organizational buyers' optimism or pessimism and, consequently, their buying behaviour. Political influence could include such factors as country trade agreements, tariff barriers, lobbying activities, defense spending, government assistance to certain industries or companies, and government attitude toward business generally. From the Legal perspective, local, state and federal legal and regulatory environments have influence on buying activities which take place. Government regulation sets standards for what must be bought in order to be included on product. Terms of sale and conditions of competition are also enforced by legal means on organizational buyers. The *Ethical environment is of major importance in the buyer-salesperson relationship.* Buyers and salespeople must exhibit ethical behaviour if they are to be accepted as professionals. Consequently, each group needs to know what is considered to be ethical and unethical behaviour. *Culture establishes values that are shared by members and which influence them in their buying behaviour.* Large organizations, too, have developed their own corporate culture which differs in its values, norms, habits, traditions, and customs. The nature of these differing values, styles, and behaviour may be evident in the organization's buying behaviour.

Organizational Factors: The marketer must understand four aspects of the organizational buying process in order to design an effective strategy to influence that process. These four sets of interacting organizational variables have to do with the tasks, structure, technology, and people involved with buying. The buying Task is performed by the organization in order to accomplish its objectives. These tasks may be classified in different ways such as by purpose, level of expenditure, type of goods or service purchased, extent to which the process is routine or not, and extent to which responsibility for purchasing is centralized or decentralized. The buying Structure of the organization has an effect on the purchasing process. Organizations have a formal and an informal structure. The organizational chart illustrates the formal relationships between people in the organization. Informal relationships and communication patterns may be quite different, however, from the formal structure. Marketers must understand both the formal and informal organization in order to effectively sell to a buyer. Technology may influence not only what is bought but the buying decision process itself. Marketing success requires an understanding of the organization's technology so that any new product or service fits into that system which is already in place. The People in the organization who are involved in the purchasing situation will be a major determinant of the organizational buying process. These people are independent and interact with each other to influence members' buying behaviour. The marketing task is to identify those within the organization with responsibility and authority for buying decisions in order to persuade them to purchase.

Interpersonal Factors: The interaction between only two people or a larger number is a significant influence on organizational buying decisions. As people involved in a purchasing decision interaction, they may provide information to each other as well as attempt to influence the purchasing outcome for their benefit. This influence of one person on another is what we mean by interpersonal influence and commonly occurs in organizational purchasing within the context of a group known as the "buying center". The Buying Center is comprised of those people in the organization who interact during buying decision process.

Individual Factors: Participants in the organizational buying process to the situation their own individual thoughts, feelings, and actions. These psychological factors are very relevant and include: motivation, perception, and learning. Motivations of buying centre members are difficult to assess accurately. They have generally been categorized into task-related and non-task related. Task related motives include such needs as product quality, price, service, and delivery, or getting the right product for the right price at the right time from right

source. Non-task related motives include such variables as potential for promotion, salary increases, and more job security. Perceptions of the organizational buying center members are important to marketers' development of effective strategies. Two dimensions of this element are significant; perception of the selling company's products and people, and perceptions of their own role in the buying center decision process. *Learning is another variable strongly influencing the individual in the organizational buying process.* Learning occurs as buyers make decisions that are satisfactory and this reinforcement increases their tendency to make the same decision in future similar situations.

3.5 Forms of Decision Situations

Organizational buying decision occurs in three situations. These types of buying situations are termed; New task, Modified Re-buy and Straight re-buy. New Task situations are those that are new to the organization. These first time or unique purchases require much gathering of information and careful establishment of the criteria on which to evaluate the product for purchase. Modified Re-Buy situations occur when buyers re-evaluate and may make changes in their available purchase alternatives. Some organizational buying evidence shows that new tasks and modified re- buys are rather similar, but straight re-buys are quite different. Straight Re-Buy situations are rather routine purchases usually under similar terms of sale to meet continuing or recurring requirements.

3.6 Organizational Buyer's Decision Process

Unlike final consumer buying process, Organizational buyer goes through eight steps decision stages namely: Problem Recognition, Need Description, Product Specification, Vendor Search, Proposal Request, Vendor Selection, Purchase Routine Selection, Post-Purchase Evaluation

Problem Recognition: *problem recognition occur when someone in the organization perceives a different of sufficient magnitude between the desired state and the actual state of affairs. Either external or internal stimuli may be the cause of problem recognition*

Need Description: **Once problem recognition occurs, the organization** must then generally determine the quantity and describe the characteristics of the item needed. This is analogous to the final consumer determining how much of a certain type of product will fit his needs, but for the organization the level of complexity may be much greater.

Product Specification: After the need has been described, detailed specifications of the product must be prepared by the using department to communicate precisely what is needed. These specifications may include detailed performance requirements, product attributes, service support needs, etc. For complex products, using departments will typically be involved as well as engineering experts and financials.

Vendor Search: At this stage the organization tries to identify who may be appropriate suppliers of the specified product. Actually, for many situations this stage is more closely linked with previous stages than appears to be the case here.

Proposal Request: This stage involves organization sending a request for proposal to qualified vendors asking them to bid based on the product specifications. Suppliers who respond to the request will submit a proposal through a catalog, a sales call, or a detailed written specifying product or service features, terms of supply and price.

Vendor Selection: The supplier/product choice decision is made by one or more members of the buying center based on the proposals submitted. One conceptualization of the vendor selection decision making process suggests two possible strategies a firm may pursue: simultaneous scanning or sequential evaluation. In simultaneous scanning a company arrays and reviews potential suppliers at the same time, whereas in sequential evaluation the potential vendors are first ranked and then evaluated sequentially until one is found that satisfies purchase needs.

Purchase Routine Selection: This stage involves placing an order with a vendor who processes it and ships the product. It is then received, approved, and payment is made. Status reports within the company will let management know whether timetables are being met. Rather than writing a purchase order for each purchase in a straight re- buy situation, companies often negotiate a contract to cover purchase over a specific length of time.

Post-Purchase Evaluation: The last stage in the purchase decision process involves an evaluation of the supplier's performance by the buyer. This is an important stage in providing feedback so that the buyer and seller will be better able to work as a team.

SELF ASSESSMENT EXERCISES

- i. Briefly explain the buyer characteristics that are most crucial to marketing success.

- ii. Which environmental factors specifically influence potential buyers?

4.0 CONCLUSION

The Organizational buying and buyer's behaviour are similar to final consumer. The only line of separation between the two lies of the fact the organizational buying is done for the benefit of firms which an entity if otherwise final consumers are the one charged with responsibility of buying for the organization. Therefore an understanding of consumer behaviour remains the key for successful comprehension of industrial buying.

5.0 SUMMARY

This unit dealt with the concept organizational buying which involve the decision making process by which organizations establish the need for purchased products and services, and identify, evaluate, and choose alternative brands and suppliers. Group involvement, technical knowledge and rational motivation are vital characteristics of organizational buying. While final consumer buying behaviour is similar to organizational, the pattern of firm's buying is unique as it involves; Organizational buying patterns are characterized by a number of differences from final consumers in their decision process and purchase patterns. They include: Formality, Complexity, Lengthy Negotiation, Multiple Suppliers, Large Orders, Infrequent Purchase, Direct Buying, Reciprocity and Importance of Service. Environmental, Organizational, Interpersonal, and Individual are major factors that influence the organizational buying. While the decision of what to buy when to buy, and from whom to buy is a function of eight stages of analysis include; Problem Recognition, Need Description, Product Specification, Vendor Search, Proposal Request, Vendor Selection, Purchase Routine Selection, Post-Purchase Evaluation

6.0 TUTOR MARKED ASSIGNMENT

What type of buying decision situation are industrial buyers usually confronted with?

Answer to Self Assessment Exercise

- i. There are several important organizational buyer characteristics typically cited that differentiate them from final consumers. The main features of organizational buyers included: group involvement, technical knowledge and rational motivation. Group Involvement: People from all relevant units within the organization are involved in organizational buying. Because products purchased by organizational buyers are often costly and complex, a group of individuals may be involved in the decision.

Technical Knowledge: Professional buyers, generally quite knowledgeable about the products or services being bought, make the purchase decision or may be directed by other technically competent individuals such as engineers to the appropriate purchase decision based on a group decision. **Rational Motivation:** Organizational buyers are often strongly directed by rational motivations. Such factors are generally economically based and can be translated into monetary values so that costs and benefits may be carefully weighed.

- ii. Factors affecting organizational buying include Environmental factors such as physical, technological, economic, political, legal, ethical, and cultural. Organizational factors include; tasks, structure, technology, and people involved with buying. The Interpersonal Factors as to do with interaction between only two people involved in the purchase decision and its impact on purchasing outcome. The Individual Factors include psychological variables such as motivation, perception, and learning.

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