PERIYAR UNIVERSITY

(Reaccredited by NAAC 'A++' Grade - State University - NIRF Rank 59 - NIRF Innovation Band of 11-50)

SALEM - 636 011, Tamil Nadu, India.

CENTRE FOR DISTANCE AND ONLINE EDUCATION (CDOE)

BACHELOR OF BUSINESS ADMINISTRATION
SEMESTER - VI

24DUBA22

ELECTIVE COURSE: CONSUMER BEHAVIOUR

(Candidates admitted from 2024 onwards)

PERIYAR UNIVERSITY

CENTRE FOR DISTANCE AND ONLINE EDUCATION (CDOE)

B.B.A 2024 admission onwards

ELECTIVE – VI

CONSUMER BEHAVIOUR

Prepared by:

Dr.S.BALAMURUGAN

ASSISTANT PROFESSOR

DEPARTMENT OF MANAGEMENT STUDIES

PERIYAR UNIVERSITY

SALEM - 636011

UNIT 1 CONSUMER BEHAVIOUR

Introduction to Consumer Behavior: Nature, scope & application; Importance of consumer behavior in marketing decisions; Characteristics of consumer behavior; Role of consumer research; Consumer behavior interdisciplinary approach; Introduction to Industrial Buying Behavior; Market Segmentation, VALS 2 segmentation profile. E-Buying Behavior, The E-Buyer vis-à-vis the Brick-and mortar Buyer, Influences on E-Buying.

Unit Module Structure

- ✓ **Introduction of consumer Behaviour**
- ✓ **Role of consumer research**
- ✓ **Industrial Buying Behavior**
- ✓ **E-Buying Behavior**

STAGE-2 Modules sections and Sub-sections structure

Section1.1	Meaning and Definition	Page No
1.1.1	Introduction to Consumer Behavior	
1.1.2	Nature, scope & application	
1.1.3	Importance of consumer behavior in marketing decisions	
1.1.4	Characteristics of consumer behavior	
	Summary	
	Check your progress- quiz	
1.2.1	Role Of Consumer Research	
1.2.2	Consumer Behavior Interdisciplinary Approach	
	Summary	
	Check your progress- quiz	

Unit Objectives

- ✓ To study Consumer Behaviour
- ✓ To know the Role of Consumers
- ✓ To understand the Industrial Buying Behaviour
- ✓ To discuss E-Buying Behaviour

1.1 CONSUMER BEHAVIOUR

1.1.1 INTRODUCTION

Hi All ……!!!

Welcome to the **WORLD of Consumer Behaviour**….

We are very happy to present this Self-Learning Material on Innovation to you. It is our great pleasure and privilege to give you a wonderful experience in the journey of

learning the various concepts and contexts of Innovation management in detail.

Introduction

Consumer behaviour is a rapidly growing discipline of study. It means more than just how a person buys products. It is a complex and multidimensional process and reflects the totality of consumers' decisions with respect to acquisition, consumption and disposal activities. We, as consumers, exhibit very significant differences in our buying behaviour and play an important role in local, national or international economic conditions.

One of the very few aspects common to all of us is that we are all consumers and the reason for a business firm to come into being is the presence of consumers who have unfulfilled, or partially fulfilled needs and wants. No uneducated, believer or non-believer, or whatever – we are all consumers. We consume or use on a regular basis food, shelter, clothing, education, entertainment, brooms, toothbrushes, vehicles, domestic help, healthcare and other services, necessities, comforts, luxuries and even ideas etc. Organisations realise that their marketing effectiveness in satisfying consumer needs and wants at a profit depends on a deeper understanding of consumer behaviour. Our consumption related behaviour influences the development of technology and introduction of new and improved products and services.

To succeed in a dynamic marketing environment, marketers have an urgent need to learn and anticipate whatever they can about consumers. The better they know and understand consumers, the more advantageous it would prove in

accomplishing their organisational objectives. Marketers want to know what consumers think, what they want, how they work, how they entertain themselves, how they play etc. They also need to comprehend personal and group influences which have a significant impact on consumer decision-making process.

Consumer and Customer

A consumer is anyone who typically engages in any one or all of the activities mentioned in the definition. Traditionally, consumers have been defined very strictly in terms of economic goods and services wherein a monetary exchange is involved. This concept, over a period of time, has been broadened. Some scholars also include goods and services where a monetary transaction is not involved and thus the users of the services of voluntary organisations are also thought of as consumers.

This means that organisations such as UNICEF, CRY, or political groups can view their publics as "consumers." represents two different kinds of consuming entities. The personal consumer buys goods and services for her or his personal use (such as cigarettes), or for household consumption (such as sugar, furniture), or for just one member of the family (such as a pair of shoes for the son), or a birthday present for a friend (such as a pen set). In all these instances, the goods are bought for final use, referred as "end users" or "ultimate consumers."

The other category of consumer is the organisational consumer, which includes profit and not-for-profit organisations. Government agencies and institutions (such as local or state government, schools, hospitals etc.) buy products, equipment and services required for running these organisations. Manufacturing firms buy raw materials to produce and sell their own goods. They buy advertising services to communicate with their customers.

Similarly, advertising service companies buy equipment to provide services they sell. Government agencies buy office products needed for everyday operations. The focus of this book is on studying behaviours of individual consumers, groups

and organisations who buy products, services, ideas, or experiences etc. for personal, household, or organisational use to satisfy their needs .

Anyone who regularly makes purchases from a store or a company is termed as "customer" of that store or the company. Thus a customer is typically defined in terms of specific store or company.

Origin and Development in the Field of Consumer Behaviour

For a variety of reasons, the study of consumer behaviour has developed as an important and separate branch in marketing discipline. Scholars of marketing had observed that consumers did not always behave as suggested by economic theory. The size of the consumer market in all the developed and rapidly developing economies of the world was extensive. A huge population of consumers was spending large sums of money on goods and services. Besides this, consumer preferences were shifting and becoming highly diversified. Even in case of industrial markets, where the need for goods and services is generally more homogenous, buyers' preferences were becoming diversified and they too were exhibiting less predictable purchase behaviour.

Marketing researchers involved in studying buying behaviour of consumers soon appreciated the fact that though there were many similarities, consumers were not all alike. There were those who used products currently in vogue while many consumers did not like using "me too" types of products and showed a preference for highly differentiated products that they felt met their special needs and reflected their personalities and lifestyles. These findings led to the development of market segmentation concept, which required dividing the total heterogeneous but potential market into relatively smaller homogenous groups or segments for which they could design a specific marketing mix. They also used positioning techniques and developed promotional programmes to vary the image of their products so that they were perceived as a better means to satisfying the specific needs of certain segments of consumers.

Meaning

Consumer behavior is the actions and decisions that people or households make when they choose, buy, use, and dispose of a product or service. Many psychological, sociological, and cultural elements play a role in how consumers engage with the market. It is a multi-stage process that involves identifying problems, collecting data, exploring options, making a decision to buy, and evaluating the experience afterward.

Consumers may be impacted during these stages by things including personal views and values, social conventions, marketing campaigns, product features, and environmental conditions.

Understanding consumer behavior is essential for businesses to create marketing plans that work and to supply goods and services that satisfy customers' wants and needs. To see trends and patterns, forecast demand, and make wise choices regarding product design, price, promotion, and distribution, marketers must analyze and understand data on customer behavior.

Development of Marketing Concept

Marketing concept evolved in late 1950s and the field of consumer behaviour is deeply rooted in this concept. After World War II, there was great demand for almost all sorts of products and the marketing philosophy was to produce cheap goods and make them available at as many places as possible. This approach suited the marketers because demand exceeded supply and consumers were more interested in obtaining the product rather than in any specific features. This approach is called a production orientation and is based on the assumption that consumers will buy what is available and would not wait for what they really want . The marketer does not really care to know what consumer preferences are.

The next stage has been product orientation, which assumes that consumers will buy the product that offers them the highest quality in terms of performance and features. The company makes all efforts to improve product quality. The focus is on the product rather than on what the consumers need or want. Professor Levitt has called this excessive focus on product quality as "marketing myopia." This we see happen in highly competitive markets where some companies keep on adding unnecessary features, passing their cost on to the consumers, in hopes of attracting them.

Selling orientation evolved as a natural consequence of production orientation and product orientation. The marketer is primarily focused on selling the product that it unilaterally decided to produce. The assumption of this approach is that consumers would not buy enough of this product unless they are actively and aggressively persuaded to do so. This approach is known as "hard-sell" and consumers are induced to buy what they do not want or need. The problem with this approach is that it does not take consumer satisfaction into account. This often leads to dissatisfaction and unhappiness in consumers and is likely to be communicated by word-of mouth to other potential consumers, discouraging them to buy the product.

Soon marketers realised that they could easily sell more goods if they produced only those goods that they had first confirmed consumers would buy. Thus, consumer needs and wants became the marketer's primary focus. This consumer-oriented marketing approach came to be called as the marketing concept. The important assumption underlying marketing concept is that a company must determine the needs and wants of its target markets and deliver the desired satisfactions more efficiently and effectively than the competition. This is the key to a successful marketing.

Disciplines involved in the Study of Consumer Behaviour

Consumer behaviour was a relatively new field of study during the second half of 1960s without a history or research of its own. It is in fact a subset of human behaviour and it is often difficult to draw a distinct line between consumer-related behaviour and other aspects of human behaviour. The discipline of consumer behaviour has borrowed heavily from concepts developed in other disciplines of study such as psychology, sociology, social psychology, cultural anthropology and economics.

1. *Psychology* is the study of the individual which includes motivation, perception, attitudes, personality and learning theories. All these factors are critical to an understanding of consumer behaviour and help us to comprehend consumption

related needs of individuals, their actions and responses to different promotional messages and products and the way their experiences and personality characteristics influence product choices.

2. *Sociology* is the study of groups. When individuals form groups, their actions are sometimes quite different from the actions of those very individuals when they are operating alone. The influences of group memberships, family and social class on consumer behaviour are important for the study of consumer behaviour.

3. *Social psychology* is a combination of sociology and psychology and studies how an individual operates in a group. It also studies how those whose opinions they respect such as peers, reference groups, their families and opinion leaders influence individuals in their consumption behaviour.

4. *Cultural anthropology* is the study of human beings in society. It explores the development of core beliefs, values and customs that individuals inherit from their parents and grandparents, which influence their purchase and consumption behaviour. It also studies subcultures and helps compare consumers of different nationalities and cultures.

5. *Economics:* An important aspect of the study of economics is the study of how consumers spend their funds, how they evaluate alternatives and how they make decisions to get maximum satisfaction from their purchases. Despite the fact that consumer behaviour, as a field of study, is relatively of recent origin, it has grown enormously and has become a full-blown discipline of its own and is used in the study of most programmes of marketing study.

Marketing concept was accepted and adopted by a large number of companies in the developed countries, particularly the United States and this provided an impetus to the study of consumer behaviour. Companies had to engage in extensive marketing research to identify unsatisfied consumer needs. In this process, marketers learned that consumers were highly complex as individuals had very different psychological and social needs, quite apart from their survival needs. They also discovered that needs and priorities of different consumer segments

differed significantly. They realised that to design products and develop suitable marketing strategies that would satisfy consumer needs, they had to first study consumers and the consumption related behaviour in depth. In this manner, market segmentation and marketing concept

1.1.2 Scope of Consumer Behaviour

The scope of consumer behavior is based on how individuals make decisions. Consumer behavior is rooted deeply in the marketing concept, which is also known as the production concept, product concept, and selling concept. The term consumer behavior, generally, describes two diverse kinds of consuming entities: the personal consumer and the organizational consumer.

Personal consumers are those who use goods and services for their use or for household requirements or as gifts. The end users or ultimate consumers are the ones who buy products for final use. The organizational consumer, however, includes profit-making and non-profit businesses, government agencies and institutions, and all those who buy products, equipment, and services to run their organizations.

Consumer behavior is interdisciplinary; that is, it is based on concepts and theories in diverse disciplines such as psychology, sociology, social psychology, cultural anthropology, and economics. A need is a lack within a person that must be filled. A motive is known as an internal push that causes a person to act. Motives are based on needs. Businesses prefer to transform consumer needs and wants into buying motives. This is because a buying motive pushes a consumer to look for a product.

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

Importance of Consumer Behavior

Consumer behavior is an important aspect of marketing that helps businesses understand their target customers. By studying consumer behavior, businesses can identify what motivates customers to buy their products or services, which can help them develop effective marketing strategies. There are several reasons why consumer behavior is important for businesses:

Understanding Customer Needs

One of the primary reasons why consumer behavior is important is because it helps businesses understand the needs and preferences of their target customers. Businesses can identify the features and benefits that are most important to customers, which can inform product development and marketing strategies.

Developing Effective Marketing Strategies

Effective marketing strategies require an understanding of consumer behavior. Businesses identify the most effective communication channels and messaging strategies for their target audience. This can help businesses develop advertising and promotion techniques that resonate with their target audience, leading to increased sales and profitability.

Identifying Opportunities for Growth

Analyzing consumer behavior data can also help businesses identify opportunities for growth. By identifying gaps in the market and understanding consumer needs and preferences, businesses can develop innovative products and services that meet the needs of their target audience. This can help businesses stay ahead of their competitors and increase their market share.

Enhancing Customer Satisfaction

By understanding consumer behavior, businesses can also enhance customer satisfaction. By identifying the features and benefits that are most important to customers, businesses can develop products and services that meet their needs and preferences. This can lead to increased customer loyalty and positive word-of-mouth, which can help businesses attract new customers and increase their customer base.

Applications of Consumer Behavior

Analyzing market opportunity

Consumer behavior study help in identifying the unfulfilled needs and wants of consumers. This requires examining the friends and conditions operating in the Marketplace, consumer's lifestyle, income levels, and energy influences. This may reveal unsatisfied needs and wants. Mosquito repellents have been marketed in response to a genuine and unfulfilled consumer need.

Selecting the target market

A review of market opportunities often helps in identifying district consumer segments with very distinct and unique wants and needs. Identifying these groups, behaviors, and how they make purchase decisions enables the marketer to design and market products or services particularly suited to their wants and needs.

Marketing-mix decisions

Once unsatisfied needs and wants are identified, the marketer has to determine the right mix of product, price, distribution, and promotion. Where too, consumer behavior study is very helpful in finding answers to too many perplexing questions. The factors of marketing mix decisions are i) product ii) price iii) promotion iv) distribution

Use in social and nonprofit marketing

Consumer behavior studies are useful in designing marketing strategies by social, governmental, and not-for-profit organizations to make their programs more effective such as family planning, and awareness about AIDS.

1.1.3 Importance Of Consumer Behaviour In Marketing Decisions

The basic underlying objective of Marketing is to sell goods and services to as many people as possible to make more profit. Earlier it was relatively easy to fulfill the objective, but at present time it has become very challenging to do so as consumers are getting bombarded with a huge pool of information about the products or services being offered. It has become a necessity to undergo proper research to sell a product or service or to convince consumers to buy a product or

service. Below Mentioned are some of the points highlighting the value of the Study of Consumer Behaviour.

Staying relevant in the Market

Looking at the rapid changes happening in the current situation, one of the biggest challenges being faced by the Organisation right now is staying relevant in the Market. One of the main reasons for this rapid change is the constant shift in consumer behavior. Consumers today have an enormous supply of information resulting in rapid switches between different products different companies etc. To overcome the issue, it is of great importance to regularly study consumer behavior to get to know the changes in consumer attributes to stay relevant in the market.

To Create and Retain Customers

According to **Professor Theodore Levitt** one of the main aims of consumer behaviour is to create and retain customers. If the consumers are satisfied with the product, he or she will buy the same product again. Therefore, the product should be marketed by an organization in such a way that it convinces a customer to buy the product. Consumer behavior helps marketers in this regard to know what ticks the consumers the first time to buy a particular product and what satisfies them enough to keep buying the particular product or service again and again.

Innovate New Products

In an organization, continuous striving for improvement in success rate largely depends on the innovation in the offered product or service line. To accurately predict and ace innovation, the need for study of Consumer behavior is a must. Researching the same not only enables them to make new products/services satisfying the needs and wants of consumers but also to tweak the present line of offerings to fulfill the consumer's needs and demands.

To Optimize Marketing Strategies

The theories and concepts of Consumer behavior help marketers to optimize their sales and to create efficient marketing strategies. Moreover, these theories provide marketers with information on the consumer's behaviour on expenditure. The study helps to know what influences the consumers to spend more money on a product. These two factors ultimately help decision makers to plan strategies that should be practised by the marketers for successful marketing of a product.

Improve Customer Service

Each individual consumer will have individual and different customer service needs, and understanding this distinct difference between each consumer's needs requires an extensive and detailed consumer behavior study. It will not only help to bifurcate different types of consumers but will also help to target each group based on different strategies.

1.1.4 Characteristics of Consumer Behavior

Understanding consumer behaviour involves recognizing several essential characteristics are It's a process that involves the decisions of what to buy when to buy, how to buy, where to buy, and how much to buy.

- Consumer behavior comprises both the mental and physical activities of consumers.
- It is a highly complex and dynamic process.
- Individual buying behavior is influenced by internal factors such as needs, wants, attitudes, and motives, as well as external factors like social groups, culture, status, and environmental factors.
- Consumer research plays a crucial role in understanding and analyzing various aspects of consumer behavior, preferences, and attitudes. It provides valuable insights that businesses, marketers, and policymakers can use to make informed decisions and strategies.

Summary

Consumer behavior refers to the study of individuals and groups and how they select, purchase, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and desires. It encompasses various factors that influence purchasing decisions and consumption patterns.

MCQ

1. Consumer behavior is best defined as

   A) The study of how people buy, what they buy, when they buy, and why they buy

   B) The analysis of profit margins in retail stores

   C) The examination of government policies on consumption

   D) The exploration of business-to-business purchasing processes

2. The primary scope of consumer behavior includes

   A) Analyzing consumer preferences and behaviors.

   B) Designing corporate financial strategies.

   C) Developing human resource policies.

   D) Creating governmental economic plans.

3. One key application of studying consumer behavior is

   A) Improving product development and marketing strategies.

   B) Enhancing employee satisfaction.

   C) Regulating stock market prices.

   D) Formulating environmental policies.

4. Understanding consumer behavior is critical for marketers because

   A) It helps in predicting how consumers will respond to marketing strategies.

   B) It provides insights into corporate financial management.

   C) It ensures compliance with legal standards.

   D) It reduces the cost of product manufacturing.

5. Marketers use consumer behavior studies to

   A) Develop targeted advertising campaigns.

B) Design company logos.

C) Determine employee benefits.

D) Manage supply chain logistics.

6. Consumer behavior is influenced by

A) Cultural, social, personal, and psychological factors.

B) Technological advancements only.

C) Economic policies alone.

D) None of the above.

7. Consumer behavior is dynamic because

A) Consumers' needs and preferences change over time.

B) Market prices are always stable.

C) Technology remains constant.

D) Legal regulations do not change.

1.2.1 Role of Consumer Research

The role of consumer research can be summarized in several key points are

Market Understanding

Consumer research helps businesses understand their target markets better. It provides insights into the demographics, psychographics, and buying behaviors of consumers, allowing companies to tailor their products, services, and marketing efforts to match consumer needs and desires.

Product Development

Researching consumer preferences, pain points, and unmet needs can guide the development of new products or improvements to existing ones. By identifying

what consumers want and require, businesses can create offerings that have a higher chance of success in the market.

Marketing Strategy

Consumer research is essential for crafting effective marketing strategies. It helps in identifying the most appropriate channels, messaging, and promotions that resonate with the target audience. This minimizes the risk of investing resources in ineffective marketing campaigns.

Innovation

Consumer research can uncover emerging trends and shifts in consumer preferences. This insight can spark innovation by enabling businesses to adapt to changing consumer demands and stay ahead of their competition.

Decision Making

When making business decisions, whether related to pricing, packaging, distribution, or branding, consumer research provides data-backed insights that reduce uncertainty and enhance decision-making accuracy.

Customer Satisfaction

Researching consumer opinions and feedback helps in understanding customer satisfaction levels. This information can be used to improve products, services, and overall customer experience, leading to higher retention rates and positive word-of-mouth.

Competitor Analysis

Consumer research can also shed light on consumer perceptions of competing products or brands. This knowledge allows businesses to identify areas of differentiation and opportunities to position themselves more effectively.

Risk Reduction

Consumer research can mitigate the risk of launching unsuccessful products or marketing campaigns. By validating assumptions and ideas through research,

businesses can identify potential challenges and address them before investing significant resources.

Policy and Regulation

Consumer research is essential for policymakers and regulatory bodies to understand the impact of various policies on consumers. It can help shape regulations that protect consumers' interests and foster fair competition.

Long-term Relationships

Building strong relationships with customers is key to business success. Consumer research helps in understanding the evolving needs and preferences of consumers, enabling businesses to maintain relevance and build lasting relationships.

Summary

Consumer research and consumer behavior take an interdisciplinary approach to understanding how individuals and groups make decisions about purchasing goods and services. By integrating insights from psychology, sociology, economics, and anthropology, consumer research examines the motivations, perceptions, attitudes, and behaviors that drive consumer choices.

MCQ

1. The main purpose of consumer research is to
   A) Gather data to understand consumer needs and preferences
   B) Develop employee training programs
   C) Audit financial statements
   D) Create government budgets
2. A key method used in consumer research is

A) Surveys and focus groups.

B) Developing legal documents.

C) Conducting health checks.

D) Performing technical audits.

3. The interdisciplinary approach to consumer behavior includes knowledge from

A) Psychology, sociology, anthropology, and economics.

B) Only psychology.

C) Only sociology and economics.

D) Engineering and medicine.

4. Which discipline primarily focuses on understanding the mental processes behind consumer decisions?

A) Psychology

B) Sociology

C) Anthropology

D) Economics

1.3.1 Industrial Buying Behavior

Industrial buying behavior, also known as business-to-business (B2B) buying behavior, involves the decision-making processes and actions of companies or organizations when purchasing products or services. This behavior is complex, driven by a variety of factors, and involves multiple stakeholders.

Key Characteristics

Derived Demand

Industrial demand is derived from the demand for consumer goods and services. For instance, a rise in car sales will increase the demand for steel, tires, and other components.

Complex Decision-Making

Purchases often involve multiple decision-makers and influencers. Committees or teams typically evaluate options, consisting of

individuals from different departments such as procurement, engineering, finance, and operations.

Formalized Processes

Buying decisions are often made following formalized procedures, including requests for proposals (RFPs), vendor evaluations, and compliance checks.

Large Scale Transactions

Industrial purchases are typically larger in scale and value compared to consumer purchases, requiring significant investment and long-term commitments.

Professional Relationships

Long-term relationships between buyers and suppliers are crucial. Trust, reliability, and consistency in quality and delivery play significant roles in vendor selection.

Buying Decision Process

Problem Recognition:

Identifying a need or problem that requires a purchase. This could be due to production demands, equipment failure, or strategic expansion.

General Need Description

Defining the general characteristics and quantity of the needed item.

Product Specification

Determining technical specifications through detailed discussions among stakeholders.

Supplier Search

Identifying potential suppliers through various channels such as industry databases, trade shows, and online platforms.

Proposal Solicitation

Requesting proposals from shortlisted suppliers. This includes detailed bids outlining how suppliers will meet the requirements.

Supplier Selection

Evaluating proposals based on criteria such as price, quality, service, and reliability. This may involve negotiations and contract discussions.

Order-Routine Specification

Finalizing the order details, including delivery schedules, payment terms, and any other contractual agreements.

Performance Review

Assessing the performance of the supplier post-purchase to ensure compliance with agreed terms and quality standards.

Factors Influencing Industrial Buying Behavior

Organizational Factors

Company policies, procedures, and objectives significantly influence buying decisions. The purchasing process may be centralized or decentralized depending on the organization.

Environmental Factors

Economic conditions, regulatory requirements, and technological advancements impact buying behavior. Market trends and competitive pressures also play a role.

Interpersonal Factors

Relationships and power dynamics within the buying center (the group of individuals involved in the purchasing decision) can influence

outcomes. Personal preferences and professional expertise of the individuals also matter.

Individual Factors

Each member of the buying center has personal motivations, perceptions, and preferences that can affect the decision-making process. Experience and knowledge of the industry also play a critical role.

Types of Industrial Buying Situations

New Task Buying

Purchasing a product or service for the first time, which involves extensive research and evaluation due to the lack of previous experience.

Straight Rebuy

Routine purchase of items that the company has bought previously with minimal modifications. This often involves long-term supplier relationships.

Modified Rebuy

Re-evaluation of existing suppliers and products due to changes in requirements or dissatisfaction with current options, requiring moderate research and adjustment.

Understanding industrial buying behavior is crucial for businesses aiming to operate in B2B markets, as it allows them to tailor their marketing and sales strategies effectively, build strong relationships with clients, and navigate the complexities of organizational procurement processes.

1.3.2 Market Segmentation

Market segmentation is a crucial strategy in marketing that involves dividing a broad consumer or business market into distinct subgroups of consumers who have common needs, preferences, or characteristics. This process allows companies to target specific segments more effectively rather than trying to appeal to an entire market with a single strategy. Segmentation helps in identifying and understanding the unique requirements of different groups, leading to more tailored and efficient marketing efforts.

There are several bases for market segmentation, including demographic, geographic, psychographic, and behavioral factors. Demographic segmentation divides the market based on variables like age, gender, income, education, and occupation. Geographic segmentation focuses on regions, cities, or countries. Psychographic segmentation considers lifestyle, values, attitudes, and personality traits, while behavioral segmentation looks at consumer behaviors like purchasing patterns, brand loyalty, and product usage rates. Each segmentation basis provides a different lens through which companies can understand and reach their target audience more effectively.

The benefits of market segmentation are numerous. By precisely targeting specific market segments, companies can allocate their resources more efficiently, tailor their product or service offerings to meet the needs of specific groups, and create more personalized marketing messages. This can lead to higher customer satisfaction and loyalty, improved competitive advantage, and increased market share. Furthermore, segmentation allows businesses to identify underserved or niche markets, providing opportunities for growth and innovation. Overall, effective market segmentation is a fundamental component of a successful marketing strategy, enabling companies to better connect with their customers and achieve their business objectives.

1.3.3 Values, Attitudes, And Lifestyles System (VALS-2)

Values, Attitudes, and Lifestyles System (VALS 2) is a segmentation method that slices the market (or potential customers) into 8 groups. VALS2 focuses on the psychological parameters of a customer as compared to the AIO or activities, interests, and opinions. This is done to tap customers based on their attitudes and values. This was created after Values and Lifestyle (VALS) Research, which is one of the ways of doing psychographic segmentation.

VALS 2 segmentation variables

The segmentation variables are

- Self-Orientation
- Resources

VALS 2 Groups

VALS 2 is divided into 8 lifestyle groups, which are: Actualizers, Fulfillers, Believers, Achievers, Strivers, Experiencers, Makers, and Strugglers.

1. **Actualizers-** High income and high resource group for whom independence is very important.

2. **Fulfillers** - well-educated rational thinking consumers.

3. **Believers** - more social in nature and believe other consumers. They are also called word-of-mouth consumers.

4. **Achievers** - want to excel at their job and follow successful things.

5. **Strivers** - do not have resources but want to become achievers.

6. **Experiencers-** have high resources but also need a mode of self-expression and love to indulge.

7. **Makers**- have limited resources and want to make themselves better individuals.

8. **Strugglers**- have the least resources and thus, are the least likely to adopt any innovation.

Summary

Industrial buying behavior refers to the decision-making process businesses go through when purchasing goods and services for production, operations, or resale purposes. Market segmentation is the process of dividing a heterogeneous market into smaller, more manageable segments based on similar characteristics, needs, or behaviors. VALS (Values, Attitudes, and Lifestyles) 2 segmentation is a psychographic segmentation tool that categorizes consumers based on their psychological traits, motivations, and behaviors.

MCQ

1. Industrial buying behavior involves
   A) Organizations purchasing goods and services for production purposes
   B) Individuals buying personal items
   C) Retailers selling products to consumers
   D) Government setting economic policies

2. A distinguishing feature of industrial buying behavior is
   A) The involvement of multiple decision-makers

B) Sole decision-making by the owner

C) Impulse buying

D) Lack of formal processes

3. Market segmentation involves

A) Dividing a market into distinct groups of buyers with different needs or behaviors

B) Creating a single marketing strategy for all consumers

C) Ignoring consumer preferences

D) Developing financial reports

4. Which is NOT a common basis for market segmentation?

A) Geographic

B) Demographic

C) Technographic

D) Temporal

5. VALS 2 segmentation is based on

A) Psychological traits and demographics.

B) Geographical location only.

C) Employment status.

D) Education level alone.

6. In the VALS 2 framework, 'Innovators' are characterized by

A) High resources and high innovation.

B) Low resources and low innovation.

C) High resources and low innovation

D) Low resources and high innovation

1.4.1 E-Buying Behavior

E-buying behavior in consumer behavior refers to the patterns and processes consumers exhibit when purchasing products or services online. This behavior has been significantly influenced by various factors, especially with the rise of e-commerce platforms.

- **Shift in Shopping Habits**: The pandemic accelerated the shift towards online shopping, making e-buying a primary option for many consumers.
- **Importance of Convenience**: Quick delivery and the convenience of shopping from home have become important factors in e-buying behavior.
- **Financial Considerations**: Economic uncertainty during the pandemic led to changes in spending habits, with some consumers buying more than they could afford due to fear of shortages.
- **Impact on Different Demographics**: Families with children, for instance, showed a preference for faster delivery times, highlighting how consumer needs can vary based on personal circumstances.

1.4.2 The E-Buyer and the Brick-and-Mortar Buyer

It represents two distinct types of consumer behavior in the retail landscape.

E-Buyers

- **Convenience**: They value the ability to shop anytime, anywhere without the need to visit a physical store.

- **Wide Selection**: E-buyers have access to a vast array of products from different sellers and platforms[1].

- **Price Comparison**: Online platforms make it easier for consumers to compare prices and find the best deals.

- **Reviews and Ratings**: E-buyers often rely on customer feedback and reviews available online to make informed decisions.

Brick-and-Mortar Buyers:

- **Physical Interaction**: They prefer to see, touch, and try products before purchasing.

- **Instant Gratification**: Brick-and-mortar shopping provides the satisfaction of taking the item home immediately.

- **Personal Service**: These buyers often appreciate the personal attention and service they receive in-store.

- **Experience**: Many enjoy the overall shopping experience, including the social aspect of visiting stores.

While e-commerce offers convenience and a broader selection, brick-and-mortar stores provide a tactile shopping experience and immediate product access. The choice between the two often depends on individual preferences and the type of product being purchased.

1.4.3 Influences on E-Buying Behavior

Influences on e-buying behavior in consumer behavior are multifaceted and can be categorized into several key factors:

- **Cultural Factors**: These include the broader culture, subcultures, social class, and gender that shape a consumer's values and ideologies, influencing their online purchasing decisions.

- **Social Factors**: The influence of family, friends, and social networks can significantly impact e-buying behavior, as consumers often rely on recommendations and reviews from their social circle.

- **Personal Factors**: Individual characteristics such as age, occupation, lifestyle, and economic situation play a role in how consumers interact with e-commerce platforms and what they choose to buy.

- **Psychological Factors**: These involve the motivations, perceptions, attitudes, and beliefs of consumers that drive their online shopping behavior[1].

- **Situational Factors**: The specific context or situation in which the consumer is making the purchase, including the physical environment, time constraints, and mood, can influence e-buying behavior.

- **Ease of Use**: The user-friendliness of an e-commerce website or app is crucial, as consumers prefer platforms that are easy to navigate and have a simple checkout process.

- **Information Availability**: Detailed and accessible information about products or services can sway consumer decisions, highlighting the importance of transparent communication.

- **Perceived Usefulness**: The perceived benefits and usefulness of shopping online, such as cost savings and time efficiency, can encourage consumers to engage in e-buying.

- **Privacy and Security**: Concerns about data privacy and transaction security can affect consumer trust and willingness to purchase online.

Understanding these influences helps businesses tailor their e-commerce strategies to better meet consumer needs and preferences, ultimately enhancing the online shopping experience.

Summary

E-buying behavior refers to how consumers make purchasing decisions online, nfluenced by various factors unique to digital platforms. It encompasses the processes consumers undergo when browsing, selecting, purchasing, and evaluating products or services on e-commerce websites or digital platforms. E-buyers and brick-and-mortar buyers differ in their shopping ha

bits and decision-making processes. Advances in internet connectivity, mobile devices, and e-commerce platforms enhance accessibility and user experience.

MCQ

1. E-buying behavior refers to
    A) Consumer behavior in online purchasing environments
    B) Traditional in-store shopping behavior
    C) Only business-to-business transactions
    D) Government procurement processes

2. A major influence on e-buying behavior is
    A) Website usability and user experience
    B) Store layout and ambiance
    C) Personal interactions with sales staff
    D) Availability of parking spaces

3. Compared to brick-and-mortar buyers, e-buyers typically
    A) Have access to a wider range of products
    B) Experience direct product interactions
    C) Require physical visits to stores
    D) Have fewer payment options

4. A key advantage for e-buyers is
    A) Convenience and ease of shopping from home.
    B) Personal assistance from sales staff.
    C) Immediate possession of purchased goods.
    D) Opportunity to physically examine products.

5. Social media influences e-buying behavior by
    A) Providing product reviews and recommendations.
    B) Offering parking spaces.
    C) Creating physical store layouts.
    D) Managing supply chain logistics.

6. Security concerns in e-buying primarily relate to
    A) Privacy of personal and payment information.
    B) In-store theft.

C) Inventory management.

D) Employee turnover.

7. One psychological factor influencing e-buying behavior is

A) Perceived risk of online transactions.

B) Store location.

C) Staff friendliness.

D) Product packaging.

8. The convenience of e-buying is enhanced by

A) 24/7 availability and home delivery options.

B) Physical examination of products.

C) Direct interaction with sales staff.

D) Limited product range.

1.4 Unit Summary

Consumer behavior involves the study of how individuals and groups make decisions to select, purchase, use, and dispose of goods, services, ideas, or experiences. The nature and scope of this field encompass a wide array of factors that influence buying decisions, including psychological, social, and economic elements. The application of consumer behavior knowledge helps marketers develop products that meet consumer needs, create targeted marketing strategies, and improve customer satisfaction. By understanding the intricate details of how consumers make decisions, businesses can effectively position their products and predict market trends.

The importance of consumer behavior in marketing decisions cannot be overstated. It provides critical insights into consumer preferences, motivations, and purchasing patterns. Marketers use this information to tailor their strategies, ensuring that their products and services resonate with their target audience. Understanding consumer behavior leads to better product development, more effective advertising, and improved customer loyalty. It also allows businesses to anticipate and respond to changes in the market, giving them a competitive edge.

Consumer behavior is characterized by its complexity and variability. Decisions are influenced by a myriad of factors, including personal preferences,

cultural influences, and etc... The behavior is purposeful, aiming to fulfill specific needs and desires, and is heavily influenced by individual perceptions and attitudes. To decode these patterns, consumer research plays a pivotal role. By collecting and analyzing data on consumer preferences and behaviors, businesses can identify opportunities and threats, fine-tune their marketing strategies, and measure the effectiveness of their campaigns.

The study of consumer behavior is inherently interdisciplinary, drawing on concepts from psychology, sociology, economics, and anthropology. This broad approach allows for a comprehensive understanding of the factors that influence consumer decisions. In contrast, industrial buying behavior focuses on the purchasing processes of organizations, which involve more formalized and complex decision-making processes, larger-scale purchases, and the involvement of multiple stakeholders. Understanding these differences is crucial for businesses that operate in both consumer and industrial markets.

Market segmentation, including psychographic tools like VALS 2, allows marketers to divide a broad market into sub-groups with shared characteristics, enabling more precise targeting. E-buying behavior has become increasingly important, with online consumers valuing convenience, variety, and the ability to compare prices and read reviews. E-buyers differ from brick-and-mortar buyers, who prefer in-store shopping for its tactile experience and immediate gratification. Influences on e-buying include technology, trust and security, convenience, social influence, and personalization, all of which shape the modern consumer landscape and inform effective marketing strategies.

1.5 Glossary

S.No	Glossary	Meaning
1	**Market Segmentation**	A way of aggregating prospective buyers into groups with common needs
2	**Industrial Buying Behavior**	The decision processes and acts of people involved in buying and using products
3	**Ideology**	A set of opinions or beliefs of a group or an individual
4	**Consumer Research**	The motivation and purchase behavior of the targeted customers are identified.
5	**VALS**	Values, attitude & lifestyle

1.6 Self-Assessment Questions

Short Answer Question

1. What is consumer behavior?
2. How does consumer behavior influence marketing strategies?
3. What role does consumer behavior play in advertising decisions?
4. What are the primary characteristics of consumer behavior?
5. Name two methods commonly used in consumer research.
6. Name three VALS 2 segments.
7. What factors influence e-buying behavior?

Essay Type Question

1. Why is understanding consumer behavior important for marketers?
2. How can consumer behavior insights improve product development?
3. How do cultural factors influence consumer behavior?
4. What is the purpose of consumer research in marketing?
5. How does industrial buying behavior differ from consumer buying behavior?
6. Why is market segmentation crucial for effective marketing?
7. How is VALS 2 segmentation used in marketing?

8. What are the main differences between e-buyers and brick-and-mortar buyers?

1.8 Case Study

The Indian Consumer

The Indian consumers are noted for the high degree of value orientation. Such orientation to value has labeled Indians as one of the most discerning consumers in the world. Even, luxury brands have to design a unique pricing strategy in order to get a foothold in the Indian market.

Indian consumers have a high degree of family orientation. This orientation in fact, extends to the extended family and friends as well. Brands with identities that support family values tend to be popular and accepted easily in the Indian market.

Indian consumers are also associated with values of nurturing, care and affection. These values are far more dominant that values of ambition and achievement. Product which communicate feelings and emotions gel with the Indian consumers.

Apart from psychology and economics, the role of history and tradition in shaping the Indian consumer behavior is quite unique. Perhaps, only in India, one sees traditional products along side modern products. For example, hair oils and tooth powder existing with shampoos and toothpaste.

Case Study 2

Consumer Behaviour has Changed

When was the last time you heard someone warning his mobile service provider and threatening him about switching to another brand? Or when was the last time you snubbed a representative from a reputed bank/insurance company who tried selling you one of his loan/investment products? Else, try recalling the last time you heard someone proudly brag about the dressing down he gave his MNC bank/ credit card company about the poor quality of their customer response time?

The chances are that if you are in India you would be experiencing one or more of these things around you very frequently. And if you were an outsider you are most definitely likely to reach a conclusion that you're perhaps seeing the reactions of consumers in market where they don't have good service providers and/or the quality of service is fast deteriorating.

Now consider the reality. About 10 years ago, it used to take 15 days to three months to get a telephone installed at your residence. Today it takes less than 24 hours for an active landline connection and you can have an active mobile phone connection almost instantly. The approval time for a home loan has come down from months and weeks to 5-7 days. You can apply and get a credit card almost instantly.

The time required to get cash from the bank has almost come to nil thanks to the technologies like ATMs compared to the half-day it took a while ago. Now consider the brand choice equation. About 10 years ago there was one telecom service provider, one life insurance company and not more than 4-5 big banks to choose from. Today there are more than five telecom service brands ranging from the international giants such as Vodafone to homegrown biggie Airtel, Tata and Reliance to choose /from.

There are more than 10-12 insurance brands, almost all of them partnered by the world leaders. There are more than 20 banks to choose from - all of them armed with latest technologies to make your life easy. More than half-a-dozen airlines are ready to fly you through the day between different towns. In light of this truth the above described aggressive behaviour by consumers clearly defies any logical deduction from reality. An even more intriguing aspect is the consumer behaviour before all this. Ten years ago, when the linesman from the State-owned BSNL came and installed the telephone after a month-and-a-half, most consumers very happily offered him sweets. That time has now been cut down to 12-24 hours but agitated consumers are chiding the hapless new service providers for taking so long. Today our pizzas are getting delivered in 30 minutes, our bills are being collected from our doorsteps and the service brands are treating the consumer as a king. Yet we're becoming more and more aggressive.

Clearly, we are seeing the emergence of an extremely intolerant breed of consumers who are forever threatening and bullying the service brands. While the choices available to the consumers and the service standards have improved in absolute terms the consumer's behaviour towards the service brands has progressively deteriorated.

Question

Do you agree with the point put across in this case? Why? Or, Why not?

1.9 Answer Key

Multiple Choice Question

1. A) The study of how people buy, what they buy, when they buy, and why they buy.

2. A) Analyzing consumer preferences and behaviors.

3. A) Improving product development and marketing strategies.

4. A) It helps in predicting how consumers will respond to marketing strategies.

5. A) Develop targeted advertising campaigns.

6. A) Cultural, social, personal, and psychological factors.

7. A) Consumers' needs and preferences change over time.

8. A) Gather data to understand consumer needs and preferences.

9.A) Surveys and focus groups.

10. A) Psychology, sociology, anthropology, and economics.

11.A) Psychology.

12.A) Organizations purchasing goods and services for production purposes.

13.A) The involvement of multiple decision-makers.

14.A) Dividing a market into distinct groups of buyers with different needs or behaviors.

15. D) Temporal

16. A) Psychological traits and demographics.

17. A) High resources and high innovation.

18. A) Consumer behavior in online purchasing environments.

19. A) Website usability and user experience

20. A) Have access to a wider range of products

21. A) Convenience and ease of shopping from home

22. A) Providing product reviews and recommendations.

23. A)Privacy of personal and payment information.

24. A) Perceived risk of online transactions.

25. A) 24/7 availability and home delivery options.

E-Contents

1	Consumer Behaviour	https://youtu.be/yv2cp1fmSt0?si=OL7pd2UiQax1yuRk	
2	Importance of Consumer Behavior	https://youtu.be/s-t-PqOaX1E?si=LF48W4zeZO1IY14n	
3	Industrial Buying Behaviour	https://youtu.be/S2-jTBWin58?si=HlShwiCP9OaUSiw1	
4	Market Segmentation	https://youtu.be/IrJ1cNIfmsk?si=nCvEZMkEFk_nImfU	
5	VALS	https://youtu.be/EFNJPWK75jQ?si=Rv2oYlAXOjAAApqM	
6	E- Buying Behaviour	https://youtu.be/UlsvBcRXbgM?si=BwGsDvndhYDlQvmA	
7	Influences Of E-Buying Behaviour	https://youtu.be/Hi_RZzxBfFw?si=FueRNwXAbZQisqht	

1.11 Reference

1. "Consumer Behavior" by Leon G. Schiffman and Joseph Wisenblit
2. "Consumer Behavior: Buying, Having, and Being" by Michael R. Solomon
3. "Consumer Behavior: A European Perspective" by Michael R. Solomon, Gary J. Bamossy, Soren T. Askegaard, and Margaret K. Hogg
4. "Consumer Behavior and Marketing Strategy" by J. Paul Peter and Jerry C. Olson
5. "Understanding Consumer Behavior" by J. Paul Peter, Jerry C. Olson, and Kendall E. Roth
6. Leon G Schiffman and Leslie Lazar Kanuk, 'Consumer Behaviour', Prentice-Hall of India, 4th ed. 1991
7. James F Engel, Roger D Blackwell and Paul W Miniard, "Consumer Behaviour" (Dryden Press, 1990)
8. Batra, Satish K and Kazmi, S H H, *Consumer Behaviour*, Excel Books, New Delhi.
9. Hawkins, D.L & Best, Roger, *Consumer Behaviour – Building Marketing Strategy*,
10. McGraw Hill, Indian Edition, New Delhi.
11. Loudon, D.L & Delta Bitta, A.J, *Consumer Behaviour*, Tata McGraw Hill, New Delhi.

UNIT – 2 CONSUMER BEHAVIOR

Internal Influences on Consumer Behavior Consumer Needs & Motivation Characteristics of motivation, arousal of motives; theories of needs & motivation- Maslow's hierarchy of needs, McClelland's APA theory. Types of involvement.

Unit Module Structure

- ✓ **Internal Influences on Consumer Behavior**
- ✓ **Consumer Needs & Motivation**
- ✓ **Maslow's hierarchy of needs**
- ✓ **McClelland's APA theory**

STAGE-2 Modules sections and Sub-sections structure

Section2.1	Meaning and Definition	Page No
2.1.1	Internal Influences on Consumer Behavior	2
2.1.2	Consumer Needs & Motivation	4
2.1.3	Characteristics of motivation	5
2.1.4	Arousal of motives	5
	Summary	
	Check your progress	
2.2.1	Theories of needs & motivation	6
2.2.2	Maslow's hierarchy of needs	7
2.2.3	McClelland's APA theory	8
2.2.4	Types of involvement	10
	Summary	
	Check your progress	
2.3	Unit Summary	11
2.4	Glossary	12
2.5	Self-Assessment Questions	13

Unit Objectives

- ✓ To know about the Internal influences on consumer behavior
- ✓ To learn about consumer needs and motivation
- ✓ To study the learning theories

2.1 Internal Influences on Consumer Behavior

INTRODUCTION

Internal influences on consumer behavior are psychological factors that affect how individuals make purchasing decisions. These influences are intrinsic to the individual and include,

- **Motivation** The driving force behind consumer behavior, which is influenced by needs and desires. Consumers are motivated to fulfill their needs, and this can significantly impact their buying choices.

- **Perception** How consumers interpret information and form impressions about products and services. Perception is shaped by individual experiences and can vary greatly among consumers.

- **Learning** The process through which consumers acquire knowledge and experience about products, which then influences future behavior. Learning can occur through past purchases, word-of-mouth, or advertising.

- **Attitudes** The mental positions or feelings consumers have towards products or brands. Attitudes are developed over time and can be difficult to change.

- **Personality** The unique psychological characteristics that lead to consistent patterns of behavior. Personality traits can influence preferences and the type of products consumers are drawn to.

- **Lifestyle** A person's way of living as expressed in their activities, interests, and opinions. Lifestyle affects the types of products that fit into an individual's daily life.

-

Internal factors influencing consumer behavior are the personal and psychological factors that affect how individuals make decisions when buying products or services. These factors are inherent to the consumer and can vary from person to person.

- **Motivation**: Motivation is the driving force that prompts individuals to take action. In India, festivals like Diwali often motivate consumers to make purchases for gifts, clothing, and home decorations. The desire to celebrate and exchange gifts during this festival can strongly influence buying decisions.

Examples of how companies in India design and offer products or services based on the motivation factor to target consumers:

- **Fitness Wearables**: Companies like Fitbit and Mi offer fitness wearables and smartwatches that track users' physical activity, heart rate, and sleep patterns. These devices cater to consumers motivated to lead healthier lifestyles by providing data and insights to support their fitness goals.

- **Health Insurance Policies**: Insurance companies like ICICI Lombard and HDFC Ergo offer specialized health insurance plans that cater to consumers motivated to secure their family's well-being. These policies provide coverage for medical expenses, surgeries, and critical illnesses, aligning with the motivation to prioritize health and financial security.

- **E-Learning Platforms:** Edtech platforms such as Vedantu and Toppr offer online tutoring and exam preparation courses. They cater to students and parents motivated by academic success, providing interactive and personalized learning experiences to help students achieve their educational goals.

- **Sustainable Fashion Brands:** Companies like FabIndia and B Label design and market clothing and accessories made from sustainable materials. They

cater to consumers motivated by environmental consciousness and ethical consumption, offering eco-friendly fashion options that align with these values.

Digital Payment Apps: Companies like Paytm and PhonePe offer digital payment and money transfer services, appealing to consumers motivated by the convenience -to-use platforms for making payments, including utility bills, online shopping, and peer-to-peer transfers.

These examples illustrate how Indian companies strategically design and offer products or services that align with consumers' motivation factors, such as health, education, sustainability, and convenience. By addressing these motivational needs, businesses can better connect with their target audiences and meet their specific desires and goals.

1. **Perception**: Perception refers to how consumers interpret and make sense of information. For instance, if a consumer perceives a particular brand of tea as having health benefits, they may be more likely to purchase it, even if it is more expensive than other brands.

Examples of how companies in India design and offer products or services based on the perception factor to target consumers:

Herbal and Ayurvedic Cosmetics: Companies like Himalaya Herbals and Patanjali leverage the perception of Ayurveda's natural and herbal properties. They offer skincare and cosmetic products that are perceived as being gentle on the skin and free from harmful chemicals, appealing to consumers who prioritize natural ingredients.

Premium Smartphone Brands: Smartphone manufacturers like Apple and Samsung design high-end devices with sleek aesthetics and advanced features. These products are perceived as status symbols and indicators of technological sophistication, targeting consumers who value premium experiences.

Fine Dining Restaurants: Luxury restaurants such as Bukhara and Indian Accent in India focus on creating a perception of exclusivity and culinary excellence. They offer

gourmet dining experiences with impeccable service, targeting consumers looking for special occasions and memorable meals.

Luxury Car Brands: Luxury car manufacturers like Mercedes-Benz and Audi emphasize their vehicles' perception of sophistication, performance, and prestige. These brands cater to consumers who associate luxury cars with social status and opulence.

Online Marketplaces: E-commerce platforms like Myntra and Ajio offer curated collections of fashion and lifestyle products. They create a perception of trendiness

-forwardness, appealing to consumers who want to stay up-to-date with the latest styles and trends.

These examples demonstrate how companies in India strategically design and market their products and services to align with consumers' perceptions. By shaping the way their offerings are perceived, businesses can influence consumer behavior and attract customers who value the qualities and characteristics associated with their products or services.

1. **Attitude**: A consumer's attitude toward a product or brand can greatly impact their purchasing behavior. For example, if someone has a positive attitude towards eco-friendly products, they might choose to buy organic foods or products with eco-friendly packaging.

Examples of how companies in India design and offer products or services based on the attitudes of consumers to target their audience:

Eco-Friendly Home Cleaning Products: Companies like "Clean India Ventures" offer eco-friendly and sustainable cleaning products. They cater to consumers with a positive attitude towards environmental sustainability, providing products that align with their values.

Vegan Food Brands: Brands like "Goodmylk" offer plant-based and vegan food products, targeting consumers who have a positive attitude towards cruelty-free and ethical food choices.

Corporate Social Responsibility (CSR) Initiatives: Companies like Tata Group and Infosys emphasize their CSR initiatives, aligning with consumers who have a positive attitude towards socially responsible businesses. These initiatives include community development, education, and healthcare programs.

Health and Wellness Resorts: Resorts like "Ananda in the Himalayas" offer wellness retreats and spa services, targeting consumers with a positive attitude towards holistic health and relaxation.

These internal influences are interconnected and play a crucial role in shaping consumer behavior. Understanding these factors is important for marketers to effectively target and influence potential customers. For a deeper dive into the subject, you can explore resources that provide comprehensive insights into the internal factors affecting consumer behavior.

External factors influencing buying behavior in India are shaped by the country's diverse culture, economic conditions, and social dynamics. One significant cultural factor is the celebration of festivals and religious events. During festivals like Diwali, which is widely celebrated across the country, consumers tend to make extensive purchases of items like clothing, electronics, and gifts. This cultural tradition not only boosts consumer spending but also influences brand choices and preferences.

For instance, during Diwali, people often buy traditional Indian sweets and snacks, and brands that market themselves as authentic and traditional tend to see increased sales. Economic factors also play a pivotal role in influencing buying behavior in India. Income levels and economic disparities are substantial, leading to varying purchasing power among different segments of the population. Consumer buying behavior is influenced by a wide range of external factors. These factors can vary depending on the individual, the product or service in question, and the specific situation. Here is a list of some common external factors that can influence buying behavior

1. **Cultural Factors**
    - Culture
    - Subculture

- Social class

2. **Social Factors**
   - Reference groups (family, friends, colleagues)
   - Social networks
   - Social roles and status

3. **Personal Factors**
   - Age and life stage
   - Occupation
   - Economic situation

4. **Lifestyle Psychological Factors**
   - Motivation • Perception
   - Learning
   - Beliefs and attitudes

5. Economic Factors
   - Income
   - Disposable income
   - Savings and credit availability
   - Economic conditions (recession, inflation)

6. **Technological Factors:**
   - Advancements in technology
   - Digitalization
   - E-commerce and online shopping trends

7. **Political and Legal Factors:** Government regulations and policies
   - Trade restrictions
   - Consumer protection laws

8. **Environmental Factors**: Sustainability and eco-consciousness
   - Climate change concerns
   - Green products and practices

9. **Competitive Factors:**
   - Competitor actions and marketing strategies
   - Product differentiation

- Pricing strategies

10. **Media and Advertising**: Advertising campaigns

   - Media influence (TV, radio, social media)

   - Celebrity endorsements

11. **Crisis and Events:** Natural disasters

   - Public health crises (e.g., COVID-19)

   - Political events and upheavals

12. **Cultural and Social Trends:**

   - Fashion trends

   - Health and wellness trends

   - Social movements and activism

13. **Geographical Factors:**

Location and proximity to stores or service providers

Local customs and preferences

Family as External Factor influencing buying behaviour

The family is a fundamental external factor that significantly influences consumer behavior in India. Indian society places a strong emphasis on family values and collective decision-making, and this has a profound impact on purchasing decisions. Companies often design and offer products and services tailored to the family unit to align with these cultural dynamics. Here are five examples of how family influences consumer behavior and how companies cater to this aspect in India:

Family Size and Composition:

Example: A family of four with two children has different consumption needs compared to a single individual. Companies take this into account when designing products and packaging sizes. For instance, snack food companies offer larger packs for families and smaller, individual-sized packs for singles.

Gift-Giving Culture:

Example: Indian families exchange gifts during festivals, weddings, and special occasions. Companies create special gift packs and promotional offers during these times to cater to the tradition of gifting. This can include festive gift hampers from FMCG companies, jewelry sets, or electronics bundled with discounts.

Collective Decision-Making:

Example: Major purchases, such as buying a house or a car, often involve input from multiple family members. Companies understand this and tailor their marketing strategies to emphasize features and benefits that appeal to various family members. For instance, car companies may highlight safety features to appeal to parents and entertainment systems for children.

Family Values and Tradition:

Example: Companies often align their advertising and product messaging with traditional family values. This can include promoting products as being "family-friendly" or "home-cooked style." Food companies, for instance, market products as "made with love" or "just like homemade."

Health and Well-being Concerns:

Example: Indian families are concerned about the health and well-being of their members. Companies recognize this and develop products like health supplements, insurance policies, and healthcare services that cater to family health needs. For instance, insurance companies offer family health insurance plans that cover all family members under a single policy.

So, family plays a pivotal role in shaping consumer behavior in India. Companies take into account the influence of family dynamics when designing and marketing their products and services. Understanding and catering to the collective decision-making, cultural values, and needs of the family unit is essential for success in the Indian market.

Groups as external factor influencing consumer behaviour

External factors like reference groups and social networks have a substantial influence on consumer behavior in India. People often make purchasing decisions based on the opinions, recommendations, and behaviours of the groups they belong to or associate with. Companies recognize the importance of these groups in shaping consumer preferences and design their products and services to cater to the needs and desires of these groups. Here are five examples of how groups influence

consumer behavior in India and how companies tailor their offerings accordingly:

Peer Influence and social media:

Example: Young consumers in India are highly influenced by their peers and social media connections. Companies often collaborate with social media influencers to promote their products and create buzz among young audiences. For instance, fashion brands work with popular Instagram influencers to showcase their clothing and accessories.

Professional Networks and Recommendations:

Example: Professionals and colleagues often seek recommendations from their work networks. Companies design products and services catering to professionals' needs. For instance, business-to-business (B2B) software providers create solutions that address specific industry challenges, and they often rely on word-of-mouth referrals within professional circles for promotion.

Online Communities and Forums:

Example: Niche online communities and forums play a significant role in influencing consumer decisions. Companies engage with these communities to gather feedback and insights for product development. For example, smartphone manufacturers actively participate in tech enthusiast forums to understand user preferences and improve their products.

Family and Social Events:

Example: Social gatherings and family events in India often involve discussions about consumer products and services. Companies offer special promotions and

discounts during festive seasons to tap into the collective decision-making of families and groups. This can include discounted family meal deals at restaurants during celebrations like Diwali or Eid.

Religious and Cultural Affiliations:

Example: Religious and cultural groups have a strong influence on consumer behavior in India. Companies create products and marketing campaigns that align with specific festivals and cultural values. For instance, brands may launch special clothing collections for different cultural festivals or create products that are certified as vegetarian or suitable for specific religious dietary restrictions.

In India, understanding and catering to the preferences and opinions of various groups, whether they are social, professional, or cultural, is crucial for companies to succeed in the market. The ability to leverage group influence effectively can lead to increased brand loyalty and customer engagement.

Student Communities and Education:

Fitness and Health Enthusiast Groups:

Example: Companies that offer educational products and services, such as online courses or textbooks, often create student-friendly pricing plans. They also partner with educational institutions and student associations to gain credibility and reach a broader audience. For instance, online learning platforms like Byju's offer discounted subscriptions for students and collaborate with schools for marketing their services.

Tech Enthusiasts and Geeks:

Example: Health and fitness-related groups influence consumer behavior in India. Companies in the wellness and fitness industry design products like dietary supplements, gym equipment, and workout wear that cater to the needs of fitness enthusiasts. They may also organize fitness challenges or partner with fitness influencers for promotion. Brands like Decathlon offer a range of fitness gear and actively engage with fitness communities for product feedback and promotion.

Example: Technology and gadget enthusiast groups play a significant role in influencing consumer behavior. Tech companies often release new products with

features and specifications tailored to the demands of tech-savvy consumers. They also collaborate with tech bloggers and YouTube reviewers for product demonstrations and reviews. For instance, smartphone manufacturers like OnePlus initially built a strong fan base through online forums and fan clubs.

Foodie and Culinary Communities

Example: Food-related groups have a substantial impact on consumer behavior in India. Food companies and restaurants often create unique menu items or limited-time offers inspired by local and international cuisines to cater to the preferences of food enthusiasts. They also engage with food bloggers and conduct food festivals or promotions to attract foodies. Domino's Pizza, for example, has introduced regional variations of pizza to cater to different taste preferences.

DIY and Home Improvement Groups:

Example: DIY and home improvement enthusiasts influence consumer choices in the home and construction industry. Companies offer DIY-friendly products, tools, and instructional materials. They may also organize workshops and webinars to educate consumers about home improvement projects. Brands like Asian Paints provide DIY painting kits and tutorials for homeowners looking to repaint their homes.

Social class and culture as external factors influencing consumer behavior

Social class and culture are two intertwined external factors that have a significant influence on consumer behavior in India. The diverse socio-economic classes and rich cultural heritage of the country play a pivotal role in shaping consumers' preferences, values, and buying decisions. Companies often tailor their products and services to cater to the distinct needs and aspirations of different social classes and cultural groups. Here are five examples of how social class and culture influence consumer behavior in India, along with how companies design and offer products/services to target consumers:

Clothing and Fashion Preferences:

Example: Different social classes in India have varying clothing preferences. High-end fashion brands cater to the upper social classes with designer wear, while more

affordable and traditional clothing options are available for the middle and lower classes. Companies like FabIndia offer ethnic wear that appeals to the cultural and traditional fashion sense of Indian consumers across different social classes.

Language and Communication Channels:

Example: Language and communication channels vary across regions and social classes in India. Companies create marketing campaigns and advertisements in multiple languages to reach a wider audience. For instance, multinational companies like Coca-Cola use regional languages in their advertising to connect with consumers at the grassroots level and reflect cultural diversity.

Food and Culinary Preferences:

Example: India's diverse cultural landscape translates into a wide variety of culinary preferences. Companies in the food industry, such as McDonald's or Domino's, adapt their menus to offer regional and culturally specific items, like the McAloo Tikki Burger or paneer-based pizzas, to cater to local tastes.

Consumer Electronics and Durables:

Example: Companies that manufacture consumer electronics recognize that consumers from different social classes have varying affordability and technological requirements. They offer a range of products, from basic models to high-end variants, to cater to diverse consumer segments. For example, smartphone manufacturers like Xiaomi produce budget-friendly phones targeting the middle class, while Apple targets the premium segment.

Festivals and Cultural Celebrations:

Example: Festivals and cultural celebrations hold immense importance in India, and companies capitalize on these events. They offer special-edition products aligned with cultural festivals like Diwali, Eid, or Christmas. For instance, Cadbury's "Raksha Bandhan" campaigns promote gifting chocolate during the festival, appealing to the culture of sibling bonding.

In India, understanding the cultural nuances and socio-economic diversity is essential for companies aiming to succeed in the market. By tailoring their products, pricing strategies, and marketing efforts to resonate with different social classes and

cultural groups, companies can effectively connect with their target consumers and build strong brand loyalty.

Cognitive dissonance is a psychological concept that refers to the discomfort or tension people feel when they hold conflicting beliefs, attitudes, or behaviours. In the context of consumer behavior, cognitive dissonance occurs when consumers experience discomfort or unease after making a purchase decision that contradicts their prior beliefs or preferences. Companies often address cognitive dissonance by designing products or services and implementing marketing strategies to minimize this discomfort and reinforce the consumers' decision.

Extended Warranty Offers: Many electronics retailers in India offer extended warranties on products like smartphones and appliances. This strategy helps reduce cognitive dissonance among consumers who worry about the possibility of their new purchase developing faults or defects shortly after buying it. The extended warranty provides assurance and peace of mind.

Product Guarantees and Satisfaction Policies: Companies like Amazon India and Flipkart have robust return and refund policies. They reassure consumers that if they are not satisfied with their purchase, they can return the product for a refund or exchange. This approach reduces cognitive dissonance by making consumers feel more comfortable about their purchase decisions.

Example: Many electronics and appliance companies offer extended warranties and after-sales service to reduce consumer anxiety about product reliability. Companies like Samsung and LG provide comprehensive warranty coverage and easy access to service centers.

Customer Reviews and Testimonials: E-commerce platforms and businesses often showcase customer reviews and testimonials on their websites. Positive reviews and feedback from other customers can help reduce cognitive dissonance by providing social proof and validation of the product's quality and performance. E-commerce platforms like **Amazon and Flipkart** reviews and testimonials help reassure potential buyers and reduce post-purchase dissonance.

2.1.2 Consumer Needs And Motivation

Consumer behavior may be defined as the process whereby individuals decide whether, when, where, how, and from whom to purchase goods and services.

▶ A person is said to be motivated when his or her system is energized (aroused), made active, and behavior is directed towards a desired goal.

▶ Motivation is the driving force within individuals that impels them to action. This driving force is produced by a state of uncomfortable tension, which exists as the result of an unfulfilled need.

▶ **PRIMARY NEEDS** which include food, water, air, shelter or sex, etc. it is also called innate or physiological needs.

▶ **SECONDARY NEEDS** These may include the need for power, affection, for prestige. It is also called acquired needs. We learn these needs from our environment or culture.

Buying Behaviour = Ability x Opportunity x Motivation

Dynamic of Motivation

- Needs are never fully satisfied.

- Success and failure influence goals.

- Needs and goals are constantly changing.

- Consumers have multiple needs.

- Motives are difficult to infer from behavior.

- Motives can be aroused in many ways.

- Consumer are aware for their goals than their needs.

2.1.3 Characteristics of Motivation

Motivation is a complex and multifaceted psychological phenomenon that drives individuals to act toward achieving their goals. Here are some key characteristics of motivation

- Goal-oriented motivation is directed towards specific goals or desired outcomes.
- Ongoing Process It is not a one-time event but a continuous process that sustains over time.
- Positive or Negative Motivation can be driven by positive desires, such as aspirations, or by negative factors, like fear of failure.
- Monetary or Non-Monetary It can be influenced by financial rewards or non-financial incentives, such as recognition or personal satisfaction.
- Psychological Phenomenon Motivation is an internal state that can turn skills into performance.

2.1.4 Arousal of Motives

The arousal of any particular set of needs at a specific moment in time may be caused by internal stimuli found in the individual's physiological condition, by emotional or cognitive processes, or by stimuli in the outside environment.

- Physiological arousal

- Emotional arousal

- Cognitive arousal

- Environmental arousal

Physiological Arousal

Bodily needs at any one specific moment in time are based on the individual physiological condition at the moment. Ex..A drop in blood sugar level or stomach contractions will trigger awareness of a hunger need. (Ex. A decrease in body temperature will induce shivering, which makes individuals aware of the need for

warmth this type of thing, they arouse related needs that cause uncomfortable tensions until they are satisfied. Ex. Medicine, low-fat fat, and diet

Emotional Arousal

Sometimes daydreaming results in arousal (autistic thinking) or stimulation of latent needs. People who are bored or who are frustrated in trying to achieve their goals often engage in daydreaming, in which they imagine themselves in all sorts of desirable situations. Ex..A young woman who may spend her free time in an internet single chat room.

Cognitive arousal

Sometimes random thoughts can lead to a cognitive awareness of needs. An advertisement that provides reminders of a home might trigger an instant yearning to speak with one's parents.

Arousal of motives refers to the process by which an individual's needs, desires, or goals are stimulated into action. It is a fundamental concept in psychology and marketing, as understanding how to arouse motives can influence behavior and decision-making. This process is often driven by internal and external factors, such as physiological needs, emotional states, social influences, and environmental cues. The arousal of motives is essential for engaging individuals in various activities, from everyday tasks to long-term ambitions.

Internal factors play a crucial role in the arousal of motives. These include physiological needs like hunger, thirst, and sleep, which drive individuals to seek satisfaction. Additionally, emotional states such as happiness, fear, or anxiety can motivate behavior. For example, a person feeling anxious might be motivated to seek comfort or safety. Cognitive factors, including personal values, beliefs, and expectations, also influence motivation. When a person has a strong belief in the importance of education, this belief can arouse the motive to pursue higher learning and academic excellence.

External factors are equally significant in arousing motives. Social influences, such as cultural norms, family expectations, and peer pressure, can strongly motivate behavior. Advertising and marketing strategies often leverage these social influences to stimulate desires and needs in consumers. Environmental cues, such

as the presence of food or the availability of resources, can trigger specific motives. For instance, the sight and smell of food can arouse the motive to eat, even if one is not particularly hungry.

The interplay between internal and external factors creates a dynamic process of motivation arousal. This interaction can be seen in various contexts, such as workplace motivation, where both intrinsic factors (personal satisfaction, achievement) and extrinsic factors (rewards, recognition) play roles. In educational settings, a student's motivation can be aroused by their interest in a subject (internal) and encouragement from teachers and parents (external). This dynamic interplay ensures that motivation is a multifaceted and ever-evolving phenomenon.

Understanding the arousal of motives is particularly important in fields like marketing, psychology, and organizational behavior. Marketers aim to create campaigns that tap into consumers' underlying motives, using emotional appeals, social proof, and persuasive messaging. Psychologists study motivation to help individuals achieve personal goals and improve mental health. In organizations, leaders strive to arouse employees' motives to enhance productivity and job satisfaction. By understanding and effectively stimulating motives, professionals in these fields can foster positive outcomes and drive desired behaviors.

In conclusion, the arousal of motives is a complex process influenced by a myriad of internal and external factors. It is a critical concept for understanding human behavior and for influencing actions in various contexts. By examining the interplay of physiological needs, emotional states, social influences, and environmental cues, we gain insights into what drives individuals to act. This understanding can be applied to improve personal well-being, enhance marketing strategies, and boost organizational performance, making the study of motivational arousal both practical and impactful.

Summary

Internal influences on consumer behavior encompass factors like needs and motivation, which drive individuals to make purchasing decisions. Consumer needs, both physiological and psychological, create the foundation for motivation, compelling individuals to seek products or services that satisfy these needs.

Motivation is characterized by its intensity, direction, and persistence, guiding how consumers prioritize and pursue their goals. The arousal of motives involves internal triggers, such as emotional states and cognitive beliefs, and external cues, like social influences and environmental factors, all interacting to stimulate consumer desires and actions. Understanding these dynamics helps in predicting and influencing consumer behavior effectively.

Multiple Choice Quiz

1. Which of the following is NOT a characteristic of motivation?
   a) Intensity
   b) Direction
   c) Duration
   d) Frequency

2. Motivation is characterized by three main components. Which one of the following is one of them?
   a) Volume
   b) Persistence
   c) Complexity
   d) Flexibility

3. Intensity in motivation refers to
   a) The level of effort put forth
   b) The underlying reason for action
   c) The duration of motivation
   d) The variety of motivations

4. Direction in motivation is concerned with
   a) How much effort is put into achieving a goal
   b) The choice of a specific goal
   c) The number of different goals pursued
   d) The length of time motivation lasts

5. Motives can be aroused by
   a) Physiological states
   b) Emotional states
   c) Cognitive processes
   d) All of the above

6. Physiological arousal of motives typically involves
    a) Mental Awareness
    b) Emotional response
    c) Bodily needs
    d) Social interaction

7. Which of the following is an example of cognitive arousal of motives?
    a) Feeling hungry
    b) Feeling happy
    c) Realizing the need for a new phone
    d) Feeling cold

8. Emotional states can arouse motives by
    a) Triggering physical discomfort
    b) Eliciting mental processing
    c) Creating a desire for certain behaviors
    d) All of the above

2.2.1 Theories of Needs & Motivation

Theories of needs and motivation seek to explain what drives individuals to act and how their behaviors are influenced by various internal and external factors. One prominent theory is Maslow's Hierarchy of Needs, which posits that individuals have five levels of needs: physiological, safety, love/belonging, esteem, and self-actualization, each of which must be satisfied sequentially. Another influential theory is Herzberg's Two-Factor Theory, which distinguishes between hygiene factors (such as salary and work conditions) that can cause dissatisfaction if missing, and motivators (such as achievement and recognition) that can create satisfaction when present. Additionally, McClelland's Theory of Needs focuses on three primary motivators: the need for achievement, the need for affiliation, and the need for power, suggesting that individuals are driven by a combination of these needs to varying degrees. Lastly, Deci and Ryan's Self-Determination Theory emphasizes intrinsic and extrinsic motivation, proposing that autonomy, competence, and relatedness are fundamental to fostering intrinsic motivation and overall psychological growth. These theories collectively provide a comprehensive

understanding of what motivates people and how their needs influence their actions and well-being.

Theories of needs and motivation offer frameworks for understanding what drives human behavior and how individuals prioritize their goals. One of the most influential theories is Abraham Maslow's Hierarchy of Needs. Maslow's theory posits that human needs are arranged in a hierarchy, starting with basic physiological needs such as food and shelter, and progressing to safety, love and belonging, esteem, and self-actualization. According to Maslow, individuals must satisfy lower-level needs before they can focus on higher-level ones. This theory highlights the progressive nature of motivation and the idea that as one set of needs is met, individuals move on to the next.

Another significant theory is Clayton Alderfer's ERG Theory, which refines Maslow's hierarchy into three core needs: Existence, Relatedness, and Growth. Existence needs are similar to Maslow's physiological and safety needs, while Relatedness encompasses social relationships, and Growth pertains to self-esteem and self-actualization. ERG Theory introduces the concept of frustration-regression, suggesting that if higher-level needs remain unfulfilled, individuals may regress to lower-level needs that appear easier to satisfy. This theory provides a more flexible understanding of how needs influence motivation, recognizing that individuals may simultaneously seek to fulfill multiple levels of needs.

Frederick Herzberg's Two-Factor Theory, or Motivation-Hygiene Theory, offers a different perspective by distinguishing between hygiene factors and motivators. Hygiene factors, such as salary and work conditions, do not inherently motivate but can cause dissatisfaction if inadequate. Motivators, like recognition and achievement, actively drive motivation and job satisfaction. Herzberg's theory underscores the importance of addressing both sets of factors to enhance employee motivation and productivity, suggesting that simply improving hygiene factors is not enough to motivate; intrinsic motivators must also be targeted.

David McClelland's Acquired Needs Theory focuses on three specific needs: Achievement, Affiliation, and Power. According to McClelland, these needs are learned and shaped by life experiences. The need for Achievement drives individuals to excel and seek challenges, the need for Affiliation emphasizes the desire for social

connections and relationships, and the need for Power involves the desire to influence and control others. This theory is particularly relevant in organizational settings, where understanding these needs can help in designing effective motivation strategies and leadership approaches.

Finally, Self-Determination Theory (SDT) by Edward Deci and Richard Ryan emphasizes the role of intrinsic and extrinsic motivation in driving behavior. SDT identifies three fundamental psychological needs: Autonomy, Competence, and Relatedness. Autonomy refers to the need to feel in control of one's actions, Competence involves the need to feel effective and masterful, and Relatedness encompasses the need to feel connected to others. According to SDT, fulfilling these needs enhances intrinsic motivation, leading to greater engagement, well-being, and performance. This theory highlights the importance of creating environments that support these needs to foster genuine motivation and satisfaction.

These theories collectively offer a comprehensive understanding of human motivation, illustrating the diverse factors that influence why individuals act the way they do. From the hierarchical progression of needs to the impact of intrinsic and extrinsic factors, these frameworks provide valuable insights for both personal development and organizational management. By applying these theories, individuals and organizations can better understand and influence motivation to achieve desired outcomes.

2.2.2 Maslow's Hierarchy Of Needs

SELF-ACTUALIZA-TION
morality, creativity, spontaneity, acceptance, experience purpose, meaning and inner potential

SELF-ESTEEM
confidence, achievement, respect of others, the need to be a unique individual

LOVE AND BELONGING
friendship, family, intimacy, sense of connection

SAFETY AND SECURITY
health, employment, property, family and social abilty

PHYSIOLOGICAL NEEDS
breathing, food, water, shelter, clothing, sleep

Motivational theory in psychology comprises a five-tier model of human needs, often depicted as hierarchical levels within a pyramid. Needs lower down in the hierarchy must be satisfied before individuals can attend to needs higher up. From the bottom of the hierarchy upwards, the needs are physiological, safety, love and belonging, esteem, and self-actualization.

The original hierarchy of needs five-stage model includes Maslow (1943, 1954) stating that people are motivated to achieve certain needs and that some needs take precedence over others. Our most basic need is for physical survival, and this will be the first thing that motivates our behavior. Once that level is fulfilled the next level up is what motivates us, and so on. The original hierarchy of needs five-stage model includes

1. Physiological needs - these are biological requirements for Human survival, e.g. air, food, drink, shelter, clothing, warmth, sex, sleep. If these needs are not satisfied the human body cannot function optimally. Maslow considered physiological needs the most important as all the other needs become secondary until these needs are met.

2. Safety needs - protection from elements, security, order, law, stability, freedom from fear.

3. Love and belongingness needs - after physiological and safety needs have been fulfilled, the third level of human needs is social and involves feelings of belongingness. The need for interpersonal relationships motivates behavior Examples include friendship, intimacy, trust, and acceptance, receiving and giving affection and love. Affiliating, being part of a group (family, friends, work).

4. Esteem needs - which Maslow classified into two categories (i) esteem for oneself (dignity, achievement, mastery, independence) and (ii) the desire for reputation or respect from others (e.g., status, prestige). Maslow indicated that the need for respect or reputation is most important for children and adolescents and precedes real self-esteem or dignity.

5. Self-actualization needs - realizing personal potential, self-fulfillment, seeking personal growth and peak experiences. A desire "to become everything one is capable of becoming".

2.2.3 McClelland's APA Theory

McClleland's Need Theory of Motivation David McClelland's Human motivation theory gives a way to identify people's motivating drivers. This theory helps one to give praise and feedback, effectively assign suitable tasks, and keep people motivated.

Achievement Need (n-Ach) According to McClelland, achievement-oriented people are highly motivated to achieve goals in life; they have a high drive to achieve targets and they are performance-oriented. Desire to do better, solve problems, master complex problems.

Affiliation Need (n-Aff) Another motive mentioned in McClelland's Need theory of motivation is affiliation motive. According to McClelland, affiliation-oriented people like to work in a group and tend to stick to the group norms or work cultural norms. They feel the need to be loved and accepted in the group.

Power Need (n-Pow) Power motive is the third motive mentioned in David McClelland's Need theory of motivation. According to McClelland Power oriented

people desire to control others and influence others' behavior. They want to make an impact on others, influence others, change people or events, and make a difference in life.

Application of McClelland's Need Theory of Motivation

Managers should be capable of identifying the needs of others. Managers should motivate individuals according to their needs.

Achievement needs People motivated by 'achievement' need to prefer challenging, but not unachievable tasks. They work very effectively either alone or with other high achievers. So it's essential to provide feedback and let them be aware of their triumphs and mistakes as well for further improvement. To satisfy this need in the workplace employees must be able to take on responsibility and set their own goals. They must be given the freedom to recognize their achievements and accomplishments.

Affiliation needs People motivated by 'affiliation' work best in a group environment, so engage them in teamwork rather than asking them to work alone if or whenever possible. This can be achieved in the workplace when employees are encouraged to have strong relationships with one another. To accomplish this organizations can stress bonding activities and strong 'WE' culture. As such individuals dislike uncertainty and risk do not assign them tasks with high risk. While providing feedback, give it personally. People with high affiliation needs should be given tasks in a team/group. They should be given feedback in private rather than in front of others.

Power need People with a high need for power can work best when they're in command of the situation. Such individuals enjoy competition. They can be proved very effective in negotiations or in situations where the objective is to convince others. While providing feedback, be direct with these team members. Fulfilling the need for power in the workplace means allowing employees to pitch ideas and give inputs that might influence the organization.

People with a need for power should be allowed to make decisions on their own and ensure that they have some kind of influence. People with high power needs should be given leadership roles whenever possible. They should be

motivated by offering career development opportunities. Those with a high need for power work best when they are in charge because they enjoy competition. They do well with goal-oriented projects or tasks.

2.2.4 Involvement Theory

Involvement theory relates to the extent to which individuals associate themselves with product and brand-related purchases and depends upon the individual, the context, and the stimuli. Involvement theory in consumer behavior is a framework that examines the degree to which consumers engage with and show interest in a product, service, or brand. This theory is critical in understanding how different levels of involvement influence purchasing decisions and marketing strategies. Involvement can range from low to high and significantly impacts how consumers process information and make choices.

Low involvement typically pertains to products or decisions that are perceived as low risk, low cost, and require minimal thought. Examples include everyday items like toothpaste or snacks. In these cases, consumers often exhibit habitual buying behavior and rely on brand familiarity or convenience rather than extensive information search or evaluation. Marketing strategies for low-involvement products focus on creating strong brand recognition and using repetitive advertising to maintain top-of-mind awareness.

High involvement, on the other hand, is associated with products or decisions that are significant, expensive, or carry a higher risk. Examples include purchasing a car, choosing a college, or buying a house. High-involvement decisions require substantial information search, careful consideration of alternatives, and thoughtful evaluation of benefits and risks. For high-involvement products, marketers aim to provide detailed information, emphasize product quality and features, and build a strong brand reputation to facilitate the decision-making process.

The level of consumer involvement influences the type of information processing that occurs. For low-involvement products, consumers often engage in

peripheral processing, where they rely on superficial cues such as packaging, slogans, or celebrity endorsements. This is part of the Elaboration Likelihood Model (ELM), which suggests that low-involvement decisions are often guided by peripheral routes of persuasion. In contrast, high-involvement decisions involve central processing, where consumers focus on detailed product information, reviews, and attributes, critically analyzing the available data to make informed choices.

Situational factors also affect consumer involvement levels. For instance, an individual's involvement may increase if the product is being purchased as a gift for a significant occasion or if the product suddenly becomes relevant due to changes in personal circumstances, such as health issues prompting interest in health foods. Marketers need to recognize these situational triggers and adjust their strategies accordingly to capture consumer interest and engagement.

Emotional involvement is another critical aspect of the theory, where consumers form emotional attachments to products, brands, or services. High emotional involvement can lead to brand loyalty and repeat purchases. For instance, a consumer might feel a strong connection to a particular brand of coffee due to positive past experiences and emotional satisfaction derived from the product. Brands that succeed in fostering emotional involvement often leverage storytelling, brand personality, and experiential marketing to deepen consumer engagement.

Social involvement reflects the influence of social factors and group dynamics on consumer behavior. Products or services associated with social status, group belonging, or peer influence tend to generate higher involvement. For example, fashion and technology products often see increased involvement due to the social implications of ownership and use. Marketers targeting socially involved consumers focus on social proof, influencer partnerships, and community-building activities to enhance product appeal.

Understanding involvement theory is crucial for marketers as it helps in segmenting the market, tailoring communication strategies, and optimizing resource allocation. For low-involvement products, the emphasis might be on wide distribution,

convenience, and consistent advertising. For high-involvement products, strategies might include detailed content marketing, personalized communication, and robust after-sales support. By aligning marketing efforts with the appropriate level of consumer involvement, brands can more effectively influence purchasing decisions and foster stronger customer relationships.

In conclusion, involvement theory in consumer behavior provides a comprehensive understanding of how varying levels of consumer engagement affect purchasing decisions. By recognizing and leveraging the different dimensions of involvement—low versus high, situational, emotional, and social—marketers can craft strategies that resonate more deeply with consumers. This approach not only enhances immediate sales but also builds long-term brand loyalty and customer satisfaction.

Summary

Theories of needs and motivation, such as Maslow's Hierarchy of Needs and McClelland's Acquired Needs Theory (APA theory), provide frameworks for understanding what drives human behavior. Maslow's theory posits that human needs are arranged in a hierarchy, from basic physiological needs to safety, love and belonging, esteem, and self-actualization, with individuals needing to satisfy lower-level needs before higher-level ones. McClelland's APA theory identifies three key needs: Achievement (the drive to excel), Affiliation (the desire for social relationships), and Power (the need to influence others). Understanding these needs helps explain motivation and behavior. Types of involvement, referring to the degree of interest and engagement individuals have with a product or activity, can be categorized into cognitive (thought-based), affective (emotion-based), and behavioral (action-based) involvement, each influencing consumer behavior in distinct ways.

MCQ

1. According to Maslow's hierarchy of needs, which of the following is considered the most basic need?
   a) Safety needs

b) Social needs

c) Physiological needs

d) Esteem needs

2. Which need is at the top of Maslow's hierarchy of needs?

    i. Self-actualization

    ii. Esteem

    iii. Love/belonging

    iv. Safety

3. In Maslow's hierarchy, which of the following needs is associated with friendship and belonging?

    i. Physiological needs

    ii. Safety needs

    iii. Social needs

    iv. Esteem needs

4. According to McClelland's APA theory, the need for achievement is characterized by

    i. Desire for friendly relationships

    ii. Desire for influence and control

    iii. Desire for excellence and accomplishment

    iv. Desire for security

5. McClelland's need for power involves

    i. Desire for personal success

    ii. Desire for close interpersonal relationships

    iii. Desire to influence and control others

    iv. Desire for material wealth

6. Which of the following is NOT one of McClelland's needs?

7. Achievement

8. Affiliation

9. Power

10. Safety

11. McClelland's need for affiliation is defined by a desire for

    i. Financial success

    ii. Influence over others

    iii. Close, friendly relationships

iv. Knowledge and learning

12. Which of the following theories suggests that people have a hierarchy of needs, progressing from basic to higher-order needs? –

    i. Maslow's hierarchy of needs

    ii. McClelland's APA theory

    iii. Herzberg's two-factor theory

    iv. Vroom's expectancy theory

13. Which need, according to Maslow, must be satisfied first before higher-level needs can be addressed?

    i. Esteem needs

    ii. Safety needs

    iii. Physiological needs

    iv. Social needs

14. According to Maslow's hierarchy, esteem needs include

    i. Security and protection

    ii. Friendship and family

    iii. Self-respect and recognition

    iv. Basic biological necessities

15. Involvement in consumer behavior refers to

    i. The time spent on purchasing

    ii. The importance and personal relevance of a product to a consumer

    iii. The number of products bought

    iv. The cost of the product

16. Situational involvement is characterized by

    i. Long-term interest in a product category

    ii. Temporary interest due to specific circumstances

    iii. Deep personal interest and commitment

    iv. Cognitive evaluation of product features

17. Enduring involvement refers to

    i. Short-term interest in a product

    ii. Long-term interest and engagement with a product or activity

    iii. Emotional response to a product

    iv. Temporary engagement due to specific circumstances

18. Which type of involvement is typically influenced by the consumer's emotions and feelings?

    i.   Cognitive involvement

    ii.   Affective involvement

    iii.   Situational involvement

    iv.   Enduring involvement

19. Cognitive involvement primarily involves

    i.   Emotional attachment

    ii.   Processing information and knowledge about a product

    iii.   Social influence

    iv.   Temporary engagement

20. High involvement in consumer behavior typically results in

    i.   Quick and impulsive decisions

    ii.   Extensive decision-making and information processing

    iii.   Minimal information search

    iv.   Preference for familiar brands

21. Which of the following factors can increase a consumer's involvement with a product?

    i.   High personal relevance

    ii.   Low cost

    iii.   Limited availability

    iv.   Routine purchase

2.4 Unit Summary

Motivation in consumer behavior is the driving force that compels individuals to take action toward satisfying their needs and desires. It is characterized by its intensity, direction, and persistence. Intensity refers to the strength of the motivation; direction is the specific behavior the consumer is motivated towards, and persistence is the duration of the motivational state. These characteristics influence how consumers prioritize their needs and make purchasing decisions, with stronger motivations leading to more immediate actions.

Motives can be aroused through various internal and external stimuli. Internal stimuli include physiological states like hunger or thirst, and psychological states such as stress or boredom. External stimuli encompass marketing efforts, social influences, and environmental factors. The arousal of motives triggers a response in consumers, prompting them to seek products or services that can satisfy their needs. Effective marketing strategies often aim to arouse these motives to drive consumer behavior towards a particular brand or product.

Maslow's Hierarchy of Needs is a foundational theory in understanding consumer motivation. It posits that human needs are structured in a hierarchical order from basic to advanced: physiological needs, safety needs, social needs, esteem needs, and self-actualization. Consumers must satisfy lower-level needs before they can focus on higher-level ones. For example, a consumer will prioritize purchasing food and shelter over luxury goods if their basic needs are unmet. Understanding where a consumer is on this hierarchy helps marketers tailor their messaging and products to meet the most pressing needs.

McClelland's Achievement, Power, and Affiliation (APA) Theory identifies three primary motivators that drive consumer behavior: the need for achievement, the need for power, and the need for affiliation. The need for achievement drives consumers to seek out products that signify success and competence. The need for power influences consumers to purchase items that enhance their control or status. The need for affiliation motivates consumers to buy products that help them connect with others. Recognizing these motivations can help marketers target their audience more effectively by appealing to the dominant need.

Consumer involvement can vary from low to high, influencing their decision-making process. Low-involvement purchases, like everyday household items, require minimal thought and are often habitual. High-involvement purchases, such as cars or homes, involve significant research, comparison, and decision-making due to their high cost and personal importance. Understanding the level of involvement helps marketers determine the appropriate strategies for engagement. For high-involvement products, detailed information and persuasive communication are

essential, while low-involvement products benefit from convenience and brand recognition.

In summary, understanding internal influences on consumer behavior, particularly needs and motivation, is crucial for developing effective marketing strategies. By recognizing the characteristics of motivation, and how motives are aroused, and applying theories like Maslow's Hierarchy of Needs and McClelland's APA Theory, marketers can better predict consumer actions and tailor their approaches to meet varying levels of consumer involvement.

2.5 Glossary

S.No	Words	Meaning
1	**Internal Stimuli**	Internal factors such as physiological states and psychological conditions that trigger motivation.
2	**External Stimuli**	Environmental factors and external influences, including marketing efforts, social influences, and situational factors
3	**Intensity**	The strength of the motivation driving consumer behavior indicates how much effort a consumer is willing to put into satisfying a need.
4	**Persistence**	The duration for which a consumer remains motivated reflects how long they are willing to pursue a goal.
5	**Physiological**	Basic survival

2.6 Self-Assessment Questions

Short Answer Question

1. What are the main characteristics of motivation?

2. What are the different ways motives can be aroused in consumers?
3. What are the five levels of Maslow's hierarchy of needs?
4. Why is self-actualization considered the highest level in Maslow's hierarchy?
5. What is the difference between situational involvement and enduring involvement?

Essay Type Question

1. Why is understanding the characteristics of motivation important for marketers?
2. Describe how cognitive processes can lead to the arousal of motives.
3. What needs are included in the social needs level of Maslow's hierarchy?
4. What are the three needs identified in McClelland's APA theory?
5. What role does the need for affiliation play in consumer behavior?
6. How does affective involvement influence purchasing decisions?
7. How can a marketer increase consumer involvement with their product?

2.8 Case Study

Implementing Maslow's Hierarchy of Needs in a Corporate Setting

Background

TechSolutions Inc. is a mid-sized software development company experiencing high employee turnover and declining job satisfaction. Management seeks to address these issues by understanding and fulfilling their employees' needs more effectively. They decide to apply Maslow's Hierarchy of Needs theory to create a more motivating and satisfying work environment.

Physiological Needs

The company first ensures that employees' basic physiological needs are met. They enhance the office environment by providing a comfortable workspace, improving air quality, and ensuring access to fresh water and healthy food options. Additionally,

competitive salaries are offered to ensure that employees can meet their basic living expenses.

Actions Taken:

- Renovated the office with ergonomic furniture.
- Provided free healthy snacks and beverages.
- Reviewed and adjusted salaries to ensure competitive compensation.

Outcomes:

- Immediate improvement in employee well-being and comfort.
- Reduced complaints about working conditions.

Safety Needs

Next, TechSolutions Inc. focuses on employees' safety needs. They implement comprehensive health and safety protocols, offer job security through long-term contracts, and provide health insurance and retirement plans. Regular training on workplace safety and mental health support is also introduced.

Actions Taken:

- Introduced health insurance and retirement benefits.
- Conducted safety training workshops.
- Implemented clear job security policies and long-term contracts.

Outcomes:

- Increased sense of security among employees.
- Lower anxiety about job stability and health issues.

Love and Belonging Needs

To foster a sense of belonging, the company encourages teamwork and collaboration. They organize team-building activities, social events, and create platforms for employees to connect, such as intranet forums and social groups. Managers are trained to be more approachable and supportive.

Actions Taken:

- Regular team-building exercises and social events.
- Creation of interest-based employee groups and forums.
- Management training to improve interpersonal skills.

Outcomes:

- Enhanced camaraderie and teamwork.
- Improved relationships and communication within teams.

Esteem Needs

To address esteem needs, TechSolutions Inc. recognizes and rewards employees' achievements. They introduce an employee recognition program, provide opportunities for career advancement, and offer professional development workshops. Feedback mechanisms are established to ensure employees feel valued and heard.

Actions Taken:

- Launched a recognition program with awards and bonuses.
- Offered career development plans and leadership training.
- Established regular feedback sessions and performance reviews.

Outcomes:

- Increased employee motivation and job satisfaction.
- Higher levels of engagement and productivity.

Self-Actualization Needs

Finally, the company supports employees in achieving self-actualization by encouraging innovation and creativity. They allocate time for personal projects, offer sabbaticals for personal growth, and create a culture that celebrates new ideas and continuous learning.

Actions Taken:

- Provided time and resources for personal and innovative projects.
- Introduced sabbatical programs for personal and professional growth.
- Fostered a culture of continuous learning and idea sharing.

Outcomes:

- Employees feel more fulfilled and engaged in their work.
- Increase in innovative projects and creative solutions.

Conclusion

By systematically addressing each level of Maslow's Hierarchy of Needs, TechSolutions Inc. successfully creates a more supportive and motivating workplace. Employee satisfaction and retention rates improve significantly, leading to enhanced overall productivity and a more positive company culture. This case study demonstrates the practical application of Maslow's theory in a corporate setting, highlighting the importance of addressing employees' needs at every level.

2.9 Answer Key

Multiple Choice Question

1. d) Frequency
2. b) Persistence
3. a) The level of effort put forth
4. b) The choice of a specific goal
5. d) All of the above
6. c) Bodily needs
7. c) Realizing the need for a new phone
8. d) All of the above
9. c) Physiological needs
10. a) Self-actualization
11. c) Social needs
12. c) Desire for excellence and accomplishment
13. c) Desire to influence and control others
14. d) Safety
15. c) Close, friendly relationships

16. a) Maslow's hierarchy of needs

17. c) Physiological needs

18. c) Self-respect and recognition

19. b) The importance and personal relevance of a product to a consumer

20. b) Temporary interest due to specific circumstances

21. b) Long-term interest and engagement with a product or activity

22. b) Affective involvement

23. b) Processing information and knowledge about a product

24. b) Extensive decision-making and information processing

25. a) High personal relevance

2.9 E-Contents

S. No	Topics	E-Content Link	QR Code
1	**Internal Influences**	https://youtu.be/6APJ8JV_waw?si=HL5JNQhcfeuvql6q	
2	**Consumer Needs**	https://youtu.be/Yoy5Kk6k4PU?si=u2ICPrEuMhxFyNka	
3	**Characteristics Of Motivation**	https://youtu.be/fQR7N1qojvQ?si=XiSIMKNh_4vwLj21	
4	**Maslow'S Hierarchy Of Needs**	https://youtu.be/O4ithG_07Q?si=Pos4QAQHgXPbItSl	

| 5 | Mc Clelland'S APA Theory | https://youtu.be/FFlQ6Hf0t0?si=qK8HOH7KJX5n-RzN | |

2.11 Reference

12. "Consumer Behavior" by Leon G. Schiffman and Joseph Wisenblit
13. "Consumer Behavior: Buying, Having, and Being" by Michael R. Solomon
14. "Consumer Behavior: A European Perspective" by Michael R. Solomon, Gary J. Bamossy, Soren T. Askegaard, and Margaret K. Hogg
15. "Consumer Behavior and Marketing Strategy" by J. Paul Peter and Jerry C. Olson
16. "Understanding Consumer Behavior" by J. Paul Peter, Jerry C. Olson, and Kendall E. Roth
17. Leon G Schiffman and Leslie Lazar Kanuk, 'Consumer Behaviour', Prentice-Hall of India, 4th ed. 1991
18. James F Engel, Roger D Blackwell and Paul W Miniard, "Consumer Behaviour" (Dryden Press, 1990)
19. .4Batra, Satish K and Kazmi, S H H, *Consumer Behaviour*, Excel Books, New 365]elhi.
20. Hawkins, D.L & Best, Roger, *Consumer Behaviour – Building Marketing *trategy*,
21. McGraw Hill, In-/dian Edition, New Delhi.
22. Loudon, D.L & Delta Bitta, A.J, *Consumer Behaviour*, Tata McGraw Hill, New Delhi.

UNIT 3 CONSUMER BEHAVIOUR

Consumer Personality- theories of personality- Freudian theory, Jungian theory, Trait theory; Theory of self-images; Role of self-consciousness. Consumer Perception: Perceptual Process- selection, organization & interpretation. Learning & Consumer Involvement: learning theories- classical conditioning, instrumental conditioning, cognitive learning; involvement theory. Consumer Attitudes: Formation of attitudes; functions performed by attitudes; attitude towards advertisement model

Unit Module Structure

- ✓ **Consumer Personality**
- ✓ **Theories of Personality**
- ✓ **Consumer Perception**
- ✓ **Learning Theories**

STAGE-2 Modules sections and Sub-sections structure

Section 3.1	Meaning and Definition	Page No
3.1.1	Consumer Personality	2
3.1.2	Theories of personality Freudian theory, Jungian theory, Trait theory	4
3.1.3	Role of self-consciousness	5
3.1.4	Consumer Perception	6
3.1.5	Perceptual Process- Selection, organizing & Interpretation	**7**
	Summary	
	Check your progress	
3.2.1	Learning Theories	9
3.2.2	Classical Conditioning	10
3.2.3	Instrumental Conditioning	12

Unit Objectives

- ✓ To learn about Consumer Personality
- ✓ To study about theories of Personality
- ✓ To identify the consumer Perception
- ✓ To know about Learning Theories

SECTION 3.1 CONSUMER PERSONALITY

INTRODUCTION

Personality, in the context of consumer behavior, refers to an individual's unique set of characteristics, traits, and patterns of thought, emotion, and behavior that influence their interactions with the marketplace. It encompasses both enduring qualities and situational factors that shape consumer preferences, decision-making processes, and brand choices.

Understanding personality in consumer behavior helps businesses tailor their marketing efforts, create relevant brand experiences, and develop effective communication strategies. By gaining insights into consumers' personalities, businesses can anticipate their needs, wants, and desires, thereby enhancing customer satisfaction and loyalty.

The Big Five Personality Traits

The Big Five Personality Traits, also known as the Five-Factor Model, is a widely accepted framework for understanding personality. These traits include:

Openness to Experience

Individuals high in openness to experience are adventurous, curious, and open-minded. They are more likely to try new products, explore unique experiences, and value novelty and creativity.

Conscientiousness

Conscientious individuals are organized, disciplined, and responsible. They are more likely to engage in thorough research before making a purchase, seek reliability in products, and value durability and quality.

Extraversion

Extraverted individuals are outgoing, sociable, and energetic. They are more likely to make purchases influenced by social factors, seek social validation, and value products that enhance their social image.

Agreeableness

Agreeable individuals are cooperative, empathetic, and trusting. They value products and brands that align with their ethical values, prioritize positive interactions, and seek harmonious relationships.

Neuroticism

Neurotic individuals experience higher levels of negative emotions such as anxiety and stress. They may be more inclined to make impulsive purchases as a means of alleviating negative emotions or seeking comfort.

Freudian Theory

Sigmund Freud's psychoanalytic theory suggests that human behavior is influenced by unconscious memories, thoughts, and urges. The psyche, according to Freud, is composed of three parts:

- **Id**: The source of instinctual drives and the first to develop. It operates based on the pleasure principle, seeking immediate gratification.
- **Ego**: Develops to mediate between the unrealistic id and external reality. It operates on the reality principle, negotiating desires and social norms.
- **Superego**: Represents internalized ideals and provides standards for judgment. It strives for perfection and can lead to feelings of pride or guilt.

Jungian Theory

Carl Jung's analytical psychology extends beyond Freud's concepts, introducing the idea of the collective unconscious.

- **Personal Unconscious**: Similar to Freud's unconscious, it contains forgotten experiences and repressed memories.
- **Collective Unconscious**: A deeper layer shared by all humanity, housing archetypes and universal symbols.
- Archetypes: Innate, universal prototypes for ideas, which may subsequently be used to interpret observations.

Trait Theory

Trait theory in psychology posits that personalities are composed of broad dispositions. It's focused on identifying and measuring these individual personality characteristics. Some of the main trait theories include:

- **Allport's Trait Theory**: Suggests three levels of traits: cardinal, central, and secondary.
- **Eysenck's Three-Dimensional Model**: Proposes three major traits: neuroticism, extraversion, and psychoticism.
- Five-Factor Model: Currently popular, it includes openness, conscientiousness, extraversion, agreeableness, and neuroticism.

The Theory of Self-Images

The theory of self-images, or self-concept, is a fundamental aspect of psychology that deals with how individuals perceive themselves. This concept encompasses several dimensions, including:

- **Self-Image**: Refers to the mental picture one has of oneself, which can be influenced by personal experiences, social interactions, and internalized beliefs. It's how individuals see themselves both physically and in terms of personality traits, skills, and roles in society.

- **Self-Esteem**: Relates to the evaluative aspect of self-concept, which is the value one places on oneself.
- **Self-Ideal**: Represents the ideal self or the person one aspires to be. actions.
- Social Self: This aspect of self-concept develops from interactions with others and reflects how individuals believe they are seen by others.

3.1.3 Role of Self-Consciousness

Self-consciousness plays a significant role in consumer behavior as it influences how individuals perceive themselves and how they believe others perceive them. This self-awareness affects their purchasing decisions in several ways:

- **Product Choice**: Consumers with high self-consciousness are more likely to choose products that reflect their self-image or how they want to be seen by others. For example, an individual who sees themselves as environmentally responsible may prefer eco-friendly products.
- **Brand Selection**: Self-conscious consumers tend to select brands that align with their values and the image they wish to project. Brands that resonate with a consumer's self-concept can foster a stronger emotional connection and loyalty.
- **Social Influence**: Highly self-conscious individuals are often more susceptible to social influence, as they are concerned about the opinions of others. They might be more inclined to follow trends or purchase items endorsed by their peers or influencers[1].
- **Ethical Self-Identity**: Consumers who identify strongly with ethical values may exhibit socially conscious consumer behavior, such as choosing products that are ethically sourced or produced. Their self-consciousness about ethical issues can lead to more environmentally friendly product choices

3.1.4 Consumer Perception

Customer Perception is the impression customers form about a brand based on their interactions and experiences. Advertising, reviews, product quality, and customer service shape it. This perception influences their decisions to engage with a brand. A positive perception can lead to loyalty, referrals, and increased sales,

making it a vital aspect for businesses to manage. By understanding and enhancing customer perception, businesses can build a stronger, more positive brand image, crucial for long-term success and competitive advantage in the marketplace.

Importance of Consumer Perception

Customer Loyalty: When customers have a positive perception of a brand, they're more likely to return and engage with it long-term. Loyalty goes beyond just making repeat purchases; it can lead to customers recommending the brand to others, creating a loyal customer base.

Competitive Advantage: In crowded marketplaces, a positive customer perception can serve as a differentiation factor. Customers choose brands they perceive positively over competitors, even if the offerings are similar.

Brand Equity: Positive perception enhances a brand's value and reputation in the market. It helps build trust and credibility, which are invaluable assets for any brand.

Increased Sales: A good perception encourages customers to buy, increasing sales. It directly reflects customer satisfaction and willingness to continue buying from the brand.

Customer Advocacy: Satisfied customers often become brand advocates. They share their positive experiences with others, providing valuable word-of-mouth marketing which can be more effective and trustworthy compared to other marketing strategies.

3.1.5 Perceptual Process- Selection, organizing & Interpretation

The perceptual process is a complex mechanism through which individuals interpret and understand their environment. This process involves three main stages: selection, organization, and interpretation.

Selection refers to the process by which we focus our attention on certain stimuli in our environment while ignoring others. This selection is influenced by various factors, including:

- **Intensity and Size:** Larger and more intense stimuli are more likely to be noticed. For example, a loud noise or a bright color will capture our attention more readily.
- **Contrast and Novelty:** Stimuli that stand out against a background or are new and unusual are more likely to be selected. A person wearing a unique outfit in a crowd will draw more attention.
- **Motion:** Moving objects are more likely to be noticed than stationary ones.
- **Repetition:** Repeated stimuli are more likely to catch our attention over time.
- **Motivation and Interests:** Our personal interests and current needs can make certain stimuli more noticeable. If you're hungry, you're more likely to notice food-related stimuli.
- **Emotional State:** Our emotions can affect what we notice. If we're anxious, we may be more attuned to potential threats.

Organization involves arranging the selected stimuli into a coherent and recognizable pattern. The brain uses several principles to organize sensory input:

- **Figure-Ground:** This principle helps us distinguish an object (figure) from its surrounding environment (ground). For example, reading text on a page where the text is the figure and the background is the ground.
- **Proximity:** Elements that are close to each other are perceived as a group. For example, words in a sentence are perceived as related because they are close together.
- **Similarity:** Objects that are similar in appearance are perceived as a group. For example, people wearing the same uniform are seen as part of the same team.
- **Continuity:** The brain prefers to perceive continuous, flowing lines rather than disjointed ones. For example, a dotted line is perceived as a single line.
- **Closure:** The mind tends to fill in gaps to create a complete, whole object. For example, a broken circle is still perceived as a circle.

Interpretation is the process of assigning meaning to organized stimuli. This stage is influenced by:

- **Experience and Expectations:** Past experiences shape how we interpret current stimuli. If we've had negative experiences with dogs, we may interpret a barking dog as threatening.
- **Context:** The surrounding environment and situation can influence interpretation. A smile in a friendly context is seen as positive, while in a tense situation, it might be seen as sarcastic.
- **Culture:** Cultural background can affect how we interpret stimuli. Gestures and symbols may have different meanings in different cultures.
- **Emotional State:** Our current emotions can color our interpretation. Happiness may make us view ambiguous stimuli more positively.
- **Perceptual Set:** A predisposition to perceive things in a certain way, influenced by expectations, emotions, and culture. For example, if we expect a meeting to be difficult, we may interpret neutral comments as negative.
- From a marketing perspective, consumer learning is seen by many as the process by which individuals acquire the purchase and consumption knowledge and experience that they apply to future-related behavior
- Consumer learning is a process and continues to evolve and change as information is acquired.

Summary

Consumer personality refers to the unique psychological characteristics that consistently influence the way a person responds to their environment, including their buying behavior. **Freudian Theory**: Sigmund Freud's theory posits that human behavior is driven by unconscious desires and motivations. Carl Jung's theory focuses on archetypes and the collective unconscious. It highlights personality types, such as introverts and extroverts, and identifies universal symbols and themes that resonate across cultures. Self-consciousness is the awareness of oneself, including one's traits, behaviors, and appearance. It plays a significant role in consumer behavior, as individuals with high self-consciousness may be more concerned with how they are perceived by others and, therefore, more influenced by products that enhance their social image. Consumer perception involves how individuals interpret and make sense of information and stimuli from their environment.

MCQ

1. **According to Freudian theory, which part of the personality acts as the mediator between the id and the superego?**

   a) Id
   b) Ego
   c) Superego
   d) Conscious

2. **Which of the following is a concept introduced by Jungian theory?**

   a) Psychosexual stages

   b) Collective unconscious

   c) Operant conditioning

   d) Self-actualization

3. **The collective unconscious, according to Jung, is:**

   a) Unique to each individual

   b) Shared by all humans

   c) Developed in adulthood

   d) None of the above

4. **Trait theory in personality psychology primarily deals with:**

   a) Unconscious motives

   b) Observable behaviors

   c) Consistent patterns of behavior

   d) Developmental stages

5. **Which of the following is NOT considered a major trait in trait theory?**

   a) Conscientiousness

   b) Extraversion

   c) Repression

d) Agreeableness

6. **The theory of self-images focuses on:**

   a) How others perceive us

   b) How we perceive ourselves

   c) Our social status

   d) Our financial success

7. **Self-consciousness in consumer behavior is related to:**

   a) Awareness of product features

   b) Awareness of one's self and how one is seen by others

   c) Awareness of market trends

   d) Awareness of brand popularity

3.2.1 Learning Theories

Learning theories in organizational behavior are essential for understanding how individuals acquire knowledge, skills, and behaviors that contribute to organizational effectiveness. Several key theories provide insights into this process:

Behaviorism: This theory, is primarily associated with B.F. Skinner focuses on observable behaviors and the effects of external stimuli on behavior. In an organizational context, reinforcement and punishment are used to shape employees' behaviors. Positive reinforcement (rewards) for desired behaviors and negative reinforcement or punishment for undesired behaviors are common strategies.

Social Learning Theory: Proposed by Albert Bandura, this theory emphasizes the role of observation and imitation in learning. Employees learn not only through direct experience but also by observing others. Role models, mentors,

and leaders play a crucial role in shaping behaviors through their actions and the consequences that follow.

Cognitive Learning Theory: This approach focuses on the internal processes involved in learning, such as thinking, memory, and problem-solving. It suggests that employees actively process information and that their cognitive development can be enhanced through training programs, simulations, and opportunities for reflective thinking.

Experiential Learning Theory: Developed by David Kolb, this theory posits that learning is a cyclical process involving four stages: concrete experience, reflective observation, abstract conceptualization, and active experimentation. In organizations, this model encourages hands-on experiences, reflective practices, and the application of new ideas to solve real-world problems.

Constructivist Theory: Rooted in the work of Jean Piaget and Lev Vygotsky, this theory argues that individuals construct knowledge through interactions with their environment and others. In the workplace, this translates to collaborative learning, where employees engage in team-based projects and knowledge-sharing activities.

Adult Learning Theory (Andragogy): Malcolm Knowles' theory focuses on how adults learn differently from children. Key principles include the need for self-direction, the relevance of learning to real-life situations, and the importance of drawing on past experiences. Organizations can enhance learning by providing practical, problem-oriented training that allows employees to take responsibility for their development.

Classical Conditioning
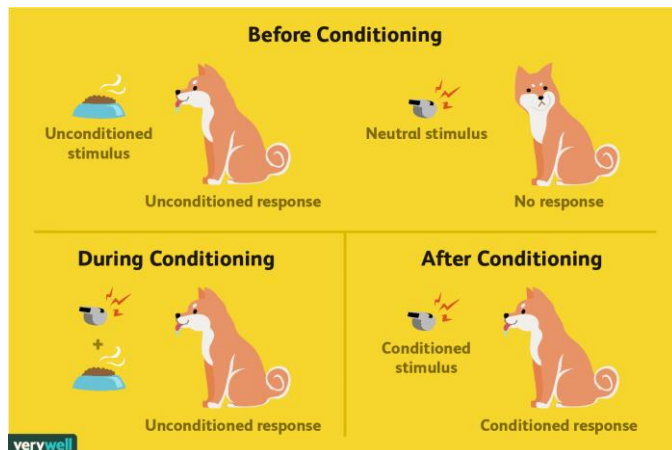
Classical conditioning theory, developed by Ivan Pavlov, is a fundamental psychological concept that explains how a neutral stimulus can become associated with a meaningful stimulus, leading to a learned response. This theory is pivotal in understanding how certain behaviors are acquired through association.

Key Concepts of Classical Conditioning

1. **Unconditioned Stimulus (UCS)**: A stimulus that naturally and automatically triggers a response without any prior learning. For example, food is an unconditioned stimulus that elicits salivation in dogs.

2. **Unconditioned Response (UR)**: The unlearned response that occurs naturally in reaction to the unconditioned stimulus. In Pavlov's experiments, salivation in response to food is the unconditioned response.

3. **Neutral Stimulus (NS)**: A stimulus that initially produces no specific response other than focusing attention. Before conditioning, the bell in Pavlov's experiment was a neutral stimulus.

4. **Conditioned Stimulus (CS)**: A previously neutral stimulus that, after becoming associated with the unconditioned stimulus, eventually triggers a conditioned response. In Pavlov's study, the bell became the conditioned stimulus after being paired with food.

5. **Conditioned Response (CR)**: The learned response to the previously neutral stimulus. After conditioning, the dogs in Pavlov's experiment salivated in response to the bell, which is the conditioned response.

Process of Classical Conditioning

1. **Before Conditioning**:
   - UCS (food) -> UR (salivation)
   - NS (bell) -> No specific response
2. **During Conditioning**:
   - NS (bell) is repeatedly paired with UCS (food)
   - Eventually, the NS (bell) begins to elicit the same response as the UCS.
3. **After Conditioning**:
   - CS (bell) -> CR (salivation)

Principles of Classical Conditioning

1. **Acquisition**: The initial stage of learning when a response is first established. During this phase, the neutral stimulus is repeatedly paired with the unconditioned stimulus.
2. **Extinction**: The diminishing of a conditioned response. If the conditioned stimulus (bell) is repeatedly presented without the unconditioned stimulus (food), the conditioned response (salivation) will eventually fade.
3. **Spontaneous Recovery**: The reappearance of a conditioned response after a period of rest and with no further conditioning. This indicates that extinction does not completely erase the learned association.
4. **Generalization**: The tendency for stimuli similar to the conditioned stimulus to elicit similar responses. For example, a dog conditioned to the sound of a bell might also respond to similar sounds.
5. **Discrimination**: The learned ability to distinguish between a conditioned stimulus and other stimuli that do not signal an unconditioned stimulus. For instance, a dog might learn to respond only to a specific bell tone and not to other tones.

Applications of Classical Conditioning

1. **Phobias and Therapy**: Classical conditioning can explain the development of phobias, where a neutral stimulus becomes associated with a frightening event. Therapists use techniques like systematic desensitization to break these associations.
2. **Advertising**: Marketers use classical conditioning to create positive associations with products. Pairing a product with pleasant imagery or music can condition consumers to feel positive emotions towards the product.

3. **Education**: Teachers can use classical conditioning to create a positive learning environment. For example, praise (UCS) paired with academic success (NS) can lead to students associating learning (CS) with positive feelings (CR).

3.2.3 Instrumental Learning Theory

Instrumental learning theory, also known as operant conditioning, was developed by B.F. Skinner and focuses on how behaviors are influenced by their consequences. Unlike classical conditioning, which associates two stimuli, operant conditioning associates behaviors with rewards or punishments, which either strengthen or weaken those behaviors.

Key Concepts of Instrumental Learning Theory

1. **Reinforcement**: Any event that strengthens or increases the likelihood of a behavior. Reinforcement can be positive or negative.

   Positive Reinforcement: Adding a rewarding stimulus after a behavior, which increases the likelihood of the behavior being repeated. For example, giving a dog a treat for sitting.

   Negative Reinforcement: Removing an aversive stimulus after a behavior, increases the likelihood of the behavior being repeated. For example, turning off a loud alarm when a person fastens their seatbelt.

2. **Punishment**: Any event that weakens or decreases the likelihood of a behavior. Punishment can also be positive or negative.

   Positive Punishment: Adding an aversive stimulus after a behavior, decreases the likelihood of the behavior being repeated. For example, adding extra chores for misbehavior.

   Negative Punishment: Removing a rewarding stimulus after a behavior, which decreases the likelihood of the behavior being repeated. For example, taking away a child's toy for bad behavior.

3. **Schedules of Reinforcement**: The timing and frequency of reinforcement affect the strength and rate of the learned behavior. The main schedules include:

Fixed-Ratio Schedule: Reinforcement is given after a fixed number of responses. This often| leads to high response rates with a brief pause after reinforcement.

Variable-Ratio Schedule: Reinforcement is given after an unpredictable number of responses. This leads to high and steady response rates and is highly resistant to extinction (e.g., gambling).

Fixed-Interval Schedule: Reinforcement is given after a fixed amount of time has passed. This often results in a scalloped response pattern, with responses increasing as the time for reinforcement approaches.

Variable-Interval Schedule: Reinforcement is given at unpredictable time intervals, leading to moderate, steady response rates.

Principles of Instrumental Learning

Shaping: Gradually training a behavior by reinforcing successive approximations of the desired behavior. This is often used in animal training and skill acquisition.

Extinction: The weakening and eventual disappearance of a learned behavior when reinforcement is no longer provided. For example, if a rat presses a lever but no longer receives food, it will eventually stop pressing the lever.

Generalization: The tendency for the conditioned behavior to occur in response to stimuli similar to the original conditioned stimulus. For example, a child who receives praise for saying "please" may also say "please" in different contexts.

Discrimination: The learned ability to distinguish between similar stimuli and respond differently based on which ones are followed by reinforcement. For example, a dog might learn to respond only to the sound of its owner's command and not to similar sounds.

Applications of Instrumental Learning Theory

Education: Teachers use positive reinforcement to encourage good behavior and academic performance. For example, giving students praise or rewards for completing homework on time.

Workplace: Employers use reinforcement to increase productivity and morale. For instance, bonuses, promotions, and recognition are forms of positive reinforcement that encourage high performance.

Behavioral Therapy: Therapists use operant conditioning techniques to modify problematic behaviors. This can include reinforcing desirable behaviors and using time-out or response cost (negative punishment) for undesirable behaviors.

Animal Training: Trainers use shaping and reinforcement to teach animals complex behaviors. Positive reinforcement is often used to encourage desired behaviors, while negative reinforcement and punishment can be used to discourage unwanted behaviors.

3.2.4 Cognitive Learning

Cognitive learning theory focuses on the internal processes involved in learning, emphasizing how people understand, think, and remember information. Unlike behaviorist theories, which view learning as a direct response to external stimuli, cognitive learning theory considers the mental activities that go on in the brain when a person processes information. Key figures in cognitive learning include Jean Piaget, Jerome Bruner, and Albert Bandura.

Key Concepts of Cognitive Learning

1. **Cognitive Processes**: These include perception, memory, thinking, problem-solving, and information processing. Cognitive learning theory examines how these processes influence learning.

2. **Schema**: Introduced by Jean Piaget, a schema is a cognitive framework or concept that helps organize and interpret information. Schemas allow individuals to categorize and interpret new information based on existing knowledge.

3. **Assimilation and Accommodation**: These are processes described by Piaget:

   - **Assimilation**: Integrating new information into existing schemas.
   - **Accommodation**: Modifying existing schemas or creating new ones when new information cannot be assimilated.

4. **Constructivism**: This approach, associated with Piaget and Vygotsky, posits that learners actively construct their own understanding and knowledge of the world through experiences and reflecting on those experiences.

5. **Observational Learning**: Proposed by Albert Bandura, this theory emphasizes learning through observing others. It involves attention, retention, reproduction, and motivation, suggesting that people can learn new behaviors by watching others perform them.

6. **Information Processing Model**: This model likens the mind to a computer, describing how information is received, processed, stored, and retrieved. Key components include sensory memory, short-term memory (or working memory), and long-term memory.

Principles of Cognitive Learning

1. **Active Learning**: Learners are active participants in their learning process. They do not passively receive information but actively engage with and process it.

2. **Meaningful Learning**: For learning to be effective, new information must be meaningful and related to what the learner already knows. Connecting new information to existing knowledge facilitates better understanding and retention.

3. **Mental Organization**: Information should be organized in a way that makes sense to the learner. Chunking information and using mnemonic devices can aid in the organization and recall of information.

4. **Self-Regulation**: Learners should be able to plan, monitor, and evaluate their own learning. This involves setting goals, selecting strategies, and assessing progress.

5. **Social Context**: Learning is influenced by social interactions and cultural context. Vygotsky emphasized the role of social interaction and language in cognitive development.

Applications of Cognitive Learning Theory

1. **Education**: Cognitive learning theory informs instructional design, emphasizing the importance of engaging students in active learning, promoting critical thinking, and using techniques like concept mapping and problem-based learning.

2. **Corporate Training**: In workplace training programs, cognitive learning principles are used to design effective training materials and activities that help employees understand and apply new information.

3. **Psychotherapy**: Cognitive-behavioral therapy (CBT) is based on the idea that cognitive processes influence behavior. Therapists work with clients to identify and change negative thought patterns to improve emotional regulation and develop personal coping strategies.

4. **Skill Development**: Cognitive learning theory is used in various fields to teach complex skills, such as in medical training where students learn through simulations and problem-solving exercises.

Example

In a classroom setting, a teacher using cognitive learning theory might encourage students to relate new information to their own experiences (assimilation) and to adjust their existing knowledge structures to accommodate new concepts (accommodation). The teacher might use visual aids, interactive activities, and discussions to help students actively engage with the material and build a deeper understanding.

3.2.5 Involvement Theory

Involvement theory explores the varying levels of consumer engagement with products, services, or ideas, and how these levels of engagement influence their decision-making processes and behaviors. This theory is crucial in marketing and consumer behavior as it helps to understand how and why consumers commit varying degrees of cognitive and emotional resources to different purchasing decisions.

Key Concepts of Involvement Theory

Levels of Involvement:

> **High Involvement**: This occurs when a consumer perceives a product or decision as highly important or personally relevant. High involvement typically involves extensive information search, careful evaluation of alternatives, and consideration of long-term consequences. Examples include buying a car, choosing a university, or selecting a career path.

Low Involvement: This occurs when a consumer perceives a product or decision as less important or not personally relevant. Low involvement often leads to routine or habitual decision-making with minimal effort and low information processing. Examples include purchasing everyday household items like soap or snacks.

Types of Involvement:

Product Involvement: The level of interest a consumer has in a particular product category. High product involvement often leads to brand loyalty and extensive product research.

Situational Involvement: Temporary interest in a product or decision due to situational factors, such as needing a new laptop because the old one broke.

Enduring Involvement: Ongoing interest in a product or decision that persists over time, often due to personal relevance or intrinsic interest, such as a hobby.

Factors Influencing Involvement:

Personal Factors: Individual characteristics like needs, values, interests, and past experiences.

Product Factors: Characteristics of the product itself, including perceived risk, price, and differentiation.

Situational Factors: Contextual elements such as purchase occasion, social visibility, and situational urgency.

Consumer Responses to Involvement

Cognitive Responses: These involve the mental processes of gathering information, evaluating alternatives, and making decisions. Higher involvement leads to more cognitive processing.

Affective Responses: These are emotional reactions and feelings towards a product or decision. High involvement often results in stronger emotional connections and investment.

Applications of Involvement Theory

Marketing Strategies

For high-involvement products, marketers should focus on providing detailed information, highlighting the product's unique features, and building trust through endorsements and reviews.

For low-involvement products, marketers should emphasize convenience, brand recognition, and repetitive advertising to reinforce habitual purchasing.

Advertising

High-involvement advertising might use detailed, informational, and comparative ads that allow consumers to make informed choices.

Low- involvement advertising might rely on catchy jingles, slogans, and visual cues to create brand recall with minimal cognitive effort.

Product Development

Understanding involvement levels can guide product design and development. For high-involvement products, enhancing features and quality can be crucial. For low-involvement products, ease of use and accessibility might be more important.

Customer Relationship Management

- For high-involvement customers, personalized communication and loyalty programs can help build long-term relationships.

- For low-involvement customers, ensuring product availability and consistent quality is key to maintaining habitual purchases.

Example

Consider the purchase of a smartphone (high involvement) versus buying a pack of gum (low involvement). When buying a smartphone, consumers typically research various models, read reviews, compare features, and consider brand reputation. This high-involvement process involves significant cognitive effort and emotional investment. On the other hand, when buying gum, consumers often make quick, habitual decisions based on familiarity with the brand or the immediate appeal of the packaging, involving minimal cognitive processing.

By applying involvement theory, marketers and businesses can tailor their strategies to align with the varying levels of consumer engagement, thereby enhancing marketing effectiveness and improving customer satisfaction.

Summary

Learning theories encompass various psychological frameworks that explain how individuals acquire new behaviors, skills, and knowledge, thereby influencing consumer behavior. Classical conditioning, introduced by Ivan Pavlov, demonstrates how associations between stimuli (like brands and emotions) can lead to conditioned responses (such as brand preference). Instrumental conditioning, proposed by B.F. Skinner, focuses on how behaviors are strengthened or weakened through reinforcement (reward or punishment), shaping consumer habits and choices. Cognitive learning theory, including concepts from Albert Bandura's social learning theory, emphasizes observational learning and the role of mental processes in decision-making, influencing consumer behavior through modeling and vicarious experiences. Involvement theory examines how the level of consumer engagement affects purchasing decisions, varying from routine purchases (low involvement) to significant investments (high involvement), guiding marketers in tailoring strategies to match consumer engagement levels effectively.

MCQ

1. **The process of filtering out irrelevant stimuli is known as:**
   a) Organization
   b) Interpretation
   c) Selection
   d) Perception

2. **Perceptual organization involves:**
   a) Ignoring sensory input
   b) Creating a unified whole from sensory input
   c) Deciding the importance of stimuli
   d) Reacting to stimuli

3. **In the perceptual process, interpretation is influenced by:**
   a) Expectations

b) Cultural background

c) Past experiences

d) All of the above

4. **Which of the following best describes perceptual selectivity?**

   a) The process of assigning meaning to stimuli

   b) The process of filtering out irrelevant information

   c) The process of grouping stimuli into recognizable patterns

   d) The process of retaining sensory information

5. **Which of the following is an example of perceptual organization?**

   a) Noticing a red apple among green apples

   b) Grouping similar shapes together

   c) Understanding a spoken sentence

   d) Ignoring background noise

6. **Classical conditioning involves:**

   a) Learning through rewards and punishments

   b) Associating a neutral stimulus with a meaningful stimulus

   c) Learning through observation

   d) Problem-solving

7. **Instrumental conditioning, also known as operant conditioning, involves:**

   a) Associating two stimuli

   b) Learning through consequences

   c) Cognitive processes

   d) Unconscious drives

8. **Cognitive learning emphasizes:**

   a) Reflexive responses

   b) Mental processes and understanding

   c) Emotional responses

   d) Biological drives

9. **Involvement theory suggests that:**

   a) All consumers have the same level of involvement

   b) Involvement varies depending on the personal relevance of the product

   c) Involvement is only influenced by price

   d) Involvement is not important in consumer behavior

10. **Which of the following is an example of high consumer involvement?**
    a) Buying a pack of gum
    b) Choosing a new car
    c) Purchasing a low-cost item online
    d) Picking a brand of toothpaste

3.3.1 Consumer Attitudes

Consumer attitude may be defined as a feeling of favorableness or unfavorableness that an individual has towards an object. As we, all know that an individual with a positive attitude is more likely to buy a product and this results in the possibility of liking or disliking a product.

- Consumer attitude basically comprises of beliefs towards, feelings towards and behavioral intentions towards some objects.
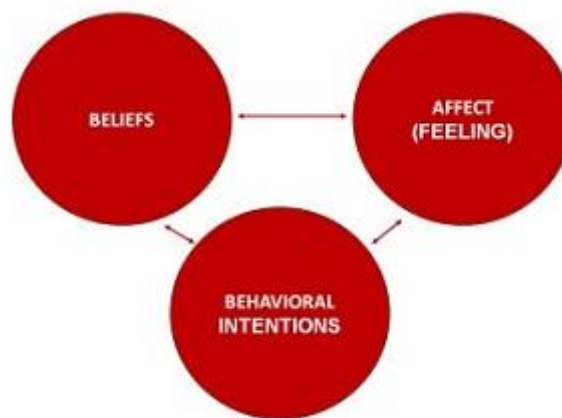
- **Belief** plays a vital role for consumers because, it can be either positive or negative towards an object. For example, some may say tea is good and relieves tension, others may say too much of tea is not good for health. Human beliefs are not accurate and can change according to situations.
- Consumers have certain specific **feelings** towards some products or brands. Sometimes these feelings are based on certain beliefs and sometimes they are not. For example, an individual feels uneasy when he thinks about cheese burst pizza, because of the tremendous amount of cheese or fat it has.

- **Behavioral intentions** show the plans of consumers with respect to the products. This is sometimes a logical result of beliefs or feelings, but not always. For example, an individual personally might not like a restaurant, but may visit it because it is the hangout place for his friends.

Functions of Attitudes

The following are the functions of attitudes

- **Adjustment Function** − Attitudes helps people to adjust to different situations and circumstances.
- **Ego Defensive Function** − Attitudes are formed to protect the ego. We all are bothered about our self-esteem and image so the product boosting our ego is the target of such a kind of attitude.
- **Value Expression Function** − Attitudes usually represent the values the individual possesses. We gain values, through our upbringing and training. Our value system encourages or discourages us from buying certain products. For example, our value system allows or disallows us to purchase products such as cigarettes, alcohol, drugs, etc.
- **Knowledge Function** − Individuals continuously seek knowledge and information. When an individual gets information about a particular product, he creates and modifies his attitude towards that product.

Models of Attitude

The following are the models of attitude

- **Tri-component Model** − According to the tri-component model, attitude consists of the following three components.
- **Cognitive Component** − The first component is the cognitive component. It consists of an individual's knowledge or perception of few products or services through personal experience or related information from various sources. This knowledge usually results in beliefs, which a consumer has, and specific behavior.
- **Affective Component** − The second part is the affective component. This consists of a person's feelings, sentiments, and emotions for a particular

brand or product. They treat them as the primary criteria for evaluation. The state of mind also plays a major role, like sadness, happiness, anger, or stress, which also affects the attitude of a consumer.

- **Conative Component** − The last component is the conative component, which consists of a person's intention or likelihood toward a particular product. It usually means the actual behavior of the person or his intention.

3.3.2 Formation of Attitudes

The formation of attitudes in consumer behavior is a complex process influenced by various factors, including personal experiences, social influences, marketing communications, and psychological mechanisms. Understanding how consumers form attitudes toward products, brands, and services is crucial for marketers aiming to influence purchasing decisions.

Key Components of Attitudes

1. **Cognitive Component**: This involves beliefs and knowledge about a product or service. It includes the information and facts that a consumer has acquired, which shape their perception. For instance, a consumer might believe that a particular brand of car is fuel-efficient and reliable.

2. **Affective Component**: This involves the emotions and feelings associated with a product or service. It reflects the consumer's emotional response, which can be positive or negative. For example, a consumer might feel excited and happy about the prospect of owning a luxury watch.

3. **Behavioral Component**: This involves the actions or intentions to act in a certain way towards a product or service. It reflects the likelihood of the consumer purchasing or recommending the product. For instance, a consumer's intention to buy the same brand of smartphone they previously used due to a positive experience.

Factors Influencing Attitude Formation

1. **Personal Experience**: Direct interaction with a product or service significantly shapes consumer attitudes. Positive experiences can lead to favorable attitudes, while negative experiences can result in unfavorable attitudes.

2. **Social Influence**: Friends, family, peers, and social networks can impact a consumer's attitude. Recommendations, word-of-mouth, and social norms play a crucial role. For example, a consumer might develop a positive attitude towards a brand popular among their peer group.

3. **Marketing Communications**: Advertisements, promotions, and public relations efforts by companies aim to shape consumer attitudes. Effective marketing can create positive associations and enhance brand image. Celebrity endorsements and emotional appeals are common strategies.

4. **Cultural Factors**: Cultural background and societal norms influence consumer attitudes. Cultural values and beliefs can predispose consumers to certain attitudes towards products. For instance, eco-friendly products might be more positively received in cultures that prioritize environmental conservation.

5. **Psychological Factors**: Individual psychological traits, such as motivation, perception, learning, and personality, influence attitude formation. For example, a consumer with a high need for cognition might form attitudes based on detailed information and logical evaluation.

Theories Explaining Attitude Formation

1. **Classical Conditioning**: This theory suggests that attitudes are formed through association. By repeatedly pairing a product with positive stimuli (e.g., pleasant music, attractive visuals), marketers can create positive attitudes towards the product.

2. **Operant Conditioning**: According to this theory, attitudes are formed based on the consequences of behavior. Positive reinforcement (e.g., rewards, discounts) for purchasing a product can lead to positive attitudes, while negative experiences (e.g., poor service) can lead to negative attitudes.

3. **Social Learning Theory**: Proposed by Albert Bandura, this theory emphasizes learning through observation. Consumers can develop attitudes by observing the behaviors and outcomes of others. For example, seeing a friend's positive experience with a product can influence one's own attitude towards it.

4. **Cognitive Dissonance Theory**: This theory, proposed by Leon Festinger, suggests that consumers strive for consistency between their attitudes and behaviors. When there is a discrepancy, they experience discomfort

(dissonance) and are motivated to reduce it by changing their attitudes or behaviors. For instance, if a consumer buys an expensive product, they may develop a more positive attitude towards it to justify their purchase.

Strategies for Influencing Consumer Attitudes

1. **Changing Beliefs**: Marketers can provide new information or evidence to change existing beliefs about a product. For example, highlighting the health benefits of a food product can alter consumers' beliefs about its nutritional value.

2. **Affecting Emotions**: Creating positive emotional responses through advertising, storytelling, and branding can influence consumer attitudes. Emotional appeals, such as humor, nostalgia, or inspiration, can effectively shape attitudes.

3. **Behavioral Change**: Encouraging trial and usage through promotions, free samples, or demonstrations can lead to changes in consumer attitudes. Positive experiences during these trials can result in favorable attitudes.

4. **Consistency and Repetition**: Repeated exposure to a message or brand can reinforce attitudes. Consistent messaging across various marketing channels helps in building strong and enduring attitudes.

3.3.3 Functions Performed By Attitudes

Attitudes serve several critical functions in consumer behavior, helping individuals navigate their environment and make decisions. Understanding these functions can aid marketers in designing strategies that align with consumers' needs and preferences. Here are the primary functions performed by attitudes:

1. Utilitarian Function

The utilitarian function of attitudes is based on the principle of reward and punishment. Consumers develop positive attitudes toward products that provide pleasure or benefits and negative attitudes toward those that do not. This function is closely related to the principle of operant conditioning.

2. Knowledge Function

The knowledge function helps consumers organize and interpret information, providing a sense of order, structure, and meaning. This function is particularly important in complex decision-making processes, where it helps reduce uncertainty.

3. Value-Expressive Function

The value-expressive function of attitudes allows consumers to express their core values, beliefs, and self-concept. This function helps individuals affirm their identity and communicate it to others.

4. Ego-Defensive Function

The ego-defensive function protects the consumer's self-esteem and justifies actions that make them feel better about themselves. This function can help defend against internal feelings of guilt or external threats.

5. Social Adjustment Function

The social adjustment function helps individuals fit in with their social groups and gain approval from others. Consumers often adopt attitudes that are socially acceptable or popular within their peer groups.

Applications in Marketing

1. **Utilitarian Function**

   - **Marketing Strategy**: Highlight the practical benefits and rewards of using the product. Emphasize features that solve problems or improve the consumer's life.
   - **Example**: Advertisements for a smartphone might focus on its long battery life, high-speed performance, and advanced camera features.

2. **Knowledge Function**

   - **Marketing Strategy**: Provide clear and detailed information about the product. Use educational content to help consumers make informed decisions.
   - **Example**: A car manufacturer might create detailed brochures and online content explaining the safety features, fuel efficiency, and technological advancements of their vehicles.

3. **Value-Expressive Function**

   Marketing Strategy: Align the product with the values and beliefs of the target audience. Use branding and messaging that resonate with their identity and lifestyle.

4. **Ego-Defensive Function**

   Marketing Strategy: Address and alleviate consumer anxieties and insecurities. Use messaging that reassures and boosts consumer confidence.

5. **Social Adjustment Function**

   Marketing Strategy: Leverage social proof and endorsements from influencers or celebrities. Create campaigns that highlight the popularity and trendiness of the product.

3.3.4 Attitude Towards Advertisement Model

The Attitude Toward the Advertisement Model (Aad model) is a framework that helps understand how consumers form attitudes toward advertisements and how these attitudes influence their overall attitudes toward the brand and their purchase intentions. This model integrates concepts from psychology and marketing to explain the relationship between an ad's characteristics, the consumer's response to the ad, and subsequent consumer behaviors.

Components of the Aad Model

1. **Ad-Related Affect**: This is the emotional response elicited by the advertisement. Positive feelings (e.g., happiness, excitement) or negative feelings (e.g., annoyance, boredom) generated by the ad significantly influence the consumer's attitude toward the ad (Aad).

2. **Ad-Related Cognition**: This refers to the thoughts and beliefs generated by the advertisement. It includes the consumer's perception of the ad's credibility, informativeness, and relevance. Positive cognitions (e.g., finding the ad informative or believable) contribute to a positive attitude toward the ad.

3. **Attitude Toward the Ad (Aad)**: This is the overall affective evaluation of the advertisement. A positive attitude towards the ad typically leads to a positive evaluation of the brand, while a negative attitude leads to a negative evaluation.

4. **Attitude Toward the Brand (Ab)**: The consumer's overall evaluation of the brand, influenced by their attitude toward the ad. A favorable Aad often translates into a favorable Ab, impacting the consumer's perception of the brand.

5. **Purchase Intention**: This is the consumer's likelihood of buying the product. A positive attitude toward the brand, fostered by a positive attitude toward the ad, increases the likelihood of purchase.

Processes Influencing Aad

1. **Peripheral Route to Persuasion** (Elaboration Likelihood Model, ELM): Under low involvement conditions, consumers may form attitudes toward the ad based on peripheral cues like the attractiveness of the ad, music, or celebrity endorsements rather than the content of the ad itself.

2. **Central Route to Persuasion** (ELM): Under high involvement conditions, consumers are more likely to engage in careful and thoughtful processing of the ad's content. Here, the quality and strength of the arguments presented in the ad play a significant role in forming attitudes.

Factors Affecting Aad

1. **Ad Execution**: Elements such as creativity, production quality, message clarity, and overall aesthetic appeal.

2. **Source Characteristics**: Credibility, attractiveness, and trustworthiness of the spokesperson or endorser.

3. **Message Content**: Informativeness, relevance, emotional appeal, and clarity of the message.

4. **Medium**: The platform or channel through which the ad is delivered, such as TV, online, print, or social media.

5. **Repetition**: Frequency of ad exposure, which can either reinforce positive attitudes or lead to wear-out effects if overdone.

Applications of the Aad Model in Marketing

1. **Ad Design and Strategy**: Marketers can use insights from the Aad model to design ads that elicit positive emotional and cognitive responses. Creative elements, persuasive messages, and appropriate media channels should be carefully selected to enhance Aad.

2. **Brand Building**: By creating ads that generate positive attitudes, marketers can strengthen brand equity. Consistent positive attitudes toward ads lead to more favorable brand perceptions over time.

3. **Measuring Ad Effectiveness**: Companies can assess the effectiveness of their advertising campaigns by measuring consumers' attitudes toward the ad. Surveys and focus groups can provide feedback on emotional and cognitive responses to the ad.

4. **Segmented Marketing**: Understanding that different consumer segments may respond differently to ads, marketers can tailor their advertising

strategies to specific target audiences to maximize positive Aad and, subsequently, Ab and purchase intention.

Summary

Consumer attitudes are formed through a combination of cognitive, affective, and behavioral processes, influenced by personal experiences, social factors, and marketing efforts. Attitudes develop through direct experience with a product or service, social interactions, and exposure to persuasive messages. They serve several functions, including utilitarian (providing rewards or avoiding punishment), value-expressive (expressing core values or self-image), and ego-defensive (protecting self-esteem). The Attitude Towards Advertisement (Affect, Behavior, Cognition) model outlines how consumers respond to advertisements based on these components: affective responses (emotional reactions), behavioral intentions (actions resulting from the ad), and cognitive evaluations (thoughts about the ad's content or message). Marketers utilize this model to gauge the effectiveness of advertising campaigns and to strategically craft messages that resonate with consumers' attitudes, ultimately influencing purchasing decisions and brand loyalty.

Multiple Choice Quiz

1. **Which learning theory involves learning by observing others?**
   a) Classical conditioning
   b) Instrumental conditioning
   c) Cognitive learning
   d) Social learning

2. **Attitudes are formed through:**
   a) Direct experiences
   b) Social interactions
   c) Media influence
   d) All of the above

3. **Which of the following is NOT a function performed by attitudes?**
   a) Knowledge function

b) Utilitarian function

c) Value-expressive function

d) Reflex function

4. **The attitude-toward-the-ad model includes which components?**

    a) Cognitive response

    b) Affective response

    c) Behavioral response

    d) All of the above

5. **What is the primary goal of the knowledge function of attitudes?**

    a) To provide rewards and avoid punishments

    b) To help express central values

    c) To organize and structure information

    d) To build social connections

6. **In the formation of attitudes, what role does the cognitive component play?**

    a) It involves feelings and emotions toward an object

    b) It involves beliefs and knowledge about an object

    c) It involves intentions and behaviors toward an object

    d) It involves social influences

7. **The affective component of an attitude refers to:**

    a) Thoughts and beliefs

    b) Feelings and emotions

    c) Actions and behaviors

    d) Knowledge and information

8. **According to involvement theory, high involvement is typically associated with:**

    a) Low-cost, low-risk purchases

    b) High-cost, high-risk purchases

    c) Routine purchases

    d) Impulse buys

3.4 Unit Summary

Consumer personality is shaped by several key theories. Freudian theory emphasizes unconscious desires driving behavior, with the id, ego, and superego influencing consumption choices. Jungian theory introduces archetypes and the collective unconscious, suggesting that universal symbols affect consumer preferences. Trait theory focuses on specific personality traits, like extroversion and agreeableness, to predict and segment consumer behavior. Additionally, the theory of self-images examines how actual, ideal, and social self-perceptions influence purchasing decisions, while self-consciousness highlights the impact of awareness of others' perceptions on consumption behavior.

Consumer perception involves a three-step process: selection, organization, and interpretation. During selection, consumers focus on certain stimuli while ignoring others based on their motivations and experiences. Organization involves structuring sensory input into meaningful patterns using principles like grouping and figure-ground. Finally, interpretation is the subjective process of assigning meaning to organized stimuli, influenced by individual differences and cultural background. Effective marketing requires capturing attention, structuring information clearly, and ensuring messages align with the target audience's perspectives.

Learning and consumer involvement are crucial in shaping consumer behavior. Classical conditioning associates brands with positive stimuli, creating favorable responses. Instrumental conditioning uses rewards and punishments to influence behavior, while cognitive learning emphasizes mental processes and problem-solving. Involvement theory differentiates between high-involvement purchases, which require extensive information processing, and low-involvement purchases, which rely on heuristics. Consumer attitudes are formed through cognitive, affective, and behavioral components, serving functions like utilitarian, ego-defensive, value-expressive, and knowledge. Attitudes toward advertisements significantly affect brand perceptions and purchase intentions, with effective ads resonating with consumer values and emotions.

2.5 Glossary

S.No	Words	Meaning
1	**Emotional Appeal**	The extent to which the ad evokes emotions.
2	**Utilitarian Function**	Helps maximize rewards and minimize punishments.
3	**Figure-Ground:**	Differentiating an object from its background.
4	**Ideal Self:**	How individuals wish to perceive themselves.
5	**Ego-Defensive Function**	Protects self-esteem and justifies actions.

2.6 Self-Assessment Questions

Short Answer Question

1. What are the main components of Freud's personality structure?
2. Define trait theory and its approach to understanding personality.
3. Describe the stages of the perceptual process
4. How does cognitive learning theory explain consumer behavior?
5. Define consumer involvement and its significance in marketing.
6. How are attitudes formed through direct experiences?
7. Explain how attitudes serve as a reference for decision-making.

Essay Type Question

1. What is the concept of the collective unconscious in Jungian theory?
2. Discuss the Big Five personality traits and their relevance in consumer behavior.
3. What does the theory of self-images propose about consumer behavior?
4. How do selection, organization, and interpretation contribute to consumer perception?
5. How does perceptual organization help consumers make sense of their environment?

6. Explain the process of classical conditioning and its application in marketing.
7. Outline the components of the attitude towards advertisement (AAd) model.

2.8 Case Study

Consumer Attitudes in Consumer Behavior

Background

XYZ Electronics, a leading technology company, launched a new line of smartphones aimed at the youth market. Despite strong features and competitive pricing, initial sales were disappointing. Market research indicated that consumer attitudes towards the brand and its products were a critical factor affecting purchase decisions. To address this, XYZ Electronics conducted a detailed analysis of consumer attitudes and implemented targeted strategies to improve brand perception and drive sales.

Formation of Attitudes

Consumer attitudes towards XYZ Electronics' smartphones were influenced by various factors. Positive attitudes were shaped by perceptions of product quality, design innovation, and brand reputation. Negative attitudes stemmed from concerns over pricing, perceived value for money, and comparisons with competitors offering similar features at lower prices.

Functions Performed by Attitudes

Attitudes served multiple functions for consumers evaluating XYZ Electronics' smartphones. Utilitarian functions focused on practical benefits, such as performance reliability and functionality, influencing purchasing decisions among tech-savvy consumers seeking advanced features. Value-expressive functions were evident among consumers associating the brand with innovation and status, seeking products that align with their personal values and lifestyle. Ego-defensive functions were observed in consumers justifying their preferences based on perceptions of brand superiority or loyalty, protecting their self-image and identity as early adopters of cutting-edge technology.

Attitude Towards Advertisement Model

Using the Attitude Towards Advertisement (Affect, Behavior, Cognition) model, XYZ Electronics evaluated consumer responses to their advertising campaigns. Affective responses highlighted the need to evoke positive emotions like excitement and desire for the latest technology. Behavioral intentions focused on driving store visits and online inquiries through compelling calls-to-action and promotional offers. Cognitive evaluations emphasized the importance of clear messaging about product features, benefits, and competitive advantages to enhance consumer understanding and trust in the brand.

Implementation of Strategies

XYZ Electronics implemented several strategies to address consumer attitudes and improve brand perception:

- **Product Positioning and Pricing**: Adjusted pricing strategies to enhance perceived value while maintaining profitability.
- **Innovative Marketing Campaigns**: Launched creative advertising campaigns emphasizing product features and benefits through engaging storytelling and user testimonials.
- **Enhanced Customer Experience**: Improved customer service and post-purchase support to build trust and loyalty among consumers.

Outcomes

By focusing on consumer attitudes and implementing targeted strategies, XYZ Electronics saw a notable improvement in consumer perceptions and sales performance. Positive feedback from consumers indicated a shift in attitude towards the brand, resulting in increased market share and stronger brand loyalty among tech enthusiasts and the youth demographic.

Conclusion

This case study illustrates the importance of understanding consumer attitudes in influencing purchasing decisions and shaping brand perception. By leveraging insights from attitude formation, functions, and the Attitude Towards Advertisement model, XYZ Electronics successfully repositioned its products in the competitive smartphone market, demonstrating the critical role of consumer attitudes in driving business success and fostering long-term customer relationships.

2.9 Answer Key

Multiple Choice Question

1. b) Ego
2. b) Collective unconscious
3. b) Shared by all humans
4. b) Observable behaviors
5. c) Repression
6. b) How we perceive ourselves
7. b) Awareness of one's self and how one is seen by others
8. c) Selection
9. b) Arranging stimuli into meaningful patterns
10. d) All of the above
11. b) The process of filtering out irrelevant information
12. b) Grouping similar shapes together
13. b) Associating a neutral stimulus with a meaningful stimulus
14. b) Learning through consequences
15. b) Mental processes and understanding
16. b) Involvement varies depending on the personal relevance of the product
17. b) Choosing a new car
18. d) Social learning
19. d) All of the above
20. d) Reflex function
21. d) All of the above
22. c) To organize and structure information
23. b) It involves beliefs and knowledge about an object
24. b) Feelings and emotions
25. b) High-cost, high-risk purchases

2.10 E-Contents

S. No	Topics	E-Content Link	QR Code
1	**Consumer Personality**	https://www.youtube.com/live/ugH_W2Wzj80?si=H5mHVGbJVmdT3ryI	
2	**Freudian Theory**	https://youtu.be/7vFf5CS27-Y?si=UXrYPReXnJA12t-K	
3	**Jungian Theory**	https://youtu.be/bP37RUJOzxI?si=K41s2C1Wi6YGMk2Y	
4	**Trait Theory**	https://youtu.be/Hxk6GCKUiZI?si=Ux-ADFK6BdQNN6fW	
5	**Consumer Perceptual Process**	https://youtu.be/iMcgu15MHVI?si=W5qzlnwWzmUwcvG-	
6	**Learning Theories**	https://youtu.be/59I5IitGiNM?si=fgGguOHwRnDsmUlG	
7	**Consumer Attitude**	https://youtu.be/nICQnbGQHYE?si=M8TGHBK3D-W-Cqdu	

2.11 REFERENCE

23. "Consumer Behavior" by Leon G. Schiffman and Joseph Wisenblit

24. "Consumer Behavior: Buying, Having, and Being" by Michael R. Solomon

25. "Consumer Behavior: A European Perspective" by Michael R. Solomon, Gary J. Bamossy, Soren T. Askegaard, and Margaret K. Hogg

26. "Consumer Behavior and Marketing Strategy" by J. Paul Peter and Jerry C. Olson

27. "Understanding Consumer Behavior" by J. Paul Peter, Jerry C. Olson, and Kendall E. Roth

28. Leon G Schiffman and Leslie Lazar Kanuk, 'Consumer Behaviour', Prentice-Hall of India, 4th ed. 1991

29. James F Engel, Roger D Blackwell and Paul W Miniard, "Consumer Behaviour" (Dryden Press, 1990)

30. Batra, Satish K and Kazmi, S H H, *Consumer Behaviour*, Excel Books, New Delhi.

31. Hawkins, D.L & Best, Roger, *Consumer Behaviour – Building Marketing Strategy*,

32. McGraw Hill, Indian Edition, New Delhi.

33. Loudon, D.L & Delta Bitta, A.J, *Consumer Behaviour*, Tata McGraw Hill, New Delhi.

UNIT 4 CONSUMER BEHAVIOUR

External Influences on Consumer Behavior Group Dynamics & consumer reference groups Different types of reference groups; Family & Consumer Behavior Consumer socialization process; consumer roles within a family; purchase influences and role played by children; family life cycle. Social Class & Consumer Behavior Determinants of social class; introduction to sub-cultural & cross-cultural influences. Opinion Leadership Process.

Unit Module Structure

- ✓ **External Influences on Consumer Behaviour**
- ✓ **Consumer Socialization**
- ✓ **Social Class & Consumer Behaviour**
- ✓ **Sub-Cultural & Cross-cultural**

STAGE-2 Modules sections and Sub-sections structure

Section4.1	Meaning and Definition	Page No
4.1.1	External Influences on Consumer Behavior	2
4.1.2	Group Dynamics & Consumer Reference Groups	3
4.1.3	Different Types of Reference Groups	4
4.1.4	Family & Consumer Behavior	5
	Summary	
	Check Your Progress	
4.2.1	Consumer Socialization Process	7
4.2.2	Consumer Roles within a Family	7
4.2.3	Purchase Influences and Role Played By Children	8
4.2.4	Family Life Cycle	9
	Summary	
	Check Your Progress	
4.3.1	Social Class & Consumer Behavior	10

Unit Objectives

- ✓ To Understand about External Influences on Consumer Behaviour
- ✓ To know Consumer Socialization
- ✓ To learn about Social Class & Consumer Behaviour
- ✓ To identify Sub-Cultural & Cross-cultural

4.1 External Influences on Consumer Behavior

INTRODUCTION

External factors play a significant role in shaping consumer behavior. Let's delve into some of these influential external factors

1. **Market Economy** Economic conditions, such as market stability, inflation rates, and overall financial health, impact consumer behavior. For instance, during economic contractions, consumers may adjust their spending patterns, affecting their consumption budget. Income levels, credit availability, and interest rates also play a crucial role in determining consumer choices.

2. **Culture and Social Values** Cultural norms, traditions, and societal values significantly influence consumer perceptions and attitudes. Different cultures have varying preferences, taboos, and expectations related to products and services. Understanding cultural nuances helps marketers tailor their strategies effectively.

3. **Social Class** Consumers' social class affects their buying behavior. Social class encompasses factors like income, education, occupation, and lifestyle. People from different social classes have distinct consumption patterns and preferences. Marketers often segment their target audience based on social class to create relevant marketing messages.

4. **Reference Groups** These are the people or groups that individuals associate with or aspire to be like. Reference groups influence consumer choices by providing social validation, setting norms, and shaping preferences. For example, peer groups, celebrities, and online communities impact what consumers buy and how they perceive products.

5. **Family Influences** Families play a pivotal role in shaping consumer behavior. Family members influence each other's choices, preferences, and brand loyalty. Decisions related to household purchases, vacations, and lifestyle are often influenced by family dynamics.

6. **Corporate Policies** Companies' policies, marketing strategies, and brand reputation impact consumer behavior. Ethical practices, transparency, and corporate social responsibility (CSR) influence consumers' trust and loyalty. Brands that align with consumers' values tend to attract more favorable responses.

Consumer behavior is significantly shaped by various external influences, which encompass factors outside the individual that impact their purchasing decisions and consumption patterns. Understanding these influences helps marketers develop effective strategies to meet consumer needs and preferences. Here are the key external influences on consumer behavior in detail:

1. Cultural Influences

A. Culture

Culture encompasses the shared values, beliefs, customs, and behaviors of a group of people. It shapes consumer perceptions, attitudes, and behaviors.

Cultural norms dictate what is considered appropriate or desirable, influencing everything from clothing choices to food preferences.

B. **Subcultures**

Within a larger culture, there are subcultures based on ethnicity, religion, geography, or shared interests. Subcultures have unique values and consumption patterns. For instance, dietary habits may vary significantly across different ethnic groups, affecting food product choices.

C**. Social Class**

Social class, determined by factors like income, education, and occupation, influences access to resources and consumption patterns. Higher social classes may prioritize luxury and status-symbol products, while lower social classes may focus on essential and affordable items.

2. Social Influences

A. **Family**

Family members play a crucial role in shaping consumer behavior, particularly in joint decision-making contexts. Family influence is evident in decisions about household products, education, and healthcare. Different family roles (e.g., influencers, decision-makers, buyers, and users) impact purchasing behavior.

B. **Reference Groups**

Reference groups, such as friends, colleagues, or social clubs, influence consumer choices through peer pressure and social norms. These groups provide benchmarks and comparisons, affecting attitudes and behaviors. For example, young adults may be influenced by their peer group when choosing fashion brands or tech gadgets.

C. **Opinion Leaders**

Opinion leaders are individuals who, due to their expertise, knowledge, or social standing, can influence others' attitudes and behaviors. They are often seen in roles such as celebrities, influencers, or industry experts. Consumers look to

opinion leaders for guidance and validation, especially for high-involvement purchases.

Economic Influences

A. Economic Conditions

Overall economic conditions, including inflation, unemployment rates, and economic growth, affect consumer confidence and spending power. During economic downturns, consumers may prioritize essential goods over luxury items, while in times of economic prosperity, discretionary spending increases.

B. Income and Wealth

A consumer's income level directly impacts their purchasing power and lifestyle choices. Higher income allows for greater discretionary spending on luxury goods and services, while lower income necessitates a focus on basic needs and value-for-money products.

C. Price Sensitivity

Consumers' sensitivity to price changes affects their purchasing behavior. Price-conscious consumers are more likely to seek discounts, sales, and value deals, while less price-sensitive consumers may prioritize quality and brand prestige over cost savings.

Technological Influences

A. Technological Advancements

Advancements in technology change how consumers shop and interact with brands. Innovations such as e-commerce, mobile apps, and social media platforms provide new avenues for information search, comparison, and purchasing.

B. Digital and Social Media

The rise of digital and social media has transformed marketing and consumer engagement. Consumers use social media to discover products, read reviews, and seek recommendations. Influencer marketing and user-generated content play significant roles in shaping consumer opinions and behaviors.

C. Information Availability

The internet provides consumers with vast amounts of information, enabling informed decision-making. Online reviews, comparison websites, and forums empower consumers to research products extensively before purchasing, reducing perceived risk and uncertainty.

Marketing and Advertising Influences

A. Advertising

Advertising creates awareness and influences perceptions about products and brands. Effective advertising campaigns highlight benefits, create emotional connections, and persuade consumers to consider or purchase a product.

B. Sales Promotions

Promotions such as discounts, coupons, and special offers can incentivize purchases by providing additional value. Limited-time offers and flash sales create a sense of urgency, encouraging immediate buying decisions.

C. Branding

A strong brand identity fosters trust and loyalty. Branding efforts, including consistent messaging, visual identity, and brand storytelling, shape consumer perceptions and preferences. Brand loyalty can lead to repeat purchases and advocacy.

Environmental Influences

A. Physical Environment

The physical environment, including store layout, ambiance, and location, affects consumer behavior. A well-designed store with a pleasant atmosphere can enhance the shopping experience and encourage longer visits and higher spending.

B. Seasonal Factors

Seasonal changes impact consumer needs and purchasing behavior. For example, demand for certain products like winter clothing, holiday decorations,

and seasonal foods varies with the time of year, influencing marketing and inventory strategies.

Regulatory and Political Influences

A. Government Regulations

Regulations and laws, such as consumer protection laws, product safety standards, and advertising guidelines, shape business practices and influence consumer trust and behavior. Compliance with regulations is essential for maintaining consumer confidence.

B. Political Climate

The political environment, including stability, policies, and trade relations, affects consumer confidence and economic conditions. Political changes can impact taxes, import/export regulations, and market dynamics, influencing consumer spending and behavior.

External influences on consumer behavior are diverse and multifaceted, encompassing cultural, social, economic, technological, marketing, environmental, and regulatory factors. Understanding these influences helps marketers develop strategies that align with consumer needs and preferences, ultimately enhancing customer satisfaction and loyalty. By recognizing and responding to these external factors, businesses can effectively influence consumer decisions and build strong, lasting relationships with their target audience.

In summary, external factors such as culture, social values, economic conditions, and corporate practices collectively shape consumer perceptions, attitudes, and behavior. Marketers must consider these influences when designing effective marketing strategies.

4.1.2 Group Dynamics in Consumer Behavior

Group dynamics refers to how individuals form groups and how one person's actions influence others within that group. In the context of consumer behavior,

understanding group dynamics is crucial for marketers. Group dynamics and consumer reference groups play significant roles in influencing consumer behavior, shaping perceptions, preferences, and purchasing decisions. Understanding these dynamics is crucial for marketers seeking to effectively target and influence consumer groups. Here's a detailed exploration:

Group Dynamics

Group dynamics refer to the interactions and relationships among individuals within a group. These dynamics influence how individuals behave, make decisions, and form opinions. Key aspects of group dynamics include:

1. **Social Influence**: Groups exert social influence through norms, roles, and expectations. Conformity to group norms guides behavior and shapes consumer preferences. Individuals may adjust their attitudes or purchasing decisions to align with group standards.

2. **Group Cohesion**: The degree of unity and connection among group members affects the strength of influence. Strongly cohesive groups, such as close-knit families or loyal friend circles, have more significant impacts on consumer behavior.

3. **Leadership and Influence**: Leaders within a group, whether formal or informal, can sway opinions and decisions. Opinion leaders within reference groups are particularly influential, as their expertise or social standing commands respect and trust.

4. **Group Decision Making**: Group decisions may involve consensus-building, negotiation, or compromise. In consumer contexts, group decisions can influence product choices, brand preferences, and purchasing behaviors.

5. **Group Identity**: Group membership contributes to individual identity. Consumers often seek products or brands that reflect their group affiliations, enhancing social identity and belongingness.

Consumer Reference Groups

Consumer reference groups are groups that individuals use as benchmarks for evaluating their own beliefs, attitudes, and behaviors. These groups provide social comparison and influence consumer decisions in several ways:

1. **Types of Reference Groups**:
    - **Direct Reference Groups**: Include family, friends, colleagues, and peers who have direct influence on consumer choices.

- o **Aspirational Reference Groups**: Consist of individuals or groups that consumers admire and aspire to emulate.
- o **Dissociative Reference Groups**: Represent individuals or groups whose values or behaviors consumers reject or wish to distance themselves from.

2. **Influence Mechanisms**:
   - o **Normative Influence**: Consumers conform to group norms and expectations to gain acceptance or avoid rejection. For example, teenagers may adopt fashion trends endorsed by their peer groups.
   - o **Informational Influence**: Consumers seek information, advice, or recommendations from reference groups to make informed decisions. Expert opinions and peer reviews influence perceptions of product quality and suitability.
   - o **Value-Expressive Influence**: Consumers align their choices with group values and beliefs that resonate with their own identities and aspirations.

3. **Impact on Consumer Behavior**:
   - o **Product and Brand Choices**: Reference groups influence product preferences and brand loyalty. Recommendations and endorsements from trusted groups can sway purchase decisions.
   - o **Purchase Decisions**: Consumers may prioritize products or brands that enhance their status within reference groups or signify membership.
   - o **Consumer Engagement**: Group dynamics foster consumer engagement through shared experiences, discussions, and collective behaviors on social media platforms.

Marketing Implications

Understanding group dynamics and consumer reference groups enables marketers to leverage social influence and effectively target consumer segments:

- **Segmentation**: Segmenting consumers based on reference group affiliations helps tailor marketing strategies to resonate with group norms and values.
- **Influencer Marketing**: Partnering with opinion leaders and influencers within consumer reference groups amplifies brand messages and enhances credibility.

- **Social Proof**: Highlighting endorsements and testimonials from reference groups reinforces brand authenticity and trustworthiness.
- **Community Engagement**: Building communities around shared interests or values cultivates brand advocacy and fosters meaningful relationships with consumers.

Group dynamics and consumer reference groups are integral to consumer behavior, shaping attitudes, preferences, and purchasing decisions. Marketers who understand these dynamics can effectively influence consumer perceptions and behaviors, fostering brand loyalty and engagement within diverse consumer groups.

Types of Groups
- **Primary Group** These are groups with which an individual interacts regularly. Examples include family members, close friends, and colleagues. Primary groups serve as a reference point for self-assessment and influence an individual's beliefs and behaviors.
- **Secondary Group** These groups involve occasional interactions or interactions with less personal significance. Secondary groups may include professional associations, social clubs, or online communities.

Formal vs. Informal Groups
- **Formal Groups** These have a well-defined structure, specific roles, and authority levels. For instance, an organization's employees form a formal group.
- **Informal Groups** These lack a rigid structure and may emerge spontaneously. Informal groups often share common interests or affiliations.

Importance in Marketing
- Reference groups significantly impact people's opinions, attitudes, and decisions.
- Marketers use reference groups to understand customer needs, expectations, and standards.
- By studying reference groups, businesses can refine their targeting strategies and tailor marketing efforts effectively.

4.1.3 Consumer Reference Groups

A **reference group** is a social entity whose opinions, preferences, attitudes, values, and beliefs serve as a benchmark for other individuals or groups. Here's why reference groups matter

Role of Reference Groups

- o Individuals compare themselves to reference groups to evaluate their sociological attributes and nature.
- o Reference groups influence self-worth, opinions, and purchase decisions.
- o They act as role models, shaping consumer choices and behaviors.

Example

- o Imagine a person in the US earning $80,000 annually.
- o If they compare themselves to a group with lower income, they might perceive themselves as affluent.
- o However, if their reference group consists of millionaires, they may feel comparatively poorer.

Marketing Implications

- o Marketers must understand reference groups relevant to their target audience.
- o Reference groups guide product preferences, brand loyalty, and consumption patterns.
- o Leveraging reference groups helps create effective marketing strategies.

The different types of reference groups in consumer behavior. These groups significantly influence individuals' opinions, attitudes, and decisions. Here are the main categories:

Primary Reference Group

Comprises close relationships such as family, friends, and colleagues. These groups have regular, direct interactions with individuals, significantly shaping their consumer behavior.

Secondary Reference Group

Involves occasional interactions or interactions with less personal significance. Examples include professional associations, social clubs, or online communities.

Membership Reference Group

Individuals aspire to be part of these groups. Membership groups directly influence a person's attitude, behavior, and beliefs. Examples include clubs, organizations, and social circles.

Aspirational Reference Group

These are the groups that individuals aspire to join. Aspirational groups serve as role models, influencing preferences and choices. Examples include celebrities, successful entrepreneurs, and influencers.

Dissociative Reference Group

Represents groups that individuals do not want to be associated with. People avoid aligning themselves with these groups due to negative connotations. Examples might include criminal organizations or extremist groups.

The family unit significantly influences individuals' attitudes, values, and consumption patterns. Here are some key aspects

Family as a Consumption Unit

- o Consumer behavior analysts often address the family as a **consumption unit** because families make **group purchasing decisions** and shape their consumption behavior.
- o Families are involved in consumer decisions that involve more than one person.
- o <u>Their choices are driven by the belief that it will maximize the welfare of their members</u>.

Family Influence on Consumer Behavior

- o A family is an essential element that affects the consumption and disposal of products by an individual.

Key factors include

- ▪ **Family Structure** Understanding the family composition, roles, and dynamics.

- **Buying Patterns** Recognizing the roles played by family members during purchase decisions.
- **Life Cycle Stages** Considering the position of a family member in the family life cycle.

Buying Roles of a Family

- Various roles come into play during purchase decisions
  - **Influencer** Provides information about products or services to other family members.
  - **Gate Keeper** Controls the flow of information.
  - **Decider** Holds the power to select products.
  - **Buyer** Makes the actual purchase.
  - **User** Consumes the product or service.
  - **Maintainer** Ensures product satisfaction.
  - **Disposer** Handles product disposal[2].

Family Dynamics

The buying behavior of a family depends on the **relationship dynamics** between family members. Husband-wife interactions significantly influence decisions

- **Wife Dominant Decisions** Examples include grocery, food, and home decoration.
- **Husband Dominant Decisions** Such as phone, cars, and insurance.
- **Joint Decisions** E.g., vacations and choosing schools for children.
- **Autonomic or Unilateral Decisions** For items like milk and newspapers.

Family plays a crucial role in influencing consumer behavior across various dimensions. Understanding the dynamics within family units provides valuable insights into how individuals make purchasing decisions, form preferences, and develop consumption habits. Here's an exploration of the relationship between family and consumer behavior:

Family as a Primary Socialization Agent

Families are the primary socialization agents where individuals learn values, norms, and behaviors related to consumption. Children acquire their initial attitudes towards brands, products, and shopping experiences from family members. Parental guidance and role modeling significantly influence consumer preferences and decision-making processes later in life.

Influence on Purchase Decisions

Family members often collaborate on purchase decisions, especially for significant expenditures and household items. Decision-making roles within families can vary, with influencers, decision-makers, buyers, and users contributing based on their expertise, preferences, and financial roles. For instance, parents may make decisions on educational expenses, while children may influence choices regarding entertainment and technology products.

Transmission of Cultural and Social Values

Families transmit cultural and social values that shape consumer behavior. Cultural norms regarding gift-giving, celebrations, and rituals influence spending patterns and brand choices. Social values related to sustainability, health consciousness, or ethical consumption are often instilled within family contexts, impacting purchase decisions that align with these values.

Financial Socialization and Budgeting

Financial socialization within families teaches individuals about budgeting, saving, and responsible spending habits. Children learn about financial constraints, prioritization of needs versus wants, and the value of money through parental guidance. These lessons shape consumer behaviors, influencing choices around savings, investment, and discretionary spending.

Inter-Generational Influences

Consumer behavior within families spans multiple generations, with older family members passing down traditions, preferences, and brand loyalties to younger generations. Respect for heritage brands, traditional products, and cultural practices often persists across family lines, influencing consumer choices over time.

Role of Family Structure and Dynamics

Family structure, including size, composition, and dynamics, impacts consumer behavior. Nuclear families, extended families, single-parent households, and blended families each have distinct consumption patterns and decision-making processes. Family roles, such as breadwinners, caregivers, or decision-makers, influence purchasing behaviors based on responsibilities and priorities within the household.

Influence on Health and Well-being

Families play a critical role in promoting health-conscious behaviors and well-being through food choices, lifestyle decisions, and healthcare preferences. Dietary habits, exercise routines, and attitudes towards preventive care are shaped within family environments, impacting consumer choices related to nutrition, fitness products, and healthcare services.

Challenges and Opportunities for Marketers

Understanding family dynamics provides marketers with opportunities to tailor strategies that resonate with familial values, priorities, and decision-making processes. Family-oriented marketing campaigns, promotions targeting specific family roles, and products designed for shared use or family activities can enhance consumer engagement and brand loyalty.

Family is a fundamental influence on consumer behavior, shaping attitudes, preferences, and purchasing decisions across generations. Marketers who recognize the pivotal role of family dynamics can develop strategies that effectively resonate with familial values and aspirations, fostering meaningful connections with consumers within diverse family units.

Summary

External influences on consumer behavior encompass a wide array of factors outside individuals that shape their purchasing decisions and consumption patterns. These influences include cultural, social, economic, technological, marketing, environmental, and regulatory factors. Group dynamics and consumer reference

groups play pivotal roles in influencing consumer behavior by shaping perceptions, preferences, and purchasing decisions. Families exert significant influence on consumer behavior through socialization, decision-making processes, cultural transmission, and financial upbringing.

Multiple Choice Quiz

1. Which of the following is NOT a type of reference group?

    a) Aspirational group

    b) Dissociative group

    c) Accidental group

    d) Membership group

2. A reference group that a consumer aspires to join is known as

    a) Membership group

    b) Dissociative group

    c) Aspirational group

    d) Primary group

3. Which type of reference group involves those with whom the consumer has regular, face-to-face interaction?

    a) Primary group

    b) Secondary group

    c) Aspirational group

    d) Dissociative group

4. An individual avoids behaviors and attitudes of which type of reference group?

    a) Primary group

    b) Secondary group

    c) Aspirational group

    d) Dissociative group

5. The consumer socialization process primarily refers to

    a) Learning how to behave as a consumer from parents and family

    b) Socializing with friends in a shopping context

    c) Developing consumer habits through media exposure

    d) Learning consumer behavior in educational institutions

6. Which family member typically plays the role of the gatekeeper in family purchasing decisions?

      a) The eldest child

      b) The father

      c) The mother

      d) The youngest child

7. During which stage of the family life cycle are couples most likely to purchase furniture and household items?

      a) Young singles

      b) Newly married

      c) Full nest I

      d) Empty nest

4.2.1 The Consumer Socialization Process

The process, which is the way young people acquire skills, knowledge, and attitudes relevant to their functioning as consumers in the marketplace1. This process doesn't only occur during childhood and adolescence; it continues into adulthood as well. They are

Family Influence

Families play a significant role in shaping consumer behavior. Parents, especially mothers, have the most influence in consumer development. They teach consumer behavior through observation, direct discussions, and parental supervision.

Parenting style also matters; smooth communication and obedience impact consumer socialization.

Peers

As children grow, they rely more on peers, such as friends and classmates, to develop their consumer behavior. Peer groups influence preferences, choices, and social norms related to consumption.

Mass Media and Advertising

Television, internet, and social media are crucial socialization agents.

Children learn from observation and develop consumer role perceptions by viewing advertisements and lifestyle portrayals in media.

School and Education

Formal education provides individuals with critical thinking skills and consumer knowledge. Schools emphasize the importance of economic wisdom and understanding consumer behavior.

Cultural and Social Factors

Culture, gender, race, and social class also influence consumer socialization. Understanding how these factors play a role helps marketers tailor their strategies effectively.

4.2.2 Consumer Roles within a Family

Consumer roles within a family are defined by the distinct responsibilities, influences, and decision-making processes that individuals assume based on their relationships and contributions within the household. Understanding these roles is essential for marketers seeking to effectively target and engage with family units. Here's an exploration of consumer roles within a family context:

1. Decision-Making Roles

Family members often play specific roles in decision-making processes related to purchases and consumption. These roles can vary based on factors such as expertise, preferences, financial contributions, and household responsibilities. For example, parents typically hold primary decision-making authority for larger expenditures such as housing, education, and healthcare, while children may have influence over purchases related to entertainment or personal items.

2. Influencers and Opinion Leaders

Within a family, certain individuals may serve as influencers or opinion leaders whose preferences and recommendations hold sway over others. This role is often attributed to parents or older siblings who guide purchasing decisions by sharing their knowledge, experiences, and preferences. Influencers can significantly impact brand choices, product preferences, and consumption patterns among family members.

3. Purchasers and Consumers

Distinct roles exist between those who make purchasing decisions (buyers) and those who use or consume the products (consumers) within the family. While parents

or caregivers may make the actual purchases, the preferences and needs of all family members influence the selection of products and brands. Understanding these dynamics helps marketers tailor products and marketing strategies that appeal to both decision-makers and end-users within the household.

4. Gatekeepers and Information Sources

Gatekeepers control the flow of information and influence within the family regarding products and services. They filter marketing messages, recommendations, and consumer reviews before presenting options to other family members. Gatekeepers, often parents or caregivers, play a critical role in managing household budgets, assessing product safety, and ensuring purchases align with family values and priorities.

5. Financial Managers and Budgeting

Financial roles within families dictate budgeting, spending habits, and financial management practices. Individuals responsible for financial management prioritize expenses, allocate resources, and make trade-offs based on income, savings goals, and household priorities. Understanding financial roles helps marketers position products and services that offer value, affordability, and fit within family budget constraints.

6. Influences of Generational Differences

Consumer roles may vary across generations within a family, reflecting evolving attitudes, lifestyles, and technological preferences. Younger generations, such as millennials or Gen Z, may prioritize sustainability, digital experiences, and convenience in their purchasing decisions, influencing family consumption patterns. Generational differences also impact brand loyalty, product expectations, and the adoption of new technologies within households.

7. Cultural and Social Influences

Cultural norms, traditions, and social influences shape consumer roles within families. Cultural values regarding education, health, social status, and lifestyle preferences guide consumption behaviors and brand choices. Social influences from extended family members, peers, and community networks also contribute to consumer roles by reinforcing shared beliefs, norms, and consumption practices.

8. Marketing Strategies and Family Dynamics

Effective marketing strategies consider consumer roles within families to resonate with diverse needs, preferences, and decision-making processes. Family-oriented

marketing campaigns, targeted messaging for different consumer roles, and product offerings that cater to family-centric activities and occasions strengthen brand relevance and engagement. By understanding consumer roles, marketers can foster loyalty, address varying consumer needs, and build lasting relationships with family units.

In conclusion, consumer roles within a family are multifaceted and dynamic, influenced by relationships, responsibilities, generational perspectives, and cultural values. Recognizing these roles enables marketers to develop personalized strategies that appeal to decision-makers, influencers, purchasers, and consumers within households, fostering trust, satisfaction, and loyalty among family-oriented consumers.

4.2.3 Purchase Influences and Role Played By Children

Children play a significant role in family purchasing decisions, exerting influence that varies by age, product category, and family dynamics. From a young age, children can affect family purchases indirectly through their needs and preferences. For instance, parents buy baby food, toys, and clothing based on what suits their infants and toddlers.

As children grow older, their influence becomes more direct; they start to express their opinions and preferences more clearly, especially for products that directly affect them, such as snacks, clothing, and entertainment options. This early stage of influence highlights the importance of marketers targeting not only the parents but also the children themselves, using appealing packaging, characters, and advertising messages that resonate with young audiences.

As children reach school age, their role in family purchasing decisions becomes even more pronounced. They are exposed to a wider range of media and social influences, including advertising, peers, and school activities, which shape their preferences and demands. At this stage, children often actively participate in the decision-making process for products like electronics, sports equipment, and family activities, exerting significant persuasive power over their parents. Family discussions about purchases may involve negotiations where children's desires are balanced against practical and financial considerations. Marketers can leverage this dynamic by creating campaigns that appeal to both children's desires and parents'

rationales, ensuring that products are both appealing to children and seen as beneficial or reasonable by parents.

In teenage years, children's influence on family purchasing decisions can be substantial and complex. Teenagers seek greater autonomy and are more aware of trends, brand prestige, and peer approval, which significantly impact their preferences and buying behavior. They often influence major family decisions such as the choice of family cars, vacations, and technology purchases, in addition to their personal consumption of fashion, gadgets, and entertainment.

At this stage, teenagers' opinions can shape family lifestyles and priorities, making them a crucial target audience for brands looking to capture long-term loyalty. Marketers need to recognize the dual role of teenagers as both influencers and future independent consumers, crafting strategies that engage them through social media, influencers, and campaigns that reflect their values and aspirations.

4.2.4 Family Life cycle

The Family Life Cycle (FLC) model is instrumental for marketers aiming to understand and predict changes in consumer behavior over time. During the bachelor and newly married stages, individuals and couples generally have fewer financial obligations and more disposable income, allowing them to indulge in personal pleasures and setting up their first households. Marketers targeting these groups often emphasize products that enhance lifestyle, convenience, and social status, such as trendy clothing, latest gadgets, and home decor. As families grow and enter the Full Nest stages, the focus shifts significantly towards fulfilling the practical needs of children and managing household expenses. Parents in these stages prioritize spending on essentials such as baby care products, educational materials, and family-oriented services, creating opportunities for businesses that cater to young families.

In the later stages of the Family Life Cycle, such as Empty Nest and Solitary Survivor, consumer behavior reflects a transition towards comfort, health, and long-term security. Empty nesters, who often have more financial freedom after their children leave home, tend to spend on luxury items, travel, and personal hobbies, driving demand for premium and leisure products. As they transition into retirement,

their purchasing habits shift towards healthcare, wellness, and financial services, emphasizing the need for products that support a comfortable and secure lifestyle. Solitary survivors, typically older individuals, focus on maintaining their health, safety, and social connections, which makes them a key demographic for healthcare services, home security products, and social engagement activities. By recognizing and addressing the evolving needs of consumers throughout the Family Life Cycle, marketers can develop more effective strategies and foster stronger, long-term customer relationships.

The Family Life Cycle (FLC) is a concept used in consumer behavior to understand how households evolve through various stages, influencing their purchasing behavior, lifestyle choices, and consumption patterns. Each stage of the family life cycle presents unique needs, priorities, and consumption behaviors that marketers can target effectively. Here's a detailed exploration of the Family Life Cycle:

1. Bachelor/Single Stage

Characteristics:

- Individuals are typically young adults who have recently entered the workforce or completed higher education.
- They prioritize personal development, socializing, and establishing independence.
- Consumption patterns focus on personal indulgence, entertainment, technology gadgets, and experiences.

Consumer Behavior Implications:

- Marketers target products and services that appeal to singles' lifestyles, such as trendy clothing, entertainment subscriptions, travel experiences, and dining options.
- Emphasis on convenience, affordability, and novelty in product offerings to cater to evolving tastes and preferences.

2. Newly Married Couples

Characteristics:

- Couples are in the early stages of marriage, establishing their careers and financial stability.
- They may be focused on building their household and planning for the future.

- Consumption patterns include purchases related to setting up a home, furniture, appliances, and shared experiences.

Consumer Behavior Implications:

- Marketers target products and services that cater to setting up a household, such as home furnishings, kitchen appliances, home improvement tools, and financial planning services.
- Emphasis on quality, durability, and value for money as couples invest in long-term assets for their future together.

3. Full Nest I (Young Children)

Characteristics:

- Families with young children under school age.
- Parents are focused on childcare, education, and balancing work-life responsibilities.
- Consumption patterns include baby products, children's clothing, educational toys, and health care services.

Consumer Behavior Implications:

- Marketers target products and services that cater to child-rearing needs, such as baby formula, diapers, children's clothing, educational materials, and family-friendly entertainment.
- Emphasis on safety, reliability, and convenience in product design and marketing messages to appeal to busy parents.

4. Full Nest II (Teenage Children)

Characteristics:

- Families with teenagers who are more independent and have their own interests and activities.
- Parents are focused on supporting their children's education, extracurricular activities, and social development.
- Consumption patterns include teenage fashion, sports equipment, electronics, and educational resources.

Consumer Behavior Implications:

- Marketers target products and services that appeal to teenage interests and trends, such as fashion apparel, sports gear, mobile devices, and social media platforms.

- Emphasis on peer influence, social status, and technology integration in marketing strategies to engage both parents and teenagers.

5. Full Nest III (Launching Children)

Characteristics:

- Families where children are leaving home for college or to start their careers.
- Parents may experience empty nest syndrome and focus on personal interests, retirement planning, and travel.
- Consumption patterns include downsizing, travel experiences, health and wellness products, and leisure activities.

Consumer Behavior Implications:

- Marketers target products and services that cater to empty nesters' lifestyles, such as travel packages, health and fitness programs, downsized housing options, and retirement planning services.
- Emphasis on convenience, relaxation, and personal enrichment in product offerings to appeal to the evolving needs and aspirations of empty nesters.

6. Solitary Survivorship

Characteristics:

- Individuals who are widowed, divorced, or living alone in later life stages.
- Focus shifts to personal independence, health care, and maintaining quality of life.
- Consumption patterns include health care services, senior living arrangements, travel experiences, and leisure activities.

Consumer Behavior Implications:

- Marketers target products and services that cater to older adults' needs, such as health care products, retirement communities, travel opportunities, and leisure activities.
- Emphasis on comfort, accessibility, and social engagement in marketing strategies to address the unique challenges and preferences of solitary survivors.

The Family Life Cycle provides a framework for understanding how households evolve over time, influencing consumer behavior and purchasing decisions at each stage. Marketers can leverage insights into the diverse needs, priorities, and consumption patterns of families to develop targeted strategies that resonate with

their specific life cycle stage. By aligning product offerings, messaging, and channels with the evolving lifestyles and aspirations of consumers, businesses can effectively engage with and build long-term relationships with their target audience throughout the Family Life Cycle.

Summary

Consumer socialization refers to the process through which individuals acquire knowledge, attitudes, and behaviors related to consumption within their social environment. Consumer roles within a family delineate how individuals contribute to and influence purchasing decisions, consumption patterns, and household dynamics. Children play a significant role in influencing family purchases through their preferences, requests, and direct or indirect influence on parental decision-making. Marketers recognize children as influential consumers who impact purchases across categories such as toys, clothing, food, and entertainmentThe Family Life Cycle (FLC) outlines the stages families pass through as they evolve over time, influencing their needs, priorities, and consumption behaviors. These stages—such as bachelor/single, newly married couples, full nest with young children, full nest with teenage children, launching children, and solitary survivorship—shape consumer behaviors and purchasing decisions.

Multiple Choice Quiz

a. Children influence family purchases in what capacity?
   a) Decision-makers
   b) Gatekeepers
   c) Influencers
   d) All of the above
2. Consumer roles within a family can include all EXCEPT
   a) Influencer
   b) Decider
   c) Buyer

       d) Distributor

3. Which of the following is NOT a common determinant of social class?

       a) Income

       b) Occupation

       c) Education

       d) Clothing style

4. In consumer behavior, social class affects

       a) Brand preferences

       b) Shopping habits

       c) Leisure activities

       d) All of the above

5. Sub-cultural influences on consumer behavior refer to

       a) Influences from dominant culture

       b) Influences from distinct cultural groups within a larger culture

       c) Cross-cultural influences

       d) None of the above

6. Cross-cultural influences involve

       a) Comparing behaviors between different cultural groups

       b) Understanding global consumer trends

       c) Adapting products to different cultural preferences

       d) All of the above

7. Opinion leaders are characterized by their ability to

       a) Influence the decisions of others

       b) Follow trends set by others

       c) Remain uninfluenced by marketing

       d) Avoid social interactions

8. Opinion leaders typically have high

       a) Sociability

       b) Wealth

       c) Age

       d) Education

4.3.1 Social Class in Consumer Behavior

Social class in consumer behavior refers to the significant influence of socioeconomic stratification on individuals' purchasing patterns and preferences. It involves dividing society into classes based on factors like **status**, **wealth**, and **material well-being**. Members within a specific class share comparable status, while those in different classes may possess varying degrees of status.

Characteristics of Social Class

Multidimensional

- Social class is multidimensional, considering various elements beyond just occupation or income.
- It involves connections and relationships with multiple factors.

Hierarchical

- Social class has a vertical order, ranging from high to low status.
- People's status within a specific class determines their placement on the social class scale.

Restricted Behavior

- People of similar social classes tend to associate themselves with others of the same class.
- Interaction across different social classes is restricted due to shared educational backgrounds, income, occupation, and lifestyle.

Influences of Social Class on Consumer Behavior

- **Buying Patterns** Social class affects how people buy things, including what they buy, where they buy it, how often, how they pay, and why they decide to buy.
- **Marketing Implications** Ignoring social class can make marketing ineffective, but considering it helps target the right people with the right messages.

The determinants of social class, which play a crucial role in shaping an individual's position within society. Social class is a foundational concept in sociology, delineating the stratification of individuals based on various factors. Here are the main criteria used in determining social class,

Wealth and Income

Wealth refers to the possession of substantial assets, including property, investments, and savings. Income represents the money earned through

employment, investments, or other sources. Individuals with more wealth and income generally occupy higher social positions and command respect in society. However, it's essential to note that social class is not solely determined by income. Other factors also contribute to one's class status.

Occupation

Occupation is a critical aspect of social class. Certain occupations are considered more prestigious and honorable than others. High-prestige occupations often receive higher incomes, but there are exceptions. Occupation not only determines income but also provides clues about an individual's way of life and social class membership.

Education

There exists a close reciprocal relationship between social class and education.

Access to higher education often requires financial resources and motivation.

Upper-class children typically have the means to attend the finest schools and colleges, reinforcing their social status. Education serves as one of the primary levers for determining an individual's social class.

Prestige

Prestige refers to the respect and admiration associated with a particular occupation. It is independent of the specific person occupying the job. Sociologists have attempted to rank occupations based on their prestige levels. Alongside wealth, occupation, and education, other criteria (such as family background, kinship relations, and location of residence) contribute to social status. However, education, occupation, and income remain the most visible indicators of social class.

Sub-Cultural Influences

- **Subcultures** are smaller, distinctive groups within a broader culture that share unique values, norms, and practices.
- **Formation** These subgroups form in response to specific societal influences, creating a tapestry of diversity within the larger social fabric.
- **Examples**
  - Material subcultures based on income (e.g., the affluent, the white-collar middle class).
  - Social institutions (e.g., marriage, parenthood, retirement communities).
  - Belief systems (e.g., religious groups, political parties).

- o Aesthetics (e.g., artistic subcultures related to art, music, dance, and folklore).
  - o Language (e.g., dialects, accents, vocabulary).
- **Impact on Consumer Behavior**
  - o Subcultures introduce additional layers of influence on consumer behavior.
  - o They shape preferences, consumption patterns, and lifestyle choices.
  - o Marketers recognize subcultures to design specific products and tailor marketing strategies.

4.3.3 Cross-Cultural Influences

- **Cross-culture** refers to a company's efforts to ensure that its employees interact effectively with professionals from other backgrounds.
- **Globalization Impact** With globalization, cross-culture education has become critical for business success in opening up and maintaining new markets.
- **Effective Communication Abroad**
  - o Employees working abroad need to learn subtle differences in style and substance to be effective.
  - o This includes understanding language, social norms, and cultural nuances.
- **Training and Adaptation**
  - o Companies invest resources in training employees to communicate and interact across cultures.
  - o Adaptation to local customs and practices is essential for successful business operations.
- **Multicultural Organizations**
  - o Many corporations strive to be multicultural organizations.
  - o They employ workers from diverse backgrounds, fostering an absence of prejudice and discrimination.

In summary, sub-cultural influences shape specific identity groups, while cross-cultural influences bridge differences across national, regional, and ethnic backgrounds. Both play pivotal roles in understanding consumer behavior and effective communication in a globalized world

4.3.4 Opinion Leadership

Opinion leadership involves individuals who offer product-related information to consumers. These opinion leaders provide insights on how to use products, whether a new product is beneficial, which brand is superior, and where to make purchases. In essence, opinion leadership is a process where certain people serve as models, influencing others' behavior and attitudes. These opinion leaders convey messages to their primary groups, which, in turn, influence the behavior and attitude of their followers.

Opinion Leadership Process

The concept of opinion leadership is crucial in understanding consumer behavior, as it involves individuals who influence others' attitudes and behaviors toward products, brands, and services. Opinion leaders are people within a social group who have the ability to influence the purchasing decisions of others due to their expertise, knowledge, or social standing.

Characteristics of Opinion Leaders

1. **Expertise**: They possess a higher level of knowledge or expertise in a particular product category.

2. **Accessibility**: They are approachable and willing to share information with others.

3. **Influence**: They have the ability to sway the opinions and behaviors of others.

4. **Credibility**: They are trusted and respected by their peers.

The Opinion Leadership Process

1. **Identification**:

   o Opinion leaders are identified based on their knowledge, influence, and social networks.

   o Marketers use various techniques such as surveys, social media analysis, and observation to identify these individuals.

2. **Information Gathering**:

   o Opinion leaders are often the first to receive information about new products or services.

- They stay updated through multiple sources such as industry reports, expert reviews, and direct experience.

3. **Evaluation**:

   - Opinion leaders evaluate products and services based on their knowledge and experience.

   - They consider various factors like quality, functionality, price, and brand reputation.

4. **Dissemination**:

   - They share their opinions and recommendations through word-of-mouth, social media, blogs, or other communication channels.

   - Their endorsement can significantly impact the purchasing decisions of their followers.

5. **Adoption by Followers**:

   - Followers, who may lack the expertise or time to evaluate products themselves, rely on the recommendations of opinion leaders.

   - This can lead to a broader acceptance and adoption of products within a social group.

Importance of Opinion Leadership in Consumer Behavior

1. **Marketing Strategy**:

   - Companies often target opinion leaders in their marketing campaigns to leverage their influence.

   - Influencer marketing is a modern manifestation of this strategy.

2. **Product Adoption**:

   - Opinion leaders can accelerate the adoption of new products and innovations.

   - They play a crucial role in the diffusion of innovations theory.

3. **Consumer Trust**:

   - Recommendations from opinion leaders are generally perceived as more trustworthy than traditional advertising.

   - This trust can lead to higher consumer confidence and brand loyalty.

4. **Market Research**:

- o Understanding opinion leaders helps companies in market segmentation and targeting.

- o Feedback from opinion leaders can be invaluable in product development and improvement.

Summary

Social class is a critical factor in consumer behavior and is determined by various factors, Higher income levels often correlate with higher social class, but this is not the sole determinant. Sub-cultures and cross-cultural influences play a significant role in shaping consumer behavior. The increasing interconnectedness of the world influences consumer behavior, with brands and products crossing borders. Opinion leaders are individuals who influence the attitudes and behaviors of others within their social circles.

Multiple Choice Quiz

1. Opinion leadership is most effective in
   a) Homogeneous groups
   b) Heterogeneous groups
   c) Isolated groups
   d) Small groups

2. Opinion leaders often use which of the following to influence others?
   a) Social media platforms
   b) Personal interactions
   c) Public speeches
   d) All of the above

3. Which of the following is NOT a characteristic of an opinion leader?
   a) Expertise in a specific area
   b) Higher social status than followers
   c) Influence limited to immediate family
   d) Active involvement in social networks

4. The process by which opinion leaders influence the opinions and behaviors of others is called
    a) Socialization
    b) Persuasion
    c) Diffusion of innovation
    d) Communication

5. Opinion leaders are most influential during which stage of the product life cycle?
    a) Introduction
    b) Growth
    c) Maturity
    d) Decline

6. Opinion leadership tends to be most effective in
    a) High-involvement purchase decisions
    b) Low-involvement purchase decisions
    c) Routine purchases
    d) Impulse buys

7. Which factor does NOT typically contribute to someone becoming an opinion leader?
    a) Extensive knowledge of a product or category
    b) Charismatic personality
    c) High level of product usage
    d) Low level of social interaction

8. Opinion leaders are important because they
    a) Can help reduce perceived risk for other consumers
    b) Always agree with marketing messages
    c) Rely solely on personal experience
    d) Avoid endorsing new products

9. Opinion leadership can spread across multiple product categories when
    a) The opinion leader is seen as credible and trustworthy
    b) The products are all from the same brand
    c) There is heavy advertising
    d) The products are unrelated

10. Which of the following is a method marketers use to identify opinion leaders?

a) Network analysis

b) Focus groups

c) Surveys

d) All of the above

4.4 Unit Summary

Consumer behavior is significantly shaped by group dynamics and reference groups, which serve as benchmarks for individuals. Reference groups can be aspirational (groups people wish to join), associative (groups people belong to), and dissociative (groups people avoid). These groups influence attitudes, behaviors, and purchasing decisions by providing norms and values that consumers align with.

The family is a primary reference group that profoundly impacts consumer behavior. The consumer socialization process involves individuals learning consumption values and practices from family members. Within a family, different members assume specific consumer roles, such as influencer, gatekeeper, user, and purchaser. Children play a crucial role, often influencing family purchases. The family life cycle—stages a family goes through from formation to dissolution—affects consumption patterns as needs and priorities evolve.

Social class, determined by factors such as income, education, and occupation, influences consumer preferences and behaviors. Social class affects access to resources and consumption choices, often dictating lifestyle and status. Sub-cultural influences (distinct cultural groups within a society) and cross-cultural influences (differences in consumer behavior across cultures) further diversify consumer behavior patterns, highlighting the importance of cultural context in marketing strategies.

Opinion leaders are individuals who exert significant influence over others' purchasing decisions due to their expertise, credibility, and social standing. They gather and evaluate product information, share their insights, and sway the opinions of their followers. Marketers leverage opinion leaders to accelerate product adoption and build trust within target markets, recognizing their pivotal role in shaping consumer attitudes and behaviors.

4.5 Glossary

S.No	Words	Meaning
1	**Dissociative Groups**:	Groups that an individual does not want to be associated with.
2	**Opinion Leaders**	People who perceive knowledge
3	**Leverage**	the ability to influence situations or people
4	**Aspirational Groups**	Groups that an individual aspires to join

4.6 Self-Assessment Questions

Short Answer Question

1. What is meant by Consumer Group?
2. What are the primary characteristics of an aspirational reference group?
3. What role does family play in the consumer socialization process?
4. Describe the role of the gatekeeper in family purchasing decisions.
5. Describe the Opinion Leadership.

Essay Type Question

1. What are the key characteristics of the "empty nest" stage in the family life cycle?
2. Identify and explain three common determinants of social class.
3. How does occupation influence a person's social class?
4. How do marketers identify and engage opinion leaders to influence other consumers?
5. What are sub-cultural influences and how do they impact consumer behavior?

4.8 Case Study

Starbucks - Leveraging Consumer Behavior Insights

Background: Starbucks, a global coffeehouse chain, is renowned for its deep understanding of consumer behavior. The company's success can be attributed to its

strategic focus on social class determinants, sub-cultural influences, and the opinion leadership process.

1. Targeting Different Social Classes: Starbucks has tailored its marketing and product offerings to appeal to various social classes:

- **High-Income Consumers:** Starbucks targets affluent customers by offering premium products such as Reserve Roastery coffee, exclusive blends, and upscale in-store experiences.
- **Middle-Class Consumers:** The standard Starbucks offerings, including a wide range of coffee drinks, snacks, and comfortable store environments, cater to the middle-class demographic looking for quality and convenience.
- **Budget-Conscious Consumers:** Starbucks has introduced lower-priced items and promotional offers to attract budget-conscious customers. Additionally, the introduction of the Starbucks Rewards program encourages repeat purchases by offering value through loyalty points.

2. Sub-Cultural and Cross-Cultural Influences: Starbucks effectively navigates sub-cultural and cross-cultural dynamics:

- **Ethnic Sub-Cultures:** In diverse markets like the U.S., Starbucks offers culturally relevant products, such as churros in Latin American communities or mooncakes during the Mid-Autumn Festival in Asian markets.
- **Regional Preferences:** Starbucks adapts its menu to suit regional tastes. For instance, in India, the menu includes items like masala chai and tandoori paneer rolls, catering to local preferences.
- **Cross-Cultural Adaptation:** When entering new international markets, Starbucks conducts extensive research to understand cultural nuances. In Japan, for example, the store ambiance and product offerings are tailored to match Japanese aesthetics and consumer expectations.

3. Opinion Leadership Process: Starbucks leverages opinion leaders to enhance its brand image and influence consumer behavior:

- **Social Media Influencers:** Starbucks collaborates with influencers on platforms like Instagram and TikTok to reach younger audiences. These

influencers create content showcasing Starbucks products, thereby driving engagement and brand loyalty.

- **Celebrity Endorsements:** High-profile endorsements and collaborations, such as the "Taylor Swift Latte," attract attention and resonate with fans, boosting sales and visibility.
- **Customer Evangelists:** Starbucks cultivates a loyal customer base who act as brand evangelists. The Starbucks Rewards program incentivizes customers to share their positive experiences, amplifying word-of-mouth marketing.

Key Strategies and Outcomes:

- **Personalization and Customization:** Starbucks offers extensive customization options, allowing customers to tailor their drinks to their preferences. This strategy enhances customer satisfaction and loyalty.
- **In-Store Experience:** The ambiance and design of Starbucks stores are crafted to create a "third place" between home and work, encouraging longer visits and repeat patronage.
- **Digital Engagement:** Starbucks' mobile app integrates features like mobile ordering, payment, and loyalty rewards, enhancing convenience and engagement for tech-savvy consumers.
- **Community Engagement:** Starbucks actively participates in community-building activities, such as hosting local events and supporting social causes, which strengthens its brand connection with local communities.

4.9 Answer Key

Multiple Choice Question

1. c) Accidental group
2. c) Aspirational group
3. a) Primary Group
4. d) Dissociative group
5. a) Learning how to behave as a consumer from parents and family
6. c) The mother
7. b) Newly married
8. d) All of the above

9. d) Distributor

10. d) Clothing style

11. d) All of the above

12. b) Influences from distinct cultural groups within a larger culture

13. d) All of the above

14. a) Influence the decisions of others

15. a) Sociability

16. b) Heterogeneous groups

17. d) All of the above

18. c) Influence limited to immediate family

19. b) Persuasion

20. a) Introduction

21. a) High-involvement purchase decisions

22. d) Low level of social interaction

23. a) Can help reduce perceived risk for other consumers

24. a) The opinion leader is seen as credible and trustworthy

25. d) All of the above

4.9 E-CONTENTS

S. No	Topics	E-Content Link	QR Code
1	External Influences on Consumer Behavior	https://youtu.be/_Fh20agkxiE?si=CooOgnSqBWl-9HKK	
2	Group Dynamics	https://youtu.be/OUJJgktZqTw?si=p3N6hTVD3iGNUom-	
3	Consumer Reference Groups: Different Types	https://youtu.be/FP2x9-D7LJU?si=WY4UbtElFh31Oc-C	

	of Reference groups		
4	Family & Consumer Behavior	https://youtu.be/92ATNZ6_OSU?si=a1rW5ynP3Sb3Ctwa	
5	Consumer socialization process	https://youtu.be/P869r7_QgAM?si=rnZ6XATtKRJ9Pp77	
6	Consumer roles within a family	https://youtu.be/x__HXZ85gUA?si=tyCA0JR-xDxHFvHk	
7	Social Class & Consumer Behavior	https://youtu.be/hiS3iIwWCLo?si=uRTf8vrGTKDNtNZS	
8	sub-cultural & cross-cultural influences	https://youtu.be/p4KpjPS9Ozs?si=Y6QR-5z4IIhC6lEp	
9	Opinion Leadership Process	https://youtu.be/ln0ghTUSlDI?si=7WgdA-oB-etav1G8	

4.11 Reference

34. "Consumer Behavior" by Leon G. Schiffman and Joseph Wisenblit
35. "Consumer Behavior: Buying, Having, and Being" by Michael R. Solomon
36. "Consumer Behavior: A European Perspective" by Michael R. Solomon, Gary J. Bamossy, Soren T. Askegaard, and Margaret K. Hogg
37. "Consumer Behavior and Marketing Strategy" by J. Paul Peter and Jerry C. Olson
38. "Understanding Consumer Behavior" by J. Paul Peter, Jerry C. Olson, and Kendall E. Roth
39. Leon G Schiffman and Leslie Lazar Kanuk, 'Consumer Behaviour', Prentice-Hall of India, 4th ed. 1991
40. James F Engel, Roger D Blackwell and Paul W Miniard, "Consumer Behaviour" (Dryden Press, 1990)
41. Batra, Satish K and Kazmi, S H H, *Consumer Behaviour*, Excel Books, New Delhi.
42. Hawkins, D.L & Best, Roger, *Consumer Behaviour – Building Marketing Strategy*,
43. McGraw Hill, Indian Edition, New Delhi.
44. Loudon, D.L & Delta Bitta, A.J, *Consumer Behaviour*, Tata McGraw Hill, New Delhi.

UNIT 5 CONSUMER   BEHAVIOUR

Consumer Decision Making Diffusion of Innovation Definition of innovation - resistance to innovation; Consumer Decision making process problem recognition; pre-purchase search influences; information evaluation; purchase decision; post-purchase evaluation

Unit Module Structure

- ✓ Consumer Decision Making
- ✓ Innovation
- ✓ Consumer Decision-making process

STAGE-2 Modules sections and Sub-sections structure

Unit Objectives

- ✓ To learn about Consumer Decision Making
- ✓ To know more about Innovation
- ✓ To study about Consumer Decision making process

5.1.1 Consumer Decision-Making

Consumer decision-making refers to the process through which individuals identify their needs, gather information, evaluate alternatives, and ultimately make purchasing decisions. The consumer decision-making process involves a series of related and sequential stages of activities. The process begins with the discovery and recognition of an unsatisfied need or want. It becomes a drive. The consumer begins to search for information. This search gives rise to various alternatives and finally, the purchase decision is made. The buyer evaluates the post-purchase behavior to know the level of satisfaction.

Consumer decision making is a complex process influenced by a multitude of factors that vary from psychological to social, economic, and cultural elements. It involves several stages and requires an understanding of various models and theories that explain how consumers arrive at their purchasing decisions. Here's a detailed overview of consumer decision making in consumer behaviour:

1. Stages of Consumer Decision Making Process

The consumer decision-making process typically involves five stages:

1. **Problem Recognition:**

- The process begins when a consumer recognizes a need or problem. This recognition can be triggered by internal stimuli (hunger, thirst) or external stimuli (advertising, social influence).

2. **Information Search:**
   - Once a need is recognized, consumers seek information about how to fulfill it. This can involve an internal search (recalling past experiences) or an external search (seeking information from friends, family, advertisements, and the internet).

3. **Evaluation of Alternatives:**
   - Consumers evaluate different products or brands based on various attributes (price, quality, features). They compare the available options to determine which one best meets their needs.

4. **Purchase Decision:**
   - After evaluating the alternatives, consumers make a decision on which product to purchase. This decision can be influenced by the intention to buy and situational factors such as store atmosphere, sales promotions, or the presence of other customers.

5. **Post-Purchase Behavior:**
   - Following the purchase, consumers experience post-purchase behavior. This can include satisfaction or dissatisfaction, which influences future purchasing decisions and word-of-mouth communication. Cognitive dissonance, or buyer's remorse, may occur if the consumer feels uncertain about the purchase decision.

2. Factors Influencing Consumer Decision Making

Several factors can influence each stage of the decision-making process:

Psychological Factors:

- **Motivation:** The drive to satisfy needs and desires, based on Maslow's hierarchy of needs.
- **Perception:** How consumers interpret information and form a meaningful picture of the world.
- **Learning:** Changes in behavior based on experiences.
- **Beliefs and Attitudes:** Preconceived notions and evaluations about products or brands.

Personal Factors:

- **Age and Life-Cycle Stage:** Different needs and preferences at different life stages.
- **Occupation:** Job-related needs and purchasing power.
- **Economic Situation:** Financial status influencing purchasing decisions.
- **Lifestyle:** Activities, interests, and opinions shaping consumer choices.
- **Personality and Self-Concept:** Traits influencing preferences and behavior.

Social Factors:

- **Reference Groups:** Groups that influence consumer attitudes and behavior.
- **Family:** Family members' roles in decision-making processes.
- **Social Roles and Status:** Position in society affecting consumption patterns.

Cultural Factors:

- **Culture:** Shared values, beliefs, and customs influencing behavior.
- **Subculture:** Groups within a culture with shared values.
- **Social Class:** Divisions in society based on socioeconomic status.

3. Models of Consumer Decision Making

Several models explain the consumer decision-making process:

Economic Model:

- Assumes consumers are rational and make decisions to maximize utility.

Psychological Model:

- Focuses on psychological influences like perception, motives, attitudes, and learning.

Sociological Model:

- Emphasizes social influences such as culture, social class, and family.

Black Box Model:

- Focuses on the stimuli-response process, where internal factors (the "black box") affect the consumer's response to marketing stimuli.

4. Theories of Consumer Decision Making

Engel-Kollat-Blackwell (EKB) Model:

- A comprehensive model that describes the complex decision-making process involving problem recognition, search, evaluation, choice, and outcomes.

Howard-Sheth Model:

- A theory that integrates various factors such as psychological and social inputs, perceptual and learning constructs, and decision-making sequences.

Nicosia Model:

- Focuses on the relationship between the firm and the consumer, emphasizing the flow of information and the feedback loop.

5. Modern Influences on Consumer Decision Making

In the digital age, several additional factors influence consumer decision making:

- **Digital and Social Media:** Online reviews, social media influencers, and digital advertisements play significant roles.
- **E-commerce and Mobile Commerce:** Convenience and accessibility of online shopping impact consumer choices.
- **Personalization and AI:** Tailored recommendations and personalized marketing messages influence decisions.
- **Sustainability and Ethics:** Growing concern for ethical and sustainable practices affects consumer preferences.

Understanding consumer decision making in consumer behaviour requires a multifaceted approach that considers various psychological, social, cultural, and personal factors. Businesses can better meet consumer needs and influence their purchasing decisions by recognizing and addressing these factors through targeted marketing strategies and informed product development.

5.1.2 Diffusion of Innovation

Innovation refers to an idea, behavior, or object that is perceived as **new** by its audience. It represents a departure from existing practices or products. Innovations can take various forms, including technological advancements, novel services, or changes in behavior patterns.

Consumer resistance to innovation refers to the reluctance or negative reactions that consumers exhibit toward adopting new products, services, or ideas. It occurs due to various factors and can hinder the successful adoption of innovations. Let's explore this concept further,

Reasons for Consumer Resistance to Innovation

- o **Disruption of Status Quo** Innovations often challenge existing routines, habits, and comfort zones. Consumers may resist change because it disrupts their familiar way of doing things.
- o **Conflict with Belief Structures** Innovations that clash with consumers' prior beliefs or values face resistance. <u>For example, if consumers believe that products from certain countries are of inferior quality, they may resist buying such products</u>[1].
- o **Fear of the Unknown** Consumers may hesitate to adopt innovations due to uncertainty about their performance, reliability, or long-term effects.
- o **Risk Perception** Innovations carry perceived risks (financial, social, or functional). Consumers weigh these risks against potential benefits before deciding to adopt.
- o **Lack of Awareness or Understanding** If consumers are unaware of an innovation or do not understand its value proposition, they are less likely to adopt it.

2. **Marketing Implications**

- o Marketers must address consumer resistance proactively
  - ▪ **Education and Communication** Inform consumers about the benefits, features, and proper use of innovations.
  - ▪ **Mitigating Risks** Highlight safety features, warranties, and guarantees to reduce perceived risks.
  - ▪ **Social Proof** Leverage testimonials, reviews, and success stories to build trust.
  - ▪ **Gradual Adoption** Introduce innovations incrementally to ease consumer transition.

3. **Overcoming Resistance**

- o **Perceived Relative Advantage** Emphasize how the innovation improves consumers' lives compared to existing alternatives.
- o **Compatibility** Position the innovation as compatible with consumers' current practices and values.
- o **Trialability** Encourage trial or pilot programs to reduce perceived risk.

o **Observability** Showcase successful adopters to demonstrate positive outcomes.

The Diffusion of Innovation (DOI) theory, developed by Everett Rogers in 1962, seeks to explain how, why, and at what rate new ideas and technology spread through cultures. It is a vital concept in understanding consumer behavior and the adoption of new products or innovations. Here's an in-depth exploration of the theory across several key aspects:

Introduction to Diffusion of Innovation

Diffusion of Innovation is a theory that describes how an innovation—defined as any new idea, practice, or object perceived as new by an individual or other unit of adoption—gains momentum and spreads through a specific population or social system. The result of this diffusion is that people, as part of a social system, adopt a new idea, behavior, or product.

Elements of Diffusion

Rogers identified four main elements that influence the spread of a new idea: the innovation itself, communication channels, time, and the social system. Each of these elements plays a crucial role in the process of how innovations are adopted.

The Innovation

The characteristics of an innovation significantly impact its adoption. These characteristics include relative advantage, compatibility, complexity, trialability, and observability. Innovations that offer significant advantages, align well with existing values, are not too complex, can be tried on a limited basis, and are visible to others are more likely to be adopted quickly.

Communication Channels

Communication channels are the means by which information about an innovation is transmitted to potential adopters. These can be mass media channels, such as television and newspapers, or interpersonal channels, such as conversations between individuals. Interpersonal channels tend to be more effective in persuading individuals to adopt an innovation.

Time

The time dimension in the diffusion process includes the innovation-decision process, the innovativeness of an individual or other unit of adoption, and the rate of adoption. The innovation-decision process involves five stages: knowledge, persuasion, decision, implementation, and confirmation.

Social System

A social system is a set of interrelated units engaged in joint problem-solving to accomplish a common goal. The structure of the social system can facilitate or impede the diffusion of innovations. Social systems include groups like families, organizations, and communities.

Adopter Categories

Rogers classified adopters into five categories: innovators, early adopters, early majority, late majority, and laggards. These categories help in understanding how different groups within a social system adopt an innovation over time.

Innovators

Innovators are the first individuals to adopt an innovation. They are willing to take risks, have the highest social status, and possess financial liquidity. Innovators are crucial for the initial acceptance and spread of new ideas.

Early Adopters

Early adopters are the second group to adopt an innovation. They typically have a higher social status, more financial liquidity, advanced education, and are more socially forward. They play a significant role in reducing uncertainty about the innovation by adopting it and conveying their approval.

Early Majority

The early majority adopts an innovation after a varying degree of time. This group tends to be slower in the adoption process, have above-average social status,

and contact early adopters. Their adoption signifies a critical mass of acceptance for the innovation.

Late Majority

The late majority adopts an innovation after the average participant. These individuals approach an innovation with a high degree of skepticism and after the majority of society has adopted it. They usually have below-average social status and limited financial liquidity.

Laggards

Laggards are the last to adopt an innovation. They typically have an aversion to change and tend to be focused on traditions. Laggards usually have the lowest social status, financial liquidity, and are in contact with only family and close friends.

Innovation-Decision Process

The innovation-decision process involves five stages: knowledge, persuasion, decision, implementation, and confirmation. Individuals first become aware of the innovation (knowledge), form an attitude towards it (persuasion), engage in activities that lead to a choice to adopt or reject it (decision), put the innovation into use (implementation), and seek reinforcement for their decision (confirmation).

Factors Influencing Adoption

Several factors influence the adoption of an innovation, including individual characteristics, the nature of the innovation, and the context of the social system. Personal characteristics like socioeconomic status, personality traits, and communication behavior play significant roles.

Rate of Adoption

The rate of adoption is the relative speed with which members of a social system adopt an innovation. This rate is influenced by the perceived attributes of the innovation, the type of innovation-decision, communication channels, the nature of the social system, and the extent of change agents' promotion efforts.

Opinion Leaders

Opinion leaders are individuals who have the ability to influence others' attitudes or behaviors. They play a crucial role in the diffusion process by endorsing or rejecting innovations. Opinion leaders are typically well-respected within their communities and have extensive social networks.

Change Agents

Change agents are professionals who influence innovation decisions in a direction deemed desirable by a change agency. They use their expertise and social influence to facilitate the adoption of innovations within a social system.

Communication Networks

Communication networks are the patterns of contacts created by the flow of messages among individuals. These networks can significantly influence the spread of innovations by facilitating or impeding the flow of information.

The Role of Technology

Technological advancements, especially in communication, have significantly impacted the diffusion of innovations. The internet and social media have accelerated the diffusion process by making information more accessible and enabling rapid sharing and discussion.

Challenges in Diffusion

Despite its utility, the DOI theory faces challenges, such as the oversimplification of complex social behaviors and the assumption that all innovations are inherently beneficial. Moreover, the theory may not fully account for resistance to change or the influence of cultural and contextual factors.

Understanding the Diffusion of Innovation theory provides valuable insights into how new ideas and technologies spread through populations. By recognizing the roles of different adopter categories, the importance of communication channels, and the impact of social systems, businesses and policymakers can more effectively promote and manage the adoption of innovations. This understanding is crucial in a rapidly changing world where innovation is key to economic and social development.

Summary

Consumer decision making is a complex process that involves several stages through which consumers move when making a purchase. These stages include, The consumer identifies a need or problem. The consumer seeks information about products or services that can solve their problem. The Diffusion of Innovation theory explains how new products and ideas spread through a population. The first adopters of an innovation. Individuals who adopt the innovation soon after the innovators. Resistance to innovation is the reluctance of individuals or organizations to adopt new ideas or products.

Multiple Choice Quiz

1. Which of the following best defines innovation in the context of consumer behavior?

   a) Any new product or service introduced to the market

   b) A product or service perceived as new by potential adopters

   c) A technology that has been in use for over a decade

   d) A product that is heavily advertised

2. Resistance to innovation is primarily due to

   a) High cost

   b) Fear of the unknown

   c) Peer pressure

   d) Government regulations

3. Which of the following is NOT a factor affecting the rate of adoption of an innovation?

   a) Relative advantage

   b) Compatibility

   c) Complexity

   d) Market saturation

4. What term describes consumers who are the first to adopt a new product?

   a) Early majority

   b) Innovators

c) Late majority

d) Laggards

5. Which of the following is a characteristic of laggards in the diffusion of innovation?

a) High risk tolerance

b) Reliance on personal networks for information

c) High socioeconomic status

d) Resistance to change

5.2.1 Consumer Decision –Making Process

Consumer decision-making process, also called as buying process, explains how consumer takes purchase decisions. It represents a problem-solving approach followed by consumer and consists of five steps

(i)   Recognition of need

(ii)   Search for information

(iii)   Evaluation of alternatives

(iv)   Purchase decision and

(v)   Post-purchase evaluation.

It is important to know that 'time lag' i.e. time between need recognition and ultimate purchase is long for expensive durable products or new products whereas it is short for non-durable and less costly products.

Recognition of need

Buying process starts when a need is felt for a product due to internal or external stimulus. Need is recognized when consumer faces some problem or when desire for something triggers a latent or hidden need. Recognized needs become wants. Consumer tries to fulfil the most pressing (urgent) wants first due to his limited purchasing power. Advertising, packaging, product design, store locations, window displays are external stimuli that trigger need recognition in consumer. Promotion-mix not only triggers actual needs and desires of consumers but also offers selling points in the buying process.

Search for information

Search for information begins when the consumer feels that aroused need should be satisfied by the purchase and consumption of a product but he is not sure about what type or brand of product can provide the best satisfaction. He may have no idea that from where and how it can be secured. The consumer tries to get information about various models, brands, manufacturers, quality, price, etc. He can collect information from personal and/or impersonal sources. Personal sources of information include neighbors, friends, relatives, opinion leaders, co-workers, salesmen and dealers. Impersonal sources include internet, advertisements in television, radio or newspaper, package label, consumer reports, brochures, press articles etc. 'Shopping around' is another way of collecting external information and is usually preferred by women.

The duration for information search depends on differences between available brands, perceived risk and/or consumer's past experience with product category. Marketers can assist consumers by providing relevant, reliable and up to date information through websites, window display, package, advertisements, retail outlets, dealers, salesmen and testimonials of past customers.

Consumer decision making is a multi-step process that individuals go through when making purchasing decisions. This process is influenced by a variety of factors including psychological, social, cultural, and personal influences.

1. Problem Recognition

The decision-making process begins with problem recognition. This occurs when a consumer identifies a need or a problem that requires a solution. This recognition can be triggered by internal stimuli, such as hunger or thirst, or external stimuli, such as advertisements or discussions with friends. Recognizing a problem prompts the consumer to consider purchasing a product or service to satisfy their need.

2. Information Search

Once the problem is recognized, the next step is information search. Consumers seek information about the products or services that can solve their problem. This

can involve an internal search (recalling past experiences and knowledge) or an external search (seeking information from friends, family, advertisements, and online sources). The extent of the information search depends on the complexity of the purchase decision and the consumer's prior knowledge.

3. Sources of Information

Consumers gather information from various sources, including personal sources (family and friends), commercial sources (advertising, salespeople, and packaging), public sources (media and online reviews), and experiential sources (handling and examining the product). Each source can have a different level of credibility and influence on the consumer's decision.

4. Evaluation of Alternatives

After gathering information, consumers evaluate the available alternatives. They compare different products or brands based on attributes such as price, quality, features, and convenience. The criteria used for evaluation depend on the consumer's priorities and the nature of the product. This stage involves weighing the pros and cons of each option to determine which one best meets their needs.

5. Decision Rules

Consumers use decision rules or heuristics to simplify the evaluation process. These can be compensatory (where a positive attribute can compensate for a negative one) or non-compensatory (where a product is rejected if it fails to meet a certain criterion). Other common heuristics include the lexicographic rule (choosing the product that scores highest on the most important attribute) and the conjunctive rule (setting minimum cutoffs for each attribute).

6. Purchase Decision

Following the evaluation of alternatives, consumers make a purchase decision. This decision can be influenced by the intention to buy, product availability, promotional offers, and situational factors like store environment and time constraints. Even at this stage, consumers may still be swayed by additional information or last-minute considerations.

7. Purchase Intent

Purchase intent refers to the consumer's planned decision to buy a specific product or brand. It is shaped by their evaluation of alternatives and their confidence in their choice. However, intent does not always lead to actual purchase, as intervening factors such as changes in financial situation or availability can alter the decision.

8. Purchase Act

The purchase act involves the actual transaction where the consumer buys the product. This step includes choosing the store or online platform, selecting the payment method, and completing the transaction. The ease and convenience of the purchase process can significantly impact consumer satisfaction and future purchasing behavior.

9. Post-Purchase Behavior

After the purchase, consumers engage in post-purchase behavior. They compare their expectations with the actual performance of the product. This stage is crucial as it influences future purchase decisions and brand loyalty. Positive experiences can lead to repeat purchases and positive word-of-mouth, while negative experiences can result in returns, complaints, and negative reviews.

10. Cognitive Dissonance

Cognitive dissonance, or buyer's remorse, may occur after a purchase, particularly for high-involvement products. Consumers may experience doubt or anxiety about whether they made the right decision. Marketers can reduce cognitive dissonance by providing reassurances, such as warranties, return policies, and excellent customer service.

11. Customer Satisfaction

Customer satisfaction is the degree to which the product's performance meets or exceeds the consumer's expectations. Satisfied customers are more likely to become repeat buyers and recommend the product to others. Measuring and managing customer satisfaction is vital for businesses to build long-term relationships with their customers.

12. Feedback and Learning

Post-purchase feedback and learning involve consumers reflecting on their purchase and using this experience to inform future decisions. This can include sharing their experience with others, either through personal conversations or online reviews. Feedback from customers also provides valuable insights for businesses to improve their products and services.

13. Influencing Factors

Several factors influence each stage of the consumer decision-making process, including psychological factors (motivation, perception, learning, beliefs, and attitudes), personal factors (age, occupation, lifestyle, personality, and economic situation), social factors (reference groups, family, roles, and status), and cultural factors (culture, subculture, and social class).

14. Implications for Marketers

Understanding the consumer decision-making process helps marketers design effective strategies to influence each stage. This includes creating awareness through advertising, providing detailed product information, highlighting key differentiators, offering promotions, ensuring a smooth purchase process, and delivering excellent post-purchase support. Tailoring marketing efforts to address the specific needs and preferences of target consumers can enhance their decision-making experience.

The consumer decision-making process is a comprehensive and dynamic journey influenced by multiple factors. By recognizing and addressing the different stages of this process, businesses can better meet consumer needs, enhance satisfaction, and build lasting relationships. An in-depth understanding of consumer behavior allows marketers to craft strategies that effectively guide consumers from problem recognition to post-purchase behavior, ultimately driving successful outcomes for both consumers and businesses.

Evaluation of alternatives

The collected information is used to evaluate the alternative products or services. Consumer assigns relative weights to different products and judges the relative worth of alternatives. The evaluation behaviour varies with situation, type of

product and intensity of need. The consumer usually considers brand strength, brand image, manufacturers' reputation for quality, middlemen's reputation, product attributes, after sales services, availability of spare parts and most importantly utility value while evaluating different brands. Price is also used as criteria for evaluating brands but not an exact price figure rather a price range is used. Marketers can assist consumer in evaluation process by communicating product attributes and by clearly stating their brand's point of differentiation.

Purchase decision

After careful evaluation of various alternative choices, the purchase decision is taken. Purchase decision is a judgment made by consumer on the basis of his attitude, lifestyle, level of motivation, perception and learning which reflects his intention to buy some product. Purchase decisions are influenced by social factors such as attitude of reference group or situational factors such as dealer or middlemen's terms, falling prices, availability, loss of job, a bad report about brand from customer at point of purchase, launch of better product etc. Perceived risk may influence the purchase decision. Purchase decision may be taken by the actual user or by the buyer. Purchase implies consumer commitment for a product.

Practically, it is the last stage as it completes exchange activity. Purchase may be a trial or adoption purchase which subsequently may result in repeat purchases if experience with product is good. Trial purchase is made by consumer when he buys a product for the first time and in small quantity to accumulate experience. Trial purchase is not possible in case of consumer durables such as cars, scooters, air conditioners etc. The purchased product is adopted and repeatedly used. In such cases, marketers can help consumer in their purchase decisions through product demonstrations or money-back guarantees. In the case of automobiles, a test drive can be offered.

Post-purchase evaluation

After using the product, the consumer evaluates its actual performance in the light of his own expectations. When performance falls below expectations, it leads to

dissatisfaction. However, performance exceeding expectations makes consumers delighted. It leads to positive word-of-mouth communication and/or repeat purchases. In the post-purchase evaluation stage, the consumer usually tries to reassure himself that his choice was right. He attempts to reduce his post-purchase anxiety or doubts (cognitive dissonance). Marketers can help in developing confidence about purchased products by monitoring post-purchase usage, emphasizing product performance, and quick redressal of complaints.

5.2.2 Problem Recognition

Problem recognition is the initial and pivotal step in the **consumer decision-making process**. It occurs when a consumer recognizes a **need or want** that is not being fulfilled by any existing products or services available. Let's dive deeper into this concept. Problem recognition occurs when a customer becomes aware of a gap between their current state (unfulfilled need) and their desired state (what they want to achieve). This recognition triggers the consumer's journey toward finding a solution, which often involves making a purchase.

Importance of Problem Recognition

- o **For Consumers** It marks the point where an individual becomes a **potential customer** and begins the process of considering a new product or service.
- o **For Organizations and Marketers** The entire product lifecycle revolves around understanding and addressing customer problems. If companies fail to recognize changing customer needs, they risk becoming obsolete.

Types of Problem Recognition

Expected and Active Problems

- These are problems that consumers are **actively aware of** and intend to solve.

- Examples include renewing an expiring broadband plan, enrolling in a college course after schooling, buying a printer refill, or purchasing a bus ticket to visit a friend.
- Marketers often present products that can solve these expected and active problems without redefining the problem to the customer, as they are already aware of it

The consumer decision-making process in detail, covering the stages from pre-purchase to post-purchase. Each stage plays a crucial role in shaping consumer behavior and purchase outcomes.

Pre-Purchase Search Influences

Problem Recognition Consumers recognize a need or problem that prompts them to search for a solution.

Information Search

Consumers actively seek information about available products or services. Sources include personal (family, friends) and commercial (advertisements, online reviews) channels.

Alternatives Evaluation

Consumers compare and evaluate various product alternatives. Factors considered include attributes, brand reputation, and lifestyle fit.

Information Evaluation

Gathering Information, Consumers collect data about different products and services. Personal experiences, online research, and word-of-mouth play a role.

Comparing Alternatives

Consumers weigh the pros and cons of each option. Attributes, pricing, quality, and brand reputation are evaluated.

Problem recognition is the initial stage in the consumer decision-making process, where a consumer perceives a difference between their current state and a desired state. This recognition triggers the entire decision-making journey, as the consumer becomes motivated to address this gap.

2. Internal Stimuli

Internal stimuli refer to personal needs and desires that originate from within the consumer. These can include basic physiological needs such as hunger or thirst,

or psychological needs such as the desire for status or self-fulfillment. For instance, feeling hungry prompts the need for food, while feeling bored may create a need for entertainment.

3. External Stimuli

External stimuli come from outside the consumer and can include marketing communications, recommendations from friends or family, or environmental factors. For example, seeing an advertisement for a new smartphone might make a consumer realize their current phone is outdated.

4. Types of Needs

Consumers experience different types of needs, including functional needs (practical or utilitarian purposes), social needs (desire for social interaction and approval), and emotional needs (seeking pleasure or avoiding pain). Understanding these needs helps marketers position their products effectively.

5. Situational Factors

Situational factors can influence problem recognition, such as changes in life circumstances. Events like moving to a new city, getting married, or starting a new job can create new needs. For example, a person moving to a colder climate may suddenly realize the need for winter clothing.

6. Psychological Factors

Psychological factors, such as perception, motivation, and learning, play a crucial role in problem recognition. A consumer's perception of a problem can be influenced by their previous experiences and knowledge. Motivation drives them to seek solutions that satisfy their needs and desires.

7. Social Factors

Social factors, including family, friends, and social networks, impact problem recognition. Peer influence and societal trends can make consumers aware of needs they hadn't previously considered. For example, seeing friends using a new fitness app might prompt someone to recognize their need for better health management.

8. Marketing Influence

Effective marketing strategies can significantly stimulate problem recognition. Advertisements, promotions, and in-store displays can highlight problems consumers didn't realize they had. For instance, a commercial showing the convenience of a robotic vacuum cleaner might make consumers aware of the inconvenience of their current cleaning methods.

9. Cultural Factors

Cultural factors, such as values, beliefs, and customs, influence problem recognition. Cultural norms dictate what is considered a need or a luxury, affecting how consumers perceive their current state versus their desired state. For example, cultural emphasis on health and wellness can increase awareness of the need for fitness-related products.

10. Role of Innovation

Technological advancements and new product introductions can create new needs and recognition of problems. Innovations like smart home devices or electric vehicles can make consumers aware of outdated or inefficient aspects of their current lifestyle or possessions.

11. Problem Recognition and Consumer Goals

Consumers have both short-term and long-term goals that influence problem recognition. Immediate needs might involve everyday products, while long-term goals could relate to lifestyle changes or major purchases. Recognizing these goals helps consumers prioritize their needs and make decisions accordingly.

12. Consumer Awareness and Education

Consumer awareness and education levels impact problem recognition. More informed consumers are better at identifying gaps between their current and desired states. Educational campaigns and informative content can help consumers recognize and articulate their needs.

13. Emotional Triggers

Emotions significantly influence problem recognition. Feelings of dissatisfaction, frustration, or aspiration can trigger the recognition of a need. For example, dissatisfaction with a slow computer can lead to recognizing the need for an upgrade, while aspiration for a healthier lifestyle can create a need for fitness products.

14. Problem Recognition and Market Segmentation

Understanding the problem recognition stage is crucial for market segmentation. Marketers can identify specific consumer segments based on their recognized needs and tailor their messages to address these needs directly. Segmentation helps in creating more targeted and effective marketing strategies.

Problem recognition is the cornerstone of the consumer decision-making process. It sets the stage for subsequent steps, including information search, evaluation of alternatives, and purchase decision. By understanding the factors that influence problem recognition, marketers can better anticipate consumer needs, create relevant solutions, and effectively communicate the value of their products. This deep understanding helps in aligning marketing efforts with consumer motivations and enhances the overall consumer experience.

Summary

The consumer decision-making process is a sequence of steps that individuals follow when deciding whether and what to purchase. Problem recognition is the first step in the consumer decision-making process where a consumer identifies a gap between their current state and a desired state. This recognition can be triggered by internal stimuli, such as hunger or a desire for a new experience, or external stimuli. Pre-purchase search involves seeking information to make an informed purchase decision. During the information evaluation stage, consumers compare different products or brands based on criteria important to them.

MCQ

1. Problem recognition in the consumer decision-making process is triggered by
   a) An unmet need or desire
   b) Post-purchase dissonance
   c) Market research
   d) Peer recommendations

2. The pre-purchase search involves
   a) Evaluating product performance after purchase
   b) Gathering information about potential products and services
   c) Making the final purchase decision
   d) Recognizing a problem or need

3. Which of the following is a key influence on the pre-purchase search?
   a) Post-purchase satisfaction

b) Perceived risk

c) Brand loyalty

d) Purchase timing

4. During the information evaluation stage, consumers are likely to

    a) Gather information about alternatives

    b) Make a purchase decision

    c) Assess the value of different options

    d) Experience post-purchase dissonance

5. Which of the following best describes the purchase decision stage?

    a) Identifying the need for a product

    b) Evaluating alternatives

    c) Making the actual buying choice

    d) Seeking information about the product

6. Post-purchase evaluation involves

    a) Considering different brands

    b) Recognizing a new problem or need

    c) Assessing satisfaction with the purchase

    d) Gathering information about potential products

5.3.1 Purchase Decision

Selection and Trial, Consumers make an initial purchase (trial) based on their set of choices. They buy products in small quantities or use them briefly. The purchase decision stage in consumer behavior represents the point at which a consumer decides to buy a product or service after considering various alternatives. This critical phase follows the evaluation of options based on factors such as price, quality, features, and brand reputation. Influenced by internal motivations and external factors like peer recommendations and marketing efforts, the consumer selects the product that best meets their needs and preferences.

This decision is often the culmination of a complex process involving problem recognition, information search, and evaluation of alternatives. Successful navigation of this stage by marketers can be achieved through clear, persuasive messaging, and ensuring the product stands out in terms of value and benefits. A positive

purchase decision not only results in immediate sales but also sets the stage for potential customer satisfaction and loyalty, influencing future buying behavior.

Final Purchase Decision

After a satisfactory trial, consumers decide to buy the product. Factors like quality, price, a and brand influence this choice.

Post-Purchase Evaluation

Reflecting on the Purchase, Consumers assess whether the product met their expectations. Satisfaction or dissatisfaction affects future behavior.

Post-Purchase Dissonance

Sometimes consumers regret their decision due to available alternatives or perceived attractiveness. Marketers can address this by emphasizing product features and benefits.

5.3.2 Post Purchase Evaluation

Pre-purchase search is a critical phase in the consumer decision-making process where consumers seek information to make informed purchasing decisions. This search is influenced by various factors that can be broadly categorized into internal and external influences. Here's a detailed exploration of pre-purchase search influences:

Personal Factors

A. Personal Experience

Consumers rely on their own past experiences with products and services. Prior positive or negative experiences can significantly influence the amount and type of information they seek.

B. Knowledge and Expertise

Consumers with higher levels of product knowledge and expertise typically conduct more efficient searches. They know what information is relevant and where to find it. Conversely, novices may require more time and a broader search.

Psychological Factors

A. Motivation

The level of involvement and motivation to purchase affects the extent of the search. High involvement purchases, such as cars or electronics, usually trigger extensive information searches, whereas low involvement purchases, like everyday groceries, may require minimal search.

B. Perception

How consumers perceive their needs and the products available to meet those needs influences their search behavior. Perceptual biases can affect the type of information sought and the sources used.

C. Attitudes and Beliefs

Consumers' attitudes and beliefs about products or brands guide their search. Positive attitudes towards a brand may reduce the search effort, while skepticism or negative beliefs may increase it.

Social Factors

A. Family and Friends

Advice and recommendations from family and friends are highly influential. Personal networks provide trusted information and can significantly shape the scope and direction of the search.

B. Social Media and Online Communities

Social media platforms and online communities provide a wealth of user-generated content, including reviews, testimonials, and discussions. Consumers often turn to these sources for unbiased opinions and experiences from peers.

C. Reference Groups

Reference groups, such as professional associations or hobbyist groups, can impact the information search. These groups provide specialized knowledge and endorsements that consumers value.

Cultural Factors

A. Cultural Norms and Values

Cultural background influences what consumers consider important and worthy of extensive search. Cultural values shape the criteria consumers use to evaluate products.

B. Subcultures

Subcultures, such as ethnic groups, religious communities, or social classes, have distinct preferences and information sources that can influence search behavior.

Situational Factors

A. Time Pressure

The amount of time available for making a decision affects the extent of the search. Time-constrained consumers may rely on quicker, more accessible information sources.

B. Purchase Occasion

The specific context of the purchase, such as buying a gift or making an urgent replacement, can influence the depth and breadth of the information search.

C. Economic Conditions

Economic factors, including personal financial situation and broader economic conditions, impact search behavior. Consumers with more disposable income may conduct more thorough searches, considering a wider range of options.

Marketing and Advertising

A. Advertising

Marketing communications, including advertisements, play a significant role in shaping pre-purchase search. Effective ads can highlight key features, benefits, and competitive advantages, guiding consumers' information searches.

B. Sales Promotions

Promotions, discounts, and special offers can stimulate search behavior by highlighting value propositions and encouraging consumers to seek out additional information.

C. Brand Reputation

The overall reputation and image of a brand influence pre-purchase search. Well-established brands with strong reputations may reduce the need for extensive searches, as consumers trust the brand's quality and reliability.

Information Sources

A. Mass Media

Traditional mass media, such as television, radio, and print, continue to be important sources of information. These media provide broad exposure and can significantly influence consumer awareness and interest.

B. Digital Media

The internet is a primary source of pre-purchase information. Consumers use search engines, company websites, review sites, and blogs to gather detailed product information and comparisons.

C. Retailer Information

Retailers provide important information through in-store displays, brochures, and sales personnel. Knowledgeable sales staff can greatly influence consumer decisions by providing tailored advice and answering questions.

8. Technological Influences

A. Mobile Technology

Mobile devices allow consumers to access information anywhere and anytime. Mobile apps and QR codes enhance the search process by providing instant access to product details and reviews.

B. E-commerce Platforms

Online shopping platforms offer detailed product descriptions, customer reviews, and comparison tools. These features facilitate a comprehensive pre-purchase search.

C. Artificial Intelligence

AI-driven recommendation engines on e-commerce sites and digital platforms help personalize the search experience by suggesting products based on consumer preferences and past behavior.

9. Cognitive Factors

A. Information Overload

The sheer volume of available information can overwhelm consumers, leading to selective information processing. Consumers may rely on heuristics or shortcuts to manage this overload, such as focusing on well-known brands or top-rated products.

B. Cognitive Dissonance

The desire to avoid post-purchase regret can drive an extensive search for information to ensure the best possible decision, especially for high-stakes purchases.

Economic Influences

A. Price Sensitivity

Consumers who are highly sensitive to price differences tend to conduct more thorough searches to find the best deals. Price comparison websites and apps facilitate this process.

Post-purchase evaluation is a critical stage in the consumer decision-making process that occurs after a consumer has purchased and used a product or service. This stage involves assessing the satisfaction or dissatisfaction with the purchase, which influences future buying behavior and brand loyalty. Here's a detailed exploration of post-purchase evaluation:

1. Concept of Post-Purchase Evaluation

After making a purchase, consumers evaluate whether the product or service met their expectations. This evaluation is based on the performance of the product, the fulfillment of needs, and the overall purchase experience. Positive evaluations can lead to repeat purchases and brand loyalty, while negative evaluations can result in returns, complaints, and negative word-of-mouth.

2. Cognitive Dissonance

A. Definition

Cognitive dissonance, also known as buyer's remorse, is a psychological discomfort experienced when a consumer questions the purchase decision. This discomfort arises from the inconsistency between the consumer's expectations and the actual performance of the product.

B. Triggers

Triggers for cognitive dissonance include high involvement purchases, expensive items, and products with numerous alternatives. The fear of making the wrong choice or missing out on a better option contributes to this dissonance.

3. Satisfaction and Dissatisfaction

A. Measuring Satisfaction

Customer satisfaction is determined by comparing the product's performance with the consumer's expectations. If the product meets or exceeds expectations, the consumer is satisfied. If it falls short, the consumer is dissatisfied.

B. Factors Influencing Satisfaction

Factors influencing satisfaction include product quality, reliability, usability, and the overall purchase experience. Customer service, return policies, and post-purchase support also play significant roles.

4. Expectations vs. Reality

A. Expectations Formation

Consumer expectations are formed based on previous experiences, marketing communications, recommendations, and personal needs. These expectations set the benchmark against which the product's performance is evaluated.

B. Reality Check

The actual experience with the product is compared to these pre-purchase expectations. The degree of satisfaction depends on how well the product performs relative to what the consumer anticipated.

5. Role of Marketing Communications

A. Setting Realistic Expectations

Effective marketing communications should set realistic expectations to avoid overpromising and underdelivering. Honest and clear messaging helps align consumer expectations with the actual product performance.

B. Managing Post-Purchase Communication

Post-purchase follow-up through emails, surveys, and customer service interactions can reinforce positive experiences and address any issues, reducing dissatisfaction and cognitive dissonance.

6. Feedback Mechanisms

A. Importance of Feedback

Collecting feedback from consumers helps businesses understand their satisfaction levels and identify areas for improvement. Feedback mechanisms include surveys, reviews, and direct customer interactions.

B. Utilizing Feedback

Businesses should use feedback to improve product quality, enhance customer service, and make necessary adjustments to marketing strategies. This continuous improvement cycle helps in meeting and exceeding customer expectations.

7. Product Returns and Complaints

A. Handling Returns

An efficient return process is crucial for managing post-purchase dissatisfaction. A hassle-free return policy can mitigate negative feelings and enhance overall customer satisfaction.

B. Addressing Complaints

Promptly addressing complaints and providing solutions can turn a dissatisfied customer into a loyal one. Effective complaint resolution demonstrates the company's commitment to customer satisfaction.

8. Post-Purchase Behavior

A. Repeat Purchases

Satisfied customers are more likely to make repeat purchases. They trust the brand and its products, reducing the perceived risk of future purchases.

B. Word-of-Mouth

Satisfied customers often share their positive experiences with others, generating valuable word-of-mouth promotion. Conversely, dissatisfied customers can spread negative word-of-mouth, harming the brand's reputation.

9. Brand Loyalty and Advocacy

A. Building Loyalty

Positive post-purchase evaluations build brand loyalty. Loyal customers are not only repeat buyers but also brand advocates who recommend the brand to others.

B. Creating Advocates

Encouraging satisfied customers to leave positive reviews and share their experiences on social media helps in creating brand advocates. These advocates influence other potential customers positively.

10. The Role of Customer Service

A. Enhancing Satisfaction

Excellent customer service enhances post-purchase satisfaction. Providing support, answering queries, and resolving issues promptly contribute to a positive post-purchase experience.

B. Building Relationships

Strong customer service helps build lasting relationships with customers. Personalized interactions and genuine concern for customer satisfaction foster long-term loyalty.

11. Psychological Ownership

A. Concept

Psychological ownership refers to the feeling of ownership and attachment a consumer develops towards a product. This feeling can enhance satisfaction and loyalty.

B. Fostering Ownership

Companies can foster psychological ownership through personalization, involving customers in product development, and encouraging customization.

12. Social and Cultural Influences

A. Social Proof

Social proof, such as reviews and testimonials, influences post-purchase evaluation. Positive social proof can reinforce satisfaction, while negative proof can increase dissatisfaction.

B. Cultural Expectations

Cultural norms and values shape consumer expectations and evaluations. Understanding cultural influences helps businesses tailor their products and services to meet diverse consumer needs.

13. Technological Impact

A. Role of Technology

Technology enhances the post-purchase experience through personalized communication, automated follow-ups, and efficient customer service channels like chatbots and AI.

B. E-commerce and Feedback

E-commerce platforms facilitate easy feedback collection and analysis. Online reviews and ratings provide insights into customer satisfaction and areas for improvement.

14. Measuring Post-Purchase Evaluation

A. Key Metrics

Key metrics for measuring post-purchase evaluation include customer satisfaction scores (CSAT), net promoter scores (NPS), and customer effort scores (CES). These metrics provide quantifiable data on customer satisfaction and loyalty.

B. Continuous Improvement

Regularly measuring and analyzing post-purchase evaluations help businesses continuously improve their products, services, and overall customer experience.

Post-purchase evaluation is a vital component of the consumer decision-making process. It determines future consumer behavior, brand loyalty, and word-of-mouth promotion. By understanding and managing the factors that influence post-purchase evaluation, businesses can enhance customer satisfaction, foster loyalty, and build lasting relationships. Effective post-purchase strategies involve setting realistic expectations, providing excellent customer service, collecting and utilizing feedback, and leveraging technology to create a seamless and satisfying consumer experience.

Value Perception

The perceived value of a product, which includes both its price and its benefits, influences the extent of the search. High-value items typically warrant more detailed searches.

Pre-purchase search is a multifaceted process influenced by a wide range of factors. Understanding these influences helps marketers and businesses better anticipate consumer behavior and tailor their strategies to meet consumer needs effectively. By recognizing the interplay of personal, social, cultural, situational, marketing, and technological factors, businesses can create more targeted and efficient information dissemination strategies, ultimately aiding consumers in making well-informed purchase decisions.

Post-purchase evaluation is a critical stage in the consumer behavior decision-making process. This phase occurs after the consumer has made a purchase and involves the assessment of their satisfaction with the product or service. Understanding this stage helps marketers and businesses improve customer satisfaction, foster loyalty, and enhance their offerings. Here's a detailed look at the post-purchase evaluation process in consumer behavior.

Stages of Post-Purchase Evaluation

1. **Expectation vs. Performance**

    o **Expectations**: Consumers have certain expectations based on advertising, word-of-mouth, and prior experiences.

    o **Performance**: The actual performance of the product or service is compared against these expectations.

2. **Satisfaction/Dissatisfaction**

    o **Satisfaction**: When the product or service meets or exceeds expectations, consumers are satisfied. This can lead to repeat purchases and brand loyalty.

- **Dissatisfaction**: If the product or service falls short of expectations, consumers experience dissatisfaction, which can result in negative word-of-mouth, returns, or complaints.

3. **Cognitive Dissonance**

   - After a purchase, consumers may experience cognitive dissonance, which is a form of buyer's remorse where they question whether they made the right decision.

   - Marketers can alleviate this by providing reassurances, warranties, and post-purchase communications to reaffirm the purchase decision.

4. **Feedback and Response**

   - **Consumer Feedback**: Satisfied or dissatisfied customers often provide feedback through reviews, surveys, or direct communication with the company.

   - **Company Response**: Businesses can respond by addressing complaints, improving products, or reinforcing positive experiences to build stronger customer relationships.

Factors Influencing Post-Purchase Evaluation

1. **Product Quality and Performance**

   - The most significant factor is whether the product performs as promised and meets the consumer's needs.

2. **Customer Service**

   - The level of support and service provided before, during, and after the purchase can significantly impact satisfaction levels.

3. **Marketing Communications**

   - Honest and clear marketing messages that accurately reflect the product's benefits can prevent unrealistic expectations.

4. **Social Influence**

   o Recommendations and opinions from friends, family, and online reviews can affect how consumers evaluate their purchases.

5. **Individual Differences**

   o Personal factors such as personality, prior experiences, and personal values can influence how consumers perceive their purchase.

Managing Post-Purchase Evaluation

1. **Follow-Up Communications** Sending follow-up emails or messages to thank customers, ask for feedback, and provide additional support.

2. **Customer Feedback Systems**

   o Implementing surveys, review systems, and customer service channels to gather and address consumer feedback.

3. **After-Sales Support**

   o Offering warranties, guarantees, and easy return policies to reassure customers and resolve any issues quickly.

4. **Community Building**

   o Creating a community or loyalty program to keep customers engaged and encourage positive word-of-mouth.

5. **Continuous Improvement**

   o Using feedback to continuously improve products and services, showing customers that their opinions are valued and acted upon.

Importance of Post-Purchase Evaluation

- **Customer Retention**: Satisfied customers are more likely to make repeat purchases and remain loyal to the brand.

- **Brand Reputation**: Positive post-purchase experiences enhance the overall brand reputation and can attract new customers.

- **Market Insight**: Feedback collected during this stage provides valuable insights into consumer needs and preferences, guiding future product development and marketing strategies.

- **Competitive Advantage**: Companies that effectively manage post-purchase evaluation can differentiate themselves from competitors by offering superior customer experiences.

Summary

The purchase decision is the critical point in the consumer decision-making process where the consumer selects which product or service to buy. After evaluating all alternatives, the consumer makes a final choice based on their criteria, preferences, and the information gathered during the evaluation phase. Post-purchase evaluation is the stage following the purchase where consumers assess their satisfaction with the product or service. This evaluation impacts future consumer behavior and loyalty.

Multiple Choice Quiz

1. Cognitive dissonance is most likely to occur during which stage of the consumer decision-making process?
   a) Problem recognition
   b) Pre-purchase search
   c) Information evaluation
   d) Post-purchase evaluation

2. Which of the following factors can influence the problem recognition stage?
   a) Marketing communications
   b) Post-purchase feedback
   c) Product availability
   d) Consumer satisfaction

3. An extended pre-purchase search is more likely when
   a) The product is inexpensive
   b) The purchase involves low risk
   c) The consumer is highly involved
   d) The product is a routine purchase

4. During information evaluation, consumers use which of the following to make decisions?
   a) Cognitive dissonance
   b) Brand image
   c) Purchase history
   d) Evaluative criteria

5. The final purchase decision is influenced by
   a) The pre-purchase search process
   b) Post-purchase satisfaction
   c) Problem recognition
   d) The evaluation of alternatives

6. Post-purchase satisfaction can lead to
   a) Problem recognition
   b) Cognitive dissonance
   c) Brand loyalty
   d) Information search

7. Which of the following is an example of an internal source of information during the pre-purchase search?
   a) Advertisements
   b) Consumer reviews
   c) Personal experience
   d) Salesperson advice

8. During the purchase decision stage, the consumer is likely to
   a) Seek information
   b) Compare different brands
   c) Finalize the buying choice
   d) Evaluate the product's performance

9. Consumer involvement in the decision-making process is higher when
   a) The purchase is habitual
   b) The product is low-cost
   c) The purchase has significant personal relevance
   d) The product is frequently bought

10. Which of the following strategies can reduce post-purchase dissonance?
    a) Offering a money-back guarantee

b) Increasing advertising

c) Limiting consumer choices

d) Encouraging impulse buying

11. A consumer's decision to repeat purchase is influenced by

a) Problem recognition

b) Pre-purchase search

c) Post-purchase satisfaction

d) Information evaluation

12. The diffusion of innovation theory helps marketers understand

a) The impact of advertising on sales

b) The stages consumers go through when adopting a new product

c) The influence of social media on consumer behavior

d) The effectiveness of different pricing strategies

13. Innovators are important to marketers because they

a) Represent the majority of the market

b) Are highly resistant to change

c) Help to create initial demand and provide feedback

d) Follow trends set by the late majority

14. Complexity as a factor in the diffusion of innovation refers to

a) The relative advantage of the innovation

b) How difficult the innovation is to understand and use

c) The compatibility of the innovation with existing values

d) The observability of the innovation's benefits

5.4 Unit Summary

Consumer decision-making and the diffusion of innovation are interlinked processes that describe how individuals choose and adopt new products and services. The **diffusion of innovation** refers to the process through which a new idea, product, or practice spreads within a society or from one society to another. Innovations are defined as ideas, products, or practices perceived as new by an individual or other unit of adoption. The adoption process is influenced by the perceived benefits and compatibility of the innovation, relative advantage, complexity, trialability, and observability. However, **resistance to innovation** can

occur due to factors such as habit, perceived risk, lack of awareness, or incompatibility with existing values and needs.

The consumer decision-making process begins with **problem recognition**, where the consumer perceives a difference between their current state and a desired state. This recognition can be triggered by internal stimuli (e.g., hunger or thirst) or external stimuli (e.g., advertising or word-of-mouth). Effective marketing strategies aim to highlight a need or problem that their product can solve, thereby prompting consumers to move towards the next step in the decision-making process.

Once a problem is recognized, consumers embark on a **pre-purchase search** for information to find solutions to their needs. This search can involve both internal sources (memory and past experiences) and external sources (advertisements, online reviews, friends, and family). Several factors influence this stage, including the perceived risk of the purchase, the complexity of the product, and the consumer's level of involvement. Marketers can influence this stage by providing accessible, accurate, and persuasive information through various channels to guide consumers towards their product.

During the **information evaluation** stage, consumers compare different products and brands based on criteria such as features, quality, price, and brand reputation. This evaluation process involves weighing the pros and cons of each option to determine which best meets their needs and preferences. The consumer then makes a **purchase decision**, selecting the product they believe offers the best value. Marketers can facilitate a positive purchase decision by emphasizing unique selling points, offering promotions, and ensuring a seamless purchasing process.

The final stage in the consumer decision-making process is **post-purchase evaluation**, where consumers assess their satisfaction with the purchased product. This evaluation compares the actual performance of the product against their expectations. Satisfied customers are likely to become repeat buyers and brand advocates, while dissatisfied customers may seek returns or spread negative word-of-mouth. Businesses can enhance post-purchase satisfaction by providing excellent customer service, seeking feedback, and addressing any issues promptly. Understanding and managing

this stage is crucial for building long-term customer relationships and improving future products and marketing strategies.

5.5 Glossary

S. No	Words	Meaning
1	**Problem Recognition**	Realizing problem that requires a solution
2	**Purchase Decision**	Choosing and buying the product or service you believe is the best option.
3	**Influences**	Factors that affect your search
4	**Innovation**	A new product, idea, or method.

5.6 Self-Assessment Questions

Short Answer Question

1. What makes a product or service perceived as innovative by consumers?
2. What are the main reasons consumers resist innovation?
3. What triggers problem recognition in the consumer decision-making process
4. What are the key factors that influence the pre-purchase search process?
5. What criteria do consumers use to evaluate information about products?

Essay Type Question

1. How can marketers influence the problem recognition stage?
2. How does perceived risk impact the extent of the pre-purchase search?
3. How do consumers balance different evaluative criteria when making decisions?
4. What is cognitive dissonance and how does it relate to post-purchase evaluation?
5. How can companies ensure customer satisfaction after a purchase?

5.8 Answer Key

Multiple Choice Question

3. b) A product or service perceived as new by potential adopters
4. b) Fear of the unknown
5. d) Market saturation
6. b) Innovators
7. d) Resistance to change
8. a) An unmet need or desire
9. b) Gathering information about potential products and services
10. b) Perceived risk
11. c) Assess the value of different options
12. c) Making the actual buying choice
13. c) Assessing satisfaction with the purchase
14. d) Post-purchase evaluation
15. a) Marketing communications
16. c) The consumer is highly involved
17. d) Evaluative criteria
18. a) The pre-purchase search process
19. c) Brand loyalty
20. c) Personal experience
21. c) Finalize the buying choice
22. c) The purchase has significant personal relevance
23. a) Offering a money-back guarantee
24. c) Post-purchase satisfaction
25. b) The stages consumers go through when adopting a new product
26. c) Help to create initial demand and provide feedback
27. b) How difficult the innovation is to understand and use

2.9 E-Contents

S. No	Topics	E-Content Link	QR Code
1	Consumer Decision Making Diffusion of Innovation	https//youtu.be/HSPFFMKJPcY?si=A9Dt0wWJfpUUrYB9	
2	Consumer Decision-making process	https//youtu.be/-VEYbyVZh7E?si=R2G01UTbnYB1rHco	
3	Problem Recognition	https//youtu.be/I_PLGXW7tIM?si=VIGmWLB1HVYttO0p	
4	Post - purchase evaluation	https//youtu.be/eIzvD-3no8o?si=OV5cfwd7I5DjzbrR	

2.11 Reference

1. "Consumer Behavior" by Leon G. Schiffman and Joseph Wisenblit
2. "Consumer Behavior Buying, Having, and Being" by Michael R. Solomon
3. "Consumer Behavior A European Perspective" by Michael R. Solomon, Gary J. Bamossy, Soren T. Askegaard, and Margaret K. Hogg
4. "Consumer Behavior and Marketing Strategy" by J. Paul Peter and Jerry C. Olson
5. "Understanding Consumer Behavior" by J. Paul Peter, Jerry C. Olson, and Kendall E. Roth
6. Leon G Schiffman and Leslie Lazar Kanuk, 'Consumer Behaviour', Prentice-Hall of India, 4th ed. 1991
7. James F Engel, Roger D Blackwell and Paul W Miniard, "Consumer Behaviour" (Dryden Press, 1990)
8. Batra, Satish K and Kazmi, S H H, *Consumer Behaviour*, Excel Books, New Delhi.
9. Hawkins, D.L & Best, Roger, *Consumer Behaviour – Building Marketing Strategy*,
10. McGraw Hill, Indian Edition, New Delhi.
11. Loudon, D.L & Delta Bitta, A.J, *Consumer Behaviour*, Tata McGraw Hill, New Delhi.