SYLLABUS

UNIT-I: UNDERSTANDING CONSUMER BEHAVIOR: Defining consumer behavior, why to study consumer behavior? understanding consumer through research process, consumer behavior in a world of economic instability, rural consumer behavior, consumer segmentation, targeting and positioning, segmentation and branding, rural markets.

UNIT-II: ENVIRONMENTAL INFLUENCES ON CONSUMER BEHAVIOR: Influence of culture, sub culture, social class, social group, family and personality, cross cultural consumer behavior.

UNIT-III: CONSUMER AS AN INDIVIDUAL: Personality and self concept, consumer motivation, consumer perception.

Consumer attitudes and changing attitudes, consumer learning and information processing.

UNIT-IV: CONSUMER DECISION MAKING PROCESSES: Problem recognition, search and evaluation, purchasing processes, post purchase behavior, models of consumer decision making, consumers and the diffusion of innovations.

UNIT-V: CONSUMERISM AND ETHICS: Roots of consumerism, consumer safety, consumer information, consumer responsibilities, marketer responses to consumer issues, marketing ethics towards consumers

UNIT-1

UNDERSTANDING CONSUMER BEHAVIOR

Unit-1: Defining consumer behavior, why to study consumer behavior? Understanding consumer through research process, consumer behavior in a world of economic instability, rural consumer behavior, consumer segmentation, targeting and positioning, segmentation and branding, rural markets

CONSUMER BEHAVIOR:

Introduction:

Consumer behavior is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.

Marketers expect that by understanding what causes the consumers to buy particular goods and services, they will be able to determine—which products are needed in the marketplace, which are obsolete, and how best to present the goods to the consumers.

The study of consumer behavior assumes that the consumers are actors in the marketplace. The perspective of role theory assumes that consumers play various roles in the marketplace. Starting from the information provider, from the user to the payer and to the disposer, consumers play these roles in the decision process.

The roles also vary in different consumption situations; for example, a mother plays the role of an influencer in a child's purchase process, whereas she plays the role of a disposer for the products consumed by the family.

Some selected definitions of consumer behavior are as follows:

1. According to Engel, Blackwell, and Mansard, 'consumer behavior is the actions and decision processes of people who purchase goods and services for personal consumption'.

2. According to Louden and Bitta, 'consumer behavior is the decision process and physical activity, which individuals engage in when evaluating, acquiring, using or disposing of goods and services'.

   Consumer behavior is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.

Nature of Consumer Behavior:

1. Influenced by various factors:

a. Marketing factors such as product design, price, promotion, packaging, positioning and distribution.
b. Personal factors such as age, gender, education and income level.
c. Psychological factors such as buying motives, perception of the product and attitudes towards the product.
d. Situational factors such as physical surroundings at the time of purchase, social surroundings and time factor.
e. Social factors such as social status, reference groups and family.
f. Cultural factors, such as religion, social class—caste and sub-castes.

2. Undergoes a constant change: Consumer behavior is not static. It undergoes a change over a period of time depending on the nature of products. For example, kids prefer colourful and fancy footwear, but as they grow up as teenagers and young adults, they prefer trendy footwear, and as middle-aged and senior citizens they prefer more sober footwear. The change in buying behavior may take place due to several other factors such as increase in income level, education level and marketing factors.

3. Varies from consumer to consumer: All consumers do not behave in the same manner. Different consumers behave differently. The differences in consumer behavior are due to individual factors such as the nature of the consumers, lifestyle and culture. For example, some consumers are technoholics. They go on a shopping and spend beyond their means.

They borrow money from friends, relatives, banks, and at times even adopt unethical means to spend on shopping of advance technologies. But there are other consumers who, despite having surplus money, do not go even for the regular purchases and avoid use and purchase of advance technologies.

4. Varies from region to region and country to county: The consumer behavior varies across states, regions and countries. For example, the behavior of the urban consumers is different from that of the rural consumers. A good number of rural consumers are conservative in their buying behaviors.

The rich rural consumers may think twice to spend on luxuries despite having sufficient funds, whereas the urban consumers may even take bank loans to buy luxury items such as cars and household appliances. The consumer behavior may also varies across the states, regions and countries. It may differ depending on the upbringing, lifestyles and level of development.

5. Information on consumer behavior is important to the marketers: Marketers need to have a good knowledge of the consumer behavior. They need to study the various factors that influence the consumer behavior of their target customers.

The knowledge of consumer behavior enables them to take appropriate marketing decisions in respect of the following factors:

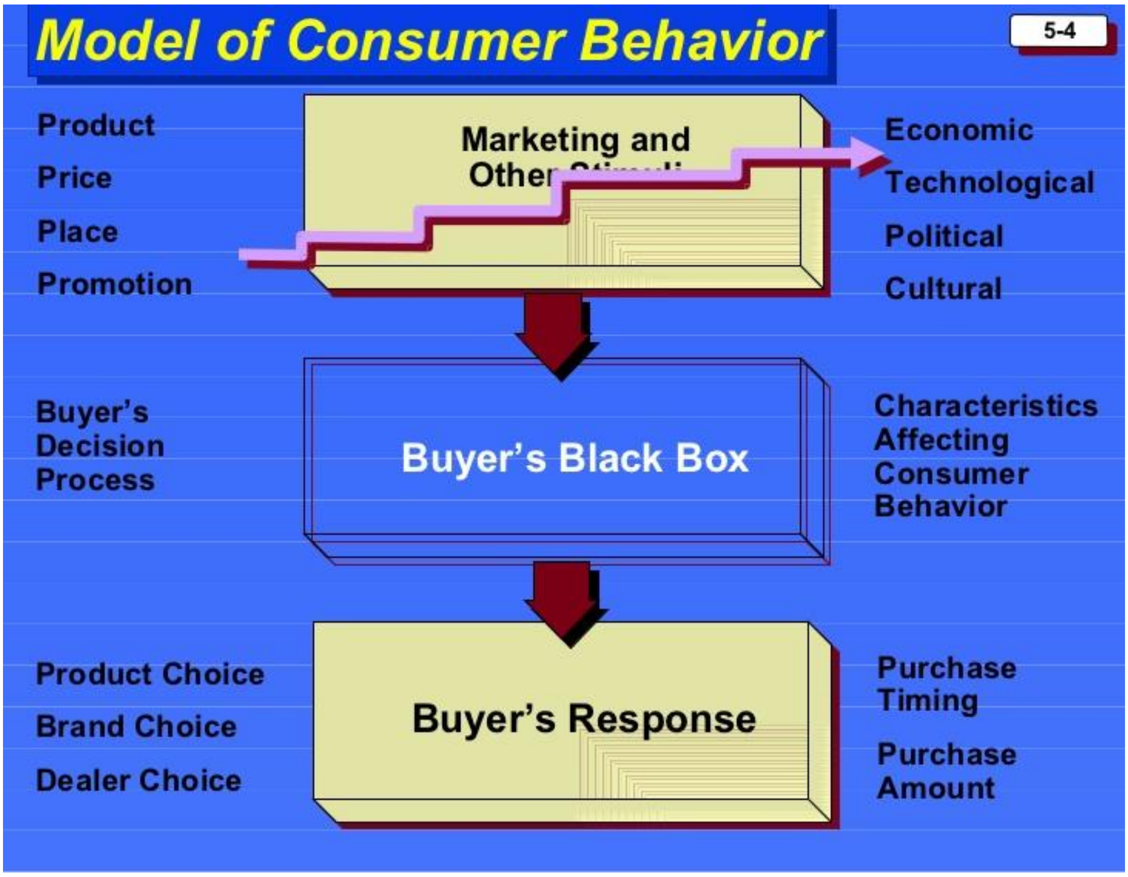
a. Product design/model
b. Pricing of the product
c. Promotion of the product
d. Packaging
e. Positioning
f. Place of distribution

6. Leads to purchase decision: A positive consumer behavior leads to a purchase decision. A consumer may take the decision of buying a product on the basis of different buying motives. The purchase decision leads to higher demand, and the sales of the marketers increase. Therefore, marketers need to influence consumer behavior to increase their purchases.

7. Varies from product to product: Consumer behavior is different for different products. There are some consumers who may buy more quantity of certain items and very low or no quantity of other items. For example, teenagers may spend heavily on products such as cell phones and branded wears for snob appeal, but may not spend on general and academic reading. A middle- aged person may spend less on clothing, but may invest money in savings, insurance schemes, pension schemes, and so on.

8. Improves standard of living: The buying behavior of the consumers may lead to higher standard of living. The more a person buys the goods and services, the higher is the standard of living. But if a person spends less on goods and services, despite having a good income, they deprives themselves of higher standard of living.

9. Reflects status: The consumer behavior is not only influenced by the status of a consumer, but it also reflects it. The consumers who own luxury cars, watches and other items are considered belonging to a higher status. The luxury items also give a sense of pride to the owners.



Why it is important to understand consumer Behavior?

Importance of consumer behavior to Marketers. It is important for marketers to study consumer behavior. It is important for them to know consumers as individual or groups opt for, purchase, consumer or dispose products and services and how they share their experience to satisfy their wants or needs

Importance of Studying Consumer Behavior:

Role or importance of study of consumer behavior can be explained with reference to the points stated as under:

1. Modern Philosophy: It concerns with modern marketing philosophy – identify consumers' needs and satisfy them more effectively than competitors. It makes marketing consumer-oriented. It is the key to succeed.

2. Achievement of Goals: The key to a company's survival, profitability, and growth in a highly competitive marketing environment is its ability to identify and satisfy unfulfilled consumer needs better and sooner than the competitors. Thus, consumer behavior helps in achieving marketing goals.

3. Useful for Dealers and Salesmen: The study of consumer behavior is not useful for the company alone. Knowledge of consumer behavior is equally useful for middlemen and salesmen to perform their tasks effectively in meeting consumers needs and wants successfully. Consumer behavior, thus, improves performance of the entire distribution system.

4. More Relevant Marketing Programme: Marketing programme, consisting of product, price, promotion, and distribution decisions, can be prepared more objectively. The programme can be more relevant if it is based on the study of consumer behavior. Meaningful marketing programme is instrumental in realizing marketing goals.

5. Adjusting Marketing Programme over Time: Consumer behavior studies the consumer response pattern on a continuous basis. So, a marketer can easily come to know the changes taking place in the market. Based on the current market trend, the marketer can make necessary changes in marketing programme to adjust with the market.

6. Predicting Market Trend: Consumer behavior can also aid in projecting the future market trends. Marketer finds enough time to prepare for exploiting the emerging opportunities, and/or facing challenges and threats.

7. Consumer Differentiation: Market exhibits considerable differentiations. Each segment needs and wants different products. For every segment, a separate marketing programme is needed. Knowledge of consumer differentiation is a key to fit marking offers with different groups of buyers. Consumer behavior study supplies the details about consumer differentiations.

8. Creation and Retention of Consumers: Marketers who base their offerings on a recognition of consumer needs find a ready market for their products. Company finds it easy to sell its products. In the same way, the company, due to continuous study of consumer behavior and attempts to meet changing expectations of the buyers, can retain its consumers for a long period.

9. Competition: Consumer behavior study assists in facing competition, too. Based on consumers' expectations, more competitive advantages can be offered. It is useful in improving competitive strengths of the company.

10. Developing New Products: New product is developed in respect of needs and wants of the target market. In order to develop the best-fit product, a marketer must know adequately about the market. Thus, the study of consumer behavior is the base for developing a new product successfully.

11. Dynamic Nature of Market: Consumer behavior focuses on dynamic nature of the market. It helps the manager to be dynamic, alert, and active in satisfying consumers better and sooner than competitors. Consumer behavior is indispensable to watch movements of the markets.

12. Effective Use of Productive Resources: The study of consumer behavior assists the manager to make the organisational efforts consumer-oriented. It ensures an exact use of resources for achieving maximum efficiency. Each unit of resources can contribute maximum to objectives.

It is to be mentioned that the study of consumer behavior is not only important for the current sales, but also helps in capturing the future market. Consumer behavior assumes: Take care of consumer needs, the consumers, in return, will take care of your needs. Most of problems can be reasonably solved by the study of consumer behavior. Modern marketing practice is almost impossible without the study of consumer behavior.

Understanding consumer through research process:

What is the consumer research process?

Consumer research plays a very important aspect, especially when a company decides to launch a new product into the market. ... After conducting various surveys and focus groups, companies analyze the consumer data and then make recommendations based on the results.

Customer research process:

A well-organised customer research process produces valid, accurate, reliable, timely and complete results. Carefully gathered research results that reflect your customers' opinions and needs will help you grow your sales and improve your operations.

To get the results you need, set and follow recognised customer research processes.

Set your objectives

Consider your customer research goals and define a clear set of objectives that identify what you need to know and what you're going to do with the information. Make sure your objectives don't presume your outcome, and be SMART about setting them:

- **S**pecific - state clearly what you want to achieve
- **M**easurable - set tangible measures so you know when you've achieved your goals
- **A**chievable - set goals that are within your capacity and budget
- **R**elevant - set goals that will help you improve particular aspects of your business
- **T**ime-bound - set goals you can achieve within the time you need them.

Plan your research

Good planning allows you to use creative and logical approaches to gathering information. Your plan will be influenced by the type and complexity of information you require, your team's customer research skills, how soon you need the information and your budget.

Identify your list of questions and decide on the research methods that will best achieve your objectives. Detail your research approach and give some initial thought to how you'll collate and analyse your data.

Collect and collate your findings

List your research steps, data needs and collection methods. This will help you keep track of your research processes and make sense of your findings. It will also allow you to check that your research accurately reflects your customers' and market's opinions. Create a table to record:

- consumer research activity
- the data needed
- your data collection method
- your data analysis steps.

Remember, research is only valuable and usable when it is valid, accurate and reliable. Relying on flawed research is dangerous. It can leave you at risk of basing your important decisions on incorrect findings and lead to customer losses and decreased sales. Be careful not to turn one opinion into your research findings.

It's important to make sure your data is:

- valid - well founded, logical, rigorous, sound and unbiased
- accurate - free from error and includes the required detail
- reliable - can be reproduced by other people researching in the same way
- timely - current and gathered within an appropriate time frame
- complete - includes all the data you need to support your business decisions.

Learn about collecting and storing customer information.

Analyse and understand your research

Data analysis can range from simple, straightforward steps to technical and complex processes. Take a common sense approach, and choose your data analysis method based on the research you've undertaken.

List and group your information

Choose a spreadsheet that allows you to easily enter your data. If you don't have a large amount of data, you should be able to manage it using basic spreadsheet tools available in standard office software. If you have collected more comprehensive and complex data, you may need to consider using specific programs to manage it, such as a database system or customer relationship management (CRM) program.

Choose a simple structure to record your data - for example, a table that allows you to list survey questions vertically in your table and record your responses as numbers categorised by age, gender, income, or other factors that are important to you.

Review and interpret your information to draw conclusions

Once you've gathered all your data, you can scan your information and interpret it to draw conclusions and make decisions. Review your data and then:

- identify major trends and themes, problems, opportunities and issues that you observe, and write a sentence about each
- record how frequently each major finding appears
- list your findings in order of most common to least common

- assess and separately list the strengths, weaknesses, opportunities and threats you have identified in a SWOT analysis.

Develop conclusions and recommendations about your research

Before you make any conclusions about your research, revisit your research objectives. Consider whether the process you've completed and data you've gathered helps answer your questions. Ask yourself what your research revealed and identify your conclusions and recommendations. Review your findings and, based on what you now know:

- choose a few strategies that will help you improve your business
- act on your strategies
- look for gaps in your information, and consider further research if necessary
- plan to review your research outcomes, and consider how effective your strategies have been.

Consumer behavior in a world of economic instability:

Generally speaking, consumer behavior is the study of the processes that individuals or groups go through in making their purchasing choices in order to satisfy their needs. Usually the buying behavior takes many forms of consumer's choices that can vary depending on a broad set of factors such as: earnings, demographics, social and cultural factors. Beside these basic internal factors which are considered to be influential to the buying behavior, there are also a set of factors that would be simulated by the external circumstances in the environment surrounding the consumer. It is valuable to mention that the consumer behavior is a combination of customer's buying awareness combined with external motivators to result in a change in the consumer's behavior. This is why most of the economies around the globe shares one problem; because of the external influence on the internal community aspects.

The phenomenon of consumer behavior has been so long attracting many researches because of its imperative importance to businesses around the world. By predicting consumers' behavior, a business can understand consumers' needs, and can work on fulfilling the needs and meeting the expectations of their customers. This would eventually help businesses to maintain their prosperity and attain their long term goals. The context of this research can significantly help businesses and professionals to uncover the changes that would possibly occur to consumers' buying behavior as a result of the global financial crisis.
Giant Financial institutions and banks had collapsed during the 2007 financial crisis. The shortfall in the US financial system and the crisis of the US sub-prime mortgage market had a ripple effect to other industrialized economies around the world. The crisis caused disturbances to powerful European and Asian economies putting them on the brick of deep recession. Other weaknesses in the global financial systems have surfaces.

The financial instruments were too complex and twisted which caused distrust in the global financial system. The crisis caused inflation and fluctuations in the prices of commodities, and hence, consumers started to take a shifted action towards their needs and wants. The psychological outcomes of the crash has extended worldwide as businesses became receptive to the obstacles caused by this crisis especially regarding expansion of their current projects and securing capital market investments for future growth. The uncertainty that surrounded businesses have naturally affected job security for employees, consumers has faced uncertainty regarding their income, and the consumption level dropped. The sharp fall in the stock market has caused many distressful events such as, reduction in credit, bank failures, dismissal of workers, contraction in the money supply and closing down businesses. The new financial circumstances increased panic and uncertainty among consumers.

Many consumers around the world had fears related to their financial and material safety. Besides reduced employment earnings, many household lost their lifetime savings due to failure in the banking system or sharp decline in the values of their houses and stocks. The social impacts of the financial crisis can be seen more obvious in the developing countries where the poor are being severely hurt during the crisis as demand for their labour falls, prices of essential commodities rise substantially and social services are cut. They find themselves forced to pull children out of schools and the food is being rationed among the family, with women the first to sacrifice their share.

The general economic slowdown and rising unemployment forced household to increase working hours or send additional members to the labour force. As a consequence, household expenditure falls by as much as income. The consumers cannot prevent the fall in total expenditure; they tend to adjust the basket of goods purchased. For example the expenditure on food and necessities increases comparing to expenditure on clothes. The crisis caused markets to contract and major changes appeared in their structure. The buyers changed their buying behavior. They start to worry about their jobs and do not enjoy spending their money anymore. They postponed or reduced a big amount of purchases related to leisure and entertainment. People may start buying less quantities, or switch to larger size items to avoid repeated purchases. They also started to switch brands, and focus on price rather than quality and they also have started to intensify the search on the web looking for valuable bargains.

The role of the government is rather important to protect consumers against inflation by controlling and preventing prices from further increasing to ensure that the purchasing power of consumers will not deteriorate causing serious problems such as long term unemployment and poverty. This research aims to study the impact of the Global financial crisis on Bahraini consumers, investigate their perception of this problem and whether their consumption behavior has changed as a result. The results of this research were based on the analysis of a questionnaire that was distributed to random consumers in Bahrain to have an overview of their knowledge about the Global Financial Crisis and some of its effects and to see if the financial crisis affected their consumption.

The data was analyzed using SPSS package to test the hypotheses. In order to investigate the existence of the statistical significance between the variables in the hypothesis, we are going to apply the One Sample T-test method. However, the paper approaches some difficulties that faced consumers after the financial crisis and tries to suggest some solutions. One of the most important problems that consumers are suffering from is the accelerated prices of basic commodities such as food and housing. In order to form a clear framework and address the objectives of this research, the research can be divided into seven sections.

Rural consumer behavior:

Consumer segmentation:

Definition for segmentation: Segmentation means to divide the marketplace into parts, or segments, which are definable, accessible, actionable, and profitable and have a growth potential. In other words, a company would find it impossible to target the entire market, because of time, cost and effort restrictions. It needs to have a 'definable' segment - a mass of people who can be identified and targeted with reasonable effort, cost and time.

Once such a mass is identified, it has to be checked that this mass can actually be targeted with the resources at hand, or the segment should be accessible to the company. Beyond this, will the segment respond to marketing actions by the company (ads, prices, schemes, promos) or, is it actionable by the company? After this check, even though the product and the target are clear, is it profitable to sell to them? Is the number and value of the segment going to grow, such that the product also grows in sales and profits?

Consumer segmentation:

Customer segmentation is the practice of dividing a customer base into groups of individuals that are similar in specific ways relevant to marketing, such as age, gender, interests and spending habits.

Customer segmentation, also called consumer segmentation or client segmentation, procedures include:

- Deciding what data will be collected and how it will be gathered
- Collecting data and integrating data from various sources
- Developing methods of data analysis for segmentation
- Establishing effective communication among relevant business units (such as marketing and customer service) about the segmentation
- Implementing applications to effectively deal with the data and respond to the information it provides
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Companies employing customer segmentation operate under the fact that every customer is different and that their marketing efforts would be better served if they target specific, smaller groups with messages that those consumers would find relevant and lead them to buy something. Companies also hope to gain a deeper understanding of their customers' preferences and needs with the idea of discovering what each segment finds most valuable to more accurately tailor marketing materials toward that segment.

Customer segmentation relies on identifying key differentiators that divide customers into groups that can be targeted. Information such as a customers' demographics (age, race, religion, gender, family size, ethnicity, income, education level), geography (where they live and work), psychographic (social class, lifestyle and personality characteristics) and behavioral (spending, consumption, usage and desired benefits) tendencies are taken into account when determining customer segmentation practices.
By enabling companies to target specific groups of customers, a customer segmentation model allows for the effective allocation of marketing resources and the maximization of cross- and up-selling opportunities. When a group of customers is sent personalized messages as part of a marketing mix that is designed around their needs, it's easier for companies to send those customers special offers meant to encourage them to buy more products. Customer segmentation can also improve customer service and assist in customer loyalty and retention. As a by-product of its personalized nature, marketing materials sent out using customer segmentation tend to be more valued and appreciated by the customer who receives them as opposed to impersonal brand messaging that doesn't acknowledge purchase history or any kind of customer relationship.

Other benefits of customer segmentation include staying a step ahead of competitors in specific sections of the market and identifying new products that existing or potential customers could be interested in or improving products to meet customer expectations. Not only do companies strive to divide their customers into measurable segments according to their needs, behaviors or demographics but they also aim to determine the profit potential of each segment by analyzing its revenue and cost impacts. Value-based segmentation evaluates groups of customers in terms of the revenue they generate and the costs of establishing and maintaining relationships with them. It also helps companies determine which segments are the most and least profitable so that they can adjust their marketing budgets accordingly.

Customer segmentation can have a great effect on customer management in that, by dividing customers into different groups that share similar needs, the company can market to each group differently and focus on what each kind of customer needs at any given moment. Large or small, niche customer segments can be targeted depending on the company's resources or needs. In B2B marketing, companies are concerned with decision-makers' job titles, the industry sector, whether the company is public or private, its size, location, buying patterns and their technology at their disposal, for example. In B2C marketing, companies are concerned with particular customers' profiles, attitudes and lifestyles.

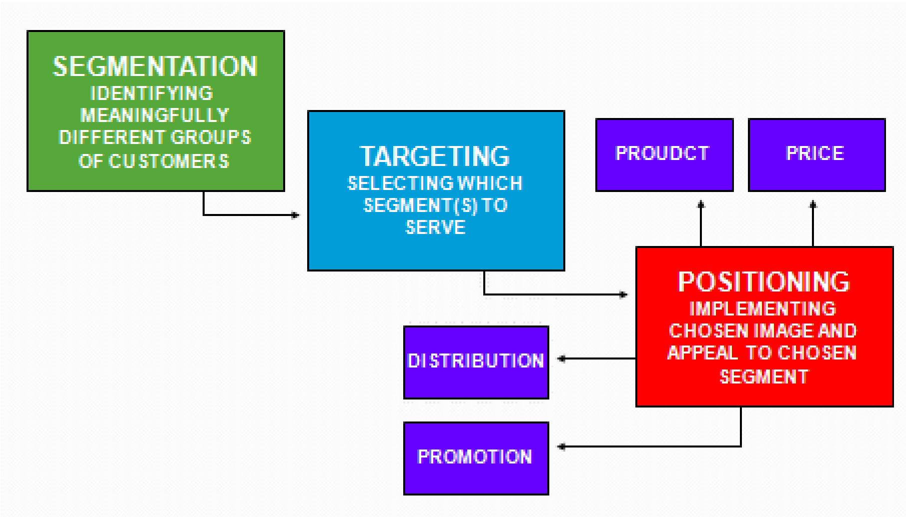
Approaches to B2B customer segmentation include vertical or horizontal alignments. In vertical segmentation, companies select certain industries or job titles that would likely find their products appealing and then focus marketing efforts on those segments that they feel are most ready to buy. In horizontal segmentation, companies simply focus on one job title across a wide range of industries and organizations.

Targeting and positioning:

Market segmentation is a process, in which groups of buyers within a market are divided and profiled according to a range of variables, which determine the market characteristics and tendencies. The processes of segmentation, targeting and positioning are parts of a chronological order for market segmentation.

Segmentation, Targeting, and Positioning:

Segmentation, targeting, and positioning together comprise a three stage process. We first (1) determine which kinds of customers exist, then (2) select which ones we are best off trying to serve and, finally, (3) implement our segmentation by optimizing our products/services for that segment and communicating that we have made the choice to distinguish ourselves that way.



Segmentation involves finding out what kinds of consumers with different needs exist. In the auto market, for example, some consumers demand speed and performance, while others are much more concerned about roominess and safety. In general, it holds true that “You can’t be all things to all people,” and experience has demonstrated that firms that specialize in meeting the needs of one group of consumers over another tend to be more profitable.

Generically, there are three approaches to marketing. In the *undifferentiated*strategy, all consumers are treated as the same, with firms not making any specific efforts to satisfy particular groups. This may work when the product is a standard one where one competitor really can't offer much that another one can't. Usually, this is the case only for commodities. In the *concentrated* strategy, one firm chooses to focus on one of several segments that exist while leaving other segments to competitors. For example, Southwest Airlines focuses on price sensitive consumers who will forego meals and assigned seating for low prices. In contrast, most airlines follow the *differentiated* strategy: They offer high priced tickets to those who are inflexible in that they cannot tell in advance when they need to fly and find it impractical to stay over a Saturday. These travelers—usually business travelers—pay high fares but can only fill the planes up partially. The same airlines then sell some of the remaining seats to more price sensitive customers who can buy two weeks in advance and stay over.

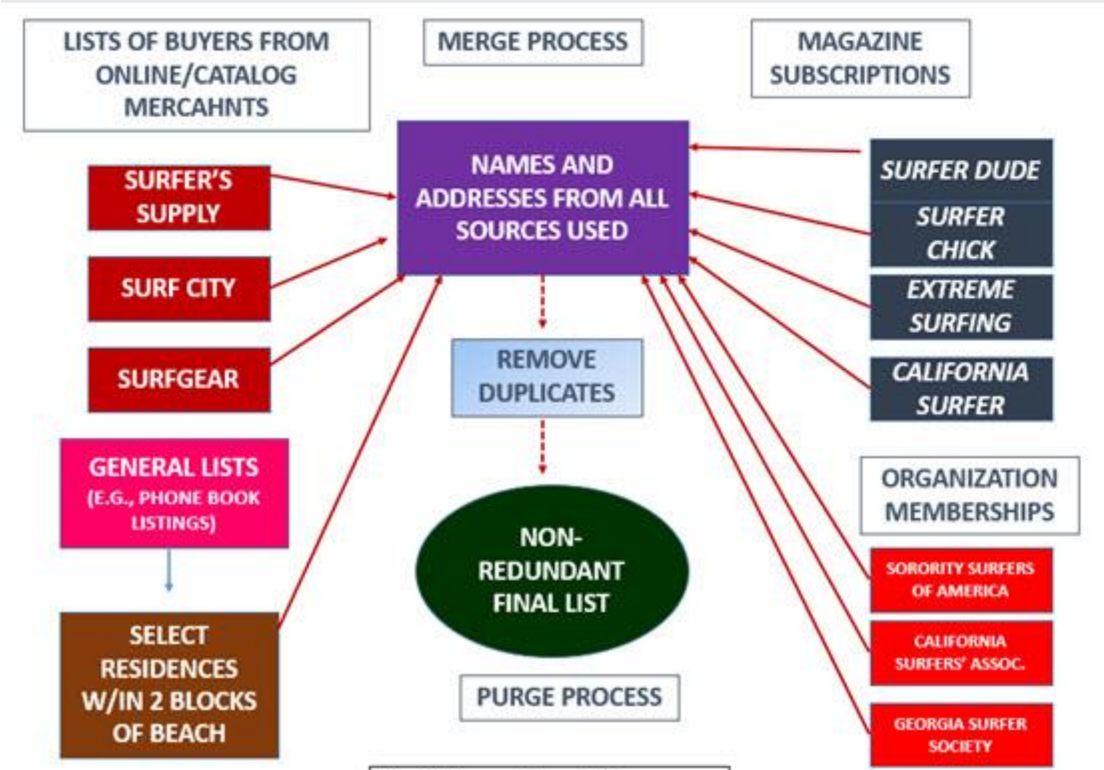
Note that segmentation calls for some tough choices. There may be a large number of variables that can be used to differentiate consumers of a given product category; yet, in practice, it becomes impossibly cumbersome to work with more than a few at a time. Thus, we need to determine which variables will be *most* useful in distinguishing different groups of consumers. We might thus decide, for example, that the variables that are <u>most</u> relevant in separating different kinds of soft drink consumers are (1) preference for taste vs. low calories, (2) preference for Cola vs. non-cola taste, (3) price sensitivity—willingness to pay for brand names; and (4) heavy vs. light consumers. We now put these variables together to arrive at various combinations.

Several different kinds of variables can be used for segmentation.

- *Demographic* variables essentially refer to personal statistics such as income, gender, education, location (rural vs. urban, East vs. West), ethnicity, and family size. Campbell's soup, for instance, has found that Western U.S. consumers on the average prefer spicier soups—thus, you get a different product in the same cans at the East and West coasts. Facing flat sales of guns in the traditional male dominated market, a manufacturer came out with the Lady Remmington, a more compact, handier gun more attractive to women. Taking this a step farther, it is also possible to segment on *lifestyle and values*."
- Some consumers want to be seen as similar to others, while a different segment wants to stand apart from the crowd.
- Another basis for segmentation is *behavior*. Some consumers are "brand loyal"—i.e., they tend to stick with their preferred brands even when a competing one is on sale. Some consumers are "heavy" users while others are "light" users. For example, research conducted by the wine industry shows that some 80% of the product is consumed by 20% of the consumers—presumably a rather intoxicated group.
- One can also segment on *benefits sought*, essentially bypassing demographic explanatory variables. Some consumers, for example, like scented soap (a segment likely to be attracted to brands such as Irish Spring), while others prefer the "clean" feeling of unscented soap (the "Ivory" segment). Some consumers use toothpaste primarily to promote oral health, while another segment is more interested in breath freshening.

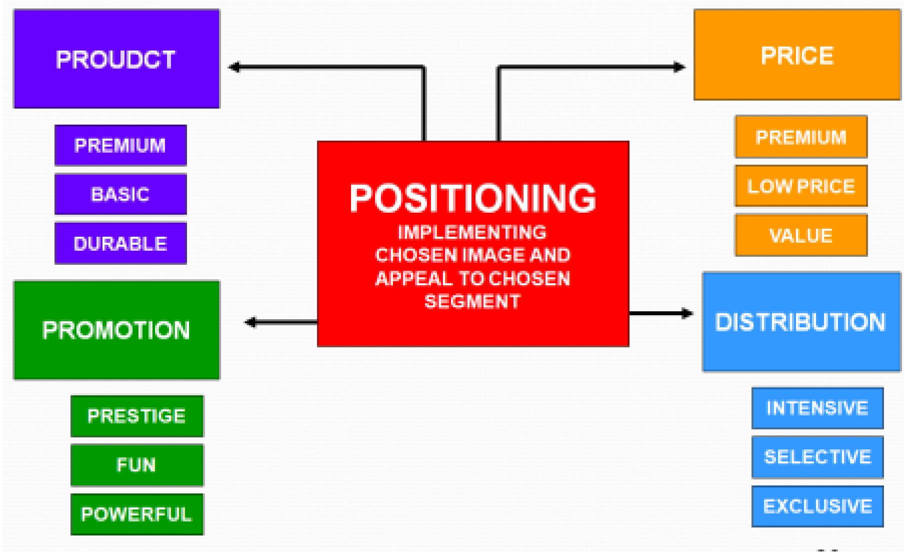
In the next step, we decide to **target** one or more segments. Our choice should generally depend on several factors. First, how well are existing segments served by *other* manufacturers? It will be more difficult to appeal to a segment that is already well served than to one whose needs are not currently being served well. Secondly, how large is the segment, and how can we expect it to grow? (Note that a downside to a large, rapidly growing segment is that it tends to attract competition). Thirdly, do we have strengths as a company that will help us appeal particularly to one group of consumers? Firms may already have an established reputation. While McDonald's has a great reputation for fast, consistent quality, family friendly food, it would be difficult to convince consumers that McDonald's now offers gourmet food. Thus, McD's would probably be better off targeting families in search of consistent quality food in nice, clean restaurants.

It is possible using to target very specific customer groups based on magazine subscriptions, past purchases, and demographic variables. A number of list brokers will sell lists of names and addresses of homeowners in a particular area (information they get from county registrars) or the subscribers to various magazines. Firms will often sell lists of their customers to competitors since it is widely believed in the industry that more catalogs tend to result more in incremental sales than in losing share in fixed-size pie. One can also buy e-mail lists, but it is generally not legal to send solicitng e-mails to individuals with which one does not already have an established business relationship, and these are also likely to be discarded by "spam" filters. In the "merge-purge" process, lists from several sources are combined (since none contains every relevant individual by itself), after which duplicates are removed. Here is an illustration of what could be used by an online merchant of surf gear seeking to find additional potential customers:



The "Merge-Purge" Process

Positioning involves *implementing* our targeting. For example, Apple Computer has chosen to position itself as a maker of user-friendly computers. Thus, Apple has done a lot through its advertising to promote itself, through its unintimidating icons, as a computer for "non-geeks." The Visual C software programming language, in contrast, is aimed a "techies."



Michael Treacy and Fred Wiersema suggested in their 1993 book *The Discipline of Market Leaders* that most successful firms fall into one of three categories:

- *Operationally excellent firms*, which maintain a strong competitive advantage by maintaining exceptional efficiency, thus enabling the firm to provide reliable service to the customer at a significantly lower cost than those of less well organized and well run competitors. The emphasis here is mostly on low cost, subject to reliable performance, and less value is put on customizing the offering for the specific customer. Wal-Mart is an example of this discipline. Elaborate logistical designs allow goods to be moved at the lowest cost, with extensive systems predicting when specific quantities of supplies will be needed.
- *Customer intimate firms*, which excel in serving the specific needs of the individual customer well. There is less emphasis on efficiency, which is sacrificed for providing more precisely what is wanted by the customer. Reliability is also stressed. Nordstrom's and IBM are examples of this discipline.
- *Technologically excellent firms*, which produce the most advanced products currently available with the latest technology, constantly maintaining leadership in innovation. These firms, because they work with costly technology that need constant refinement, cannot be as efficient as the operationally excellent firms and often cannot adapt their products as well to the needs of the individual customer. Intel is an example of this discipline.

Treacy and Wiersema suggest that in addition to excelling on one of the three value dimensions, firms must meet acceptable levels on the other two. Wal-Mart, for example, does maintain some level of customer service. Nordstrom's and Intel both must meet some standards of cost effectiveness. The emphasis, beyond meeting the minimum required level in the two other dimensions, is on the dimension of strength. *Repositioning* involves an attempt to change consumer perceptions of a brand, usually because the existing position that the brand holds has become less attractive. Sears, for example, attempted to reposition itself from a place that offered great sales but unattractive prices the rest of the time to a store that consistently offered "everyday low prices." Repositioning in practice is very difficult to accomplish. A great deal of money is often needed for advertising and other promotional efforts, and in many cases, the repositioning fails.

To effectively attempt repositioning, it is important to understand how one's brand and those of competitors are perceived. One approach to identifying consumer product perceptions is *multidimensional scaling*. Here, we identify how products are perceived on two or more "dimensions," allowing us to plot brands against each other. It may then be possible to attempt to "move" one's brand in a more desirable direction by selectively promoting certain points. There are two main approaches to multi-dimensional scaling. In the *priori*approach, market researchers identify dimensions of interest and then ask consumers about their perceptions on each dimension for each brand. This is useful when (1) the market researcher knows which dimensions are of interest and (2) the customer's perception on each dimension is relatively clear (as opposed to being "made up" on the spot to be able to give the researcher a desired answer). In the *similarity rating* approach, respondents are not asked about their perceptions of brands on any specific dimensions. Instead, subjects are asked to rate the extent of *similarity* of different pairs of products (e.g., How similar, on a scale of 1-7, is Snicker's to Kitkat, and how similar is Toblerone to Three Musketeers?) Using computer algorithms, the computer then identifies positions of each brand on a map of a given number of dimensions. The computer does not reveal what each dimension means—that must be left to human interpretation based on what the variations in each dimension appears to reveal. This second method is more useful when no specific product dimensions have been identified as being of particular interest or when it is not clear what the variables of difference are for the product category.

With high volumes of data created across multiple marketing channels, brands are challenged to organize and active the right data assets to maximize cross-channel performance. To better understand your target audience, drive more sales, and reduce marketing waste, you need to **align your brand segmentation** with digital activation and reporting.

You must align the *why* they purchase with the *who* that buys (audience segmentation) to the *what* (experience) and *how* (digital activation) so that all your efforts are on the *same page*. The key reason for this alignment is to increase efficiencies and synchronize your efforts so that each element is working in correlation with the other. Knowing what audience to target determines what marketing initiatives you should use to engage them, which in turn directs you to the right insights to improve your segmentation. It's a cycle that is interrelated and symbiotic.

Segmentation directs your strategy:

Segmentation is making sure the right message -> gets to the right buyer -> at the right time. It's also a great deal more economically efficient than mass marketing. By segmenting high-performing users you will increase engagement with current users to drive more value from your audiences. Aligning your segmentation with the activation strategy is key.

By gaining an understanding of consumer behavior you have the insights needed to increase conversions. Segmentation is the tool that helps you analyze aggregates of consumers that share common characteristics.

By targeting the segments which have the highest propensity to engage, you can develop a more effective marketing strategy that better serves consumer needs and ultimately boosts conversions.

5 elements of the most effective segments should be

1. Measurable – based on size, purchasing power, and segment profile
2. Substantial – of a critical mass that is profitable
3. Accessible – one that can easily be reached
4. Differential – is distinctive from others
5. Actionable – that enables effective programs/campaigns to be developed

To segment markets properly, you need to divide them into distinct groups with specific needs, characteristics, or behaviors which require separate products or marketing mixes. It’s key to activate the audience segments you have identified across the entire digital ecosystem.

Your target segmentation should be made on the basis of

- Which consumers will best respond to your brand(s)
- What most addresses a buyer’s needs and motivations
- Where consumers are in the buying cycle
- Quantifiable characteristics which link to KPIs such as size and market share
- Ease of persona (profile) identification
- Feasibility in targeting (based on fiscal, resource, and practical considerations) and the consistent growth potential of the segment

You need to understand the buying behaviors of each segment and develop consumer profile (via surveys and tracking of data rich websites).

- You need to start with a brand DNA study to evaluate the strengths/weaknesses of the brand
- Segment to identify the target groups to focus on
- Identify primary and secondary targets
- Establish the brand positioning
- Activate the target to interact with the brand in a meaningful way

Once you’ve segmented your target audience, you should be looking for the influencers, brand ambassadors, evangelists, and advocates. Using these individuals or groups, you can maximize the efficiency of brand activation and increase response rates.

Segmentation drives efficient activation

To optimize brand management efficiency and achieve/retain your competitive advantage and increase conversions, you have to align brand segmentation, messaging, and activation.

Successfully segmenting your brand and aligning it with activation increases:

- Top of mind awareness
- Brand likeability
- Brand purchase

Making use your CRM and third-party data sources, you can segment your audiences and help plan activation. By identifying your best customers, you can focus on the best media to reach them and the best message to engage them.

When you’re planning your marketing activities you have to keep segmentation in mind so you can determine which elements to include in your marketing mix. The right mix of marketing activities and vehicles is closely linked to the behaviors of the target audience.

Market segmentation and building a differentiated value proposition are two of marketing’s most powerful tools for guiding a marketing strategy. It clearly identifies which consumer targets will generate the highest return in conversions and provides a better view of how to best reach and engage them.

Once you’ve figured out segmentation, you can align it with activation. Brand activation involves bringing a brand to life in the marketplace. It’s about delivering brand growth by using all channel opportunities to connect with consumers and deepen their experiences/relationships with your brand. You need to:

- Convert brand strategies into innovative activity plans
- Develop closer marketplace connections with consumers
- Implement consumer activation programs
- Drive brand visibility and channel presence
- Monitor market developments and brand performance

Establishing an emotional or rational attachment between consumers and your brand to foster the engagement is paramount. This is aligned with how you craft perceptions and behaviors in relation to your company.

Brand reporting gives you better insight into segmentation

Reporting that is aligned to segmentation helps provide the insights needed to inform the marketing process and guide campaign development. Aligning segments to reporting, allows you to determine which segments are most profitable so you can increase targeting efficiency. This strategy provides you with a more accurate picture of which individual segments contribute to your ROI, which ones require greater attention and more resources, and which to eliminate.

Alignment equals optimization

Your competitive edge depends on you finding the right audience for your products/services, then getting the right message to them.

Segmentation is the tool to help achieve this, but unless it is targeted with the right marketing mix, you are wasting efficiency and cutting into your margins. The vast store of data you have must be used to determine both who to talk to and how to reach them effectively to drive engagement. Once you have aligned segmentation to optimization, and tacked on equally effective reporting to gain insights, then you finally have the knowledge you need to consistently optimize conversions.

Rural Marketing:

Introduction:

The emergence of rural markets as highly untapped potential emphasizes the need to explore them. Marketers over the past few decades, with innovative approaches, have attempted to understand and tap rural markets. Some of their efforts paid off and many markets still an enigma. Rural marketing is an evolving concept, and as a part of any economy, has untapped potential; marketers have realized the opportunity recently. Improvement in infrastructure and reach, promise a bright future for those intending to go rural. Rural consumers are keen on branded goods nowadays, so the market size for products and services seems to have burgeoned.

The rural population has shown a trend of moving to a state of gradual urbanization in terms of exposure, habits, lifestyles, and lastly, consumption patterns of goods and services. So, there are dangers on concentrating more on the rural customers. Reducing the product features in order to lower prices is a dangerous game to play. Rural buyers like to follow the urban pattern of living. Astonishingly, as per the census report 2003-04, there are total 638365 villages in India in which nearly 70% of total population resides; out of them 35 % villages have more than 1000 population.

Rural per capita consumption expenditure grew by 11.5 per cent while the urban expenditure grew by 9.6 per cent. There is a tremendous potential for consumer durables like twowheelers, small cars, television sets, refrigerators, air-conditioners and household appliances in rural India.

Definitions:

"Rural marketing is a process of developing, pricing, promoting, and distributing rural specific goods and services leading to desired exchange with rural customers to satisfy their needs and wants, and also to achieve organizational objectives."

Concept of Rural Marketing:

The concept of Rural Marketing in India Economy has always played an influential role in the lives of people. In India, leaving out a few metropolitan cities, all the districts and industrial townships are connected with rural markets. The rural market in India generates bigger revenues in the country as the rural regions comprise of the maximum consumers in this country. The rural market in Indian economy generates almost more than half of the country's income. Rural marketing in Indian economy can be classified under two broad categories.

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UNIT-II

ENVIRONMENTAL INFLUENCES ON CONSUMER BEHAVIOR

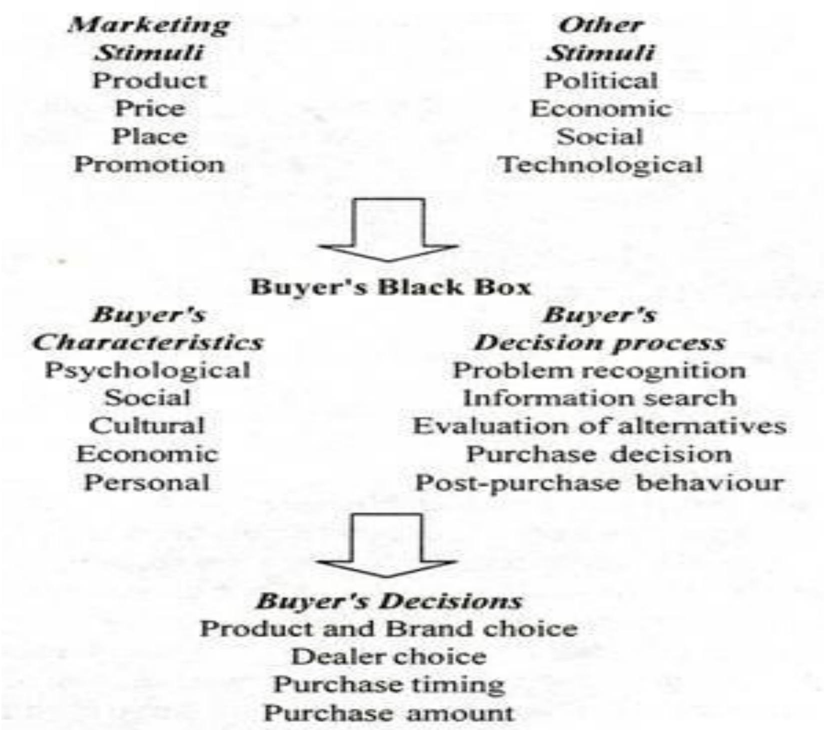
UNIT-II: ENVIRONMENTAL INFLUENCES ON CONSUMER BEHAVIOR: Influence of culture, sub culture, social class, social group, family and personality, cross cultural consumer behavior.

ENVIRONMENTAL INFLUENCES ON CONSUMER BEHAVIOR:

Consumers don't exist in a vacuum. Their behavior is influenced by the environment in which they live, and this behavior includes their buying behavior. This environment includes families and friends, lifestyle and lifecycle, and the culture and beliefs of their social class. When marketers understand how these influences work, they can often tap into them as they develop marketing strategies. In this topic you will learn to

- discuss the impact of cultural beliefs, values and customs in regulating consumer behavior
- explain how social class linked attitudes and values influence consumer behavior
- discuss the impact of groups on consumer buying processes
- describe the influence of the family on the consumption behavior of family members
- explain different buyer needs as determined by life cycle changes
- explain how lifestyle influences consumer behavior
- identify the implications of group membership, family, culture, lifestyle and social class for a marketing strategy development

FIGURE 2.1: MODEL OF BUYER BEHAVIOUR



External Environmental Factors Affecting Consumer Behavior:

It is defined as a complex sum total of knowledge, belief, traditions, customs, art, moral law or any other habit acquired by people as members of society. Our consumer behavior, that is the things we buy are influenced by our background or culture. Different emphasis is given by different cultures for the buying, use, and disposing of products. People in South India have a certain style of consumption of food, clothing, savings, etc. This differs from the people in the North of India. Different cultures and habits are predominant in different parts of the world. Japanese have a different culture from that of USA, England or Arabian countries. Therefore, in consumer behavior culture plays a very important part.

- Sub-cultural Influences
- Social Class
- Social Group Influences
- Family Influence
- Personal Influences
- Other Influences

Sub-cultural Influences:

Within a culture, there are many groups or segments of people with distinct customs, traditions and behavior. In the Indian culture itself, we have many subcultures, the culture of the South, the North, East and the West. Hindu culture, Muslim culture, Hindus of the South differ in culture from the Hindus of the North and so on. Products are designed to suit a target group of customers which have similar cultural background and are homogeneous in many respects.

Social Class:

By social class we refer to the group of people who share equal positions in a society. Social class is defined by parameters like income, education, occupation, etc. Within a social class, people share the same values and beliefs and tend to purchase similar kinds of products. Their choice of residence, type of holiday, entertainment, leisure all seem to be alike. The knowledge of social class and their consumer behavior is of great value to a marketeer.

Social Group Influences:

A group is a collection of individuals who share some consumer relationship, attitudes and have the same interest. Such groups are prevalent in societies. These groups could be primary where interaction takes place frequently and, consists of family groups. These groups have a lot of interaction amongst themselves and are well knit. Secondary groups are a collection of individuals where relationship is more formal and less personal in nature.

These could be political groups, work group and study groups, service organisations like the Lions, Rotary, etc. The behavior of a group is influenced by other member of the group. An individual can be a member of various groups and can have varied influences by different members of groups in his consumption behavior. An individual can be an executive in a company, can be a member of a political party. He may be a member of a service organisation and of entertainment clubs and study circles. These exert different influences on his consumption.

Family Influence

As has already been said, the family is the most important of the primary group and is the strongest source of influence on consumer behavior. The family tradition and customs are learnt by children, and they imbibe many behavioral patterns from their family members, both consciously and unconsciously. These behavior patterns become a part of children's lives. In a joint family, many decisions are jointly made which also leave an impression on the members of the family.

These days the structure of the family is changing and people are going in more for nucleus families which consists of parent, and dependent children. The other type of family is the joint family where mother, father, grandparents and relatives also living together.

Personal Influences

Each individual processes the information received in different ways and evaluates the products in his own personal way. This is irrespective of the influence of the family, social class, cultural heritage, etc. His own personality ultimately influences his decision. He can have his personal reasons for likes, dislikes, price, convenience or status. Some individuals may lay greater emphasis on price, others on quality, still others on status, symbol, convenience of the product, etc. Personal influences go a long way in the purchase of a product.

Internal or psychological factors:

The buying behavior of consumers is influenced by a number of internal or psychological factors. The most important ones Motivation and Perception.

a) Motivation: A need becomes a motive when it is aroused to a sufficient level of intensity. A motive is a need that is sufficiently pressing to drive the person to act.

There can be of types of needs:

1. Biogenic needs: They arise from physiological states of tension such as thirst, hunger

2. Psychogenic needs: They arise from psychological states of tension such as needs for recognition, esteem

In the words of William J Stanton, "A motive can be defined as a drive or an urge for which an individual seeks satisfaction. It becomes a buying motive when the individual seeks satisfaction through the purchase of something". A motive is an inner urge (or need) that moves a person to take purchase action to satisfy two kinds of wants viz. core wants and secondary wants. Let us take two examples:

TABLE 2.1: Examples of core and secondary want:

Products	**Core want**	**Secondary want**
Glasses	Protection to eyes	It should look goo
Shoes	Protection to feet	Elegance in style

So, motivation is the force that activates goal-oriented behavior. Motivation acts as a driving force that impels an individual to take action to satisfy his needs. So it becomes one of the internal factors influencing consumer behavior.

b) Perception:

Human beings have considerably more than five senses. Apart from the basic five (touch, taste, smell, sight, hearing) there are senses of direction, the sense of balance, a clear knowledge of which way is down, and so forth. Each sense is feeding information to the brain constantly, and the amount of information being collected would seriously overload the system if one took it all in. The brain therefore selects from the environment around the individual and cuts out the extraneous noise.

In effect, the brain makes automatic decisions as to what is relevant and what is not. Even though there may be many things happening around you, you are unaware of most of them; in fact, experiments have shown that some information is filtered out by the optic nerve even before it gets to the brain. People quickly learn to ignore extraneous noises: for example, as a visitor to someone else's home you may be sharply aware of a loudly ticking clock, whereas your host may be entirely used to it, and unaware of it except when making a conscious effort to check that the clock is still running.

Therefore the information entering the brain does not provide a complete view of the world around you. When the individual constructs a world-view, she then assembles the remaining information to map what is happening in the outside world. Any gaps (and there will, of course, be plenty of these) will be filled in with imagination and experience. The cognitive map is therefore not a 'photograph'; it is a construct of the imagination. This mapping will be affected by the following factors:

1. Subjectivity:

This is the existing world-view within the individual, and is unique to that individual.

2. Categorisation:

This is the 'pigeonholing' of information, and the pre-judging of events and products. This can happen through a process known as chunking, whereby the individual organises information into chunks of related items. For example, a picture seen while a particular piece of music is playing might be chunked as one item in the memory, so that sight of the picture evokes the music and vice versa.

3. Selectivity:

This is the degree to which the brain is selecting from the environment. It is a function of how much is going on around the individual, and also of how selective (concentrated) the individual is on the current task. Selectivity is also subjective: some people are a great deal more selective than others.

4. Expectation:

These lead individuals to interpret later information in a specific way. For example, look at this series of numbers and letters:

In fact, the number 13 appears in both series, but in the first series it would be interpreted as a B because that is what the brain is being led to expect, (The B in Matura Ml Script looks like this. B)

5. Past experience:

This leads us to interpret later experience in the light of what we already know. Psychologists call this the law of primacy, Sometimes sights, smells or sounds from our past will trigger off inappropriate responses: the smell of bread baking may recall a village bakery from twenty years ago, but in fact the smell could have been artificially generated by an aerosol spray near the supermarket bread counter.

An example of cognitive mapping as applied to perception of product quality might run as follows.

The consumer uses the input selector to select clues and assign values to them. For quality, the cues are typically price, brand name and retailer name. There are strong positive relationships between price and quality in most consumers' perceptions, and brand name and quality; although the retailer name is less significant, it still carries some weight.

For example, many consumers would feel confident that Big Bazaar would sell higher-quality items than the local corner shop, but might be less able to distinguish between Food Bazaar and Giant hyper store. The information is subjective in that the consumer will base decisions on the selected information. Each of us selects differently from the environment and each of us has differing views. Information about quality will be pigeonholed, or categorised: the individual may put Scoda Octavia in the same category as Mercedes Benz or perhaps put Sony in the same slot as Aiwa.

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UNIT-III

CONSUMER AS AN INDIVIDUAL

UNIT-III: CONSUMER AS AN INDIVIDUAL: Personality and self concept, consumer motivation, consumer perception, Consumer attitudes and changing attitudes, consumer learning and information processing.

Consumer as an individual:

Personality & Self Concept:

Personality:

To understand a buyer needs and convert them into customers is the main purpose of the consumer behavior study. To understand the buyer habits and his priorities, it is required to understand and know the personality of the buyer.

Personality signifies the inner psychological characteristics that reflect how a person reacts to his environment. Personality shows the individual choices for various products and brands. It helps the marketers in deciding when and how to promote the product. Personality can be categorized on the basis of individual traits, likes, dislikes etc.

Though personality is static, it can change due to major events such as death, birth or marriage and can also change gradually with time. By connecting with the personality characteristics of an individual, a marketer can conveniently formulate marketing strategies. We will discuss in this chapter the various theories of personality.

Trait Theory:

Traits are the features of an individual or tendency of an individual in a particular manner. Traits help in defining the behavior of consumers. According to the Trait theorists, an individual's personality make-up stems out of the traits that he possesses, and the identification of traits is important.

Following are the few of the most common traits:

- Outgoing
- Sad
- Stable
- Serious
- Happy go lucky
- Relaxed
- Self assured
- Practical
- Imaginative

Trait theory is representative of multi-personality theories. Trait theory is based on certain assumptions, such as traits which are certainly stable in nature and a limited number of traits are common to most of the people. According to the Trait theorists, an individual's personality make-up stems out of the traits that he possesses, and the identification of traits is important. The trait theories can be of two broad categories, viz., Simple trait theories and general trait theories.

Simple Trait Theories:

In simple trait theories, a limited number of traits are identified, and people are categorized and classified on the basis of these traits.

General Trait Theories:

In general trait theories, a large variety of traits are identified.

The Psychoanalytic Theory of Freud: Sigmund Freud, the father of psychology, became famous with his psychoanalytic theory of personality. In fact, the theory is regarded as the cornerstone of modern psychology. Sigmund based his theory on certain assumptions which is as follows−Unconscious needs or drives lie at the heart of human motivation and personality. The socialization process that takes place within people in a social set up has a huge impact on individual behavior. Freud explained much of how the psyche or the mind operates, and proposed that, human psyche is composed of parts within our awareness and beyond our awareness.

He said that all behavior within an individual cannot be explained, much lies in the subconscious.

- **Id** − According to Freud's psychoanalytic theory of personality, the id operates based on the pleasure principle, which stresses on immediate fulfillment of needs. The id is the personality component made up of unconscious psychic energy which satisfies basic urges, needs, and desires.
- **Ego** − Ego is that state of awareness which thinks of you as separate from the other. It always thinks of the glories of the past and hopes of the future and focuses on guiltiness. It always thinks of what was and what could be.
- **Super Ego** − The superego provides guidelines for making judgments. It is the aspect of personality that holds all our moral standards and ideals that we acquire from both parents and society.

Neo-Freudian Theory:

There were a group of psychologists who believed that social interaction and resultant relationships formed the basis for the growth and development of personality. Here, they disagreed with their contemporary, Freud, who believed that personality was −

- Biological and rooted in genetics, and
- Was groomed as a result of early childhood experiences. This group of researchers who laid emphasis on the process of socialization came to be known as the Neo. To form a personality, social relationships are very important.

Based on this, consumers are classified into three personality types −

- **Complaint Personalities** − They prefer love and affection and so they move towards them and so they prefer known brands.
- **Aggressive Personalities** − They tend to move against others and they show off their need for power, success etc which is quite manipulative.

- **Detached Personalities** − They are not much aware of brands and are more self reliant and independent.

Marketers also tend to use Neo-Freudian theories while segmenting markets and positioning their products.

Self Concept:

Self concept is defined as the way, in which we think, our preferences, our beliefs, our attitudes, our opinions arranged in a systematic manner and also how we should behave and react in various roles of life. Self concept is a complex subject as we know the understanding of someone's psychology, traits, abilities sometimes are really difficult. Consumers buy and use products and services and patronize retailers whose personalities or images relate in some way or other to their own self-images.

Traditionally, individuals are considered to be having a single self-image which they normally exhibit. Such type of consumers is interested in those products and services which match or satisfy these single selves. However, as the world became more and more complex, it has become more appropriate to think of consumers as having multiple selves.

What is Self-Concept?

The below are some of the major aspects of Self-concept

Self-Concept is Organized

We all have various views about ourselves. We all may think we are kind, calm, patient, selfish, rude and what not. It doesn't matter what perception you have about yourself, but the one perception that facilitates all these insights is organized self concept. When a person believes in something that matches his self concept he sticks to his view and does not agree to change the same and even if does, it takes a lot of time.

Self Concept is Learned

It is believed that self concept is learned and no person is born with a self concept. It develops as and when we grow old. Our self concept is built when we meet people socially and interact with them. We are the ones who shape or alter our self concept and its quite natural that we may have a self concept different for ourselves as compared to what people think about us.

For example − If an individual thinks, he is very generous and helpful, it may not necessarily be the case with others. Others may see him as a selfish person.

Self Concept is Dynamic

Our self concept in life is not constant and it may change with instances that take place in our lives. When we face different situations and new challenges in life, our insight towards things may change. We see and behave according to the things and situations.

Thus, it is observed that self concept is a continuous development where we let go things that don't match our self concept and hold on those things that we think are helpful in building our favorable perception.

Self concept is the composite of ideas, feelings, emotions and attitudes that a person has about their identity and capabilities.

Consumer Motivation:

Why do people shop? How a consumer does assess his/her needs? What motivates them to choose a particular product over other? These questions are essence of marketing concepts, key for a given company to be successful, profitable and market leader. When a consumer engages in a trade (i.e. exchange a product/service for the money), it is mostly to satisfy a need. But what could be of interest to marketer here is that, consumer needs are sometimes unfelt to consumer, but it represents a great deal of opportunity to the marketer.

As the marketing evolves, production orientation transforms into marketing orientation, which revolves around what the consumer wants and how to elicit the unfelt need of a consumer. Need can be innate (basic biological needs) or it can be acquired (learned through society and environment).

Consumer motivation is defined as driving force within individuals that leads to an action. In marketing concept that action would be acquiring a product or availing a service, that fulfills their needs and wants. This motivated behavior is always goal oriented, that what exactly is required to satisfy a particular need. This is one of the reasons why marketer doesn't just focus on what a particular need is, but inclined to represent their product and service as the only means of solution for a particular consumer need. Needs are the core of the marketing concept. The study of Motivation refers to all the processes that drives in a person to perceive a need and pursue a definite course of action to fulfill that need.

What are Needs − Every individual has needs that are required to be fulfilled. Primary needs are food, clothing, shelter and secondary needs are society, culture etc.

What are Wants − Needs are the necessities, but wants are something more in addition to the needs. For example, food is a need and type of food is our want.

What are Goals − Goals are the objectives that have to be fulfilled. Goals are generic and product specific in nature. Generic goals are general in nature, whereas product specific goals are the desires of a specific nature.

Needs and fulfillment are the basis of motivation. Change takes place due to both internal as well as external factors. Sometimes needs are satisfied and sometimes they are not due to individual's personal, social, cultural or financial needs.

Theories of Motivation:

Maslow's Theory of Need Hierarchy

Based on the notion of a universal hierarchy of human needs Dr Abraham Maslow, a clinical psychologist formulated a widely accepted theory of human motivation. This identifies five basic levels of human need which rank in order of importance from lower level needs to higher level needs.

This theory signifies the importance of satisfying the lower level needs before higher level needs arise. According to this theory, dissatisfaction motivates the consumer.

Following are the levels of human needs −

Maslow's Need Hierarchy Theory

- **Physiological Needs** − Food, clothing, air, and shelter are the first level needs. They are known as the basic necessities or primary needs.
- **Safety or Security Needs** − Once the first level needs are satisfied, consumers move to the next level. Physical safety, security, stability and protection are the security needs.
- **Social Needs** − After the safety needs are satisfied, consumers expect friendship, belonging, attachment. They need to maintain themselves in a society and try to be accepted.
- **Esteem Needs** − Then comes esteem needs such as self-esteem, status, prestige. Individuals here in this stage want to rise above the general level as compared to others to achieve mental satisfaction.
- **Self-Actualization** − This is the highest stage of the hierarchy. People here, try to excel in their field and improve their level of achievement. They are known as self-actualizers.

Motivational Theory and Marketing Strategies:

Marketers have to understand the motives of their potential customers to enjoy good sales. A buyer has several motives and each change with various elements. In such cases the marketers can readily help their customers by changing their marketing strategy so that the conflict is resolved. Following are the major conflicts that may arise –

- **Approach Conflict** − This conflict arises when a consumer has two different choices of similar products or services. He gives equal importance to them, but is unable to choose one over the other.
- **Approach Avoidance Conflict** − This type of conflict happens when the consumer decides in favor of a product, but is unhappy with a particular feature of the product and wants to avoid it. Under such circumstances, the marketer may come up with few modifications in the existing product and make it suitable for the consumer.

Motivation is an inner drive that reflects goal-directed arousal. In a consumer behavior context, the results is a desire for a product, service, or experience. It is the drive to satisfy needs and wants, both physiological and psychological, through the purchase and use of products and services.

Five stages of the motivation process:

- Latent need
- Drive
- Want or desire
- Goal
- Behavior

CONSUMER PERCEPTION:

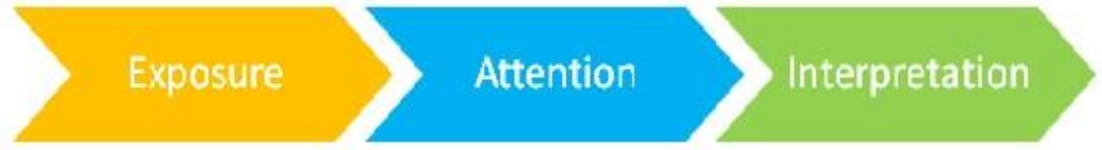
A marketing concept that encompasses a customer's impression, awareness and/or consciousness about a company or its offerings. Customer perception is typically affected by advertising, reviews, public relations, social media, personal experiences and other channels.

Definition:

CUSTOMER PERCEPTION

Consumer perception refers to the process by which a customer selects, organizes, and interprets information/stimuli inputs to create a meaningful picture of the brand or the product. It is a three stage process that translates raw stimuli into meaningful information.

Each individual interprets the meaning of stimulus in a manner consistent with his/her own unique biases, needs and expectations. Three stages of perception are exposure, attention and interpretation



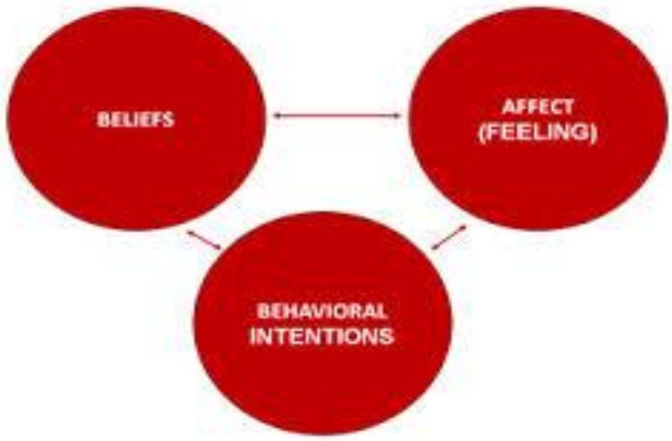
In simpler terms, it is how a customer see's a particular brand with whatever he or she has been able to understand by watching the products, its promotions, feedback etc. It is the image of that particular brand in the mind of the customer

Examples

Sensory data emanating from an external environment (e.g., hearing a tune on the radio) can generate internal sensory experiences; a song might trigger a young man's first dance and bring to mind the smell of his date's perfume and his first kiss. Hence, this concludes the definition of Customer Perception along with its overview.

CONSUMER ATTITUDES AND CHANGING ATTITUDES:

Consumer attitudes are a composite of a **consumer's**(1) beliefs about, (2) feelings about, (3) and behavioral intentions toward some object--within the context of marketing, usually a brand or retail store. ... The first component is beliefs.



Beliefs:

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

Since a consumer holds many beliefs, it may often be difficult to get down to a "bottom line" overall belief about whether an object such as McDonald's is overall good or bad. The Multiattribute (also sometimes known as the Fishbein) Model attempts to summarize overall attitudes into one score using the equation:

$$A_b = \sum_{i=1}^{n} W_i X_{ib}$$

That is, for each belief, we take the weight or importance (Wi) of that belief and multiply it with its evaluation (Xib). For example, a consumer believes that the taste of a beverage is moderately important, or a 4 on a scale from 1 to 7. He or she believes that coffee tastes very good, or a 6 on a scale from 1 to 7. Thus, the product here is 4(6)=24. On the other hand, he or she believes that the potential of a drink to stain is extremely important (7), and coffee fares moderately badly, at a score -4, on this attribute (since this is a negative belief, we now take negative numbers from -1 to -7, with -7 being worst). Thus, we now have 7(-4)=-28. Had these two beliefs been the only beliefs the consumer held, his or her total, or aggregated, attitude would have been 24+(-28)=-4. In practice, of course, consumers tend to have many more beliefs that must each be added to obtain an accurate measurement.

Affect:

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

Behavioral Intention:

The behavioral intention is what the consumer plans to do with respect to the object (e.g., buy or not buy the brand). As with affect, this is sometimes a logical consequence of beliefs (or affect), but may sometimes reflect other circumstances--e.g., although a consumer does not really like a restaurant, he or she will go there because it is a hangout for his or her friends.

Attitude-Behavior Consistency:

Consumers often do not behave consistently with their attitudes for several reasons:

- *Ability*. He or she may be unable to do so. Although junior high school student likes pick-up trucks and would like to buy one, she may lack a driver's license.
- *Competing demands for resources*. Although the above student would like to buy a pickup truck on her sixteenth birthday, she would rather have a computer, and has money for only one of the two.
- *Social influence*. A student thinks that smoking is really cool, but since his friends think it's disgusting, he does not smoke.
- *Measurement problems*. Measuring attitudes is difficult. In many situations, consumers do not consciously set out to enumerate how positively or negatively they feel about mopeds, and when a market researcher asks them about their beliefs about mopeds, how important these beliefs are, and their evaluation of the performance of mopeds with respect to these beliefs, consumers often do not give very reliable answers. Thus, the consumers may act consistently with their <u>true</u>attitudes, which were never uncovered because an erroneous measurement was made.

Attitude Change Strategies:

Changing attitudes is generally *very difficult*, particularly when consumers suspect that the marketer has a self-serving agenda in bringing about this change (e.g., to get the consumer to buy more or to switch brands).

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

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

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

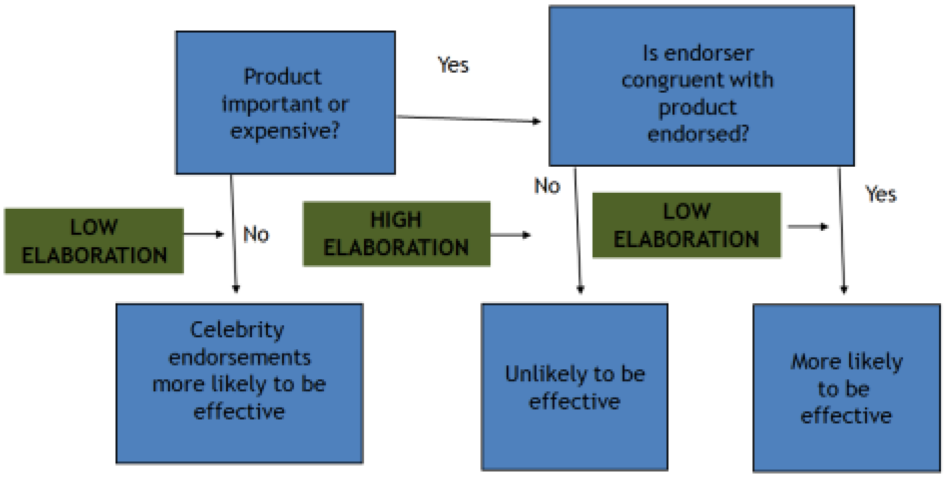
1. *Change currently held beliefs*. It is generally very difficult to attempt to change beliefs that people hold, particularly those that are strongly held, *even if they are inaccurate*. For example, the petroleum industry advertised for a long time that its profits were lower than were commonly believed, and provided extensive factual evidence in its advertising to support this reality. Consumers were suspicious and rejected this information, however.
2. *Change the importance of beliefs*. Although the sugar manufacturers would undoubtedly like to decrease the importance of healthy teeth, it is usually not feasible to make beliefs less important--consumers are likely to reason, why, then, would you bother bringing them up in the first place? However, it may be possible to strengthen beliefs that favor us--e.g., a vitamin supplement manufacturer may advertise that it is extremely important for women to replace iron lost through menstruation. Most consumers already agree with this, but the belief can be made stronger.
3. *Add beliefs*. Consumers are less likely to resist the addition of beliefs *so long as they do not conflict with existing beliefs*. Thus, the beef industry has added beliefs that beef (1) is convenient and (2) can be used to make a number of creative dishes. Vitamin manufacturers attempt to add the belief that stress causes vitamin depletion, which sounds quite plausible to most people.
4. *Change ideal*. It usually difficult, and very risky, to attempt to change ideals, and only few firms succeed. For example, Hard Candy may have attempted to change the ideal away from traditional beauty toward more unique self expression.

One-sided vs. two-sided appeals:

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

The Elaboration Likelihood Model (ELM) and Celebrity Endorsements:

The ELM suggests that consumers will scrutinize claims more in important situations than in unimportant ones. For example, we found that in the study of people trying to get ahead of others in a line to use photo copiers, the compliance rate was about fifty percent when people just asked to get ahead. However, when the justification “... because I have to make copies” was added, compliance increased to 80%. Since the reason offered really did not add substantive information, we conclude that it was not extensively analyzed--in the jargon of the theory, “elaboration” was low.



The ELM suggests that for "unimportant" products, elaboration will be low, and thus Bill Cosby is able to endorse Coke and Jell-O without having any special credentials to do so. However, for products which are either expensive or important for some other reason (e.g., a pain reliever given to a child that could be harmed by using dangerous substances), elaboration is likely to be more extensive, and the endorser is expected to be "congruent," or compatible, with the product. For example, a basket ball player is likely to be effective in endorsing athletic shoes, but not in endorsing automobiles. On the other hand, a nationally syndicated auto columnist would be successful in endorsing cars, but not athletic shoes. All of them, however, could endorse fast food restaurants effectively.

Appeal Approaches:

Several approaches to appeal may be used. The use of *affect* to induce *empathy* with advertising characters may increase attraction to a product, but may backfire if consumers believe that people's feelings are being exploited. *Fear appeals* appear to work only if (1) an optimal level of fear is evoked--not so much that people tune it out, but enough to scare people into action *and* (2) a way to avoid the feared stimulus is explicitly indicated--e.g., gingivitis and tooth loss can be avoided by using this mouth wash. *Humor* appears to be effective in gaining attention, but does not appear to increase persuasion in practice. In addition, a more favorable attitude toward the advertisement may be created by humorous advertising, which may in turn result in increased sales. *Comparative advertising*, which is illegal in many countries, often increases sales for the sponsoring brand, but may backfire in certain cultures.

Change Consumer Attitudes:

Companies may focus on changing consumer attitudes for a variety of reasons. Dropping sales, increased product or service complaints and new, or renewed, competition in the marketplace can all necessitate a hard look at the reasons behind trends related to consumer perceptions and attitudes. Deciphering the cause of negative perceptions requires appropriate planning and the commitment to make the necessary changes to ensure success. For small businesses, analyzing consumer behavior becomes an essential part of developing a targeted marketing and promotional campaign.

1. Identify consumer perceptions. In order to develop an action plan for changing consumer attitudes, you need to understand current perceptions of products and services. Evaluate captured feedback, such as customer service contact statistics regarding complaints and concerns. Service businesses can leave comment cards for customers to complete and mail back. Utilize surveys, paper and electronic, and focus groups to receive an accurate representation of problems or concerns that may exist.
2. Compile data for interpretation. Interpretations derived from statistical data can provide immediate feedback related to possible product or service defects. Evaluate survey responses

for information related to consumer views and perceptions of the business's products or services. Focus on repeated or habitual problems experienced by customers. Find the common thread among complaints and negative perceptions. Determine if a negative consumer attitude is the result of employee neglect or product deficiencies.

3. Create a plan of action. Once you have identified consumer perceptions, develop a plan to improve areas where consumer perceptions reflect a negative attitude toward the company, product or service. This can include improved employee training to handle concerns and help cultivate customer loyalty. Involve product development on needed product improvements. Enlist the help of the marketing department to develop campaigns focused on increasing brand awareness and resolving common concerns.
4. Share vital information with affected employees. Educate the appropriate personnel on the goals of any new campaigns and promotions. Ensure customer service representatives understand the impact of creating a positive customer environment. Changing consumer attitudes is essential to ensuring future loyalty and creating a secure job environment.
5. Measure success. Use customer service metrics as one way to measure success. This can include keeping track of incident reports, positive feedback and complaints. Signs of a shift in consumer attitudes include reduced complaints and increased sales.

CONSUMER LEARNING AND INFORMATION PROCESSING:

CONSUMER LEARNING: Consumer learning is the process by which individuals acquire the purchase and consumption knowledge and experience they apply to future related behavior. Most of the learning is incidental.

What is customer learning?

Consumer learning is the pursuit of lifelong learning by individuals (read: yourcustomers) who want to further their knowledge in areas of personal interest and are learning on their own accord. That means hobbies, nutrition and fitness, sports, fine arts, crafts, career development, and personal improvement.

Consumer Learning is the process by which individuals acquire the purchase and consumption knowledge and experience they apply to future related behavior.

Most of the learning is incidental. Some of it is intentional. Basic elements that contribute to an understanding of learning are:

1. Motivation
2. Cues
3. Response
4. Reinforcement

There are 2 theories on how Individuals learn:

1. Behavioral Theory
2. Cognitive Theory

Both contribute to an understanding of consumer behavior.

Behavioral Theorists view learning as observable responses to stimuli, whereas Cognitive Theorists believe that learning is a function of mental processing.

3 Major Behavioral Learning Theories are :

1. **Classical Conditioning** : Includes Repetition, Stimulus generalization and Stimulus discrimination.
2. **Instrumental Conditioning**: Instrumental Learning theorists believe that learning occurs through a trial and error process in which the positive outcomes in the form of results or desired outcomes lead to repeat behavior like Repeat Purchase or Repeat Positive Word of Mouth. Both positive and negative reinforcement can be used to encourage the desired behavior. The timing of repetitions influences how long the learned material is retained. Learning usually persists longer with distributed re-inforcement schedule, while mass repetitions produce more initial learnings.

3. **Observational Conditioning or Vicarious Learning**: Cognitive learning theory holds that the kind of learning most characteristics of humans is PROBLEM SOLVING. Cognitive theorists are concerned with how information is processes by the human mind: how it is stored, retained, and retrieved. Involvement theory proposes that people engage in limited information processing in situations of low relevance to them and people engage in extensive information processing in situations of high relevance.

   TV is a low involvement medium for learning and print and interactive media encourage more cognitive information processing. Measures of consumer learning include recall and recognition tests, cognitive responses to advertising, and attitudinal and behavioral measures of brand loyalty.

A basic issue among researchers is whether to define brand loyalty in terms of consumer's behaviors or the consumer's attitude towards the brand. Brand Equity refers to the inherent value a brand name has in the marketplace. Brand Loyalty consists of both attitudes and actual behaviors toward a brand and both must be measured. For marketers, the major reasons for understanding how consumers learn are to teach them that their brand is best and to develop brand loyalty.

CONSUMER INFORMATION PROCESSING:

The common dimension effect is a bias in human information processing. It indicates that unique product attributes (features, extras) may have less influence in the consumer choice process than the common attributes. Marketing experience, however, says that a new and innovative product attribute may attract buyers.

The process through which consumers are:

1. exposed to information
2. attend to it
3. comprehend it
4. place it in memory and
5. retrieve it for later use.

PERCEPTION

The process through which individuals are:

- exposed to information,
- attend to the information, and
- comprehend the information

Exposure:
consumers receive information through their senses

Attention:
consumers allocate processing capacity to a stimulus

Comprehension:
consumers interpret the information to obtain meaning from it

THE EXPOSURE STAGE: a consumer's sensory organs are activated by a stimulus

selective exposure: consumers can actively choose whether or not to expose themselves to information

- e.g., zipping and zapping through a video tape (fast forwarding through commercials or turning off the sound during commercials)

sensation: the stimulation of a person's sensory receptors and the transmission of the sensory information to the brain Whether or not a stimulus is actually detected depends on its intensity:

absolute threshold: the lowest level at which a stimulus can be detected 50% of the time.

Why do TV commercials seem louder than the program material?

subliminal perception: the idea that stimuli presented below the level of conscious awareness might influence behavior and feelings

THE EXPOSURE STAGE

Just Noticeable Difference Threshold (JND): the minimum amount of difference in the intensity of a stimulus that can be detected 50% of the time

Weber's: Law: as the intensity of the stimulus increases, the ability of a person to detect a difference between the two levels of the stimulus decreases

THE EXPOSURE STAGE

Consumer Adaptation: the amount or level of the stimulus to which the consumer has become accustomed a reference point to which changes in the level of the stimulus are compared

Butterfly Curve: at the adaptation level, consumer preference for a stimulus declines because the person has become habituated to the stimulus preference for a stimulus is greatest at points just higher or lower than the adaptation level

Why are fashions constantly changing?

THE ATTENTION STAGE

The allocation of cognitive capacity to an object or task

Types of Attention

- **voluntary attention:** consumers actively search out information that has personal relevance
- **selective attention:** consumers selectively focus attention on relevant information
- **involuntary attention:** consumer is exposed to something surprising, novel, threatening, or unexpected

  - e.g.:

    - surprise
    - movement
    - unusual sounds
    - size of stimulus
    - contrast effects
    - color

THE COMPREHENSION STAGE

The process through which individuals organize and interpret information

Perceptual Organization: the way people perceive shapes, forms, figures, and lines in their visual world

Gestalt Psychology: attempts to understand how people perceive patterns in the world

THE COMPREHENSION STAGE

Interpretation processes: people draw upon their experience, memory and expectations to attach meaning to a stimulus

Expectations: prior beliefs about what should happen in a given situation can influence the interpretation of information

Semiotics: how it is that people interpret meaning from signs

- *signs:* words, gestures, pictures, products, and logos used to communicate information

CONSUMER INVOLVEMENT: the process through which individuals are influenced by the

- perceived personal importance and/or
- interest

Evoked by a stimulus, personal importance increases as perceived risk increases.

As involvement increases, consumers have greater motivation to comprehend and elaborate on information salient to the purchase.

Higher levels of involvement are expected to result in

- a greater depth of information processing
- increased arousal
- more extended decision making

Factors which can influence purchase involvement:

- situation
- product
- personality
- communication

----OOO----

UNIT-IV

CONSUMER DECISION MAKING PROCESSES

UNIT-IV: CONSUMER DECISION MAKING PROCESSES: Problem recognition, search and evaluation, purchasing processes, post purchase behavior, models of consumer decision making, consumers and the diffusion of innovations.

CONSUMER DECISION MAKING PROCESSES:

Consumer Decision-Making Process. The consumer decision-making process consists of five steps, which are need recognition, information search, evaluations of alternatives, purchase and post-purchase behavior. These steps can be a guide for marketers to understand and communicate effectively to consumers.

The consumer decision making is a complex process with involves all the stages from problem recognition to post purchase activities. All the consumers have their own needs in their daily lives and these needs make them make different decisions. These decisions can be complex depending on the consumer's opinion about a particular product, evaluating and comparing, selecting and purchasing among the different types of product. Therefore, understanding and realizing the core issue of the process of consumer decision making and utilize the theories in practice is becoming a common view point by many companies and people.

There is a common consensus among many researchers and academics that consumer purchasing theory involves a number of different stages. Depending on the different factors and findings, numerous researchers and academics developed their own theories and models over the past years. However, according to Tyagi and Kumar (2004), although these theories vary slightly from each other, they all lead to almost the same theory about the consumer purchasing theory which states that it involves the stages of search and purchase of product or service and the process of evaluation the product or service in the post-purchase product.

Five Stage Model initially proposed by Cox et al. (1983) is considered to be one of the most common models of consumer decision making process and it involves five various stages. These stages are: recognition of need or problem, information search, comparing the alternatives, purchase and post-purchase evaluation. This simple model clearly illustrates and explains how the consumers make a purchasing decision.

Furthermore, Blackwell et al (2006) highlights the argument why this model is more precise and clear compared to the other similar models is that because this model's core focus is on motivational factors which helps the user to understand the reasons behind the purchasing decision easier.

1. Problem/Need Recognition: Recognition of need or a problem is the first stage of the model. According to Bruner (1993) recognition of a problem arises in the situation where an individual realizes the difference between the actual state of affairs and desired state of affairs. Neal and Quester (2006) further state that the recognition of a problem or need depend on different situations and circumstances such as personal or professional and this recognition results in creation of a purchasing idea. For instance, consumer may recognize the need to buy a laptop when there is need to carry it use it in different places which is convenient compared to a desktop computer.

Solomon et al (2006) classifies the human needs into two different categories depending on their nature. The following categories are mentioned: *psychological* and *functional* or *physical* needs. The authors state that the psychological needs are the outcome of emotional feeling of consumers whereas functional or physical needs are usually the results of necessity.

According to Tyagi (2004) need recognition at various levels often occurs during the process of encountering with the product at various circumstances. In other words, Tyagi (2004) convincingly argues that an individual might not be aware of the need for a specific product until he or she encounters with the product as a result of engaging in 'window-shopping', media advertisements, or in a range of other circumstances.

The human need has no limit therefore; the problem recognition is a repetitive in nature. According to Maslow theory, human being is always dissatisfied, when an individual's one need is satisfied another one will come out and this trend continues repetitively.

2. Information Search: The next stage of the model is information search. Once the need is recognized, the consumer is likely to search more product-related information before directly making a purchase decision. However, different individuals are involved in search process differently depending on their knowledge about the product, their previous experience or purchases or on some external information such as feedback from others.

Search of information process itself can be divided into two parts as stated by Oliver (2011): the internal search and external search. In internal search, the consumers compare the alternatives from their own experiences and memories depending on their own past experiences and knowledge. For example, searching for fast food can be an example for internal search because customers often use their knowledge and tastes to choose the right product they need rather than asking someone for an advice. On the other hand, external search ends to be for bigger purchases such as home appliances or gadgets. For instance, consumers who wish to buy new furniture or a mobile phone tend to ask friends' opinion and advices or search in the magazines and media before making a purchasing decision.

Winer (2009) argues that with the enhancing role of internet in professional and personal lives of people, increasing numbers of individuals are turning to various resources in internet when searching for information about product categories or specific brands. The author specifically highlights the role of online user reviews and forums in terms of their significant impact upon information search stage of consumer decision making process among internet users.

Colleagues, peers, friends and family members are highlighted as another important source of information by Kahle and Close (2006). Moreover, according to Kahle and Close (2006) the nature of influence of peers, friends and family members upon information search and consumer decision making process in general depends on a range of factors such as the nature of relationships, the level of personal influence, the extent of 'opinion leadership' associated with specific individuals etc.

3. Evaluation of Alternatives: After gathering enough information at the first stage the consumer gets into comparing and evaluating that information in order to make the right choice. In this stage the consumer analyzes all the information obtained through the search and considers various alternative products and services compares them according to the needs and wants. Moreover, another various aspects of the product such as size, quality, brand and price are considered at this stage. Therefore, this stage is considered to be the most important stage during the whole consumer decision making process.

Furthermore, according to Ha et al (2010), the process of evaluation of alternatives can sometimes be difficult, time consuming and full of pressure for a consumer. This is because it is quite hard to find an ideal product or service that satisfies the needs of the customer as there are numerous factors that hinder the consumer purchasing decision making process. For instance, when it comes to online hotel reservation or furniture purchasing evaluation process, it can be quite complex. Several factors and aspects need to be considered before making a purchasing decision. Factors such as age, culture, taste and budget have all impact on the evaluation process by the consumer. For example, when purchasing a furniture, the young people consider the factors such as convenience and price where as the old people are likely to consider the quality and design.

Moreover, celebrity endorsement is seen as another factor with great potential impact on evaluation of alternatives stages of consumer decision making process. Cant et al. (2010) explain the effectiveness of celebrity endorsements with perceived greatness people associate with their idols and the willingness and desire to become like their idols.

4. Purchase Decision: Once the information search and evaluation process is over, the consumer makes the purchasing decision and this stage is considered to be the most important stage throughout the whole process. In this stage, the consumer makes decision to make a final purchase as he or she has already reviewed all the alternatives and came to a final decision point. Purchased further can be classified into three different types: planned purchase, partially purchase and impulse purchase (Kacen, 2002).

Kacen's view is further supported by Hoyer and Macinnis (2008) stating that there are a number of factors that can affect the purchasing process. For example, the desired product may not be available at the stock. In this case the purchase process is delayed and consumer may consider buying the product through online stores rather than visiting traditional physical stores.

According to Wiedmann et al. (2007) department store sales assistants play in integral role in terms of impacting consumer purchase decision in a positive way from a business point of view. At the same time Wiedmann et al. (2007) warn that this impact must not be done in a pushy manner, in which case it can prove to be counter-productive.

5. Post-Purchase Evaluation: The final stage in the consumer decision making process is post-purchase evaluation stage. Many companies tend to ignore this stage as this takes place after the transaction has been done. However, this stage can be the most important one as it directly affects the future decision making processes by the consumer for the same product. Therefore this stage reflects the consumer's experience of purchasing a product or service. This view is further supported by Ofir (2005) mentioning that the consumer decision making process is a repetitive action and a good experience is vital in reducing the uncertainty when the decision to purchase the same product or service is considered the ext time.

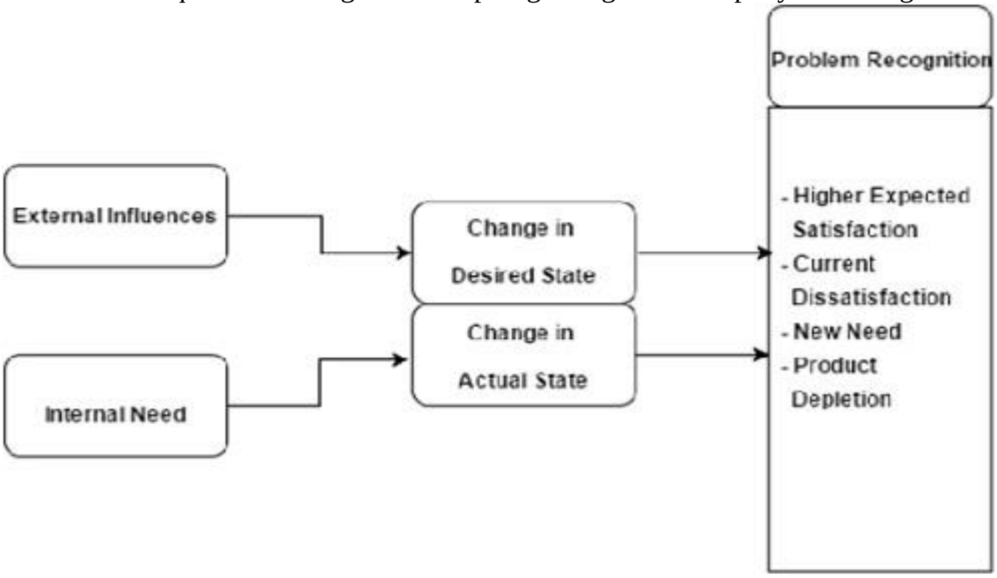
The opinions of peers, friends and family regarding the purchases made is specified as one of the most important factors affecting the outcome of post-purchase evaluation by Perrey and Spillecke (2011). This point is further expanded by Trehan and Trehan (2011), according to whom peer opinions regarding product evaluations tend to impact customer level of satisfaction regardless of their level of objectivity.

Brink and Berndt (2009) also highlights the importance of the post-purchase evaluation stage. According to the authors, the consumer may either get satisfaction or dissatisfaction depending on the evaluation of the purchase and comparison of their own expectations. The outcome forms the experience of the customer and it this experience is believed to have a direct impact on the next decision of the consumer to purchase the same product from the same seller.

Simply, if the consumer is satisfies with the purchase it is likely that the purchase may be repeated while if they have a negative experience from the purchase it is unlikely that the consumer may make the decision to buy the same product from the same seller or even may not buy the product at all.

PROBLEM RECOGNITION:

Business managers need to be skilled, have expertise in problem recognition and solution techniques to be the greatest help in guiding their company towards greater success.



In problem recognition, the consumer recognizes a problem or need or want. The buyer recognizes a difference between his or her actual state and some desired state.

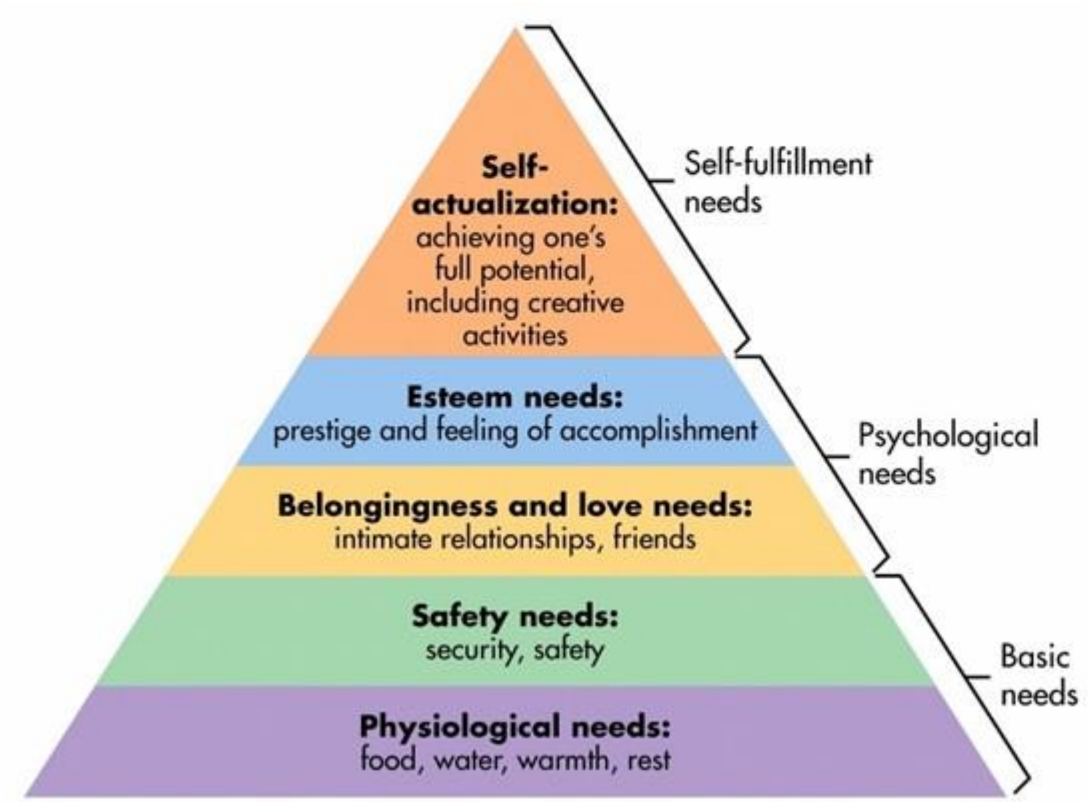
The need can be generated by internal stimuli when one of the person's normal needs − hunger, thirst, sex, etc. rises to a high level sufficient to become a drive. A need can also be generated by external stimuli.

At this stage, the marketer should evaluate the consumer's perspective by considering the basic questions like −

- What kinds of needs or problems or efforts arise.
- What brought them about and
- How it led the consumer towards the particular product.

Maslow's Hierarchy of Needs:

American Psychologist Abraham Harold Maslow believes that, needs are arranged in a hierarchy form. Only after a human has achieved the needs at a certain stage, does he move to the next one. The pyramid diagram showing the Maslow needs hierarchy.



According to Maslow's theory, when a human being goes up the levels of the hierarchy has fulfilled the needs and wants in the hierarchy, one may ultimately achieve self-actualization. Maslow in the end concluded that, self-actualization was not a regular outcome of satisfying the other human needs. Human needs as identified by Maslow are as follow −

- At the bottom of the hierarchy level are the "Basic needs or Physiological needs" of a human being − food, water, shelter, sleep, sex etc.
- The next level is "Safety Needs − Security, Order, safety and Stability". These two steps are important for the physical survival of the person.
- The third level of need is "Love and Belonging", which are psychological needs; when individuals have taken care of themselves physically, they are ready to share themselves with others, such as with family, friends and relatives.

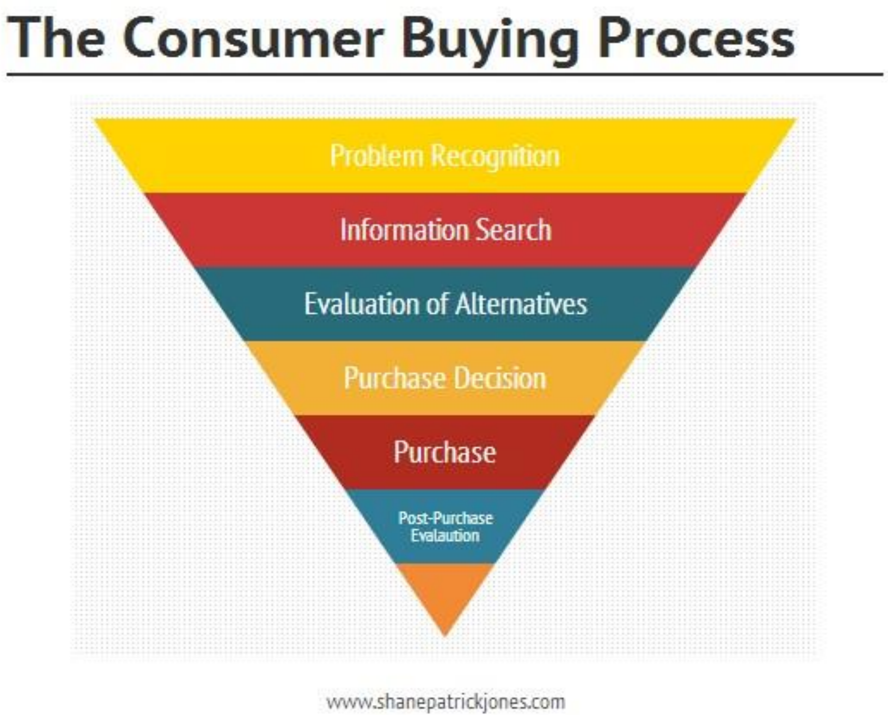
- The fourth level is achieved when individuals feel comfortable with what they have achieved. This is the "Esteem" level, the need to be capable and recognized, such as position, status and level of success.
- The fifth level is the "Cognitive" or the "self-actualization" level, where individuals intellectually stimulate themselves and explore for their growth.

Finally, there is the "Aesthetic" level, which is the need for harmony, unity, order and beauty.

SEARCH AND EVALUATION:

PURCHASING PROCESSES:

Buying Process Defined. A buying process is the series of steps that a consumer will take to make a purchasing decision. A standard model of consumer purchase decision-making includes recognition of needs and wants, information search, evaluation of choices, purchase, and post-purchase evaluation.



Far too often, retailers think that consumer buying is randomized. That certain products appeal to certain customers and that a purchase either happens or it doesn't. They approach product and service marketing in the same way, based on trial and error. What if there were a distinctive set of steps that most consumers went through before deciding whether to make a purchase or not? What if there was a scientific method for determining what goes into the buying process that could make marketing to a target audience more than a shot in the dark? The good news? It does exist. The actual purchase is just one step. In fact, there are six stages to the consumer buying process, and as a marketer, you can market to them effectively.

1.Problem Recognition: Put simply, before a purchase can ever take place, the customer must have a reason to believe that what they want, where they want to be or how they perceive themselves or a situation is different from where they actually are. The desire is different from the reality – this presents a problem for the customer.

However, for the marketer, this creates an opportunity. By taking the time to “create a problem” for the customer, whether they recognize that it exists already or not, you’re starting the buying process. To do this, start with content marketing. Share facts and testimonials of what your product or service can provide. Ask questions to pull the potential customer into the buying process. Doing this helps a potential customer realize that they have a need that should be solved.

2. Information Search: Once a problem is recognized, the customer search process begins. They know there is an issue and they’re looking for a solution. If it’s a new makeup foundation, they look for foundation; if it’s a new refrigerator with all the newest technology thrown in, they start looking at refrigerators – it’s fairly straight forward.

As a marketer, the best way to market to this need is to establish your brand or the brand of your clients as an industry leader or expert in a specific field. Methods to consider include becoming a Google Trusted Store or by advertising partnerships and sponsors prominently on all web materials and collaterals. Becoming a Google Trusted Store, like CJ Pony Parts – a leading dealer of Ford Mustang parts – allows you to increase search rankings and to provide a sense of customer security by displaying your status on your website.

Increasing your credibility markets to the information search process by keeps you in front of the customer and ahead of the competition.

3. Evaluation of Alternatives: Just because you stand out among the competition doesn’t mean a customer will absolutely purchase your product or service. In fact, now more than ever, customers want to be sure they’ve done thorough research prior to making a purchase. Because of this, even though they may be sure of what they want, they’ll still want to compare other options to ensure their decision is the right one.

Marketing to this couldn’t be easier. Keep them on your site for the evaluation of alternatives stage. Leading insurance provider Geico allows customers to compare rates with other insurance providers all under their own website – even if the competition can offer a cheaper price. This not only simplifies the process, it establishes a trusting customer relationship, especially during the evaluation of alternatives stage.

4. Purchase Decision: Somewhat surprisingly, the purchase decision falls near the middle of the six stages of the consumer buying process. At this point, the customer has explored multiple options, they understand pricing and payment options and they are deciding whether to move forward with the purchase or not. That's right, at this point they could still decide to walk away.

This means it's time to step up the game in the marketing process by providing a sense of security while reminding customers of why they wanted to make the purchase in the first time. At this stage, giving as much information relating to the need that was created in step one along with why your brand, is the best provider to fulfill this need is essential.

If a customer walks away from the purchase, this is the time to bring them back. Retargeting or simple email reminders that speak to the need for the product in question can enforce the purchase decision, even if the opportunity seems lost. Step four is by far the most important one in the consumer buying process. This is where profits are either made or lost.

5. Purchase: A need has been created, research has been completed and the customer has decided to make a purchase. All the stages that lead to a conversion have been finished. However, this doesn't mean it's a sure thing. A consumer could still be lost. Marketing is just as important during this stage as during the previous.

Marketing to this stage is straightforward: keep it simple. Test your brand's purchase process online. Is it complicated? Are there too many steps? Is the load time too slow? Can a purchase be completed just as simply on a mobile device as on a desktop computer? Ask these critical questions and make adjustments. If the purchase process is too difficult, customers, and therefore revenue, can be easily lost.

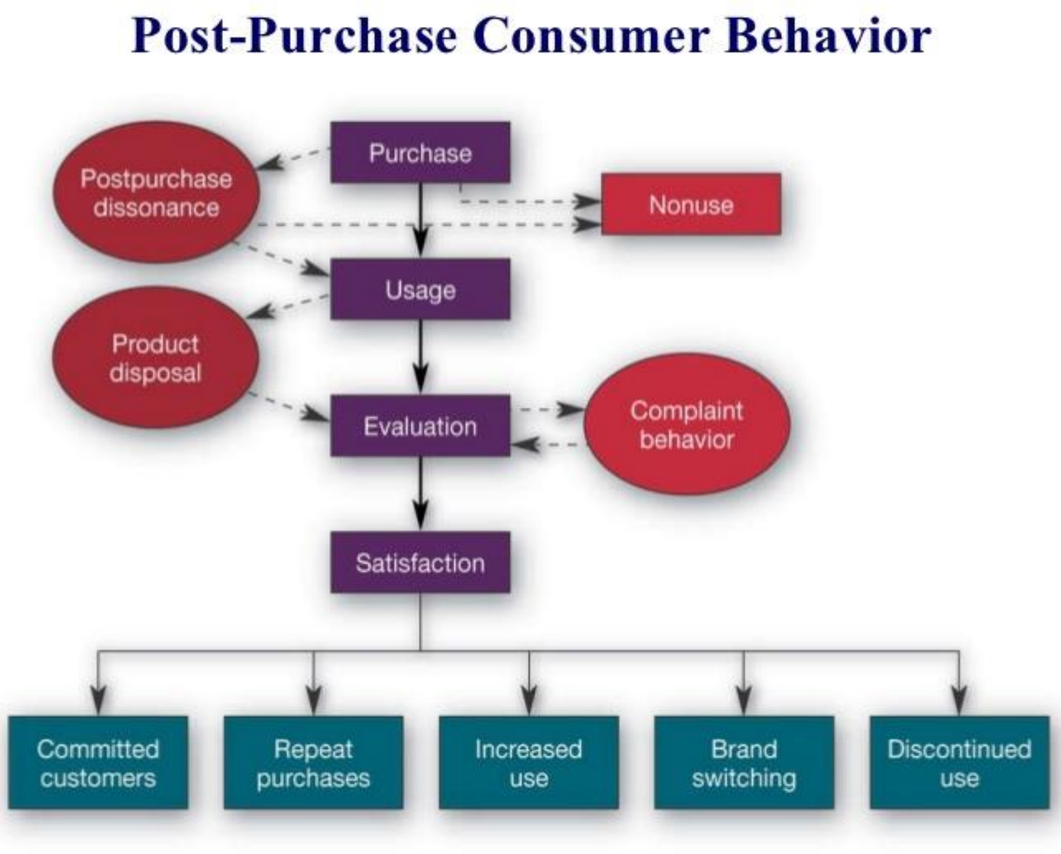
6. Post-Purchase Evaluation: Just because a purchase has been made, the process has not ended. In fact, revenues and customer loyalty can be easily lost. After a purchase is made, it's inevitable that the customer must decide whether they are satisfied with the decision that was made or not. They evaluate.

If a customer feels as though an incorrect decision was made, a return could take place. This can be mitigated by identifying the source of dissonance, and offering an exchange that is simple and straightforward. However, even if the customer is satisfied with his or her decision to make the purchase, whether a future purchase is made from your brand is still in question. Because of this, sending follow-up surveys and emails that thank the customer for making a purchase are critical.

Take the time to understand the six stages of the consumer buying process. Doing this ensures that your marketing strategy addresses each stage and leads to higher conversions and long-term customer loyalty.

POST PURCHASE BEHAVIOR:

These statements are even more important to reckon with in the last stage of the Buyer Decision Process: Post-Purchase Behavior. Simply defined, Post-Purchase Behavior is the stage of the Buyer Decision Process when a consumer will take additional action, based purely on their satisfaction or dissatisfaction



What is the meaning of post purchase dissonance?

Buyer's remorse. From Wikipedia, the free encyclopedia. ... Buyer's remorse is thought to stem from cognitive dissonance, specifically post-decision dissonance, that arises when a person must make a difficult decision, such as a heavily invested purchase between two similarly appealing alternatives.

Post-Purchase Behavior: All the activities and experiences that follow purchase are included in the post purchase behavior. Usually, after making a purchase, consumers experience post-purchase dissonance. They sometimes regret their decisions made. It mainly occurs due to a large number of alternatives available, good performance of alternatives or attractiveness of alternatives, etc.

The marketers sometimes need to assure the consumer that the choice made by them is the right one. The seller can mention or even highlight the important features or attributes and benefits of the product to address and solve their concerns if any.

A high level of post-purchase dissonance is negatively related to the level of satisfaction which the consumer draws out of product usage. To reduce post-purchase dissonance, consumers may sometimes even return or exchange the product.

MODELS OF CONSUMER DECISION MAKING:

Consumer Decision Making Models. 3. Stimulus-Response Model Of Buyer Behavior. ... This model is based on the four interactive components with the central component identified as 'buyer characteristics and decision process

Understanding buyer behaviors plays an important part in marketing. Considerable research on buyer behavior both at conceptual level and empirical level has been accumulated. There are two types of buyers −

- Industrial (organizational) buyer
- Individual consumer

Organizational buying behavior has many distinctive features −

- First, it occurs in a formal organization which is caused by budget and cost.
- Second, in some conditions, joint decision-making process may occur, and this is not possible in individual buying behavior.
- Finally, conflict occurs and they are hard to avoid in the joint decision making process.

In order to understand the organizational buying behavior, we first consider who will be involved in the buying process and what are their expectations. At least, purchasing agents, engineers, and final consumers will participate in the buying process.

The potential of different decision maker are different in different situations. In this model, there are five different sets of variables determining the expectations of the individual − The individuals' background, information sources, vigorous search, the selective bend of the information based on their previous information and expectations, satisfaction with previous purchase. Except the perceptual distortion, the other four variables that are easy to gather information.

The second part of the model is regarding the industrial buying processes − Independent decision which means that the decision is delegated to one department, joint decision processes.

The product-specific factors (the perceived risk, the type of purchase, and time pressure) and the company-specific factors (company orientation, company size, and degree of centralization) will determine the type of factor.

The greater the apparent risk, the more preferred to joint decisions. If it is a life-time capital buy, the more likely the joint decision will take place.

If the decision has to be made at an emergency, it is likely to entrust to one party. A small and privately-owned company with product or technology orientation will lean towards independent decisions.

While a large public company with decentralization will tend to have joint decision process.

Economic Man Model: In this model, consumers follow the principle of maximum utility based on the law of diminishing marginal utility. Economic man model is based on the following effects −

- **Price Effect** − Lower the price of the product more will be the quantity purchase.
- **Substitution Effect** − Lower the price of the substitute product, lower will be the utility of the original product purchase.
- **Income Effect** − When more income is earned, or more money is available, quantity purchased will be more. The economic theory of buyer’s decision-making was based on the following assumptions −

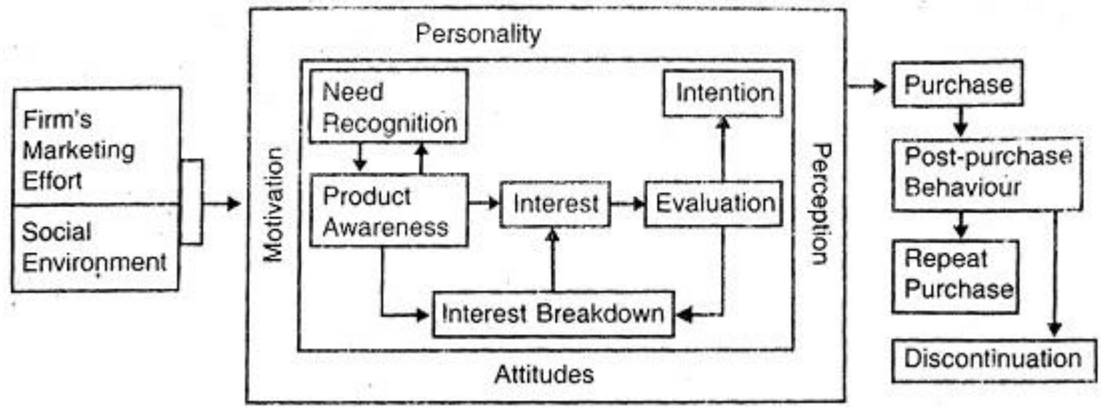
As consumer resources are limited, he would allocate the available money which will maximize the satisfaction of his needs & wants.

Consumers have complete knowledge about the utility of each product and service, i.e., they are capable of completing the accurate satisfaction that each item is likely to produce.

As more units of the same item are purchase the marginal utility or satisfaction provided by the next unit of the item will keep on decreasing, according to the law of diminishing marginal utility.

Price is used as a measure of sacrifice in obtaining the goods or services. The overall objective of the buyer is to maximize his satisfaction out of the act of purchase.

Learning Model: This model suggests that human behavior is based on some core concepts – the drives, stimuli, cues, responses and reinforcements which determine the human needs and wants and needs satisfying behavior.



- **Drive** − A strong internal stimulus which compels action.
- **Stimuli** − These are inputs which are capable of arousing drives or motives.
- **Cues** − It is a sign or signal which acts as a stimulus to a particular drive.
- **Response** − The way or mode in which an individual reacts to the stimuli.

If the response to a given stimulus is “rewarding”, it reinforces the possibility of similar response when faced with the same stimulus or cues. Applied to marketing if an informational cue like advertising, the buyer purchases a product (response); the favourable experience with the product increases the probability that the response would be repeated the next time the need stimulus arises (reinforcement).

The Psychoanalytic Model − The model suggests that human needs operate at various levels of consciousness. His motivation which is in these different levels, are not clear to the casual observer. They can only be analyzed by vital and specialized searching.

Sociological Model − This is concerned with the society. A consumer is an element of the society and he may be a member of many groups and institutions in a society. His buying behavior is influenced by these groups. Primary groups of family friend’s relatives and close associates extract a lot of influence on his buying. A consumer may be a member of a political party where his dress norms are different from different member. As a member of an elite organization, his dress needs may be different, thus he has to buy things that confirm to his lifestyle in different groups.

CONSUMERS AND THE DIFFUSION OF INNOVATIONS:

What is diffusion of an innovation?

Diffusion of innovations is a theory that seeks to explain how, why, and at what rate new ideas and technology spread. ... Rogers proposes that four main elements influence the spread of a new idea: the innovation itself, communication channels, time, and a social system.

What is diffusion in consumer behavior?

Diffusion is the process by which a new idea or new product is accepted by the market. The rate of diffusion is the speed with which the new idea spreads from one consumer to the next. The definition of the term innovation can be:
1. Firm oriented(new to the firm),
2. Product oriented(a continuous innovation, a dynamically continuous innovation, or A discontinuous innovation),
3. Market oriented(how long the product has been on the market or an arbitrary percentage of the potential target market that has purchased it), or
4. Consumer oriented (new to the customer).
Market-oriented definitions of innovation are most useful to consumer researchers in the study of the diffusion and adoption of new products.
Five Product Characteristics influence the consumers acceptance of a new product:

1. Relative Advantage
2. Compatibility
3. Complexity
4. Trialability
5. Observability

Diffusion researchers are concerned with 2 aspects of communication – the channels through which word about a new product or service is spread to the public and the types of messages that influence the adoption or rejection of new products or services.

Diffusion is always examined in the context of a specific social system, such as a target market, a community, a region or even a nation.

Time is an integral consideration in the diffusion process. Researchers are concerned with the amount of purchase time required for an individual customer to adopt or reject a new product/service, with the rate of adoptions and with the identification of sequential adopters.

The 5 adopter categories are innovators, early adopters, early majority, late majority and laggards.

Marketing Strategists try to control the rate of adoption through their new product pricing policies. Companies who wish to penetrate the market to achieve market leaderships try to acquire wide adoption as quickly as possible by using low prices. Those who wish to recoup their developmental costs quickly use a skimming pricing policy but lengthen the adoption process.

The traditional adoption process model describes 5 stages through which an individual consumer passes to arrive at the decision to adopt or reject a new product:

1. Awareness,
2. Interest,

3. Evaluation
4. Trial
5. Adoption

To make it more realistic, an enhanced model is recommended as one that considers the possibility of a pre existing need or problem, the likelihood that some form of evaluation might occur through the entire process, and that even after adoption there will be post adoption or purchase evaluation that might either strengthen the commitment or alternatively lead to discontinuation of the product/service.

Companies marketing new products are vitally concerned with identifying the consumer innovator so that they may direct their promotional campaigns to the people who are most like to try new products, adopts them and influences others.

Consumer Research has identified a number of consumer related characteristics, including product interest, opinion leadership, personality factors, purchase and consumption traits, media habits, social characteristics, and demographic variables that distinguish consumer innovators from later adopters. These serve as useful variables in the segmentation of markets for new product introductions.

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UNIT-V

CONSUMERISM AND ETHICS

UNIT-V: CONSUMERISM AND ETHICS: Roots of consumerism, consumer safety, consumer information, consumer responsibilities, marketer responses to consumer issues, marketing ethics towards consumers

CONSUMERISM AND ETHICS:

Ethical consumerism (alternatively called ethical consumption, ethical purchasing, moral purchasing, ethical sourcing, ethical shopping or green consumerism) is a type of consumer activism that is based on the concept of dollar voting. It is practiced through 'positive buying' in that ethical products are favoured, or 'moral boycott', that is negative purchasing and company-based purchasing.

The term "ethical consumer", now used generically, was first popularised by the UK magazine *Ethical Consumer*, first published in 1989. *Ethical Consumer* magazine's key innovation was to produce 'ratings tables', inspired by the criteria-based approach of the then emerging ethical investment movement. *Ethical Consumer*'s ratings tables awarded companies negative marks (and from 2005 overall scores) across a range of ethical and environmental categories such as 'animal rights', 'human rights' and 'pollution and toxics', empowering consumers to make ethically informed consumption choices and providing campaigners with reliable information on corporate behavior. Such criteria-based ethical and environmental ratings have subsequently become commonplace both in providing consumer information and in business-to-business corporate social responsibility and sustainability ratings such as those provided by Innovest, Calvert Foundation, Domini, IRRC, TIAA–CREF and KLD Analytics. Today, Bloomberg and Reuters provide "environmental, social and governance" ratings direct to the financial data screens of hundreds of thousands of stock market traders. The not-for-profit Ethical Consumer Research Association continues to publish *Ethical Consumer* and its associated website, which provides free access to ethical ratings tables.

ROOTS OF CONSUMERISM:

Roots of Consumerism. The word **consumerism** has many connotations depending on who is using the term. Business, government, consumer groups and academic researchers have each developed their own definition of the term. ... There are numerous underlying **roots of consumerism** in the United States

Roots of consumerism may be traced through the following:

- Disillusionment with the system
- The performance gap
- The consumer information gap
- Antagonism toward advertising
- Impersonal and unresponsive marketing institutions
- Intrusions of privacy
- Declining living standards
- Special problems of the disadvantaged
- Different views of the marketplace

Institutions have been subjected to increasing public scrutiny, skepticism and loss of esteem Many consumers think that they get worst deals in the marketplace than they used to. Many consumers express broad dissatisfaction with the goods they buy. Their expectations of product performance and reliability have risen (largely because of advertising touting the new improvements). Increased product complexity brings about new possibilities for malfunction and a perception by the consumers that the promise performance gap is increasing. Amateur buyers lacking time, interest or capacity to process information adequately in order to make optimal marketplace decisions face literally thousands of complex products requiring evaluations along many dimensions relating to performance, convenience or even societal concerns. Large segments of population are very skeptical of the usefulness and truthfulness of the advertising information. It is criticized for its intrusiveness and clutter, irritation factor, stereotyped role portrayals, and promotion of unrealistic and unsupportable expectations. Telemarketing calls are a related annoyance. Where there is human or computerized voice on the other end, about 70% people ranked it as a major irritation. There have been impersonal and unresponding marketing institutions that have been causing such marketing.

Factors as:

- The rise of self service retailing
- Reduced knowledge of sales employee

CONSUMER SAFETY:

Safety and counterfeiting are serious risks for government and consumers. Our standards help track products across the supply chain and trace histories from factory to consumer, making it easier to:

- Verify authenticity
- Comply with product safety regulations
- Run efficient, effective recalls.

The increase number of legislative requirements with regards to end-to-end supply chain visibility means additional efforts from both the companies and the government.
GS1 standards help consumer safety stakeholders to implement systems that enable them to increase safety of products.

Today, discriminating consumers not only ask for quality and a good prize performance. They are also sensitive to the conditions under which a product has been manufactured. Therefore, consumer safety has to include both: the promise for high-quality textile products without health risks as well as the compliance that sustainability is implemented in each step of the production process.

Due to its holistic approach the bluesign® system meets highest requirements to provide consumers ecologically high-quality textiles as well as a clear conscience. During the complete production process chain only components and technologies are applied that have the lowest possible impact on human health and environment. As a result, proactive manufacturers are able to meet the requirements of their customers for sustainable and reliable products – even before legal obligations will force them to act.

Consumer Product Safety Act (CPSA) Enacted in 1972, CPSA is our umbrella statute. This law established the agency, defines CPSC's basic authority and authorizes the agency to develop standards and bans. It also gives CPSC the authority to pursue recalls and to ban products under certain circumstances.

CONSUMER INFORMATION:

What is Consumer information?

The information needed by consumers when researching, purchasing, and completing a purchase. Examples of consumer information needs include: product attributes (e.g. specification, price, quality standards), expert and consumer opinions, and vendor reputation.

Consumer Guide:

- Building or renovating a property-Getting quotes, handling issues and where to obtain more information.
- Buying and selling a home-Information on buying, selling, building or renovating property.
- Consumer Protection - Department Of Mines, Industry Regulation and Safety. Consumer Protection provides advice and information for Western Australian consumers, businesses, landlords and tenants.
- Consumer scams-How to recognise and avoid scams.
- Fuel Watch Email Service-Do you want to know about fuel prices at your convenience? Then subscribe to Fuel Watch. You can receive information on a particular area, route or service station distributor online. Prices are firm for twenty four hours.
- Homebuyers' Survival Guide-The guide provides relevant and useful information for Western Australians when buying or building their first home. The guide also provides information to assist people when buying their first 'easier living' home. It is available either as the full version or in its separate four parts.
- Occupational licensing-Information on applications, requirements, training and registrations governed by Consumer Protection.
- Product Safety-You can find information on product safety issues such as toys, baby cots, toughened glass, pool skimmer boxes and disposable cigarette lighters on this site.
- Renting a Home - Consumer Guide-If you have any questions or problems about renting a home, this section will provide you with advice and information on your rights and responsibilities as a tenant.
- Shopping Rights for Consumers-This site provides consumer information on knowing your rights and how to make shopping easier.
- Tips for Homebuyers-If you're looking to buy a new or established home, you'll find some helpful hints here on how to go about it.

Consumer Support:

- Building Commission-The Building Commission oversees the regulation of building, painting, building surveying and plumbing services in Western Australia.

- Building dispute resolution-The Building Commission can assist with complaints about a building, painting, plumbing or design certification service. Information is also available about rapid adjudication of a payment dispute under a construction contract and concerns about a dividing fence.
- Consumer Protection - Department Of Mines, Industry Regulation and Safety-Consumer Protection provides advice and information for Western Australian consumers, businesses, landlords and tenants.
- Customer Accounts - Water Corporation-Here you will find useful information about your account, concessions and payment methods.
- Debt - Legal Aid-If you believe you are owed a debt, wish to know what conditions are applicable in repaying a debt, or believe you are being unfairly accused of owing a debt, this site is where to look.
- Fidelity Guarantee Account-The Fidelity Guarantee Account helps provide financial reimbursement to people who suffer pecuniary loss or loss of property through the criminal or fraudulent actions of a licensed real estate or business agent, real estate settlement or business settlement agent or their employees in the course of a real estate settlement or business broking transaction.
- Internet Betting Disputes-If you have a concern or dispute in relation to Internet sports betting, you'll find contact details for the Gaming and Wagering Commission here.
- Making a consumer complaint-If have purchased goods or services or you are renting a home in Western Australia and you have a problem you may have the right to a remedy. This page outlines your rights and responsibilities to help you decide if you have a valid complaint, and the process involved with making a formal complaint.

CONSUMER RESPONSIBILITIES:

Consumer Obligations or **Responsibilities**. **Consumers** have an obligation to pay all their bills and clear these when they are due. Each **consumer** has a **responsibility** of ensuring that his/her utilization or consumption of communication services is not in a manner hazardous to the environment.

What are your responsibilities as a consumer?

Consumer responsibility is taking personal **responsibility** for the environmental costs and consequences of your consumption patterns and lifestyle.

a) Prompt payment of Bills: Consumers have an obligation to pay all their bills and clear these when they are due.

b) Environmental Protection: Each consumer has a responsibility of ensuring that his/her utilization or consumption of communication services is not in a manner hazardous to the environment.

The environment is the responsibility of every individual on the planet. As an example of this responsibility, a consumer should ensure that wraps and scratch cards are disposed off safely or in the appropriate way.

c) Awareness: It is the responsibility of the consumer to be alert and to question issues such as terms and conditions of service.

Consumers should know their rights and obligation as well as finding out the other information available to them.

d) Action: A consumer has an obligation to be assertive so as to ensure that he/she and other users of the service(s) receive a Fair deal.

It is wrong for a consumer to notice a weakness in a service received or in the sector and remain silent about it.

e) Protection of Communication Facilities: A consumer has a responsibility to protect all communication equipment and Facilities within his/her vicinity.

MARKETER RESPONSES TO CONSUMER ISSUES:

Marketers face a twofold challenge in dealing with the issues discussed on this article, First, they must increase their level of knowledge of the nature of the issues, and second they must design organizational elements to respond to the constitution effectively. Understanding the Issues, many marketers are not aware of the issues and just how unfavourable situations are perceived to be by some consumers.

Business people usually cite the possible defensive positions regarding consumer protection issues:

(1) the number and seriousness of consumer problems suffered by the general population is not significant

(2) only a small, vocal minority of consumers complain about the problems they experience with products and services are resolved to the satisfaction of the consumer.

Data from a nationwide study of households do not support these contentions, however. Instead, there appears to be a need for the private sector to upgrade its complaint handling capabilities. For example, among households which initiated complaint action about their more serious complaint problems, over 40 per cent obtained unsatisfactory results. Additional evidence indicates that consumers and business people are not on the same wave length with regards to their perception of consumer problems. A report comparing opinions of executives and consumers on various consumer issues revealed several studies which showed much consistency and indicated a large number of consumers disagree with executives about various issues. For example, there is disagreement over the adequacy of current levels of product quality and safety.

Moreover consumers lack confidence in advertising and look to government intervention to improve it. In addition there are wide variation in executives and consumers views regarding the adequacy of the product information, corporations for consumers, and the need for additional government regulations. Only 5 per cent of consumers think that American business is listening to them and striving to do its best. Almost one third think companies and executives are too greedy.

This suggests that business must educate the public about the operation of the marketing system the benefits of free enterprise and the limitations of government intervention. Business people also need to assess and modify their policies and practices in order to improve products and services offered to consumers.

Businesses clearly have a responsibility to help protect the rights of consumers. Some organizations have produced a bill of rights for their customers as illustrated in Table below for a television cable company. More business people are tiling consumerism seriously and addressing the issues on a systematic and continuing basis. In the past however, such action was not the first thing to occur when businesses were threatened with government regulations.

One recent study surveyed various corporate responses to consumerism. Overall, the results reflected a poor response to consumer needs.

1) Few corporations had coordinated programs of response to consumerism.

2) Most industrial manufacturers believed consumerism did not influence.

3) Many firms claimed to have always been consumer oriented so consequently, consumerism did not affect them. This seems to imply an apathetic attitude towards the movement.

4) Many firms where highly defensive about consumerism and viewed it as a battle between the seller and the buyer.

As a customer of Louisiana Cable vision, this is what you may expect from us:

1. Prompt and courteous service will be provided by helpful and informed customer service sales, installation construction and technical personnel.

2. A No Risk Money Guarantee — wherein of for any reason you the customer are not completely satisfied within the first 30 days of service just call us within those 30 days. We'll disconnect your service and refund all of your money no questions.

3. You will receive a reliable and high quality television signal. Source: Consumer Behavior

MARKETING ETHICS TOWARDS CONSUMERS:

Business ethics is one of the most complicated and contentious subjects in human history. The relationship between doing the right thing and making money has been studied by both academics and business leaders for years with little concesus reached. A survey by the Ethics Resource Center found that 43% of respondents believed their supervisors lacked ethical integrity. One overriding question surrounds many business practices: what is the ethical way to sell things?
That question has never had a satisfactory answer, but in recent years it has become a hot button issue. According to the Bureau of Economic Analysis, corporate profits soared to all time highs in 2011. At the same time, the world was suffering through a crippling economic downturn made worse by unscrupulous business practices. The vast disparity between corporations and their customers has made ethical business practices an extremely relevant issue.

Ethical marketing is less of a marketing strategy and more of a philosophy that informs all marketing efforts. It seeks to promote honesty, fairness, and responsibility in all advertising. Ethics is a notoriously difficult subject because everyone has subjective judgments about what is "right" and what is "wrong." For this reason, ethical marketing is not a hard and fast list of rules, but a general set of guidelines to assist companies as they evaluate new marketing strategies.

There are distinct advantages and disadvantages to ethical marketing. Unethical advertising is often just as effective as it is unethical *(See also Black Hat Marketing)*. And since unethical behavior is not necessarily against the law, there are many companies who use unethical advertising to gain a competitive advantage.

Many people buy diet pills even though they are rarely, if ever, effective. This is because some diet pill companies use exaggerated and manipulative claims to essentially trick customers into buying these products. If that same company committed to using ethical advertising they would probably go out of business. However sneaky their business model may be, it is not illegal and it is keeping their doors open.

For companies looking to improve the image of a brand and develop long-term relationships with customers, this kind of unethical behavior can quickly lead to failure. Customers do not want to feel manipulated by the brands they like. Companies can use ethical marketing as a way to develop a sense of trust among their customers. If a product lives up to the claims made in its advertising, it reflects positively on the entire company. It can make the consumer feel like the company is invested in the quality of the products and the value they provide customers.

It is impossible to claim that any company is completely ethical or unethical. Ethics resides in a gray area with many fine lines and shifting boundaries. Many companies behave ethically in one aspect of their advertising and unethically in another.

Dove soap, for instance, ran a widely seen ad campaign featuring “real” models. The ad was meant to promote realistic body images and encourage girls to love the way they looked even if they were not supermodels. However, other Dove ads both during and since featured stereotypically beautiful models whose images have been altered to hide imperfections. Dove marketed ethically in one campaign and unethically in another. This illustrates how difficult it is to do the right thing in all circumstances. What is most important for any company that claims to practice ethical advertising is to make it a fundamental feature of their marketing process. With every decision they must ask themselves “will this sell” and “is this the ethical way to sell it?

Ethical principles:

- All marketing communications share the common standard of truth.
- Marketing professionals abide by the highest standard of personal ethics.
- Advertising is clearly distinguished from news and entertainment content.
- Marketers should be transparent about who they pay to endorse their products.
- Consumers should be treated fairly based on the nature of the product and the nature of the consumer (e.g. marketing to children).
- The privacy of the consumer should never be compromised.
- Marketers must comply with regulations and standards established by governmental and professional organizations.
- Ethics should be discussed openly and honestly during all marketing decisions.

There are distinct advantages and disadvantages to ethical marketing. Unethical advertising is often just as effective as it is unethical . And since unethical behavior is not necessarily against the law,

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