

CONSUMER BEHAVIOUR:

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MOD 1:

What is consumer behaviour:

Consumer behaviour is the study of individuals, groups, or organizations and all the activities associated with the purchase, use and disposal of goods and services. It also explains how the consumer's emotions, attitudes and preferences affect and influence buying behaviour.

In simple words Consumer behaviour is the study of how consumers make decisions about what they need, want, and desire and how do they buy, use, and dispose of goods and services.

Learning:

Learning refers to the relatively permanent change in knowledge or behaviour that is the result of experience.

Learning refers to the process by which consumers change their behaviour after they gain information or experience.

So, the learning as defined by Engel, Blackwell, Mineral, Hawkins, Best, Coney, Ray, Wilkie has two major types called (1) cognitive orientation and (2) stimulus response i.e. behavioural orientation.

Learning theory:

There are a number of variations of learning theories but basically, these are two theories:

1. Behavioural learning theories
2. Cognitive learning theories

Behavioural Learning Theories:

Learning behaviour theories depend upon response tendencies resulting out of experience. If someone is conditioned with a particular kind of experience, he or she behaves in a similar fashion again and again for instance, if workers in a factory are conditioned to loud noise machines and environment; they behave like seasoned to it and start talking louder.

Similarly, if people are served milk with sugar repeatedly, they become accustomed to it and afterwards do not like milk without sugar.

If one drinks particular brand of coffee repeatedly, he or she does not enjoy or like other brand of coffee. The people wear cotton do not like Rayon or any other and vice versa. This is called behavioural learning.

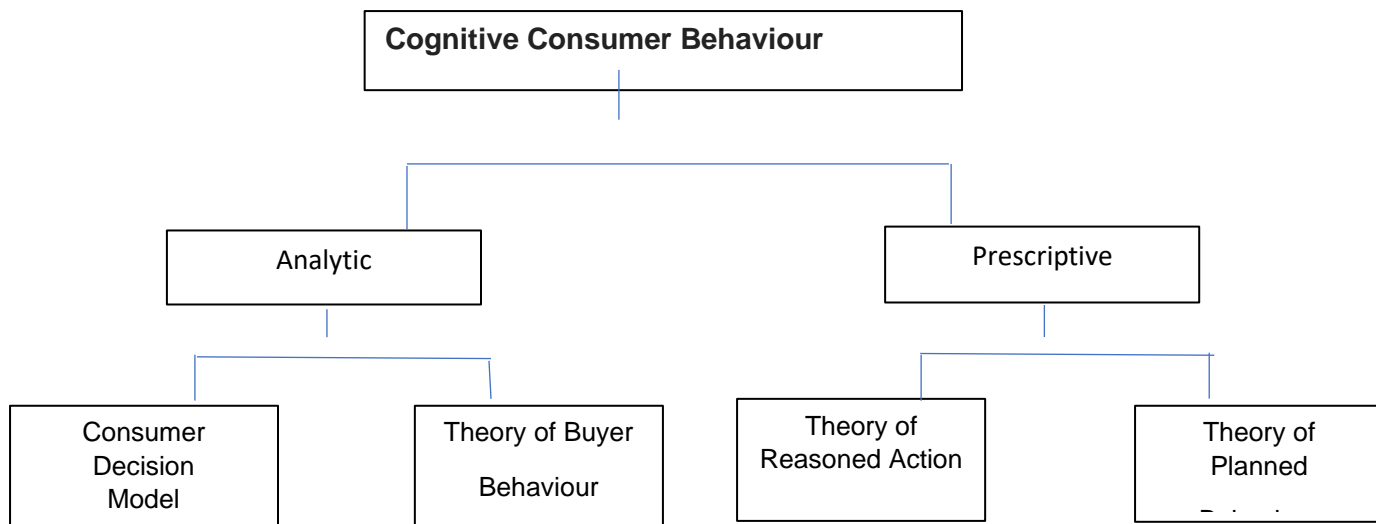
The marketer studies these phenomena and uses them in sales campaign, advertising strategy, product development, demonstration of product, and free samples. By which marketers stimulate consumers in various ways to take advantage of their behavioural psychology by repeating advertisements. But psychologists say that learning depends not merely on repetition but also ability

to generalization. Because of stimulus generalization people also buy products which look alike. Therefore, competitors produce similar products with similar product attributes.

Stimulus generation helps to promote sales of other products under same brand name. If one becomes accustomed to one product of one brand when other products are introduced under or with same brand name that attracts the same attention as the first product. Example: Colgate Gel, Colgate vedshakti, Amul spray, Amul kool, Amul butter etc, Bajaj Fans, Bajaj majesty spray iron, Bajaj Electric pressure cooker, Maruti personal car segments etc. It is a strategy to convert easily the consumer's trust and acceptance generated out of stimuli. The classical conditioning or Pavlovian conditioning is a temporarily unable condition sort of learning. However, modern view of classical conditioning is somewhat different. It is now believed that individuals do not behave in a purely identical manner i.e. they are not purely passive in their behaviour and conditioning can be changed after a number of trials of a product example Test ride and trial room arrangements in buying process.

Cognitive Consumer Behaviour Models.

Cognitive Consumer behaviour show the way buyers think and behave when making purchasing decisions (Blythe 2005). The **cognitive** approach model explains how certain organisms or variables can affect the response, which is the outcome of the purchasing decision.



cognitive consumer behaviour models can be broken down into two sections, analytical and prescriptive. Prescriptive models can be used to provide a guideline to help structure the behaviour and determine how consumer decisions can be predicted by the outcome of factors such as attitude and beliefs. Analytical models can be used to explain the behaviour of consumers and shows the relationship between the influencing factors and the decision made as they tend to follow the traditional five step classification of buyer behaviour: attaining problem recognition, information search, alternative evaluation, and choice and outcome evaluation as they key stages of the decision process. The two main analytical models are the Consumer Decision Model and the Theory of Buyer Behaviour and the most common prescriptive models are the Theory of planned behaviour and the Theory of Reasoned Action.

Gestalt Theory

Cognitive theories grew out of Gestalt psychology. The German word **gestalt** is roughly equivalent to the **configuration** or organised structure and emphasizes the whole of human experience in totality. Over the years, the Gestalt

psychologists described principles to explain the way the human organize their sensations into perceptions.

In Gestalt theory: Psychologists say that instead of obtaining knowledge from what is available in one's front, they often learn by making sense of the relationship between what is new and old. Because the human has a unique perspective. All human beings have the ability to generate their own learning experiences and interpret information at their own end that may or may not be the same for others.

Gestalt psychologists criticize behaviourists for being too dependent on overt category to explain learning. They propose looking at the patterns rather than isolated events. Gestalt views that learning have been incorporated into what have come to be labelled **cognitive theories**.

Two key assumptions underlie this cognitive approach: a) that the memory system is an active organized processor of information and that prior knowledge plays an important role in learning. Gestalt theorists believe that in order for learning to occur prior knowledge must exist on the topic.

b) When the learner applies their prior knowledge to the advanced topic, then he or she can understand the meaning in the advanced topic, and learning can occur Cognitive theories look beyond behaviour to consider how human memory works to promote learning, and an understanding of short- term memory and long-term memory is important to educators influenced by

cognitive theory. They view learning as an internal mental process including

- insight
- information processing
- memory
- perception

where the educator focuses on building intelligence and cognitive development. Here the individual learner is more important than the environment.

Informal and post-modern theories

In theories that make use of cognitive restructuring, an informal curriculum promotes the use of prior knowledge to help students to gain broad understanding of concepts. In this way, students will adjust their ideas to more closely resemble actual theories or concepts. By using this method students gain the broad understanding they are taught and later are more willing to learn and keep the specifics of the concept or theory. This theory further aligns with the idea that teaching the concepts.

Other informal learning theories look at the sources of motivation for learning. Intrinsic motivation may create a more self-regulated learner, yet schools undermine intrinsic motivation. Critics argue that the average student learning in isolation performs significantly less well than those learning with collaboration and mediation. Students learn through talk, discussion, and logical arguments.

Philosophical anthropology

According to Theodora Polito, “every well-constructed theory of education has at its centre a philosophical anthropology,” which is “a philosophical reflection on some basic problems of mankind.” Philosophical anthropology is an exploration of human nature and humanity. Aristotle, an early influence on the field, deemed human nature to be “rational animality,” wherein humans are closely related to other animals but still set apart by their ability to form rational thought. Philosophical anthropology expanded upon these ideas by clarifying that rationality is “determined by the biological and social conditions in which the lives of human beings are embedded.” Fully developed learning theories address some of the “basic problems of mankind” by examining these biological and social conditions in order to understand and manipulate the rationality of humanity in the context of learning.

Philosophical anthropology is evident in behaviourism, which requires an understanding of humanity and human nature in order to assert that the similarities between humans and other animals are critical and influential to the process of learning. Situated cognition focuses on how humans interact with each other and their environments, which would be considered the “social conditions” explored within the field of philosophical anthropology. Transformative learning theories operate with the assumption that humans are rational creatures capable of examining and redefining perspectives, something that is heavily considered within philosophical anthropology.

An awareness and understanding of philosophical anthropology contribute to a greater comprehension and practice of any learning theory. In some cases, philosophy can be used to further explore and define uncertain terms within the field of education. Philosophy can also be a vehicle to explore the purpose of education, which can greatly influence an educational theory.

Criticism of learning theory

Critics of learning theories that seek to displace traditional educational practices claim that there is no need for such theories; that the attempt to comprehend the process of learning through the construction of theories creates problems and constrains personal freedom of understanding.

BLACK BOX MODEL:

Black Box Model of Consumer Behaviour is a model used in the study of the buying behaviour of consumers; the model assumes that what takes place in the consumer's 'black box' of the consumer's mind can be inferred from a study of observed stimuli and responses.

Here question arises that what is a Black Box?

As per medical or biological science Black Box is a device, system or object which

can be viewed in terms of its inputs and outputs (or transfer characteristics), without any knowledge of its internal workings. It helps to store experience, events and memories.

In consumer behaviour Black Box identifies the stimuli responsible for buyer behaviour. The stimuli like advertisement and other forms of promotion about the product that is presented to the consumer by the marketer and the environment is dealt with by using the buyer's black box.

Example consumer relates available information, advertisements, promotions and product/ services attributes (stored memories) with his or her need satisfaction as a part of decision making.

DISTRIBUTIVE APPROACH:

It sees consumer behaviour as an act rather than a process. It focuses on just the act of purchase and does not concern itself with pre-purchase and post-purchase activities. The most popular approaches to consumer behaviour can be divided into cognitive, behaviourist and psychodynamic categories. Cognitive approach to consumer behaviour focuses on information processing capabilities of consumers. Other attributes are

- ✓ Complex buying behaviour.
- ✓ Dissonance-reducing buying behaviour.
- ✓ Habitual buying behaviour.
- ✓ Variety seeking behaviour.

Example: People buying and consuming products/services in various locations at different time.

Distributive approach does not provide the marketer with any insight because the relationship between an independent variable and purchase decision exists. As this approach fails to provide any information on the sequences of events concluding the purchase decision. Mostly it is of limited value in developing strategies or in evaluating existing business practices or products in term of their relationship to consumer's need. Distributive approach is used to determine the relationship between the outcome of consumer decision-making and a variety of independent variables such as income, social class, race, and marital status. Distributive bargaining is a competitive bargaining strategy in which one party gains only if the other party loses something. It is used as a negotiation strategy to distribute fixed resources such as money, resources, assets, etc. between both the parties.

The consumer decision-making process involves five basic steps. This is the process by which consumers evaluate making a purchasing decision. The 5 steps are problem recognition, information search, alternatives evaluation, purchase decision and post-purchase evaluation. Decision rules are strategies consumers use to choose among alternatives. Several factors can influence what decision rule consumers ultimately apply in a specific situation.

Consumers' choices are influenced by the goals they attempt to achieve. Once a person has recognized a need, such as the need for accommodation when traveling for business or pleasure, he or she engages in an information search to identify alternatives from which to choose. Understanding how consumers evaluate competing alternatives in their purchase decision processes enables marketers in the hospitality industry to design better advertising and

promotional campaigns leading to a more favourable evaluation of their offerings in travellers' eyes. This is an important step in increasing the likelihood that consumers will choose their offering as opposed to that of competitors. Given that most travellers' destinations offer several hotels, how do people choose among them? The answer to this question lies, in part, in research on consumers' attitudes and their relation to purchase intentions and subsequent purchase behaviour. This chapter describes several methods consumers may use to make choices based on the evaluation of identified alternatives.

Attitude is the tendency to respond in a consistently favourable or unfavourable manner toward a target (e.g., brand or product). Important to marketers is that, if measured accurately, attitudes are predictive of behavioural intentions and relatively stable over time. Simply put, consumers generally form intentions to choose a hotel brand toward which they hold positive attitudes. Behavioural intentions, however, do not always translate into corresponding behaviour. For example, although some consumers have preferences and therefore form intentions to stay at Fairfield Inn when traveling across the country, they might end up choosing other forms of accommodation from time to time. Why would they act inconsistently with their intentions? Traveling with friends who have different attitudes and preferences, temporary price reductions of competitors, or the fact that a Fairfield Inn is not readily available in a specific area might be reasons for inconsistencies between behavioural intentions to stay at a Fairfield Inn and actual choice behaviour.

Despite situational factors sometimes influencing travellers' choices, attitudes are ultimately useful in predicting actual behaviour; changing or strengthening

the basis of consumer attitudes may therefore increase the likelihood of consumers engaging in desired behaviours. In order to change attitudes and subsequent related behaviour, marketers must understand a few basic decision rules associated with consumer attitudes. Below we introduce decision rules likely to be implemented by different segments of consumers under varying market conditions.

There are 5 steps in a consumer decision making process a need or a want is recognized, search process, comparison, product or service selection, and evaluation of decision.

Decision criteria:

1. need recognition. the first step in the consumer decision making process.
2. want. the recognition of an unfulfilled need and a product that will satisfy it.
3. example of need recognition.
4. external stimuli.
5. want-got gap.
6. piecemeal process.
7. internal info search.
8. external information search.

Here are five major factors that influence consumer behaviour:

- Psychological Factors. Human psychology is a major determinant of consumer behaviour.

- Social Factors. Humans are social beings and they live around many people who influence their buying behaviour.
- Cultural factors.
- Personal Factors.
- Economic Factors.

A marketer should try to understand the factors that influence consumer behaviour. Here are 5 major factors that influence consumer behaviour:

1. Psychological Factors

Human psychology is a major determinant of consumer behaviour. These factors are difficult to measure but are powerful enough to influence a buying decision. Some of the important psychological factors are:



i. Motivation

When a person is motivated enough, it influences the buying behaviour of the person. A person has many needs such as social needs, basic needs, security needs, esteem needs, and self-actualization needs. Out of all these needs, the

basic needs and security needs take a position above all other needs. Hence basic needs and security needs have the power to motivate a consumer to buy products and services.

ii. Perception

Consumer perception is a major factor that influences consumer behaviour. Customer perception is a process where a customer collects information about a product and interprets the information to make a meaningful image of a particular product.

When a customer sees advertisements, promotions, customer reviews, social media feedback, etc. relating to a product, they develop an impression about the product. Hence consumer perception becomes a great influence on the buying decision of consumers.

iii. Learning

When a person buys a product, he/she gets to learn something more about the product. Learning comes over a period of time through experience. A consumer's learning depends on skills and knowledge. While skill can be gained through practice, knowledge can be acquired only through experience.

Learning can be either conditional or cognitive. In conditional learning the consumer is exposed to a situation repeatedly, thereby making a consumer to develop a response towards it.

Whereas in cognitive learning, the consumer will apply his knowledge and skills to find satisfaction and a solution from the product that he buys.

iv. Attitudes and Beliefs

Consumers have certain attitudes and beliefs which influence the buying decisions of a consumer. Based on this attitude, the consumer behaves in a particular way towards a product. This attitude plays a significant role in defining the brand image of a product. Hence, marketers try hard to understand the attitude of a consumer to design their marketing campaigns.

2. Social Factors

Humans are social beings and they live around many people who influence their buying behaviour. Humans try to imitate other humans and also wish to be socially accepted in the society. Hence their buying behaviour is influenced by other people around them. These factors are considered as social factors. Some of the social factors are:

i. Family:

Family plays a significant role in shaping the buying behaviour of a person. A person develops preferences from his childhood by watching family buy products and continues to buy the same products even when they grow up.

ii. Reference Groups

A reference group is a group of people with whom a person associates himself. Generally, all the people in the reference group have common buying behaviour and influence each other.

iii. Roles and status

A person is influenced by the role that he holds in the society. If a person is in a high position, his buying behaviour will be influenced largely by his status. A person who is a Chief Executive Officer in a company will buy according to his status while a staff or an employee of the same company will have different buying pattern.

3. Cultural factors

A group of people is associated with a set of values and ideologies that belong to a particular community. When a person comes from a particular community, his/her behaviour is highly influenced by the culture relating to that particular community. Some of the cultural factors are:

i. Culture

Cultural Factors have a strong influence on consumer buying behaviour. Cultural Factors include the basic values, needs, wants, preferences, perceptions, and behaviours that are observed and learned by a consumer from their near family members and other important people around them.

ii. Subculture

Within a cultural group, there exists many subcultures. These subcultural groups share the same set of beliefs and values. Subcultures can consist of people from different religion, caste, geographies and nationalities. These subcultures by itself form a customer segment.

iii. Social Class

Each and every society across the globe has the form of social class. The social class is not just determined by the income, but also other factors such as the occupation, family background, education and residence location. Social class is important to predict the consumer behaviour.

4. Personal Factors

Factors that are personal to the consumers influence their buying behaviour. These personal factors differ from person to person, thereby producing different perceptions and consumer behaviour.

Some of the personal factors are:

i. Age

Age is a major factor that influences buying behaviour. The buying choices of youth differ from that of middle-aged people. Elderly people have a totally different buying behaviour. Teenagers will be more interested in buying colourful clothes and beauty products. Middle-aged are focused on house, property and vehicle for the family.

ii. Income

Income has the ability to influence the buying behaviour of a person. Higher income gives higher purchasing power to consumers. When a consumer has higher disposable income, it gives more opportunity for the consumer to spend on luxurious products. Whereas low-income or middle-income group consumers spend most of their income on basic needs such as groceries and clothes.

iii. Occupation

Occupation of a consumer influences the buying behaviour. A person tends to buy things that are appropriate to this/her profession. For example, a doctor would buy clothes according to this profession while a professor will have different buying pattern.

iv. Lifestyle

Lifestyle is an attitude, and a way in which an individual stay in the society. The buying behaviour is highly influenced by the lifestyle of a consumer. For example when a consumer leads a healthy lifestyle, then the products he buys will relate to healthy alternatives to junk food.

5. Economic Factors

The consumer buying habits and decisions greatly depend on the economic situation of a country or a market. When a nation is prosperous, the economy is strong, which leads to the greater money supply in the market and higher purchasing power for consumers. When consumers experience a positive economic environment, they are more confident to spend on buying products. Whereas, a weak economy reflects a struggling market that is impacted by unemployment and lower purchasing power.

Economic factors bear a significant influence on the buying decision of a consumer. Some of the important economic factors are:

i. Personal Income

When a person has a higher disposable income, the purchasing power increases simultaneously. Disposable income refers to the money that is left after spending towards the basic needs of a person.

When there is an increase in disposable income, it leads to higher expenditure on various items. But when the disposable income reduces, parallelly the spending on multiple items also reduced.

ii. Family Income

Family income is the total income from all the members of a family. When more people are earning in the family, there is more income available for shopping basic needs and luxuries. Higher family income influences the people in the family to buy more. When there is a surplus income available for the family, the tendency is to buy more luxury items which otherwise a person might not have been able to buy.

iii. Consumer Credit

When a consumer is offered easy credit to purchase goods, it promotes higher spending. Sellers are making it easy for the consumers to avail credit in the form of credit cards, easy instalments, bank loans, hire purchase, and many such other credit options. When there is higher credit available to consumers, the purchase of comfort and luxury items increases.

iv. Liquid Assets

Consumers who have liquid assets tend to spend more on comfort and luxuries. Liquid assets are those assets, which can be converted into cash very easily. Cash

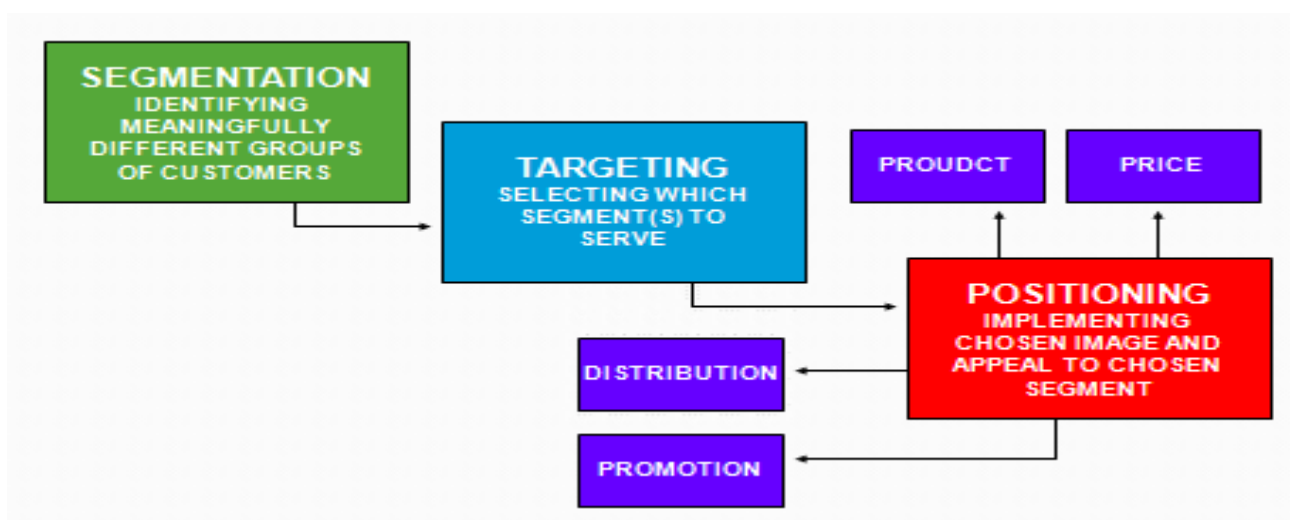
in hand, bank savings and securities are some examples of liquid assets. When a consumer has higher liquid assets, it gives him more confidence to buy luxury goods.

v. Savings

A consumer is highly influenced by the amount of savings he/she wishes to set aside from his income. If a consumer decided to save more, then his expenditure on buying reduces. Whereas if a consumer is interested in saving more, then most of his income will go towards buying products.

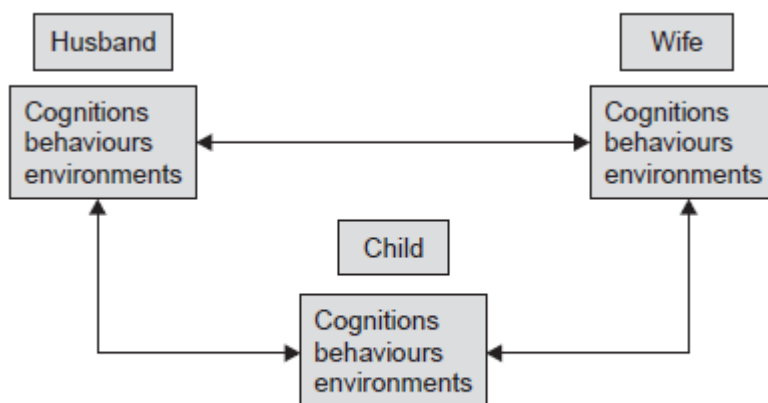
Segmentation:

Segmentation involves in 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.

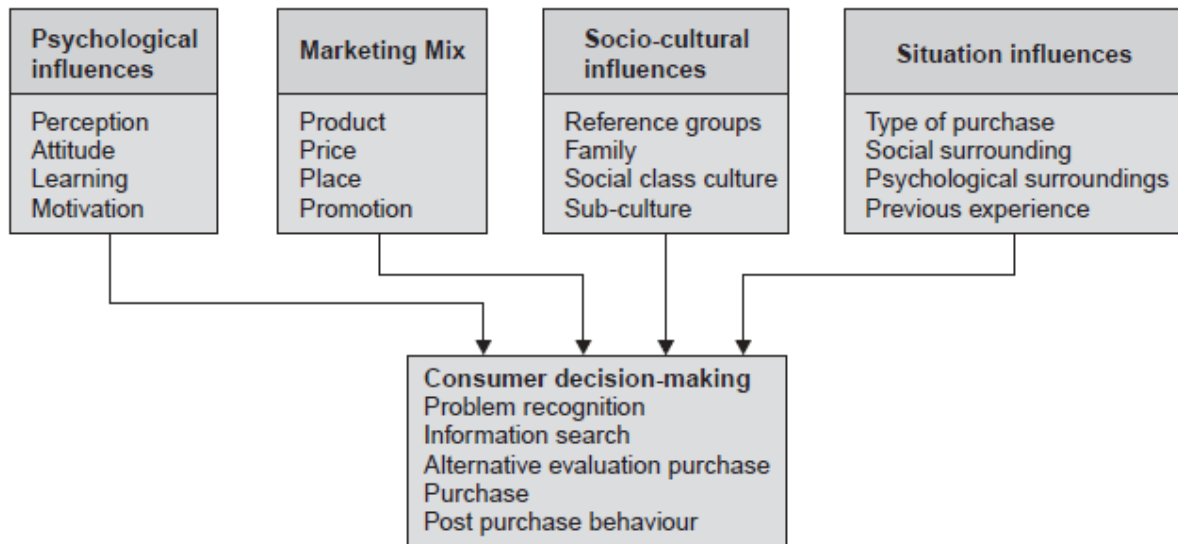


FAMILY LIFE CYCLE:

The family is a major influence on the consumer behaviour of its members. There are many examples of how the family influences the consumption behaviour of its members. A child learns how to enjoy candy by observing an older brother or sister; learns the use and value of money by listening to and watching his or her parents. Decisions about a new car, a vacation trip, or whether to go to a local or an out-of-town college are consumption decisions usually made within the context of a family setting. The family commonly provides the opportunity for product exposure and trial, and imparts consumption values to its members. As a major consumption unit, the family is also a prime target for the marketing of many products and services.



The reciprocal influence of family members



Factor influencing a consumer

Family Life Cycle and Buying Roles

It is important for a marketer to know the family structure and its consumption characteristics. He/ she should be able to understand the family which is a subset of a household. A household is made up of persons who live and occupy a housing unit. These include both, nuclear and extended families. A household is a basic consumption unit for most consumable goods. Major items such as housing, automobiles, electrical appliances, washing machine, etc. are used more by households than individuals. In a household, many items can be shared and possessed, where as individuals sometimes do not possess many such items individually.

Family types

Nuclear family: It consists of two adults of opposite sex living in a socially approved blood relationship with their children. It consists of husband, wife and their offspring.

Joint family: It includes a nuclear family and other relatives such as parents of husband/wife, off springs, aunts, uncles, their family and grandparents, also.

How family life cycle helps Marketers to make Market decision:

It provides a technique of anticipating the market **growth** through market estimation, by forecasting the number of persons entering into each stage of a **cycle** in one year. It provides an overview of the variables which affect the entry of a **family** into the different **stages of life**.

Role of Family in Buying Decision Making in India!

The family is the basic shopper and main decision making for purchase of various products for consumption whether FMCG or consumer durables. However, in the family all members do not have equal role to play in decision making. Therefore, it is necessary to study the attitude and role of various family members in purchase decision so that various members may be approached accordingly. Marketer rightly feels that it is necessary to know the views both of user and purchaser so that they may get better picture about consumer views to promote sales by modifying their products if necessary. It proves that influence of children in purchase decision is more for items needed by them and their influence declines in costly items and those which are purchased for family as a whole. Though adequate research has not been done in India in this regard but it seems that decisions are on the similar pattern. Further, it may be noted that influence of children increases as their age advances.

It has also been observed that teenagers and post teenagers are gradually being given more responsibility in purchase decision perhaps because they have more

time at their disposal than their parents specially in the west where both the parents are employed.

LAYOUT OF DISPLAY ADS:

1. Dimension (measurement)

a) rough (*) space mgt

b) message decision

2. Heading (Title)

a) punchline, caption, stimuli factor

b) STP mgt (Social media, screen)

3. Attraction

Logo

Colour texture message design

Timing

4. bottom line

Submission or omission

5. invitation

Family life cycle:

Family Life cycle Stages	Characteristics of Members	Consumption Interests
Bachelorhood	Young Singles	Games, toys, sports, fashion, clothing, recreation and entertainment
Honeymooners	Young married with no Children	Life Insurance, home furnishings, home appliances, vacations, consumer durables
Parenthood – Full nest 1	Young Married with children	Baby food, clothing and furniture, real estate, medical services, automobiles, bank loans
Parenthood – Full nest 2	Middle-aged with dependent children	Children Education, increased spending on food, clothing, recreation and entertainment, Child Insurance
Post Parenthood – Full nest 3	Old Parents with dependent children	Servants and helpers, higher education, Luxury products, International vacations, social contributions
Empty Nest	Old Parents with independent children	Healthcare services, home security services, basic necessities, value for money products
Solitary Survivor	Old and retired singles	Legal Services, Old age homes, easy to use appliances, Increased expenses on health and security

Segmentation:

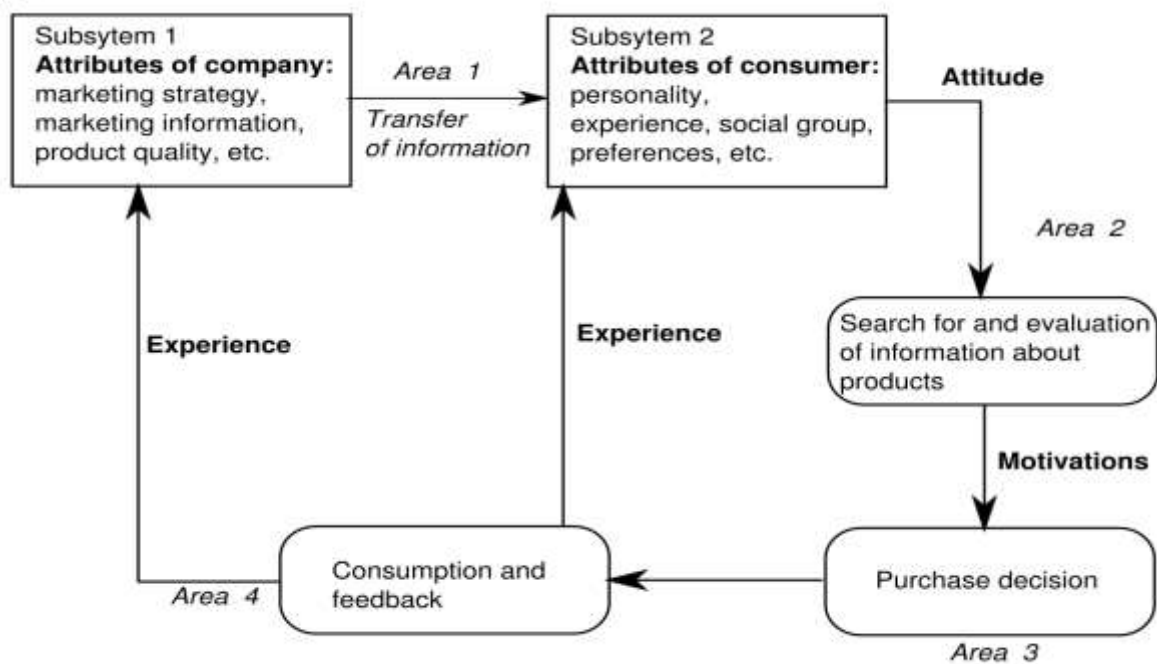
Consumers are segmented as per many variables like personal profile (gender, education, income, and other demographics, location, psychographics, behaviour, benefits and many other factors).

Nicosia model is a structural model of the purchase decision-making process by an individual consumer or a whole family. This model shows the interactive relationship between the company and the consumer. They arise between them for mutual communication - company communicates with consumers through promotional activities, while consumers by making purchases. The author of a

model F.M. Nicosia identified three stages that gradually moves the consumer in process:

- preferences,
- attitudes,
- motivations.

The four areas of the decision-making process in Nicosia Model:



(c) Krzysztof Woźniak / ceopedia.org

- Area 1 - includes **consumer attitudes** shaped by information from the market. In this area information flows from the source of their creation to the recipient.
- Area 2 - consumer is **looking for information** about specific products and gives them value. During the evaluation the consumer allocates appropriate weight to each information piece. When the result of the evaluation of a given product from the consumer's point of view is satisfactory, consumer is motivated to buy.

- Area 3 - **act of purchase**. Motivation - established in advance by consumer prompts him to acquire the product.
- Area 4 - **feedback**, as result of the **consumption** of the product, the consumer acquires a new experience and base on it his new preferences (predisposition). This last step is not only the consumption of a product but also a very important factor for the future decisions of the consumer. Feedback is also a very important factor for the company, which acquires a new information that could be used in preparing future product policy, its advertising and communications targeted to the consumer.

With this model Nicosia was able to represent consumer's behaviour when receivers of a message and has agents in the buying process generated by that flow of information from a company. **Nicosia**, an expert in consumer motivation and behaviour. This model focuses on the relationship between the firm and its potential consumers. The model suggests that messages from the firm (advertisements) first influences the predisposition of the consumer towards the product or service.

The Nicosia model of consumer behaviour offers no detail explanation of the internal factors, which may affect the personality of the consumer, and how the consumer develops his attitude toward the product. For example, the consumer may find the firm's message very interesting, but virtually he cannot buy the firm's brand because it contains something prohibited according to his beliefs. Apparently, it is very essential to include such factors in the model, which give more interpretation about the attributes affecting the decision process.

VALS :

VALS ("Values and Lifestyles") is a proprietary research methodology used for psychographic market segmentation. Market segmentation is designed to guide companies in tailoring their products and services in order to appeal to the people most likely to purchase them.

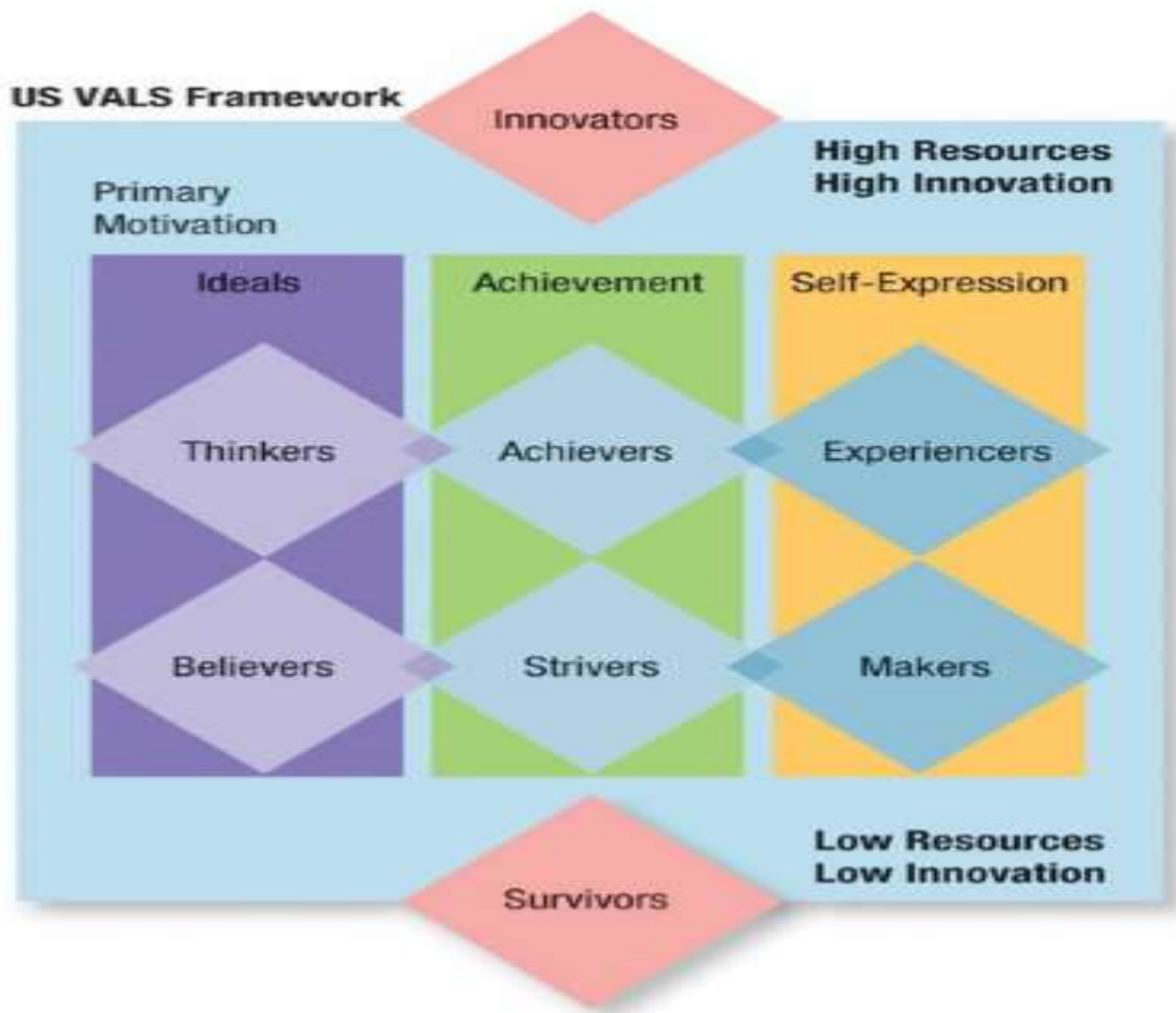
VALS includes three primary motivations that matter for understanding consumer behaviour:

ideals,

achievement,

and self-expression.

Consumers who are primarily motivated by ideals are guided by knowledge and principles.



VALS ("Values and Lifestyles") is a proprietary research methodology used for psychographic market segmentation. Market segmentation is designed to guide companies in tailoring their products and services in order to appeal to the people most likely to purchase them.

Mitchell used statistics to identify attitudinal and demographic questions that helped categorize adult American consumers into one of nine lifestyle types:

survivors (4%), sustainers (7%), belongers (35%), emulators (9%), achievers (22%), I-am-me (5%), experiential (7%), societally conscious (9%), and integrated (2%). The questions were weighted using data developed from a sample of 1,635 Americans and their significant others, who responded to an SRI International survey in 1980.

The main dimensions of the VALS framework are resources (the vertical dimension) and primary motivation (the horizontal dimension). The vertical dimension segments people based on the degree to which they are innovative and have resources such as income, education, self-confidence, intelligence, leadership skills, and energy. The horizontal dimension represents primary motivations and includes three distinct types:

- Consumers driven by knowledge and principles are motivated primarily by ideals. These consumers include groups called Thinkers and Believers.
- Consumers driven by demonstrating success to their peers are motivated primarily by achievement. These consumers include groups referred to as Achievers and Strivers.
- Consumers driven by a desire for social or physical activities, variety, and risk taking are motivated primarily by self-expression. These consumers include the groups known as Experiencers and Makers.

At the top of the rectangle are the Innovators, who have such high resources that they could have any of the three primary motivations. At the bottom of the rectangle are the Survivors, who live complacently and within their means without a strong primary motivation of the types listed above. The VALS Framework gives more details about each of the groups.

VALS2 places less emphasis on activities and interests and more on a psychological base to tap relatively enduring attitudes and values. The VALS2 program has two dimensions. The first dimension, Self-orientation, determines the type of goals and behaviours that individuals will pursue, and refers to patterns of attitudes and activities which help individuals reinforce, sustain, or modify their social self-image. This is a fundamental human need.

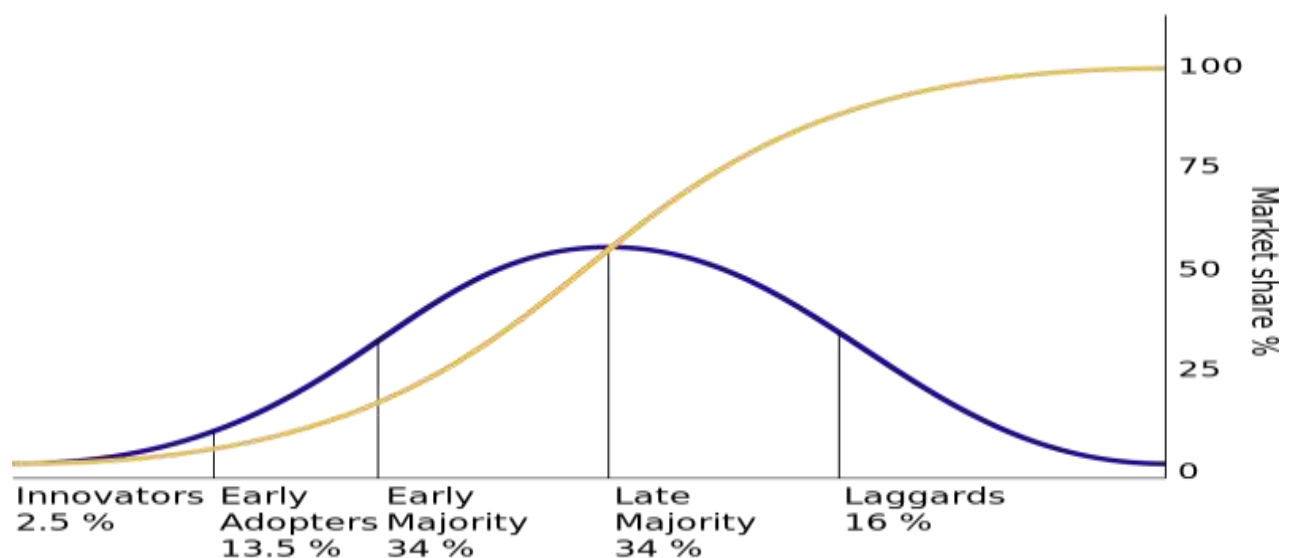
The second dimension, Resources, reflects the ability of individuals to pursue their dominant self-orientation and includes full-range of physical, psychological, demographic, and material means such as self-confidence, interpersonal skills, inventiveness, intelligence, eagerness to buy, money, position, education, etc. According to VALS 2, a consumer purchases certain products and services because the individual is a specific type of person. The purchase is believed to reflect a consumer's lifestyle, which is a function of self-orientation and resources.

Diffusion of innovation:

Diffusion of innovations is a theory that seeks to explain how, why, and at what rate new ideas and technology spread. Everett Rogers, a professor of communication studies, popularized the theory in his book *Diffusion of Innovations*; the book was first published in 1962, and is now in its fifth edition (2003). Rogers argues that diffusion is the process by which an innovation is communicated over time among the participants in a social system. The origins of the diffusion of innovations theory are varied and span multiple disciplines.

Rogers proposes that five main elements influence the spread of a new idea: the innovation itself, adopters, communication channels, time, and a social system. This process relies heavily on social capital. The innovation must be widely adopted in order to self-sustain. Within the rate of adoption, there is a point at which an innovation reaches critical mass. In the 1991 book "crossing the chasm", Geoffrey Moore theorizes that this point lies at the boundary between the early adopters and the early majority. This tipping point between niche appeal and mass (self-sustained) adoption is simply known as "the chasm".

The categories of adopters are innovators, early adopters, early majority, late majority, and laggards. Diffusion manifests itself in different ways and is highly subject to the type of adopters and innovation-decision process. The criterion for the adopter categorization is innovativeness, defined as the degree to which an individual adopts a new idea.



MOD II:

PERSONALITY:

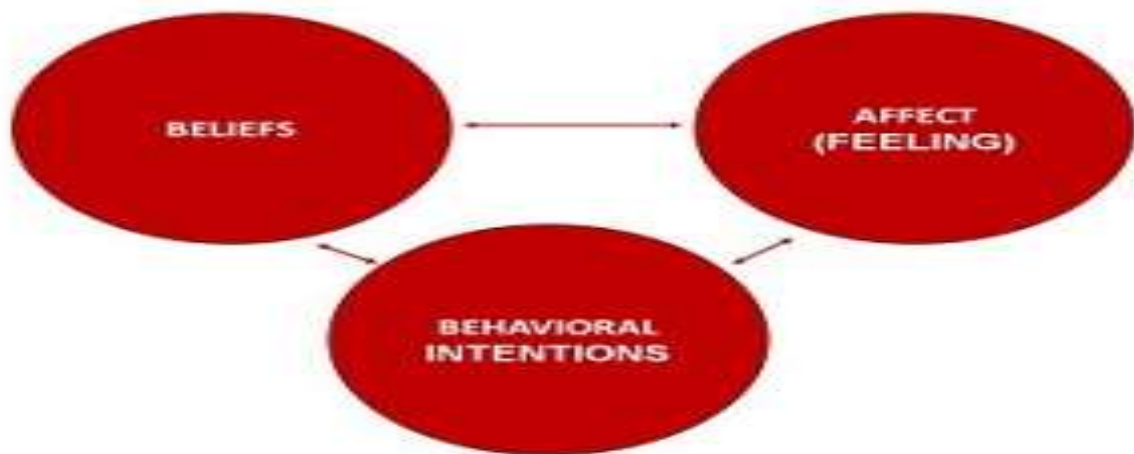
In consumer studies, personality is defined as consistent responses to environmental stimuli or we can also say patterns of behaviour that are consistent and enduring. An individual's personality helps marketers to describe consumer segments as it provides for orderly and coherently related experiences and behaviour. The personality of individuals is a unique dynamic organisation of the characteristics of a particular person, physical and psychological, which influence behaviour and responses to the social and physical environment. It gives the impression that consumer buying is always influenced by their personality.

Perception:

Consumer perception is defined as a process by which consumers sense a marketing stimulus, and organize, interpret, and provide meaning to it. The marketing stimuli may be anything related to the product and/or brand, and any of the elements of the marketing mix. It determines how your customers feel about you, whether they continue to do business with you, and whether they recommend you to their family and friends. In other words, how customers perceive you is a big deal. Thus, to marketers, consumers' perceptions are much more important than their knowledge of objective reality. It is important that marketers understand perception and its related concepts to determine what factors influence consumers to make purchase decisions.

Attitude:

Consumer attitude may be defined as a feeling of favourableness or unfavourableness that an individual has towards an object. Attitudes are the complex combination of things we call personality, beliefs, values, behaviours, and motivations. It can fall anywhere along a continuum from very favourable to very unfavourable. All people, irrespective of their status or intelligence, hold attitudes. As we all know that an individual with a positive attitude is more likely to buy a product and this results in the possibility of liking or disliking a product.



Consumer attitudes consist of a combination of cognitive information and beliefs, emotions, and behavioural intention regarding a consumer product or service. It is what the customers believe about a product or service, how they feel about it, and what their intentions are towards it.

Models of Attitude

The following are the models of attitude

- **Tri-component Model** – According to tri-component model, attitude consists of the following three components.

- **Cognitive Component** – The first component is cognitive component. It consists of an individual's knowledge or perception towards few products or services through personal experience or related information from various sources. This knowledge, usually results in beliefs, which a consumer has, and specific behaviour.
- **Affective Component** – The second part is the affective component. This consists of a person's feelings, sentiments, and emotions for a particular brand or product. They treat them as the primary criteria for the purpose of evaluation. The state of mind also plays a major role, like the sadness, happiness, anger, or stress, which also affects the attitude of a consumer.
- **Conative Component** – The last component is conative component, which consists of a person's intention or likelihood towards a particular product. It usually means the actual behaviour of the person or his intention.

Learning:

Most attitudes, values, tastes, behaviours, preferences, symbolic meanings and feelings are acquired through learning. People buy things and then make decisions for future purchases based on if they liked the product, quality, service, and price. In consumer behaviour terms, learning is the process by which consumers acquire the information that they apply to future purchase behaviour. So learning is the foundation of consumer behaviour. Unfulfilled needs are the underlying drivers that lead to motivation. It involves learning of ideas, concepts, attitudes and reasoning abilities. Cognitive learning allows consumers to utilize the stored information (memory) for building new

knowledge used for the current behaviour, or it stores it in the memory as additional information for future use.

Motivation:

Consumer motivation is an internal state that drives people to identify and buy products or services that fulfil conscious and unconscious needs or desires. The fulfilment of those needs can then motivate them to make a repeat purchase or to find different goods and services to better fulfil those needs.

Motivation is the reason, conscious or nonconscious, for behaving a particular way in a certain situation. Brands are constantly in search of new ways to motivate consumers to engage with, promote, and ultimately buy their products and services. Consumer researchers have given two types of motives-rational motives and irrational (emotional) motives. They say, that consumers behave rationally when they consider all alternatives and choose those that give them the greatest utility. This is also known as economic man theory.

Group influence on consumer behaviour:

Consumers are influenced by different types of reference groups they believe they are a part of or aspire to be. Group influence goes both ways; sometimes, consumers avoid brands they believe would put them into a group they don't want to be included in. When an individual consumer makes a purchase, he unilaterally decides what he would purchase and how. A group consists of two or more individuals who share a set of norms, values or beliefs and have a defined relationship such that their behaviour is interdependent. A

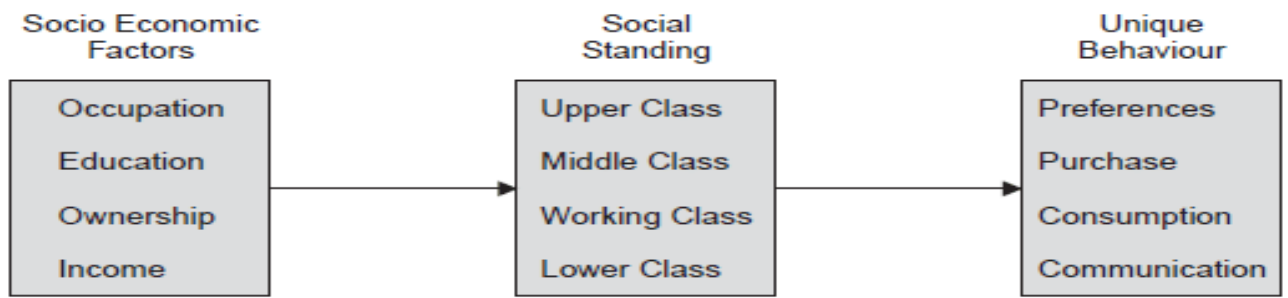
reference group includes individuals or groups that influence our opinions, beliefs, attitudes and behaviours. They often serve as our role models and inspiration. Marketers view reference groups as important because they influence how consumers interpret information and make purchasing decisions. Reference Groups are basically small in size and differ from one individual to another. Groups like households also make purchases, and in such buying processes, members of the group influence the purchase decision in many ways, and at different stages in the buying process.

Social class:

Social Class in Consumer Behaviour. In a social class, people try to make the same kind of purchases as are expected by their peers. Marketeers try to target their products on class-based market segments. Upper-Uppers are the social elite who live on inherited wealth and have well-known families.

Lifestyle orientation and purchasing pattern of a social class

<i>Social Class</i>	<i>Lifestyle Orientation</i>	<i>Purchasing Tendencies</i>
Upper Class	Good taste Graceful living Good things in life Individual expressions Interest in art and culture	Quality merchandise; Expensive hobby and recreation equipment, art, books, travel
Middle Class	Respectability, conformity, propriety, social esteem	Items in fashion and related to self presentation; Good Clothing, neighbourhood and house items for children
Working Class	Fun-oriented parochial (restricted in scope) Unsophisticated taste. Focus on possession and not ideas	Newest appliances, sporting events newest and biggest items
Lower Class	Close family relationships No interest in world affairs Neighbourhood oriented Want immediate gratification	Status symbol products: enhancing self-esteem; Pseudosymbols of prosperity, such as used scooters; readily available products



Social Standing: How it is derived and influences behaviour

Social class can have a profound effect on consumer spending habits. Perhaps the most obvious effect is the level of disposable income of each social class. Generally, the rich have the ability to purchase more consumer goods than those with less income, and those goods are of higher quality.

Social classes provide their members with distinctive sub-cultures that prepare them for specialised functions in society. It is said that the social class is useful as an efficient means of role allocation in the society. Through role allocation, a society fixes social responsibilities of persons.

Social Groups:

Consumers are influenced by different types of reference groups they believe they are a part of or aspire to be. Group influence goes both ways; sometimes, consumers avoid brands they believe would put them into a group they don't want to be included in. In the social sciences, a social group can be defined as two or more people who interact with one another, share similar characteristics, and collectively have a sense of unity. Regardless, social groups come in a myriad of sizes and varieties. For example, a society can be viewed as a large social group.

Opinion leaders:

An opinion leader is someone who has mastered a specific market or industry and has established trust within a community as an industry insider or decision-maker. They have an audience or following that trust them as a source of information for their interests. An opinion leader is a well-known individual or organization that has the ability to influence public opinion on the subject matter for which the opinion leader is known. Opinion leaders can be politicians, business leaders, community leaders, journalists, educators, celebrities, and sports stars. Opinion leaders are individuals with social influence within groups who typically serve as the hub of an interpersonal communications network. Because they are considered credible and trustworthy, these leaders typically are role models for others, and their opinions and behaviours are well respected.

Role of social media in shaping consumer behaviour:

Results show that social media usage influences consumer satisfaction in the stages of information search and alternative evaluation, with satisfaction getting amplified as the consumer moves along the process towards the final purchase decision and post-purchase evaluation. 81% of consumers' purchasing decisions are influenced by their friends' social media posts. (Forbes) 66% of consumers have been inspired to purchase from a new brand after seeing social media images from other consumers (Stackla) Consumers are 71% more likely to make a purchase based on social media referrals.

Culture and its impact on Consumer behaviour:

Beliefs and values are guides for consumer behaviour; customs are unusual and accepted ways of behaving. The impact of culture is so natural and ingrained that its influence on behaviour is rarely noted. Yet, culture offers order, direction, and guidance to members of society in all phases of human problem solving. Culture determines the consumer's experiences, beliefs, and values, which in turn is directly linked to attitudes, emotions, social norms, intentions, and behaviours. Personal culture represents the local area.

Relevance of culture in making decisions:

In a global setting, culture is an important facet of the decision-making process. To become a great decision maker, it educates an individual to become educated about practices, values, and beliefs that are dominant in a culture and to understand others' frames of mind before making a decision. The organizational culture influences decisions by its members and the way in which it influences its members' acceptance or rejection of the decision. That means when the manager making decision, he or she must consider more thing to ensure the decision can work out efficient. Cultural diversity may lead to better decisions because of different views, perspectives, ideas, proposals of employees. and Individuals from different cultures can have different views of the self (among other things): for sure, this would colour cognition and so interaction in groups and teams. Cultural differences plausibly may lead people to approach decision-making differently from the very beginning. Cultures vary

in whether they focus on opportunities or threats, and they also vary in their interpretations of the same information as a threat, an opportunity, or neither.

Cultural Value:

Culture is defined as the sum total of learned beliefs, values, and customs that serve to regulate the consumer behaviour of members of a particular society. Beliefs and values are guides for consumer behaviour; customs are unusual and accepted ways of behaving.

Cultural Changes:

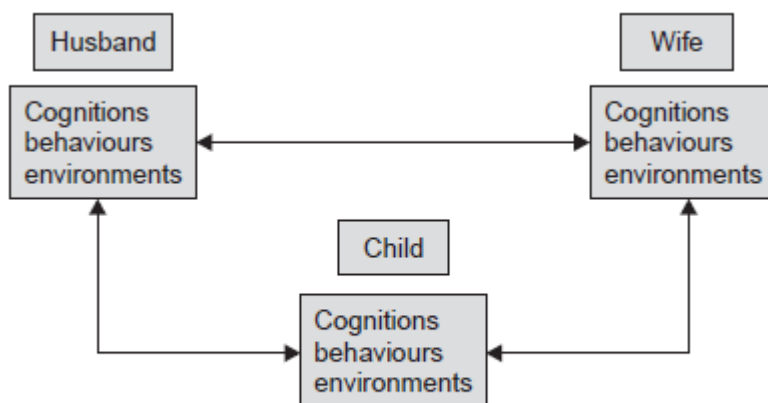
Modification of a society through innovation, invention, discovery, or contact with other societies. Cultural change can have many causes, including the environment, technological inventions, and contact with other cultures. Cultures are externally affected via contact between societies, which may also produce—or inhibit—social shifts and changes in cultural practices.

Cross cultural understanding:

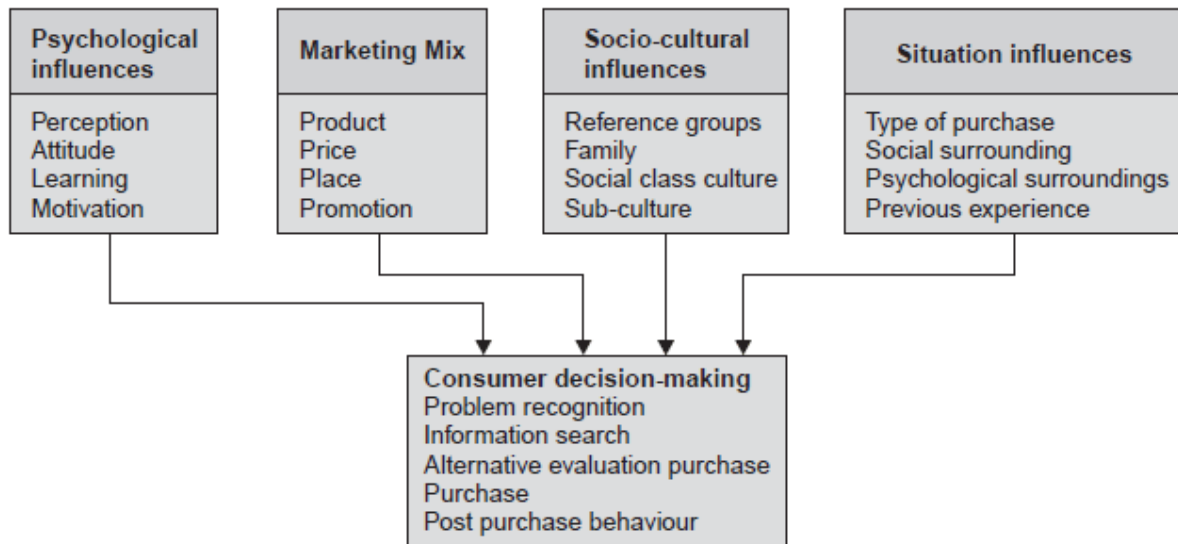
Cross-cultural consumer analysis is defined as the effort to determine to what extent the consumers of two or more nations are similar or different. A major objective of cross-cultural consumer analysis is to determine how consumers in two or more societies are similar and how they are different.

FAMILY LIFE CYCLE:

The family is a major influence on the consumer behaviour of its members. There are many examples of how the family influences the consumption behaviour of its members. A child learns how to enjoy candy by observing an older brother or sister; learns the use and value of money by listening to and watching his or her parents. Decisions about a new car, a vacation trip, or whether to go to a local or an out-of-town college are consumption decisions usually made within the context of a family setting. The family commonly provides the opportunity for product exposure and trial, and imparts consumption values to its members. As a major consumption unit, the family is also a prime target for the marketing of many products and services.



The reciprocal influence of family members



Factor influencing a consumer

Family Life Cycle and Buying Roles

It is important for a marketer to know the family structure and its consumption characteristics. He/ she should be able to understand the family which is a subset of a household. A household is made up of persons who live and occupy a housing unit. These include both, nuclear and extended families. A household is a basic consumption unit for most consumable goods. Major items such as housing, automobiles, electrical appliances, washing machine, etc. are used more by households than individuals. In a household, many items can be shared and possessed, where as individuals sometimes do not possess many such items individually.

Family types

Nuclear family: It consists of two adults of opposite sex living in a socially approved blood relationship with their children. It consists of husband, wife and their offspring.

Joint family: It includes a nuclear family and other relatives such as parents of husband/wife, off springs, aunts, uncles, their family and grandparents, also.

How family life cycle helps Marketers to make Market decision:

It provides a technique of anticipating the market **growth** through market estimation, by forecasting the number of persons entering into each stage of a **cycle** in one year. It provides an overview of the variables which affect the entry of a **family** into the different **stages of life**.

Role of Family in Buying Decision Making in India!

The family is the basic shopper and main decision making for purchase of various products for consumption whether FMCG or consumer durables. However, in the family all members do not have equal role to play in decision making. Therefore, it is necessary to study the attitude and role of various family members in purchase decision so that various members may be approached accordingly. Marketer rightly feels that it is necessary to know the views both of user and purchaser so that they may get better picture about consumer views to promote sales by modifying their products if necessary. It proves that influence of children in purchase decision is more for items needed by them and their influence declines in costly items and those which are purchased for family as a whole. Though adequate research has not been done in India in this regard

but it seems that decisions are on the similar pattern. Further, it may be noted that influence of children increases as their age advances.

It has also been observed that teenagers and post teenagers are gradually being given more responsibility in purchase decision perhaps because they have more time at their disposal than their parents specially in the west where both the parents are employed.

MOD III:

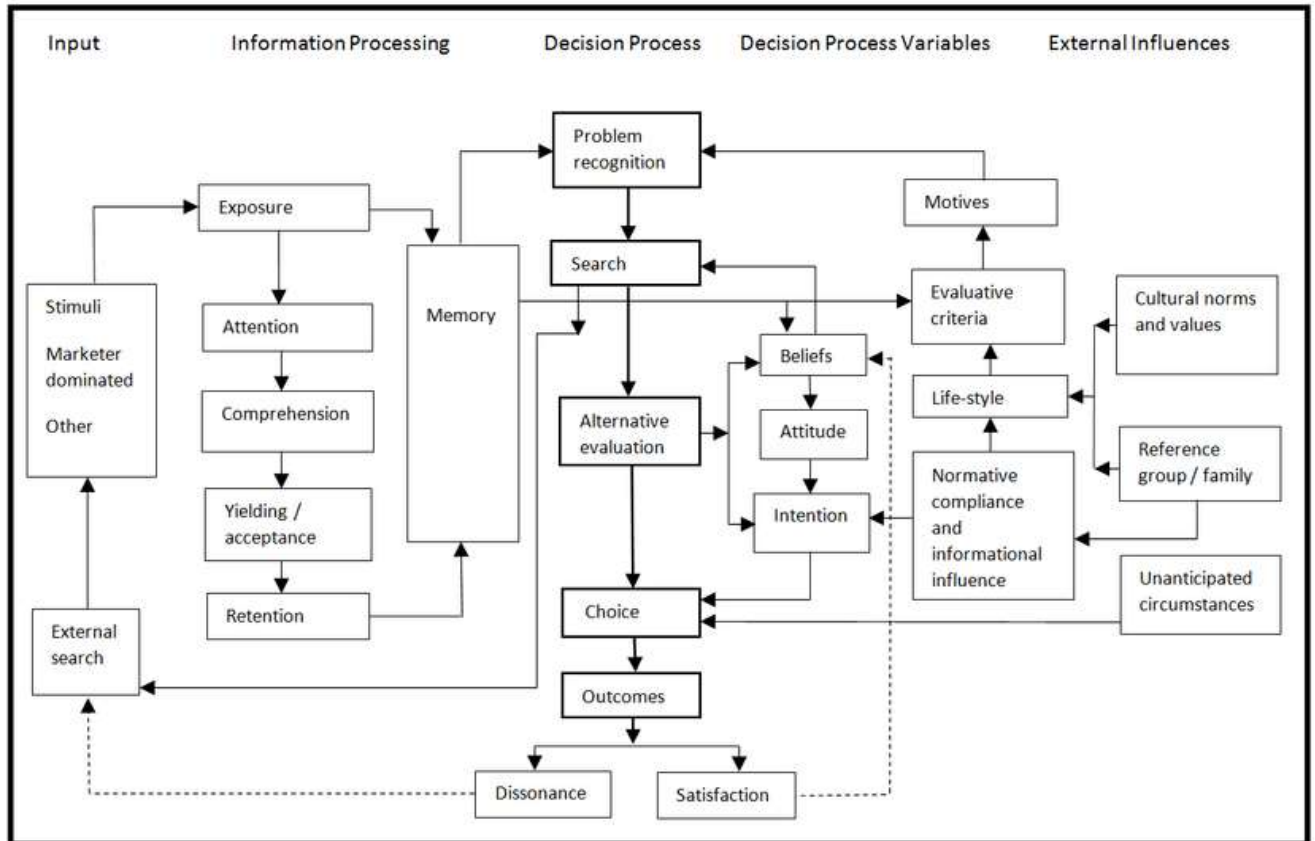
The Engel Kollat Blackwell Model of Consumer Behaviour was created to describe the increasing, fast-growing body of knowledge concerning consumer behaviour. This model, like in other models, has gone through many revisions to improve its descriptive ability of the basic relationships between components and sub-components.

The Engel Kollat Blackwell Model of Consumer Behaviour consists of four distinct stages;

1. **Information Input Stage:** At this stage the consumer gets information from marketing and non-marketing sources, which also influence the problem recognition stage of the decision-making process. If the consumer still does not arrive to a specific decision, the search for external information will be activated in order to arrive to a choice or in

some cases if the consumer experience dissonance because the selected alternative is less satisfactory than expected.

2. **Information Processing Stage:** This stage consists of the consumer's exposure, attention, perception, acceptance, and retention of incoming information. The consumer must first be exposed to the message, allocate space for this information, interpret the stimuli, and retain the message by transferring the input to long-term memory.
3. **Decision Process Stage:** The central focus of the model is on five basic decision-process stages: Problem recognition, search for alternatives, alternate evaluation (during which beliefs may lead to the formation of attitudes, which in turn may result in a purchase intention) purchase, and outcomes. But it is not necessary for every consumer to go through all these stages; it depends on whether it is an extended or a routine problem-solving behaviour.
4. **Variables Influencing the Decision Process:** This stage consists of individual and environmental influences that affect all five stages of the decision process. Individual characteristics include motives, values, lifestyle, and personality; the social influences are culture, reference groups, and family. Situational influences, such as a consumer's financial condition, also influence the decision process.



CONSUMER BEHAVIOUR IN ONLINE MARKETING:

With the evolution of online communication through internet, customers now see online advertisements of various brands. It is fast catching up with the buying behaviour of consumers and is a major source of publicity for niche segments and also for established brands. This is the new way of digital revolution and businesses worldwide have realized their worth.

Examples – Online Catalogues, Websites, or Search engines. When customers have sufficient information, they will need to compare with the choices of products or services.

Online Customer Behaviour Process

According to the above figure, in the search stage, they might look for the product reviews or customer comments. They will find out which brand or company offers them the best fit to their expectation.

During this stage, well-organized web site structure and attractive design are important things to persuade consumers to be interested in buying product or service.

Stage 1

The most useful characteristic of internet is that it supports the pre-purchase stage as it helps customers compare different options.

Stage 2

During the purchasing stage, product assortment, sale services and information quality seem to be the most important point to help consumers decide what product they should select, or what seller they should buy from.

Stage 3

Post-purchase behaviour will become more important after their online purchase. Consumers sometimes have a difficulty or concern about the product, or they might want to change or return the product that they have bought. Thus, return and exchange services become more important at this stage.

Factors of Online Customer Behaviour

The first elements to identify are factors that motivate customers to buy products or services online. They are divided into two categories – external factors and internal factors.

- **The External Factors** are the ones beyond the control of the customers. They can divide into five sectors namely demographic, socio-economic, technology and public policy; culture; sub- culture; reference groups; and marketing.
- **Internal Factors** are the personal traits or behaviours which include attitudes, learning, perception, motivation, self- image.
- **The Functional Motives** is related to the consumer needs and include things like time, convenience of shopping online, price, the environment of shopping place, selection of products etc.
- **The Non-Functional Motives** related to the culture or social values like the brand of the store or product.

Filtering Elements

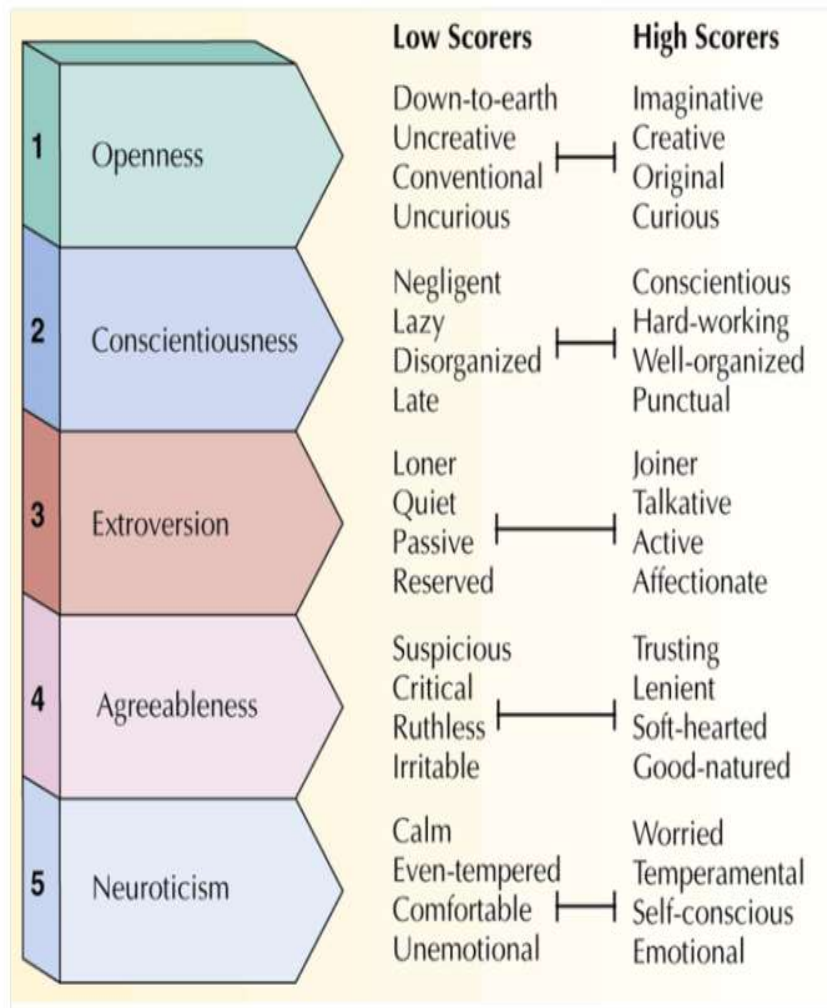
Customers use these three factors to filter their buying choices and decide on the final selection of stores they are willing to purchase from. They use the knowledge to filter their purchase options by three factors –

- Security
- Privacy
- Trust and Trustworthiness

Psychographics:

Psychographics is the qualitative methodology of studying consumers based on psychological characteristics and traits such as values, desires, goals, interests, and lifestyle choices. Psychographics in marketing focus on understanding the consumer's emotions and values, so you can market more accurately.

Psychographics is the study of consumers based on their activities, interests, and opinions (AIOs). It goes beyond classifying people based on general demographic data, such as age, gender, or race. Psychographics seeks to understand the cognitive factors that drive consumer behaviours.



Characteristics of modern women:

7 characteristics of the modern women consumers:

- Customers reign supreme.
- Customers are ALWAYS connected
- Customers expect personal interactions.

- Customers won't wait for items they want.
- Customers trust influencers over brands.
- Customers care about sustainability.
- Customers are very opinionated.

Women make up 25% of C-level executives at the top 1,000 companies (by revenue), according to a 2021 study, up slightly from 23% a year ago.

Women represent 19% of software developers, 53% of financial services workers and 40% of physicians and surgeons, according to a 2021 Bureau of Labour Statistics report.

- More than half (26) of Forbes' 50 Most Influential CMOs of 2018 are women.
- The number of female CMOs at the top 1,000 revenue-generating companies has risen to 36% from 32% in 2021.
- As of April 2021, 3.1% of American women were unemployed, the lowest rate for adult women since 1953.
- Women are the sole source of income in 40% of households.
- Of the 2,153 billionaires on the 2020 Forbes World's Billionaires list, only 12% are women, and only 27% have self-made fortunes.

Entrepreneurship

- 40% of businesses in the United States are women owned.
- Since 2007, the number of women-owned business has grown 58% vs. overall business growth of 12%.
- In 2018, women owned 47% of all women-owned businesses and generated \$386.6 billion in revenues.
- 78% of new women-owned businesses are owned by white color women.

Netizen consumer behaviour:

Over the past year, consumer behaviour and purchase patterns have seen a drastic change. Urban consumers have started conducting their product research thoroughly before making any purchase online or offline. The records indicates that urban consumers are researching on at least 2 platforms before making up their mind while Amazon.in is has emerged as a preferred platform for product research. Around 62% of urban internet users research for products online, before making any online or offline purchase; 52% of urban internet users who research online, visit amazon.in to research products before making an online or offline purchase.

Omni channel Behaviour:

Omnichannel means having a uniform customer experience. A simple example is that the design of the website should remain consistent with the mobile app and should also match branded physical environments. Consumers can shop the same way through in-store, website, and mobile.

An omnichannel strategy is a form of retailing that, by enabling real interaction, allows customers to shop across channels anywhere and at any time, thereby providing them with a unique, complete, and seamless shopping experience that breaks down the barriers between channels.

"Omnis" is Latin for "every/all" and here suggests the integration of all physical channels (offline) and digital channels (online) to offer a unified customer experience.

The effort to unify channels has a long history across all market sectors. Efforts like single source publishing and responsive web design, however, were usually focused on internal efficiencies, formatting consistency, and simple de-duplication across channels. As the number of channels proliferated, the potential for disjointed experience when switching or working with multiple channels increased. Channels like mobile devices, the mobile web, mobile apps, contextual help, augmented reality, virtual reality, and chatbots are used in addition to traditional physical and human interaction channels. This creates a complex matrix of possible ways an individual can engage an organization and its offerings or complete a task.

Retail, until the early 1990s, was either a physical bricks and mortar store or Catalogue sales where an order was placed by mail or via telephone. Sale by mail order dates back to when British entrepreneur Pryce Pryce-Jones set up the first modern mail order in 1861, selling Welsh flannel. Catalogue sales for an assortment of general goods started in the late 1800s when Sears & Roebucks issued its first Catalogue in 1896. In the early 1900s, LL Beans started its Catalogue business in United States.

AOL, CompuServe and Prodigy experimented with selling through their proprietary online services in the early 1990s. These companies started sales channel expansion, while general merchants had evolved to departmental stores and Big Box electronic ordering. In August 1994, NetMarket processed the first Internet sale where the credit card was encrypted. Shortly thereafter, Amazon.com was founded and the eCommerce sales channel was established. Mobile commerce arrived in 1997, and multichannel retailing really took off.

Omnichannel's origins date back to Best Buy's use of customer centricity to compete with Walmart's electronic department in 2003. The company created an approach that centred around the customer both in-store and online, while providing post-sales support. Omnichannel was coined as a form of "assembled commerce" and spread into the healthcare and financial services industries,

On Shopping Centres:

Omnichannel retail strategies are an expansion of what previously was known as multichannel retailing. The emergence of digital technologies, social media and mobile devices has led to the significant changes in the retail environment

and provide opportunities for the retailers to redesign their marketing and product strategies. One of the challenges that retailers are facing as a result of increased channels, is to provide a personalised experience for customers. Put differently, in retailing omnichannel marketing has come to be understood as "hyperpersonalization. Another challenge is to track users behaviours both online and in the brick and mortar stores, an option that is being made available by using AI platforms. In omnichannel retailing, one main backend handles all the customer data whether on Web, mobile or a brick and mortar store.

Customers tend to be looking for information in the physical store and at the same time they are getting additional information from their mobile devices about offers and possibly better prices. Omnichannel allows organizations to allocate inventory availability and visibility across locations vs. each channel holding specific units. A number of features, like size charts, easy return policy and same-day delivery, have boosted ecommerce and promoted omnichannel shopping.

An omnichannel retailer has traditional methods of mass advertising integrated with emerging interactive channels. Websites, email offers, social media messaging and physical stores all show the same messages, offers, and products. The omnichannel concept not only extends the range of channels, but also incorporates the needs, communications and interactions between customer, brand and retailers.