

Government Engineering College Jhalawar

Model Answer Paper of Consumer Behavior and Market Research (M-420)

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MM:70

Duration :3 hrs

Attempt any 5 question:

Note : question number 6 is compulsory.

Q.1 what do you mean by Consumer Behavior? Explain nature of consumer Behavior in Details?(14)

WHAT IS CONSUMER BEHAVIOUR?

Consumer behavior is about the behavior of consumers in different situations. However, there are various definitions of the discipline:

The behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products, services and ideas.

A discipline dealing with how and why consumers purchase (or do not purchase) goods and services.

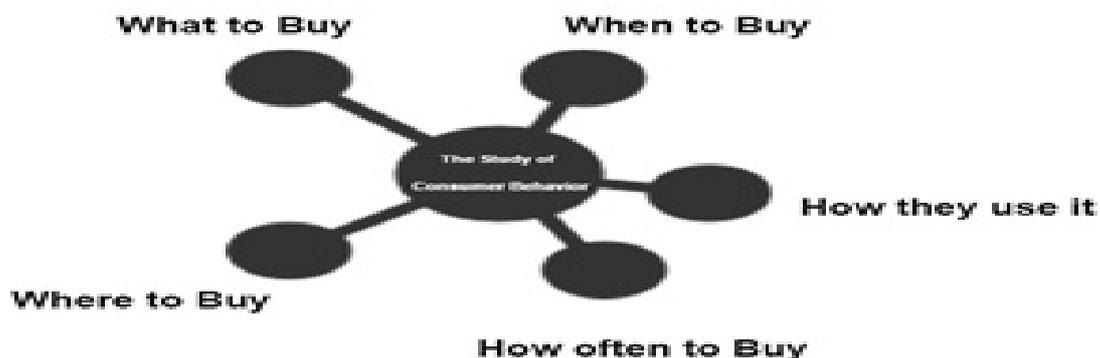
Consumer behavior can be thought of as the actions, reactions, and consequences that Take place as the consumer goes through a decision-making process, reach a decision, and then put the product to use.

It is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.

[C]consumer behavior is defined as (1) the mental and physical acts of (2) individuals, households or other decision-making units concerned with ultimate consumption involving (3) the acquisition, own product, use and, in some cases, the dispossession of products and services.

The definitions reveal two central themes about consumer behavior:

- 1 It is a process of actions covering purchase, usage and/or disposal.
- 2 It involves individual or group consumers in goods, services, ideas and experiences.



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'.

Nature of Consumer Behavior:

1. Influenced by various factors:

The various factors that influence the consumer behaviour are as follows:

- 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 colorful 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 vary 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:

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 deprive themselves of higher standard of living.

9. Reflects status:

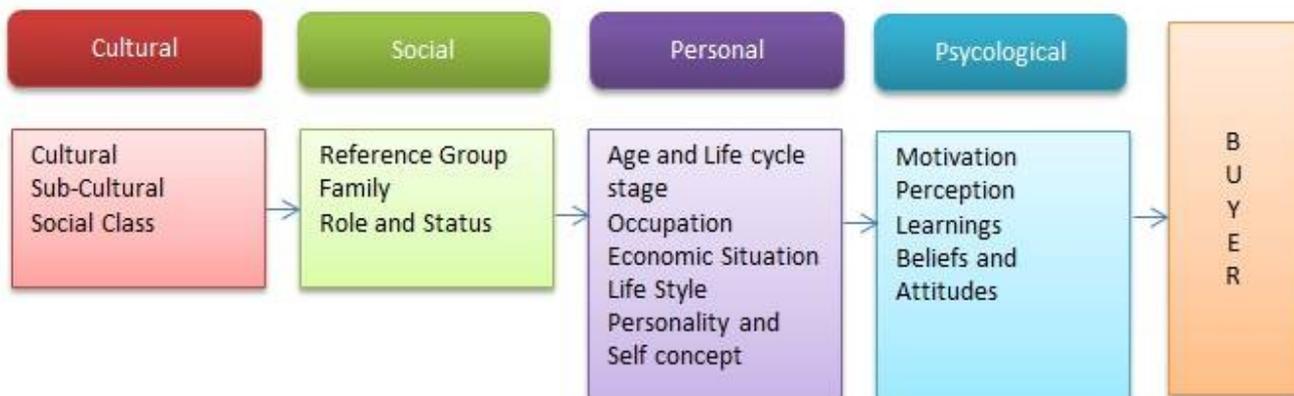
The consumer behavior is not only influenced by the status of a consumer, but it also reflects it. The consumers who own luxury cars, watches and other items are considered belonging to a higher status. The luxury items also give a sense of pride to the owners.

Q.2 Explain Various Factors affecting Consumer Behavior?(14)

Factors affecting consumer behavior

Consumer s buyer behaviour is influenced by four major factors:

- 1) Cultural,
- 2) Social,
- 3) Personal,
- 4) Psychological



1. Cultural Factors - Culture and societal environment

Culture is crucial when it comes to understanding the needs and behaviors of an individual. Basically, culture is the part of every society and is the important cause of person wants and behavior. The influence of culture on buying behavior varies from country to country therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries. Throughout his existence, an individual will be influenced by his family, his friends, his cultural environment or society that will teach him values, preferences as well as common behaviors to their own culture. For a brand, it is important to understand and take into account the cultural factors inherent to each market or to each situation in order to adapt its product and its marketing strategy. As these will play a role in the perception, habits, behavior or expectations of consumers.

For example, in the West, it is common to invite colleagues or friends at home for a drink or dinner. In Japan, on the contrary, invite someone home does not usually fit into the local customs. It is preferable to do that this kind of outing with friends or colleagues in restaurant.

Sub-cultures

A society is composed of several subcultures in which people can identify. Subcultures are groups of people who share the same values based on a common experience or a similar lifestyle in general. Each culture contains different subcultures such as religions, nationalities, geographic regions, racial groups etc. Marketers can use these groups by segmenting the market into various small portions.

Social classes

Social classes are defined as groups more or less homogenous and ranked against each other according to a form of social hierarchy. Even if it's very large groups, we usually find similar values, lifestyles, interests and behaviors in individuals belonging to the same social class. Every society possesses some form of social class which is important to the marketers because the buying behavior of people in a given social class is similar. In this way marketing activities could be tailored according to different social classes.. In addition, the consumer buying behavior may also change according to social class. A consumer from the lower class will be more focused on price. While a shopper from the upper class will be more attracted to elements such as quality,

2. Social Factors

It includes groups (reference groups, inspirational groups and member groups), family, roles and status. This explains the outside influences of others on our purchase decisions either directly or indirectly. Social factors are among the factors influencing consumer behavior significantly. They fall into three categories: reference groups, family and social roles and status.

Reference groups and membership groups

The membership groups of an individual are social groups to which he belongs and which will influence him. The membership groups are usually related to its social origin, age, place of residence, work, hobbies, leisure, etc. Reference groups have potential in forming a person attitude or behavior. The impact of reference groups varies across products and brands. For example if the product is visible such as dress, shoes, car etc then the influence of reference groups will be high. Reference groups also include opinion leader (a person who influences other because of his special skill, knowledge or other characteristics).

Family

The family is maybe the most influencing factor for an individual. It forms an environment of socialization in which an individual will evolve, shape his personality, acquire values. But also develop attitudes and opinions on various subjects such as politics, society, social relations or himself and his desires. Buyer behavior is strongly influenced by the member of a family. Therefore marketers are trying to find the roles and influence of the husband, wife and children. If the buying decision of a particular product is influenced by wife then the marketers will try to target the women in their advertisement.

Social roles and status

The position of an individual within his family, his work, his country club and his group of friends etc. All this can be defined in terms of role and social status. A social role is a set of attitudes and activities that an individual is supposed to have and do according to his profession and his position at work, his position in the family, his gender, etc. and expectations of the people around him..

For example, a consumer may buy a Ferrari for the quality of the car but also for the external signs of social success that this kind of cars represents. Moreover, it is likely that a CEO driving a small car like a Ford Fiesta or a Volkswagen Golf would be taken less seriously by its customers and business partners than if he is driving a German luxury car. And this kind of behaviors and influences can be found at every level and for every role and social status. Again, many brands have understood it by creating an image associated with their products reflecting an important social role or status.

3. Personal factors

It includes such variables as age and lifecycle stage, occupation, economic circumstances, lifestyle (activities, interests, opinions and demographics), personality and self concept. These may explain why our preferences often change as our 'situation' changes. Decisions and buying behavior are obviously also influenced by the characteristics of each consumer.

Age and way of life

A consumer does not buy the same products or services at 20 or 70 years. His lifestyle, values, environment, activities, hobbies and consumer habits evolve throughout his life. Age and life-cycle have potential impact on

the consumer buying behavior. It is obvious that the consumers change the purchase of goods and services with the passage of time. Family life-cycle consists of different stages such as young singles, married couples, unmarried couples etc which help marketers to develop appropriate products for each stage. For example, during his life, a consumer could change his diet from unhealthy products (fast food, ready meals, etc.) to a healthier diet, during mid-life with family before needing to follow a little later a low cholesterol diet to avoid health problems.

Lifestyle

The lifestyle of an individual includes all of its activities, interests, values and opinions. The lifestyle of a consumer will influence on his behavior and purchasing decisions. For example, a consumer with a healthy and balanced lifestyle will prefer to eat organic products and go to specific grocery stores, will do some jogging regularly (and therefore will buy shoes, clothes and specific products), etc.

Personality and self-concept

Personality is the set of traits and specific characteristics of each individual. It is the product of the interaction of psychological and physiological characteristics of the individual and results in constant behaviors.

It materializes into some traits such as confidence, sociability, autonomy, charisma, ambition, openness to others, shyness, curiosity, adaptability, etc. While the self-concept is the image that the individual has or would like to have of him and he conveys to his entourage.

For example, since its launch, Apple cultivates an image of innovation, creativity, boldness and singularity which is able to attract consumers who identify to these values and who feel valued in their self-concept by buying a product from Apple.

Occupation

The occupation of a person has significant impact on his buying behavior. For example a marketing manager of an organization will try to purchase business suits, whereas a low level worker in the same organization will purchase rugged work clothes.

Economic Situation

Consumer economic situation has great influence on his buying behavior. If the income and savings of a customer is high then he will purchase more expensive products. On the other hand, a person with low income and savings will purchase inexpensive products.

Lifestyle

Lifestyle of customers is another import factor affecting the consumer buying behavior. Lifestyle refers to the way a person lives in a society and is expressed by the things in his/her surroundings. It is determined by customer interests, opinions, activities etc and shapes his whole pattern of acting and interacting in the world.

4. Psychological factors

It affecting our purchase decision includes motivation (Maslow's hierarchy of needs), perception, learning, beliefs and attitudes. Other people often influence a consumer s purchase decision. The marketer needs to know which people are involved in the buying decision and what role each person plays, so that marketing strategies can also be aimed at these people. Among the factors influencing consumer behavior, psychological factors can be divided into 4 categories: motivation, perception, learning as well as beliefs and attitudes.

Motivation

Motivation is what will drive consumers to develop a purchasing behavior. It is the expression of a need is which became pressing enough to lead the consumer to want to satisfy it. It is usually working at a subconscious level and is often difficult to measure. The level of motivation also affects the buying behavior of customers.

Every person has different needs such as physiological needs, biological needs, social needs etc. The nature of the needs is that, some of them are most pressing while others are least pressing. Therefore a need becomes a motive when it is more pressing to direct the person to seek satisfaction. Motivation is directly related to the need and is expressed in the same type of classification as defined in the stages of the consumer buying decision process. To increase sales and encourage consumers to purchase, brands should try to create, make conscious or reinforce a need in the consumer s mind so that he develops a purchase motivation. He will be much more interested in considering and buy their products. They must also, according to research, the type of product

they sell and the consumers they target, pick out the motivation and the need to which their product respond in order to make them appear as the solution to the consumers need.

Perception

Perception is the process through which an individual selects, organizes and interprets the information he receives in order to do something that makes sense. The perception of a situation at a given time may decide if and how the person will act. Selecting, organizing and interpreting information in a way to produce a meaningful experience of the world is called perception. There are three different perceptual processes which are selective attention, selective distortion and selective retention. In case of selective attention, marketers try to attract the customer attention. Whereas, in case of selective distortion, customers try to interpret the information in a way that will support what the customers already believe.

Selective Attention:

The individual focuses only on a few details or stimulus to which he is subjected. The type of information or stimuli to which an individual is more sensitive depends on the person. For brands and advertisers successfully capture and retain the attention of consumers is increasingly difficult. For example, many users no longer pay any attention, unconsciously, to banner ads on the Internet. This kind of process is called Banner Blindness. The attention level also varies depending on the activity of the individual and the number of other stimuli in the environment. Consumers will also be much more attentive to stimuli related to a need. For example, a consumer who wishes to buy a new car will pay more attention to car manufacturers ads. While neglecting those for computers. Lastly, people are more likely to be attentive to stimuli that are new or out of the ordinary. For example, an innovative advertising or a marketing message widely different from its competitors is more likely to be remembered by consumers.

Selective Distortion:

In many situations, two people are not going to interpret an information or a stimulus in the same way. Each individual will have a different perception based on his experience, state of mind, beliefs and attitudes. Selective distortion leads people to interpret situations in order to make them consistent with their beliefs and values. For brands, it means that the message they communicate will never be perceived exactly in the same way by consumers. And that everyone may have a different perception of it. That's why it's important to regularly ask consumers in order to know their actual brand perception. Selective distortion often benefits to strong and popular brands. Studies have shown that the perception and brand image plays a key role in the way consumers perceived and judged the product. Several experiments have shown that even if we give them the same product, consumers find that the product is or tastes better when they have been told that it's from a brand they like than when they've been told it's a generic brand.

Selective Retention:

People do not retain all the information and stimuli they have been exposed to. Selective retention means what the individual will store and retain from a given situation or a particular stimulus. As for selective distortion, individuals tend to memorize information that will fit with their existing beliefs and perceptions. For example, consumers will remember especially the benefits of a brand or product they like and will forget the drawbacks or competing products advantages.

Learning

Learning is through action. When we act, we learn. It implies a change in the behavior resulting from the experience. The learning changes the behavior of an individual as he acquires information and experience. For example, if you are sick after drinking milk, you had a negative experience, you associate the milk with this state of discomfort and you learn that you should not drink milk. Therefore, you don't buy milk anymore.

Rather, if you had a good experience with the product, you will have much more desire to buy it again next time. The learning theories can be used in marketing by brands.

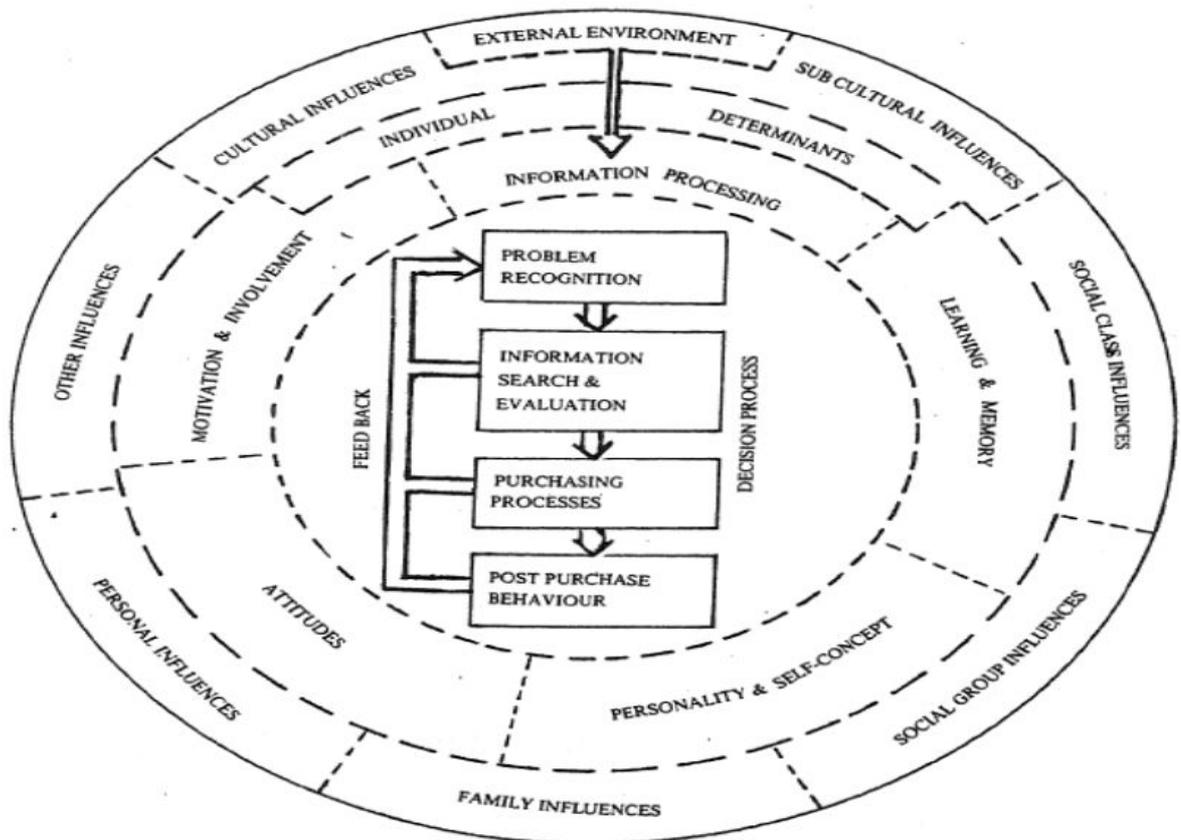
Beliefs and attitudes

A belief is a conviction that an individual has on something. Through the experience he acquires, his learning and his external influences (family, friends, etc.), he will develop beliefs that will influence his buying behavior. Customer possesses specific belief and attitude towards various products. Since such beliefs and

attitudes make up brand image and affect consumer buying behavior therefore marketers are interested in them. Marketers can change the beliefs and attitudes of customers by launching special campaigns in this regard. To change the brand s marketing message or adjust its positioning in order to get consumers to change their brand perception.

Q.3 Explain Scope and Importance of Consumer Behavior in detail?(14)

SCOPE OF CONSUMER BEHAVIOUR



Scope of Consumer Behavior:

1) Consumer behavior and marketing management: Effective business managers realize the importance of marketing to the success of their firm. A sound understanding of consumer behavior is essential to the long run success of any marketing program. In fact, it is seen as a corner stone of the Marketing concept, an important orientation of philosophy of many marketing managers. The essence of the Marketing concept is captured in three interrelated orientations consumers needs and wants, company integrated strategy.

2) Consumer behavior and non profit and social marketing : In today's world even the non-profit organizations like government agencies, religious sects, universities and charitable institutions have to market their services for ideas to the "target group of consumers or institution." At other times these groups are required

to appeal to the general public for support of certain causes or ideas. Also they make their contribution towards suppression of the problems of the society. Thus a clear understanding of the consumer behavior and decision making process will assist these efforts.

3) Consumer behavior and government decision making : In recent years the relevance of consumer behavior principles to government decision making. Two major areas of activities have been affected:

i) Government services: It is increasingly and that government provision of public services can benefit significantly from an understanding of the consumers, or users, of these services.

ii) Consumer protection: Many Agencies at all levels of government are involved with regulating business practices for the purpose of protecting consumer's welfare.

4) Consumer behavior and demarketing: It has become increasingly clear that consumers are entering an era of scarcity in terms of some natural gas and water. These scarcities have led to promotions stressing conservation rather than consumption. In other circumstances, consumers have been encouraged to decrease or stop their use of particular goods believed to have harmful effects. Programs designed to reduce drug abuse, gambling, and similar types of conception examples. These actions have been undertaken by government agencies nonprofit organizations, and other private groups. The term "demarketing" refers to all such efforts to encourage consumers to reduce their consumption of a particular product or services.

5) Consumer behavior and consumer education: Consumer also stands to benefit directly from orderly investigations of their own behavior. This can occur on an individual basis or as part of more formal educational programs. For example, when consumers learn that a large proportion of the billions spent annually on grocery products is used for impulse purchases and not spend according to pre planned shopping list, consumers may be more willing to plan effort to save money. In general, as marketers that can influence consumers' purchases, consumers have the opportunity to understand better how they affect their own behavior.

Importance of consumer behavior:

1) Production policies: The study of consumer behavior effects production policies of enterprise. Consumer behavior discovers the habits, tastes and preferences of consumers and such discovery enables and enterprise to plan and develop its products according to these specifications. It is necessary for an enterprise to be in continuous touch with the changes in consumer behavior so that necessary changes in products may be made.

2) Price policies: The buyer behavior is equally important in having price policies. The buyers of some products purchase only because particular articles are cheaper than the competitive articles available in the market.

3) Decision regarding channels of distribution: The goods, which are sold and solely on the basis of low price post and economical distribution channels. In case of those **articles, which week T.V. sets, refrigerators etc.** Must have different channels of distribution. Thus, decisions regarding channels of distribution are taken on the basis of consumer behavior.

4) Decision regarding sales promotion: Study of consumer behavior is also vital in making decisions regarding sales promotion. It enables the producer to know what motive prompt consumer to make purchase and the same are utilized in promotional campaigns to awaken desire to purchase.

5) Exploiting marketing opportunities: Study of consumer behavior helps the marketers to understand the consumers needs, aspirations, expectations, problems etc. This knowledge will be useful to the marketers in exploiting marketing opportunities and meeting the challenges of the market.

6) Consumer do not always act or react predictably: The consumers of the past used to react to price levels as if price and quality had positive relation. Today, we value for money, lesser price but with superior features. The consumers' response indicates that the shift had occurred.

7) Highly diversified consumer preferences: This shift has occurred due to availability of more choice now. Thus study of consumer behaviour is important to understand the changes.

8) Rapid introduction of new products: Rapid introduction of new product with technological advancement has made the job of studying consumer behaviour more imperative. For example, the information Technologies are changing very fast in personal computer industry.

9) Implementing the "Marketing concept": This calls for studying the consumer behavior, all customers need have to be given priority. Thus identification of target market before production becomes essential to deliver the desired customer satisfaction and delight.

Q.4. Write short note on:(any two) (14)

i. Consumer Motives

ii. Application of consumer behavior

iii. Organizational Vs Individual Buyer

Applications of consumer behavior:

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

2) Selecting target market: Review of market opportunities often helps in identifying distinct consumer segments with very distinct and unique wants and needs. Identifying these groups, behaviors and how they make purchase decisions enable the marketer to design and market products or services particularly suited to their wants and needs. For example, research revealed that many existing and potential shampoo users did not want to buy shampoo for more and would rather prefer a low price package containing enough quantity for one or two washes. This finding led companies to introduce the shampoos sachet, which became a good seller.

3) Marketing-mix decisions: Once unsatisfied needs and wants are identified, the marketer has to determine the right mix of product, price, distribution and promotion. Where too, consumer behaviour study is very helpful in finding answers to many perplexing questions. The factors of marketing mix decisions are:

i) product ii) price iii) promotion iv) distribution

4) Use in social and non profits marketing: Consumer behavior studies are useful to design marketing strategies by social, governmental and not for profit organizations to make their programmes more effective such as family planning, awareness about AIDS.

Consumer Motives

Consumer has a motive for purchasing a particular product. Motive is a strong feeling, urge, instinct, desire or emotion that makes the buyer to make a decision to buy. Buying motives thus are defined as _those influences or considerations which provide the impulse to buy, induce action or determine choice in the purchase of goods or service. These motives are generally controlled by economic, social, psychological influences etc.

Motives which Influence Purchase Decision

The buying motives may be classified into two:

i. Product Motives ii Patronage Motives

i. Product Motives

Product motives may be defined as those impulses, desires and considerations which make the buyer purchase a product. These may still be classified on the basis of nature of satisfaction:

a) Emotional Product Motives b) Rational Product Motives

<u>Nature of Motive</u>	<u>Purchase Decision</u>
Desire for money	: Purchasing when price falls down
Vanity	: Getting costly Items, to be admired by others
Fear	: Purchasing Insurance policy
Pride	: Purchasing premium products
Fashion	: Rural people imitate urban
Possession	: purchasing antiques
Health	: Purchasing health foods .membership in health clubs
Comfort	: Purchasing micro-oven, washing machine, mixy
Love and affection	: Purchasing gift items

Emotional Product Motives are those impulses which persuade the consumer on the basis of his emotion. The buyer does not try to reason out or logically analyze the need for purchase. He makes a buying to satisfy pride, sense of ego, urge to initiate others, and his desire to be unique.

Rational Product Motives are defined as those impulses which arise on the basis of logical analysis and proper evaluation. The buyer makes rational decision after chief evaluation of the purpose, alternatives available, cost benefit, and such valid reasons.

ii. Patronage Motives

Patronage motives may be defined as consideration or impulses which persuade the buyer to patronage specific shops. Just like product motives patronage can also be grouped as emotional and rational.

Emotional Patronage Motives those that persuade a customer to buy from specific shops, without any logical reason behind this action. He may be subjective for shopping in his favorite place.

Rational Patronage Motives are those which arise when selecting a place depending on the buyer satisfaction that it offers a wide selection, it has latest models, offers good after-sales service etc.

Knowledge of buyer motives of consumers is useful for marketers to anticipate market trends and formulate effective marketing strategies.

Organizational Buyer versus Individual Buyer

The obvious difference between industrial or institutional markets and consumer markets is that, instead of purchases being made for individual consumption industrial markets are made for business use. There are several factors that differentiate consumer markets and their buying behavior from organizational market and their buying behavior. The key factors of differentiation are:

- i Market Structure and Demand
- ii. Buyer Characteristics
- iii. Decision Process and Buying Patterns

i Market Structure and Demand : The distinguishing factors of market structure and demand are as follows:

In organizations buyers are more geographically concentrated than consumer markets.

Organisational buyers are fewer in number but they are bulk buyers compared to individual buyers.

Organisational buyer markets are either vertical or horizontal. In vertical structures they cater only one or two industries, whereas in horizontal structure the buyer base is too broad.

Organisational demand is derived from consumer demand. The nature of the demand is fluctuational and inelastic.

ii. Buyer Characteristics: The distinguishing factors of buyer characteristics are as follows:

Many individuals or group involvement is seen in decision making process.

Organisational buyers are quite knowledgeable and professional.

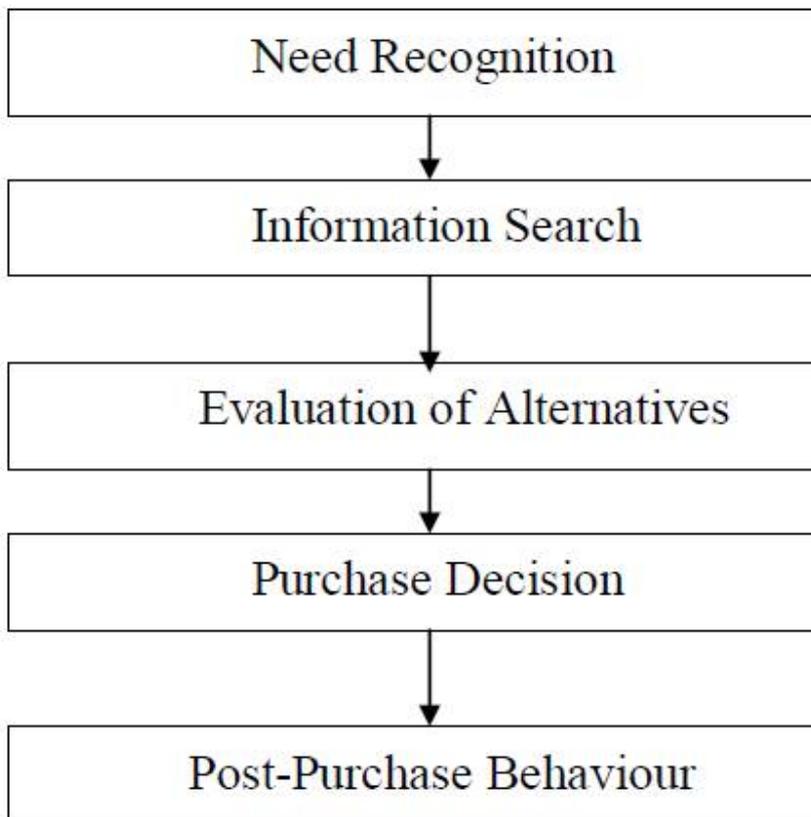
The buying motive is mostly rational than individual buyer.

iii. Decision Process and Buying Patterns The major differences are as follows:

In organizational buying lot of formalities like proposals, quotations, procedures are to be followed unlike consumer buying.

Q.5 Explain Process of Consumer Decision making in detail?(14)

STEPS IN DECISION MAKING PROCESS



1. Need Recognition

When a person has an unsatisfied need, the buying process begins to satisfy the needs. The need may be activated by internal or external factors. The intensity of the want will indicate the speed with which a person will move to fulfill the want. On the basis of need and its urgency, forms the order of priority. Marketers should provide required information of selling points.

2. Information Search

Identified needs can be satisfied only when desired product is known and also easily available. Different products are available in the market, but consumer must know which product or brand gives him maximum satisfaction. And the

person has to search out for relevant information of the product, brand or location. Consumers can use many sources e.g., neighbors, friends and family. Marketers also provide relevant information through advertisements, retailers, dealers, packaging and sales promotion, and window displaying. Mass media like news papers, radio, and television provide information. Now a day's internet has become an important and reliable source of information. Marketers are expected to provide latest, reliable and adequate information.

3. Evaluation of Alternatives

This is a critical stage in the process of buying. Following are important elements in the process of alternatives evaluation

- a) A product is viewed as a bundle of attributes. These attributes or features are used for evaluating products or brands. For example, in washing machine consumer considers price, capacity, technology, quality, model and size.
- b) Factors like company, brand image, country, distribution network and after-sales service also become critical in evaluation.
- c) Marketers should understand the importance of these factors to consumers of these factor to consumers while manufacturing and marketing their products.

4. Purchase Decision

Outcome of the evaluation develops likes and dislikes about alternative products or brands in consumers. This attitude towards the brand influences a decision as to buy or not to buy. Thus the prospective buyer heads towards final selection. In addition to all the above factors, situational factors like finance options, dealer terms, falling prices etc., are also considered.

5. Post- Purchase Behaviour

This behavior of consumer is more important as for as marketer is concerned. Consumer gets brand preference only when that brand lives up to his expectation. This brand preference naturally repeats sales of marketer. A satisfied buyer is a silent advertisement. But, if the used brand does not yield desired satisfaction, negative feeling will occur and that will lead to the formation of negative attitude towards brand. This phenomenon is called cognitive dissonance. Marketers try to use this phenomenon to attract user of other brands to their brands. Different promotional-mix elements can help marketers to retain his customers as well as to attract new customers.

Q.6 Explain Howard sheth Model of Consumer behavior in detail?(14)

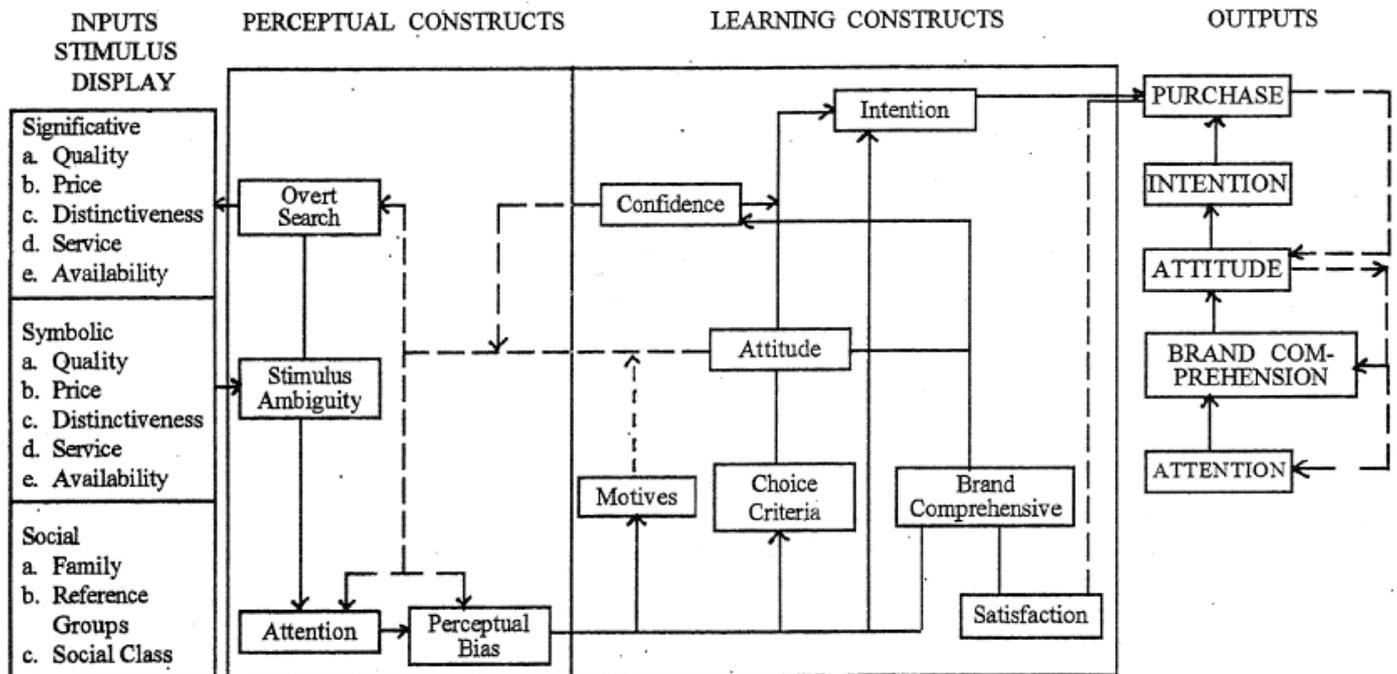
Or

Explain Engel-Blackwell-Kollat Model of consumer decision Making?

Or

Explain Nicosia model of consumer behavior?

Howard Sheth Model



The model is essentially an attempt to explain brand choice behavior over time and therefore especially relevant to our field. Focusing on repeat buying, the model relies on four major components - stimulus inputs, hypothetical constructs, response outputs and exogenous variables.

i. INPUT VARIABLES

The input variables consist of informational cues about the attributes of a product or brand (i.e. quality, price, distinctiveness, service, availability). These informational cues may be significant in that they may derive from the product itself or they may be symbolic in that they come from impersonal sources like advertising or promotional activities by the firm. These two sources are commercial, in that they represent the efforts of the firm to build and project these values in the product. A third set of informational cues may come from the buyer's social environment, comprising of his family, reference groups, social class, culture etc. This source is not only non-commercial and non-controllable by the firm; it is also a personal source of information input

ii. HYPOTHETICAL CONSTRUCTS

The hypothetical constructs have been classified in two - the perceptual constructs and the learning constructs. The former deal with the way the individual perceives and responds to the information from the input variables. All the information that is received may not merit 'attention' and the intake is subject to perceived uncertainty and lack of meaningfulness of information received (stimulus ambiguity). This ambiguity may lead to an overt search for information about the product. Finally, the information that is received, may be, according to the buyer's own frame of reference and pre-disposition, distorted (Perceptual bias). The learning constructs deal with the stages from the buyer motives to his satisfaction in a buying situation. The purchase intention (as is clear from the figure) is an outcome of the interplay of buyer motives, choice criteria, brand comprehension, resultant brand attitude and the confidence associated with the purchase decision. The

motives are representative of the goals that the buyer seeks to achieve in the buying exercise; these may originate from the basis of learned needs. Impinging upon the buyer intention are also the attitudes about the existing brand alternatives in the buyer's evoked set, which result in the arrangement of an order of preference, regarding these brands: Brand comprehension "the knowledge about the existence and characteristics of those brands which form the evoked set"; and the degree of confidence that the buyer has about the brand comprehension, choice criteria and buying intentions, contact upon the intention to buy. As a feedback component of learning, the model includes another learning construct-satisfaction which refers to the post purchase evaluation and resultant reinforcing of brand comprehension, attitudes etc. (shown by broken lines in the figure).

As said earlier, the output variables consist of a set of possible hierarchical responses from attention to purchase. The purchase act is the actual, overt act of buying and is the sequential result of the attention (buyer's total response to information intake), the brand comprehension (a statement of buyer knowledge in the product class), brand attitude (referring to the evaluation of satisfying potential of the brand) and the buyer intention (a verbal statement made in the light of the above externalizing factors that the preferred brand will be bought the next time the buying is necessitated).

iii. EXOGENOUS VARIABLES AND WORKING RELATIONSHIPS

The model also includes some exogenous variables which are not defined but are taken as constant. These influence all or some of the constructs explained above and through them, the output. Some of the exogenous variables are importance of the purchase, time at the disposal of the buyer, personality traits, financial status etc.

The essential working relationships of the model are as follows.

A stimulus in one of the three categories outlined imposes upon one or more of the five senses. **The amount of attention that it invokes depends upon the stimulus ambiguity which motivates a search for further information.** Subject to the perceptual bias brought about the interaction of attitudes and retained motives, **the information is received.** These informational inputs may alter the existing configuration of motives and choice criteria and thereby modify or disturb the brand attitude, brand comprehension, Purchase intention and/or action. Whether the buying decision is actually made or not depends upon the interplay of comprehension of the brand attributes, strength of attitudes towards the brand, confidence in the purchase-decision and intention (which in turn are affected by the various exogenous variables like the Importance of purchase influence of culture and family, financial status, etc) If the purchases made the resultant satisfaction in him strengthens brand comprehension and reinforces the confidence associated with similar buying situations in figure.

LEVELS OF CONSUMER DECISION MAKING

The consumer decision making process is complex with varying degree. All purchase decisions do not require extensive effort. On variety of effort ranging from very high to very low, it can be distinguished into three specific levels of consumer decision making:

- 1) Extensive Problem Solving (EPS)
- 2) Limited Problem Solving (LPS)
- 3) Routine Problem Solving (RPS)

1.Extensive Problem Solving (EPS) : When consumers buy a new or unfamiliar product it usually involves the need to obtain substantial information and a long time to choose. They must form the concept of a new product category and determine the criteria to be used in choosing the product or brand.

2.Limited Problem Solving (LPS) : Sometimes consumers are familiar with both product category and various brands in that category, but they have not fully established brand preferences. They search for additional information helped them to discriminate among various brands.

3.Routine Problem Solving (RPS) : When consumers have already purchased a product or brand , they require little or no information to choose the product. Consumers involve in habitual and automatic purchases.

Engel-Blackwell-Kollat Model

It consists of four components:

- (i) Information processing
- (ii) Central control unit
- (iii) Decision process
- (iv) Environmental influences.

Information processing

As shown in the diagram the information processing consists of exposure, attention, comprehension and retention of the marketing and non-marketing stimuli. For successful sales, the consumer must be properly and repeatedly exposed to the message. His attention should be drawn, such that he understands what is to be conveyed and retains it in his mind.

Central control unit

The stimuli are processed and interpreted by the information received by an individual. This is done by the help of four psychological factors.

- (a) Stores information and past experience about the product, which serves as a standard for comparing other products and brands.
- (b) Evaluative criteria which could be different for different individuals.
- (c) Attitudes or the state of mind which changes from time to time, and helps in choosing the product.
- (d) The personality of the consumer which guides him to make a choice suiting his personality.

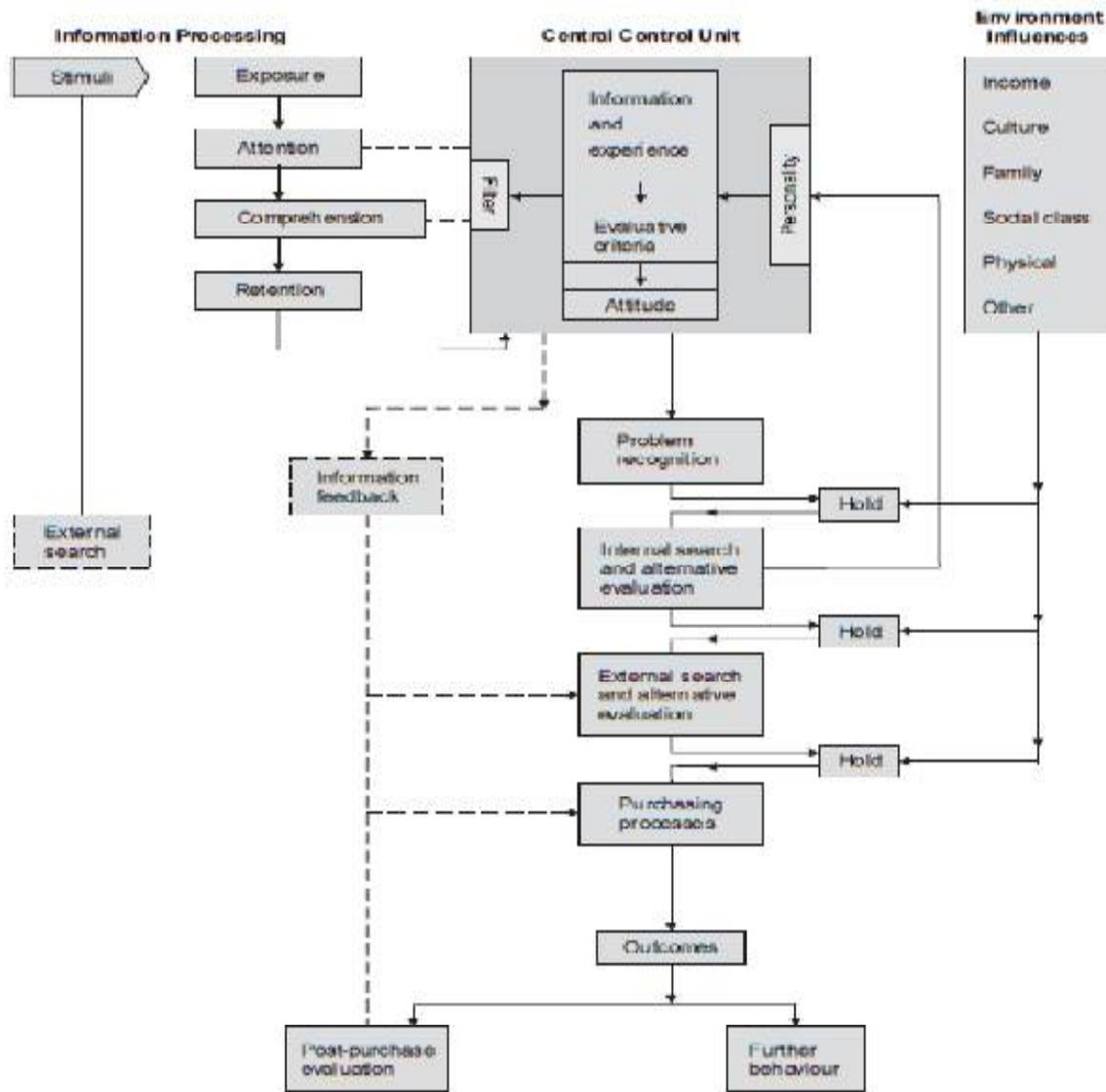
Decision process

This chapter is dealt with later in the text, and consists basically of problem recognition, internal and external search, evaluation and the purchase. The decision outcome or the satisfaction and dissatisfaction is also an important factor which influences further decisions.

The decision process may involve extensive problem solving, limited problem solving or routinised response behaviour. This depends on the type and value of the product to be purchased.

Environmental influences

The environmental influences are also shown in a separate box and consist of income, social class, family influences, social class and physical influences and other considerations. All these factors may favour or disfavour the purchase decisions.



Solid lines show flow of information, dashed lines feedback effect
Fig. 20.5 Engel-Blackwell-Kollat model of buyer behaviour

Nicosia Model

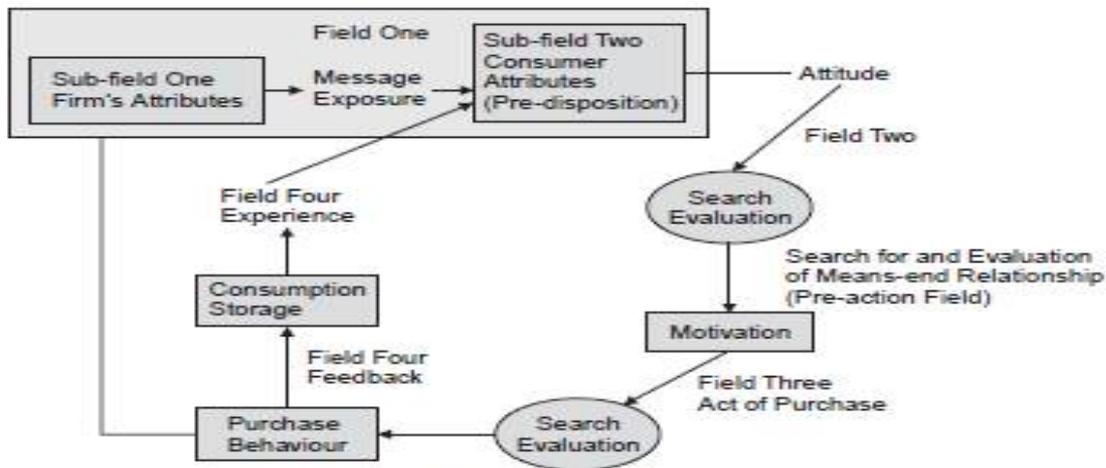


Fig. 20.7 Nicosia model

This model explains the consumer behaviour on the basis of four fields shown in the diagram. The output of field one becomes the input of field two, and so on.

Field one consists of subfields one and two. Subfield one is the firm's attributes and the Attributes of the product. The subfield two is the predisposition of the consumer and his own characteristics and attributes, which are affected by his exposure to various information and message, and is responsible for the building of attitude of the consumer.

Field two is the preaction field, where the consumer goes on for research and evaluation and gets motivated to buy the product. It highlights the means and end relationship.

Field three is the act of purchase or the decision-making to buy the product. The customer buys the product and uses it.

Field four highlights the post-purchase behaviour and the use of the product, its storage and consumption. The feedback from field four is fed into the firms attributes or field one, and the feedback from the experience is responsible for changing the pre-disposition of the consumer and later his attitude towards the product.

Nicosia Model is a comprehensive model of dealing with all aspects of building attitudes, purchase and use of product including the post-purchase behaviour of the consumer.