



CONSUMER BEHAVIOR AND MARKETING COMMUNICATION

MBA Mark.-303

DIRECTORATE OF DISTANCE EDUCATION

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SUBHARTI UNIVERSITY

Meerut (National Capital Region Delhi)

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SYLLABUS

B.Com V Semester, Year III

Course Name: CONSUMER BEHAVIOR AND MARKETING COMMUNICATION

Course Code: MBA MK-303		
Course Credit: 03	Lecture: 03	Tutorial-1
Course Type:	Skill Enhancement Course	
Lectures delivered:	30 L+10T	

End Semester Examination System

Maximum Marks Allotted	Minimum Pass Marks	Time Allowed
70	28	3 Hours

Continuous Comprehensive Assessment (CCA) Pattern

Tests	Assignment/ Tutorial/ Presentation/class test	Attendance	Total
15	5	10	30

Course Objective: To introduce the students to the field of consumer behaviour and its relevant association with marketing and allied subjects. In marketing communication section the objective of the course is to enhance the competency of students to become effective Managers perfectly fit in the dynamic and competitive field of advertising, public relations and media organizations.

UNIT	Course Content	Lectures
I	Introduction: Defining Consumer Behaviour, Nature, Scope & Importance of Consumer Behaviour, Understanding Consumer and Market Segments, Consumer Research: Quantitative & Qualitative.	8
II	Individual determinants of Consumer Behaviour, Motivation, Personality and Self Concept, Consumer Perception, Consumer Learning, Consumer Attitude Formation and Change	10
III	Consumer Decision Process: Problem Recognition, Search and Evaluation, Purchasing Processes, Post-Purchase Behaviour, Consumer Behaviour Models, Consumerism, Organization Buying Behaviour. Environmental Influences on Consumer Behaviour: Culture, Subcultures, Social Class, Reference Group and Family Influences, Personal Influences and Diffusions of Innovations.	10
IV	Marketing Communication, Objectives of Marketing Communication, Integrated Marketing Communication (IMC), Factors contributing to IMC, Participants in IMC, IMC Promotion Mix, IMC Management & Planning Model, Challenges in IMC, Promotion Mix, Sponsorship, POP: Supportive Communication, Role of E- Commerce in Marketing Communication.	8

V	Advertising Management, Overview : Meaning, Nature and Scope of Advertising, Advertising and Other Promotional Tools, Role of Advertising in Promotion Mix, Process of Advertising, Customer and Competitor Analysis, STP Strategies for Advertising. Media Planning, Testing of Advertising Effectiveness, Preparation and Choice of Methods of Advertising Budget, Ethical and Social Issues in Advertising, Management of Advertising Agencies.	6
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Text and Reference Books

1. Consumer Behaviour/ Leon Schiffman & Leslie Kanuk, PHI, 10 th edition
2. Consumer Behaviour Building Marketing Strategy/by Hawkins, Coney Best Mookerjee, TMH,11th Edition 2007
3. Consumer behaviour / by David Loudon &Albert J Della Bitta, TMH publications,4 th edition,2002
4. Consumer Behaviour in Indian Perspective/ Suja Nair/
5. Consumer behaviour /by Henry Assael, Biztantra,2005
6. Shopper, Buyer and Consumer Behaviour/by Jay D Lindquist, M Joseph Sirgy, Biztantra,2nd edition
7. Consumer Behaviour and Branding : Concepts Readings, and Cases/Kumar, Pearsons Publications
8. Advertising and Promotion: An Integrated Marketing Communications Perspective, 10th Ed. by George E.Belch, Michael A. Belch, TMH
9. Advertising Management Concepts & Cases/by Manendra Mohan, TMH
10. Advertising Management /by Batra, 5ed, Pearson

Unit 1

An Introduction to Consumer Behaviour

Structure

- 1.0 Learning Objectives
- 1.1 Introduction
- 1.2 Meaning of Consumer Behavior
- 1.3 Defining Consumer Behaviour
- 1.4 Importance of Consumer Behaviour
- 1.5 Nature and Scope of Consumer Behaviour
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- 1.18 Personal Influences
- 1.19 Diffusion of Innovations
- 1.20 Diffusion Process

Summary

Key Words

Review Questions

Further Readings

Notes

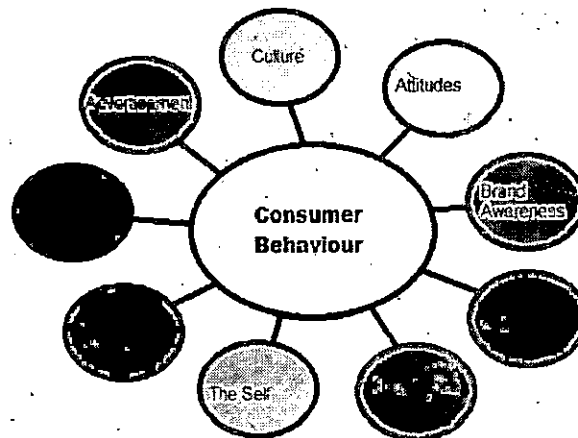
1.0 LEARNING OBJECTIVES

After reading this chapter students will be able to:

- define consumer behaviour and reasons for studying it.
- describe about consumer and market segments.
- classify environmental influences on consumer behaviour.
- explain diffusion of innovations.

1.1 INTRODUCTION

Consumer behavior is the study of individuals, groups, or organizations and all the activities associated with the purchase, use and disposal of goods and services. Consumer behaviour consists of how the consumer's emotions, attitudes and preferences affect buying behaviour. Consumer behaviour emerged in the 1940-1950s as a distinct sub-discipline of marketing, but has become an interdisciplinary social science that blends elements from psychology, sociology, social anthropology, anthropology, ethnography, marketing and economics (especially behavioural economics).



The study of consumer behaviour formally investigates individual qualities such as demographics, personality lifestyles, and behavioural variables (such as usage rates, usage occasion, loyalty, brand advocacy, and willingness to provide referrals), in an attempt to understand people's wants and consumption patterns. Consumer behaviour also investigates on the influences on the consumer, from social groups such as family, friends, sports, and reference groups, to society in general (brand-influencers, opinion leaders).

Research has shown that consumer behaviour is difficult to predict, even for experts in the field; however, new research methods, such as ethnography, consumer neuroscience, and machine learning are shedding new light on how consumers make decisions.

In addition, customer relationship management (CRM) databases have become an asset for the analysis of customer behaviour. The extensive data produced by these databases enables detailed examination of behavioural factors that contribute to customer re-purchase intentions, consumer retention, loyalty and other behavioural intentions such as the willingness to provide positive referrals, become brand advocates or engage in customer citizenship activities. Databases also assist in market segmentation, especially behavioural segmentation such as developing loyalty segments, which can be used to develop tightly targeted, customized marketing strategies on a one-to-one basis. (Also see relationship marketing).

Therefore, we study certain consumer behaviour roles. To understand the consumer, researches are made. Sometimes, motivational research is handy to bring out hidden attitude,

uncover emotions and feelings. Many firms send questionnaire to customers to ask about their satisfaction, future needs and ideas for a new product. On the basis of the answers received a change in the marketing mix is made and advertising is also streamlined.

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1.2 MEANING OF CONSUMER BEHAVIOR

The "consumer" more generally refers to anyone engaging in any of the activities (evaluating, acquiring, using or disposing of goods and services) used in the definition of consumer behaviour.

- Consumer behaviour is a decision process and physical activity individuals engage in when evaluating, acquiring, using or disposing of goods and services. Consumer behavior is the study of consumers and the processes they use to choose, use (consume), and dispose of products and services, including consumers' emotional, mental, and behavioral responses.
- Consumer behavior incorporates ideas from several sciences including psychology, biology, chemistry, and economics.
- Consumer behaviour is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.

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

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

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

Some selected definitions of consumer behaviour are as follows:

1. According to Engel, Blackwell, and Mansard, 'consumer behaviour is the actions and decision processes of people who purchase goods and services for personal consumption'.
2. According to Loudon and Bitta, 'consumer behaviour is the decision process and physical activity, which individuals engage in when evaluating, acquiring, using or disposing of goods and services'.

Notes

1.3 DEFINING CONSUMER BEHAVIOUR

Here are given some definitions :

Consumer behavior is the process whereby individuals decide what, when, where, how and from whom to purchase goods and services.

Consumer behavior may be defined as the decision process and physical activity individuals engage in when evaluating, acquiring, using, or disposing of goods and services.

According to Belch and Belch "consumer behavior is the process and activities people engage in when searching for, selecting, purchasing, using, evaluating and disposing of products and services so as to satisfy their needs and desires".

Walters and Paul defines consumer behaviour as "The dynamic interaction of cognition, behaviour and environmental events by which human beings conduct the exchange aspect of their lives.

According to American Marketing Association (AMA)

Consumer behaviour refers to the actions and decision processes of people who purchase goods and services for personal consumption.

Peter D. Bennett, ed. Dictionary of Marketing Terms, 2nd ed. 1995

Consumer behaviour refers to "the mental and emotional processes and the observable behaviour of consumers during searching for, purchasing and post consumption of a product or service.

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

1.4 IMPORTANCE OF CONSUMER BEHAVIOUR

Consumer behaviour simply means how consumers behave in the market. It defines the way in which consumers purchase products & services for satisfying their wants. It basically consists of likes & dislikes of customers which influence his decision while purchasing products.

Studying consumer behavior is important because it helps marketers understand what influences consumers' buying decisions. By understanding how consumers decide on a product, they can fill in the gap in the market and identify the products that are needed, and the products that are obsolete.

- 1) Production policies: The study of consumer behavior affects the production policies of the enterprise. Consumer behavior discovers the habits, tastes, and preferences of consumers and such discovery enables an 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: 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) The decision regarding channels of distribution: The goods, which are sold and solely on the basis of low price mass and economical distribution channels. In the 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) A 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 consumers to make purchases and the same are utilized in promotional campaigns to awaken a desire to purchase.
- 5) Exploiting marketing opportunities: Study of consumer behavior helps the marketers to understand the consumer's needs, aspirations, expectations, problems, etc. This knowledge will be useful to marketers in exploiting marketing opportunities and meeting the challenges of the market.
- 6) Consumers 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 relations. Today, week value for money, lesser price but with superior features. The consumer's response indicates that the shift had occurred.
- 7) Highly diversified consumer preferences: This shift has occurred due to the availability of more choice now. Thus the study of consumer behavior is important to understand the changes.
- 8) Rapid introduction of new products: Rapid introduction of new products with technological advancement has made the job of studying consumer behavior more imperative. For example, information technologies are changing very fast in the personal computer industry.
- 9) Implementing the "Marketing concept: This calls for studying 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.

Why is consumer behavior important?

Studying consumer behavior is important because it helps marketers understand what influences consumers' buying decisions.

By understanding how consumers decide on a product, they can fill in the gap in the market and identify the products that are needed and the products that are obsolete.

Studying consumer behavior also helps marketers decide how to present their products in a way that generates a maximum impact on consumers. Understanding consumer buying behavior is the key secret to reaching and engaging your clients, and converting them to purchase from you.

A consumer behavior analysis should reveal:

- What consumers think and how they feel about various alternatives (brands, products, etc.);
- What influences consumers to choose between various options;
- Consumers' behavior while researching and shopping;

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- How consumers' environment (friends, family, media, etc.) influences their behavior.
- Consumer behavior is often influenced by different factors. Marketers should study consumer purchase patterns and figure out buyer trends.

In most cases, brands influence consumer behavior only with the things they can control; think about how IKEA seems to compel you to spend more than what you intended to every time you walk into the store. So what are the factors that influence consumers to say yes? There are three categories of factors that influence consumer behavior:

- Personal factors: an individual's interests and opinions can be influenced by demographics (age, gender, culture, etc.).
- Psychological factors: an individual's response to a marketing message will depend on their perceptions and attitudes.
- Social factors: family, friends, education level, social media, income, all influence consumers' behavior.

1.5 NATURE AND SCOPE OF CONSUMER BEHAVIOUR

The term consumer behavior, individual buyer behavior, end-user behavior, and consumer buying behavior all stand for the same. Consumer behavior is the study of how individuals, groups, and organizations select buy, use, and dispose of goods and services, ideas, or experiences to satisfy their needs and wants.

It is a concept which consists of many stages starting from arising of a need till purchase of a product for end-use. Different consumers respond differently to the market. It is an important concept for every business to understand its customers. This helps in better fulfilling of demands of the customers.

Businesses use customer relationship management technology to understand their consumers properly. It is a database which collects & store different information about their customers. This information helps in understanding the behaviour of the customers. Nature of Consumer behaviour is discussed below:

Complex In Nature

Consumer behaviour is complex in nature as all persons differ in their needs and wants. Each individual has their own unique needs and accordingly, they behave differently in the market.

It is a very difficult task for marketers to recognise the needs and patterns of each individual. Therefore, it becomes an overall complex job for the business to identify each consumer's behaviour and targets them accordingly.

Systematic Process

Consumer behaviour is a systematic process consisting of a series of steps involved in buying decisions of consumers. It is related to how consumers make their buying decision. The

buying decision of consumers involves different steps which are:

Need identification to buy product, searching for information related with the product, making list and evaluating different options available, finally making a purchase decision and at last post-purchase evaluation done by the marketer.

Keeps On Changing

Consumer behaviour is always changing concept and does not remain constant. It keeps on changing with the time which is due to the following changing factors: age, income level, education level of consumer.

Same products may be liked by the same consumer who once hated them. For example, Kids have more interest in toys during their childhood but as they grow up as teenagers they lose all their interest.

Reflects Status

The manner in which the consumer spends and makes buying decision reflects his status. Not only the behaviour of the consumer is influenced by its status but his behaviour also reflects his status in society.

People who spend more and buy luxury items are considered rich and high-status people by society. These high priced goods adds pride to their personality.

Varies From Region To Region

Consumer behaviour is different for different region, states and countries. It differs from place to place. Rural population tends to spend less and are basically conservative in nature. They do not like to spend on luxury items despite having enough funds due to their psychological factors.

They have a different approach from an urban population related to buying decision. However, the rural population tends to spend more and buy luxury items. They even take loans to fulfil their needs for luxuries if are short of funds.

Differs From Product To Product

Consumer behaviour varies from product to product. Same product may be attractive for one group of consumers but not for another group. A consumer may have more interest and buys more quantity of one product and buys less or even no quantity of another product. Teenagers like to spend heavily on bikes, cars, cell phones and branded clothes to look attractive, but they would not spend much on their academics.

Vital For Marketers

Consumer behaviour is crucial for marketers to perform their duties effectively. Marketers should have perfect knowledge of their target customers buying behaviour. It will help them in understanding their likes and dislikes and also the factors influencing their buying decisions.

Notes

Marketer can take appropriate actions accordingly to attract customers. It helps the companies in developing the products as per peoples demand by providing information collected by them.

Improves Standards Of Living

Consumer behaviour has an important role in improving the standards of living of people. When consumers spend more on buying different products and services, their standard of living is improved.

Higher is the spending of a person, higher is the standard of living of a person. On the other hand, despite having enough funds if a person spends less than his standard of living is low. Therefore, the level of spending directly influences a person's living standards.

Systematic process: Consumer behavior is a systematic process relating to the buying decisions of the customers. The buying process consists of the following steps :

- Need identification to buy the product
- Information search relating to the product
- Listening and evaluating the alternative

Purchase decision.

Post-purchase evaluation by the marketer

- Influenced by various factors: Consumer behavior is influenced by a number of factors the factors that influence consumers include marketing, personal, psychological, situational, social and cultural, etc. Different for different customers: All consumers do not behave in the same manner.
- Different consumers behave differently. The difference in consumer behavior is due to individual factors such as the nature of the consumer's lifestyle, culture, etc.
- Different for different products: Consumer behavior is different for different products there are some consumers who may buy more quantity of certain items and a very low quantity of some other items.
- Vary across regions: Consumer behavior varies across States, regions, and countries. For instance, the behavior of urban consumers is different from that of rural consumers. normally rural consumers are conservative (traditional) in their buying behavior.
- Vital for marketers: Marketers need to have a good knowledge of consumer behavior they need to study the various factors that influence consumer behavior of the target customers. The knowledge of consumer behavior enables marketers to take appropriate marketing decisions.
- Reflect status: Consumer buying behavior is not only influenced by the status of a consumer come but it also reflects it. Those consumers who owned luxury cars, watches, and other items are considered by others as persons of higher status.
- Result in spread effect: Consumer behavior as a spread effect. The buying behavior of

one person may influence the buying behavior of another person. For instance, a customer may always prefer to buy premium brands of clothing, watches and other items, etc. This may influence some of his friends, neighbors, and colleagues. This is one of the reasons why marketers use celebrities like Shahrukh Khan, Sachin to endorse their brands.

- Undergoes a change: The consumer behavior undergoes a change over a period of time depending upon changes in age, education and income level, etc, for example, kids may prefer colorful dresses but as they grow up as teenagers and young adults, they may prefer trendy clothes.
- Information search: Search for information is common consumer behavior. Consumers cannot purchase goods and services if they are unaware that a good or service exists. When a consumer decides to buy a certain item, his decision must be based on the information he has gathered about what products or services are available to fulfill his needs. There might be a product available that would be better suited to the consumer's needs, but if he is not aware of the product, he will not buy it.
- Brand loyalty: Brand loyalty is another characteristic of consumer behavior. Brand loyalty is the tendency of a consumer to buy product products or services from a certain company that one likes or equates with having high-quality goods and services.

For example, if Naina's first car was a Honda as a teenager and the car lasted 200,000 miles, she might have a tendency to buy Hondas again in the future due to her previous positive experience.

This brand loyalty may be so strong that she forgoes the information search all together when considering for next vehicle.

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

Notes

3. Varies from consumer to consumer: All consumers do not behave in the same manner. Different consumers behave differently. The differences in consumer behaviour 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 country: The consumer behaviour varies across states, regions and countries. For example, the behaviour of the urban consumers is different from that of the rural consumers. A good number of rural consumers are conservative in their buying behaviours.

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 behaviour may also varies across the states, regions and countries. It may differ depending on the upbringing, lifestyles and level of development.

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

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

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

6. Leads to purchase decision:

A positive consumer behaviour 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 behaviour to increase their purchases.

7. Varies from product to product: Consumer behaviour 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 behaviour 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 behaviour 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.

Scope of Consumer Behaviour

- 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 cornerstone 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 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 eradication the problems of 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 consumers' 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.

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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 non-profit 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 service.

- 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 spend annually on grocery products is used for impulse purchases and not spend according to a pre-planned shopping list, consumers may be more willing to plan an 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.

1.6 APPLICATIONS OF CONSUMER BEHAVIOR

There are many applications of consumer behaviour:

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 the target market

Review of market opportunities often helps in identifying district consumer segments with very distinct and unique wants and needs. Identifying these groups, behave 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, please sleep revealed that many existing and potential shampoo users did not want to buy shampoo fax price at rate 60 for more and would rather prefer a low price package containing enough quantity for one or two washers. This finding LED companies to introduce the shampoos sachet, which become 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 behavior study is very helpful in finding answers to too many perplexing questions. The factors of marketing mix decisions are

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

4) Use in social and nonprofits marketing

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

1.7 TYPES OF CONSUMER BEHAVIOR

Different consumers follow different steps in making their choice of products and services. There is a substantial degree of variation in the choice processes depending upon two key factors, namely the level of involvement and degree of the perceived difference between different alternatives in the market.

There are basically 4 types of buying decision behavior which is discussed below:

- Dissonance Reducing Buying Behaviour
- Complex Buying Behaviour
- Variety Seeking Buying Behaviour
- Habitual buying Behaviour

Dissonance Reducing Buying Behaviour

Customer involvement in the purchase activity is high and customers cannot find a substantial differentiation among the alternatives.

The consumer is highly involved and sees little difference among brand alternatives. The consumer is highly involved and sees little difference among brand alternatives.

Complex Buying Behaviour

Consumer is highly involved but he finds a substantial difference among the available brands.

In this case, the buyer develops beliefs about the product or service, then he develops a set of attitude towards the product and finally, he makes a deliberate choice. This is a case when products are expensive, bought infrequently, risky and highly self-expressive.

Notes

Variety Seeking Buying Behaviour

This kind of behaviour is shown in some situations where the consumer shows low involvement behaviour but there is a significant brand difference. Consumers show a high level of brand switching behaviour.

Habitual buying Behaviour

This kind of behaviour is shown in some situations where the consumer shows low involvement behaviour but there is no/few significant brand difference.

There are four main types of consumer behavior:

1. Complex buying behavior

This type of behavior is encountered when consumers are buying an expensive, infrequently bought product. They are highly involved in the purchase process and consumers' research before committing to a high-value investment. Imagine buying a house or a car; these are an example of a complex buying behavior.

2. Dissonance-reducing buying behavior

The consumer is highly involved in the purchase process but has difficulties determining the differences between brands. 'Dissonance' can occur when the consumer worries that they will regret their choice.

Imagine you are buying a lawnmower. You will choose one based on price and convenience, but after the purchase, you will seek confirmation that you've made the right choice.

3. Habitual buying behavior

Habitual purchases are characterized by the fact that the consumer has very little involvement in the product or brand category. Imagine grocery shopping: you go to the store and buy your preferred type of bread. You are exhibiting a habitual pattern, not strong brand loyalty.

4. Variety seeking behavior

In this situation, a consumer purchases a different product not because they weren't satisfied with the previous one, but because they seek variety. Like when you are trying out new shower gel scents.

Knowing what types of customers your e-store attracts will give you a better idea about how to segment customer types.

What affects consumer behavior?

Many things can affect consumer behavior, but the most frequent factors influencing consumer behavior are:

1. Marketing campaigns

Marketing campaigns influence purchasing decisions a lot. If done right and regularly, with the right marketing message, they can even persuade consumers to change brands or opt

for more expensive alternatives.

Marketing campaigns, such as Facebook ads for eCommerce, can even be used as reminders for products/services that need to be bought regularly but are not necessarily on customers' top of mind (like an insurance for example). A good marketing message can influence impulse purchases:

2. Economic conditions

For expensive products especially (like houses or cars), economic conditions play a big part. A positive economic environment is known to make consumers more confident and willing to indulge in purchases irrespective of their financial liabilities.

The consumer's decision-making process is longer for expensive purchases and it can be influenced by more personal factors at the same time.

3. Personal preferences

Consumer behavior can also be influenced by personal factors: likes, dislikes, priorities, morals, and values. In industries like fashion or food, personal opinions are especially powerful.

Of course, advertisements can influence behavior but, at the end of the day, consumers' choices are greatly influenced by their preferences. If you're vegan, it doesn't matter how many burger joint ads you see, you're not gonna start eating meat because of that.

4. Group influence

Peer pressure also influences consumer behavior. What our family members, classmates, immediate relatives, neighbors, and acquaintances think or do can play a significant role in our decisions.

Social psychology impacts consumer behaviour. Choosing fast food over home-cooked meals, for example, is just one of such situations. Education levels and social factors can have an impact.

5. Purchasing power

Last but not least, our purchasing power plays a significant role in influencing our behavior. Unless you are a billionaire, you will consider your budget before making a purchase decision.

The product might be excellent, the marketing could be on point, but if you don't have the money for it, you won't buy it.

Segmenting consumers based on their buying capacity will help marketers determine eligible consumers and achieve better results.

Discover advanced consumer behavior tactics

Customer behavior patterns

Buying behavior patterns are not synonymous with buying habits. Habits are developed as tendencies towards an action and they become spontaneous over time, while patterns show a predictable mental design.

Notes

Each customer has his unique buying habits, while buying behavior patterns are collective and offer marketers a unique characterization.

Customer behavior patterns can be grouped into:

1. Place of purchase

Most of the time, customers will divide their purchases between several stores even if all items are available in the same store. Think of your favorite hypermarket: although you can find clothes and shoes there as well, you're probably buying those from actual clothing brands.

When a customer has the capability and the access to purchase the same products in different stores, they are not permanently loyal to any store, unless that's the only store they have access to. Studying customer behavior in terms of choice of place will help marketers identify key store locations.

2. Items purchased

Analyzing a shopping cart can give marketers lots of consumer insights about the items that were purchased and how much of each item was purchased. Necessity items can be bought in bulk while luxury items are more likely to be purchased less frequently and in small quantities.

The amount of each item purchased is influenced by the perishability of the item, the purchasing power of the buyer, unit of sale, price, number of consumers for whom the item is intended, etc.

3. Time and frequency of purchase

Customers will go shopping according to their feasibility and will expect service even during the oddest hours; especially now in the era of e-commerce where everything is only a few clicks away.

It's the shop's responsibility to meet these demands by identifying a purchase pattern and match its service according to the time and frequency of purchases.

One thing to keep in mind: seasonal variations and regional differences must also be accounted for.

4. Method of purchase

A customer can either walk into a store and buy an item right then and there or order online and pay online via credit card or on delivery.

The method of purchase can also induce more spending from the customer (for online shopping, you might also be charged a shipping fee for example).

The way a customer chooses to purchase an item also says a lot about the type of customer he is. Gathering information about their behavior patterns helps you identify new ways to make customers buy again, more often, and higher values.

Think about all the data you've already collected about your customers. The purchase patterns are hiding in your e-store's analytics and you can either look for insights manually or integrate a tool with your eCommerce platform such as Shopify or WooCommerce to get automated insights about behavior patterns.

Customer behavior segmentation

Customer segmentation and identifying types of buyers have always been important. Now that personalization and customer experience are factors that determine a business' success, effective segmentation is even more important.

Only 33% of the companies that use customer segmentation say they find it significantly impactful, so it's important to find the segmentation technique that brings clarity and suits your business.

Traditionally, most marketers use six primary types of behavioral segmentation.

1. Benefits sought

A customer who buys toothpaste can look for four different reasons: whitening, sensitive teeth, flavor, or price.

When customers research a product or service, their behavior can reveal valuable insights into which benefits, features, values, use cases, or problems are the most motivating factors influencing their purchase decision.

When a customer places a much higher value on one or more benefits over the others, these primary benefits sought are the defining motivating factors driving the purchase decision for that customer.

2. Occasion or timing-based

Occasion and timing-based behavioral segments refer to both universal and personal occasions.

Universal occasions apply to the majority of customers or target audience. For example, holidays and seasonal events when consumers are more likely to make certain purchases.

Recurring-personal occasions are purchasing patterns for an individual customer that consistently repeat over a while. For example birthdays, anniversaries or vacations, monthly purchases, or even daily rituals such as stopping for a cup of coffee on the way to work every morning.

Rare-personal occasions are also related to individual customers, but are more irregular and spontaneous, and thus more difficult to predict. For example, attending a friend's wedding.

3. Usage rate

Product or service usage is another common way to segment customers by behavior, based on the frequency at which a customer purchases from or interacts with a product or service. Usage behavior can be a strong predictive indicator of loyalty or churn and, therefore, lifetime value.

Notes

4. Brand loyalty status

Loyal customers are a business's most valuable assets. They are cheaper to retain, usually have the highest lifetime value, and can become brand advocates. By analyzing behavioral data, customers can be segmented by their level of loyalty so marketers can understand their needs and make sure they are satisfying them.

Loyal customers are the ones who should receive special treatment and privileges such as exclusive rewards programs to nurture and strengthen the customer relationship and incentivize continued future business.

5. User status

There are many different possible user statuses you might have depending on your business. A few examples are:

- Non-users
- Prospects
- First-time buyers
- Regular users
- Defectors (ex-customers who have switched to a competitor).

6. Customer journey stage

Segmenting the audience base on buyer readiness allows marketers to align communications and personalize experiences to increase conversion at every stage.

Moreover, it helps them discover stages where customers are not progressing so they can identify the biggest obstacles and opportunities for improvement, even on post-purchase behaviors.

Besides these traditional ways, another type of segmentation is the RFM model. This approach is popular among eCommerce marketers because it helps them create customer experiences around the information they've got about each customer segment.

RFM is a behavioral segmentation model and the three letters come from Recency, Frequency, and Monetary Value.

Here's what these variables show you:

- Recency = how recent a customer placed the last order on your website;
- Frequency = how many times a customer purchased something from your website in the analyzed period of time;
- Monetary Value = how much each customer spent on your website since the first order.

The RFM model analysis can be executed in 2 ways:

- Manually - exporting your database in a spreadsheet and analyzing your customers following the rules for RFM analysis;
- Automatically - through certain tools that are creating RFM dashboards.

1.8 REASON FOR STUDYING CONSUMER BEHAVIOUR

The most important reason for studying consumer behaviour is the role that it plays in our lives. We spend a lot of time in shops and market places. We talk and discuss with friends about products and services and get lot of information from T.V. This influences our daily lives.

Consumer decisions are affected by their behaviour. Therefore, consumer behaviour is said to be an applied discipline. This leads to the microperspective and societal perspective.

Micro Perspective it involves understanding consumer for the purpose of helping a firm or organization to achieve its objectives. All the Managers indifferent departments are keen to understand the consumer. They may be Advertising Managers, Product Designers, Marketing and Sales Managers and so on.

Societal Perspective is on the macro level. Consumers collectively influenced economic and social condition\ 'ithin a society. Consumers strongly influence what will be product, what resources will be used and it affects our standard of living. Management is the youngest of sciences and oldest of arts and consumer behaviour in management is a very young discipline.

Various scholars and acadpiicians concentrated on it at a much later stage. It was during the 1950, that marketing concept developed, and thus the need to study the behaviour of consumers was recognised. Marketing starts with the needs of the ustomer and ends with his satisfaction. When everything revolves round the customer then the study of consumer behaviour becomes a necessity. It starts with buying of goods. Goods can be bought individually, or in groups.

Goods can be bought under stress (to satisfy an immediate need), for comfort and luxury in small quantities or in bulk. For all this, exchange is required. This exchange is usually between the seller and the buyer. It can also be between consumers.

To understand the likes and dislikes of the consumer, extensive consumer research studies are being conducted. These researches try to find out:

- What the consumer thinks of the company's products and those of its competitors?
- How can the product be improved in their opinion?
- How the customers use the product?
- What is the customer's attitude towards the product and its advertising?
- What is the role of the customer in his family?

The following key questions should be answered for consumer research. A market comes into existence because it fulfils the needs of the consumer. In this connection, a marketer has to know the 70s framework for consumer research. Taking from an example of soap.

Consumer behaviour is a complex, dynamic, multi-dimensional proce;s, and all marketing decisions are based on assumptions about consumer behaviour.

Marketing strategy is the game plan which the firms must adhere to, in order to outdo the competitor or the plans to achieve the desired objective. In formulating the marketing strategy, to sell the product effectively, cost-benefit analysis must be undertaken

Notes

Applying Consumer Behaviour Knowledge

Consumer behaviour knowledge is applied in Marketing Management under the following points:

1. A sound understanding of the consumer behaviour is essential to the long-term success of any marketing programme. It is the corner stone of marketing concept which stress on consumer wants and needs, target market selection, integrated marketing and profits through the satisfaction of the consumers.
2. Consumer behaviour is also important in non-profit and social organizations. Such organizations are government agencies, religious organizations, universities and charitable organizations.
3. Consumer behaviour is applied to improve the performance of government agencies as well. For instance, the performance of government transportation is poor. It can be improved by knowing the needs and wants of the consumers. Getting checks from them for their likes or dislikes. Same can be applied to other organizations like universities and charitable organizations.
4. Consumer behaviour also helps in marketing of various goods which are in scarcity. People are made aware that gas, fuel, water and natural resources are in scarcity. Consumers are encouraged to reduce their consumption of these commodities.
5. Consumer benefited from the investigation of their own behaviour. When the consumer learns the many variables that affect his behaviour, he gets educated and understand better how to effect his own behaviour. What is learnt about consumer behaviour also benefit consumer in a formal sense?

There can be many benefits of a product, for example, for owning a motor bike, one can be looking for ease of transportation, status, pleasure, comfort and feeling of ownership. The cost is the amount of money paid for the bike, the cost of maintenance, gasoline, parking, risk of injury in case of an accident, pollution and frustration such as traffic jams.

The difference between this total benefit and total cost constitutes the customer value. The idea is to provide superior customer value and this requires the formulation of a marketing strategy.

The entire process consists of market analysis, which leads to target market selection, and then to the formulation of strategy by juggling the product, price, promotion and distribution, so that a total product (a set of entire characteristics) is offered. The total product creates an image in the mind of the consumer, who undergoes a decision process which leads to the outcome in terms of satisfaction or dissatisfaction, which reflects on the sales and image of the product or brand.

The process of decision-making varies with the value of the product, the involvement of the buyer and the risk that is involved in deciding the product/service. Which is influenced by a number of factors shown all around the consumer. These are culture, subculture, values, demographic factors, social status, reference groups, household and also the internal make up of the consumer, which are a consumers' emotions, personality motives of buying, perception and learning.

Consumer is also influenced by the marketing activities and efforts of the marketer. All these factors lead to the formation of attitudes and needs of the consumer.

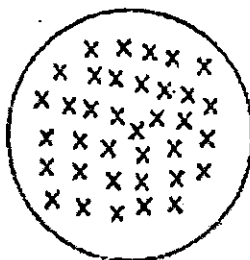
1.9 CONSUMER BEHAVIOUR AND MARKET SEGMENTS

By market segmentation, we imply that the entire market is broken down into smaller groups having similar wants. They are homogeneous in themselves and heterogeneous with other groups. The market can be broken down on various bases. These are-Demographic, Psychographic, Benefit Segmentation etc.

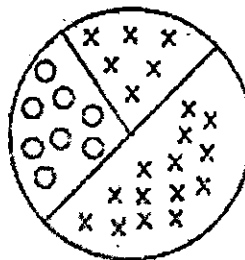
The concept of divide and rule applies to the market segmentation. You divide the market, choose your target market and then master it. Segmentation and choosing the target market is like shooting with a rifle and not by 12-bore. If the marketing effort is spread over a wide area it does not have that effect but if it is concentrated on a point like a rifle it can go much farther and can be more effective.

The segmented market shows three groups which are homogeneous in themselves and heterogeneous amongst themselves. Market segmentation is a process of dividing a potential market into distinct sub-sets of consumers with common needs and characteristics and selecting one or more segments to target with a distinct marketing mix. Consumers are better satisfied when a wide range of products are available to them.

Thus, market segmentation has proved to be a positive force for both consumers and markets alike. If the market was not segmented the same product will be sold to every prospect with a single marketing mix. It satisfies a generic or a common need, and it becomes ineffective and ends up appealing to none.



Entire market



Segmented market

Since the consumers are different in their needs, wants, desire and are from different backgrounds, education experience therefore segmenting the market is very necessary for effective marketing of goods/services. Segmentation helps in expanding the market by better satisfying the specific needs or desires of particular customers.

Today, nearly every product category in the consumer market is highly segmented. For instance, billion dollar vitamin market is segmented by age for children, young adults, the elderly etc. The vitamin market provides benefits like increased energy, illness, tension and stress reduction, enhanced sexuality, improved skin.

Hotels also segment their market, for example Marriott/operates [airfield for short stay.

Notes

Residential thus Inn for extended stay which are for budget-oriented travellers and are cheap. It can be easily understandable as

- Courtyard Marriott — for the price-conscious businessmen.
- Marriott Hotel — for full business travellers.
- Hotel Marriott resorts — for leisure vacation guests.
- Marriott time sharing — for those seeking affordable resort ownership.
- Marriott senior living — environment for elderly people.

Similarly, Maruti, for instance, have positioned the 800cc basic model 1 and Omni Van for the lower income groups, the Zen, Swift, Alto and Gypsy for the middle income groups, and the Baleno, Esteem etc., for the higher income groups.

1.10 UNDERSTANDING CONSUMER AND MARKET SEGMENTS

Satisfying the consumer's need is not an easy task. It is one of the biggest challenges before manufacturers to design and develop a product that satisfies the expectations of the consumer group. To meet the expectations of the clients now manufacturing companies are designing a different variation of products for different consumer groups.

The practice of market segmentation is dividing the total market into different parts. Market segmentation is the process of dividing the market into a smaller part for easy and effective marketing. The process of marketing segmentation helps the organization in fulfilling the different needs of a different section.

No matter if a company deals in home appliance manufacturing, AC manufacturers or in cosmetics, a marketing segmentation could help in targeting the right consumer class for a particular product.

Each person looks for certain qualities in a particular product and if the product meets customer's expectation it becomes a choice of the customer.

Segmentation involves finding out what kinds of consumers with different needs exist. In cosmetic world people look for different products for different needs. Few want a cream to cover fine lines and wrinkle whereas few want fairness cream for flawless complexion. The diversity in consumer's choice makes it difficult for the manufacturer to design perfect products for all the people.

To remain at the top manufacturing firms are concentrating on meeting the need of a particular group by designing a specific product for their needs.

Markets consist of buyers and buyers differ in one or more respects. They may differ in their wants, resources, geographical locations, buying attitudes and buying practices. Any of these variables can be used to segment a market.

The process of market segmentation plays crucial role in designing marketing strategy. Companies are spending good amount of time in interpreting available market data and dividing market segment. Market segmentation helps in targeting right consumer group for a particular product. Market segmentation is based on several factors:

- Age

- Gender
- Family size
- Family life cycle
- Income
- Occupation
- Education
- Ethnicity
- Nationality
- Religion
- Social standards

Marketing segmentations are mainly based on above mentioned factors, there are many more other factors but these are the major factors that are considered while segmenting the consumer group in different sections. Of these entire factors demographic factor is one of the most crucial factors in marketing segmentation. The requirement of particular products is largely decided by the demographic condition of that place.

Distribution segmentation is another very effective technique to sharpen the edge of marketing. Different markets can be reached through different channels of distribution.

One cannot deny the consumer's behavior psychology while segmenting the market. A consumer's behavior characteristic includes several features like product rates, brand loyalty, involvement with the product. Company marketing departments usually try to distinguish between heavy, medium and light users, whom they can then target with advertising.

The consumer market is also segmented on the basis of psychographic characteristics of the clients. It includes consumer's interest, activities, value, attitude, opinion. Media channels, manufacturers, magazines all design their marketing campaign suiting consumer's psychographic characteristics.

Polling is one of the effective methods to know about the consumer's psychological characteristics. Opinions and attitudes can be both specific and general. Manufacturers launch a product keeping in mind consumer's desire and expectation or the company will fail in its endeavor.

To be successful in the market it is important to assess all the aspects of the consumer's expectation and design a perfect product to catch the attention and meet the expectation of the consumer group. Target your marketing group, know their psychographic characteristics.

The concept of marketing segmentation is getting popular among the marketing experts as it helps experts in concentrating on the targeted market and promise more benefits to the manufacturers. Marketing segmentation helps in developing and designing better products.

The tough competition and trend of globalization has made it necessary for the manufacturers to pay attention to different market segmentation and plan a marketing strategy accordingly for higher sales and capture bigger sections of the market.

For white goods and household appliances after sales service and exchange service may play a dominant role in attracting or retaining customers. This may also result in word of mouth advertisement and may result in more sales.

1.11 PSYCHOGRAPHICOR LIFESTYLE SEGMENTATION

Lifestyle

It is defined simply as how one lives, and spends money. It is determined by our past experiences, innate characteristics and current situations. The products we consume are related to our lifestyle. Lifestyle marketing established a relationship between the products offered in the market and targeted lifestyle groups.

Lifestyles segmentation is based on activities and interest and opinions of groups. These are psychographic segmentations, and lifestyles are derived from psychographics. Lifestyle is a unified pattern of behaviour that determines consumption and, is also in turn determined by it. Demographic and psychographic lifestyles are complimentary and work best together. Demographic variables help marketers "locate" the target market, and psychographics provides more insight into the segment by taking into their activities interests and opinions.

- **Activities:** Activities can be described as how one spends his time. 1 **Interests:** Interests are a person's priorities and preferences.
- **Opinions:** It is how one feels about a wide variety of events.
- **Marketeers** try to find out the activities, interests, and opinions of people I by questions to be answered on a rating scale. This is done to find out I how strongly onI agrees or disagrees with the question

Characteristics of Lifestyle

1. **Lifestyle is a group phenomenon** which influences others in the society: A person having a particular lifestyle can influence others in a social group.
2. **Lifestyle influences all areas of vne's activities:** A person having a certain lifestyle shows consistency of behaviour in other areas as well. You can always predict that a person shopping from elite or speciality stores, would not shop from common places. The same applies to eating habits and other habits as well.
3. **Lifestyle implies a central life interest:** A person may have interest in education, leisure, adventure work, sexual exploits, etc. which any become their main interest in life.
4. **Social changes in society affect lifestyles:** For example, as the society becomes more affluent, lifestyles of people change, sometimes drastically. As one would become richer ones lifestyle changes accordingly.

Lifestyle Segmentation

This is known as value and lifestyle segmentation and was introduced in 1978 by Arnold Mitchell. It provides a systematic classification of American adults into nine segments. These were widely used.

Despite its popularity, some managers felt that the nine segments given by VALS are not appropriate, as two of the segments cover one-third of the entire population, leaving the rest to be divided into 7 segments, which become too small to be of interest to many firms. These nine segments. It shows four major groups of classification:

- Need driven: (poor and uneducated).
- Outer directed : (middle or upper income class consumer whose lifestyle is directed by external criteria).
- Inner directed: (people motivated by inner needs rather than by the expectation of others).
- Integrated: (this group combines the best of outer and inner directed. They are fully matured). A further break-up of these groups is shown in the figure, and their characteristics can be described as given below:
- Survivors: They are disadvantaged people, who are poor, depressed and withdrawn. Their purchases are price dominant, and they like to buy products which are economical and suit their pocket. They are not very knowledgeable.
- Sustainers: They are motivated by brand names. They look for guarantee and are impulse buyers. These people are disadvantaged and want to get out of poverty.
- Belongers: They buy products which are popular. They are careful and brand loyal shoppers. They are people who are conventional, conservative, and unexperimental.
- Emulators: They are status conscious and upwardly mobile. They emulate others, and buy products to impress other people. They have high aspirations in life.
- Achievers: They buy top of the line products. They are brand conscious and loyal. They are leaders and make things happen. They want to enjoy a good life.
- I am me: These people are typically young, self engrossed and given to whims. They go after fads and do not mind taking the lead.
- Experimentals: These people pursue a rich inner life and want to directly experience what life has to offer.
- Societally conscious people: They are simple, frugal persons; who read labels carefully and seek information. They are conscious of society and social responsibility. They want to improve conditions in society.
- Integrated: These are fully matured people and constitute the best of outer and inner directed.

These segments did not appeal to many marketers and therefore, VALS 2 was introduced in 1989. This system has more of a psychological base than the original, which was more activity and interest based. VALS 2 is based on attitudes and values. It is measured by 42 statements with which the respondents state a degree of agreement and disagreement. It has identified three primary self-orientations:

- Principle oriented: They are guided by their beliefs - and principles.
- Status oriented: These individuals are heavily influenced by action, approval and opinion of others.
- Action oriented: They desire social and physical activity, variety and risk taking.

Notes

These three orientations determine the types of goals and behaviours that consumers will pursue, and the goods they will get interested in. VALS segments, consists of eight general psychographic segments as shown in Fig. 1..

This classification is based on Maslow's hierarchy of needs. At the bottom are the people with minimal resources and, on the top we have people with abundant resources. This divides the consumer into three general groups or segments. Each of these segments have a distinctive lifestyle, attitude and decision-making. Characteristics of these segments are given below.

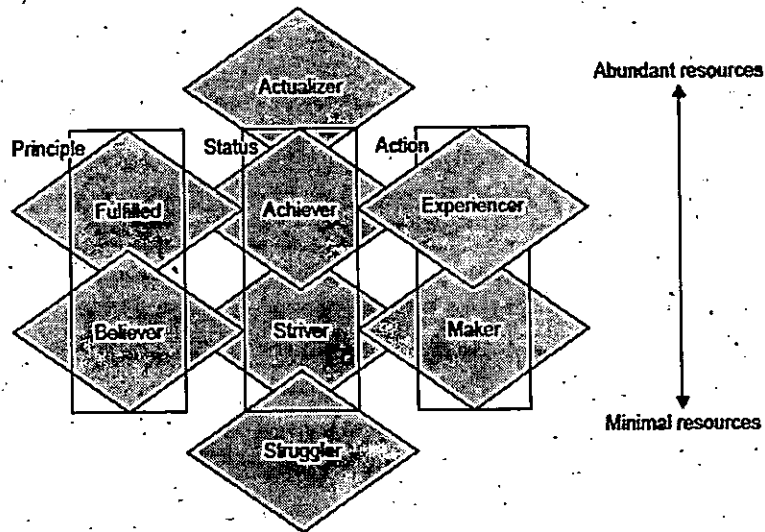


Fig. 1. Values and lifestyle segments

1. **Strugglers:** These are poor people, struggling for existence. Education is low, low killed, without strong social bonds.
- **Makers:** They are in the allocation-oriented category. They have reconstruction skills and value self sufficiency.
2. **Strivers:** They are a status-oriented category, but have a low income as they are striving to find a secure place in life. They are low in economic, social and psychological resources.
- Believers:** They are in the principle-oriented category. They are conservative conventional people, with their needs, strong faiths, and beliefs.
4. **Experiencers:** They are action oriented, young, vital, enthusiastic, impulsive and rebellious. They have enough resources and experiment in new ventures. They indulge in exercise, sports, outdoor recreation and social activities.
5. **Achievers:** They are also placed high in the Maslow's hierarchy of needs and are career and work oriented. They make their dreams come true.
6. **Fulfilled:** As the name suggests, they are satisfied and mature people who are well educated, value order, knowledge and responsibility. They are practical consumers and conservative.

7. **Actualizers:** They have abundant resources and are sophisticated in their taste and habits. They are active, and have high self esteem. They develop, explore and express themselves in a variety of ways . They have taste and are leaders in business, and in government.

Concentrated Marketing Strategy

In this, there is one segment with a unique marketing mix designed for that particular segment.

Differentiated Marketing Mix

Each target segment receives a special designed marketing mix, that is, I for each market we have a special mix consisting of product, price, promotion and place. Here we target several markets with different marketing mixes. This is called differentiated marketing.

Counter Segmentation

When a firm practices differentiated marketing strategy in different target markets, some segments tend to shrink, so that they do not have enough size and promise, and are not worthwhile to be worked upon separately. They are merged together or recombined for better handling. This is known as counter segmentation strategy.

1.12 ENVIRONMENTAL INFLUENCES ON CONSUMER BEHAVIOUR

The factors that influence consumer behaviour can be classified into internal factors or (individual determinants) and, external environmental factors . External factors do not affect the decision process directly, but percolate or filter through the individual determinants, to influence the decision process. The arrow shows how the external influences are filtered towards the individual determinants to affect the decision process.

The individual determinants (interval factors) that effect consumer behaviour are:

- Motivation and involvement
- Attitudes
- Personality and self-concept
- Learning and memory
- Information processing
- The environmental (external factors) influences
- Culture influences
- Subculture influences
- Social class influences
- Social group influence

Notes

- Family influences
- Personal influences
- Other influences

Here we will discuss about environmental influences of consumer behaviour in detail, while individual determinants will be studied in the subsequent unit. We shall give a brief description of individual determinants as follows:

1. **Motivation and Involvement:** In a society, different consumers exhibit different consumer behaviour because they are unique and have unique sets of needs. Motivation is that internal force that activates some needs and provides direction of behaviour towards fulfilment of these needs.

While talking of motivation, we cannot afford to forget the Maslow's Hierarchy of needs which tells us about the primary and secondary needs. First the biological needs of hunger, thirst, shelter are satisfied then the safety needs and then the psychological desires of being accepted in society, seeking status, esteem, etc., are satisfied. People adopt different methods to fulfil their needs. The need of transport can be met by car, rail, bus or aeroplane. People choose different modes of transport because of their level of involvement in different activities.
2. **Attitudes:** A person having a carefree attitude will buy an object without much involvement. People who want to play safe and avoid risk taking, will go for a safe investment. People who want convenience and are short of domestic help, will have a positive attitudes towards canned and frozen foods.
3. **Personality and Self-concept:** It is the sum total of our mental, physical and moral qualities and characteristics that are present in us and that make us what we are. Consumers try to buy the products that match their personality. People wanting to look mainly will buy products with a macho appeal, which would enhance their image and personality. People who give emphasis on comfort and care, will purchase comfort products and so on. If one wants to emulate a film star his choice will be different from others.
4. **Learning and Memory:** In a family different members of the family are interested in different types of information which they individually
5. **Self-Instructional Material:** Mothers retain information regarding household items. Father retains information regarding his interest in cars, motor cycles and other objects. Children are interested in objects of their interest like amusement parks, joy rides, Barbie dolls, etc. Our motives, attitudes, personality filters the information. Keeping only relevant information in our minds and, keeping the others out. This is known as selective retention. We retain in our memory only selective information that is of interest to us.
6. **Information Processing:** All consumers analyse and process the information they receive. These are activities that a consumer engages in, while gathering, assimilating and evaluating information. Consumers assimilate and evaluate selective information and this reflects on their motives, attitudes and personality and self-concept.

1.13 CULTURE INFLUENCES

Definition

"CULTURE is the distinct way of life of a group of people and their complete design for living." Culture is that complex whole which includes knowledge, belief, art, law, morals, customs and any other capabilities and habits acquired by humans as members of society. Culture influences the pattern of living, of consumption, of decision-making by individuals. It has certain characteristics and is transmitted from one generation to another

It is a comprehensive concept and includes all those things that influence an individual in his thinking and behaviour, e.g., People in the western world have a different culture than those in the east. Their behaviour, living style and decision making is different from those in the eastern countries.

Characteristics

Culture shows following characteristics:

Culture is invented by three inter-dependent systems:

- (i) Ideological system-mental system consisting of ideas, beliefs, values and ways of reasoning (good or bad).
- (ii) Technological system- consists of skills, techniques to produce.
- (iii) Organizational system- (family and social class) coordinates behaviour.
 - Culture is learned as it begins early in life and is learned through generations.
 - Culture is socially shared by human beings living in societies.
 - Culture as similar yet different. Athletics, sports language music rituals are observed by all but are different.
 - Culture is gratifying and persistent; You get satisfaction yet change is difficult.
 - Culture is integrated and organized.
 - Culture forms no runs and is prescriptive.
 - Culture is acquired. It can be acquired from the family, from the region or from all that has been around us while we were growing up and learning the ways of the world.
 - Culture forms a boundary within which an individual thinks and acts. When one thinks and acts beyond these boundaries, he is adopting a cross-cultural behaviour and there are cross-cultural influences as well.

The nature of cultural influence is such that we are seldom aware of them. One feels, behaves, and thinks like the other members of the same culture. It is all pervasive and is present everywhere. Culture is a very broad concept and pervades like the air in the atmosphere. Culture can be divided into two distinct components.

Material culture influences technology and how it brings cultural changes, i.e., use of telephones, mobile phones. television, clothing styles, fashions and gives the marketers a

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chance to improve the product, packing, etc., to meet the needs of the consumer, etc.

Variation in Cultural Values

There are three broad forms of cultural values

Other Oriented Values of Culture

This shows the relationship between individuals and the society. The relationship influences marketing practices. If the society values collective activity, decisions will be taken in a group. It gives rise to following questions which affect consumer behaviour:

- Individual/collective: Whether individual initiation has more value than collective activity.
- Romantic orientation: This depicts whether the communication is more effective which emphasises courtship or otherwise. In many countries, a romantic theme is more successful.
- Adult/child theme: Is family life concentrated round children or adults? What role do children play in decision-making?
- Masculine/Feminine: Whether the society is male dominant or women dominant or balanced.
- Competitive/Cooperation: Whether competition leads to success. This is achieved by forming alliances with others.
- Youth/age: Are prestige roles assigned to younger or older members of the society? American society is youth oriented and Korean is age oriented. Decisions are taken by mature people in Korea.
- Cleanliness: If a culture lays too much stress on cleanliness, there is scope for the sale of beauty creams, soaps, deodorants, insecticides, washing powder, vacuum cleaner, etc.
- Performance Status: A status-oriented society cares for higher standards of living and chooses quality goods and established brand names and high-price items. This is true for the United States, Japan, Singapore, Malaysia, Indonesia, Thailand and most of the Arabian countries.
- Tradition/change: Tradition-oriented societies stick to the old product and resist innovation or new techniques. In traditional societies, there is less scope for new products, and old traditional products are in greater demand. In some societies, which are upwardly mobile, consumers are looking for modern methods, new products, new models and new techniques.
- Risk-taking/security: An individual who is in secure position and takes a risk can be either considered venturesome or foolhardy. This depends on the culture of the society. For developing, new entrepreneurs risk taking is a must.
- Problem solving/ fatalist: A society can be optimistic and have a problem-solving

attitude or, be inactive and depend on fate.

- **Nature:** There are differences in attitude over nature and its preservation. Consumers stress on packing materials that are recyclable and environment friendly.
- **Self-oriented Values**
- **Active/passive:** Whether a physically active approach to life is valued more highly than a less active orientation. An active approach leads to taking action all the time and doing nothing. In many countries, women are also taking an active part in all activities. This makes the society highly active one, where everybody is involved in work.
- **Material/non-material:** In many societies, money is given more importance, and a lot of emphasis is on being material minded. While in many societies things like comfort, leisure and relationships get precedence over being materialistic.
- **Terminal materialism:** It is the requisition of materialism for the sake of owning it rather than for use. Art is acquired for owning it. Cultural differences play an important role in this type of materialism.
- **Hard work/leisure:** This has marketing implications on labour saving products and instant foods. Some societies value hardwork and consider it as a fuller life. Others adopt labour saving devices and instant foods to have more leisure time at their disposal.
- **Postponed gratification/immediate gratification:** Should one save for the rainy day or live for the day? Sacrifice the present for the future, or live only for the day? Some countries like The Netherlands and Germany consider buying against credit cards as living beyond one's means, whereas credit cards are very popular in America and other countries having a different cultural orientation, some prefer cash to debt. Some societies save for a morrow, others enjoy the present and spend lavishly.
- **Sexual gratification/abstinence:** Some traditional societies curb their desires, food; drinking or sex, beyond a certain requirement. Muslim cultures are very conservative, and do not want their women to be seen in public or be exposed, so the Polaroid camera which gives instant photographs can be purchased and pictures can be taken by the family members without their women being exposed to the developers in a photo lab.
- **Humour/Serious:** Should we take life lightly and laugh it off on certain issues or, take everything seriously? This is another aspect of culture. Advertising personnel selling techniques and promotion may revolve around these themes and the way the appeal for a product is to be made in various cultures

1.14 SUBCULTURE INFLUENCES

Within a culture there exists more homogeneous subgroups. These groups have their own values, customs, traditions and other ways of behaviour that are peculiar to a particular group within a culture.

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For instance, the Hindus in India have a certain pattern of living, values, food habits, clothing they wear and the language they speak. These can be divided into at least two subculture. The Hindus of the south whose food habits, clothing, values etc., are homogeneous in themselves but they are different from the Hindus of North which is a second subculture. The Hindus of North are homogeneous in themselves but Heterogeneous when compared to those living in the South. Their Language, and clothing, modernization and their consumption are all different. Subcultures exist in all societies and nations.

When we are talking of subculture, we must understand the term ethnic as well. Ethnic identification is based on what a person is, when one is born and is largely unchangeable. Members of ethnic groups in general descend from same forebears. They tend to reside in the same locale.

- Tend to marry within their own group. Share a common sense of peoplehood.
- The ethnic group can be divided on the basis of race, nationality and religion.

In America, we have three examples of important U.S. subcultures. These are:

- Black subculture: They are disadvantaged compared with whites
- In terms of education, occupational attainment.

2. Asian Americans: This population consists of Chinese, Filipinos, Japanese, Indian, Korean, Vietnamese, Hawaiian and other segments in the U.S. It is the fastest growing minority. They are scattered all over America and 56% of them live in the west. They are highly urbanized and about 93% live in the urban area. They have following characteristics:

- Their family comes first in the making of important decisions. They care for their parents.
- They adopt moderate behaviour instead of extreme behaviour.
- Their relationship with parents are formalised.
- They return favour to others.
- They do not show affection openly. This is not acceptable.
- Americans are a food target for marketers.

3. Hispanic Culture: These are Spanish people moving to U.S.A. from Mexico. Although they like to live in U.S.A. but they do not want to lose their ethnic character, their culture and language. Their home is not far away from Mexico and they can always go back to their home. They strongly stick to their Spanish language. These constitute about 8% of the population. They are largely of Mexican origin, some from Puerto Rico and Cuba.

Subculture in India

In India, we have cultures of different states, different religions etc. for instance we have the Punjab subculture, Bengali and Madras subculture, Maharashtrian or the culture of the west; Kashmiri culture of the north, the culture of Uttar Pradesh with a lot of "Tahzeeb" or respect and mild and docile caring for each other. The culture of the Nawabs, culture of the Rajas and Maharajas.

Social Class Influences

A social class refers to a social position that an individual occupies in a society. People belonging to a social class have many characteristics, such as education, occupation, ownership of property and source of income. We, in India have many social classes and these divide the society into a hierarchy of classes, varying from the high class to low. The members within each group have almost the same status, income, buying characteristics. Social class influences the decision-making of groups and individuals.

We are aware of our social class to a certain extent, which gives us an idea of our status. Social class is a reality of life. It reflects on the marketing behaviour of consumers. The products we buy, the style we prefer, the stores we visit and want to buy from.

Definition

1. A social class is a hierarchical division of a society into relatively distinct and homogeneous groups with respect to attitudes, values, lifestyles, etc.
2. It is a relatively permanent and homogeneous division or strata in a society, which differs in their wealth, education, possession, values, beliefs, attitudes, friendship and manner of speaking. Status difference also reflects on prestige, power and privilege

Concept

The concept of social class involves families rather than individuals. Members of the same family enjoy the same status, as they belong to the same social class and share the same house, share a common income and have similar values. These characteristics effect their relationship with others. Social class results from large groups in a population sharing approximately the same life styles, who are stratified according to their social status and prestige.

All countries and societies have variations in social standing-many countries, including China, tried to have a classless society but not with great success. Social stratification is thus a reality of life. As shown, the behaviour of all social classes are unique within themselves. Social classes usually ment the following five orientations:

1. Bounded: The social classes are bound by certain tacit restrictions which include or exclude certain individuals, places or objects. These are tacit rules they follow by themselves. They restrict behaviour as they share similar educational background, occupation lifestyle etc.
2. Ordered: All social classes have a hierarchy of stratification in terms of income, prestige and status that distinguishes them from the others.
3. Mutually Exclusive: The individual only belongs to one class and behaves and acts accordingly. However, the movement from one class to another is possible and goes on with time. We have a new rich class which has moved upward with the time. They are upwardly mobile and belong to the open system. Those in closed system have inherited and inscribed status. They cannot leave their social class.

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4. Exhaustive: That every member of a social class must fit into some class and be identified with it.
5. Influential: There must be behavioural variations between classes or they may be expected to behave differently. Based on the above criteria, it is clear that a strict and tightly-defined social class system does not exist.

Classification

Social classes are basically divided into three major categories-upper, middle and lower. For the great spread, we have further classified them into four classes by bringing the working class in between the middle and lower.

Social Classes and their Buying Patterns

The buying behaviour of individuals and groups are strongly influenced by the social class to which they belong, or aspire to belong. Social class is also linked to demographic and geographic data. These classes are found living in clusters and have relatively homogeneous geodemographic segments in terms of housing, urbanisation and other, viz. class difference in status is symbolic for food, housing, clothing, purchases, and lifestyle.

Warner's index uses 4 variables as an index of social class. These are occupation, income, house and dwelling area. Warner has categorised the social class into 6 categories. This helps the marketeers in deciding their target group and the marketing strategy for each. For instance, the concept of mass marketing can be more successfully applied to middle or the lower classes, rather than the upper class. The upper class is a target for speciality goods and rare commodities which depict their social status.

Social classes have also been classified into six categories by Warner

1. **Upper Upper Class:** This is the most wealthy, aristocratic class having a lot of property. This is a small-sized segment and has to be targeted for novelty, expensive and luxury goods by the marketeers. This class has access to property, prestige and power.
2. **Lower Upper Class:** They are lower in status than the upper upper class and try to imitate their lifestyle. They are known by their conspicuous consumption and are also a smaller target market for luxury goods. They try to acquire the habits and lifestyle of the upper upper class. The products used by the upper class trickle down to this class and is known as the trickle down effect.
3. **Upper Middle-Class:** This class has achieved success in life and consists of managers, professionals, lawyers, professors. They are also owners of medium-sized business. They therefore take membership of clubs and have a broad range of cultural interests. They are hard working and want to reach higher in society. Their aspirational group is the upper class.
4. **Lower Middle Class:** The common man represents this group. Some are highly paid workers and small business owners and may not have a very high education. This class aspires for respectability. They wish to have well maintained houses in good

neighbourhoods. Marketeers sell products, to this group, which have respectability and social acceptance in the society.

5. Upper Lower-Class: They live for the present. They and the lower lower class constitute the major percentage of population. Their buying habits are influenced by their cultures and sub-cultures. Their social activities influence the purchase of product.
6. Lower Lower Class: They live in utter poverty. Their main concerns to fulfil their basic physiological needs. They need shelter, clothing, food and go for economical purchases. Their first priority is the price and they cannot afford any unnecessary expenditures.

Marketing Strategy and the Social Classes

Marketeers are interested in supplying the right products to the right customer (target segment) at the right price at the right time and with the right promotion. For this, first the target segment is selected and this can be done on the basis of social class, which is a better prediction of a consumer's lifestyle than income. Reasons for shopping and purchases also differ among the social classes. The designing a market strategy using social stratification, a process it followed in which:

- The marketer relates the status of the group to the product.
- Data is collected as the target's social strata.
- Positions the product according to social status.
- Develops a proper marketing mix.

While relating a product to the status of the group or individual, one has to understand that the product or brand consumed varies according to income, which may restrict the purchase of expensive items like cars.

Education influences the consumption of the arts, of imported goods and varies with social class. Credit cards, etc., are also used by different social classes for different purposes. This provides a motivation for purchase. Some use it for convenience and safety, or both, others use it to pay the monthly bills.

Some products are used for symbols of prosperity, and to project their social class. Products are offered for different use situations, i.e., parties, marriages gifts, daily use, etc. The next step is to gather data on the lifestyles of people and how they want to become upwardly mobile by aspiring to have a desired lifestyle. To promote the product to the target lifestyle, proper media must be chosen and used effectively.

The shopping habits of buyers and their patterns of buying are also to be studied carefully. In the third step, the product is positioned. It is positioned according to different income groups and social classes, e.g., Maruti-800 is an economy car; Zen is a world car; Esteem is more spacious and expensive. Consumable products can also be positioned as a health drink-Bournvita, economical drink (Rasna), fizz drinks, etc. The products can be positioned according to the needs of the social classes. The last step is to find out and offer, a proper marketing mix to the social class. This consists of product, price, promotion and

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distribution, which have many alternatives and have to be juggled to suit the target market. The after sales service is also very important and must be given due emphasis to satisfy the customer, and ensure repeat sales.

1.15 REFERENCE GROUPS

All of us belong to some group or the other and, we also associate ourselves with different groups in our daily life. Of course, the most primary group with whom we are mostly in touch with, is our family. The groups that we associate with or the groups that we meet and interact with influence our behaviour to a certain extent.

Definition

A group consists of two or more individuals who share a set of norms, values or beliefs and have certain implicitly or explicitly defined relationship with one another, such that their behaviour is interdependent. Groups give an opportunity to individuals to learn and socialize.

Marketeers use the knowledge of group influences when designing market strategy. Reference group is a group of people whom you refer to, while making buying decisions. They help you in buying items like clothing, etc. Reference groups influence consumer behaviour by building aspirations for the individual and, helping him to choose the product for a particular lifestyle.

Levels of Group

There are three levels of group involvement. These are:

1. **Compliance:** The members of the group have to comply only by overt or open behaviour with the norms and standards, i.e., comply by paying certain fixed fees. Being present on time. Wearing the same clothes, etc. It makes no demand on the change of attitudes, beliefs of the person concerned.
2. **Identification:** This is a deeper relationship where the individual not only complies to the standards, but also maintains a social relationship and changes his perception to a great extent. i.e., you can join a service organization only for being a member or, you can change your perception and become service minded and actually start believing in service doing and, appreciating to achieve the service objectives of the organization.
3. **Internalizing:** Here you become more committed and, not only believe in service, but also try to enforce the objects and views on others, to get more deeply involved in it. You make or force others to follow the norms and rules of the organisation. An example of the process can be that you are born in religious surroundings and perform rituals enforced on you. The next stage is that you start being religious yourself and the third stage is that you start preaching the same to others. There are four types of reference groups. These are:

- **Membership and Non-membership Groups:** This is a simple and self-explanatory classification. A membership group is one to which one belongs.

Non-membership group are groups of which you are not a member but may aspire to belong to.

- **Formal or Informal Group:** A formal group has a structure and some objectives and the roles of the members are defined. Certain rules and regulations are followed. An informal group has no structure. People come and go at random, e.g., a group meeting in the market place having tea and snacks together, meeting without much purpose.
- **Primary or Secondary Group:** This depends on the frequency of contact. Primary group consists of family, close friends, peers and business associates with whom one has regular contact. Secondary groups meet infrequently and are not so closely knit. Club membership groups and shopping groups are secondary groups.
- **Aspirational Groups:** Aspirational groups are the groups you aspire to belong to and want to join at some future time. These are known as anticipatory aspirational groups.

We also have symbolic aspirational groups to which a person is attached but not likely to belong to. These are professional sports groups, or some other elite group. It is important for marketers to make a study of the behaviour of groups and accordingly formulate strategies.

Consumers use these groups as a point of reference at different times. Primary groups exert greater and more direct influence on purchasing behaviour, and the advertisers use family settings and family events as a means of advertising them to influence consumers.

Reference groups can be further classified into four categories given below, depending on the functions they perform and the kind and degree of influence exerted by them. These groups lay down certain norms, roles and status that are followed by members.

Norms are unwritten codes, or standards of conduct that are assigned to individuals within a group. Roles are the part that the members play as initiator, influencer, gate keeper, decision maker, the purchaser and final user.

Status is the position of authority that is designated within a group. High status relates to more power, e.g., father and mother in a family have greater status than the other family members.

Thus, there are four categories of reference groups namely normative, comparative, status and dissociative groups. We shall discuss these one by one.

Normative Groups

These are groups that uphold the norms of the groups. There are values that must be adhered to, while exhibiting consumer behaviour. There is also the judgement or the perspective one uses in defining personal situations. These norms also influence the choice of clothing or how much a person should eat or drink at a party-normative influence may lead to normative

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behaviour.

The influences are exerted on purchase of clothing, furniture, appliances, food, etc. These are visible items. Other items like mouth-wash, perfumes, etc., may not be visible, but are used for the approval of group members. Normative influence is also known as utilitarian influence, which occurs when an individual fulfils group expectations to receive a direct reward or to avoid a sanction.

Comparative Reference Groups

These are groups with whom the individual compares himself and his attitudes. He compares himself to other members of the group to find out whether they support his views and attitudes. The new resident in the neighbourhood are attracted to neighbours who are similar to themselves, because they reinforce existing attitudes and behaviours.

Advertisers also use spokesmen who are perceived by consumers as similar to themselves, because they reinforce existing attitudes and behaviour. Comparative reference groups provide the basis for validating beliefs, values and attitudes.

Dissociative Group

Some individuals do not want to be likened to, or identified by a group of individuals. They try to dissociate themselves from that group. These groups are known as dissociative groups.

Status Reference Group

When one refers to the status or a position of the people in a group, he is referring to status reference group. An individual who may not belong to this group may aspire to achieve that status and, want to be a member of that group (aspiration group).

Reference Group, Social Influence and Social Power

The influence of reference groups on consumer behaviour is felt through the influence of social power. There are five basis of social power. These are:

- **Reward Power:** It is the ability to give rewards in the form of money, gifts, psychological rewards such as recognition practice. In some cases, products like clothes, durables goods, etc., are also offered.
- **Coercive Power:** It is the ability to give threats or withhold rewards. It is the threatening or coercive power to influence consumer behaviour e.g., the purchase of accepted clothing, deodorants, mouthwash and LIC Policies, are sold by using coercive power.
- **Legitimate Power:** It is linked to cultural or group values. The group influences the consumption pattern to which they belong. It is the power one has, because of his legitimate position in an organization i.e., a manager.

- **Referent Power:** It is used to by a status-oriented product which identifies the feeling of oneness with the group. The group member is urged to obtain a similar status by purchasing the recommended items.
- **Expert Power:** Buying behaviour is influenced by the expertise of the people in the group. People who are experienced and technically qualified in an area. A person may be attracted to and conform to group norms, either in order to gain praise or recognition, or in response to coercive power.

Factors Affecting the Influence of Reference Groups

A reference group provides benefits to individuals and that is why people associate with reference groups. It exerts an influence on the individual's behaviour and the degree of influence is determined by:

Firstly, how informed and experienced the individual is? If the individual is less informed, he relies heavily on the reference group or, if he has little or no experience even then he looks up to the groups for information and guidance.

Secondly, if the group has high credibility, greater influence can be exerted by it on the individual's behaviour. It can thus change the attitudes and beliefs of the consumers. Consumers will look upon it and refer to it more for information on product quality.

The Nature of Reference Group Influences on Products and Services

When people meet in a social setting they discuss their experiences with the products that they have used and, express their likes and dislikes and preference and, attributes of the product. The individuals also buy products or use services which they see others using or buying.

Reference group influences the product and brands when the product is conspicuous. The conspicuousness can be measured by:

Exclusivity Dimensions

Exclusivity refers to few people possessing or using the product, and if many are using the product it is less exclusive. Necessity goods are less conspicuous than luxury goods. Products which are necessary will be used by many consumers whereas, luxury products will be used by few chosen customers only.

Visibility Dimension

If the product can be seen and identified by many, it is more visible. Products consumed in public are more conspicuous than products consumed in private. The figure shows four categories which are public necessities and public luxuries and private necessities and private luxuries.

1.16 FAMILY LIFE AND BUYING ROLE

Family Life

A family is two or more people living together who are related by blood or marriage. It is a part of a household which consists of individuals living singly or together with others in a residential unit.

Consumer behaviour is influenced not only by consumer personalities and motivations, but also by the relationships within families (family is a familiar social unit).

In a family, members must satisfy their individual and shared needs by drawing on a common and shared, relatively fixed supply of resources.

The individual family is a strong, most immediate and most pervasive influence on decision-making. The husband, wife and children influence each other and are influenced by others.

A consumer is influenced by many factors as shown below

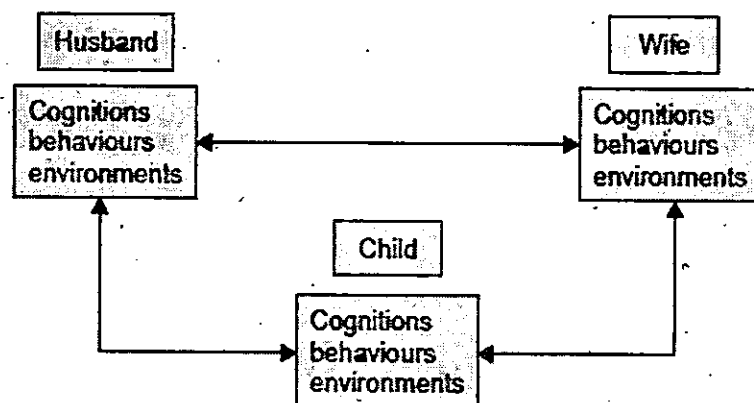


Fig. 2. The reciprocal influence of family members

It is important for a marketer to know the family structure and its consumption characteristics. He 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, whereas individuals sometimes do not possess many such items individually.

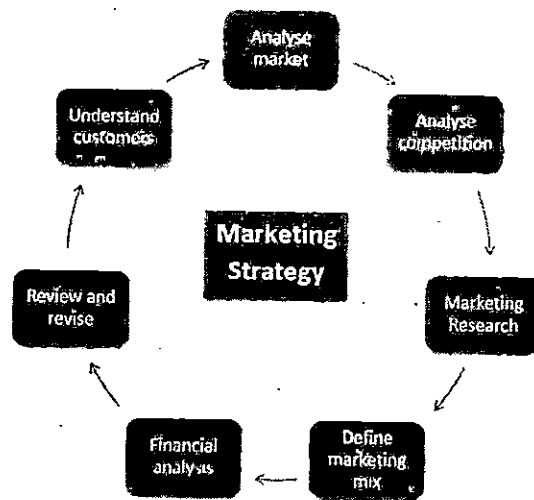


Fig. 3. Marketing strategy

In our social culture, two main types of families are found. Such as:

- Nuclear family: It consists of two adults of opposite sex living in a socially approved sex 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, aunts, uncles, and grandparents, also.

1.17 FAMILY BUYING INFLUENCES

Family is a social group. It is also an earning, consuming and decision making unit. All purchases are influenced by family members. Family is a closely-knit unit, and the bonds in a family are more powerful than in other groups. A reciprocal influence operates in all family decisions. There are three main influences which are father, mother and other family members.

Every member has his own motives, beliefs and predisposition to the decision process. Every member is influenced and influences other family members. There is a reciprocal influence exerted in the decision process other family members. There is a reciprocal influence exerted in the decision process. It becomes important for a marketer to sort out all family influences, and formulate a strategy for effective marketing.

Consumer socialisation is the process by which young people acquire the skills, knowledge and attitudes relevant to their functioning as consumers. Interactions take place in a family which develops tastes, preferences, shopping styles, choice of clothes to wear. How much money to spend, where to buy from, what to use at which occasions? How a consumer is socialized.

There are a number of background factors like the age, sex, social class, etc. Then there are the socializing agents from whom they learn. These are media, family members, peers and teachers. These influence the learning mechanism and the result is a socialized consumer.

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Advertising and promotional activities have a strong influence on consumer socialization. It can also be done by the family members through:

- Instrumental training: In this the parent teaches the children the value of food, which to consume which to keep away from. What choice is to be made for clothes, what products to refrain from? How to avoid dysfunctional behaviour?
 - Modeling: When a child learns the behaviour by observing others. It can be consciously or subconsciously learnt. One such example is smoking.
 - Mediation: To make the children realise the facts by discussion, or by demonstration, or by any other method available
- Inter-generational Influences

By this we mean that children learn from their fathers and forefathers. A child is influenced through generations, which develop religious and cultural values. The attitudes are developed towards sports, leisure, education, social life. This is known as the inter-generational carry over. Children learn to use products and services used by their family members, mostly parents and grand-parents and some take pride in it too.

Family Decision-making

In a family there is the:

- Instrument role: Taken by the head of the family for the achievement of special goals.
- Expressive role: Undertaken by the wife and other family members to provide emotional support.

Important buying roles are:

1. The instigator (initiator): Person who first suggests the idea of a product/service and initiates the purchase process.
2. The influencer: Person having direct/Indirect influences, on final purchase decision.
3. The decider: Person who makes the final decision.
4. The purchaser (buyer): Person who actually purchases the product, pays for it, takes it home.
5. The consumer: User of goods/service.

Family Decision Stages

1. Problem recognition
2. Search for information
3. Evaluation of alternatives
4. Final decision

Husband-wife influence studies, classify consumer decisions as:

- Wife-dominant decisions, e.g., food, purchase of groceries.
- Husband-dominant decisions, e.g., automobiles, life insurance.
- Syncratic decisions (joint), e.g., vacations, choice of schools for children.

- Automatic decisions (unilateral) Decisions may either be:
- Consensual: Everyone in the family may agree with the desired outcome.
- Accommodative: Need conflict resolution by persuasion or bargaining. Element of power within the family is obtained from:
- Economic resources: Persons making greater economic contribution have more economic power.
- Cultural norms: In a male dominated society-husband has greater powers.
- Expert power: More knowledge a person possess. Husband may know more about cars-wife may know more about household items.
- Legitimate power: This depends on the role the family members play.
- Bargaining power: Power through give and take method.
- Reward/referent power: Giving rewards to others which are liked and appreciated.
- Emotional power : Purchase decisions are influenced by emotions, sentiments and feelings of one partner.

1.18 PERSONAL INFLUENCES

Each individual receives the information and processes and evaluates the product in his own way. This is irrespective of the family, social class or cultural heritage etc. His own personality ultimately influences his decision. He has his own personal reasons for likes, dislikes, price, convenience or status.

Some individuals may lay greater emphasis on price, others on quality and still others on status, symbol, convenience of the product etc. Personal influences going long way in the purchase of a product. The personal influences can be linked to the following:

- Age and life cycle stage Bachelor, married. Full Nest I, II Empty Nest I, II Solitary Survivor
- Occupation, Blues Collar, White Collar.
- Economic Circumstances High Income Group Low Income Group Middle Income Group
- Lifestyle - Pattern of Living.
- Personality - It is an internal determinant which influence our consumption patterns.
- Self concept -How one perceives himself and his behaviour. Personal influence is the effect or change in a person's attitude or behaviour a a result of communication with others.
- The change in behaviour may be influenced by communication. It may be source initiated (by the influencer) or recipient oriented (by the influence).
- Communication may result in one-way or two-way influence i.e., the individual may influence while being influenced.
- Communication resulting in influence may be verbal or visual.

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Personal influence is synonymously used as word-of-mouth, although the word-of-mouth is only a verbal communication. Word of mouth communication is more effective than advertising whether it is product or services.

The executives of the Paramount Motion Pictures has remarked that "Word of mouth is the most important Marketing element that exists. "There can be 'Synthetic' or simulated word of mouth (When celebrities talk to us on T.V. It creates a situation as if they have entered our house and are actually talking to us).

The other is the real word of mouth. Both can be very convincing. The communication should be positive, to be effective. The word of mouth of communication is strong because:

- Consumers view word of mouth as trustworthy information which helps in making better decisions.
- Personal contacts provide special support and give a stamp of approval to a purchase which is not the case in Mass Media.
- The information provided is backed by social group pressures and forces the purchase.

When choosing the products and services consumers are also influenced by advice from other people. Today 80% of all buying decision are influenced by some one's direct recommendation. Decision such as which Air Conditioner to buy, which Movie to see. There are a lot of interaction which helps the individual to make decisions. An individual can also be personally influenced by neighbours, friends, co-workers, acquaintances.

Those who influence are the opinion leaders and those who are influenced are opinion receivers. Personal influences are dependant on the process of communication. For a long time marketing communication was a one-way process media which was dissipated by opinion leaders. Audience now are not passive receivers of communication but take active part in the two-way communication.

The verbal flow of communication and personal influence may take between a source and receiver in the following stages:

1. Source initiated-one-way influence "Ram told me how good his Fridge was, so I decided to buy one".
2. Receiver initiated-two-way influence "I asked Ram what brand of Fridge he recommends"?
3. Source initiated-two-way influence "I showed my cupboard to Ram. He got interested and said that he would buy one as soon as possible".
4. Receiver initiated-two-way influence "I asked Ram what he know about electric ranges? We had a nice discussion of the features of various brands".

1.19 DIFFUSION OF INNOVATIONS

Diffusion is process by which a new product is accepted and spreads through a market. It is a group phenomenon, in which first an idea is perceived, then it spreads throughout the market, and then individuals and groups adopt the product.

We will define diffusion as follows: "Diffusion is a process by which the acceptance of an innovation / new product, a new idea, a new service, is spread by communication to members of a social system over a period of time."

Innovation "An innovation is an idea, practice, or product, perceived to be new by an individual or a group." A product is said to be an innovation when it is perceived by the potential market as a change, and not by a technological change brought in it.

New products or new services have been classified as under:

1. Firm Oriented: If the product is new to the company, it is said to be new.
2. Product Oriented: It focusses on the features inherent in the product and the effect it has on the consumer's established usage pattern. This leads to three types of product innovation-continuous, dynamically continuous, discontinuous innovation.
3. Market Oriented: It stresses on how much exposure consumers have on the new product:
 - (i) It can be new if purchased by a small percentage of customers in the market.
 - (ii) It is new if it has been for a relatively short period in the market.

Consumer-oriented Items

It is based on the consumer's perception of the product. If he judges it to be new. For example, the Polaroid camera can be considered as an innovation, because a whole lot of people who constitute the market, use it, and can get photographs in minutes. Microwave oven for example is an innovation. It does wonders for cooking and warming of foods. Similarly mobile phones, cell phones can be considered an innovation.

Not only are they popular, but they were unthinkable a decade or two back. Innovation can be of various degrees. For instance, a microwave oven is more of an innovation than sugar-free cola. In innovation, behavioural changes take place. These behavioural changes can be small, modest, or large.

Types of Innovation

The innovation can be continuous, dynamically continuous or discontinuous.

Continuous Innovation

In this type of innovation, minor behavioural changes are required for adoption of the product, from ordinary cookware to Teflon-coated cookware, where minor behavioural changes are required. A modified product, e.g., a new scuba watch, new car model or, low-fat yogurt, etc.

Dynamically Continuous Innovation

Communicator behavioural changes are required for the adoption of the product. Products in this category include compact disk players, cellular phones, erasable ink pen and disposable diapers.

Notes

Discontinuous Innovation

Here the adoption of the product requires major behavioural changes and the product is new, and requires high involvements of the user, along with extended decision-making, which consists of the following steps:

1.20 DIFFUSION PROCESS

Diffusion process is the manner in which innovations spread throughout the market. Spread refers to the purchase behaviour where a product is purchased with some continuing regularity.

The diffusion process follows a similar pattern, overtime, irrespective of the social group or innovation. The typical diffusion process shows a slow growth or adoption. It later rises rapidly, and then a period of slow growth is noticed. In fast diffusion process, the product spreads immediately. The spread of innovation is very quick. People patronise the product immediately, and later on there is again slow diffusion.

In slow diffusion process, the product takes a lot of time to diffuse or spread, and the consumer follows a pattern of adoption slowly by getting acquainted with the product.

These studies show that the products take a certain amount of time, from when it gets introduced to its saturation. The marketer therefore has to understand what determines the spread of innovation in a given market segment, and how do the early buying consumers differ from those of late purchasers.

The rate of spread of innovation depends on a number of factors listed below:

- **Type of group:** Some groups who are young, affluent and highly educated, accept changes faster than the old, traditional and poor groups. This shows that the target market is an important determinant of the rate of diffusion.
 - **Perceived risk:** The more the risk associated with changing to new innovation, the slower is the rate of diffusion. The risk consists of the product not performing as expected, the risk of the consequences of change-over, and the risk of reverting back to the old product, if not satisfied with the innovative product.
 - **Type of decision:** An individual vs. a collective decision. Individual decisions lead to faster diffusion than collective ones.
 - **Marketing effort:** This also affects the diffusion process. More aggressive marketing effort, consisting of high and continuous advertising expenditure, diffuses faster than otherwise.
 - **Trial:** The trial can be taken at low cost and low risk, the diffusion is faster. Some products can be borrowed, rented or, their trial can be taken at retail outlets. These products like medicines, and other low-priced items have faster diffusion. These days even car outlets are giving free trials and rides to prospective customers to make their new models of cars diffuse faster.
 - **Fulfilment of felt need:** The faster a need is satisfied or fulfilled by a product, the greater is the rate of its diffusion.
7. **Compatibility:** The more the product is compatible with the beliefs, attitudes and values of the individual or group the faster the diffusion vegetables soup for

vegetarians, ordinary microwave, no roasting.

8. **Relevant advantage:** The advantage could be of price, quality, ease of handling product quality. To have quick diffusion, the product must offer either a price advantage or a performance advantage. Washing machine is expensive, but a labour saving device.
9. **Complexity:** If the product is complex (difficult to understand and use) the diffusion is slower. The product may be complex but it must be easy to understand. Complexity may be because of many attributes (attributes complexity which are difficult to understand). The other complexity may be trade off complexity. The trade off takes place between cost of purchase and economy. Convenience vs. space or speed of cooking vs. quality of cooking as in microwave ovens.
10. The more easily the positive effects of the products can be observed, the more discussion takes place and faster the diffusion process, e.g., cell phones.



SUMMARY

- Consumer behaviour can be defined as the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services.
- The most important reason for studying consumer behaviour is the role that it plays in our lives. We spend a lot of time in shops and market places. We talk and discuss with friends about products and services and get a lot of information from TV. This influences our daily lives.
- By market segmentation, we imply that the entire market is broken down into smaller groups having similar wants. They are homogeneous in themselves and heterogeneous with other groups. The market can be broken down on various bases. These are Demographic, Psychographic, Benefit Segmentation etc.
- The products we consume are related to our lifestyle. Lifestyle marketing established a relationship between the products offered in the market and targeted lifestyle groups. Lifestyle segmentation is based on activities and interests and opinions of groups. These are psychographic segmentations, and lifestyles are derived from psychographics.
- The factors that influence consumer behaviour can be classified into internal factors or (individual determinants) and, external environmental factors. External factors do not affect the decision process directly, but percolate or filter through the individual determinants, to influence the decision process.
- Diffusion is a process by which a new product is accepted and spreads through a market. It is a group phenomenon, in which first an idea is perceived, then it spreads throughout the market, and then individuals and groups adopt the product.

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- An innovation is an idea, practice, or product, perceived to be new by an individual or a group. A product is said to be an innovation when it is perceived by the potential market as a change, and not by a technological change brought in it.
- Diffusion process is the manner in which innovations spread throughout the market. Spread refers to the purchase behaviour where a product is purchased with some continuing regularity.
- These are groups with whom the individual compares himself and his attitudes. He compares himself to other members of the group to find out whether they support his views and attitudes. The new resident in the neighbourhood are attracted to neighbours who are similar to themselves, because they reinforce existing attitudes and behaviours.
- Advertisers also use spokesmen who are perceived by consumers as similar to themselves, because they reinforce existing attitudes and behaviour. Comparative reference groups provide the basis for validating beliefs, values and attitudes.
- A reference group provides benefits to individuals and that is why people associate with reference groups. It exerts an influence on the individual's behaviour and the degree of influence is determined by:
 - Firstly, how informed and experienced the individual is? If the individual is less informed, he relies heavily on the reference group or, if he has little or no experience even then he looks up to the groups for information and guidance.
 - Secondly, if the group has high credibility, greater influence can be exerted by it on the individual's behaviour. It can thus change the attitudes and beliefs of the consumers. Consumers will look upon it and refer to it more for information on product quality.
- The Nature of Reference Group Influences on Products and Services
- When people meet in a social setting they discuss their experiences with the products that they have used and, express their likes and dislikes and preference and, attributes of the product. The individuals also buy products or use services which they see others using or buying.
- Reference group influences the product and brands when the product is conspicuous. The conspicuousness can be measured by:
 - Exclusivity refers to few people possessing or using the product, and if many are using the product it is less exclusive. Necessity goods are less conspicuous than luxury goods. Products which are necessary will be used by many consumers whereas, luxury products will be used by few chosen customers only.
- Family is a social group. It is also an earning, consuming and decision making unit. All purchases are influenced by family members. Family is a closely-knit unit, and the bonds in a family are more powerful than in other groups. A reciprocal influence operates in all family decisions. There are three main influences which are father, mother and other family members.
- Every member has his own motives, beliefs and predisposition to the decision process. Every member is influenced and influences other family members. There is a recip-

cal influence exerted in the decision process other family members. There is a reciprocal influence exerted in the decision process. It becomes important for a marketer to sort out all family influences, and formulate a strategy for effective marketing.

- Consumer socialisation is the process by which young people acquire the skills, knowledge and attitudes relevant to their functioning as consumers. Interactions take place in a family which develops tastes, preferences, shopping styles, choice of clothes to wear. How much money to spend, where to buy from, what to use at which occasions? How a consumer is socialized.



KEY WORDS

- **Consume:** it generally refers to anyone engaging in any one or all of the activities involved in acquiring, valuating, using and disposing of goods and services?
- **Marketing Strategy:** is the game plan which the firms must adhere to in order to out do the competitor or the plans to achieve the desired objectives?
- **Life style:** Is a group phenomenon which influences others in the society.
- **Culture:** Is the distinct way of life of a group of people and their complete design for living?
- **Social class:** Is refer to a social position that an individual occupies in the society'?



REVIEW QUESTIONS

1. What do you understand by consumer?
2. What do you understand by consumer behaviour? What information is sought in consumer researches?
3. What are the reasons for studying consumer behaviour?
4. What is lifestyle marketing? Explain its characteristics.
5. Explain VALS segmentation. Why importance was given to VALS 2?
6. How does the external environment help and influence the individual determinants in consumer behaviour?
7. Explain culture and its characteristics.
8. What are the variations in cultural values? Explain with examples.
9. Explain the concept of a social class.
10. Describe the social stratification and its buying patterns.
11. What is a group? Give some examples of groups and their level of involvement.
12. How can groups be classified?
13. What are factors affecting the influence of reference groups?

Notes

14. How is consumer behaviour influenced by relationships within families? Discuss with context to various family types.
15. Discuss the family lifestyle stages and the changing consumption patterns.
16. Explain innovation and diffusion. Discuss the stages in its adoption process.
17. What are various types of diffusion? List and explain the factors that are responsible for the spread of innovation.



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Unit 2

Individual Determinants

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Structure

- 2.0 Learning Objectives
- 2.1 Introduction
- 2.2 Individual Determinants
- 2.3 Motivation
- 2.4 Perception
- 2.5 Learning
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- 2.12 Learning Memory And Product Positioning
- 2.13 Consumer Attitude Formation And Change
- 2.14 Consumer Decision Process
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Summary

Key Words

Review Questions

Further Readings

2.0 LEARNING OBJECTIVES

After reading this chapter students will be able to:

- define individual determinants of consumer behaviour.
- explain that a consumer how to motivate to buy things and about their personality and self concept.
- illustrate consumer perception and attitude formation.
- describe consumer decision process, problem recognition and search and evaluation.

Notes

2.1 INTRODUCTION

This unit covers about consumer perception their personality, motivation, consumer decision process and models of consumer behaviour. Perception is the most important psychological factor that affects human behaviour. It is a process consisting of several sub-processes. These are stimulus, registration, interpretation, feedback and reaction.

The first step is the presence of stimulus, or the situation which an individual faces. This is followed by registration which affects the psychological organs. Thus, the individual interprets (attaches meaning to the stimulus) and learns. Factors like learning help in the perceptual process.

Personality is another internal determinant which influences our consumption pattern. We tend to use products that go with our personality.

In consumer behaviour, motivation plays an important part in making a decision. What is the motive of buying? A motive is why an individual does a thing. Motivation is an inner feeling that stimulates the action that is to be taken by an individual. It provides a specific direction or, results in a response. A person can be motivated to buy a product for convenience, for style, for prestige, for self-pride, or for being at par with others.

There are various consumers models which help in the understanding of consumer behaviour. These are listed below. We shall discuss these briefly.

Consumerism is one of the most popular social issues and is being publicised very fast. The consumer today wants his rights. He wants his full value for the money he spends. He is not ready to accept substandard good or goods whose usage date has expired. He wants full satisfaction from the products he buys.

The consumer today is very demanding, skeptical and critical. Therefore marketers must understand the consumer behaviour to be successful in this changing environment.

2.2 INDIVIDUAL DETERMINANTS

The determinants of consumer behaviour can be grouped into three major captions namely, economic, psychological and sociological. An attempt is made to elucidate these with least complications.

I. Economic Determinants

Economic scientists were the first among social scientists to study consumers and their behaviour and provided the details about the solutions to the consumer and consumption problems. Economists, as we are aware, took man as a social and rational animal.

The basic economic determinants among others are:

1. Personal income

One's income is the reward for one's economic efforts. Income means purchasing power.

When we talk of income in marketing sense, we are more concerned with 'disposable income' and 'discretionary income'.

'Disposable income' is the amount of money that a consumer has at his disposal for spending or saving or both. In other words, of the total gross income, whatever balance remains after meeting preemptive demands like taxes, debt repayment and debt servicing charges and the like.

Any change in disposable income will have change in consumer buying decisions. Decline in disposable income reduces the consumer spending; however, when disposable income rises, consumer spending not only rises but makes them to go in for more of luxuries.

In other words, disposable income causes change in the relative demand for different categories of products and services. On the other hand, 'discretionary income' is the income which is available after meeting the basic needs of living.

It is the residual disposable income left after meeting all the expenses essential to provide a minimum subsistence needs to a family. Discretionary income changes have their own implications.

A rise in discretionary income results in usually an increased spending by consumers on those items that raise their living standards. Therefore, a continuous rise in the discretionary income is likely to change the very life-style of the consumers.

2. Family income:

Where a consumer is the member of a joint family, the buyer behaviour is influenced by the family income rather than the individual income. It does not mean that one can ignore the individual income, for family income is the aggregate of individual income of all the members of the family.

In a joint family, it may so happen that a rise in an individual member's income may be neutralised by a fall in another member's income. That is why; it is the relationship between the family size or the requirements and the income that finally determines the buying behaviour or the family members.

3. Consumer income expectations:

Many a times, it is the future income expectations of the consumer that influences such consumer behaviour. It is the optimism or the pessimism about consumer income that determines the level of current spending.

If there are bleak prospects of future expected income, he spends less now and saves more and vice versa. It is worth the noting here that the force and vitality of a tendency to spend or save depends on the nature of consumer needs.

In case of basic needs of living, such tendency will be too weak for no consumer denies the minimum subsistence level merely because to bleak future income expectations. However, in case of non-essential goods, such tendency may be very strong to save than to spend if he is expecting weak future income generation and vice versa.

4. Consumer liquid assets

It is the consumer liquid asset position that influences the consumer behaviour. Liquid assets of consumers are the assets held in the money or near-money forms of investments. The

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best examples of this kind are hard cash, bank balance, bank deposits, shares and bonds and saving certificates. These assets are built up to buy some consumer durables or to meet unexpected future needs or contingencies.

If a person has more such liquid assets, more carefree he comes in spending the current or the regular income.

5. Consumer credit

Availability or paucity of consumer credit has its impact on consumer buying behaviour. Consumer credit is a facility extended by a market to postpone the payment of products bought to some future date.

Consumer credit takes number of shapes like deferred payment, instalment purchasing, hire-purchase arrangements and the like. Easy availability of consumer credit makes the consumer to go in for those consumer durables which he would have postponed otherwise. Further, it makes him to spend more freely the current income.

6. The level of standard of living

The consumer behaviour has the impact of the established standard of living, to which he is accustomed. Even if consumer income goes down, the consumer spending will not come down proportionately because, it is very difficult to come down from an established standard of living.

On the other hand, rise in income tends to improve upon the established standard of living. In case the income falls, the short-fall is made good by borrowings to a certain extent over a short period of time.

II. Psychological Determinants

Psychologists have also provided certain clues as to why a consumer behaves this way or that way. The major psychological determinants internal to the individual are motivation perception learning, attitude and personality.

Here is an attempt to explain and to know their implications in so far as consumer behaviour is concerned.

2.3 MOTIVATION

Motivation is the 'why' of behaviour. It is an intervening variable between stimulus and response and a governing force of consumer behaviour.

When people think of advertising, often they think about selling. But ad agencies don't like this, because it misattributes an outcome that isn't what we are here for.

Another defined outcome is that advertising is there to grab the attention of the audience.

I like to go one level deeper than that. Because I truly want to motivate them to make to get involved with the brand. I want to find people that identify with the brand expression and lifestyle concepts.

When customers are motivated to pay attention to our message, it's going to make the ad more effective. How to do this is another question.

Skills like SEO and ad placement are important skills to have. But making a good ad is just as important, because if it doesn't resonate, then you might as well just not send it out.

Let's look at a research-backed campaign model that shows us how to consistently engage and motivate our followers.

Get Their Attention

The first order of business is to get the audience's attention and enhance their motivation to stay with the ad. To do that, I will use a model they taught us in my graduate program. According to the model, motivation is defined as:

"Motivation is a consumers desire to process brand information in an ad. High motivation implies that consumers are willing to allocate processing resources to brand information in an ad."

Point one is getting their attention. The best strategy will depend on what services or products you sell, but here are some accepted strategies.

Appeal to sex and/or food

People like to attend to stimuli that make them feel good. There is plenty of research that they can obtain and hold people's attention. This will be the first sense contact you make, so striking the right note is key.

Using partial nudity is one that is used in the fashion business quite a lot. However, it's not for everyone. How and when it's used is critical.

One study compared suggestive nudity with body oil ads versus 'seductively' dressed women with a ratchet set. Another found nudity's mild erotic appeal was deemed with more favor when it was in line with the ad, e.g., more acceptable in an AIDS campaign, versus Sudden Infant Death Syndrome.

Novel stimuli

When it comes to food and travel, creators are finding more ways to present the same things in unique ways. A lot of that is due to the setup, but there are also new lenses that are coming out that give an interesting perspective.

Enhance ad complexity (edits and cuts)

Following novelty, adding complexity to your ads makes it jump out and grab attention more. This really came into wide uses in a series like "24" when they used constant scene cutting to raise the level of urgency.

When it comes to written copy, you add complexity by switching up the length of an article or adding pictures in strategic places. Using novelty has been understood to help with brand recall. Some other ideas might include:

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- Information in the headline
- Actions
- Elements in a picture
- Unusual color
- A moment in time scenes
- Picture size

"Motivation refers to the drives, urges, wishes or desires which initiate the sequence of events known as behaviour." as defined by Professor M.C. Burk. Motivation is an active, strong driving force that exists to reduce a state of tension and to protect, satisfy and enhance the individual and his self-concept. It is one that leads the individual to act in a particular way. It is the complex net-work of psychological and physiological mechanisms.

Therefore, motives can be conscious or unconscious, rational or emotional, positive or negative. These motives range from a mere biological desires like hunger and thirst to the most advanced scientific pursuits like landing on the Moon or Mars.

It was Abraham Maslow who developed five steps human need hierarchy those of survival-Safety Belongingness and Love-Esteem and Self Actualisation.

According to him, fulfillment of one will lead to the fulfillment of higher motives. The implications are that as we move up in the ladder, the input of marketing becomes more and more deep and subtle.

Use prominent cues (loud music, action, etc.)

If your communication with your audience exists anywhere near video through social media or podcats, then you can attract people's attention with noise or actions. Like enhancing complexity, swift action, such as speed ramps in videos, are very much in trend.

The simple reason is that it's pleasing to the viewer, which is key for this strategy to work. People will quickly click away if they find the content to be obnoxious.

Relevant and reciprocal

This wasn't included in the overall model. However, if it were made a little bit later, then it probably would have included reciprocity in it.

One of the most challenging parts of the advertising process is creating a piece of content that will do two things:

Grab a person's attention so that they'll look at it.

Keep them involved long enough for them to process the brand. Both of these face stiff competition with other ad agencies crowding out your message. Your strategy has to be right on target. Offering customers value first means we can be both generous and clever and inspire people to return the favor.

It's something that I've written about before, but when people feel like they have been

given something, there's a desire to return the favor as professor of psychology Robert Cialdini points out.

It is a trait that goes back to our hunter-gather days, but helping is something that we could all use more of.

Enhancing Motivation

Now that you have their attention, next you'll need to have to motivate them. This step is equally important. It's what keeps people engaged with the message.

Using a great story is your friend. The human brain has a powerful story machine that is best adapted to picking up context and details from a story.

It's why shows like "Seinfeld," which prided itself on being a show about nothing, was able to capture our attention for 20 minutes. It's why we can read a really long book and are still sad when it ends.

Use fear

This follows from the last point because you can use fear in your story. However, it doesn't have to be very long at all. There are plenty of antismoking commercials that are less than 20 seconds and motivate people to quit.

- No plot, just a message that warns people.
- Open with a rhetorical question.

Make it funny

Writers with good humor are maybe the most under-appreciated. Research shows that when you can entertain your audience with humor, you get massive benefits.

Research has shown that making content fun and funny leads to outcomes from your audience. A few of them are greater attention and better understanding. More people will like your message and will be persuaded by it.

I wrote more on when and why to use humor. You can check it out here.

Be unexpected

When people see a commercial, they're expecting to be sold an idea or product. You can bolster their curiosity by changing up this paradigm, which is exactly what dominos did when they rebranded their pizza about ten years ago.

Every large marketing operation that I've been a part of has a campaign. That always comes first and center. There's a lot of attention given to skills like SEO hacks and ad placement. But having a good campaign strategy is going to help you layout and plan for your business goals. More importantly, it's going to help you measure if you meet them or where you need improvement.

Notes

Maslow's Theory of Motivation

It is a macro theory designed to account for most human behaviour in general. It is based on Maslow's hierarchy of needs, which states that a human being has a variety of needs and, these can be classified as primary and secondary needs or, lower-order and higher-order needs. Once a need is fulfilled, human beings try to fulfil other needs. This is usually done in a hierarchy, which can be classified as under:

1. **Physiological:** Food, water, sleep, clothing, shelter and sex. Products in this category include, foods, health foods, medicines, drinks, house garments, etc.
2. **Safety needs:** Seeking physical safety and security. Safety of person, safety of belongings, security of job, etc. Products are locks, guns, insurance policies, burglar alarms, retirement investments, etc.
3. **Social needs:** The need to be approved in a society-To love and be loved, friendship, love appreciation and group acceptance. Products are general grooming, entertainment, clothing, cosmetics, jewellery, fashion garments.
4. **Esteem needs:** Desire for status, for superiority, self-respect and prestige. Products are furniture, clothing, liquor, hobbies, fancy cars.
5. **Self-actualization needs:** The desire for self-fulfilment, the desire to become all that one is capable of becoming. Products are educational, art, sports, vacations, garments, foods. Maslow's hierarchy is a good guide to general behaviour. The same consumption behaviour can fulfil more than one need.

McGuire's Psychological Motives

The classification of motives by McGuire is more specific and used more in marketing.

1. **Need for consistency:** People try to buy things which are consistent with their liking and taste. A sophisticated person will be consistent in his choice of colours of clothing, paintings on the wall, colour of rooms. He would prefer sophisticated instead of flashy objects.
2. **Need to attribute causation:** We often attribute the cause of a favourable or unfavourable outcome to ourselves or, to some outside element. You can buy shoes by your choice and may not like them. It can be attributed to you. If you buy a dress by the advice of your friends and companions, and do not like it, the causes are attributed to other factors.
3. **Need to categorise:** The objects are categorised in a number of ways. The most popular is the price. Cars can be classified around 2 lakhs or above 5.5 lakhs. Many products are categorised at 499.00 to keep them under 500. This is practised in shoes mainly by Bata and others.
4. **Need for cues:** These are hints or symbols that affect our feeling, attitudes, impressions, etc. For instance, clothing can adopt a desired lifestyle. The products can be enactment: providing proper clues to the purchasers.
5. **Need for independence:** Consumers like to own products which give them a feeling of independence, symbols like a white-bird flying may predict one to be free and independent.

6. **Need for novelty:** We sometimes want to be different in certain respects and want to be conspicuous. This is evident in impulse purchasing or unplanned purchasing. We go in for novelty products, novelty experiences. A different kind of travel with many novelties offered by a travelling agency.

Need for self-expression: We want to identify ourselves and go in for products that let others know about us. We may buy a suit not only for warmth but also for expressing our identity to others.
7. **Need for ego defence:** When our identity is threatened or when we need to project a proper image, we use products in our defence. Deodorants are used for ego defence. Mouthwash for fresh breath or, false teeth to protect our image. We use hair dye to look younger better, etc. We rely on well-known brands to give a correct social image of ourselves.
8. **Need for assertion:** These needs are engaging in those kind of activities that bring self-esteem and esteem in the eyes of others. We can buy an expensive car which may be for esteem but, if it does not perform well, we tend to complain bitterly. Individuals with a strong need for self esteem tend to complain more with the dissatisfaction of the product.
9. **Need for reinforcement:** Which we buy a product which is appreciated by others, it reinforces our views our behaviour, our choice and we go in for purchases. More products can be sold if their reinforcement is greater by their purchases.
10. **Need for affiliation:** We like to use product which are used by those whom we get affiliated to. If one's friend appreciates and wears a certain brand then one also tries to use the same brands or objects for affiliation. It is the need to develop mutually helpful and satisfying relationships with others. Marketeers use the affiliation themes in advertisements which arouse emotions and sentiments in the minds of the consumers for their children and families.
11. **Need for modelling:** We try to buy our heroes and our parents and those we admire. We base our behaviour on the behaviour of other. Marketeers use these themes for selling their product, i.e., "Lux is used by heroines". "Sportsmen rely on boost for their energy" and such captions are used regularly and repeatedly.
12. **Utilitarian and Hedonic Needs:** Utilitarian needs are to achieve some practical benefit such as durability, economy, warmth that define product performance. Hedonic needs achieve pleasure from the product they are associated with emotions and fantasies is derived from consuming a product. A Hedonic need is more experiential-the desire to be more masculine or feminine etc. Hedonic advertising appeals are more symbolic and emotional. For utilitarian shoppers the acquiring of goods is a task whereas for Hedonic shoppers it is a pleasurable activity. Shopping Malls may be considered as gathering places and consumers/buyers derive pleasure from these activities besides the selection of goods.

Notes

2.4 PERCEPTION

Marketing management is concerned with the understanding of the process of perception because, perception leads to thought and thought leads to action. Perception is the process whereby stimuli are received and interpreted by the individual and translated into a response.

In other words, perception is the process by which the mind receives, organises and interprets physical stimuli. To perceive is to see, hear, touch, taste, smell and sense internally something or some event or some relation.

Perception in advertising relates to a consumer's impression of a particular product or service that may not be rooted in truth. For example, a soda commercial using a thin movie star drinking the product may skew consumer perception of the brand and what they may look like after drinking it. This perception through advertising works to encourage more demand for the product. Unlike a product's true characteristics, that may be defined by research and statistics, the perception of a product can be impressionable and more ephemeral.

Perception is selective because, an individual cannot possibly perceive all stimulus objects within his perceptual field; hence, he perceives selectively. Perception is organized because, perceptions have meaning for the individual and they do not represent a buzzing confusion. Perception depends upon stimulus factors. That is, the nature of physical stimulus itself is a determinant of perception.

The variables like colour size, contrast, intensity, frequency and movement are of this kind. Again, perception depends on the personal factors. What the individual brings to the situation governs perception his ability to see or hear the message, his needs, his moods, memory, expressions and values all these modify the message reception.

The personal factor of perception is his self concept, need, span of apprehension, mental set and the past experiences.

Perception has its own impact on consumer behaviour or consumer decision-making. Let us take some such cases.

Importance

- Without perception in advertising, businesses may find it harder to make their products appeal to consumers.
- Advertising often works by appealing to consumer tastes, desires, fantasies and wants.
- Perception can be an important tool in advertising to make consumers feel like they can be a certain person, look a certain way or feel a certain feeling when using a specific product. For example, a beer commercial set on a sunny, tropical beach may make you feel that you can relax and unwind if you drink the beer.

Exposure

One major element of consumer perception related to advertising is exposure. Exposure consists of how often consumers are exposed to a product. Perception is often based on how "exposed" people are to the ads around them. For example, if you aren't shopping for

a home, you may not notice home ads on television, billboards and in magazines. On the other hand, if you are actively searching for a home, you may "tune in" more when you see home ads. This affects whether the ad in question will receive your attention, and allows the next step of perception to take place.

Ways to Alter Perception

There are certain ways you can go about altering your consumers' perception of your product. You could appeal to your base's emotional perceptions of a particular product by incorporating symbols or story lines into your ads that touch on specific emotions.

For example, if you own an instant pasta company, your ad may revolve around a mother cooking the pasta for her kids, which may encourage your customers to perceive that your product is as good as a home-cooked meal.

Another way to alter consumer perception is by using the bandwagon approach, which involves making customers feel they are "missing out" on something or not part of the group if they don't use your product.

Perception and Communication

It is estimated that 90 per cent of the stimuli that the individuals perceive come through sight and rest from hearing. That is why, advertisements bank heavily audio on visual stimuli.

However, it does not mean that loud noises, bright colours and large ads themselves guarantee consumer attention and response. Contrary to this, it is the use of haunting melodies, pastel shades, regional accents and careful adjustment of ad size in relation to the total page or poster size all affect perception and these factors may give better results.

Product and brand perception:

Good many studies have been made of the ways in which the consumers perceive the products and the brands they choose regularly. It is brand images and the brand differentiation that play vital role in perception in addition to the physical characteristics of the product. Therefore, it is a must for a marketer to examine all the factors that impinge on the construction of a brand image to ascertain their effects on consumer perception of the company's marketing mix.

Price perception

Price is another element of marketing mix where perception has its implications. Studies have proved beyond doubt that consumers judge product or service quality by price. 'Higher the price better the quality' that goes.

This goes on establishing that there is going to be the direct or positive relationship between price and demand where marketer is cared to gain. Another aspect of this price perception is psychological pricing.

The reasoning behind such pricing strategies is that consumers are likely to perceive used in cut-price sales promotions to increase the feeling that a price has been drastically reduced.

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Store perception:

There are five major components of store image namely, location design-product assortment-services and personnel each of which contributes to consumer perception of the place from which he or she buys.

Mere physical attributes do not talk of a store image. Other intangible factors, too, influence consumer perception of store image such as advertising, inter-personal communication and experience.

Consumer perceptions of stores are greatly influenced by consumer's own self-perception and motives. Further, consumer's self-images influence the places in which they shop.

Perceived risk:

The concept of perceived-risk recognizes that consumer experiences a sense of risk in purchase and that consumer behaviour can be studied profitably as a risk reducing behaviour.

Consumer behaviour involves risk in the sense that any action of a consumer will produce results which he cannot predict with certainty. The perception of risk in a purchase situation is a function of the possible consequences and the product uncertainty involved. Perceived risk can be divided into forms namely, 'functional' and 'psychological'.

Functional risk is related with the performance and the psychosocial risk is related with the fact whether the product enhances one's sense of well being or self-concept.

The level of perceived risk is a function of the uncertainty involved and the possible consequences of purchase and can be reduced by gaining greater certainty or by minimising consequences. In most cases, it is increasing the element of certainty.

2.5 LEARNING

There have been numerous applications of artificial intelligence (AI) technologies to online advertising, especially to optimize the reach of target audiences. Previous studies show that improved computational power significantly advances granular audience targeting capabilities. This study investigates and classifies various machine learning techniques that are used to enhance targeted online advertising.

Twenty-three machine learning-based online targeted advertising strategies are identified and classified largely into two categories, user-centric and content-centric approaches.

The unit also identifies an underexamined area, algorithm-based detection of click frauds, to illustrate how machine learning approaches can be integrated to preserve the viability of online advertising. In behavioural science, learning means any change in behaviour which comes about as a result of experience.

Learning is the process of acquiring knowledge. Consumer behaviour is a process of learning because; it is modified according to the customer's past experience and the objectives he or she has set. This process of learning is made up of four stages namely, Drive- cue-response and Reinforcement. 'Drive' refers to an internal state of tension which warrants action.

Advertising practices and strategies have been researched extensively to enhance the effectiveness of advertisements across various target audiences. Artificial intelligence technologies create a competitive advantage for online advertising, over traditional practices, by providing improved computational power to advance the optimization of digital advertisements.

Machine learning (ML) based techniques enhance the accuracy of targeting by predicting the most relevant advertisements for users based on contextual or pre-existing user data. Such innovations in AI and data-driven approaches help to mitigate challenges faced by advertisers while significantly enhancing user experience.

Various studies outline machine learning algorithms that optimize the delivery of targeted advertisements. However, to the best of the authors' knowledge, principal machine learning techniques that are used to optimize targeting and advertising effectiveness have not been classified.

Thus, this study investigates and categorizes various applications of machine learning techniques largely into two categories, user-centric and content-centric approaches to targeted advertising. Additionally, machine learning approaches for detecting click fraud are identified.

Target advertising classification

Target identification

The ability to accurately predict specific target audience members in an ever-cluttered digital environment is a challenge that is addressed by machine learning. Target advertising aims to present the most relevant advertising messages to consumers, and machine learning-based approaches allow for the automation and optimization of processes for potential consumer identification, information extraction, and market segmentation.

Applications of machine learning to user and content-based approaches hold advantages over traditional market segmentation as contents consumed and shared by individuals are more important in predicting target audiences and their purchasing behavior than demographic and geographical data alone.

For example, textual features of user-generated content on various social media platforms, such as Twitter, can be used to predict and classify target audiences with high accuracy. Additionally, improvements in personalization and reduction in intrusiveness of advertising messages help to improve retention of customers, maximize marketing efficiencies, and improve the return on investments (ROI).

User-centric approach

Behavioral targeting

One way in which targeted advertisements reach desired consumers is through behavioral targeting (BT). In order to select the most relevant advertisements for consumers, BT relies on historical user behavior, such as identifying clicked links, pages visited, searches, and past purchases from the user's browsing history. With the popularity of search engines, such as Google, online searches and web browsing have become two of the most common online behaviors. Web browsing behavior helps advertisers make inferences regarding users'

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interests and to define audience segments.

Leveraging users' actual online behavior strengthens relevance and personalization of advertising messages to desired consumers. Additionally, the user's search queries also help to determine which advertisements should be displayed to the user by matching them to the advertiser's keywords.

Predicting the click behavior of users is another method to enhance targeted advertising. Cost-per-click (CPC) model, where advertisers pay when users click on an advertisement, is often used as a common pricing method for online advertisements. Therefore, predicting the probability that a user will click on an advertisement, click-through rate (CTR), is unmistakably important. CTR predicts the expected revenue for each displayed advertisement as well as ranking, filtering, and the placement of advertisements.

Sponsored search (SS) is the placement of textual advertisements based on the match between the user's search query and keywords identified by the advertiser. For example, when users search for keywords purchased by the advertiser, the corresponding advertisement is then displayed. Optimizing the automated selection of advertisements helps to improve user experience.

User Profiling

User profiling, a behavior-based approach, is a recommender system that discovers useful patterns in a user's behavior to determine what the user finds interesting and uninteresting. Identification of user-interests is essential to suggest customized advertisements to users according to their preferences.

As the users indicate an assortment of interests, explicitly (user-provided information) or implicitly (past online searches, reviews, browsing), they can be profiled in terms of attributes and predefined categories. The ability to differentiate between users through behavioral targeting is important as personalization of messages is crucial in enhancing user experience.

Thus, hunger or thirst can be a drive. A 'cue' is an environmental stimulus. For instance, it can be an ad on food item or soft-drink. 'Response' represents the person's reaction to cues within his environment. Here, it can be purchased of food item or soft-drink. 'Reinforcement' is the responses reward.

The food item or soft-drink. 'Reinforcement' is the response reward. The food item or soft drink satisfies the hunger or the thirst. When reinforcement happens, the response may be duplicated resulting in habit formation or absence of reinforcement results in extinction of learnt habit.

Contextual advertising

Contextual advertising is another important branch in advertising which describes the placement of advertisements on a third-party web page that matches in content. Delivering advertisements that are relevant to consumers is imperative as 90% of consumers find personalized advertisements to be appealing, and 95% of companies using personalization strategies saw three times ROI on their ad spend. Web pages are analyzed in real-time and keywords are extracted per user visit to deliver advertisements that closely match the contents of the web page. When advertisements are relevant to the contents of the web page,

it not only enhances user experience but also increases probability of clicks and revenue [8]. Furthermore, machine learning approaches also address the issue of advertisers mistakenly pairing advertisements to web pages with sensitive or negative content, such as violence, war, etc., by detecting mixed-content pages.

There are other subfields in targeted advertising that utilize content-centric approaches:

Display ads are graphical online advertisements. Targeting effects are enhanced by the appropriate placement of display advertisements on relevant web pages.

Video ads aim to avoid intrusiveness and irrelevance to target users by selecting advertisements that meet their interests at the right-time and place in the video, and are congruent to the products shown in the video.

Blogs are assigned to advertisements according to the interests and opinions expressed by the blogger. As blogs are likely to reflect the interests of its visitors, strong relevance between the content of the blog and advertisements creates a perception of personalization, which in turn increases the number of CTR.

Web Docs present a wide variety of contents on a single web page. Web docs are examined for multi-topics to avoid mismatching of advertisements to sensitive contents.

Vehicle ads utilize navigation module and context recognition module to enhance context-aware advertisement delivery. Specifically, vehicular network systems collect data generated by on-board sensors and process information to provide targeted advertising [18], [19].

Real-time bidding

Real-time bidding (RTB) through machine learning allows instantaneous decisions to be made on whether to show a particular advertisement to a specific user based on insights gained from large data sets containing information regarding past impressions, clicks, searches, and purchases. As RTB transactions are made in real-time, devising an optimal bidding algorithm significantly improves the advertiser's ability to strategically bid for impressions just as it is generated by a user's visit.

Click fraud

Fraudulent online activities, such as click fraud, not only deplete ad budgets dishonestly, but it damages the integrity of the online advertising industry. Click fraud occurs when illegitimate clicks, in which the user does not have a genuine interest in the advertisement, are generated to gain dishonest commission. False clicks can be simulated on advertisements using manual or automated techniques, such as automated clicking tools or bots that imitate a legitimate user.

Click fraud can damage an advertiser's return on investment significantly. As publishers are often paid by PPC (pay-per-click), the number of clicks an advertisement receives, inflation of clicks or impressions may be falsely generated. It was found that 30% of ad revenue is wasted on click frauds [24]. Therefore, it is crucial to implement click fraud detection and prevention systems to preserve trust between advertisers and publishers, and to ensure the legitimacy of each click made. Therefore, machine learning-based click fraud detection algorithms are essential tools to identify and protect advertisers from fraudulent behaviors [23].

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Machine learning techniques for advertising

In this section, various machine learning techniques that enhance targeted online advertising are investigated and classified into two categories, user-centric and content-centric approaches. Additionally, several machine learning-based approaches that detect and/or prevent click fraud are explored.

User-centric advertising

Targeted online advertising can be enhanced by keyword extraction. An approach for extracting keywords from online broadcasting contents finds meaningful language patterns from a content corpus, and the patterns mined are used to extract keywords from online broadcasting contents. In order to produce a set of candidate language patterns, a sequential pattern mining (SPM) algorithm is applied in the language pattern mining step. The discovered meaningful language patterns are used to help keywords' extraction in real time.

To deal with CTR prediction, Jiang et al. proposed a deep architecture model, called DBNLR, which combines deep belief network (DBN) and logistical regression (LR). In this model, DBN is used to learn the features and relation of user information and click logs, and the probability value of CTR prediction is calculated using a regression model. Two-stages of learning to rank approach based CTR prediction algorithm for contextual advertising were also proposed.

This algorithm utilizes clicked requests to build a ranking model where ads are ranked as lists, and to build a regression model where the predicted value of the ranking model is converted into CTR by a sigmoid function. Another approach based on deep neural networks via attention mechanism was studied by Wang et al. The proposed approach uses a reduced dimension method to cluster similar users, queries and advertisements, and build a tensor model after dimension reduction.

A hybrid model, called ASAE was proposed for advertising CTR estimation that trains a deep component and attentional factorization machine component together. An online learning algorithm, called Follow-The-Regularized-Factorized-Leader (FTRFL) was also proposed for CTR prediction. This scheme integrates the Follow-The-Regularized-Leader-Proximal (FTRL-Proximal) with per-coordinate learning rate into factorization machines, and shows a faster rate of convergence compared to the factorization machines with stochastic gradient descent.

In the study, the attributes of target audiences that are not annotated are identified. To predict the age, gender, and five personality attributes, the following machine learning algorithms are used: Linear Regression, Naive Bayes, and Support Vector Machine. In order to predict client-side profiles for personalized advertising, Bilenko et al. proposed a practical solution for keyword advertising platform, which also addresses the issues of privacy and control of the user data.

In this proposed solution, a parameterized function is trained on user data including ad clicks and impressions to optimize utility estimation. After simulating the profile construction process, the true labels are collected from the presence of the keyword candidate. And then, the learning algorithm tries to identify the predictor parameters that minimize training set

error. The proposed approach was evaluated with three different learning algorithms, including max-margin averaged perceptron, logistic regression trained using L-BFGS algorithm with L1 and L2 regularization, and boosted decision trees.

Another approach was proposed to develop agent-based referral systems to identify user interests by user profiling. The system is behavior-based with a binary class model (0: user not interested and 1: user interested). In respect to the binary model, machine learning is used to find potential user interests. Depending on the issues, including the nature of items, the specific type of the service, and type and amount of available information (e.g., documents, multimedia, or with additional textual information), different or hybrid machine learning algorithms are used for a recommender system in the proposed approach.

Content-centric advertising

To integrate relevance with click feedback, a class of models for a contextual advertising system was proposed. Specifically, the ad-page scoring function is augmented with extra parameters from a logistic regression model on data in the advertisements and web pages. The regression integrates click feedback and semantic information available from both advertisements and web pages to determine relevancy. The proposed scheme consists of three steps: feature extraction, feature selection, and coefficient estimation for feature through a logistic regression.

A blog-centric contextual advertising framework (BCCA) was proposed to integrate contextual advertising with text mining approaches for selecting advertisements based on personal interests shown in a blog and ranking them based on their relevance. The proposed scheme consists of four modules to find the best matching advertisements:

- (a) intention recognition,
- (b) sentiment detection,
- (c) term expansion, and
- (d) target-ad matching.

For page-ad matching, advertisements are ranked by $\hat{p}(q|a)$, where the probability of an advertisement a is interpreted as the likelihood that it is relevant to the query q .

Zhang et al. proposed a scheme to learn sub-document classification for contextual advertisement applications when only page level labels are available. The proposed scheme utilizes MIL (Multiple Instance Learning)-Boost to address different problems in contextual advertising. One of the problems addressed was sensitive content detection so undesired contents can be avoided even if they occur in a small part of the web page. Another problem addressed was opinion mining from review sites so that negative opinions about products can be detected and avoided. This system helps to save time and cost significantly by providing good quality block level labels.

A simple and scalable response prediction framework was proposed for display advertising to provide simplicity, scalability, and efficiency. The proposed framework uses Maximum Entropy (also known as logistic regression) with a two-phase feature selection algorithm (feature selection and value selection) for increasing automation and reducing the need for domain expertise. The proposed machine learning framework can address display

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advertising issues effectively with a limited memory and can scale to a large number of samples and parameters.

Huang et al. introduced an architecture for context-aware advertisement and delivery in vehicular networks. The architecture functions as an application on network devices and consists of various modules including a navigation module for map data, a context recognition module for sensors within the vehicle, a data reception module for advertising, a configuration module for presentation slot availability, and an advertisement management module for authentication of advertisement content and value.

A video representation scheme was proposed in the study to capture the latent semantics of a video advertisement in unsupervised learning. The proposed scheme integrates poster probability information objects and logos into Latent Dirichlet Allocation (LDA), which is named ppLDA (posterior probability involved in LDA). Real-world video advertisement data sets were used with four typical classifiers, random forest, kNN, SVM, and AdaBoost for performance evaluation.

The proposed scheme demonstrated that better classification performance was achieved and ad categorization can be effectively supported. DeepLink introduced a deep learning-based framework for video advertising. In the proposed scheme, deep convolutional neural networks (CNNs) are used to link sitcom-stars and online shops with clothing retrieval. For composing multiple sub-modules including human pose selection, human-body detection, face verification, clothing detection and retrieval from ad-images, DeePLink adopted several deep CNN models.

The deep CNN models were transferred to the data domain and then corresponding models were trained based on the constructed large-scale clothes dataset, so the clothing retrieval can be used for video advertising system efficiently.

As RTB is a favored way of delivering online advertising for ad exchanges and search providers, Andrey et al. proposed an adaptive targeting for RTB to maximize the CTR. The results of evaluation show that the advertisement campaign with the proposed adaptive strategy noticeably increases the CTR. A model-based reinforcement learning model was introduced to learn the bidding strategy in RTB display advertising. In this proposed scheme, the bid decision process is formulated as a reinforcement learning problem. By modeling the state transition via auction competition, the Markov Decision Process framework was established to optimize advertising performance for real-time bidding.

Click fraud detection in advertising

Click fraud is a challenging issue in advertising because it can negatively impact ad budget and harm the integrity of the online advertising market. In order to detect click fraud, an ensemble learning-based approach was proposed for click fraud detection in mobile advertising. A set of new features is derived to detect click fraud from existing properties.

For the evaluation, a final ensemble model based on six different learning algorithms was analyzed in terms of three different performance indicators to show that the proposed model can detect fraudulent partners with a high rate. In a more recent work, Taneja et al. proposed a mobile advertising framework to detect fraudulent partners based on click data

associated with web surfing information on mobile phones. The proposed framework consists of Recursive Feature Elimination (RFE) as the feature selection technique and Hellinger Distance Decision Tree (HDDT) as the classifier to identify deceitful publishers.

Paulo et al. also proposed a system that detects and prevents click fraud practices and implemented it on an ad network with three main agents. The main idea of the proposed system is to test every received click with every rule to determine if the click is suspicious. The system demonstrated good performance against different types of attacks in a testing environment, and it suggested that the weights of the rules for accurately classifying attacks should be appropriately selected by optimization in a real world scenario.

As most consumer behaviour is learnt behaviour, it has deep impact on consumer buying process. Prior experience and learning acts as buying guide. In spite of such habitual behaviour, one can think of reasonable amount of brand switching, trying new products, does take place.

The strong tendency of most consumers to develop brand loyalties definitely benefits the makers of established brands. This makes the manufacturer of a new brand to face difficulty in breaking such loyalties and encouraging brand switching.

He succeeds in his efforts when he shows that his product is potentially much more satisfying than his competitors. Free sampling, in store trial and demonstrations and deal activities may be used to break the existing brand barrier to establish new patterns of purchase behaviour.

To the extent the learning and brand loyalty can be gained for a product, the manufacturer activates a more stable sales profile less vulnerable to the competitive inroads.

2.6. ATTITUDE

The concept of attitude occupies a central position in the consumer behaviour studies in particular and social psychology in general because; attitude measurements help in understanding and prediction of consumer behaviour. 'Attitude' refers to a predisposition to behave in a particular way when presented with a given stimulus and the attitudes towards people, places, products and things can be positive or negative or favourable or unfavourable.

Attitudes develop gradually as a result of experience; they emerge from interaction of a person with family, friends, and reference groups. There are three distinct components of attitude namely, cognitive, affective and co-native. 'Cognitive' component is what an individual believes about an object, thing or an event whether it is good or bad, necessary or unnecessary, useful or useless.

It is based on the reason and is linked with knowledge and about the object, thing or an event whether it is pleasant or unpleasant, tasty how an individual responds to the object, thing or an event. It is based on the other two components and is related with his behaviour.

Each of the three attitude components vary according to both the situation and the person. The marketing manager's success is determined partly by his ability to understand, predict and influence the consumer attitudes.

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The marketer may be interested in confirming the existing attitudes, or change in the existing attitudes or create new attitudes depending on how his product is performing in the market.

Attitude confirmation is, perhaps, the easiest course of action which is followed in case of established products. Such an act involves only reminding the consumers as to why they like it and why they should continue it to purchase.

Attitude changing is more difficult task than mere confirming it. It is a change from disposition to act in the direction of the original attitude to a disposition to act in the opposite direction.

A product disliked is to be liked by the consumers. It is really a difficult process. Attitude creation is to make the consumers to forget the old products or brands and to make them to go in for new product or brand entirely altogether, in fact, it is comparatively easier to create new attitudes than to change the existing one. The most powerful instrument of attitude change and creation is advertising.

Consumer attitudes

As part of the Digital News Report 2015, we included questions relating to native advertising in the survey for both USA and UK. We followed this up with online focus groups in the same markets to explore attitudes in further detail. In the UK, all respondents were members of our YouGov Pulse panel, our passive web tracking tool. We used web browsing data to select respondents who had engaged with native advertising content, and compared stated attitudes and perceptions alongside actual behaviours of consuming native content.

Many consumers are losing patience with traditional forms of online advertising and there seems to be a close relationship between the amount of interruption caused and the vitriol consumers feel towards it.

Around three in ten respondents in both the USA (29%) and UK (31%) say they find traditional banner advertising distracting and will actively avoid sites where they interfere with the content too much. Static banner advertising is more tolerable for readers than video advertising, with pop-up advertising being seen as the worst offender of all.

There is also a perception that video advertising impacts on the speed of browsing, which is also particularly frustrating for readers.

Traditional display advertising on the web is in trouble. Fewer people are clicking on banners, yields for publishers are static or falling, and many users shut off ads completely. YouGov's research for this report shows that in both the US and UK between a third and a half of online news users use software that blocks the most popular forms of display advertising.

Against this background it is not surprising that content providers, brands, and platforms are looking for new and better ways to reach and engage audiences.

Budgets are switching to so-called 'native' advertising where brand messages look more like regular content – sitting in the same templates and using the same formats that might be used for a standard piece of journalism or a user-generated post on social media.

Native advertising explained

Sponsored or branded content is not a totally new phenomenon. Newspapers have been producing advertorials and special supplements paid for by advertisers for decades – but somehow the separation seems clearer in a physical product.

In social media, sponsored posts now sit cheek by jowl with regular updates and content posts. Formats and functionality are identical, labelling is understated and brands are learning fast how to adapt their messaging to be part of a conversation not a broadcast. Facebook and Twitter are building billion dollar businesses on enabling this approach.

New media platforms like BuzzFeed and Vice have also turned their back on display and already make the majority of their money from native advertising formats. They have set up digital commercial teams to develop 'viral moments' for brands – articles, lists, infographics, videos, or full-blown web documentaries.

Venture capitalists are investing millions of dollars in companies like BuzzFeed because they have learned to use technology to develop and perfect formats like listicles and quizzes that resonate with internet users of a particular demographic. Effectively, they've built world-class systems for content creation, analytics, and advertising.

Over the past year, traditional publishers have been trying to learn from this approach and have set up their own digital studios to do something similar.

The New York Times (T Brand Studio), the Guardian (Guardian Labs¹), and the Wall Street Journal have invested heavily – in a tacit endorsement of the emerging practice.

In one of the most successful examples to date, the New York Times published a 1500-word native ad² for the Netflix series *Orange Is the New Black*, using video, charts, and audio to supplement text about female incarceration in the US. It was one of the first pieces of sponsored content generated by a new T Brand Studio, a nine-person team dedicated to the task.

The Guardian is also creating 'paid post' formats as well as pursuing more traditional approaches where journalists create content independently – but still paid for by an advertiser. Unilever paid over £1m for a range of content to be produced on the subject of sustainable living. The section and the articles were clearly marked 'Sponsored by Unilever', but in other respects the content melded into the overall Guardian experience.

Definitions and approaches to sponsored and branded content are varied and still emerging. There is no standard approach to labelling and a number of publishers have been caught out, such as when The Atlantic admitted to misjudgements over a Church of Scientology sponsored post.³ While the IAB has announced some plans in the UK to start rolling out regulations for native advertising and sponsored content, it's still early days and consumers think more work is needed.

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There is also a perception that video advertising impacts on the speed of browsing, which is also particularly frustrating for readers.

Consumers' annoyance with advertising and the interruption it causes to their reading experience has led large numbers of them to install ad-blocking software to minimise its impact. In the UK, 39% have installed ad-blocking software on their PC, mobile, or tablet, whereas in the US this rises to 47%. The figures are even higher for 18-24s (56% and 55% respectively).

Many consumers agree that advertising is a necessary part of continuing to get free news. However, the increasing use of ad-blocking software means that advertisers need to find new ways of reaching their audiences, and native content has the potential to reach audiences, particularly younger consumers.

Awareness

After respondents in the quantitative survey were shown a number of native advertising articles, a relatively high proportion reported having come across this type of content before. In the US, over one in three (35%) said they frequently or often see sponsored content, compared to around a fifth (21%) in the UK.

2.7 PERSONALITY

Very often, the word 'personality' is used to refer to the capacity of a person for popularity, friendliness or charisma. However, in strict sense, it refers to the essential differences between one individual and another.

Therefore, personality consists of the mannerisms, habits and actions that make a person an individual and thereby serve to make him distinct from everyone else. It is the function of innate drives, learned motives and experience.

This means that an individual responds with certain amount of consistency to similar stimuli. Personality is the interplay of three components namely, 'id', 'the ego' and the 'super ego'.

The 'id' governs the basic drives and the instincts of an individual. On the other hand, the 'super ego' disciplines the 'id' by suppressing anti-social behaviour; it drives the individual in the direction of more high minded pursuits of civilizations.

The 'ego' component is the executive and makes the conscious decisions and reconciles the conflicting demands of 'id' and 'super ego', wherever necessary. For instance, 'id' may force an individual to make full use of consumer credit to buy an automobile, 'super ego' dissuades such an activity as borrowing is a kind of social sin in Indian society.

- It is 'ego' that reconciles these and works out a compromise making the individual to pay instalments regularly without any strain on his regular budget.
- The personality of an individual is either expressed in terms of traits or type. The personality traits may be aggressiveness honesty anxiety independence sociability and so on.
- The personality types may be introvert or extrovert or another classification as tradition direction outer direction and inner direction. Each of these traits and types has been explored as the possible clues to the behaviour of consumers.
- Evaluation of personality's role in marketing is seen in drawing consumer profiles and psychographic market segmentation.

Let us understand in detail about the personality traits.

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

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

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

We will discuss in this chapter the various theories of personality.

Trait Theory

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

Following are the few of the most common traits-

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

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- Practical
- Imaginative

Trait theory is representative of multi-personality theories. Trait theory is based on certain assumptions, such as traits which are certainly stable in nature and a limited number of traits are common to most of the people.

According to the Trait theorists, an individual's personality make-up stems out of the traits that he possesses, and the identification of traits is important. The trait theories can be of two broad categories, viz., Simple trait theories and general trait theories.

Simple Trait Theories

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

General Trait Theories

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

The Psychoanalytic Theory of Freud

Sigmund Freud, the father of psychology, became famous with his psychoanalytic theory of personality. In fact, the theory is regarded as the cornerstone of modern psychology. Sigmund based his theory on certain assumptions which are as follows –

Unconscious needs or drives lie at the heart of human motivation and personality.

The socialization process that takes place within people in a social set up has a huge impact on individual behavior. Freud explained much of how the psyche or the mind operates, and proposed that, human psyche is composed of parts within our awareness and beyond our awareness.

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

Id – According to Freud's psychoanalytic theory of personality, the id operates based on the pleasure principle, which stresses on immediate fulfillment of needs. The id is the personality component made up of unconscious psychic energy which satisfies basic urges, needs, and desires.

Ego – Ego is that state of awareness which thinks of you as separate from the other. It always thinks of the glories of the past and hopes of the future and focuses on guiltiness. It always thinks of what was and what could be.

Super Ego – The superego provides guidelines for making judgments. It is the aspect of personality that holds all our moral standards and ideals that we acquire from both parents and society.

Neo-Freudian Theory

There were a group of psychologists who believed that social interaction and resultant relationships formed the basis for the growth and development of personality. Here, they

disagreed with their contemporary, Freud, who believed that personality was –

Biological and rooted in genetics, and

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

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

- Complaint Personalities – They prefer love and affection and so they move towards them and so they prefer known brands.
- Aggressive Personalities – They tend to move against others and they show off their need for power, success etc which is quite manipulative.
- Detached Personalities – They are not much aware of brands and are more self reliant and independent.
- Marketers also tend to use Neo-Freudian theories while segmenting markets and positioning their products.

2.8 SELF CONCEPT

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

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

What is Self-Concept?

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

Self-Concept is Organized

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

Self Concept is Learned

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

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

Self Concept is Dynamic

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

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

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

2.9 SOCIOLOGICAL DETERMINANTS

In the area of psychological determinants, the consumer behaviour was seen from the stand point view of an individual. However, the sociologists and social psychologists have attempted to explain the behaviour of a group of individuals and the way in which it affects and conditions and individual's behaviour in marketing or purchase decisions.

These groups of individuals as determinants are:

- (1) Family
- (2) Reference groups
- (3) Opinion leaders
- (4) Social class and
- (5) Caste and culture.

Let us see these in brief to know their marketing implications:

1. Family

Many of the decisions made by consumers are taken within the environment of the family and are affected by the desires, attitudes, and values of the other family members. Family, as a primary group, is vital because, it links the individual with a wider society and it is through this that the individual learns the roles appropriate to the adult life. The family can be 'nuclear' or 'extended'.

A 'nuclear' family is a two generational family which consists, usually, a mother-father and children. The 'extended' family is one that spans at least three generations which consists

of mother-father- children-grandparents uncle-aunts, cousins-nephews and other in-laws. There is another way of classifying the family based on family life-cycle.

This classification is 'home making phase' from marriage to birth of the first child; the 'procreation phase' from the birth of the first child to the marriage of the first child's; the 'dispersion phase' from the marriage of the first child to the marriage of the last and the 'final phase' from the marriage of the last child to the death of original partners.

The family impact on consumer buying behaviour can be traced in two ways:

1. The family influence on the individual personality characteristics, attitudes and the evaluative criteria and
2. The family influence in the decision-making process involved in the purchases. Family is both a purchasing and consuming unit. Therefore, it is essential to note the distinguished family roles of the members. These roles are:
 - Initiator: The person who senses the need for the purchase;
 - Influencer: The person who provides input into the purchase decision;
 - Decider: The person who has the final say over the decision and
 - User: The person who is most directly involved in using the purchase.

That is why, every marketer is keenly interested in four points in case of family purchase. There are:

1. Who influences the buying?
2. Who does family buying?
3. Who makes buying decision?
4. Who uses the product?

In nuclear families, it is mostly the house-wife that has an upper hand in family purchases regarding her family role such as food, clothing, cosmetics, interior decoration and jewelleryes.

Father has say over clothing, education, insurance etc., The children have say in clothes, sports-equipments and recreational facilities such as TV, stereo-sets and the like.

Family life-cycle also has its own influence on buying behaviour. Thus, the proportion of a family budget spent on food, clothing and children goes on increasing in the 'procreation stage' than in 'home making stage'.

2. Reference groups

Each person in the society is not only the member of his family but the member of some group or groups outside the family circle. These groups can be called as 'reference groups'.

'Reference groups' are those groups which an individual identifies with to the extent that these groups become a standard or norm which influences his behaviour.

Reference group is a social and professional group that influences the individual's opinions, beliefs and aspirations. It is one that provides an individual with a sense of identity, accomplishment and stability.

Generally, a person refers to any one of the following types of reference groups in

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building his or her behaviour.

A. The groups that serve as comparison points:

Here, the individual compares himself, his attitudes, his behaviour and his performance with the group of members. Thus, he may feel poor if members are richer than himself or vice versa.

B. Groups to which a person aspires to belong:

Here, the individual aspires to be the member of such group and imitates the behaviour of that group including buying behaviour. Thus, the group may be of higher social status or a cult group such as 'hippies' or the 'jet-set'.

C. Groups whose social perspectives are assumed by the individual as a frame-work of reference for his own actions:

Here, an individual may adopt the views of the group without becoming a member. A person need not be a professional sportsman to have the opinion and outlook of a professional sportsman. Some non-military persons behave more than 'military' personnel. Similarly, a person belonging to minority may adopt the values and the perspectives of a majority which he dislikes by very nature.

Consumers as social animals spend most of their time in group situations, and accept information provided by their groups on products, price, performance, style and the like.

It is group norms that direct the attention of its members towards a new product, a new brand. These reference groups have face to face interactions that provide word of mouth communication which is more powerful than formal advertising. A satisfied customer becomes the salesman of the product.

3. Opinion leaders:

Like reference groups, 'opinion leaders' or 'influentials' play a key role in influencing the buying behaviour of their followers. Very often we come across situations where a person refers to an individual than a group in formulating his or her behaviour pattern. The individual to whom such reference is made by a person or persons is the opinion leader.

The beliefs, preferences, attitudes, actions and behaviour of the leader set a trend and a pattern for others to follow in given situation. In very intimate reference group, there is a reference person, an informal group leader.

The group of followers respects him and looks up to him. He is the innovator in the group of followers who respect him and look up to him. He is the innovator in the group who first tries new ideas and products and then propagates them to his followers.

Marketers very often try to catch hold of the opinion leaders through ads and other means of communication. If they succeed in selling their ideas and products to the opinion

leaders, then they have sold it to the entire group of followers behind them.

4. Social class and caste:

Buying behaviour of individuals is also influenced by the social class and the caste to which they belong. Social class is a relatively permanent and homogeneous division of a society into which individuals or families sharing similar values, life-style, interests and behaviour can be categorized. Social class is a larger group than intimate group in structure.

Constitution of a social class is determined by the income, authority, power, ownership, lifestyles, education, consumption patterns, occupation, type and place of residence of the individual members. In our country, we can think of three classes as 'rich', 'middle' and 'poor'. Caste, on the other hand, is the group of the membership by birth. It is not the wealth but the birth that decides his or her caste. These castes were based on activity specialisation of profession or occupation.

In our country, we have four such broad categorization as 'Brahmins' 'Kshatriyas' 'Vaishyas' and 'Shudras'.

From the marketing stand point, both social class and caste frame are quite relevant as buyer behaviour is influenced by these. Each class and caste develops its own standards of style, living and behaviour patterns.

It is not a surprise, and then if the members of such a class select a particular brand of product, shops at a particular store which caters to their group norms.

This does not mean that all the members of the group buy the same products, same brands, or conform to same styles; however, more or less, it becomes a pattern with differential range of likings and leanings. Thus, 'Shudras' may not enter the restaurants where 'Brahmins' and 'Kshatriyas' enter, though the 'shudras' are not barred from entering.

It is because of income pattern and traditional respect for higher castes, for in the eyes of Indian Constitution, all are equal.

2.10 CULTURE

Culture adds yet another dimension to the study of consumer behaviour. 'Culture' refers to all those symbols, anti-factor and behavioural patterns which are passed on socially from one generation to the next.

It includes cognitive elements, beliefs, values, and norms, signs and non-normative behaviour. Cultures are specific to the areas in which they evolve. Yet two nations can enjoy a common cultural heritage. Thus, each nation has its distinct culture ; however, in a particular nation, there may be subcultures identified on the basis of ethnicity, nationality, religion and race.

Cultural and sub-cultural groups have their unique consumption patterns that provide important bases to the marketers.

Cultural trends have significant implications for market segmentation, product development, advertising, merchandising, branding and packaging. While designing the

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marketing-mix, it is but essential to determine the broad cultural values that are relevant to the product as well as the most effective means of conveying these values.

A shrewd marketer never contradicts these cultural values in product, promotion, price and distribution.



Fig. 2.1 Information processing for consumer decision-making

When a person is exposed to a stimuli, he may show interest in the exposure. His attention is drawn towards the object and the nerves transmit the sensation to the brain for processing. Interpretation is the assignment of meaning to the received sensations. This is retained by the memory (only a part of the registered information may be retained by the memory). This leads to consumption behaviour which may have positive or negative feedback for the individual.

Fig. shows that the individual is exposed to the stimuli. His attention is attracted. He interprets the stimuli and the situation which goes to his memory and, the reaction is shown by means of purchases.

Much of the information may not be available to the memory when an individual decides to purchase something. So, when communicating to the consumers, the marketer has an uphill task, because an individual is exposed to a lot of information but, retains very little in the memory.

Exposure

When a stimuli comes under the range of sensory perceptors, nerve exposure occurs. Most of the stimuli to which an individual is exposed to, is self selected, e.g., switching channels on TV, skipping pages of magazines, avoiding information that one is not interested in.

Attention

This occurs when the sensory receptor nerves are activated by the stimuli and, the brain registers sensations for processing. The market offers a variety of goods. It may take us long to go through all of them. Therefore, we selectively choose and attend to products and messages.

Stimulus Factor

There are certain features in a product that can attract greater attention. This would be the size, the intensity, the colour and movement, position, format of the message, information quality, information overload.

By size we mean that if an advertisement is on a full page or in column. The intensity is the number of times a message is repeated in a newspaper or a magazine, TV or any other media. Further, both colour and movement attract attention. An advertisement may be black or white or in multi colours. It can be shown stationary or in a moving state, which is more noticeable.

Position refers to the placement of the object, whether it is placed in the centre or in a corner. Similarly, the right hand page advertisement may be more noticeable than the advertisement on the left hand side.

Individual Factors

Individual factors affect the decision-making process. The individual is governed by the interest or the need. Interest also reflects the lifestyle of an individual and the long-term goals (achieving a specific position in life like becoming a senior manager or something). The short term goals are influenced by situations.

Situational Factors

Decision-making is also influenced by situational factors like time pressure or cleanliness or crowded places. Noise, atmosphere ambience can stimulate the individual, favourably or adversely in situations. People pressed for time are not able to pay attention to stimuli as well as those who have leisure.

Programme Involvement

In a TV programme, a number of advertisements appear which some individuals watch or some skip them (fast forward) or take a break. The nature of the programme will influence the nature of response received. The attention can be focussed that is deliberate exposure to stimuli. It can also be without deliberate or conscious focussing of attention.

Interpretation

The same message can be interpreted in different ways. It is how we assign meaning to

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sensations. Interpretation involves a competitive or factual component and, an effective or emotional response by cognitive or factual component. The stimuli is placed in different categories of meaning. If a firm floats a new brand at a lower price, it can be interpreted that the product is of low quality. This, however may not be true, as the firm may have more efficient means of production and marketing facilities and may be wanting to add another variety or, to extend the brand. The interpretation can also be affected by the semantic and psychological meanings attached to a stimuli.

Difference Between Personality and Self Concept

Personality is another internal determinant which influences our consumption pattern. We tend to use products that go with our personality. Personality may be defined as those inner psychological characteristics that determine and reflect how a person responds to his or her environment.

Inner characteristics are those specific qualities and attributes traits, factors, manners that distinguish one person from another. Personality influences the individual's product choices and brand choices. It also responds to a firm's promotional efforts and, when and how they consume particular products or, services. By associating personality characteristics with consumer behaviour, a marketer can formulate marketing strategies in an effective manner.

Trait Theory

A trait is defined as a predisposition to respond in a particular way. Traits are used to define behaviour of consumers. There are a number of traits given by Cattell and they are sixteen in numbers:

1. Reserved vs. Outgoing
2. Dull vs. Bright
3. Docile vs. Aggressive
4. Serious vs. Happy go lucky
5. Unstable vs. Stable
6. Expedient vs. Conservative
7. Shy vs. Uninhibited
8. Tough-minded vs. Tender-minded
9. Trusting vs. Suspicious
10. Practical vs. Imaginative
11. Unpretentious vs. Polished
12. Self-assured vs. Self-respective
13. Conservative vs. Experimenting
14. Group-dependent vs. Self-sufficient
15. Indisciplined vs. Controlled

16. Relaxed vs. Tense.

Cattell believes that traits are acquired at an early age, or through learning, or are inherited. This theory is representative of multi-personality theories (more than one trait influences behaviour). Trait theory is based on certain assumptions, which are:

1. Traits are relatively stable characteristics
2. A limited number of traits are common to most people
3. The degree of traits possessed by an individual can be measured by using a rating questionnaire in a continuum, on a 1 to 10 scale.

The Psychoanalytic Theory of Freud

Freud proposed that every individual's personality is the product of struggle among three interacting forces. These three are fully developed and are in a state of balance in a healthy person. If any individual is underdeveloped, then this balance is disturbed and there is dissatisfaction with the self and the world.

- **Id:** It is a source of strong, basic and instinctive drives and urges which demand instant gratification even at the cost of violating the norms of society. It demands instant gratification- Pleasure Principle.
- **Ego:** It operates on a reality principle, and seeks to achieve the pleasurable demands of the id in as realistic a way as possible. It helps to develop cognition, and controls impulsive behaviour.
- **Super Ego:** It is the individual's moral code and helps in striving for perfection. Its primary purpose is to restrain aggressive impulses of the id rather than seek to postpone them, as does the ego. According to this theory, these three systems are fully developed and are in a state of balance in a normal healthy person. But when one or more of these systems are underdeveloped, then the internal balance is disturbed, which leads to maladjustment and dissatisfaction.

Social-Psychological or Neo-Freudian Theory

It is of the view that social relationships are fundamental to the formation and development of personality. So, consumers have been classified into three personality groups:

CAD Model.

- **Compliant Individuals:** Move towards others for the need of love, affection and approval; are conformists who prefer known brands.
- **Aggressive Individuals:** Tend to move against others and are manipulative; feel a high need for achievement, power, success; prefer specific brands, so that they can be noticed.
- **Detached Individuals:** Move away from others; feel a need for self reliance, independence and freedom; are least aware of brands.

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Applications

- Different personality types of individuals tend to use different products and brands.
- Compliant types prefer known products and brands, while aggressive types prefer specific brands out of a desire to be noticed.
- Detached types appear to have the least awareness of brands.
- Emphasis on the social nature of consumption e.g., while advertising for personal care products, care is taken not to offend any particular group. Products advertised which are used in social interactions or when in groups.

Emotions

Emotions control our behaviour. They are relatively uncontrolled feelings which affect our behaviour. We are emotionally charged by environmental factors and events. If somebody misbehaves with us we feel angry. On our achievement we feel happy.

Whenever we are emotionally charged, physiological changes also take place within us. These may be faster breathing, perspiration, dilation, or moistening of eyes. Increased heart and blood pressure, enhanced blood sugar levels, etc. Mental activation also takes place, and we recall a lot of pleasant or unpleasant incidences and can also think rationally. The behaviour of different individuals vary from situation to situation, and emotions are mostly associated with behaviour.

Self-concept

Self-concept can be described simply as how one perceives himself and his behaviour in the market place. It is the attitude one holds towards himself. What one thinks of himself? The self concept is not very realistic because an unconscious component is always present. It can be divided into six types, as given below:

- (i) Actual self—How a person actually perceives himself?
- (ii) Ideal self—How a person would like to perceive himself?
- (iii) Social self—How a person thinks others perceive him?
- (iv) Ideal social self—How a person would like others to perceive him?
- (v) Expected self—An image of self somewhere in between the actual and ideal self.
- (vi) Situational self: A person's self image in a specific situation.

Self-concept is a social phenomenon. It is an attitude to the self. Consequently, the way we dress, the products we use, the services we require, depend on how we want to perceive ourselves. There is a relationship between the self-image of a person and the product one wants to buy. Products act as symbols for consumers.

People like to use the products which match their personality. These include clothing, leisure products, personal care products. Marketeers want an idea of the self-concept and the image of the brand. This can be one on a differential scale of 1 to 7 of several items as shown on next page.

First the consumers are asked to rate their self-concept on the differential scale. Then

they are asked to rate product brands on the same scales. The responses that match with the brands are expected to be preferred by consumers.

After matching the self-concept with the brand image, the individual tries to find products for his satisfaction. If he is satisfied, his self concept gets reinforced. The interaction between the product and self-concept can be situation specific. In some situations, the self-concept can be enhanced or reinforced to a lesser or higher degree. Marketeers use these tools as a guide to product and brand choices.

2.11 CONSUMER LEARNING

Consumers process information from the stimulus they receive in various forms. This processing helps to buy products of their need and liking. The five major ways they use for information derived from their environment

These are:

1. They stand and evaluate products and services.
2. They attempt to justify previous product choices.
3. To decide whether to buy or postpone the decision.
4. To satisfy a need from the products available from the market.
5. To serve as a reminder to purchase products which must be replenished (soap, everage and other consumable items.)

Information processing is not the end result but a process which is followed by the consumers. The basic components of information processing is shown in a framework. The basic components can be arranged into 4 groupings or the 4S:

- Stimuli that serves as a raw material to be processed the receptors.
- Senses and the 5 senses of test, touch, smell, vision and hearing.
- Stages of processing activities as shown in the diagram exposure, sensory processes and attention.
- Situation and consumer characteristics that which can influence the nature of these activities.

Executive system which regulates the type and intensity of processing activities.

Types of Learned Behaviour

Almost all types of behaviour we exhibit has been learned.

1. Physical behaviour. The way we walk and talk and conduct ourselves and interact with others. Some adopt the behaviour of celebrities, film stars and is termed modeling.

Symbolic learning and problem solving. Symbols convey meanings. Symbols and brand names communicate. These are Kodak, Muc-Donalds, Diet Papsi etc. Problem

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solving also by thinking and insight. Thinking involves mental manipulation of symbols to form various combinations and meanings. This leads to insight which is the new understanding of relationship involved in the problems. These factors allow consumers to mentally evaluate the product without purchasing them. A person may evaluate a burglar alarm for car. They realise that at home it is parked in a locked garage and in the office in a secured parking. Hence, the burglar alarm is not required and postpones his decision of buying.

3. Affective learning. This comes by experience and by using the products. One learns about the product and this goes into his memory.

The Elements of Learning

1. What are the purpose or intention of buying?
2. Cues are weak stimuli not strong enough to effect a purchase, but provides direction to motivated activity. These cues may be colour, decision etc.
3. Response. To buy or not to buy.
4. Reinforcement. This leads to repeat purchase and confirms the performance to the product.

2.12 LEARNING MEMORY AND PRODUCT POSITIONING

It is strange how much you have got to know before you know how little you know? Learning. All organizations are interested in highlighting the features of their products and services. They make the consumer aware to know, about these features, so that their behaviour can be influenced. It is through learning that the attitudes, beliefs, values, feelings are influenced. We learn a lot from our culture social class, family influences and all these also reflect on our lifestyle.

Learning can be described as any change in the content or organization of long-term memory. It is a result of information processing. Learning is the key to consumer behaviour. We learn through and from our culture, subculture, social class, family friends, and utilize our personal experience, advertising and mass media as shown.

These in turn influence our purchase decision as shown in learning is defined as a permanent change in behaviour occurring as a result of past experience

It is a permanent change in behaviour. Behaviour is both a non-observable activity as well as overt or open behaviour which can be observed. Learning is relatively a permanent change. Learning stresses our past experience.

Learning can be done under a high involvement or low involvement situations. In high involvement learning situation, the consumer is motivated to learn. If a person wants to buy a gadget, he tries to learn about it and is motivated. If a person wants to buy a camera, he learns about cameras.

In a low learning situation there is no motivation to learn about the product. Learning situations are of degrees and, depend on situations as well. In low involvement learning,

consumers do not have any focussed attention on the advertisements like cigarette Ads, one only glances at the advertisements. The strength of learning can be intensively influenced by four factors which are, importance, reinforcement, repetition and imagery.

Importance

By this we mean how important is the learning for the consumers about the product. If it is important for you to learn about cameras before you buy one, it reflects a high involvement situation.

Reinforcement

Reinforcement is something that increases the likelihood of a response to be repeated in future. Reinforcement can be positive or negative. By positive reinforcement we mean a desired consequence. One feels happy after buying the product. One uses a product, feels happy, and repeats the procedure. A negative response removes the unpleasant consequence. If a tablet relieves you from a headache you will continue using it because of the positive reinforcement. Punishment is the opposite of reinforcement. It is a consequence that decreases the likelihood of the response being repeated in the future, e.g., if one deposits money with a company and does not get good returns this will not be repeated in future.

Repetition

Repetition increases the speed of learning. If a TV commercial is flashed a number of times, it will register more in the minds of consumers. The exposure must carry important and interesting information.

Imagery

By this we mean whether the advertisement is substantiated or accompanied by images. We have brand symbols, names, etc. We have messages substantiated by pictures. The pictures along with the images have a greater impact and can be registered more intensely. The script in which the name is written also gets registered in the mind. The M of McDonald's, the script of Bata, the symbol of Tata. Omega, symbol of Nike, Reebok, etc., are some of the examples which get deeply registered in the consumer's mind.

2.13 CONSUMER ATTITUDE FORMATION AND CHANGE

Consumers of all products are engaged in low, medium and high involvement information search. There are various questions to be considered.

- How do consumers choose among brand alternatives?
- Do they use any choice rules?
- Do they select best alternatives or reject bad ones?
- How do they find their way amidst many brand alternatives with different attributes?

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People have different attitudes (bent of mind) for different products, e.g., many consumers think of plastic to be cheap, artificial, weak, breakable, non-degradable, environmentally harmful and not desirable. They have a negative attitude and discourage the use of plastics.

Plastics also create positive attitudes, as it is light, unbreakable, easy to carry, handy. People do not dislike plastics, but do not know what to do with it after using it? Attitude is the way we think, we feel and act towards some aspect of the environment.

Key variables that surpasses all variables in alternative evaluation, is consumer attitude.

Consumer Attitude and Alternative Evaluation

It presents a summary evaluation of the consumer environment around them.

Definition

"Attitude is a learned predisposition to respond in a constant favourable or unfavourable manner, in respect to a given object. Marketeers try to bombard consumer" with information. These may have a positive or negative effects. Schematic conception of attitude has three components: An attitude provides a series of cues to marketeers. They predict future purchases, redesign marketing effort and make attitude more favourable. Attitudes indicate knowledge, feelings and intended action for the given stimulus.

Utilitarian Function

In building a favourable attitude towards a product, utilitarian function plays an important part. It guides consumers in achieving their desired needs and avoiding failure and disappointment, e.g., desire for hi-tech products or after sales service may be the priority of the customer. Customer builds a favourable attitude if he is satisfied with the function, e.g., safety, image etc.

Ego Defensive Function

Individuals are attracted towards products that give them protection and enhance their image in a society. It protects consumers against internal and external anxieties and environment. Here marketing stimuli and more particularly products become an instrument of the protection process, e.g., visible prestige products, mouthwash, deodorants, perfumes, make an individual more acceptable in a gathering, e.g., mouthwashes are used to avoid anxiety producing situations. Creams are used for removing pimples from the face.

Value Expressive Function

This helps to maintain self-identity among consumers and lead them to expression and determination, e.g., Gandhian followers select handloom and khadi clothes. Consumer openly expresses opinions that reflect their belief and self concept.

Knowledge Function

The knowledge that listerine stops bad breath. The knowledge that high cholesterol food is not good for health. Consumers want to uphold the values they stand for. As a member of a club, one has to conform to the attire prescribed by that club.

Advantages of choice rules to consumers are:

- Guidance while decision-making
- Short-cut to decision-making
- Helps to integrate and arrange information to enable quick decisions
- Helps them to take complex decisions.

After recognising the problem and completing information search, the consumer combines and integrates various attributes to facilitate choice making. Marketeers must know what criteria are available to consumers which may be used and why? How can marketeers affect choice rules? Purchase decisions may be:

- R.R.B.-Routinised Response Behaviour . L.P.S.-Limited Problem Solving.
- E.P.S.-Extended Problem Solving.

For extended problem solving a multi-attribute choice model is used. In this model if the choice is to be made between various brands of products their attributes are listed and weightages on these attributes are given by the customer according to the importance of attributes. These attributes are rated on a scale (1 to 5) and the total is found out. The higher is the total of ranking, more suitable may be the brand.

Product Attributes

Product-bundle of benefit expressed through its attributes desired by its target consumer. These vary with customers and are determined by their needs, e.g., for a female lipstick buyer, range of shades, packaging, price and prestige factor are the desired attributes. Car-styling, low maintenance, fuel economy, price are the desired attributes. Types of information sought in search behaviour for fulfilling product needs

Importance of Weights

All attributes are not equally important to different buyers of similar products, e.g., lipstick buyer may conclude that price is more important than prestige factor, or vice-versa in brand evaluation. For a car, fuel economy may be more important than styling or vice-versa. Importance of attributes helps a consumer to reach a balanced evaluation.

Brand Belief

The brand image helps consumers, i.e., believing which brand is more likely to have a particular attribute, based on consumer perception, and may be at variance with reality, e.g., what a consumer believes about a brand may not be true.

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Utility

By combining the performance levels of salient attributes, consumers can determine utility and make-up what is called an 'ideal brand'. In evaluating, it has to be decided how many brands will be considered. For a mixer/grinder, a large number of brands are available. This is known as the total set.

Awareness Set

The set of brands of which the consumer is aware is termed the "awareness set". The awareness set is subdivided into three sets based on the consumer's evaluation of the individual brand. A brand for which the consumer has a positive evaluation is considered in the "evoked set".

An evoked set consists of those brands which the consumer is aware of and considers for purchase. It is proposed that actual choice data be used to investigate determinants of evoked set size for mature, frequently purchased products in stable markets.

The measurement of choice sets is free of the problems of previous research: serial recall interference and limitations on processing capabilities. An empirical test of this assumption using a grocery product found that education and product importance had a positive association with choice set size. The finding with respect to education differs from previous studies and is consistent with the literature on variety seeking behavior.

An evoked set is a set of products of which a consumer is aware and which are considered for purchase (Howard and Sheth, 1969). Since the evoked set is a subset of the products available in the marketplace, the evoked set formation is seen as an information load reducing mechanism used by consumers to reduce the cognitive complexity of the brand choice process. The existence of evoked sets has been confirmed in the choice process for nondurables (grocery products - Campbell, 1969), consumer durables (cars - Gronhaug, 1974) and services.

The demonstrated existence of evoked sets has important implications for marketers. It is assumed that a brand competes only with others in the evoked set of the consumer and not necessarily with all other brands in the market. Therefore, the size of the evoked set and the determinants of its size are important. In this paper, the determinants of evoked set size for a common food product, instant coffee, will be explored.

A number of previous studies have looked at the same problem with other frequently purchased products (Campbell, 1969; Jarvis and Wilcox, 1973; Brown and Wildt, 1987). For example, Campbell (1969) found that brand loyalty and importance of product class affect the size of the evoked set for grocery products (non-durables) whereas there are no effects due to demographic variables such as the age or education of the consumer.

On the other hand, in studies of the choice process for consumer durables (Maddox, Gronhaug, Homans and May, 1978) the demographic characteristics of age and education of the purchaser do affect the size of the evoked set. This discrepancy is attributed to differences in the type of product studied (durable vs. non-durable).

However, there are some limitations to the methodology used to study grocery products which may affect the validity of the measurement of evoked set size. The primary limitation is due to the use of unaided recall to measure evoked set size.

In this unit, new information about evoked set formation and new data sources will be used in an attempt to reconcile this discrepancy. Specifically, it is proposed that brand choice data be used to measure the size of the evoked set for mature, frequently purchased products in stable markets. In an empirical investigation, scanner panel data is used to determine the demographic determinants of choice set size.

This methodology suffers from none of the limitations of previous studies of this type. The results can be used to cross-validate previous research findings and shed some light on the differences found between the Campbell (1969) and Maddox, et al. (1978) studies.

In the next section, an introduction to the research of evoked sets is presented. The past literature concerning the determinants of evoked set size is reviewed and critical discussion of the measurement methodology used in the past follows. A new methodology for measuring evoked set size is proposed and used in an empirical study. The results and discussion sections conclude the paper.

Definition of Evoked Set

It is hypothesized that evoked sets form in response to the complex choice problem which arises when a large number of brands must be evaluated before a choice is made. In order to reduce the cognitive load of the choice process, the consumer considers only a subset of brands.

As defined by Howard and Sheth (1969), there are two conditions for inclusion of a product in a consumer's evoked set: 1. the consumer must be aware of the product and 2. there must be some intention to purchase the product. Since there is often a large number of brands available in a product class, consumers may be aware of only a subset of brands. It can also be assumed that of all the brands of which a consumer is aware, she may only consider a small number for purchase.

The awareness of a brand is typically measured by unaided or aided recall (recognition). The evoked set is determined by asking the consumer which brands would she consider for purchase or find acceptable for purchase. Myers (1979) suggests that alternative ways of measuring evoked sets are actually measuring different constructs.

He conjectures that some brands which are "acceptable" may be marginal brands which are not actually "considered" in the routine choice process unless the preferred brands are not available. However, Troye (1984) found that there were no significant differences in the evoked sets when elicited with either question.

Although this research is concerned with the size of evoked sets, other research has focused on the formation and composition of evoked sets. One important example is Parkinson and Reilly (1978). Using both recall of evoked sets and rating of brands in the awareness and evoked set, they examined which decision rule best explains inclusion or exclusion from the evoked set. It was found that the unweighted linear compensatory or lexicographic evaluation models both explained their findings well. In the next section, the literature examining the determinants of evoked set size is reviewed.

Affecting the Size of Evoked Sets

The determinants of the size of an evoked set has been a very active research topic. The

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types of factors studied can be broken down into two groups:

1. Characteristics of consumers and
2. Characteristics of products.

In this unit, we shall be concerned with those demographic factors which affect evoked set size. Some of the other characteristics of consumers studied were the ability to discriminate (Ostlund, 1973), self-confidence and familiarity with product class (Gronhaug, 1974).

Some of the product characteristics studied in the past include: number of choice criteria (Belonax, 1979; Belonax and Middlestaedt, 1978) and level of abstractness of information processing (May and Homan, 1977). In the next section, I will describe the determinants of evoked set size used in previous research that will also be used in the empirical study.

Factors used in previous research:

The following paragraphs describe possible factors which could affect the size of evoked sets and the rationale behind the choice of these factors.

A. Number of brands that consumer is aware of - It has been shown that there are limitations to the amount of information that can be processed simultaneously in short-term memory (Miller, 1956). This limit is hypothesized to affect the number of products considered as well as the number of choice criteria used. It is expected that as the number of brands a subject is aware of increases beyond a certain limit, the evoked set size (those brands actually considered) will asymptotically reach some upper limit.

Importance of product category

The impact of the importance of a product category on evoked set size is based on Social Judgement Theory (Sherif, Sherif and Nebergall, 1965). The theory states that the number of acceptable positions on a social issue is inversely related to the level of involvement of an individual in that issue.

Applying this theory to brand choice, with rising importance of a product category, we should observe smaller evoked set sizes. It is equally plausible, however, that increased category importance leads to more search and trial since the product class is so important to the consumer and a mistake would be costly. The importance of the product category may have a positive or negative influence on the evoked set size.

Education

May and Homans (1976) found that people who used concrete information processing in the brand choice process had smaller evoked sets. Since well-educated consumers have more experience with abstract thinking, it is assumed that such thinking will occur more frequently with increasing levels of education. The increased probability for abstract thinking will thus lead to larger evoked sets as the level of education increases.

D. Brand loyalty

Campbell (1969) and Ostlund (1973) conjecture that brand loyal customers use more concrete information processing than others. The use of concrete attributes to evaluate alternatives is expected to lead to smaller evoked sets since the range of acceptable brands is constrained by the specificity of the choice attributes. The choice attributes are assumed to be defined or at least affected by the preferred brand.

E. Age

It is assumed that the longer that a consumer has been using a product, that the more time she has had to form stable preference orderings (Howard and Sheth, 1969). This would lead to smaller evoked sets with increasing age. However, time in the market may also teach you that quality does not vary across brands and therefore, price (or another attribute) should guide brand choice.

F. Income

A risk averse consumer should have a smaller evoked set than others since an acceptable brand may be repeatedly purchased in order to avoid a "mistake" by purchasing an unknown, possibly unsatisfactory brand. However, the larger the income of the customer, the lower the risk of making a "mistake" since the unsatisfactory product can be discarded with lower penalty. The higher income allows a consumer to sample a wider variety of brands with, all else equal, less risk.

There are two types of products studied in previous research, durables and non-durables. Now it is clear that the various demographic variables have differential effect on the evoked set size depending on the type of product studied.

For example, both age and income affect the size of the evoked set when the product being considered is a consumer durable (car). However, these variables have no effect on the evoked set size for grocery products like toothpaste and laundry detergent. The constructs being measured in the different studies are not too different since brand loyalty impacts the evoked set size over both types of products. Product importance also affects the evoked set size for both types of products, but in opposite ways.

The question then arises as to the reason for these discrepancies. Are they due to the product types chosen (durables vs. non-durables) or could they be due to measurement errors? In the remainder of the paper, new insights into the evoked set formation process and new data sources will be used to try to answer this question. In the next section, a critical review of the previously used methodology will be presented.

2.14 CONSUMER DECISION PROCESS

"A decision is the selection of an action from two or more alternative choices." Everyday we take many decisions and sometimes stopping to think how we make these decisions and what is involved in its process. Before we take up a simple model of decision-making. The consumer related models of decision-making are discussed below:

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- (i) **Economic Man Model:** Customer is characterized as an Economic MAN and he makes a rational decision.
- (ii) **Passive Man Model:** It is opposite to Economic Man model and describes the consumer as impulsive and irrational purchasers. They are ready to yield to the tactics of the consumer. The salesman takes the consumer through four stages (AIDA). These are:
 - Attention
 - Interest
 - Desire
 - Action
- (iii) **Cognitive Man Model:** It portrays the consumer as a thinking problem solver. It focusses on the process by which consumers seek and evaluate information on selecting brands and retail outlets. The information seeking is stopped as soon as sufficient information is received. It develops shortcut decisions. The consumer avoids Information Load i.e., too much information.

The figure shows the INPUT, PROCESS and OUTPUT MODEL of decision making. The input factors are the external influences which are the 4 Ps of marketing. These socio cultural background of family, social class culture etc., forms the input. It is what the consumer is influenced by or what goes into his mind. This is known as input. Next follows the process of decision-making. These need recognition; prepurchase search which are dealt with in separate chapters in this book. These along with the psychological factors of motivation, perception, learning, personality, attitude and experience from the constituents of decision-making.

Next is the post-purchase decision behaviour that is whether the product is bought or not, and whether it is taken for trial or purchased right away. The real test is the repeat purchases. Repeat purchases confirm that product is liked by the consumer. Then we have the post-purchase evaluation, whether the customer is satisfied or not

2.15 PROBLEM RECOGNITION AND PURCHASE BEHAVIOUR

There are five stages in consumer decision-making:

1. **Problem recognition:** A consumer recognises a need to buy a product.
2. **Information search:** Attempt is made to gain knowledge about the product.
3. **Evaluation and alternatives:** The products which can fulfil the needs are evaluated in terms of plus and minus points.
4. **Purchase action:** The actual purchase is made from store after consideration of a number of factors.
5. **Post-purchase behaviour (followed sequentially):** This is how a consumer feels after using the product, i.e., satisfaction or dissatisfaction.

Importance of Problem Recognition

It is the first stage in decision-making. Problem recognition explains:

- Why a buyer buys?
 - Gives definite direction to subsequent purchase behaviour.
 - Helps the marketer exert his influence, so that the need is to be recognized. A virtual circle exists between them (problem recognition and marketers stimuli).
1. Habitual decision-making or routinised response behaviour: Here the information search is low, the risk is low and the involvement is also low. These are products which are bought with greater frequency like a toothpaste, shaving cream, blades, cosmetics, etc. There is hardly any dissonance and very limited evaluation.
 2. Limited decision-making: This is for products which have a higher time, risk and money involvement. In this, information search takes place and the buyer wants to find out a number of features, attributes and aspects of the product before finally making a decision to purchase. The purchase is for items like a TV, computer, a machine, motor cycle, etc. In this there can be limited dissonance if the product does not perform upto expectations.
 3. Extended problem solving: In this category, the risk involved is high, the money involvement is much more. The goods are not purchased frequently. These involve a lot of information search and greater physical activity for finding out about the attributes of the products. These items include a house, a motor car, jewellery or something which is valued most. A professional photographer who is keen on taking pictures of very high quality, with a lot of gadgets may also go into his purchases after being highly involved in the same. He may have to undertake a high degree of information search, which is both internal and external. Extended problem solving is carried out in case of:
 - High-priced products
 - Medical products associated with risk
 - Automobiles associated with functions
 - Complex products (computers)
 - Products associated with one's ego or emotions (clothings, cosmetics etc.)
 - When the product is of great interest to the consumer. It is identified with the norms of the group.

Dissonance

In this type of decision-making, one can feel pre-purchase and post purchase dissonance. Pre-purchase dissonance is when one gets confused with the many choices available and is unable to buy with the number of choices available and avoids the risk of not buying the best. Post-purchase dissonance occurs when the product is not upto one's expectations and does not match with the need. This arouses anxiety and dissatisfaction with the product. This is known as post-purchase dissonance, because it is experienced after the purchase.

Notes

2.16 SEARCH AND EVALUATION

Information search starts the moment a need is recognized. It is a deliberate attempt to gain appropriate knowledge about products. Knowledge of brands and their important characteristics, and knowledge of stores from where to purchase the goods is gained. Optimum amount of information is required for making a proper choice. Consumers gather information, they then understand by selecting, organizing and interpreting it.

Questions Faced by Marketeer

1. What are the types of information search, and what are their determinants?
2. What is the appropriate information load that can be handled by customers?
3. How can marketers help facilitate the information search?
4. Which source of information is used by the customer?

Types of Information Search

- **Internal Search:** It is sufficient in case of loyalty decisions and impulsive purchases. Internal search is also done for routine response behaviour and limited problem solving.
- **External Search:** It is a mediated, planned and rational pursuit of information for high involvement purchase decision, i.e., extensive problem solving.
- **Passive Search:** Low involvement-use repetitive advertising use TV, Emphasize Price Promotion and in store marketing stimuli.
- **Active Information Search:** Marketeer must vary message content frequently. Use Print Media. Emphasize advertising and emphasize marketing before customer enters store.
- **Bedonie Search:** In this, sensory stimuli dominates. There is ongoing information search. Personal sources are more important symbols and imagery is most effective.
- **Utilitarian Search:** Product attributes are more important for purchase. There is specific information search. Non-personal sources are more important. Product information is more effective

Information Overload

Jacob Jacoby and Associates developed this concept, which cautions marketers against the popular assumption. "If some information is good, then more information must be better." Too much information confuses the consumer, and with more information, often poor decisions are made. Increasing package information adversely affects the ability to choose best brands.

Sources of Information

1. *Controlled by marketers:*

- Advertising: Provides about 35 per cent to 50 per cent information sought. It is the most important sources of information.
- In-store promotion: e.g., display prices, danglers, brochures, technical reports, summaries.
- Information on distribution support: Yellow pages.
- Package information: Colour, design, ingredients and mode of using.
- Sales personnel: Consumer durables-, furniture, electronic, clothing indigenous products.
- Samples and demonstrations (most important): Create a favourable impact for marketers.

2. *Outside marketer's control:* Personal friends, independent consumer reports, new articles shopping columns. Some sources are face to face, others are non-personal in nature (advertisement and publicity, etc.). There are many situations which lead to high or low information search

Factors Leading to High Information Search

1. If one feels that there will be more benefit by undertaking a search-search is high.
2. If there is greater involvement in the product, i.e., a racket bought by a professional photographer or, a racket chosen by a professional tennis player.
3. If one likes shopping and enjoys it-search is high.
4. If more time is available-high search.
5. If one is mobile and can go from place to place, i.e., his movement is not restricted-high information search.
6. If one can process the information easily about the product one wants to buy. It leads to high information search.
7. If many attributes are to be evaluated and one is interested in many attributes and their mix-high information search.
8. If there is a little product knowledge and experience it leads to high risk. Therefore, more information search is required.
9. If there is more product differentiation high price is charged

Factors Leading to Low Information Search

1. If the cost of the information search is high-it leads to low information search.
2. If one relies on his past experience of purchases-low information search.

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3. If one is satisfied with existing brands he is using he will go for low information search.
4. If there is social pressure of friends and relatives to buy a particular product-low information search.
5. If one has low confidence in dealing with information or, cannot process much information-low information search.

Cost vs. Benefit Analysis

Benefits can be (a) tangible, i.e., lower price preferred style, more quantity, better quality; (b) Intangible-reduced risk, greater confidence even providing enjoyment. It has been observed that 50 per cent of the appliance buyers do little, or no external search as they do not perceive enough benefits from it.

Cost

No search is also done because of the cost incurred. It can be both monetary and non-monetary, i.e., money used in transportation, lost time, lost wages, lost opportunities. Non-monetary may include psychological and physical cost, frustration cost, conflict between search and other activities fatigue, etc.

When a consumer undertakes a search, he comes across various brands and has to choose from them. Some brands are considered out of the total set of brands available.

We thus have:

- Total set: All the brands available in the market. Awareness set: Brands potential buyer is aware of. Inept set: Not suitable/rejected.
- Considerations set (Evoked set): Brand to be considered.
- Choice set: In contention with final choice.
- Choice: Ultimate choice.

To design market strategies; the nature of search is to be considered, i.e., R.R.B., L.P.S., E.P.S. and the nature of the evoked set (this influences the direction of search). This gives rise to six strategies.

Maintenance Structure

If the brand is purchased habitually, the strategy is to maintain that behaviour. Attention is to be paid to product quality, avoiding out of stock situation, reinforcement, advertising. Also defend against the competitor's move which might be disruptive to the brand. Maintain product development, give rebates, P.O.P. displays, etc

Disruptive Structure

If the brand is not in the evoked set and the decision is habitual, we must disrupt the existing decision-making process. It is a difficult task. A major product improvement must be made. Attention attracting advertising should be done. Free samples, coupons, rebates and tie-in sales can disrupt habitual decision-making.

Capture Structure, Limited Decision-making and Evoked Brand

Limited decision-making involves few brands which are evaluated on price or availability. Information search is mostly done at P.O.P. and through available media prior to purchase. Strategy is to catch as much of the market share as possible/practical. In limited search, the marketer tries to supply information of his brand by cooperative advertising. He must also maintain product quality and adequate distribution.

Intercept Structure, Limited Decision-making and not Evoked Set (Consideration Set)

Marketeer has to intercept the consumer during a search on brands in evoked set. Emphasis will be on local media with cooperative advertisement, P.O.P. displays, shelf space, package design. Consumer's attention is to be drawn as the brand is not in the evoked set. Coupons can also be effective. Low involvement learning, product improvement and free samples can also be used.



SUMMARY

- Perception is the most important psychological factor that affects human behaviour. It is a process consisting of several sub-processes. These are stimulus, registration, interpretation, feedback and reaction.
- Personality may be defined as those inner psychological characteristics that determine and reflect how a person responds to his or her environment. Inner characteristics are those specific qualities and attributes traits, factors, mannerisms that distinguish one person from another.
- Self-concept can be described simply as how one perceives himself and his behaviour in the marketplace. It is the attitude one holds towards himself.
- Motivation is an inner feeling that stimulates the action that is to be taken by an individual. It provides a specific direction or, results in a response.
- Attitude is a learned predisposition to respond in a constant favourable or unfavourable manner, in respect to a given object. Marketeers try to bombard consumer with information. These may have a positive or negative effects.
- A decision is the selection of an action from two or more alternative choices.
- There are various consumer models which help in the understanding of consumer behaviour. These are listed below.
- Consumerism is one of the most popular social issues and is being publicised very fast.
- It is a social movement of citizens and government to enhance the rights and power of buyers in relation to sellers.
- Organizational buying is a complex process of decision-making and communication. It takes time, involves several members and considerations.

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- Every member has his own motives, beliefs and predisposition to the decision process. Every member is influenced and influences other family members. There is a reciprocal influence exerted in the decision process other family members.
- There is a reciprocal influence exerted in the decision process. It becomes important for a marketer to sort out all family influences, and formulate a strategy for effective marketing.
- Consumer socialisation is the process by which young people acquire the skills, knowledge and attitudes relevant to their functioning as consumers.
- Self concept is defined as the way, in which we think, our preferences, our beliefs, our attitudes, our opinions arranged in a systematic manner and also how we should behave and react in various roles of life.
- Self concept is a complex subject as we know the understanding of someone's psychology, traits, abilities sometimes are really difficult. Consumers buy and use products and services and patronize retailers whose personalities or images relate in some way or other to their own self-images
- Traditionally, individuals are considered to be having a single self-image which they normally exhibit. Such type of consumers are interested in those products and services which match or satisfy these single selves. However, as the world became more and more complex, it has become more appropriate to think of consumers as having multiple selves.
- Interactions take place in a family which develops tastes, preferences, shopping styles, choice of clothes to wear. How much money to spend, where to buy from, what to use at which occasions? How a consumer is socialized.
- These are groups with whom the individual compares himself and his attitudes. He compares himself to other members of the group to find out whether they support his views and attitudes. The new resident in the neighbourhood are attracted to neighbours who are similar to themselves, because they reinforce existing attitudes and behaviours.
- Advertisers also use spokesmen who are perceived by consumers as similar to themselves, because they reinforce existing attitudes and behaviour. Comparative reference groups provide the basis for validating beliefs, values and attitudes.
- A reference group provides benefits to individuals and that is why people associate with reference groups. It exerts an influence on the individual's behaviour and the degree of influence is determined by:
 - Firstly, how informed and experienced the individual is? If the individual is less informed, he relies heavily on the reference group or, if he has little or no experience even then he looks up to the groups for information and guidance.
 - Secondly, if the group has high credibility, greater influence can be exerted by it on the individual's behaviour. It can thus change the attitudes and beliefs of the consumers. Consumers will look upon it and refer to it more for information on product quality.



KEY WORDS

- **Trait:** Is a predisposition to respond in a particular way.
- **Emotions:** relatively uncontrolled feelings which affect our behaviour.
- **Learning:** It can be described as any change in content or organization of long-term memory.



REVIEW QUESTIONS

- I. What is perception?
2. What is the significance of perception in the marketing?
3. How does Maslow's hierarchy of needs guide a marketer to design and sell his products?
4. What is the traits theory and, how does it help marketers?
5. How do emotions help formulate marketing strategy?
6. Explain self-concept with reference to marketing.
7. What is meant by consumer attitude? What are its components and functions?
8. "Attributes vary with consumer and are determined by consumer needs." Elaborate and explain the above statement.
9. What are the stages in the decision-making process? Explain briefly.
10. When does problem recognition occur? Explain the perceived gap and the threshold level.
11. What are the various types of information search, and what is marketer's role in information search?
12. What are the sources of information and the factors leading to high and low information search?
13. How do outlets influence purchase behaviour of the consumer? 14. What are the dimensions of outlet image?
15. What is satisfaction and dissatisfaction? How is it formed?
16. What is the significance of the Pavlovian Model? Discuss in brief.
17. Describe in brief the duties of manufacturers, sellers and other service agencies towards the consumers.
18. Outline the steps in the organizational buying behaviour. How do these differ from customer buying?

Notes

19. Illustrate with an example the organizational buying highlighting the characteristics of organizational buying
20. Discuss the main characteristics of organizational buying.
21. What do you understand by an organizational customer? Why is it called a Ghost?



FURTHER READINGS

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Unit 3

Consumer Decision Process

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Structure

- 3.0 Learning Objectives
- 3.1 Introduction
- 3.2 Problem Recognition
- 3.3 Search and Evaluation
- 3.4 Purchase decision
- 3.5 Consumer Behaviour Models
- 3.6 Consumerism
- 3.7 Basic Process
- 3.8 Organisation Buying Behaviour
- 3.9 Social Class
- 3.10 Culture, Subcultures, Social Class
- 3.11 Social Influences
- 3.12 Reference Groups and Opinion Leaders
- 3.13 Personal Influences and Diffusions of Innovations

Summary

Key Words

Review Questions

Further Readings

3.0 LEARNING OBJECTIVES

After reading this chapter students will be able to:

- know about the consumer decision process
- understand problem recognition
- discuss the search and evaluation
- explain consumer behaviour
- Discuss culture, subcultures and social class

3.1 INTRODUCTION

Many people think that the most important stage in a sale is when a customer hands over the money. But actually, when it comes to how to influence consumer behavior, every single step in the consumer decision-making process plays an important role. For businesses to maximize profit, it's imperative that they pay attention to every stage in the buying process.

Consumers don't just decide to buy. Their buying behavior is determined by many different factors. And too many businesses focus on optimizing certain steps – improving checkout, acquiring customers through SEO or PPC, etc. – without looking at the big picture.

But before you can start optimizing or using strategies like UGC to support the buyer journey, you have to understand each and every stage. Here's what you need to know about the decision making process for shoppers.

What Is the Consumer Decision Making Process?

The consumer decision making process is the process by which consumers become aware of and identify their needs; collect information on how to best solve these needs; evaluate alternative available options; make a purchasing decision; and evaluate their purchase.

Understanding the consumer decision making process is important to any business, but eCommerce businesses have a unique opportunity to optimize it. Because online shoppers generate so much more data than those in brick-and-mortar stores, online retailers can use that data to implement conversion strategies for every stage of the process.

The 5 Stages of the Consumer Decision Making Process – And How to Optimize

It's important to note that the consumer decision making process has many different names, including but not limited to the buyer journey, buying cycle, buyer funnel, and consumer purchase decision process. But all the names essentially refer to the same thing: The journey a customer goes through when making a purchase.

So, here's a breakdown of what happens in each step:

- **Need recognition (awareness):** The first and most important stage of the buying process, because every sale begins when a customer becomes aware that they have a need for a product or service.
- **Search for information (research):** During this stage, customers want to find out their options.
- **Evaluation of alternatives (consideration):** This is the stage when a customer is comparing options to make the best choice.
- **Purchasing decision (conversion):** During this stage, buying behavior turns into action – it's time for the consumer to buy!
- **Post-purchase evaluation (re-purchase):** After making a purchase, consumers consider whether it was worth it, whether they will recommend the product/service/brand to others, whether they would buy again, and what feedback they would give.

Now, to show you how these stages of the buying decision process play out in real life, here are consumer buying process examples that outline each of the steps and ways for your eCommerce brand to maximize results during each stage.

1. Need recognition (awareness)

The need recognition stage of the consumer decision making process starts when a consumer realizes a need. Needs come about because of two reasons:

Internal stimuli, normally a physiological or emotional needs, such as hunger, thirst, sickness, sleepiness, sadness, jealousy, etc.

External stimuli, like an advertisement, the smell of yummy food, etc.

Even if the core cause is vanity or convenience, at the most basic level, almost all purchases are driven by real or perceived physiological or emotional needs. The causes for these stimuli can be social (wanting to look cool and well dressed) or functional (needing a better computer to do work more effectively), but they speak to the same basic drivers.

We buy groceries because without food in the house, we'll be hungry. We buy new clothes because we'll be cold, or we feel like everyone else has the latest handbag of the season, and we don't want to be left out.

Example: Looking for a new camera

Think about it: Why does someone start looking for a new camera? Likely, their old camera isn't working well anymore, or they simply want a nicer camera. Maybe they have a vacation coming up. Or maybe they want to give the camera as a present to their sister, who just had her first child.

How in the world is this related to a physiological need? Simple. Without a camera, they won't be able to document special moments; therefore, they have an emotional desire to save these moments so that they are happy and not sad.

This emotional desire is the internal stimuli in this situation. Sure, a camera isn't a life necessity keeping them from surviving, but it does solve a core emotional need.

What happens after someone identifies a need? They begin looking for a solution! Which brings us to the next step in the customer journey: searching for information.

2. Search for information (research)

As soon as a consumer recognizes a need and begins to search for an answer, you must be there to help! And where do consumers generally go to look for answers today? Google!

Example: Researching cameras

Now that the customer has realized a need to get a new camera, it's time to find solutions to his problem. In this stage, it's imperative that you are visible to the consumer searching for an answer.

Here are some things a consumer may be searching for:

Notes

- Best cameras 2020
- What is the best affordable camera?
- Which cameras are top-rated?

The amount of information a customer needs to search for depends on how much he already knows about the solutions available, as well as the complexity of choices. For example, let's say there's someone looking for a camera as a gift, and he has no idea which type of camera he wants, or what features he needs.

He will need more information than someone who already knows exactly the type of camera he wants to buy, but just needs to find the right product and the right way to purchase it.

The amount of searching necessary is entirely dependent on the situation, and it can vary widely.

So how do customers search for information? By using internal information (their previous knowledge of a product or brand) as well as external information (information about a product or brand from friends or family, reviews, endorsements, press reviews, etc.).

The biggest way you can optimize your online business during the need recognition and awareness stage is by making sure you show up in search results – and that what the consumer sees makes an impression.

Strategies to optimize during the research stage

First, make sure you're optimizing your eCommerce storefront to rank for the keywords that matter to your brand. For a complete guide on eCommerce SEO, check out our guide [here](#).

Once you know how to strategize your SEO, you'll want to make sure your results are well optimized to convert. User-generated reviews can help you to build brand awareness during the research stage. In fact, it's one of the most effective ways to do it.

Reviews can help your store get seen in search results by increasing the likelihood of your store showing up for long-tail keywords. Reviews improve SEO because they give your online business a steady source of keyword rich, relevant content.

So when someone opens up their laptop and starts searching for a new camera, reviews will help you be there:

3. Evaluation of alternatives (consideration)

Now that the consumer has done research, it's time to evaluate their choices and see if there are any promising alternatives. During this phase, shoppers are aware of your brand and have been brought to your site to consider whether to purchase from you or a competitor.

Consumers make purchase decisions based on which available options best match their needs, and to minimize the risk of investing poorly, they will make sure there are no better options for them.

Their evaluation is influenced by two major characteristics:

- Objective: Features, functionality, price, ease of use
- Subjective: Feelings about a brand (based on previous experience or input from past customers)
- Example: Comparison shopping for a camera

If you're a camera seller or brand, your goal in the consideration stage is to convince customers your camera is the best choice. And the most effective way to do that is to keep them on your site longer and find ways to earn their trust.

Consumers will first weigh the objective characteristics of your camera. Does it have all the features I want? Is it easy to use? Is it in my budget? Then, the subjective consideration will kick in: Do other people think it has all the features it should? Has anyone else who bought it expressed any difficulty with learning how to use it? Is it generally considered a good value for the money?

You only have one shot – so you need to make the most of it. Of course, it's important that your site is informative, your prices are competitive, your value is clear, etc. But if you're identical to a competitor in every single way, the word of previous customers is what will set you apart.

Strategies for optimizing in the consideration stage

In this stage, use reviews and user-generated content examples on your site to increase engagement and boost customer trust.

The first place you need to have reviews is on your home page, so as soon as customers land on your site, they see content from past buyers. You also need to display reviews on your product pages, so customers looking for information can see trustworthy input from past buyers.

4. Purchasing decision (conversion)

Alright, now it's money time. This is the stage when customers are ready to buy, have decided where and what they want to buy, and are ready to pull out their credit cards.

But wait! Not so fast. You can still lose a customer at this stage. This is the stage when the purchasing experience is key – it's imperative to make it as easy as possible.

Example: Abandoning checkout for a camera

Let's say your potential customer has gotten to the checkout stage of his purchase, and has second thoughts: What if the recipient wants a different camera? What if this camera is missing a key feature that the recipient would want? How difficult will it be for the recipient to return the camera if it doesn't meet their needs?

This shopper will likely abandon his cart, and go back to the research stage. Maybe he'll end up back on your site, but maybe he won't. Your goal at this stage is to get him to complete the purchase now, so you don't lose him forever.

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Strategies for optimizing in the conversion stage

Many businesses choose to display reviews on checkout pages. This can be effective if done correctly. You need to focus on building trust, but don't distract the customer from completing the purchase.

If you want to display user-generated content during checkout, use site reviews rather than customer photos or product reviews, and make sure they aren't clickable. You want to focus on building trust and not distracting.

5. Post-purchase evaluation (re-purchase)

In this stage of the consumer purchase decision process, consumers reflect on their recent purchase. They think about how they feel about it, if it was a good investment, and most importantly, if they will return to the brand for future purchases and recommend the brand to friends and family.

In this stage, you need to have a post-purchase strategy to increase the likelihood that customers will engage with your brand again in the future. Return customers account for 1/3 of a store's total income on average, so make sure you're not missing out on this super valuable opportunity to increase your eCommerce conversion rate by turning shoppers into repeat buyers.

Example: Getting feedback and encouraging repeat purchases

In the camera example, the customer has already bought from your brand and they're evaluating their purchase. This is usually when they will leave a review about their experience. This is also when they are at their most engaged with your brand, and they can be susceptible to strategies that encourage long term engagement.

At this stage, you want to ensure that customers buy again, and you want to encourage them to leave UGC that helps other buyers in the future.

Strategies for optimizing in the conversion stage

While your customer might take it upon themselves to leave a review, they're far more likely to do so if you request one. Asking customers for reviews about their experience in a post-purchase email not only gives you insight into your performance, but it also gives you valuable user-generated content to leverage to attract future customers.

It's important to remember that customers have already given you something very valuable: their money! So you don't want to ask for too much when requesting feedback. In order to encourage customers to write reviews, make it as easy as possible for customers to leave feedback.

What Is the Importance of Pricing in the Consumer Buying Process?

One common question that eCommerce brands will ask is how consumers factor price into their buying decisions. When consumers are evaluating a product, price is of course a huge factor. But it's not just about the product price — it's about the entire cost of the purchase.

Let's say your cameras are a good value for the money, competitively priced, and have decent reviews. What happens when your customers get to checkout, and see that you have a high shipping cost? Instead of completing the purchase, they are going to see what the shipping cost is on the other cameras they were considering. And what if one of them offers free shipping? You may lose that customer.

You don't want shoppers to be surprised by any additional costs when they get to checkout. Make sure to calculate taxes and shipping costs before they get to the final step. The more transparent you can be about your pricing up front, the more likely you'll be to complete the sale.

If you want to turn a potential customer into a loyal brand advocate, it's important to build trust and keep them engaged at every step of the process. User-generated content is a powerful tool for building brand awareness, highlighting the best things about your products, and ultimately, growing your bottom line.

The Individual in the Organization

Perhaps, the individual who could best be described as the founder of the work on individual decision making within organizations would be Chester Barnard. In 1938, Barnard wrote the book, *The Functions of the Executive*. His analysis of individuals in organizations, particularly of individuals in cooperative systems was the precursor for many future studies as was the work by Roethlisberger and Dickson (1939).

This work suggests that others' evaluations, particularly the manager's, directly affect concrete rewards such as pay. And that, feelings of fairness and equity in how one is treated in an organization stem from discrepancies between self and others' evaluations. Such discrepancies, therefore, should affect job satisfaction, organizational commitment, performance, and turnover. However, extensive studies of the relationships among job satisfaction, organizational commitment, individual and organizational performance, and personnel turnover have led to a set of complex and inconsistent results (Mowday, Porter and Steers, 1982; Mobley, 1982).

Moving beyond this sub-area, however, major advances in individual and organizational behavior have followed from alternative perspectives. Among these alternative perspectives are a predominantly psychologically and economically based behavioral perspective, an information processing perspective, a cognitive perspective, and a structural or social network perspective.

3.2 PROBLEM RECOGNITION

Though Problem Recognition (PR) is a critical phase of the consumer decision making process, it has been relatively under-researched. Since PR frames the problem-solving situation, the remaining stages in the purchase decision are dependent on it. An analytic framework of problem recognition, consisting of four segments -- "new need," "product depletion," "expected satisfaction" and "current dissatisfaction" -- is proposed. A sample of 1056 new car buyers is used for empirical validation. The "new need" and "product depletion" groups differ

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significantly from the others in terms of several pre-search, search, alternative evaluation and satisfaction variables.

Though Problem Recognition (PR) is a critical phase of the consumer decision making process, it has been relatively under-researched. Since PR frames the problem-solving situation, the remaining stages in the purchase decision are dependent on it. An analytic framework of problem recognition, consisting of four segments -- "new need," "product depletion," "expected satisfaction" and "current dissatisfaction" -- is proposed. A sample of 1056 new car buyers is used for empirical validation. The "new need" and "product depletion" groups differ significantly from the others in terms of several pre-search, search, alternative evaluation and satisfaction variables.

The problem recognition stage in the consumer decision making process has been generally regarded as the event or "trigger" that initiates a purchase decision. It is the precursor of all consumer-initiated activities, such as pre-purchase information search, evaluation and choice processes, preceding any transaction. The idea that initial consumer actions affect future ones is both simple and intuitively appealing. First, the problem recognition phase frames the problem-solving situation.

Second, other stages of the decision making process sequentially linked to the problem recognition stage have a dependent relationship with it. Hence we can expect this stage to have a crucial influence on all subsequent decision process activities. Surprisingly, despite the potential significance of the problem recognition phase, it continues to be an area of limited research (Bruner 1985; Bruner and Pomazal 1988), though its importance is recognized in most models of consumer behavior (Howard 1989; Engel, Blackwell and Miniard 1986; Wilkie 1990).

Some of the difficulties associated with problem recognition (PR) research appear to be the consequence of an inadequate theory of problem recognition and hardly any empirical specification of the construct. In this paper, we present an exploratory study which attempts to address both these issues to some degree. Given the preliminary nature of this investigation, we propose and test a theoretical framework of PR. We validate the proposed framework rather than test specific hypotheses.

First, we specify a theoretical framework of the problem recognition process, drawing upon previous PR research (Dewey 1910; Bruner 1986, 1985; Bruner and Pomazal 1988; Sirgy 1983) and existing descriptive concepts in consumer decision making models (Howard 1989; Engel, Blackwell and Miniard 1986; Hawkins, Best and Coney 1989; Wilkie 1990). Second, we attempt to validate our framework of the PR process using data from a large sample of new automobile buyers. The results of the empirical test are then used to modify our framework of problem recognition.

Previous Research

Previous research on PR tends to view the construct in a variety of ways. For instance, Engel, Kollat and Blackwell (1968) describe PR as being caused by a significant difference between a desired state and an actual state, with respect to a particular want or need. While such a conceptualization is useful in understanding PR as the event or "trigger" initiating the consumer decision process, the operational aspects of the precedents to problem recognition, such as the definitions of the 'actual' and 'desired' states and their relative strengths are left unspecified. Similar descriptions of the PR construct are offered by Wilkie.

An abstract conceptualization of PR is provided by Sirgy (1983) who regards the construct as representing a homeostatic process disrupted whenever there is a significant incongruity between a "perceptual stimulus" and an "evoked referent." Also, a distinction is offered between problem and opportunity recognition. Essentially, a consumer is perceived to be vigilant and aware of the 'actual,' 'desired' and 'available' states.

Bruner (1985, 1986) makes a contribution to our understanding by regarding the fulfillment of the discrepancy between the "desired" and "actual" need states as a matter of consumer style, rather than the manifestation of particular situations i.e. problem recognition is a person-specific construct, rather than a situation-specific construct. Bruner and Pomazal (1988) attempt a comprehensive model offering a process view of the PR construct, using the earlier conceptualizations.

However, in their attempt at providing a detailed cognitive understanding of the PR process, they offer a model that cannot be easily specified and tested.

Toward a Framework of PR

A primary consideration in developing a framework for the PR process is the recognition that the framework be empirically testable to encourage further theoretical developments. A starting point would be a parsimonious conceptualization that retains the essence of the elaborate cognitive descriptions of the construct.

A second criterion deals with the importance of incorporating both the internal states of the consumer and the overt actions in depicting the PR phenomenon. Taking both aspects assists in developing an actionable framework of PR useful in developing marketing strategy.

A final consideration relates to the importance of linking PR to other aspects of the decision process. Ideally we would expect our framework to be both descriptive and predictive of the subsequent constructs and processes. However, the degree to which this might occur could vary across different purchase contexts.

A Framework of PR

Based on these considerations, we assume that PR may be regarded as a cognitive event that is simultaneously manifest as an overt action representing the start of the consumer decision process.

We acknowledge that several perceptual and motivational sub-processes are likely to lead up to the PR event but these are appropriately viewed separately as they are quite different in character. Such a conceptualization allows us to consider PR as a construct rather than a process, thus providing an useful anchor for formulating an analytic framework.

A framework of PR is shown in the Figure. The main theoretical proposition in our framework is that the nature of the occurrence of the PR event influences the cognitive and physical resources utilized for the subsequent stages of the consumer decision processes.

The cognitive and physical resources are measurable in terms of typical decision process activities such as the nature of presearch decisions, the amount of information search, decision time, usage of a purchase pal, etc.

Thus corresponding to "routine" PR events such as replenishment, we can expect "routine" decision activities with a low degree of search, and in new purchase contexts, the

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expenditure of cognitive/physical effort would be akin to "extended problem solving" i.e. a greater degree of effort and decision time.

The second theoretical proposition in our framework is that the perceptual and motivational sub-processes which precede the PR event are predictive of it, thus providing an understanding of how and why various PR events differ from one another.

A third proposition in our framework refers to the role of long term memory in determining the decision process activities triggered in response to various manifestations of the PR event. We suggest that the latter serve as important retrieval cues in facilitating the remaining steps in the purchase decision.

Finally, we posit that the nature of the PR event influences the criteria consumers use in assessing satisfaction with the purchase decision. For some contexts these criteria are likely to be of a satisficing nature, but not so for others.

Consistent with the literature, the present framework of problem recognition proposed in this paper assumes that the PR event occurs in response to a discrepancy between a desired state and an actual state with respect to a consumer need (generic PR) or want (selective PR). We may not be able to empirically distinguish between needs and wants because this difference merely influences the scope of the decision, and not the nature of it.

Further, we assume that the desired state is typically influenced by external factors (i.e. culture, social class, reference group, lifestyle, household and marketer influence) while the actual state is generally influenced by factors internal to the decision maker (i.e. motivation, learning, memory, personality, etc.)

The above partitioning is obviously a simplification, but it is consistent with those frequently used in understanding the multitude of influences on consumer decision processes (e.g. Hawkins, Best and Coney 1989). Furthermore, it parallels the distinction often made between the controllable and uncontrollable determinants of PR, from the viewpoint of a marketer.

In understanding the influence of the actual state with respect to a need/want on the PR event, we can see that there are basically two sets of internal circumstances that are likely to trigger the decision process. The first has to do with the depletion of the current product corresponding to a existing need/ want, whereas the second relates to dissatisfaction with the current state or product performance.

Turning to the influence of the desired state corresponding to a need/want on the PR event, we similarly find two major external conditions initiating the consumer purchase decision. The first condition relates to acquisition of a product representing a completely new need/want, while the second corresponds to the possession of products promising higher satisfaction than the current one.

It is important to recognize that the time element (Bloch, Sherrell and Ridgway 1986) corresponding to both the depletion of current product and the acquisition of a product corresponding to new need is not explicitly modeled in our framework. For instance, in the former case the depletion can be sudden (like in a product failure/ breakdown) or more routine (like in planned replacement).

In the latter instance, the acquisition could also be sudden (like in an impulse purchase) or more contemplative in nature. The incorporation of this time effect in our framework awaits additional research (see Bayus 1991 for current work in this area). Additionally, it

is possible that the time effect is also related to the magnitude of the discrepancy between the desired and actual states, thus leading to the classification of certain consumer purchase problems as "active" or "inactive" (Hawkins, Best and Coney 1989). However, this is again in the realm of future research.

Hence our framework of PR proposes that discrepancies between desired and actual states is driven by completely new or routine product purchases at the extremes and by existing dissatisfactions (with current products) or potential satisfactions (with new products) at intermediate levels.

It is important to note that the above four part categorization of the PR event captures the essence of the broad range of causes of PR currently considered in the literature (Wilkie 1990; Hawkins, Best and Coney 1989; Bruner and Pomazal 1988). Yet, it provides a parsimonious and empirically verifiable formulation of the first stage of the consumer decision process, as shown in the Figure.

Data

The data used in this research were collected as part of a study of new car buyers in three geographically separate metropolitan markets. The sample consisted of households that had recently purchased a new automobile for personal use. A stratified sample (by make of car) was drawn from all new car registrations in the markets during a particular time period, and was obtained through R.L. Polk & Co.

Potential respondents were contacted by telephone to solicit their participation in the study --and also to ensure that they belonged in the sampling frame. Approximately 2400 questionnaires were mailed to households that could be contacted via phone and 1056 usable responses were received, representing a 44% cooperation rate.

Prior to their use in the analyses, the data were subjected to a series of extensive consistency tests to identify biases that would require correction during the analyses phase. In almost all instances the data held up well to the verification checks. (For more details of the data, please refer to Punj and Staelin 1983).

Testing the Framework of PR

The main variable in this study is PR. Four groups corresponding to the Figure were formed. Details of the formation of these groups and operational specifications of the other variables used in this study are given below.

Problem Recognition (PR): We recoded nine specific categories (and the open ended responses) which best described the reason that led people to think about buying their new car, into the following four PR groups, corresponding to the framework of PR presented earlier. Presenting respondents with the major possible PR scenarios and asking them to identify with the most applicable in their case appears to be a reasonable method of assessment. The task is simple and recall did not appear to be a problem.

Group I: Higher Expected Satisfaction

- Had a car but wanted one more.
- Old car ran fairly well, but the new models had better styling.

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- Old car ran fairly well, but could get better gas mileage with a new car.

Group II: CURRENT DISSATISFACTION

- Old car needed repairs too often and was not reliable.
- Old car ran fairly well, but if it broke down, it would not be worth fixing.

Group III: PRODUCT DEPLETION

- Old car stopped running and had to be replaced.
- Old car ran fairly well, but it is best to trade every two or three years.

Group IV: NEW NEED

- Old car ran fairly well, but wanted a car for a different purpose – recreation, hauling things, carrying more people (or fewer people).
- Did not have a car and wanted to get one.

The sizes of the segments were appreciable, as seen from the Table. The four PR groups (labeled as Expected Satisfaction, Current Dissatisfaction, Product Depletion and New Need groups hereafter) account for 24%, 43%, 19% and 14% respectively. A fifth of the market (PRODUCT DEPLETION segment) is seen to exhibit regularity in product purchase.

Two out of three buyers (combining the EXPECTED SATISFACTION segment and the CURRENT DISSATISFACTION segment) are susceptible to product promotions/new product introductions at any time. Apparently, a lot more buyers express dissatisfaction with the state of the currently owned car, compared to the buyers who can be attracted into the market with promise of new potential benefits, such as improved styling, new product features, design, etc.

The remaining variables examined in our study were split into four categories corresponding to the well known stages in the consumer decision making process:

- (a) **Presearch Stage:** This included the number of makes which consumers were willing to consider seriously and the degree of predecisions about manufacturer/dealer at the start of the information search process.
- (b) **Information Search Stage:** This consisted of the length of time from serious consideration of purchase to the actual purchase; the count of several search activities; the pattern of search, such as dealer/non-dealer; and use of others to assist in the decision process.
- (c) **Alternatives Evaluation Stage:** This dealt with the number of models examined and the number of retail visits made, and finally
- (d) **Postpurchase Stage:** We examined the self rating of buying performance and the satisfaction with the new car purchased.

Results of Oneway Analysis on PR Groups

Details of the operational specifications of the above variables are described below:

- **Number of Makes willing to consider for purchase (NMAKES):** Respondents were queried as to the makes they were willing to consider buying, before visiting any

dealer. The multiple choice format considered divisional level makes, such as Buick, Cadillac, Chevrolet, Dodge, Ford, Lincoln, Mercury, Oldsmobile, Plymouth, Pontiac, Honda, Toyota, etc. It is assumed that the NEW NEED group would be willing to consider more makes compared to those who engage in replacement purchases. Also, the EXPECTED SATISFACTION group may be expected to have a smaller latitude of acceptance compared to the CURRENT DISSATISFACTION group, since the latter would probably eliminate only their current make and show greater acceptance of the other alternatives in the market.

- **Degree of Pre-Decisions made (PREDEC):** Responses to queries about whether manufacturer/model/dealer were known at the beginning of the search process were categorized into the following four groups: (a) Nothing was predecided, (b) Manufacturer pre-decided (like GM, Ford, etc.), (c) Specific make or dealer pre-decided, and (d) both the specific make and dealer were predecided. It may be expected that the PRODUCT DEPLETION group would exhibit the highest degree of pre-decisions compared to the other groups, whereas the NEW NEED group would show the least amount of pre-decision making.
- **Purchase Decision Time (DEC.TIME):** The elapsed time between first considering a car purchase seriously and the actual purchase was recoded into the following four categories: (a) Less than a month (b) Between 1 and 3 months (c) Between 3 and 6 months, and (d) More than 6 months. Once again, we expected that the NEW NEED group would take the longest time for the purchase decision since it is a new problem-solving situation. The PRODUCT DEPLETION group which may be expected to have engaged in a lot of prior planning would take the least time for making the purchase decision.
- **Search Activities (ACTVTS):** Count of the participation in the following activities: (a) Talking to friends/relatives about new cars or dealers (b) Reading books and magazine articles (c) Reading advertisements in newspapers and magazines (d) Reading about car ratings in magazines (e) Reading automobile manufacturer brochures and pamphlets (f) Driving to and from dealerships (g) Looking around the showrooms (h) Talking to salespersons and (i) Test driving cars.
- **The NEW NEED group** may be expected to engage in the greatest degree of search and the PRODUCT DEPLETION group the lowest, due to the greater degree of prior deliberation in the latter case. It is difficult to make a distinction between the EXPECTED SATISFACTION group and the CURRENT DISSATISFACTION group since the source and degree of the dissatisfaction is unknown.
- **Non-store search (NON.STOR)** is the difference of the total hours spent in information search and the time spent at dealerships. For the major part, it may be taken to reflect the effort spent in gathering of general or preliminary information about models considered suitable for purchase. Generally, the decision about the make/model has to be made by a consumer before entering a dealership. Of course, the gathering of non-store information does continue concurrently while going through the process of dealer visits. Non-store information sources includes all non-dealer sources, such as friends/relatives, advertisements, brochures and auto ratings in magazines. Time is assumed to be a common denominator for measuring the effort expended across a variety of sources which may require differential cognitive resources.

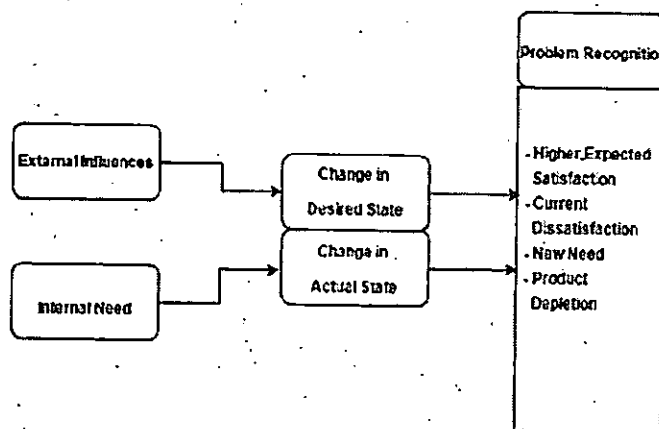
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- Once again, we expect the NEW NEED group to spend the greatest effort in non-store search, since past experience may not be available to play a compensatory role, while the PRODUCT DEPLETION group would spend the least time due to better preparedness. The EXPECTED SATISFACTION group may conduct less non-store search compared to the CURRENTLY DISSATISFIED group, but as explained earlier, this depends on the nature and scope of dissatisfaction.
- Dealer Search (DLR.SEAR) is the aggregate time, in hours, spent in visiting dealers. This represents focused search since dealer visits occur during the later part of the car buying process, usually after one has narrowed down the choice to some specific model(s). While some dealer visits may be made for information gathering or assessing the suitability of any model considered, some other visits might be accounted for by price shopping behavior. Non-Store search and Dealer Search constitute the pattern of information search considered in this paper and represent a dimension different from the degree of information search.
- The NEW NEED group is expected to have the highest number of dealer visits due to the extensiveness of the decision process necessary whereas the PRODUCT DEPLETION group would have the lowest. The EXPECTED SATISFACTION group may be expected to be lower than the CURRENT DISSATISFACTION group if particular and desired feature(s) are not readily available.

Use of a purchase pal in the decision process (PUPL.USG): This is a dimension not commonly studied due to the assumption that the decision making is done by individuals, for the most part. However, it may be a joint decision to some degree, involving significant others such as friends/relatives/mechanics outside the immediate family.

Respondents were queried whether such a purchase pal helped in deciding the new car to buy. It is a binary measure and does not capture the degree to which there was reliance on the purchase pal. It is possible to conceive of the PRODUCT DEPLETION group to have the least necessity of depending on someone to assist in the purchase decision, whereas the NEW NEED group would probably seek outside assistance. As before, the other two groups may not be distinguishable.

The number of models shopped for (NBRNDS): The respondents were queried on the number of models seriously considered for purchase during each dealer visit. NBRNDS is the aggregate of all the models shopped for during all the dealer visits.



The NEW NEED group is expected to have the highest number of models shopped for, because of less prior knowledge. The PRODUCT DEPLETION group is expected to have the fewest NBRNDS since the search process was initiated much earlier, compared to the other groups.

Number of retail visits (RTL.VSTS): This captures the store dimension found in studies investigating search across stores and brands. Consumers might be shopping for the same model across dealers or shopping for different models at the same dealer. Since the former is more likely, this measure can be expected to reflect inter-store shopping. The PR groups are expected to show a similar pattern, as discussed for NBRNDS.

Certainty about the purchase (FNL.CER): Buyers were asked to assess how good a buy they thought they had gotten when they first rode in the new car after the purchase. The response was gathered on a 7 point scale (1 = Worst buy; 7 = Best buy). We did not have any expectations on how this variable would differ across the PR groups.

The overall satisfaction with the decision made (SATISFAC) was measured on a 7 point scale (1 = Totally dissatisfied, 7 = Totally satisfied). We expected the NEW NEED group to have the lowest satisfaction due to cognitive dissonance, while the PRODUCT DEPLETION is expected to show the highest satisfaction, given prior purchasing experience. Relative to the CURRENT DISSATISFACTION group, we expected the EXPECTED SATISFACTION to have a greater score since this is the motivation driving the purchase for this PR group.

Analysis and Discussion

Essentially, we were interested in determining whether there were any differences among the four PR categories, in terms of the patterns of relationships identified in the previous section. Hence, several one way analysis of variance were conducted to identify significant differences across the PR groups. Also, the mean and standard deviation for each variable across groups are shown in the Table.

The empirical results provide encouraging support for the PR framework postulated in this paper. At the extremes, the NEW NEED group and the PRODUCT DEPLETION group stand out distinctively.

However, the EXPECTED SATISFACTION and the CURRENT DISSATISFACTION groups do not show any statistical significance ($p < 0.05$) between them. The nature and scope of dissatisfaction could be a reason for this finding.

To illustrate the results, consider the pre-search stage variables (NMAKES and PREDEC). As expected, the PRODUCT DEPLETION group shows the smallest value for NMAKES ($m = 2.61$, $s.d. = 1.8$). The other three groups differ significantly ($p < 0.05$) from this group, but not among themselves. The degree of pre-search decision making (PREDEC) follows an identical pattern, demonstrating consistency.

In terms of the alternatives evaluation stage, the results are stronger. The PRODUCT DEPLETION group differs significantly from the other three groups (for NBRNDS, $m = 3.30$, $s.d. = 2.4$). So does the NEW NEED group (for NBRNDS, $m = 4.8$, $s.d. = 4.0$). The directional expectation of the means is most evident in this stage.

The most surprising finding in our study is that all the four PR groups do not differ significantly in terms of the satisfaction (SATISFAC) with the new car they bought. All's

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well that ends well? As long as customers engaged in whatever they deemed necessary and sufficient under the circumstances, which they appear to be controlling for, then they are satisfied with the new purchase made.

The findings indicate that the EXPECTED SATISFACTION and the CURRENT DISSATISFACTION group do not differ on any of the variables examined in this study. Yet, it is useful to conceptually distinguish between the two groups, since availability of an improved product causing PR is different from the case when it is caused by dissatisfaction with the currently owned product. However, the availability of better products may increase dissatisfaction with the currently owned brand and this might be the reason for the lack of statistical difference between the two groups.

We repeated the one way analysis of variance after collapsing the EXPECTED SATISFACTION and CURRENT DISSATISFACTION groups. As could be expected, the results showed the three groups being statistically different from one other for the following variables: PREDEC, DLR.SEAR, NBRNDS and RTL.VSTS. The PRODUCT DEPLETION group had significantly lower NMAKES, DEC.TIME, ACTVTS and higher FNL.CER, compared to the remaining two groups. However, in terms of satisfaction with the new car purchased, the three groups remained indistinguishable.

Conclusion

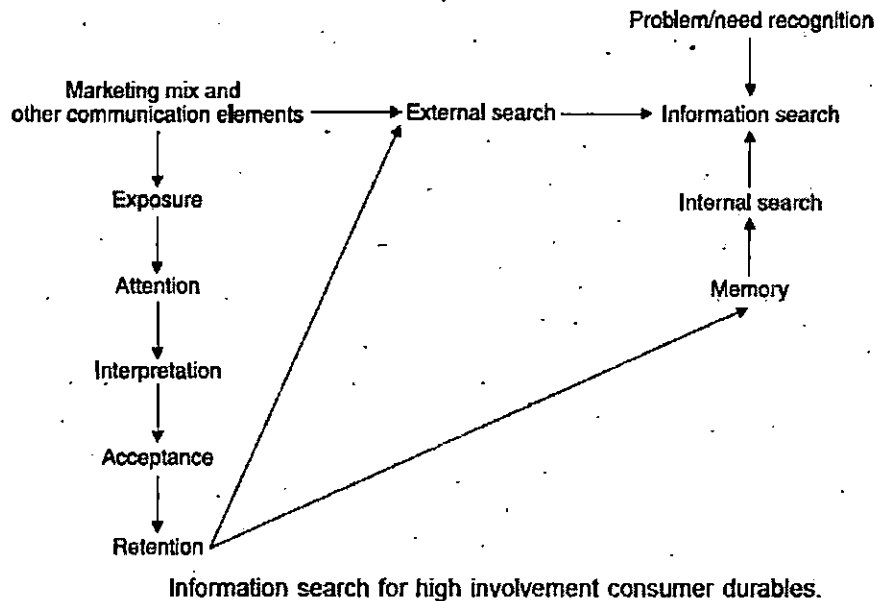
Problem Recognition, though recognized as being a critical part of the consumer decision process, remains relatively under researched. In this paper, we present a conceptual framework of Problem Recognition. The framework is tested using a sample of 1056 new car buyers. Results indicate that two segments -- a new need segment and a product depletion segment -- are clearly distinguishable in terms of the subsequent decision process variables. Two other groups, though conceptually distinct, do not reveal any statistical uniqueness. Additional research is needed to gain a richer and more precise understanding of how this important construct might actually frame and guide consumer decision making.

3.3 SEARCH AND EVALUATION

Information search starts the moment a need is recognized. It is a deliberate attempt to gain appropriate knowledge about products. Knowledge of brands and their important characteristics, and knowledge of stores from where to purchase the goods is gained. Optimum amount of information is required for making a proper choice. Consumers gather information, they then understand (perceive) by selecting, organizing and interpreting it.

Questions Faced by Marketer

- What are the types of information search, and what are their determinants?
- What is the appropriate information load that can be handled by customers?
- How can marketers help facilitate the information search?
- Which source of information is used by the customer?



Types of Information Search

- **Internal search:** It is sufficient in case of loyalty decisions and impulsive purchases. Internal search is also done for routine response behavior and limited problem solving.
- **External Search:** It is a mediated, planned and rational pursuit of information for high involvement purchase decision, i.e., extensive problem solving.
- **Passive Search:** Low involvement use repetitive advertising use TV Emphasize Price Promotion and in-store marketing stimuli.
- **Active Information Search:** Marketer must vary message content frequently. Use Print Media. Emphasize advertising and emphasize marketing before customer enters store.
- **Hedonic Search:** In this, sensory stimuli dominates. There is ongoing information search. Personal sources are more important symbols and imagery is most effective.
- **Utilitarian Search:** Product attributes are more important for purchase. There is specific information search. Non-personal sources are more important. Product information is more effective.

Information Overload

Jacob Jacoby and Associates developed this concept, which cautions marketers against the popular assumption "If some information is good, then more information must be better".

Too much information confuses the consumer, and with more information, often poor decisions are made. Increasing package information adversely affects the ability to choose best brands.

Notes

Sources of Information

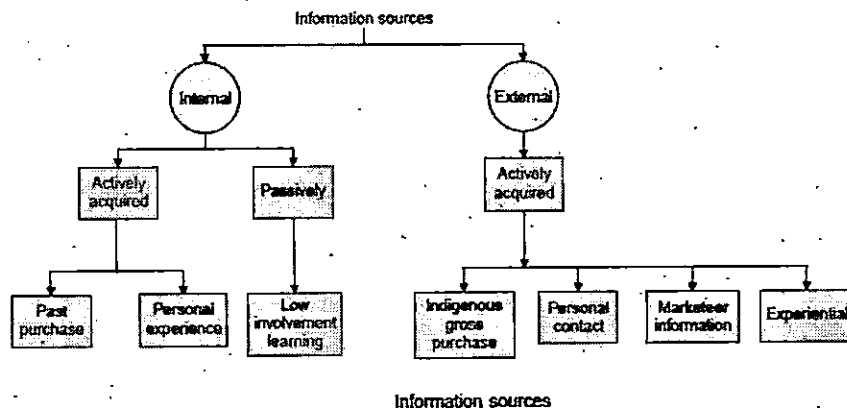
Controlled by marketers:

- Advertising: Provides about 35 per cent to 50 per cent information sought. It is the most important sources of information.
- In-store promotion: e.g., display prices, danglers, brochures, technical reports, summaries.
- Information on distribution support: Yellow pages.
- Package information: Colour, design, ingredients and mode of using.
- Sales personnel: Consumer durables, furniture, electronic, clothing indigenous products.
- Samples and demonstrations (most important): Create a favourable impact for marketers.
- Outside marketer's control: Personal friends, independent consumer reports, new articles shopping columns.

Some sources are face to face, others are non-personal in nature (advertisement and publicity, etc.). There are many situations which lead to high or low information search.

Factors Leading to High Information Search

- If one feels that there will be more benefit by undertaking a search search is high.
- If there is greater involvement in the product, i.e., a camera bought by a professional photographer or, a racket chosen by a professional tennis player.
- If one likes shopping and enjoys it search is high.
- If more time is available high search.
- If one is mobile and can go from place to place, i.e., his movement is not restricted high information search.
- If one can process the information easily about the product one wants to buy. It leads to high information search.
- If many attributes are to be evaluated and one is interested in many attributes and their mix high information search.
- If there is a little product knowledge and experience it leads to high risk. Therefore, more information search is required.
- If there is more product differentiation high price is charged.



Factors Leading to Low Information Search

- If the cost of the information search is high it leads to low information search.
- If one relies on his past experience of purchases low information search.
- If one is satisfied with existing brands he is using he will go for low information search.
- If there is social pressure of friends and relatives to buy a particular product low information search.
- If one has low confidence in dealing with information or, cannot process much information low information search.
- For external information search, certain measures are taken.
 - Number of stores visited
 - Number of alternatives considered
 - Number of personal sources used
 - Overall or combination measures

Consumers can be classified as:

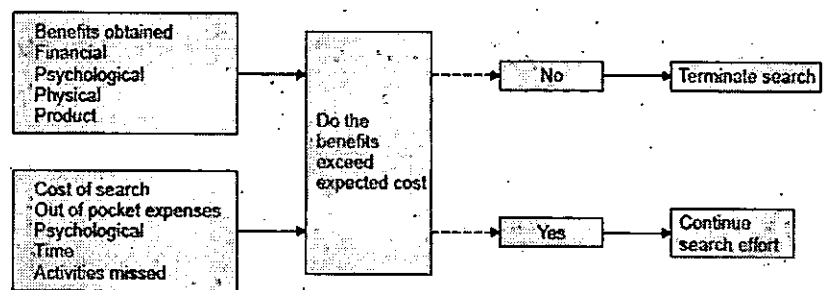
- Non-searchers
- Limited information searchers
- Extended information searchers

Cost vs. Benefit Analysis

Benefits can be:

- tangible, i.e., lower price preferred style, more quantity, better quality.
- Intangible reduced risk, greater confidence even providing enjoyment. It has been observed that 50 per cent of the appliance buyers do little, or no external search as they do not perceive enough benefits from it.

Notes



Cost and benefit guide.

Cost

No search is also done because of the cost incurred. It can be both monetary and non-monetary, i.e., money used in transportation, lost time, lost wages, lost opportunities. Non-monetary may include psychological and physical cost, frustration cost, conflict between search and other activities fatigue, etc. When a consumer undertakes a search, he comes across various brands and has to choose from them. Some brands are considered out of the total set of brands available. We thus have:

- Total set: All the brands available in the market.
- Awareness set: Brands potential buyer is aware of:
- Inept set: Not suitable/rejected.
- Considerations set (Evoked set): Brand to be considered.
- Choice set: In contention with final choice.
- Choice: Ultimate choice.

To design market strategies, the nature of search is to be considered, i.e., R.R. B., L.P.S., E.P.S. and the nature of the evoked set (This influences the direction of search). This gives rise to six strategies.

Maintenance Structure

If the brand is purchased habitually, the strategy is to maintain that behaviour. Attention is to be paid to product quality, avoiding out of stock situation, reinforcement, advertising. Also defend against the competitor's move which might be disruptive to the brand. Maintain product development, give rebates, P.O. P. displays, etc.

Disruptive Structure

If the brand is not in the evoked set and the decision is habitual, we must disrupt the existing decision-making process. It is a difficult task. A major product improvement must be made. Attention attracting advertising should be done. Free samples, coupons, rebates and tie-ins can disrupt habitual decision-making.

Capture Structure, Limited Decision-making and Evoked Brand

Limited decision-making involves few brands which are evaluated on price or availability. Information search is mostly done at P.O. P. and through available media prior to purchase. Strategy is to catch as much of the market share as possible/practical. In limited search, the marketer tries to supply information of his brand by cooperative advertising. He must also maintain product quality and adequate distribution.

Intercept Structure, Limited Decision-making and not Evoked Set

Marketer has to intercept the consumer during a search on brands in evoked set. Emphasis will be on local media with cooperative advertisement, P.O. P. displays, shelf space, package design. Consumer's attention is to be drawn as the brand is not in the evoked set. Coupons can also be effective. Low involvement learning, product improvement and free samples can also be used.

Preference Structure, Extended Decision-making and Evoked Set

Extended decision-making involves several brands, several attributes and many information sources. We have to have a campaign that will result in the target market preferring our brand.

We should be strong in the attributes preferred by the target markets. Extensive advertising campaigns must be undertaken to impart information to groups. Groups be encouraged to test the brand. Extra motivation be given to salesmen. Pamphlets be provided.

Acceptance Structure

It is used in extended decision-making and for the brands that are not in the evoked set. Similar to preference structure brand is not in evoked set, therefore, the customer is not seeking information about the product. Motivate customer to learn about the brand and visit showrooms. Besides preferred strategies, effort should be made to bring the brand in the evoked set by extended advertisement and imparting information.

Marketing Implications of Research Behaviour are Broad Ranging

It makes marketers aware of how customers search for information. They can help the customer and facilitate the search process to match with their marketing stimuli. Marketers influence search process by advertising product and packaging and pricing policies.

Marketers' Influence on Information Search

Through areas of advertising, product and packaging policies and pricing.

- Advertising: Complex due to selective reception and perception. With time, audience erosion occurs, constant review is important. Audience may not be attentive to the advertisement.
- Review is the key word: To present an attractive packaging, one should vary the packaging and design of the product.
- Product and packaging: Use words like 'new', 'improved', 'better', or 'power' packed.

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Change in package design and colour, periodically helps to push information through. It stimulates the consumer and, pushes the information through the threshold level. These adjectives help the consumer to break the threshold level faster, so that the purchases are expedited.

- **Pricing:** Review pricing permutations and combinations to convey desired price quality perception. Most people are sensitive to price variations. This strategy is commonly used.

3.4 PURCHASE DECISION

This is the moment the consumer has been waiting for: the purchase. Once they have gathered all the facts, including feedback from previous customers, consumers should arrive at a logical conclusion on the product or service to purchase.

If you've done your job correctly, the consumer will recognize that your product is the best option and decide to purchase it.

Example: The customer finds a pink winter coat that's on sale for 20% off. After confirming that the brand uses sustainable materials and asking friends for their feedback, she orders the coat online.

Post-purchase evaluation

This part of the consumer decision-making process involves reflection from both the consumer and the seller. As a seller, you should try to gauge the following:

- Did the purchase meet the need the consumer identified?
- Is the customer happy with the purchase?
- How can you continue to engage with this customer?

Remember, it's your job to ensure your customer continues to have a positive experience with your product. Post-purchase engagement could include follow-up emails, discount coupons, and newsletters to entice the customer to make an additional purchase. You want to gain life-long customers, and in an age where anyone can leave an online review, it's more important than ever to keep customers happy.

Tools to better understand your customer

Putting yourself in the customer's shoes can help you steer consumers towards your product. Here are some tools to help you analyze their decision-making process and refine your brand marketing and sales tactics.

Customer journey map

A customer journey map visualizes a hypothetical customer's actions. Use it to empathize with your customers as they go through a specific process or try to complete a purchase. Map out the actions the customer is likely to take. Processes

3.5 CONSUMER BEHAVIOUR MODELS

Consumer behavior models are instrumental for understanding how, when, and why your customers buy. By applying the models to your customer acquisition efforts, you can accurately predict who will buy your product and target the right customers at the right time.

A consumer behavior model is a theoretical framework for explaining why and how customers make purchasing decisions. The goal of consumer behavior models is to outline a predictable map of customer decisions up until conversion, thus helping you steer every stage of the buyer's journey.

Consumer behavior models may sound complicated, but they're not. They're a way to create a "buyer behavior story" that you can use to refine and improve your customer experience.

As a whole, buyer behavior refers to an individual's buying habits based on influences from their background, education, personal beliefs, goals, needs, desires, and more.

Businesses aim to understand buyer behavior through customer behavior analysis, which involves the qualitative and quantitative analysis of a target market. Even though this data can tell you your customer's favorite brand of socks, it doesn't mean much if it doesn't tell you why they purchased that brand of socks.

That's where consumer behavior models come in. Consumer behavior models contextualize results from customer behavior analysis studies and help you get to the "why" of purchasing decisions.

Consumer Behavior Models

Customer behavior models help you understand your unique customer base and more effectively attract, engage, and retain them. These models are either traditional or contemporary.

Traditional Behavior Models

Traditional behavior models were developed by economists hoping to understand what customers purchase based on their wants and needs. Traditional models include the following:

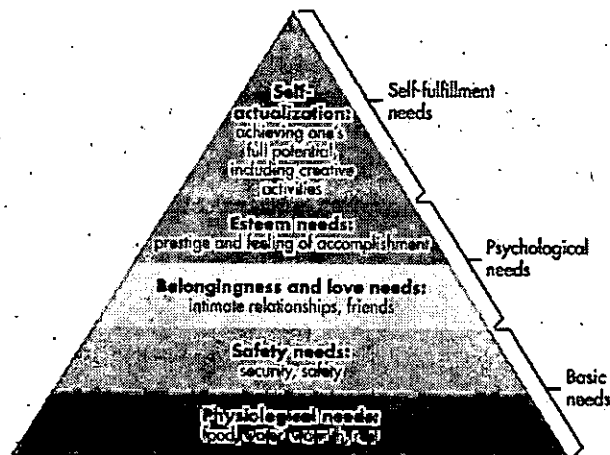
- Learning Model
- Psychoanalytical Model
- Sociological Model
- Economic Model

1. Learning Model of Consumer Behavior

Customer modeling example: learning model

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The Learning Model of customer behavior theorizes that buyer behavior responds to the desire to satisfy basic needs required for survival, like food, and learned needs that arise from lived experiences, like fear or guilt. This model takes influence from psychologist Abraham Maslow's Hierarchy of Needs (pictured below).



The bottom level of this hierarchy represents basic needs, and ascending sections describe learned needs, or secondary desires, that allow consumers to feel as though they've reached self-fulfillment.

The Learning Model says that consumers first make purchases to satisfy their basic needs and then move on to meet learned needs. For example, a hungry customer would fulfill their need for food before a learned need to wear trendy clothing.

If you're a multipurpose business that sells products that meet all levels of customer needs, this model applies to you. For example, Target is a United States-based department store that sells hundreds of products. Super Targets are larger versions of the chain that also sell groceries.

When a customer visits a Super Target, they first see products that satisfy their basic needs — the grocery section. They're probably also seeing produce first, as these items are seen as the most nutritious and necessary for survival. After produce, customers move on to other aisles that satisfy learned needs, like purchasing their favorite cookies, clothing items, or beauty accessories.

You can think of it like this: If you're a business with a significant amount of in-store options, improve the customer experience and speak to their buyer behavior by first leading them to the products that will satisfy their innate needs. Without doing this, they may navigate through your store anxious about meeting those needs and spend less time browsing other products and making additional purchases. Once they feel comfortable, they'll move on to satisfy the desires that bring them joy rather than help them survive.

2. Psychoanalytical Model of Consumer Behavior

Sigmund Freud is the father of psychoanalysis. The psychoanalytical model draws from his theories and says that individual consumers have deep-rooted motives, both conscious and unconscious, that drive them to make a purchase. These motives can be hidden fears, suppressed desires, or personal longings.

Thus, customers make purchases depending on how stimuli from your business, like an advertisement on Instagram, appeal to their desires. It's important to note that, since these desires can be unconscious, customers don't always know why it appeals to them; they just know it feels right to have it.

This model is unique in terms of application, but it's relevant to businesses that sell an image that accompanies their products or services. For example, say you sell glasses. We all long to fit in and feel like we're valued and seen as capable, smart people. Glasses are sometimes a symbol of intelligence, so you'd want to appeal to this desire when crafting a customer experience.

You may instruct marketing to create ad campaigns that display pictures of people wearing your glasses in educational settings or doing things that society labels as 'smart.'

3. Sociological Model

Customer modeling example: sociological model The Sociological Model of consumer behavior says that purchases are influenced by an individual's place within different societal groups: family, friends, and workgroups, as well as less-defined groups like Millennials or people who like yoga. An individual will essentially purchase items based on what is appropriate or typical of the groups they're in.

For instance, C-Suite executives are expected to be professional and formal. People who hold these jobs will make purchases that speak to and uphold this group's rules, like formal business wear.

This model can apply to most businesses, especially those that create products and services relevant to specific groups. To use the Sociological Model, you'd want to create experiences that speak to how these groups usually act. One example is brands that sell exercise equipment.

You sell to and appeal to consumers that are part of a societal group that likes to work out. To delight these customers, you'd want to sell to their desires, like equipment that improves performance or an insulated water bottle that stays cold and leaves them satisfied during their breaks. By doing this, you're speaking to the consumer in that specific group and showing them that your product will help them retain their position in that group.

Check out this ad from Nike. They're selling this shoe to the undefined group of people who like to run, claiming that it will improve their speed and help them fit in with the group.

4. Economic Model of Consumer Behavior

Customer modeling example: economic model The economic model of consumer behavior is the most straightforward of the traditional models. This model argues that consumers try to meet their needs while spending as few resources (e.g. money) as possible.

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That means that businesses and manufacturers can predict sales based on their customers' income and their products' price. If companies offer the lowest-priced product, they may feel that they're guaranteed a consistent level of profit.

While the economic model is the easiest to understand, it's also the most limited. A buyer may have other reasons for purchasing a product aside from price and personal resources.

One such example would be prescription medicine in the U.S. healthcare industry. While the price of a prescription drug may exceed the buyer's resources, the buyer would still have to find a way to purchase it and meet their needs. They might open a credit card or take out a personal loan to pay for the medicine. Thus personal income and price don't affect the purchasing decision here; instead, need does.

Contemporary Models

Contemporary models of consumer behavior focus on rational and deliberate decision-making processes rather than emotions or unconscious desires. The contemporary models include:

- Engel-Kollat-Blackwell (EKB) Model
- Black Box Model
- Hawkins Stern Model
- Howard Sheth Model
- Nicosia Model
- Webster and Wind Model

1. Engel-Kollat-Blackwell (EKB) Model of Consumer Behavior

Customer modeling example: (EKB model) The Engel-Kollat-Blackwell model of consumer behavior outlines a five-stage decision process that consumers go through before purchasing a product or service.

- Awareness: During this stage, consumers view advertisements from a business and become aware of their need, desire, or interest, to purchase what they've just discovered.
- Information Processing: After discovering a product or service, a consumer begins to think about how the product or service relates to their past experiences or needs and whether it will fulfill any current needs.
- Evaluation: At this point, consumers will research the product they've discovered and research options from competitors to see if there is a better option or if the original product is the best fit.
- Purchasing Decision: A consumer will follow through with a purchase for the product that has beat out competitors to provide value. A consumer may also stop the process if they change their mind.
- Outcome Analysis: After making a purchase, a customer will use what they've bought and assess whether their experience is positive or negative. After a trial period, they'll keep a product and maybe decide to become repeat customers or express dissatisfaction and return to stage three.

Overall, EKB says that consumers make decisions based on influencing factors that they assess through rational insight.

This model applies to businesses that have many competitors with similar products or services. If your product market is highly saturated and competitive, the goal is to outshine your competitors by meeting customers at every stage of their journey.

Increase visibility for your business during the awareness stage through Search Engine Optimization. Show them how your product or service will benefit them and give them the resources they need to weigh you against your competitors, like customer reviews and testimonials, free trials, discounts for bulk purchases. Lastly, and provide excellent after-sales support to show them that you care about their business even if they make a return.

2. Black Box Model of Consumer Behavior

The Black Box model, sometimes called the Stimulus-Response model, says that customers are individual thinkers that process internal and external stimuli to make purchase decisions.

It may look complex, but it's a fairly straightforward path. A consumer comes into contact with external stimuli from your business' marketing mix and other external stimuli, and they process it in their mind (black box). They relate the external stimuli to their pre-existing knowledge, like personal beliefs and desires, to make a decision.

In short, this model says that consumers are problem solvers who make decisions after judging how your product will satisfy their existing beliefs and needs. Since consumers only follow through with a purchase after understanding how a product relates to their experiences, this model can benefit businesses selling products that go along with a lifestyle.

Case in point: cars. Different brands sell their cars to specific types of buyers. Jeeps and Subaru are for those that engage in outdoor activities and need a sturdy, reliable vehicle. At the same time, Mercedes Benz and Lexus are marketed to those who want luxurious driving experiences. Even though the machinery is relatively similar, these brands speak to the pre-existing life values that customers have, and they promise that purchasing their vehicle will uphold their values.

3. Hawkins Stern Impulse Buying Model

The Impulse Buying theory is an alternative to the Learning Model and EKB, as it claims that purchases aren't always a result of rational thought. When we think of impulse buying, we typically imagine picking up a candy bar or a pack of gum right before checking out. These are certainly impulse purchases, but Hawkins Stern categorizes them into four different types:

Escape Purchase: Sometimes called pure impulse, this involves purchasing an item that isn't a routine item or on a shopping list. Consumers are drawn to these items through appealing visuals.

Reminder Purchase: A consumer makes a reminder impulse purchase when they come across a product through in-store setups, promotional offers, or a simple reminder that a product exists, like a strategically placed ice cream scoop in the freezer aisle of a grocery store.

Suggested Purchase: Suggested impulse purchases occur when a consumer is made aware of a product after a recommendation or suggestion from an in-store salesperson or

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online algorithms. For example, seeing an ad that says, "Other people who bought this shoe you're about to buy also purchase these socks." The consumer didn't know the socks existed, didn't plan to buy them, but now the suggestion has told them that they need them.

Planned Purchase: Although planned is the opposite of impulse, these purchases occur when a consumer knows they want a particular product but will only buy it if there is a deal involved. An unexpected price drop could lead a customer to make a planned impulse purchase.

The Hawkins Stern Model applies to most businesses, as there are no limits to what a customer with this purchasing behavior will buy. Create a tailored customer experience by putting care into product displays, creating AI algorithms for online shopping, or placing items on sale to appeal to your shoppers who are planned purchase impulse buyers.

4. Howard Sheth Model of Buying Behavior

The Howard Sheth model of consumer behavior posits that the buyer's journey is a highly rational and methodical decision-making process. In this model, customers put on a "problem-solving" hat every step of the way – with different variables influencing the course of the journey.

According to this model, there are three successive levels of decision-making:

- **Extensive Problem-Solving:** In this stage, customers know nothing about the product they're seeking or the brands that are available to them. They're in active problem-solving mode to find a suitable product.
- **Limited Problem-Solving:** Now that customers have more information, they slow down and begin comparing their choices.
- **Habitual Response Behavior:** Customers are fully aware of all the choices they have and know which brands they prefer. Thus, every time they make a purchase, they know where to go.

We've all gone through some version of these stages.

Let's look at an anecdotal example.

When I first started buying glasses online, I had no idea which retailers I should use or whether the glasses sold online would be the same quality as the opticians' offerings. I searched online to find a high-quality online glasses retailer (extensive problem-solving).

I found a few choices and started comparing them from both a pricing and quality standpoint (limited problem-solving). I eventually chose one, and that's the retailer I've used ever since (habitual response behavior).

But these stages aren't that simple. According to the Howard Sheth model, I was under the sway of several stimuli during this process:

- **Inputs:** This refers to the marketing messages and imagery a consumer receives while they're going through the decision-making process. "Inputs" also refers to any perceptions and attitudes that come from the consumer's social environment, such as their

friends, family, and culture.

- **Perceptual and Learning Constructs:** This may sound complicated, but this stimulus is simply the customer's psychological makeup and psychographic information. Perceptual and learning constructs may include needs, preferences, and goals.
- **Outputs:** After inputs and perceptual and learning constructs are mixed together, you get the output. The output is the customer's resulting action under the influence of marketing messages, social stimuli, and internal psychological attributes. It can result in the customer paying more attention to a certain brand over another.
- **External Variables:** This is anything that's not directly related to the decision-making process, such as weather or religion, that still may sway the customer's decision.

5. Nicosia Model

The Nicosia Model places emphasis on the business first and the consumer second. It argues that the company's marketing messages determines whether customers will buy. Simple, right?

While it's an attractive model because it places all the power on businesses, it's unwise to ignore the customer's internal factors that lead to a purchase decision. In other words, while you may offer the wittiest and most effective marketing copy ever, a customer's internal attributes may have more sway in some instances over others.

The model is comprised of four "fields":

- **One:** The business' characteristics and the customer's characteristics. What does your marketing messaging look like? And what's your customer's perception of that messaging? Are they predisposed to be receptive to your message? The latter is shaped by the customer's personality traits and experiences.
- **Two:** Search and evaluation. Similar to the Howard Sheth model's "limited problem-solving" stage, the customer begins to compare different brands here based on the company's messaging.
- **Three:** Purchase decision. The purchase decision will occur after the company convinces the customer to choose them as their retailer or provider.
- **Four:** Feedback. During the feedback field, the company will determine whether it should continue using the same messaging, and the customer will decide whether they will continue to be receptive to future messages.

6. Webster and Wind Model of Organizational Buying Behavior

The Webster and Wind Model is a B2B buying behavior model that argues there are four major variables that affect whether an organization makes a purchase decision. Those are:

- **Environmental Variables:** Environmental variables refer to any external factors that could sway a purchase decision. Customer demands, supplier relationships, and competitive pressure are a few examples. Broader variables apply, too, such as technology, politics, and culture.
- **Organizational Variables:** Organizational variables refer to internal factors that could sway a purchase decision, such as the organization's goals and evaluation criteria.

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- **Buying Center Variables:** Who makes the final purchase decision? Who has the authority to sign the contract, and who influences the buying process? Buying center variables take all of this into account.
- **Individual Variables:** These variables refer to the demographic and psychographic information of the individual prospect at the business. What's their education and level of experience? What are their goals and desires?
- After taking all of those variables into account, B2B organizations are then able to chart a predictable buyer's journey for their target customers.

3.6 CONSUMERISM

Consumerism is the organized form of efforts from different individuals, groups, governments and various related organizations which helps to protect the consumer from unfair practices and to safeguard their rights. The growth of consumerism has led to many organizations improving their services to the custom.

Consumerism is the idea that increasing the consumption of goods and services purchased in the market is always a desirable goal and that a person's wellbeing and happiness depend fundamentally on obtaining consumer goods and material possessions. In an economic sense, it is related to the predominantly Keynesian idea that consumer spending is the key driver of the economy and that encouraging consumers to spend is a major policy goal. From this point of view, consumerism is a positive phenomenon that fuels economic growth.

Consumerism is one of the most popular social issues and is being publicised very fast. The consumer today wants his rights. He wants his full value for the money he spends. He is not ready to accept substandard good or goods whose usage date has expired. He wants full satisfaction from the products he buys.

In today's society, the dissatisfaction of the consumer and the protection of his rights need quick redressal. The government has made many laws, rules and regulations to nab the defaulting manufacturers; distributors and other members connected with the business and take them to the court of law.

The consumer today is very demanding, keptical and critical. Therefore, marketeers must understand the consumer behaviour to be successful in this changing environment.

Definition

"It is a social movement of citizens and government to enhance the rights and power of buyers in relation to seliers."

Consumer problems can be associated with hospitals; libraries, schools, police force and various government agencies as well as wit other business manufacturing and distributing durable, non-durable, industrial goods and service products.

There are many causes or roots of d iss.ttisfaction of consumers, which gave rise to consumerism. They can be listed as under:

1. **Performance Gap:** The consumers are dissatisfied with the performance of the products, which are below their expectations. The consumers feel that the promise-performance gap is widening e.g., the scooter not giving the mileage promised.

2. **Dissatisfaction with the System:** Many institutions are subjected to public scrutiny. There is a lot of trust and a loss of esteem by these institutions or enterprises. One glaring example of dissatisfaction for the consumers is the issue of passport. The procedure is cumbersome. There is shortage of staff and even when the passport has been made and is ready for despatch, the despatch does not take place even after six months. Similar is the case in the issue of licenses, ration cards, telephone connections etc.
3. **The Consumer Information Gap:** The consumer is not fully informed about the number of products available in the market and a customer who is short of time and does not have the interest or intelligence to process information is at a loss. Such incidents occur while buying computers, small cars etc. The processing of decision-making is complex and often the consumer makes a wrong choice.
4. **Non-credibility of Advertising:** Some consumers have an antagonistic attitude towards advertising. They feel that the advertisements are not credible and doubt their truthfulness. Some want to keep away from the advertising clutter, which irritates them.
5. **Impersonal and Unresponsiveness Marketing and Service Organizations:** The response to the human voice by a computer is sometimes annoying. Telemarketing is a great annoyance to the consumer. Lack of complete knowledge by salesman etc. For example, most of the banks selling credit cards will call you at any hour and disturb you in your work, your meeting etc. The number of such calls are many in a day and many salesman of the same bank are calling you over and over again. As a courtesy you do not shut them up but it is very irritating and time consuming. Another example of the railway where the bell keeps ringing for long and nobody responds or responds after a long time. If you have too questions to ask before the first question is fully answered, the phone is put down and you are left with incomplete information.
6. **Intrusion of Privacy:** Many consumer information databases are prepared. In this computerized society, this information is easily accessible and effects the consumer's privacy.

These factors and others have given rise to consumer movement. In India, we find a lot of consumable items are either of not right quality, or not of proper weight and price. Some times they have external material or elements like insects, cockroaches and other foreign elements. Although these cases are very rare but they are highlighted and give a boost to the consumer movement.

3.7 BASIC PROCESS

In the earlier decades the consumer was unorganised and was generally taken for a ride. Today, the consumer is aware of his rights and is highly educated and experienced. He was earlier being exploited, in many ways. These were the adulteration practices of the manufactures

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and middlemen. Variations in the contents of the pack, misleading and deceptive advertising which led even the educated consumer to buy unwanted and unnecessary goods to a large extent. Consumers also complained and criticised the factors like price, quality, advertising, packing, distribution, after sales service etc. There were many unfair trade practices prevalent in India, some examples are given below:

Advertising of scooters and cars claiming a much exaggerated average per litre than the actual. The sale of magic rings for the cure of diseases like blood pressure and diabetes. The sale of medicines claiming to increase the height of children, and other unbelievable claims.

Adulterating the food with stuff to increase the weight of the product, papaya seeds to black pepper to increase the bulk and weight, adding animal fat to Ghee, water to milk, supplying poor quality products that did not last long, etc., many other practices which harmed the consumer considerably—amputating the wrong leg of a patient by oversight in a government hospital. Patients losing their sight because of negligence of doctors using infectious surgical instrument in the operation theatre.

Doctors leaving scissors or radioactive elements in the body of the patient. A patient was operated upon for the removal of an ovarian cyst, when actually there was none, and other practices which were injurious, unhealthy and unfair to consumers.

The examples show that the attitude of business towards consumers have been very indifferent. This mostly happens in a seller's market, but where there is competitive selling or sellers are many, the needs of the consumer is the first priority, and the marketing concept is being practised.

The exploitation of the consumer has led to the creation of the consumer movement also known as consumerism. Consumerism is the range of activities of the government, business, and independent organization that are designed to protect the consumer from the unlawful practices of the business that infringe upon their rights as consumers.

There has been an awakening in the consumer and the government has passed many laws and statutory obligations that must be adhered to, by companies.

Understanding Consumerism

In common use, consumerism refers to the tendency of people living in a capitalist economy to engage in a lifestyle of excessive materialism that revolves around reflexive, wasteful, or conspicuous overconsumption. In this sense, consumerism is widely understood to contribute to the destruction of traditional values and ways of life, consumer exploitation by big business, environmental degradation, and negative psychological effects.

Thorstein Veblen, for example, was a 19th-century economist and sociologist best known for coining the term "conspicuous consumption" in his book *The Theory of the Leisure Class* (1899). Conspicuous consumption is a means to show one's social status, especially when publicly displayed goods and services are too expensive for other members of the same class. This type of consumption is typically associated with the wealthy but can also apply to any economic class.

Following the Great Depression, consumerism was largely derided. However, with the U.S. economy kickstarted by World War II and the prosperity that followed at the end of the war, the use of the term in the mid-20th century began to have a positive connotation.

During this time, consumerism emphasized the benefits that capitalism had to offer in terms of improving standards of living and an economic policy that prioritized the interests of consumers. These largely nostalgic meanings have since fallen out of general use.

As consumers spend, economists presume that consumers benefit from the utility of the consumer goods that they purchase, but businesses also benefit from increased sales, revenue, and profit. For example, if car sales increase, auto manufacturers see a boost in profits. Additionally, the companies that make steel, tires, and upholstery for cars also see increased sales. In other words, spending by the consumer can benefit the economy and the business sector in particular.

Because of this, businesses (and some economists) have come to view increasing consumption as a critical goal in building and maintaining a strong economy, irrespective of the benefit to the consumer or society as a whole.

The Impact of Consumerism

According to Keynesian macroeconomics, boosting consumer spending through fiscal and monetary policy is a primary target for economic policymakers. Consumer spending makes up the lion's share of aggregate demand and gross domestic product (GDP), so boosting consumer spending is seen as the most effective way to steer the economy toward growth.

Consumerism views the consumer as the target of economic policy and a cash cow for the business sector with the sole belief that increasing consumption benefits the economy. Saving can even be seen as harmful to the economy because it comes at the expense of immediate consumption spending.

Consumerism also helps shape some business practices. Planned obsolescence of consumer goods can displace competition among producers to make more durable products. Marketing and advertising can become focused on creating consumer demand for new products rather than informing consumers.

Conspicuous Consumption

Economist Thorstein Veblen developed the concept of conspicuous consumption, where consumers purchase, own, and use products not for their direct-use value but as a way of signaling social and economic status.

As standards of living rose after the Industrial Revolution, conspicuous consumption grew. High rates of conspicuous consumption can be a wasteful zero-sum or even negative-sum activity as real resources are used up to produce goods that are not valued for their use but rather the image they portray.

In the form of conspicuous consumption, consumerism can impose enormous real costs on an economy. Consuming real resources in zero- or negative-sum competition for social status can offset the gains from commerce in a modern industrial economy and lead to destructive creation in markets for consumers and other goods.

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Advantages and Disadvantages of Consumerism

Advantages

Advocates of consumerism point to how consumer spending can drive an economy and lead to increased production of goods and services. As a result of higher consumer spending, a rise in GDP can occur. In the United States, signs of healthy consumer demand can be found in consumer confidence indicators, retail sales, and personal consumption expenditures. Business owners, workers in the industry, and owners of raw resources can profit from sales of consumer goods either directly or through downstream buyers.

Disadvantages

- Consumerism is often criticized on cultural grounds. Some see that consumerism can lead to a materialistic society that neglects other values. Traditional modes of production and ways of life can be replaced by a focus on consuming ever more costly goods in larger quantities.
- Consumerism is often associated with globalization in promoting the production and consumption of globally traded goods and brands, which can be incompatible with local cultures and patterns of economic activity. Consumerism can also create incentives for consumers to take on unsustainable debt levels that contribute to financial crises and recessions.
- Environmental problems are frequently associated with consumerism to the extent that consumer goods industries and the direct effects of consumption produce environmental externalities. These can include pollution by producing industries, resource depletion due to widespread conspicuous consumption, and problems with waste disposal from excess consumer goods and packaging.
- Lastly, consumerism is often criticized on psychological grounds. It is blamed for increasing status anxiety, where people experience stress associated with social status and a perceived need to "keep up with the Joneses" by increasing their consumption.

Psychological research has shown that people who organize their lives around consumerist goals, such as product acquisition, report poorer moods, greater unhappiness in relationships, and other psychological problems. Psychological experiments have shown that people exposed to consumerist values based on wealth, status, and material possessions display greater anxiety and depression.

3.8 ORGANISATION BUYING BEHAVIOUR

Organizational buying behavior also called business buying behavior or organizational buying decision is the behavior of organizations while buying products or services that may buy such things for resale, reproduction, or to conduct an organization's operations.

Organizational buying behavior is the decision-making process through which an organization establishes the need for products or services and identifies, evaluates, and chooses among alternative brands, and suppliers – Webster and Wind

In the market, the individual buyer is not the only entity that purchases products or services there are also organizations involved in purchasing such things. The major organizational buyers may include, producers, resellers, institutions, and the government.

Where producers are the organization that purchases products for further production or reproduction. Resellers are the organization that purchases products for reselling purposes such as wholesalers, retailers, agents. etc. Institutions are the various private institutions such as INGOs, schools, colleges, etc. And, government organizations may include ministries, departments, public enterprises, etc.

The basic features of organizational buying are listed as follows:

- The organizational market has few buyers who buy their required products in a large quantity.
- Organizations maintain very close relationships with their suppliers and customers.
- Organizations often adapt their products, services, and other elements of the marketing mix to meet the requirement of buyers.
- Organizations buy goods and services by complying with the government and organization's laws, rules, and regulations.
- The organizational buying is mostly technical and based mostly on some logical reasons.
- Organizational buying involves infrequent purchases i.e. organizations do not tend to buy goods frequently as an individual buyer usually does.

Types of Organizational Buying

There are mainly three types of organizational buying behavior or decision, they are:

Straight Repurchase Decision

The buying organization will carefully evaluate the past purchasing by following criteria:

- Quality of products
- Terms and conditions of the supplier
- Regularity in the supply of goods
- Relation of the organization
- The personnel with the supplier
- Buying convenience, etc.

If the organization or the purchasing department is satisfied with these criteria, it makes a direct repurchase decision with the same supplier without going through the preceding steps. This type of buying decision is called a straight repurchase decision.

Modified Purchase Decision

Sometimes the buying organization or the purchasing department may be satisfied with the supplier however wanting to alter certain products specifications or purchase terms is called

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a modified purchase decision. In this situation, the organization may not need to change the organizational buying process again. The purchasing department may change certain buying or product specifications if needed for further repurchase with the same supplier or other.

New Purchase Decision

If the organization wants to make a purchase of new products due to the changed situation of the organization, it can opt for a new buying process. In this situation, the purchasing department needs to identify the needs of the organization and follow the succeeding procedure of the organizational buying.

Organizational Buying Process

Like a consumer buying behavior process, the organization also follows a series of steps in buying its requirements. The organizational buying process may differ from organization to organization depending upon the nature of the organization, the volume of purchase, the money involved in the purchase, etc.

There are also no must-follow steps for organizations to buy their requirements. However, commonly used steps in the organizational buying process are:

1. Recognizing a Need or a Problem

Recognizing the need or requirement of the organization; such as stationeries, furniture, flooring and furnishing, raw materials, parts, computers, etc. is the first step of an organizational buying process.

2. Determining the Product & Buying Specification

It is the second step of the organizational buying process. This step involves determining the product and buying specifications such as product quality, quantity price, mode of payment, delivery date, place, design of the product, etc.

3. Listing and Identifying the Suppliers

In this third step, the organization identifies the potential suppliers that can supply goods and services according to the accepted product specifications and mutually agreed on terms and conditions.

4. Evaluation and Selecting Most Reliable and Competent Supplier

Here the organization evaluates and chooses the most reliable supplier who can supply products to the organization according to its requirements. While evaluating the supplier various criteria may be concerned such as past performance of the supplier, regularity, punctuality, product price, quality, delivery time, firm's relations with supplier, reliability, etc.

5. Purchase Decision

At this stage of organization buying, the organization makes an actual purchase of required goods or services.

6. Evaluation of Performance of Supplier

This is the post-purchase step of the organizational buying process. It involves evaluating the supplier's sales performance. The evaluation may be done based on the quality of the supplier's service, business efficiency, punctuality, etc. If the organization is satisfied with the past purchase behavior, the decision may be done to make a repurchase from the same supplier or a similar product from any supplier. If not, maybe the organization again repeat all the steps.

Factors Influencing Organizational Buying Behavior

Organizational buying behavior is influenced and affected by several factors which a marketer needs to study carefully. The factors are:

Organizational Factors

Organizational matters also influence buying behavior. It includes organizational policy, objectives, purchasing policy, buying procedure, organizational structure, production system, etc. It may determine the way of buying one industrial buyer differ from another and how a purchase decision is likely to make.

Interpersonal Factors

Within the organization different levels of employees, managers, and other authorities have different viewpoints on the purchase, use, and taste of products, which also affect the purchasing decision. Such factors may include interest & income of the buyer, education status, job position, authority to buy and make other decisions, etc.

Individual Factors

In any organization, there is also a single individual who is involved in the activities of purchasing goods and services for the organization. Such individuals also affect the buying decision of the organization. Such individual factors may include the age of the buyer, income, education status, job position, personality, culture, risk attitude, etc.

Environmental Factors

Environmental factors of organization buying generally involve the factors that are external to the organization and the manager has the least control over it. A thorough study of those factors can help the manager to understand their effects on the service of its customers. Such environmental factors include the level of demand, economic outlook, changes in technology, legal & political change, competitive environment, availability of natural resources, etc.

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Environmental Influences on Consumer Behaviour

The environmental factors affecting consumer buying behaviour are explained below

1. Cultural Influences

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

2. Sub-cultural Influences.

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

3.9 SOCIAL CLASS

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

Social Group Influences

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

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

Family Influence

As has already been said, the family is the most important of the primary group and is the strongest source of influence on consumer behaviour. The family tradition and customs are learnt by children, and they imbibe many behavioural patterns from their family members, both consciously and unconsciously. These behaviour patterns become a part of children's lives. In a joint family, many decisions are jointly made which also leave an impression on the members of the family. These days the structure of the family is changing and people are going in more for nucleus families which consists of parent, and dependent children. The other type of family is the joint family where mother, father, grandparents and relatives also living together.

Personal Influences

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

Other Influences

Consumers are also influenced by national or regional events which could be like the Asiad, the Olympics, cricket test matches, World Cup, the war or a calamity. These leave permanent or temporary impressions on the mind of the consumer and affect his behaviour. In these events, products are advertised and sometimes the use of a product like drugs, etc. is discouraged. People are urged to adopt family planning methods. Situation variables such as product display, price reduction, free gifts and attractive offers also influence consumer behaviour.

A simplified framework for studying consumer behaviour, the broken lines indicate that these factors influence and in turn are influenced by each other. The various factors percolate from the external to the individual determinant, to finally influence the decision process.

3.10 CULTURE, SUBCULTURES, SOCIAL CLASS

Social Class as a Sub Culture

As the preceding quotation reveals, each social class is a subculture with a system of behavior, a set of values, and a way of life. This subculture serves to adapt people to the life they lead and to prepare children to assume the class status of their parents. While some overlapping and some exceptions occur, it remains true that the average middle-class child has a socialization very different from that of the average lower-class child.

Let us take just one aspect of socialization—those experiences which shape ambition, education, and work habits—and see how they differ between two social-class worlds. Typical upper-middle-class children live in a class subculture where they are surrounded by educated persons who speak the English language correctly most of the time, enjoy

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classical music, buy and read books, travel, and entertain graciously. They are surrounded by people who are ambitious, who go to work even when they don't feel like it, and who struggle to attain success.

They are acquainted with the achievements of relatives, and friends, and it is normal for them simply to assume that they too are going to accomplish something in the world. When they go to school, scrubbed and expectant, they find a teacher whose dress, speech, manner, and conduct norms are much like those they already know. They are met by a series of familiar objects-picture books, chalkboard, alphabet blocks-and introduced into activities with which they are already familiar.

The teacher finds them appealing and responsive children, while they find school a comfortable and exciting place. When the teacher says, "Study hard so you can do well and become a success some day," this makes sense. Their parents echo these words; meanwhile, they see people like themselves-solder brothers and sisters, relatives, family acquaintances who actually are completing educations and moving on into promising careers.

For most of them, to gory up means to complete an advanced education and launch a career. Lower-lower-class children live in a class subculture where scarcely anyone has a steady job for very long. To be laid off and go on welfare is a normal experience, carrying no sense of shame or failure.

In their world meals are haphazard and irregular, many people sleep three or four to and a well-modulated speaking voice would be lost the neighborhood clamor. children go to school often unwashed and meet a person unlike anyone in their social world. The teacher's speech and manner are unfamiliar, and when they act in ways that are acceptable and useful in their social world, they are punished. The classroom materials and activities are unfamiliar.

The teacher, who often comes from a sheltered middle-class world, is likely to decide that they are sullen and unresponsive children, while they soon that school is an unhappy prison. They learn little. The school soon abandons any serious effort to teach, brands them as "discipline problems," and concentrates upon keeping them quiet so that the other children can learn. When the teacher says, "Study hard so you can do well and become a success some day," the words make no sense. They receive little reinforcement from parents, who may give lip service to educational goals but seldom persuade the children that school and learning are very important.

More important, the children see almost no one like them no one in their own world, who actually is using school as a stepping-stone to a career. In their world, the flashy cars and expensive these are possessed by those who picked a lucky number, or got into the rackets, or found an "angle."

Thus, the school fails to motivate. For the lower-lower-class children, "growing up" too often means to drop out of school, get a car, and escape from the supervision of teachers and parents. The horizon of ambition seldom extends beyond the next weekend. Work habits are casual and irregular.

Soon they marry (or cohabit) and provide for their children a life which duplicates the experiences of their own socialization. Thus, the class system operates to prepare most children for a class status similar to that of their parents. In child socialization, the upper-lower or working class resemble the middle class more closely than they resemble the lower class. The upper-lower class usually attempts to provide children with a stable home and

expects them to attend school regularly, study, and behave. Sometimes there are middle-class acquaintances or relatives to serve as models.

The working-class parents may have little realization of what is involved in successful school achievement, and may not provide the home setting which makes reading or abstract conversation a natural part of growing up. Thus, their children have limited preparation for school and often fail to fulfill their parents' hopes.

Differences in the socialization of lower-class and middle-class children are lessened by two factors: (1) acquaintance across class lines and (2) the pervasive influence of television. The young of all classes spend much of their free time at the television set and thus have a more homogeneous experience than was true of the children of generations past. Television watching is universal a pastime that it does indeed tend to produce a greater similarity between all social groups.

Some differences do remain, though, and these are probably the greatest between the very poor (the lower-lowers) and the more fortunate social classes. In fact, the lower-lowers are often considered to be living "culture of poverty."

3.11 SOCIAL INFLUENCES

The social factors influencing consumer behavior are-

- a) Family.
- b) Reference Groups,

Family:

There are two types of families in the buyer's life viz. nuclear family and joint family. The nuclear family is that where the family size is small and individuals have the higher liberty to take decisions whereas in joint families, the family size is large and group decision-making gets more preference than the individual. Family members can strongly influence the buyer behavior, particularly in the Indian context. The tastes, likes, dislikes, lifestyles etc. of the members are rooted in the family buying behavior.

- The family influence on the buying behavior of a member may be found in two ways
- The family influence on the individual personality, characteristics, attitudes and evaluation criteria and

The influence on the decision-making process involved in the purchase of goods and services. In India, the head of the family may alone or jointly with his wife decide the purchase. So marketers should study the role and the relative influence of the husband, wife, and children in the purchase of goods and services.

Reference group:

A group is two or more persons who share a set of norms and whose relationship makes their behavior interdependent. A reference group is a group of people with whom an individual associates. It is a group of people who strongly influence a person's attitudes, values and behavior directly or indirectly.

Notes**Getting Lost in a Crowd**

Social psychologists are interested in studying self-awareness because it has such an important influence on behaviour. People become more likely to violate acceptable, mainstream social norms when, for example, they put on a Halloween mask or engage in other behaviours that hide their identities. For example, the members of the militant white supremacist organization, the Ku Klux Klan, wear white robes and hats when they meet and when they engage in violent racist behaviour.

Similarly, when people are in large crowds, such as in a mass demonstration or a riot, they may become so much a part of the group that they experience deindividuation — the loss of individual self-awareness and individual accountability in groups (Festinger, Pepitone & Newcomb, 1952; Zimbardo, 1969) and become more attuned to themselves as group members and to the specific social norms of the particular situation (Reicher & Stott, 2011).

Not all examples of deindividuation cause alarm or concern, however. Consider the community-based solution to crime prevention, “Bear Clan Patrol,” which is a volunteer-run organization with membership in Winnipeg, Calgary, and Edmonton. Members provide, “a sense of safety, solidarity and belonging to both its members and to the communities they serve” (“Who we are,” n.d.). Volunteer patrol teams head out into the dark, cold nights to help the most vulnerable living in the community. They come armed with care packages; they clean up discarded needles and drug paraphernalia; they distribute warm clothing and blankets; and, they provide a set of eyes on the streets where a police presence is less likely to serve those living in the community.

The organization was formed in response to the growing number of missing and murdered Indigenous women and girls (“MMIWG”) in urban and rural areas. The early founders of Bear Clan expressed a desire to assume their “traditional responsibility” to provide care and support to members of their community through culturally-specific approaches to security, safety, and check-ins.

The Bear Clan patrol groups demonstrate how when a group of like-minded individuals come together to address common concerns, their camaraderie provides a stronger sense of purpose and energy, possibly more so than when individuals act alone.

The typical outcome of social influence is that our beliefs and behaviours become more similar to those of others around us. At times, this change occurs in a spontaneous and automatic sense, without any obvious intent of one person to change the other. Perhaps you learned to like jazz or rap music because your roommate was playing a lot of it. You didn’t really want to like the music, and your roommate didn’t force it on you — your preferences changed in a passive way.

Robert Cialdini and his colleagues (Cialdini, Reno, & Kallgren, 1990) found that college students were more likely to throw litter on the ground when they had just seen another person throw some paper on the ground and were least likely to litter when they had just seen another person pick up and throw paper into a trash can. The researchers interpreted this as a kind of spontaneous conformity — a tendency to follow the behaviour of others, often entirely out of our awareness. Even our emotional states become more similar to those we spend more time with (Anderson, Keltner, & John, 2003).

Influence also sometimes occurs because we believe that other people have valid knowledge about an opinion or issue, and we use that information to help us make good

decisions. For example, if you take a flight and land at an unfamiliar airport you may follow the flow of other passengers who disembarked before you. In this case your assumption might be that they know where they are going and that following them will likely lead you to the baggage carousel.

Influence, Conformity, & Norms

Informational social influence is the change in opinions or behaviour that occurs when we conform to people who we believe have accurate information. We base our beliefs on those presented to us by reporters, scientists, doctors, and lawyers because we believe they have more expertise in certain fields than we have. But we also use our friends and colleagues for information; when we choose a jacket on the basis of our friends' advice about what looks good on us, we are using informational conformity — we believe that our friends have good judgment about the things that matter to us.

Informational social influence is often the end result of social comparison, the process of comparing our opinions with those of others to gain an accurate appraisal of the validity of an opinion or behaviour (Festinger, Schachter, & Back, 1950; Hardin & Higgins, 1996; Turner, 1991). Informational social influence leads to real, long-lasting changes in beliefs. The result of conformity due to informational social influence is normally private acceptance: real change in opinions on the part of the individual. We believe that choosing the jacket was the right thing to do and that the crowd will lead us to the baggage carousel.

In other cases we conform not because we want to have valid knowledge but rather to meet the goal of belonging to and being accepted by a group that we care about (Deutsch & Gerard, 1955). When we start smoking cigarettes or buy shoes that we cannot really afford in order to impress others, we do these things not so much because we think they are the right things to do but rather because we want to be liked.

We fall prey to normative social influence when we express opinions or behave in ways that help us to be accepted or that keep us from being isolated or rejected by others. When we engage in conformity due to normative social influence we conform to social norms — socially accepted beliefs about what we do or should do in particular social contexts (Cialdini, 1993; Sherif, 1936; Sumner, 1906).

Although in some cases conformity may be purely informational or purely normative, in most cases the goals of being accurate and being accepted go hand-in-hand, and therefore informational and normative social influence often occur at the same time. When soldiers obey their commanding officers, they probably do it both because others are doing it (normative conformity) and because they think it is the right thing to do (informational conformity). And when you start working at a new job you may copy the behaviour of your new colleagues because you want them to like you as well as because you assume they know how things should be done. It has been argued that the distinction between informational and normative conformity is more apparent than real and that it may not be possible to fully differentiate them (Turner, 1991).

Non-conformity occurs when an individual or group of individuals fail to conform to rules, laws, and social norms. Why would some individuals elect to be non-conformists? The need for uniqueness is seen as a trait or temporary motivation resulting from situational triggers. Some individuals exhibit a greater need to feel different from others or from the

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anonymous majority and sometimes there are situations that create this need to feel unique. One situation that triggers this is when you feel too similar to others making the major position undesirable. In this case, you opt for nonconformity

3.12 REFERENCE GROUPS AND OPINION LEADERS

Reference groups are groups (social groups, work groups, family, or close friends) a consumer identifies with and may want to join. They influence consumers' attitudes and behavior. A reference group helps shape a person's attitudes and behaviours.

Opinion leaders are people who influence others. They are not necessarily higher-income or better educated, but perhaps are seen as having greater expertise or knowledge related to some specific topic. For example, a local high school teacher may be an opinion leader for parents in selecting colleges for their children. These people set the trend and others conform to the expressed behaviour. If a marketer can identify the opinion leaders for a group in the target market, then effort can be directed toward attracting these individuals. For example, if an ice cream parlor is attempting to attract the local high school trade, opinion leaders at the school may be very important to its success.

An information technology (IT) specialist with a great deal of knowledge about computer brands is another example of an opinion leader. These people's purchases often lie at the forefront of leading trends. The IT specialist is probably a person who has the latest and greatest tech products, and their opinion of them is likely to carry more weight with you than any sort of advertisement.

Aspirational reference groups, on the other hand, are comprised of those individuals who consumers may not know personally but admire because of their popularity and notoriety. If you have ever dreamed of being a professional player of basketball or another sport, you have an aspirational reference group. These figures hold a sort of power over consumers because others aspire to be like them or live their kind of lifestyles. Famous athletes, musicians, actors, and other kinds of public figures can represent aspirational reference groups.

Reference groups, opinion leaders, and aspirational reference groups are essential concepts in digital marketing, where consumers tap into a variety of social networks and online communities.

Marketers need to understand which groups/leaders influence their target segments and who those groups or individuals are. Leaders may be bloggers, individuals with many followers who post frequently on various social media, and even people who write lots of online reviews.

Then marketing activity can focus on winning over the opinion leaders. If you manage to get the opinion leaders in your segment to "like" your product, "follow" your brand, tweet about your news and publish favourable reviews or comments on their blogs, your work with online reference groups is going well.

Reference groups fall into many possible grouping, which is not necessarily to be exhaustive. The various reference groups are:

- Membership or contractual groups

- Primary or normative groups
- Secondary groups
- Aspiration group
- Dissociative or avoidance groups
- Formal groups
- Informal groups
- Automatic groups
- Indirect groups
- Comparative groups
- Contractual group

Influencers

There is a lack of consensus about what an influencer is. One writer defines them as "a range of third parties who exercise influence over the organization and its potential customers" (Peck et al., 1999).

Another defines an influencer as a "third party who significantly shapes the customer's purchasing decision but may never be accountable for it" (Brown & Hayes, 2008). According to another, influencers are "well-connected, create an impact, have active minds, and are trendsetters" (Keller & Berry, 2003). And just because an individual has a large number of followers does not necessarily mean they have a large number of influence over those individuals (Cha et al. & Berinato, 2010).

Sources of influencers vary. Marketers target easily-identifiable influencers, such as journalists, industry analysts, and high-profile executives. For most business-to-consumer (B2C) purchases, influencers may include people known to the purchaser and the retail staff. In high-value business-to-business (B2B) transactions, influencers may be diverse and might include consultants, government-backed regulators, financiers, and user communities.

Brand & Anti-Brand Communities

A brand community is a group of consumers who share a set of social relationships based upon usage or interest in a product. Muniz Jr. and O'Guinn (2001) define a brand community as, "a specialized, non-geographically bound community, based on a structured set of social relations among admirers of a brand."

Unlike other kinds of communities, these members typically don't live near each other—except when they may meet for brief periods at organized events or brandfests that community-oriented companies such as Jeep, Saturn, or Harley-Davidson sponsor. These events help owners to "bond" with fellow enthusiasts and strengthen their identification with the product as well as with others they meet who share their passion.

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3.13 PERSONAL INFLUENCES AND DIFFUSIONS OF INNOVATIONS

The study of diffusion of innovation explains how new ideas, practices, products, and services spread within and between communities and the social system through interpersonal communication.

Diffusion of Innovation Meaning

Diffusion of innovation is the process by which the adoption of an innovation spreads over a period of time to other consumers through communication.

Diffusion of Innovation (DOI) is a theory popularized by American communication theorist and sociologist, Everett Rogers, in 1962 that aims to explain how, why, and the rate at which a product, service, or process spreads through a population or social system. In other words, the diffusion of innovation explains the rate at which new ideas and technology spread. The diffusion of innovation theory is used extensively by marketers to understand the rate at which consumers are likely to adopt a new product or service.

Group communication are an important (or primary) source of information and can influence the consumer decision making. Group communication can occur within or across groups. Communication within groups refer to word-of mouth influence which is considered to be highly credible since it comes through family, friends, peers and neighbours.

The process of diffusion will occur for new products as informational influence and is likely to affect the adoption of new products across groups. Consumer researchers trying to explore the area of consumer acceptance of new products are primarily interested in understanding two closely related processes.

1. The diffusion process.
2. The adoption process.

The diffusion process is a macro process related to the spread of a new innovation from its source (or manufacturer) to the final consumers. Whereas, adoption is a micro process focusing on the stages through which an individual passes when deciding to accept or reject a new innovation. Over and above these two interrelated processes, marketers are also interested in identifying the "Consumer innovators", those who are first to purchase a new product for it is felt that this group will play a major role in the success or failure of the innovation.

A consumer is likely to find a new idea, or product or even a new service attractive. But the organisation which is trying its hand at the new innovation is likely to be concerned about how fast the diffusion of the innovation is likely to take place. Even though, it is only after an intensive research that a new concept or product is launched, there is always an element of risk involved. Through research, answers to certain questions are sought.

1. Does the innovation cater to the need of the target customer?
2. Have the target consumer understood how the innovation is relevant to their need?

3. Is the new product available and being demonstrated widely?
4. Has the firm identified the opinion leaders? If yes, is the firm making efforts to convert opinion leaders into committed customers?
5. Is the company providing suitable incentives to sceptics to get them converted to adopters?

These questions are pertaining to certain broad areas which can be of concern to marketers launching new products. One way of educating customers about new innovations will be by communicating the benefits the new innovations would provide. Thus diffusion of innovation is a challenge before the marketer to identify the 'value added benefits' which can be associated with the product and communicate it to the consumer.

There are two issues that a marketer needs to address while launching new goods and services - one, whether the modified/new good and service offering would be accepted by the segment(s), and two, how quickly would the good and service offering be accepted by the segment(s). The two issues are dealt with within the purview of 'diffusion of innovation'.

'Diffusion' is regarded as a macro-process that deals with the adoption and spread of a new product or service offering amongst the potential market. It relates to the acceptance/rejection of an innovation by the segment(s). 'Adoption', on the other hand, is a micro-concept that lays emphasis on the various phases or stages through which an individual consumer goes through while accepting/ rejecting a new product offering.

While diffusion is a group phenomenon, which explains how a new product or service is spread in the marketplace, adoption is an individual process, which explains the stages one goes through from first hearing about the innovation to finally adopting it.

The word 'diffusion' has its origin in the Latin word 'diffundere', which means 'to spread'. The study of diffusion of innovation explains how new ideas, practices, products, and services spread within and between communities and the social system through interpersonal communication. Studies on diffusion of innovation draw heavily from psychology and rural sociology.

Characteristics that Influence the Diffusion Process (With Examples)

All new products or innovations are not always easily accepted by consumers. Some products gain easy acceptance or are easily accepted by consumers. For instance, Nirma detergent powder (when HLVs Surf was the market leader), Maruti 800 c.c. car etc. While there are other new products or ideas which took a long time to be accepted.

For example, ownership of a personal credit card. There are still others which inspite of being available in the market since quite some time, (the new product) had never gained wide spread consumer acceptance as anticipated by the marketers.

The uncertainties associated with product marketing can be greatly reduced if marketers could anticipate how consumers would react to new products and develop a promotional strategy accordingly. The characteristics of the new product or innovation also affects its rate of adoption or the adoption process.

Five characteristics have been identified which play an important role in influencing the diffusion process:

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1. Relative Advantage:

The first characteristic is the new product's relative advantage i.e., the degree to which it appears to be better and superior than the existing products. If the consumer perceives, the new product to be relatively superior as compared to the existing products, more is the chance of the innovation being adopted. For example, 'E-mail' and Fax were considered to be better and superior to Telex.

Similarly, cellular phones overtook pagers, because they were accepted to have better communicative features in comparison. This perception of greater relative advantage in using 'E-mail' as well as cellular phones as communication network, resulted in sooner acceptance of this concept or new idea.

2. Compatibility:

The degree to which potential consumers feel that the new product is consistent with their existing needs, values and practices is a measure of its compatibility. Greater the degree of compatibility, sooner will the innovation be acceptable to the consumer. For example, 'Laptop' computers are highly compatible with the needs and lifestyle of senior executives of companies.

3. Complexity:

The third characteristic is the innovation's complexity. This means the extent or degree to which the new product is relatively difficult to understand or use. Greater the degree of complexity, more time will be required for the product to be accepted. For example, personal computers are complex and therefore took a lot of time to penetrate Indian homes. This issue of complexity is important when entering a market with hi-tech consumer products.

4. Divisibility or Facilitates Trial:

The degree to which the new product may be tried on a limited basis. This means the extent to which the new product can be tried on a small scale basis before going for full-fledged use of the same. If the consumers have got the option of trying out the product and then decide to buy if trial result found satisfactory, the innovation's rate of adoption increases.

For instance, when 'Braun India' pioneered the 'epilator' in a market, where its target consumers were using the traditional method of waxing, the company needed to convince women that using 'Silk Epil' was more convenient, so it offered a six day money back trial offer to its consumers, reassuring that if she didn't feel comfortable with the product, she (the consumer) could always return it.

At times marketers, when introducing products such as shampoo or detergent powder or tooth paste, use small trial packs (free samples) or rupees-off coupons to enable consumers have a first-hand direct experience with the product. Even car manufacturers such as Maruti, Hyundai, Ford etc., offer 'test drive' for their new car models to provide customers a direct product experience.

5. Communicability or Observability:

The fifth characteristic is the innovation's communicability. The degree to which the results are observable or can be described to others or the ease with which a new product's salient features are observed.

A new product concept will work if the new technology or new product usage can be described and demonstrated. For example, 'Eureka Forbes' has been able to gain easy acceptance of its products such as the 'Aquaguard' and 'Vacuum cleaner' through adopting the method of observation through demonstration.

The above are the typical product characteristics which can influence an innovation's diffusion process but, apart from the above, there are certain other characteristics which could influence the rate of adoption like initial costs, ongoing costs, risk and uncertainty, scientific credibility, selection of channel of communication and social system or social approval.

These characteristics are also important determinants affecting the rate of adoption. So marketers involved in new products development have to undertake research and also consider the above factors.

When Air Deccan had entered the market as a low cost air flier, it had used various mass media (T.V newspaper, magazines etc.,) to communicate about the various product services, offering benefits such as low costs, saving of time spent on travel and so on, in an attempt to woo potential customers.

The key factor affecting the diffusion process may vary from product to product. So marketers have to pay maximum attention to the key ones while developing new products and then design a suitable marketing programme accordingly.

Rationale Behind the Diffusion of Innovation

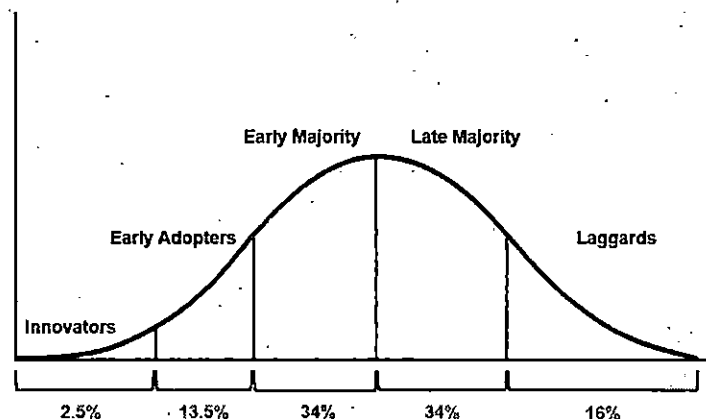
The adoption of a new product, service, or idea is not an overnight phenomenon - it does not happen simultaneously across all people in a social system. According to research, consumers who adopt an innovation earlier demonstrate different characteristics than someone who adopts an innovation later. Therefore, for marketers, understanding the characteristics of each segment that will either help or hinder the adoption of an innovation is important.

In the diffusion of innovation theory, there are five adopter categories:

- **Innovators:** Characterized by those who want to be the first to try the innovation.
- **Early Adopters:** Characterized by those who are comfortable with change and adopting new ideas.
- **Early Majority:** Characterized by those who adopt new innovations before the average person. However, evidence is needed that the innovation works before this category will adopt the innovation.
- **Late Majority:** Characterized by those who are skeptical of change and will only adopt an innovation after it's been generally accepted and adopted by the majority of the population.
- **Laggards:** Characterized by those who are very traditional and conservative - they are the last to make the changeover to new technologies. This category is the hardest to appeal to.

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Rogers provides the distribution of the five adopter categories as follows: Innovators represent the first 2.5% of the group to adopt an innovation, followed by 13.5% as early adopters, 34% as early majorities, 34% as late majorities, and finally, 16% as laggards. Note that the size of the laggards category is much larger than that of the innovators category on the opposite end of the spectrum.



Diffusion of Innovation: Innovators

Innovators are those who want to be the first to acquire a new product or service. They are risk-takers, price-insensitive, and are able to cope with a high degree of uncertainty. Innovators are crucial to the success of any new product or service, as they help it to gain market acceptance.

For example, individuals who stay overnight outside a movie theatre to be the first to purchase the first showing to a movie are considered innovators.

Diffusion of Innovation: Early Adopters

Early adopters are those who are not quite as risk-taking as innovators and typically wait until the product or service receives some reviews before making a purchase. Early adopters are referred to as "influencers" or "opinion leaders", and are often regarded as role models within their social system. They are key in helping the spread of a product or service achieve "critical mass".

Therefore, if early adopters of a product or service are small, the total number of people who adopt the product or service will likely be small as well. Individuals who wait a couple of days and spend some time reading reviews before going to see a movie are regarded as early adopters.

Diffusion of Innovation: Early Majority

Early majorities represent the majority of the market - 34%. Early majorities are not risk-taking and typically wait until a product or service is tested or used by a trusted peer. These individuals are prudent and want to purchase things that are proven to work.

Individuals who go to a movie after it's been out several weeks and gotten good reviews and made profits at the box office are early majorities.

Diffusion of Innovation: Late Majority

Late majorities also represent an important percentage of the market – 34%. Late majorities are the last large group of consumers to enter the market. They are deemed conservative and are often technologically shy, very cost-sensitive, skeptical, and cautious in making a purchase. In addition, late majorities are often peer pressured into purchasing the product or service.

People who wait for a movie to become available online or on Netflix are regarded as late majorities.

Diffusion of Innovation: Laggards

Laggards are the last to adopt a new product or service. They resent change and may continue to rely on traditional products or services until they are no longer available. In other words, they typically only adopt the new technology when virtually forced to.

Laggards perhaps finally catch a hit movie when it's shown on network TV.

Importance of the Diffusion of Innovation

The diffusion of innovation theory explains the rate at which consumers will adopt a new product or service. Therefore, the theory helps marketers understand how trends occur, and helps companies in assessing the likelihood of success or failure of their new introduction. By utilizing the diffusion of innovation theory, firms can predict which types of consumers will purchase their product/service and create effective marketing strategies to push acceptance through each category.

Stages involved in the Process of Adopting

Marketers are interested in knowing how consumers learn about new products and the decision making process involved in adopting them. Adoption process may be defined as the mental process through which an individual passes from first hearing about an innovation to final adoption. So adoption can be said to be the decision by an individual to become a regular user of the product.

When marketers introduce a new product or a new innovation to its target market, a lot of planning goes into managing the resistance to adopt the new innovation. This is because it involves bringing about a change in buyer's attitude and perception. Generally it is assumed that the consumer goes through five stages in the process of adopting new products.

1. Awareness Stage:

In this stage an individual comes to know about a new innovation or new idea or new product/service. He becomes aware of the innovation from any source of information such as from friends, neighbour, co-workers, commercial sources etc.

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The individual only learns about the new innovation from either of the sources of information mentioned above. This means his knowledge about the new innovation is only limited to the extent of the information generated by the source of information from where he first learns about the new innovation.

2. Interest Stage:

After being aware of the new product or innovation, in this stage, the consumer gets stimulated and interested in the innovation. He goes about seeking more information about the new product. He is interested in gathering more detailed information related to the innovation in terms of its utility aspects, performance, durability and so on.

3. Evaluation Stage:

The consumer 'interested' in the innovation will seek more information on it from all the sources he finds reliable. After collecting all the information on the innovation, the consumer will mentally try to evaluate the worthiness of the innovation. He will assign weights to the product attributes and work out to what extent the new product will be useful to him and then decide on whether or not to buy the new product.

4. Trial Stage:

After evaluating the worthiness of the new product, the consumer may decide to try out the innovation on a small scale basis initially and make an actual assessment of the value of the new product. This stage also indicates that now the consumer is mentally prepared to try out the innovation, though initially on a small scale.

He/she wants to experiment with the innovation and depending on how comfortable they are with the product, they will decide whether or not new product or innovation, it looks more logical and practical to go for a sample trial before opting for full time usage.

5. Adoption Stage:

On being satisfied with the use of the new product, purchased by him on a trial basis, the consumer now decides to make full and regular use of the innovation. This is the last stage in the adoption process. The consumer takes the decision to go for a full-fledged and continuous use of the new product or innovation.

The marketer must think of ways to help or facilitate easy movement of consumers through all these stages. Understanding how a consumer seeks and processes information about new products and the decision making process can help marketers to devise suitable ways which will help in the early adoption of the new products.

When the Future group's Managing Director, Kishore Biyani started Top 10, a store that targets fashion for the college campus, tee-shirts, jeans, accessories and so on and also ranks the top 10 selling items in the store, the store was not able to attract consumers. A study carried out revealed that teenagers always came accompanied by their parents and this meant they wouldn't buy what they wanted.

So a decision was taken to change the format around. Accordingly clothes were put in bins, on hangers, painted graffiti on the walls – all to make the store look like a really large teenagers room. This decision in fact induced interest, evaluation and trial among the target audience. Thereafter, the shop was full of college-going kids and parents were absolutely not welcome.

Although the above mentioned traditional adoption process model is very simple to understand, it has got certain limitations.

1. This process has not taken into consideration the fact that there is a need or problem recognition stage confronting a consumer before he becomes aware of the various options or solutions.
2. The model does not consider that there is a possibility of the consumer rejecting the product after trial or that he may not use the product on a continuous basis.
3. Another fact which is not adequately recognised is that usually the evaluation takes place through-out the decision making process and not necessarily at the evaluation stage only.
4. The model does not include the post purchase evaluation behaviour, which may either lead to a firm commitment or a decision to discontinue usage of the product.

In view of the above cited limitations, consumer researchers have suggested including two more stages between the trial and adoption stages, direct product experience (consequences) and product evaluation (confirmation) stages. The proposed modification to the adoption process is given here under.

It is seen that the adoption process starts with-

Stage 1 → awareness, which leads to stage 2 → interest and then to stage 3 → evaluation. After this stage the product can either be rejected or tried out (stage 4) either before or after purchase. The trial stage may lead to stage 5 → direct product experience and the consequences of the experience stage 6 → product evaluation, this will ultimately result in either rejection or adoption (stage 7) of the product.

Examples of adopting innovations which were directly visible in the changes in behavioural pattern and lifestyle of consumers are automobiles, air conditioners, microwave oven and PC (Personal computer).

Multiplicative Innovation Adoption (MIA) Model (With Evaluation)

Rosemary Phipps and Craig Simmons had proposed a model of innovation adoption process, which is based on the Roger Shoemaker Criteria. Their idea was to understand what makes an innovative product, service or idea successful.

To assess an innovation using the MIA model, it will be necessary to rate the innovation (product, service or idea) on the Rogers and Shoemaker criteria.

This is done by using the following scheme:

1. Relative advantage- The rating under this is referred to as RA. If the relative advantage is high, the innovation is rated 3, if it is medium, it is rated '2' and if it is low then '1'.
2. Compatibility- This is referred to as 'CT' rating. If the compatibility is high, a rating of

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- '3' is given, if it is medium, a rating of '2' is given and '1' if it is low.
- 3. Complex- This is referred to as 'CL' rating. The rate of innovation is '3' if it is simple, '2' if it is medium (complexity) and '1' if it is judged to be highly complex.
- 4. Facilitates Trial- This rating is referred to as TR. If the opportunity to offer trial is high the rate of innovation is '3', '2' if it is judged to be medium and '1' if it is low.
- 5. Observability- This rating is called 'OB'. If the observability is high, the innovation is rated '3' if it is judged to be medium it is '2' and '1' if it is low.

Under the MIA model, it is assumed that each of the criterion makes an equal contribution to the success or otherwise, of the innovation. Another assumption is that they combine in such a way that if there were positive ratings on more than one criterion this will have a multiplicative effect on the success of the innovations.

The Individual as Behavioral Agent.

Outside the field of organizations per se, there is an enormous body of research on individual decision making. Much of this work lies in the field known as Behavioral Decision Theory (BDT). Depending on the perspective chosen by organizational researchers, BDT concepts can describe or predict behavior at the levels of: the individual in organizations, the individual in groups, or groups in organizations.

Interestingly, not unlike the delineation between researchers of culture and those who research climate (Dennison, 1996), BDT seems to have two antecedent streams of research which can be grossly categorized as the psychological / descriptive approach and the economic / normative approach. Whereas both streams of research are considered predictive, the economic approach focused on the rational decision maker, and the approach which is somewhat more psychologically based attempts to describe and explain consistent deviations from rationality. It is this attempt by both psychologists and behavioral economists to explain fluctuations from rationality that can best be described as the field of Behavioral Decision Theory.

Although many individuals consider Bernoulli (1738) to be the forefather of modern day BDT, the major innovation to the concept of a rational decision process must be attributed to Von Neumann & Morgenstern with their publication of the book *Theory of Games and Economic Behavior* in 1947. This book, laid the framework for what was later to be referred to as Game Theory (see also Luce and Raiffa, 1957). Von Neumann and Morgenstern (1947) made explicit the assumptions and constraints which would provide for a rational (i.e., consistent and predictable) decision. This economic approach resulted in what is referred to as Expected Utility (EU) Theory. After Von Neumann and Morgenstern (1947), future researchers suggested variations on the strict interpretation of EU, still from the perspective of economics. Savage (1954) suggested that the actual process of decision making was modeled through a subjective expected utility.

Moreover, researchers were (and still are) trying to develop methods to measure the difficult concept of utility (Marschak, 1950; Becker, DeGroot and Marschak, 1964; Edwards, 1992). As Dawes (1988) wrote, "People, groups, organizations, and governments make choices.

Sometimes the consequences of their decisions are desirable, sometimes not". Or, in a related vein, as others have argued, the choices made by individuals and groups are not

rational (where rational is defined as making that decision predicted by EU theory). It wasn't until the 1970's and early '80's that further major revisions to EU theory were published. Kahneman and Tversky (1979) broke ground with their Prospect theory, which suggested that individuals have a different perception when considering losses versus gains. Machina (1982) attempted to describe EU when one of the assumptions, called the independence axiom, is relaxed.

Both Bell (1982) and Loomes and Sugden (1982) suggested that decisions were made on the basis of regret (i.e., what could have been) instead of the expected benefit (i.e., utility) of an outcome.

Essentially, this work has led to a wide range of findings concerning departures from rationality and biases common to social judgment processes (Ross, Amabile and Steinmetz, 1977; Kahneman, Slovik and Tversky, 1982). This research includes that on the framing effect (Tversky and Kahneman, 1981), false consensus effect (Dawes and Mulford, 1996; Dawes, 1989, 1990; Orbell and Dawes, 1993), group think (Janis, 1982; Tetlock, 1979), and altruism (Orbell, van de Kragt and Dawes, 1988; Orbell and Dawes, 1993).

The false consensus bias is premised on an individual's belief that everyone responds in the same manner as they do. In fact, we over estimate the degree to which our past behavior, as well as our expected behavior, is truly diagnostic of other individuals future behavior. BDT and social psychology have examined this bias and have assessed that it is prevalent among individuals (Dawes and Mulford, 1996). Groupthink on the other hand is the tendency in groups for a convergence of ideas and a sanctioning of aberrant ideas to occur.



SUMMARY

- The nature of learning in Organisational Behaviour means the distinctive features of learning. Learning involves change; it may or may not guarantee improvement. It should be permanent in nature, i.e., learning is lifelong. Learning involves a change in behavior, though this change is not necessarily an improvement over previous behavior. It has the connotation of improved, but bad habits, prejudices, stereotypes and work restrictions are also learned.
- Learning is a process by which new behaviors are acquired. It is generally agreed that learning involves changes in behavior, practicing new behaviors and establishing permanency in the change. Learning is any permanent change in behavior of a person that occurs as result of experience. Learning has taken place if an individual behaves, reacts, responds as a result of experience in a manner different from the way he formerly behaved. Since learning changes the behaviour of person, it comes to have a great importance in organisational behaviour.
- If we compare the simple, crude ways of feeling and behaving in a child to the complex ways of behaving in an adult, his skills, habits, thoughts, feelings and so on- we will know what difference learning has made in the individual.
- Learning can be defined as a permanent change in behaviour due to direct and indirect experience. It means change in behaviour, attitude, practice and experience due to ed-

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education and training. This is accomplished by the acquisition of knowledge and skills, which are relatively permanent.

- Types of learning are classical conditioning, operant conditioning, observational learning and cognitive learning.
- People learn a lot by simply observing others and modelling those behaviours that seem to lead to favourable outcomes and avoiding behaviours that invite negative consequences.
- Motivation is one of the forces that lead to performance. Motivation is defined as the desire to achieve a goal or a certain performance level, leading to goal-directed behaviour. When we refer to someone as being motivated, we mean that the person is trying hard to accomplish a certain task. Motivation is clearly important if someone is to perform well; however, it is not sufficient. Ability—or having the skills and knowledge required to perform the job—is also important and is sometimes the key predictor of effectiveness.
- Finally, environmental factors such as having the resources, information, and support to perform well are critical to determine performance. At different times, one of these three factors may be the key to high performance. For example, for an employee sweeping the floor, motivation may be the most important factor that determines performance. In contrast, even the most motivated individual would not be able to successfully design a house without the necessary talent involved in building quality homes. Being motivated is not the same as being a high performer and is not the sole reason why people perform well, but it is nevertheless a key influence over our performance level.
- Motivation is the work a manager performs to inspire, encourage and impel people to accomplish desired goals. Properly motivated employees can produce excellent results by putting facilities to good use.
- Understanding the complexities involved in motivating people is not an easy job since human behaviour is unpredictable is the result of multiple causes.
- Three kinds of theories have evolved over the years to unravel the mystery surrounding motivation. Early theories of motivation offer insight into the needs of people in organisations and help managers understand how needs can be satisfied in the workplace. Important theories in this category include: Maslow's Hierarchy of Needs Theory, ERG Model, Achievement Motivation Theory, Two Factor Theory, etc.
- Contemporary theories focus on why people choose certain behavioural options to satisfy their needs and how they evaluate their satisfaction after they have satisfied these goals. Equity Theory, Expectancy Theory and Goal Setting Theory come under this classification.
- The typical outcome of social influence is that our beliefs and behaviours become more similar to those of others around us. At times, this change occurs in a spontaneous and automatic sense, without any obvious intent of one person to change the other. Perhaps you learned to like jazz or rap music because your roommate was playing a lot of it. You didn't really want to like the music, and your roommate didn't force it on you — your preferences changed in a passive way. Robert Cialdini and his colleagues (Cialdini, Reno, & Kallgren, 1990) found that college students were more likely to throw litter on the ground when they had just seen another person throw some paper on the ground and were least likely to litter when they had just seen another person pick up and throw paper into a trash can.

- Influence also sometimes occurs because we believe that other people have valid knowledge about an opinion or issue, and we use that information to help us make good decisions. For example, if you take a flight and land at an unfamiliar airport you may follow the flow of other passengers who disembarked before you. In this case your assumption might be that they know where they are going and that following them will likely lead you to the baggage carousel.
- Informational social influence is the change in opinions or behaviour that occurs when we conform to people who we believe have accurate information. We base our beliefs on those presented to us by reporters, scientists, doctors, and lawyers because we believe they have more expertise in certain fields than we have. But we also use our friends and colleagues for information; when we choose a jacket on the basis of our friends' advice about what looks good on us, we are using informational conformity — we believe that our friends have good judgment about the things that matter to us.
- Reference groups are groups (social groups, work groups, family, or close friends) a consumer identifies with and may want to join. They influence consumers' attitudes and behavior. A reference group helps shape a person's attitudes and behaviours.
- Opinion leaders are people who influence others. They are not necessarily higher-income or better educated, but perhaps are seen as having greater expertise or knowledge related to some specific topic. For example, a local high school teacher may be an opinion leader for parents in selecting colleges for their children. These people set the trend and others conform to the expressed behaviour. If a marketer can identify the opinion leaders for a group in the target market, then effort can be directed toward attracting these individuals. For example, if an ice cream parlor is attempting to attract the local high school trade, opinion leaders at the school may be very important to its success.

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KEY WORDS

- **Role** : An organized set of behaviors expected of an individual in a specific position.
- **Role conflict** : Occurs when an individual's compliance with one set of expectations conflicts with compliance with another set of expectations.
- **Cohesiveness** : Strength of group members' desires to remain in the group and their commitment to the group.
- **Command group**: The group of subordinates who report to one particular manager. The command group is specified by the formal organization chart.
- **Commitment**: A sense of identification, involvement, and loyalty expressed by an employee toward the company.
- **Communication** : The transmission of information and understanding through the use of common symbols, verbal and/or nonverbal.
- **Complexity**: A dimension of organizational structure that refers to the number of different jobs, units, and authority levels within an organization.

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REVIEW QUESTIONS

1. What is consumer decision process? Discuss
2. Explain problem recognition.
3. Discuss the search and evaluation in consumer processes.
4. Discuss the main characteristics of organizational buying.
5. What do you understand by an organizational customer? Why is it called a Ghost?
6. What is the environment influences on buying behaviour?
7. Write a brief note on social class and reference group.
8. Discuss the diffusions of Innovations.



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Unit 4

Marketing Communication

Notes

Structure

- 4.0 Learning Objectives
- 4.1 Introduction
- 4.2 Marketing Communication
- 4.3 Process Of Communication
- 4.4 Integrated Marketing Communication (IMC)
- 4.5 Imc Promotion Mix
- 4.6 Factors Contributing In IMC
- 4.7 Marketing Communication
- 4.8 IMC Management And Planning Model
- 4.9 Finalizing And Implementing The IMC Plan
- 4.10 Promotion Mix
- 4.11 Sponsorship, POP: Supportive Communication
- 4.12 Supportive Communication
- 4.13 Role of E-Commerce

Summary

Key Words

Review Questions

Further Readings

4.0 LEARNING OBJECTIVES

After reading this chapter students will be able to:

- define communication and its process.
- explain marketing communication and its objectives
- describe integrated marketing communication and factors involve in it.
- state about IMC Promotion mix and supportive communication.
- illustrate role of E-commerce in marketing communication.

4.1 INTRODUCTION

Since the relation between marketing communication and consumer behaviour is interactive, the current global trend is to explore marketing communications in connection to consumer behaviour. Marketing communication influences, shapes and changes consumer behaviour.

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And vice versa, changing consumer behaviour makes companies modify their marketing communication by implementing new forms and tools to gain the trust of customers and to influence purchase.

In order to build long-lasting customer relations, marketing communication, as a tool of influencing consumer behaviour, is applied. The unit deals with the impact of marketing communication on consumer preferences and purchasing decisions in selected target groups.

We will point at marketing communication tools that influence buying behaviour. We conclude that the digital communication has a growing impact on consumer way of acting.

Marketing communications (also known as marcom) is the messages and media that marketers use to communicate with target markets. Examples of marketing communications include traditional advertising, direct marketing, social marketing, presentations and sponsorships.

The issues of consumers and their behaviour represent one of the most dynamic areas in marketing and belong to the most important activities in marketing strategic decisions-making process. Doing research into consumer behaviour helps to understand the needs of customers, maps the capacity and trends that support efforts to better understand individual markets and the subsequent development of marketing strategies. Considering the number of controllable factors and their tendency to interact and their mutual interaction, it is a relatively complex process.

Therefore, in relation to this phenomenon, it is questionable how particular product categories change across segments, with which brands consumers get older and what their approach to marketing communication will be.

Thus, consumer behaviour and their development are influenced by various dynamic global changes, mainly of business, trade and marketing, as well as by new qualitative and quantitative methods of research, technological opportunities of interactive information search, increase in digitization and artificial intelligence, along with changing approaches to marketing communication, especially online.

Digital technologies are therefore the main phenomenon is shaping today's society, and since 2010, they have essentially changed the world we live in. The digital technology boom is largely reflecting the changes in marketing and marketing communication, and bringing brand new opportunities and ways to reach consumers. Since its inception, marketing communication has been subject to a continuous alternation, whereas its changes are so frequent that many companies find it difficult to maintain current trends in this area of marketing.

One of the main principles of marketing communication today is synergy and interaction. When creating and implementing a marketing mix, it is very important that the tools work consistently, synergistically and interactively. In the practice of marketing communication, these instruments should be as closely as possible linked to achievement of all synergies and, inter alia, to the purpose of saving funds. According to Tuten and Solomon (2015), marketing communication is evolving and has so far gone through three stages - traditional, tradigital and currently is undergoing a socio-media stage.

These stages depend on the overall nature of marketing in a given period. The issue of digital marketing communication was addressed in their current publication Marketing

4.0 by Kotler, Kartajaya, Setiawan (2016), who contributed significantly to the latest knowledge of the development of marketing communication from traditional forms to digital forms.

Subsequently, in *Principles of Marketing* (Kotler and Armstrong, 2018), we see a fundamental change in understanding of marketing communication when defining the communication mix that the authors say is a "specific mix of advertising, public relations, personal selling, sales promotion and direct marketing that companies use to engage consumers, convincingly communicate customer value, and build customer relationships.

This is a change that includes consumers into the communication process, i.e. we are talking exclusively about bidirectional communication. Another alternation is that tools that ensure short-term marketing communication goals (advertising goals) are turned into tools that are aimed at building customer relationship, and hence, to ensure the long-term strategic goals of companies. Particular concepts of communication mix composition vary depending on the authors.

At present, in the time of very dynamic development of new technologies and with them the emergence of new tools and forms of marketing communication, individual forms become interdisciplinary and cannot be strictly assigned to individual tools. Media, as means of communication, should be able to help us find a successful solution to a marketing problem; they also provide a space for implementation of the measures which have been adopted within the sphere of advertising.

The boom of interactive technology shifts marketing communication from a mass monologue to an interactive dialogue. Interactive marketing enables customers to participate in the process of building brand image (Szwajca, 2018; Bartok, 2018) on a specific market or in a distinct target group. However, the resulting effectiveness of marketing strategies depends on correct identification of the specific segment, on the form and content of the communication throughout the purchasing and decision-making process, and ultimately, on the product attributes that determine the choice of the appropriate medium.

Knowing the credibility of the source of information as well as the impact of each marketing communication tool can reveal consumer preferences and the ways in which they want to receive relevant information. Taking into account consumer expectations, an organization can use the integrated marketing communication in a way that is most efficient and cost-effective for it.

Consumer behaviour research is thus a key factor for areas, such as, analyzing changes in consumer trends, segmenting and identifying the target segment, or analyzing the effectiveness and response of marketing campaigns (Benda-Prokeinová et al., 2017). The development of technologies also inherently affects consumers themselves. As consumers adapt to today's digital technologies and use them in everyday life, new consumer segments are emerging across generations.

The purpose of the unit is to point at changes in consumer behaviour in the context of corporate marketing communication transformation and subsequently examine the impact of marketing communication on consumer preferences and purchasing decisions in selected target groups.

Each part of research was focused on a different target audience and both parts

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were carried out in 2019. In order to evaluate the research into consumer behaviour, it was necessary to identify the basic target groups of consumers.

The identification of target groups is based on multi-attributive comparison of research indicators evaluated through cross-analysis. The basic indicators are the demographic data of the respondents interviewed compared according to the attributes of the selection of the type of retail operation from the viewpoint of the main purchase made.

In the first part of research, the identification of target groups was carried out according to the demographic structure of respondents on the sample from the perspective of indicators selected.

On the basis of random probability sampling, the sample of respondents was calculated at 95% confidence estimation, tolerable error margin $\pm 3.5\%$, and the standard deviation was estimated at 0.5, as it was not possible to carry out a pilot survey for our purposes.

The aim was to know and utilize (based on the dependencies of observed variables) the structure of common factors, which are considered as hidden causes of mutually correlating variables.

Thus, the factor analysis allowed the generation of basic parameters, which can be used to interpret phenomena that are not directly measurable. In the second research, focusing on Generation C, a sample of respondents was deliberately selected within the set time period of 2 months of 2019, and the sample consisted of all respondents who were involved in the research at the time of the questionnaire distribution. 302 surveyed participated in the research. Processing of collected data was realized in the environment of SPSS statistical program.

The obtained data were evaluated by one-dimensional statistical analysis, while some selected data were evaluated by multidimensional statistical analysis. The results were visualized through different types of graphs and pivot tables, showing the percentage of each response. Both researches were of a broader nature, in the paper only some selected results, copying the aim of the paper, are presented

4.2 MARKETING COMMUNICATION

We might briefly define IMC as the planning and execution of all types of advertising-like and promotion-like messages selected for a brand, service, or company, in order to meet a common set of communication objectives, or more particularly, to support a single 'positioning'. We believe strongly that the key to IMC is planning, and the ability is to deliver a consistent message.

Marketing communications are those techniques that the company or a business individual uses to convey promotional messages about their products and services. Experts of marketing communication design different types of persuasive communication and send it to the target audience.

What are the Marketing Communication Tools?

There are different tools used to attract the target audience. However, which tool to use depends on various factors such as geographical location of your target audience, popularity of your products, etc. Following are the important tools popularly used for marketing communications –

- Pamphlets
- Brochures
- Emails
- Advertisements
- Websites
- Sales Promotions and Campaign
- Exhibitions
- Personal Selling
- Press Release

Why is Marketing Communications Important?

The sole purpose of marketing communications is to increase the volume of sales by persuasive, informative, and positive messages. Marketing communication provides new facts through encouraging messages about products/services.



4.3 PROCESS OF COMMUNICATION

In 1989, the American Association of Advertising Agencies (known as the Four A's) formed a task force on integration that was to define IMC from the viewpoint of the Four A's agencies. The task force came up with this definition of IMC: "A concept of marketing communications

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planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines (e.g., general advertising, direct response, sales promotion, and public relations) and combines these disciplines to provide clarity, consistency, and maximum communication impact."

In the same year, the investment firm Shearson-Lehman Hutton (1989) issued a detailed report on consumer advertising, with special emphasis on diversification into areas that would lead to integration. They concluded that a number of changes at work in the marketplace would force traditional packaged goods marketers to take a much more integrated approach to marketing. They noted that high-involvement non-service products (e.g., automobiles or cruise vacations) where the selling task is more complicated were at that time more apt to use integrated strategies. In general, the report concluded that the dynamics were in place for a surge in demand for integrated communications from all kinds of advertisers:

In their 1993 book *Integrated Marketing Communication* (perhaps the first book to really deal with the subject), Don Schultz and his colleagues talked about IMCs as a new way of looking at the whole where once we only saw parts such as advertising, public relations, sales promotions, purchasing, employee communications and so forth (Schultz et al., 1993). They saw IMC as realigning communications to look at it in the way the consumer sees it, as a flow of information from indistinguishable sources.

They observed that professional communicators have always been condescendingly amused that consumers call everything advertising or public relations. Now they recognize with concern, if not chagrin, that is exactly the point. It is all one 'thing' to the consumer who sees or hears it. They go on to say that IMC means talking to people who buy or don't buy based on what they see, hear, feel, and so on, and not just about a product or service. It also means delivering a return on investment, not just spending a budget. This definition 'looks back' at the goals of IMC. We will be looking at IMC largely from a strategic perspective for planning and implementing IMC.

At Northwestern University's Medill School in the USA (where Schultz was teaching) the curriculum was in fact changed to focus on this new idea of IMC rather than the more traditional programs in advertising.

At the time, they offered their own working definition (Schultz, 1993): Integrated marketing communications is the process of developing and implementing various forms of persuasive communication programs with customers and prospects over time. The goal of IMC is to influence or directly affect the behaviour of the selected communications audience.

IMC considers all sources of brand or company contacts that a customer or prospect has with the product or service as potential delivery channels for future messages. Further, IMC makes use of all forms of communication which are relevant to the customers and prospects, and to which they might be receptive. In sum the IMC process starts with the customer or prospect and then works back to determine and define the forms and methods through which persuasive communications programs should be developed.

This definition, while more elaborate than ours, is still basically addressing the need for overall communication planning. It is critical to consider IMC as a process, not a 'thing'.

4.4 INTEGRATED MARKETING COMMUNICATION (IMC)

Integrated marketing communication (IMC) can be defined as the process used to unify marketing communication elements, such as public relations, social media, audience analytics, business development principles, and advertising, into a brand identity that remains consistent across distinct media channels. It allows public and private organizations and businesses to deliver an engaging and seamless consumer experience for a product and/or service, and to optimize an organization's image and relationship with stakeholders.

Professionals with a background in integrated marketing communications might pursue employment throughout the marketing and communications industries, in areas such as social media marketing, digital media, journalism, market research and consulting, public relations, non-profit and government, entertainment, television and radio, and other related fields.

Integrated marketing communication is a multi-disciplinary field that combines traditional and new media practices. As its name suggests, integrated marketing communications is a holistic marketing approach that considers marketing strategy within the larger context of an organization's aims and business development and maintenance needs. In other words, rather than having marketing, advertising, public relations, social media, and consumer/audience analytics be separate teams or efforts within an organization, integrated marketing communications encourages the integration of these disciplines to create a more powerful and concerted approach.

By using IMC theories and strategies, marketing specialists, public relations directors, brand managers, digital media associates, social media marketers, and other media professionals can create, execute, and track multi-channel advertising and communication messages that target and influence specific audiences. IMC's influence can be seen throughout modern society, in website display advertisements, enterprise blogs, search engine optimization, newspaper editorials, outdoor billboards, magazine advertisements, and more.

The increasing reliance of many companies on data-driven and multi-faceted marketing strategies, instead of general mass media marketing, has led to an increase in both bachelor's and master's programs in integrated marketing communications that teach students how to coordinate between marketing and public relations; build a brand's social media presence; and leverage consumer attitudes, shopping patterns, and buying preferences to deliver impactful advertisements and brand messaging.

The 1989 Four A's definition was utilized in a study of large consumer packaged goods advertisers in 1991. The study was conducted among senior marketing executives of major packaged goods advertisers. Based upon the Four A's definition, two-thirds of the companies interviewed said that they were in fact now integrated. Generally the managers of these companies believed that IMC is a sound idea and that it has real value to their organizations. Most also believed that IMC's programs would increase the overall effect and impact of their marketing communications programs.

Many of the questions in the study dealt with the reliance on or participation of advertising agencies in this integration process. While many of the managers believed that they would rely more heavily on outside marketing communications people in the future and that placing their business with one agency would make them a more important client, they were split on whether or not they would actually use the broader range of services which they expected advertising agencies to be offering.

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Part of this apparent inconsistency might be explained by the relatively strong disagreement these managers had with the proposition that most of the new ideas in marketing communications actually come from advertising agencies.

In fact, the study generally found that advertising agencies would probably not be a favorite supplier of IMCs. Many of the advantages that were seen by advertising agencies as reasons for them to be the integrating force for communications programs apparently were either not important to client companies or else they were not believed. Managers of these companies tended to feel that agencies that offered a variety of different communications alternatives beyond their traditional role would not necessarily have the highest level of talent across all areas of need.

This study seems to indicate that advertisers in the early years of IMC were not convinced that advertising agencies were the best qualified to coordinate an IMC program, or that they could do it more cost effectively. Apparently advertising agencies had not demonstrated in the IMC programs they had been coordinating that using a single agency is the best way to implement an IMC program.

In a 1993 study where IMC was defined as 'the strategic coordination of all messages and media used by an organization to influence its perceived brand value, communication and marketing managers from companies (not advertising agencies or other marketing communication suppliers) were asked how valuable they thought IMC was or could be for their organizations. The mean answer, based upon a 5-point bipolar scale in which indicates 'very valuable' and 5 indicates 'not at all valuable', was a strong 4. A majority of these managers also felt their company would be making more use of IMC over the next 5 years, and they expected their agencies and vendors to work more closely together.

There is no doubt that marketing and communications managers in the early 1990s felt that IMC was a valuable concept, and one that would play an increasingly more important role in their companies. Yet after a few years, companies had not yet really begun to put in place the organizational structures needed to implement IMCs programs.

Marketing managers were in agreement about the need for, and the desirability of IMC, but it was proving difficult.

More Recent Definition of IMC

The emphasis in those early days was certain: [on planning, and to our mind this must remain at the heart of any definition of IMC. But today IMC is more likely to be talked about in terms of 'customer relationships'. In fact, Kotler (2003) has put it in just those terms. He now defines IMC as 'a way of looking at the whole marketing process from the viewpoint of the customer'. Yet only a few years earlier he was defining IMC as 'the concept under which a company carefully integrates and coordinates its many communications channels to deliver a clear, consistent and compelling message about the organization and its products'.

Others have taken this idea of IMC from a customer relationship view a great deal further. Tom Duncan, at the University of Colorado, who like Dan Schultz and his colleagues at Northwestern, was one of the early academics to restructure their advertising programs in terms of IMC, today sees it as simply put (our emphasis) a

'process for managing customer relationships that drive brand value' (Duncan, 2002).

Nothing 'simple' at all we would argue. In fact, he goes on to say that what this means is that IMC is a 'cross-functional process for creating and nourishing profitable relationships with customers and other stakeholders by strategically controlling or influencing all messages sent to these groups and encouraging data-driven, purposeful dialogue with them'.

There is a lot here in this definition. Of course, marketing is (or should be) about satisfying consumer demand. But we would suggest that the real key here, in terms of IMC, is 'strategically controlling or influencing all messages sent', and to do that requires strategic planning. Duncan goes on to 'define' the major elements within his definition.

The idea of a cross-functional process refers to a need for all parts of a company and vendors working on a particular brand to work together to 'plan and merge all messages a company sends to its target audiences'. We totally agree, but as we shall see, getting everyone involved in a brand's marketing communication to cooperate is very difficult. Creating and nourishing stakeholder relationships and profitable customer relationships refers to IMC identifying those target audiences most likely to contribute to long-term profit, including both consumers and others with links to a brand (e.g., Government regulatory agencies and investors).

Strategically controlling or influencing all messages means that every contact with the market must be consistent, and encouraging purposeful dialogue implies that people want the ability to interact with a company.

As we said, there is a lot here in this definition. But in the end, IMC is really all about planning in order to deliver a consistent message. Effective IMC should certainly encourage strong customer relationships, but it does that through effective planning in order to develop an integrated communication program that will optimize specific communication objectives that lead to a desired behaviour on the part of a target audience.

Actually, after Duncan explains his detailed definition of IMC (as we have reviewed), even he reminds us that communication is the foundation of brand relationships and the basic principle of IMC.

Strategies for building strong profitable relationships with customers and other stakeholders is part of the marketing plan, and effective marketing communication should support that plan. We shall leave it to others to discuss IMC in this broader marketing-oriented way.

A strategic understanding of IMC must be based upon a rigorous planning process that will identify appropriate target audiences, set specific communication objectives for these target audiences, develop marketing communication that will accomplish those objectives in a consistent way, and find the best ways of delivering the message. That is what IMC, and this book, is all about.

4.5 IMC PROMOTION MIX

We mentioned earlier that one of the main reasons traditional advertising agencies originally took the lead in managing IMC was because that was where most of the marketing communications money was to be found. But this is all changing. With the increasing short-term focus on the bottom line, promotion-oriented marketing communication is playing an ever larger role, and many companies are questioning the role of

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advertising today

What exactly is the role of advertising in IMC? As we have tried to make clear, IMC is a planning concept. So, the easy answer is that traditional advertising 'fits' when and where it makes sense in most effectively communicating with the target audience. But this easy answer will not be very satisfactory to many managers.

As Schultz (1995a), once put it, "An integrated approach to communication planning and implementation does not necessarily reduce the role or value of traditional mass-media advertising". We agree. In today's world, what is advertising? Television commercials include direct response 800 numbers or ask consumers to look for a coupon in the newspaper- and actually show the coupon. Is this advertising or is it promotion?

In the past, advertising has been traditionally delivered via measured media: television, radio, newspaper, magazines, outdoor. But today advertising messages are also delivered through direct marketing and channels marketing (e.g., trade-oriented marketing such as programs), areas where in the past one only found promotional messages.

Is this an advertisement or a promotion for Olympus? It certainly looks like an advert, but the headline delivers a promotion like message. This is a very good example of an advert-like promotion. It contains a well-executed brand-building advertising message, based upon key benefits of the brand, as well as a promotional offer of a free 2GB memory card, along with a 'praiseworthy new price', all designed to create an immediate intention to buy. Do you think this was paid for out of the advertising budget or the promotional budget? Would it make a difference?

Not if it was part of an IMC campaign, because it would have been part of the IMC budget. It would have been created because it made good strategic sense for the brand as part of its IMCs program. The consumer certainly does not know (or, we suspect, care) what constitutes 'advertising', as we mentioned earlier.

In an interesting study conducted in the US by the Leo Burnett agency, 1,000 consumers were called at random and asked what they would call a wide variety of marketing communication forms (Schultz, 1995b). They found that consumers answered 'advertising' to over 100 different forms of marketing communication.

Many of the answers indeed would fit most advertising executives' definition of advertising. But what about such things as sweepstakes/contests/games, product catalogues, information brochures, window displays in stores, coupons, bill inserts, and such? Sounds more like traditional promotion, but well over 90% of the consumers interviewed called them 'advertising'. In fact, 92% said product packaging is advertising! Perhaps not surprisingly, consumers seem to see almost every form of marketing communication as advertising.

Rossiter and Percy (1997) make two interesting points about the role of traditional advertising versus promotion in today's marketing communication. Addressing the swing to promotion in marketing communication budgets, they point out that in spite of this swing

- (a) there has been an increase, not a decrease in the use of general advertising media in the last decade (from when they were writing in the mid-1990s), and

- (b) most of the growth in promotion, apart from all-but-, required trade promotions, had been additional and most of this in advert-like promotions.

Nevertheless, in traditional terms the rate of advertising growth has basically followed the pace of media inflation, while other areas of non-traditional advertising as well as promotion have experienced real growth. But this second point about advert-like promotions is very important. It is not traditional forms of promotion that are growing, but promotion-oriented messages that are very advertising-like.

For example, as Rossiter and Percy point out, direct mail and telemarketing, by far the largest and fastest-growing forms of marketing communication, are generally thought of as promotion rather than advertising. Yet when properly used they are as much advertising, in the sense of building brand awareness and brand equity, as they are promotion in the sense of meeting some short-term sales objective.

The role of advertising agencies in IMC

Because traditional advertising agencies have the experience with advertising-like, brand-building marketing communication, they should have a better sense for what is needed strategically in the planning of all IMC.

Most of the new promotion-oriented agencies and media service groups specializing in particular areas will simply not have the advertising like message skills or experience needed to fully integrate the advertising like message component in their promotions, or IMC planning in general.

For this reason, a strong argument could be made for an advertising agency, one with broad resources, to play the primary role in coordinating IMC; always under the client's management.

Unfortunately, for many reasons, today's advertising agencies have fewer resources than they did 20 years ago. But, they are still in a better position for understanding strategically what is needed to deliver effective IMC, and to have the relevant creative talent.

Advertising Agency is just like a tailor. It creates the ads, plans how, when and where it should be delivered and hands it over to the client. Advertising agencies are mostly not dependent on any organizations.

These agencies take all the efforts for selling the product of the clients. They have a group of people expert in their particular fields, thus helping the companies or organizations to reach their target customer in an easy and simple way.

The first Advertising Agency was William Taylor in 1786 followed by James "Jem" White in 1800 in London and Reynell & Son in 1812.

Role of Advertising Agencies

- Creating an advertise on the basis of information gathered about product
- Doing research on the company and the product and reactions of the customers.
- Planning for type of media to be used, when and where to be used, and for how much time to be used.

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- Taking the feedbacks from the clients as well as the customers and then deciding the further line of action
- All companies can do this work by themselves. They can make ads, print or advertise them on televisions or other media places; they can manage the accounts also. Then why do they need advertising agencies? The reasons behind hiring the advertising agencies by the companies are:
- The agencies are expert in this field. They have a team of different people for different functions like copywriters, art directors, planners, etc.
- The agencies make optimum use of these people, their experience and their knowledge.
- They work with an objective and are very professionals.
- Hiring them leads in saving the costs up to some extent.

There are basically 5 types of advertising agencies.

- Full service Agencies
- Large size agencies.
- Deals with all stages of advertisement.
- Different expert people for different departments.
- Starts work from gathering data and analyzing and ends on payment of bills to the media people.

Interactive Agencies

- Modernized modes of communication are used.
- Uses online advertisements, sending personal messages on mobile phones, etc.
- The ads produced are very interactive, having very new concepts, and very innovative.
- Creative Boutiques
- Very creative and innovative ads.
- No other function is performed other than creating actual ads.
- Small sized agencies with their own copywriters, directors, and creative people.
- Media Buying Agencies
- Buys place for advertise and sells it to the advertisers.
- Sells time in which advertisement will be placed.
- Schedules slots at different television channels and radio stations.

Finally supervises or checks whether the ad has been telecasted at opted time and place or not.

In-House Agencies

As good as the full service agencies.

Big organization prefers these type of agencies which are in built and work only for them.

These agencies work as per the requirements of the organizations.

There are some specialized agencies which work for some special advertisements. These types of agencies need people of special knowledge in that field. For example, advertisements showing social messages, finance advertisements, medicine related ads, etc.

4.6 FACTORS CONTRIBUTING IN IMC

Despite the fact that most marketers seem to agree that IMC makes sense, after 20 years there is very little evidence that it is being practiced by many companies. To the extent that it is being used, it is probably most likely to be found among fast moving consumer goods (FMCG companies) operating globally as they look for ways to coordinate their international marketing communication needs.

It should not be assumed by marketing managers that if they are not practicing IMC they are simply not enjoying the potential benefits of it. Without IMC, a brand's marketing communication could actually be significantly less effective. And the more complex the market, the less effective it will be. The lack of IMC, the lack of coordinated communications planning and the delivery of a consistent message, could lead to multiple portrayals of a brand in the market.

Even if the positioning is the same, if there is a lack of a consistent look and feel to all of a brand's marketing communication there will be no synergy or 'lift' from the overall program. With a consistent look and feel, the overall impact of a campaign is much greater than the sum of its parts because the processing of each piece of marketing communication is facilitated by the prior processing of other messages in the campaign.

When the individual messages being delivered lack this consistency, the processing of each different piece of marketing communication must begin from scratch. A promotion that contains the same general look and feel as the brand's advertising, which is carried over with the packaging and reflected in in-store merchandising, means that prior exposure to any of these pieces of marketing communication will aid in the processing of the others. If each of these pieces has its own unique look, there will be no prior learning or foundation available when someone sees it.

They must process the message on its own. As we shall see in later chapters, getting someone to process marketing communication at all is difficult. Effective IMC helps. In fact, research has shown that there is a link between IMC and increase in sales, market share, and profit.

So why hasn't IMC been more widely adopted? We like the reason offered by Pickton and Broderick (2005): it is partly due to ignorance, unwillingness and inertia, and partly due to the sheer difficulties of achieving the integration. Indeed, Perhaps the single biggest problem revolves around the decision-making structure of most marketing organizations. The structure or organizational make-up of a company or agency, and the way managers think about or approach marketing questions frequently pose problems in trying to implement IMC programs. We shall be looking at this in terms of specific organizational barriers to IMC and an organizations character. Additionally, the issue of compensation is often a serious roadblock to effectively implementing IMC.

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Organizational Barriers

While effective IMC requires coordination among all of a brand's 'voices', most organizations spend their time developing vertical communications programs. This results in a need for horizontal relationships struggling within vertical organizations. This leads to problems at the organizational level, where parallel structures, multiple departments, and functional specialties discourage the kind of communication between specialties required for IMC planning. This type of problem is epitomized by the brand management concept, and recent moves by some large packaged goods companies to category or channel management is only likely to make the problem worse. IMC requires a central planning expertise in marketing communication. With diffused resources, individual manager relationships with marketing communication agencies and vendors, and (critically) a lack of incentive to cooperate, it is no wonder there are problems when it comes to effectively developing and implementing IMC programs.

Organizational Structure

Although there is a broad agreement among marketing managers over the need for IMC, the very organizational structure of many marketing companies stands in the way of it being effectively implemented. At the core of this problem is an organization's ability to manage the interrelationships of information and materials among the various agencies and vendors involved in supplying marketing communication services. There are a number of specific structural factors that can make this difficult.

4.7 MARKETING COMMUNICATION

Unfortunately, for too many marketers, their marketing communication has a very low priority within the organization. For many in top management, spending money on marketing communication is a luxury that can be afforded only when all else is going well. One of the fastest ways for someone concerned with the financial statement to send large chunks of cash to the bottom line is to not spend budgeted marketing communication money.

With this sort of attitude, it is not surprising that those most responsible for marketing communication occupy lower-level positions within the organization. True, senior management does reserve the right to approve a campaign, and often does. But it would be rare indeed to find senior management involved in the planning of marketing communication.

Rather, it is generally, somewhat junior brand managers (or their equivalent) who do the actual strategic planning, and the results of their work are passed up the management ladder for approval. Even at companies where there are specific managers for advertising or promotion, these managers will have little power within the organization, and almost never final responsibility for the budget. Final decision on the budget will be with those managers doing the actual marketing. We have always found this very shortsighted. As one brand manager put it (in a personal communication with the author), can you think of any other part of business where decisions involving millions are made with so little senior management involvement? If even half the average packaged goods brand marketing communication budget were going to bricks and mortar, no doubt everyone including the board of directors would be involved.

4.8 IMC MANAGEMENT AND PLANNING MODEL

In this unit we shall be looking at the specific steps involved in the strategic planning process for integrated marketing communications (IMC). Before a manager can begin to think of specific marketing communications issue, it is very important to carefully analyze what is known about the market. This means that the first step in the IMC strategic planning process is to outline the relevant market issues that are likely to effect a brand's communications. The best source of information will be the marketing plan, since all marketing communication efforts should be in support of the marketing plan. (If for some reason a marketing plan is not available, answers to the questions posed below will need to be based upon the best available management judgment.)

After a review of the marketing plan, it is time to begin the five-step strategic planning process introduced in unit 1. First, target audience action objectives will need to be carefully considered. Most markets have multiple target groups, and as a result, there may be a number of communication objectives required to reach them. In fact, it is for this very reason that a brand generally needs more than one level of communication, occasioning the necessity of IMC. After identifying the appropriate target audience, it will be time to think about overall marketing communication strategy. This begins at the second step in the strategic planning process by considering how purchase decisions are made in the category.

Then the manager must optimize message development to facilitate that process, which involves steps three and four, establishing the positioning and setting communication objectives. Finally, in step five, the manager must decide how to best deliver the message. We shall now look into each of these three areas in some detail.

First, target audience action objectives will need to be carefully considered. Most markets have multiple target groups, and as a result, there may be a number of communication objectives required to reach them. In fact, it is for this very reason that a brand generally needs more than one level of communication, occasioning the necessity of IMC. After identifying the appropriate target audience, it will be time to think about overall marketing communication strategy.

This begins at the second step in the strategic planning process by considering how purchase decisions are made in the category. Then the manager must optimize message development to facilitate that process, which involves steps three and four, establishing the positioning and setting communication objectives. Finally, in step five, the manager must decide how to best deliver the message. We shall now look into each of these three areas in some detail.

Reviewing the Marketing Plan

The first step in strategic planning for IMC is to review the marketing plan in order to understand the market in general and where a brand fits relative to its competition. What is it about the brand, company, or service that might bear upon what is said to the target audience? There are at least six broad questions that a manager should answer before beginning to think specifically about the IMC plan.

What is being marketed? The manager should write out a description of the brand so that anyone will immediately understand what it is and what specific need it satisfies. Taking

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time to focus one's attention like this on the details of a brand often enables the manager to see it in a clearer light. This is also very important, because it is just this information that will serve as a background for the people who will be creating and executing the brands' marketing communication.

What is known about the market where the brand will compete? This is information that must be current. If it comes from a marketing plan, one must be sure nothing has occurred since it was written that could possibly be outdated.

What one is looking for here is knowledge about the market that is going to influence how successful the brand is likely to be. Is the market growing, are there new entries, have there been recent innovations, bad publicity? While enough information must be provided for a good understanding of the market, the description should be simple and highlight only the most relevant points.

What is known about major competitors? What are the key claims made in the category? What are the creative strategies being used, what types of executional approaches and themes? Here it is helpful to collect actual examples. Something else to consider here is an evaluation of the media tactics being used by competitors. What seems to be their mix of marketing communication options, and how do they use them? All of this provides a picture of the communications environment within which the IMC program will operate.

Where will sales and usage come from? The manager needs to look at this question both in terms of competitive brands and the consumer. Again, this reflects the increasing complexity of markets. To what extent is the brand looking to make inroads against key competitors? Will the brand compete outside the category?

Where specifically will customers or users of the brand come from? What, if anything, will they be giving up? Will they be changing their behaviour patterns? This is really the first step toward defining a target audience (which is dealt with in detail in the next section), and begins to hint at how a better understanding of the target will lead to the most suitable IMC options to reach them.

What are the brand's marketing objectives? This should include not only a general overview of the marketing objective, but specific share or financial goals as well. When available, the marketing plan should provide these figures. Otherwise, it is important to estimate the financial expectations for the brand. If the IMC program is successful, what will happen?

This is critical because it will provide a realistic idea of how much marketing money can reasonably be made available for the marketing communication program. How is marketing communication expected to contribute to the marketing objective?

As we now know from the previous chapters, the answer is much more than 'increase sales.' It is likely that marketing communication will be expected to make a number of contributions toward meeting the marketing objectives. This is where the manager begins to get an idea of just how much will be expected from the IMC program, and the extent to which multiple messages and different types of marketing communication might be required.

Table. Contribute to the marketing objective marketing background questions

Key consideration	Question
Product description	What is being marketed?
Market assessment	What is known about the market the brand competes?
Competitive evaluation	What is known about major competitors?
Sources of business	Where will sales and usage come from?
Marketing objective	What are the brand's marketing objectives?
Marketing communication	How is marketing communication expected to contribute to the marketing objective?

Selecting a Target Audience

Once the manager has thought through the market generally, it is time to take the first step in the strategic planning process and focus more particularly upon whom it is that should be addressed with marketing communications. When thinking about the target audience one must look well beyond traditional demographic considerations. It is also important to 'think ahead'. What type of person will be important to the future of the business? In this stage of the planning process there are three questions that should be addressed.

Key questions in target audience selection:

- What are the relevant target buyer groups?
- What are the target group's demographic, lifestyle, and psychographic profile?
- How is the trade involved?

What are the relevant target buyer groups? While one always hopes business will be broadly based, realistically one must set a primary objective concentrating on either existing customers or non-customers, what are known as trial versus repeat purchase action objectives.

Following a useful designation of buyer groups introduced by Rossiter and Percy (1987), one may think about customers in terms of being either brand loyalists (BL) or favourable brand switchers (FBS). Some customers buy a brand almost exclusively, others buy the brand along with others in the category. Non-customers too may be loyal to one brand (OBL, other brand loyalists) or switch among other brands (OBS, other brand switchers); or, they may not buy any brands in the category now, offering potential for the future (NCU, non-category users).

It is useful to consider the potential target audience in these terms because it reflects brand attitude. Ideally, one would select a target audience in terms of their attitudes. Unfortunately, it is not possible to find people profiled in terms of their attitudes in media buying databases.

However, brand purchase behaviour is available. Although not a perfect substitute, these buyer groups do reflect a certain degree of brand attitude. BL and OBL should have strong positive attitudes toward the brands they buy. FBS and OBS too will hold generally positive attitudes toward the brands they buy. Interestingly, in fact, most consumers actually prefer

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two or three brands in a category, primarily for variety or because of slightly different end uses (van Tripp et al., 1996). Brand attitudes, however, cannot be inferred for NCU. They may indeed have rejected the brands in the category, or they may simply see such products as inappropriate for them at the time (for example, baby products if you do not have a baby).

Communication strategies will differ significantly, depending upon which of these target groups is selected; and could differ within groups of customers or non-customers. If the target is primarily BL or FBS who use the brand along with competitors, promotional tactics would clearly differ between these two groups. The brand is looking to retain BL, but to increase the frequency with which the brand is purchased by FBS. Among non-customers OBL would be very difficult to attract.

On the other hand, those who switch among several brands (but not the company's) are at least behaviourally susceptible to trying the brand because they already use several brands, and should be open to trial promotions. It is very important to think about various alternative buyer groups, and where it makes the most sense to place the primary communications effort.

What are the target groups' profile? Traditionally, target audiences have been described in demographic terms: women, 18–34 years, with some university training. Sometimes efforts have been made to include so-called 'psychographic' or life-style descriptions (Antonides and van Raaij, 1998). All of this is important, but it is not enough when considering IMC programs. As already suggested one must understand the target audience(s) in terms of behaviour and attitude, but also in terms of patterns that are relevant to communication and media strategies. This means how they now behave or are likely to behave in relationship to the brand and competition, what their differing information needs or motivations might be, and how they 'use' various media. This is important information for IMC strategy, and should be gained through research, and regularly updated.

How is the trade involved? It is important to think about the trade in the broadest possible terms, including all those who are involved in the distribution and sale of the brand without necessarily buying, stocking, or using it themselves. What one needs to think about here is whether or not people not directly concerned with the purchase and use of the brand might nevertheless be an important part of the target audience.

For example, one may need to pre-sell a new product to distribution channels or inform possible sources of recommendations about the brand (e.g. doctors or consultants). Where the trade might fit should be considered when thinking about how purchase and brand decisions are made, which we cover next.

In selecting the target audience, at this point the manager is identifying the primary target for the brand. As we shall see in the next section, in determining how decisions are made in the category this selection will be refined, looking at the roles played by the primary target group at different points in the decision process, as well as secondary targets that may be involved.

Determining How Decisions are Made?

If IMC is to positively affect brand purchase, it is essential to understand just how purchases in the category are made by the target audience, and this is what is involved at step two in the strategic planning process. In consumer behaviour, decisions are often described in

terms of need arousal leading to consideration, then action.

While this does provide a general idea of how decisions are made, for IMC planning purposes, it is not specific enough. A very good way to look at how brand purchase decisions are made has been offered by Rossiter and Percy (1997) with something they call a behavioural sequence model (BSM).

It asks six fundamental questions: What are the stages consumers go through in making a decision; Whom all is involved in the decision and what roles do they play; Where do the stages occur; What is the timing; and How is it likely to occur? This results in a flow chart that identifies where members of the target audience are taking action or making decisions that will ultimately affect purchases. Each of these questions are addressed next.

What stages do consumers go through? A BSM first asks the manager to think about the major decision stages a brand's target audience goes through prior, during, and following actual purchase or use of a product or service. A generic decision model may be built upon the general consumer behaviour model mentioned above: need arousal, brand consideration, purchase, and usage. Notice that usage is included as part of the purchase decision here because it provides an opportunity to communicate with the consumer in anticipation of future purchase or use.

Also, it helps reinforce the purchase decision. It has been found, for example, that people continue to pay attention to advertising for brands that have been purchased (Ehrlich et al., 1957). Additionally, especially for high involvement decisions, attending to advertising for the brand purchased reduces dissonance as Festinger (1957) pointed out in his theory of cognitive dissonance.

While the generic model of decision stages can be very useful, and can generally be adapted to almost any situation, always remember that the best model is the one that comes closest to how decisions are actually made in the brand's specific category. For example, in many business situations, distribution or trade hurdles must be surmounted before there is any thought of need arousal in the target audience.

Other decisions may be even more complicated; or quite simple. The idea is to capture the essence of the decision process, and use this as the basis for planning. Qualitative research can be helpful here in providing specific details unique to particular categories.

Two examples will help illustrate this. First, consider a retailer that has a chain of lamp stores. A hypothetical model of the decision stages involved in a lamp purchase, might be as follows. The first stage in the decision to buy a new lamp probably involves a decision to redecorate.

One of the most popular ways to redecorate is to buy a new lamp. These two stages would constitute need arousal.

Next, one must decide where to shop for the lamp, shop the store (or stores) and make a choice. These three steps would be a modification of brand consideration. Once the lamp has been chosen, the purchase is made and the lamp is taken home and used. The decision stages would then be: decide to redecorate → consider new lamp → look for places to buy lamp → shop → select lamp → purchase → replace old lamp with new.

It should be apparent just how helpful this discipline can be for IMC planning. Even with a simple example such as this, you can see how thinking about the decision process

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suggests a number of possible ways to communicate with potential lamp purchasers. The most obvious insight here is that a lamp purchase is unlikely to take place outside the context of ' redecorating ' (and research has indeed suggested this). This means to interest people in lamps one must first awaken an interest in redecorating or changing the look of a room.

As a second example, consider a manufacturer of commercial kitchen equipment that is distributed through restaurant supply companies. How does a restaurant supply company go about deciding what items and brands they will distribute? A probable decision model might begin with keeping an eye out for better items to stock in order to maintain a competitive edge. This could lead to an awareness of a potential new line or item to stock. These two stages would correspond to need arousal in the generic model.

Once interest is aroused, the new item will then be compared with what is now carried; the brand consideration stage. If the evaluation is positive, it will be ordered and added to inventory; purchase.

Once stocked, sales will be monitored, and if positive, the item or line will be reordered. These last two stages would correspond to the generic model ' s usage stage. The decision stages for a restaurant supply company then might be: monitor new items → identify potential items to carry → compare with current items stocked → if positive, add to stock → monitor sales → if good, reorder.

Here is a good example of where the decision process suggests it might make sense to pay a lot of attention to the usage stages. An important question for a manufacturer of a new kitchen product would be: how much end-user ' pull ' would be necessary to insure sufficient sales for their customer, the restaurant supply company, to reorder? If initial sales are anticipated to be slow, it might make sense to offer a reorder incentive. These are the kinds of questions a good understanding of the stages in a decision process stimulates.

Who is involved and what roles do they play? Once the specific stages of the decision process have been established, one must assign the roles individual members of the potential target audience are likely to play at each stage. Those who study consumer behaviour generally identify five potential roles involved in making a decision: initiator, influencer, decider, purchaser, and user.

Let us consider as an example the roles that might be involved in a simplified illustration of a cruise vacation decision, using the four generic decision stages.

What role or roles are most likely to be involved during the need arousal stage? Since those who play the role of an initiator in the decision get the whole process started, it is the initiators that will be included under need arousal in the BSM model. This could include family members, friends who have been on a cruise, potential cruisers, travel agents, and cruise fairs.

Notice that the trade is considered here in terms of travel agents and cruise fairs. Since influencers recommend and deciders choose what to do, both roles will be influential during the brand consideration stage of the decision process. The influencers may include family members, friends who have been on a cruise, and travel agents. The decider is either an individual adult potential cruiser or a couple. The actual purchase is made by the purchaser, whom is likely to be an individual adult potential cruiser, while the usage stage is experienced by all those who go on the cruise.

Understanding the roles people play in the decision process can lead to messages in

an IMC campaign addressed to very specific target segments. McDonald's understood the importance of mothers as both influencers and deciders when it comes to what fast food restaurants the family visits.

Recognizing the concern over child obesity, to help overcome potential negative associations with fat content in much fast food, McDonald's in Sweden ran a series of inserts in magazines oriented to mothers specifically addressing their role as influencers and deciders in matters of family health and eating habits, positioned to build more positive brand attitude through increasing trust in McDonald's food.

This may be a good point to deal with the issue of individual versus group decisions. It is certainly true that many family decisions are made through a husband/wife or family consensus, and many business purchase decision are the result of a group effort. However, when it comes to IMC, we are interested in the individual and the role they are playing in the overall decision process.

Communication efforts must first persuade the individual prior to their participation in any group decision. So, while many actual decisions are the result of group action, specific advertising or promotion must address individuals in the roles they are playing in the decision process.

Building upon situation theory (Belk, 1975) in buyer behaviour and Foxall's (1992) work on selling and consumption situations in marketing, Rossiter and Percy (1997) offer four points for marketing communications managers to consider for each location identified:

1. How accessible is the location to marketing communication? This could range from no accessibility to too much, in the sense of a lot of clutter from other marketing communication or competition from other things.
2. How many role-players are present? Is the message directed to an individual or are several people participating at this stage of the decision at that location.
3. How much time pressure exists? This could range from none to a great deal and the greater the time pressure the less opportunity there will be to process the message. The difference between relaxing at home and dashing in and out of a store will seriously effect the likelihood of a message being processed.
4. What is the physical and emotional state of the individual? Certain personality states can seriously effect message processing. For example, is someone in a doctor's waiting room there for a routine check-up and generally relaxed (assuming they haven't been kept waiting too long) or because of symptoms of a serious illness and therefore upset and anxious.

As you can see, it is important to think about what is going on at each location where part of the decisions is made. Some locations are going to be better than others as potential place to reach the target audience.

What is the timing? The timing of decision stages should reflect the general purchase cycle or pattern for the category. Understanding when each stage of the decision process occurs, and the relationship between the stages, is important for media scheduling. Obvious examples would be seasonal decision such as back-to-school shopping or holiday purchases.

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But understanding the timing of even such routine behaviour as meal planning is important. A good example of this is the decision process for choosing a dessert. Obviously, for the average day, what to buy and serve for dessert is a low-involvement decision. In fact, most dessert decisions are made after the meal. This means that whatever is to be served must be in inventory, and even more importantly, must be ready to serve. This is no problem for such things as cookies, ice cream, and fruit. But what if you are selling cake mix or something like Jell-O brand gelatin? If all you do is 'sell' the end product, all you will do is move the product from the store shelf to the pantry shelf. This will not move it from the pantry to the table.

For a cake or Jell-O to be served for dessert it must have been made some time before dinner. This suggests advertising to homemakers in the morning to make the dessert so it will be ready after dinner. This example underscores the fact that even the simplest seeming decision process can have hidden traps if it is not fully understood. This is also why we talk about both purchase and usage in the decision stages.

How is each stage likely to occur? The last thing to consider in the BSM is how each of the stages is likely to occur. What is it that arouses need? How is the target audience likely to go about getting information? What are they likely to be doing at the point-of-purchase? In what way will the product or service be used? These are questions managers will want to have answers to prior to thinking about message development and delivery

4.9 FINALIZING AND IMPLEMENTING THE IMC PLAN

The planning process discussed earlier yields all of the information needed to put together the integrated marketing communication (IMC) plan. The overall context for the plan is provided by the brand's marketing plan, the target audience is identified, and an understanding of how they make brand decisions established. The creative positioning and objectives are determined, and a set of media options appropriate for delivering the message selected. Now it is time to put it all together.

Here, we shall look at how the knowledge gained through the IMC strategic planning process is used in finalizing a plan for the actual IMC campaign, and how to implement it. Finalizing a plan requires identifying the touch points in the decision process where marketing communication is likely to have the most significant effect on a brand decision, the communication tasks required at each of these touch points and media appropriate for accomplishing these tasks.

Once this is determined and the plan detailed, it is time to implement the plan. A creative brief is prepared to establish the parameters for message execution, and the appropriate media selected to optimize the delivery of the message. The manager is then in position to deliver an effective IMC campaign for the brand.

Establishing brand positioning

It is important to remember that what is involved here is how the brand is positioned within its marketing communication. The brand will already have been generally positioned as a part of the overall marketing strategy. It may be a niche brand, a 'price' brand, broadly based, etc. How it is positioned within marketing communication addresses the best way to

link the brand to category need and a benefit.

Now, it shall be considered within the context of the planning process and its role in message development. In the strategic planning process for IMC, the manager must first establish whether the brand assumes a central versus differentiated position. To be centrally positioned, the brand must be seen by the target audience as being able to deliver all of the benefits associated with its product category.

Otherwise, a differentiated position must be used, which is almost always the case. Once this initial decision is made, the manager must then determine if the benefit claim for the brand should be about specific benefits associated with the brand, or about the brand's users. Again in almost every case, the positioning will reflect a product-oriented rather than user-oriented benefit.

There are only two situations where a user-oriented positioning could be considered. These are when the target audience represents a specific market segment or niche, or when the underlying motivation driving purchase behaviour is social approval. But even in these cases, one could still adapt a product-oriented positioning.

Having addressed these two issues, the manager must then deal specifically with developing the benefit claims; that is, how the benefit will be dealt with in the creative executions. This means addressing the links between the brand and category need in order to optimize brand awareness, and the links between the brand and benefit in order to maximize positive brand attitude. In terms of the planning process, this must be determined before considering the more creative issues involved in message development.

For effective IMC, awareness for a brand must be quickly and easily linked in memory with the category need, reflecting the way in which the brand choice decision is made. This requires a positioning where the need for the product reflects how the target audience perceives that need. This is not always so straightforward as it may seem. The manager must know how the consumer refers to the need that products in the category satisfy, which is a function of how they define the market. For example, is a household cleaner brand seen as a general cleaner, or as a heavy-duty cleaner? Is a television made by B & O simply a television or is it seen as part of a home entertainment system? These differences are critical, because they inform how the brand is stored in memory.

Long ago in his classic article 'Marketing Myopia', Levitt (1960) pointed out the need to understand a brand's market in terms of how the consumer sees it. This is what establishes the true competitive set.

If a brand is seen as a heavy-duty cleaner, its marketing communication should position it as such, linking the brand to heavy-duty cleaning needs and not general household cleaning. If the brand talked about itself in terms of a household cleaner, it would be inconsistent with how the target audience sees the brand, and unlikely to tap into the relevant associations in memory. This assumes, of course, the brand is not trying to re-position itself as a more general household cleaner. The question the manager must answer here is: How does the target audience think about the brand? Ramlösa offers an excellent example of this. They wanted to introduce a line of taste-varied waters to challenge LOKA, who dominated the market, especially among young women.

Unfortunately, consumers perceived the brand as something for older, more serious people. Clearly, the brand needed to be re-positioned in the consumer's mind. They did this by running a saturation campaign emulating a movie launch or rock concert announcement,

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using outdoor media in a very unique way. After only 3 weeks Ramlösa had passed LOKA in the scented waters category.

If a brand is centrally positioned, the benefit to the category are assumed, and must be reinforced. If a user-oriented positioning is adopted, the benefit is subsumed by an identification with brand usage. In all other cases, which again is most of the time, the manager must select the benefit most likely to maximize positive brand attitude in differentiating the brand from competitors in the eyes of the target audience, and to determine the best way in which to focus upon that benefit with the executions. The benefit selection will provide the basis for the benefit claim made about the brand in its marketing communication.

In effect, it will let the consumer know what the brand offers and why they should want it.

Benefit selection and focus

Most people who study consumer behaviour feel that attitudes result from a summary judgement of everything one knows about something, weighted by how important those things are to them. This is usually expressed in terms of something known as the expectancy-value model of attitude. For brands, this means a person's attitude toward a brand will be made up of the summation of those things they know about it, weighted by how important those things are to them.

In selecting a benefit for positioning, the manager should look for a potential benefit that is important to the target audience; that the target audience feel the brand either delivers now or could believably deliver; and ideally, do it better than competing brands. What one is looking for here is the perception of uniqueness for the brand, and this must come from the way in which the benefit claim is made in the creative execution.

A brand benefit may be expressed in terms of either an objective attribute, a subjective characteristic, or an emotion. As an example, a benefit associated with a sports car might be related to the engine. One could create a message where the benefit claim talked about a 5.8-litre engine (an attribute), a 'powerful' engine (a subjective characteristic), or about it being 'exhilarating' (an emotion). However, the way in which a benefit is expressed in a message must be informed by the underlying motivation driving behaviour in the category.

When the underlying motive is positive (transformational brand attitude strategies), the benefit claim should be built upon a positive emotion. For products such as food, beverages, or fashion that are driven by a positive motive, the benefit should be a positive feeling associated with the brand. For example, this means creating a sense of sensual pleasure for food or sexual allure with fashion. The focus in the execution can be on the emotion alone, or perhaps associated with a subjective characteristic along the lines of 'our decadent flavors will leave you in ecstasy'. The emotion 'ecstasy' in this case is stimulated by the brand's 'decadent flavors'.

If the underlying motive is negative (informational brand attitude strategies), positive emotions are not appropriate as benefits. This does not mean that one should not create a positive emotional response to the message, only that the benefit claim should be built upon either a subjective characteristic of the brand, an attribute supporting the subjective characteristic, or the subjective characteristic resolving a problem. Such a focus is more in line with the need for the benefit to provide information that will help mediate the underlying

negative motivation.

For a cold remedy, for example, the benefit claim might be built around a subjective characteristic such as 'long-lasting relief', an attribute in support of the subjective characteristic such as 'our time-released capsules ensure longlasting relief', or resolving a problem with the subjective characteristic, 'why take four capsules a day when one of ours gives you long-lasting relief?'

Of course, these illustrations are not meant to be an example of what the actual creative content of the message would be, but rather to provide a sense of the strategic possibilities associated with benefit focus in positioning. The point is that benefit selection must not only be based upon an important, uniquely delivered benefit, but also the appropriate motivation. The benefit focus for informational brand attitude strategies will be different from transformational brand attitude strategies, and these must be considered by the manager as part of positioning before moving on to setting communication objectives and specific brand attitude strategies. This means that the final question the manager must consider in terms of positioning is: What is the appropriate benefit focus?

Setting Communication Objectives

In earlier chapters we talked about the four basic communication effects of category need, brand awareness, brand attitude, and brand purchase intention, and saw in the last chapter how communication objectives follow directly from them. Since these are the possible effects of marketing communication, the manager must establish the importance of each to the overall communications strategy.

As already emphasized, an important point to remember is that communication effects result from all forms of marketing communication. In other words, regardless of which type of marketing communication is considered, it will have the ability to stimulate any of the major communication effects.

However, as we have seen, all types of marketing communication are not necessarily equally effective in creating particular effects. Communication objectives are quite simply the communication effects one is looking for. Next, we will summarize how the four communication effects are likely to translate into communication objectives in the IMC plan.

Category need

If there is little demand for a category, or people seem less aware of it, establishing or reminding people of it becomes a communication objective. For example, one could not really do much of a job advertising or promoting a specific brand of a new product such as when Blackberries were introduced until people learned just what they were.

Market share leaders can sometimes benefit from category need advertising when category demands slackens. A not too long ago example of reminding people of a category need was when in the US Campbell Soup ran a 'soup is good food' campaign. By stimulating category need for soup they generated differentially high sales for Campbell's because of their overwhelming share in the category.

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Brand awareness

Brand (including trade) awareness is always an objective of any marketing communication program, whether advertising or promotion. We know that based upon how people make purchase decisions this awareness will occur via recognition or recall. As we have seen, recognition brand awareness is when the brand is seen in the store and remembered from advertising or promotion. Recall brand awareness is when one must remember the brand or store name first, prior to buying or using a product (e.g. when deciding to have lunch at a fast food restaurant, or when an industrial buyer decides to call several suppliers for a quotation). A principal communication objective of all advertising is to create or maintain brand awareness.

While brand awareness is usually seen as a traditional strength of advertising, as pointed out in the last chapter promotion can make a significant contribution. Generally, promotion is best utilized for increasing brand recognition. Merchandising promotions do this by drawing more attention to a brand at the point-of-purchase (e.g., with coupons or special displays).

An excellent and innovative use of advertising and promotion together to raise awareness won for OMD a Medallion Award at Cannes in 2003 for their work for a small bank, SBAB. In a direct challenge to larger banks, an IMC campaign was launched to raise awareness of SBAB and increase loan applications. Under the umbrella positioning of 'loans in a jar' a variety of media were used to deliver both advertising-like and promotion-like messages.

The key to the program was an innovative use of outdoor and the Internet for the promotion-like messages encouraging loan applications, supported by awareness-building messages in print and television.

Messages were tailored to specific apartment buildings pointing out how much owners of flats in the building could save by switching to SBAB. Promotion-like messages on the Internet provided an opportunity for individuals to calculate how much they would personally save if they switched. (This is a promotion because its objective was to stimulate an immediate intention to switch.) The results were an immediate increase in brand awareness and a 46% increase in loan applications during the campaign period.

Brand attitude

Brand attitude too is always a communication objective, again as we have discussed. What is meant by brand attitude is the information or feeling the brand wishes to impart through its marketing communication. Information about a brand or emotional associations with it that are transmitted by consistent advertising over time build 's brand equity. We have dealt with brand attitude a great deal in this book because it is really at the heart of marketing communication. Strategies for implementing the brand attitude objective are derived from one of the four quadrants of the Rossiter-Percy Grid. Reviewing, the manager must consider whether the target audience sees the purchase of a brand as low or high risk (involvement), and whether the underlying motivation to buy or use the brand is positive or negative. Where the brand falls in relation to this will determine the appropriate brand attitude strategy:

- Low Involvement informational is the strategy for products or services that involve little or no risk, and where the underlying motivation for behaviour in the category is one of the three negative motives.

- (You may want to look back at Figure 4.10 to refresh your memory of these motives.) Typical examples would include pain relievers, detergents, and routinely purchased industrial products.
- Low Involvement transformational is the strategy for products or services that involve little or no risk, but when the underlying motivation in the category is positive. Typical examples would include most food products, soft drinks, and beer.
- High Involvement informational is the strategy for products or services where the decision involves risk (either in terms of price or for psychosocial reasons), and where the underlying behaviour is negatively motivated. Typical examples would include financial investments, insurance, heavy-duty household goods, and new industrial products.
- High Involvement transformational is the strategy for products or services where the decision involves risk, and where the underlying behaviour is positively motivated. Typical examples would include high-fashion clothing or cosmetics, automobiles, and corporate image.
- Whereas traditionally one thinks of advertising for building brand attitude, as suggested in the last chapter the best promotions will also work on building brand attitude. While the immediate aim of a promotion is a short-term increase in sales, they can also create more long-term communication effects, maximizing full-value purchase once the promotion is withdrawn.
- For example, free trial periods or free samples help create a positive feeling for a brand, as do coupons seen as a small gift from the manufacturer. Promotions can also provide useful information to ensure a continued favourable attitude after trial as well, for example with such things as regional training programs for businesses, cookbooks, on-package usage suggestions, and the like.

Brand purchase intention

Brand (or trade) purchase intention is a communication objective when the primary thrust of the message is to commit now to buying the brand or using a service. Note that purchase-related behavioural intentions are also included in this communication objective, things like dealer visits, direct mail inquiries, and referrals.

Along with brand awareness, stimulation of brand purchase intention is the real strength of promotion. All promotions are aimed at 'moving sales forward' immediately, and they do this by stimulating immediate brand purchase intentions, or other purchase-related intentions such as a visit to a showroom or a call for a sales demonstration. For consumer target audiences, the potential power of promotion is underscored by research that has shown that purchase intention can be influenced at the point-of-purchase in about two out of every three supermarket decisions.

Matching media options

The fifth step in the strategic planning process involves identifying appropriate media options for delivering the brand's message. IMC media strategy is not a simple matter of finding media that reach the target audience, or satisfying particular reach and frequency objectives.

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While this is important to media planning, it is not the first step.

In considering the wide range of media options available for delivering IMC messages, the critical concern is to first identify those media that will facilitate the type of processing necessary to satisfy the communication objectives.

There are three areas in which media differ that will have a direct bearing on this: the ability to effectively deliver visual content, the time available to process the message, and the ability to deliver high frequency (the number of times the target audience will be exposed to a message through a particular media). Each of these media characteristics has particular significance for both brand awareness and brand attitude strategy, as we shall see below. Additionally, managers must also consider media options in terms of the size and type of their business. This too will inform what IMC media options will make the most sense given the markets within which they operate.

In this section we will be addressing three questions the manager should consider in developing an IMC media strategy. First, what media options are appropriate for recognition versus recall brand awareness strategies? Then, what media options help facilitate the brand attitude strategy? Finally, from this set of media options, what media make the most sense, given the size and type of business?

Appropriate media for brand awareness

Visual content and frequency are issues for brand awareness processing. When the brand awareness strategy is recognition, one must be able to see the package. This means that almost any visual media should do, but not radio. Newspaper, while able to show a package, should be considered with caution because of potential limitations in colour reproduction. If correct colour is essential for brand package recognition (e.g. because of similarity of package colour among brands in the category), newspaper may not be a good option. An exception to these restrictions for recognition awareness would be where brand recognition is verbal, not visual.

This could be the case for companies that rely upon telemarketing, when the target audience must recognize the brand name when they hear it. When a recall brand awareness strategy is used, frequency is a concern. Media selected must be able to deliver a high frequency in order to seed the category need-brand name link in memory. Certain media like monthly magazines and direct mail have obvious frequency limitations. Posters have potential frequency limitations, unless they are positioned in an area of high target audience traffic.

A very good example of using IMC to build the link between category need and the brand for recall brand awareness is a campaign run in Sweden for Apoteket. Integrating advertising and public relations, a bus tour was carried out across Sweden to educate people about pain (the category need), providing booklets about pain and how to avoid it. The bus tour was supported with advertising and public relations in local newspapers and radio, announcing when the bus would be stopping in various towns and cities. As a result of the tour, when people experienced pain, Apoteket was firmly linked in memory as the solution; someone caring and in position to determine the best medical care.

Appropriate media for brand attitude

The four brand attitude strategies that follow from the Rossiter-Percy Grid are a function of

the level of involvement in the decision and the underlying motivation driving behaviour, as we have seen. If the brand attitude is low involvement informational, almost any media will work. This is because these are the easiest messages to process, needing only to communicate a single, simply presented benefit that is easily grasped, not requiring repeated exposure. There may, however, be creative constraints that might limit media choice. This would be the case, for example, if the product must be demonstrated in order to effectively communicate its benefit. For low-involvement transformational strategies, good visual content capability is critical, and high frequency is needed to build the positive effect associated with the benefit.

When the brand attitude strategy is high involvement informational, the key requirement is enough time to process and consider the message since it must be accepted. This means that broadcast media (radio and television) should not be considered because the target audience is not able to control the pace at which they process the message. For high involvement transformational strategies, it is important to ensure the ability to provide strong visual content. For some products falling in this category, especially high-priced luxury goods, a strong visual image will immediately stimulate a strong emotional response and positive attitude (if the target audience identifies with the image), and higher frequency may not be necessary. But this is something the manager must carefully consider, based upon research.

A number of IMC media options appropriate for brand attitude strategies are summarized. An important consideration in putting together the media strategy is to remember that while one medium may be appropriate for brand awareness, it may not be for the brand attitude strategy. This does not mean that it should not be used, but it does mean that the manager must keep firmly in mind that the message may be building brand awareness but not doing much for brand attitude.

In such a case, make sure to also use appropriate brand attitude media. A good example here would be high-involvement informational strategies. Broadcast is inappropriate for this brand attitude strategy, but could be perfect for brand awareness. The brand might use television to build awareness and introduce the key benefit, while delivering a more detailed message in print where there is more time to process.

Appropriate media for the size and type of business

Depending upon the size of a business and its market, the primary media used will be different. Rossiter and Bellman (2005) have made this important point, and define four groups to consider: large-audience advertisers, including both business-to-business and consumer; small-audience local retail advertisers; small-audience business-to-business advertisers; and direct-response advertisers.

Most marketers with large audiences will select from among appropriate major mass media for the brand awareness and brand attitude strategies. This will generally include television, radio, newspapers, magazines, posters, and the Internet. Notice that we are talking about large audiences or markets, not necessarily large businesses. Airbus is a very big company, but with very few potential buyers. Small-audience local retailers will not usually use mass media because of the expense and wasted coverage. Unless there are enough stores in an area covered by local mass media, it makes no sense. Rather, they are more likely to use local print and direct mail, as well as event marketing and sponsorships. Whatever media is used, however, it must be appropriate for the communication objective. Small-audience

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business-to-business marketers will be likely to use print almost exclusively as their primary media, especially trade publications and direct mail.

Direct-response businesses tend to use direct marketing, and as discussed in Chapter 7, this primarily means direct mail and telemarketing. But some direct-response is not database driven, and as such not direct marketing. These businesses will be likely to use telemarketing and print, or even television. But direct-response advertising is different from traditional advertising in that its primary communication objective is brand purchase intention, and immediate response. This means there is no time to build brand awareness, and very little time to build positive brand attitude for all but low-involvement informational strategies.

In using television, say to demonstrate a product (especially a high-involvement product), the message will require more than 30 or 60 seconds. In fact, it is not unusual for direct-response marketers to use a 30-minute television 'program', so-called infomercials. The rules for effective processing still hold, but the media is used differently.

In the earlier concepts a behavioural sequence model was introduced, underscoring the need to understand consumer brand decisions as a process involving multiple stages with potentially several people involved, playing different roles in that process. Finalizing a consumer decision model like the behavioural sequence model (BSM) makes it possible to organize all of the available knowledge about how brand choices are made in a category into a usable form for strategically integrated communication planning. An effective IMC plan can only be achieved if it is based on the decision process for a brand.

This understanding is extremely valuable because the manager must be able to identify those places in the decision process where marketing communication can have a positive impact upon brand choice. One might think about these places where marketing communication may influence the brand decision as touch points. It will be these touch points that provide the framework for the IMC plan.

Many of those who are interested in IMC have pointed out the importance of a solid understanding of the consumer in the effective implementation of IMC programs. In fact, it is important to look carefully at how consumers behave and see the world before it is possible to develop an effective IMC plan. The BSM is an ideal way of gaining this insight. It is indeed this insight into the consumer, more than anything else, which will help identify the touch points for effectively implementing an IMC program. In order to help pull this together and demonstrate how one goes about identifying the important touch points in a decision process, consider the hypothesized BSM shown in Fig. 3.5 for a word-processing system. Suppose a company is marketing an innovative new word-processing system, and has developed this BSM of how companies go about deciding upon introducing new systems into their operations. Given this understanding of the decision process, what does it suggest about how best to positively effect the decision with marketing communication?

Let us think through this process, which is in effect what a manager would be doing in finalizing an IMC plan. It is obvious that in the real world this would be a complex decision process, with multiple potential target audiences, but for this example we shall utilize only the generic decision stages. As we look at the BSM, there is no doubt that more than a single message in one medium will be needed. Can one really imagine that single advertising campaign, let alone a single promotion of some kind, would be able to do the job? Of course not.

Looking at the need arousal stage we see that a number of people might be involved. At the simplest level, the users of the current system in an initiator role might be complaining to their manager that they can't get the increasing workload out on time.

Once initial interest has been aroused, at the brand evaluation stage the potential user and the trade will begin to form attitudes about the various alternative systems available. The same individuals who were involved as initiators will also probably fill the role of influencer as well. But, others could also play a part. Consultants may be called in, and at some point during the evaluation senior management will become involved. At this stage, managers and senior management will assume the role of decider.

Does it make sense to use the same message for everyone involved? While the message to the trade (both consultants and distributors), users, and managers should be basically the same (and certainly reflect the same look and feel), the medium of delivery will likely vary. Messages to senior management will certainly be different. Management is not interested in the technical aspects of the system, but they are interested in 'value' issues. There would appear to be a number of different marketing communication opportunities as this stage in the decision process. Additionally, if the brand does not already have a database in place, it would be a good time to begin. If there is one, it should be updated during this stage.

At the purchase stage, the manager or perhaps a purchasing agent, will be involved in the actual purchase. What message, if any, might we wish to deliver at this stage that differs from earlier material? The trade may wish to follow-up with an incentive promotion; the brand may wish to send direct mail to those the trade has indicated have shown interest in the new system.

Finally, what should be done during the usage stage? At the very least, it would make sense to do something to reinforce the manager's choice of the new system. Some form of direct mail would be appropriate but so too would general advertising that reinforces overall brand image. This positioning affects not only the manager, but also those who are actually using the new system.

Even using only the four generic decision stages in this example, one can see that there are a number of potential touch points where marketing communication can help inform brand choice. The task of the manager is to now identify the communication tasks that will be necessary to address these touch points, and then to set priorities in terms of what is essential for brand success, and what else might be helpful? Then, from this set of communication tasks the manager determines what will be affordable given the budget? In other words, the foundation has been laid for an effective IMC plan.

4.10 PROMOTION MIX

The important touch points in the decision process reflect where marketing communication will have the best opportunity of positively influencing the decision in favour of a brand. The manager must next consider the communication tasks necessary for each touch point. This means identifying the relevant target audience at each stage in the decision process and what marketing communication is expected to accomplish at each stage. Finally, in the development of the IMC plan, the manager must identify what appropriate media options

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are available to deliver the message?

The best product and the perfect price alone aren't enough. Promotion covers all the communication tactics that you use to tell people about your products and services. This includes the promotional messages themselves, but also the audience the messages are addressed to, the medium, and the distribution channels. These questions cover the factors you should consider when thinking about your promotional strategy:

What will the message contain? A promotional message shouldn't just tell people that your product exists. It should provide all the necessary information they might need about the product, such as the problem your product solves and how it benefits users.

- Who is your target audience?
- Are you addressing a 65 year-old retiree, or a teenager?
- What medium is your message in – text, video, or audio?
- What channel are you using to get your message out? Tiktok or a full-page newspaper ad? Podcasts or email newsletters? Online or mobile advertising?
- When will all this happen? Seasons and broader social changes all influence the way consumers think about purchases.

You might notice that all of these questions are related to each other. For example, your choice of promotional channel will likely depend on who your target audience is.

Note that promotion isn't synonymous with marketing. Promotion focuses on how you communicate your product to people. Marketing consists of more than promotion, as the 4 Ps of marketing show, and promotion needs to be thought of in tandem with the other Ps.

At the same time, promotional activities also encompass more than just marketing. Promotion might also involve the sales process, public relations, and advertising.

4.11 SPONSORSHIP, POP: SUPPORTIVE COMMUNICATION

Sponsors are very critical to any event. Communicating with them and providing them information in a timely manner is crucial to your long term relationship with them. This section of the Speaker Engage enables you to organize every aspect of sponsor management and communication. In this section you can create an inventory of sponsor packages available, the overall budget, the status of each sponsor, and all the communication that was sent to them. You can also create standard and customized communication specific to sponsors.

A sponsorship is when a company commits money or resources to a nonprofit event or program in exchange for specific promotional benefits. In exchange for supporting the nonprofit, the company gets their name and logo on things like:

- Banners
- T-shirts or wearable swag
- Posters
- Brochures

Other marketing and communications collateral

The business objective of sponsorship is to reach a specific target audience and to earn a "halo" for supporting a good cause. By aligning themselves with purpose-based organizations, sponsors give their businesses a competitive edge that goes beyond product and price. It's marketing, but more socially responsible.

Sponsorship is win-win and work-work. Both the nonprofit and the for-profit benefit from the partnership, but success depends on them working together to ensure the other's success.

Types of Sponsorships

Depending on your needs, there are several different types of sponsorships that can help you with your next event:

Financial or cash - This is the most common type of sponsorship where cash is exchanged for benefits, perks, or publicity.

In-kind - Similar to a financial or cash sponsorship, except goods or services are given instead of cash. It can come in the form of:

- A venue partner
- A prize sponsor
- A food sponsor
- A digital sponsor (social media filters, apps, media wall, etc)

Media event - Helps provide support for promoting your event. Event sponsorship can be a media outlet giving a free advertisement or they can give money to help fund your advertising.

Promotional partner - Similar to a media event sponsor, except in this case, it's an individual boosting your event through their own channels. For example, a social media influencer could be a promotional partner.

An Example of a Sponsorship

If you're looking for an example of sponsorship in action, take a look at the Boston Marathon, which is run by a nonprofit organization, the Boston Athletic Association or BAA. The event has a number of longstanding corporate sponsors, including running shoe maker Adidas.

Like I mentioned, a great sponsorship benefits both the nonprofit and the sponsorship partner. So what does that look like here?

The BAA benefits by:

- Receiving millions of dollars from Adidas and other corporate sponsors
- Raising the profile of their event as a world-class marathon by aligning themselves with brands (like Adidas) that are relevant household names
- And how does Adidas benefit from the sponsorship?
- They get access to avid runners who are the perfect customers for Adidas shoes and gear
- Being associated with such an important and famous event gives Adidas a favorable connection with thousands of runners and millions of spectators - both along the

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course and watching at home on television.

- Is the partnership win-win for both partners? Absolutely. Do the BAA and Adidas have to work hard to ensure each other's success? You bet.
- One thing you don't need to succeed with a sponsorship is a large athletic event like the Boston Marathon or a global shoe company like Adidas. There are many sponsorship opportunities with organizations of all sizes and types.

How to Get a Sponsorship: 8 Key Tactics

Before you start securing a sponsorship, keep these 8 key tactics in mind:

- Research potential sponsors. Look at your existing supporters. Evaluate each one to see if their goal and interests align with your values and audience—or if they could help you find other new sponsors.
- Tell your organization's story. What makes your organization special? Define your key pitch elements and weave them together to tell a story that will appeal to potential sponsors.
- Provide sponsor incentives. Sweeten the deal by communicating what a sponsor will get out of the partnership (and how it'll boost their visibility). Include examples of their organization will be featured, like:

Marketing and promotional collateral

- Branded videos
- Social media content
- Event swag and goodies

Reach out to established companies. Partner with established companies that have a positive reputation, have built trust and can boost your organization's profile.

- Use data to legitimize your pitch. Data is everything. Don't forget to take those important insights from your audience and feature them in the pitch.
- Find the right contact. Make sure you know who the right contact is. Often, this can be someone in the marketing department.
- Build a connection over time. A good relationship always starts with a strong foundation. Take time to get to know your potential sponsor and build a connection over shared values and concerns.
- Follow up. Whether it's a problem of timing or funding, sometimes a "no" is just a "no for right now". It's worthwhile keeping these contacts on hand to follow up with in the future.

How to Find a Sponsorship With an Asset Analysis

Your first step is to do an asset analysis of your organization, events and programs. Look for assets that would be valuable to a potential business partner.

These may include:

- A successful fundraiser (e.g., walk, run, gala, etc.).

- A large donor [or membership] base,
- A large, engaged following on social-media sites.
- A targeted group of supporters [or members] that are women, Millennials, moms, parents, men, pet owners, and so forth.
- A large employee base.
- A visible, busy, or sought after building or location.
- A strong, well-recognized brand that people know and respect.
- Vendors that value their relationship with you.
- A strong, emotional mission. Do you serve kids? Do you save puppies from the pound? Do you help wounded soldiers returning from Afghanistan?
- One of the most valuable assets you can have is an existing connection to a company. I like to say that a company in hand is worth two waiting in the bush!

4.12 SUPPORTIVE COMMUNICATION

Supportive communication is the support given, both verbal and nonverbal, in times of stress, heartbreak, physical and emotional distress, and other life stages that cause distress. The intention of this support is to assist those seen as being in need of such support.

For example, individuals could be struggling with anger, frustration, hurt, and also physical distress, and Supportive Communication becomes a strategy utilized to help individuals cope with those feelings and experiences.

At times, individuals do not like facing things alone, so they will seek Supportive Communication from family, friends, and other trusted sources. At other times, individuals such as family and friends will offer Supportive Communication to someone they feel is in need of such support.

The impact of Supportive Communication has varied in research studies partially due to the reception of the communication. An individual may not receive the support in the intended way, or it may dredge up previous stress emotions and intensify them.[2] The field of social support is still relatively new with the typologies below being discussed as recent as the mid to late 1970s.

The research on the topic of supportive communication, or variations thereof, have fairly recent beginnings with most of the heavy research beginning in the mid to late 1970s. Early research recognized the role of communication in helping others specifically as a role of social support, which also garnered quite a bit of attention in this time period.

As a form of social support, scholars found that, unlike the sociological and psychological perspectives of social support, the supportive communication aspect served a specific role in actual communication of support unlike the psychological perspective which is the perceived belief of support or the sociological perspective which is considered more of the role of social integration.

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Research in Supportive Communication has utilized a typology of supportive behaviors created in the 1970s and 80's which includes emotional, esteem, network support, informational, and tangible. Through these typologies, researchers have been able to better study the impact of each of the support types.

Types of Supportive Communication

This type of supportive communication would be utilized to help those who are experiencing emotional distress. This emotional distress could be due to many environmental factors, some are listed above, but are all emotional stressors. The goal would be to help alleviate the pain on an emotional level, but cannot help necessarily on a physical level.

Esteem

The esteem type of supportive communication, in contrast to emotional supportive communication, would encourage the individual in need of support on a different level. This type of support would enhance the individuals feelings towards themselves. The support would highlight the individuals accomplishments, abilities, and/or their attributes in an effort to provide support when the supporter recognizes the need of social support.

Network

Network support is a type of support that gives the individual a sense of belonging among a group of individuals who may have experienced the same stressors that the individual is currently going through. This can be found by creating a group of individuals the person already knows, or joining a support group specifically categorized by the type of support the individual needs.

Informational

On the other end of the spectrum from emotional or esteem, informational support is focused more on practical application of the support that is given. The practical applicability of this type of support can range from advice on what to do to feedback on what should not have been done. This type of support is also known as an action-facilitating support type which has the main goal of helping to solve the problem that is causing the stress.[5]

Tangible

This type of support, much like the informational support, is considered an action-facilitating support type. The difference in tangible and informational is the action of assisting instead of just the advice, or verbal support. Tangible support would seek to provide money, housing, transportation, or other such services to help alleviate stressors in the individuals life.

Supportive communication in business

Supportive communication helps employees to communicate accurately and honestly without jeopardizing interpersonal relationships. Supportive communication aims to preserve the

relationship employees have even if management or other employees have to correct or point out a mistake in someone's actions.

Social media

Social media has created a platform not only for sharing information, but also for individuals to seek Supportive Communication. Positive affirmation and communication in Social Media platforms have been linked in positive psychological benefits, reinforcing the idea of Supportive Communication helping in an emotional state. Social Media has also created for individuals the idea of social capital where individuals believe they have created a network that they can rely on when support is needed. Looking at the definition above for Social support, we can see how social media can potentially provide emotional, informational, esteem, and even network support.

With the open source structure of social media, a world of communication is opened for both positive and negative reinforcement. Bullying has become a prevalent concern when discussions occur regarding social media.

Cyber bullying can occur because of race, sexual orientation, age, and political preference, among other attributes. Bullied individuals, specifically, can experience real life impact outside the digital world. This experience, without the Supportive Communication of their network, can lead to stress, anxiety, and other social factors impacting their daily lives. Emotional, informational, esteem, and network supportive communication can be an especially beneficial to the individuals experiencing the bullying as they receive the communication they are valued and cared for.

4.13 ROLE OF E-COMMERCE IN MARKETING COMMUNICATION

With nearly every marketing operation now taking place online, it can be tough to distinguish between the various types of digital marketing people use today.

For example, take ecommerce marketing — what is it and how does it compare to practices like social media, content, search engine, and email marketing?

Ecommerce marketing and digital marketing are not mutually exclusive. Ecommerce websites can use all of the above digital channels to promote a product and grow their business. This ecommerce marketing guide will explore all of the digital media available today.

Ecommerce marketing is the act of driving awareness and action toward a business that sells its product or service electronically. Ecommerce marketers can use social media, digital content, search engines, and email campaigns to attract visitors and facilitate purchases online.

Before we dive into more detail about what ecommerce marketing is and how to implement a strategy of your own, let's review the definition of ecommerce advertising and advertising's parity with marketing for an ecommerce business.

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Ecommerce Advertising

In similar fashion to the way advertising falls beneath the umbrella of marketing, ecommerce advertising falls beneath ecommerce marketing — and when used in tandem, you have the ability to more effectively reach your audience members to boost conversions and improve brand awareness.

As mentioned in our definition above, ecommerce marketing is about driving awareness and action towards your product or service.

Meanwhile, ecommerce advertising includes the methods through which you actually promote your product. In terms of online or ecommerce marketing and selling, these ads may come in the form of display ads, banner ads, or rich media ads.

The main takeaway here is that ecommerce advertising is a highly-effective method to implement while developing your ecommerce marketing strategy to focus your product or service promotion.

Now, let's get back to our in-depth discussion about ecommerce marketing.

Types of Ecommerce Marketing

To give you a sense of what an ecommerce marketing strategy looks like, here are some common marketing channels and how you'd use them to build an online store.

Social Media Marketing

- Brands, publishers, contractors, and growing businesses all launch pages on today's most popular social networks to connect with their audience and post content that the audience is interested in.
- As an ecommerce marketer, you can do the same thing, but the campaigns you run might look a bit different, and not every social network is a good fit for your needs.
- Ecommerce websites are highly visual — you have to show off the product, after all — so your success on social media depends on your use of imagery to drive attention and traffic to your product pages.
- Instagram is an appropriate platform for ecommerce businesses because it enables you to post sharp product photography and expand your product's reach beyond its purchase page.

You can take your social media posts a step further by creating shoppable content, which is content that enables visitors to buy right away. That can include anything from strategically placed display ads within a social feed to additional tags that take users directly to a shopping cart. These methods help you eliminate friction from the buying process.

An ecommerce business is no stranger to product reviews, either. Using a Facebook Business Page to share product praise is a perfect fit for businesses that already solicit customer reviews across their online store. We'll dive deeper into product reviews below.

Content Marketing

When you hear "content marketing" you might think of blogging and video marketing – content that is meant to improve your website's ranking in search engines and answer questions related to your industry. But if you're selling a product online, do you really need articles and videos to generate transactions? You sure do.

Here are some ways to use content to market your ecommerce store.

- **Optimize your product page copy:** Optimize your product pages for short, product-driven keywords that include the name of the product. If you sell wedding dresses, for example, a Google search for "brown bridesmaid dress" is more likely to produce product pages like yours if you've included that term on the page. Also, make sure that your page titles, headers, and image alt text focus on the right keywords so search engines know to return your ecommerce store for the right query.
- **Write relevant blog posts:** If you manage an online wedding dress store, writing blog posts about "how to plan a wedding" can attract everyone involved in wedding preparations no matter where they are in the planning process. As visitors become more engaged, you can create posts that will move them into consideration, like "how to select the right wedding dress", and turn them into leads, like a downloadable "wedding planning checklist".
- **Create guest posts for external websites:** Guest posts can get you and your products in front of relevant audiences (oftentimes for free). Submitting guest posts will also help you get more domain authority for your ecommerce site, thereby telling search engines that you have a reliable site.

You'll need to search for sites that rank for keywords related to your product. Sometimes you won't even need to create an entire post. If a site already has a relatable post, offer to expand on it by providing additional context, like a video or infographic with a link to your site.

Put product-related videos on YouTube.

YouTube has over a billion active users ... chances are your target audience is somewhere in there. It's also the second-largest search engine behind Google. If you're looking for a massive, captive audience, YouTube is where you'll find it. Use highly searched keyword terms to determine your topics, then share videos that are related to your product and helpful to your audience.

This is also a great option for tutorial videos that show current customers how to use your product – these videos can show people how best to use your product, increasing customer satisfaction and building long-term relationships with website visitors.



SUMMARY

- We might briefly define IMC as the planning and execution of all types of advertising-like and promotion-like messages selected for a brand, service, or company, in order to meet a common set of communication objectives, or more particularly, to support a single positioning."
- Integrated marketing communications is the process of developing and implementing various forms of persuasive communication programs with customers and prospects overtime. The goal of IMC is influence directly affect the behaviour of the selected communications audience.
- The IMC strategic planning process is to outline the relevant market issues that are likely to effect a brand's communications. The best source of information will be the marketing plan, since all marketing communication efforts should be in support of the marketing plan.
- Finalizing a plan requires identifying the touch points in the decision process where marketing communication is likely to have the most significant effect on a brand decision, the communication tasks required at each of these touch points, and media appropriate for accomplishing these tasks. Once this is determined and the plan detailed, it is time to implement the plan.
- Based on the understanding of how purchase decisions are made in the category, in conjunction with target audience objectives and the communication strategy.
- The important touch points in the decision process reflect where marketing communication will have the best opportunity of positively influencing the decision in favour of a brand.
- E-commerce means the whole business activities process using electronic tools, especially internet, to realize commodity exchanging in high efficiency and low cost.
- E-marketing is the strategy that the agency or organization uses the modern communication technology methods to exchange the potential market into reality market. It is an important part of the whole marketing strategy, and it is a kind of marketing tactics to realize the marketing goals based on Internet.
- E-commerce a-marketing refers to new comprehensive marketing model which is based on e-commerce and uses every kind of e-marketing methods and means to achieve online business activities.
- Social media has created a platform not only for sharing information, but also for individuals to seek Supportive Communication. Positive affirmation and communication in Social Media platforms have been linked in positive psychological benefits, reinforcing the idea of Supportive Communication helping in an emotional state.
- Social Media has also created for individuals the idea of social capital where individuals believe they have created a network that they can rely on when support is needed. Looking at the definition above for Social support, we can see how social media can

potentially provide emotional, informational, esteem, and even network support.

- With the open source structure of social media, a world of communication is opened for both positive and negative reinforcement. Bullying has become a prevalent concern when discussions occur regarding social media.
- Cyber bullying can occur because of race, sexual orientation, age, and political preference, among other attributes. Bullied individuals, specifically, can experience real life impact outside the digital world. This experience, without the Supportive Communication of their network, can lead to stress, anxiety, and other social factors impacting their daily lives.
- Emotional, informational, esteem, and network supportive communication can be an especially beneficial to the individuals experiencing the bullying as they receive the communication they are valued and cared for.



KEY WORDS

- **IMC:** Is stand for integrated marketing communication, implementing various forms of persuasive communication programs.
- **Four A's:** It is the American Association of Advertising Agencies, formed a tasked force on integration.
- **Behavioural:** It is to organize all of the available knowledge about how brand choices are made in a category into a usable form for strategically integrated planning
- **Power:** 'Power' refers to the potential or ability to influence decisions and control resources. Precisely stated, it is "the capacity that A has to influence the behaviour of B, so B does something he would not otherwise do" (Robbins). This definition highlights the following points.



REVIEW QUESTIONS

1. How would you define IMC?
2. Discuss why you feel recent definitions of IMC are or are not an improvement upon earlier definitions?
3. What is required for effective management of IMC?
4. How is the trade involved in a brand 's IMC?
5. What are the unique roles of advertising and promotion in IMC strategy?
6. Why is it important to review the marketing plan at the start of the IMC planning process?
7. What are the important considerations in target audience selection?
8. Write notes on Integrated Marketing Communication (IMC).

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9. What are various types of Communication?
10. What are the different stages of an advertising strategy?
11. What do you mean by advertising campaign? How are they planned?
12. How would you develop a campaign for selling of cell phones?
13. What do you mean by source, what are its characteristics?
14. Discuss the message structure, its presentation and order.
15. What do you mean by appeals? What are different types of appeals? Illustrate with example.



FURTHER READINGS

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Unit 5

Advertising Management

Structure

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- 5.1 Introduction
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- 5.3 Nature of Advertising
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- 5.24 Preparation and Choice of Methods Of advertising Budget
- 5.25 Budgeting Approaching
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Summary

Key Words

Review Questions

Further Readings

5.0 LEARNING OBJECTIVES

After reading this chapter students will be able to:

- define advertising management.
- explain relation of advertising with other promotional tools.
- state role of advertising in promotion mix and strategies for advertising.
- describe campaign planning, copyrighting, preparation and choice of methods of advertising budget.
- ethical and social issues in advertising and role of advertising in national development.

5.1 INTRODUCTION

Advertising is a marketing communication that employs an openly sponsored, non-personal message to promote or sell a product, service or idea. Sponsors of advertising are typically businesses wishing to promote their products or services. Advertising is differentiated from public relations in that an advertiser pays for and has control over the message. It differs from personal selling in that the message is non-personal, i.e., not directed to a particular individual.

Advertising is communicated through various mass media, including traditional media such as newspapers, magazines, television, radio, outdoor advertising or direct mail; and new media such as search results, blogs, social media, websites or text messages. The actual presentation of the message in a medium is referred to as an advertisement (advert. or ad for short).

Commercial advertisements often seek to generate increased consumption of their products or services through "branding", which associates a product name or image with certain qualities in the minds of consumers.

On the other hand, ads that intend to elicit an immediate sale are known as direct-response advertising. Non-commercial entities that advertise more than consumer products or services include political parties, interest groups, religious organizations and governmental agencies.

Non-profit organizations may use free modes of persuasion, such as a public service announcement. Advertising may also help to reassure employees or shareholders that a company is viable or successful.

Modern advertising originated with the techniques introduced with tobacco advertising in the 1920s, most significantly with the campaigns of Edward Bernays, considered the founder of modern, "Madison Avenue" advertising.

Worldwide spending on advertising in 2015 amounted to an estimated US\$529. billion. Advertising's projected distribution for 2017 was 40.4% on TV, 33.3% on digital, 9% on newspapers, 6.9% on magazines, 5.8% on outdoor and 4.3% on radio. Internationally, the largest ("Big Five") advertising agency groups are Dentsu, Interpublic, Omnicom, Publicis, and WPP.

History

Egyptians used papyrus to make sales messages and wall posters. Commercial messages and political campaign displays have been found in the ruins of Pompeii and ancient Arabia. Lost and found advertising on papyrus was common in ancient Greece and ancient Rome. Wall or rock painting for commercial advertising is another manifestation of an ancient advertising form, which is present to this day in many parts of Asia, Africa, and South America. The tradition of wall painting can be traced back to Indian rock art paintings that date back to 4000 BC.

In ancient China, the earliest advertising known was oral, as recorded in the *Classic of Poetry* (11th to 7th centuries BC) of bamboo flutes played to sell confectionery. Advertisement usually takes in the form of calligraphic signboards and inked papers. A copper printing plate dated back to the Song dynasty used to print posters in the form of a square sheet of paper with a rabbit logo with "Jinan Liu's Fine Needle Shop" and "We buy high-quality steel rods and make fine-quality needles, to be ready for use at home in no time" written above and below is considered the world's earliest identified printed advertising medium.

In Europe, as the towns and cities of the Middle Ages began to grow, and the general population was unable to read, instead of signs that read "cobbler", "miller", "tailor", or "blacksmith", images associated with their trade would be used such as a boot, a suit, a hat, a clock, a diamond, a horseshoe, a candle or even a bag of flour.

Fruits and vegetables were sold in the city square from the backs of carts and wagons and their proprietors used street callers (town criers) to announce their whereabouts. The first compilation of such advertisements was gathered in "Les Crieries de Paris", a thirteenth-century poem by Guillaume de la Villeneuve.

In the 18th century advertisements started to appear in weekly newspapers in England. These early print advertisements were used mainly to promote books and newspapers, which became increasingly affordable with advances in the printing press; and medicines, which were increasingly sought after. However, false advertising and so-called "quack" advertisements became a problem, which ushered in the regulation of advertising content.

19th century

Poster for Pears soap created under Thomas J. Barratt's leadership, 1900. Victoria and Albert Museum, London

Thomas J. Barratt of London has been called "the father of modern advertising". Working for the Pears soap company, Barratt created an effective advertising campaign for the company products, which involved the use of targeted slogans, images and phrases. One of his slogans, "Good morning. Have you used Pears' soap?" was famous in its day and into the 20th century. In 1882, Barratt recruited English actress and socialite Lillie Langtry to become the poster-girl for Pears, making her the first celebrity to endorse a commercial product.[19][20]

A Coca-Cola advertisement from the 1890s

Becoming the company's brand manager in 1865, listed as the first of its kind by the Guinness Book of Records, Barratt introduced many of the crucial ideas that lie behind successful advertising and these were widely circulated in his day. He constantly stressed the importance

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of a strong and exclusive brand-image for Pears and of emphasizing the product's availability through saturation campaigns.

He also understood the importance of constantly reevaluating the market for changing tastes and mores, stating in 1907 that "tastes change, fashions change, and the advertiser has to change with them.

An idea that was effective a generation ago would fall flat, stale, and unprofitable if presented to the public today. Not that the idea of today is always better than the older idea, but it is different – it hits the present taste."

Advertising for Huntley & Palmers wafers c. 1890

Enhanced advertising revenues was one effect of the Industrial Revolution in Britain. Thanks to the revolution and the consumers it created, by the mid-19th century biscuits and chocolate became products for the masses, and British biscuit manufacturers were among the first to introduce branding to distinguish grocery products.

One of the world's first global brands, Huntley & Palmers biscuits were sold in 172 countries in 1900, and their global reach was reflected in their advertisements.

George William Joy's depiction of the interior of a late 19th century omnibus conspicuously shows the advertisements placed overhead.

In June 1836, French newspaper La Presse was the first to include paid advertising in its pages, allowing it to lower its price, extend its readership and increase its profitability and the formula was soon copied by all titles. Around 1840, Volney B. Palmer established the roots of the modern day advertising agency in Philadelphia.

In 1842 Palmer bought large amounts of space in various newspapers at a discounted rate then resold the space at higher rates to advertisers. The actual ad – the copy, layout, and artwork – was still prepared by the company wishing to advertise; in effect, Palmer was a space broker. The situation changed when the first full-service advertising agency of N.W. Ayer & Son was founded in 1869 in Philadelphia.

Ayer & Son offered to plan, create, and execute complete advertising campaigns for its customers. By 1900 the advertising agency had become the focal point of creative planning, and advertising was firmly established as a profession. Around the same time, in France, Charles-Louis Havas extended the services of his news agency, Havas to include advertisement brokerage, making it the first French group to organize. At first, agencies were brokers for advertisement space in newspapers.

20th century

Advertisement for Guy's Tonic in the 1900s

Advertising revenue as a percent of US GDP shows a rise in audio-visual and digital advertising at the expense of print media. An Estonian language advertisement about a cruise between Tallinn and Helsinki in the 1930s

Advertising increased dramatically in the United States as industrialization expanded the supply of manufactured products. In 1919 it was 2.5 percent of gross domestic product (GDP) in the US, and it averaged 2.2 percent of GDP between then and at least 2007, though

it may have declined dramatically since the Great Recession. Industry could not benefit from its increased productivity without a substantial increase in consumer spending. This contributed to the development of mass marketing designed to influence the population's economic behavior on a larger scale. In the 1910s and 1920s, advertisers in the U.S. adopted the doctrine that human instincts could be targeted and harnessed – "sublimated" into the desire to purchase commodities. Edward Bernays, a nephew of Sigmund Freud, became associated with the method and is sometimes called the founder of modern advertising and public relations.

Bernays claimed that:

"The general principle, that men are very largely actuated by motives which they conceal from themselves, is as true of mass as of individual psychology. It is evident that the successful propagandist must understand the true motives and not be content to accept the reasons which men give for what they do."

In other words, selling products by appealing to the rational minds of customers (the main method used prior to Bernays) was much less effective than selling products based on the unconscious desires that Bernays felt were the true motivators of human action. "Sex sells" became a controversial issue, with techniques for titillating and enlarging the audience posing a challenge to conventional morality.

In the 1920s, under Secretary of Commerce Herbert Hoover, the American government promoted advertising. Hoover himself delivered an address to the Associated Advertising Clubs of the World in 1925 called 'Advertising Is a Vital Force in Our National Life.' In October 1929, the head of the U.S. Bureau of Foreign and Domestic Commerce, Julius Klein, stated "Advertising is the key to world prosperity." This was part of the "unparalleled" collaboration between business and government in the 1920s, according to a 1933 European economic journal.

The tobacco companies became major advertisers in order to sell packaged cigarettes. The tobacco companies pioneered the new advertising techniques when they hired Bernays to create positive associations with tobacco smoking.

Advertising was also used as a vehicle for cultural assimilation, encouraging workers to exchange their traditional habits and community structure in favor of a shared "modern" lifestyle. An important tool for influencing immigrant workers was the American Association of Foreign Language Newspapers (AAFLN). The AAFLN was primarily an advertising agency but also gained heavily centralized control over much of the immigrant press.

At the turn of the 20th century, advertising was one of the few career choices for women. Since women were responsible for most household purchasing done, advertisers and agencies recognized the value of women's insight during the creative process. In fact, the first American advertising to use a sexual sell was created by a woman – for a soap product. Although tame by today's standards, the advertisement featured a couple with the message "A skin you love to touch".

In the 1920s psychologists Walter D. Scott and John B. Watson contributed applied psychological theory to the field of advertising. Scott said, "Man has been called the reasoning animal but he could with greater truthfulness be called the creature of suggestion. He is reasonable, but he is to a greater extent suggestible". He demonstrated this through his advertising technique of a direct command to the consumer.

5.2 DEFINITION OF ADVERTISEMENT

In Latin, *advertere* means "to turn toward Advertising"

Advertising forms one component of the promotion mix. It has become very popular and useful and has reached the status of an independent discipline. It has grown at a very fast pace and has become a special field of study.

Promotion mix consists of:

- (i) Advertising: It is a non-paid personal form of presentation and promotion of ideas, goods services by an identified sponsor.
- (ii) Personal selling: It is an oral presentation for the purpose of sale.
- (iii) Sales promotion: It is an immediate inducement that adds extra value to the product.
- (iv) Publicity: It is the management of functions, that helps public to understand the policies of the organization.

In this unit, we shall deal extensively with advertising only. It has been derived from the latin word 'Adverto' which means to turn around, to draw attention to any subject or purpose.

It is a paid and non-personal form of presentation and promotion of ideas, goods or services by an identified sponsor. There is also an identified media and message behind every advertisement. The advertiser tries to spread his message and ideas to the prospective customers and diffuse information into them. By this method, he tries to popularise the products/ services which is the basic aim of the activity.

5.3 NATURE OF ADVERTISING

Advertising is the means of informing and influencing a vast audience to buy a product or service through visual, oral or written messages. Advertising can be described as a paid form of non-personal presentation and promotion of ideas, goods or services. A business that wants to step into markets and make a mark definitely needs advertising. There is hardly any organization that does not advertise these days. Advertising can be done through various media such as newspaper, magazines, television, radio, posters, hoardings, billboard and in recent times, the internet.

Advertising is an important element of Promotion Mix and it is a process which gives information to the masses about products/services. It is a paid publicity sponsored by the advertiser. It is a persuasion, which is controlled and influences the target audience. Its nature includes:

Advertising is the prominent element of the promotion mix. Advertising has a huge reach and is pervasive in nature. Here's more about what an advertising message should have:

Attention seeker

The term 'advertising' is derived from the Latin word 'advertere' that means 'to turn the attention'. Every piece of advertising attempts to seek the attention of your audience towards

a product or service.

Has a unique selling proposition

Often, the advertiser need to have a unique selling proposition (USP). This unique selling proposition makes the product or service stand out of the crowd. Advertising attempts to persuade and influence the audience through the different kinds of appeal.

Visually attractive

The visual and non-verbal elements play a dominant role in advertising. An eye-catching advertisement uses crisp information and focuses on the visual treatment to convey the message. The visual elements used in the advertisements not only convey the information, but also tell a story.

Consumer oriented

Advertising broadens the knowledge of the consumers. With this nature of advertising, consumers can have the know how of the products, brands or services that exist in the market. In fact, every product or service is designed in a way to keep the consumers satisfied.

Uses various media

Apart from print platforms like newspapers and magazines, its presence can now also be seen in audiovisual platforms like, films, hoardings, banners and many such promotional campaigns.

- (i) Element of marketing mix. It is also an important element of marketing Mix which includes the 4 Ps-Price, Product, Promotion and Physical distribution. A proper Promotion Mix is necessary for the advertisement to be effective.
- (ii) Promotion mix. The elements of promotion mix includes, Advertising, Sales, Promotion, Personal Selling and Publicity. All these have been described in detail in the ensuing text.
- (iii) Personal selling. It involves carrying of the messages of the product to consumers by individual salesman and make them purchase the product.
- (iv) Sales promotion. It is the technique of motivating the customers to purchase the product. The motivation is brought about by offering cash discount, tax deduction, free items and other incentives. Sales promotion adds value to the product "Buy two take one free" etc.
- Publicity is not paid by the sponsor. Publicity comes automatically. It can be positive or negative publicity on which the individual or the incident publicised has no control.
- Mass communication. It informs not one person but a group of persons who may be the prospects of purchase. The mass communication media includes radio, television, newspapers, magazine etc. Print media and audio and audio-visual media is extensively used.

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- **Message.** These are carriers of advertisement which inspires customers to purchase a product. Message writing or copy writing is an art and a lot of effort and money is put into it. The colour, design, structure of the message is given great importance.
- **Advertising agency.** It undertakes the writing of the message and charges for the same. It helps the advertiser in all possible ways and integrates its effort with that of the company or the advertiser.
- **Sponsor** is a person who pays for the advertisement. He is identified and discloses the ideas, message and information to be advertised.
- **Persuasion.** The message is persuasive and informative. It is creative as well. The message attracts the attention of the audience. It is an essential factor in advertising.
- **Control.** The time, place, message and direction of advertising is controlled to make it effective and purposive. Advertisement can be controlled but publicity cannot.
- **Identifiable.** The message and presentation should be recognised by receivers and customers.
- **Target Group.** Advertising aims at a target group of audience, while framing an advertisement target groups are considered. However, it can reach both target and non-target groups.

5.4 SCOPE OF ADVERTISING

"The scope of Advertising is increasing everyday" Advertising has a very wide scope in marketing and in the social system. The scope of advertising is described on the basis of activities included under advertising and their forms and systems, objectives and functions. These include the:

Message, which has been discussed earlier. Media has also been discussed in detail. Merchandise, it is the buying and selling of the product advertisement covers the attributes of the product to be sold. The outstanding qualities of the product should be assessed and exposed with emphasis. New and existing products are advertised to popularise them. A firm is considered as an important source of advertising.

Advertising Functions: No product can be sold without some form of advertising, because:

- Advertising creates demand.
- Promotes marketing system.
- Helps middleman.
- Builds image for the organization.
- Makes customer aware of the price and attributes of the product leading to greater sales.
- Brings awareness in the masses.
- Consumer demand can be assessed by marketing researchers and advertising research.
- It helps in expanding the market.

- It helps the middleman to easily sell the product.
- It brings customers and sellers together.

Advertisement is economical when targeted at the masses.

Advertiser. Is the most important person as he is the customer and spends money on it. He gives employment to a lot of people and supports the advertising agencies. The advertiser also has a great social responsibility to create a sound social and economic system.

Objective. The advertising objectives are many in number and dealt Advertising Management later in this book. However, we shall mention a few:

- To increase sale.
- To create awareness and interest.
- Establishing and sustaining the product.
- To help middleman.
- To persuade, to remain and inform the masses.
- Activities. The activities included are mass communication, carrying message, image building. It also persuades and reminds. The activities should be performed regularly and economically.
- Art and Science. Management is both an art and science and advertisement being a part of marketing is also an art. It creates, it requires experience. It is a science because it is based on certain social-psychological factors. Cause and effect relationship are studied in advertising.
- The effect of advertising is also studied by experimentation. The results of advertising can be measured. It is tested on scientific principle to sell. Therefore, we see that the scope of advertising is large and varied.

Different Dimensions of Advertising

There are a number of books written on advertising and they cover different dimensions. The advertisement strategies adopted by the companies is undergoing a paradigm change due to the growing competition, changing customer needs and use of new IT and communication tools.

Overall advertising has changed with the development of new media, new channels of communication and new advertising models. This change has created an opportunity to experiment with innovative models of advertising in order to give a boost to the growth of this industry. The newer ways of advertising could be either creating a memorable tune, using celebrities as brand ambassadors, or using brand mascots like Vodafone's pug dog or Zoo Zos, which is having a tremendous impression on the minds of viewers even without using celebrities.

The advertisers are also relying on different emotional appeals like humor or emotional appeal, which stimulates the mind 3000 times faster than rational thought. Tryvertising, covert advertising, mobile/sms advertising, advergames, etc. are also the newer ways to inform and influence the customers in this competitive world.

The technological marvels in recent times have been instrumental in knitting different countries together and making industries assume a global perspective. There is no doubt

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that advertising of products and services has also been influenced by these trends. The two main objectives of informing and persuading consumers, which advertising primarily seeks to accomplish, have taken new dimensions.

Online marketing and e-advertising are gradually gaining importance. The influence of TV ads on viewers must also be reckoned with. The advertisement strategies adopted by the companies is undergoing a paradigm change due to the growing competition, changing customer needs and use of new IT and communication tools.

Overall, the advertising landscape has changed with the development of new media, new channels of communication and new advertising models. This change is, not only a challenge but also an opportunity to experiment with innovative models of advertising in order to give a boost to the further growth of this industry.

Memorable Tunes : Connecting a Brand

Every company tries to create some unique tune which will go well with its brand and then uses it for every communication of the brand. Today, more brands have developed memorable tunes to catch the eye (ear) of the audience both at the corporate and brand levels.

Some of the tunes are so powerful that people hum it or use it as a ringtone in their mobile phones. How many of us know that brand India has a brand tune, Jana Gana Mena.... One of the greatest films produced by the Government of India to promote national integration was based on one tune – Mile Sur Mera....using rag Bhairavi. This is the classic example of how a great tune and a good song can infuse freshness, energy and unite the entire country.

Once the tunes become popular, people remember it for long. Some of the memorable brand tunes that instantly come to one's mind are those of Britannia, Titan, Nokia, Airtel, Vodafone, Idea, Aircel, and Reliance. A great tune is nothing but creativity at its best. Tunes should be developed from a longterm perspective and should become the identity and asset of the brand. The tune should be catchy, memorable and powerful and customers must easily and readily connect the tune with the product and the brand.

Advantage of Creating a Tune

By creating a unique or refreshing tune, a company can catch the consumer's attention at the first go. While tunes play a very significant role in enhancing a brand or product value, they work well only when they blend with the overall communication that the company wants to have with its audiences. Once the tunes get popular and sink into the consumer's mind, the company just needs to retain the key elements of the tune to make it a brand property.

When it was first introduced in 1988, the Titan signature tune – from Mozart's Fifth Symphony – quickly became a rage: the tune stayed in people's minds, and everyone hummed along when the tune appeared. The brand is 22 years old but the original ad jingle and the essence of the tune have remained intact.

Tunes can be created either for the individual products/brands or the mother brand or the corporate. Titan tune is the one which Research Paper [VOLUME 1 I ISSUE 4 I-International Journal of Research and Analytical Reviews 272 goes into all its products ads. It is modified depending on the mood the personality of the product.

Tunes also make brand ambassadors popular. The Airtel signature tune composed by A.R. Rahman is the world's most downloaded piece of mobile music in the world with over 60 million downloads. Incidentally, this tune has made its appearance in several forms including car reverse music.

Similarly, the pug in Vodafone has also become famous along with the brand tune.

Memorable tunes become the Brand Property

Some of the popular brand tunes of today were created many decades back. Consumers can immediately connect these tunes to the brands even without seeing the ad. Titan, Airtel, Britannia, Lifebuoy are some of them.

Today, the tunes of these brands have become a key property of the companies. A great tune is what provides that extra embellishment to any jingle or song.

Hence, the think tank which works on the tune needs to be really creative to create the tune that can express the product features, can be distinct and pathbreaking. Finally, a very catchy tune, which remains in customers' memory for long, helps the brand to beat the clutter and creates some differentiation in a very crowded market.

Brand Ambassadors – Marketing Magnets

Brand ambassadors are experimental marketers who set the trend and create an enduring relationship with consumers. Brand ambassadors are hired by companies to promote their products or services.

Commercials and TV advertisements endeavor to boost the sales by using popular personalities and celebrities and most companies shell out huge sums of money just for their appearance in the ad.

Celebrity Vs Brand Mascots

Today, different types of brand ambassadors are being employed to keep the brand in a tangible form so as to showcase the message in different forms and through different avenues. India being a close-knit society, people are tremendously influenced by their peers and celebrities.

Yes, it is not only Bollywood personalities like Amitabh Bachchan, Shah Rukh Khan, Aamir Khan, Kareena Kapoor, Priyanka Chopra, etc., who are most sought after by the companies, even sport celebrities like MS Dhoni, Sachin Tendulkar, Sehwag etc., are today's popular endorsers whose charisma can create a magical increase in sales.

In the clutter, where one celebrity endorses many brands or many brand hankers to be associated with a celebrity, when the brand ambassador endorses a single brand the impact is high. For instance, the Wah! Taj! Wah! Ad – forces the audience to visualize both Ustaad Zakir Hussain and Taj Mahal Tea. As the brands go global, the popularity of the celebrity endorser among the targeted audience over larger geographical area is significant.

Nowadays, only the presence of very famous celebrities can refrain the people from zapping through channels during ad breaks.

However, there are some ads which have left an indelible impression on the viewers'

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minds even without using celebrities. For instance, the daag acche hair) ad of Surf Excel and the Vodafone ads, which has the unconventional brand ambassadors in the form of the pug dog and Zoozoos.

It has been found that the recall value of ads of Vodafone and Surf Excel beats those of King Khan endorsed by Airtel or Big B's ad for Cadburys. Yes, recall value of some ads using mascots like Amul Girl, Onida Devil, Nirma Girl or Air India Maharaja are relatively high.

The biggest advantage of mascots is that they have one-to-one association with the brand, which is knotty for the celebrity endorsing more than a brand. They can never replace mascots like Onida Devil or Ronaldo McDonald, the clown. When one saw the rabbit of Duracell, we knew what they were talking about, but today if you think of Shah Rukh Khan, more than 20 different brands come to mind.

The strategies to use brand mascots like Nirma Girl, Amul Girl, Fido, Gattu, Onida Devil, Chintamani, and the splendid Zoozoos act as components of the brand and give uniqueness to the product or service.

Furthermore, people are now no longer interested in watching the same celebrity again and again endorsing the product, which they may never use. Hiring the celebrity is not easy and is also very expensive. There is no doubt that Vodafone and O & M have given birth to a new superstar during the IPL season 2. Zoozoos have become more than a brand mascot for Vodafone now.

They have provided the Indian advertising world with a new concept and have proved that good innovations always pay. Vodafone also made huge cost savings in this process.

The 30 ads cost the company just Rs. 3 cr. Compare this to the Rs. 6 cr amount paid to the brand endorsers, Kareena Kapoor and Saif Ali Khan, for a 10 second Airtel ad. This is a perfect example of using the money in an appropriate way, especially during recessionary periods. Indian advertising has no dearth of talent and innovativeness but Zoozoos campaign has given a new direction to the industry i.e., to think beyond the real life picture and provide the viewers the real taste of fun.

The Art of Using Humor in Advertisements

Humor doesn't require any preface. The word itself brings a smile on everybody's face. It has a universal language, which is capable of catching everyone's attention immediately and it is the only influential device that can be used to make people laugh and also send across a message in a subtle way simultaneously.

Advertisers use several tricks to gain the attention of the customers and one such tactic is introducing humor in commercials.

Humor Appeal in Ads

There are diverse forms of introducing humor in the ads:

- **Comparison** – In this situation, two or more aspects of different (competitors) products/brands are put together in a funny situation and a comparison is made between the two elements. A typical example of this in the Indian context is the Sprite and Pepsi

commercials which keep on picking on each other and develop a funny situation.

- **Personification** — Here, human traits are compared to those of animals or plants to create the appeal. For instance, the ad of mul Macho undergarments used the animal, orangutan, to create the appeal.
- **Exaggeration** — Here, either the product characteristics or the product offer is overstated or exaggerated. Most of the Fevicol ads fall in this category. **Pun** — Pun means playing with words and language that give rise to new meanings and humor. For instance, Havells Fan: Bijli Ko Bachana Hai. That means Havells Fan: Saves Electricity.
- **Sarcasm** — Ironical comments about the events in daily life or sarcastic remarks can be sorted under this group. Reliance mobile ads utilized this type of appeal greatly that how Indians love to offer advice but when it comes to spending money to do so they stop offering advice.
- **Silliness** — Silliness can vary from making hilarious faces to different situations where people perform in a witty or unusual manner. The Bingo Potato Chips is a apt example where a group of scientists are shown testing the efficiency of Bingo chips on diverse situations and on different subjects.

Humor in Indian Ads

Humor is not intended for all people. There are many issues that have to be considered while developing humorous ads in an ethnically diverse nation like India. It must be remembered that humor cannot be successful always and it is not very easy to constantly create funny ads. However, Amul and Fevicol have been able to do so. While fitting humor in advertisements, a marketer should be very cautious as a minor divergence might ruin the brand building exercise.

Emotions in Advertising

Emotion stimulates the mind 3000 times faster than rational thought. It's an emotional world we live in. Many people say we live in a rational world but nothing could be further from the truth. Emotions drive our behavior; the world is driven by emotions. Rational thought leads customers to be interested but it is emotion that sells. People really aren't much interested in attributes; they want to know if they can have a product that suits their personality. It is all about values.

Emotional marketing is better in many instances than rational marketing that focuses on product attributes. Capturing minds is one thing; capturing hearts is quite another. Build emotions in your marketing strategies; don't always chase "share of wallet — chase "share of heart". Employ strategies that would make decisions very emotionally driven and remove the rational questions that might drive the prospect elsewhere.

For instance, Dish TV's ad of Shah Rukh Khan and his wife adopting a girl child and try to make her smile.

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Tryvertising

'Tryvertising' is an innovative way to reach the market – a cross between advertising, product promotion and marketing communication. Tryvertising essentially takes product placement to the real world, integrating products into the daily life of consumers so they can make up their minds based on their actual experience with the products.

Product placement is a common technique to create more exposure for products by placing them within view or in use in film and television scenes or in plays. In a more general sense, product placement can comprise the giving away of samples in letterboxes, magazines and supermarkets.

But there is no guarantee that these products are seen or tried out at the right time, in the right place and by the right target audience.

Tryvertising comprises activities that are a natural fit with consumers. And when the consumer actually tries the product, their experience is much stronger than just hearing about it or seeing someone else use it in the media. The examples below relate to well-known brands, but you could just as easily apply the concept to your own situation. The examples could help to stimulate your ideas on ways to team up with others to capitalize on Tryvertising:

- Car manufacturers like MercedesBenz, Porsche and Mini Cooper partner with luxury hotels to offer guests the use of a car with unlimited mileage during their stay; a full tank of petrol each morning and overnight valet parking. According to Ritz Carlton Hotels, dozens of guests have bought a new car based on these integrated test-drives.
- Nike's Runner Lounge in Vancouver can be used by runners preparing for the annual Vancouver half marathon to rendezvous for a run, get free massages, drinks and snacks and perhaps most significantly, testdrive Nike running shoes.
- Gillette distributed their new Brush-Ups teeth wipes for several months to KLM Airlines passengers after their in-flight meals.
- Sony this summer launched its new range of DVD handy-cams, teaming up with London Zoo for 11 days in June to offer consumers the chance to borrow DVD handy-cams for one hour, free of charge. After a two-minute demonstration, families were free to roam the zoo and record all their favorite family moments. Participants could keep their DVD with pre-recorded product and purchase details.

The growing practice involves companies giving free products to hotels, airlines or cruise ships, so their guests will try them out and, the marketers hope, associate the goods with holiday feelings. Its win-win for both parties: hotels cut costs; manufacturers market to a captive, happy audience.

While tryvertising started with shampoo, it has progressed to higher-value goods.

Sony has equipped every room in Brighton's Pelirocco hotel with a PlayStation.

Mobile I SMS Advertising

SMS marketing has become a low cost and result effective way to reach masses. No other medium except TV and radio has such kind of quick reach. However those mediums cannot target their audience, making SMS/mobile marketing very unique. One can reach millions of people in minutes.

Mobile phone ads have already become an extremely powerful way of advertising. India has 150 million mobile phone users and this number is growing everyday. SMS advertising can offer following advantages:

- save time as it is quick to
- create, conceptualize
- and start the campaign
- select the target group by age, gender, city, buying capacity
- increase the sales and generate
- repeat sales cheaper, faster and instant results
- direct reach to audience highly personalized customers forward messages to friends and family.

For instance, Reebok Easytone Shoes, Kaya Skin Clinic, Pantaloon, TIME and many more.

Covert Advertising

Covert advertising is a unique kind of advertising in which a product or a particular brand is incorporated in some entertainment and media channels like movies, television shows or even sports. There is no commercial in the entertainment but the brand or the product is subtly (or sometimes evidently) showcased in the entertainment show.

Some of the famous examples for this sort of advertising have to be the appearance of brand Airtel which is shown in the movie 3 idiots and Tata Docomo which is shown in a popular reality show – Amul Music Ka Mahamukabala on Star Plus.

Offensive Advertising

Firstly, 'offensive' is a relative term and there is no way of deciding objectively as to what is offensive and what is not. In many instances, an element of shock or offense can alert people to protect themselves from disease, terrorism, natural calamities, accidents, etc.

Some organizations such as United Colors of Benetton, Calvin Klein and PETA have been routinely resorting to bold and unconventional themes in their advertising as a conscious strategy, and have been by and large successful, though they have faced flak on several occasions.

The problem arises when advertisers cross the boundary line between what is socially acceptable and what is not. Thus, offensive advertising has both positive and negative sides of it.

Advergaming in India

Advergaming is booming in India. NASSCOM's study on "Animation and Gaming Industry in India" estimated that the gaming industry in India would reach \$ 300 million by the end of 2009. Several companies in India, like ICICI Prudential Life Insurance, Airtel, etc. are advertising their products using games.

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ICICI Prudential developed a game by featuring its mascot – Chintamani wherein Chintamani plays several roles like a doctor, a gym instructor and asks the customers about their financial and medical information.

The character suggests some insurance plans according to the customer's needs. In India, particularly, mobile gaming is increasingly being used as an entertainment device. In Indian markets, movies and cricket are the driving factors for mobile gaming.

Companies are developing theme-based games like Munnabhai, Spiderman, etc., and some seasonal games for Holi and Valentine's Day.

Conclusion

There is an inevitable conclusion that advertisement strategies have changed over the years across all product ranges, thanks to developments in the information technology and communications fields.

Online marketing and e-advertising are gradually gaining importance. Overall, the advertising landscape has changed with the development of new media, new channels of communication and new advertising models.

It is, thus, a testing time for the industry now. The key to success lies in focusing unerringly on the needs of the customers and listening to what they are saying.

5.5 ROLE OF ADVERTISING IN PROMOTION MIX

Whether you sell products or services in a store, online or just on weekends at the farmer's market, advertising is a key business tool that can help you increase revenue, gain market share and build brand awareness. Learn how advertising works with the other elements of the promotional mix in order to develop a comprehensive strategy to grow your business.

The Role of Advertising in the Marketing Mix

In order to fully understand the role of advertising in promotion, you have to become familiar with its role in the marketing mix. The marketing mix is a business concept that is comprised of four key elements: product, price, place and promotion.

Organizations create marketing strategies by carefully developing the product and its packaging, figuring out the right price the consumer wants to pay, deciding on the best location to sell the product and promoting the product through a number of mediums.

It's imperative that each of these four elements work together in order to achieve the business's overarching goals. As such, the role of advertising in the marketing mix is that it must align with the other elements. Otherwise, the advertising campaign will not be successful.

Understanding the Promotional Mix

The last segment of the marketing mix, promotion, consists of a number of different areas. These include:

- **Personal selling:** Businesses cultivate long-term relationships with prospects and customers to build trust in order to sell their products.
- **Direct marketing:** This involves targeting prospects individually via email, phone or post mail with highly tailored offers and messaging.
- **Sales promotions:** Companies can give their revenue a short-term boost by providing discounts, bundles and other attractive offers.
- **Public relations:** It's important to manage the image and reputation of the company through press releases, media appearances, press conferences and sponsorships.
- **Advertising:** One of the most important elements of the promotional mix, advertising involves reaching a large audience through a variety of mediums to build brand awareness, promote special offers and build customer loyalty.

Each element of the promotional mix has advantages and disadvantages. The key to a successful promotional campaign is to use a combination of promotional tactics, including but not limited to advertising, to convey your value proposition to your audience.

Pinpoint Your Target Audience

The first step to a successful advertising campaign and promotional strategy is to identify your target audience. This is the group of people whose problems your organization can solve better than your competitors. Conduct market research to understand the demographic and behavioral characteristics of your target audience.

It's important to know your audience's age range, gender, geographic location, occupation and salary. This can tell you how much they are willing to spend and where they may be shopping. You'll also need to know their main challenges. How can your product or service solve those challenges for them? Can you do it in a way that no other company can?

Create an Advertising Strategy

In order to know what kind of role advertising plays in your promotional mix, you need to set some boundaries and objectives. What do you hope to achieve by advertising your product? Possible goals may include:

Build product and brand awareness

- Reach new markets and target audience segments
- Counter the claims of competitors
- Remind customers about the benefits of your product
- Persuade prospects to make a purchase

The goals of your advertising campaign need to align with the rest of your promotional strategy. For example, if you're selling a high-end clothing line, you may choose to publish print advertising in fashion magazines. This needs to work with your sales promotions. If you're marketing your product as elite and exclusive, you can't offer a bargain-basement discount.

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Craft the Right Messaging

Your messaging is how you communicate what makes your product or service worth buying. Figure out the top three to five key benefits of using your product. Ensure that they relate to the challenges your target audience is facing. Establish what makes your business unique. This may be a specific material you use in manufacturing that your competitors don't use or an exclusive process you follow to get to the end result you promise.

Decide on a Tantalizing Offer or Call to Action

It's important for your advertising campaign to create urgency in the minds of your target audience. You don't just want them to buy your product eventually; you want them to buy it now. The way to do that is to have a clear and inciting offer or call to action in your advertising campaign that aligns with the rest of the elements in the promotional mix.

Effective calls to action include:

- Book your appointment
- Call us today
- Visit our store
- Get your free sample
- Choose the Right Advertising Medium

The method of advertising can make or break your campaign. It's critical to focus your advertising where it will be seen by your target market. If your target market is young mothers, then advertising in a men's fitness magazine isn't the best choice. Instead, you'll want to focus your advertising on parenting websites and social media groups in addition to women's magazines with a parenting niche.

It's best to advertise in a number of different mediums to expand your reach. Advertising options include:

- Television
- Radio
- Billboards and posters
- Print magazines and newspapers
- Online magazines and newspapers
- Social media platforms
- Paid search online advertising
- Online banner advertising
- Remarketing

Remember to select methods of advertising that align with the rest of your promotional strategy. If your goal is to build customer loyalty, you can look into targeting people who have already visited your website through remarketing. Offer sales promotions to existing

customers and use direct marketing to promote products based on past customer purchases.

Measure Your Success

In order to have a successful advertising promotion mix, you need to measure your results. When you're setting your goals for your promotional campaign, be sure to outline key performance indicators that reflect ideal outcomes. These may include how many clicks your banner ad got, how many people tuned in to your TV spot or how many people visited your store during the run of your ad.

Set milestones you'd like to hit with your campaign. What would you consider an unsuccessful campaign versus a successful campaign? It's critical to have these metrics in mind so you can track your progress.

For example, if you're running a Facebook ad, you might note that your goal is to get 50 clicks on your ad each day, based on research regarding benchmark metrics in your industry. That way, if you get less clicks on average, you may need to revise your advertising strategy. If you get more, you may need to review your benchmarks.

Make Adjustments for Next Time

The reason for measuring your success is so that you can use that information to learn about how you can improve your campaign next time you run it. If you run an ad on the radio during three different time slots, you may note that you have a spike in online sales after only one of those ads runs. This may tell you that two of those time slots are not as effective as the other.

The next time you run a similar campaign, you may want to consider only running the ad during the time slot that resulted in a spike in online sales. Continue making adjustments to your campaigns to improve the results you achieve.

For the development of advertising and to get best results one need to follow the advertising process step by step. The following are the steps involved in the process of advertising:

- Step 1 - Briefing: the advertiser needs to brief about the product or the service which has to be advertised and doing the SWOT analysis of the company and the product.
- Step 2 - Knowing the Objective: one should first know the objective or the purpose of advertising, i.e. what message is to be delivered to the audience?
- Step 3 - Research: this step involves finding out the market behavior, knowing the competitors, what type of advertising they are using, what is the response of the consumers, availability of the resources needed in the process, etc.
- Step 4 - Target Audience: the next step is to identify the target consumers most likely to buy the product. The target should be appropriately identified without any confusion. For e.g. if the product is a health drink for growing kids, then the target customers will be the parents who are going to buy it and not the kids who are going to drink it.

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Step 5 - Media Selection: now that the target audience is identified, one should select an appropriate media for advertising so that the customers who are to be informed about the product and are willing to buy are successfully reached.

Step 6 - Setting the Budget: then the advertising budget has to be planned so that there is no short of funds or excess of funds during the process of advertising and also there are no losses to the company.

Step 7 - Designing and Creating the Ad: first the design that is the outline of ad on papers is made by the copywriters of the agency, then the actual creation of ad is done with help of the art directors and the creative personnel of the agency.

Step 8 - Perfection: then the created ad is re-examined and the ad is redefined to make it perfect to enter the market.

Step 9 - Place and Time of Ad: the next step is to decide where and when the ad will be shown.

The place will be decided according to the target customers where the ad is most visible clearly to them. The finalization of time on which the ad will be telecasted or shown on the selected media will be done by the traffic department of the agency.

Step 10 - Execution: finally the advertise is released with perfect creation, perfect placement and perfect timing in the market.

Step 11 - Performance: the last step is to judge the performance of the ad in terms of the response from the customers, whether they are satisfied with the ad and the product, did the ad reached all the targeted people, was the advertise capable enough to compete with the other players, etc. Every point is studied properly and changes are made, if any. If these steps are followed properly then there has to be a successful beginning for the product in the market.

5.6 ADVERTISING TECHNIQUES

Today every company needs to advertise its product to inform the customers about the product, increase the sales, acquire market value, and gain reputation and name in the industry. Every business spends lot of money for advertising their products but the money spent will lead to success only when the best techniques of advertising are used for the product. So here are some very common and most used techniques used by the advertisers to get desired results.

Emotional Appeal

This technique of advertising is done with help of two factors - needs of consumers and fear factor. Most common appeals under need are:

- need for something new
- need for getting acceptance
- need for not being ignored

- need for change of old things
- need for security
- need to become attractive, etc.

Most common appeals under fear are:

- fear of accident
- fear of death
- fear of being avoided
- fear of getting sick
- fear of getting old, etc.
- Promotional Advertising

This technique involves giving away samples of the product for free to the consumers. The items are offered in the trade fairs, promotional events, and ad campaigns in order to gain the attention of the customers.

Bandwagon Advertising

This type of technique involves convincing the customers to join the group of people who have bought this product and be on the winning side. For e.g. recent Pantene shampoo ad which says "15crores women trusted Panterie, and you?"

Facts and Statistics

Here, advertisers use numbers, proofs, and real examples to show how good their product works. For e.g. "Lizol floor cleaner cleans 99.99% germs" or "Colgate is recommended by 70% of the dentists of the world" or Eno - just 6 seconds.

Unfinished Ads

The advertisers here just play with words by saying that their product works better but don't answer how much more than the competitor. For e.g. Lays - no one can eat just one or Horlicks - more nutrition daily. The ads don't say who can eat more or how much more nutrition.

Weasel Words

In this technique, the advertisers don't say that they are the best from the rest, but don't also deny. E.g. Sunsilk Hairfall Solution - reduces hairfall. The ad doesn't say stops hairfall.

Endorsements

The advertisers use celebrities to advertise their products. The celebrities or star endorse the product by telling their own experiences with the product. Recently a diamond jewellery ad

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had superstar Amitabh Bacchan and his wife Jaya advertising the product. The ad showed how he impressed his wife by making a smart choice of buying this brand. Again, Sachin tendulkar, a cricket star, endorsed for a shoe brand.

Complementing the Customers

Here, the advertisers used punch lines which complement the consumers who buy their products. E.g. Revlon says "Because you are worth it."

Ideal Family and Ideal Kids

The advertisers using this technique show that the families or kids using their product are a happy go lucky family. The ad always has a neat and well furnished home, well mannered kids and the family is a simple and sweet kind of family. E.g. a dettol soap ad shows everyone in the family using that soap and so is always protected from germs. They show a florescent color line covering whole body of each family member when compared to other people who don't use this soap.

Patriotic Advertisements

These ads show how one can support their country while he uses their product or service. For e. g some products together formed a union and claimed in their ad that if you buy any one of these products, you are going to help a child to go to school. One more cellular company ad had a celebrity showing that if the customers use this company's sim card, then they can help control population of the country.

Questioning the Customers

The advertisers using this technique ask questions to the consumers to get response for their products. E.g. Amway advertisement keeps on asking questions like who has so many farms completely organic in nature, who gives the strength to climb up the stairs at the age of 70, who makes the kids grow in a proper and nutritious ways, is there anyone who is listening to these entire questions. And then at last the answer comes - "Amway : We are Listening."

Bribe

This technique is used to bribe the customers with some thing extra if they buy the product using lines like "buy one shirt and get one free", or "be the member for the club for two years and get 20% off on all services."

Surrogate Advertising

This technique is generally used by the companies which cannot advertise their products directly. The advertisers use indirect advertisements to advertise their product so that the customers know about the actual product. The biggest example of this technique is liquor ads. These ads never show anyone drinking actual liquor and in place of that they are shown

drinking some mineral water, soft drink or soda.

These are the major techniques used by the advertisers to advertise their product. There are some different techniques used for online advertising such as web banner advertising in which a banner is placed on web pages, content advertising using content to advertise the product online, link advertising giving links on different sites to directly visit the product website, etc.

5.7 SOCIAL AND ECONOMICAL ASPECTS OF ADVERTISING

"Every coin has two sides"

Advertising is praised but also criticized by critics in their own ways. Advertising has many positive impacts along with its negative pictures. As the President of American Association of Advertising Agencies, John O' Toole has described advertise is something else. It is not related to studies, but it educates. It is not a journalist but gives all information. And it is not an entertaining device but entertains everyone.

Now let's go through the economic and social aspects of advertising.

Economic role of Advertising

Value of Products:

The advertised products are not always the best products in the market. There are some unadvertised products also present which are good enough. But advertising helps increase value for the products by showing the positive image of the product which in turn helps convincing customers to buy it.

Advertising educates consumers about the uses of the products hence increasing its value in minds of the consumers. For e.g. mobile phones were first considered as necessity but nowadays the cell phones come with number of features which makes them mode of convenience for consumers.

Effect on Prices

Some advertised products do cost more than unadvertised products but the vice versa is also true. But if there is more competition in the market for those products, the prices have to come down, for e.g., canned juices from various brands. Thus some professional like chartered accountants and doctors are not allowed to advertise.

But some products do not advertise much, and they don't need much of it and even their prices are high but they are still the leaders in market as they have their brand name. e.g., Porsche cars

Effect on consumer demand and choices:

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Even if the product is heavily advertised, it does not mean that the demand or say consumption rates will also increase. The product has to be different with better quality, and more variety than others. For E.g., Kellogg's cornflakes have variety of flavors with different ranges to offer for different age groups and now also for people who want to loose weight thus giving consumers different choices to select from.

Effect on business cycle:

Advertising no doubt helps in employing more number of people. It increases the pay rolls of people working in this field. It helps collecting more revenues for sellers which they use for betterment of product and services. But there are some bad effects of advertisements on business cycle also. Sometimes, consumer may find the foreign product better than going for the national brand. This will definitely effect the production which may in turn affect the GDP of the country.

The economic aspects are supported by the Abundance Principle which says producing more products and services than the consumption rate which helps firstly keeping consumers informed about the options they have and secondly helps sellers for playing in healthy and competitive atmosphere with their self interest.

5.8 SOCIAL ROLE OF ADVERTISING

There are some positive and some negative aspects of advertising on the social ground. They are as follows.

Deception in Advertising

The relation between the buyers and sellers is maintained if the buyers are satisfied with what they saw in advertise and what they got after buying that product. If seller shows a false or deceptive image and an exaggerated image of the product in the advertisement, then the relation between the seller and buyers can't be healthy. These problems can be overcome if the seller keep their ads clean and displays right image of the product.

The Subliminal Advertising

Capturing the Minds of the consumers is the main intention of these ads. The ads are made in such a way that the consumers don't even realizes that the ad has made an impact on their minds and this results in buying the product which they don't even need. But "All ads don't impress all consumers at all times", because majority of consumers buy products on basis of the price and needs.

Effect on Our Value System:

The advertisers use puffing tactics, endorsements from celebrities, and play emotionally, which makes ads so powerful that the consumers like helpless preys buy those products.

These ads make poor people buy products which they can't afford, people picking up

bad habits like smoking and drinking, and buy products just because their favorite actor endorsed that product. This affects in increased the cost of whole society and loss of values of our own selves.

Offensiveness:

Some ads are so offensive that they are not acceptable by the buyers. For example, the ads of denim jeans showed girls wearing very less clothes and making a sex appeal. These kinds of ads are irrelevant to the actual product. But then there is some ads which are educative also and now accepted by people. Earlier ads giving information about birth control pills was considered offensive but now the same ads are considered educative and important.

But at the last, there are some great positive aspects which help

- Development of society and growth of technologies
- Employment
- Gives choices to buyers with self interest
- Welcomes healthy competition
- Improving standard of living.
- Give information on social, economical and health issues.

5.9 ADVERTISING AGENCIES

The work of a tailor is to collect the raw material, find matching threads, cut the cloth in desired shape, finally stitch the cloth and deliver it to the customer. Advertising Agency is just like a tailor. It creates the ads, plans how, when and where it should be delivered and hands it over to the client. Advertising agencies are mostly not dependent on any organizations.

These agencies take all the efforts for selling the product of the clients. They have a group of people expert in their particular fields, thus helping the companies or organizations to reach their target customer in an easy and simple way.

The first Advertising Agency was William Taylor in 1786 followed by James "Jem" White in 1800 in London and Reynell & Son in 1812.

Role of Advertising Agencies

- Creating an advertise on the basis of information gathered about product
- Doing research on the company and the product and reactions of the customers.
- Planning for type of media to be used, when and where to be used, and for how much time to be used.
- Taking the feedbacks from the clients as well as the customers and then deciding the further line of action

All companies can do this work by themselves. They can make ads, print or advertise them on televisions or other media places; they can manage the accounts also. Then why do they need advertising agencies? The reasons behind hiring the advertising agencies by

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the companies are:

- The agencies are expert in this field. They have a team of different people for different functions like copywriters, art directors, planners, etc.
- The agencies make optimum use of these people, their experience and their knowledge.
- They work with an objective and are very professionals.
- Hiring them leads in saving the costs up to some extent.

There are basically 5 types of advertising agencies.

- Full service Agencies
- Large size agencies.
- Deals with all stages of advertisement.
- Different expert people for different departments.
- Starts work from gathering data and analyzing and ends on payment of bills to the media people.

Interactive Agencies

- Modernized modes of communication are used.
- Uses online advertisements, sending personal messages on mobile phones, etc.
- The ads produced are very interactive, having very new concepts, and very innovative.

Creative Boutiques

- Very creative and innovative ads.
- No other function is performed other than creating actual ads.
- Small sized agencies with their own copywriters, directors, and creative people.

Media Buying Agencies

- Buys place for advertise and sells it to the advertisers.
- Sells time in which advertisement will be placed.
- Schedules slots at different television channels and radio stations.
- Finally supervises or checks whether the ad has been telecasted at opted time and place or not.

In-House Agencies

- As good as the full service agencies.
- Big organization prefers these type of agencies which are in-built and work only for them.
- These agencies work as per the requirements of the organizations.

There are some specialized agencies which work for some special advertisements. These

types of agencies need people of special knowledge in that field. For example, advertisements showing social messages, finance advertisements, medicine related ads, etc.

5.10 MEDIA STRATEGY IN ADVERTISING

The Media Strategy process consists of 3 main decisions to be

Every work to be done needs a plan of action so that the work is done in a desired and correct manner. Media Strategy plays a very important role in Advertising. The role of Media Strategy is to find out the right path to transfer or say deliver the message to the targeted customers.

How many people see or hear or read all the advertisements or promotional offers and buy the product or service? The basic intention of media strategy is not only procuring customers for their product but also placing a right message to the right people on the right time and of course that message should be persuasive and relevant.

So, here the planners of the organization decide the Media Strategy to be used but keeping the budget always in mind.

The Media Strategy process has three "W"s to be decided. They are

- Where to advertise ?
- When to advertise ?
- What media type to use ?
- Where is the place for showing or delivering advertisement.

In short it means the geographical area from where it should be visible to the customers who use or are most likely to use the product or services offered. The place does not mean only TV or radio but it can also be newspapers, blogs, sponsorships, hoardings on roads, ads in the movie break in theatres, etc.

The area varies from place to place like it can be on national basis, state basis and for local brands it can be on city basis.

When is the timing to show or run advertisement. For e.g. you cannot show a raincoat ad in the winter season but you need to telecast ad as soon as the summer season is coming to an end and rainy season is just about to begin. The ad should be delivered with perfect timing when most customers are like to buy the product. The planners need to plan it keeping the budget in mind as the maximum of 20% of revenues of the company can be used in the advertisement section.

Different products have different time length for advertisements. Some products need year long ads as they have nothing to do with seasonal variations e.g. small things like biscuits, soaps, pens, etc and big services like vehicle insurance, refrigerators, etc. Some products need for three or four months. E.g. umbrellas, cold creams, etc. So the planners have to plan the budget according to the time length so that there is no short of money at any time in this process.

- What is what type of media is to be used for delivering the message.
- There are basically two media approaches to choose from.

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- Media Concentration approach
- Media Dispersion Approach

In media concentration approach, the number of categories of media is less. The money is spent on concentrating on only few media types say two or three. This approach is generally used for those companies who are not very confident and have to share the place with the other competitors. They don't want anyone to get confused with their brand name so this is the safest approach as the message reaches the target consumers.

In media dispersion approach, there are more number of categories of media used to advertise. This approach is considered and practiced by only those people who know that a single or two types of media will not reach their target. They place their product ads in many categories like TV, radio, internet, distributing pamphlets, sending messages to mobiles, etc.

Selection of Media Category

Whichever category is selected by the planners of the organization, they should select a proper media to convey their message.

If the product is for a big amount of customers then a mass media option can be selected like TV, radio or newspaper. The best examples for this type are detergent ads, children health drinks and major regular used products such as soap, shampoo, toothpastes etc.

If the planners want to change the mind of people doing window shopping or just doing shopping for sake of name, then point of purchase type can be opted by the company. This helps the company to explain their point to the buyers and convince the buyers to go for their product.

If the planners want to sell their product on one to one basis, then the third option is direct response type. Here, the company people directly contact the customers via emails, text messages, phone calls or meeting for giving demos. The best example of this type of media is the Life cell Cord Blood Banking. They go to their customers, explain them what it is all about and try to convince them. Thus, this process of media strategy plays an important and vital role in the field of Advertising.

5.11 ADVANTAGES AND DISADVANTAGES OF ADVERTISING

Advantages of Advertising

- (i) It has low price per contact.
- (ii) It has the ability to reach the customers where and when sales person can not reach.
- (iii) It has great scope for creative versatility and dramatization of messages.
- (iv) Ability to create images which the sales person cannot. Creative persons are associated with the product.
- (v) It has non-threatening nature of non-personal presentation. In personal selling or when you enter a shop. "May I help you ?" by the salesman forces you to respond

or give an answer, this may sometimes embarrass the customer as he has just entered the shop to see what is being offered. This factor or element is avoided in advertising.

- (vi) Advertising has the potential to repeat the messages several times.
- (vii) There is prestige and impressiveness in Mass Media Advertising.

Disadvantages

- (i) It does not have the ability to close the sales.
- (ii) There is advertising clutter i.e., too many advertisement at the same time.
- (iii) Customers often ignore the advertising messages.
- (iv) There is difficulty in getting immediate response or action.
- (v) Inability to get feedback and to adjust messages as desired.
- (vi) There is difficulty in measuring advertising effectiveness.
- (vii) It has relatively high waste factor

Benefits of advertising

Advertising is a huge industry. It has created opportunities for various domains. The benefits of advertising include:

- Launch of a new product: Advertising plays very significant role in the introduction of a new product in the market. It stimulates the people to buy or know about a product.
- Increases markets: It helps the manufacturers to expand their markets. It opens the horizons for new markets for the product or service.
- Mass sales: Advertising facilitates mass production to goods that ultimately results in a raised volume of sales.
- Keeps the competitive spirit alive: Advertising helps in keeping the competition and the competitors at bay. It keeps a regular check on the performance of your brand or product.
- Creates goodwill: Advertising builds goodwill of a brand. Advertising is a crucial source through which the audience gets to know about a brand or product. If a company is spending on advertisement, it means they care to make their consumers aware. This increases the goodwill of a brand.
- Creative minds: Every place has a rich pool of strategic and creative minds, media and professionals. And every advertising organization possesses such talents.
- Consumer awareness: Advertising is educational and dynamic in nature. It educates the customers about the new products and their diversifications.
- Direct link: Advertising aims at establishing a direct link between the manufacturer and the consumer. This rules out the possibility for a middlemen to be involved in between.

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- Creates employment: Advertising provides and creates more employment opportunities for many talented people in the industry.
- The experience of the advanced nations shows that advertising is greatly responsible for raising the living standards of the people. In the words of Winston Churchill "advertising nourishes the consuming power of men and creates wants for a better standard of living." By bringing to the knowledge of the consumers, the choices available to them, advertising has transformed the world.

5.12 PERSONAL SELLING

It is an oral presentation in a conversation with one or more prospective purchasers of the purpose of making sales.

Advantages

- (i) It has the ability to close the sales.
- (ii) It has the ability to hold the customer's attention.
- (iii) There is immediate feedback as it is a two-way communication
- (iv) Presentation can be tailored to customer's needs.
- (v) It has the ability to target customers precisely.
- (vi) Personal selling can cultivate relationships.
- (vii) There is ability to get immediate action.

Disadvantages

- (i) There is high cost per contact.
- (ii) Inability to reach some customers as effectively.
- (iii) It is difficult in scattered market where extensive distribution is required.

Sales Promotion

It is an immediate inducement that adds extra value to the product so that it prompts the dealers and the consumers to buy the product. e.g., "Buy three take one free" and so on. It supplements both advertising and personal selling. Various tools of sales promotion include catalogues, point of purchase displays (P.O.P), demonstration, trade fairs, coupons, premiums, free offers, price offs, instalment offers etc.

Advantages

- (i) It is a combination of some advertising and personal selling.
- (ii) It has the ability to provide quick feedback.

- (iii) It can give excitement to a service or a product.
- (iv) There are additional ways to communicate with customers.
- (v) It is flexible for customers.
- (vi) It has efficiency and also clears sales and clears stock to bring money into circulation.

Disadvantages

- (i) Sales promotion is carried out for short intervals • hence has • short term benefits.
- (ii) It is ineffective in building long-term loyalty to the company or to the brands.
- (iii) It has the inability to be used on its own in the long term without other promotional mix elements.
- (iv) Sales promotion is often misused. Materials or gifts do not go to the proper customers (key chains, purses, watches, pens) do not reach the real user.

5.13 PROMOTION

It is a non-paid form of promotion. Unlike advertising which involves payment to the media publicity refers to non-personal communication regarding an organization, an individual, product, service or an idea not directly paid or under identified sponsorship. It usually comes in the form of news, story, editorial or announcement about an organization product or service. Publicity may include photographs and videotapes. Publicity may be positive or negative.

Public Relations

It is a management function which helps the public to understand the policies and procedures of an organization with the public interest. It builds a positive images in favour of the individual organization. Public relation is positive in nature whereas publicity can also be negative. Both publicity and public relations communicate and are a part of the promotion mix.

Examples of ADS

Lux is the Secret of my Beauty: Parveen Babi and Rekha favourable images and statements project brand Loyalty. Lux is associated with the beauty of film stars-associative advertising.

- V.I.P.Luggage: Suitcases projects a better function of the products, attribute or functional advertising.
- The Times of India group: Consists of Times of India Newspapers, Dharmayug, Dinaman, Evening News of India, Economic Times, Femina, Filmfare, Illustrated Weekly of India, Indrajal Comics, The Maharashtra Times, Maharashtra Times Annual, Madhuri, Nav Bharat Times, Parag, Sarika, Sandhya Times, Science Today. The Times of India Directory and year book youth times. The message given by these papers and magazines communicates all sorts of information and images to a variety of people all

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over the country. It not only gives information about products and service but solves a whole lot of problems of people and brings smiles in their lives. It joins people through matrimonial publication. An employer's problem of finding recruits. A young graduates problem of finding a job. A little pup a new home.

- Somebody also finds a second-hand car or a domestic help. The objective of advertising are also many and varied. It introduces you to a new product. Microwave oven for easier cooking, Sanitary napkins instead of Traditional method. Introducing the housewife to detergent instead of soap thus saving her washing time.
- Reducing the Drudgery of the housewife by introducing her to washing machines, gas stoves, mixers and grinders, fridges, vacuum cleaners and hundred of other things for making the work interesting.

5.14 ROLE OF ADVERTISING IN PROMOTION MIX

Whether you sell products or services in a store, online or just on weekends at the farmer's market, advertising is a key business tool that can help you increase revenue, gain market share and build brand awareness. Learn how advertising works with the other elements of the promotional mix in order to develop a comprehensive strategy to grow your business.

The Role of Advertising in the Marketing Mix

In order to fully understand the role of advertising in promotion, you have to become familiar with its role in the marketing mix. The marketing mix is a business concept that is comprised of four key elements: product, price, place and promotion.

Organizations create marketing strategies by carefully developing the product and its packaging, figuring out the right price the consumer wants to pay, deciding on the best location to sell the product and promoting the product through a number of mediums.

It's imperative that each of these four elements work together in order to achieve the business's overarching goals. As such, the role of advertising in the marketing mix is that it must align with the other elements. Otherwise, the advertising campaign will not be successful.

Understanding the Promotional Mix

The last segment of the marketing mix, promotion, consists of a number of different areas. These include:

- Personal selling: Businesses cultivate long-term relationships with prospects and customers to build trust in order to sell their products.
- Direct marketing: This involves targeting prospects individually via email, phone or post mail with highly tailored offers and messaging.
- Sales promotions: Companies can give their revenue a short-term boost by providing discounts, bundles and other attractive offers.

- **Public relations:** It's important to manage the image and reputation of the company through press releases, media appearances, press conferences and sponsorships.
- **Advertising:** One of the most important elements of the promotional mix, advertising involves reaching a large audience through a variety of mediums to build brand awareness, promote special offers and build customer loyalty.
- Each element of the promotional mix has advantages and disadvantages. The key to a successful promotional campaign is to use a combination of promotional tactics, including but not limited to advertising, to convey your value proposition to your audience.
- **Pinpoint Your Target Audience**
- The first step to a successful advertising campaign and promotional strategy is to identify your target audience. This is the group of people whose problems your organization can solve better than your competitors. Conduct market research to understand the demographic and behavioral characteristics of your target audience.

It's important to know your audience's age range, gender, geographic location, occupation and salary. This can tell you how much they are willing to spend and where they may be shopping. You'll also need to know their main challenges. How can your product or service solve those challenges for them? Can you do it in a way that no other company can?

Create an Advertising Strategy

In order to know what kind of role advertising plays in your promotional mix, you need to set some boundaries and objectives. What do you hope to achieve by advertising your product? Possible goals may include:

- Build product and brand awareness
- Reach new markets and target audience segments
- Counter the claims of competitors
- Remind customers about the benefits of your product

Persuade prospects to make a purchase

The goals of your advertising campaign need to align with the rest of your promotional strategy. For example, if you're selling a high-end clothing line, you may choose to publish print advertising in fashion magazines. This needs to work with your sales promotions. If you're marketing your product as elite and exclusive, you can't offer a bargain-basement discount.

Craft the Right Messaging

Your messaging is how you communicate what makes your product or service worth buying. Figure out the top three to five key benefits of using your product. Ensure that they relate to the challenges your target audience is facing. Establish what makes your business unique.

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This may be a specific material you use in manufacturing that your competitors don't use or an exclusive process you follow to get to the end result you promise.

Decide on a Tantalizing Offer or Call to Action

It's important for your advertising campaign to create urgency in the minds of your target audience. You don't just want them to buy your product eventually; you want them to buy it now. The way to do that is to have a clear and inciting offer or call to action in your advertising campaign that aligns with the rest of the elements in the promotional mix.

Effective calls to action include:

- Book your appointment
- Call us today
- Visit our store
- Get your free sample
- Choose the Right Advertising Medium

The method of advertising can make or break your campaign. It's critical to focus your advertising where it will be seen by your target market. If your target market is young mothers, then advertising in a men's fitness magazine isn't the best choice. Instead, you'll want to focus your advertising on parenting websites and social media groups in addition to women's magazines with a parenting niche.

It's best to advertise in a number of different mediums to expand your reach. Advertising options include:

- Television
- Radio
- Billboards and posters
- Print magazines and newspapers
- Online magazines and newspapers
- Social media platforms
- Paid search online advertising
- Online banner advertising
- Remarketing

Remember to select methods of advertising that align with the rest of your promotional strategy. If your goal is to build customer loyalty, you can look into targeting people who have already visited your website through remarketing. Offer sales promotions to existing customers and use direct marketing to promote products based on past customer purchases.

Measure Your Success

In order to have a successful advertising promotion mix, you need to measure your results. When you're setting your goals for your promotional campaign, be sure to outline key performance indicators that reflect ideal outcomes. These may include how many clicks your banner ad got, how many people tuned in to your TV spot or how many people visited your store during the run of your ad.

Set milestones you'd like to hit with your campaign. What would you consider an unsuccessful campaign versus a successful campaign? It's critical to have these metrics in mind so you can track your progress.

For example, if you're running a Facebook ad, you might note that your goal is to get 50 clicks on your ad each day, based on research regarding benchmark metrics in your industry. That way, if you get less clicks on average, you may need to revise your advertising strategy. If you get more, you may need to review your benchmarks.

Make Adjustments for Next Time

The reason for measuring your success is so that you can use that information to learn about how you can improve your campaign next time you run it. If you run an ad on the radio during three different time slots, you may note that you have a spike in online sales after only one of those ads runs. This may tell you that two of those time slots are not as effective as the other.

The next time you run a similar campaign, you may want to consider only running the ad during the time slot that resulted in a spike in online sales. Continue making adjustments to your campaigns to improve the results you achieve.

The role of advertisement can be understood as follows:

- It stimulates demand. This stimulation is because of the availability of the product, discounts offered if any and the expectation of the fulfilment of latent and aroused needs.
- It supports other promotion mix elements. It does preselling and helps the sales promotion and personal selling activities.
- It counters competitive moves. By combining with other promotion elements it acts as a competitive weapon. It differentiates the company's offer from other products and builds a brand personality and image of its own.
- It develops brand preference. When the products deliver the desired quality, service and value it creates a satisfied customer. With consistent advertising, the brand preference gets reinforced. The satisfied customers spread a favourable word of mouth and are an asset to the company.
- It cuts cost-by increasing sales, more units are produced and the cost of production comes down (economies of scale). Even the selling costs is decreased because there are a less number of wasted calls by the salesman. With lower prices offered by the company there is more penetration markets and more demand for the product.
- It builds brand images-Images are built in the minds of the consumer. There are positive images and are for different segments. A brand is a promise of a certain level

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of consistency, quality, service and other benefits like warranty etc. Manufacturers are proud of their brands and want to have a greater brand equity for them.

Innovation

- It encourages innovation and new product development and reduces the risk of the product becoming obsolete. With more innovation there is more sales which offsets the cost of innovation. Advertising Management
- Innovation leads to more sales and the business expands. More employment is generated and the people become more prosperous and their standards of living improve.
- It communicates and imparts information to the consumers so that they are well informed and can make a good choice.

Advertisement is a very fast and effective method of information and communication. It can reach a great number of audience in short time.

- It is an instrument of persuasion.
- It has an informative role.
- It provides knowledge about product specification, about product features and product quality and the functions that a product can perform.
- It is an important marketing tool.
- It informs about the price of a product.
- It gives information about the alternatives available to the purchaser.
- It gives information about the new offers and the discounts available to the purchaser.
- It helps in achieving the sales objectives and the communication objectives.

Primary and Selective Demand

The demand for a class of product as a whole (i.e., cosmetics) is the primary demand and the demand for an individual company's product (i.e., Proctor and Gamble) is selective demand. Under Direct Marketing organization communicate directly with target customers to make a transaction or to generate a response. We can have primary and selective advertising.

Primary demand advertising is carried out to stimulate the demand for general product class or the entire industry whereas selective demand advertising is focused on a specific brand. Generally advertising is carried out to generate a selection brand and emphasises the reasons for purchasing a specific brand of a specific company. Primary demand is designed and created when a brand dominates a market and will benefit the most from overall market growth.

Primary demand advertising is to promote a new product, for it to gain market acceptance. Primary advertising helps in stimulating the demand of all the products of an organization and to gain greater market share.

Primary advertising was done in case of family planning to make the people aware

of the importance of family planning in India. Once the demand is created, a number of companies promoted their own brands for the family planning products. Same can be the case of health care products and Herbal products. Once the masses are aware of the benefits of these products, selective demand is done by individual firms to promote their own products.

5.15 PROCESS OF ADVERTISING

All the promotion techniques are based on communication. It is a process in which two or more persons consciously or unconsciously attempt to influence each other through the use of symbols or spoken words. It has four basic components .

Communication can be used in many forms. It can be written or spoken, by body language, by pictures, illustration, by company logo. It acts as a bridge between the purchaser and the seller. Communication is a very wide term. It can take in its preview both external communication and internal communication.

External Flow

By external flow we mean the communication which flows to the target market. External marketing communication is the process of delivering targeted marketing messages to customers, prospects and business partners, such as distributors or retailers. An effective external marketing communication program can generate greater demand for your products or services and increase revenue and profits. Small businesses can develop external marketing communication programs themselves or appoint a consultancy to manage the process.

Internal Flow

It is the flow of communication inside the organization with various departments e.g., finance production, H.R.D. etc. All marketing function including research, innovation, development, packaging, branding and production which has to be of good quality as desired by the customer for his satisfaction.

Types of Communication

Communication can be of many types. It can be personal communication which is the communication between two or more persons on a personal level. Other types of communication can be listed as under.

The five types of communication you need to know about are verbal communication, nonverbal communication, written communication, visual communication, and listening.

First of all the target audience or the target group of customers are identified. The objectives of communication of this group are identified. Then the message to be delivered is decided and designed by writing an interesting and a creative copy. The media or the channel is decided which also decides the budget or the money to be spent i.e., TV media requires a much larger budget than the paper media etc. In some cases a combination of media is used to convey the message. This is known as the media mix.

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Once the message has been released or sent the result of the effectiveness can be found out by feedback or testing. This then leads to the integrated market communication.

Formal communication: Takes place in organization, this can be horizontal or vertical. It is also in the form of circulars, notices, orders etc. It can pass downwards, down to various levels (downward communication). This can also be upwards, feedback goes from the lower levels to higher level of organization.

- Informal: Communication takes place at informal places. This is usually outside the organization and between friends and colleagues. It also gives rise to grapevine.
- Non-verbal: Communication is written communicational which can be both formal and informal. It can be in the form of letters, circulars, notices, or by written media, magazines etc. What is actually being said is only half the battle – the rest lies in what isn't being said. This means your tone, facial expressions, body language, hand movements, and eye contact. When you make yourself aware of what the rest of you is doing as you speak, you can make corrections and eventually use all the right non-verbal cues to convey your point.
- Written Communication: Written communication is a form of verbal communication, but it is so different than spoken verbal communication that this form gets its own separate type. Written communication can take the form of anything you write or type such as letters, emails, notes, texts, billboards, even a message written in the sky! With written communication, it is important you know your audience, your purpose, and maintain consistency throughout your written message.
- Verbal: Verbal communication encompasses all communication using spoken words, or unspoken words as in the case with sign language. It is important to understand how to effectively communicate your ideas verbally in order to avoid misunderstandings and maximize interest while you speak. Make sure to use the right type of language, speak clearly, know your audience, respond in the best way, and use an appropriate tone when speaking.
- Body language: Is the expression of the body which communicates message just by action. An exhaustive study of body language is made and covers numerous topics. We can communicate by smile, by boredom, by grinding of teeth, yawning, angry face, blushing winking shrugging, shaking of head, closing or expanding eyes. By frowning, by rubbing of hands, standing postures, sitting postures, playing with fingers, shaking of head and legs by folded hands, shaking of hand etc. Body language can be combined with other methods of communication to bring greater communication effect.
- Integrated Market Communication (IMC): It is an attempt to coordinate various marketing and promotional activities in such a manner that it becomes effective for the target consumer. It uses all the promotional tools to bring the maximum impact. These days advertisement has become a big business and besides the Promotion Mix we have the impact of 4 Ps on Integrated Market Communication. These are product, price, promotion and place.
- Product: Communicates through its colour, shape, size, package, label, brand name etc. It projects a personality of its own. It can have exciting colours, so-called thing colours,

dull or inviting colours. Colours can communicate prosperity, fashion etc. There are colours associated with festivals and tragedies (marriage, child birth, death etc.). Climate, age, religion affects the choice of colours. A marketer must provide right colour combinations on the package to make it more attractive and affective.

- Package design also communicates. A package can be so attractive that it acts like a silent salesman. Brand name also communicates. This is an age of brands and customers prefer good brands. They ask for Colgate, Halo, Lifebuoy instead of asking for toothpaste, shampoo or soap. The company image also communicates.
- Visual Communication: Visual communication is one you may not have heard of, but it is one that complements the other types of communication well. Visual communication is delivering information, messages, and points by way of graphical representations, or visual aids.
- Some commonly used examples are slide presentations, diagrams, physical models, drawings, and illustrations. When you use visual communication in addition to verbal, nonverbal, and written communication, you create a very effective way for your message to be heard and understood.
- Listening: Listening is a surprisingly important part of communication and in order to be a great communicator, you must master the art of listening. Remember that listening doesn't just mean hearing, or politely waiting for your turn to speak. When others are speaking, you should practice active listening, which means that you are engaging your mind while the person speaks, intently focusing on what they are saying.
- Price: Is an important element of Marketing Communication. It plays a communicative role in advertising. Price communicates about the quality of the product. Generally it is believed that higher priced goods are of better quality. It gives greater surety to the buyers. The buyers buy a higher-priced product keeping in mind the amount of money he can afford on the item. Some people use price as a symbol of prestige and buy higher-priced goods. It is a status symbol: Price can also reflect on the technological superiority of the product. High value cars serve both the prestige and quality assurance. The customer also takes into consideration the following
- Reasonable price: They compare the prices with other similar brands available in the market (cell phones, refrigerators, air conditions, ceiling fans etc. A product of lower price may be a suspect for quality of the product. The psychological effect of price also plays an important part
- Place: Places plays an important role in Marketing Communication. From I which store have you bought the goods? It is from Harrods Macy's or Nordstorm etc. or Wall Mart? People like to shop from nice places, suitable locations etc. They like to shop in places which have a big choice and stores which sell good quality products. The store projects its own image through interior decorations, good displays, the type of customers frequenting the store. Soft nice music adds to the pleasure of shopping in stores. The sales personal, their behaviour, mannerisms, looks and well trained and friendly salesmen are an asset. The displays in the store, glamorous appearance, abundant stocks all lead to the patronizing of the store by the customers. The name of the stores, like discount stores, super market, cooperative store, 9-11 store, the store all communicate some aspects of the store and the customers accordingly make a de-

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cision from where to buy.

- **Promotion:** A very important tool of communication as has already been pointed out that it consists of 4 components, namely advertising, sales promotion, personal selling and publicity. Advertising is a paid form of non-personal promotion by an identified sponsor. Sales promotion: Is a direct and immediate inducement that adds extra value to the product so that it prompts the dealers and ultimate consumers to buy the product. Sales promotion is an important .
- **Marketing Communication tool.** It communicates through sales promotional letters, catalogues, pop/displays, demonstrations at stores, school and colleges, door to door, demonstration (e.g., vacuum cleaners, microwaves, vibrators etc.). The demonstration can be made to the key people in the organization.
- **Sales promotion** also communicates through trade fairs and exhibitions. It communicates by distributing pamphlets, paper leaflets through coupons, premiums, free offers, price offs, instalment payments and by free samples of the product. Gifts sales contests etc.
- **Personal selling:** It is a face-to-face transaction and communication between the buyer and the seller. It communicates a lot of knowledge to the buyer and feedback to the seller. It consists of various steps-Identifying, Qualifying, Pre-approach, Approach demonstrations, handling objection and closing the sales.
- **Publicity:** Is the fourth major tool in promotion. Publicity is mostly free of cost and cannot be controlled. There can be positive publicity and negative publicity. It is a very potent tool of marketing communication. It can be done by constant press releases, conferences, letters to the editor etc. It is also done by features, articles, photographs and video tapes. It is an impersonal communication regarding an organization, product service or an idea. It is not directly paid for or run under identified sponsorship. It is in the form of story, announcement editorial about an organization, its products or services.
- **Public relations:** It is the management function that evaluates the public attitudes and then executes a programme of action to earn public understanding and acceptance. It has a broader base than publicity and gives a positive image about the company

Formal Communication vs Informal Communication

Another way that types of communication can be broken down into is in formal vs informal communication. There are times when one should be used over the other, such as when delivering a speech (formal), or when making brunch plans with a friend (informal).

- In formal communication, where conversation partners are part of a group, organization, or society, there are three types of communication:
- **Vertical:** Information flows freely up and down the organizational structure. For example, your boss's boss speaks to you, you speak to your boss, and you speak to the employees under you.
- **Horizontal:** This is where information or communication flows across a structure. For example, you and your coworkers speak together back and forth.

- **Diagonal:** Finally, there is diagonal formal communication where all levels communicate with one another in any direction.

Online Communication

Communicating over the internet comes with special considerations. When you combine anonymity with a wide reach, messages can get muddled. Just think about how communication works on social media platforms.

With the University of the People, however, we make it a point to deliver the most effective online communication possible — we are 100% online, after all. Through their discussion boards and peer assessments, students communicate thoughts and ideas wherever and whenever they want.

Emotional Awareness in Communication

One of the most poorly covered, but very important aspects of communication is emotional awareness. Emotional awareness is the ability to understand others' feelings as well as your own, and take note of how that may be affecting a current situation. It is imperative that you have high emotional awareness in order to be an effective communicator. Here are some ways to improve your emotional awareness in communication:

- **Use Empathy:** Empathetic people are able to understand others' emotions. Once you have that down, you can start to relate to them during your conversation.
- **Consider Your Own Emotions:** Your own feelings may be getting in the way of either delivering or receiving the message clearly. Check how you are feeling and be aware of how that may influence your communication ability.
- **Think of Others' Emotions:** Remember the ways your own mood and emotions affect your ability to communicate and apply that to others. Take time to consider that someone's mood or previous experience may be affecting their actions.
- **Build Trust:** You can build trust by having open and honest conversations, as well as matching your nonverbal cues such as tone, facial expressions, and body language to your verbal ones.
- **Recognize and Correct Misunderstandings:** Misunderstandings are the barrier to great communication. The more quickly to discover and correct them, the more calm everyone will be, and the quicker you'll get on the right track.

Communicating in Difficult Situations

One of the hardest parts of communication is when you need to deliver some not-so-great information. It's important to choose the best type of communication in that case, whether it is in person, written, formal or informal — only you know the message and who you need to deliver it to.

When you communicate in difficult situations, it can be overwhelming or emotional.

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for both the sender and receiver of the message. Try to remember emotional awareness in difficult situations and you will do fine!

The Bottom Line

It's important to know and understand all types of communication so that you can learn to use them effectively and become a great communicator. You are already on your way there after reading this guide – happy communicating!

5.16 THE CUSTOMER AND THE COMPETITION

It is very important to analyse the target customer as well as the market before deciding upon the advertising strategy. The advertisement should suit the customer and be written according to the need of the customer. We shall discuss the customer and competition separately.

Advertising creates competition so that the firms vie with each other to provide the best product and services to buyers. They try to create and sustain Brand loyalty. The customer is greatly affected by advertising. We shall see how the customer is affected by advertising:

- Demand is generated by advertising.
- The customer is greatly satisfied when their demands are met.
- With advertising the sales increases and the prices come down which benefits the consumer.
- Advertising raises the standards of living of consumer.
- Producers go in for innovation providing better quality goods to the customer.
- Customer get aware of the cheaper quality goods available in the market.
- Customer gets cash discount and other benefits when goods are advertised.
- The time and money of the customer is saved when he knows about the advertised goods and their availability.
- The taste attitude and understanding of the customer are modified.
- Through advertisement customer can make decisions more easily.
- Competition advertising confuses the customer but informative advertising helps them select the item of their choice.
- It helps the customer to know about the prices, quality, performance, usage of the product in question.
- Customers also make their own decision by inspection and personal experience irrespective of advertising.
- They adopt their own brands which appeal to them rather than the advertised product.
- Consumers refuse to buy the advertised products if they feel that they are below standard or not up to the mark.

- For customers to remain attracted the advertisement should be credible and the product should offer what it promises.

Competition

"Love your competitor, it will drive him crazy, don't criticize him".

Competition in the market is essential for a healthy growth of the economy competition leads to innovation, efficient use of resources and reasonable price determination. It creates competition for different brands. In the absence of competition the consumer has no choice but to buy the goods that are available.

Advertising has become an integral part of marketing. The objective is to maintain greater sales and greater profits. The marketing cost includes the advertising cost. If mass marketing is done the cost of distribution and promotion is reduced leading to increase in profits.

Advertising helps the buyers to understand product differentiation and use them to their advantage. Consumers, through advertising, learn about the offerings of the leader firms and niche firms and their judgement becomes easier.

Prices: The prices under competition tend to be normal for no competition can afford to charge higher price on the basis of brand loyalty. If the smaller firms charge lower prices, then they increase their market share and profits. The customer can switch to new brands of lower price if they are assured that the quality is not inferior and they are getting good value for their money.

Monopoly: Advertising may create a monopoly in the market when they do not have full information on competitive brand. Large firms can afford aggressive advertising whereas small firms cannot have the funds for the same. Consumers also opt for product of lower price with almost the same attributes of the large firms. A packaging and sophisticated advertising may raise the prices of the local firm. Small firms cannot afford the demonstration and are customer-oriented. If smaller firms can adopt counter strategies they can win the hearts of buyers and reduce monopoly.

5.17 ADVERTISING PLANNING

As the business grows, the advertising agency plays a greater role and it must understand the components of advertising, i.e., creative strategy, message formation and its presentation, budget, media and feedback from the target audience. The integration of the advertising agency with the company is of utmost importance. They must work in unison. It must know the existing share of the company in the market and the marketing objectives. It should know the MIX of the total communication package and a tentative budget.

Planning

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Advertising planning starts with the plan brief prepared by the advertiser which is reviewed by the agency experts, may include:

- Account executive who maintains liaison with client.
- Creative people and the creative director.
- Media department.
- Production and research deptt.

The presentation of the Ad is made to the clients and some experts who may suggest or bring changes according to their choice or limitation. The advertiser has a final say in the approval of total advertising programme.

Research

The research helps in making good decisions. Appropriate and trustworthy research raises the efficiency of advertising and more sales and profits research is continuously done. At the beginning research in Marketing and Product is done with the pretesting of the advertisement. The next step is the selection of the target audience who are users of the product. Third step is the determination of advertising proposition which are based on: Major generic benefits of the category.

- Secondary generic benefits.
- Exclusive benefits real or perceived as compared to the competition.
- Solving of consumer problems, if any.
- Problems with competitive brand that the brand solves or does not have.
- Correcting of misconceptions about the product which the customer has with any brand.
- New uses for the product.
- Denial of perceived problems that the customer has with the brand.

Fourth final step is the advertising evaluation by post-testing of Ad and measuring the effectiveness and quantitatives.

Advertising Situations

There are situations in which advertising may be required: New application or usage of the product

- Product market variation.
- Change in the brand name.
- Distribution and service.
- Seasonal products.
- New technology and innovation.
- Upgrading a product.
- Special offers.

- To fight competition.

There are other situations as well, where advertising is required for.. making different strategies. Advertising decisions are made in allocating advertising budget, advertising research.

The decisions are also made in routine matters, strategies are made to increase the sales, to fight the competition; to attract customers etc. Thus, strategy is an important part of planning and cannot be neglected

5.18 ADVERTISING CAMPAIGN PLANNING

A campaign is an organized effort or course of action to achieve the objectives/goals of an organization. It is done in a systematic manner to include a series of ads placed in various media after making an analysis of the market. A campaign can be a time-bound programme. It consists of several steps:

- Analysing the market opportunity for advertising.
- Setting advertising objectives.
- Allocating a budget for the campaign.
- Choice of media.
- Creating of Ads and pretesting them before release.
- Post-testing of Ads or measuring the Ad effectiveness.

Analysing Market Opportunity

"When the winds of change are blowing you need to know which way and how fast". These factors are interdependent. The choice of the media and the budget are related to each other. The creation of message also incurs expenses. In advertising campaign, the other Marketing Mix tools are also to be considered. Analysing market opportunity for advertising exists.

When there is a demand for the product or the product is in the growth or maturity phase of the PLC, Advertising is very effective in these stages, however, Advertising is not very effective in the decline stage of PLC. It has to be supported with other promotional techniques.

Advertising is successful, if the product can be differentiated in terms of attributes. If there are hidden qualities in a product, they can be highlighted by advertising and the consumers gets informed about them. For example, salt to iodised salt. Opportunity for advertising also exists in products having emotional appeals i.e., dresses, garments, beauty products etc. Advertising opportunity is also related to the funds available by the company.

Target Market

While designing an advertising campaign, the target market has to be chosen or selected on

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which the campaign is to be directed. A lot of consumer research is to be done to find out (i) Who buys the product? (ii) When do customers buy? (iii) What do they buy? (iv) How do they buy and how do they use these products?

Objectives

After gauging the opportunity and carrying out the market analysis, objectives have to be set. Whenever we talk "of objectives we have to decide whether it is to communicate the benefits of the products, whether it is awareness advertising, repetitive advertising or advertising for boosting sales. The message has to be creative. It should hold the interest of the audience. We can understand the objectives of many ads.

- (i) Yeh Dil Mange More.
- (ii) Thanda Matlab Coca Cola.
- (iii) Magie 2 minutes Noodles.

The Ad is directed both on the mother (for the case of preparation) and children (for the excitement and taste). The creation of a Message is also a part of the campaign. A creative message is more effective than an ordinary message.

While the purpose of the message is to communicate information, it is also a source of entertainment, motivation, fascination, fantasy and creativity. The dramatization of the ad is very important and is exclusive to advertising. Creativity brings the message to life. Creativity is the ability to generate fresh, unique and appropriate ideas. It should be relevant to the target audience.

Budget or the Money

Budget or the money spent is the most important part of the advertising campaign which to be carried out for a specific period of time. Duration of the ad decides the budget. The budget can be fixed in a number of ways. These method could be the comparative parity method:

- Affordability
- A fixed percentage of turnover
- Budget based on functions to be performed
- Regression analysis
- Adaptive control method
- Compromise method

Deciding the Media is also a part of the advertising campaign. There are different kinds of media. A simple medium may be chosen or a combination of various media can be chosen. There can be varied choices from amongst the Television, Radio, Cinema, Magazines, Newspapers etc., while choosing a media we also have to decide the media vehicle e.g., Newspaper is one medium the media vehicle could be Hindustan Times or any other newspaper.

Testing

Before releasing the Ad it is necessary to pretest the message for its effectiveness, attractiveness and memorable value. As the preparation of ad requires a lot of time money and resources, pretesting of the Ad is necessary. This can be done by showing the Ad to a selected knowledgeable audience before release and changes are incorporated if necessary.

After the ad has been released marketer wants to see the effectiveness of the ad. This is done by the results of sales, the demand of the product and also by various tests such as day after recall (DAR) test etc.

For a successful campaign, all the above points have to be followed and adhered to. A good ad is a treat for the eyes and always holds the interest of the audience.

5.19 MESSAGE CREATION

For the advertising transmission to be successful, the audience must see the advertisement, be attracted to it, understand and comprehend it. The purchase behaviour should be influenced in favour of the advertised product.

For this, the communicator must know the intricacies of buyer behaviour, the type of media, message and how to bring about attitudinal changes in the minds of the consumer. The message must get diffused in their minds so that they can take favourable decisions.

During the advertising process, each part of marketing and advertising can be important to understand in the marketing department.

The 5 M's of advertising are elements of advertising that can help show the importance of advertising, including how an advertisement works and what limitations or extensions it might have. By learning more about these five principles, you can help teach your department how to best improve the effectiveness of your advertising efforts. In this article, we review the five M's of advertising, what they each represent along with examples of each.

The five M's of advertising are used for advertisement explanation and marketing element identification. Because organizations need advertisements to expose their business services and products to customers, these elements are important for any marketing team on a developing business.

Marketing businesses use these M's in many ways to handle their advertising, optimizing their market shares, and pleasing their consumer base in profitable ways. For example, small firms may use advertising agencies to promote their business, while larger firms may have separate departments for advertising.

Because of the importance of advertising in a business, big or small, companies may even have entire departments dedicated to different products, brands and services within a single company.

Understanding the five M's can help a department make decisions concerning what products or services they sell, and what resources they have with which to advertise these items. The five M's can all help a department understand how to develop brands, market toward a target market and build a strategy for future profits. The five M's of advertising are as follows:

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Mission

The marketing mission is what a department wants to complete with an ad. It can be to sell a product, promote a service, develop a brand or more company objectives. It could inform the customers of the delivery stages of a product, such as one that is still in development. Even if a product is unreleased, advertisements can still promote the product through a dual mission goal.

Advertisements that both promote and give details about a product accomplish two mission goals: to describe the product to customers and to garner interest in the product for potential buyers.

Both of these goals serve similar objectives but complete different requirements. A mission can also persuade customers to aim for a particular brand in the product. This could be, for example, used in an advertisement for a popular brand, when it mentions another brand within the same company.

Companies can use one product to advertise another to fulfill a specific mission. A mission can also be simply to keep customers informed about the product, to keep them thinking about it in a repeated pattern.

1. Money

Money in the five M's of advertising concerns all the budgets for collective advertising. This can apply to the media used, the geography of the advertising and the demographics the advertising targets. This can also concern how long the advertisements run, and with what products they associate with.

Depending on many of these factors, an advertisement could be more or less expensive and effect the overall budget.

2. Message

The message of an advertisement is the medium from which the advertisement speaks or delivers to the target audience. Messages generate within departments in different ways before they become available to the current audience.

Inductive message generation allows business leaders and department heads to brainstorm before deciding on a final message. Deductive reasoning in message creation attributes message purposes to rational, sensory and social values of a customer. Both of these methods acknowledge and rely on message execution, which is the format in which a message delivers to a customer.

3. Media

Media is the medium through which advertising conveys. When choosing how to convey an advertisement, members of the department focus on the reach, impact and frequency of the media while considering the advertisement itself. They also determine the mode of media by what is available to the company, including what resources they have to develop and mass produce the media, if necessary. Once they consider these factors, they choose the media vehicle and the media vehicle's timing, or how long the media add projects to the audience.

4. Measurement

Measurement is a post advertisement set of activities that measures how effective an advertisement was to the target audience and for the product. Using research and analysis tools, a team can determine the problems and improvement potentials that they can accomplish to encourage advertisement development. This step helps increase overall profitability of an advertisement and can help improve advertisements in the future.

Examples of the 5 M's of advertising

Below are different examples of each of the five M's of advertising that can help you better understand how they function in a marketing department setting:

5. Mission

An example of a mission can be any of the following:

- Define a product image: A mission could be to define the nature of a product to an audience, such as when developing a new product or brand. This can help associate a preexisting audience with a product they've never seen nor expect from the market.
- Update a product line: This mission could help customers remain interested in a product's development stages, even if they span over a number of years.
- Re-establish product interest: If a product line has been dormant for a time, advertising campaigns can help reestablish a presence of a product in customers' minds.
- Related: Learn About Being an Advertising Manager

Money

An example of money within an advertising campaign can be any of the following:

- Budget allowances: This is the budget of the project, provided by the company.
- Stakeholder investments: Any stakeholder investments outside of the company can impact the availability the company has for product advertisement.
- Advertising lengths: Lengths of advertisements impact budgets and costs.
- Related: A Guide to Effective Marketing Techniques

Message

An example of a message within an advertisement campaign can be any of the following:

- Persuasion to purchase: A message in an advertisement may try to persuade an audience into purchasing a product or service.
- Encouragement to renew: For advertisements discussing renewable services such as subscriptions, the message may be to encourage renewal.
- Advertisement for awareness: Advertisements may exist simply to make customers aware of an upcoming product's release.

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Careers in Advertising

- **Media:** An example of media within an advertising campaign can be any of the following:
- **Social media ads:** Social media advertisements can be effective depending on the products and its relevance to the media.
- **Commercial ads:** Commercial ads can be helpful for advertising products, usable items or items that relate to a particular target demographic.
- **Public ads:** Public ads such as billboards can be helpful for advertising places or events, such as concerts or theme parks.
- **Measurement**
- **Measurement within an advertising campaign** can be any of the following:
- **Polls:** Polls within and outside of the company can show advertising teams what worked best for employees and for customers.
- **Profile assessments:** Using profile assessment software, companies can learn who reacted to advertisements and who didn't.
- **Ratings:** Ratings for commercial advertisements can help tell teams how well their advertisements were viewed.

Audience likes a source for many reasons, such as:

- (i) Source is identical to audience in personality, political affiliation, race and group characteristics.
- (ii) Source may be enjoying life, the receiver may like to emulate the source i.e., film stars, pop singers, sportsmen, celebrities etc.
- (iii) Source's approach to disposition of audience.

If the receiver agrees with the views expressed in the Ad, it is more persuasive, source with expertise, credibility and attractiveness influences the receiver. The message should have two features influence the audience.

Message-Structure, and Appeal.

These features bring about attitudinal changes, such as Message structure arrangement, one-sided message should be delivered when the audience is already in agreement with the views of the communicator. It conveys only positive attributes and benefits. When the audience is already in disagreement, two-sided message should be delivered.

Two-sided message is meant for educated audience who can appreciate both points of view. One sided is for low-educated audiences. In a two sided message, we can have a refutational appeal, where the communicator presents both sides of the issue then refutes the opposition's point of view. Some refutational messages inject the audience against competitor's counter claims. It is used to bring attitudinal changes and builds brands loyalty.

A basic consideration in the design of a persuasive message is the argument's order of presentation. It is to be decided whether the most important part of message be placed at the beginning, the middle or the end. Researches indicate that the items presented first

and last are remembered better than those presented in the middle.

A primary effect is produced by presenting the important points of the message in the beginning. If the target audience is opposed to the position propagated, presenting the strong points it may reduce the counterarguing. Strong arguments work best in the beginning.

If the audience is in agreement with the communicator strong points can be put at the end. The most effective way of presentation is to have the strong points both in the beginning and at the end. The weaker points may be in the middle of the message.

5.20 APPEAL

Appeal brings attitudinal changes. It addresses to the needs and desires of the audience.

Message Appeals: It is a creative strategy to make the advertisement effective. They may touch and appeal to the logical, rational, emotional aspects of the consumer's decision-making. It brings attitudinal changes. It addresses to the needs and desires of the audience. There are various types of appeals. These are discussed under:

- (a) **Product-oriented appeals:** It highlights e.g., V.I.P. suitcases have additional features, brands good quality etc. Bata makes durable shoes, Nike means quality products etc.
- (b) **Consumer-oriented appeals:** These appeals address to (attitudes, faiths, beliefs, lifestyle and social image) the consumer.

Product-oriented Appeals: These highlight the features, functions and brands.

- (i) **Physical Features:**

Santro: More spacious, more mileage, durable etc.

VIP: Suitcases have additional features and good quality. Bata makes durable shoes.
Nike makes quality products.

- (ii) **Function-oriented Appeal:** It highlights the functions of the products. Sundrop, refined oil heart care, Vitamins, Energy, Hygienic.
- (iii) **Brand to brand comparison** Coca Cola Vs. Pepsi/Godrej (Pay a little extra for strength security etc.)

Consumer-oriented Appeals

1. **Attitude oriented-**These address to attitude, faith, beliefs, lifestyle and social image of the consumer.
2. **Class oriented-**Status, Symbol e.g., Great people fly British Airways.

Humour and Appeal

Humorous message attract and hold consumer's attention. They are mainly for educated and learned audience. It puts consumer in positive mood. It is difficult to produce humorous message and it wears out fast. Humour generates feeling of amusement and pleasure and is effective in certain situation e.g., Elope with Ve 1ms (Water Cooler), even your wife

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would love it.

- **Sex Appeal (Sensuality):** Use of sex appeal has become very common and most Ads. are featuring women in some form or the other and also showing a lot of nudity and subtle use of sex. Sex stimulates and appeals to both the genders. Some groups and societies are against the use of too much sex in advertisement and oppose the exposure and nudity of women projected in the Ad. Sometimes sex is relevant to the Ad. and it makes the Ad very powerful. The Ads. concerning family planning (Ads. of condoms), deodorants, cosmetics and other such products have to use some sex. Sensuality is projected by lipstick on eyebrows. It can also be projected by the Ads. of undergarments.

Emotional Appeals: Anger-Feeling of Hostility and Aversion

- **Fear-**It is the response to a threat that expresses or implies some kind of danger. It can be for the safe future e.g., life insurance-Insure for the future. Insure for your children and family. Danger from ill health, aids, cancer and other ailments. Fear of social objection leads to the advertisement of mouthwashes, deodorants, cosmetics etc. Higher levels of fear lead to high persuasion. Deposits in banks to be safe tomorrow.
- **Fear-L.I.C. Bank.** (Be safe for tomorrow)
- **Heroism-Health Related Prod.**
- **Pity-**We will all get old one day. Let's help each other.
- **Fantasy-** Skypak courier built fantasy around product service: "We will deliver wherever on earth".
- **Mood-**A woman expresses herself in many ways and Vimal is b/w of them.
- **Mediating-** Sub Kutch Mujhe Yaad Hai. Miracle-Drugs also life saving drugs. Revolt Drugs- The dead end.
- **Luxury and Distinctiveness-** "Mysore sandal shop. The great Indian tradition in luxury bath soaps".

Ads Relying on USP (Unique Selling Proposition)

USP has 3 parts uniqueness, selling, and proposition. The uniqueness must be in the brand or proposition. The message appeal should be strong and the image important and relevant to convince the consumer. "Promise the unique tooth-paste that has since been tested clove oil".

Two in one concept

Lux Supreme-A Bathing soap and a beauty Cream-"2 in 1 Soap".

Close Up-A toothpaste and a mouthwash-"Close up is for close ups".

5.21 COPYWRITING

By copywriting we mean actually putting words to paper. This is a message which has been written down in a print media. It also includes the arguments and appeals used and the headlines.

Layout is to put all things together, the subject the headlines, appeals, background music and all that goes to make an advertisement.

Illustrating is of crucial importance in Ads. In this pictures and photographs are used to convey a central idea. Illustrations also identifies the company, brand name and trademarks. Copywriting is a specialised form of communication of ideas that are meant to serve the requirements of modern marketing. It forms a link between the advertiser and the prospect. It may promote an idea or convey messages and give commercial information.

The role of copywriter is very important. He has to understand the strategy and apply creativity into the copy. Copywriting skills require command over language. He/She must have an intellectual and creative mentality. He/She must project himself/herself from the advertiser's position as well as from that of the audience.

The copywriter formulates a strategy, which consists of the steps as shown:

- (i) Gathering Information: The copywriter gathers information from the market, the customers and the media and puts them into abstracts. These abstracts are then put together for further blending etc.
- (ii) Blending: All the elements of the abstract are blended and combined together. There may be editing of ideas, their additions, acceptance and rejections.
- (iii) Hypothesis are made and they act as a guiding factor and are experimented upon.
- (iv) Gestation sometime lag is given to find out the objection and difficulties which are removed subsequently.
- (v) All the facts gathered are then written down in the form of a copy or a message.
- (vi) The copy is reviewed and finalized.

5.22 ROLE OF CREATIVITY IN COPYWRITING

Creativity is the use of imagination or original ideas in order to create something. It is also an Art. The advertisement must be creative, innovative and must have something unique and special about it. It should also be appealing and credible. The creation of an advertising message commences with the overall marketing and advertising goals and also with the objectives of the advertising campaign.

Vimal sarees made by Reliance Textiles Ltd. came out with the slogan. "A woman expresses herself in many ways and Vimal is one of them". It brings the association of a saree with the Indian tradition of women.

Purchase Proposition

The first step in creative strategy is the purchase proposition. What are you offering the consumer, is not only the product, but the brand as well as the appeal! Less differentiated products like Cherry Blossom, Bobt Polish and Kiwi Boot Polish use different approaches.

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Cherry Blossom: "Did you cherry blossom your shoes today". The ad shows an attractive girl and the can of polish with the announcement something special is coming your way, whereas the kiwi stress in 'Kiwi care'.

- Unique selling proposition (USP): A unique selling proposition (USP, also seen as unique selling point) is a factor that differentiates a product from its competitors, such as the lowest cost, the highest quality or the first-ever product of its kind. A USP could be thought of as "what you have that competitors don't."

In marketing, the unique selling proposition (USP), also called the unique selling point, or the unique value proposition (UVP) in the business model canvas, is the marketing strategy of informing customers about how one's own brand or product is superior to its competitors (in addition to its other values).

It was used in successful advertising campaigns of the early 1940s. The term was coined by television advertising pioneer Rosser Reeves of Ted Bates & Company. Theodore Levitt, a professor at Harvard Business School, suggested that, "Differentiation is one of the most important strategic and tactical activities in which companies must constantly engage." The term has been extended to cover one's "personal brand

A unique selling proposition (USP) refers to the unique benefit exhibited by a company, service, product or brand that enables it to stand out from competitors. The unique selling proposition must be a feature that highlights product benefits that are meaningful to consumers. USP focuses on explicit claims of uniqueness involving an objectively verifiable product attribute or benefit-in-use.

Each advertisement must make a proposition to the consumer—not just words, product puffery, or show-window advertising. Each advertisement must say to each reader: "Buy this product, for this specific benefit."

The proposition must be one the competition cannot or does not offer. It must be unique—either in the brand or a claim, the rest of that particular advertising area does not make.

The proposition must be strong enough to move the masses, i.e., attract new customers as well as potential customers.

Importance of USP

- The USP concept has become[when?] one of the eight broad approaches to creative executions in advertising. The USP approach is recommended where high levels of technological innovation characterise a product category. A clear USP helps consumers to understand differences - even non-existent differences - between brand offerings in a category, and may also help consumers to form a positive attitude towards a brand and may ultimately contribute to increased levels of brand recall.
- In order to determine an appropriate USP for any given brand, marketers must undertake extensive research of the category as well as of consumers. It is important to be able to locate a space in the market, ensure that the feature is something that is unique, and also something that is valued by potential customers.
- Sellers also need to try selling a brand to themselves; this is so they know they are pas-

sionate about a product and confident it can succeed. The seller needs a key point to use when trying to sell their product or service, and coming up with it prior to selling will benefit. Having a point of difference to stand out is a major benefit in markets; customers will be drawn to a business if it offers something no one else has. Whether differences are subtle or blatant, they can be the driving force that ensures the end-consumer makes the desired decision in choosing one product over the competition.

- In markets which contain many similar products, using a USP is one campaign method of differentiating the product from the competition. Products or services without differentiation risk the consumer seeing them as commodities and fungible, thus lowering price potential.
- Thus having a unique selling point is essential to have a successful business that can handle current competition, as well as possible future comers in similar markets.
- The desktop personal-computer market provides one example with many manufacturers and the potential for new manufacturers at any time. Apple used[when?] the slogan "Beauty outside, Beast inside" for its Mac Pro campaign to differentiate its product as "beautiful" compared with any other desktop computer. Buyers of this product were willing to pay a premium price, compared with technically similar desktop computers. Apple differentiates itself with a focus on aesthetics and cutting-edge technologies. Wal-Mart's "Save money, live better". Wal-Mart is concerned with being the cheapest department store and with reminding customers that it's not how much one spends on a product that matters. This USP rests on strong, direct and concise messaging that gives consumers a clear picture of exactly what value they will receive for choosing a given brand or product.
- Something so simple that can attract customers like that and show the unique selling proposition of the business is what people look for. Marketing strategies are very important for different companies to establish their identity and increase market share.

Thus a good USP should target a specific audience. Furthermore, a USP should not only be unique, but also keep its promises in order to prove trustworthy paste. It is the "clove oil" that is the selling proposition .

Positioning

Positioning is done in the minds of the consumer. How a consumer perceives the product. It can be positioned on the plank of economy i.e., Rasna and these products are low in price. Rin Soya Milk is positioned as a health drink with low cholesterol, Amul powder is a substitute for milk. Limca is a thirst quenching soft drink. 2 minutes noodles is positioned on the ease of cooking, and Oberoi Hotel on luxury and exclusiveness.

A product can be positioned for children, for fun loving youth, for convenience, for uniqueness, for distinctiveness, for novelty for usage etc. Advertising helps in positioning the product. David Ogilvy, the most famous Ad man, emphasised that for the successful campaign the product must first be positioned before the message is written and created. Some products are repositioned to achieve greater sales.

Femina, the magazine for women was repositioned to add articles and making it a magazine both for woman and men. Vicks Voporub was first positioned as a remedy for the

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common cold through the application on chest and neck. This was again repositioned for a wider usage as a pain reliever. Positioning can be done in term of price, product, advertising etc. Ad of Mountain Dew putting the hand in the tiger's mouth and taking out the drink. Another ad of the same Mountain Dew is a man fighting with the Mountain deer to snatch the drink. This is the creativity in the ad and adds value to the drink.

In a creative approach we must give importance to the message, choice of words and the relationship of copy to the media.

Graphics or pictures bring the effect, the thrill, the interest, the curiosity to the Ad. Execution and use of technology and requirements of logo, and slogans give more impact and force to the advertisement. For creativity in Ads the following principles should be followed:

1. Positioning of the product with clarity.
2. It should project and show the benefits of the product.
3. It should have a power idea. Power to attract attention.
4. It must be different to catch the eye and hold the attention of the audience. Differentiation is important.
5. It should revolve round a single thing, a big thing and a big idea.
6. The ad should reward the prospect and give him pleasure, a smile, a tear or a stimulus to see it again and again. It should catch or hold the attention of the audience.
7. It should match with the personality of the prospect.
8. It should be supplemented by music, visuals lighting and other effects.
9. It should be able to dramatize the audience.

By strategy we mean to use the principles of marketing, to go to, from where we are to where we want to be. While formulating a strategy a marketer must understand:

- What position we have in the prospect's mind? Taking the market into consideration and not the perception of the executives or managers.
- What position do we want to be in?
What companies are to be surpassed or outdone for attaining that position?
- Our creative approach should match our strategy.

We can position the ad by the following methods:

- (a) By identifying the corporate names of big companies which have a tried and tested reputation i.e., name like Sisco, Godrej, Honda, Toyota etc.
- (b) Positioning by brand endorsement. For line extensions power brands can be used. Nike has little problem in line extension or diversification. The power of brands, and the power of company can endorse many products.
- (c) Position by use, occasion and time which by use occasion is meant; the jewellery and

fancy garments are used for marriage occasions or parties or for elite gatherings. The use of fair and lovely for better complexion. The use of aspirin for headaches. The use of 7 O'Clock blades for shaving. The use of Jeep on rough Track. By time we mean what time of the year month week etc. Clothings are used for winter, summer morning night etc. The use of Cornflakes and porridge at breakfast time etc.

- (d) Positioning by price/quality : The quality of the product should be good it should be given first preference and price can be second. The high quality product can also offered at a competitive and reasonable price.
- (e) Positioning by product attributes and benefits: The benefits of the product must be highlighted. There can be multiple benefits of the product. The salient features must be identified e.g., mobile phones-ease of contact. Anywhere everywhere on earth.
- (j) Positioning by product user: Positioning a product by associating with a group of users or a particular user e.g., Golfers for Golf equipment. Sports persons for energy drinks (Boost , Ovaltine etc.).
- (g) Positioning by competitor: An effective positioning strategy for a product or a brand may focus on specific competitors. British Airways provides greater comfort and prestige value.

Repositioning

Example Milk Maid use extended from tea and coffee to sweet meals and general usage. A product can also be under-positioned and over-positioned. These can be confused positioning or doubtful positioning.

- Repositioning of the product is required- in case of declining sales. It can also be re-positioned to take advantage of new opportunities in the market. Repositioning is done to show the improvement in quality and to target the product to another target market. While positioning the product some positioning error may occur. These are:
- Under positioning: When the buyers only have a vague idea of the brand and consider it as just another "Me too" product. The brand does not have a distinctive association.
- Over positioning: In this the buyers have only a narrow image of the brand. They may think that the product is available only at a high price when it is available in lower price as well which may not be known to the consumers e.g., OPEL is an expensive car but Opel Corsa is positioned at a much lower price for the middle-income group etc.
- Confused positioning: Sometimes the brand is positioned a number of times for different market or on different planks. By this the consumer gets confused and this is known as confused positioning.
- Doubtful positioning: The customer sometimes may not have credibility on the advertised product when the claims made are difficult to believe keeping in mind the price, quality or the performance, e.g., Kinetic Honda was advertised at giving 55 km per litre. In reality it could not give more than 40 km per litre. Therefore, positioning is a very important aspect of market strategy and advertising strategy. It must

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be done with care keeping in mind the quality, the performance the usage and other factors discussed in the unit.

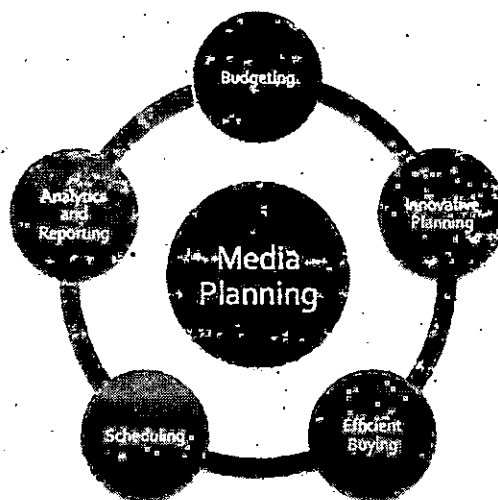
5.23 MEDIA PLANNING

Today's marketers are often tasked with balancing campaign efforts across a range of different media platforms and assets. This can make it challenging to effectively track each tactic's success and overall impact on the business's bottom line. With a thorough media planning strategy in place, teams can more accurately and holistically monitor campaign success and make informed decisions about how to optimize performance in the future. Let's take a look at some of the key considerations to keep in mind when building a media plan:

What is Media Planning?

Media planning is the process by which marketers determine how, when and where an audience is given the selected advertising message. Media planners analyze the advertisements and strategize the most efficient way to communicate it to the intended audience.

In today's competitive marketing landscape, marketers need to serve consumers with the right message, at the right time, on the right channel in order to see engagements. Media planning is where marketers determine what these "rights" are.



What is a Media Plan?

An effective media plan will result in a set of advertising opportunities that target a specific audience and fit in with the organization's marketing budget. When establishing a media plan, marketers will often factor in the following considerations:

- Who does the ad need to reach?
- What is the marketing budget?

- Conversion goals
- Frequency of the message
- Reach of the message

How to define success

Media planning is most often done by media planners at advertising agencies. Media planners must work with media buyers and the client organization to develop a strategy to maximize ROI on media spend. Media planners are required to have a firm understanding of the organization's brand and target audience, various media platforms and developing media trends.

Media planning is more involved with formulating a strategy, evaluating its effectiveness, and adjusting, while buying is the execution of the strategy.

As noted, the media planner will evaluate brand and audience to determine the correct combination of messaging and media mix on which to advertise in order to reach consumers in a positive, impactful way.

Types of Media Planning

To create an effective media strategy for your brand, you must decide what types of media (traditional or digital) will be cost effective and bring in sales. There are 3 main types of media that are considered when building a media plan:

- **Paid Media** - Paid media refers to advertising that is the result of paid placement from the brand. This includes pay-per-click advertising, display ads, and branded content. This is the most common way for brands to get exposure and boost sales.
- **Owned Media** - Owned media is content that is owned by your brand, i.e. blog posts and social media accounts. By increasing the use of the company's owned media, you can increase your customer reach and increase brand awareness.
- **Earned Media** - Earned media refers to the publicity the brand gets from outlets other than their own company. For example, customer reviews, media coverage, and word-of-mouth are all forms of earned media. This form of media is valuable because it often comes directly from consumers. This feedback can also help improve the quality of the product or service you are offering.

By weighing the cost and benefits of each platform, your company can decide what resources and forms of media will fit best into your media plan.

What Are the Benefits of Media Planning?

Today's modern marketing often requires marketers to leverage multiple forms of media, and a data-driven media plan provides marketers with centralized information across all platforms. This helps to optimize campaigns and messaging, as well as streamline the campaign review process.

What are the Objectives of Media Planning?

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Media planners need to identify the combination of ads to achieve a specific result. Their objectives generally align with business goals, such as long-term growth and improving ROI. Media planning will often utilize a wide range of tactics to increase brand awareness, generate leads, or drive conversions to help their organizations accomplish these goals.

Media Planning vs. Media Buying

Media buying is the process of purchasing ad space across various channels and platforms in coordination with the agreed-upon media plans and monitoring campaigns as they run. This means evaluating platform formats and rates to ensure they coincide with the plan, negotiating costs, keeping abreast of media trends and building relationships with counterparts at various channels and platforms. Media buying often leverages one of the following popular strategies:

- Manual bidding
- Direct buys
- Programmatic buys
- Real-time bidding

Challenges of Media Planning

Media planning can be challenging because there are so many contributing factors that must be accounted for, and because many believe that media planning strategies and processes have not modernized along with marketing.

Challenges include but are not limited to:

Consumer-Level Targeting: The media plan must understand consumers at a granular level to determine what types of messages resonate with them, requiring in-depth marketing analytics.

Platform Preference: Brands must also know the various channels and platforms that target audience members engage with and when. This will allow them to effectively choose media on which to run campaigns. All of this must be done with budget and media spend in mind.

Heavy Budget Focus: Media planning continues to revolve around budget rather than customer engagement. There is limited flexibility in a budget and plan to allow marketers to course correct as campaigns run and new insights are discovered. Modern media planning requires the flexibility to allocate budget to different channels if they prove to be more successful.

Integrating Measurements: Because there are so many channels online and offline, it has become infinitely more difficult for marketers to measure the success of these campaigns alongside each other to determine which are most effective and which should be updated.

Today, media planning has to adapt to focus on the consumer experience using flexible budgets and real-time, unified measurements that allow for media plan optimizations in-campaign.

How to Write a Media Plan for Advertising

Creating a media plan is a detailed process that requires planners to consider the needs of target consumers as well as the goals of the business. Here are the essential steps and considerations marketers must make when creating a media plan.

Step 1. Determine Media Goals and Objectives

It might be easy to assume that the goal is to drive conversions or engagement; however, that would oversimplify this step. Goals may vary by department, or there might be multiple objectives for one campaign. For example, for the sales team and sales goals, increased revenue is the objective. However, marketing objectives might be to increase brand awareness. Knowing the main goal of the campaign will determine how it runs, as well as messaging.

Once clear goals are established, media planners must conduct research into market trends and the competitive landscape. This research will offer visibility into where similar brands and goals have achieved success in the past, informing planning decisions. For example, perhaps a brand has long relied on email campaigns but research reveals that competitors have had greater success with native ads. This demonstrates how the organization should shift its plan.

Of course, when determining goals and setting objectives, media plans must factor in budgets. However, marketers should try to avoid assigning strict dollar amounts to specific channels. Rather, a flexible approach to marketing budget will allow for optimizations to be made as campaigns run.

Step 2. Determine Target Audience

Marketing today is driven by creating positive customer experiences. This means that when developing messaging and selecting where to display those messages across the media mix, marketers need to be focusing on specific audience needs.

First, marketers need to examine which segment of the overall audience they are trying to engage. From there, marketers need to look at attribution measurements and engagement analytics to understand the types of ads these users engage with, which creative is most effective, and importantly, which channels these consumers use. While marketers often utilize demographic information such as age, location, general interests, etc., they should be sure to incorporate person-level data gathered through a unified measurement approach to get the most tailored results.

Step 3. Consider Frequency & Reach

Another key component of a media plan is considering reach and frequency. Reach refers to how many people the campaign will be in front of over a specific amount of time. Frequency refers to how many times the consumer will be exposed to the ad over the course of the campaign.

There are a few popular approaches that marketers take when selecting frequency.

- **Continuity:** This approach to frequency means that ads will run on a consistent schedule over the course of the campaign: for example, two ads per week. This strategy is

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often used for goods that are not seasonal and require regular reinforcement to stay top of mind.

- **Flighting:** "Flights" refer to intermittent or alternating periods of advertisements followed by pauses in advertising on the channel altogether. This strategy works well for seasonal products or for those with less ad budget. For example, when there is a pause in a flighted television campaign, marketers may choose to run print ads instead.
- **Pulsing:** This is a combination of flighting and continuity. Pulsed campaigns will incorporate low-intensity consistent advertising that is augmented by flights of high-intensity ads during times when additional messaging can have a high impact.

Step 4: Analyze and Optimize Campaign Performance

One of the most important steps to building a media planning strategy is to continuously monitor, track, and analyze performance. Marketing campaigns are not "set-it-and-forget-it," instead, they require ongoing management to drive maximum ROI. This hands-on approach allows teams to identify opportunities to optimize performance in real-time based on what is or isn't working for each campaign.

Are your advertising efforts being wasted? Find out now.

Selecting the Right Media Channels

There are a variety of online and offline channels for marketers to choose from, and they must use the information they gathered in the research and goal-setting phases to determine which channels will bring them the most success.

Here are some of the most popular channels that marketers choose when media planning, along with their attributes.

Offline Media

- **Magazines:** Magazines have a long shelf life and often stay in a consumer's possession for two to four weeks after being read. Information in this medium tends to be retained longer, since people read faster than they can listen. Research has shown there is a higher amount of trust in magazine ads than in other forms of media (60 percent of readers trusted the advertisements they saw in magazines).
- **Consumers** are also less resistant to these kinds of advertisements, as these often tie in with their interests. Publications tend to be very targeted (e.g., running magazines or cooking magazines). They reach a secondary audience in addition to the target audience, since they are passed along to family and friends.
- **Newspapers:** Advertising with local newspapers is a great way to ensure a brand's message stays local. When selecting this medium, marketers can choose which section of the newspaper ads are placed for further targeting. If they want to target those interested in fashion, they can select that section of the newspaper for their ad.

Additionally, newspaper readers are more likely to have higher education and 7 out of 10 of households earning above \$100,000 read the newspaper. This can be important when selecting ad space based on demographics.

- **Radio:** Radio ads have a local appeal, allowing you to target specific areas or regions of the country. It is also an easy medium to build frequency with your target audience, and is considered a lower-cost medium. According to research, exposure to a radio ad and time to purchase is the shortest of any medium. Additionally, if paired with other forms of media, the overall campaigns were more effective.
- **TV & Cable:** This media is highly visual and can demonstrate products in everyday life. For example, if you sell a cleaning product, consumers can see the benefits of your product and how these can be applied in their home. This medium is very prevalent, as the average American watches approximately five hours of television a day.
- **Out of Home:** Media such as billboards are large and get attention. In a busy area, your message can reach 10,000 people in a month. Out of home isn't limited by billboards, only your creativity is. Out-of-home is also an extremely mobile option. (e.g., using displays to advertise luggage at an airport).
- **Online Media: Digital Publications:** Many digital publications have opportunities for you to email their database through a personalized email or newsletter. They can track open rates and understand conversion rates to your site or asset. These are often specialized publications, making it easy to reach your target audience, and are great tools for lead generation campaigns.
- **PPC:** Advertisers can capitalize on search intent. Advertisers can retarget people who have visited their site. PPC is an extremely cost-effective medium.
- **Social Media:** Like PPC, social media is an extremely cost-effective medium. It is also extremely targeted, allowing marketers to target by interests, age, marriage status, etc. Social platforms are constructed on a basis of community, which allows your brand to connect more personally with consumers. It also gives your brand the chance for content to go viral.
- **Programmatic Advertising:** Programmatic advertising is extremely targeted, using an algorithm to find and target specific audiences across digital platforms. When looking into this, there are two methods to consider:
 - **Programmatic Bidding** - uses demand side platforms to buy ads on the digital market based on target audience.
 - **Real-Time Bidding** - allows advertisers to bid on impressions to their target audience. If their bid wins, the ad is displayed right away.

Tips for Building a Media Planning Strategy

As marketers begin to strategize on new media plans, they should keep these ideas in mind:

- **Reach:** Select outlets and times that will best reach your target audience. For example, buying ad space during a live televised event (such as a sports game) ensures that viewers will be watching the program live and not fast forward through the commercials.
- **Establish clear goals:** Is this a branding campaign, or are you looking to generate leads? How many people are you looking to reach?

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- **Engagement:** How do you encourage people to talk about your brand? Make sure your ad has a clear direction on what would resonate with this target audience based on demographics and viewership. Additionally, make sure you have a way to test the effectiveness of your ad.
- **Attribution Models:** Make sure that your team is using a marketing attribution model that can effectively track offline and online media. Using the right attribution model can ensure your team is making choices that make sense when planning media.

Media Planning and Marketing

Since the pandemic began, more customers have started shopping in an online space. 77 percent of online "window" shoppers make impulse purchases. Since this number is only expected to grow, it is important to have an effective media strategy. This means separating your budget appropriately between print, digital, video, and broadcast ads.

To ensure that your brand is saving money and delivering content to the correct audience, it would be wise to know the costs and importance of using each form of advertising. From here, your company can delegate the correct amount of resources to each campaign to increase website traffic and brand awareness.

Final Thoughts

With a comprehensive media planning strategy, organizations can make more data-driven decisions about how to improve marketing ROI and drive conversions. Today, many teams are leveraging tools that allow them to make smarter, faster, and more accurate media planning choices. With Marketing Evolution's Scenario Planner, organizations can strategically build out their annual media strategy and plan, and even run "what if" scenarios that allow them to modify key campaign factors without impacting active initiatives. This enables teams to truly optimize their media mix while simultaneously cutting down on ad waste.

There are different tests and several techniques in each of the test to evaluate advertising effectiveness. Test depends on the aspects to be evaluated. Based on Philip Kotler's views, let us first discuss classification of tests (various ways or approaches) to evaluate advertising effectiveness.

Techniques to Measure Advertising Effectiveness

There are different tests and several techniques in each of the test to evaluate advertising effectiveness. Test depends on the aspects to be evaluated. Based on Philip Kotler's views, let us first discuss classification of tests (various ways or approaches) to evaluate advertising effectiveness.

1. Pre-test and Post Test:

Pre-test implies testing advertising message before it is sent to specific media. Post test implies testing impact of advertising message after it is published in any of the media.

2. Communication and Sales Effect Test:

Communication test measures communicability (ability to communicate) of the message. Whereas sales-effect test measures advertising impact on sales volume.

3. Laboratory and Field Test:

Clearly, a laboratory test is conducted in a controlled environment in a limited scale. Respondents are invited in a laboratory to state their response. Quite opposite, a field test is conducted in original setting, artificial climate is not created. It is similar as conducting survey to measure what customers think about company's advertisement.

4. Experimental and Survey Test:

Experimental test involves testing advertising effect by conducting test by manipulating independent variable (i.e., advertising efforts) and measuring the effect of the manipulation on other dependent variables like sales, profits, consumer satisfaction, etc. Experimental test may be laboratory or field test. Survey test involved knowing consumers' view's through a survey method.

5. Message and Media Effect Test:

While message test involves measuring clarity, contents, believability, action ability, etc., of the message, the media test measures effectiveness/ suitability of one or more media.

Mostly, a company is interested to measure advertisement's communication effect and sales effect. Therefore, it is worthwhile to discuss communication and sales effect test.

Communication and Sales Effect Test:

Among several tests, the communication test and the sales effect test are more relevant because success of advertising campaign depends on how far advertising has influenced knowledge, attitudes and preference of the target customers. In the same way, a sales volume is the ultimate aim of all marketing efforts (including advertising). Advertising must increase sales. Therefore, evaluation of advertising effectiveness, in most cases, consists of evaluating communication test and sales effect test.

Methods for Communication Effect Test:

Communication effect test seeks to determine whether advertisement is capable to communicate effectively.

Following methods are used:

1. Direct Rating Test:

In this method, consumers are asked to rate/rank alternative advertisements. They are exposed to different ads and are requested to rate them. Consumers can consider various

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criteria to rate the advertisement, like message contents, message clarity, coordination, and overall impression.

2. Recall Test:

It measures the retention value of ad message. The consumers are asked to listen and/or view the particular advertisement. They are then asked to recall the same. The amount of contents and message they recall determines effectiveness of advertisement.

3. Portfolio Test:

Here, the consumers are asked to view and/or listen to a portfolio of advertisements. They are given as much time as they need. They are then asked to recall all the ads and their contents. Their recall level indicates an advertisement's ability to affect consumers' knowledge and arouse interest.

4. Laboratory Test:

The test is conducted in laboratory. Necessary equipment's are used to measure consumers' physical reactions in terms of heartbeat, blood pressure, perspiration, etc., to an ad.

Methods Sales Effect Test:

While the communication effect test measures communicating ability of the ad, the sales affect test measures ad's ability to influence sales. Ad must affect sales positively. In fact, advertising's sales effect is difficult to test because sales are influenced by many factors besides advertising, including product's features, price, availability, and competition.

Following two methods are used:

1. Historical Test:

The test involves correlating the past sales to the past advertising expenditures using advance statistical techniques. The results can reveal how far advertisement was effective in generating or increasing sales. The test can be used for different products, territories and ad media, or in general.

2. Experimental Test:

Experiment is conducted to assess impact of advertisement on sales. Instead of spending the same per cent of sales for advertisement in all territories or products, a company spends different percentage of sales for advertisement. Company can easily judge whether high-spending territories have resulted in increasing sales and vice-versa.

5.24 PREPARATION AND CHOICE OF METHODS OF ADVERTISING BUDGET

The money spent in advertising forms an important cost factor and no matter what type of company it is, large or small, budget decision may lead to profitability or drain away most of the profits. Advertisement can be considered as an investment into future sales. Proper budget allocation for long-term reinforcement effect is necessary for proper planning.

Setting the budget is a different job and a lot of experience is required to avoid overspending yet maintaining the company's image. There are certain factors that must be taken into consideration for preparing the budget. These are:

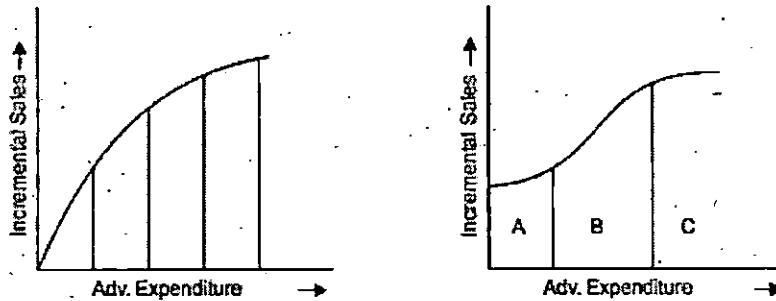
1. Stage of the product life cycle: Different budget allocation are made in different stages. The products which are selling and are in the mature stage of PLC require less expenditure. Whereas the products in the introductory stage of PLC or new products require much heavier expenditure to create awareness.
2. Market share is also an important factor for preparing of budget. To gain greater market share the advertising budget should be high.
3. With competition one tries to out do the competitor and competitive parity method is used.
4. Greater advertisement frequency needs greater expenditure and a higher budget.
5. If the product can be differentiated and has noticeable features and attributes it may require lesser advertisement expenditure.
6. It is difficult to measure the effectiveness of advertising sales, as it can be due to other factors as well.

"Not even the most productive cow can be milked without spending money" Amount of money spent on advertising depends on objectives. It differs from company to company various practises are followed:

1. Competitive parity method.
2. Affordability method.
3. A fixed percentage of turnover method.
4. Budget based on functions to be performed (Objectives and task method).
5. Regression analysis:
 - Based on historical data
 - Time series data
 - To predict dependent variable – sale or market share.
 - Advertising expenditure is the independent variable.
6. Adaptive Control Model:
 - Advertising budget decision need changing as relationship between advertising and sales change over time. It gives an idea of optional expenditure on audience to be reached, size, location, media cost etc.

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- In connection with the response to advertisement there are 2 models to be considered.



Concave downward response curve shows that the effect of expenses on advertising follows the micro-economic law of diminishing returns. When the amount of advertising increases its incremental value decreases as shown in the curve. The response in the beginning is very good but with further increase in advertising the response becomes smaller.

S-Shaped Response Curve:

In this three ranges A, B and C are shown. In the A range, the expenditure is lower than required and there is no increase in sales. In the second or B range which is most effective, the sales start increasing and goes upto the beginning of sales C where with the additional expense there is little increase.

5.25 BUDGETING APPROACHING

We are discussing here 2 approaches to budgeting. They have their advantage and disadvantage.

Top-Down Approach

It is called top-down approach because the budgets are made by the top executive and then the money is passed down the line to various departments. This approach is applied in affordable method, percentage of sales, competitive parity method and Return On Investments (ROI).

- Method of budgeting
- Bottom-up Budgeting

In this method promotion objectives are set for the tasks to be performed. All the necessary activities to achieve the objectives are planned. The cost of these activities are ascertained and budgeted. The total promotion budget is then approved by top management. This is also known as the build-up approach of budgeting.

"Money is the backbone of all organization. Your budget should be in accordance with your objectives and the chosen Media"

Competitive Parity Method

Many firms base their advertising expenditure to compete with their rivals or their competitors. The information regarding this is found in business magazines, journals and annual reports of the company. They not only try to have the same expenditure but also try to choose the media accordingly. They also choose the media vehicle and the frequency of advertisement to match with that of the competitor. Firms believe that by following this method they can make the optimal expenditure to lead to stability in market place etc.

This method may ignore the objectives of the company and concentrate only on competitive advertising. It may also ignore the other aspects like creativity and the role of media.

The effect of expenditure is known after the advertisement has been released, and one does not know the next move of the competitor for expenses on the advertisement and promotion. Some companies use the comparative method in conjunction with other methods as well. It would however be more appropriate to keep in mind the objective of the firm before going in for this method.

Affordable Method

This simply means what the firm can afford after meeting all their expenses. The firm allocates the amounts to be spent on production and after that allocation is done for advertising and promotion. The tasks to be performed by advertising is not considered. In this method there can be chances of overspending or under-spending. This approach is common in small firms and some big firms not having much knowledge of advertisement resort to this method as well. In this method it is difficult to get into financial problem as we are spending only what we can afford.

In this method it is difficult to assess whether the advertising expenditure made is optimal and will give proper results. Advertising expenditure must lead to sales. In this connection we have to refer to the S-shaped response model, which is dealt earlier.

A Fixed Percentage of Turnover Method

This method is most common used in small and medium-sized companies. A percentage amount of the sales as decided is allocated for advertising expenditure. The percentage is based on last year's sales. The sales can be projected for next year and percentage expenses incurred accordingly. The advertising expenses can be calculated on straight percentage sales or on the percentage of unit cost.

Method I—Percentage Sales

That sales in the year ending

• 2002-2003 is	Rs. 80,00,000
• if the % of sales is 10%	800,000
• Advertising Budget is	800,000

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2. Method Percentage of Unit Cost

- If the cost of a unit is Rs. 1000/-
 - If 1,000 unit are sold revenue generated is 10,00,000
 - if the % decided is 10% 1,00,000
- Advertising Budget 1,00,000

The percentage of expenditure allocated differs from one company to another. Some companies go for a higher percentage and others for lower depending upon their needs and situations faced by them. This method is simple to calculate and is safe. In case of fluctuating sales one has to be careful both in increasing and decreasing of sales. It may lead to overspending when the potential is low and underspending when the potential is high.

In case of a new product there is no previous record hence it is difficult to judge and may be risky. In this method it is safer to see the past sales and make a forecast of the expected sales as well.

Objective and Task Method

The expenditure allotted depends on the functions to be performed to achieve the objectives of the organisation.

In this method objective are defined and the specific strategies are formulated to achieve them. Then the cost of implementing these strategies is estimated. Establishing of objective may be interpreted as achieving a percentage market share and bring awareness of the brand to the consumers and general public. The strategies may include advertising in various media, and other elements of promotion mix.

Then the cost of various media chosen is estimated. It is also necessary to monitor the expenses and evaluate the results. It is difficult to correlate the expenses with the task performed for this experience is required.

Other methods consist of regression analysis, adaptive control model and compromise method given earlier.

Market Size and Potential

The size of the market affects the advertising expenditure. Greater the market share, greater is the expenditure and vice-versa. The ambitious is the plan for promotion more is the advertising expenditure. If the market and its potential is small then greater advertising expenditure will be a waste. If the market is concentrated in a geographical area lesser expenditure is required. If the market is dispersed then it requires more expenditure. By potential we also mean that there is greater potential of advertisement services in urban rather than rural areas. There is more potential for coffee in the south than in the north. There is more demand of woollens in the north of India than in the south and so on. We therefore see that the potential and size of the market affects the advertising expenditure.

Market Share Goals

The studies taken from Harvard Business Review by John Jones compared the advertising expenses with the share of advertising voice (total value of the main media exposure in product category).

He classified the brands under 3 categories.

- (a) Profit-making brands as underspenders.
- (b) Investment brands whose Share Of Voice (SOV) is above their share of market.
- (c) Brands with small-market share, which do not make much profit or have a proportion of smaller share of voice. New brands have to be supported and require a great amount of advertising expenditure.

Older and more matured brands are milked when they reach the maturity stage therefore advertising support is reduced. Thirdly there is an advertising economy of scale where advertising is more effective for well-established brands and the expenditure is lower. By economies of scale we mean that the bigger companies who advertise more get better rates from the media than the smaller firms who advertise less. They get the advantage of advertising several products jointly. They also enjoy a more favourable time and space position, cooperation of middle men and favourable publicity. All these advantages are known as economies of scale.

Another suggestion is given by James Shroer in a situation where the firm wants to increase its market share. He suggests that the firm or the marketer should:

- (a) Segment the market on the basis of weak competition and spend less in those markets rather than indulging in a national advertising effort.
- (b) Segment the market where there is competition and increase the expenditure to fight the competition.
- (c) It should not save advertising expenditure to get short-term gains or profits.
- (d) In short, it should concentrate on their niche market and niche strategies rather than long-term wars.

Organisational Characteristics

There are a number of factors regarding the organisational characteristics that are to be considered. These factors vary from one organisation to another as their characteristics differ and influence the advertising expenditure.

- Structure of the organisation i.e., centralised, decentralised, balanced, formalisation and complexity of the organisation.
- Power and politics in the organisation with vested interests.
- The use of expert opinion e.g., consultants.
- Characteristics of the decision maker (Preference, experience, expertise etc).
- Approval and negotiation channels.

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- Pressure on senior managers to arrive at the optional budget.

Money is the backbone of all organisations and it should be spent wisely. Advertising expenditure is a very important element of budgeting and sales promotion. It is to be determined how much money is to be allocated and for what purpose.

5.26 ETHICAL ADVERTISING

Advertising must follow certain moral principles, certain rules and should not degrade or adversely comment on the other products and brands. It should highlight the positive points of its own products and be of good standard. It should not be offensive and in bad taste. It should not predict the sex of an unborn child and keep away from the unwanted practices adopted by the advertisers.

Advertising should not be untruthful, deceptive and should not misguide the consumers. Some companies advertising about their two wheelers and four wheelers vehicle advertise that they will cover X amount of kms per litre when in practice the kms covered are much less. These advertisement deceive the customer; sometimes advertisers have made false claims or failed to award prizes promised in sweepstakes or contests. The problem of untruthful advertising and promotion exists at the local level and in specific areas such as mail order, telemarketing and other forms of direct marketing.

Ethics in advertising must be given its place. Ethics cover various aspects. These range from the truthfulness of validity of claims to the mode of presentation of the advertisement. The advertising of products like cigarettes, alcohol and other injurious materials have to be dealt carefully. The authorities as well as the advertisers and the agencies should make a set of rules and relations. It should adhere to certain values and give satisfaction to the consumers. Another issue is the advertising directed.

Ethical and Social issues in Advertising

Since advertisement is directed at the society, it affects the society in many ways, Society is concerned with how the advertising is done and its effects on it. Advertising is criticized on the grounds of the deception, manipulation, bad taste and manipulating consumers against their will. It is believed that the persuasiveness of the Ad has an impact on the value system of the society. The consumer is deceived when the benefits he perceives are far below his expectations. This could be due to miscommunication or improper emphasis on attributes. Advertisement as a whole should not be misleading. It should not conceal material facts and give a true picture of the benefits, the cost and the offer. For example:

"Buy X brand of batteries with a trip to U.S.A. "

The Ad is misleading it should be written as,

"Buy X brand of batteries with a chance of a trip to U.S.A. "

Advertising is criticized of manipulating the buyers to make a decision against their will or interest. Playing on the sub-conscious mind, motives and various form of appeals. The appeals generated by the advertisements are sometimes so strong that the consumer fully believe in them and does not apply his/her mind to make a decision and buys it without much thought.

Advertising has also been criticized to be in bad taste because of:

- Moral concerns about advertising of harmful products—Tobacco, Alcohol etc.
- Objection to over emphasis on sex—sex appeals.
- Objection to occasion of exposure when children are present with the adults.
- Objection to advertising strategy of excessive repetition of the Ad.
- It is accused of attaching too much importance to the material aspects of life.
- It promotes certain individuals as stereotypes. Women are always shown in the role of a mother or a housewife, instead of business executives except in few cases. Similarly, business executives are shown with a cigar. Women are shown to create a romantic situation.
- Too much advertising on children is considered a matter of great concern.
- Advertising provides sensitivity to price. It shows differentiation among closely resembling brands.
- Advertising causes insecurity by making people worry about tooth decay, body odours, lack of self-confidence. It creates fear in the mind of the consumer e.g., L.I.C. "Get your self insured for the future is not known". "We will all get old one day—Let us help each other".
- In spite of the above criticism, the advertisement has come to stay in the system. It communicates and makes goods available. It promotes purchases and stimulates consumption. It is an essential part of marketing strategy. It promotes a number of social issues and brings awareness in the masses.
- The subject of family planning, health care, prevention of accidents are the major themes. If certain codes, rules and regulations are followed advertising benefits outweigh those of criticism. The Ad must be legal, honest, truthful and decent. This will ensure the expansion of the advertising both in India and abroad.



SUMMARY

- Advertising forms one component of the promotion mix. It has become very popular and useful and has reached the status of an independent discipline. It has grown at a very fast pace and has become a special field of study.
- The scope of advertising is described on the basis of activities included under advertising and their forms and systems, objectives and functions.
- Most firms, both large and small, use advertising in some form or the other. Advertisement seldom produces direct sales. It is backed by other promotion mix elements like personal selling and sales promotion.
- All the promotion techniques are based on communication. It is a process in which

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two or more persons consciously or unconsciously attempt to influence each other through the use of symbols or Advertising Management spoken words.

- Advertising strategy can be made up of multiple objectives i.e., financial contribution and taking the customer through various stages of awareness.
- A campaign is an organized effort or course of action to achieve the objectives/goals of an organization.
- Message Appeals: It is a creative strategy to make the advertisement affective. They may touch and appeal to the logical, rational, emotional aspects of the consumers decision-making. It brings attitudinal changes.
- Creativity is the use of imagination or original ideas in order to create something. It is also an Art. The advertisement must be creative, innovative and must have something unique and special about it.
- To measure the advertising effectiveness, we must be able to evaluate all the aspects of the communication elements. These are the Source, Message, Media and Budget.
- Ethics in advertising must be given its place. Ethics cover various aspects. These range from the truthfulness of validity of claims to the mode of presentation of the advertisement.
- An advertising agency is a service organization that specializes in planning and executing advertising plans for its clients
- Marketing is important to every small business, helping companies increase revenue and profit by meeting customers' needs effectively. Although one person or one department is generally responsible for managing the seven functions of marketing, it's important for all employees to understand customer needs so they can develop the right products and provide the highest standards of customer service.
- Media planning is generally outsourced and entails sourcing and selecting optimal media platforms for a client's brand or product to use. The goal of media planning is to determine the best combination of media to achieve the clients objectives.
- Choosing which media or type of advertising to use can be challenging for small firms with limited budgets and know-how. Large-market television and newspapers are often too expensive for a company that services only a small area (although local newspapers can be used).
- Magazines, unless local, usually cover too much territory to be cost-efficient for a small firm, although some national publications offer regional or city editions. Since the advent of social media, small firms with limited budgets may benefit from using social media advertising as it is cost-effective, easy to manage, accurate, and offers great ROI. In some agency, media planner will work together with the media implementer.
- Advertising must follow certain moral principles, certain rules and should not degrade or adversely comment on the other products and brands. It should highlight the positive points of its own products and be of good standard.
- It should not be offensive and in bad taste. It should not predict the sex of an unborn

child and keep away from the unwanted practices adopted by the advertisers.

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- These advertisement deceive the customer; sometimes advertisers have made false claims or failed to award prizes promised in sweepstakes or contests. The problem of untruthful advertising and promotion exists at the local level and in specific areas such as mail order, telemarketing and other forms of direct marketing.



KEY WORDS

- **Publicity:** It is the manament of function that helps public to understand the policies of the organization.
- **Message:** These are carriers of advertisement which inspires customers to purchase a product.
- **Sponsor:** It is a person who pay for the advertisement.
- **Research :** It is a key function in the advertising campaign.
- **Media:** It is considered for which the advertisement is prepare.



REVIEW QUESTIONS

1. What factors should be taken into consideration for preparing a budget ?
2. Describe the various methods of budgeting
3. Describe the different dimensions of advertising.
4. Describe the advantages and disadvantages of advertising and other promotional tools.
5. What is Role and Benefits of advertising?
6. Elaborate upon the Primary and Selective advertising with examples.
7. What are the components of copywriting and the criteria for an effective copy?
8. What do you understand by creative strategy in advertising?
9. Explain position and repositioning of advertising.

Notes

10. What are the various types of media available for advertising?
11. Explain the terms-Media, media vehicle reach, frequency, media class source effect.
12. In case of advertising expenses what is continuous approaches, fighting approach, pulsing approach.
13. What are the steps followed in developing a Media Strategy?
14. Discuss the pretesting and protesting of advertisements.
15. What factors should be taken into consideration for preparing a budget?
16. What are the different ethics of advertising?
17. What are different social issues in advertising?
18. What is an advertising agency? What are its functions?
19. Explain the importance of advertising in the national development



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