

CONSUMER BEHAVIOUR AND ADVERTISING MANAGEMENT

M-230

Self Learning Material



Directorate of Distance Education

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Published by : Laxmi Publications Pvt Ltd., 113, Golden House, Daryaganj, New Delhi-110 002.
Tel: 43532500, E-mail: info@laxmipublications.com

DEM-2199-94.94-CON BEHAV & ADV MGMT M-230
Typeset at: Kalyani Press, Delhi
Edition: 2017

C—15259/017/012
Printed at: Ajit Printing Press, Delhi

CONTENTS

<u>Units</u>	<u>Page No.</u>
1. Consumer Behaviour	1-47
2. Determinants of Consumer Behaviour and Decision Process	48-107
3. Overview of IMC	108-136
4. Advertising Management	137-197

SYLLABUS

CONSUMER BEHAVIOR AND ADVERTISING MANAGEMENT (M-230)

UNIT-I

Introduction: Defining Consumer Behaviour, Reasons for Studying Consumer Behaviour, Understanding Consumer and Market Segments, Environmental influences on Consumer Behaviour: Culture, Subcultures, Social Class, Reference Group and Family Influences, Personal Influences and Diffusions of Innovations.

UNIT-II

Individual determinants of Consumer Behaviour, Motivation, Personality and Self Concept, consumer perception, Consumer Learning, Consumer Attitude Formation and Change.

Consumer Decision Process: Problem Recognition, Search and Evaluation, Purchasing processes, Post-Purchase Behaviour, Consumer Behaviour Models, Consumerism, Organization Buying Behaviour.

UNIT-III

Communication, Process of Communication, 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.

UNIT-IV

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.

Campaign Planning: Message Creation, Copywriting. Role of Creativity in Copywriting Media Planning, Testing of Advertising Effectiveness, Preparation and Choice of Methods of Advertising Budget, Ethical and Social Issues in Advertising, Management of Advertising Agencies, Role of Advertising in National Development.

UNIT 1 CONSUMER BEHAVIOUR

★ STRUCTURE ★

NOTES

- 1.0 Learning Objectives
- 1.1 Introduction
- 1.2 Reason for Studying Consumer Behaviour
- 1.3 Consumer Behaviour and Market Segments
- 1.4 Psychographic or Lifestyle Segmentation
- 1.5 Environmental Influences on Consumer Behaviour
- 1.6 Culture Influences
- 1.7 Subculture Influences
- 1.8 Social Class Influences
- 1.9 Reference Groups
- 1.10 Family Life and Buying Role
- 1.11 Family Buying Influences
- 1.12 Personal Influences
- 1.13 Diffusion of Innovations
- 1.14 Diffusion Process
 - *Summary*
 - *Glossary*
 - *Review Questions*
 - *Further Readings*

1.0 LEARNING OBJECTIVES

After going through this unit, you should 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.

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1.1 INTRODUCTION

All of us are consumers. We consume things of daily use, we also consume and buy these products according to our needs, preferences and buying power. These can be consumable goods, durable goods, speciality goods or, industrial goods.

What we buy, how we buy, where and when we buy, in how much quantity we buy depends on our perception, self concept, social and cultural background and our age and family cycle, our attitudes, beliefs, values, motivation, personality, social class and many other factors that are both internal and external to us. While buying, we also consider whether to buy or not to buy and, from which source or seller to buy. In some societies, there is a lot of affluence and, these societies can afford to buy in greater quantities and at shorter intervals. In poor societies, the consumer can barely meet his barest needs.

Consumer behaviour can be defined as the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services. This definition clearly brings out that it is not just the buying of goods/services that receives attention in consumer behaviour but, the process starts much before the goods have been acquired or bought. A process of buying starts in the minds of the consumer, which leads to the finding of alternatives between products that can be acquired with their relative advantages and disadvantages. This leads to internal and external research. Then follows a process of decision-making for purchase and using the goods, and then the post-purchase behaviour which is also very important, because it gives a clue to the marketeers whether his product has been a success or not.

The marketeers therefore tries to understand the needs of different consumers and having understood his different behaviours which require an in-depth study of their internal and external environment, they formulate their plans for marketing.

Consumer generally refers to any one engaging in any one or all of the activities stated in our definition. The traditional viewpoint was to define consumers strictly in terms of economic goods and services and purchasers of products offered for sale. The view now has been broadened. It now also holds that monetary change is not essential for the definition of consumers. Few potential adopters of free services, or even philosophic ideas can be encompassed by this definition.

Sometimes, the goods are bought by the father and the children use it. The children ultimately become the consumer. A packet of coloured crayons bought by the father and used by his children in school.

The father buys a refrigerator and the user is the entire household.

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 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 in different departments are keen to understand the consumer. They may be Advertising Managers, Product Designers, Marketing and Sales Managers and so on.

Table 1.1 Some consumer behaviour roles

Roles	Descriptions
<i>Initiator</i>	The individual who determines that certain need or want is not being fulfilled and purchases a product to fulfil the need.
<i>Influencer</i>	A person who by some intentional or unintentional word or action influences the purchase decision.
<i>Buyer</i>	The individual who actually makes the purchase transaction mostly is the head of the family.
<i>User</i>	The person or persons who consume or use the purchase product.

Societal Perspective is on the macro level. Consumers collectively influenced economic and social conditions within 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 academicians concentrated on it at a much later stage. It was during the 1950s, that marketing concept developed, and thus the need to study the behaviour of consumers was recognised. Marketing starts with the needs of the customer and ends with his satisfaction. When everything revolves round *the customer*

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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.

Table 1.2

Who constitutes the market?	Parent, child, male, female	Occupants
What does the market buy?	Soap, regular, medicated, with glycerine, Herbal what brand, what size	Objects
Who participates in buying?	Parent, child, male, female	Organizations
How does the market buy?	Cash, credit, mail-order etc.	Operations
When does the market buy?	Monthly, weekly etc. prescribed by doctor (medicinal)	Occasions
Where does the market buy?	Supermarket, retail store etc.	Outlet
Why does the market buy?	For cleansing, bathing, fresh feeling etc.	Objectives

(taken from multi-marketeer)

Consumer behaviour is a complex, dynamic, multi-dimensional process, 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.

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.

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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.

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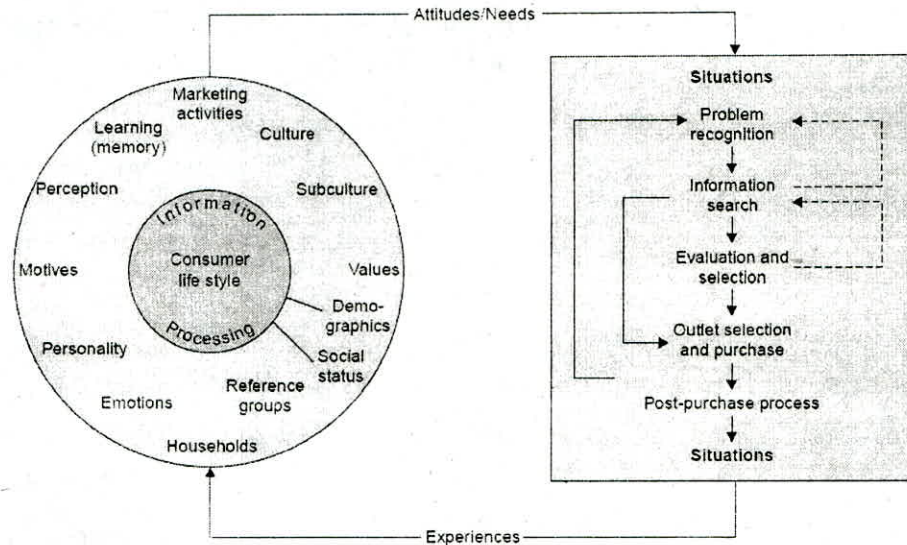


Fig. 1.1. A simplified framework for studying consumer behaviour

Fig. 1.1 gives in detail the shaping of consumer behaviour, which leads a consumer to react in certain ways and he makes a decision, keeping the situations in mind. 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. Fig. 1.1 shows the consumer life style in the centre of the circle. 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.

1.3 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.

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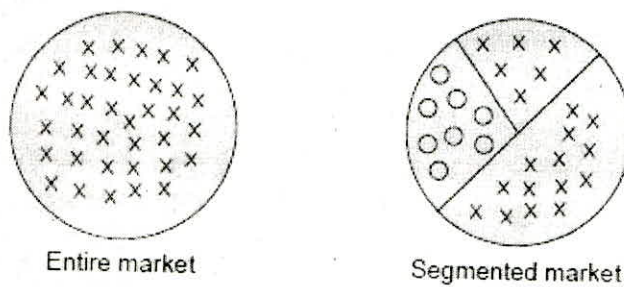


Fig. 1.2

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

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

Similarly, Maruti, for instance, have positioned the 800cc basic model 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.

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Bases for Segmentation

There are various bases for segmentation. These are as under:

Geographic Segmentation

Region	North, South, East, West
City Size	Major metropolitan areas, small cities, towns
Density of Area	Urban, suburban, exurban, rural
Climate	Temperate, hot, humid

Demographic Segmentation

Age Under	11, 12-17, 18-34, 35-49, 50-64, 65-74, 75+
Sex	Male, Female
Marital Status	Single, married, divorced, living together, widowed
Income	Under \$ 15,000, \$ 15,000-\$ 24,999, \$ 25,000-\$ 39,999, \$ 40,000-\$ 64,999, \$ 65,000 and over
Education	Some high school, high school graduate, some college graduate, postgraduate
Occupation	Professional, blue-collar, white-collar, agricultural

Psychological/Psychographic Segmentation

Needs-Motivation	Shelter, safety, security, affection, sense of self worth
Personality	Extroverts, introverts, aggressives, compliants
Perception	Low risk, moderate risk, high risk
Learning-Involvement	Low involvement, high involvement
Attitudes	Positive attitude, negative attitude
Psychographic (Lifestyle)	Swingers, straights, conservatives, status seekers

Sociocultural Segmentation

Culture	American, Italian, Chinese, Mexican
Subculture	
Religion	Jewish, Catholic, Protestant, Other

Race/Ethnicity	African-American, Caucasian, Oriental, Hispanic
Social Class	Lower, middle, upper
Family Lifestyle	Bachelors, young marrieds, empty nesters

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Use-related Segmentation

Usage Rate	Heavy users, medium users, light users, nonusers
Awareness Status	Unaware, aware, interested, enthusiastic
Brand Loyalty	None, some, strong

Use-situational Segmentation

Time	Leisure, work, rush, morning, night
Objective	Personal use, gift, snack, fun, achievement
Location	Home, work, friend's home, in-store
Person	Self, friends, boss, peer

Benefit Segmentation

Convenience prestige, economy, value-for-the money

Hybrid Segmentation

Demographic/Psychographic	Combination of demographic and psychographic
Profile	Characteristics
Geodemographics	Young Suburbia Blue-Estates
VALS 2	Actualizer, fulfilled, believer, achiever, striver.

The above shows a list of bases for segmentation. Demography helps to locate target market whereas psychographic segmentation and socio-cultural characteristics to describe its members *i.e.*, how they think and feel? We shall now discuss the psychographic or life style segmentation.

1.4 PSYCHOGRAPHIC OR 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.

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Demographic and psychographic lifestyles are complimentary and work best together. Demographic variables help marketeers "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.

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 by questions to be answered on a rating scale. This is done to find out how strongly one agrees or disagrees with the question.

An idea of AIO studies is provided in Table 1.3.

Table 1.3

<i>Activities</i>	<i>Interest</i>	<i>Opinions</i>	<i>Demographics</i>
Work	Family	Themselves	Age
Hobbies	Home	Social issues	Education
Social events	Job	Politics	Income
Vacation	Community	Business	Occupation
Entertainment	Recreation	Economics	Family size
Club member	Fashion	Education	Geography
Community	Food	Products	City size
Shopping	Media	Future	Life cycle
Sports	Achievements	Culture	Dwelling

Source: Joseph T. Plummer—The concept application of lifestyle dimensions Journal of Marketing.

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 one'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 are shown in Fig. 1.3. The figure shows four major groups of classification:

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- *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

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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 actions, approval and opinion of others.

Action oriented: They desire social and physical activity, variety and risk taking.

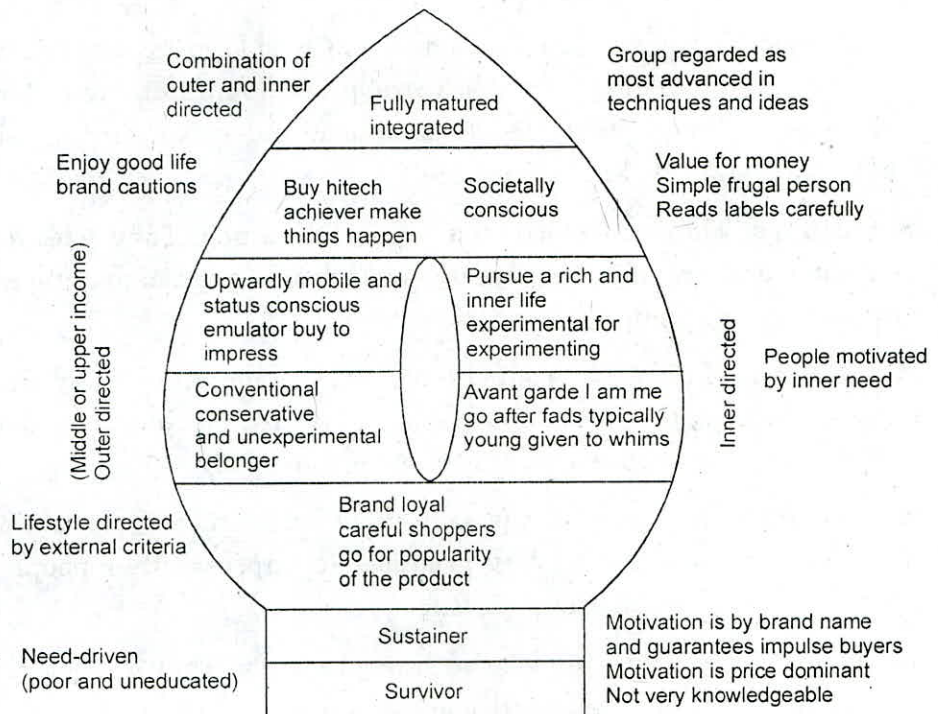


Fig. 1.3 Values and lifestyle segments (VALS) given by Arnold Mitchell

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. 1.4. 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.

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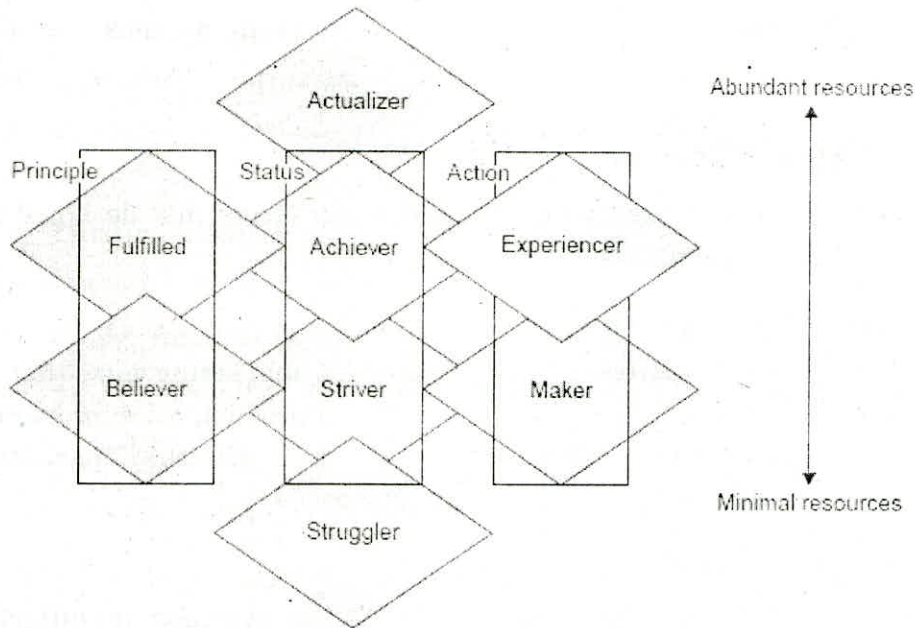


Fig. 1.4 Values and lifestyle segments (VALS2) based on Maslow's hierarchy

1. **Strugglers:** These are poor people, struggling for existence. Education is low, low skilled, without strong social bonds.
 - **Makers:** They are in the action-oriented category. They have construction 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.
3. **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.

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unit. We shall give a brief description of individual determinantes 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 talking, 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.

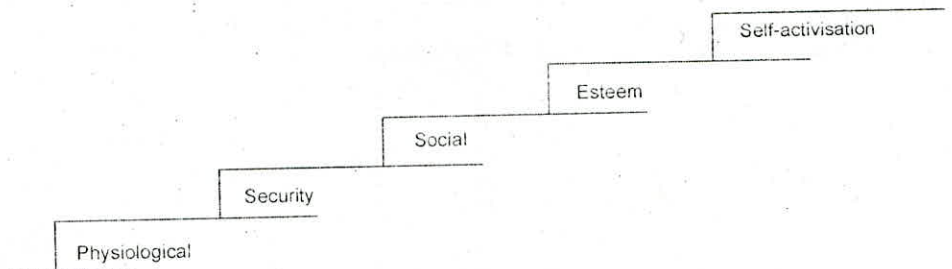


Fig. 1.6 Maslow's hierarchy of needs

4. **Learning and Memory:** In a family different members of the family are interested in different types of information which they individually

retain. 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.

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5. **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.

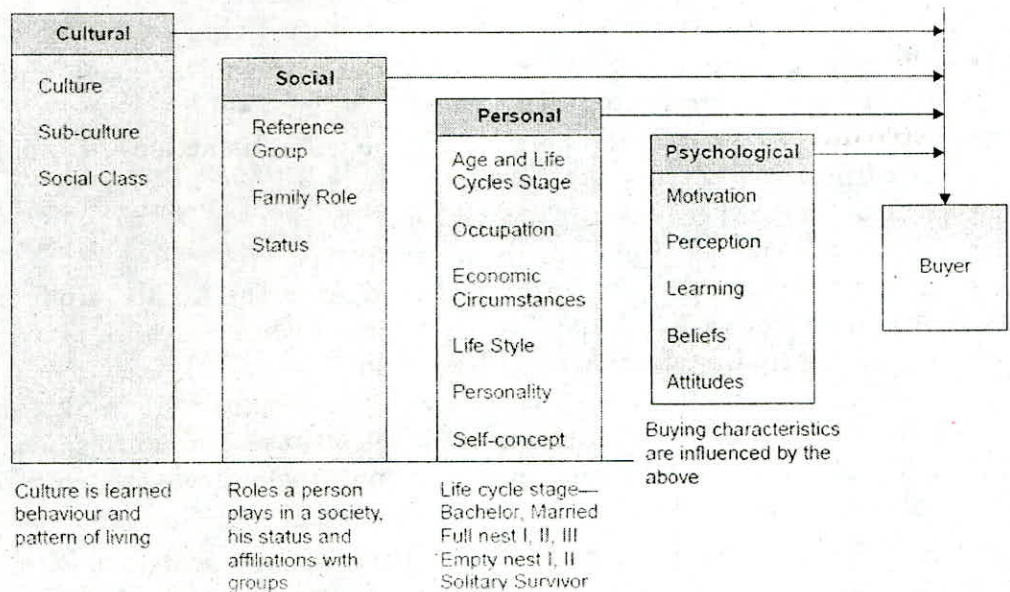


Fig. 1.7 Factors influencing consumer behaviour classification in four broad categories

1.6 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.

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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.

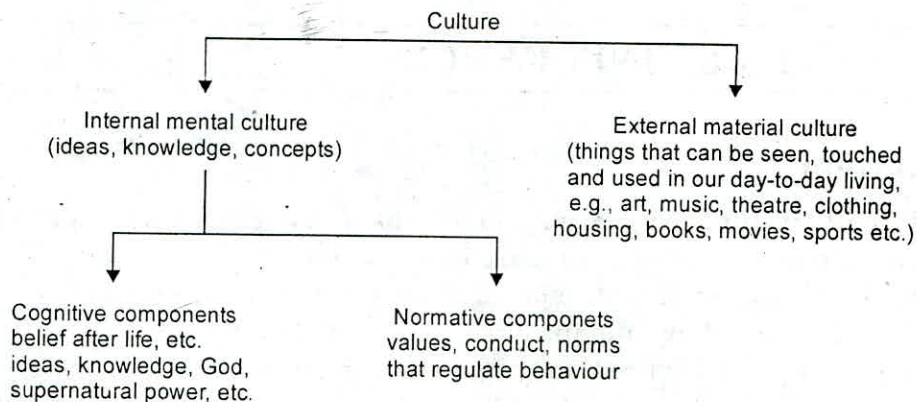


Fig. 1.8 Components of culture

Material culture influences technology and how it brings cultural changes, i.e., use of telephones, mobile phones, television, clothing styles, fashions and gives the marketeers a 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 as shown in Fig. 1.9(a) and 1.9(b).

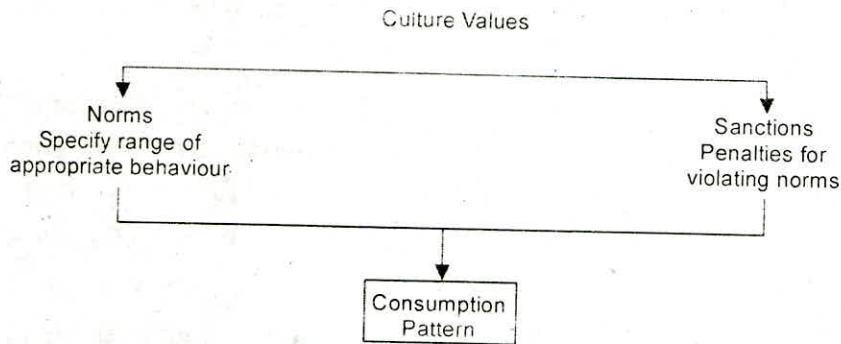


Fig 1.9(a) Values, norms sanctions and consumption pattern

Source: Adapted from Consumer Behaviour—Hawkings, Best and Coney.

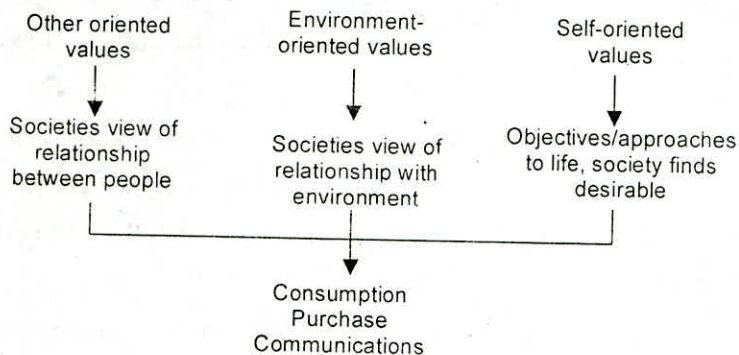


Fig. 1.9(b) Values orientation influence behaviours

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 made dominant or women dominant or balanced.

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- *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.

Environment-oriented Values

- *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.
- *Hardwork/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.

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1.7 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. 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.

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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:

1. **Black subculture:** They are disadvantaged compared with whites in terms of education, occupational attainment.
2. **Asian Americans:** This population consists of Chinese, Filipians, Japanese, Indian, Korean, Vietnamese, Hawaiiin 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 marketeers.
3. **Hispanie 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 loose 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 Porto 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 Madrasi subculture, Maharashtrian or the culture of the west, Kashmiri culture of the north, the culture of Uttar Pradesh with a lof of "Tahzeeb" or respect and mild and docile caring for each other. The culture of the Nawabs, culture of the Rajas and Maharajas.

1.8 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.*

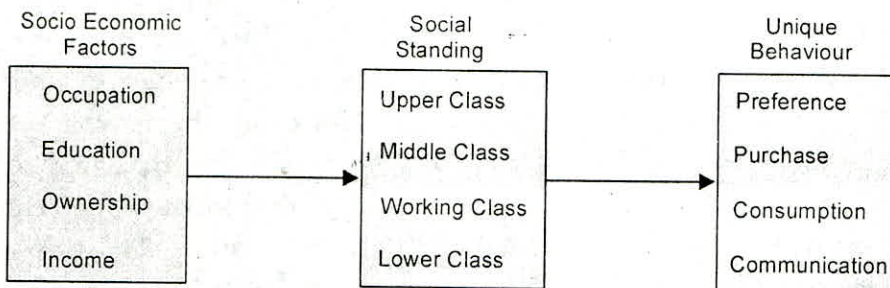


Fig. 1.10 Social Standing: How it is derived and influences behaviour

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

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with great success. Social stratification is thus a reality of life. As shown in Fig. 1.11, the behaviour of all social classes are unique within themselves.

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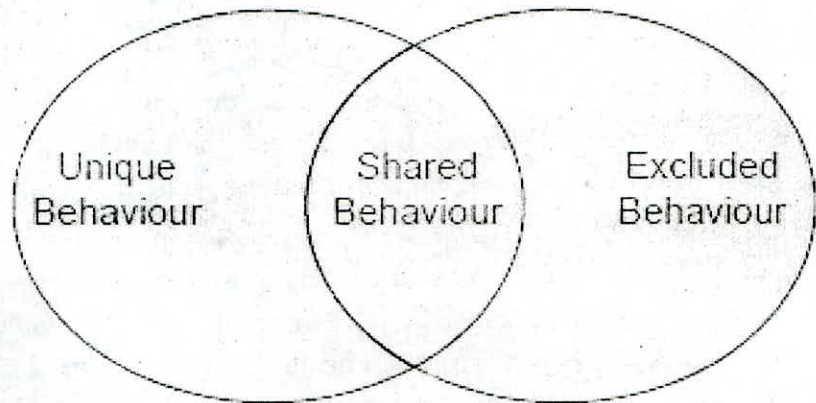


Fig. 1.11 Shared behaviour

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 or 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.
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.

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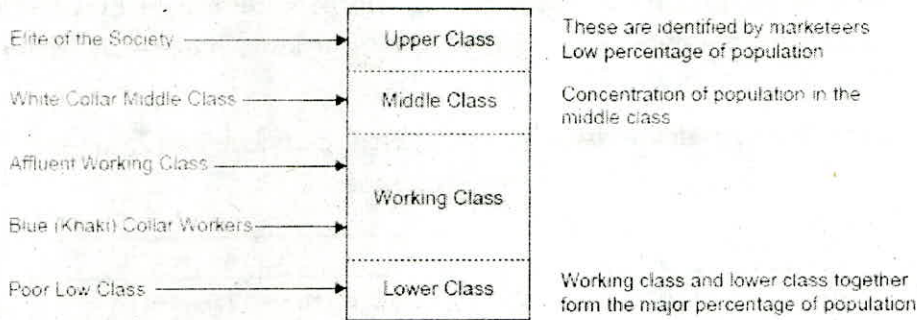


Fig. 1.12 Social class system

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 marketers 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:

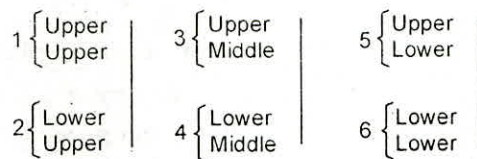


Fig. 1.13 Social class system

- 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 marketers. This class has access to property, prestige and power.
- 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*.

Table 1.4 Lifestyle orientation and purchasing pattern of a social class

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

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.

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Marketing Strategy and the Social Classes

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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. In designing a market strategy using social stratification, a process is followed in which:

- The marketer relates the status of the group to the product.
- Data is collected as the targeted 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 fine 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 their 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 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.

Table 1.5 Developing marketing strategy for social class

Relate status to product	Gather data on social class	Position the products	Marketing Mix
Product	Actual lifestyle	Select desired image	Develop Marketing
Brand	Desired lifestyle	and correlate with	mix to achieve
Usage	Media usage	desired life stylestyle	desired position
Purchase	Shopping habits		Product price
Motivation			Promotion
Symbolic meaning			Distribution
Use situation			Service

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1.9 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:

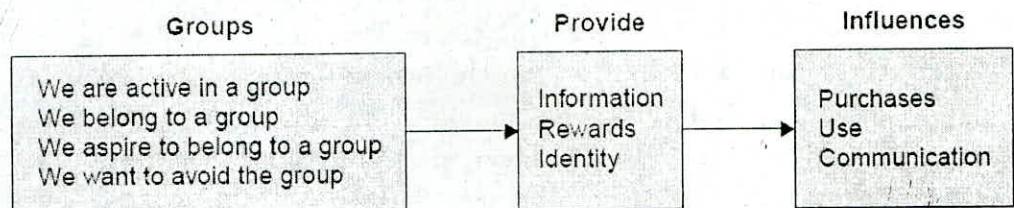


Fig. 1.14 Group influence consumption

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 groups 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.

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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.

Marketeers use a symbolic group by using celebrities to advertise the products.

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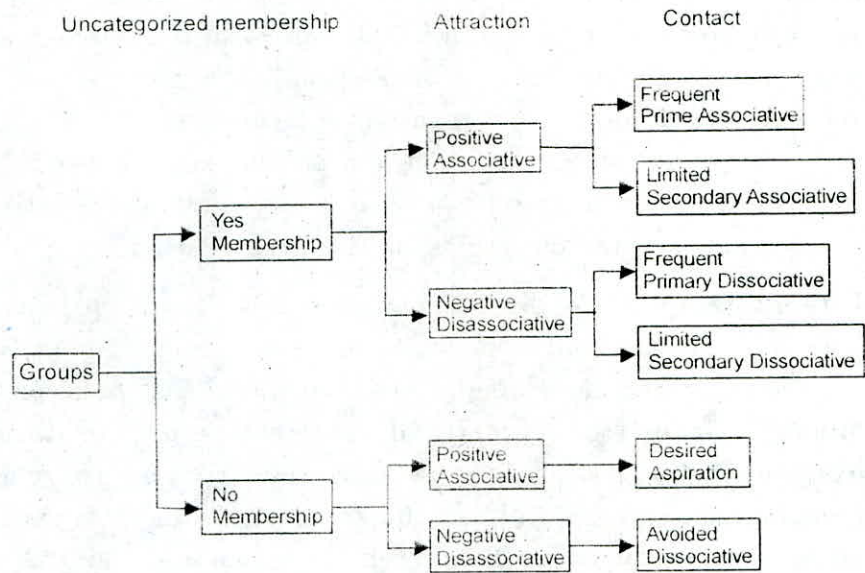


Fig. 1.15 Classification of groups

The above figure shows the classification of groups. It is important for marketeers 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 and the Influence Exerted by Them

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.

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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 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 as 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 groups influences the consumption pattern to which they belong. It is the

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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.

<i>Exclusivity</i>	<i>Necessity</i>	<i>Luxury</i>
Visibility	Weak reference group influence (-) on product	Strong reference group influence on product (+)
<i>Public</i> Strong reference group influence on brand (+)	<i>Public Necessities</i> Influence—weak product and strong brand wrist watch, automobile, men's suit.	<i>Public Luxuries</i> Influence—strong product and brand, <i>e.g.</i> , golf club

<i>Private</i>	<i>Private Necessities</i>	<i>Private Luxuries</i>
Weak reference group influence on brand (-)	Influences—weak product and brand, e.g., mattress, floor lamp and refrigerator.	Influence—Strong and weak brand. e.g., home video game, ice-maker.

Fig. 1.16 Reference group influence on product and brand purchase decision

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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. The examples of products used in each category is shown in Fig. 1.6.

1.10 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 sources.

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:

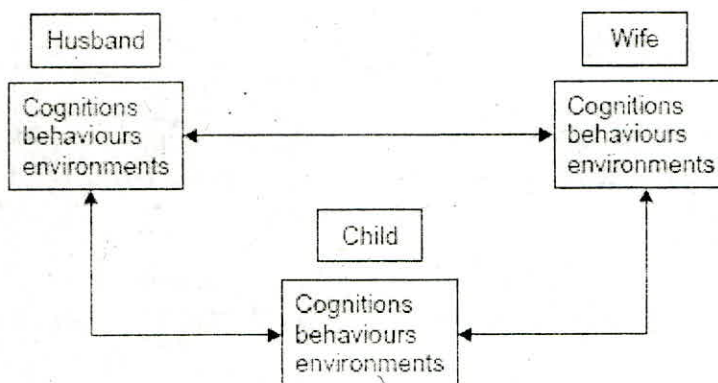


Fig. 1.17 The reciprocal influence of family members

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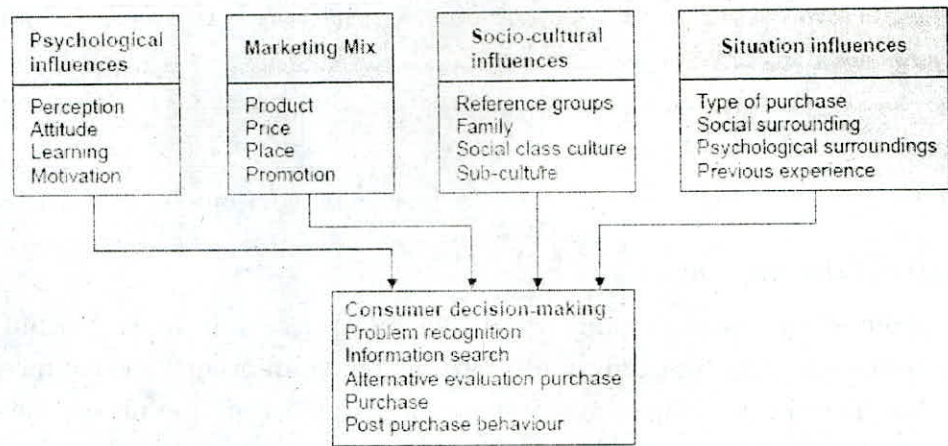


Fig. 1.18 Factor influencing a consumer

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 some times do not posses many such items individually.

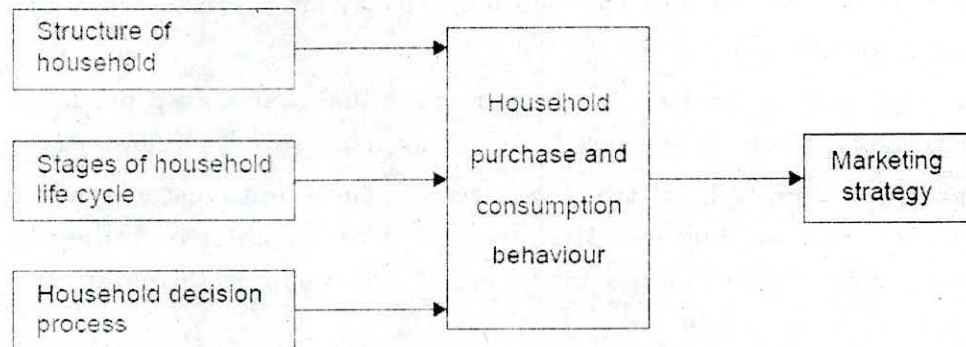


Fig. 1.19 Marketing strategy

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.

1.11 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 which is shown in Fig. 1.20. It becomes important for a marketer to sort out all family influences, and formulate a strategy for effective marketing.

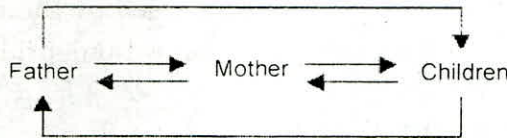


Fig. 1.20 Reciprocal influences in a family

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? The figure shows 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. 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.

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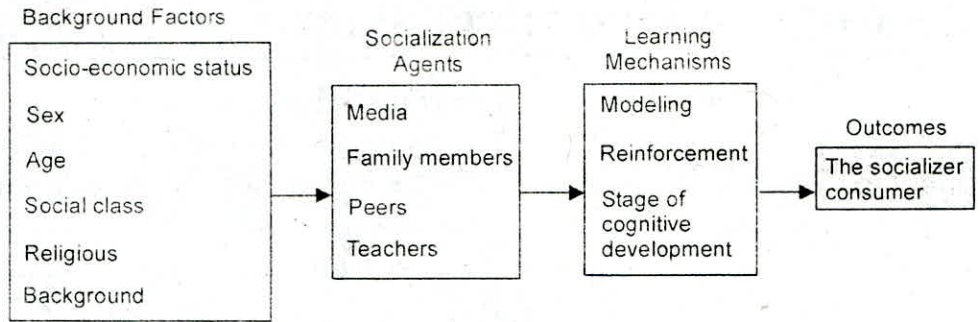


Fig. 1.21 A model of consumer socialization

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.

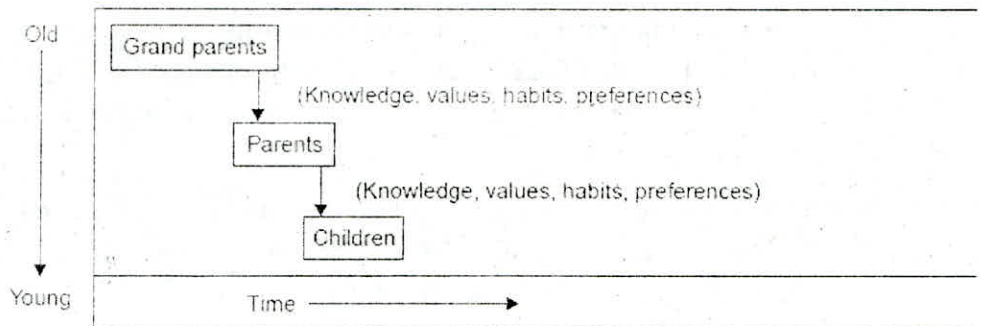


Fig. 1.22 The concept of intergenerational carry over

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.

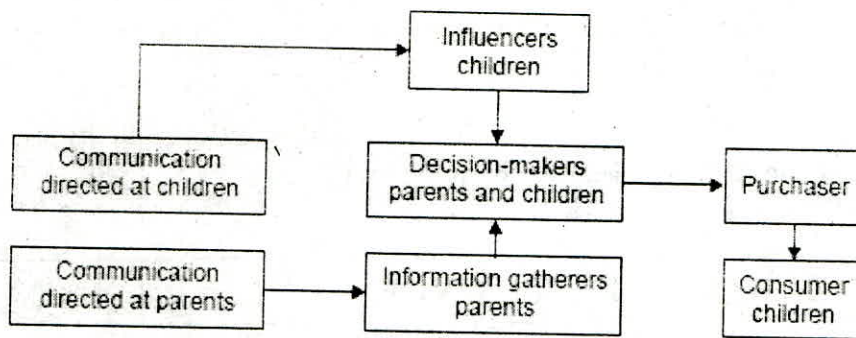


Fig. 1.23

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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.

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- *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.

1.12 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 go a 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 as 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.

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 approach 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".

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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”.

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1.13 DIFFUSION OF INNOVATIONS

Diffusion

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.

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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.

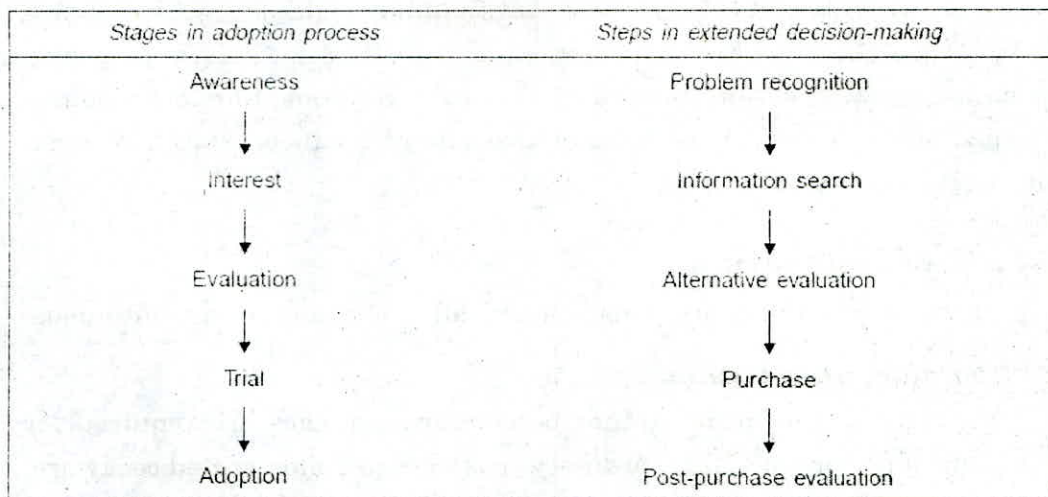
Table 1.6 TV has led to related innovation

<i>Discontinuous innovation</i>	<i>Dynamically continuous innovation</i>	<i>Continuous innovation</i>
Black and white TV	→ Colour TV → Portable pocket TV → Stereo TV → Giant screen TV → Cable ready TV → Picture in picture TV	→ Remote control → Various cabinet styles → Instant on flat screen → Electronic tuning → Stereo sound
↓	↓	
Video cassette recorder	Video walkman	
↓		
Video camera		

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:

Table 1.7 Stages in adoption and decision-making



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1.14 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. Spread of innovation can be of three types as shown in Fig. 1.24.

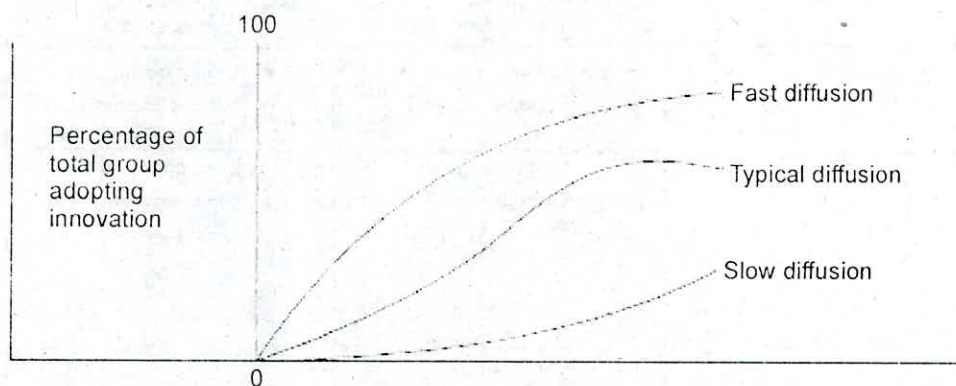


Fig. 1.24 Three types of innovation spread

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 clicks 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:

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1. *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.
2. *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.
3. *Type of decision*: An individual vs. a collective decision. Individual decisions head to faster diffusion than collective ones.
4. *Marketing effort*: This also affects the diffusion process. More aggressive marketing effort, consisting of high and continuous advertizing expenditure, diffuses faster than otherwise.
5. *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.
6. *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

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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. **Observability:** 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.

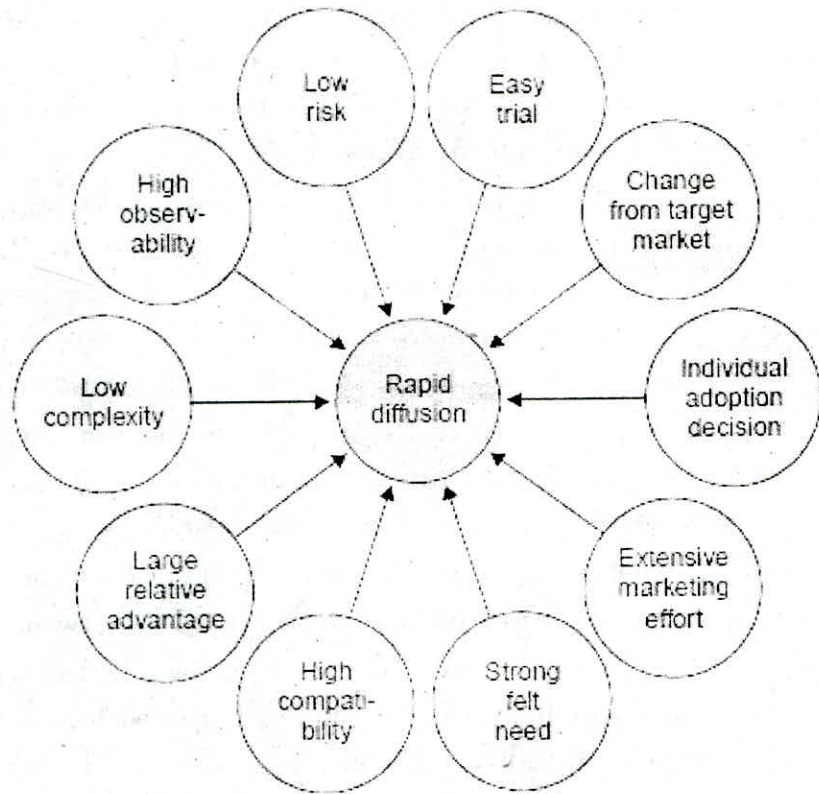


Fig. 1.25 Rapid rate of diffusion

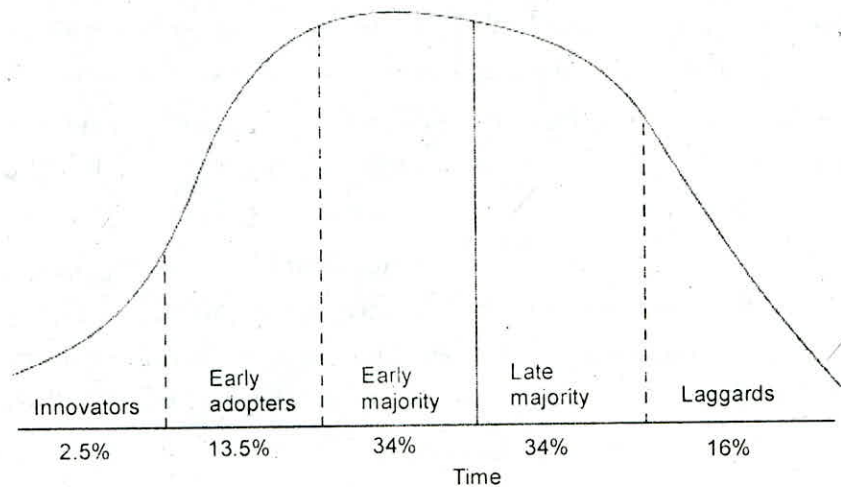


Fig. 1.26 Slow diffusion

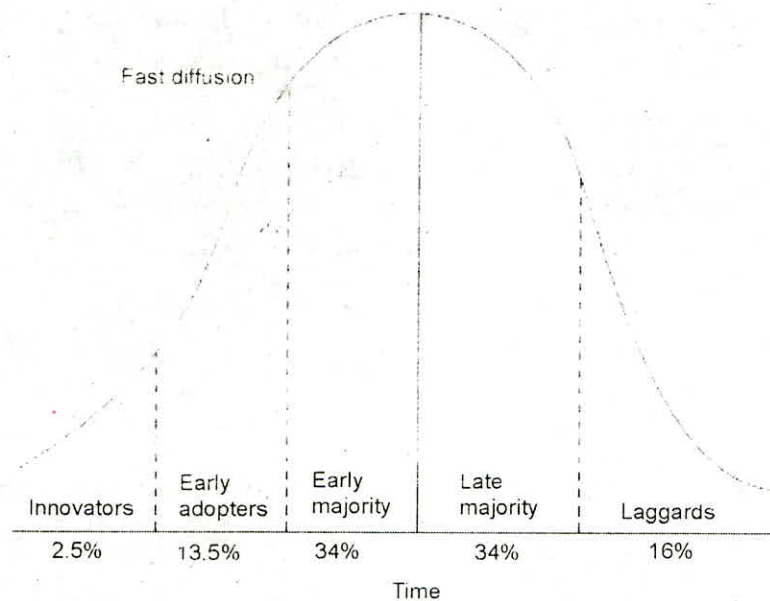


Fig. 1.27 Fast diffusion

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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 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. Lifestyles segmentation is based on activities and interest 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

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process directly, but percolate or filter through the individual determinants, to influence the decision process.

- 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.
- 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.

GLOSSARY

- **Consumer:** Is 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?
- **Lifestyle:** 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? What are the basis of social power?
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 the 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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FURTHER READINGS

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UNIT 2

DETERMINANTS OF CONSUMER BEHAVIOUR AND DECISION PROCESS

NOTES

★ STRUCTURE ★

- 2.0 Learning Objectives
- 2.1 Introduction
- 2.2 Consumer Perception
- 2.3 Personality and Self-concept
- 2.4 Motivation
- 2.5 Consumer Learning
- 2.6 Learning Memory and Product Positioning
- 2.7 Attitude Formation and Change
- 2.8 Heuristic (The Choice-making Rules)
- 2.9 Consumer Decision Process
- 2.10 Problem Recognition and Purchase Behaviour
- 2.11 Search and Evaluation
- 2.12 Purchasing Process and Outlet Selection
- 2.13 Post-purchase Behaviour
- 2.14 Models of Consumer Behaviour
- 2.15 Consumerism
- 2.16 Basic Process
- 2.17 Organizational Buying Behaviour
- 2.18 Factors Influencing Organizational Buying
- 2.19 Organization Buying Situations
 - *Summary*
 - *Glossary*
 - *Review Questions*
 - *Further Readings*

2.0 LEARNING OBJECTIVES

After going through this unit, you should 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.
- evaluate post purchase behaviour and consumer behaviour models.

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 in 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.

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2.2 CONSUMER PERCEPTION

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. Feedback is the fourth element and, the final aspect is the resultant behaviour of the individual.

Our perception of the stimuli and the situation plays an important role on our behaviour. Perception is the critical activity that links the individual consumer to a group, situation and marketer influences.

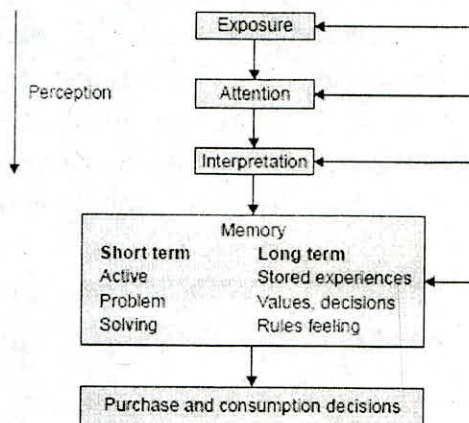


Fig. 2.1 Information processing for consumer decision-making

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. 2.1 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.

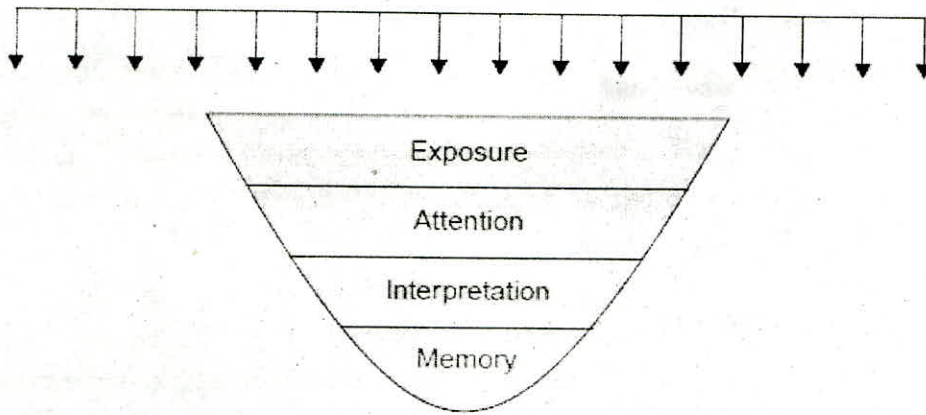


Fig. 2.2 Exposure and memory

The Fig. 2.2 shows that there are many exposures by the marketeers. The individual or the consumer is exposed to only a part of the exposures, some of which is interpreted and little is retained 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.

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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 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.

2.3 PERSONALITY AND SELF-CONCEPT

Personality

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, mannerisms 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.

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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

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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 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.

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 be 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 achievements 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.

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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.

Actual self-concept		Products/media	Desired self-concept	
Private	Social	Services	Private	Social

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 done 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 watch with the brands are expected to be preferred by consumers.

NOTES

Table 2.1

	1	2	3	4	5	6	7	
1. Rugged	—	—	—	—	—	—	—	Delicate
2. Exciting	—	—	—	—	—	—	—	Calm
3. Uncomfortable	—	—	—	—	—	—	—	Comfortable
4. Dominating	—	—	—	—	—	—	—	Submissive
5. Thrifty	—	—	—	—	—	—	—	Indulgent
6. Pleasant	—	—	—	—	—	—	—	Unpleasant
7. Contemporary	—	—	—	—	—	—	—	Uncontemporary
8. Organized	—	—	—	—	—	—	—	Unorganized
9. Rational	—	—	—	—	—	—	—	Emotional
10. Youthful	—	—	—	—	—	—	—	Mature
11. Formal	—	—	—	—	—	—	—	Informal
12. Orthodox	—	—	—	—	—	—	—	Liberal
13. Complex	—	—	—	—	—	—	—	Simple
14. Colourless	—	—	—	—	—	—	—	Colourful
15. Modest	—	—	—	—	—	—	—	Vain

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 as shown in Fig. 2.3. 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.

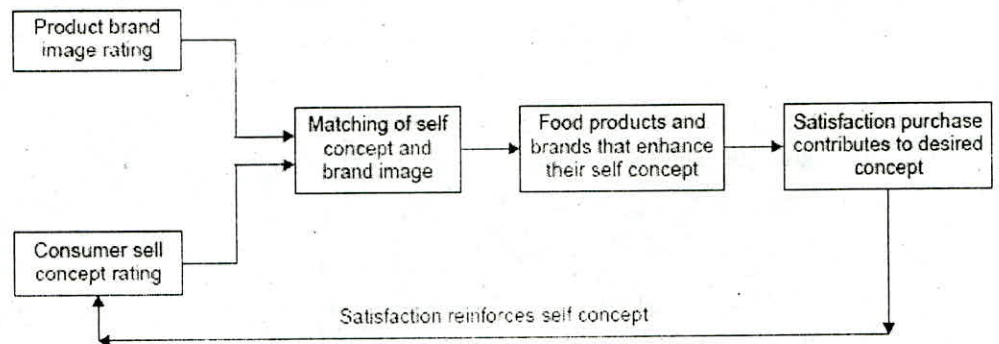


Fig. 2.3 Relationship between self concept and brand image influence

2.4 MOTIVATION

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.

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.

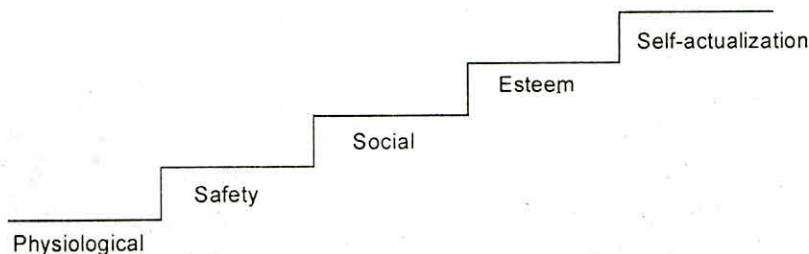


Fig. 2.4 Maslow's hierarchy of needs

McGuire's Psychological Motives

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

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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 advise 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 feelings, attitudes, impressions, etc. For instance, clothing can be a cue to adopt a desired lifestyle. The use of products can be enhanced by providing proper cues 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 fulfilled by 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:** When we buy a product which is appreciated by others, it reinforces our views, our behaviour, our choice and we go in for repeat 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 copy our heroes and our parents and those we admire. We base our behaviour on the behaviour of others. Marketeer's 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.

2.5 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.

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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 are hunger.*
- *Pangs 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.

The Fig. 2.5 shows the consumer characteristics and stimulant characteristics which regulates the type and intensity of processing stimulation are units of energy such as light and sound that excite our sensory receptors.

The acquisition process has the elements shown under it. The sensation may be thought as electric impulse the perceptual coding is done in the mind to the prospects in the forms of symbols, words or images. All the information gathered is integrated or put together to get the outcome. The outcome may be to purchase, or to postpone the purchase for the time being, or to purchase and experience the product and decide to switch to other brand in the future.

The information processed by the stimuli, acquisition, sensation and by encoding goes to the memory which provides a feedable to acquisition, perceptual encoding and to integration of all information.

Information processing is strongly influenced by consumer characteristics. These can be consumer's motives and involvement. Information processing activities do not act independently of each other. Each activity needs to be coordinated and integrated. The vast majority of information processing activities are internal to the consumer therefore they cannot be observed. What can be observed is the number of stores visited and the brands purchased? Situational characteristics play an important role. It can be information overload or may provide very little information.

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

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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.

A Representation Memory System

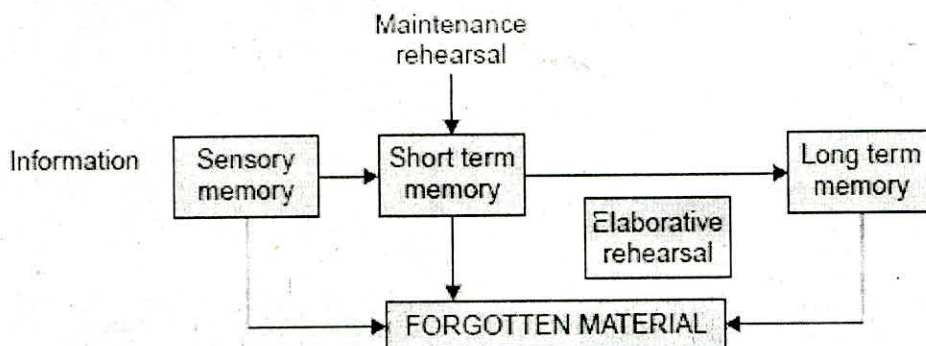


Fig. 2.5

Table 2.2 Characteristics of memory systems

Memory system	Duration	Capacity	Type of coding	Major forgetting mechanism
Sensory memory	Fraction of a second	All that perceptual sensor can deliver	Quite direct representation of reality	DECAY
Short term	Less than one minute	Approximately use terms	Indirect chunking	DECAY
Long term	Upto many years	Almost unlimited	Indirect clustering via meaningfulness	Interference

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2.6 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 Fig. 2.6 *learning is defined as a permanent change in behaviour occurring as a result of past experience.*

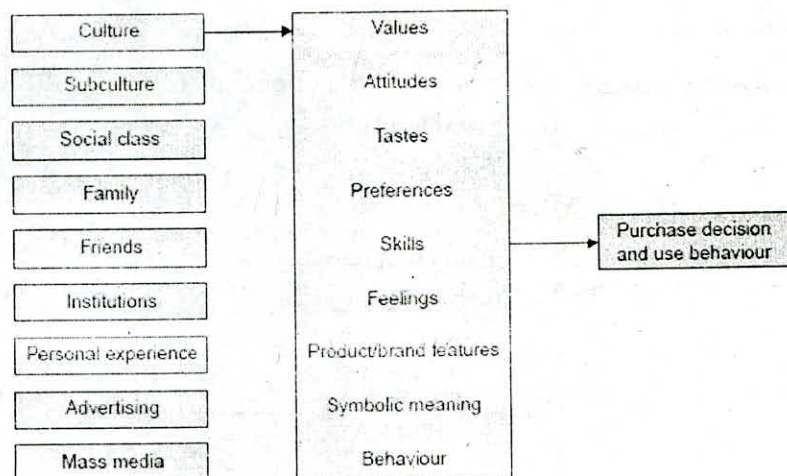


Fig. 2.6

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

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. An imaginary response removes the unpleasant consequence. If a tablet relieves you from a headache you will continue using it because the negative enforcement. 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.

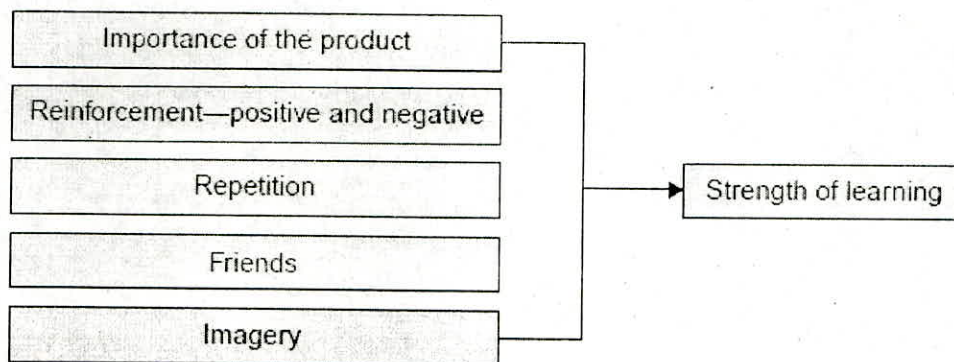


Fig. 2.7 Factors influencing learning

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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.

2.7 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?

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.

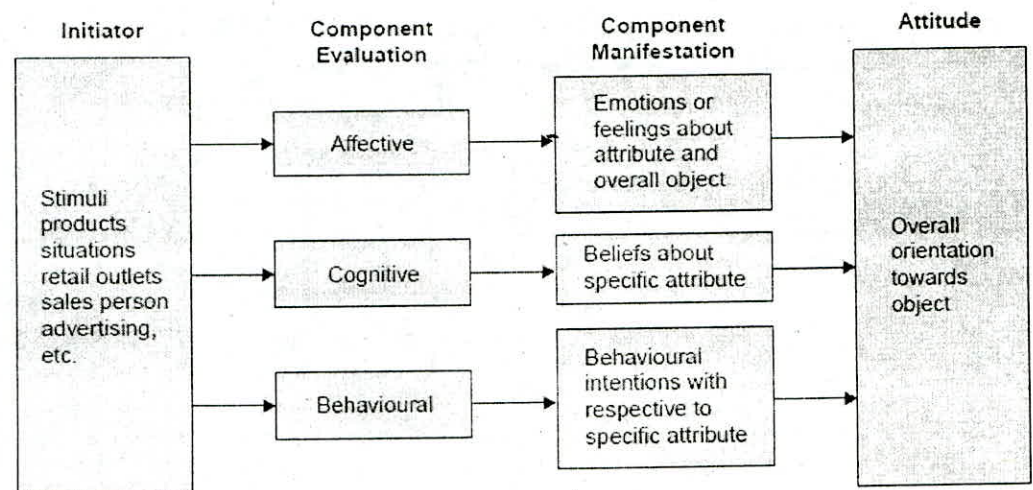


Fig. 2.8 Attitude component and manifestation

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.

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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.

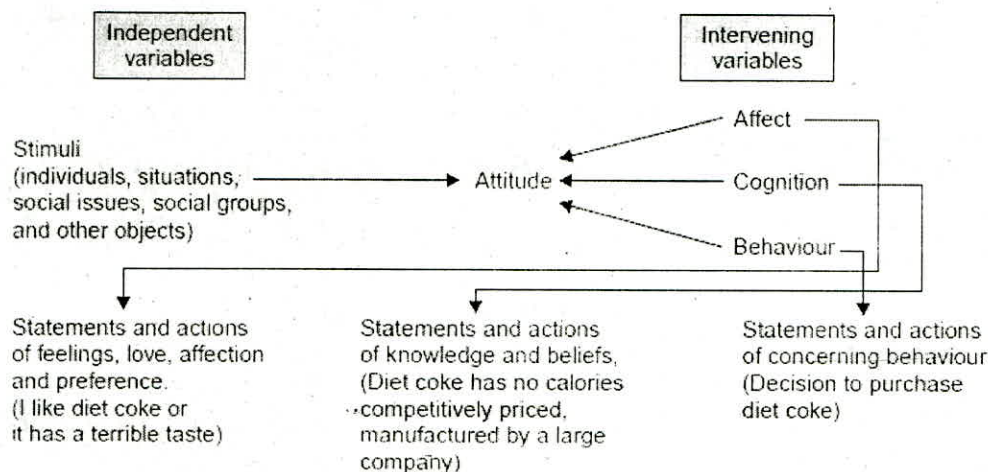


Fig. 2.9 Schematic conception of attitudes

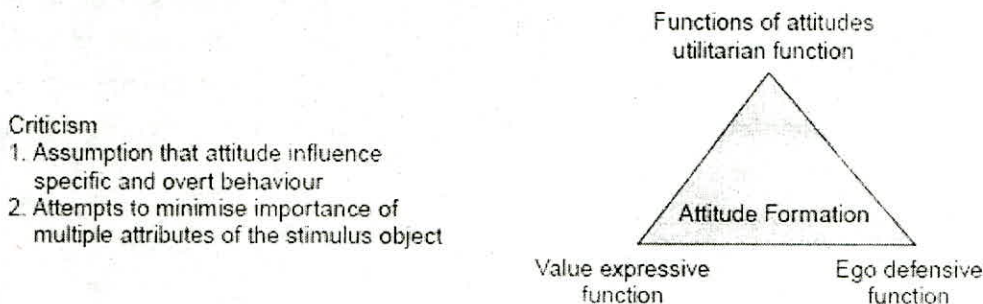


Fig. 2.10

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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.

2.8 HEURISTIC (THE CHOICE-MAKING RULES)

The 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.

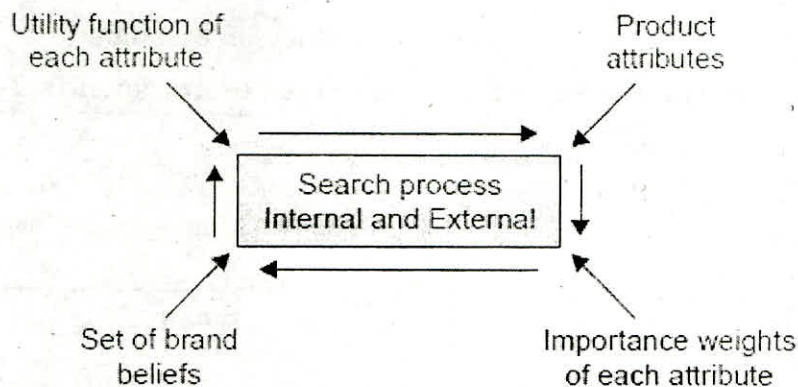


Fig. 2.11 Attributes vary with consumer and are determined by consumer needs

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.

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.

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For a mixer/grinder, a large number of brands are available. This is known as the *total set*.

Awareness Set

The brands one is aware of, as given in Column II of Table 2.3.

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Marketing gains are many

1. *Marketeers find* where their brand ranks in terms of consumer knowledge.
2. It indicates the limits of consumer awareness and recall for the number of brands.
3. *Marketeers know* how to reinforce their efforts to push their brands in the consideration set.
4. Prevent from going into inept set.
5. Provide information to meet expectation of consumer.

Table 2.3 How many brand alternatives to consider?

Example 1 Selection of a mixer/grinder					
I	II	III	IV	V	VI
Total set	Awareness set	Inept set	Consideration set	Choice set	Choice set
singer Phillips Inalsa Solar Maharaja Sumit Bajaj Gopi Jaipan Kanchan	singer Phillips Inalsa	Maharaja Kanchan	Singer Phillips Inalsa Gopi	Singer Inalsa	? Ultimate Choice
Example 2 Selection of a washing machine					
IFB Whirlpool BPL LG Videocon Maharaja Sumit Godrej	IFB Whirlpool BPL LG Sumit Godrej	Videocon Maharaja	IFB Whirlpool BPL LG Sumit Godrej	IFB Whirlpool BPL	? Ultimate Choice
Brands available in the market	Brands potential buyer is aware of	Brands rejected not suitable not available	Brands meeting initial expectation and evaluative criteria	Brands in contention with final choice	Ultimate choice

$$A_o = \sum_{i=1}^n B_i a_i$$

A_o = Overall attitude towards object 'O'.

B_i = Belief of whether or not object 'O' has a particular attribute.

a_i = Importance rating of the attributes. Rated on a 1-5 scale in the example shown.

n = Number of beliefs.

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2.9 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:

- (i) **Economic Man Model:** Customer is characterized as an Economic MAN and he makes 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

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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.

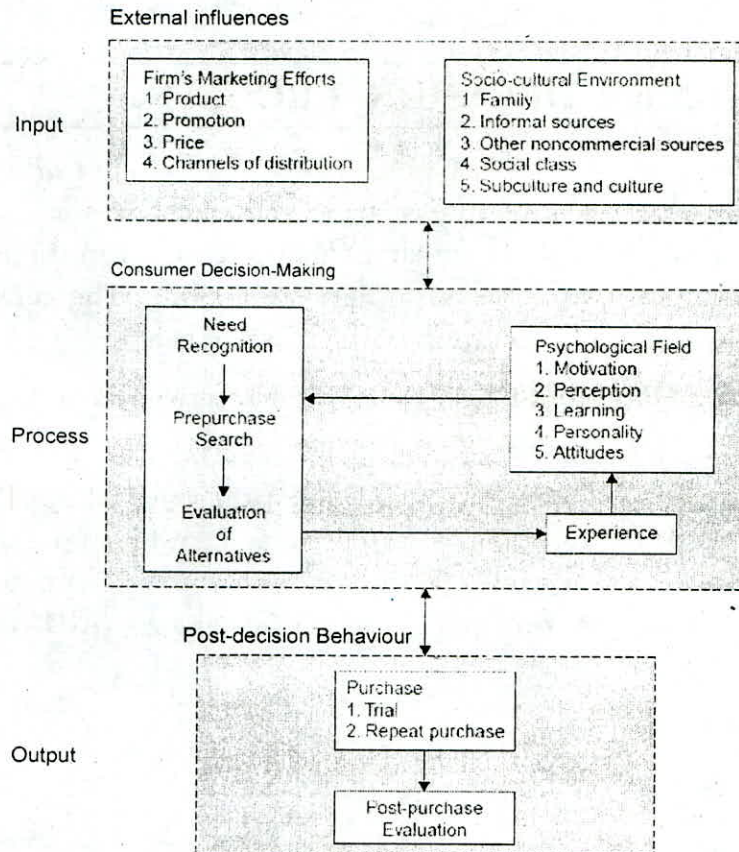


Fig. 2.12 A simple model of consumer decision-making

2.10 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).

The Fig. 2.13 shows three types of decision-making:



Fig. 2.13

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

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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 (all steps shown in Fig. 2.14).

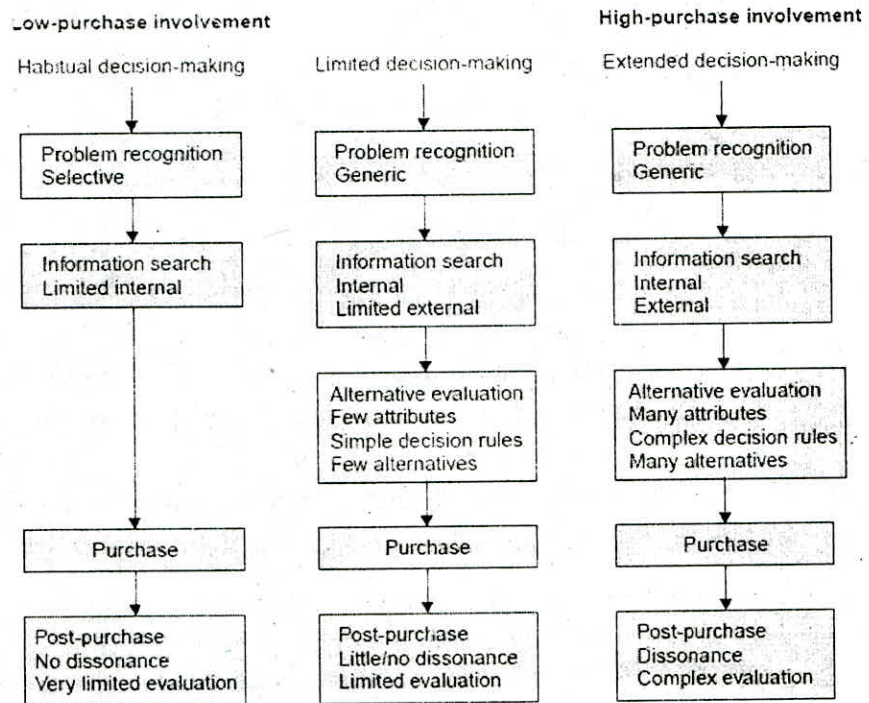


Fig 2.14 A consumer-marketeer nexus

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.

2.11 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.

NOTES

Acquisition Process	Type of Involvement
On going search	Enduring involvement (computer)
Purchase specific search	Situational involvement
Passive acquisition	Low involvement.

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 marketeers 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.
- *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.

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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.

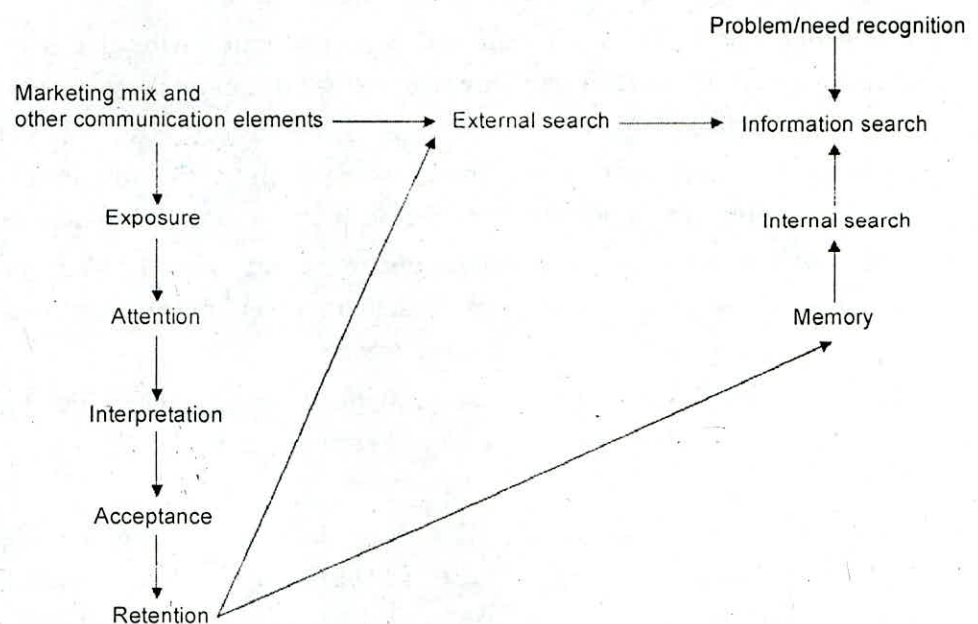


Fig. 2.15 Information search for high involvement consumer durables

Factors Leading to High Information Search

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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 camera 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.

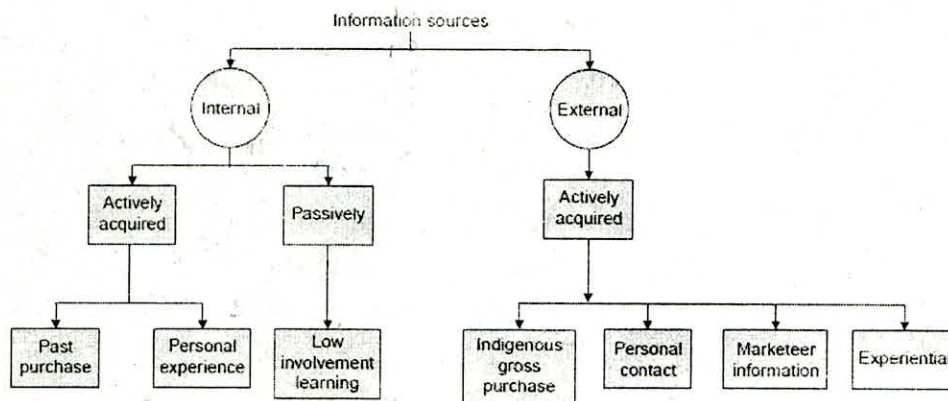


Fig. 2.16 Information sources

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.
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.

NOTES

For external information search, certain measures are taken.

1. Number of stores visited
2. Number of alternatives considered
3. Number of personal sources used
4. Overall or combination measures

Consumers can be classified as:

1. Non-searchers
2. Limited information searchers
3. Extended information searchers

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.

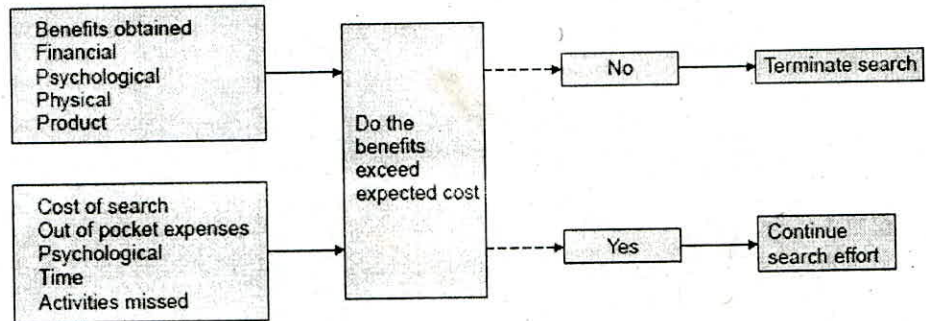


Fig. 2.17 Cost and benefit guide

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 (*see Table 2.5*).

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.

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Table 2.4 Factors that influence cost and benefit

<i>Influencing factor</i>	<i>Effect of increasing the influencing factor</i>
<i>Market character</i>	
Number of alternatives	Increases search
Price range	Increases search
Store concentration	Increases search
Information availability (This includes—advertisements, point of purchase, sales personnel, packaging)	Increases search
<i>Product character</i>	
Price	Increases search
Differentiation	Increases search
Positive products (These are products which the customer enjoys buying like a camera, tennis racket, good food, etc. Negative products, negative reinforcement which the customer avoids; i.e., inoculation, medicine, etc.)	Increases search
<i>Consumer Character</i>	
Learning and experience	Decreases search
Shopping orientation	Knowledge of consumption about existing product
Social status	Increases search
Age and household lifecycle	Age is inversely proportional to search. Also new stage of L.C. requires more search.
Perceived risk	Increases search
<i>Situation Character</i>	
Time availability	Increases search
Purchase for self	Decreases search
Pleasant surroundings	Increases search
Physical/Mental energy	Increases search
Social surroundings	Mixed search
Pleasant surroundings tends to increase search.	

Table 2.5 Sets that lead to choice

Total set	Awareness set	Inept set	Consideration set	Choice set	Choice
Godrej Samsung LG Kelvinator Videocon Allwyn BPL Voltas	Godrej LG Videocon Kelvinator BPL	Voltas Samsung Godrej BPL	LG Videocon Kelvinator	LG Videocon	LG

NOTES

Table 2.6 Marketing strategy based on information search process

Brand position	R.R.B.	Limited D.M.	Extended D.M.
Brand in evoked set (consideration)	Maintenance Strategy	Capture Strategy	Preference
Brand not in evoked set (consideration)	Disrupt Strategy	Intercept Strategy	Acceptance Strategy

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.

2.12 PURCHASING PROCESS AND OUTLET SELECTION

NOTES

As the number of products and brands are increasing in the market, so are the retail outlets, and it becomes very confusing for the customer to choose the retail stores. The selecting of a retail store also involves almost the same process as selecting a brand. A retail outlet relates to a service or a product which caters to the consumer. The retail trade occurs from the stores, but it also occurs from catalogues, direct mail via print media, television and radio. Retailing is also done in weekly markets which are put up in different areas of a city on different days. It is also done from consumer to consumer, by means of various media. It has become very challenging and exciting, both for consumers and marketeers. The consumer may give first preference to the store or the product or, he may give equal importance to both. Sometimes, one prefers a store first, where he can get friendly and logical advice to buy the product, and prefers to buy a product/brand of second priority, if he is assured of proper service and proper guidance, rather than buying a product of his choice on first priority and missing out on other important aspects of purchase. We shall therefore first study the purchase process. This is a decision-making process and consists of 5 steps as shown in the diagram. The steps how separately been dealt in detail in individual chapters.

Consumer Purchase Process

The decision-making process consists of a series of steps which the consumer undergoes. First of all, the decision is made to solve a problem of any kind. This may be the problem of creating a cool atmosphere in your home.

For this, information search is carried out, to find how the cool atmosphere can be provided, *e.g.*, by an air-conditioner or, by a water-cooler. This leads to the evaluation of alternatives and a cost benefit-analysis is made to decide which product and brand image will be suitable, and can take care of the problem suitably and adequately. Thereafter the purchase is made and the product is used by the consumer. The constant use of the product leads to the satisfaction or dissatisfaction of the consumer, which leads to repeat purchases, or to the rejection of the product.

The marketing strategy is successful if consumers can see a need which a company's product can solve and, offers the best solution to the problem. For a successful strategy, the marketer must lay emphasis on the product/brand image in the consumer's mind. Position the product according to the customers' likes and dislikes. The brand which matches the desired image of a target market sells well. Sales are important and sales are likely to occur if the initial consumer analysis was correct

and matches the consumer decision process. Satisfaction of the consumer, after the sales have been effected, is important for repeat purchase. It is more profitable to retain existing customers, rather than looking for new ones. The figure below gives an idea of the above discussion.

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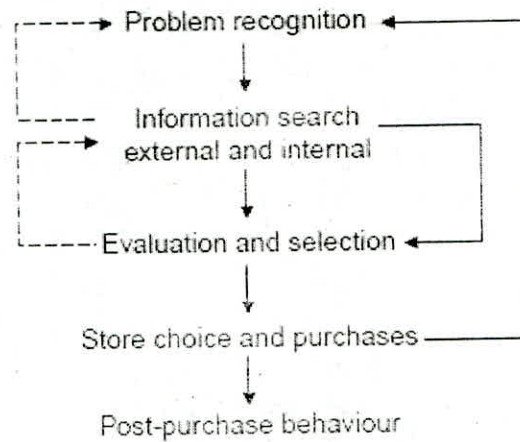


Fig. 2.18 Decision process

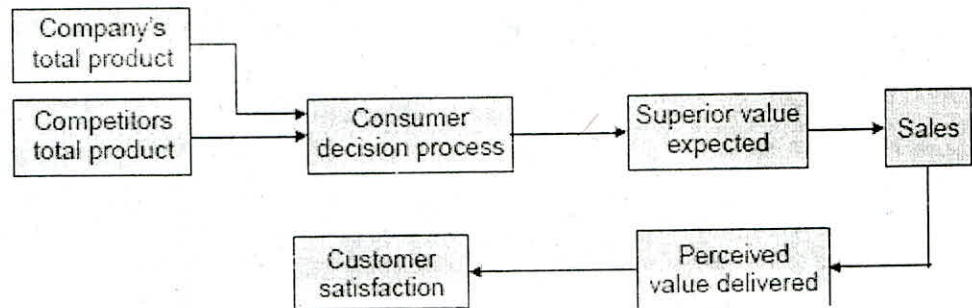


Fig. 2.19 Creating satisfied customers

These are: outlet image, advertising, outlet location and size consumer characteristics.

Outlet Image

It is the perception of the consumer about the store. It concerns all the attributes associated with the store. It can be perceived on the following dimensions.

Table 2.7

Dimensions	Components
Merchandise Service	Quality, selection, style, price, place, sales personnel, easy return, credit and delivery.
Clientele	Types of customers frequenting the store.
Physical facilities	Cleanliness, store layout, shopping ease and attractiveness.
Convenience	Location and parking
Promotion	Advertising, P.O.P. displays.
Store atmosphere	Atmospherics, ambience, fun, excitement, comfort, etc.
Institutional	Store reputation
Post-transaction	Satisfaction

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The table gives dimensions of store image. Marketeers make extensive use of these dimensions to formulate retail strategies. First they try to project a favourable image; secondly they try to group customers with similar wants, and they try to coordinate the two together, to be effective as a retail store. Some stores which try to be "everything to all customers" fail miserably, as their image is not focussed in a proper manner. The target market must be well defined. There can be junior stores, senior stores, veteran stores, feminine stores, low priced stores, elite stores, etc. Some stores concentrate on providing service when it is not available easily. They provide service all round the clock, and give a lot of importance to service. All these aspects create image in the minds of the consumer.

Advertising

Retailers use price advertising and attract people to stores. People usually come to buy the advertised items and also end up buying other products. Sales of additional items is known as *spillover sales*. Price is also an important factor for purchasing the product and, at least three decisions in this regard are necessary:

- How much discount should be given?
- How long should the discount last?
- How should the information be given to the target customer?
- Should preference or comparison price be used?

Consumers perceive price advertisement as reduction in price. Many advertisers project the regular price, as well as the offered price, showing a discount or a substantial savings. Reference price is the price compared with other products on sale. Other factors like product category, brand, initial price level, consumer group and retail outlet is also to be considered in price advertising.

Outlet Location and Size

For the location of the store, convenience is the important factor. The consumers tend to buy from the store that is closest to them. All other things being equal, larger stores are preferred to smaller stores. People will go to smaller stores or nearby stores for minor items, but for purchasing items of high value, or speciality items, people will take the trouble of going to distant places and choose the best.

Location creates an impact on the consumer. Travel time to reach the store is an important factor. If it takes more than 15 minutes to reach the store and if there are traffic jams in the way it is a hinderance or a barrier in the way of shopping for many consumers. The square feet of floor space is also an important factor. Consumers like ample space to move around and want to see the displays and the products closely. Location of the store may not be so much importance to many as may be other variables like the price, the variety, store quality and cleanliness and the ambience of the store. Stores in attractive surroundings are preferred to those in unattractive surroundings.

2.13 POST-PURCHASE BEHAVIOUR

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It is important for the marketer to know whether his product is liked by the consumer or not. He wants the feedback about his product so that corrective action, if necessary, can be taken, and the marketing mix be modified accordingly. Post-purchase behaviour is the reaction of the consumer, it gives an idea of his likes and dislikes, preferences and attitudes and satisfaction towards the product. It indicates whether or not the purchase motives have been achieved. Purchase is the means, and post purchase is the end. Post purchase behaviour indicates whether or not repeat purchases will be made. Whether the customer will recommend the product to others or not. It indicates whether long-term profits can or cannot be expected. All this can be found out by the post-purchase behaviour of the customers. Post purchase is the last phase in the decision-making process as indicated by Fig. 2.20.

The customer while making a decision goes through three phases:

1. Pre-purchase activity which consists of:
 Problem recognition → Information search → Evaluation of alternative
2. Purchase process → { Intention to buy
Situational influences
3. Post-purchase behaviour → { Maintenance
Repair
Usage cost
4. Feedback to the marketer → { Improves the products
Changes the marketing mix
gives more facilities to the consumer

Fig. 2.20

After purchasing a product, a customer is either satisfied or dissatisfied and his satisfaction or dissatisfaction depends on his expectation and the difference between the performance. Expectation gives the degree of customer's satisfaction/dissatisfaction with the product. This is shown in Fig. 2.21.

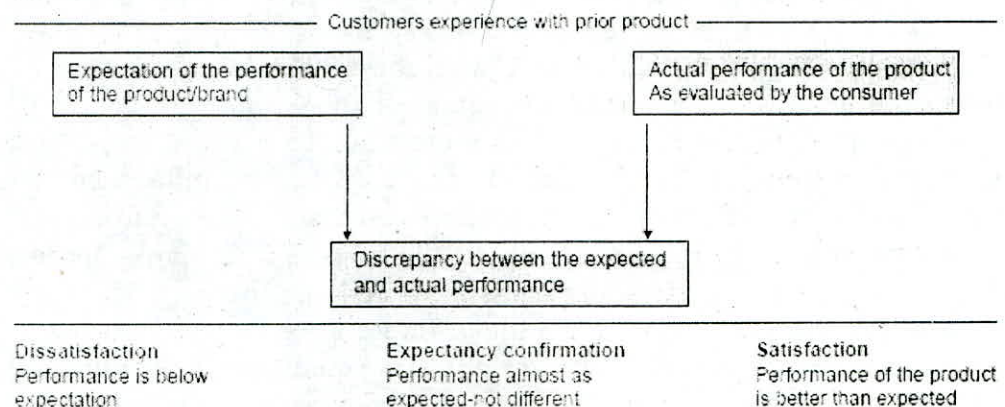


Fig. 2.21

The figure illustrates that if the performance is below expectations the

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customer is dissatisfied. However, there can be a match between the two, *i.e.*, performance is in line with expectation. In another position is the product which surpasses the expectancy level, and performs much better than expected. This is a source of satisfaction and delight to the consumer. Satisfaction or dissatisfaction cannot be generalized, *i.e.*, there is no accepted definition of satisfaction or dissatisfaction. It depends on a number of factors outlined below:

- The presence of a particular factor may cause dissatisfaction. If the same factor is removed, it may not unnecessarily lead to satisfaction. *i.e.*, greasy snacks may lead to dissatisfaction but, the absence of greasiness in the same snacks may not lead to satisfaction.
- If is a cumulative effect of many factors put together, the effect of individual factors cannot be gauged easily.
- Dissatisfaction may as such not lead to any complaint, but the dissatisfaction of a high degree may lead to complaint making of a complaint and, handling of satisfaction or dissatisfaction is a logical process. A person will not complain if he sees no use of doing so or feels that the complaint will not entertained. Also, consumers complain if it is convenient for them to do so. They may not go out of their way to make complaints. Complaining also requires resources, *i.e.*, time, money, knowledge, expertise, etc., which one may not possess. The dissatisfaction by a consumer towards a product may lead to:

- Discontinuing purchase* of those products or brands by which a customer is dissatisfied. If he had been patronising that product which has led to his dissatisfaction, he may change to a new brand or a new product.
- Negative Word of mouth*. He speaks negatively about the product to his friends, peers and associates. Instead of propagating the positive aspects, he starts defaming the product/brand and shows his dissatisfaction openly.
- Lodges a complaint* to the concerned authorities. Consumer Forum is one such agency that entertains such complaints. It may be a time-consuming process and difficult for all dissatisfied customers to resort to.
- Complaints directly* to the seller and gets his claim settled or the product/brand changed according to his liking or agrees for any such settlement.

It is the effort of every firm to produce satisfied customers. This is essential to fight increasing competition. Some dissatisfied customers however remain repeat purchasers, as they do not find a suitable alternative

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or, find that brand readily available and buy it due to force of habit or, because of low price. These purchasers may not be brand loyal. A brand loyal or a committed customer is attached to the brand emotionally. He believes in the firm and trusts the brand. Brand loyalty increases if the performance of the brand is more than the expected performance. In case of committed customers, they believe and have faith in line extension and brand extension of the firm. Committed customers also promote the product by positive word of mouth.

2.14 MODELS OF CONSUMER BEHAVIOUR

We have already seen that there are many factors which influence the decision-making of consumers. There are various consumers models which help in the understanding of consumer behaviour. These are listed below. We shall discuss these briefly:

1. Economic Model
2. Psychological Model
3. Pavlovian Model
4. Input, Process Output Model—Gandhi: Philip Kotler
5. Sociological Model
6. Howarth Sheth Model.

1. Economic Model

In this model, consumers follow the principle of maximum utility based on the law of diminishing marginal utility. The consumer wants to spend the minimum amount for maximising his gains. Economic man model is based on:

Price effect: Lesser the price of the product, more will be the quantity purchased.

Substitution effect: Lesser the price of the substitute product, lesser will be the utility of the original product bought.

Income effect: When more income is earned, or more money is available, more will be the quantity purchased.

This model, according to behavioural scientists, is not complete as it assumes the homogeneity of the market, similarity of buyer behaviour and concentrates only on the product or price. It ignores all the other aspects such as perception, motivation, learning, attitudes, personality and socio-cultural factors.

2. Psychological Model

Psychologists have been investigating the causes which lead to purchases and decision-making. This has been answered by A.H. Maslow in his hierarchy of needs. The behaviour of an individual at a particular time

is determined by his strongest need at that time. This also shows that needs have a priority. First they satisfy the basic needs and then go on for secondary needs.

The purchasing process and behaviour is governed by motivational forces. Motivation stimulates people into action. Motivation starts with the need. It is a driving force and also a mental phenomenon. Need arises when one is deprived of something. A tension is created in the mind of the individual which leads him to a goal directed behaviour which satisfies the need. Once a need is satisfied, a new need arises and the process is continuous.

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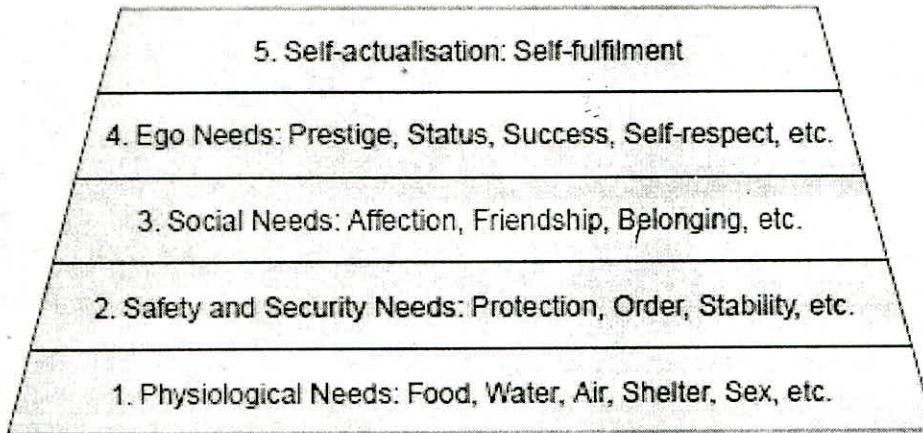


Fig. 2.22 Maslow's hierarchy of needs

3. Pavlovian Learning Model

This model is named after the Russian Physiologist Ivan Pavlov. He experimented on a dog and observed how it responded on the call of a bell and presenting it with a piece of meat. The responses were measured by the amount of saliva secreted by the dog. Learning is defined as the changes in behaviour which occur by practice and, based on previous experience. This is important to marketers as well. The learning process consists of the following factors:

Drive

This is a strong internal stimuli which impels action. Because of the drive, a person is stimulated to action to fulfil his desires.

Drives can be

Drive can be innate (in-born) which stem from physiological needs, such as hunger, thirst, pain, cold, sex, etc. Learned drive, such as striving for status or social approval. Cause are weak stimuli that determine when the buyer will respond. We have:

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(a) **Triggering Cues:** These activate the decision process for any purchase.

(b) **Non-triggering Cues:** These influence the decision process but do not activate it.

These are of two kinds:

1. *Product cues* are external stimuli received from the product directly, e.g., colour of package, weight, style, price, etc.
2. *Informational cues* are external stimuli which provide information about the product, like advertisement, sales promotion, talking to other people, suggestions of sales personnel, etc.

Response is what the buyer does, i.e., buys or does not buy.

Reinforcement

Thus, when a person has a need to buy, say clothing, and passes by a showroom and is attracted by the display of clothing, their colour and style, which acts as a stimulus, and he makes a purchase. He uses it, and if he likes it, an enforcement takes place and he is happy and satisfied with the purchase. He recommends it to his friends as well, and visits the same shop again. Learning part, thus is an important part of buyer behaviour and the marketer tries to create a good image of the product in the mind of the consumer for repeat purchases through learning.

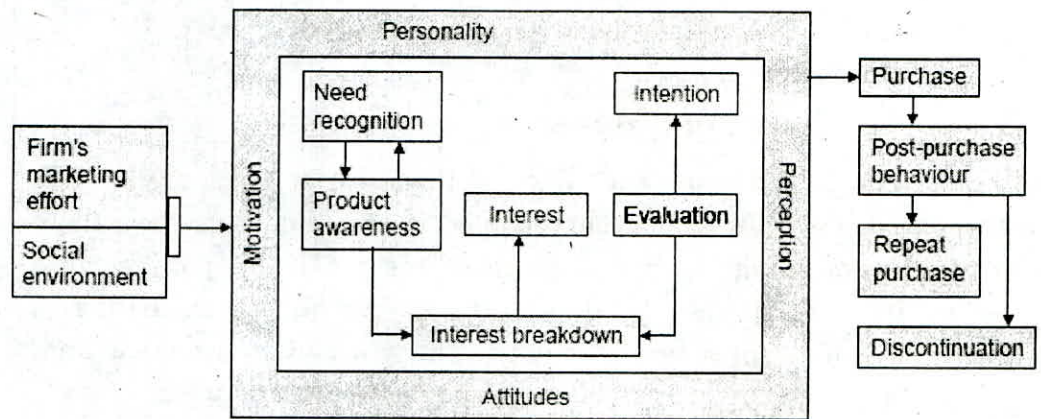


Fig. 2.23 Input, process and output model

4. Input, Process and Output Model

This is a simple model of consumer behaviour, in which the input for the customer is the firm's marketing effort (the product, price, promotion and place) and the social environment. The social environment consists of the family, reference groups, culture, social class, etc. which influences the decision-making process. Both these factors together constitute the input in the mind of the consumer.

Need recognition

When one is aware of a want, tension is created and one chooses a product to satisfy his needs. There is also a possibility that a person may be aware of a product before its need is recognized. This is indicated by the arrows going both ways from the need to the product and vice-versa.

Product awareness

Product awareness can be had from advertisement or exposure to different types of media or by the social circle. The awareness and the need leads to the building of interest. In some cases, the interest may also breakdown and, the decision process also stops or may be postponed for the time being.

Evaluation

Evaluation may consist of getting more information about the product and comparing and contrasting it with other products. This can be done theoretically or by taking a trial. Once the evaluation is completed, the consumer's interest may either build up and he has intentions to buy, or he may lose interest and the decision process may again stop or be postponed.

Intention

Once there is intention to purchase the product, the consumer goes ahead and acts or purchases the product. Once the product is purchased, it is used to fulfil the need and, the more the product is used, the more the consumer becomes aware of the positive and negative points of the product.

Post-purchase behaviour

If, after the purchase and use of the product the customer is satisfied, he is happy and goes in for repeat purchases or recommends the same to his friends and acquaintances. If, however, the customer is dissatisfied, he discontinues further purchase of the product and builds a negative attitude towards it, which may be harmful to the company.

The post-purchase behaviour is very important for the marketer and the company because it leads to proper feedback for improvement and maintaining the quality and features desired by the product. If the customer is very happy with the purchase, he forms a good impression about the product and the company.

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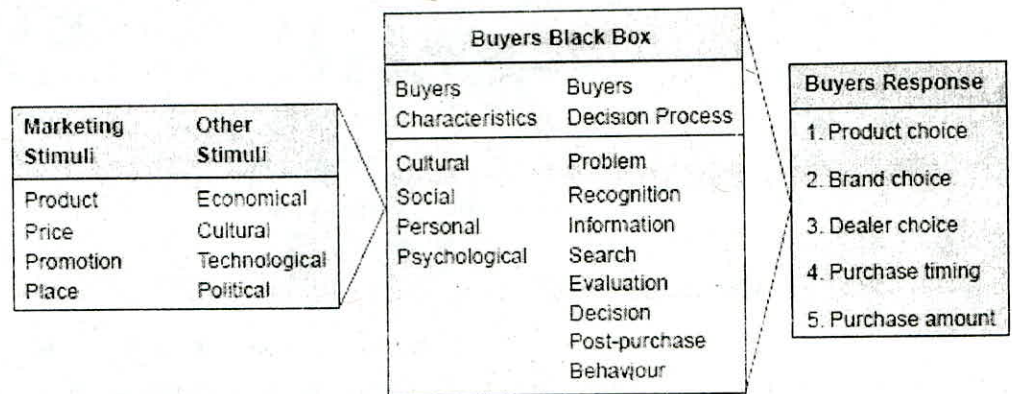


Fig. 2.24 Buyer's black box model

The above figure shows three stages in terms of stimuli buyer's black box and buyer's response. The consumer gets the input from the marketing effort of the firm (4 Ps) and the other stimuli. This input is processed in the mind (Black Box), which constitutes the characteristics of the buyer and the process of decision-making. Once the buyer has decided to buy then, he responds in terms of his choice of product, brand, dealer, timing and amount. The post-purchase behaviour of being satisfied or dissatisfied is also important, and is shown in the decision-making process.

5. Sociological Model

This is concerned with the society. A consumer is a part of the society and he may be a member of many groups in a society. His buying behaviour is influenced by these groups. Primary groups of family friends and close associates exert a lot of influence on his buying. A consumer may be a member of a political party where his dress norms are different. As a member of an elite organization, his dress requirements may be different, thus he has to buy things that conform to his lifestyles in different groups.

6. Howarth Sheth Model

This model is slightly complicated and shows that consumer behaviour is complex process and concepts of learning, perception and attitudes influence consumer behaviour. This model of decision-making is applicable to individuals. It has four sets of variables which are:

- (i) Input
- (ii) Perceptual and learning constructs
- (iii) Outputs
- (iv) Exogenous or external variables.

Input

Some inputs are necessary for the customer for making decisions: These inputs are provided by three types of stimuli as shown in Fig. 2.25.

- (a) *Significative stimuli*: These are physical tangible characteristics of the product. These are price, quality, distinctiveness, services rendered and availability of the product. These are essential for making decisions.
- (b) *Symbolic stimuli*: These are the same as significative characteristics, but they include the perception of the individual, *i.e.*, price is high or low. Quality is upto the mark or below average. How is it different from the other products, what services can the product render and, what is the position of after sales service and how quickly or easily is the product available and, from where?
- (c) *Social stimuli*: This is the stimulus provided by family, friends, social groups, and social class. This is important, as one lives in society and for the approval and appreciation of the society, buying habits have to be governed.

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Perceptual and learning constructs

These constructs are psychological variables, *e.g.*, motives, attitudes, perception which influence the consumer decision process. The consumer receives the stimuli and interprets it. Two factors that influence his interpretation are stimulus-ambiguity and perpetual bias. Stimulus ambiguity occurs when the consumer cannot interpret or fully understand the meaning of the stimuli he has received, and does not know how to respond. Perceptual bias occurs when an individual distorts the information according to his needs and experiences.

These two factors influence the individual for the comprehensions and rating of the brand. If the brand is rated high, he develops confidence in it and finally purchases it.

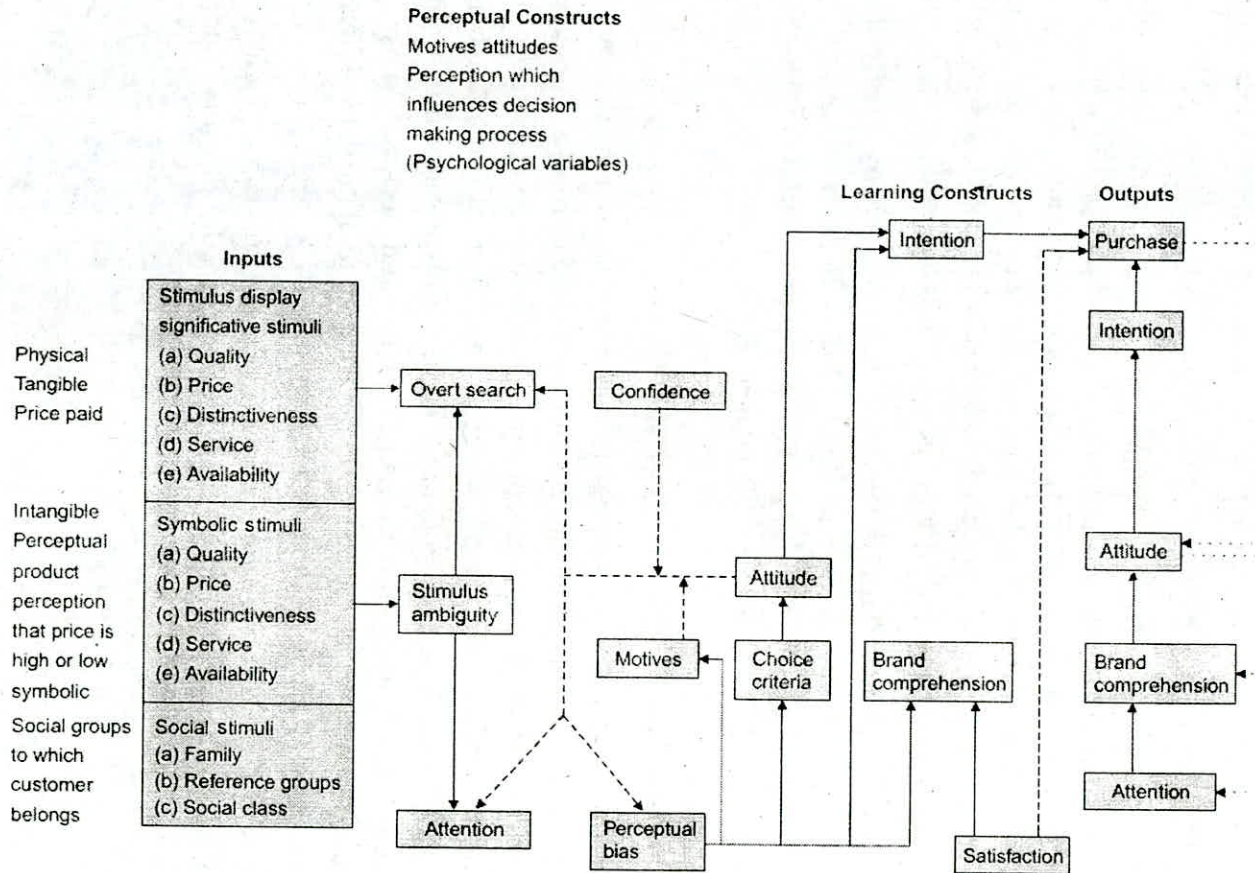


Fig. 2.25 Simplified version of the Howarth Sheth model of buyer behaviour

Output

By output we mean the purchase decision. After purchase there is satisfaction or dissatisfaction. Satisfaction leads to positive attitude and increases brand comprehension. With dissatisfaction, a negative attitude is developed. The feedback shown by the dotted line and the solid lines shows the flow of information.

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Exogenous or external variables

These are not shown in the model, and do not directly influence the decision process. They influence the consumer indirectly and vary from one consumer to another. These are the individual's own personality traits, social class, importance of purchase and financial status. All the four factors discussed above are dependent on each other and influence the decision-making process. The model though complicated, deals with the purchase behaviour in an exhaustive manner.

2.15 CONSUMERISM

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, skeptical and critical. Therefore, marketers 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 sellers."

Consumer problems can be associated with hospitals, libraries, schools, police force and various government agencies as well as with other business manufacturing and distributing durable, non-durable, industrial goods and service products.

There are many causes or *roots of dissatisfaction* of consumers, which gave rise to consumerism. They can be listed as under:

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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 Organization*: 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.

2.16 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 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 cheaper stuff to increase the weight of the product, like adding 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 sellers 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 a 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 there 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.

The subject of the present chapter is to highlight how far a consumer is safeguarded by the existing legal provisions, and what were the

NOTES

reasons for the passing Consumer Protection Act, 1986. Consumer is a person who has ability to pay for the product, who possesses the power to make the buying decision. Therefore, consumer is designated *asking of the market*.

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In spite of existing enactments like the Weights and Measures Act, 1956, Essential Commodities Act, 1955, Prevention of Food Adulteration Act, 1954, MRTP Act, 1969, Sale of Goods Act, 1930 and others having bearing on consumer's right, the consumer's rights were being violated. Under law of nature or, law of the jungle, big fish eats the small ones. The persons in power if not put under legal limitations will repeat the system in which big fish eats the small one. An orderly society where rule of law prevails, brings peace and prosperity.

The consumer protection Act, 1986 has provided a legal umbrella to safeguard the interests of consumers and to give them cheap and speedy justice. In order to know the significance of the consumer protection Act, 1986, a bird's eye view of the provisions may be made, and then it can be assessed whether the enactment has really given relief to the consumer.

Aims and objective of the Act: In the statement of objects and reasons it is said that since the Act seeks to provide speedy and simple redressal to consumer disputes, a quasi-judicial machinery is sought to be set up at the District, State and Central levels. These quasi-judicial bodies will observe the principles of natural justice, and have been empowered to give relief of a specific nature and wherever appropriate, compensation to consumers. Penalties for noncompliance of orders given by the quasi-judicial bodies have also been provided. It shall be the duty of consumers councils to promote and protect the rights of the consumers. In Section 6 of the Act, a provision for consumers councils has been made. It provides a list of the rights of consumers. They are:

- (i) *Protection against hazardous goods:* This right is generally taken care of under the law of Tort and since the time of *Donohue vs Stevenson*, where remains of a dead snail emerged from the bottle, and the customer had already taken a part of the content, aggravating her illness, and the manufacturers were held liable to the distant user. Now it has become an established principle that, producer providing goods in the market would be liable to the ultimate user, if his person or property is injured in the normal use of the goods. The consumer is assured by this Act, that if he has been victimised into purchasing goods which have injured his person or property, he will have a speedy and effective remedy under the redressal hierarchy constituted under the Act, for example, adulterated food is dangerous to life and weak cement is dangerous to property,

and who-so-ever would supply such items in the market, shall be liable to the consumer. The consumer wants safety standard to be provided in the use of product and its consumption. It can be the use to appliances. The leak in Gas Cylinders. Safety in the use of electric appliances etc.

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- (ii) *Right to information*: The right to be informed about the quantity, quantity potency, purity, standard and price of goods which the consumer buys, has been given to the consumer to protect him against unfair trade practices. *The case of Consumer Protection Council vs. National Dairy Development Board* (1991) demonstrates the significance of this right. In this case, the complainant wanted to know in what way the Dairy Board was using imported Palmolene oil, and the Board was refusing to furnish the information, on the ground that, Boards were prevented from disclosure in public interest. Without that information, the complainant was not able to make out his case. It was held that the consumer had the right to the requisite information. The consumer must not be given wrong information or mislead about any products. All ingredients on the label of the package be printed. Sometimes, the comparative advertisings becomes deceptive. A group of law students in America designated themselves as SOUP (Stamp out unfair practices). They were also concerned to wipe out the impression created false advertising earlier in the minds of the consumer. This was done by correct advertising.

2.17 ORGANIZATIONAL BUYING BEHAVIOUR

Organizational buying is a complex process of decision-making and communication. It takes time, involves several members and considerations. Robinson, Faris and Wind have identified eight steps in organizational behaviour.

1. Need recognition
2. Definition of characteristic and quantity needed
3. Development of specification to guide the procurement
4. Search for and qualification of potential sources
5. Acquisition and analysis of proposals
6. Evaluation of proposals and selection of suppliers
7. Selection of an order routine
8. Performance feedback and evaluation.

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Example Illustrating the Eight Steps in Organizational Buying Behaviour: Need recognition is the first step while making a purchase decision. The need may be for a machine which could bring efficiency in production or packing. It can be to provide a cool and comfortable working climate in the office. It may be a transportation need or, any requirement which is essential to carry on with the day-to-day work. The need can be fulfilled by various alternatives. A transportation need can be fulfilled by a scooter, a car, a mini truck or a van or any other way. Working cool climate can be provided by an air cooler or an air conditioner. A packing machine can be manual, semi-automatic or automatic. Once the need is identified by a purchase committee, which may consist of the purchase officer, general manager, production manager and others, the type and quantity of the item needed are specified, *i.e.*, the number of pieces to be bought. While specifying these, economic consideration are also important depending upon the work and economy of the company or firm.

Once these things have been decided, quotations are asked for or, tenders are floated and the offers given by various interested parties which are then scrutinized and analyzed on a number of criterion. These may be:

1. Past reputation of the manufacturer.
2. The efficiency of the machine, the durability, economies of working, the design, etc., are considered.
3. Delivery period.
4. Terms of payment.
5. Guarantees given by the company.
6. Price.
7. After sales service, etc.

On the basis of the above a few firms are short listed and then again reviewed. In certain cases there are recommendation by very high authorities which cannot be ignored. Although the order may have been decided in favour of a supplier, but recommendations and other factors may change the decision in favour of another supplier. If supplies are to be spread over the whole year or an extended period of time, an *order schedule* is prepared, instructing the suppliers to make supplies at required intervals of time. From the above example it is clear that organisational buying differs from consumer buying in many ways. Organisation buying has its own characteristics, as given below:

1. *O.B. is a multi-person activity:* It is done by a team consisting of some important people in the organization. These people come from many backgrounds and have different view points and notions which have to be integrated. They have different qualifications

and hold different positions in the organizational hierarchy. They can be referred to as the buying centre, and play different roles.

User: The person who actually uses the product, like the person using the typewriter, computer, or the production department.

Influencer: The people who influence the buying like the purchase officer, the production manager, the design engineer, etc.

Decider: The committee appointed for purchases who decides what product and what quantity is to be purchased.

Gate Keeper: Those who control the flow of information within the organization.

Specifiers: These are the consultants or design people who develop the specifications of the product, or of the services required.

It is a formal activity: Unlike consumer behaviour, organizational buying is a formal activity, where rules and procedures are laid down. There is also a formal contract between a buyer and a seller. The terms and conditions of payment are also laid down. The time of supplies are also specified. There is a larger time lag as compared to consumer buying: As all procedures are to be followed, it takes much longer. The deciding of the purchase, quality, quantity and adherence to rules and regulations, the delivery of product, etc., may take quite sometime.

2. *It is a formal activity:* The purchases are made according to certain procedures, rules and regulations. Sometimes quotations are asked for, and for higher amounts of purchases, tenders may be floated. These have to be given proper importance by advertising in news papers or by proper publicity. These are formally opened before a committee constituted for the purpose. Many aspects are looked into, but an important consideration is also the money or, the cost that is quoted for the product. All the activities are carried out in a judicial manner and with the consent of the committee.
3. *It is a rational but emotional activity:* By this we mean that we are dealing with people who are human beings and those who are dealing are also human beings. This gives rise to emotions and no matter how rational we tend to become, it is the human element that also comes into play, and many a time the order goes not to the most deserving candidate, but could tilt in the favour of somebody who may have connections, which may be political, or on the basis of friendships and relationships.
4. *There is a longer time lag between efforts and results:* In individual buying, the sales and the purchase may not last more than a few minutes, but in industrial buying, a lot of procedures have to be

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followed. These procedures lead to time delays. It takes long to ask for quotations and tenders—once all the tenders have been submitted, a date is fixed for opening the tenders, which is intimated to the parties concerned. Later the order is placed. The order takes a long time to complete as it is mostly a bulk order. Once the order is supplied, many times in instalments, the payment also takes time, and may get held up for many reasons. Thus, there is a time lag between the effort and the results.

5. *Uniqueness of the organization:* Every organization is unique in some way or the other. Some are partnership firms, others could be private limited and public limited companies. They have their own structure and their distinct culture. Their objectives, resources and nature of buying is different. Some firms like to pay cash, some always ask for credit. Others also pay in advance, some have limited resources, some have abundant resources. These influence the nature of buying as well. The objectives of a company could be to keep in tune with the modern times. Others may stick to traditional methods, some are willing to change and welcome it, others resist change. These and other differences of the company influence organizational buying in a big way.
6. *There are fewer industrial buyers than individual buyers:* For example, a firm produces medicine which is bought by many individuals, or a firm making cosmetics is used by thousands of individuals.
7. The industries buy in bulk in huge amounts, whereas, individual consumers buy in lesser and in smaller quantities.
8. Most industrial buyers are geographically concentrated in an area. We have industrial estates of industrial houses, where most industries are concentrated.
9. *Reciprocal buying:* In this we follow the principle of “you buy from me, I buy from you.” The manufacturer buys raw material from the suppliers who sell his products as well.
10. *Middlemen role is reduced:* In organizational buying, the manufacturer mostly sells directly to the user or, the channel path is very small as compared to consumer buying.
11. Demand of industrial goods is dependent on the demand of the consumer. It could be called derived demand. When there is a baby boom (more children are born) the demand for baby products increases.
12. *Inelastic demand:* Price changes do not make much difference in the demand. If the cost of cigarettes increase, smokers will buy

cigarettes any way. Similarly, people need to fulfil their genuine requirements irrespective of the change of price.

Organizational Customer

We need to understand the organizational market. For making a car, many components are required, to market help of a distribution channel is required. It is a chain.

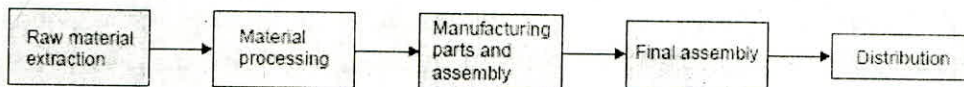


Fig. 2.26

The area is very vast and heterogeneous. Organizational marketing or “ghost” organizational customer, as the customer is huge and unlimited. There are many types of organizations with different classifications. These require different types of raw materials. In manufacturing a car one needs all types of material. Iron sheets to wires, to screws, bolts, iron strips.

Electrical gadgets, battery, glass windows and screens, rubber goods, aluminium goods and, hundred of other materials. The suppliers of these materials also require raw materials for their use. Hence, there is an endless chain of suppliers of raw materials. What is a finished product for an industry, can become raw material for the other industry?

Organization can be classified as

- *Industrial*—Industries are scattered all over the country, and they constitute all organizations involved in manufacturing, assembling, fabrication, etc.
- *Institutional*—These organisers cover universities, hospitals, distribution firms, advertising firms.
- *Government organization*—Like the PWD, the DGS and D organizations several collecting organizations, several boards and government administrative organizations.
- *Public organization*—Post, telegraph, and telecommunication, water works, health organizations.
- *Private organization*—There are many other firms in which the organization exists. These are: *Mining and extractive industries*: These include Coal India ONGC, Hindustan Copper Limited, industries involved in extraction from ore. *Material processing industries*: Tata Steel, Steel Authority of India, Bharat Aluminum Company (BALCO), Hindalco, etc. *Manufacturing of parts and assembly*: General Electric Company, Larsen Turbo, Kirloskar,

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MICO, Bharat Forge and many other industries involved in making parts and assembly. *Final assembly*: Local brands of cooler manufacturers, shelves, cupboards, trays, tables, chairs, TV manufacturers, truck manufacturers, computer manufacturers.

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Distributors

These firms undertake the distribution of various goods, and many products are marketed by them. These include consumable goods, office goods, food products, bearings, tubes, electrical appliances. They may be in the form of marketeers, distributors, agents, middleman or agents.

2.18 FACTORS INFLUENCING ORGANIZATIONAL BUYING

There are a number of external and internal environmental factors that directly or indirectly affect organizational buying behaviour. Economic factors are considered very important for organizational buying. Strong personal relationships also play a very important role in organizational buying. Other factors are political influences that are dominant. Organizational buying is also situational and situations play an important role. Most thinkers feel that these influences can be grouped under four major headings.

1. External Environment Factors

Under this heading we have social, political, legal, cultural, economic factors that interact with each other, for example, they could be power shortages, credit squeezes, political and economic changes, which govern many of the rules regulations. The shortage of raw materials, excessive tariffs and taxes on a particular item. These affect the buyer behaviour and the industry has to adapt itself to these changes. Competition in the market has to be studied, and strategies designed to outdoor fight the competition in a proper manner.

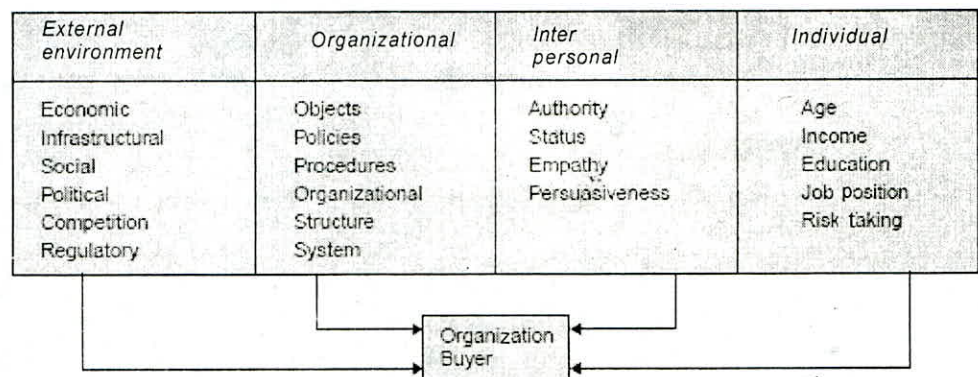


Fig. 2.27

2. Organizational Factors

An organization is purposefully created and deliberately structured to attain specific objectives. These objectives and policies differ in every organization. Every organization had a climate and culture of its own. The organization is interested in selling its products to the industries who have a "buying centre" or, a group of people who have the authority to buy. The marketeer of industrial products thus wants to know who constitutes this "power centre". How many people are involved in it? What are their specific requirements? What is their bent of mind or attitude towards the products? What are their likes and dislikes and, what is their criteria of evaluation and, what are the company's policies and procedures, for placing bulk orders?

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3. Interpersonal Factors

The buying centre consists of a number of persons who are involved in buying. It is an inter personal activity. Those people come from various levels of the organization. They have different backgrounds, different expertise, different values and considerations. They play different roles and make the buying more complex. In some cases this leads to a conflict, which has to be solved, and a uniformity and harmony is made to prevail between different members involved in buying. This can be done by the following:

1. **Problem solving approach:** Where various alternatives are considered and discussions and deliberations takes place. This should be done in a rational manner and, them conflicts can be resolved.
2. **Persuasive:** In this method of conflict resolution, the parties are persuaded to take a different view by reducing the importance of a criteria over the other. The objectives of the organization are given more importance than the objectives of the departments. It is the overall objectives, that must be considered, and the objectives of the various departments and members be unidirectional.
3. **Bargaining:** This is another method of resolving conflict amongst members. In bargaining, a little give and take is required *i.e.*, in new buying situations there arises a lot of difference in goals and objectives. In this method, the decision of a party is agreed upon with the promise of reciprocity in the future.
4. **Politicking:** This is a negative approach of resolving the conflict. Here parties spread false charges, or cast aspersions on others. They resort to unhealthy tactics. This is considered as a non-rational method to resolve a conflicting situation.
5. Each member has a unique personality and experience. His own

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perception depends upon his age, income, expertise, job position and his attitude towards risk. With more experience, one takes more distinguished and mature decisions. Organizational buying is big buying, which involves risk and the perception of risk is very important.

Factors that Affects Risks

(a) *Characteristics of the purchase problem*

- Size of the expenditure (rupees)
- Degree of novelty contained in buying
- Degree of product essentiality
- Factors provoking purchase

(b) *Characteristics of the buyer (general and specific)* Buyer's self-confidence and experience, degree of technical and professional affiliation.

(c) *Organizational environment*

- Size and financial standing of customer
- Degree of decision centralization
- Degree of decision reutilization

(d) *Management of perceived risk:* There are two types of risks involved:

Performance risk: When the products fail to perform. A rolling machine not able to perform on the specified thickness of metals. A life pump not performing upto expectations. An aerosol spray not functioning satisfactorily.

Psychological risk: This risk arises when a person is held responsible and accountable for the decision taken by him. Performance and Psychological risk are associated with the wrong choice.

This leads to four types of risks as shown in Fig. 2.28

External uncertainty	External consequence
Internal uncertainty	Internal consequence

Fig. 2.28

These risks can be reduced by purchasing from familiar suppliers. Risk can also be reduced by placing orders on high credibility suppliers in new buying situations. It is necessary that industrial marketeers must understand the perceived risk, and methods to minimize them. This is necessary to formulate effective sales strategies.

2.19 ORGANIZATION BUYING SITUATIONS

An organization buys a variety of products and services. These may include a variety of items, some of these are mentioned:

Raw material: Steel, aluminium, iron ore, etc.

Major capital items: Machinery, plant, etc.

Minor capital items: Pumps, valves.

Fabricated components and parts, and auto-assemblies: Castings, forgings, small parts of iron, rubber, plastic, etc.

Processed chemicals: Fluxes for melting, powders, chemicals.

Consumables: Lubricating oils, electrodes, fuel, gas, etc.

Office equipment: Paper, copier, typewriters.

Services: Transport, travel, touring, etc.

Basically there are three types of buying situations, according to Robinson, Fari's and Wind.

Straight rebuy situations

In this routine, orders are placed for office supplies, raw materials, other items of daily use, where the supplier is known and a procedure is already laid down, which is followed in a routine manner.

Modified rebuy situations

Buyers may change or modify the product according to the situation, e.g., nylon rope for ordinary rope. Plastic washers in place of steel or brass washers, aluminium instead of copper, hydraulic in place of mechanical. This may be done for economic consideration, or for the ease of procurement, or to modify or change the product. The change may also be due to external or internal environmental changes.

New task

When a task is performed, items may be bought without previous experience and for the first time. These could be new machines like computer or Fax machines. The need for such a product may not have occurred previously. For a new task, a new set up and new items are necessary, which may not have been purchased before.

Fisher gave a model and identified two factors for buying decisions. These are product complexity and, commercial uncertainty. This gives a combination of four situations as shown follows:

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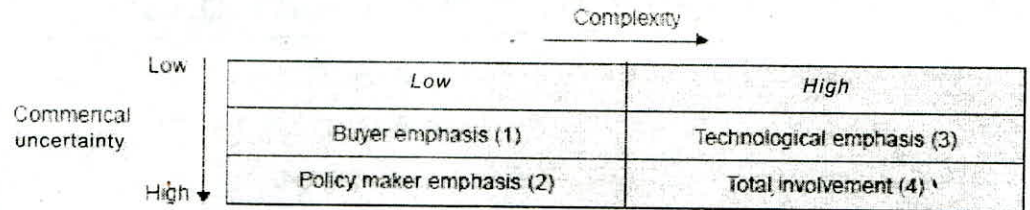


Fig. 2.29 Fisher's model

Table 2.8 Product complexity and commercial uncertainty can further be shown as under:

Table 2.8

Product complexity low	High product complexity	Low commercial uncertainty	High commercial uncertainty
Standard product Technically simple Established product	Different product Technically complicated New product	Low investment Small order Short term commitment Small effect on profitability Easy to forecast	High investment Large order Long term commitment Consequential adjustments required Large effect on profitability Hard to forecast
Previously purchased Easy to install No after sales service	Not purchased previously Difficult to install After sales service required frequently		

The four quadrants shown above require different emphasis as shown below:

In quadrant (No. 1): There is low complexity and low uncertainty, in such a situation Buyer emphasis must be given.

In quadrant (No. 2): There is high uncertainty and low complexity, in such a situation policy makers emphasis is required.

In quadrant (No. 3): There is low uncertainty and high complexity, in such a situation there should be technological emphasis.

In quadrant (No. 4): When both uncertainty and complexity is high, there should be emphasis on total involvement with the product.

Selection of a Supplier

In industrial buying, there are many considerations for selecting a supplier. Some suppliers are old suppliers and already listed and registered with the establishment. Other suppliers are also considered. They are considered on a number of criteria. These are:

1. Price.
2. Reliability of delivery dates.
3. Quality of the product and maintenance of quality.
4. Suppliers reputation in the market.
5. Quick response to the needs of the customer.

6. Capability of the supplier to supply regularly on increase on demand.
7. Supplier's flexibility.
8. Consistency in dealing with supplies.
9. Rejection rates.

All these attributes are considered and the supplier is very carefully chosen. If the supplies are delayed the business fails, which is not tolerated by any organization.

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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 market place. 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 consumers 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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GLOSSARY

- Trait: Is a predisposition to respond in a particular way?
- Emotions: Are 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

1. 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. Discuss and illustrate the Input, Output Process Model by means of a diagram.
18. Discuss the model of family decision-making and its importance.
19. How is industrial buying different from individual buying? Illustrate by means of an industrial buyer model.
20. What is the need to protect the consumer?
21. Describe in brief the duties of manufacturers, sellers and other service agencies towards the consumers.
22. Outline the steps in the organizational buying behaviour. How do these differ from customer buying?
23. Illustrate with an example the organizational buying highlighting the characteristics of organizational buying.
24. Discuss the main characteristics of organizational buying.
25. What do you understand by an organizational customer? Why is it called a Ghost?

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FURTHER READINGS

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★ STRUCTURE ★

- 3.0 Learning Objectives
- 3.1 Introduction
- 3.2 Communication
- 3.3 Process of Communication
- 3.4 Integrated Marketing Communication (IMC)
- 3.5 IMC Promotion MIX
- 3.6 Factors Contributing in IMC
- 3.7 Marketing Communication
- 3.8 IMC Management and Planning Process
- 3.9 Finacizing and Implementing the IMC Plan
- 3.10 Challenges in IMC
- 3.11 Promotion MIX
- 3.12 Supportive Communication
- 3.13 E-Commerce and Marketing Communication
- 3.14 Common Characteristics and Intrinsically Relationship of E-Commerce, E-Marketing
- 3.15 Combination of E-Commerce and E-Marketing: E-Commerce E-Marketing
- 3.16 Developing Model of E-Commerce E-Marketing
 - *Summary*
 - *Glossary*
 - *Review Questions*
 - *Further Readings*

3.0 LEARNING OBJECTIVES

After going through this unit, you should 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.

3.1 INTRODUCTION

In the world of marketing, there is no question that certain areas that have been practiced in one way or another over the years are suddenly dressed up in new clothes and touted as the new thing. Relationship marketing comes quickly to mind. Marketeers always understood (or certainly should have) the importance of sound relationships with their customers, but the mid 1990s saw an inundation of articles in the business press, 'airport books', and even academic work, in the area of 'relationship' marketing. Today, it seems to have morphed into customer relationship marketing, or CRM, and as we shall later see this idea is even informing definitions of IMC.

Why do we bring this up at the beginning of a book on integrated marketing communication? It is to make the point that unlike many fads in marketing, the idea of IMC really was something new in marketing; at least IMC correctly implemented. In fact, in the twenty or so years since the emergence of the idea of IMC in the mid—to late 1980s, few companies have yet been able to truly implement effective IMC. We shall touch on several of the key reasons why later in this chapter. First, however, we need to understand just what is meant by integrated marketing communication or IMC.

3.2 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.

3.3 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 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."

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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'.

3.4 INTEGRATED MARKETING COMMUNICATION (IMC)

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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 IMCs programs would increase the overall effect and impact of their marketing communications programs (Caywood et al., 1991).

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. 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

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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 (Duncan and Everett, 1993). The mean answer, based upon a 5-point bipolar scale in which 1 indicates 'very valuable' and 5 indicates 'not at all valuable', was a strong 1.76. 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 (Premsky et al., 1996). 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 certainly 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 (Kotler et al., 1999) 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).

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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.

3.5 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 advertising today.

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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.

Look at Fig. 3.1. 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.

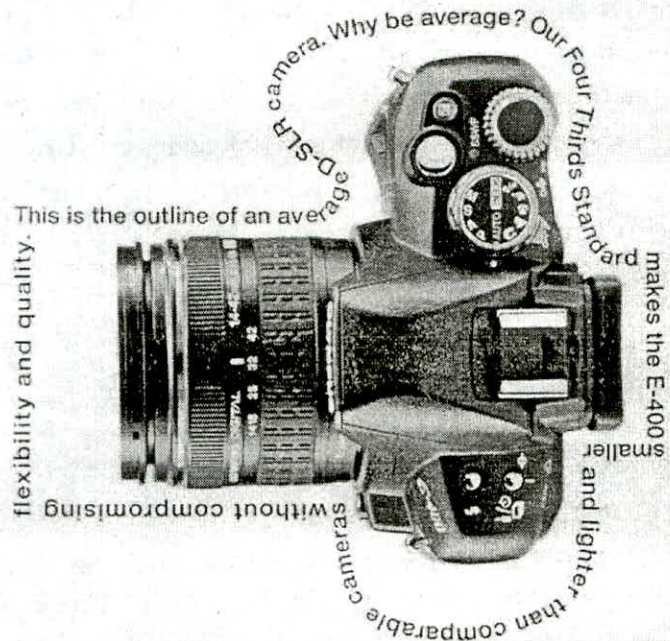
Nevertheless, in traditional terms the rate of advertising growth has basically followed the pace of media inflation, while other areas of non-traditional advertising as well as promotion have experienced real growth. But this second point about advert-like promotions is very important. It is not traditional 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 same may be said of free standing inserts (FSIs), by far the most widely used way of delivering coupons. In the strictest sense these are promotion-oriented media, and we shall treat them as such in this book. But they are also very *advertisinglike* in their ability to help build awareness and equity for a brand. This blurring of the old distinctions between advertising and promotion is yet another reason for the importance of IMC, because what one might think of as traditional advertising skills now play such a critical role in every form of marketing communication. As we shall see, planning an effective IMC program requires the manager to address strategic creative and media questions that have always been addressed in traditional advertising. These principles are simply being applied to a wider range of options. In IMC, one is setting communication objectives and selecting media to maximize their ability to effectively reach the target market.

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Fig. 3.1 A very good example of an advert—like promotion.

But rather than only considering various ways of using advertising, or independently considering some form of promotion, the planning and execution of all marketing communication should be *integrated*. The point is that in the end one may consider any marketing communication that deals with brand building as delivering an advertising-like message, and marketing communication that is looking for short-term action on the part of the target audience as delivering a promotion-like message; and promotions should include advertising-like messages.

As we shall see in later chapters, the fact that marketing communication may be delivered via new media or old, as part of a direct marketing campaign or on the Internet, as an advert or promotion, the strategic

foundation for the development and execution of the message remains the same. The brain will process the words and images the same way, regardless of how it is delivered. Sound is sound, words are words, and pictures are pictures to the brain, regardless of where the sense organs find them.

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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.

3.6 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

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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 (Marketing Week, 2002). 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.

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 specialities discourage the kind of communication *between* specialities 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.

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3.7 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.

3.8 IMC MANAGEMENT AND PLANNING PROCESS

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

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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.

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. (See Fig. 3.2)

<i>Key consideration</i>	<i>Question</i>
Product description	What is being marketed?
Market assessment	What is known about the market the brand competes?
Competitive evaluation	What is known about major comeditors?
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?

Fig. 3.2 Contribute to the marketing objective marketing background questions

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. (See Fig. 3.3)

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- What are the relevant target buyer groups?
- What are the target group's demographic, lifestyle, and psychographic profile?
- How is the trade involved?

Fig. 3.3 Key questions in target audience selection

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). A generic BSM is illustrated in Fig. 3.4.

<i>Consideration at each stage</i>	<i>Decision stages</i>		
	<i>Need arousal</i>	<i>Brand Consideration</i>	<i>Purchase Usage</i>
Whom all is involved and what role(s) do they play?			
Where does the stage occur?			
What is the timing?			
How is it likely to occur?			

Fig. 3.4 Generic BSM

3.9 FINACIZING AND IMPLEMENTING THE IMC PLAN

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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.

Finalizing the Plan

Once the strategic planning process is complete, the manager is in a position to begin finalizing a plan for implementing an IMC campaign. Based on the understanding of how purchase decisions are made in the category, in conjunction with target audience objectives and the communication strategy, the manager must decide whether or not the brand's marketing communication goals:

- Can be satisfied with a *single* message directed at one primary target audience, using one primary type of marketing communication (e.g., advertising, direct-mail, brochures, etc.) or
- If a number of communication tasks should be considered, directed at one primary target, but to different roles in the decision process; different messages to different targets; and/or utilizing various types of marketing communication directed to different times or places in the decision process.

If the brand's communication objective can be satisfied by a single message and one primary medium based on what was learned from the strategic planning process, the manager can proceed directly to selecting the most appropriate medium and to finalizing a creative brief for the development of the message. It is important to understand that even if all that is

necessary is a single message delivered through one primary medium, this is still IMC. If a brand has gone through a strategic planning process and all potential options were considered, but in the end one message delivered to the target audience through one primary medium satisfies the brand's communication objective, we would argue this is still an IMC program. It only means that at this particular point in time, this is all that is needed. Of course, this is rarely the case, but it underscores the importance of seeing IMC as a *planning process*.

IMC is an ongoing process. Market dynamics could change, and different messages in other media might become necessary. The brand will be ready to respond to these changes because the manager has been through an IMC planning process.

When a more detailed plan is required, which again is almost all of the time, it will be necessary to first determine the important touch points in the decision process where marketing communication can be most effective, second establish the communication tasks needed at each of these touch points, and finally select the appropriate media to deliver the message.

3.10 CHALLENGES IN IMC

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,

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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 a 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. On the other hand, the manager in charge may be dissatisfied with the quality of the work, as the result of seeing or hearing about better alternatives. The need of the users or managers may be aroused without marketing communication if the work is falling behind, but if a brand wishes to help stimulate need, some form of marketing communication will be required. Since it is a *new* system being marketed, it will be necessary to communicate with both those involved as initiators within a company and those in the trade, which will be asked to carry and sell the new system. At the very least there will be two target audiences participating at the need arousal stage who must be aware of the new system, and begin to form a positive attitude towards it.

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.

Decision stages

<i>Need arousal</i>	<i>Brand consideration</i>	<i>Purchase</i>	<i>Usage</i>
Users of current system/managers as initiator	Users/managers as influencers	Manager or purchasing agent as purchaser	Users/manager as user
Dealers or outside consultants as initiator	Dealers or outside consultants as influencers Manager as decider Senior management as decider		

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Fig. 3.5 Decision roles for an hypothesized BSM for a word processing system

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,

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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.

3.11 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 are available to deliver the message?

Communication tasks

At each touch point in the decision process there may be a number of potential target audience roles involved. These must be carefully considered, and those most likely to be responsive to marketing communication at that point identified. At the same time, the manager must decide exactly what is required of marketing communication at each touch point in order to positively influence the decision process. Together, these decisions identify the communications tasks required.

Target audience

What specific members of the target audience should be addressed at each stage, and what roles are they playing? It would be rare indeed for all of the potential target audience members in all of their roles to be included. This is where the manager must begin making choices. Which target audience members in what roles are critical? These become the primary target audiences at that stage. One may also identify secondary or even tertiary audiences, in the event that there is enough in the budget to consider them after all the primary target audiences for each stage is addressed.

3.12 SUPPORTIVE COMMUNICATION

Next, the manager needs to translate the appropriate communication effects into specific communication objectives for each stage. For example, brand awareness is always an objective, but what kind (recall versus recognition); and is it necessary to raise or simply maintain the awareness? With brand attitude, is it necessary to educate the target audience? Does the message at that point need to interest the target audience in the brand, stimulate enquiry, give them a good feeling, or underscore a unique feature? Should brand purchase intention be a commitment to call and make a reservation or place an order; or to ask for more information? Should the target audience request the brand specifically, say from an investment broker or health care provider; or pick the brand on their next visit to the store? What is needed here is a clear, concise interpretation of the proper communication effects required to meet the overall communication objectives for the IMC campaign. This can be a very involved process, drawing together all of the knowledge and understanding that came out of the strategic planning process. To illustrate, let us look at just some of the possible communication tasks associated with each stage of the generic decision model.

What communication effects are likely to be relevant to need arousal? Since this is the stage when someone begins to think about possible purchase or usage of a brand, raising brand awareness will be a primary objective. An initial favourable brand attitude will also be needed, especially for low-involvement decisions. It is clearly not enough for people to simply be aware of a brand at this initial stage. Some tentatively positive attitude will also be required if the brand is to remain a contender in the decision process. But the manager must also consider category need here. It may not be necessary, but one should always ask if the target audience is both experienced *and* active in the category.

At the brand evaluation stage one must be concerned with both brand attitude and brand purchase intention effects. For low-involvement decisions, the tentatively favourable brand attitude built during need arousal must be reinforced, providing again what Maloney (1962) called 'curious disbelief' leading to a positive intention to try. For high-involvement decisions, it is essential that enough appropriate information is provided at this stage because the target audience must be both informed *and* convinced. At the same time, if dealing with positive motives, one must be concerned with nurturing the appropriate feelings as well. Authentically reflecting the emotion involved in decision processes involving positive motives implies more than just a favourable attitude. A positive intention to buy or use the brand is needed, and this will follow from a favourable evaluation owing to the correct emotional associations.

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But deciding to choose a brand does not guarantee it will actually be purchased or used. So at the actual purchase stage it will be necessary to ensure that the positive brand attitude is reinforced, and that the brand purchase intention is actually carried out. During usage, messages should help continue reinforcing brand attitude and encourage re-purchase or continued use of the brand. All of these decision stage—communication effects relationships are summarized in Fig 3.6.

<i>Decision stage</i>	<i>Communication effect</i>
Need arousal	<ul style="list-style-type: none"> • Consideration of category need • Raise brand awareness • Tentative brand attitude
Brand consideration	<ul style="list-style-type: none"> • Build positive brand attitude • Convincing benefit claim for high-involvement strategies • Establish authentic emotional link for transformational strategies
Purchase	<ul style="list-style-type: none"> • Reinforce positive brand attitude • Ensure positive brand purchase intention
Usage	<ul style="list-style-type: none"> • Reinforce positive brand attitude • Encourage repeat brand purchase intention

Fig. 3.6 Decision stage—communication effect relationship

Media options

Once the manager has determined the communication tasks, it is necessary to identify appropriate media options for delivering the message at each touch point in order to accomplish the task. This is where the manager specifies exactly what media options are available to reach the target audience, consistent with the primary communication objective for the task.

How can recognition awareness be sustained? Should print advertising, billboards, or coupons be used? Will broadcast advertising or direct mail be appropriate? To facilitate purchase, should the brand use in-store banners or special displays? What about incentive promotions? This may be a good place to point out that if multiple media are used in an IMC campaign, it is done because of the specific appropriateness of the various media to the communication tasks, *not* from any sense of ‘synergy’ (Dijkstra, 2002).

3.13 E-COMMERCE AND MARKETING COMMUNICATION

In the 1970s, electronic data interchange (EDI) and electronic funds transfer (EFT) was as to e-commerce system prototype between businesses had emerged. Along of computer was extensively applied, network was popular and maturity, credit card was applied, e-commerce was supported and promoted by government, the e-commerce has entered a period of rapid developing. At the same time, e-marketing was as to a developing product of network technology, it had become a major marketing tool in information economical era, and it had been widely used in every field. In this chapter, analyzed the basic content of e-commerce and e-marketing, and analyzed the same points and internal relationships of them, focused on the integration developing issues of them.

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Content of E-Commerce

What's the e-commerce? Up to now, there is no united or standard definition. Now, according to the definitions of e-commerce given by researchers, the world authority organizations and institutions, enterprises and individuals etc., we give out the definition of e-commerce from our own comprehension below:

We think that the definition of e-commerce should emphasize three points. The first is that e-commerce has business background because it is a business model. The second is that e-commerce has internet characters because it is based on network background, especially internet to realize business activities. The third is that the e-commerce has electronic (numerical) character because that the information in the e-commerce is transmitted by electronic form.

So, we think that the e-commerce means electronic business activities by using modern communication technology, especially internet. It is not only an electronic transactions based on browser/server(B/S) applications but also a promotion business model setting on modern information technology and information system, and so as to be electronic business activities. Simply, e-commerce means the whole business activities process using electronic tools, especially internet, to realize commodity exchanging in high efficiency and low cost.

Content of e-marketing

What's the e-marketing? Up to now, there is no united or standard definition. But, from the very definitions given now, we find out that, e-marketing is not only including the professional works that the marketing department deal with in marketing operating, but also it needs the cooperation by the relation business department such as procurement departments, producing department, financial department, Human Resource department, Quality supervision management department,

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product developing and designing department etc., and according to the demand of marketing to redesign and recreate the enterprise business standard by using computer network, so as to adapt to the demand of digital management and business in the network knowledge economy era.

So, 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. The network marketing is that we can use Internet making continuously services in the every step of products pre-selling, products selling and products after-selling. It runs in the whole process of business operations and includes the search for new customers, service for old customers. It is the process which is based on modern marketing theory and uses of Internet technology and its functions to meet needs of customers, in order to realize the goals of developing new marketing and increasing operating profit.

3.14 COMMON CHARACTERISTICS AND INTRINSICALLY RELATIONSHIP OF E-COMMERCE, E-MARKETING

Although, there are many clearly distinctions between e-commerce and e-marketing in concept content, purpose, work theory, aim, implementation environment, message type, degree of integrating (such as SCM, CRM, ERP) etc., But, they are a pair of closely relating concepts and have many similar characteristics. Following, we will focus on analyzing the common characteristics and the inherent relationship of them.

Common Characteristics of e-commerce and e-marketing

1. They have same basic theories such as computer science, management science, information system, economics, marketing, financial accounting, as well as sociology, linguistics (involving the translation of international trade), robotics, operation research/management science, statistics, public policy etc.
2. They have same basic technologies such as modern communication technology, computer network technology, especially the internet technology, web technology, wireless network technology, database technology, electronic payment technology, security technology etc.
3. They have similar content of business activities because of having

same function of promotion, such as displaying of e-commerce product, web site promotion, product marketing information transporting etc.

4. They have same invisible characteristics because of the data expressing and transmitting are all electronically.
5. They have same across temporal and spatial characteristics. Scale of operation is not restricted by time and geographical.
6. They all can achieve low-cost. Both of them all have a “no inventory” feature, and very low cost advertising and operating.
7. They all can change the operation mode of enterprise, and will promote the enterprises to reform the model of business and management.
8. They all can well reflect the thinking of SCM, CRM, ERP and other modern management science. All of them can enhance the integration of multi-services such as product, supply, marketing, close customer relationship, understand and predict customer’s demand, promote the management innovating.

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The intrinsically relationship between e-commerce and e-marketing

E-marketing is the integral part of e-commerce, and e-commerce includes e-marketing. E-marketing will be the entry point of small and medium enterprises to carry out the e-commerce when the overall environment of e-commerce is not yet very mature. Therefore, the e-marketing is as a method of the enterprise management to realize commodity exchange, obviously, it is the very important and basic internet business activities of enterprise e-commerce activities. We can say that e-marketing is an important means of implementing e-commerce, and the e-commerce is the advanced stage of e-marketing developing, so carrying out marketing e-commerce cannot separate from the e-marketing, but the e-marketing does not equal to the e-commerce. Fig. 3.7 gives out relationship of e-commerce and e-marketing, and we can obtain from figure given below.

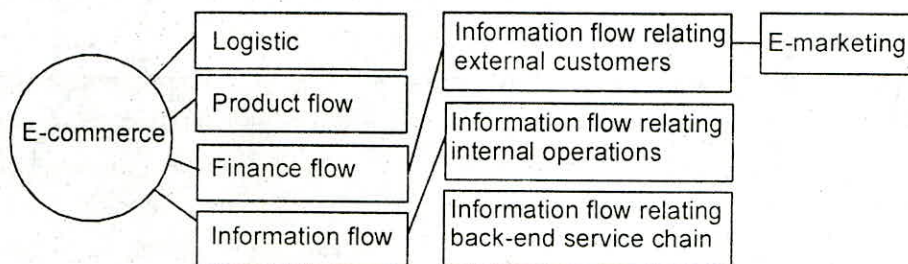


Fig. 3.7. Relationship between e-commerce and e-marketing

3.15 COMBINATION OF E-COMMERCE AND E-MARKETING: E-COMMERCE E-MARKETING

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Concept of e-commerce e-marketing

Based on concepts of e-commerce and e-marketing, we believe that e-commerce e-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. So, the content of e-commerce e-marketing should include three aspects: First, e-commerce insists e-marketing.

Second, e-marketing is the core business activities of e-commerce. Third, the combination of e-commerce and e-marketing will give e-commerce new contents, expand e-commerce extension, accelerate the using of e-marketing methods, create integrated and comprehensive modern new marketing model which is e-commerce e-marketing.

Relationship between e-commerce e-marketing and e-commerce

E-commerce e-marketing is different from a single e-commerce or e-marketing, but it is an integrated e-marketing method by integrating online business managing and transactions activities. It not only has the functions of general e-marketing, but also should have the full functions of e-commerce. E-commerce e-marketing is the advanced form of e-commerce, it has more abundant content than e-commerce, but it belongs to e-commerce in extension. And, e-commerce e-marketing is different from e-commerce and other e-marketing. The relationship between them shows in Fig. 3.8.

Implementing process of E-commerce e-marketing

E-commerce e-marketing is the e-marketing in the environment of e-commerce, its smooth developing requires supporting by e-commerce platforms, and requires supporting by external basic environment such as banks, trading centers, and laws and regulations, policies relating to e-commerce, a certain number of internet companies and the number of internet users, the necessary internet resources etc, and requires supporting by the internal basic conditions such as the concepts and strategies of operating and managing, information technology etc.

In theory, no matter what kinds of e-marketing to take, as long as they links to the internet, the enterprise has the basic conditions to develop e-marketing, and it can make initial marketing activities such as publishing some supply and demand information on internet, and exchanges with customers by e-mail, etc., However, an enterprise wants to carry out e-commerce e-marketing, in addition to build e-commerce platform firstly, but also needs to make a series of analysis and comparison, and needs to make e-marketing programs according to the enterprise demands and internal conditions. Generally, there are four programs on building e-commerce platforms to be adopted

by enterprises, and the workflow of e-commerce e-marketing can be divided into three main stages, it shows in Fig. 3.8.

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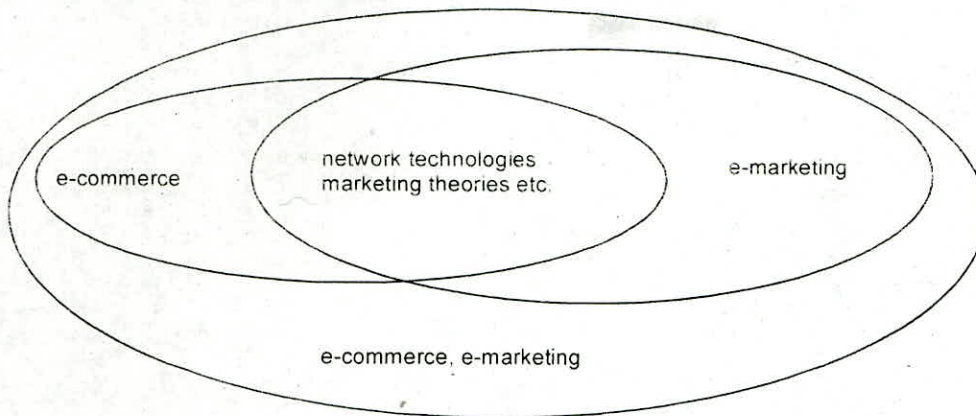


Fig. 3.8. Relationship between e-commerce e-marketing and e-commerce, e-marketing

Three stages	Market analysis and research	Constructing e-commerce platform	Implementing e-commerce e-marketing
Content (work steps)	<p>Content of analysis and research:</p> <ol style="list-style-type: none"> 1. product characteristics 2. competing environment 3. financial condition 4. human resources. 	<p>Four plans to construct -ing e-commerce platform:</p> <ol style="list-style-type: none"> 1. e-commerce platform owned by the enterprise 2. third-party e-commerce platform 3. collaborative e-commerce platform 4. international e-commerce platform. 	<p>Steps to implement e-commerce e-marketing:</p> <ol style="list-style-type: none"> 1. information collecting 2. information publishing 3. web promoting 4. online negotiating and signing of contract 5. online transacting and paying 6. commodities transporting and after-sales service.

Fig. 3.9. General workflow of e-commerce e-marketing

3.16 DEVELOPING MODEL OF E-COMMERCE E-MARKETING

While the management philosophy is continuously improving, the method of modern management science is innovating, the information network technology (especially wireless network technology) is developing and is being applied, e-commerce e-marketing will be developed toward the integrating direction, and it must gradually form an integration that the wire network and wireless network co-exists, internal management and external commodity trading and marketing activities coordinates, e-commerce and e-marketing gradually integrates. This shows in Fig. 3.10.

1. *Integration of every component.* The model is an organic integration of the various parts, the e-commerce, e-marketing, internal

management and external customers is linked by wireless or wired network, to coordinate with each other and inter-related.

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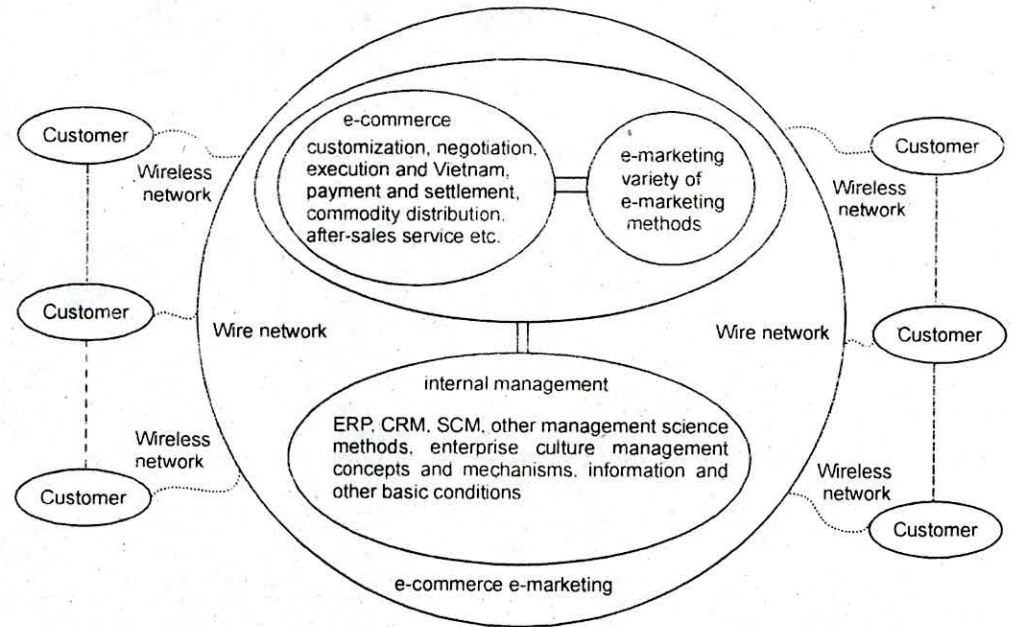


Fig. 3.10. Developing model of e-commerce e-marketing

2. *Network.* It is mainly linked by wired network between internal departments (module), but it is mainly linked by wireless network between external customers, to realize trade activities, marketing activities, personalized services and negotiations.
3. *Functions of each part.* E-commerce module should have functions that meet customization needs of customers, business negotiating, online signing, online payment and settlement, commodities distributing and logistics services, after-sale service etc. E-marketing module should have functions such as search engine marketing, online advertising and other “wired” e-marketing, as well as short message marketing and other “wireless” e-marketing methods. A variety of online marketing methods are more flexible and integrated application. Internal management module should comprehensive use ERP, SCM, CRM and other advanced modern management science methods to make the internal enterprise management, and at the same time, it integrated with the corporate culture, management philosophy, management system, information technology infrastructure and other aspects.

E-commerce has closest internal relationship with e-marketing, to combining both of them, to make e-marketing based on e-commerce, is conducive to play the functions of each other and the overall advantages. This is not only useful to accelerate the development of e-commerce, to promote innovation of e-commerce application model, but also is useful to promote improving of e-marketing methods, and at last, ultimately to promote the new economy era coming quickly.

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- 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 to influence or 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 e-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.

GLOSSARY

- **IMC:** Is stand for integrated marketing communication, implementing various forms of persuasive communication programs.

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- Four A's: Is the American Association of Advertising Agencies, formed a tasked force on integration?
- Behavioural: 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.

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. Why is it important to IMC planning to understand how the target audience goes about making brand decisions?
9. How does the manager go about identifying touch points for the IMC plan?
10. How does an IMC planning worksheet help the manager in finalizing the IMC plan?
11. What is e-commerce?
12. What is e-marketing?
13. What is the importance of e-commerce in e-marketing?

FURTHER READINGS

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UNIT 4 **ADVERTISING MANAGEMENT**

NOTES

★ **STRUCTURE** ★

- 4.0 Learning Objectives
- 4.1 Introduction
- 4.2 Definition of Advertisement
- 4.3 Advertising and Other Promotional Tools
- 4.4 Promotion
- 4.5 Role of Advertising in Promotion MIX
- 4.6 Process of Advertising
- 4.7 The Customer and the Competition
- 4.8 Strategies for Advertising
- 4.9 Advertising Planning
- 4.10 Advertising Campaign Planning
- 4.11 Message Creation
- 4.12 Appeal
- 4.13 Copywriting
- 4.14 Role of Creativity in Copywriting
- 4.15 Media Planning
- 4.16 Testing for Advertising Effectiveness
- 4.17 Preparation and Choice of Methods of Advertising Budget
- 4.18 Budgeting Methods
- 4.19 Budgeting Approaches
- 4.20 Ethical Advertising
- 4.21 Social Issues in Advertising
- 4.22 Management of Advertising Agency
- 4.23 Role of Advertising in National Development
 - *Summary*
 - *Glossary*
 - *Review Questions*
 - *Further Readings*

4.0 LEARNING OBJECTIVES

After going through this unit, you should 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.

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4.1 INTRODUCTION

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.

4.2 DEFINITION OF ADVERTISEMENT

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.

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:

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- (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 ensuring text.

Personal selling. It involves carrying of the messages of the product to consumers by individual salesman and make them purchase the product.

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.

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.

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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.

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 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 as well. 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.

- (a) **Social dimension of advertising:** It informs the society of various products available, their technology, uses and how the society can benefit from new innovations, like credit cards, debit cards, golden cards, global cards, mobile phones, travel offers etc. Advertising also educates the people and the society against hazards of life. Cancer, "*Smoking is injurious to health*", hazardous driving, "*Better late than never*". Similarly, we have drive against pollution, against population explosion etc. Advertising should not deceive the society. It should not manipulate the consumers against their will. They can get exploited by sex appeal.
- (b) **Economic dimensions:** A lot of money is spent on advertising specially when expensive media like TV is used to spread the message. There are various media which can be used. A lot of employment is generated as people get involved in copy writing mission, Message, Media, Money, Measurement of advertising effectiveness etc. are coordinated. The most important thing to consider is how much money is to be spent on various campaigns.

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Advertising makes the consumer aware of products and services and provides information for making right decisions. It can encourage consumption and foster economic growth. Advertising makes entry possible for products and brands into the market. With larger demand it leads to economies of scale in production, marketing and in distribution.

- (c) **Psychological aspects:** One aspect of psychological advertising is that drinking of Alcohol, Beer, Wine should not be targeted on the children or those below the age of 21. Women in society are also critical about obscene ads and promoting sexual permissiveness in the advertisement *i.e.*, Calvin Klein. There is a lot of criticism on advertising against sexual appeals and nudity. They demean women as being sex objects. Such ads can be for cosmetics Lingerie and other products used by women.

When a consumer tries to buy a product. He has a lot of choices before him. He gets guided by the family, by friends, by advertisements, by salesperson and the consumer gets confused and often feels that he has made a wrong choice. He undergoes both pre and post purchase dissonance and the marketer tries to remove his anxiety by reinforcing his choice.

- (d) **Communication task:** Advertising communicates and captures the attention of the buyer. It communicates through stories, through episodes, through tables and charts. The communication must be interpreted in the same manner that it is intended. It also brings attitudinal changes and changes the faiths and beliefs of the consumer.
- (e) **Triangle of communication:** The triangle shows that the advertiser has resources which helps him to create messages. These messages reach the audience with the help of a media. The audience is exposed to the message to a certain extent and also gets distracted by many factors like noise and other work. The audience then responds to the message and the feed back goes to the advertiser. This leads to researches by the advertiser and his agency.

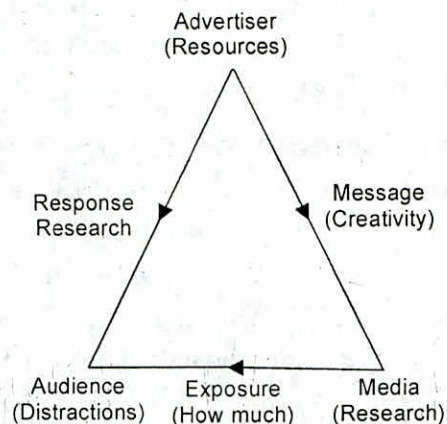


Fig. 4.1

4.3 ADVERTISING AND OTHER PROMOTIONAL TOOLS

Marketing mix is a blend of 4 Ps of marketing which are juggled in such a manner that it influences the demand of the product or services. In services we can have a blend or a mixture of 7 Ps. The Ps. stand for the

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— Product	for products	Physical Evidence	for Services
— Price		People	
— Place		Process	
— Promotion			

Fig. 4.2

In short, a product is anything that can be offered to a market for use or consumption that has a value and can satisfy a need. The product has a wide meaning. It can be a physical product like soap etc., which is tangible and has a size and a shape. It can also be a service, it can be a person, a place, an organization or even an idea.

- Price is the value that is paid in exchange for a product.
- Place refers to distribution of goods and services which makes the product available to the consumer at a convenient place or location.
- Promotion includes marketing activities to spread the information and persuade the customer to buy the goods.

The Communications Process

Today, there is a new view of communications as an interactive dialogue between the company and its customers that takes place during the preselling, selling, consuming and post-consuming stages. Companies must ask not only "How can we reach our customers?" but also, "How can our customers reach us?"

Thanks to the technological breakthroughs, people can now communicate through traditional media (newspapers, magazines, radio, telephone, television, billboards), as well as through newer media (computers, fax machines, cellular phones, pagers, and wireless appliances). By decreasing communications costs, the new technologies have encouraged more companies to move from mass communication to more targeted communication and one-to-one dialogue.

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Advertising	Sales Promotion	Public Relations	Personal Selling	Direct Marketing
Print and broadcast ads	Contests, games, sweepstakes, lotteries	Press kits	Sales presentations	Catalogues
Packaging-outer		Speeches	Sales meetings	Mailings
Packaging-inserts	Premiums and gifts	Seminars	Incentive programs	Tele-marketing
Motion pictures	Sampling	Annual reports	Samples	Electronic shopping
Brochures and booklets	Fairs and trade shows	Charitable donations	Fairs and trade shows	TV shopping
Posters and leaflets	Exhibits	Sponsorships		Fax mail
Directories	Demonstrations	Publications		E-mail
Reprints of ads	Coupons	Community relations		Voice mail
Billboards	Rebates	Lobbying		
Display signs	Low-interest financing	Identity media		
Point-of-purchase displays	Entertainment	Company magazine		
Audio-visual material	Trade-in allowances	Events		
Symbols and logos	Continuity programs			
Videotapes	Tie-ins			

Common Communication Platforms

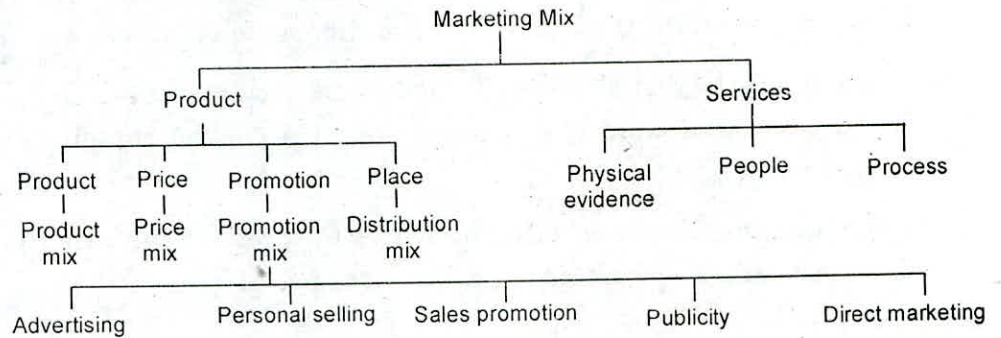


Fig. 4.3

The promotion Mix consists of advertising, personal selling, sales promotion and publicity. We shall deal here mainly with the place of advertising in promotion Mix.

Along with Advertising the other promotion tools are (i) Personal selling (ii) Sales promotion and publicity. Advertising has already been defined as a paid and non-personal form of presentation and promotion of ideas, goods or services by an identified sponsorer. Let us discuss the advantages and disadvantages of these promotional tools.

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.

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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.

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.

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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

Definition: 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.

4.4 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.

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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 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.

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4.5 ROLE OF ADVERTISING IN PROMOTION MIX

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. Advertising produces a psychological effect and it can change the mental disposition of the audience, so that they purchase the advertised product. Advertising is basically a form of communication and the basic responsibility of advertising is to deliver the information to the target audience.

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 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. 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.

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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 selection 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 over all market growth.

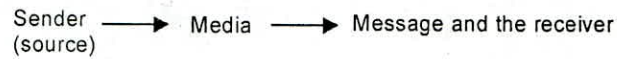
Primary demand advertising is to promote a new product, for it to gain market acceptance. Primary advertising helps in stimulating the demand of all the products of an organization and to gain greater market share.

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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.

4.6 PROCESS OFF 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.



First the sender gets an idea (ideation) what to communicate. The source then can encode the message and sends the message. This message is sent though a channel (media). It is then received by the receiver who decodes the message and sends a feedback to the receiver of having received the messenger.

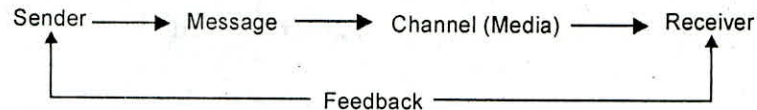


Fig. 4.4

Through the feedback the sender knows that the message has been received. It is important that the message be received and convey the meaning it is intended for. The Fig. 4.5 also shows the encoding, decoding and response factors as well as NOISE. The figure shows the elements of communication process. *It has nine elements:*

- *Sender and receiver* are the major parties in communication.
- *Message and media* are the major communication tools.
- *Encoding, decoding, response and feedback*, represent the major communication function.
- *Noise* is the last system which interferes with the intended communication.

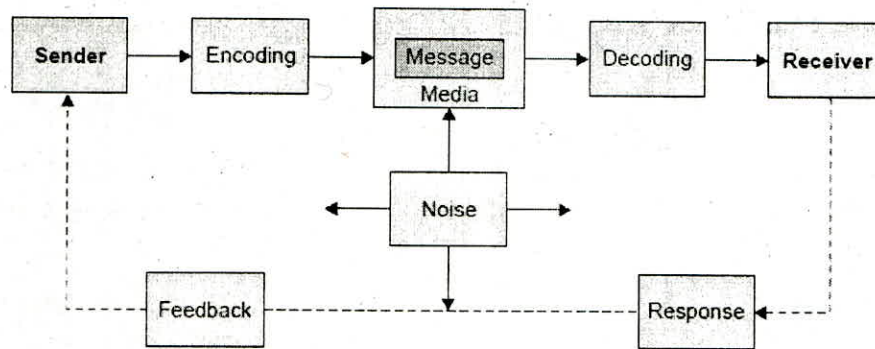


Fig. 4.5 Elements in the communication process

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. This target market consists of

TARGET MARKET

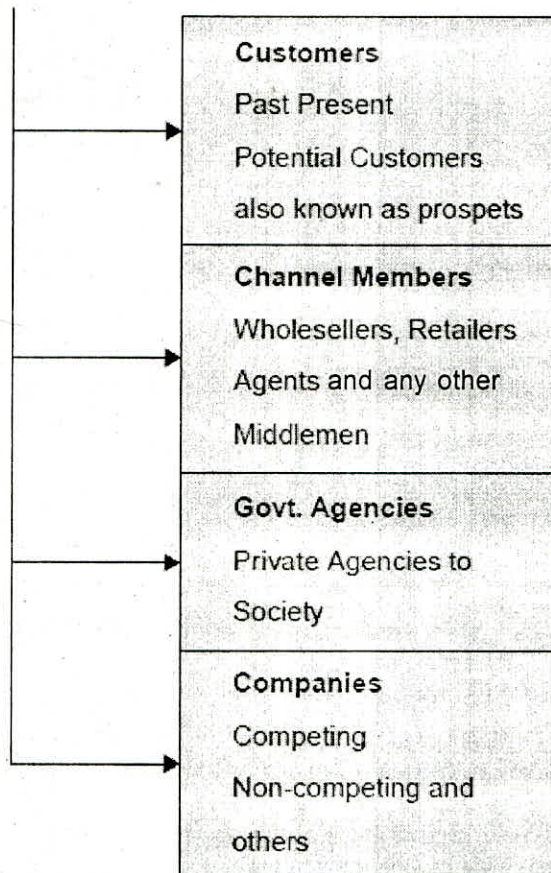


Fig. 4.6

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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.

Formal, informal, upward, downward, verbal, non-verbal, body language, mass communication (impersonal), organizational communication, interpersonal, communication Integrated Marketing Communication (IMC). In marketing communication, mass communication is used for advertising, publicity, sales promotion etc. Mass media used can be through newspapers, magazines, hoardings, radio, television, cinema, transit media (Buses, Taxis, 3-wheelers) etc. There are other elements that also communicate. All these types of communication will be dealt in brief.

Fig. 4.7 shows the steps, in effective communication. 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. 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.

Verbal: Communication can be by words either face to face or by telephone. It is spoken communication.

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 fumbling, 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, soothing 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.

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.

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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 on the psyche of the consumer.

Place: Places plays an important role in Marketing Communication. From 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 decision from where to buy.

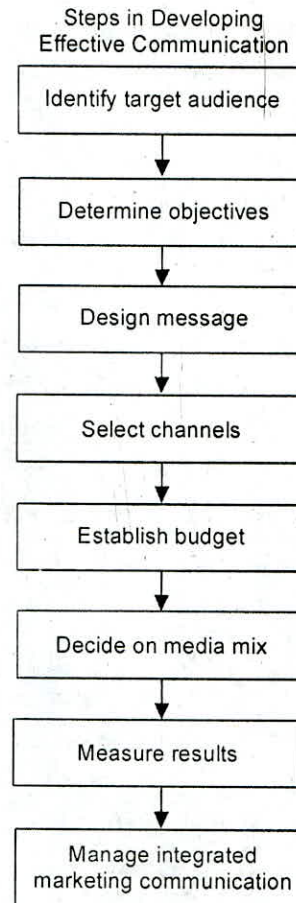


Fig. 4.7

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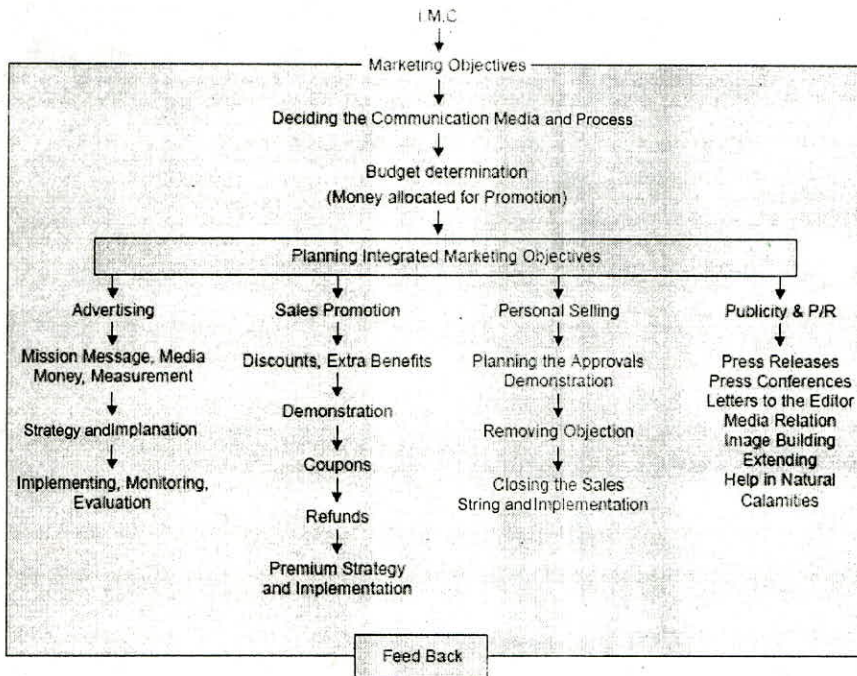


Fig. 4.8



Fig. 4.9 The Ad depicts the products, its colour, design, shape etc.



Fig. 4.10 The advertisement tells about the variety and a range/prices for the camera

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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.

4.7 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.

Customer Analysis

It is necessary to know the target customer and his NEEDS. The customer consists of male, female, child, veterans, youth, etc. They have their demographic characteristics which must be considered. The characteristics can be his age, income, status, sex, occupation, etc. Customers may be classified according to their psychographic classification which are their activities, interest and opinions known as (AIO). First we have to find out the target market and their characteristics and keeping the market forces into consideration the advertisement is created. Suppose we take the example of shoes. We can have shoes for school-going children. In this ad, the advertisement should show children wearing school uniforms, shoes and going to school and looking happy with the brand that is advertised.

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Shoes for Office Going Personnel

The shoes should be comfortable, reasonably priced giving a formal look. The advertisement will depict these features in the advertisement.

Shoes for Executives and Party Shoes

These shoes have to be more expensive and better looking, depicting a different image. The Ad for these shoes will be directed on the higher income segment of the society.

Ladies Shoes

This will show beautiful ladies and celebrities wearing shoes keeping with the fashion. The ads can be of different nature keeping with fashion trend. *"Make yourself more acceptable with X brand of shoes"*.

Sports Shoes

Sports shoes are shown with ADS of sportsman like Agassi, Sehwag, Lara etc. These shoes are very expensive and project brands like NIKE, ADIDAS etc.

Industry or Safety Shoes

For workers working in the industry exposed to fire, and other hazards have different shoes and these ads are usually given in magazines and journals and are directed at the industry.

Slogans: Similarly, no matter what product is advertised it is essential to know the characteristics of the customers. This has to be analysed and accordingly the Ad is created and a copy is written for release.

Examples: "Indian oil gives more mileage". "Close up a paste and a mouth wash" "Close up in for close ups". "Things go better with coke" "Don't say INK say QUINK.". "Kelvinator refrigerator is the coolest one". "Public sector banks touching your life, everyday, everywhere". "Complan"—the complete planned food.

NOTES

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 foods 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 may not have the funds for the same. Consumers also opt for products lower in price with almost the same attributes of the large firms. Packaging and sophisticated advertising may raise the prices of the large firm. Small firms cannot afford the demonstration and are customer-oriented. If smaller firms can adopt counter strategies they can win the confidence of buyers and reduce monopoly.

Conditions in the market: Industrial goods are not advertised extensively. The larger firms can create a monopoly because the production requires large investments which the smaller firms cannot afford. However, in consumable good it is difficult to have a monopoly as there are a number of firms competing with each other and smaller firms can get a larger share of the market. One such example is that of Nirma as it has captured a sizeable portion of the market of the larger firms. Smaller firms can also afford some kind of advertising budget to push their product in the market.

The claim of the economists that advertising increase prices do not seem to be valid as advertising increases competition and prices remain low. Some consumers believe the products that are advertising are costlier than the advertised products. They overlook the advantage of mass consumption which reflects on the economies of scale to keep the prices low. Therefore, there are higher profit for the manufacturer and middlemen and the consumer gets the products of his liking and can choose between a variety of products available.

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4.8 STRATEGIES FOR ADVERTISING

The ultimate objectives of advertising commercially is that it should make economic contribution *i.e.*, to enhance sales.

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Objectives

Advertising strategy can be made up of multiple objectives *i.e.*, financial contribution and taking the customer through various stages of awareness already discussed earlier. The results achieved by the advertisement is also a powerful indicator of the success/failure of the strategy. Advertising strategy is made up of:

- Corporate/Business goals.
- Marketing objectives.
- Advertising objectives.
- Advertising planning.
- Formulation of advertising programme.
- Proper launch of the campaign through a suitable media.

The above shows the consequence of steps which are to be followed for formulating a strategy. The steps are self-explanatory and some have already been discussed. The objectives must consider the DAGMAR approach (Defining Advertising Goals for measuring Advertising Results).

The target market should also be defined and identified. If the target market is not chosen distinctly the customer may not be satisfied and it will be difficult to assess whether the market be expanded or reduced.

The assessing of the consumer behaviour is also an important element of communication, which type of customer requires which type of goods.

Advertising gives the product a distinct identity and contributes to the success of brand. It is the perception of the product in the minds of the consumer through advertising which boosts its sales. The product quality and its attributes can be copied by the competitors but it is advertising which gives to distinct image.

<i>Type of Product</i>	<i>Customer</i>
(1) Consumer product of daily usage (Routinised Response Behaviour)	Individual or family members
(2) Semi-durable, durable and white goods	Family, social group some small organization
(3) Industrial product	Concerned departments of industries, Govt. organization and large organization.

Fig. 4.11

While formulating the strategy **Situational Factors** must also be considered. These are, competition, price, position distribution channels and the motivation of the intermediaries. These factors give a clue to the long-term/short-term objectives to be considered.

NOTES

Advertising Strategy Alternatives

Strategy and Plans are a part of each other. There are 5 broad strategy alternatives for influencing the attitude of customers.

- Advertising should affect those forces which are evaluated by the consumers in a careconomy, style, low maintenance space etc.
- Advertising should highlight the characteristic which are considered important for that product class *e.g.*, camera-aperture, filter, clarity etc.
- Increase or decrease the rating for a salient product class characteristics.
- Change the perception of the company's brand with regard to same product characteristics.
- Change the perception of competitive brand with regard to some particular salient product characteristics.

In the **Marketing framework advertising, strategy** can be based on the following:

- Product history and its life-cycle stage.
- Company's history and its strengths and weaknesses.
- Positioning of the product.
- Existing and expected competition.
- Support needed by sales force and distribution channel.
- Budget available.
- Availability of media Vs. target audience.
- Total promotional package and its allocation to advertising.

4.9 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.

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Planning

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.

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4.10 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

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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 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

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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 marketeer 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.

4.11 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.

The entire advertising revolves around the 5 Ms of advertising. These are discussed as follows:

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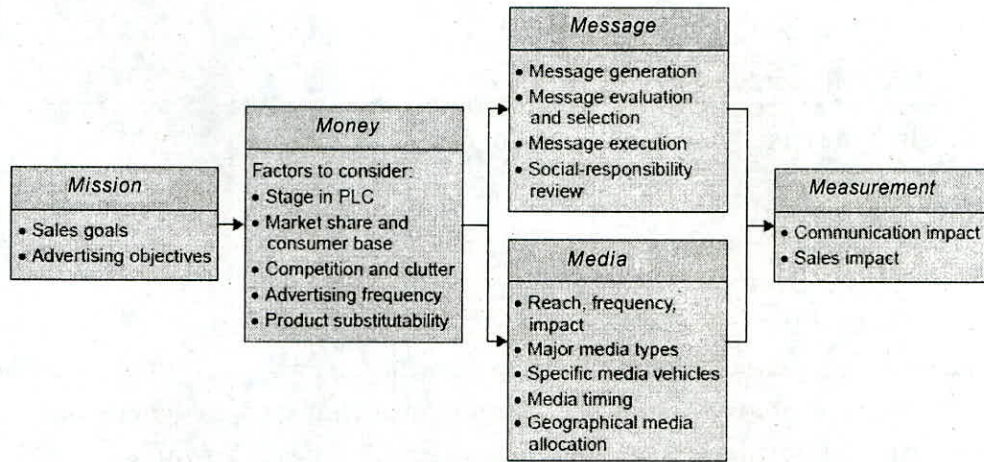


Fig. 4.12

5 Ms of Advertising.

Mission—Defines the objectives or the purpose of Ad.

Money—Budget allotted for advertising expenditure.

Message—Type of message *i.e.*, its structure, appeal, one-sided or two-sided message etc.

Media—Newspaper, magazines, TV, video, radio and other types of media.

Measurement—Evaluation or the effectiveness of the Ad.

The Ad must capture the attention of the audience by giving new information and by supporting information through data or by stories. Information must be of interest to the audience and should be interpreted favourably by the consumers. It can be interpreted differently by different people *i.e.*, with optimism, with boredom, aggression or with interest. The conditions affecting interpretation of the message could be the needs, desires, status values, motives etc.

It should appeal and influence the audience. The main aim is to bring attitudinal changes favourably. Attitude is made up of three inter-related components.

Cognitive	Affective	Conative
Cognition or knowledge of the product	Affection emotions <i>i.e.</i> , likes/dislikes	Behaviour or action to purchase

Fig. 4.13

Attitudes are not static they are manoeuvrable and can be changed. They are not dormant. Persuasion has two important components. They are *source* and *message*.

Source

By source we mean the person involved in communicating a marketing message either directly or indirectly. A DIRECT source is a spokesperson who delivers or demonstrates a product or service *e.g.*, Andre Agassi who endorses a tennis racket.

An Indirect Source does not demonstrate but draws attention to the Ad and enhances the appearance of the Ad. Many firms spend huge sum of money on a specific person to endorse the product of the company. Sachin Tendulkar (VISA, Pepsi), Shahrukh (L.M.L. freedom), Amitabh Bacchan endorsing product (Nerolac Paints), Kareena Kapoor (Air Tel).

Sometimes the source which is very likeable and attractive overshadows the product. The viewers are glued to the source and not to the product. Advertiser must be careful to this and make sure that their purpose of propagating the product is served.

Source: The source must have credibility, likeability and approach to the views and disposition of the audience. The source factors as level of expertise, trustworthiness, culture, age and educational level influence the audience. Doctors advocating that *Forhans* is good for the gums endorses the credibility of tooth paste. Other examples could be:

Kapil Dev	—	“Boost is the secret of my energy.”
Tendulkar	—	M.R.F. Tyres
Amir Khan	—	Thanda Matlab Coca Cola

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.

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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 propogated, 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.

<i>Climax order</i>	<i>Anticlimax</i>	<i>Pyramidal</i>
Important points of the message come at the end. Audience is interested	Important points of the message are in the beginning when audience interest is low	Important points of the message are in the middle one may conclude or keep the audience guessing

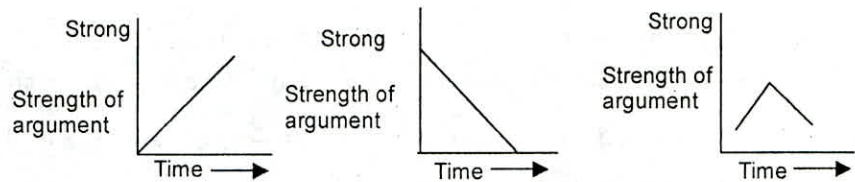


Fig. 4.14

Verbal Vs. Non-verbal Message

Pictures are commonly used in advertising to convey information and endorse the product. Most advertisements are picturised on the TV commercials. TV commercials have a dual effect of audio-visual effect. In a TV commercial, we can have a series of pictures leading to a story which leaves a lasting impression on the mind of the target audience.

4.12 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 affective. They may touch and appeal to the logical, rational, emotional aspects of the consumers 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, Hygenic.
- (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 Venus (Water Cooler), even your wife 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

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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 one 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".

4.13 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 projects 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.

4.14 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

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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, Boot Polish and Kiwi Boot Polish use different approaches.

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 on 'Kiwi care'.

Unique selling proposition (USP): This was developed by Rosser Reeves at Ted Bates Company in 1940s. By USP, we mean that the advertisement must make a proposition to the consumer. The advertisements should say to the consumer "Buy this product for these specific benefits", "closeup is for close ups", "Boost is the secret of my energy etc., another U.S.P. for Lime and Lemon drink is "the taste that tingles" for Promise tooth 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 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 product Mountain Dew is a man fighting with the Mountain deer to snatch the drink. This is the creativity in the ad and ads 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 in 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.
7. It should catch or hold the attention of the audience.
8. It should match with the personality of the prospect.
9. It should be supplemented by music, visuals lighting and other effects.
10. 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 do we have in the prospects 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 out done for attaining that position?
- Do we have sufficient funds for the same?
- Can we stick to our positioning strategy?
- 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 Sieko, Godrej, Honda, Toyota etc.

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- (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 product.
- (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.
- (f) Positioning by product user: Positioning a product by associating with a group of users or a particulars 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 repositioned 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 be done with care keeping in mind the quality, the performance the usage and other factors discussed in the unit.

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4.15 MEDIA PLANNING

Media is a Carrier of Message. It can be classified as under:

1. Print Media:

- Newspaper
- Magazines
- Trade Journals
- Hand Bills
- Direct Mail

2. Audio, Visual and Audio-visual Media:

- Radio
- Television
- Cinema
- Outdoor Advertising
- (Inscripts on Walls, Hoardings)

3. Support Media:

Such as Direct Marketing, Interactive Media, Promotional Product,
 Point of Purchase and Internet,
 Posters
 Neon Signs
 Transit Advertising
 (Railway and other transport system)

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Basic Terms and Concepts

Media Vehicle: It is the specific carrier in a media category. Newspaper is a medium and under this is the Pioneer, Times, Dainik Jagran etc. Media vehicle is the actual carrier of advertisement in various category of media. In Radio we have Vividh Bharti as a media for TV, media we can have Zee TV, Channel V, Star TV etc. as media.

Media Mix: Combination of various media used in advertisement.

Media Planning is the series of decision involved in delivering the promotional message to the prospective purchaser/user of the brand. Media planning is a process in which a number of steps are involved. It is a guide for media selection. Specific objectives are formulated and then media strategies are designed to achieve these objectives. After the decisions are finalized the media plan is organized. It consist of 3 steps.

- (i) **Whom are you trying to reach?** We try to reach the target audience. We try to find their characteristics, demographic, psychographic, their lifestyles and their profiles.
- (ii) **What are communication objectives?** Along with media mix.
- (iii) **Communication Objective:** As soon as the target is identified then the response of the audience has to be seen. The ultimate objective is to persuade the customer to buy the product and also be satisfied with it. The marketer may be seeking a cognitive affective or a behavioural response from the target audience. Marketeer also wants to move the target audience to a higher readiness stage. For this the help of various response models can be taken.
- (iv) **Exposure:** Audience persuasion goes through various stages as discussed in the AIDA theory given above. Repeated exposure is essential.

Reach and Frequency

Reach is total number of persons exposed to advertisement.

Frequency is the number of times the Ad is released.

For Newspaper: Milline Rate is applicable.

- (a) **Line Rate or Column Rate** $\times 10^6 = \text{CMP circulation}$ (Total audience cost per million viewers).
- (b) **For Magazines:** Cost per thousand is calculated

Stage	AIDS Model	Hierarchy Affects Model	Innovation Adoption Model	
Cognitive stage	Attention ↓	Awareness ↓ Knowledge ↓	Awareness ↓	Exposure ↓ Recognition ↓ Cognitive response ↓
Affective stage	Interest ↓ Desire ↓	Likeness ↓ Preference ↓ Conviction ↓	Interest ↓ Evaluation ↓	Attitude ↓ Intention ↓
Behaviour stage	Action	Purchase	Trial Adoption	Behaviour

Fig. 4.15 Response models

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Media Class-source Effect

Exposures in different media (Newspaper, TV,) Magazines have varying effects on audience. Within a media there are different vehicles which leave different impact and may look more credible. This is known as **Media Vehicle Source Effect**. Therefore, for choosing a media., besides the 5 Ms the qualitative impact of media is considered. The image of cheapness, class, dignity, credibility etc., is created.

$$\text{Cost Per Rating Point (CPRP)} = \frac{\text{Cost of commercial time}}{\text{Performance rating}}$$

A Media Schedule Contains

Media Category: TV, Magazines, Direct Mail. Media can be classified under various categories as shown.

Media Vehicle: Chitrahara on TV, Times of India in Newspaper, Femina in Magazines. It is the actual carrier of message under the various options available frequency specific media category.

Number of Insertions: The number of Ads shown in a day, in a week or in a month or any period of time.

Details: 3 options

Continuous Approach

Time • Sale • Advertisement.

Pulsing Approach

Where a steady base of Advertisement is maintained with heavy bursts of Advertisement.

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Flighting Approach

Having periods of inactivity total absence of Advertisement in certain periods.

Continuous Approach

Advantage: It is a constant reminder to the consumer. It covers the entire buying cycle through out the year.

Disadvantage: It is costly. There is wastage in overexposure. Limited money allocation is possible.

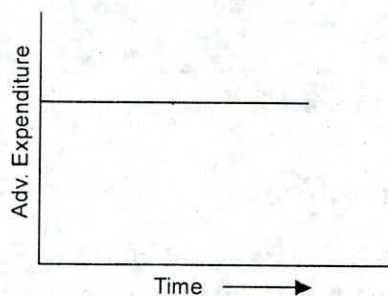


Fig. 4.16

Pulsing Approach

In this there are two variations.

- (a) When the advertising goes in proportional to sale
- (b) When more advertising is done in lean periods and less advertising during peak sales.

The advantages are the same in other methods.

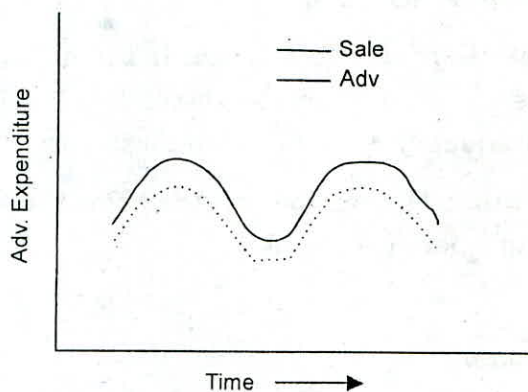


Fig. 4.17

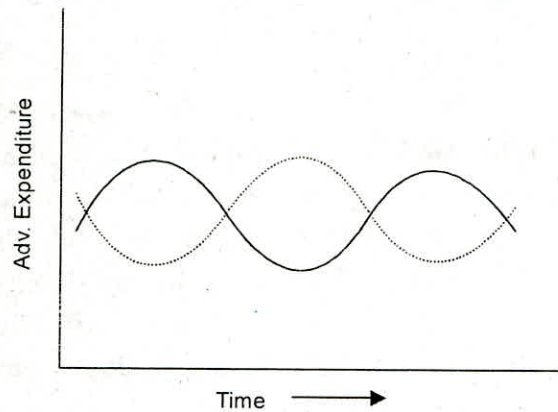


Fig. 4.18

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Flighting Approach

For products who have a small product life cycles. The advertising is done in the beginning and the sales picks up very fast and then it declines very fast. During the decline period there is very little or no advertisement. The product stays, in the market for a short period of time.

Effect of Reach and Frequency

One exposure on target market has little or no effect. Since one exposure has no effect frequency must be increased. An exposure frequency of 2 within a purchase cycle is effective. 3 exposures are good enough more exposures than that may not have additional effect.

Frequency response cannot be generalized as they vary from medium to medium. Wear out may be a problem of creativity or copy rather than of frequency.

Steps followed in developing media strategy:

Situation analysis Marketing strategy plan. Creative strategy plan

- (a) **An analysis of the company and its competitors:** This consists of analysing and understanding the market share and size, nature of the product, distribution practices methods of selling, use of advertising, identification of prospects.
- (b) **Market strategy plan:** *"Nothing dies faster than an idea in a closed mind"*.
 - (i) It includes the formulation of marketing objectives.
 - (ii) And converting them into goal that media can achieve.
 - (iii) Set the guidelines to choose the media.

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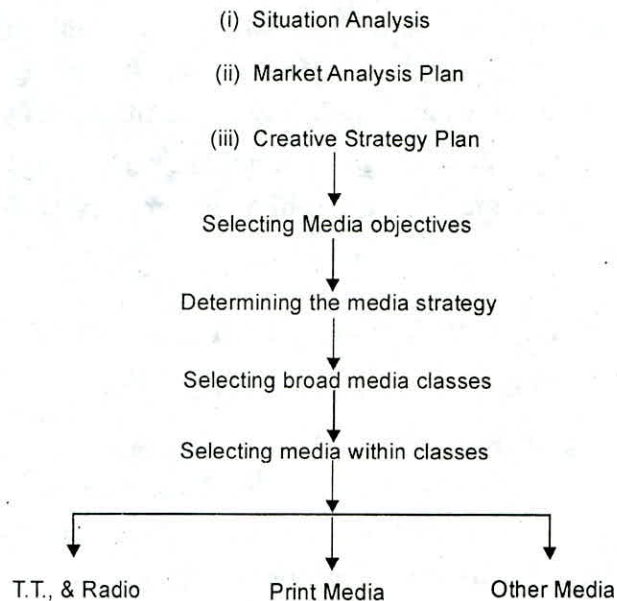
which media to select.

The selection can be from amongst the Newspapers, Magazines, Radio, TV, After selecting the medium the appropriate Media Vehicle is to be decided. The decision has to be taken regarding the reach and frequency. The time of the day when the advertisement is to be released on TV, and where should the Ad be placed in the programme. Besides the above, the product spending strategy, distribution strategy, deciding the marketing mix and their identification of the best marketing segments from a part of marketing strategy plan.

(c) **Creative strategy plan:** This consists of understanding the following issues:

- How the product can fulfil the needs of the consumer?
- What should be the copy themes?
- What should be the objectives of each Ad?
- Positioning the product in the Ad and the frequency of reach of the Ad.

Media Planning



Print Media

In the decision on release of advertisements and their planning and frequency is to be decided. Decision on colour. Decision on any preferred position in the media Reach and frequency of the Ad through the media.

4.16 TESTING FOR ADVERTISING EFFECTIVENESS

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.

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1. **Source:** It has to be seen whether the source is effective and how the target market will respond to it. Some sources, like Kapil Dev, Sharukh Khan, Sachin Tendulkar, Amitabh Bachhan, Pretty Zinta, Kareena Kapoor, are very effective. They are attractive, genuine sports persons or actors and have the credibility. Sometimes, the source loses its credibility or becomes old and has to be changed.
2. **Message:** How the message is communicated to the audience and what type of message it is, also affects the advertisement. The message should be memorable and should be able to deliver the advertising objectives. The delivery of the message and its setting or situation also matters a lot. The message must have proper headlines illustrations, text and layout. The ads must be ethical, the message should be credible and too much use of unnecessary sex should also be avoided. There are certain consumable products like soaps, contraceptives, hair oils, creams and toiletries. These products sometimes have to use and take the help of the other sex for stimulating demand.
3. **Media Strategies:** It is very important to decide the proper Media Mix. *i.e.* (Print Media, Broadcast Media) Newspaper or Magazines, Radio, TV, that could generate the most effective results. Media vehicle has also to be decided, that is, which newspaper or magazines, which channel or TV which programme on radio is to be used. This is decided by keeping the target audience in mind. The location of the Ad in a particular medium is also important. In a media we can choose the front page or the back page or the inside page or any ordinary page placed strategically. In TV some programmes are more effective and popular. Some audience prefer old programmes and some, like to new ones.

Another factor is the scheduling of the advertisement whether a continuous approach, a pulsating approach or a flighting approach be adopted (see Advertising in the chapter on media). This is an important decision and requires experience by decision makers.

NOTES

4. **Budget:** For evaluating of the advertisement, the money spent on the budget is also an important factor. It is sometimes believed that the increase in the advertising expenditure will lead to greater sales. However this may not be true as optimal expenditure is required keeping in mind the role of other promotional mixes.

Testing of Advertisement

Testing of advertisement is basically done by two methods—Pretesting and Posttesting. Pretesting (also known as evaluation research) is done before the advertisement is released. Pretesting is essential to see how effective the advertisement will be. Since a lot of money is spent on making the advertisement copy etc., it is essential to gauge what impact will it have on the audience. Pretesting may be done at a number of points. Right from idea generation till its implementation. Pretest should be used as a guide. In pretesting of advertisement respondents are asked a *number of questions in different settings*. These setting can be in laboratory, field etc. Questions asked can be framed to elicit information from the respondents to make out and differentiate strong ads from the weak ones.

Questions Asked

- Which of the Ads interest you mos?.
- Which Ad is more convincing about the quality and superiority of the product?
- Which Ads would you like to read in a magazine?
- Which Ad on T.V. would you like to see again and again?
- Which headlines is best in your opinion?
- Which layout persuades you most to buy the product?

Methods of Pretesting of the Advertisement

- *Direct Questioning:* From the respondents/consumers about the Ad in question.
- *Focus Group:* A group of about 140 people who freely discuss about the Ad and give their opinion.
- *Portfolio Test:* It consists of 2 groups of respondents one is exposed to a portfolio of test Ads interspersed among other Ads. The other group sees the protfolio without the test Ads.
- *Paired Comparison Test:* In this the respondent compare each Ad in a group.
- *Order of Merit Test:* Two or more Ads of the same product are put in order of preference or rank.

- *Direct Mail Test:* Two or more Ads are mailed to different potential customers to see which Ad attracts more orders.
- *Central Location Test:* Respondents are shown test commercial in a public place or a shopping centre in big malls.
- *Clutter Test:* The ad to be tested are shown along with other non-competing Ads to study the response to the Ad.
- *Trailer Test:* Trailers are shown as commercials at shopping centres and the prospects are given discount coupons for the advertised products.
- *Live Telecast Test:* Commercials are shown at electronic TV, or cable and subsequently respondents are interviewed on the phone.
- *Sales Experiment:* Alternative TV or Radio commercials are run in two or more markets and then compared.

NOTES

4.17 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.

NOTES

4.18 BUDGETING METHODS

“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. In connection with the response to advertisement there are two models to be considered.

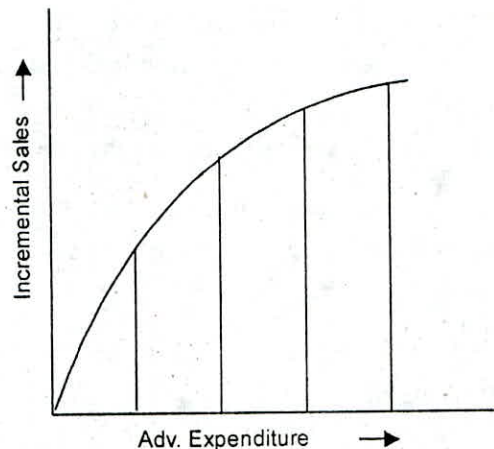


Fig. 4.19

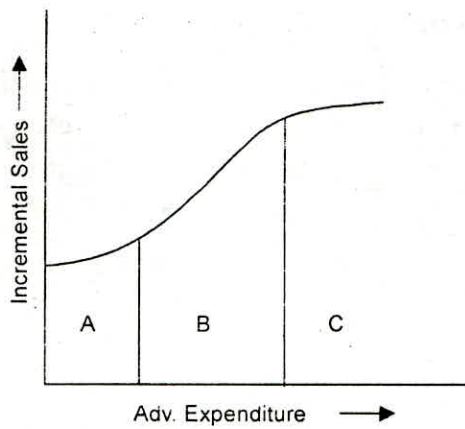


Fig. 4.20

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.

4.19 BUDGETING APPROACHES

We are discussing here two 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 executed 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.

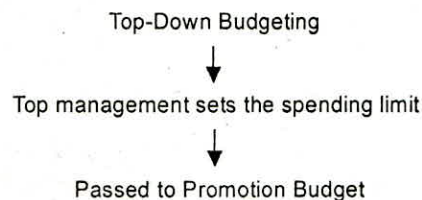


Fig. 4.21

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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.

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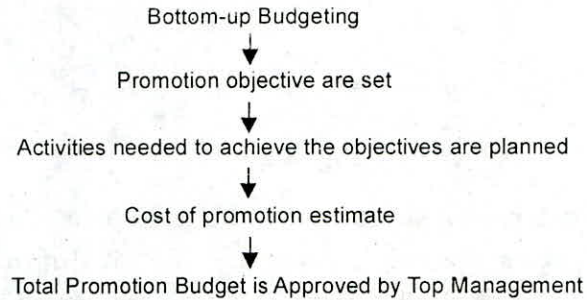


Fig. 4.22

“Money is the backbone of all organization. Your budget should be in accordance with your objectives and the chosen Media”.

4.20 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 advertisements 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 regulations. It should adhere to certain values and give satisfaction to the consumers. Another issue is the advertising directed

on children. The children are exposed to adult advertisements and those advertisements that are not made for children. The adult advertisement may be showing a lot of indecency and sex, which may not be good for children.

Therefore: Advertising should:

- (i) Be truthful, should reveal the truth and significant facts.
- (ii) Be *substantiative* should substantiate with proofs *e.g.*, Kapil Dev professes that "Boost is the secret of my energy".
- (iii) Be non-comparative.
- (iv) Give real and true guarantees.
- (v) Avoid false claims.
- (vi) Adhere to taste and decency. Should keep away from offensive and untrue publicity.

NOTES

4.21 SOCIAL ISSUES IN ADVERTISING

While advertising has been criticised for many reasons yet there are many points in favour of social advertising. Its benefits are as under:

- It improves the social and cultural behaviour of people.
- It is a tool which can be used for the welfare of the society.
- It improves the economic well-being of the people.
- It exposes them to opportunities for employment and for making their lives better.
- It gives them new ways of satisfaction.
- Socially acceptable advertising is good for the people.
- Advertising should change with the change in social values. The advertisement of today would not be acceptable two decades back but now the society has become more liberal and more open, advertising is acceptable.
- It informs the housewives of the products available which can reduce their drudgery. Such products advertised are the cooking gas, washing machine, mixers, grinders etc.
- It propagates family planning—a great need of the nation.
- It makes people aware of various diseases like Cancer and AIDS.
- It makes them aware of the treatment for these ailments.

NOTES

1. 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.**
2. 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.
3. 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 selfinsured 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.

NOTES

4.22 MANAGEMENT OF ADVERTISING AGENCY

Advertising job has now become very complex and very expensive. Most firms take the help and employ advertising agencies to do the job for them. For advertising to be successful the Advertising Agency and the advertiser have to work in unison and collaborate with each other. They work together in media selection, formulation of message allocating the budget and formulating the objectives of advertising. The firm should be able to give all the relevant information to the Ad agency—the information about the firm, the type of market and the consumer competition faced by the channels in use.

The agency becomes an insider and full collaboration must be established between the agency and the advertiser. The agency must be competent and should be familiar with the positioning and branding of the product and also about financing and distribution. The agencies are now very competent and have knowledge of all the aspects of marketing. They render special services like Market Research and help the firm to choose a proper promotion mix. The firm and the agency become close to each other and develop a lasting relationship for the benefit of both.

An advertising agency is a Service Organization that specializes in planning and executing advertising plans for its clients. In India there are many advertising agencies having their Headquarters in Delhi, Mumbai and Chennai. The main reason for using the Ad agencies is that they can provide services of higher-skilled individuals who are specialists in their chosen field. They include artists, writers, media analysts, researchers and technologists. The Ad agency has varied experience in solving the problems of many companies and can be relied upon.

Advertising agency provides specialist service to companies which are interested in promoting their goods. These agencies started developing as back as 1840. It got its proper shape by 1901, and kept on developing till in 1950 they started giving its specialized service. There are many considerations for selecting an agency. These are:

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- **Full-service agency** which has been discussed at length.
- Then we have the **Part time agencies** who can be hired for a short period of time. These are used for project basis as well. Advertisers can contact part-time agencies for coordinating their activities and working with them for a short period of time.
- **Compatibility:** By compatibility we mean how it serves the needs of the advertisers. It is the merit of the agency. They coordinate with the advertiser and availability of the opportunities.
- **Agency team** should be competent, experienced and be able to deliver the goods. The team consists of market resources, copywriters, media experts, production managers and other members. The attitude and thinking of the team goes a long way in its selection.
- **Agency stability:** How long has the agency been in existence, what is its track record, what has been its contribution to earlier clients, the experience and skill of the personnel in finance research production etc., help in selecting the agency.
- **Services:** What services have been rendered by the agency and in which area, has it been to the satisfaction of customer or not, what has been the area of operation and the success it has achieved, etc.
- **Creativity:** Agency chosen should have a lot of creativity as it is an important element for choosing the services of the agency. It should have an impact on the style, clarity, impact and memorable values in the advertisement produced by them.
- **Problem-solving approach:** This is most important for an agency. It should be able to foresee the problem and solve it as well. It should visualize the problems of the company, the public and try to resolve them by rational approach.

The other functions are:

- **Accounting and finance:** This is important and the budget has to be decided in advance so that there is no conflict afterwards. Proper allocation of budget and proper disbursement by the agency is also an important function.

- **Media:** A media or a media mix is considered for which the advertisement is prepared. While deciding the media, the reach, the frequency of release of the advertisement, the cost incurred and the objectives have all to be kept in mind.
- **Research:** It is a key function in the advertising campaign. All information is gathered systematically and logically which becomes an input for the company and the agency. Research may take up a lot of money. It has to be decided whether the research and how much of it is desirable.
- **Internal control:** The agency has also to manage its employees, finances, resources and take up all the managerial functions. The agency is itself an organization, it has its structure, control, income, expenditure and feedback.

NOTES

Functions of Advertising Agency

The agency, like any organization, performs all the managerial functions. These are:

1. **Planning:** It plans the advertising campaign after getting the feedback from the client. The agency must have a fair knowledge of the company and its products. It should be aware of the market conditions, the target market, distribution method, price level and their conditions.
2. **Creation and execution:** To create a copy, to decide the illustration, photographs, colour, scheme, story if any—these should be chosen accordingly to the suitability of the media.
3. **Coordination:** Firstly, there should be coordination between the agency and the client. Then there should be coordination with the internal and external departments. Internal coordination can be with finance, human relations, production and research departments. The external coordination is with the sales, distribution, retailers, media etc., and these are coordinated.

4.23 ROLE OF ADVERTISING IN NATIONAL DEVELOPMENT

Advertising plays a very crucial role in the National Development. There are two types of advertising. 1. General advertising 2. Institutional advertising.

General Advertising

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- It is a major component of the Promotion Mix.
- It is also the tool of communication and gives awareness to the masses.
- It enables the consumers to exercise their right of free choice.
- It is the most economical method of communicating to the consumer.
- It promotes social awareness by communications.
- It deters the public from indulging in anti-social activities and educates them about social issues.
- It communicates about family planning issues which are very crucial for our nation.

It educates people about health hazards, and safety norms.

- It is a very powerful source of communication. It improves the economic development of our country.
- It stimulates production and brings in more employment.
- It helps in establishing prices and brings contentment to the public.
- It leads to wider distribution and makes goods available at the right time and at the right place.
- It is essential to marketing system and is its integral part.
- It promotes social and economic growth. It disseminates technology and creates favourable conditions for the acceptance of innovative approaches.
- It leads to greater sales growth for the firms spending more on advertising.
- It can help in lowering prices by reducing the cost of production and distribution and expanding the market.
- It encourages mass consumptions and leads to increase in production thereby lowering the prices.
- It encourages competition so that the customer is benefited. The firms which are forced to undertake consumer research come out with better products for the consumer.
- It improves product quality through competition and induces firms to maintain quality as promised. It promotes the brands with the improvement in the quality so that the customer is satisfied.
- It makes people adopt new products and plays a greater role in diffusion of the message so that the product gets a boost and starts selling.
- Advertising leads to aggressive selling and makes people work harder which improves their living standards.

So far we have dealt with general aspects of advertising directed at the consumer but advertising also plays an important role in institutional advertising, building image of the organization and non-commercial advertising. It also leads to the development of the nation. We shall try to discuss them briefly.

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Institutional Advertising

The development of a nation is also dependant on the industries, their development and expansion. The industries have to be promoted and expanded and advertising can do this effectively. Industrial advertising emphasizes on the comparative advantage of the product and how well they meet the consumer needs.

- It persuades the manufacturers to buy high quality equipment and machines and adopt the latest technology to improve their products.
- It makes salesman more effective.
- It helps to keep the interest of the customer alive. When a company brings in new models and varieties of products for various sections of the society the advertising helps in diffusing the message to the consumers *e.g.*, Maruti Udyog Ltd., came out with 800 CC Model which was advertised and became very popular. Then came the Omni van, the Zen, the Alto, the Esteem, the Baleno, the Wagon R, Gypsy and now the Swift.

The advertising gives information to the public about the vehicles and which vehicle is meant for which class of people. In creating industrial advertisements, some themes are emphasized:

- Old established with long experience. Advertising in this case emphasizes the acceptability of the product by the consumer as well as the long experience that the company has had.
- **Research and development:** A lot of research goes in the making of the product. The research is continuous and adapts to the changes in economic behaviour.
- **Technical breakthrough:** When a new technology is introduced or a new innovation takes place advertisers promote their products. In case of cell phones it is a new breakthrough in communication technology and advertising plays an important role. “**Kar Lo Duniya Mutthi Mein**”.
- **Customer recommendation**—Or word of mouth. This leads to repeat purchases and this promotion is backed by advertising.
- **It highlights product differentiation** “**Not only a toothpaste but a mouthwash as well**”.

NOTES

Non-commercial Advertising also plays an important part in developing a nation. This type of advertising is undertaken by Govt. Departments like the Municipality, the departments concerned with health, social welfare, education, other non-profit organizations and organizations. This type of advertising covers immunization against diseases like Polio, Cancer etc. It also plays an important role in the:

1. Cleanliness of the city.
2. Avoiding encroachments on footpaths.
3. Rehabilitation of beggars and lepers.
4. Protection against rabies.

It is necessary to have the data on the behavioural characteristic of the target audience before it is possible to develop an appropriate message and to develop advertising effectively. The selection of media vehicle, its reach, frequency and other parameters must be clearly outlined. The advertisement should be carefully planned with creative strategy and proper execution.

Thus, we see that advertising plays a very important and crucial role in the development of a nation. **“Advertising brings prosperity to a nation by selling more, by creating employment opportunity and by bringing awareness to the public.”**

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. These include the
Message
Media
Merchandise
- 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 two or more persons consciously or unconsciously

attempt to influence each other through the use of symbols or spoken words.

- Advertising strategy can be made up of multiple objectives *i.e.*, financial contribution and taking the customer through various stages of awareness.
 - Corporate/Business goals.
 - Marketing objectives.
 - Advertising objectives.
 - Advertising planning.
 - Formulation of advertising programme.
 - Proper launch of the campaign through a suitable media.
- 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.

NOTES

GLOSSARY

- **Publicity:** It is the management 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:** Is a person who pay for the advertisement?

- Research: It is a key function in the advertising campaign.
- Media: Is considered for which the advertisement is prepared?

NOTES

REVIEW QUESTIONS

1. Describe the different dimensions of advertising.
2. Describe the advantages and disadvantages of advertising and other promotional tools.
3. What is Role and Benefits of advertising?
4. Elaborate upon the Primary and Selective advertising with examples.
5. Write notes on Integrated Marketing Communication (IMC).
6. What are various types of Communication?
7. What are the different stages of an advertising strategy?
8. What do you mean by advertising campaign? How are they planned?
9. How would you develop a campaign for selling of cell phones?
10. What do you mean by source, what are its characteristics?
11. Discuss the message structure, its presentation and order.
12. What do you mean by appeals? What are different types of appeals? Illustrate with example.
13. What are the components of copywriting and the criteria for an effective copy?
14. What do you understand by creative strategy in advertising?
15. Explain position and repositioning of advertising.
16. What are the various types of media available for advertising?
17. Explain the terms—Media, media vehicle reach, frequency, media class source effect.
18. In case of advertising expenses what is continuous approaches, fighting approach, pulsing approach.
19. What are the steps followed in developing a Media Strategy?
20. Discuss the pretesting and protesting of advertisements.
21. What factors should be taken into consideration for preparing a budget?
22. What are the different ethics of advertising?
23. What are different social issues in advertising?

24. What is an advertising agency? What are its functions?

25. Explain the importance of advertising in the national development?

FURTHER READINGS

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