CONSUMER BEHAVIOR

LECTURE NO. 1

AN INTRODUCTION TO CONSUMER BEHAVIOR AND MARKETING CONCEPT

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AGENDA:

1. What is consumer behavior?
2. Marketing concepts
3. Types of consumers
4. Implementation of marketing concepts
5. Current challenges for marketers
6. Consumer behavioral model

INTRODUCTION

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

More specifically, consumer behavior is considered to be a decision making process. It is the totality of all activities and behaviors that consumer displays.

For example, shopkeeper in a village want to sell his products to a customer, he needs to understand the needs of customer before he moves to the actual exchange.

Marketer has to persuade the customers to choose his products for which he needs to know two important things:

- what influences customers
- how to make their product as choice number one

For example; in early 19th century, Ford developed Ford Motor Car with an ambition to provide the cheapest car to every one who could buy. That was one aspect of the 'marketing concept'. On the other side of the picture, within 10 years of its launch, Alfred P. Sloan decided to launch a car for "every body's choice", hence they launched General Motors. And this concept was later emerged as marketing segmentation.

Marketing has gone through a number of phases: five most important steps are as follows:

1. The Production Concept
2. The Product Concept
3. The Selling Concept
4. The Marketing Concept
5. The Societal Marketing Concept

1. The Production Concept

It holds that consumers will prefer products that are widely available and inexpensive. Managers focusing on this concept concentrate on achieving high production efficiency, low costs, and mass distribution.

2. The Product Concept

This orientation holds that consumers will favor those products that offer the most quality, performance, or innovative features. Managers focusing on this concept concentrate on making superior products and improving them over time.

3. The Selling Concept

It holds that consumers and businesses, if left alone, will ordinarily not buy enough of the selling company's products. The organization must, therefore, undertake an aggressive selling and promotion effort. Their aim is to sell what they make rather than make what the market wants.

4. The Marketing Concept

It holds that the key to achieving the organizational goals (goals of the selling company) consists of the company being more effective than competitors in creating, delivering, and communicating customer value to its selected target customers. The marketing concept rests on four pillars: target market, customer needs, integrated marketing and profitability.

5. The Societal Marketing Concept

It holds that this all must be done in a way that preserves or enhances the consumer's and the society's well-being.

(Retrieved from Kotler, Philip. (2000) Marketing Management. Upper Saddle River, New Jersey: Prentice Hall.)

TWO TYPES OF CONSUMERS

There are two types of consumers:

(1). Household consumers.

(2) Institutions/Organizations

Marketers need to understand their consumers and then devise strategies accordingly. The strategies for household consumers will be different from organization consumers and vice versa. But the focus of the marketers to gain competitive advantage in the eyes of consumers relative to the competitors. In ordered to gain competitive advantage, three aspects are important: *customer satisfaction, customer value,* and *customer retention*. For example, if one company is providing more value to the customer relative to the competitors, then the same will gain more competitive advantage.

Customer value is defined in terms of price and cost. It is the difference between price which a customer is supposed to pay and the cost which is incurred in the manufacturing of the product.

IMPLEMENTATION OF MARKETING CONCEPT

Following three steps are normally used for the implementation of marketing concept:
1. Segmentation
2. Targeting
3. Positioning

1. Segmentation

Segmentation is the process of grouping people or organizations within a market according to similar needs, characteristics, or behaviors. It can also be defined as a process to identify the consumers who are similar to one another in one or more ways, and then devise marketing strategies that appeal to one or more groups.

2. Targeting

Targeting is the actual selection of the segment the company wants to serve. Target market is the group of people or organizations whose needs are similar and a product is specifically designed to satisfy those needs.
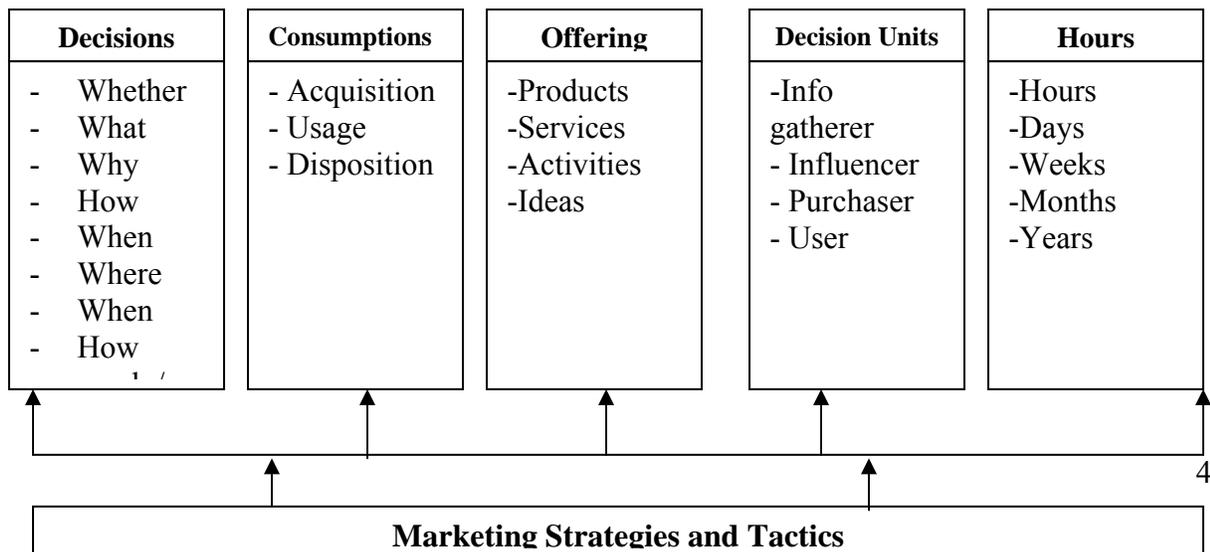
3. Positioning

Positioning is the use of marketing to enable people to form a mental image of your product in their minds (relative to other products). Positioning requires marketing mix; product, price, promotion, and place.

CURRENT CHALLENGES FOR MARKETERS

1. Rapidly evolving technology
2. Ethics
3. Changing needs and wants
4. Cultural assimilation
5. Environmental issues
6. Globalization

Marketers need to understand these challenges and devise marketing strategies accordingly. Finally, consumer behavioral model is discussed as follows:

CONSUMER BEHAVIORAL MODEL

| Decisions	Consumptions	Offering	Decision Units	Hours
- Whether - What - Why - How - When - Where - When - How	- Acquisition - Usage - Disposition	-Products -Services -Activities -Ideas	-Info gatherer - Influencer - Purchaser - User	-Hours -Days -Weeks -Months -Years

Marketing Strategies and Tactics

CUSTOMER VALUE

AGENDA:

1. Customer Value
2. Consumer Research

   Qualitative Research

   Quantitative Research
3. Data collection methods

   Survey method

   Experiments

   Observations
4. Types of Data

   Secondary

   Primary
5. Validity and Reliability

1. CUSTOMER VALUE

Customer value is the difference between what a customer gets from a product, and what he or she has to give in order to get it or simply, it is the difference between cost and benefits.
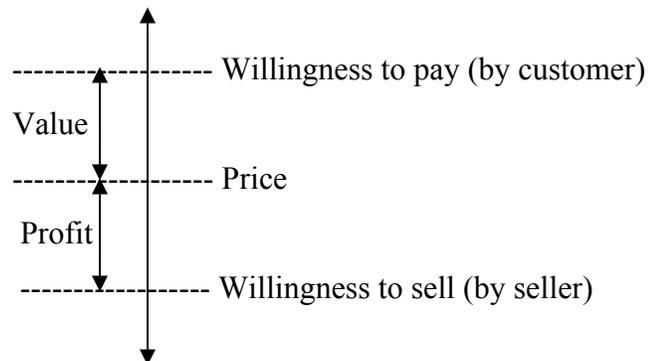
2. CONSUMER RESEARCH

Consumer research is the investigation into the driving forces behind customer behavior, consumer psychology and purchase patterns. Consumer research is focused on obtaining objective information through statistical sampling to help businesses craft products and advertising that increase sales and profitability.

There are two broad areas of research known as qualitative research and quantitative research.

a. Qualitative Research

Qualitative research involves analysis of data such as words, pictures or objects. Qualitative data is more 'rich', time consuming, and less able to be generalized. The data in qualitative studies is normally conducted/collected through:

- Focus groups
- In depth interviews
- Ethnography

b. Quantitative Research

Quantitative research involves analysis of numerical data. Quantitative data is more efficient, able to test hypotheses, but may miss/overlook contextual detail. This type of research is more close to cause and effect relationships. There are many methods for the collection of data. Few of them are as follows:

a. Survey method
b. Experimental method
c. Observation method

a. Survey Method

Data are usually collected through the use of questionnaires, although sometimes researchers directly interview subjects. There are two basic types of surveys: cross-sectional surveys and longitudinal surveys. Cross-sectional surveys are used to gather information on a population at a single point in time. Longitudinal surveys gather data over a period of time. The researcher may then analyze changes in the population and attempt to describe and/or explain them. Normally survey is conducted through:

- Personal interviews
- Mail survey
- Telephonic survey
- Mall intercept

b. Experimental methods

There are a number of ways to conduct a scientific experiment. For example; laboratory experiments, field work, surveys, or longitudinal studies etc.

c. Observation method

Observation method is a technique in which the behavior of research subjects is watched and recorded without any direct contact. This method involves human or mechanical observation of what people actually do or what events take place during a buying or consumption situation.

4. TYPES OF DATA

There are two types of data know as secondary data and primary data. *Secondary data* is the data which pre-exist in the system. Secondary research gathers information which has already been collected. *Primary data* is collected for a particular purpose and is new information. This is conducted using some means of questioning usually via a survey or interviews.

5. VALIDITY AND RELIABILITY

While conducting research, more emphasis should be given to the validity and reliability of the instrument used for data collection. *Validity* means the instrument which you have used is really relevant to the questions at hand. And this information is significant from the point of view of what is the purpose of the research. *Reliability* is interpreted as the instrument you have used to collect information for the first time, if the same instrument is used to the same sample again, you would get the same responses. Then, it means that the instrument is reliable.

CONSUMER BEHAVIOR RESEARCH

This lecture first summarized the previous lecture on consumer research with more depth explanation. Initially qualitative and quantitative data was explained and important steps were explained in detail. In quantitative research, most important is survey method and survey is normally conducted through questionnaire. There are two types of questionnaire, (a). Disguised (b). Undisguised.

(a). Disguised Questionnaire is one in which purpose of research is not explained to the audience/respondents. This method normally give better and useful responses.

(b). Undisguised questionnaire is one in which the purpose of research is shared with the respondents. Problem with this type of research is that the respondents are more inclined to answer closer to what researcher is looking for. Hence, chances of biasness are high in undisguised questionnaire.

There are two types of questionnaire: (a). Open ended (b). Close ended.

(a). Open ended are those in which a space is given to the respondents to write whatever they want against the asked questions.

(b). Close ended questions are those in which numerical scales are given and respondents respond according to their perceptions. Normally likert scale is used for the close ended questions.

LANGUAGE OF QUESTIONS

Most critical issue in questions is the language. Whenever we write the questions, we need to avoid from the following pitfalls:

- We should not ask *Leading questions* (question is suggested within the questions)
- We should not use the words that are specific to specific category. We need to use *Simple words* so that every one can understand easily.
- We should also be very careful that *respondents should be able to answer.*
- We should ask the questions that respondents are *willing to answer.*

- Finally, we should *avoid asking two points in one question.*

RESEARCH DESIGN

Research design required three things:

1. Instrument

2. Sampling plan

3. Data collection method.

Here, we need to understand the way instruments can be used. For this, we go through the concept of measures – scales.

There are different types of scales; few of them are as follows:

1. Attitudinal scale
2. Satisfaction measures
3. Importance scale
4. Semantic differential scale
5. Behavioral intention scale

1. Attitudinal scale

An attitudinal scale is a device consisting of symbols that have a value assigned to them by the researcher. Attitudinal scales are very popular measureing instruments with researchers. The best known type of a scale is Likert scale, which consists of items to which a subject responds with varying degrees of intensity. For example, commonly used alternatives are: strongly agree (SA), agree (A), undecided (U), disagree (D), strongly disagree (SD).

2. Satisfaction measures

Satisfaction measures is the type in which we normally identify the scale from very satisfied (1) to very satisfied (5).

3. Importance scale

In importance scale, respondents are asked to show their perceptions on the scale extremely important (1) to not at all important (5).

4. Semantic differential scale

Semantic differential is a type of a rating scale designed to measure the connotative meaning of objects, events, and concepts. The connotations are used to derive the attitude towards the given object, event or concept. For example, reliability - no reliability; good - bad; important – unimportant; useful – unuseful etc.

5. Behavioral intention scale

The questions like 'how likely are you to continue using A,B,C'. Answers will be expected on definitely will continue (1) to definitely will not continue (5).

SAMPLING DESIGN

The method of selecting sample units to be included in a sample. There are two types of sampling: (I). Probability Sampling, (I). Non-Probability Sampling. Each one is being explained below:

(I). Probability Sampling

A probability sampling method is any method of sampling that utilizes some form of random selection. There are further four steps of probability sampling explained as below:

(a). Simple Random Sampling

Every possible combination of sampling units has an equal and independent chance of being selected. The selection of a particular unit to be sampled is not influenced by the other units that have been selected or will be selected. Samples are either chosen with replacement or without replacement.

(b). Systematic Sampling

The initial sampling unit is randomly selected or established on the ground. All other sample units are spaced at uniform intervals throughout the area sampled. In this type of technique, sampling units are easy to locate and appear to be representative of an area.

(c). Stratified Random Sampling

In this type of sampling technique, population is subdivided into subpopulations of known sizes. In order to obtain a more precise estimate of the population mean, a simple random sample of at least two units is drawn from each subpopulation. If the variation within a subpopulation is small in relation to the total population variance, the estimate of the population mean will be considerably more precise than a simple random sample of the same size.

(d). Cluster Sampling

Cluster sampling is a sampling technique in which the entire population of interest is divided into groups, or clusters, and a random sample of these clusters is selected. Each cluster must be mutually exclusive and together the clusters must include the entire population. After clusters are selected, then all units within the clusters are selected. No units from non-selected clusters are included in the sample.

(II). Nonprobability Sampling

Nonprobability sampling does not involve *random* selection. There are different types of Nonprobability sampling.

(a). Convenience sampling

Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.

(b). Judgment Sampling

In judgment sampling, the researcher or some other "expert" uses his/her judgment in selecting the units from the population for study based on the population's parameters. This type of sampling technique might be the most appropriate if the population to be studied is difficult to locate or if some members are thought to be better (more knowledgeable, more willing, etc.) than others to interview.

(c). quota sampling

A sampling method of gathering representative data from a group. Quota sampling requires that representative individuals are chosen out of a specific subgroup. For example, a researcher might ask for a sample of 100 females, or 100 individuals between the ages of 20-30.

ETHICAL ISSUES

There are some ethical issues in research which needs to be considered.

(1). Assure the respondents that the information will not be used for any other purpose except the purpose of research that has been explained to them.

(2). No misleading information should be provided to the respondents.

CUSTOMER SATISFACTION AND SEGMENTATION

This lecture mainly focused on two broad areas of marketing. Customer satisfaction and segmenting consumer markets (segmentation). First, we define customer satisfaction as follows:

CUSTOMER SATISFACTION

Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. It has two main factors:

(a). Customer expectation

(b). Delivered value

If customer expectation is less than delivered value, customer is highly satisfied. If customer expectation meets delivered value, then customer is satisfied. And if customer expectation exceeds delivered value, then customer is dissatisfied. The task of marketer is to meet customer expectation so that customer can be satisfied.

How to measure customer expectation?

Customer expectation can be measured through following methods:

a. Survey method (interviews, field studies etc)

b. Complaint center (put a small box and ask customer to put their comments in the box, comment cards etc.)

How to measure Delivered value?

Delivered value can be measured through following methods:

a. Survey method (interviews, field studies etc)

b. Ghost shopping (one of the company member visit service center as a customer and observe the level of service)

SEGMENTATION

Customers are all different in the way they think, in the way they feel, in the way they live, in the way they consume and in the way they choose. So, it means that there is diversity in the customers. In fact, this diversity creates a great opportunity for the marketers because if all the people have same needs and wants, then it will be difficult for the marketers to differentiate the products that could be offered to the customers. It will would result in a single product/service with same price for the whole market. Since this is not the case, every individual has different type of wants and choices, therefore, marketers need to understand which customer have which type of need/want and what they can offer to satisfy that specific need/want. Before moving further, first, we should define what the difference between need and want is:

Need: Need is something which exists in our systems. For example, hunger.

Want: In order to satisfy our need, we *want* something. In the above example of hunger, we can eat savour pulao, burger, chapli kabab etc.

So here, we come to know that needs are similar which normally exist in the market, but wants are different accordingly to the buying power of the individual customers. Since different consumers want different things to satisfy their similar needs, therefore, marketers need to divide the consumers into different segments in order to easily recognize the wants and then satisfy their exact needs. Hence, we define segmentation as the process of dividing the total heterogeneous market into groups which are similar in their wants.

For example, in a market 20% consumers want similar product, then marketers can discover the want of 20 consumers to satisfy them and name it as a segment.

Basis of segmenting consumer market

1. Geographic segmentation
2. Demographic segmentation
3. Psychographic segmentation
4. Psychological segmentation

5. Socio-cultural segmentation
6. User-Related segments
7. Usage situations
8. Benefits segmentations
9. Hybrid

1. Geographic segmentation

People with similar demographic characteristics normally live nearby. For example; in urban areas, towns, states, regions and countries etc. People living within the same geographical boundaries often have similar buying patterns. Therefore, marketers can divide the market based on the geographical areas.

2. Demographic segmentation

Demographic segmentation is based on various demographic factors such as age, gender, marital status, family size, income, occupation, education, nationality and social class etc. This type of segmentation helps the marketers to divide the market into several groups and then target each of these groups to satisfy their needs and ultimately increasing company's performance.

3. Psychographic segmentation

Psychographic segmentation is dividing the markets on the bases of interests, activities, opinions, behavioral patterns, habits, lifestyle, and hobbies etc. This type of segmentation plays on the psychology of the potential customers and helps the marketers to determine how potential customers belonging to a particular segment can be approached.

4. Socio-Cultural segmentation

Three major aspects are:
1. Family Life cycle

2. Cultural base cycle
3. Social status

In order to understand family life cycle, we want to draw a diagram which will help you to easily understand this concept.

(a). Middle aged divorced without children: this group will have different choices because they are divorced and have no children.

(b). Middle aged married without children; this group will obviously have different choices as compared to the previous one.

(c). Young divorced without children; this group will have different choices because their life style will be different due to young age.

(d). Young single; they are not married having young age, so choices will be accordingly.

(e). Young married with children; again choices will be different. And finally,

(f). Older; this group will have totally different choices than the previous groups.

(2). Culture

Culture is long lasting value system which is adopted by a group of people. Various cultures normally behave in similar manners. It is important for the marketers to understand different cultures specifically when they intend to market their products globally. They should be well aware about their norms, values, living standards, and choices. Hence, they will have to segment their market accordingly.

(3). Social status

Every society normally has social classes. Social classes are defined by certain typical behaviors. For example, BMW is targeted to a particular class, Mercedes is targeted to another class and corolla, civic, witz, swift, and mehran etc. are targeted to other groups. Hence, segmenting the market will help the marketers to easily divide the individuals into groups and then devise marketing strategies accordingly.

Remaining parts of the segmentation are covered in the next lectures.

LECTURE NO. 5

SEGMENTATION (REMAINING PART)

In continuation of the previous lecture, this lecture first of all draws the benefits which a marketer can get from segmentation.

Segmentation helps the marketers to focus on the right target and then offer tailor made positions, product, promotion, and price to that segment.

Segmentation also helps marketers to differentiate their product from the competitors but it will also increase the cost. Why? Because in mass marketing, it is less costly to reach the whole market. The opposite of mass marketing is segmentation marketing, which is more costly. In segmentation marketing, we normally use the concepts of economies of scale. For example, if we have to sell a product to 100 customers, it is less costly to produce 100 units together of same features than the 10 units with different features. However, we can not ignore the huge benefits of segmentations so normally it is the preferred way to go in especially in these days of intense competition.

In previous chapter, we discussed the basis of segmentation including demographic, psychographic, and socio-cultural segmentation. Now we will discuss remaining basis in detail.

4. Psychographic segmentation

Psychographic segmentation is dividing the markets on the bases of interests, activities, opinions, behavioral patterns, habits, lifestyle, and hobbies etc. This type of segmentation plays on the psychology of the potential customers and helps the marketers to determine how to approach the potential customers belonging to particular segment.

It includes the concepts of motivation, learning and perception etc. So, it is important for the marketers to know about the things that really motivate that become the motives for

the customer to buy a particular product. Motives are basically the ones which actually push people in to specific behaviors.

Psychographic relates to three things;

(a). Activities (different activities in the life)

(b). Interest (in which type of activities, products and services we are interested in etc)

(c). Opinion (feelings about any thing like product or service)

This is called AIO model (stands for Activities, Interest, and Opinion Model). AIO model is used to locate messages important for particular segments. It helps marketers to develop approach for promotion like advertising.

For example, if I find a group of people interested in golf, and I want to market my product to this specific category, then I need to choose a magazine which is the interest of this particular group and I will advertise my product in that magazine. Similarly, if I want to sell my products to the customers interested in tourism etc then I need to choose advertising medium through which I can easily reach to these audience. So AIO Model is normally works for advertising, media and type of campaigns used for the promotion of products.

AIO Model is studied through two frameworks;

1. CLAVES Framework
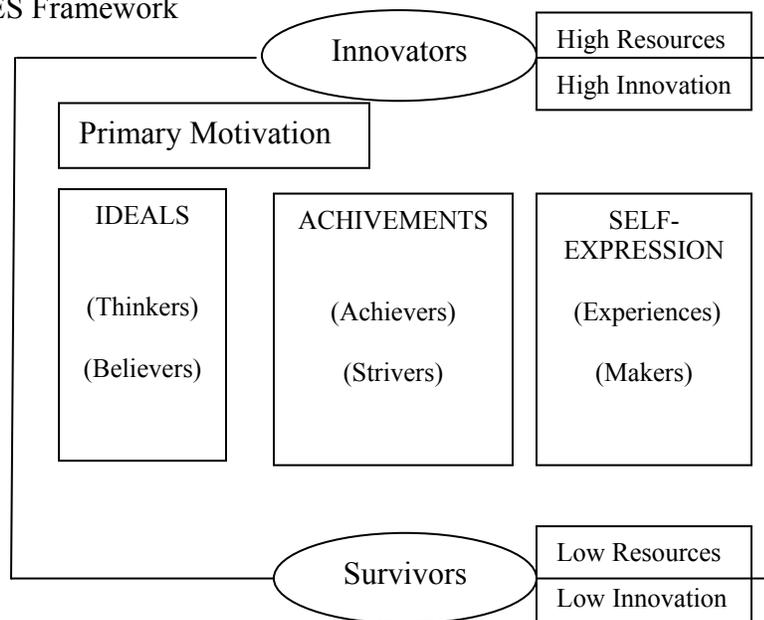
VALVES framework discussed six types of persons who have different characteristics.

The top ones are *innovators* or self-actualizers who have all the resources. So there basic motivation can come from above three points. Therefore these customers are variety seeking and always prefer new products. Hence companies normally prefer to target these customers.

On the lowest side, *survivors*, these people have fewer resources. They are normally motivated by security and fulfilling of basic needs. They normally try to buy on discounts and try to find cheap packages. These are totally opposite to the above people.

So we come up with two groups, high resources persons and less resources persons. High resources normally prefer value; they use logical thinking in purchasing. But these are not brand loyal because they can buy any product, use it and go for the other.

Another important type of groups is *believers*. These types of people avoid changes, they do not indulge in buying new things and these are normally brand loyal.

Achievers are more goals oriented. They centered themselves around the family behavior. They want products which are premium in nature. They have abundant resources.

Strivers are the ones who enjoy themselves, they are trendy, but due to less resources they buy low price products but they are trying to buy the products similar to the achievers.

Experiences: These types of people appreciate the eventual things. They experience new things. They spend lot of money on entertainments and enjoyments.

Makers: These types of people are value oriented and practical in their life. They also want to express themselves but on practicality. They prefer value than luxury. More concerned with family and own friends.

User Framework

There are three types of users; Heavy users, Medium users and Light users. Research indicates that normally 20% of the population of the segment buys 80% products of a company. Heavy users will buy more products than the light users. Usage conditions and outcomes can be explained through three important concepts: use framework, awareness, and brand loyalty.

(1). *Use framework*

	Low	High
High	High-Lows (Try to increase Usage rage)	High - Highs (Retain them) (Make them happy)
Current Share		
	Low-Lows (Ignore them)	Low - Highs (Use push strategy)
Low		

Low   Current use   High

(ii). Awareness concept.

In certain cases, we can study the people on the basis who are aware of our product and the group who are not aware of our product. And normally those will buy who are actually aware of the brand. Logic suggests that high aware brands will be more strong in the market. This will lead to the brand equity concept which means who strong your brand is in the market.

(iii). Brand loyalty concept

It suggests repeat purchase behavior. Every company normally tries to achieve this concept. It is important for the marketers to know who are more aware and who are not loyal. Brand loyalty is the goal of every marketer. Low brand loyalty suggests switching behavior. If there is quality product, the that product is more amenable to achieve brand loyalty. Now we would like to highlight a good area of segment as follows;

What is a good segment?

A good segment is logically the one

(1). which can be identified (can segment easily be identified)

(2). It should be measurable (can we define its boundaries, can we forecast demand)

(3). It is should be accessible (Can we reach the segment easily either through media or delivery processes)

(4). It should be substantial (is it sizeable/enough to target. If too small, then cost will be high)

(5). It should be actionable (if there is no responsiveness, then it is not the particular segment to be targeted. whatever offer we have, there should be substantial responses coming to the offer).

This discussion actually established a framework for us to know which particular segment is important for us to target.

How segmentation can be done?

Marketers must decide about;

- Price – Quality
- Use Location
- Kind of Location (Is it business center, tourism places, conferences etc).

Keeping the above points in mind, marketers can develop a segmentation framework.

Some related concepts

- Mass marketing (one product is applicable to the whole market)
- Segmental marketing (mid point between mass marketing and individual marketing. Here you have been able to differentiate the product on the basis of certain features and grounds).
- Niche marketing (very narrow kind of market. Here demand is very little)
- Line marketing (e.g. banks, McDonalds)
- Individual marketing (it is more customized marketing where every individual is considered as a single segment and each one is targeted individually)

LECTURE NO. 6

TARGET MARKET

Before we start motivation, we would like to recapitulate some important concepts for segmentations and how these bases can be used. Since we decide segmentation first and then move to the target marketing. So, here we would like to discuss little bit about target marketing.

Criteria for selecting target market

1. *Identified:* We should be very clear to identify the particular characteristics of the segment which will be used for the purpose of marketing, positioning and strategy. For example, it is easy to develop/ identify characteristics like demographics; male, female, students, businessman, age group etc. Same is the case with geographic but problem comes in when you are looking for psychographic like values, attitudes and life styles. Such characteristics are more difficult to identify. Another thing that is important in targeting is whatever target you choose, you should have a characteristic which can be identified and can be used for positioning strategy.

2. *Sufficient:* The target that you will choose should be *sufficient* in terms of number of people. You should be able to identify a large number of customers and enough demand so that it is profitable for the company.

3. *Reachable*: Segment should be reachable. For example, there is a demand in Gilgit but if you can not approach them then it means your segment is not profitable.

4. *Stable:* Segment should be stable and should stay for a number of periods longer duration. This type of segment will be more rationale to target.

Implementing Segmentation Strategies

There are three types of strategies:

1. *Concentrated strategy:* This suggests that we select design only one product to for market. We target only for this product. Company which has less resources normally focus on this type of strategy.

2. *Differentiation Strategy:* In this type of strategy, company normally target more than one segment at the same time. We must understand that company should consider two things; External environment and internal environment. If company has enough resources then they can easily go for differentiation strategy. For example, Procter & Gamble has number of products in its portfolio.

3. *Counter Segmentation Strategy:* Combine the segments. There is a possibility that over a period of time, different things normally vanish from the segments and segments become similar. Hence, we combine the segment because each segment is so small that is difficult to target each individual. For example, universities. In the initial stages, the separate the courses but in senior classes they combine the classes.

Internal factors which are critical in developing strategy

Resource Based View (RBV)

Researchers have suggested that most of the strategies can be developed into two frameworks. (a). One frame is to look at external market and then develop your own strategy. (b). Second frame is to see your internal strengths and then devise strategies. Here, companies should analyze whether they are capable to meet the requirements of the segment. Here, the concept of Resource Based View comes into play.

Resource based view suggests that companies have their own internal strengths which differ from other companies. And it is these strengths that apply in the market and bring differentiation. Company should be financially strong, should be able to research the channel of distribution and have strong marketing capabilities. Normally, it is compared with the competitors.

MOTIVATION

Before moving to motivation, let us have a deep knowledge of need and want.

Concept of Need and Want

Needs are critical points that organizations are focusing. Research suggests that companies can understand the needs of the customers in a better manner than the competitors and they are better able to provide the products accordingly.

Need is the internal factor which pushes a person to behave in a particular manner. Therefore, companies try to understand these needs which can motivate the persons to behave in a particular manner. So that person is satisfied and can achieve a particular goal. To more clarify this concept, we discuss the concept of market orientation.

Market Orientation

It is the logic behind the companies' strategies that they are more competitive than their competitors. Hence, it is described that a firm which is more market oriented is in a better position to satisfy the needs. So, companies should be more market oriented in order to easily understand the needs and then devise strategies to satisfy them. Having said that, let us see the concept of motivation.

So now we define motivation as "A motive is a construct representing an unobservable force within individuals that stimulates a desire and compels a response providing specific direction to action". It is the force that drives a person to buy and use the product, and satisfy the need.

How all these things take place?

Model of Motivation
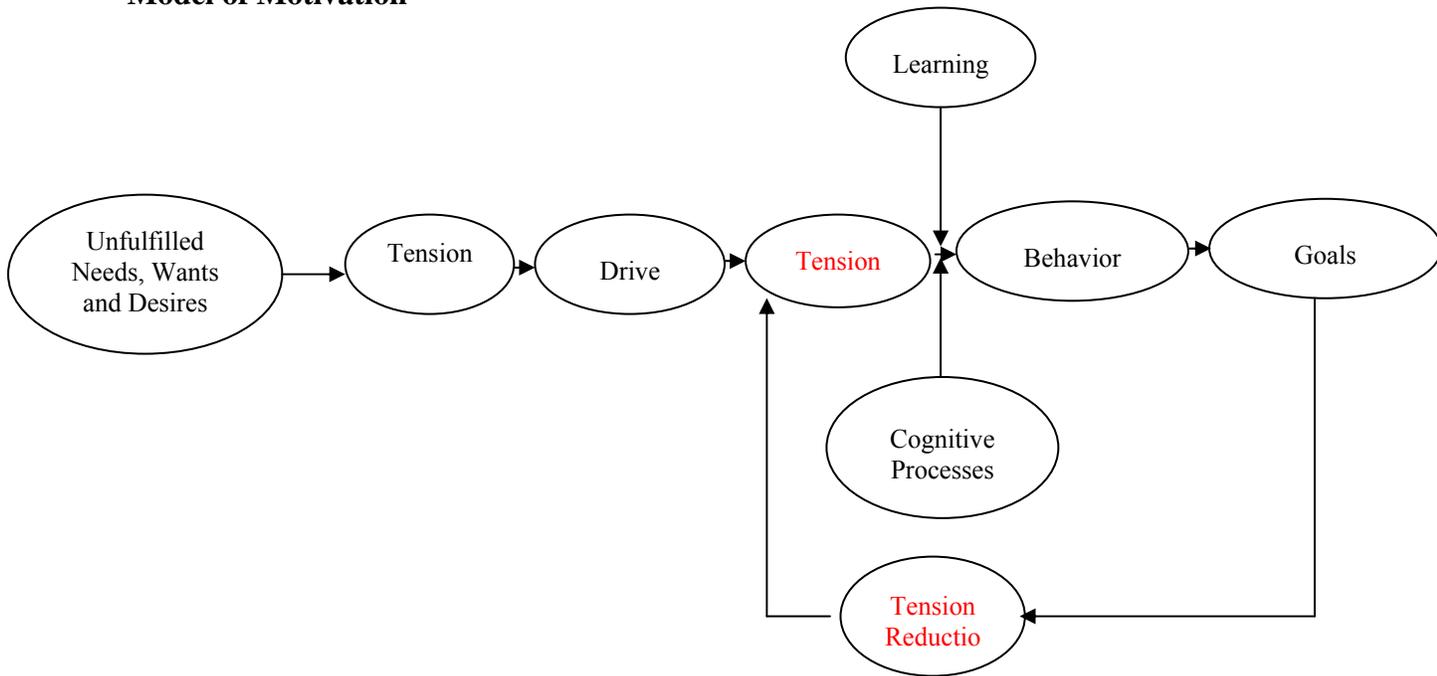
The important variables of the above model are as follows;

Cognitive Processes: It is recognition of something. E.g. if we need toothpaste, then cognition will tell us the available number of brands.

Learning: It is something we want to know about that. These two things lead us to the behavior. Behavior is choice that we make in terms of buying or using the kind of product.

Needs and Wants: Most marketers want to use needs and wants simultaneously. We should recognize that needs exists in ourselves, however, needs can be converted into wants and marketers create this. For example, if we are hungry, it is up to us that

we want to go for McDonalds, or some continental restaurants. Hence, we conclude that need is internal and consumer oriented and want is external and product oriented.

Therefore, marketers differentiate various types of needs.

1. Biogenic
   - Innate needs or primary needs
   - For example, food, water, sleeps. These are inherent needs and can't be inherited/ acquired .

2. Psychological Motives
   - Acquired needs or secondary needs
   - For example, we have learnt from our environment

Goals: Goals are the end of your need or want satisfying behavior. There are different types of goals. E.g.

1. *Generic Goals*

   When you want to satisfy like hunger and no more hunger. For example you have done MBA that is generic goals

2. *Product specific goals.*

   For example, you want to join Virtual University after getting your MBA degree.

   Hence, your goal is product specific.

3. *Promotional Goals.*

   For example, we want promotion

4. *Prevention Goals*

   For example, we avoid using motorcycle because this is not a secure conveyance considered a safe vehicle for travelling.

TYPES OF MOTIVATION

There are two types of motivation.

a. ***Positive motivation*** (positive desires, needs, wants) and ***Negative motivation*** (fear, security, safety)

b. ***Rational Motivation*** (outcomes of economics, all decisions taken are rational oriented have a rational behind, e.g. buy a mobile phone which is cheap and of good quality) and ***Emotional motivation*** (some decisions are emotional, e.g. if my teacher has a particular cell phone model, and student go to the market and buy the same type of cell phone, then this decision is basically emotional).

DYNAMICS OF NEEDS

a. Need never fully satisfied.

b. Needs change

c. Success and failure influence needs

d. Substitute goals

e. Frustration

f. Defense mechanism

MASLOW'S HIERARCHY OF NEEDS
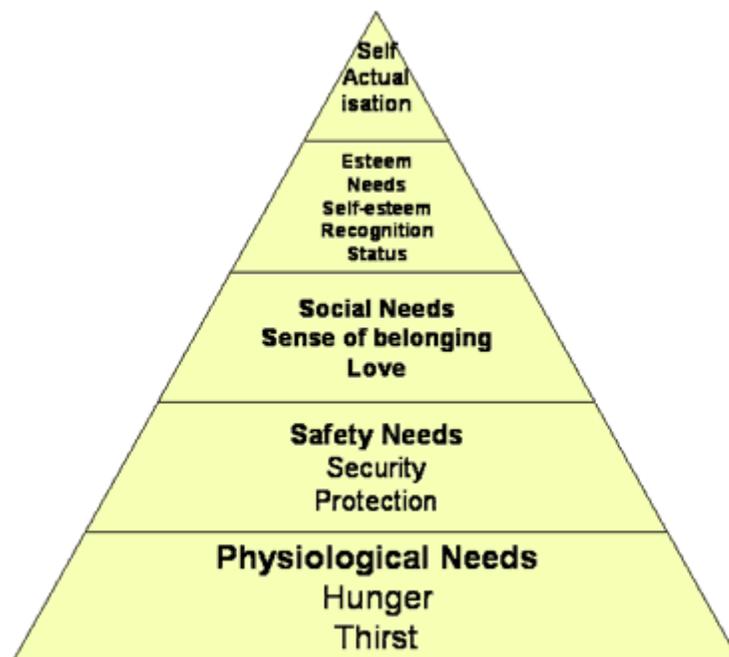
Detail of each step is as follows:

Psychological Needs

It is the basic requirement to live.

Safety Needs

When first need is satisfied, then people start looking for safety and protection.

Social Needs

People tend to come together to satisfy….waht??? At this stage, languages started and people started communication and building relationships.

Self Esteem

Here, people started feeling that they are better than others so they started dividing into tribes. People tend to become chiefs of the tribes. So, ego comes in to play. They consider that they are better than the others.

Self Actualization

People want to do something because they have strong internal drive to achieve something. It is the highest level of need which motivates people to act for their own personal and internal motives. For example, Sir Edmund Hillary of New Zealand climbed to the Mount Everest for first time not to show others but he was having internal desire to do something.

According to the Maslow, each need has to be satisfied before you move to the other. Other scholars say that in practical life, people can move directly to the high level need even without satisfying the lower level needs. Hence, a criticism on MASLOW'S HIERARCHY OF NEEDS is that needs can't be in sequence. People can move to any level at any stage.

LECTURE NO. 7

MOTIVATION

Let us recapitulate the concept of needs defined in previous lecture. The model of Maslow's Hierarchy looks like mutually exclusive. But Maslow said that these needs can never be satisfied completely and he said that there will be one need which will dominate the person at a particular point in time. When lower level need is satisfied, then the higher level need is activate. If a need is never satisfied then which need should be targeted? So, it is the responsibility of the marketers to identify. But practically examples exist that many people directly moved the higher level need.

Marketing implications of these needs

Maslow's Hierarchy of Needs is used by the marketers for their promotional campaigns. Let us interpret these needs through practical examples:

For example insurance – is a *safety need* because we want to save ourselves. Similarly, in case of health and food, marketers promote good healthy food which is to satisfy safety needs. Some companies use this need in their advertising. For example, VOLVO saying that "It is the safest car". BMW "Be ultimate driving machine" it is more ego oriented need.

Similarly, Toothpaste, recall the advertisement where a person hits the six in a wicket field and he raises his hands with the bat and the fielders all around him drop and faint. This depicts social behavior. This is *social need*.

Other than this, there are so many needs which have been researched. For example,

- Need for power
- Need for affiliation
- Need for achievement

All these needs can still be directly related to Maslow's Hierarchy. For example;

Need for power suggests a desire of an individual to control his environment. It relates to the Maslow's need of ego or self esteem.

Need of affiliation where you want to directly associate with people. When we compare it to the Maslow's Hierarchy, it relates directly to the social need.

Need for achievement people who possess this need are normally more into their self and this need directly relate to the self-actualization as well as self esteem.

Therefore, marketers use these concepts in their marketing strategies.

Implications in Marketing.

These needs are used in the marketing to develop promotional messages and segmentation. Because every person is different from other so we need to understand the characteristics which are common and then we need to group them together and target accordingly. Let us take a practical example to understand the implications of needs in marketing.

Four people in the same company have applied for a loan. This indicates their behavior to get the money. But there must be some motivation for this specific behavior.

For example, one person applied for loan because he wants to pay fee of his child studying in a good school.

Second person is interested to buy new clothes; third person is interested in his sister's wedding and the last person has applied for loan because he wants to go for safari tour.

1st person: Loan for fee of his child

It could be possible that he has social need. He might want to send his child in a particular school because his other friends are sending their children in that school. On the other side, it is also possible that he is much worry about his future so he wants his son to study in a good school for the bright future. If he is involved in this behavior, then he is satisfying his safety need. Suppose he want to impress his colleagues, his friends and his family that my son is in a high level school, so he is most probably involved in self-esteem.

2nd Person: Loan for Clothes

It looks like that he is involved in social need but if he is buying the clothes so that he may prove that he is better than his colleagues. So this behavior shows that he is involved in self-esteem. Let us assume that he wants to buy new clothes because he is thinking that if he will not wear new clothes, he will be rejected / ignored by the people around him – he may be operating at safety level needs.

3rd Person: Loan for Sister's wedding

Logic tells us that he wants to have get together – then he is involved in social need but if he wants to impress other people than he is involved in self-esteem.

4th Person: Loan for Tour

If he wants to go alone, then he is operating self-actualization. But if he wants to go with friends then he is satisfying his social need.
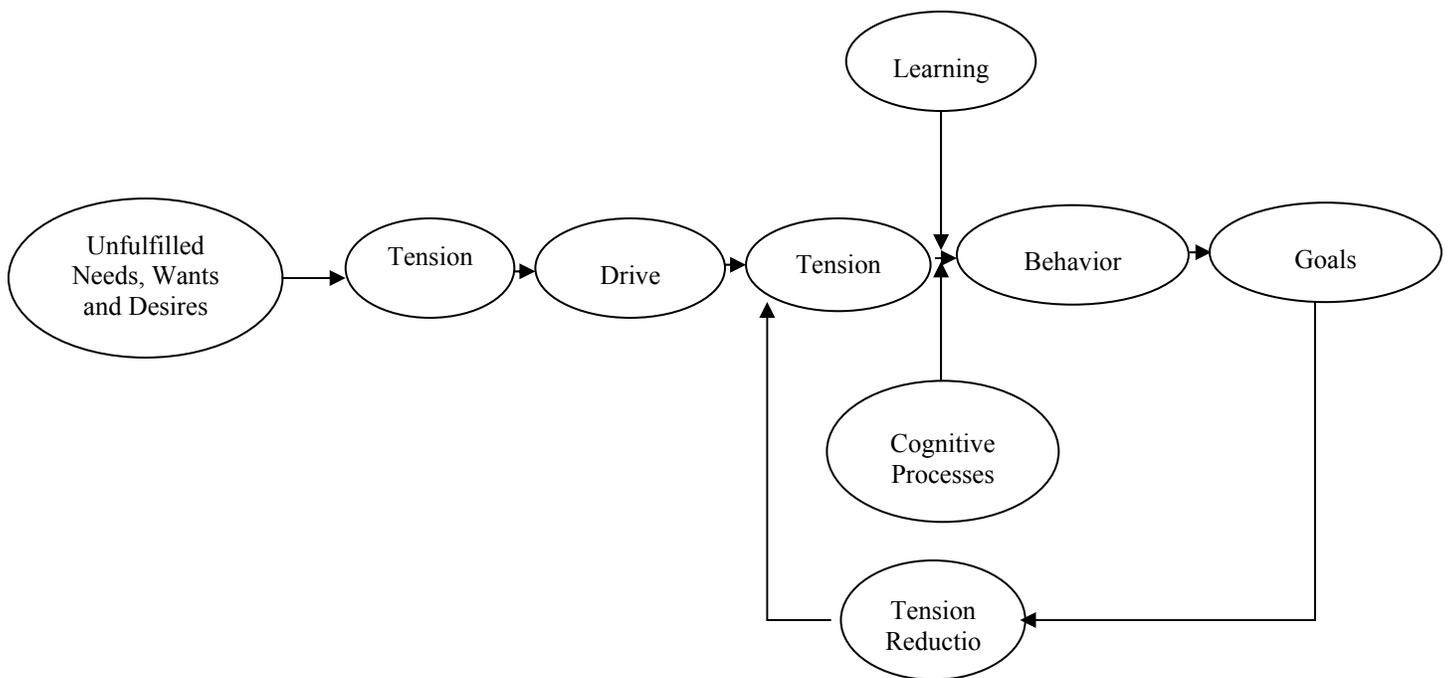
Concluding this, it is stated that identification of needs is very important for the marketers so that they can devise promotional strategies accordingly. To be able to understand this and apply these needs for the segmentation.

Motivation Research

Started from German Psychologist Sigmund Freud who actually started talking about people, not been able to understand their personal needs or their own personal motivation and he wants to discuss why a person wants to behave in a particular manner. At that point of time, the frame which ??? was more socially oriented. That means people operating in a social sector were mentally disturbed. And in this behavior they were trying to understand why a person behaves in a particular manner and at that time Sigmund Freud researched and argued that people even don't know why they behave in a particular manner because there are certain factors which influence them. As this was true, people adopted it and it was widely used. But there is a little problem because this research was totally incorporated into the marketing context.

In marketing, research was clinical where researchers tend to find out the problems of the customers at service points who are actually suffering from the problem. Therefore, it is very difficult to suggest that whatever was done and researched at that point of time could immediately brought to position in marketing. So, we need to be very careful in understanding the behaviors of the customers. We can not generalize this research in our culture because here the context is different. Also, this research on motivation is qualitative, so it is not generalized in other context.

Now let us to go back to the motivational model:

```
                                    ( Learning )
                                         |
                                         v
( Unfulfilled      ( Tension )    ( Drive )    ( Tension )    ( Behavior )    ( Goals )
  Needs, Wants
  and Desires )
                                         ^
                                         |
                                  ( Cognitive
                                    Processes )

                                  ( Tension
                                    Reductio )
```

Let us replace two learning and cognitive processes which are very broad in scope with three concepts which are specific:

1. Ability
2. Opportunity
3. Risk

1. Ability

Company should have an ability to provide the products according to the needs of the customers.

2. Opportunity

If people don't have an opportunity to buy a problem then it will be a problem for the customer. E.g. if you want to buy a luxury car and that is not permitted by the Government then you or the marketer will miss this opportunity.

3. Risk factors which impact motivation.

There are six risk factors:

    a. Functional risk

    b. Physical risk

    c. Financial risk

    d. Social risk

    e. Psychological risk

    f. Time risk

a. Functional risk

This risk is related to the characteristics of the product.

b. Physical risk

The risk associated with me or the people around me. For example, people say that extensive use of cell phone cause brain tumor. If it is true, then it will be a physical risk. Similarly, cigarette.

c. Financial Risk

Suppose I pay price for the product. There is a risk that if after six months new model of the product is launched, then the value of the product that I have will be lowered.

d. Social risk

More conscious about the social behaviors. For example, will people appreciated me using this product or will laugh at that.

e. Psychological risk

It is the internal fear that I have about the failure of product and service. Even though there is a guarantee but still I am worried.

e. Time Risk

It relates to the time I have invested in searching a product. Risk is there in terms of time consumption.

Risk is high in services than products because we can return the products or get it repaired but not services. As services are intangible and we normally consume it at the point of purchase.

Reduce Risk

1. Seek Information

Customer can search the required information so that they may not face problem in the future. Marketer's job is also to provide the complete information of the products and services so that they should be safe.

2. Become Brand Loyal

Relates to experience

3. Brand Image

If there is no experience, then consumers always try to choose the product that has high brand image in the market.

4. Repeatable retail Outlet

A retail outlet that has good image, consumers always try to go there and buy products repeatedly from that outlet.

5. Expensive Product

Consumer will try and buy a product which is expensive because consumers generally think that a product which is more expensive will be of high quality even without any experience in the past.

6. Reassurance

Consumers sometimes seek reassurance from either the seller or the people around them. For example, you bought an expensive product; there is sometime a card inside the packaging which says that you have made a good choice etc.

Given these factors, we will be able to determine what the motivating factors are and how we can satisfy our segments.

LECTURE NO. 8

PERSONALITY

Personality has been studied for a long time with an assumption that people buy products which fit their personalities. Therefore, marketers tend to use personality not only for the promotion of their products but also try to produce products which fit into their personality. For example, the advertisement of Harley Davidson where the punch line is that God created us equal but it is up to us to be different. They were trying to promote the personality of innovativeness or individuality as a person who is totally different would like to do it differently. When you observe in the society, people tend to show their personality in every day activities because they have some personality traits. Trait is particular characteristic through which we can judge a person. So, marketers need to understand the personality traits. Researchers found that there are two important components which impact on individual's personality.

1. Hereditary (the characteristics which are inherited from the parents)
2. Social frame (the characteristics which are derived from social trends)

Some schools of thought say that personality can't be changed. But others argue that it can be changed. Marketers' task is to pick specific personality traits from the individuals and make the segments on the basis of same characteristics.

Personality:

Personality is individuals' inner characteristics – those specific qualities, attributes, traits, factors, and mannerisms that distinguish one individual from others. This is personality trait. When we observe different groups, the people are different in their personalities but some of the traits are normally common between the individuals.

Nature of Personality

There are three important properties / factors;

1. Personality reflects individual differences
2. Personality is consistent and enduring
3. Personality can change.

1. Personality reflects individual differences

There are individual differences in the personalities and finding out these differences will help marketers to target the segments accordingly. For example: High risk takers are more inclined to experience different things than low risk takers. So, marketers can devise their strategies by considering these traits.

2. Personality is consistent and enduring

Other school of thoughts advocates that there is continuity in the personalities.

3. Personality can change.

Personality does not change in norm but certain environmental conditions change the people. E.g. marriage, when we move from bachelorhood to married life, gradually he/she changes his/her personality.

Others thought says that people change their personality with the changes in their phases of life. E.g. student life to practical life.

Other thought is certain gender differences do matter in the changing of personalities. E.g. a woman who is working has similar traits like men while making decision so certain factors will be different and others will be same.

Theories of Personality

- Freudian Theory

There are three features of this theory.

(a). Id

(b). Super ego

(c). Ego

(a). id

He suggested that it is the intuitive of instinctive behavior that people demonstrate and that instinctive behavior is totally out of control.

(b). Super ego

A force which is operating inside the human beings and is related to the norms, the values and the customs which the person understands to be in the environment.

So the distinction between the two is to see what the requirement of the social class is and how this controls the individual behavior.

(c). Ego

It is the mature part of the human being which tends to balance the requirement of id and also super ego. It is the balancing point achieved from education, experience and this ego work between the two to balance the life.

This theory is qualitative in nature; hence, it can not be generalized.

(2). Neo- Freudian Theory

Some other researchers have indices and inventories and they try to use statistical analysis to investigate the personality traits. Alfred explained the following traits.

 a. Complaint Individuals
 b. Aggressive individuals
 c. Detached Individuals

a. Complaint Individuals

E.g. I want to use that what others are using.

b. Aggressiveness Individuals

This depicts aggressiveness in behaviors. For example, I don't want to wear what others are wearing.

c. Detached Individuals

These are ones who doesn't bother about others. These are living in their own.

(3). Trait Theory

Trait is a single characteristic which relates to individual. There are few types of traits which are measured as follows;

    a. Consumer Innovativeness

    b. Consumer Materialism

    c. Consumer Ethnocentrism

a. Consumer Innovativeness

This tends to suggest the behavior of being the first or being last to purchase a product.

b. Consumer Materialism

This tends to consumption behavior. Some people tend to accumulate behavior and some people tend to not bother about that.

c. Consumer Ethnocentrism

It suggests that what inclined us to buy a particular product from particular nation. So it is more related to where the product is made.

Consumer Innovativeness

    1. Dogmatism

    2. Social Character

    3. Need for Uniqueness

    4. Optimum Stimulation Level

    5. Variety - Novelty Seeking Behavior

1. Dogmatism

Dogmatism is a personality trait that measures the degree of rigidity and individual displays towards the unfamiliar and towards information that is contrary to their established beliefs.

People who are dogmatic will always try to avoid any new information which will disturb them. On the other side, people who are non-dogmatic are more likely to prefer innovative products to established ones.

2. Social Character

Researchers came up with a conclusion that there are two types of person's which are as follows:

a. Inner Directed

This type of person prefers ads stressing product features and personal benefits.

b. Other Directed

They prefer ads that feature social environment and social acceptance.

3. Need for Uniqueness

It is a trait which tends to state that a person is trying to stand out the crowd. They want to be unique and are not willing to buy things that are normally used by others.

4. Optimum Stimulation Level (OSL)

OSL scores also seem to reflect a person's desired level of lifestyle stimulation. They tend to behave like more and more sensational. Consumers whose actual lifestyles are equivalent to their OSL scores appear to be quite satisfied. Those whose lifestyles are under stimulated are likely to be board. Those whose lifestyles are over stimulated are likely to seek rest or relief. For example, travel promotion.

5. Variety - Novelty Seeking Behavior

People who buy things because they want to keep changing and experiencing new things, not because they really want them. There are three types of purchase behavior.

    a. Exploratory purchase behavior
    b. Vicarious exploration
    c. Use innovativeness

a. Exploratory purchase behavior

It tends to suggest that a person wants to explore new products and buy new brands.

b. *Vicarious exploration*

Here people tend to deliberately do/ purchase it because of a need to acquire things. They do it even though they may not require so that they can show people, they should have new things.

c. *Use innovativeness*

Where people tend to increase number of things they can do with the same product. For example, Hi-tech products where they want to use same product for a number of benefits.

LECTURE NO. 9

PERSONALITY (CONTINUE)

In continuation of the previous lecture, we would like to discuss the remaining important concepts of personality. First of all, we would like to discuss the types of personality based on consumption.

Types of personality based on consumption:

1. *Materialistic Consumption*

Actually there are certain societies which promote materialistic approach/ materialism and some are against this concept. Basic concept is passion where people tend to buy things because they want to own things. For example, they do not get specific benefits from it but prefer to go for that specific product due to society. Marketers have used this to convince people to consume more. It can be in terms of increasing the size of packages, increasing/ creating something larger, but basic motive behind this concept is to convince people to possess/use/consume more and more from of the same product. Other relevant concept used is penetration, where marketers convince the buyers to consume/ use more of a particular product. that this specific product can be used more in larger quantities. So materialism has that impact. Also remember that this concept varies from country to country and culture to culture but it has an impact on marketing. It is basically related to possession and it tells people the more you possess, the more you are in terms of your status in the society. It has been researched that materialism is stronger in USA than Mexico.

2. *Fixated Consumers*

These kinds of personalities are acceptable. For example, consumer becomes totally focused on their choice. For example, people have hobbies of collecting tickets, those who are fixed to this hobby; they will not be bothered concerned about how much time and efforts they are exerting to collect tickets. Hence, fixated consumers are normally …….

3. Obsessive / Compulsive Consumers

This is something negative. Obsessive consumers are addicted to something and this habit can be a dangerous which may harm them and society.

Ethnocentrism

This research suggests that some people prefer and buy products based on the country of origin. They tend to start associating the quality of products with the country. For example, Japanese products are considered better as compared to Chinese products.

These were the human personality traits which marketers need to keep in mind while devising marketing strategies. Now we are moving to the other concepts of personality.

Brand Personality

People tend to related brands with certain personality traits. Because the brands are something which we can't express emotionally, hence, consumers ascribe various descriptive "personality-like" traits or characteristics to brand. For example, Levi's which is considered to be very tough so the personality trait is rouged. Hence Levi's is considered as ruggedness. Marketers' logic behind brand personality is that they believe if they can relate some personality traits to the brand then those people who have that specific trait would tend to buy that product more easily. In addition to the functional characteristics, people also relate the personality with symbolic characteristics. For example, Mr. Cod – looks like a male characteristics which indicate that this will be stronger, courageous etc.

Research says that when there is a strong brand personality which has been developed, the tendency is that it will strengthen a brand and increase brand equity.
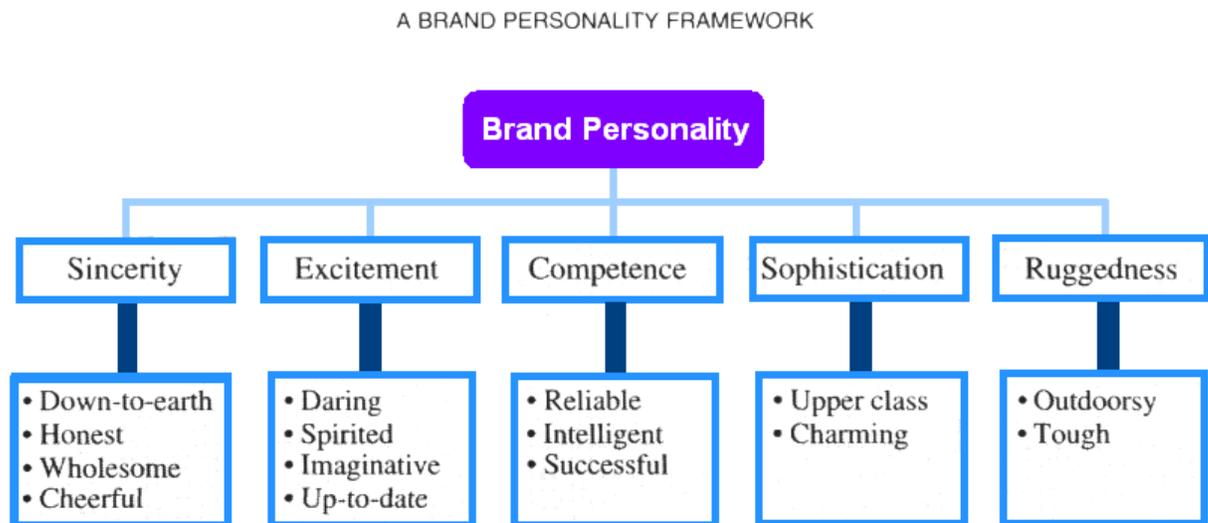
Brand Equity is a specific concept which suggests that the value which a company gain due to the brand name. For example, if you want to check brand equity, just take a same product without any specific name. On the other side, use same product, put a name on it and then see what person will be willing to pay to that brand. The price which a customer is ready to pay for this brand now is the brand equity.

For example, few years back, it was reported in a research that the total assets of Coca-Cola was USD. 4.5 billion and the value of Coca-Cola was USD. 65 Billion if any one wanted to buy this company. This high price is the brand equity.

So brand persona or brand personality is some thing to be a creative art. Where marketers crease a fixture around a brand so that it can be easily recalled and be preferred. For example, Chinese tend to consider Tea as a feminine where as coffee as male. So these type of associations are something the characteristics of brand personality.

Brand Personality Framework

Jennifer Aaker come to the conclusion that there are five human characteristics which people normally tend to associate with product.

A BRAND PERSONALITY FRAMEWORK

Brand Personality

Sincerity	Excitement	Competence	Sophistication	Ruggedness
• Down-to-earth • Honest • Wholesome • Cheerful	• Daring • Spirited • Imaginative • Up-to-date	• Reliable • Intelligent • Successful	• Upper class • Charming	• Outdoorsy • Tough

These characteristics are normally used in the advertising for example DHL – is considered as dependable; Levi's – is considered as Ruggedness; Dalda – is considered as Sincere; Mountain Dew – is considered as Adventures. Further to this, another important concept come is brand community:

Brand Community

It is when people become very strongly associated with some brand to become a community. For example, Harley David Son is very strong brand who joined together

with the society and they tend to convert the brand into brand community. And the person who is the member of brand community normally promotes the brand to others. Now it is important to see that how these branding concepts can be associated with number of other factors.

Product Personality and Gender

Some brands are considered male and others considered as female. So marketers tried to associate the brands with gender.

Product Personality and Colors

Brands sometimes associated with colors. For example; Blue color is considered as an authority. Black is considered as sophistication. E.g. Haynes Company of USA conducted a research on Ketchup and found that children like green colors so they started producing Ketchup in green color.

Product Personality and Geography

For example, Peshawari chapel Kabab, Karachi Biryani etc are the specific connotations which people use and always prefer as they associate these brands with particular area. So these are some important areas which normally used in the marketing.

Similarly there are other concepts like

Self and Self Image

How do you see you're self? Self image and personality are very close factors. So there are some important concepts of self:

a. *Actual self-image* – how do I perceive myself actually? How consumers see themselves

b. *Ideal self -image* – how consumers would like to see themselves.

c. *Social perspective-image* – how consumers feel others see them

d. *Ideal Social Self-image:* How consumers would like others to see them

Let us recall the social framework of personally where it was suggested that there are two types of persons.

Social Characters

Inner Directed

Consumers who prefer ads stressing products features and personal benefits. These people don't care about others. They live on their own.

Outer Directed

They prefer ads that feature social environment and social acceptance. So the person who wants to see himself is an inner directed person and the person who wants others to see him is outer directed person. Hence self becomes an important component in marketing. Research also stated that self can be extended. So we need to discuss the extended self.

Self Image

Extended self

This relate to the possessions in which we use these concepts to project our self externally. This is called extended self. There are multiple self and each one is related to a particular area. Marketers need to understand how every individual during their life behave and what their image are and how that can be projected and or extended by the possession that a person have.

Expected Self Image

How consumers expect to see themselves at some specified future time

"Ought-to" Self Image (It means how we should be…)

Traits or characteristics that an individual believes it is his or her duty or obligation to possess.

How self image is made

As every individual believes that they have unique self image, and normally they associate themselves with a particular image which is normally unique. So they normally try to choose things which fit-in to their personalities.

PERCEPTION

Just to recapitulate the previous lecture, we highlight the important concepts first before moving to the perception. As we have discussed possession, so the question arises:

How do people possess things and why do they possess things?

Here we will be discussing the reasons of possessions.

- *Extended personality*

It can give us a reach to others. E.g. I have a computer because as I need to conduct research. So possessing a computer needs a particular medium and……….

- *Symbolic*

For example, a person has been serving a company for last 10 years. Company gave him a particular memento. So, he will possess this as a symbol.

- *Belongingness*

People possess things which belong to their forefathers and they are very proud to keep those.

- *Feelings*

Certain things are possessed as emotions. E.g. a mother gives any thing to his son and he possesses it because this is his particular feelings for the mother.

Some personalities tend to have long term implications but they do change and it can be done through planned process or it happens all of a sudden. There are two types of groups. One is called low monitory group and the other is high monitoring group.

- Low self-monitors are individuals who are typically guided by their inner feelings. They don't bother about bringing changing.
- High self-monitors claim that they act differently in different situations and with different people. These types of people change their personalities and change their moods in different occasion.

To link these concepts we need to recapitulate the previous lecture. E.g. self-esteem: there is a direct link of self esteem with possession.

PERCEPTIONS

To understand perception first we need to understand the true reality, the objective reality. Objective

Perceptions are related to our past experiences. For example, smell has strong association with the memories. For example, on shops where there is good smell, people tend to stay more and buy more. So marketers need to understand why

Perception is a process by which individual selects, organizes and interprets stimuli into coherent picture of the world. Stimuli are any messages which will trigger us a response. So stimuli are a kind of cue/ cues, or indicator. There are number of important concepts in perception. The most important is sensory systems. Let us have a deep look on the model;
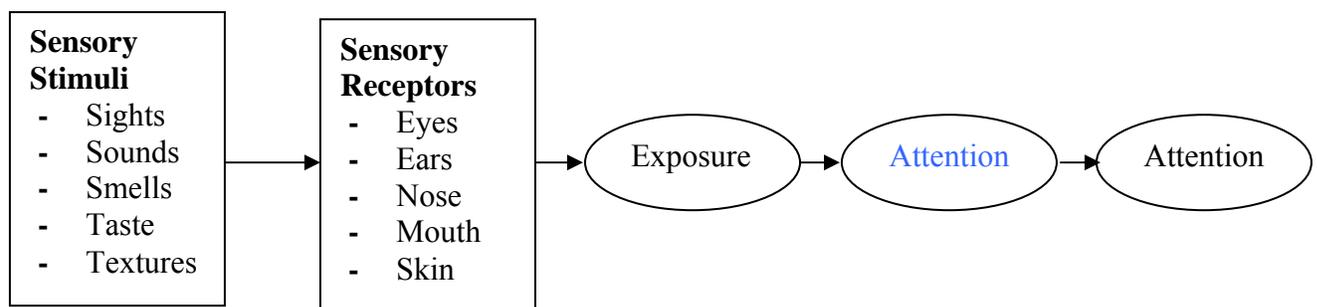

49
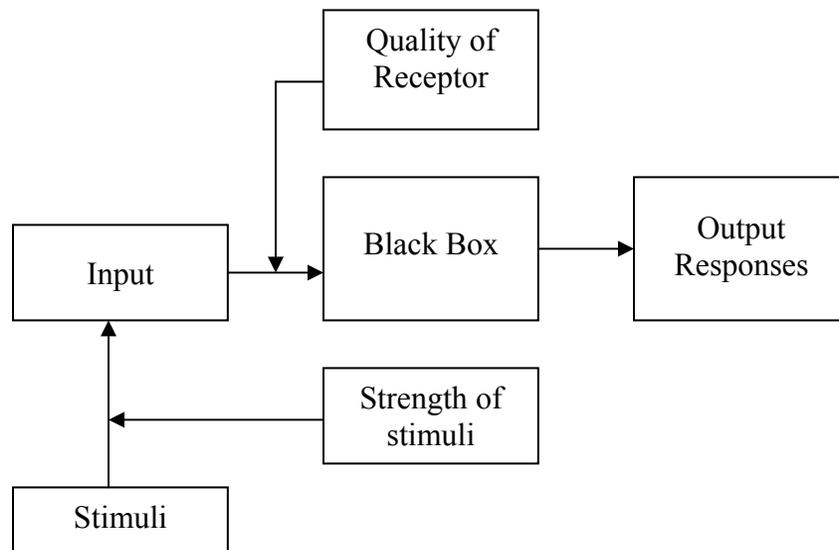
RECEPTORS

The receptors which we have are the ears, eyes, nose which are used to touch, see, feel and smell things.

Any stimulus sent is received by us but it depends on the strengths of the stimuli which will bring information to the **BLACK BOX.** For example, if some body has a bad vision, he may not be able to see product at a distance but a person with a sharp eyes can see it. Similarly, some people can smell the things easily. This part is not under the control of marketers because it all depends on the sensory perceptions of individuals. But the other part STREBGHT OF STIMULI is under the control of the marketers. Stimuli sometimes can go very high and sometimes it goes low. For example, you have a page that is red in color but there is a small box with white color. Logic suggests that immediate attention will be dropped to that specific point. This is the reason that companies place their advertisements in the newspapers with different colors and with big sizes so that immediate attention of customers can be drawn.

Although these are very good techniques for promotion but sometimes customers feel it negative. For example; in case of television advertisements, if same ad is aired again and again, then customers will be bored to watch that so they don't pay much attention to such advertisements. So positioning of the advertisements is very important.

Below diagram depicts the perceptual process;

Sensory Stimuli
- Sights
- Sounds
- Smells
- Taste
- Textures

Sensory Receptors
- Eyes
- Ears
- Nose
- Mouth
- Skin

Exposure → Attention → Attention

EXPOSURE

Exposure occurs when a stimulus comes within the range of someone's sensory receptors (Solomon, 2003).

Sensory Thresholds

People having good sensory channels are better able to pick up sensory information than those whose sensory channels are impaired by disabilities. There are certain concepts which are important to understand and are as follows:

Absolute Threshold

According to Solomon (2003), absolute threshold refers to "the minimum amount of stimulation that can be detected on a given sensory channel". It is that point where people become aware of the change of those stimuli. For example, you are driving and you observe that there are billboards on both sides of the road as far as you can see. After travelling a kilometer, you noticed that suddenly there was no billboard. Now you will intentionally try to locate another billboard. This is called the absolute threshold logic. Research suggests that every individual has different level of absolute threshold. Some people have high level of threshold and intensity to bring change but some people have it at different levels. So marketers need to understand all these pros and cons of advertisements and should float them accordingly so that customers can willingly watch them.

Justice Noticeable Difference (JND)

The difference between two stimuli that is detected as often as it is undetected. For example, say for instance, in a number of similar billboards, one is empty. So it can be easily noticed. For example, a company is producing silver shine polish and the polish remains till 20 days. Now they can improve the product so that it may last for 25 days or 30 days. By increasing the quality, the price will obviously increase. So, the question is how much they should increase the quality that can easily meet the win-win situation. According to research, Just Noticeable Difference is 5 days extra. Now if it is 5 days extra that means the quality can be only noticeable by the consumers of the older product

if the shine remains for 25 days. But if they increased it to 23 days only, then consumers will fail to observe this improvement. It implies that minimum requirement is to go over at least for 5 days. On the other side, suppose you have increased the price from Rs. 100 to Rs. 110. So people will immediately notice that the price has been increased but if you keep the price let say at Rs. 104 and if quality is improved then customers will easily accept it. So according to the Psychophysicist Ernst Weber, "Stronger the initial stimulus, the greater a change must be for it to be noticed". This relationship is known as Weber's Law which is expressed as:

$K = \Delta i/I$

Where K = a constant

Δi = the minimal change in intensity of the stimulus required to produce a justice noticeable difference

I = the intensity of the stimulus where the change occurs.

This formula is normally used to measure JND.

Subliminal Perception

According to Solomon (2003), "subliminal perception occurs when the stimulus is below the level of the consumer's awareness". Scholars have mixed thoughts for the impact of subliminal perception on consumer's behavior. According to a research which was conducted in USA, two-thirds believe in the existence of subliminal advertising and more than one-half believe that this technique can get them to buy things they do not really want to buy.

ATTENTION

Attention refers to the extent to which processing activity is devoted to a particular stimulus. For example, you are sitting in a class and listening to your professor. All of a sudden you start looking to the wall where a calendar of green color was displayed and you recalled Pakistani flag. So due to one stimuli, your attention has been diverted from Professor to Pakistani flag. And at that specific time, you don't understand what your Professor is talking about. This is because your brain capacity is limited. Similarly,

consumers are put into such kind of situations where their attention is diverted from one ad to other things since they are very selective about things they pay attention to.

INTERPRETATION

Final part of the perceptual process is interpretation which refers to the meaning that we assign to sensory stimuli. For example, two people see the same event, but they interpret it in a different way because they are sensory perceptually different.

Therefore, marketers need to understand the senses of the consumers and then devise strategies accordingly so that they can exactly meet the target audiences.

PERCEPTION (Continue)

Perception is a very important topic because it tells the marketers that what consumers see around them. Before moving to further detail, we being marketers must be aware of the important terms used in the concept of perception:

Stimulus

Stimulus is something external that influences an activity. It is something received by the sensory receptors like ears, eyes, nose, mouth and skin which can create response. For example, if you put your hand on a hot plate, you will immediately withdraw it because you will sense the difference. Your reflex will help you do this. These concepts are normally linked with the methods of communications that marketers used for the promotion of products.

JND (Justice Noticeable Difference)

JND is the smallest detectable difference between a starting and secondary level of a particular sensory stimulus. When there are a lot of stimuli, people get use-to-it, so they do not notice the difference.

Subliminal Information

People tend to notice things without being consciously aware that they are noticing. In our every day activities, we notice different things but we are not aware about them. According to a study conducted at National Institute of Mental Health in 1990, "Subliminal visual stimuli are words or pictures that are presented so as to be unidentifiable to the viewer's conscious perception". For example, images may be sparked in front of eye too quickly for the conscious mind to catch or notice. Such stimuli can, however, exert an effect on judgment and behavior.

Dynamics of Perception – how does black box operate?

People receive information in blocks and then interpret the information in their own ways. For example, different people watching same advertisement interpret the information in different ways. Advertisers float lot of information about a product in the advertisements but consumers pick up that information which is relevant to them or of their interest and then perceive the product accordingly. Their sorting of this information normally surround nearby their needs. The information is sorted normally on the basis of their needs. If they feel that the product can satisfy their needs, then they will buy that product otherwise will start looking for some other. People select those things more which they need more.

If we link this concept to the previous lectures, we argue that marketers must understand needs on the very first stage and then make the segmentation accordingly. This will be the only way to impact on the senses of consumers which we are going to discuss in this lecture. Here are some other concepts which every marketer needs to understand:

a. selection of:
- Selective Attention
- Selective Perception
- Selective Interpretation / Distortion
- Blocking

- *Selective Perception*

Selective perception comes from the point that we need to isolate only that information which we like to have. And this kind of work is done by our own sub-consciousness that we are trying to perceive a particular idea or message.

- **Selective Interpretation / Distortion**

Similarly, consumers normally interpret the information by their own way. And they try to distort the information for their own benefits. E.g. some thing that does not suit you, you want to block it off, but if the information is coming in again, then you will most probably interpret the information similar according to your own value system.

Sometimes it happens that you receive the message from external stimuli and you change/interpret the message according to your own value system. E.g. marketers sent a written message, since people can't interact to the marketers so they will change the implications of the message to meet their own needs.

b. Organization of message

It is very important that the information which you receive should be organized in such a way that you it make sense that what is around you. By organizing the information Organization of information means to collect the important information of your concern and put it into a box??? to use for the satisfaction of your needs. From the marketer's point of view, there are three important things that need to be considered;

1. Background / Figure

Figure is peak point of attention that we want to draw. And background is the one through which we would like to stand against.

2. Contrast

Contrast is to make that picture to stand out. E.g. using different colors in an advertisement will attract customers more.

3. Grouping

It means how we are grouped together in a scene or a scenario.

The most important part in above discussion is interpretation of the information. So let us discuss it in detail:

Interpretation / Distortion

Interpretation of the information is related to our own personal experiences. There are certain important factors in interpretation:

a. Physical Appearance

Let us suppose a person went to Switzerland, he comes in and traveling to the north. He will try to associate the same picture that he has seen to the one that experienced in the past. This is because people tend to compare the characteristics in the things with others. Since appearances are critical, we try to associate the features of products with the others and then rate the products accordingly.

b. Stereotyping

Stereotype is a belief about specific social group of types of individuals. For example, you might have listened to someone passing comment on other that he is looking like a manager. Why the person is associating the other with manager? Reason is manager becomes a stereotype and anybody who fit into that framework; you will assume him as a manager. The same happened with the advertisements. Let us take an example of the ads of banks which is showing a man wearing three piece suits carrying bag and going to office. So actually they try to relate it to a manager which is stereotyping.

c. First Impression (First impression is the last impression)

This concept has strong implications in the marketing. If you could be able to impress the customers in a first stage, it will create a positive impression for all the time on the senses of consumers. So for marketers, it is very important to be very careful while designing marketing strategies.

d. Halo Effect

Halo effect is a cognitive bias in which perception of one trait is influenced by the perception of another trait of that person. We see one characteristic in an individual and on the basis of that we conclude the whole. It is difficult for a person to observe all the characteristics at a single point, so normally he pick up the important characteristic and generalize it as a whole.

e. Jumping to conclusions

Some people conclude the things immediately without knowing the full information. For example, if a product has high price, so normally people consider it as a high quality product even without experiencing it.

Since marketers job is to satisfy the needs of customers, so they have to go through all the steps necessary to reach this specific goal. Hence, they must be aware of all these concepts and then devise marketing strategies accordingly.

PRODUCT POSITIONING

Product Positioning

Positioning is a method by which a marketer tries to place his product in a favorable position among all the other products that are located and which provide same need specifying features. For example, soap is placed in a big retail shop; nearby there will be many other brands of soap but how your brand is being positioned, how has it been packaged is and how it looks like. There are two important points: one is that positioning is done by the marketers and second is perception that is related to what happened in the minds of the consumers. So unless there is a match between the positioning that marketer is suggesting and the way it is being perceived by the consumer – there will be gap. And this gap will create distractions which may lead to the failure of the product. Therefore, positioning becomes an important concept to understand and conceptualize. Now, it is important for the marketers to understand the methods of positioning, how to position the product and what is the significance of the positioning?

How a product is positioned?

Two areas are important to be considered:

a. Offering a feature

For example, if we are selling an air conditioner, we can position it as 'this air conditioner can cool the room up to 16 ºC'. So this is the feature of our product which we are offering.

b. Offering a benefit

The benefit in our above quoted example is that this air conditioner will provide you comfort. Important point to be noted here is that two products (of different manufacturers) can provide the same feature then how to differentiate it? So you can differentiate your product by providing unique benefit. Benefit can be one about which your target customer is aware or unaware. So you can create awareness to give him more

satisfaction. For example, Sting Energy Drink – they have positioned themselves as energy booster; Mountain dew positioned them as thrill. Another example in which the brand actually challenged competitors is of *7Up*. While offering a feature they offered:

- it' uncola
- never had it
- never will

So its *uncola* stated that others are cola drinks and this one is the only providing uncola. Their *never* statement indicate that neither the *uncola* was before nor will it be in future. So *7up* is directly hitting the competitors.

Another example is of *Hertz* which is a car rental company whose statement is *no – it's not that*.

So here they wanted to show that they are different from others and if any one wants to provide similar service, they can not provide. *Hertz* is considered as number one rental company. On the other side, its competitors are *AVIS* whose statement is *'we try harder'*. These examples show that the brands have focused on the features option and positioned themselves accordingly.

On the other side, is positioning on the basis of BENEFIT. Let us take an example of Maxwell *House Coffee* whose positioning statement is *'good to the last drop'*. They are trying to provide benefit to the consumers in terms of taste that remains till the last drop.

In the same situation, another strategy could be:

Multi Positioning Strategy

It would suggest that in a number of segments, same product is positioned but in all of them with different positioning strategies. This strategy sometimes confuses the customers because it is difficult for them to differentiate. So marketers can use number of approaches. They can be direct one to one through websites, they can sell through retailers, and they can also sell through whole sellers. So being marketers, we must be careful in devising strategies as the strategy which is used for one segment may be different from that of the other.

Umbrella Positioning Strategy

This suggests that there is one overall brand and under that you can sell number of other brands. For example, Engro Group and under the umbrella of Engro Group, there are number of brand like Oplers, Omore and Engro fertilizer etc.

Re-Positioning Strategy

Sometimes marketers need to go for re-positioning strategy due to number of reasons:

- *Original position is a mistake*

The first position which marketers took may not be successful. It means that they tried to position in the mind of consumers but due to any reason that failed. For example, you took a positioning strategy for general public but that was actually for Niche market. You tried to position your product for general public but it was actually suitable for niche market.

- *For premium price*

There is direct link in the minds of consumers regarding price and quality. and the price which they expect from the product. Two points are important here, one is if there is a reference point which is internal or external. Second one/???? So he will normally compare the referent point price with the actual price and will make the assumption accordingly. For example,

Positioning Services

The positioning strategy for services are different then product strategies because services are totally intangible. So it is suggested that some tangibility should be created. When customers are consuming services, they do not look to the delivery point but they look for a point called S*urrogate Cues*. Cues mean what kind of indicators are telling about the service quality. For example, Doctor is providing services which are intangible. But marketers bring tangibility can be brought in this by placing the framed copies of Doctor's degree and pictures of Doctor attending conference etc. So whenever a company

is positioning its products, they bring their competitors into picture. Therefore, they are hitting the competitors. However, there is a method by which one locates a point which has not been positioned by competitors in that particular area. This area is called;
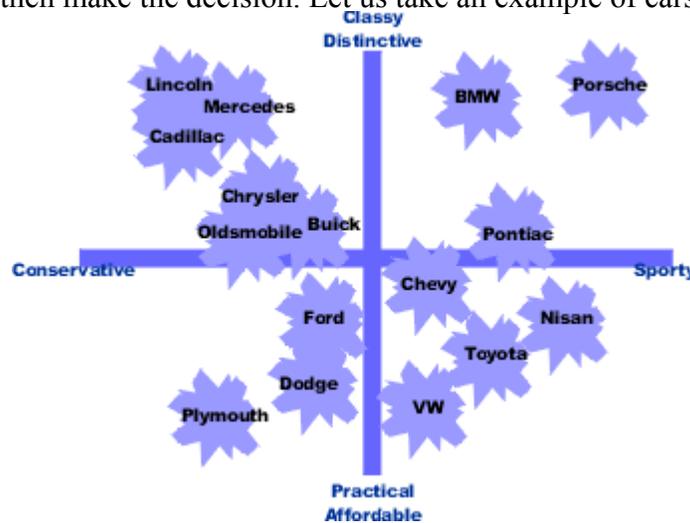
Perceptual Map

Perceptual map helps to understand how your product or brand appears in relation to competitors' product brand. How a customer see various products located in his perceptual framework.

Price

Taste/Sweetness
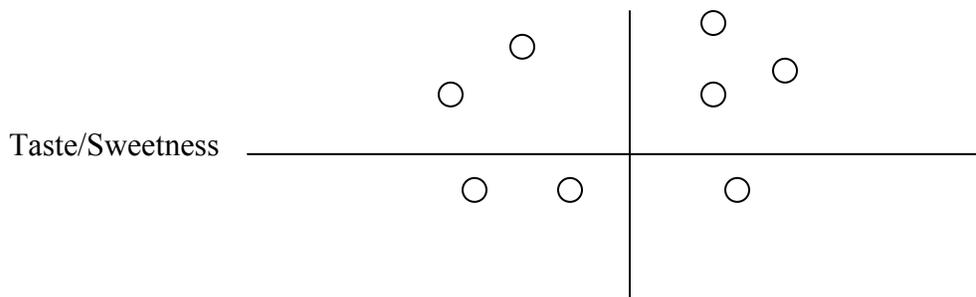
Customers create number of variables about a product and then compare them with the other variables for the same product to of the competitors. Above figure depicts two variables *Taste* and *Price*. Customers will start comparing these variables to the competitors and then make the decision. Let us take an example of cars:


The survey was carried out on cars and perceptual map was drawn which is shown above. Variables were it own old fashion, is it practical and affordable etc. We can locate a gap

and empty space between the brands by using this perceptual map. For example, we can locate the gap between the car FORD and the car TOYOTA. If we want to fill this gap, this will be our new POSITION. While locating a position strategy, we must emphasis on the quality of our product.

Quality of Product

We, being marketers, must also understand the quality and its important concepts.
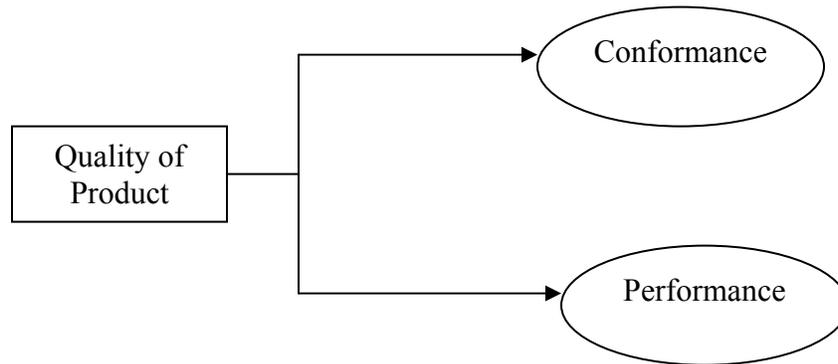
Conformance

It means to show the detail of the usage of product. For example, Honda motorcycle can take you 70 km in one liter petrol …one liter petrol / 70 km.

Performance

The perception of the person who is into position. A person might believe a car is faster going from 0 second to 60 second than the other car.

Services Marketing

As discussed earlier, services marketing are intangible in nature. Marketers have to understand what is expected by the consumer and how gaps are created. So first interpretation about what is expected by the consumer and what does marketer thinks that he expects can create a first gap. If marketer could exactly identify what customers want, then the second point could be the marketer could identify the method to deliver that. Hence, the second gap is what marketer understands and what he delivers. Third gap is

when marketer responded to, how it is perceived by the consumer. All these gaps when they pull together can create the gap between expected and delivery. So here, we found that services marketing are different from the products.

Quality of Service

There are five factors to measure quality of services;

1. Reliability
2. Assurance
3. Responsiveness
4. Empathy
5. Tangibility

These are repeatedly used to determine service quality and help us to understand what quality in terms of services is. Many factors like have direct impact on service quality which includes retail outlet, country of origin and manufacturer's image have direct impact on perception of quality. That is what we, being marketers, need to understand and keep in mind while devising position strategies.

REPOSITIONING

Before moving to the behavioral theories, let us recapitulate some important links like perception, positioning, and risk which we have discussed in the previous lectures. We will try to relate those concepts to the behavioral theories. As we already discussed that it is important for marketers to understand the priorities which are given by the consumers and develop a perceptual map through which marketer can easily see the ideal requirement and then position accordingly. In the next step, they have to understand how consumers change the perception over the period of time because perception is relative to the other product. Now is the point to understand if we are correct in the original positioning and perception was also correct then what could happen that require new change and motive the marketers to go for repositioning?

Why to reposition?

Sometimes it happens that the perception of the people change over a period of time and that is why we regularly try keep an eye to the customer that if there is a need change in preference, preference change then new attribute could bring into the criteria so that the changing needs can be satisfied. So repositioning normally happens specifically when we observe that:

- New preference has taken place
- Competitor has positioned himself near your position

Let us explain this concept through an example of a *magazine*. Magazine being a tangible product has two attributes: one is the amount of written material and other is pictures. It has two types of focus, one is club oriented and other is fashion.
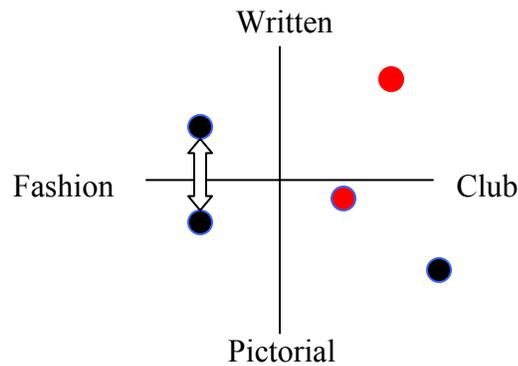
Let say in the begging we are more located in to club oriented / social gathering and pictorial. Let us assume that two other companies are also providing magazine but one is providing magazine with more written material and other is providing same as of ours but with more emphasis on club oriented with more pictures (shown in red colors). Since these two active competitors are providing the magazine with the same positioning as of ours, so we need to shift towards written, fashion area and pictorial contents. This will be point where you will be having different position than your competitors and here the only way was to go for re-positioning to get success.

Let us take another example of services which is more difficult in nature due to its intangible features. So we need to understand the perceptual map of the services so that positioning can be done accordingly. Take an example of a UNIVERSITY:
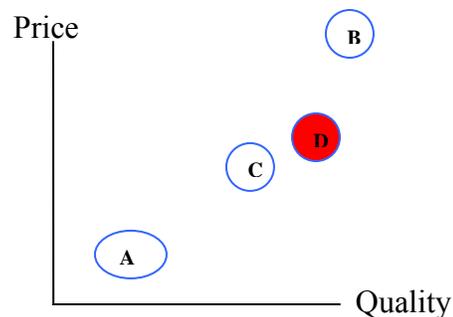
Two important features which students are looking for are quality and price. Lets assume that one university named 'A' has low price and low quality. Other university named 'B'

66

has high price and high quality and third option is University named 'C' which has low price but little bit high quality as compared to university 'A'. Here we observe that there is a major gap between the perception of B and C. If we want to position our University named 'D', so the good option we have is to keep the price low than university B and keep the quality high then university C, so the point where we need to locate is 'D' (red color) it will be a good point for positioning where the quality conscious as well as price conscious customers will have a best option to choose University 'D'.

Another challenge which we will face is how to make sure that target market thinks University 'D' would be the best option for them even without having any earlier experience. What we need to do is to create certain cues, which will help the students to build their perceptions.

How quality of a University is perceived?

1. Brochure (good brochures can impact on the senses of students a lot)
2. Faculty (qualified and experienced faculty will obviously impact on the perceptions of students and parents)
3. Infrastructure (buildings, facilities, class rooms and transportation etc will also help in building perception)

These tangible aspects will help to build positive perceptions for intangibles (university). So these perceptual maps will help the marketers to better positions their products and services which is very necessary part of marketing. Let us discuss another important concept, i.e.

Risk

Motivation is one factor where risk is an important factor. This risk is also relevant to perception where customers have a risk in building perception about a specific product. Risk has different types:

- Functional risk
- Physical risk
- Financial risk
- Social risk

- Psychological risk
- Time risk

How customers reduce these risks? And being marketer how

1. *Get more information*

Try to get more information about the functional aspects of the products, and its major competitors.

2. *Brand Image*

If you have a brand whose image is good, then you will be more confident to choose that specific brand.

3. *Brand loyalty*

Those who are brand loyal can easily get the products.

4. *Reputable retail store*

You perceive that everything will be smooth here and you will not face major problems from this retail store.

Why do people are risk averse/aversive?

Actually all of these factors come through learning process, and past experiences. So, marketers must understand the learning process.

LEARNING PROCESSES

Learning is a process by which marketers / consumers tend to learn how to purchase, how to consume, and how to dispose of the product. It is a process by which individuals acquire the basic purchase and consumption knowledge and experience that they apply to future related behavior.

Most of the times, we stuck ourselves on the point of consumption and we forget the dispose of step. Marketers must emphasis this point and educate the consumers in these processes. There are some theories which help the marketers in this area;

1. Learning theories
    a. Behavioral

b. Cognitive

Learning is a process

a. **Behavioral**

Behavioral theory is more concerned about the outcome of behavior in terms of how the perception behaves/ works. Emphasis on ht

b. **Cognitive**

How did/ do the you think towards the behavior? What happened in the mind as a process before the behavior takes place?

In the above discussed definition of learning, we observed that learning is a process which means it is a continuous process that can change at any stage. Second aspect is what the consumer will do in the future. Marketers also need to know the basic elements that affect learning. Therefore, the knowledge frame is provided by some elements which are:

a. Motivation

b. Cues

c. Response

d. Reinforcement

a. *Motivation*

As we have already discussed that motivation is a very important concept in marketing. It tends to set goals which are achieved from the consumption process by the consumers. In the learning process, motivation plays a moderating role between the amounts of knowledge generated. and what?. For example, if a group wants to go for an adventure on a bicycle, their motivation to learning will help them to know about the area where they are interested to go in. So, level of motivation increases or decreases the level of desire to learn.

b. *Cues*

Cues are stimuli or clues that are given to put direction to the motivation. Taking the same example of adventure, it is required to know where to find robust mountain bike, the most suitable mountain bike. So he needs to visit websites, reads magazines and talk

to friend as much as he can to know about the suitable bike. Simply speaking he needs to get different cues from different channels/forums about the product he is searching.

c. *Response / Reinforcement*

Theory suggests that the number of time you reinforce something, the person will be habituated to it. For example, a sales person is required to go to his client five times a week. If he does that and he is given a bonus for every fifth visit, he will try to repeat his behavior again and again. This behavior is called reinforcement. In the marketing area, we state that if you provide the desired service to a customer again and again, he tends to repeat buying again and again. In learning theories, it is concluded that if a behavior is repeated again and again, more learning will take place. It also indicates that if expectation exceeds the perception, the reinforcement will be enhanced. The above discussion is important for both marketers and consumers but it is important for marketers to know how this process is created and how does it work?

LEARNING THEORIES

How learning takes place?

There are major two classes of theories; behavioral theory and cognitive theory.

a. Behavioral Theory

Behavioral theories normally look at the outcomes of all the process of learning, i.e. in terms of how a person would behave. One of the best known aspects of behavioral learning theory is classical conditioning theory:

Conditional classical theory

Conditional classical theory was discovered by a Russian Physiologist Ivan Pavlov who said that classical conditioning is a learning process that occurs through associations between an environmental stimulus and a naturally occurring stimulus. It's important to note that classical conditioning involves placing a neutral signal before a naturally occurring reflex. Pavlov conducted an experiment on dogs. He would ring a bell and after the bell was rung, he would put meat piece on the tong of a dog and dog started salivating immediately. He started experiments on it again and again and every time he does the

same exercise, dog started salivating. Then, he stopped giving taste to the dog and just rang the bell, dogs started salivating again. So here two things come into place. One is unconditional stimulus and the other is conditional stimulus.

Unconditional stimulus is the one that additionally, naturally and automatically triggers a response. Whereas, a neutral stimulus is that which after associating with an unconditioned stimulus triggers a conditioned response. Here in the experiment of Pavlov, bell was unconditional stimulus, meat was unconditional stimulus and salivating was conditional response. Below diagram explain this example in detail.
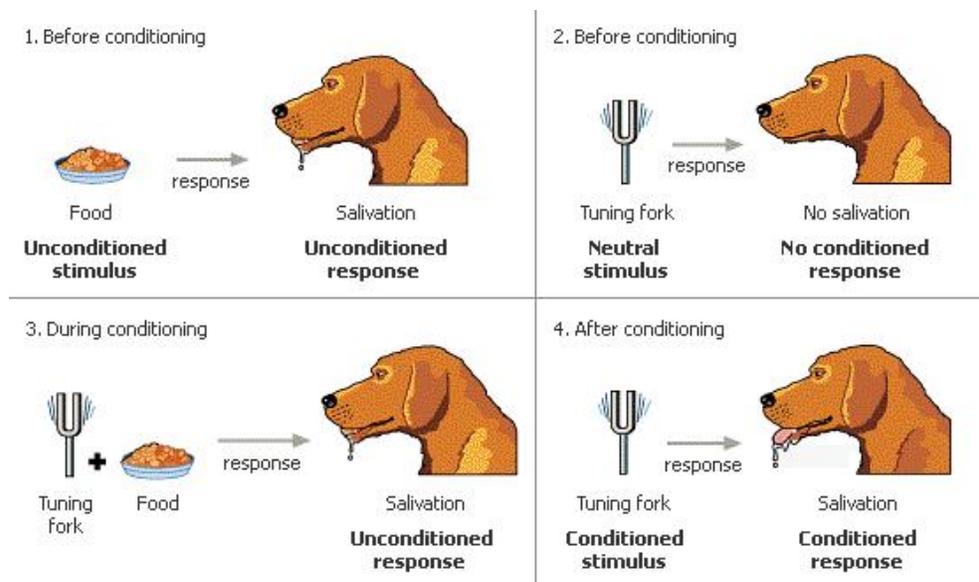
If we want to convert this logic into marketing situation and we try to explain from an example.
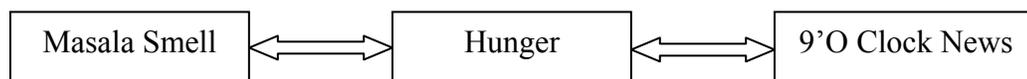
For example, it is a dinner time and you are watching 9'O Clock News on Television, meantime dinner is being prepared in the Kitchen. Now when a good smell of cooking you felt, you become hungry. Here is the same situation:

-   Unconditional Stimulus – Cooking
-   Unconditional Response – Hunger

- Conditional Stimulus – 9'O Clock News
- Conditional Response – Hunger

If marketers can understand that if the 9'O clock news is conditioned with hunger, then they can put the ad of Pizza, Burger etc at this specific time. Marketers can apply the classical conditioning in a number of ways to promote their products.

LEARNING

As we have talked about some learning theories, we need to understand consumers learning process because marketers need to understand the behavior of the consumers so that they can respond to them according to their favorable manners. That's why learning process become important for marketers.

RESPONSE

Now we focus on responding / responses by the consumers based on certain stimuli.

We have to understand consumer behavior or learning process under two conditions. One of that is Instinctive response or reflexive response.

- Reflexive Response

As already discussed in the Pavlov experiment on dogs, when conditional stimulus is associated with unconditional response, we normally observe conditional stimulus. There are four main points in the Pavlovion Theory of Reflexive / Instinctive Response

  a. Sequence (conditional must come first and unconditional must come second)
  b. Pairing (two things happen at the same time)
  c. Biological response
  d. Repetition

In addition to that there is a new theory which is called:

Neo Pavlovion theory: Cognitive Association

This theory suggested that this system is not reflexive in nature, it depends on the association. When unconditional and conditional response brought together, consumer start thinking process to link these responses together and also link the third response to these ones. So it does not happen instinctively, but because consumers using cognitive, logical and rational thinking, create association and then they have better picture of the

situation and response take place. Having learnt of these theories, we must also know the implications of these learning processes in marketing.

MARKETING IMPLICATIONS

- *Repetition – ads are repeated*

In adverting, unless repetition of the message does not take place, learning or what we call recall condition will not occur. So repetition is really bringing these concepts together.

- *Association – adding a product under a brand*

When repetition will take place, associations will take place and it is important to note that these associations must be relevant to the individual's own desires.

- *How many repetitions are enough?*

It is necessary for the marketers to know that how many times an ad should be repeated because repetition in excess may also create a problem of boredom. Two things are important to know:

- o *How many repetitions are sufficient to establish the relationship*
- o *Over repetition has a negative impact*

Research suggests that three repetitions are enough to create learning which is also called three shot theories:

- First visibility would create awareness
- Second visibility would create association
- Third visibility would create learning

Another research suggests that to create these three shots, you need 10 – 11 exposures and out of these 10 – 11, an individual customer will get up only three because by having too much, consumers will loss their memory. This is a fact that watching the same ad becomes boring. So what marketers can do is to change the ad into two forms. One of which is *Cosmetic Change* which means the original word all stay the same but you can change the background, color, design, style etc. Second aspect is to bring *Major Changes* in the ad which means in one add you are displaying one single attribute but in the other

ad you present other important aspect. It means you are not presenting all the attributes in a single ad, but dividing it into number of ads. Another concept

STIMULUS GENERALIZATION

What happened was the Pavlov realized that when bell was rung, dog started salivating. Now if at any time you through for example keys whose voice is to some extend similar to bell, the dog would also start salivating. So Pavlov thought that if any stimulus similar to the original one arises, the response will be the same. The implications of this concept would be well explained as follows: for example, there are number of products in the market called "*me too products*" which means that there are certain products which are original ones – other marketers try to capture the original ones and try to sell their products to the same market. So, consumers will confuse which one is the original so they will buy the copied product. So this is a major impact on the marketing. On the other side, companies also bring differentiated products. This is good for both marketers and consumers as they would be involved in totally different products.

APPLICATIONS OF STIMULUS GENERALIZATION

It is necessary for the marketers to know the applications of this generalized stimulus. They can do so by number of concepts/methods:

- Product Line Extensions

It is a very important concept in launching products. For example, washing powder – hand wash soap is the original powder and its product line extension can be machine wash powder.

- Product Form extension

Just to change the shape, for example, teeth cleaning – toothpaste and its extension can be toothpowder or mouthwash.

- Product category extension

It means a totally different use of a product. For example, deodorant is the original product then launching of shaving cream which is totally different product.

So we also need to understand the relationships of these concepts and its application in the brand management.

In the brand management, there are two types of branding strategies.

- Family Branding

One single brand is used for all the product categories. For example, Gillette – raisers, toiletry. P&G – shampoos (Pentene, Head & Shoulders). So it is called house of brands means under one shelter there are number of brands.

- Branded Family

This is another strategy of branding means launching brand in the same family. For example, Gillette launched raisers, toiletry etc. So making these concepts generalizeable, we must be aware that these brands can be transfer from one to the other and logic should also be accepted for other customers.

Some time it happens that for the successful generalization, there has to be four points:

a. complementary products

b. some kind of substitute between the attributes

c. some transferability

d. key image component

This is specifically for umbrella branding where one brand holds a number of brands. So in this concept, marketers have to look for the number of concepts to make it generalizeable.

Another concept used for generalization is licensing.

Licensing

Well established brands give license of using their names to the other companies, for example, Marriott Hotels and Pearl Continental Hotels who give license to others to use their brand name but here companies must be very careful that the company which is taking license should keep the standard same as was of original brand. These are some

thoughts on stimulus generalization. Now we are looking to the opposite of it called stimulus discrimination.

STIMULUS DISCRIMINATION

The concept of stimulus discrimination is used in the concepts of positioning which is a basic concept in the marketing framework. Positioning concept desire that every company wants to differentiate their products in such a manner that consumer will be attracted to that particular product. This can only happen that there is no other competing brand can position like your brand. Here re-positioning concept can be used for better explanation. So discrimination occurs when marketers try to discriminate other brands and try to push their brand more and more in the market. Another important concept in this area is called Instrumental Learning.

Instrumental Learning

It is basically an operant learning which means individuals learn the things through experiences. In this type of learning, the behavior is instrumental in producing a change in the environment, and that environmental change in turn affects the probability of the behavior that produced it. It is used to explain complex behaviors and this occurs through trail and error response. For example, you are search a specific product at retail stores and visit number of stores. After searching number of stores you reach to store which give you some good exposure and now you start preferring the same again and again. Here you learned from trail and error. In learning process field a famous scholar B.F. Skinner conducted many experiments. He used a number of animals to start to learn certain animals. He picked pigeons and trained them to play ping pong. Every time the ball was going to the right direction, there was a reward and if the ball was moved to the wrong direction, there was a kind of punishment. Slowing the animals learned to go the direction where he wanted to go. Through the reward systems, many animals were trained. So the conclusion of these experiments is that learning system is a continues process acquired trail and errors.

REINFORCEMENT

While talking about the reinforcement, there are two important steps:

- *Negative Reinforcement*

It should not confuse with punishment. Punishment is used to discourage a behavior where as negative reinforcement is used to encourage a behavior. For example, the ads of insurance policy – where you show death etc which is not used to discourage but encourage to go for health policy. On the other side, ads of cigarette – this is normally used to discourage the behaviors.

- *Positive Reinforcement*

It creates high satisfactory results.

Finally thought is Extinction and Forgetting

EXTINCTION AND FORGETTING

We know that people tend to forget over time. So learning can slowly get reduced. Forgetting can take place and memory decay can start happening. Once decay start, the person would normally tend to loose the things that he had remembered over a period of time. So marketers can create repetitive advertisements, create customer satisfaction over a period of time. For example, universities normally have placement services – two points can be done. One is to place the new graduates to the jobs but over a period of time they normally forget. So second, universities can be in touch with the students over a period of time which will help the students to recall the services of the universities in find the job for him.

LECTURE NO. 16

INSTRUMENTAL LEARNING

As we are discussing theories of learning, so in this lecture, we will discuss important concepts and theories used in marketing. So, we will start with the concept of CRM. According to researchers, it is very important to develop a relationship between product and consumer. So over the time CRM becomes very significant. When a person is over loyal to a product, he will be more dissatisfied if his expectation is not met at any time and he will never come back.

ANSOFF GROWTH MATRIX
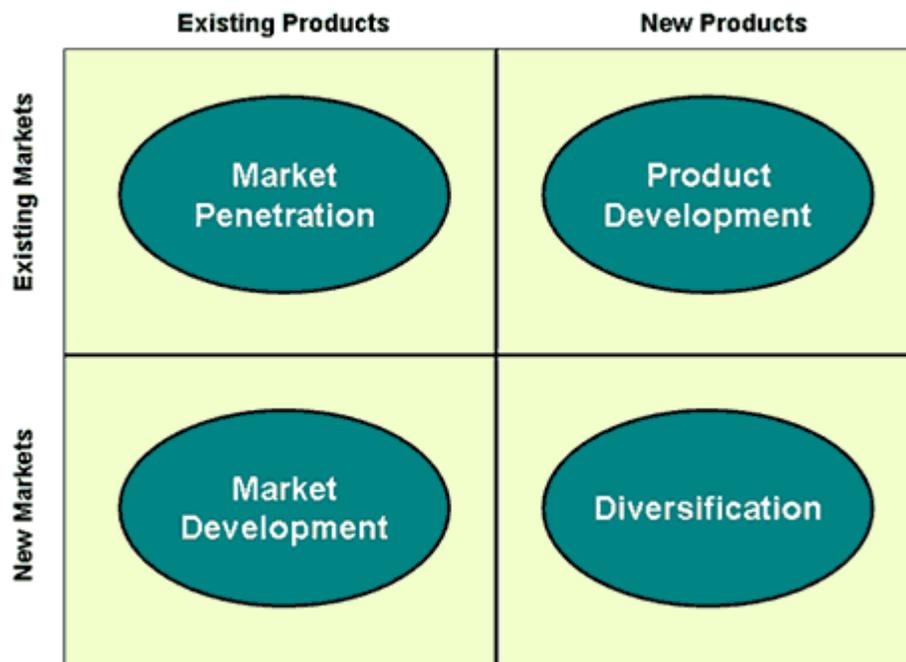
This model suggests how you can create marketing strategies for certain purposes. On one side of this model is product and on the other side is market. The one variable which is existing product in the existing market is called MARKET PENETRATION. Link up this with the mass concept, here people normally tend to use mass learning concept and produce the products in bulk. The other construct is marketing the existing products into

new market called MARKET DEVELOPMENT. Simple logic suggests that if you want to develop the market over a period of time, then you have to move into the distributed advertising which is based on the concept of distributive learning.

The other side is the PRODUCT DEVELOPMENT in which you offer new products into the exiting market and final concept is DIVERSIFICATION which means offering new products to the new market. Another model is known as:

Modeling or Observational Learning

Instead of trial and errors, people normally watch the things, they watch other people, using a particular product and see the response which they are receiving and based on that they develop their own behavior. This tendency is normally seen in children who watch their elders and whatever product the elders are using, they normally prefer to go for that. Same concept is applied in opinion leaders. Opinion leaders normally belong to particular product and others normally try to follow them in different aspects. For example, you want to buy a computer; you will tend to go to a person who is more experienced about computers. So, you will rely on them in for choosing your product. In marketing, the use of models is an effective way of communicating your message and capturing the behavior of customers. For example, a lady with shining hairs is using a specific shampoo, so you will be inclined to use that specific shampoo, hence, you will be reinforced to choose that specific shampoo. Another theory which is quite popular is known as;

Cognitive Learning bold - in which a person goes through a process of thinking and he has to go through a number of steps through a thinking process and follows a number of steps. It focuses on thinking and problem solving process belonging to an individual. It is distinctive from cognitive associative learning. In cognitive learning, we have following important concepts:

- Problem Recognition
- Information Gathering
- Evaluation
- Decision and post decision evaluation

To make sure that how these steps work, we must know that how does an individual gather information, and how does he/she process information. This information gathering and processing has two implications:

    i.   Ability of Individual

    ii.   Complexity of the information

In convenience products, no need to gather these types of information, but in specialty products, we need to collect information. There are certain models which are necessary to be understood which are explained as follows:

1. Promotional Model

This model is well explained by AIDA (Attention-Interest-Desire-Action) which is mostly used in advertising. The customer who has full knowledge about a product and if you are giving low information, he / she will loose interest in that product. So, marketers should provide full knowledge of the product.

2. Decision Making Model

This model is one in which we are more concerned. This model actually relates to **Awareness** which gradually move to create **Knowledge**. Hence, the customer starts making Evaluation and then reaches to the final stage which is called Purchase Decision.

3. Innovation Adoption Model

If we link the Product Development stage of Ansoff Model with the Innovation Adoption Model, we find that the marketers again need to create *Awareness* which eventually create *Interest* of the customers in that specific product. Thereafter, customer starts *Evaluating* the product to decide whether the same is fulfilling his requirement or not. If he found that the product can meet his needs, he will purchase it as a *Trail* and then evaluate for future action which is called *Post Trail Evaluation*. If trail is not reinforced, so the instrumental learning will not occur due to which customer will loose interest in

that particular product. In addition to these models, we need to look at basic processing system.

Basic Processing System

We can well understand the concept by understating the sensory process. Senses send information in the *form of small packets*, once the information comes into the brain, the information is put together to create a picture for form a scenario and information flow out within a second. The information which has no basis of interest for you, you will immediately pass it on but the information which is of your interest will move into the *short term store* where all the work takes place. If we don't focus on that specific information, we will gradually loose that information but if we start it's *Rehearsal* then the chances of retention of the information will be high. If we repeat the information again and again, this information will move to our long *term memory* and will stay for number of days, weeks, months or years depending on the nature. So, in order to keep the information in our long term memory, we must emphasis on its rehearsal. A marketer that's why often create different cues related to the brand so that these small cues make associations which will take the shape of picture or schema. For example, picture 'M' is recalling McDonald's recall the food, burger etc. Once the associations are developed and information stored, now it is important to create retention so that the information stay in the memory for a long period of time. For retention process, degree of prior knowledge is important. There are two methods through which information can be retained:

-   Episodically

It is related to time series and time frame. For example, we have taken brunch on last Sunday and we recall that specific day, it is episodically stored information. The other way is semantically stored information.

-   Semantically

Here information is stored conceptually. Let us take the same example of Sunday Brunch, the experience which we got on that specific Brunch is called semantically retained information.

In addition to the importance of retention, *retrieval* is another important concept. As we know that cues bring information from long term memory to the short term memory. For

marketing purposes, people are normally concerned with the benefits not the attributes. For example, the speed of a computer is 3 GH, it is difficult for customers to remember this information, so it is easy to say that the computer has very high speed. One is benefit and other is attributes. Finally, the important thing is the *Involvement Theory* which has direct link with the type of buying product which is very important both for customers and marketers. We will discuss this theory in the next lecture.

THEORIES

Involvement Theory

Consumer involvement theory is the way to understand the psychology and behavior of your target consumers. By involvement, we mean the time, energy, interest, and resources a customer spend in searching, purchasing and using a product. By considering its importance, we can develop our market segments on the basis of involvement of the consumers. Because if we understand the segments clearly, and we understand how people involve in the information, what kind of behavior they normally show. Here are some concepts important in the involvement theory.

- *Impulse Buying*

Impulse buying is the unplanned decision to buy certain products and this decision is normally taken at the point of purchase. For example, you were walking in a store, saw some toffees and bought it unplanned.

Involvement theory came from clinical studies which suggest that the brain has two hemispheres called left hemisphere and right hemisphere. The left hemisphere is one that relates itself to the information, it and tries to analyze things; it is working in a lot of informative framework. On the other side, right hemisphere is more intuitive institutive, it deals with non verbal, timeless, pictorial and holistic information. Processing is intuitive, emotional and impulse. For example, there is an ad on the television which is not giving too much information. After watching the ad, right part of the brain would take the behavioral systems into play because it is more heuristics. However, if a person used the left side of the brain and if he is consistently does the same, then it means his activity is more significantly related to the information processing. So, this kind of ad may create misperception but if we find a group of people who had very strong involvement issue, we need to know the kind of media appropriate for them, the kind of message relevant to them, the kind of content relevant to them.

Right Hemisphere

Research suggests that right hemisphere is more tuned to the classical conditioning which also relates to the visual component of advertising for example; the model, back group, picture not the detail of the attribute of the product. It is also suggested that if TV advertisement is used and it has to trigger out the long term memory, then you need to be able to decide which particular cue can be send as stimulus so that the desired response can be drawn. And obviously, that cue should be sent in such a way that it can be recalled, and it should be familiar. So this activity result us to go for repurchase behavior. Now let us look at the left side of the brain.

Left Hemisphere

If we want involve left side of the brain, logic says that we have to give complete information so that people can analyze the information and they come to the conclusion. If a marketer is trying to compete in a market where products are already established and people are into this repeat purchase behavior, and he want to break this logic, then they have to enforce the target to get involved in the purchase behavior. And the only way is by showing distinctive and competitive advertising in the sense that they have to challenge the brain to get involved in the process of trying to see between the products, and trying to access which one is the right product for them. For example, if we understand that a product is very relevant to an individual and if we can increase the perceive risk in purchase behavior regarding a product which used to be bought in an impulse or in a repeat purchase framework then in this case we can force involvement and that could trigger out the issue. For example, people are using a shampoo but are unaware of its ingredients and marketers comes in and suggest that if you use a wrong shampoo you may loose your hair. So this creates high level of risk. This will force the person to move into high involvement area where he/she may start reading the ingredients of the product. And most probably, if marketer offers its own product as an alternate, the probability of breakthrough of the market will be high in his stage.

If you try to understand how these can be linked up, we become clearer that why these learning processes are critical in understanding this framework.

Finally when we talk about the impulse buying, it is normally used done by in the household consumers but …and not found in business to business marketing. we can't find it in the business to business marketing. In B2B system, there is extensive or limited problem solving issues. So, there is naturally high level of involvement. In this case, complete and comparative information needs to be provided.

Routes to Persuasion

- *High Involvement Products (Central route of persuasion)*

This means that the marketers tend to use a lot of data such as rational arguments, attribute description and comparative technical information to persuade the consumer to buy the product.

- *Low Involvement Products (Peripheral route of persuasion)*

This means low involvement in the product which is normally promoted by giving pictorial advertisements without giving more information. Here, the focus is on the imagery side of the information.

Measure of Involvement

The issue is how to measure of involvement. so There are number of frames through which we can measure involvement. We can go through:
- Behavioral frame
- Cognitive frame
- Product category

We can measure involvement from behavioral perspective, cognitive perspective or even by categorizing the products. The involvement will be varying depending on the nature of product category. For example, a person may be highly involved in a Laptop but not seeking too much information about the TV (low involvement).

When you are targeting the high involvement products, you need to check whether consumer comprehends the information which you are giving them. If you are giving information which your target customer can't understand, then it is only the waste of time, effort and money. So, in terms of applying involvement theory where we need to

understand what kind of information is to be given, we also need to understand how person will be able to understand and comprehend the information.

Some examples of testing questionnaires

We can measure by using likert scale rating from 1 to 5. For example, "*to me the product is-----*"

1. Important, -2. -- 3. -- 4. -- 5. Unimportant

How to measure overall consumer learning

Question arises that whether person can remember something? If yes, then we are confident that some learning has taken place. In measuring consumer learning research, we need to be able to target three areas to understand whether some information has been learned or not.

a. Recall

Recall has nothing to do with aided or helped by some one, it is something we remember from somewhere. So it is something unaided. Here you ask the consumer to recall the ad and scenario and then see whether they can recall your target desired things etc.

b. Recognition

We show something and ask the person can you recognize what you have seen? It is something aided. Here you are showing some cue to the customers and ask them to recognize its origin etc.

c. Understanding and Comprehension

Has the person been able to understand what the seller was trying to say? Here you ask the consumers what they have understood what we were telling them? In addition to this, we also need to discuss the measures of brand loyalty.

Behavioral Measures towards Brand

Attitudinal measures are the ones which measures the feelings of the customers towards the brand. Loyalty can't be measured by watching the customers buying the brand. So,

we need to project consumer loyalty and we normally do that by using attitudinal measures. For example,

- *Commitment* – how committed a consumer is towards a specific brand shows his loyalty.
- *Propensity to buy* – if we are asking in about the next purchase that which brand will you buy; this is called propensity to buy
- *Repeat Purchase* – How many times have you bought that specific brand in last few days?

By using above techniques, we can measure brand loyalty. If you find that the customer is continuously purchasing your brand, then it means he is brand loyal.

Ethical Issues in Consumer Learning Process

Remember it is very critical that we should be able to link various frameworks and see/check what could be the end result which may not be desired by the marketer. This is more relevant in case of Children Advertising where they copy their elders.

Let us recall an advertisement where the person was putting biscuit into a toaster, when he put biscuit into toaster, some beautiful things came out. The idea of this advertisement was trying to suggest to the children that if you eat that biscuit then the feelings would be of happiness. As a result of this advertisement, an occurrence was found reported where a child was actually putting biscuit on the toaster. When the toaster didn't do any thing then he put a spoon to draw out the biscut and was badly injured. So, this advertisement created a lot of concern among parents and advertisers.

By considering these issues, a Children Advertising Review Unit has been established in USA to observe what children perceive from the advertisements.

Another example: where Cotton Candy Machine was shown in which you can produce Cotton Candy by your own. The idea was not to operate cotton candy but to enjoy cotton candy. Since they showed the ad in that framework, it was found that the children of two to three years age were actually trying to operate that machine without the parents guide guidance. them to do that. So CARU moved in that and told advertisers to change their

advertisement. Thereafter, CARU unit emphasized on the advertisers to pay focus on two points,

- One is to discourage ads that push children to force parents to buy.
- Second is that the ad will not give an impression that ownership will give status among friends and peers.

These were some issues of children learning; now let us discuss the issues of matured. One problem which we find in the society is Conspicuous Consumption which means buy things just to show others that you have this product. These are some ethical issues which needs to be considered it adverting.

ATTITUDE

In this lecture, we will mainly focus on two things, perception and attitude but we also indent to express this model:

| Learning | → | Perceptions | → | Attitudes | → | Behaviors |
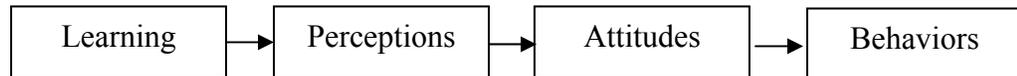
Learning ⟶ Perception

Learning which takes place into the human being leads to the development of perceptions about that specific object. This is because consumers perceive reality. For example, wrist watch – every person look at to it from different perspective. Some see it from the point of view of time, others person perceive it as jewelry item. Therefore, we say that perception is totally an internalized frame. Actually, every individual is receiving stimuli and they try to organize this information to get the clear picture of the world that he sees. This perception depends on the information which marketers float and customers receive. If information is very high, it is possible that so they may not get anything out of it, hence they may reject this information. On the other side, if we say that information is very low, then they may not decide any thing about the product due to limited information available.

Attitude ⟶ Behavior

Attitude is a learned predisposition to behave in consistently favorable or unfavorable way with respect to given object. Attitude represents an individual's likeness or dislikes of some thing. Sometimes negative attitudes are developed and some time these are positive in the mind of consumers. These are developed in the mind of the consumers based on the perceptions and perceptions are developed from learning process which further leads to the development of behaviors. So actual thing is behavior behind which the process of attitudes is operated. For example, a person is going to purchase Colgate because he has positive attitude towards this specific brand. This positive attitude created

his 'behavior' towards this specific brand due to which he purchase Colgate. Attitude was developed due to his perception towards the brand and perception is developed from learning. And learning takes place may be from advertisement, word of mouth, opinion leaders or from his elder advises.

Another example is NIKE and REBOK shoe//// companies who conduct research to gauge reactions to various styles, colors, sizes etc before moving to its development so that they can know about the attitude of the consumers towards their shoes.

What happens is basically companies conduct market research to know about the attitudes of the consumers before devising marketing strategies. For example, Coca-Cola changed its product. Actually Coca-Cola was promoting that their product is the top favorite product for its sweetness and excitement in the market. So PEPSI conducted some blind tests where they put drink in different glasses and asked consumers to taste the drink and tell which one is the best product. It was observed that even the loyal customers of Coca-Cola selected the glass of PEPSI. Hence, by using these results, PEPSI attacked on Coca-Cola and as a result Coca-Cola loosed market share. To cover up this loss, Coca-Cola created new formula and developed its new drink and sent it to the market for testing. When consumers tasted this new formula drink, they liked it hence Coca-Cola started production on the basis of new formula. All this happened due to the perception and attitude of the consumers. But the researcher of Coca-Cola found that there is no specific impact on the market ration of its drink because they observed negative reactions from the loyal consumers of the Coca-Cola as they started boycotting the product. So as a result, Coca-Cola came to the conclusion to re-launch the product with same formula.

What happened was; on one side, there were perceptions because the people who thought the PEPSI's taste were good but they still reacted and forced coca-cola to bring back the same product. This was happened due to their attitude towards Coca-Cola which was very consistent with buying behavior. So logic says that attitude is more relevant to the buying behavior and perception can be different. For example, our perception is that Japanese products are of high quality but we still use Pakistani products due to our behavior towards our own country. Perception can be developed through different factors e.g. like word of mouth, from advertisement like a perception is built in the mind of

customers that Chinese goods are cheaper but the attitude may be different e.g. they may prefer to buy Japanese products rather than Chinese products. So when we talk about attitude, it is a specific product or brand which relates to us and which we intend to buy. Similarly, let us take an example that people perceive that German cars are good in quality than Japanese cars. This is his/her perception but when actual time comes, he/she didn't purchase German car. This may be due the sudden rise in the prices of the car of his choice, or decrease in the buying conditions so his positive attitude may not transfer to buying behavior.

Change of attitude…..heading

A person has a big car which carries a lot of stuff and if he is interested to take the car to a long travel. His attitude was very positive towards this usage, but if his interest is changed towards cross country trip so his attitude may change towards jeep on which he can easily drive up to the maximum points of tour. So his buying behavior is changed towards a very rugged kind of Jeep from a car. So here we observe that attitude can change as it is time, situational and context specific.

Elements of an Attitude

- *Object*

Attitude is always related to a specific object; a specific thing.

- *Attitude have consistency*

It has to be consistent so that conclusion can be drawn – whether the attitude is positive or negative.

- *Learned Predisposition*

Attitude is learned predisposition because it already exists in the system and then it is learned from different sources.

- *Attitudes Occur within Situations*

As we said that behaviors can be changed at any point of time, so attitude can also be situational.

For example, a person is loyal customer of Nokia and he went to purchase mobile but at the point of purchase, he purchase china mobile because he has low budget at that specific time. So, it does not mean that his attitude towards Nokia is negative but due to cost factor his buying behavior is shifted towards china mobile despite of this positive attitude towards Nokia.

Structural Model of Attitude

We will look into four underlying dimensions of an attitude:
1. Tri-Component Attitude Model
2. Multi-Attribute Attitude Model
3. Trying to Consume Model
4. Attitude towards the Advertisement Model

1. Tri-Component Attitude Model

Tri-component model is made up of three potential parts:
a. Affect
b. Behavior
c. Cognitive

a. Affect

It relate to feelings and emotions. It says that attitude can be framed through either thinking component of or feeling component.

b. Behavior / Connation

Connation is actual behavior which is also called the active elements of attitudes.

c. Cognitive

Cognition is thinking, or thought component of an attitude. It is a person's mental representation of an object or stimulus.

COGNITION

Attitude:

Linked with learning process and then associated with the perception. Logic was that attitude has a direct relationship with buying behavior. If you have positive attitude, then the chances of buying a product are high. Attitude cannot be been; we can see the actual behavior.

Structural Model of Attitude

We will look into four underlying dimensions of an attitude:

5. Tri-Component Attitude Model
6. Multi-Attribute Attitude Model
7. Trying to Consume Model
8. Attitude towards the Advertisement Model

i.   Tri-Component Attitude Model

Tri-component model is made up of three potential parts:

d. Affect
e. Behavior
f. Cognitive

d. Cognitive

Cognition is thinking process or the method in which information is analyzed or interpreted, or thought component of an attitude. It is a person's mental representation of an object or stimulus. So, the first factor which comes into play is attitudes that are formed because people tend to go into thinking process and evaluate the information which is related to attribute. Those people who have high involvement, they tend to have

more demand for information. So, we always try to generate favorable attitude. This part actually guides our thoughts which have an impact on our attitude.

e. Affective Component

It is another way of measuring attitude is to try to access what kind of feelings my brand can play in the mind of consumers. If the feelings are positive, it will have a better attitude on towards the brand. So, affective component relates to feelings and emotions. It says that attitude can be framed through either thinking component of or feeling component. If feelings can be measured, we can easily measure attitude.

f. Connation Framework

Conative framework means my action; behavior will suggest what my attitude is. It talks about the predictions about the future, whether I will buy in future or not, whether I will recommend this brand to my friends and family members. So, connation is actual behavior which is also called the active elements of attitudes.

Measuring attitude through tri-component

Let us have a look on certain questions which can be used to measure attitude through tri-components. For example, *old spice aftershave lotion*. Is it…It is giving your freshness, it appeals to other people. If we put it in a likert scale:

Old Spice aftershave lotion is:

        1. Refreshing -----------to------------ 5. Not Refreshing.

So here we can easily judge the feelings of the consumers about this specific brand.

a. Affective Component

Emotions and feelings that act as moderators to positive or negative attitudes and may be recalled later and others informed.

For example, we are trying to measure the feelings of the consumers towards the same brand: we again use the 5 point likert scale as follows:

	1. Strongly agree	2. Agree	3. Neutral	4. Disagree	5. Strongly Disagree
Relaxed					
Tight					
Smooth					
Clean					
Refreshed					
Younger					
Revived					
Renewed					

Here, we are questioning about the feelings of the consumers towards brands and if agree then it means they have positive attitude.

b. Connation

We can measure this by asking how you would behave in the future. Will you prescribe this product to your friends, and if I do then it suggest that we have positive attitude towards that specific brand. We can measure it through likelihood or tendency.

For example, if we ask which of the following statements will describe the cahve case??? that you will buy Old spice aftershave lotion the next time you purchase an aftershave product?

1. I definitely will buy
2. I probably will buy it
3. I am uncertain whether I will buy
4. I probably will not buy
5. I definitely will not buy

This kind of buying scale is suggesting that how I will reflect my future behavior. So by using these types of scales we can measure attitude. We can change attitude by choosing any one of the three factors. For example, if we want to bring change through cognition,

then we need to give information that will significantly change the knowledge frame of the consumers and we believe that the particular piece of knowledge which doesn't exist in the mind of consumers would be sufficient to bring change in the person behavior. In For this, we need to look into four specific aspects of cognition.

Influencing Cognitive Based Attitudes

b. Change Belief

c. Shift Importance of particular attribute

d. Add Belief

e. Change ideal situation

a. Change Belief

Let us take an example to understand how belief can be changed. If we recall the time when people used to belief that pure ghee and pure butter is good for health. However, a research was conducted and results found that people says that other oil is better. So this is a belief change.

b. *Add Belief*

For example, paper or kitchen towel which is used for cleaning surfaces or dry hands. Now, a person may add a belief that a person may have a paper towel which is also sanitized which means that when you will use this, this will also kill bacteria. This is adding in belief and if you add this kind of belief and if you project it as said, then your attitude will be positive towards buying this brand.

f. *Change ideal situation*

Let us recall an ad of UPS in Indian and Pakistani channel and in UPS aced battery was used which normally bring fuels. Although this is a good battery but if a person suggests having to have a sealed battery for the same purpose, it would be better choice. So here, the ideal idea has been suggested which can also protect the environment and can fulfill other purposes along with fulfilling of existing need.

These things basically are necessary to understand that how the attitudes can be changed.

B. Multi Attribute Model

Many models which look at consumer perceptions as they help form or influence attitude formation. There are more than

1. Attitude towards object model

2. Attitude towards behavior model

3. Theory of Reasoned Action model

1. Attitude towards object model

It is more related to the cognitive model.

Let us look at the questionnaire.

Specific attributes using semantic differentials:

- Cognitive Component – Diet Coke

If we want to measure the cognitive component of diet coke, we can ask the questions like:

Strong taste ---------------- Mild taste

Low Priced ---------------- High Priced

Caffeine free ---------------- High Caffeine

Distinctive taste ---------------- Similar taste

Measuring instrument can be:

The last soft drink I consumed was ……..

I usually drink …… soft drink

What is the likelihood that you will buy diet coke?…………

2. Theory of Reasoned Action model

The theory of reasoned action (TRA) was proposed by Ajzen and Fishbein (1975 & 1980) which has three general components: behavioral intention (*BI*), attitude (*A*), and subjective norm (*SN*). This theory suggests that a person's behavioral intention depends on the person's attitude about the behavior and subjective norms (*BI = A + SN*). If a

person intends to do exhibit a behavior then it is likely that the person will do it. This theory is very important in consumer behavior which will be discussed in next lecture in detail.
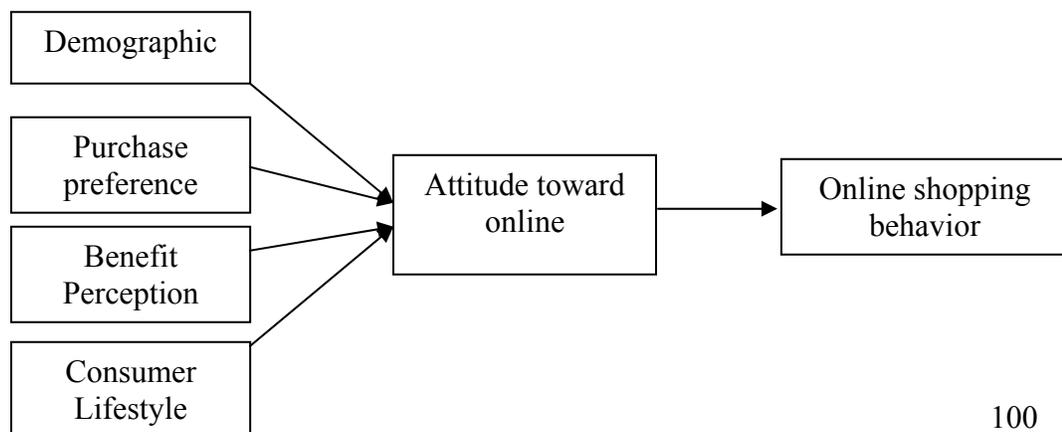
ATTITUDE FORMATION

As we have been discussing the underlying dimensions of an attitude:

9. Tri-Component Attitude Model
10. Multi-Attribute Attitude Model
11. Trying to Consume Model
12. Attitude towards the Advertisement Model

And we have already discussed about the Tri-Component Attitude Model. Now we need to discuss other three frameworks:

2. Multi-Attribute Attitude Model

As we have already discussed about the attitude and its development in the previous lecture, and the most important theory for this model was the theory of reasoned action model. As we articulated that the theory of reasoned action (TRA) was proposed by Ajzen and Fishbein (1975 & 1980) which has three general components: behavioral intention (BI), attitude (A), and subjective norm (SN). This theory suggests that a person's behavioral intention depends on the person's attitude about the behavior and subjective norms ($BI = A + SN$). If a person intends to do a behavior then it is likely that the person will do it. This theory is very important in consumer behavior which will be discussed in next lecture in detail. Let us take a model as follows:

```
┌─────────────────┐
│   Demographic   │──────┐
└─────────────────┘      │
┌─────────────────┐      │
│    Purchase     │──────┤      ┌──────────────┐        ┌──────────────┐
│   preference    │      ├─────▶│ Attitude toward│──────▶│ Online shopping│
└─────────────────┘      │      │    online    │        │   behavior    │
┌─────────────────┐      │      └──────────────┘        └──────────────┘
│     Benefit     │──────┤
│   Perception    │      │
└─────────────────┘      │
┌─────────────────┐      │
│    Consumer     │──────┘
│    Lifestyle    │
└─────────────────┘
```

This model indicate the impact of four factors demographic, purchase preference, consumer lifestyles and benefit perception on online shopping behavior where attitude plays the role of a mediating variable.

Demographic

Consumers belong to different demographics and always choose the products according to their own needs. So, consumers with different demographic backgrounds might have different attitudes towards the brands.

Purchase Preferences

Preferences of every individual are different; it depends on the lifestyles, demographic factors, geographic factors, age, profession and other factors that may also impact on the changing preferences. So, these different preferences lead to changing behaviors.

Benefit perception

If a person feels that the product will benefit him by shopping online, then he/she will obviously prefer to choose that.

Consumer Life style

This means that the lifestyle of consumers is different and every individual tries to choose the product matching his/her lifestyle.

We normally investigate the phenomenon through these types of models and here we can also investigate to find out the formation of attitude and subsequently the behaviors.

Attitude towards Behavior

Once the attitude towards the product has been developed, the chances of purchasing that specific product would become high. Once the attitude is developed, the behavior is developed, and once the behavior is developed, the chances of buying would become high. Attitude can be observed but behaviors can be. When we talk about the Theory of Reasoned Action, we come up with other model which is shown as follows:

```
┌─────────────────┐
│   Belief about  │──────┐
│     outcome     │      │
└─────────────────┘      │      ┌──────────────────┐
                         ├─────▶│  Attitude toward │
┌─────────────────┐      │      │     behavior     │─────┐
│  Evaluations of │──────┘      └──────────────────┘     │
│     outcomes    │                                      │      ┌─────────────┐      ┌─────────────┐
└─────────────────┘                                      ├─────▶│  Intention  │─────▶│  Behavior   │
                                                         │      └─────────────┘      └─────────────┘
┌─────────────────┐                                      │
│ Belief about what│─────┐                               │
│another will think│     │      ┌──────────────────┐     │
└─────────────────┘      ├─────▶│ Subjective Norms │─────┘
                         │      └──────────────────┘
┌─────────────────┐      │
│Motivation to comply│───┘
│with specific Referent│
└─────────────────┘
```
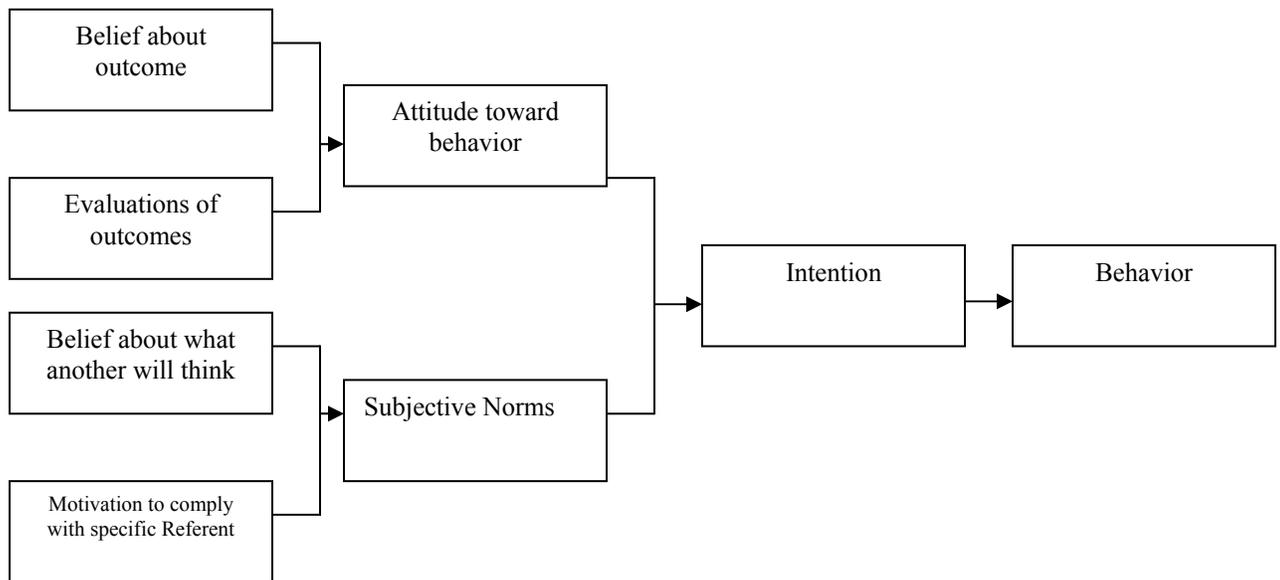
This model has two sections: One is the attitude towards the behavior. This factor can also be influenced by our external environment which is in this model the impact of people who are observing your behavior and it is your assumptions and feelings that how they will feel about your actions. Therefore, we call it as subjective aspect. The other is the objective aspect which is the attitude toward the object model. Here we have two factors in the objective aspects; one is the outcome which you are expecting. Second is the feelings/evaluation of the outcome. If I buy certain product, how will it be beneficial to me and second point is how others will say about it.

3. Theory of Trying to Consume

It tries to study the factors where you are not able to buy or consume the product towards which you have positive attitude. This is more organizational oriented concept in which you are not often in a position to buy. May be due to unavailability of the product, you are not able to buy and service center suggested you to buy in the next week.

4   Attitude towards the Ad Model

It emphasis that whatever we do, we always try to communicate to the customer by using medium. It is different from the traditional concept we directly contact to the customer, here we use medium to communicate with the customers. The attitude created by the ad has direct impact on the consumers and impact on their buying behavior. Many factors impact on the consumer senses to buy like advertisements, message communicated through advertisers, its aesthetics, communication ways and emotional appeals.

Attitude Formation

Now we will be discussing how attitudes are formed? There are three important things:

   a. Cognitive framework
   b. Experience --- Attitude
   c. Generalization of stimulus

Generalization of stimulus

For example, offering new product under an old and established brand name but the most important thing will be can be generalize these results to the other products?

Experience --- Attitude

If I need any a medicine for a pain in head and visited a pharmacy and demanded let say medicine "A", but representative said that the same is not available but he can offer me "B" which has the same function and I purchased that. If this "B" has fulfilled my requirement then it means I had a good experience. Next time, whenever I feel pain in my head, I may demand the same medicine because of a good experience.

Cognitive framework

It means I have information about the product and more information I have, more chances of attitude development are. In the concept of high and low involvement products, the attitude that has be formed with the result of intensive reading become stronger than the one which is low involvement.

Developing and Communicating a Positioning Strategy

Which positioning to Promote?

- It has been suggested that if there is a similarity between the brand's existing products and the new extension then the attitude will be stronger in terms of positive or negative.
- Second is the match between the image of existing brands products and extension. The image of a brand directly impact on the attitude development.

Positioning: How many ideas to promote?

Some time you face different problems in the positioning process. For example,

- Under positioning
- Over positioning
- Confused positioning

Niche Marketing

Providing a product to a market which is much specified. For example, Hush Pappies shoes are developed for specific people and they are more concerned people and create a positive attitude towards these shoes.

Realism in Media

Media plays an important role in developing attitude specifically electronic media. So marketers try to pass information on TV, Radio, Internet, and other forms of Medias to the consumers to build their attitude. The more you interact with the brand on media, the more strongly it will be able to influence the attitudes. The attitude of a low involved person may not be so strong but the person who has strong involvement has strong position in developing attitudes.

Let say negative attitude is created, so the question is what marketers need to do to convert into the positive attitude. We have four key factors to resolve this issue:

Changing the Key Motivational Functions

1. Knowledge Function
2. Value Expressive Function
3. Utilitarian Function
4. Ego Defensive Function

1. Knowledge Function

We understand that people like to know about things and about people before they come to a particular conclusion. This is a cognitive need or brand positioning. So knowledge function tends to show that your brand is different from the competitors.

2. Value Expressive Function

Attitudes express individuals' lifestyles and general value systems. Knowing the attitudes can help marketers to anticipate the values and outlooks, and reflect these lifestyles and characteristics in their products.

3. Utilitarian Function

It is normally related to the attitude which is created when we have used a product and found it useful – that it had utility for us and this will create positive attitude. Utility is tangible in nature which is different from the value. For example, tissue for drying hands, so utility could be sanitized.

In next lecture, we will be discussing key motivational functions in more detail and specifically we will focus on Ego Defensive Formation part.

In this model, we are inclined to the intention to buy and our this intention will lead to the buying behavior
Intentions to buy are a mediating variable and mediating variable is the one through which action takes place.

LECTURE NO. 21

ATTITUDE (CONTINUE) / CONSUMER LEARNING PROCESSES

As we have been discussing attitude, now as marketers, we are interested in how attitudes are changed? And we can change negative attitude to the positive attitude? There are number of ways through which we can change attitude:

Ways to change Attitude

    a) Associate with a group or personality

    b) Resolving conflicting attitudes

    c) Change motivational factors

    d) Altering components of multi attribute model – related to the object

    e) Change belief about competitive brand

    f) Routes to change – elaboration likelihood model

a) Associate with a group or personality

Assumption is that this link will create positive attitude. For example, cause-related marketing – companies' just don't make profit but also contribute for the welfare, thus ensuring the customers that the portion of their price will be given to charity organization. So many organizations associate their products to the cause which directly impact on the consumers' attitude and consumers prefer to buy those products.

b) Resolving conflicting attitudes

Many times conflicting attitudes occur, so marketers feel them and try to resolve. For example, I need a camera which can give me good pictures. I also know that digital cameras are better to fulfill this required so a conflict arises. Either to have conventional camera or digital camera. Both have their own pros and cons. Digital camera is equipped with advance graphics and is easy to operate etc. where as conventional camera is low in cost. So in this situation, I have to resolve this conflict. I might resolve it as; this time I

will go for conventional camera and when digital camera becomes cheaper, I will buy that. So here I need to resolve the conflicting attitudes.

c) *Change motivational factors*

Motivation is a force by which consumers can achieve their objectives. It is of both types; intrinsic and extrinsic. Intrinsic means motivational force which exists to the inner side of the individual whereas extrinsic is the external force that impact on the individual's decision making. Here in order to change attitudes, we need to change the factors which are directly related to the motivation. There are different changing key motivational functions which are discussed as follows:

Changing the Key Motivational Functions

5. Knowledge Function
6. Value Expressive Function
7. Utilitarian Function
8. Ego Defensive Function

4. *Knowledge Function*

We understand that people like to know about things and about people before they come to a particular conclusion. This is a cognitive need or brand positioning. So, knowledge function tends to show that your brand is different from the competitors.

5. *Value Expressive Function*

Attitudes express individuals' lifestyles and general value systems. If marketers understood these value systems, then the change would be easy to bring. Knowing the attitudes can help marketers to anticipate the values and outlooks, and reflect these lifestyles and characteristics in their products.

6. *Utilitarian Function*

It is normally related to the attitude which is created when we have used a product and found it useful – that it had utility for us and this will create positive attitude. Utility is tangible in nature which is different from the value. For example, a paper towel is useful

in the kitchen for drying purposes or cleaning surfaces. If a competitor positions a paper towel with germ killing facility, it will change the attitude of the consumer away from the original brand to the new brand.

7. *Ego Defensive Function*

Logic of this function is that, most of the people would like to protect their self image from inner doubts. They are more concerned about the things which they are using and care whether the things really suit them? So marketers try to bring some functions and attributes in the product and convince the customers that if they will be using this, they can be benefited.

d) Altering components of multi attribute model – related to the object

Customers some time choose the product based on different attributes. Here, we normally try to change the attribute which has been ignored by the consumers and is considered important by the marketers. So, marketers grasp this opportunity and highlight this attribute and bring the positioning up to the level. In this way, marketers change the relative evaluation of an attribute of their products and try to create its brand salience.

e) Change belief about competitive brand

We being marketers need to change the beliefs of the customers from competitors' brands to our own brands especially when competing brands become dominant in customers mind. For example, advertisement of Surf Excel in comparison of Ariel changes the belief of the customers to buy Surf Excel.

f) Adding an Attribute

Adding an attribute that has been ignored or adding an improvement in technology is also an important component in changing behaviors. For example, Yogurt has more potassium then banana. So, we can start highlighting that in order to increase potassium, you can buy yogurt. So this will add an attribute to the yogurt.

We have been discussing till now that attitude leads to the behaviors. Now lets see if behavior comes first and then attitude, so what would be reasons behind that?

g) Behavior Proceed or Follow Attitude

There are different aspects that need to be discussed but first we will start from cognitive dissonance theory.

1. Cognitive Dissonance Theory

CDT was given by Leon Festinger in 1956 which holds that there are conflicting thoughts or beliefs about the object. For example, you went to a super store to purchase some products and when you bought the product, you realized that there were some other products which could fulfill your requirement. So here, you faced a discomfort because of the conflicting beliefs. In this regard, you need to make strategies to cover up these conflicting beliefs.

Strategies of Consumers to ignore the dissonance

1. Rationalizes

After noting the things which create dissonance, consumer can try to rationalize the things internally so that he could meet the stable point.

2. Seeks information

He will try to seek more information about the product which he purchased and the same product of the competitors so that he could know more about the product.

3. Tells Friends

He may also start word of mouth promotion of the product if he is satisfied with that product.

4. Seek out others

He will also try to find the people who purchased the similar kind of product so that he could know more about that it. Normally, it happens in the durable product categories but can also happen in small goods.

In the next session, we will discuss attribution theory.

ATTRIBUTION

As we have been talking about the attitude in our previous lectures, now we will discuss about the attribution.

Attribution Theory

Attribution theory is the "subjective perception of causality, not necessarily reality, which influences outcome behavior" and it focus on an individual's perceived causes of success and their direct and indirect effects on consequent behaviors (Cort et. al., 2007). For example, we want donate money like Zakat, Sadqa etc. So, the important thing concern is to whom we give this specific amount. When we sort out different charity organizations, we finally decide to give to Edhi Welfare Trust. So here, we attributed our actions to Edhi because of the certain factors associated with it. We have given the amount because we rationalized that Edhi is doing good job and they will invest this amount for the needy people. We are giving this logic to the external factors where either attributes the things to ourselves or give relate it to the external factors. So, there can be a number of factors for the attribution theory. Let us discuss three main factors:

a. **Self Perception theory**

Self Perception Theory was given by Baryl Bern which describes that people develop their attitudes by observing their behaviors. This theory is giving some contrasting thoughts then the other theory which says that attitudes come prior to the behaviors but this theory says that attitude is the resulting object of behaviors. For example, you purchased software to design Photoshop and you shared with your friends about that. Now you will come up with number of reasons to buy that like I know the crux to draw a picture as I am expert in this field – it is an intrinsic/ internal attribution. Or you can also say that the software is so good which resulted with good photos – here you are attributing external factors of attribution. Now if anyone realizes that the things happen is due to his personal capabilities but also accepting that the software or object which he is

using has helped him a lot, so this behavior will lead to the development of positive attitude towards that specific object. Here, an important point for marketer is that they should try to develop certain things for their marketing campaigns through which customer would start relating the attributes of the products with their own or vice versa and such behavior will lead to the positive attitude development.

b. *Foot in the Door technique*

Let us explain this technique with an example. In America, there was a very rude chief executive of an organization who was not allowing the salesmen to talk with him not for more than five minutes. He was having a big project of USD. 200 million but it was very difficult for any salesman to secure this project because he was not ready to listen to the salesman more than five minutes. And in five minutes, it was difficult for them to convince. A company approached to a retired Salesman Mr. Murphy who agreed to go for a meeting with that chief executive but asked the contractor for two things: (1). He will charge 5% value of the total contract as commission (2). Contractors will not ask anything he is doing. Contractor agreed on these terms and conditions. Now Mr. Murphy asked the contractor to arrange air ticket to South Africa, he flied to South Africa and purchased a Butterfly of USD. 20, 000. He came back and called to Chief Executive that I would like to meet your son, he agreed and fixed time. Mr. Murphy reached to his office and saw his son was coming on wheel chair. When his reached in the office, Mr. Murphy opened his briefcase, took butterfly and asked his son, is it the same on which you have written article? He surprised to see that and accepted that his one is the same. Mr. Murphy said, I went to South Africa and brought this butterfly. Then, he took back the butterfly and went away. Chief Executive was very surprised to see that how this person is involved in his personal life and family. His son insisted him to buy this butterfly. He called Mr. Murphy back and asked him to sell butterfly to him, Mr. Murphy put the contract (that project of USD 200 Million) and asked him to sign. Chief executive signed the contract without any further discussion and he got that project. Chief executive signed the project because of the two reasons: (1). How much salesman is involved in his personal matters (2). If he could take pain of going to South Africa for the thing which

his son is interested, he will complete the project in the same and better manner. The technique Mr. Murphy used was ***Foot to the Door technique***.

    c. ***Door in the Face* technique.**

Let us explain this by an example. Let's say a salesman went to the customer to offer mobile. Customer asked the price and salesman said that it is for Rs. 10,000. Customer replied oh! It's too costly. Immediately salesman changed his offer and said that he will give him memory card, a SIM and Bluetooth free. Now customer will think that the salesman is caring for me so his attitude will become positive towards that mobile. Here, salesman used Door in the face concept to attract customer towards his product. These concepts tell us what attributes we can add in our product so that positive attitude can be built. These are important concepts through which attribution takes place. But here a question is how to test attribution?

How to test attribution

Attribution can be tested through a number of steps: few of them are as follows:

    a. Test

    b. Consistently

    c. Consistency over time

    d. Telling to the friends

For example, you purchased a Grinner Machine – that is used to round the edges of table. When you will start using the machine, basically you are trying to get the perceived attributes which are to make edges in round shape. But using this one time may not create attribution for me that this machine is good enough. So I will do is to test the machine to 2 or 3 other tables and if consistently same results are coming then I can say yes this has good attributes. And same machine would be useful for benches, and other things which I will prepare. So we can get the same result over a period of time. And finally, I will talk to my friends that this specific machine is beneficial for rounding the edges of wood. So all these steps come from the logic of attribution which creates our attitude towards that product. We have well discussed the attitudes and attribution, now we need to know how these attributes are communicated.

COMMUNICATION

Communication is message from one person *sender* to another person *receiver* and main thing which travel from one place to another is the *message* which will be *encoded*. There are two main types of communications called verbal communication (oral, written), and non-verbal communication (gestures, postures, body language, facial expression). There are different components of communication which we will discuss later but let us discuss the communication model:

1. Sender – also called encoder
2. Receiver – also called decoder
3. Message
4. Medium – how will the message flow? It can be face to face or through some media etc.
5. Feedback – this is also very important component.

Communication Model:

Sender	→	Message	→	Channel	→	Receiver

Feedback
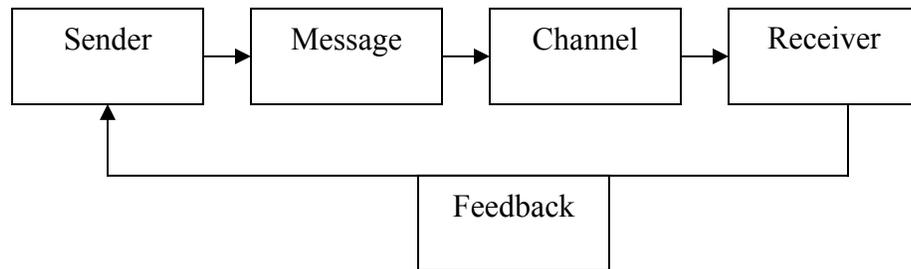
We will discuss this model in next session in detail with relevant examples.