**Consumer Behavior**

**Session Number-21**

**Cultural Influences on Consumer Behavior**

**The Importance of Cultural Context**

Culture

Culture is the collective values, customs, norms, arts, social institutions and intellectual achievements of a particular society. Cultural values express the collective principles, standards and priorities of a community. Most of the promotional messages often reflect the target audiences’ cultural values. Cultures always evolve, so marketers must monitor the sociocultural environment so as to market existing products more effectively and develop new products that are congruent with changing cultural trends. Understanding cultural changes is not an easy task because many factors produce cultural changes within a given society, including new technologies, population shifts, resource shortages, and customs from other cultures.

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**Culture’s Role and Dynamics**

Culture is often referred to as an "invisible hand" that guides the actions a particular society. When consumer researchers ask people why they do certain things they frequently answer, "Because it's the right thing to do a response reflecting the ingrained influence of culture on our behavior. We can truly understand and appreciate the influence of our culture only after visiting other countries and observing the local values and behaviors found in those countries. For instance, after visiting restaurants in France or Italy, many Americans may realize that they eat too much food and snack too often. Furthermore, if we travel within the United States, we will also observe differences in the norms and preferences of subcultures. For example, consumers living in the northeastern section of the United States have historically preferred ketchup on their hamburgers, but consumers living in other sections have liked mustard, or a mixture of mustard and ketchup.

**CULTURE EVOLUTION**

Marketers must always monitor cultural changes to discover new opportunities and abandon markets that have "dried up" because of cultural changes. To this end, marketers should periodically reconsider why consumers are doing what they do, who are the purchasers and the users of their offerings, when they do their shopping, how and where they can be reached by the media, and what new product and service needs are emerging. For example, cultural changes in the United States have increasingly recognized the expanded career options open to women. Today, most women work outside the home, and frequently in careers that were once exclusively male oriented. Later in this chapter, we explain why achievement and personal success are two of this nation's core values and how marketers can use them in advertising.

**Change in Social or Cultural Values and Attitudinal Functions with Time**

What may have been an ego-defensive behaviour from someone (feeling bad about the status and making an attempt to cover it up) from the lower strata of the society is today a value expressive function (values of accomplishment while maintaining a sense of belongingness and being proud of one’s status despite not being rich)

**Culture expresses and satisfies the needs of societies**

1. It offers order, direction and guidance for problem solving by providing methods of satisfying physiological, personal, and social needs.
2. Culture determines whether a product is a necessity or discretionary luxury.
3. Culture dictates which clothes are suitable for different occasions.
4. When a specific standard no longer satisfies the members of a society or reflects its needs, it is modified or replaced.

**Learning Cultural Values**

To be considered a cultural value, a belief or custom must be shared by a significant portion of society, because culture is essentially a series of norms that guide personal and group conduct and link individuals into a largely cohesive group.

Generally, members of a society share their values and customs through a common language , although some cultures include more than one language.

**Session Number-22**

**Cultural Influences on Consumer Behavior**

**Forms of Learning**

* We learn cultural norms and customs mostly from family and peers.
* There are three distinct forms of learning:

|  |  |  |
| --- | --- | --- |
| a. | Formal learning | When adults and older siblings teach a young family member “how to behave.” |
| b. | Informal learning | A child learns primarily by imitating the behavior of selected others, such as family, friends, or TV and movie heroes and characters |
| c. | Technical learning | Happens when teachers instruct the child in an educational environment as to what, how, and why it should be done |

**Enculturation And Acculturation**

|  |  |
| --- | --- |
| **Enculturation** | **Acculturation** |
| * The learning of one’s own culture is known as enculturation.
* A key component of enculturation is consumer socialization.
 | * The learning of a new or foreign culture is known as acculturation.
* A consumer can be a “foreigner” in his or her own country.
 |

**Marketing influences cultural learning**

The contents of media, advertising, and marketing reflect cultural values an convey them to all members of society very effectively.

In advertisements, not only are cultural values depicted in the advertising copy but they are also coded in the visual imagery, colors, movements, music, and other nonverbal elements of an advertisement. Many products become icons and tangible expressions of the nations cultural values.

**Core Indian Values**

Indian society is driven by a set of core values, though these may vary in the urban and rural contexts. These values remain basic to Indian culture and are strongly embedded in most subcultures. The variation in the urban milieu may be attributed to changing lifestyles, the impact of Westernization, and the diffusion of technology. Even within the urban context, these values may have further variations or contradictions. Young couples working with high-technology firms may lead a typically Western lifestyle (cars, fast food and weekend holidays) but still hold on to or practice certain religious beliefs and customs that are totally ethnic in nature. In general, Indian consumers are culture-conscious in the sense that they conform to the cultural expectations of society. Core values of a society are adopted by a significant number of people; are enduring, or followed by people for a long time, and enable marketers to understand the behavior of consumers. The following are some of the core values of Indians.

1. Family orientation
2. Savings Orientation
3. Festivities
4. Shopping as a ritual
5. Mythology
6. Food Habits

**CHANGING CULTURAL TRENDS IN INDIAN URBAN MARKETS**

The urban setting is very different from the rural or semi-urban market setting. There are tar-get segments in cities comprising professionally qualified, high-salaried people who are into the fast track of life. The cultural values of this segment reflect the trends in the urban markets (trends with regard to niche consumers that do not cover the majority of the population). This segment is strongly influenced by the lifestyle and aspirations of the West. The following values can be associated with this niche.

1. Achievement Orientation
2. Work ethic
3. Material success
4. Middle-of-the-Road Approach to Tradition
5. Impulse Gratification
6. Use of Hi-tech Products

**Session Number-23**

**Diffusion of Innovation**

The diffusion process and the adoption process are two closely related concepts concerned with the acceptance of new products by consumers. The *diffusion process* is a macro process that focuses on the spread of an innovation (a new product, service, or idea) from its source to the consuming public. The *adoption process* is a micro process that examines the stages through which an individual consumer passes when making a decision to accept or reject a new product. Consumer acceptance of new products and services is studied from the research perspective known as the **diffusion of innovations**. This diffusion requires an understanding of two related processes:

* + 1. **Diffusion process**
		2. **Adoption process**

Diffusion is a macro process concerned with the spread of a new product (an innovation) from its source to the consuming public.It is the process by which the acceptance of an innovation is spread by communication to members of a social system over a period of time.

There are four elements to the process

a) The innovation

b) The channel of communication

c) The social system

d) Time

Innovation adoption process is a micro process that focuses on the stages through which an individual consumer passes when deciding to accept or reject a new product.

 **Innovation**

There is no universally accepted definition of the terms product **i**nnovationor new product. There are four approaches to defining a new product or a new service:

* 1. Firm-oriented
	2. Product-oriented
	3. Market-oriented
	4. Consumer-oriented

We are considering product orientation for understanding diffusion.

### Product-Oriented Definitions

1. This approach focuses on the features of the product itself and the effects these features are likely to have on consumers’ established usage patterns.There are three types of product innovations:
	1. **Continuous innovation**, which is the least disruptive to consumer patterns.
	2. **Dynamically continuous innovation**, which, although not altering established behavior patterns, is somewhat more disruptive.
	3. **Discontinuous innovation**, which requires consumers to adopt new behavior patterns.

**TheAdoption Process**

The second major process in the diffusion of innovations is **adoption**.The focus of this process is the stages through which an individual consumer passes: in arriving at a decision: to try or not to try a new innovative product.It is often assumed that the consumer moves through five stages in arriving at a decision to purchase or reject a new product:

 (1) Awareness

 (2) Interest

(3) Evaluation

(4) Trial

(5) Adoption (or rejection).

Although the traditional adoption process model is insightful in its simplicity, it does not adequately reflect the full complexity of the consumer adoption process.

* 1. It does not adequately acknowledge that there is quite often a need or problem-recognition stage that consumers face before acquiring an awareness of potential options or solutions.
	2. Also, the adoption process does not adequately provide for the possibility of evaluation and rejection of a new product or service after each stage, especially after trial.
	3. It does not explicitly include postadoption or post purchase evaluation.

The adoption of some products and services may have minimal consequences, although the adoption of other innovations may lead to major behavioral and lifestyle c

**Session Number-24**

**Consumer Decision Making**

The consumer’s decision to purchase or not to purchase a product or service is an important moment for most marketers. It can signify whether a marketing strategy has been wise, insightful, and effective, or whether it was poorly planned and missed the mark. Thus, marketers are particularly interested in the consumer’s decision-making process. For a consumer to make a decision, more than one alternative must be available. (The decision not to buy is also an alternative.)

### LEVELS OF CONSUMER DECISION MAKING

1. Not all consumer decisions receive or require the same amount of effort in the information search.
2. Researchers have identified three specific levels of consumer decision making: **extensive problem solving, limited problem solving,** and **routinized response behavior.**

## Extensive Problem Solving

When consumers have no established criteria for evaluating a product, or have not narrowed their choices, then they are in extensive problem solving.

1. At this level, the consumer needs a great deal of information to establish a set of criteria on which to judge specific brands and a correspondingly large amount of information concerning each of the brands to be considered.

## Limited Problem Solving

1. At this level, consumers have already established the basic criteria for evaluating the product category but have not established preferred categories.
2. Their search for additional information is more like “fine-tuning;” they must gather additional brand information to discriminate among the various brands.

## Routinized Response Behavior

1. At this level, consumers have some experience with the product category and a well-established set of criteria with which to evaluate the brands they are considering.
	1. They may search for a small amount of additional information.
2. Just how extensive a consumer’s problem-solving task is depends on how well established his or her criteria for selection are, how much information he or she has about each brand being considered, and how narrow the set of brands is from which the choice will be made.
3. Routinized response behavior implies little need for additional information.

**A Model of Consumer Decision making**

1. The model looks at cognitive processes, problem solving, and to some degree, the emotional aspects of consumer decision making as well.
2. This is not an exhaustive review but a synthesis and coordination of relevant concepts into a whole.
	1. The model has three major components: input, process, and output.
3. The **input**component draws on external influences that provide information or influence a consumer’s product-related values, attitudes, and behavior.
4. Chief among these input factors are the marketing mix activities of organizations that attempt to communicate the benefits of their products and services to potential consumers and the non-marketing socio-cultural influences, which, when internalized, affect the consumer’s purchase decisions.

**Session Number-25**

**Consumer Decision Making**

**Marketing Inputs**

1. The firm’s marketing activities are a direct attempt to reach, inform, and persuade consumers to buy and use its products.
2. The impact of a firm’s marketing efforts is governed by the consumer’s perception of these efforts.
3. Marketers should be alert to consumer perceptions by sponsoring consumer research, rather than relying on the intended impact of their marketing messages.

**Sociocultural Inputs**

1. **Sociocultural** inputs consist of a wide range of noncommercial influences—comments of a friend, an editorial in the newspaper, a family member, and direct noncommercial sources of information.

#### **Process**

1. The process component of the model is concerned with how consumers make decisions.
2. Psychological field—represents the internal influences—motivation, perception, learning, personality, and attitudes—that affect consumers’ decision-making processes.
3. The consumer decision consists of three states*:* **need recognition***,* **prepurchase search***,* and**evaluation of alternatives***.*

**Need Recognition**

1. Recognition of a need occurs when a consumer is faced with a problem.
2. Among consumers there seem to be two different problem recognition styles.
	1. Actual state types—consumers who perceive that they have a problem when a product fails to perform satisfactorily.
	2. Desired state types—the desire for something new may trigger the decision process.

**Prepurchase Search**

1. **Prepurchase search** begins when a consumer perceives a need that might be satisfied by the purchase and consumption of a product.

#### **Evaluation of Alternatives**

When evaluating potential alternatives, consumers tend to use two types of information:

* 1. A “list” of brands (the evoked set)
	2. The criteria they will use to evaluate each brand

**Consumer decision rules**—consumer decision rules are referred to as heuristics,decision strategies,andinformation-processing strategies, and are procedures used by consumers to facilitate brand choices.

**Session Number-26**

**Consumer Decision Making**

### OUTPUT

1. The output portion of the consumer decision-making model concerns two closely associated kinds of postdecision activity: **purchase behavior** and **post-purchase evaluation**.
2. The objective of both activities is to increase the consumer’s satisfaction with his or her purchase.

**Purchase Behavior**

1. Consumers make three types of purchases: **trial purchases**, **repeat purchases**, and **long-term commitment purchases.**
	1. Trial is the exploratory phase of purchase behavior in which consumers attempt to evaluate a product through direct use.
		1. When a trial is satisfactory, consumers are likely to repeat the purchase.
	2. Repeat purchase behavior is similar to brand loyalty.
		1. A repeat purchase usually signifies that the product meets with the consumer’s approval and that the consumer is willing to use it again and in larger quantities.
		2. This form is closely related to **brand loyalty**.
	3. Trial is not always feasible, such as with big-ticket items and durable goods. In that case the consumer moves from evaluation directly to long-term commitment.

#### **Postpurchase Evaluation**

1. As consumers use a product, they evaluate its performance in light of their own expectations.
2. There are three possible outcomes of such evaluation.
	1. Actual performance matches expectations, leading to a neutral feeling.
	2. Positive disconfirmation is when the performance exceeds expectations (which leads to satisfaction).
	3. Negative disconfirmation is when the performance is below expectations.
3. An important aspect of the purchase process is reducing postpurchase cognitive dissonance—when consumers try to reassure themselves that their choice was a wise one.
4. The degree of postpurchase analysis relates to the importance of the product decision and the experience acquired in using the product.
5. The consumer’s postpurchase evaluation feeds back as experience to the consumer’s psychological field and serves to influence future related decisions.
6. A satisfied customer is one who feels that he or she has received “value.”
7. As an outcome of an evaluative judgment, value implies the notion of a trade-off of benefits – the features of the purchased item –versus the sacrifice necessary to purchase it.

**The Decision to Do Nothing**

1. Once in awhile, a consumer may go through the entire purchase decision-making process and decide not to buy or not to switch from one brand or service provider to another.
2. A recent study examining “why customers stay” with their current service providers found that the reasons vary by type of service and by culture.
3. Information load may be a reason why a consumer elects to do nothing.

**Consumer Gifting Behavior**

1. The amount of money spent and feelings generated by gifts make them an interesting part of consumer behavior.
2. **Gifting behavior** is the process of gift exchange that takes place between a giver and receiver.
	1. It includes gifts given to (and received from) others and gifts to oneself, or **self-gifts**.

Gifting is symbolic communication with implicit and explicit meanings

**Session Number-27**

**Post-Purchase Behavior**

**Sub-Topics**

* **Satisfaction/dissatisfaction – loyalty/non-use or complaint behaviour**
* **Measuring satisfaction, handling complaints, achieving customer loyalty**
* Post-purchase dissonance – causes and approaches to reducing the same
* Disposal alternatives

Marketers need to be concerned about a consumer’s evaluation of a product after he or she buys it as well as before.

**Satisfaction/dissatisfaction – loyalty/non-use or complaint behaviour**

Our overall feelings about a product after we've bought it—what researchers call **consumer satisfaction/dissatisfaction (CS/D)**—obviously play a big role in our future behavior. It's a lot easier to sell something once than to sell it again if it bombed the first time. We evaluate the things we buy as we use them and integrate them into our daily consumption activities. In a sense, each of us is a product reviewer, whether or not we bother to talk or blog about our experiences.

Customer complaint behaviour

* Customers are often uncomfortable making direct complaints.
* If a customer is dissatisfied with your business, they will often complain to others - colleagues, family, friends and your business competitors - before they complain to you.
* Understanding customer complaint behaviour, including how and why they complain, can help you minimise negative perceptions about your business.

Dissatisfaction responses

Possible outcomes of a negative purchase evaluation:

* Taking no action
* Switching brands, products or stores
* Warning friends and colleagues

**Measuring satisfaction, handling complaints, achieving customer loyalty**

Customer satisfaction surveys measure how satisfied the customers are with relevant attributes of the product or service, as well as the relative importance of these attributes (using an importance scale). Surveys using a five-point semantic differential scale, ranging from “very dissatisfied” to “very satisfied”. Research shows that customers who indicate they are “very satisfied” (typically a score of 5 on the satisfaction scale) are much more profitable and loyal than customers who indicate that they are “satisfied” (a score of 4). Therefore, companies that merely strive to have “satisfied” customers are making a crucial error.

**Key Techniques**

1. Customer satisfaction surveys
2. Mystery shoppers
3. Complaint analysis

**Mystery shoppers**

Mystery shoppers are professional observers who pose as customers and interact with and provide unbiased evaluations of the company's service personnel in order to identify opportunities for improving productivity and efficiency.

**Customer Complaints**

* Analysing customer complaints is crucial for improving products and customer service.
* Research indicates that only a few unsatisfied customer actually complain.
	1. Most unsatisfied customers say nothing but switch to competitors
* Marketers must ***solicit*** complaints by asking specific questions beyond the routine.

**Session Number-28**

**Post-Purchase Behavior**

**Sub-Topics**

* Satisfaction/dissatisfaction – loyalty/non-use or complaint behaviour
* Measuring satisfaction, handling complaints, achieving customer loyalty
* **Post-purchase dissonance – causes and approaches to reducing the same**
* **Disposal alternatives**

**Post-purchase dissonance – causes and approaches to reducing the same**

Post purchase dissonance is when the customer may be unsatisfied or unsure of their purchasing decision; they may rethink about their decision on post purchase stage. This is basically due to the difference between what they actually expected to have and what they really experienced. The customer encounters higher level of dissatisfaction in this stage.

Dissonance theory was derived from two basic principles

1. Dissonance is uncomfortable and will motivate the person to reduce it.
2. Individuals experiencing dissonance will avoid situations that produce more dissonance



After the purchase is made, the consumer may utilize one or more of the following to reduce dissonance:

* Increase the desirability of the brand purchased
* Decrease the desirability of rejected alternatives
* Decrease the importance of the purchase decision
* Reverse the purchase decision (return before use)

**Reasons behind Post-Purchase Dissonance**

* Once a minimum threshold of dissonance tolerance is passed. That is, consumers may tolerate a certain level of inconsistency in their lives until this point is reached.
* The action is irrevocable. For eg: when the consumer purchases a new car, there is little likelihood that he will be able to reverse his decision and get his money back.
* Alternatives available are quite dissimilar in their qualities.
* Unselected alternatives have desirable features.
* There are several desirable alternatives

**Dissonance Reduction**

* Changing product evaluation
* Seeking new information to support choice
* Change his/her attitude (reason to buy that product is coupon offers)
* A concept very similar to post purchase dissonance is consumption guilt. Consumption guilt occurs when negative emotions or guilt feelings are aroused by the use of a product or a service.

**Session Number-29**

**Dark side of consumer behavior**

In marketing consumer behavior plays a very important role in connecting the marketer with the customer. The consumers derive benefits from the marketing where their needs are articulated by the marketers.

Consumer Behavior does have a dark side too.

In pursuit of selling their offers many a times marketers tend to go overboard and go for Deviant Consumer behavior:

1. Addictive,compulsive,Impulsivebehavior.
2. Consumertheft
3. Underagedrinkingandsmoking.

Many a times the thin line between what is right and what is wrong is blurred and it consumer behavior tends to cast a dark shadow

**DEVIANT CONSUMER BEHAVIOR:**

The behavior of an average consumer in everyday consumption is normal, some time consumer behavior is regarded as deviant. Deviant behavior includes addictive, compulsive and impulsive behavior, consumer theft, use of black markets and underage drinking and smoking

Consumer behavior may be deviant because it involves a physical or psychological abnormality

or involves a behavior regarded as illegal such deviant behavior can be associated with theacquisitionor usage of offerings.

Addictive behavior is taking action as a result of a dependency. Addicted consumers feel a great

attachment to and dependence on a product or activity and believe that they must use it to

function (smoking).

Ethical issues in marketing:

Marketing contribute to other negative social outcomes, outcomes not only related to deviant behavior.

It is also related to four important ethical issues

Advertising to children

Marketing and obesity

Advertising and self image

Privacy concerns.

**Session Number-30**

**Organizational Consumer Behavior**

Individual consumers are not the only buyers in a market. Companies and other organizations also need goods and services to operate, run their businesses, and produce the offerings they provide to one another and to consumers. These organizations, which include producers,resellers, government and nonprofit groups, buy a huge variety of products including equipment, raw materials, finished goods, labor, and other services. Some organizations sell exclusively to other organizations and never come into contact with consumer buyer.

Unlike the consumer buying process, multiple individuals are usually involved in making organizational buying decisions. A purchasing agent or procurement team (also called a *buying center*) may also be involved to help move the decision through the organization’s decision process and to negotiate advantageous terms of sale.Organizations define and enforce rules for making buying decisions with purchasing policies, processes, and systems designed to ensure the right people have oversight and final approval of these decisions. Typically, more levels of consideration, review, and approval are required for more expensive purchases.

.**Organizational Buying Situations**

Who makes the buying decision depends, in part, on the situation. Common types of buying situations include the straight rebuy, the modified rebuy, and the new task.The *straight rebuy*is the simplest situation: the organization reorders a good or service without any modifications. These transactions are usually routine and may be handled entirely by the purchasing department because the initial selection of the product and supplier already took place. With the *modified rebuy*, the buyer wants to reorder a product but with some modification to the product specifications, prices, or other aspects of the order. In this situation, a purchasing agent may be involved in negotiating the terms for the new order, and several other participants who will use the product may participate in the buying decision.New task buy related to completely new buying situation

**Unique Factors Influencing Organizational Buying Behavior**

Because organizations are made up of individual people, many of the same influencing factors discussed earlier in this module apply in such settings: situational, personal, psychological, and social factors. At the same time, purchasing decisions are influenced by a variety of factors that are unique to organizations, the people they employ, and the broader business environment.

**Individual Factors**

Organizational decisions are influenced by characteristics of the individuals involved in the selection process. A person’s job position, tenure, and level in the organization may all play a role influencing a purchasing decision.

**Organizational Factors**

Purchasing decisions, especially big-ticket expenditures, may be influenced by the organization’s strategies, priorities, and performance. Generally the decision makers and the providers competing for the business must present a compelling explanation for how the new purchase will help the organization become more effective at achieving its mission and goals.

**Business Environment**

B2B purchasing is also influenced by factors in the external business environment. The health of the economy and the company’s industry may determine whether an organization chooses to move ahead with a significant purchase or hold off until economic indicators improve. Competitive pressures can create a strong sense of urgency around organizational decision making and purchasing.

**Purchase implementation**

This **is** more complex and the terms and conditions more important than in household decisions. How payment is made is of major importance. Finally, use and post purchase evaluation are often quite formal.