PRESENTATION

ON

CLASS: S.Y.BMS

SUBJECT: CONSUMER BEHAVIOUR

CHAPTER- 2

INDIVIDUAL – DETERMINANTS OF CONSUMER BEHAVIOUR

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CONSUMER NEEDS :

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- ➤ Physiological or basic needs

- ➤ Safety and security needs

- ➤ Social needs

- ➤ Esteem needs

- ➤ Self- actualisation needs

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CHARACTERISTICS OF MOTIVATION :

➢ Motivation is an act of marketers (MM)

➢ Motivation is a continuous process (adjustments in MM)

➢ Motivation can be positive

Eg- Introducing new design product, reduction in price, discounts.

➢ Motivation can be negative

Eg- De-marketing to curb down excessive demand, which cannot be met.

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- ➤ Motivation is goal oriented (satisfaction of needs)

- ➤ Motivation is complex in nature

Eg- Some consumers are motivated with discounts & some with after-sale service.

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- ➤ Motivation is an art (creative & poor advertising)

- ➤ Motivation is different from consumer satisfaction (consumer satisfaction is the outcome of motivation.

PERSONALITY TRAITS AND ITS MARKETING SIGNIFICANCE :

1. Segmenting the Markets :

➢ A marketer can segment the markets on the basis of personality traits.

➢ Eg- Luxury product to status conscious and low priced product to price sensitive.

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2. Targeting the customers :

➤ Eg- A marketer may target customers with openness traits for a newly launched product.

➤ Such customers try to satisfy their curious instinct by purchasing new product.

3. Product Designing :

➢ Knowledge of personality traits may enable a marketer to design products.

➢ Products are customized as per the personality.

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4. Pricing of the product :

➤ Based on personality traits, a marketer can adopt pricing strategies.

➤ Eg- In case of openness , a marketer may adopt skimming pricing strategy.

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➤ Eg- In case of neuroticism, a marketer may adopt psychological pricing strategy.

5. Positioning of the product :

➢ Personality traits may be used by a marketer for product positioning.

➢ Positioning refers to the marketing efforts directed at creating distinct image of the brand in the minds of customers.

➢ Various techniques can be used to position the product- Positioning by features, benefits, image of the firm, use of the product, etc.

6. Promotion of the product :

➤ A good knowledge of personality traits of consumers enables marketers to effectively promote the product.

➤ Promotion involves various techniques such as publicity, advertising, sales promotion, salesmanship, etc.

➤ Eg- For suspicious customers marketers try to convince the with **'reasons'** to buy the product. (Higher warranties, sale on installment basis)

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➢ Eg- For customer with the personality trait of openness, a marketer may adopt soft-sell advertising strategy.

➢ This is because such customers are knowledgeable and well organized.

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7. Product Distribution :

➤ Personality trait may also help the marketer to develop distribution strategy.

➤ Some customer are status conscious, and therefore, they expect the marketer to distribute the products, especially, the expensive ones, at selected retail outlets.

➤ Eg- Apple

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8. After-sale service :

➤ A good number of customer prefer good after-sale service with the help of highly trained and motivated after-sale-service staff.

➤ Customer always prefer excellent after-sale-service.

➤ A marketer must make every possible effort to adopt effective after-sale-service strategy.

PRODUCT PERSONALITY & BRAND PERSONIFICATION :

1. Luxury Hotels

➤ Personified as young and beautiful female, who is good at hospitality.

2. Motor-cycles

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➤ Personified as young male, who is stylish.

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3. Scooties

- Young female, who is stylish, charming and independent.

4. Luxury Cars

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- Generally a male personality, who is status conscious.

5. Premium bathing soaps

➤ Young female concerned with beauty and elegance.

6. Washing Machine

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➤ Young female who is concerned with comfort and convenience.

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7. Air-conditions

- Young female who is concerned with love and affection for family members.

8. Chocolates

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- An intelligent and fun loving little girl.

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9. Dairy Products

➢ Preferably a witty and loving little girl.

10. Lower priced washing powder

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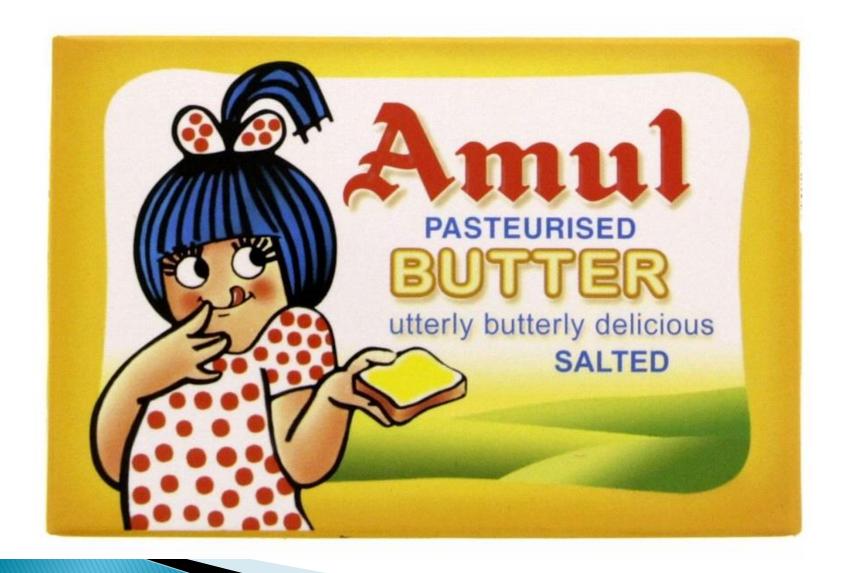➢ A young woman belonging to middle income group. (preferably a house wife).

IMPORTANCE OF BRAND PERSONALITY:

1. Advertising Communication :

➢ Brand personality helps a marketer to design and develop advertising copy, illustration and appeals.

➢ Eg- Amul butter dramatizes a little girl with intelligence and witty humour, which appeals to the target audience

Amul butter

2. Selection of Media:

➢ It enables a marketer to select media or sponsor programmes including sports depending upon the personality of the brand and that of target audience.

➢ Eg- Rolex watch is considered as a king of Luxury watches, and therefore, it sponsors- Wimbledon Tennis Tournament- which is considered as the king of Grand Slams (in Tennis)

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3. Brand Image :

➤ Brand personality enhances brand image of the product.

➤ Brand image is the perception of the brand in the minds of customers.

➤ Eg- Harley Davidson motor bike has a personality of a rebel, which gives a distinct image of the bike in the minds of target customers.

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HARLEY DAVIDSON

HARLEY DAVIDSON

4. Brand Positioning :

➢ Brand personality helps in brand positioning.

➢ Positioning refers to the marketing efforts which aim at creating a distinct image of the brand in the minds of the customers.

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➢ Eg- Dettol soap is positioned on the platform of hygiene.

DETTOL SOAP

DETTOL SOAP

5. Buying Decision :

➢ Brand personality may facilitate buying decision of customers.

➢ Eg- Tide washing powder is positioned as 'the washing powder that gives whitest glow to clothes'.

➢ This positioning has helped Tide washing powder to gain good market share in India.

TIDE WASHING POWDER

MEANING OF SELF-CONCEPT :

- ➤ Self-concept (self image) is the mental image one has of oneself.

- ➤ In terms of consumer behaviour, self concept is the perception about self and his/her buying behaviour.

- ➤ Self-concept is our personal knowledge of who we are, encompassing all of our thoughts and feelings about ourselves physically, personally, and socially.

Self-Concept can be divided into six types :

1. Actual self :

➤ How a person actually perceives himself.

2. Ideal self :

➤ How a person would like to perceive himself

3. Social self :

➤ How a person thinks others perceive him.

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4. Ideal social self :

➤   How a person would like others to perceive him.

5. Expected self :

➤   An image of self somewhere in between the actual and ideal self.

6. Situational self :

➤   A person's self-image in a specific situation.

Meaning of Consumer Perception :

➢ Consumer perception refers to the process by which a consumer selects, organizes and interprets information about products to create a meaningful pictures of the product/ brand.

➢ Perception is the view or impression, which an individual has about certain objects, events, and behaviour of people in the environment.

Definition of Consumer Perception :

➤ "Perception is a process by which individual organise and interpret their sensory impressions in order to give meaning to environment".

- Stephen Robbins

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Need and Importance of Perception :

1. Attitude Formation :

➤ Attitudes are the feeling and beliefs that greatly determine people's perception.

➤ Consumers may develop certain attitude towards a product due to product design, pricing, promotion, after- sale-service, etc.

➤ Eg- If a firm provide poor after-sale-service then the consumer attitude will be negative towards the product and firm.

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2. Effective Communication :

➢ Perception facilitates effective communication on the part of the marketers.

➢ Advertising communication may be received favourably by the target audience, especially when they have developed a good perception about the company and its products.

➢ Therefore, a marketer should make efforts to improve and enhance the consumer perception.

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3. Customer Loyalty :

➢ Customer loyalty takes place when customers repeatedly purchase the firm's products, and the customers also recommend the firm's products to others- friends, relatives, colleagues at work place, etc.

➢ Customer loyalty is possible only when customers develop a favourable image of the company and its products.

➢ The favourable image or perception may be due to effective marketing mix and also good service by the company.

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4. Customer Relationship Management :

➢ Customer perception may enable a firm to enhance CRM.

➢ CRM refers to managing detailed information of individual customers so as to maximize customer loyalty.

➢ When consumer perception is positive about the firm and its products, consumers would provide proper feedback to the company and accordingly firm can make product modifications or product innovations.

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5. Market Share :

➢ Customer perception enables a firm to increase its market share.

➢ Positive perception enables to increase its sales and expand its distribution in new market areas.

➢ Thus, the firm can command a larger market share.

➢ Therefore, a firm should make every effort to generate positive perception about the image of the firm and its products.

Factors Influencing consumer Perception :

1. Consumer Experience of the product :

➢ The consumer experience of using the product has a great impact on consumer behaviour.

➢ Satisfaction leads to develop a positive perception of the product/brand.

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➢ Dis-satisfaction leads to develop a negative perception of the brand, which will dent its image in the market.

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2. Price of the product :

➢ Price has a complex effect on consumer perception.

➢ Consumers often appreciate a bargain and are likely to favour a low priced product.

➢ Consumers perceive low price items is of poor quality.

➢ Eg- Ghari brand **"pehle istemaal kare, fir vishwaas kare".**

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3. Quality :

➢ The actual quality of a product/brand largely influences consumer perception of a product.

➢ Quality has several dimensions such as reliability, durability, etc.

➢ Marketing can influence consumer perception of quality but ultimately, it is the consumer experience with the product that will determine consumer perception of quality.

➢ Use sales promotion techniques such as discounts, exchange offer, gifts, etc.

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4. Service Quality :

- Consumer perception is influenced by the quality of after-sale-service, especially in the case of durable goods.

- A company should make efforts for proper selection, training and motivation of after-sale-service staff.

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- Good after-sale-service will lead to positive perception and vice-versa.

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5. Packaging :

➢ Packaging has a huge effect on consumer perceptions.

➢ Especially when the consumers purchase a particular brand for the first time.

➢ Therefore, marketers must go for attractive packaging, apart from other essentials of a good package.

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6. Corporate Image :

➢ Corporate image of the firm goes a long way in developing positive consumer perception of a product.

➢ Some firms have developed a good corporate image.

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➢ Eg- Tata Group of Companies.

CONSUMER ATTITUDE FORMATION :

1. Family Members :

➢ Family members highly influence the formation of attitude certain products, although that attitude may change over a period of time.

➢ Eg- Parents and elders of a vegetarian family may influence the attitude of a person favourably towards veg food, and unfavourably towards non-veg food , and accordingly the person may like veg food and dislike non-veg food. .

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2. Friends and colleagues :

➢ Friends circle and colleagues at work place may be responsible for moulding attitude of an individual.

➢ Eg- Most of the colleagues may have preference for pattern (including colour) of clothing, and as such the individual may also prefer the same.

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3. Opinion Leaders :

➢ The development of attitude is influenced to a certain extent by the views of opinion leaders.

➢ Opinion leaders may include teachers, spiritual preachers, celebrities, etc.

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➢ Eg- A teacher may talk favourable about eco-friendly (green) products, and the students may accept the view expressed by the teacher and accordingly may purchase green products.

4. Product Experience :

➢ Experience is the best teacher.

➢ When the experience of using the products is good and satisfying, the user of the product will develop a favourable attitude towards the product.

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➢ Eg- A person who has purchased a new brand of sports shoes and he is fully satisfied with the same, would develop positive attitude towards the brand and will strongly recommend to his friends and others.

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5. Image of the Marketer :

➢ If the image is good, a person may develop favourable attitude and vice-versa.

➢ Eg- Tata Group enjoys a trusted image in the minds of majority of Indians. Therefore, customers develop a positive attitude towards Tata products.

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6. Marketing Factors :

➢ The marketing factors develop positive or negative attitude towards a brand.

➢ Marketer must develop effective marketing mix

➢ Right product design, Proper pricing of the product, Effective promotion and proper distribution.

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7. Brand Ambassadors :

➢ Brand ambassadors may assist in developing a positive attitude towards the endorsed product.

➢ Therefore, a company must select effective brand ambassadors.

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➢ The personality of the ambassador must match with the personality of the brand.

➢ Eg- One cannot select cheap comedians to endorse a luxury brand of cars.

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8. Personality of Consumer :

➤ Personality of a consumer may influence the attitude towards certain products or brands.

➤ Eg- A rich person with status expressing personality may develop a positive attitude towards luxury watches, car, etc and make a purchase decision.

➤ Eg- A miser person, however rich may be, may not buy expensive products.

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9. Demographic Factors :

- ➢ Demographic factors may influence the attitude of a person.

- ➢ Demographic factors include age, gender, education, occupation, income level, area of residence, etc.

- ➢ Eg- Some customers in urban area may purchase expensive clothing, whereas, customers in rural areas may not do so, as they are more price sensitive.

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10. Cultural Factors :

➢ Cultural factors such as religion, region and other sub-cultures influence attitude of the members of a cultural group.

➢ Eg- Almost all Christians may prefer non-veg food, whereas, almost all Jains prefer pure veg food.

CONSUMER ATTITUDE CHANGE :

1. Promotional Campaigns of Marketers :

➢ The promotional campaigns undertaken by marketers may change consumer attitude from neutral or negative to positive towards certain products or brands.

➢ Eg- Creative advertisements such as that of NECC (National Egg Co-ordination Committee) have changed the attitude of consumers from neutral/ negative to positive.

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2. Product Innovations:

➢ Product innovation may change the attitude of consumers from neutral/ negative to positive.

➢ Product innovations make consumers to develop trust and confidence in the product.

➢ At times, the image of a company and its products may get badly affected during to scams or some other reasons.

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➢ Eg- The image of Volkswagen got a big dent due to cheat software device for emission norms in cars, but due to product innovations, Volkswagen is making efforts to change the negative attitude of the consumers.

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3. Poor After-sale-service :

➢ Poor after-sale-service is the major reasons for change in attitudes from positive to negative.

➢ Eg- Consumers have developed a negative attitude towards several brands of laptop, refrigerators, AC, etc. due to poor after-sale-service.

➢ Good after-sale-service in case of durables is the hallmark of a successful company.

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➢ Therefore, a company selling durables must provide excellent after-sale-service with of help of highly trained and motivated after-sale-service.

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4. Personality Traits of Consumers :

➤ Personality traits of consumers may influence change in consumer attitude and behaviour.

➤ Eg- There are some consumers who change their attitude towards certain brands for the sake of change.

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➤ They are variety seeking customers.

➤ They may buy one brand, and after some time, they purchase another brand, and so on.

5. Change in Economic status :

➢ A change in economic status may lead to change in attitude.

➢ Eg- If a consumer's income drastically increase, he may develop a negative attitude towards cheaper brands (which he was using earlier) and may develop positive attitude towards expensive brands or products.

➢ Such a person may buy expensive clothing, footwear, cars, mobiles, etc with a change in the level of his income.

6. Change in Demographic Factors :

➢ A change in demographic factors may lead to change in consumer attitude.

➢ Eg- A young adult may have a positive attitude towards clothing, but when he becomes elderly he may not buy new clothing at all and continue to use the clothing which was purchased during his young adulthood or middle–aged (provided the clothes fit him).

➢ Also, a change in educational level, occupation, etc may lead to changes in consumer attitude towards certain products.

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7. Changes in Cultural Factors :

➢ A change in cultural factor may lead to a change in consumer attitude.

➢ Eg- A person may change his permanent residence from Eastern region to western region, and over a period of time, he will get adjusted to the lifestyles of western region and accordingly change the attitude towards certain product.

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8. Offering by Competitors :

- Competitors may provide better offers in terms of product design, price, sales promotion- discounts, exchange offers, free samples, gifts, etc.

- Therefore, a consumer may change his attitude towards the existing brand.

- He may change his brand loyalty, and may make purchase of brands offered by competitor.

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