Consumer Psychology
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Lecture – 11
Perception and Cognition – II

Hello friends. Welcome to this lecture number 11 on the course on Consumer Psychology. Now, this is section 2 of consumer psychology and as I discuss that in con in section number 1 of this course, we discuss consumer behavior and factors related to it and also how consumers make decision. Now in the last lecture number 10 was the first lecture in this section where are we are focusing on psychological factors, psychology related factors which affect consumer behavior or which determines consumer behavior. And, on the last lecture we looked at what is consumer perception.

So, basically in terms of what is perception first of all, how does it progress and something related to organization and organization and interpretation function of perception. We looked at those stimulus features which actually help in stimulus perception or product perception. We looked at individual factors for example, thresholds we looked at Weber's law, we looked at stimulus discrimination and generalization and the idea of just noticeable differences. These are individual factors or person related factors which are affect consumer perception of how consumer sees a product and benefits.

We also looked at the Gestalt theory of how a consumer perceives a particular product. And we looked at the order of water form is water stimulus background is and what is the idea of Franks and basic Gestalt laws and also individual factors within the Gestalt which actually help in perception of product. Now, from there we moved on to something called categorization, consumer categorizations. So, once a consumer has information about a product into the market, he needs to categorize this information and we looked at two different ways.

Basically four different ways of categorization we looked at analytical categorization which is based on the fact that some parameters are used and based on this parameter the categorization of new stimulus that you are seeing or any stimulus that you are seeing is equivalent to a mental set. Why is this necessary? Why is these categorization is

necessary? Because, any product that you see it has to be mapped on to mental representation only then you will understand that this product is what you want. So, I am seeing a cell phone; if the cell phone which is in my hand has to mapped on to a mental representation of the cell phone that that I have, only then I will understand that this is a cell phone because object recognize is another part of perception right.

So, now to recognize the object that is how a differentiate between a cell phone and iPad and iPhone and several different factor so, that has to be there. So, one way is analytical categorization and their we saw that some based on some parameters the or the categorization is done. Then we saw the non analytical form of categorization where we look at the holistic feature. So, we just do not see certain features of the product and map them or categorize them on to mental sets, what we do is the whole feature of or the whole product itself you seen and that is how there categorize; so, the phone as a whole not certain features of it.

Then we looked at abstraction and prototype which is another way of doing this categorization and further then that we looked at something called consumer attributions. And so, as I defined attribution is basically may giving reason to whatever happens. And we give an example therefore, example why is attribution necessary because consumer have to give reason something fails right. So, the camera fail so, shutter speed fails of a camera right or a shutter or camera has given you very good photographs and so, you attribute to the shutter speed. And so, that that may be the reason or some kind of attributions are also related to the fact or some sometimes attributions are also related to the fact that certain.

When you go into the market, the person whose the sales manager whose working with the also sales assistant who is dealing with you, he comments on to you he comments about your dress. And so, they how you take this comment decides about that particular person or gives a view about that not only a about that person, but about that particular product the whole product group the whole brand and the whole company itself. And so, these attribution are is very important and similar to that we also looked at something called product and service perception.

So, perceptions about product and services and so, last class we were discussing this only. So, basically we were looking at what is product and service perception and it is the inferences that the consumer make about products and services attributing their performance to specific qualities and features. So, basically how does a product work or what is the reason why it works and that kind of a thing. And they also looked at there are something called internal versus the external attribution in referred to as attributions of locus of control.

And sometimes we believe that why at products failed or why a product passed or why I select to the product, why do not select to the product based on external and internal reasoning. So, sometimes it is that the certain features that the product where there in because of that I brought the product or that made me like the product. And sometimes it happens that there are certain features of the product certain feature inside of me which make me like the product. So, it has not something which is the product has to offer. It is a feeling that I get by looking at the products and that is why about the product. And so, this is external and internal attributions which are there.

So, what is the reason why I buy the product? It could be an external reason product related feature are reason where this is outside of you or it could be internal reason, feeling positive feeling that you get a feeling of because the product has nothing to offer, but you felts something could about tends. So, you brought it or you felt a likingness to

about; a sudden like to bought that product and you brought it and that may be there internal reason. So, another way of attribution is external and internal attributions.

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And so, within the product and service perception within the product and service perception, I also have attributions of stability and attributions of controllability. Now, what is the attribution of stability? So, when I am when I am giving reason to particular product and particular product or service, when I am providing reason why I am using a particular product or particular service or why I am not using a particular product or particular service and I am trying to perceive those product and services. What I am giving reasons for why I am liking it or do not liking it some kind of attributions or attributions can be done on terms of stability also.

So, what is attribution of stability? It refers to the extent to which consumers attribute the cause of the product or service failure to one time event versus a stable event. So, sometimes products fail sometimes a pass. So, sometimes product fail and when I when some person or when a consumer basically attributes or reasons that the product has failed is a onetime thing or does it fail every time that kind of attribution [noise.] That kind of reasoning is called the attribution of stability.

So, if it fails for only one time maybe I like the product may be I will use the product over and over again. Because it has failed one time or if I attribute the reason that this fail this product as failed n number of times has going to fail and there is the there is

product is not stable. So, I will not use it. So, basically the failure of a product whether it is radiate it is it is a onetime feature or is it happening over and over again it is stable event that that is another way of attributing or reasoning which I can use for production services. And that is how you perceive or that is how you see products and services.

The another kind of attribution that is there is called attribution of controllability and what is this attribution what is this reasoning process? It refers to the extent to which consumers attribute the causes of products or service failures to events that could have been controlled by the form. And so, when you believe that the product and services is failed and not because of something that you have to do, but something that the firm could have done and they have not done it and if and when you give that reasoning for not buying a product or not using a product that is called the attribution of controllability.

Here you believe that you believe that controllability the firm could have control and the reasoning is that the control that the firmed in to utilize the firm did not did not embedded into the product the farm did not control that particular feature and because of that the product fail. And so, if that is the reasoning a providing or that is the reasoning basis on which you are not using or using a service and product, that kind of attribution is called the attribution of controllability.

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Now, this was the perception of a particular product and services and we saw several ways of attributing to or understanding why you like a particular product or particular

service. Then there is something also called self perception. Self perception is another form of perception which is very important in terms of consumer behavior or how does the consumer actually reacting to the market. And what is self perception the causes to which consumers attribute; their own behavior are dimensions to their old self perception. So, whenever you buy a particular thing the reasoning that that you give why you why a particular thing.

That the own behaviors are dimension to their own self perception. So, sometimes you buy a think and you like it because you have bought the thing that kind of reasoning is called self perception. So, the reasoning that they consumer provides, the causes that the consumer provides and when the attributes that the own behavior is the dimension to their self perception that is what is called the idea self perception.

Now researcher has shown that brand attitude and preference is influence by self perception. The more higher self perception you have, the better you know yourself the better you like the brand which matches yourself or which matches your level of self image. So, the brand image the closer it is to yourself image, the better you prefer the brand. And the better you have self perception about yourself, the better you see the image of the brand and the compatibility is there and then you like the product.

Now, if consumers perceive themselves as using a specific brand, they inferred that they must like it. And so, sometimes it happens when there is nothing in the brand, then brand offers by then sometimes people believe that I; since I am using it I like it. Because there is a reverse reasoning the reasoning is not because that I have something good in the product and so, I am liking it.

It is the fact that I am since I am using it, so as I am using and it is not cause any disturbance. So, I might like it and that is the kind of reasoning it is there. Now basically self perception is to deal with the fact that how nicely a person sees himself he is self image and how closely he can see it or map it with the product and that could be one of the perception types which are out there.

The another factor another kind of perception which can be dealt here is something person perception. And what is person perception? Person perception is basically how do you perceive other people like manufacturers like service retailers, like service agents how do you perceive those people or how does the perceptibility of those people go upon.

So, person perceptions are the inferences consumers make about reasons behind actions of others. So, how do why do somebody; why does somebody external of you behave in a certain way that kind of perception is called person perception. Take an example you go to a particular shop and you buy a and you are looking at variety of so, you go to a cloth showroom and you are buying a variety of products or looking at variety of dresses which are there. And so, suddenly this person comes to you and then he compliments to you on your dress.

Now, the way you perceive this person, the way you perceives this persons intention. If you perceive it, positively you will perceive that that brand positively and you will perceive the dress positively and you would have will have positive feelings about it. But if you perceive, if you think that there was a sarcastic comment; there was some untruthfulness in the person in the sales person who came and complemented you, then you will not like that brand; you will not like that outlet and you will there way or you

will move away it from that particular product. And. so, how you perceive other people's action into the marketplace is what is called perception of persons.

So, people use several kind of principles in person perception and so, one principle is called the discounting principle. The consumer decides that external pressures are provoking the salesperson to act in a certain way. So, in discounting principle what happens is it suppose you go to a store and so, you see a sales person and this sales person has maybe had a very good talk or a bad talk with his sales manager. And so, he is not happy about it and. so, when you go ask him what certain things; so, he replies to you all the politely, but in a slightly roodish manner.

Now how do you perceive the situation? Now do you what reasoning you provide? If the reasoning that, you provide is that, this person may have a bad day or you had a bad interaction with the sales manager and that is the reason why is in a bad mood. In those cases, the if you believe that some external pressure is making him do that particular act of not responding to in a courteous way or not fulfilling the things that you want that is called discounting principle.
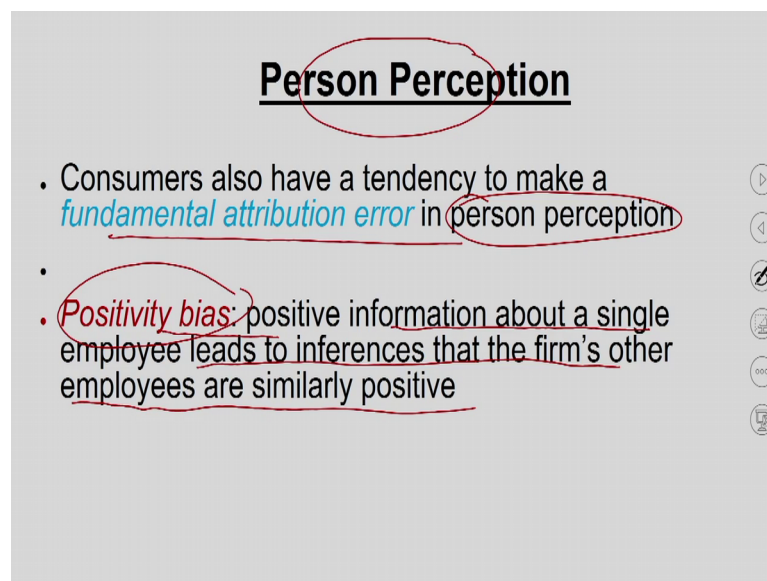
So, your discount his behavior towards an external pressure and then there is something called the argumentation principle which believes there the consumers argument the weight of salespersons recommendation. Now basically depending on how to they are they will argument that. So, in those cases how the salesperson does the recommendation, how courteous he are that will basically decide the how you are going to particularly buy a product.

So, somebody some salesman comes to you and let us says you go to a market place. And so, if in a clothes in a shoe store and this person comes to you the sales person comes to you and says that look there is a Nike sale and it is very good and then basically the shoes are very expensive and so on and so forth. But all said and done, I would not buy a Nike because although it is very good, but then I will always buy less lesser some other brand, but. These are the facts which are with Nike.

So, in a Nike store somebody the salesperson is offering you some other view and a honest view, what people do is that the argument or the way the salespersons recommendation saying that he is telling the truth. And so, no matter what the he should the fact is that he should be loyal to his brand the fact is getting money from the brand.

But since is being true, it is being honest you way that way it; you way that persons opinion and you accordingly change your decision and that is called the argumentation principles. And discounting principle you believe that whatever the sale person is doing is through an external pressure. And in augmenting principle what you tend to do is, you look at whether the salesperson is honest or not. And if is honest if you way that the fact that is giving to you is honest opinion, you actually subscribe to it and you make the purchases according to it.

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Another thing in perception by happens in social psychology, we discuss something called the fundamental attribution error. And what is fundamental attribution error? The fundamental attribution error says that whenever making reasoning whenever we provide reasoning to a particular fat to a particular event that has happened, it is generally we consider that situations are very less important and people are more important. So, if a event has happened lets here car accident happened.

So, you are seeing you are seeing a road which is filled with snow and a car is passing by and suddenly you see an accident happening. Now, chances are if people commit this for fundamental attribution error generally saying that it is the driver who is responsible for the accident. It is not the snowy road and this is called the fundamental attribution error. So, fundamental attribution error is that that particular feature in which the environmental situation the environment which is which is around you is discounted is

not is lowered in terms of the cause and persons are held responsible for all kind of causes and that is called fundamental attribution error.

In person; so, people generally make this kind of a person. So, something fails it is the person who is responsible rather than the environment which is responsible. So, if a particular machine fails, if a particular product fails, you believe that the person who has sold you the manufacturing was sold you; it is responsible and it is not you who is responsible and it is not the environment which as called that failure. So, that is called fundamental attribution error. And sometimes people tend to have something called the positivity bias. And what is positivity bias? Positivity positive information about a single employee leads to the inferences that forms other employees are similarly positive.

So, when a consumer is not highly educated when a consumer has do not has lot of information about a product or product line or product brand information, what they tend to do is if somebody gives them a positive feedback; some somebody attains or tends to them in a positive way, they start expending this positivity all around the brand as well as the as well as the product line as well as the manufacturer and so, on and so forth. So, the extend is positivity, they believe that everything is good about the product right from the sales person to the sales manager, to the product manufacturer, to the trend of products and so on and so forth. And that is what is called productivity bias that is the bias which is there. And so, that happens when consumer is less inform he does not has a lot of information about the product or product line.

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Consumer Inferences

- Consumers *learn* about products from *various sources* (e.g., advertising, promotion, word-of-mouth communication)
- But consumers *don't learn everything* they need to know to help them judge these products
- So consumers *fill in the remaining information* by making inferences

Consumer inferences; so, how do consumers infer? How does consumer make meaningful abstracts or make meaningful interpretations out of stimuluses? Now member in the first slide itself, I told you that perception is a three part process. It starts with an exposure of a stimulus, goes to organization that is what you are doing up till now, then the in inferences. How do we draw inferences? How do we make meaning? What effect?

And so, the next part that we are going to do is how do consumers in for meaning. Up till now consumers where giving reasons, up till now consumers where categorizing information, up till now consumers where perceiving information, but how do they test meaning or how do they generate meaning? How do they infer something valuable from something valuable from the even information or the information which is there in front of them?

So, consumers learn about products from a variety of sources; for example, advertising, promotion, word-of-mouth and communication. So, the information the about products the product information come to them through a lot of sources consumers learn about these from advertising. So, several kind of advertisement till them, what different kind of products promotion messages are there, word of mouth messages are there, communication or ads are there and so on and so forth. But consumers do not learn everything, they need to know to help them just this products; at times even if consumers I have all the information or a lot of information, they never have all the information right.

So, what happens is consumers never have all the information to judge a product and so, what they do is they do inferences, why? Because every information is very difficult to collect; given the fact that a lot of information there and given the cubic capacity of the brain and given the enough motivation. The consumer the consumer, it is always a possibility the consumer will never have all the information. And so, when a consumer has enough information, but does not have all the information, what he does is he does inferences or he generates inferences or he tries to guess or what could be and what could not be and that is called consumer inferences. So, how does this guessing is not the general guessing, it is a more scientific guessing and this dressing process happens through process of induction introduction.

So, consumers fill in the remaining information by making inferences. So, consumers never have all the information about a particular product. So, you are buying a let us say, you are buying a car right. And so, you go to a car company and they tell you a lot of things about the motor, about the engine, about the shape dimension and so on and so forth. But they will never be having all the information which is available. And so, other the for some parts, you will actually go head and fill that information. For example, you might get information about how it works, how shape is, how is dimension is, but information is always be not there. And so, what consumers tend to do is in those cases, they inferred that this is a good company and so, if this is a good company, whatever it the height it is providing is good right.

So, I will not look at the height that the car has from the ground how much height is, I will infer that it is a good height. And so, most thinks will not be it will it will not be crashing with most of the things or about certain dash board design. I will infer that. So, about a particular dash board design, they will might not explain and so, you will infer from with or particular kind of a seat variation that they do of. So, some other things that consumer has information some of the things, they infer from it and this process of inferences is what consumers use together all the messages or to buy a particular product or decide on a particular product and use that particular product.

So, what kind of inferences are there? That is inferences is basically extracting meaning out of perception, out of perceptual messages that the consumer is received. And so, there are two kinds of inferences that the consumer actually is involved it: one is called induction, the other is called deduction. And so, what is induction? Induction is the process in which consumers generalize from specific information to general conclusions. And so, what consumers do here is they generalized. So, consumers have a specific bit of information and from that bit of information, they generalized.

Let us say that consumers have an information that particular car comes from Germany right. And so, there then from there the generalize the Germany is a company which Germany is a country which actually has very good motor companies and so, they were very good manufacturers they very good in engineering. And so, the car that they are buying since it has a motor from Germany, it has something called Germany. It should be very good car and this process is called inferring is called forecasting, other is called consumer inferences.

So, inferences generally are based on information. So, these inferences are based on some processes; some process are used for making these inferences: one process for inferring is something called information integration. And so, what is information integration? It posits that consumers evaluate each product attribute separately and then

combine these attributions into overall evaluation through the use of a simple algebraic rule such as adding or averaging.

So, information integration what I do is, I look at particular attributes a tiny it a score some eat up and based on that. I make the final choice for example. Let us say I am buying a brand of toothpaste. So, what I do is, I look at the smell of the toothpaste and I will say I give it a 0.4. So, smell is 4 or taste is 2, clean how clean it is making a teeth is 4 and let us say its color is 3. And so, what I will do is the total summation of my product, then becomes 4 plus 2 5 6 10 11 12 13 is 13. And so, my total tooth paste score is 13, this is called information integration.

In information a integration what I do is I gets bits and pieces of information about the particular product all those information which are the determinant attribute. So, remember when I am getting information I am getting information only about the determinant attributes and so, I add that information together and I get a final score. And based on the final score, I decide whether I will buy a toothpaste or not and this is another process of information integration. So, based on how much score that I am getting how high I am getting on each attribute, the probability of inferences will be there.

So, from specific bits of information; so, if the toothpaste scores high on all the scores, I will say it is a good brand. If it scores bad on the determinant attribute, I will see it is a bad brand. So, let us say the 5 features I have using 2 of which are determined; 2 of these are not determinant and all 3 of them the toothpaste has highest scores, I will say the brand is good and I will buy the brand and that is the inference that I have made. So, I have not use the toothpaste up till now. I was just gathered some information and based on that I am making this inference. So, one process is called information integration.

The process of making inferences through this in inductive reasoning is called heuristic based inferences. And so, what happens the heuristic based inferences, they use as a single piece of information to make information about the overall quality of the product. And so, here what happens is one criteria, one determinant criteria is used and based on the determinant criteria it is decided whether I will particularly like a tooth paste or not.

And so, let us say I used taste. So, what I will do it if the taste of the toothpaste is very good, I will use it. If the taste of the toothpaste is herbal, if the taste of the toothpaste is like vegetables is like a clubs or something else I will believe it is herbal, it is good for use and so on and so forth. So, in contrast to what I did in information integration where I take bits and pieces of determinants, I take a number of determinants at their score and based on they that I make the final inferences in terms of the heuristic. I look at just one factor and based on that I make the inferences about the particular product.

So, if a taste good; so, it is herbal if it is herbal it is good and so, it is good when I should buy it and so on and so forth and the third kind of inferencing that that can be done is based on something called price quality inferences. The consumers inferences aspects of quality from the information about price. And so, sometimes what consumers do is that based on price, they make the inferences. So, the higher the price of a particular product, the better the quality that kind of inferences which is there; the lower the price, the lower the quality because they believe that higher price is offered or charge to them because

everything that is there is of higher quality is of higher value. And. so, integrating them together, making them requires a lot of cost and that is the reason that the price is high. And o, that kind of inferencing in terms of price quality inferencing is called the price quality inference making.

And in addition to that there is another method of inferences that is used and that is called the accessibility diagnostic diagnosticity dimension. And in accessibility diagnostic inferences, what I do is the more accessible or the more diagnostic the attribute is the more accessible, the attribute is the more diagnostic the attribute is; now what is more accessible? When I think what a particular product, the easily I can think about a particular attribute about that particular product the easier; it is for me to decide. So, when I say about camera good photography that is the accessible product and the more diagnostic that is because good photography is the most diagnostic most important feature of a camera.

So, the most easily if I remember those features are most easily that I remember these features the better the product is third thought to be. So, if I thought think about Nikon, what comes to mine? Good photography, if we are talk about can an ease of use. If I talk about some other brand something else and so, the more easily that I have remember this features this product features which has been marketed by the consumer in the market the more easily I remember it, the more diagnostic those features is the better inferences there I can rate about that particular product; the higher the inference capacity for me for waiting about that product.

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It is not only inferential reasoning that is used in the consumer perceptions, but there is another form of reasoning that is generally used in product perceptions or in consumer perceptions in helping consumers make decision into the marketplace based on perceptions. And so, consumers also interpret information from product information about product or consumers also decode information about product also using deductive rating. So, in (Refer Time: 28:39) into what we did in inductive reasoning where we went from specific to general were specific pits of information was there and from that information, we forecasted kind of we kind of exaggerated, we kind of interpreted value of the product or kind of interpreted more information about the product in deduction.

What we tend to do is we come from general to specific. In deduction lot of information is given to you and from there you come to some bits of information or very specific information which is there. And so, in inferences it the in the inductive reasoning is more of a bottom up process where bits in pieces of information added together to give you a very specific information give you a general information. So, it is moving out where as it is diverging and when you have general information a lot of information from there you come to specificity. It is bottom down process or it is the process of converting.

So, what is deduction? Deduction is when you come from general information to very specific information. So, deduction is the process of constructing specific conclusions from principles of principles of assumptions. So, if you have a lot of information about

the product; if a number of information is you are going to a product and you have all the information possible which is, then from there you come to one specific conclusion that is called deductive reasoning. So, what from a deductive reasoning I use? Attitude base inference consumer often use their own general attitude towards a brand to make specific inferences about the specific about the quality of the specific brand. Based on whatever information that they get and based on how they feel about using the product decides consumers attitude. And consumers looked at their own attitude, consumers look at how they behave towards a particular brand and based on that they define the quality of the brand.

So, based on what they believe or what their attitude towards the product is they believe the brand will be similar or the product will be similar and other things related to that particular brand will also be similar. So, if consumer believes that let us say, Reliance phone is good or Reliance service is good, from there they will in they will deduct that they will have this idea that they have a very good feeling about the Jio network or the Reliance network and so, Reliance is good. And that kind of inferences so, based on specific things based on a number of information they have concluded to one specific information.

And sometimes consumers also do category based inferences. So, based on consumers attitude if we infer or if we deduce inferences, this is from of deductive inferences that is called the consumer that is called attitude based inferences. And in category based inferences, the example of a category based inference is a country of origin of deduction. So, if we if we tend to make inferences based on a particular category. Let us say is something comes from if I am making inferences about Honda and Honda comes from Japan and the fact the Japan is a country which is the which is good in terms of technology.

And it is a company which is with punctuality and people are very hardworking and so, the product will also be hardworking and so on and so forth; if that kind of inferences done that is called category based inferences. So, what I have done is I have taken country of origin as a category and based on that I have inferred about the particular specific Honda car. And the other case, what I have done is my attitude towards the particular product, my attitude of how are feel towards the particular company or product

that makes me infer about that particular brand of specific quality of that particular brand.

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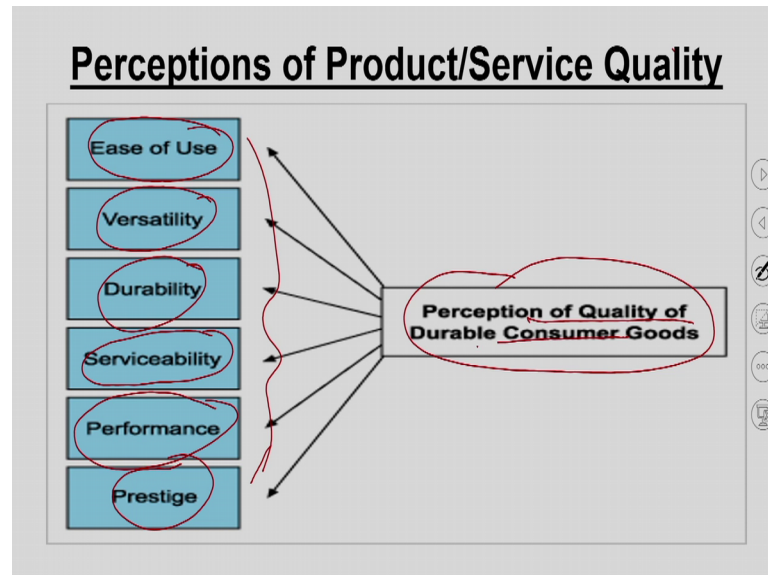
So, two kinds of reasoning there can be used; now perception of products and service quality. So, perception of product quality first of all; so, how do we perceive the product quality perception of quality of durable consumer goods. So, how do we perceive durable consumer goods? The durable consumer goods are perceive with ease of use. How easy it is for using that good? If the more easier a product is the more easier product offers to be easier of use of product is the more better of product is; versatility how much versatile a particular product is?

The more number of problems I can solve for you, the better product is the lesser number of problems, it can solve to you the poor at the product is the poor the product quality is. Durability, how durable is the product the more durable of product is? The longer time we can stay with it, the longer pressures it can take, the better the product is; the lower the durability, the lower the number of pressure it can take the verse of the product is. Serviceability, how much serviceable the product is? So, can it be may if something goes wrong can it be serviced whether, how much it is offering for service productions or how much service serviceability that the product has, can it be improved upon? And if the more it is the better, the product is known to be the better the quality of the product is known to be otherwise the poor it is known to be.

Performance, how is the product performing? If the product is performing poorly if the product is not performing according to marks for you, then what happens it is the product is taken as poor performance and it is not taken as the good product, the quality is inferred bad, but if it is performing nicely; then it is good quality product. And prestige, when you use the product how much social prestige that you get? How much compliments that you get from other people? The more prestige that you get, the more compliments that you get the better the product is the lesser that you get the poorer the product is and so, these are some of the factors that has been used for defining the perception of quality of a durable consumer good.

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In terms of service quality, there are two conceptualizations. So, service quality in terms of service industry for service industries, there are two factors which are used for look for making perceptions about the quality of service of a particular product. And there is something called the Nordic perceptive, and there is something called the American perceptive. So, what is the Nordic perspective? Since this perspective actually started in Norway, it was developed in Norway; it is called the Nordic perspective. And what is this perspective say? Functional quality represents how the service is delivered and so, products or services are related on the functional quality, how the service is delivered.

And. So, products or services are related on the functional quality, how the service is delivered is the functional quality; how it is given to you, the ease with which a

particular function the products services given to you, the better functionality it offers to you, how easily you get that, how much effort you have to do determines the quality of a service. And technical quality reflects the outcome of the service act. So, how so, functionality is functional quality is in what way the service is deliver to you whereas, what is the outcome, what is the final product or service what is after using the service, what is the final product that you are going to get, what is the final satisfaction that you are going to get that is the technical quality.

So, in terms of the Nordic perspective, the functional quality which is the way the service is deliver to you; how courteous the people are, how much how efficiently it is deliver to you, how quickly it is deliver to you whereas, the technical quality reflects the final outcome. When you get the service what is the final outcome that you get, whether you get whole service or good satisfaction out of it and so on and so forth will be the service quality. There is an American perspective to this also an American perspective to service quality and that has to do with reliability. How much the service is reliable? The more reliable a service is the more reliable a service industries, the better the service industry.

Empathy, how much empathy does the service has for you? The service provider has for you. The more empathy that that is there, more number of people empathize with you something goes wrong, the more empathy that they show; the better the service provider is the higher quality the service is. Assurance, how much assurance they are giving to you? How much you are assured of the fact that is something fails, people we will come helping for you. The more assurance of this is given to you by the public by the particular service provider, the better the chances of you accepting the higher quality you believe that particular a service is or service manufacturers is or service provider is. Tangibles, what is the tangible output that you are getting? What is the service actually giving you?

So, the better the tangible that you get, the more consistent tangibles that you get the better the services or service quality is tend to be. And responsiveness, how much responsive is the particular company or the service provider. The higher responsiveness it shows, the better the service provider. The lower responsiveness that you show, the worst of the service provider is.
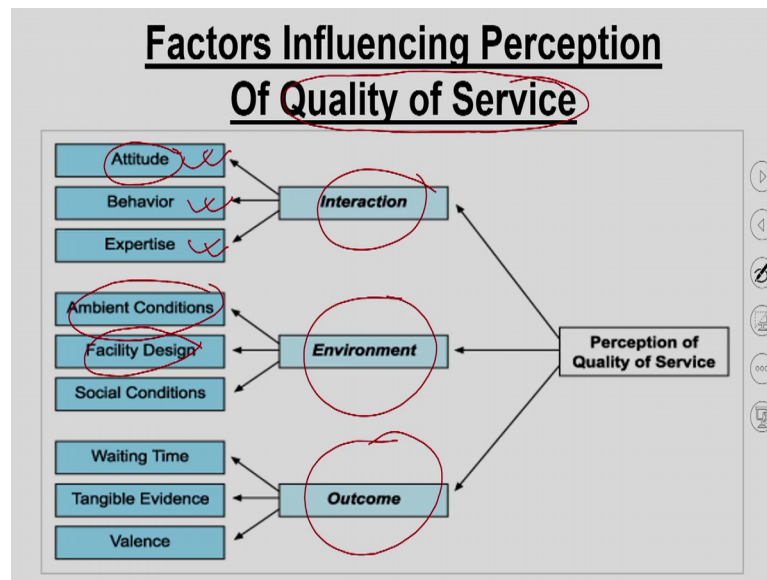
So, there are number of factors which affect the quality of a service that you get. So, the we are not talking about products, now we are talking about services now. So, the number of factors affect the service quality and so, it is in terms of interaction, in terms of environment and in terms of outcome in terms of interaction. So, interaction is when a person intersection with a service provider. In on those there are certain categories what is the attitude of the service provider.

If the attitude of the service provider is positive towards you if there are service provider has positive attitude is the conforming attitude towards you, the service provider is or the service is provider is thought to be a good quality. What is the behavior of the service provider is the behavior of the service provider is very good, then you think that service to be of a very good nature and you positive towards it and you believe the services of high quality. What is the expertise if the expertise are not there?

If the service provider does not has the required kind of a expertise in your interaction with it in their interaction with that person is providing with the service, then you believe that he has a floor quality. The higher the expertise is there, the higher the service quality or the higher the service is rated in your mind. In terms of environmental factors, what is the ambient condition in which the service is being provided to you is the service is provided to you in an ambient condition which is not conducive in a very happy hazard

and ambient condition. The service is non attracted to you and you will not rated to a higher quality.

What is the facility design? Wherever the service you are getting, what is the design of the facility? The more number of service benefits that you get, the more number of benefits that you get the more number of features that the service that the facility that is offering you the services has the better the services rated. Social conditions, what are the social conditions in that or kind of people come in that? If lot of people are there in the service in the where you are getting the service, then it becomes too crowded and shown one to one interaction is not possible in this world and the service quality is lower rate lowerly rated. But if there is a one to one interaction, if you have one person attracting with one person and the number of person in the social situation is managed in away. So, that you have one to one interaction it is of higher quality service.

Similarly, what is the outcome of the service? The waiting time, how much waiting time that you have to get spend before getting the final product? So, if the longest waiting time, the more the longer the waiting time before or service is offered to you; the lower the quality of the services will it to be. Tangible evidence, what kind of tangible things that you get out of the service? The better the tangible things, the more number of tangible things that you get out of the service the better it is looked at. And valence, how do you feel? If you feel positively valance after using the service, if you using a service and you feel better you are feel excited after using it or while interacting with it or the final outcome of the service gives you a positive valence, you feel the service to be of higher quality; otherwise it is of a lower quality.

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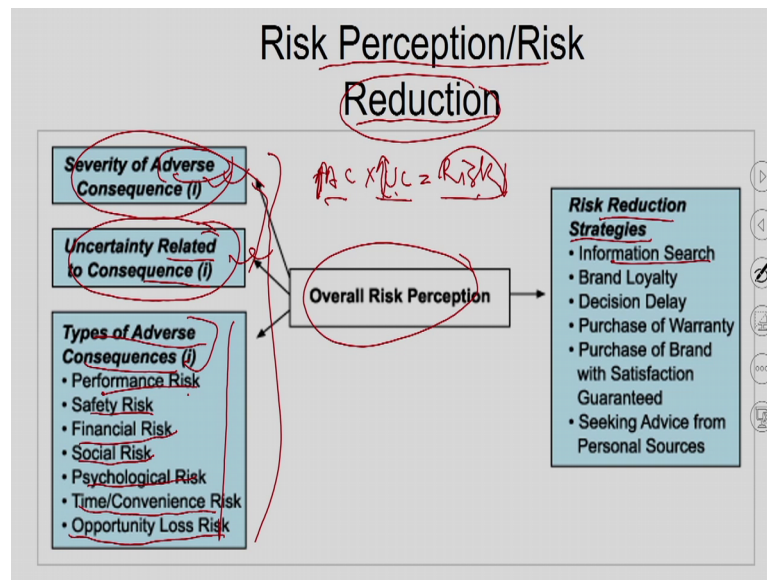
Now, how do people perceive risk? Risk perception and risk reduction. How do people perceive risk with the use of particular product and service and how do they reduce this risk? So, this over a risk perception is dependent on two factors: severity of adverse consequences and uncertainty of adders consequent or adverse consequences. Now if you a product fails, how much risk do you perceive with it? So, that depends upon how much severe the consequences?

If the product fails and it does not has too my severe of a consequences, then lower risk is perceive with that particular product or how much uncertain related consequences are. If a service fails if a product fails, how much uncertain in uncertainty was there with a failure of this and related items with that? The more the uncertainty is there, the higher the lower the higher the risk is perceived and lower the chances of you going for that particular product.

Types of adverse consequences; what kind of adverse consequences can happen? Performance risk, the product does not perform the way you wanted it to perform. Safety risk, the product that you brought or the service that you brought of a or gives to you some kind of safety issues. Financial risk or lot of money goes into it and so, it does not perform the way you want to wanted to perform. Social risk when you buy that product, people do not appreciate you do not give you enough prestige and you are not socially accepted. Psychological risk, the mental agony after buying the product; the mental

anxiety after buying the product is very high and. So, you do not and you can cannot risk it and. So, that that is the reason you are not look at the product and so, these are the adverse condition.

Time or convenience risk the time and convince of what particular product, the term after time that you invest in buying a particular product. The convince that it is offered where it is offered and how it is offered. If it is high in those cases, the risk is very high. And opportunity loss risk whether you believe that if you do not buy whether it leads to a loss of opportunity is another factor which is there. And so, this risk perception is related to these factors. There are two fact important factors, what is the severity and what is the uncertainty and these are the number of adverse consequences that can happen or the adverse consequence; how adverse how sever this consequences are and how under certain they are, based on that the number is risk is perform.

So, this adverse consequences multiplied by the uncertainty, we will define the risk. The more the higher the uncertainty and the more severe the adverse consequences, the higher the risk and this lesser the uncertainty higher the adverse risk, still the risk will be low. So, that is how the relation is. So, at if the uncertainty is high, definitely the risk will be high; if the uncertainty is low, the risk is tend to be low, but it also depends upon the consequences of how much severe the consequences. And how do people reduce this risk? Risk taking strategies, provide information and the market take a provide a lot of information about the product in a contingent information or confirmatory information about the product and that could reduce the risk brand loyalty.

Brand loyalty is another factor which could reduce the risk. The more number of people there reduce, the reduce the risk for particular product. Decision delay, what in marketers can do is they can lower this decision delay. They can provide all kind of information in all kind of policies so, that the decisions can taken instantly. Purchase warranty, the marketers can give warranty to purchases; so, at which can improve the number of purchases or which can improve the probability of purchase. Purchase of brand with satisfaction, purchase of brand with satisfaction we will increase we will reduce the risk of buying.

And so, once you have a brand which gives you enough satisfaction, you become brand loyal to it and you become satisfied with it. And so, purchasing it will reduce the risk and

seeking advice from personal sources. You can also seek advice from personal sources like friends like you are acquaintances, you are family and they can also give you some information about what product to buy in that and that why you can perceive or we can have lower risk of perceive lower risks.

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So, categories of risk perception; we have looked at perceive performance risk where look as financial risk, social risk, psychological risk time and convenience risk can opportunity risk. So, what is performance risk? Performance risk is that is the product does not perform the way you wanted to be. Financial risk is related to the fact that lot of money goes into it and lot of finance is wasted. Physical risk is to the fact that the some physical damage or you get from physically harm by using the particular product. And social risk is related with how much esteems or how much prestige you are go you get into the social world of people around you.

Psychological risk is related to what kind of mental agony or mental anxiety will the why do the product will lead to. Time and convenience risk, we related to how much time you are spending to a particular product, buying the particular product and how much convenience it is with, convenience it is offered how much work from your side you have to do to buy that product. And opportunity loss risk is how much opportunity you are losing on buying that product or how much the opportunity loss will lead you to

losses. How much loss is the opportunity that you do not take will actually incurred to you.

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And the next is perception of switching costs. So, this is to relate with switching cost. So, sometimes consumers switch brands and so, this how do person perceive the switching cost of switching from one brand to another. And so, what it is believe that consumers perceiving grater switching cost tend to continue using the service provider. They are already doing business with. So, basically if the if the user of a particular service understands that by switching, they are going to lose lot of lot of risk is there in switching, a lot of time and energy will be wasted or lot of finance will be wasted in switching; the higher the switching cost will be and the lower that chances that they will switching.

So, the greater switching costs, the greater the switching cost of a particular person sees the higher the chances that they will use continuing using it. There three types of switching, you have procedural switching, you have financial switching and you have relational switching costs. Procedural switching costs is to do with what are the procedures that you have to take in terms of switching. So, when you are switching from one brand to another brand or one service provider to another provider, what is the procedure that he has to go through, what kind of forms you have to fill, what kind of places that you have to visit and so on and so forth.

Financial switching cost is what kind of money that you have to put into switching a particular brand. And third is the relational switching cost what kind of relational sleep or what kind of relational factors you will lose. So, if you or if you had very good relation with a particular service provider, if you switch this what kind of other relational the new provider that you are going to what kind of cost you are in coming to that what kind of stitching cost; you are going to incurred to that. And that kind of fact is relational switching cost. And so, the higher these costs are the more these costs are the higher, the lower the chances that people will lead to switching.

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Then there is something class lastly, we will look into something called price perception. And so, what is price perception? Price perception is how do people perceive price. So, consumers evaluate the price tag of a specific brand by comparing that price with an internal different price. What happens is most consumers have a referent price, they have a price of a thing. So, suppose you are going to buy a Honda car, let us say tomorrow and you have 7 lakh such the internal you see and add and that that says you 7 lakh as the price of that particular car.

So, when you go there actually to buy the car, you get an offer price of say 8 lakh right and so, when you go there to buy the car the price that you see on TV was 7 lakh and or the information messages of 7 lakh. And when you go there it is 8.5 lakh or 8 lakh or 8.5 lakh. How close this is to the price that you have as a reference right. So, there can be

three or four situations out of it. So, one situation is let us say you go there and 7 lakh was what the price you saw and the product is being offered to you in 8.5 lakh you go there and the product is being offered to you 7 lakh was the cost and it is offered to you in 7.5 lakh. And sometimes you go there, the product is being offered to you in 6.8 lakh and so on and so, three or four situations can emerge.

So, basically how closely and you are reference prices was 7 lakh only. When you also included some ahead of it say from 6.8 lakh to 7.5 lakh is what I am ready to pay. This is the referent price. So, how closely this referent price is the brand specific brand is evaluated in terms of that. So, consumers evaluate the price tag of a specific brand by comparing the price with an internal referent price. How closely the internal referent price matches the price tag of a particular thing.

Now there is something called for Social Judgment Theory which works here which says that people attribute meaning to incoming information by matching this information to a mental category or referent. So, in social categorization theories, there are two things that has to be considered. One is called the latitude of affirmation and there is something called the latitude of contrast. And so, the latitude of assimilation is that the that area which is which is set up by the which is set up across the referent price.

So, let us say if the consumer sees a price of 7 lakh of a Honda car and so, he believes that 6.8 to 7.8 is what is going to going to invest for the Honda car. And if the price of the car in the showroom falls below the falls in this region, this is called the assimilation zone. And the Social Judgment Theory has something called the assimilation zone and the contrast zone. So, things which is in the assimilation zone, they are accepted and their broad and so, if the price of 7 lakh, the region of 6.8 to 7.5 which is the consumers referent is.

If the price of the car falls believe below it, it will it falls in is assimilation zone and the consumer buys it. But suppose the price of the car falls at say 8.5 lakh, 7 lakh is what he saw and 7.5 lakh is what he is thing is 6.8 lakh. If the price falls in 8.5 lakh, if the price of the car falls on his contract zone and he is not going to buy that particular product. But if the price of the product falls at 6.8 lakhs or he goes to the he goes to the market and finds out the 7 lakh car is costing 6.8 lakh. This is called a bargain and he will buy the price because this again falls into his region of assimilation. So, region of assimilation is

an extension of the region or we could we could call it a region of acceptance for the consumer. And so, if a price falls in the region of assimilation of if anything falls with information falls in the region of assimilation, the consumer actually accepts it.

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But if information falls outside is reason of assimilation which is called the region of contrast, he will not accepted that is called the social judgment theory. And so, price perception is done in this way. Another saying the assimilation region is the area around the referent in which the incoming information is categorized as similar to that of the referent.

So, the 6.8 lakh to 7.5 lakh which is around the referent which is 7 lakh is what is called the region of assimilation is the price falls in this; he will buy that particular product. But if it falls outside this, then it falls into the contrast region. So, the contrast region is the area in which the incoming information is categorized as different from the referent and so, the consumer will not buy that. And so, prices are also price perception happens in terms of this kind of thing in terms of the referent price.
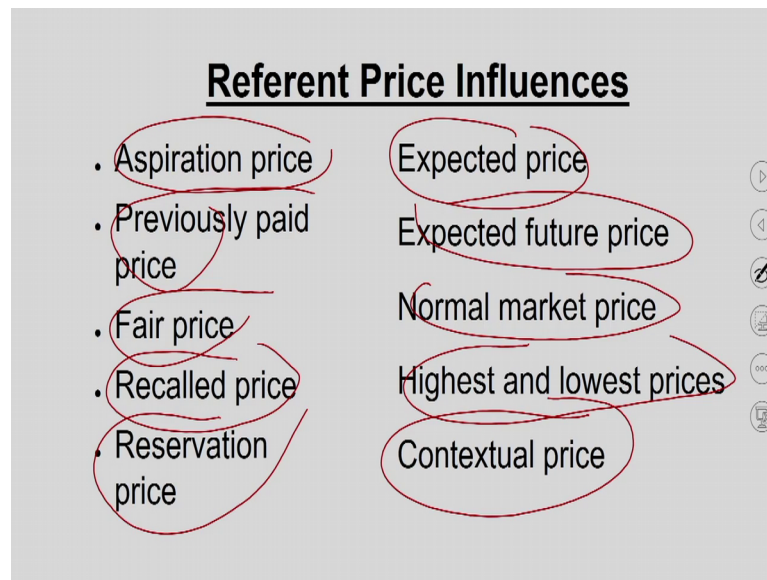
Also referent price and influence by aspiration price, expected price, previously paid price, expected future price, fair price, recalled price, reservation price, normal market price, highest and lowest price and contextual price. So, all of these are the influences the expression price is; what is the aspiration of what are the consumer is aspired.

So, referent price is decided by that it is also influenced my previous price pays; how much you have paid for a car like that before, fair price is what you believe that what is the cost of manufacturing and all the cost of putting up the car in the showroom and the kind of a thing. And recall price is what you recall from a memory, what is the last time you got a particular car and how much the price was and so, whether you recall that. Reservation prices what is the reservation that you had for a particular thing, how much high you can go with it.

Expected price is the voice that you are expecting out of a particular brand of car looking at the features that heat it has. The expected future price is this that price that you expect the car to have in future; if you are going to sell it what is the amount of price that you are going to get of it. Normal market price is the price that you believe that that should be of the particular brand. Highest and lowest prices, these are the two cutoff prices that you said for any particular. So, it is to on both sides of the on both sides of your assimilation region and contextual price is in comparison to some other brand how much price is this particular brand going to offer to me and that is called the contextual price.

So, this is basically how people decide price or how people perceive information about price. So, in this particular lecture, what we did was we looked at how perceptions of price how perceptions of quality and services take place in to the market place and how it influences the consumer. Beside that we also looked at how consumers make attributions or reasoning how consumers reason various things that are going into the market place, reasons various events which are going to the market place. We also looked at something called the inferencing which is the consumer does and this inferencing is necessary because this inferencing actually tells how the consumer assimilates information.

So, basically the process of assimilating information or extracting information from market stimuli is called inferences and we looked at two different kind of inferences which is there. We looked at inferences of deduction type and inferences of induction type. So, in this particular lecture, we wrapped up what we started in lecture number 10. So, in this 11th lecture, we wrapped up what we started there and we looked at what how does perception or consumer perception actually help the consumer in making decisions, in deciding what to buy into the market place. And, how does the factor perception actually help the consumer in making wise choices into the market and buying things that he really needs.

We will meet again in the next lecture, we will be looking at more cognitive factors related to learning and memory and how learning and memory actually helps the consumer in making fruitful decision into the market place and buying the product that they need. So, for now from here it is.

Thank you and goodbye.