Consumer Psychology
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Lecture – 02
Introduction to Consumer Psychology – II

Hello friends, welcome to the second lecture on Consumer Psychology course. This course is floated by NPTEL MOOCs and this is the second lecture in the series of introducing consumer behavior. Now in this lecture of course, of consumer psychology the first 2 sections were dedicated to introducing what is consumer behavior, what it consists of, what are the main ingredients of consumer behavior and these sort of things, as I introduced in the first lecture this is what we will be looking into the first 2 lectures and this is the second lecture in a series of the 2 lectures.

In the last lecture we looked at what is consumer behavior like, what is consumer and why do consumers go into the market for buying anything and the basic thing that we saw there or the basic principle that we saw there the underlying reason why consumers go into the market that we saw there was to get benefits and the line that I quoted there was that consumers going to the market not to buy products, but to buy benefits of the products and so, we saw that there are 3 type of consumers.

So, when consumers go into the market they act or fall into 3 categories, we have something called the shoppers, we have something called the buyers and we have something called the actual consumers and so, shopper, buyer and the differentiation between the shopper buyer and consumers I have explaining the last lecture how do they differentiate. Now we also looked at how these shoppers, buyers and consumers actually go ahead and make a purchase and what are the various factors involved in making those purchases.

From there on we moved into the idea or something called market segmentation. I explained to you why market segmentation is to be included in this first section of consumer behavior. The reason is that if we have universal market if we have a market which is universal, which manufactures goods for everyone, then it is something which consumers are not attracted to. And so, we need to have a market which is diverse, which

is which has products of many nature because individuals are different consumers are different.

Now, the basic of psychology is that something called individual differences, which means that each individual is different. Now the thing is if marketers go by this principle then they have to make a product for everyone which is entirely not possible. So, what they tend to do is that, they tend to find people which are alike or people, which are seeking benefits which are alike and that is the reason why we included the idea of market segmentation which is the second thing.

Now what does market segmentation actually do is, market segmentation basically segments a market segments consumers in 2 groups which are like minded and which are looking for similar kind of benefits and this eases the marketers in terms of making products, which is will appeal to these people of which will satisfy the needs of these people and that is the reason why we looked at what is market segmentation.

In there we also looked at how market segmentation is done, something called segment viability and I am many other things and we further looked into something called segmentation strategy. For example, we looked at 2 or 3 segmentation strategy, that I remember on now what are the segmentation strategy being mass marketing. So, when a product is made for a everyone in similar ways for example, alloying one product like salt which is made for everyone in a similar way.

And then we also looked at other marketing strategies which is called differentiated marketing where a marketer or targets only one group of consumers for example, Audi a high end car manufacturer just targets one group or phenol company which targets or the lower income group or the low involvement the lower group of consumers and not the high end consumers. So, basically this segmentation strategy is depend on what the marketer actually wants from the market. So, these are the 2 sections that we roughly covered in the first lecture.

In the second lecture what I am going to do is, I am going to start with telling you when a how a consumer makes a decision. Now when a consumer goes into the market and may assuming that he is the shopper, buyer or the consumer or all 3 of them and he goes into the market into segmented market or he goes into a market, which is like him in the

market place when he goes there to buy something he is interested in buying product benefits out of it.

Now, when he goes into the market there will be several products which would appeal to him which will offer to him the same benefits right. So, number of products are there the number of benefits are there and these benefits are more or less the similar. So, why is it that a consumer buys one type of product he does not buy either point kind of product and what we call it in consumer psychology, this kind of problem in consumer psychology is something called consumer decision making process a consumer decision process. And so, that is what we are going to look at in brief in this particular lecture, of how does the consumer actually make the decision of buying a particular product and not buying a particular product or a particular market segment or a particular segment in market.

So, we will look at very briefly into the step which is involved and we will discuss common theory which is called the Engel Kollat theory of the EKB theory of consumer decision making. Towards the end of this lecture we will look at something called the methods of doing research in consumer behavior or consumer psychology and in the further classes, which will come we look into all the psychological variables, which are involved in making consumer decision process. So, in this particular lecture I will just introduce you to the idea of consumer decision making or the process of consumer decision making.

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The Consumer Decision-Making Process

- **Consumer decision models** describe the processes consumers go through before, during, and after making a purchase

- Models map **antecedents** (causes) of a particular behavior and **consequences** (results)

- Cause and effect help marketers anticipate and possibly influence consumer actions

So, basically what is consumer decision making as I said, when a consumer goes into the market he is looking at benefits to buy from particular production. So, there are several products which are available to him which gives him the lot of benefits. So, how does he choose between one product and not the other product, the process which involves here, the process which is involved here is something called consumer decision making process.

So, there are a number of models and in consumer psychology which goes ahead and explains how does the consumer, decide which product to buy and which product not to buy. And so, consumer decision models they describe the process consumers actually go through before during and after making a purchase, because this decision making process of after using a particular product or preferring a particular product over another is a long one.

It starts with identifying which products to buy then actually consuming the product or basically getting involved with the product and once you are done with it you either are satisfied or unsatisfied and based on that whether you want to get involved with the product again or make a switch or make a choice between different products and so, this is how the consumer decision models actually (Refer Time: 07:45). Now what is a model a consumer this we have been discussing about something called consumer decision model so, what actually a model is. Now a model actually is a process which maps

antecedents which are causes of a particular behavior and the behavior in question here is something called the buying behavior.

So, what a consumer decision model will try to do is, we will look at those anti sins or those causes which make a particular consumer go into the market and purchase a particular product, and then it will map this to the consequences or the results of this particular behavior. So, the behavior of buying something the reason why you buy and once you buy it and use it what are the results out of it the mapping between these is done by any consumer decision model.

Also consumer decision model they establish cause and effect and help marketers anticipate and possibly influence consumer action. So, this consumer decision model they kind of try to make the relation between the cause and effect relay of how a consumer behavior is or how a consumer is actually behave into the market and then this helps the marketer into anticipating and then finding out new ways of increasing consumer action how should he make more consumers.

So, example those actions where it could be decided of how to influence consumer in a particular way so, that he buys a particular product he does not buy a particular product, he gets satisfied with a particular product or a increased satisfaction level after usage before you say and so on so forth. So, all those procedures all those methods that the marketers can use to influence the consumer to buying his particular product and getting satisfied with its what the consumer design model is going to do.
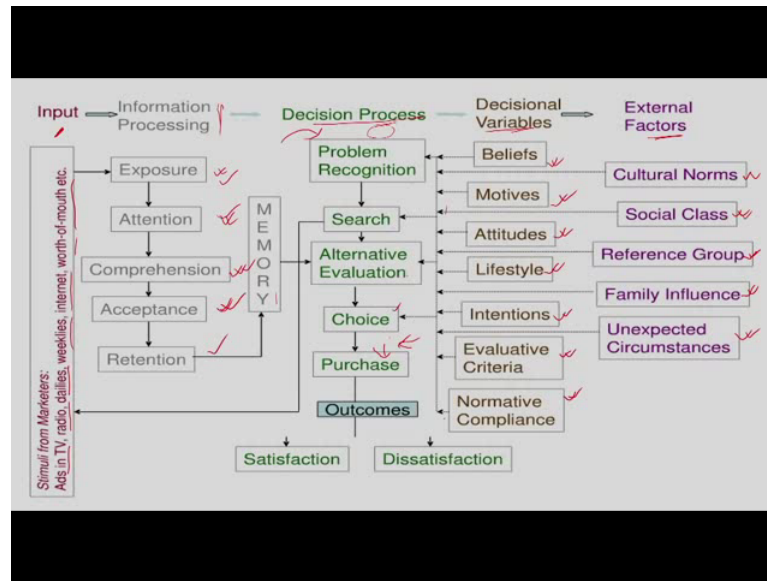
So, right now, I have for here in front of you very popular model which is called the EKB model the Engel, Kollat and Blackwell model of consumer decision making and this is very very popular model and it is believed that when people when consumers actually are buying something called a high involvement product. Now let me first specify what is high involvement product what is low involvement product, I mean generally there are 4 types of products, but I will just discuss 2 of it, the first is called high involvement product.

These are those products for which the consumer is very excited it requires investment of money time and other psychological factors of the consumer and it is a high end purchase for example, it is a consumer is going to buy a car, it is a high end product or it is a high involvement product. On the other hand if you have something called a low involvement product, which does not require too much on the side of the consumer.

So, the consumer does not really need the need to think about it, need to do any kind of action into it, invest money into it, or psychology invest himself psychology in into a gather information about the product and so on and so forth. So, for example, buying a salt or phenol is a low involvement product and so, basically this models the 5 steps that is given in this model this most consumers who go through these 5 steps are the one which are actually doing something called high involvement product buying.

Following when a product buying it may be possible that the consumer may not go through all these 5 stages one by one. So, let me briefly make you understand what these 5 processes are and what are the various psychological variables, that we will be dealing in this whole course of consumer psychology. So, starting with the first step for that any consumer has to understand is the arousal of a need the consumer needs something right.

So, there is a discrepancy between a satisfaction level and or there is some kind of lowering of a satisfaction and so, he needs to buy something. And so, the first step in any consumer buying or any consumer purchase is the arousal of a need. For example, I do not have something and I so, want that. So, I do not have a laptop and I need that and the this gives me the arousal of the need, because there is some kind of a school work that I have to do and so this is where the need arousal and so once that need arousal is the whole process of consumer decision making starts place.

So, this consumer decision making model of the EKB or the Engel, Kollat and Blackwell basically has 5 steps into it, it starts with the input step the first step when a consumer actually goes in the market, the first step of how he decides to buy a particular product and not the product, which where both of them are offering you the same kind of benefit starts with the input phase. Now input phase the consumer looks at these kinds of adverts from the marketers. So, different kind of advertise and different kind of informations, which provided to him and he captures this information into his memory or he stores this information into this memory.

So, the number of in the input phase, a number of in information is provided by the marketers to the consumer. In the information processing stage which is the second stage in consumer decision process there are 4 steps that are basically involved. Now here once these information that the marketers have the marketing advertisements, the marketer has about his product when this is passed on to the consumer, what the consumer actually do is a he looks at these information, and processes this information and how does he do that by the first step is the exposure. How the particular advertisement of how the product information is passed on to the consumer. So, what is the exposure type, the exposure type could be through a television, could be news paper so, any an method of exposures.

The second step is paying attention, the marketers have to be sure that the consumer is paying attention to the particular product, at times what happens is the product is advertisement is made in such a way that the actual product disappears out of it and so, consumers cannot or are not able to pay attention. So, the next step the marketer has to do or the next step in consumer decision process is paying attention. So, now, the consumer has a lot of information available to him and what now he has to do is taking this information and pay attention to it.

The third stage in this is comprehension does he understand. So, when advertisement or information about a particular product is given to the consumer does he understand that information, if he does not understand then what would happen is they will not be able to distinguish product a from b. So, whatever information extra information a particular product is giving or whatever information a particular product is doing that is the consumer understands it.

And a good example is those adds from the late nineties and the first part or twentieth century which were those life saving ads right and. So, those would read the terms and conditions in such a fast pace that consumers will not understand it and so, that was a demerit of the ad and so, consumers would not invest because they did not understand what is happening right and sometimes adds are made in such a way where the consumer does not even understand what the ad is actually talking about. So, it is made in such a fancy way right.

So, the next step is comprehension and once the comprehension is done once, the consumer understands the ad he has to go through the stage of acceptance, he has to accept whatever the consumer is saying. So, within here comes the value of truth, comes the value of trust and so on and so forth. So, he has to accept whatever the consumer is saying, whatever the market is saying.

So, the consumer has to accept that for example, the market marketer comes in with the idea that I have I am selling washing powder which has blue green and yellow crystals and these crystals are oxy carbon or whatever, whatever. So, the idea is that the consumer has to accept this you have to make it in such a way the consumer actually accepts these ideas. And once he accept these ideas then he will retain this information in his memory and so, that is why I have retention in memory and so, once this comes in this retention

consumer understands that this is what the product is available and these are the what the features is.

And then the third step is the decision process, where he does the actual comparison in this there is the process. So, initially the marketers put up an ad and the consumer looks at this as understands it accepts it and retains it in memory. Now the actual problem recognition happens here the consumer understands that he needs to buy that particular product which he has seen about. From there he will look into the search variable so, he will start searching about that particular product, where it is available how it is available and so on and so forth.

So, do not worry we will be looking at all these processes one by one in the upcoming chapters and then once he does a search he will come to know that whatever need he has for example, if he is hungry he wants to buy food. So, you look at all the he will search for all the places, where he can get food and from there he has to do an alternative evaluation alternative evaluation is basically evaluating between all the alternatives which are there which can satisfy his need.

So, in our case if the need is hunger he will have so many food items to be looked at and to be eaten and so, he has to decide, which food item to eat and that depends upon a number of variables. For example, how much hungry do you feel, how much money do you have, how much healthy a particular product and in so many variables, psychological variables which might be there we will look into those variables because those are the ones which make you help making a decision and so, we look into those variables one by one.

Once an alternative evaluation is done a final choice is accepted and this is the fourth part of the decision process and once the final choice has been done a purchase is converted. So, at times what happens is consumer might go through all the fourth process choose and then may not make the purchase and so, that is not a successful decision making and that is not very good for marketers. And so, the fifth step is that the consumer that the marketer has to force or have to be take taken care of is that the choice turns into some kind of a purchase.

And once the consumer purchases a particular product, there are only 2 outcome that is possible a satisfaction or a dissatisfaction, if the consumer purchases the product by

doing alternative evaluation and making a choice and he uses a if he is satisfied he will again buy that product and this loop of brand loyalty will come in. If he suffers a dissatisfaction he will start the whole process again as you can see this line he will start the whole process again by doing an alternative search and then doing alternative evaluation buying a second product third product fourth product fifth product so on and so forth and that is how the thing is.

Of course, in between there can also be something called cognitive dissonance a state where he feels something and inaction some way and in those cases again if the consumer buy something, but he was liking something else and so, there is where a this dissonance is created and in those cases also what he has to do is again go back to the search process and then the do the alternative evaluation of all the products which are available in front of him and make a choice make a purchase and the outcome whether satisfaction or dissatisfaction.

Now, the fourth step in this model is something called the decision variables now these are those psychological variables, which actually make a consumer make or go through all these decision processes of problem recognition search or alternative evaluation choice purchase and outcome and these are consumers belief. So, what he believes into, what is belief system says to consumers motive, how much motivated he is to buy that particular product, how much energies if we will towards buying the particular product, consumer attitude, the likingness or unlikingness to a particular product.

The feeling towards a particular product which is their and lifestyle that he has kind of so, different lifestyle people will have different kind of choices, and so. The other factors being intentions, number of evaluative criteria's and normative compliances, normative compliance is basically are complying to the normal.

So, basically the idea that we should not buy a pink color car, because the norm is that dark color car is much better than a lighter color car or nobody buys a pink color car or orange color car. So, that is normally compliant basically sticking to the norms of what the societies and evaluative criteria is how much criteria or how much characteristics or how much benefit bundles are we actually looking at and on what basis are we comparing 2 products.

So, let us say we have 2 products a and b and they match on 6 criterias, but the product a has 8 different criterias and the product b has 6 only. So, then deciding between a and b product will be dependent on how many characteristics or how many criterias there we going to take for the evaluation. And these criterias could be very easily be price the availability the aftermarket services and these can be the characteristics of why you should buying a product and so, n number of criterias can be taken in actually final outcome or a final choice can be made between products.

Now, the fifth factor that is there in our in the EKB model is called the external factors. So, not only the psychological factors or these decision processes of importance for us in the EKB model, some other external factors from the society may also or does also affect our buying decisions or decision making of particular product and these can be cultural norm so, what cultural norms actually there, the social class where you are in the society which class, upper class, the lower class, the middle class and so on and so forth.

A reference group whom are you talking to, what is the reference group, whom when you buy a product, whom are you competing with. So, that is kind of a reference group family influences what does the family say before buying a product or how you buying a product and so on and so forth and unexpected circumstances, I will explain things like unavailability the product or you are not left with any money and so, there was those factors may also affect this consumer decision process of how you buy a particular product.

So, this is how the EKB model really works and so, we will go into one of all these processes of information processing decision and decision variables one by one because these are the psychological variables, which are of interest to us. And so, in this particular course approximate psychology will be only looking at those psychological factors, which actually help the consumer in buying a particular product or by the underline line that I said at the very beginning of this course, buying the benefits out of the product and so, that is what is of importance to us.

So, the EKB model as we saw it is a multi dimensional model as I said there are 4 or 5 dimensions to it and so, the components of the decision making in this model is we have discussed before as we are discussed before is the input where the advertisement is or the in product information is passed on by the marketer. The information processing this is the phase in which the consumer actually sees the ad understands the ad comprehends it, retains it, keeps it to memory, plays with it and so on and so forth.

The decision process this is that step where the consumers understand that he has a need that he want something, then he does something called searching for all the products which are available. So, need arousal products search and then looking at the alternatives which are available in the market. So, how many kind of products are available what benefit they are offering making a choice between them and finally, buying the product, and once you buy that particular product buy that buy any kind of product which is there what is the final outcome out of it. So, what is the final whether you are satisfied unsatisfied or feeling cognitive dissonant sort of it and so, there is these are the decision process.

Now, number of variables actually help you in making decisions as I said, these variables could be anything starting from motivation, from the belief system, for the number of ability criterias that you use from complying to the normative influences and so on and so forth. So, the number of psychological factors your motivation level, your attitude

towards the particular product and these psychological variable actually help you make decisions and these variables help the decision process at several steps.

So, we have 5 or 6 steps in making a decision of buying a particular product and get and feeling good or bad about it and so, these variables will actually affect and then at the end of it, we have something called the external influences, which are things which comes from the society. So, cultural influences, influences which are what social group, do you belong to, what kind of family do you have, what kind of family input are they and so, these are external factors which are outside the consumer which actually makes you make a decision.

So, the EKB demonstrates the multiple relationships and interactions among components. So, what the EKB does is, it is a very widely used model and so, what this model does is, it makes you understand between how one factor is related to the other factor and across groups across steps and across variables. So, it does that it does kind of a multi dimensional component analysis of how a consumer actually buys a particular product.

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So, potential consumers are continually subjected to input from all kinds that is what we see. So, some inputs are market control such as advertising and so, this input phase where the consumer sees information the start of the model, here what happens is the inputs are either controlled by the market or it is advertising or it is not controlled by the

market sometimes you run across people from word of mouth you are about products and so on and so forth and some of these come from friends and personal as I said. So, some of these are market control and some of these are personal recollections friends what are more friends believe and so on and so forth.

The EKB model identifies 5 information processing systems which are there; one is the exposure the retention the attention gelding incomprehension as we saw the 5 steps which are there. The first step you are exposed to the information so, you actually see the information for the first time. The second step has to be attention where you pay attention to the particular information which is out there. Then you have something called comprehension, where you comprehend you understand what is be is being said you retain it to memory and then finally, at the time of the need when you actually go out to buy a particular product by the knees arouses for buying a particular product you actually go ahead and remember that this product is out there and then go ahead and buy it.

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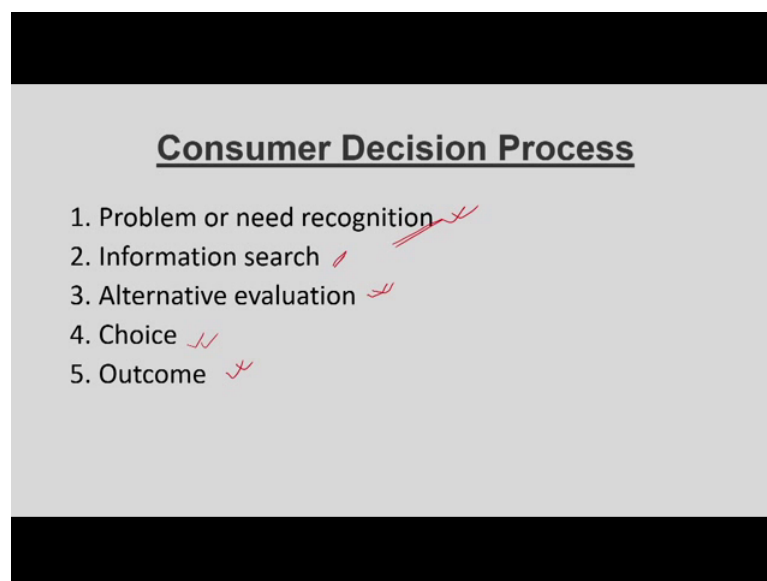
Again consumer decision process, 5 step process starts within the recognition so, any decision that you want to make in the market, anything that you want to buy in the market starts with first understanding that there is a need, that you want to buy something and it is available or not. Then information search you find all the information about the products which are available to you. So, if I have a now let us say tomorrow I
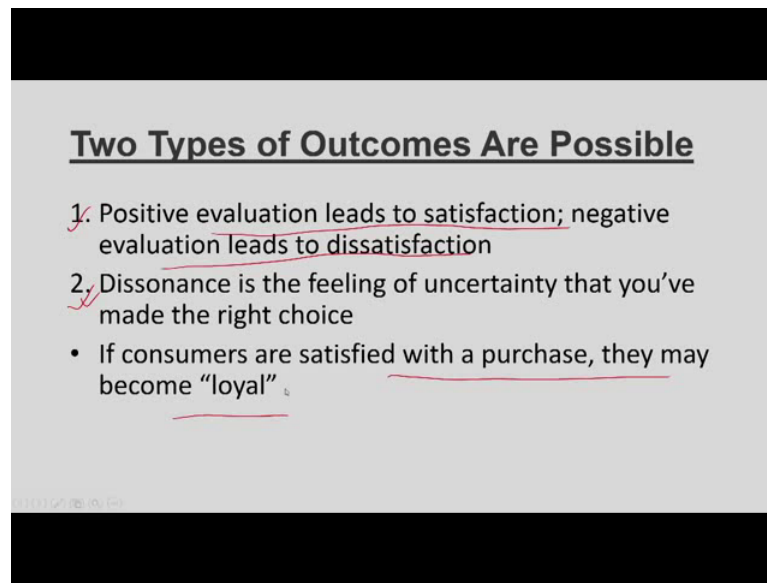
want to buy a camera, I need a very good camera and so, the need as a rows because I am traveling abroad and I want to capture everything abroad, I am going to show my friends what I have been there, how I spend my life there and so on and so forth.

And so, a need of a camera rises now once the need of this camera arises I knew something called information search. Now I have in my mind what kind of camera I am looking for. So, I do long search or what kind of cameras are available, what kind of lens are available, what kind of memory is there, the pixel rate and all those kinds of information such I do and then once, I have all those informations available I will come to know that.

There are 4 or 5 brands which are in the market and never do a alternative evaluation which basically means that I keep all the 4 or 5 camera brands. So, Nikon, Canon, Mitsubishi, whatever, whatever 4 - 5 brands which are there, all of them are more or less offering the same things to me. Now I need to do an alternative evaluation select one of those brands which are there. And then a final choice where I when I do the comparison I will give some weights to it, I will assign some merits and demerits to all these choices and from there I will come to a final choice of which camera to buy and which camera to not buy and the final thing is the outcome.

Once I buy this camera I take it abroad with me I click photographs and when the photographs come turn to life when I want to share this there will be not come. So, whether the if the photographs are what I wanted really wanted, it is satisfactory to me, at in a satisfaction all right times it more happen that if I am looking at a camera, I do not know how to operate it from this several other things happen and the camera does not give that good result that I am looking at and so, it is dissatisfaction. And so, dissatisfaction, dissatisfaction is very important because that decides whether I will further on go ahead and involve with that product, which basically means that I will buy that product or I would not buy that particular product.

As I said the outcomes from any kind of this model is 2 things a positive evaluation leads to satisfaction and I get evaluation leads to be dissatisfaction. So, if I buy the product I am satisfied with it gives me the benefit that I am looking for I will be highly satisfied and I promise to be with the company I become something called loyal. And if I am negative evaluation if I buy a product it is not helping me in any way or it causes may some kind of a pain whether it is 6 psychological pain, a mental pain, any kind of pain which is out there, a physical pain, then it will lead to dissatisfaction and so, I will not buy that product and also not from more that product.

So, understand that word of mouth is another very important factor. So, you do trust your friends and all and so, one way of gaining trust is from friends and relatives. And so, one of the thing with these with product dissatisfaction is that people try to blame products to start negative rumors with it and so on and so forth so, that kind of thing could happen now. It could be either a positive or negative satisfaction or it could be a dissonance there said it could happen that, dissonance is the feeling of uncertainty that you have made the right choice.
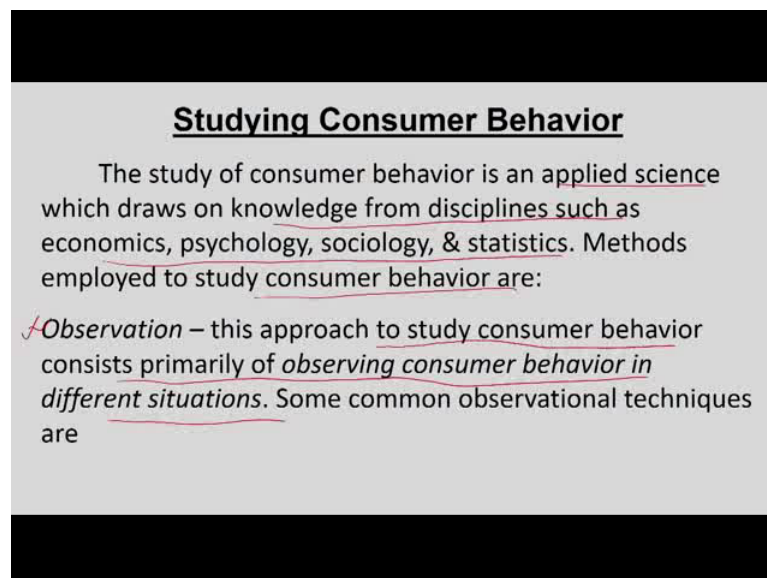
It may happen that when you buy a product immediately you find or you are start believing that you might not have got the right product because of several reasons and in those cases also what happens is after buying a product the next time I will try some other product. So, if cannot you dissonance happens the dissonance happens because you

are feel something, you believe in something, and you do something and when you do something else and you believe something else when there is no match between the these 2 things, then a phenomena and psychology happens which is called cognitive dissonance, you are not satisfied or you are not completely in line with what you do and what you say.

And so, this when this happens in those cases what happens is you again go back to the table, you again go back to the search process, information search process and then search for the right thing. So, if neither satisfaction or dissatisfaction happens there cognitive dissonance happens most consumers again go back to searching making alternative evaluations and then follow that loop again and again and so, that kind of a thing is what is another output of the consumer decision process.

Now, if consumers are satisfied with the purchase they become loyal, if they are not they become disloyal they leave the product and that that kind of thing happens. So, basically this is how the consumer decision model or consumer decision process actually works or is actually modeled on to by using the EKB model. Now next on we will look into something which is called consumer studying consumer behavior.

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So, how does a scientific study of consumer behavior actually takes place what is the process or how does someone do consumer behavior study. So, the study of consumer behavior is basically an applied science it is a applied science because it takes in

methodologies from several branches of social sciences and natural sciences, which is available and which draws on to knowledge from disciplines such as economics, psychology, sociology and statistics.

So, one number of disciplines are there and we borrow in information methodologies, tactics, statistics and a several other data collection methods data mining methods from so, many different branches of sciences out there and use them combined together and these methods when combined together is actually called the methodology for doing research in consumer behavior.
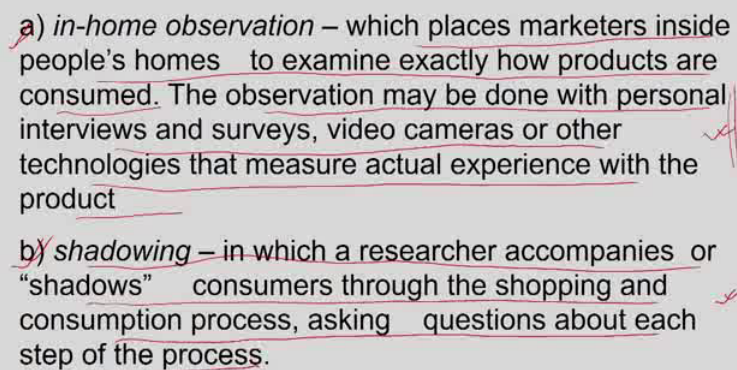
The methods employed to study consumer behaviors are, there are several methods which are there which are outlined the first is called the observation method. Now generally speaking what happens in observation method in is that, the person who is doing the observation he reports or he observes whatever is happening in front of him. And so, that is what observation is all about, what he does is, he can and there are 2 kinds of observation one is called the participatory observation, the other is called the non participatory observation. So, the person who is seeing a phenomena unfold in front of him he can either participate into it or may not participate it. Let us take the example of how consumers actually deal with wrappers of ice creams let us see if that is what my observation is.

So, what the scientist was involved or the research fellow who is involved into a conducting this research if he is using an observation method what is going to do is, sit outside those ice cream parlors and either passively observe what consumers do after buying an ice cream or eating an ice cream where do they throw, where do they do not throw and if that is what my interest is. So, what does he do with the wrapper of an ice cream and in the participatory phase what he could do is, you could actually buy an ice cream and participate with this whole process of using or throwing away the wrapper.

So, basically there are 2 types of observations. So, basically in observation what he does is just observes, he does not do any change; he does not manipulate anything in the field or in the question. So, observation this approach to study consumer behavior consists primarily of observing consumers behavior in different situations. So, what happens is here person the researcher, who is interested in studying consumer behavior through under through observation what he does is, he just observes the consumer when he is

doing something and some observational techniques the particular observation techniques, which are out there is something called in - home observation.

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a) *in-home observation* – which places marketers inside people's homes to examine exactly how products are consumed. The observation may be done with personal interviews and surveys, video cameras or other technologies that measure actual experience with the product

b) *shadowing* – in which a researcher accompanies or "shadows" consumers through the shopping and consumption process, asking questions about each step of the process.

So, there are 2 observation techniques that we will be discussing here one is called the in- home observation and that there is called the shadowing observation. Now, in- home observation is a kind of observation technique, which is generally widely using consumer behavior research, what happens here is which places marketers inside peoples home to examine exactly how products are consumed.

So, what happens here is when you buy a particular product a marketer a researcher who is interested in finding out how people interact with the product, how people go through the consumption process right from buying it, to using it, to throwing it outside, how does this work, what the researcher we do is that he would actually go into the house of the person whose bought that product and map him or see him using the product from stage to stage.

So, the marketer goes inside peoples home and examining how exactly products are consumed for example, let us see if I am consume or if I am marketer who wants to understand how people uses package juices. So, what I will do is, I will utilize some people who are paid interns and so, these people what they will do is, they will buy the juice with people and then go into the houses and see how people interact with juices.

So, how do they drink it, how many times they drink it, do they drink it in one go, do they drink it in men multiple sessions, do they coolly, do they not cool it, do they transfer the contents of the cartoon into something else, do they do not all those kinds of acts I can actually observe when I am inside somebody's home who is consuming these products or these fruit juices.

Now, observation may be done with personal interview and surveys, video cameras and other technologies that measure actual experiences with the product. So, what I can do is intern whose interested in finding out how consumers the interact with natural juices is, he can start asking interview questions, you can ask questions like what do you do with it, how do you do with it and so on and so forth.

He could do service ask people in the family several people in the family several questions and do other kind of surveys which are there or use video cameras for actually monitoring what happens with the product. So, you can put in a camera when he can monitor how many times you drink juice, what is the way in which you drink juice do drink juice pure, unpure and so, many other things, which are there and we can use other technologies which are in available in the field and do these observations in inside the house of the consumer.

The second one is something called shadowing. So, here in the first case this is called participatory observation in this is called non participatory observation and so what happens here is that, in which a researcher accompanies or shadows consumers through the shopping and consumption process asking questions about each step of the process.

And so, what happens here is that, in the first case they consume the intern will go into the house and ask questions, do interviews, do surveys, from video cameras capture things and all in the shadowing what happens is, intern shadows the person it follows along the person right from the time that he is making the choice to buying it, to going into his house and actually seeing how the consumption process happens and how the discard of the product is done.

So, all these processes are shadowed he is there, he with the consumer at each step asking questions about why he is doing something and why he is not doing something and so, acts like a shadow to the actual consumer.

The third observation technique that we use in consumer research is something called the physiological observation method. Now in the first 2 methods what happens is that an actual intern goes into the house of a particular product or basically shadows a particular and sees how we buy a particular thing and how the consumption process actually goes through. Now in the physiological observation method a different approach is taken here, which involves techniques borrowed from medicine psychology and other sciences. These include cameras from measuring eye movement, galvanic skin response and MRI's.

So, in physiological methods what really happened is that consumers actually are made to interact with a particular product in a confined environment of the lab and then several psychological variables for example, pupil response, galvanic skin response, how does this get. So, if somebody gets excited the skin response in a certain way by showing temperature changes and so, this galvanic skin response is actually tell you when a person is happy or not.

And I can resort 2 things of high motion cameras, which actually capture very very minute segments of the consumer behavior of how the consumer is interacting with the product in the consumption process or I can use something called MRIs, which are the brain information collecting devices the magnetic resonance imaging equipments which can measurement. And so, a very good example that are remember here of the

physiological observation method was an experiment which was done by I think Pepsi or Coke I am not very sure, but one of these soft drinks companies to find out can subjects differentiate between tastes of 2 soft drinks.

So, they wanted to see whether it is consumers can differentiate between 2 soft drinks or in this case 2 colas and so, 2 different colas were given to people and instead of asking them to differentiate and MRI was done. So, 2 group of people were taken in and they were asked which drink do you like, which cola do you like, whether you like cola a or cola b and so, then when they said this is cola a and cola b the and actually interest of the research area here was to find out whether this person is actually telling the truth, whether he likes the taste of cola a and cola b or whether there is a differentiation in the taste at all and if there is can the consumer distinguish it.

So, what he did was, he arranged several colas several bar glasses of colas 2 different colas or 3 different colas I do not remember exactly here what happened there and so, this was given to the 2 different people who said they like a particular cola and not the other one. So, both the brands were given to them and when the brands were given to them they were asked to report back, which cola they were drinking and what was the taste like.

And when they were doing this in MRIs can of the brain was done and this why does the MRIs can was done in a galvanic skin response was taken, the MRI was actually telling the truth areas of the brain. There are certain areas of the brain which actually light up when people see true things and when they for say false things certain areas the brain lighter and what they found out from the MRI in terms of the blood volume, which was or in terms of the brain activity which was happening when these people were actually able to distinguish and not able to distinguish from there is from the results of the experiment they found out that people were not able to tell the differentiation between 2 colas.

And so, what was happening is, most people were actually lying people were not able to distinguish between 2 different brands of colas and so, that was one major experiment which said that people are not very good with tastes or people are very people also do something called lying to support particular brands some people are brand loyal, but they

do not know what the factors which are there and so, in this experiment through the MRI they found out that the truth areas were not lighted.

When they were saying that this is my cola or this is the other cola, because even the consumers were not satisfied or not convinced that this was what the cola is and the reason was because they were not able to distinguish between the different colas or make a distinction between the tastes of the different colas and so this is one example of how a physiological observation method can be used.

In addition to the observation methods an interview and survey method can also be used for collecting data from consumers and doing consumer behavior research. So, what happens here surveys are an efficient way to gathering information from a large sample of consumers by asking questions and recording responses. So, suppose if a product comes in new product comes in or a product makes some kind of a branding of it that they want to know how does consumers perceive this rebranding or if new product comes in they want to see where is the chance of this product, where does it start, where does it stand, if that is what it is, they can do survey method can be applied.

Now what happens in the survey is that, a number of questions are taken in and people are asked whether they know about this product or product related questions. Now there can be several types of service that is what I have written they can be conducted by mail, telephone, internet, in person and so on and so forth. So, what can happen is some sometimes particular product comes in a new branding; a rebranding of a product is done and so, for collecting information about how people feel about this particular product, what how would people react to this kind of a change or this kind of a repositioning.

What happens to the surveys, I mean surveys several questions are put together in a list and these are either build to people. So, that they can respond at their own time and send it back to you so, it goes through the mail or a telephone person, next time when you are calling some telephone company while operator they of course, says that sir please rate this call it goes to a rating system and so on and so forth and that is a method or survey to find out how many people like me or like my product and so on and so forth.

Or it could be an internet so, there will be say whenever you go to the internet there are several sites which asked you to rate it in terms the 5 point scale, 7 point scale, 10 point scales and so on and so forth, how satisfied you are and so, these are in ways of

collecting survey. So, there could be several questions, there could be one question, number of questions and so, this survey when it goes to number of people a number of question goes to number of people generally it is few questions only about the product. So, we gather data, but how the public in general feel about it and this is also helpful in doing market segmentation.

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focus groups – usually consists of eight to twelve people involves in a discussion led by a moderator skilled in persuading consumers to discuss thoroughly a topic of interest to the researcher

longitudinal studies – involve repeated measure of consumer activities over time to determine changes in their opinion, buying and consumption behaviors. A common method of collecting data is through membership clubs or customer loyalty programs

So, some methods of doing the surveys and interviews is one of the method is called the focus group method. Now in the focus group method what really happens is, consists of 8 to 12 people involves in the discussion led by a moderator skill in persuading consumers to discuss thoroughly on a topic of interest and researches.

So, in generally in focus group what happens is, those people who have been with this product who have interacted with this product or who has been loyal to this product or at least know about this product and those people who have been sharp critics are put into a rope. So, 5 or 6 people or 6 to 12 8 to 12 people are put into a room and there is a moderator and then these people discuss the benefits or the problems that can happen by repositioning the particular product or if a new product comes in what can happen by the by the coming of this product and so on and so forth.

And so, in focus group what really happens is all the facts come out and the open. So, people come to see a number of facts which are into the open number of facts jump or them to open and that is how you collect data. So, you come to know so, in the focus

group people since people who have used this product and who have experience so, if they start discussing. So, what the moderators job here is to basically persuade consumers to discuss things related to the particular topic of interest the researcher.

For example, if I want to know whether if I am a company, which is selling electronic products and I wanted to know whether it is the hardware which is interesting a particular, which is inviting a particular person a consumer to buy my product or it is a design feature, which is a basically may making consumer come in and buy my product.

Now what I will do is, I can do a focus interview or a focus group a discussion in which what will happen is. people who have experience with this kind of a product or maybe my product will come in and the moderator will start discussing and he will at all points of time we will try to bring back the question to whether hardware is the reason or why you are buying it or you are not buying it and so, that kind of a thing can happen and so, people discuss all the good points, the bad points the benefits of how they brought.

So, they can also discuss the process of buying and so many other products. So, these people focus group who have experience they start discussing. Now understanding in the last example that we discuss in surveys, the survey could go to somebody who has actually not used a product. And so, in those cases it is a actually waste, but in a focus group we are only concerned with people who have used that product 8 or 12 people who have used that product or has an idea about the product and who has criticisms about it.

And so, the information that get we get from there is more beneficial because the moderator is at all points or time is focusing onto the product or making people focus on to the product or the benefits of the product and so, that is how this is done. We can also have something called longitudinal studies; you know longitudinal studies are what it involves repeated measure of consumer activities over time to determine changes in their opinion buying and consumption behavior.

Let us say brand loyalty, now brand loyalty is something where people are loyal to a particular brand. Now if you want to study brand loyalty. we want to study why people like Apple or Apple users actually like Apple, what is the reason, why apple users like apple, suppose we are interested in that question. Now how we do it, we can do a longitudinal study in the sense that when we will measure people's reaction to various versions of the apple coming in.

So, iPhone so, 5 comes in we will measure the reactions, we will go interview them, we will buy, we will look at their opinion buying, consumption process, how do they consume or do they buy or they interact with the product and when iPhone 6 comes in we will again measure the same thing when I pull 7 comes in and, but what we are doing is we are measuring the same kind of people.

So, let us say we have a group of people a b c d e we measure these people or we target these people and measure their opinion measure their buying process, the consumption process of buying apple different versions of the apple phone and if we know all different apple products for that matter and if it stays there or if it the person still stays with through various versions or through various changes affected they still stay with that particular product, then we say that they are brand loyal.

And so, in longitudinal studies what we do is over a period of time over a period of 10 years, 5 years, 10 15 years, whatever it is we measure the same people for the same products and we constantly know or evaluate the opinions. Now common method of collecting data is through membership clubs and customer loyalty programs and one of the best methods of collecting longitudinal study data is through membership clubs and so, that is why you have the holiday Whitsun club, you have the apple club, you have the hp club and so on and so forth.

What these clubs tend to do you is, at point at different points of time they collect and I am number of data from you of how are things are working how do you like it how do you do not like it and so many other things, which are of importance there which are of important to us and that is what the longitudinal study is all about.

We also can do an experimentation to study consumer behavior and what is the experimentation in an experimentation as a research methodology attempts to understand cause and effect relationship by carefully manipulating the independent variable. So, example the number of ads packaging design etcetera to determine how this changes the dependent variable for example, purchase intent or behavior.

Now generally speaking the methods that we have dealt up till now were all non experimental methods and so, one of the problems with non experimental method is control. There are several factors; there are several exogenous variables, external variables which might affect the data that we are collecting or the authenticity of the data and to minimize that we can also design an experiment, which is a controlled way of studying something.

So, we can design an experiment for studying consumer behavior and so, what is an experiment is explained most the experimentation methods actually looked at cause and affect relationship between particular independent and dependent variable. So, what is the independent variable here again, independent variables are those factors which are manipulated and so, in this case as I explained if I am interested in finding out how if people are influenced by the number of ads that is present for a particular product, what I will do is, I will look at, I will make 2 or 3 groups, I will have a control group, I will have a high ad group, I will have a low ad group so, 3 different thing.

Now my question is finding out whether the number of ads of a particular product has anything to do I do with the purchase intent whether people buy more or less whether people are happy purchasing with the number of ad. So, what I will do is, I will make 3 groups, one is the high ad group, the another is the low ad group, and one is the no ad group and no ad is there and that is called the control group.

So, 3 ad groups are there I will give them different kinds of ads, different number of ads, which are there high group might get 8 10 at the particular product, low ad group will get 1 or 2 ads of the product and no ad of course, the control so, does not get any ads. And so, different, different products I will take in and different, different number of ads I will manipulate and then give it to those people.

Once I do that, I will actually see whether people say or whether people and in the mock environment and virtual environment tend to buy more or tend to attempt to buy more after looking at more ads and less ads. So, the number of ads which is independent which I can change is called the independent variable and the effect that is happening on happening on or there effect it is creating on buying behavior is called the dependent variable so, buying behavior is dependent variable.

So, if I do more buying after more number of ads as I could actually say that number of ads actually help you buying or if people decrease they are buying behavior if the number of ads I can say it is an inverse relationship and so, this is kind of an experimentation it is a very basic experiment that I have explained to you. So, this kind of experimentation is done why experimentation, the reason being that it is more has more control. Here external variables may not be effected for example, external noise influences by your friends if you if I do this experiment in open, what would happen is your friends would suggest something and so, you answers will different, will be different, so on and so forth.

Now in (Refer Time: 52:09) condition I can do a number of control now this experiment itself can be of 2 types. So, one could be a laboratory experiment and I said in a laboratory experiment a number of control variables can be managed. So, all variables can be controlled a number of variables can be controlled and so, number of things can be done and so, control is very high. So, here it is conducted in a physical environment, commercial, academic space that permits maximum control variable being studied.

So, for example, I keep you in a lab, I give you different, different colas which are there and I ask you to do a taste of it and then later on I will show you a feedback of whether you are able to distributed between them or not the distributed with the case between the cola a and b, this is called lab experimentation, where I make you sit into a lab.

Now here the control is very high because you have no response from outside nobody is there and the out outside world which is going to help you neither there. So, there will be variable there will be constant noise if there is any so, there will be a no noise condition, temperatures would not vary pressures would not vary you will be in a comfortable situation doing this and so, all these things will be controlled.

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b) *field experiment* – which takes place in natural setting such as home or a store

Consumption research – focuses on how people use products rather than how they buy them, and can involve any of the research methods (observation, survey or experimentation). This approach requires researchers to get inside people's homes / places to understand how lifestyle, values & societal trends affect consumption

Whereas, if I do something called a field experiment it is basically experimenting it is national setting and so, in the for example, in a home or store and so, in field experimentation a good example is trying out things. So, you might have often seen in a supermarket, when you go what happens? If somebody says you want to taste this particular product and see how it looks like. So, do not buy it, just taste it and tell me what it is, that is a field experiment.

So, what they want to see is that, whether different brands of coffee or whether your different brands of coffee is liked by consumer or not because if it is like the consumer might think of buying it if it is not they might not think of buying it and so, you can vary the strength of other coffees or if you are selling coffee or a maybe you are selling pizza.

So, you can offer them free measure the strength various strengths of it give it to people and see whether they like it or not, but generally when these experiments are done into a closed atmosphere, into a home or a store, what really happens is that the controls are very less because there were so many extraneous variables, which might actually hamper the results.

So, this is the field experiment and lastly we have something called consumption research. Now it focuses on how people use products rather than how they buy them, and can involve any other research methodologies. So, consumption research is another kind of consumer behavior research that we tend to do and here what we are interested in is not how people actually buy products, but how actually they use it and so, what is of interest to people is.

So, how do you actually buy a product and get rid of it that is what they are interested in and so, from that they tend to the data they collect from that they tend to improve product designs or improve product features find out how to dispose a product and so many other things such is there. And so for doing consumption research any of the methodologies that we have discussed before can be used it, could be observation It could be a survey or it could be an experimentation.

Now, this approach requires researchers to get inside peoples home places and to understand how lifestyle values societal trends affect consumption and what happens here is, here we want to study how people consume products, how people actually after buying it, how do you deal with it, and so there are several variables and if we are interested in any one of these variables of how societal pressures or normative leaves or any other factors actually go ahead and help in consumption or influence consumption of influence using a particular product we will be doing something called consumption research right.

So, this marks the end of the first 2 sections of consumer behavior and so, quickly recapping what we did. So, in the first section or this particular 2 lecture series what we did was, we looked at what is consumer behavior, what kind of consumers are available, and things like what is the shopper, buyer and what is the individual benefits and how do people look at benefits or bundle of benefits and those kinds of things is what we were really interested in. And then we also looked at the second part is market segmentation of

looking at how marketers actually segment the market or divide the market so, that they can give the maximum benefit to maximum people because one to one marketing is not possible as psychology would say.

So, if you are if you want to know why people do, what they do in a market or why people buy and consume and how do they consume all those questions then you need to understand this market segmentation because everybody is different. So, what we do is, in market segmentation if classify people who are together, who are looking for similar benefits and then we study them.

So, that was what we did in the first 2 lectures and this lecture what we did was, we looked at how does the consumer. So, when a market segmentation is done and we divide the market according to people the people actually go into the field and they start buying. So, in this particular lecture we saw, how people actually when they go into the market, how do they decide those several steps today and that starts with understanding that the product is there understanding product information making those decisions processes decision with decision variables and actually then going on and deciding how to buy it and there are several factors that we saw psychological variables as we saw which may come in a picture and make the finally, this way.

And in the last section we saw how the research has done in consumer behavior, we saw we started with something called observational research, in which the researcher actually observes your behavior and no several things into it or you can do something called a survey in an interview. In a survey an interview you survey people, you do interview, personal interviews with people with a focus group, with a longitudinal study with a cross sectional study and so on and so forth and study why people do what they do in a market and study consumer behavior.

And the last part of it is the experimentation, so we can also do an experimentation and study why consumer do, what they do, or how do the consumers behave in a market and why is it necessary. Is it necessary to see whether the product you have is an actual match to the consumer and all of this is the benefit, the benefit part of it of a product is the underlying thing. So, why do consumers buy, consumers buy because they are looking for benefits and not for products and so that is the end line which is there. So, in the next

section when we meet, we looking at the consumer decision process in detail and for now I will sign of.

Thank you.