

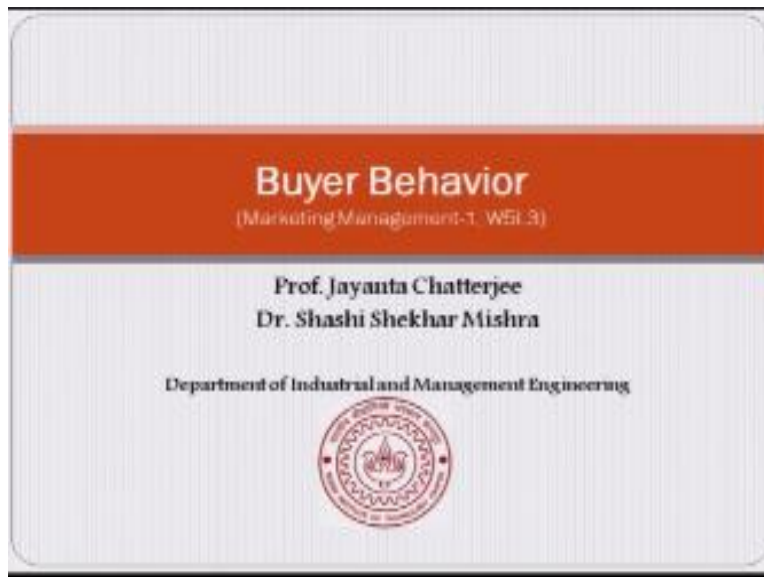
Indian Institute of Technology Kanpur
National Programme on Technology Enhanced Learning (NPTEL)
Course Title
Marketing Management – 1

Lecture: W5-L3
Analyzing the Buyer Behavior

by
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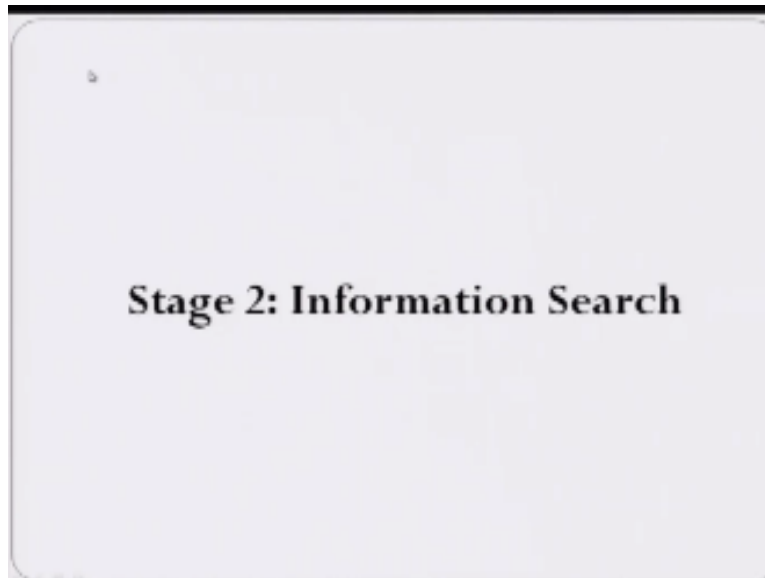
Dr. Shashi Shekhar Mishra: Hello, and welcome to the third session of our module on buyer behavior.

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Dr. Shashi Shekhar Mishra: So we are in week 5 and this is lecture 3. We were discussing in the previous session about information search, the second stage of for buying decision process is about information search.

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Dr. Shashi Shekhar Mishra: We have -- previously we have discussed about need recognition and then we started discussing about information search where I talked about the concept of consumer involvement that how much importance or interests consumer attaches to a buying situation. And depending on that interested or the importance is information search actually varies according to those interests in the importance.

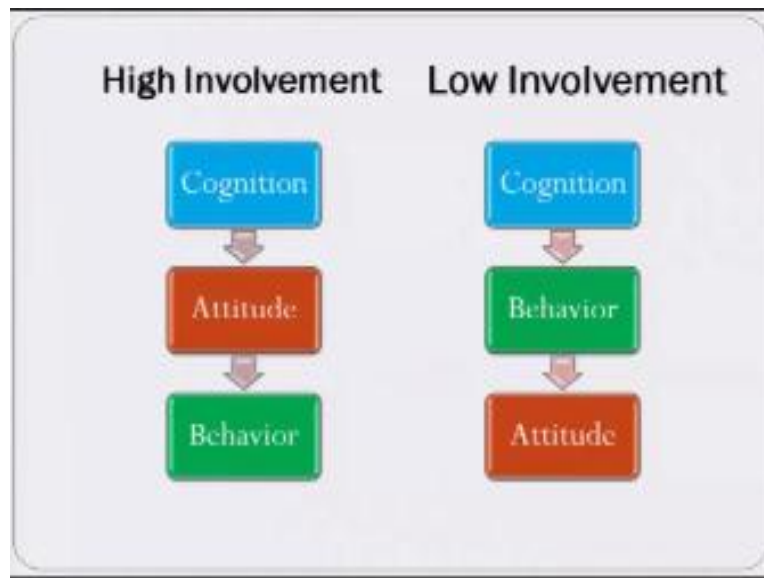
And then we understood that there are two broadly two types of buying situation based on the consumer involvement that is high involvement and low involvement.

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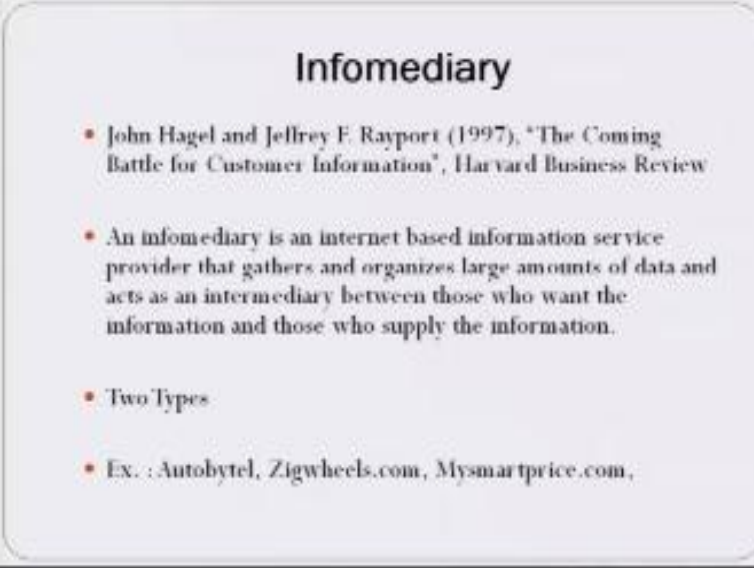
Dr. Shashi Shekhar Mishra: We also talked about the different types of buying situation or based on the problem solving like new task buying, modified re-buy and the straight re-buy, or habitual buying.

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Dr. Shashi Shekhar Mishra: Then we have looked into the difference in the high involvement buying situation versus low involvement buying situation. In high involvement buying situation you will see that the sequence of behavior is that you first know, and then you basically form your belief or attitude and then you act. In case of low involvement cognition, then you basically -- you know, first then you act, and then you form your belief or further your attitude. So that is what the difference across the two types of consumer involvement situation was.

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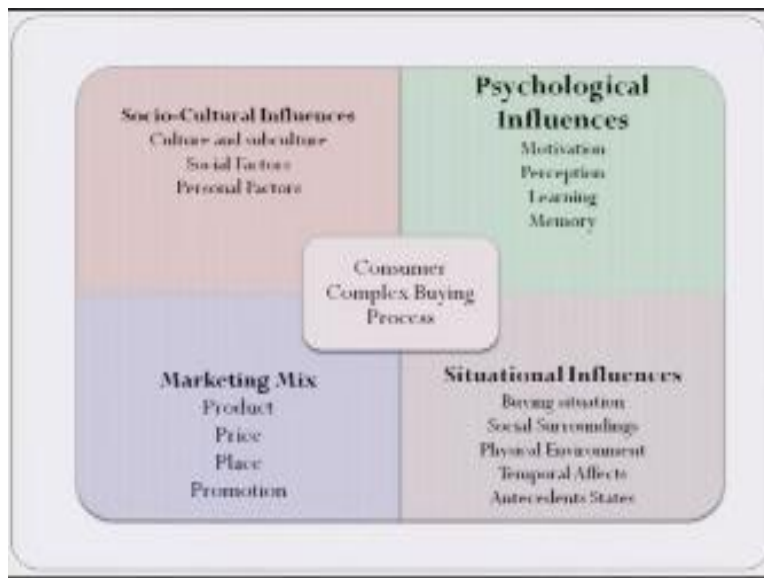


Infomediary

- John Hagel and Jeffrey F. Rayport (1997), "The Coming Battle for Customer Information", Harvard Business Review
- An infomediary is an internet based information service provider that gathers and organizes large amounts of data and acts as an intermediary between those who want the information and those who supply the information.
- Two Types
- Ex. : Autobytel, Zigwheels.com, Mysmartprice.com,

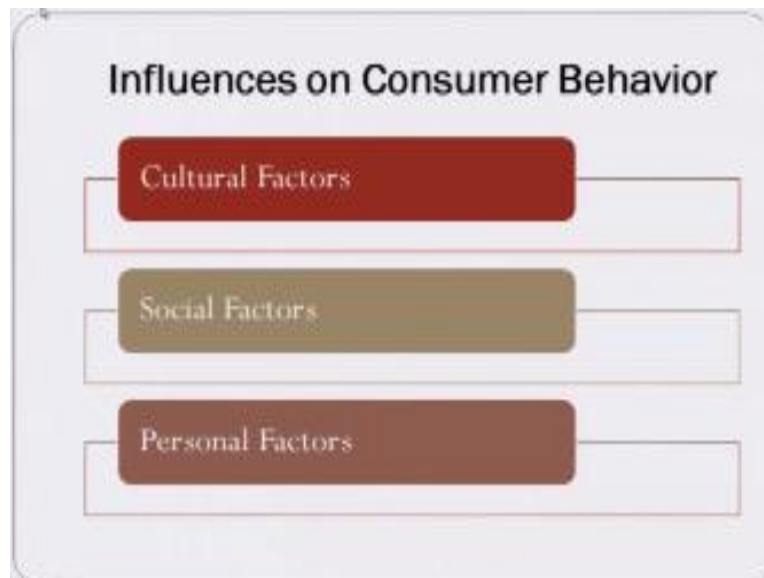
Dr. Shashi Shekhar Mishra: Then we talked about the infomediary, the emergence of infomediary and their role and how they are changing the – basically the power balance on the side of the customers. And I talked about a couple of examples here, and now I am going to discuss about some of the major influences on consumers complex mind process.

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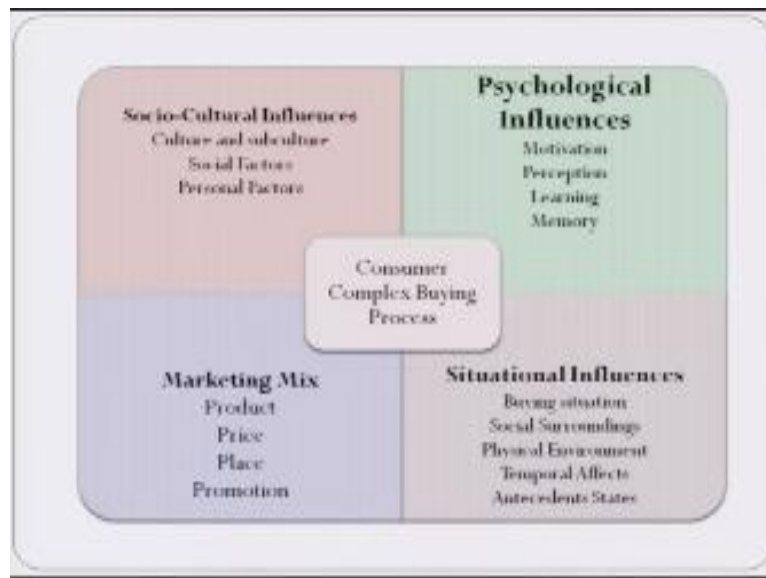
Dr. Shashi Shekhar Mishra: So you will see that, next couple of sections we will be talking about four different types of influences on this consumers complex buying process. The first one is social cultural influence about which I will talk in today's session. Then you have psychological influences and situational influences, then the influence of your own marketing strategies or the marketing strategies of the competitors. So we will be discussing about each one of them in a sequential order.

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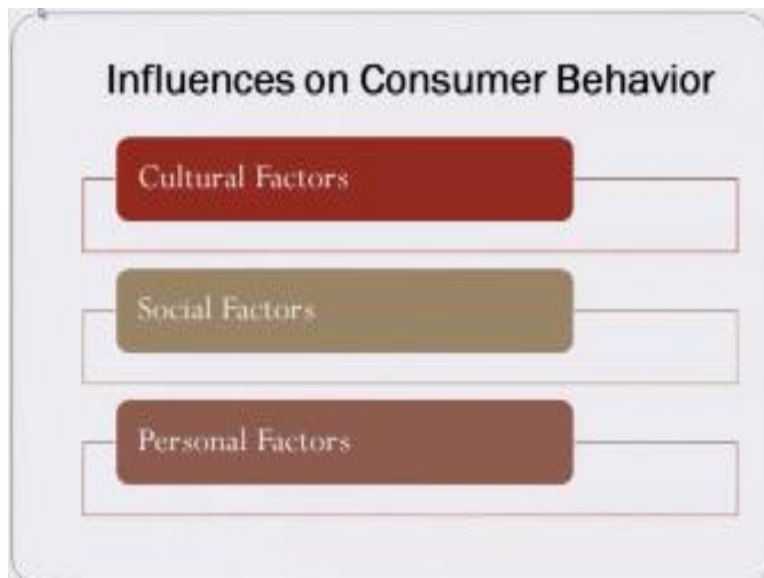
Dr. Shashi Shekhar Mishra: So now talking about this.

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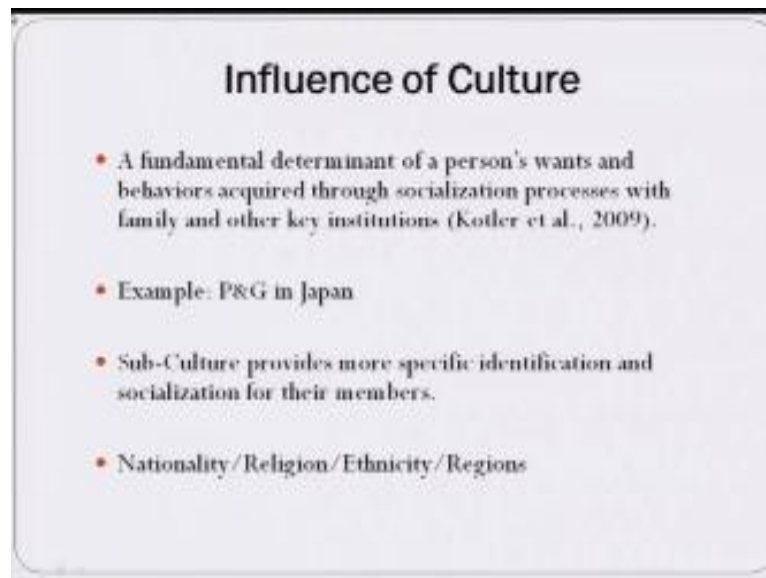
Dr. Shashi Shekhar Mishra: The first was social cultural influence.

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Dr. Shashi Shekhar Mishra: Inside this the first thing is that cultural factors that affect consumer behavior, the second thing is a social factors. And possibly the third factor is the personal factors that affects consumer behavior.

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Dr. Shashi Shekhar Mishra: Now the first one is the cultural factors that we will discuss today, is that culture is basically is defined a fundamental determinants of a person wants and behaviors which he or she acquires through socialization process with family and other key institutions. You will see that culture has such a profound influence on the marketing practices that some of the best companies in the world have failed in situation when they have gone to different markets or they have gone in a different situations.

And they fail to understand the culture, the influence of the culture on the consumers buying habits and they could not do well or probably they have failed. One example was a Procter & Gamble's the initial unsuccessful attempt in Japan where – when they have launched their pampers there and you see that unlike US market where this -- these products are basically very thick in size, because of the mothers are probably busy and they do not change those child pad so often.

On the other side in the Japan the mothers are probably the research had shown that mothers were more involved or at least twice as many times as they will change the nappies of their

children or the kids. So they are probably having a bulky size, bulky designs of pads were, the nappies were not good. And that basically made this kind of offering from the PNG unpopular and the market share was not very good later on basically company and understood the cultural difference they came out with a very thin design of this products and then they achieved probably or they gain significant market share in those conditions.

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Influence of Culture

- Value systems is the relative importance cultures place on these values.
- Inner Harmony vs. Individual Accomplishment
- Prof. G. Hofstede Dimensions of culture: <http://geert.hofstede.com/india.html>
- Product attributes are the means to attain consumption specific (instrumental values) that allows to fulfill cultural (terminal) values (Assael, 2009)

Dr. Shashi Shekhar Mishra: There are so some of the things which are very important that we need to discuss about the culture is that value system that is attached with the culture is that a relative importance that culture places on these values are the believes like you will see that in developed countries like or the Western world you will see this individual like accomplishment is so important in the life of individual on the other side if you look at the probably economies are probably country like Asian countries like India or China you will see that emphases is more on the inner harmony.

So because of that you will see that the two have a very different kind of behavior patterns the across the two society know there is a one classification of the culture were by a professor G. Hofstede you can refer to the web link and you can go and see he gives the defines the culture of

a nation based on the six dimensions and based on those six dimensions he compares you can also compare the different countries so you will find out that one of the dimensions is the power distance on that dimension if you compare India with the U.S. you will find out that India has a very high score on the power distance compared to the United States and you will see that the power distance means the kind of society has hierarchical system and how much people except the society.

The hierarchy in the society, so those are basically the differences across the culture of various countries you can go to the refer to this the web off website of this professor G. Hofstede and understand more about this concept of the culture, now you see that that the thing that how the culture relates to the product is that being a given here is that a product attributes are the means to attain consumption is specific values that allows to fulfill cultural values.

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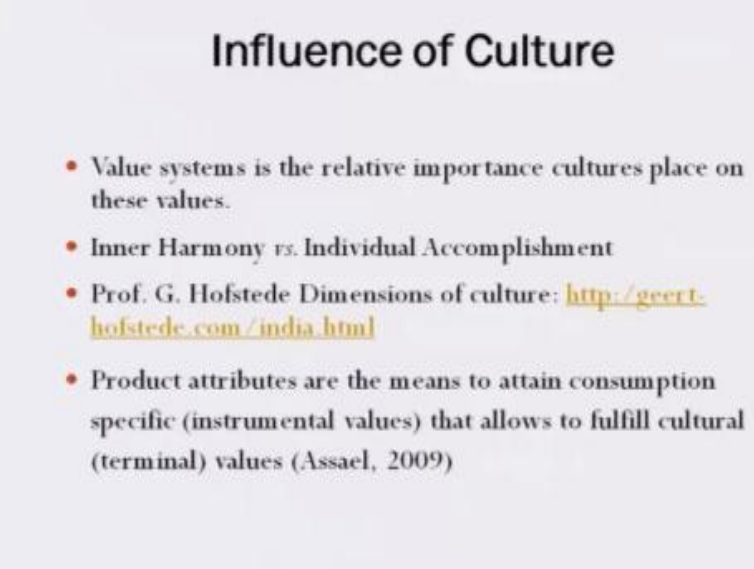
Influence of Culture		
Cultural (terminal) Values	Consumption-specific (instrumental) values	Product attributes
A comfortable life	Prompt service	Superior service Quality
Never a dull moment	Genuine promises	Performance
Equality	Responsiveness to needs	Ease of use
Freedom	Accuracy of information	Convenience
Pleasure	Repair to defective items	Economy
Salvation	Easy availability	Green
Self-respect	Cost effective	
Respect in society	Legal protection	
Better world	Environment friendly	
Wise		
Truthfulness		
Secure family life		
Stable relationships		
Accomplishment		
Inner harmony		
		Adapted from Assael, H. (2009)

Dr. Shashi Shekhar Mishra: As you can see that the effect culture that is that basically promotes a comfortable or enjoying life and having fun then you will see that, that cultural value that the terminal value reflects into this instrumental value are the consumption specific value where we will prefer prompt service a convenient service and that will basically reflect into the product

attributes like superior service quality you will see that the influence of culture can be seen across so many examples like in India also we talk about that the what Kellogg's has faced initially when they came out there. CL brands and their positioning was like crispy crunchy cereals, but our habits of consuming the Milky is basically mostly in hot form then compared to the cold form in the United States are some of the other Western countries.

So that crispy crunchiness of that cereals, basically goes away when you pour a hot milk over those cereals, and this was a basically a big difference that they have learned through the ones they have found the consumer response was not very positive. Similarly that Gullet has a scene that the consumers were not so involved they, they do not give so much importance of to shaving so much this was basically a belief or sort of cultural thing in our society and they have to basically probably deal with that kind of cultural belief or the values initially.

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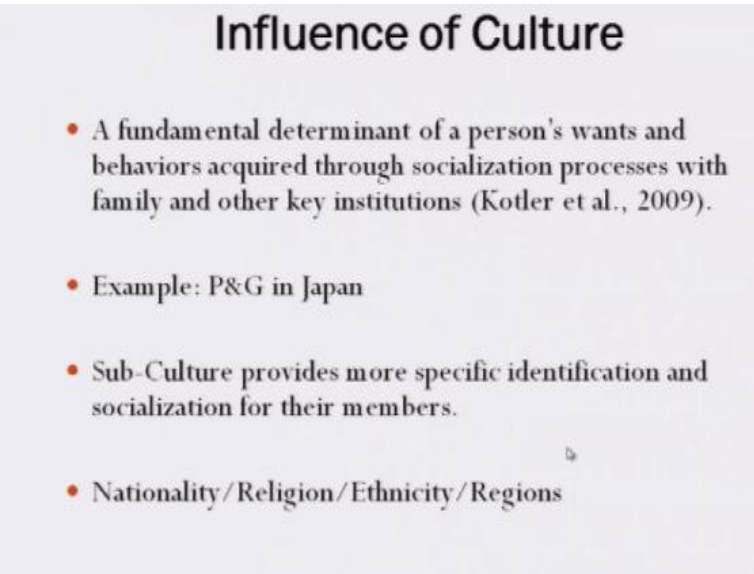


Influence of Culture

- Value systems is the relative importance cultures place on these values.
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- Product attributes are the means to attain consumption specific (instrumental values) that allows to fulfill cultural (terminal) values (Assael, 2009)

Dr. Shashi Shekhar Mishra: So these cultural factors are very important then you see that.

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Influence of Culture

- A fundamental determinant of a person's wants and behaviors acquired through socialization processes with family and other key institutions (Kotler et al., 2009).
- Example: P&G in Japan
- Sub-Culture provides more specific identification and socialization for their members.
- Nationality/Religion/Ethnicity/Regions

Dr. Shashi Shekhar Mishra: There are some subculture things also that comes into the picture subculture provides specific identification and socialization for members different type of basically sub cultural influences are based on the nationality, religion, ethnicity in the region's you will see that the based on the religious believe, based on the ethnicity or based on the regions, people's culture differ and they are basically their behavior is also common by such differences.

And a country like India which is so much of diversity inside it has so much so many subcultures inside it that is something which is very important for someone to understand while devising marketing strategy across the different parts of the country.

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Dr. Shashi Shekhar Mishra: Some of the facts about the culture is that, culture is learn through social institutions like you learn about your culture or being it is acquired by the children through their family members, their parents, their relatives. Formerly it is also important imparted through the education system in the school also. So and then you also have this cultural norms basically directs the behavior of the individual.

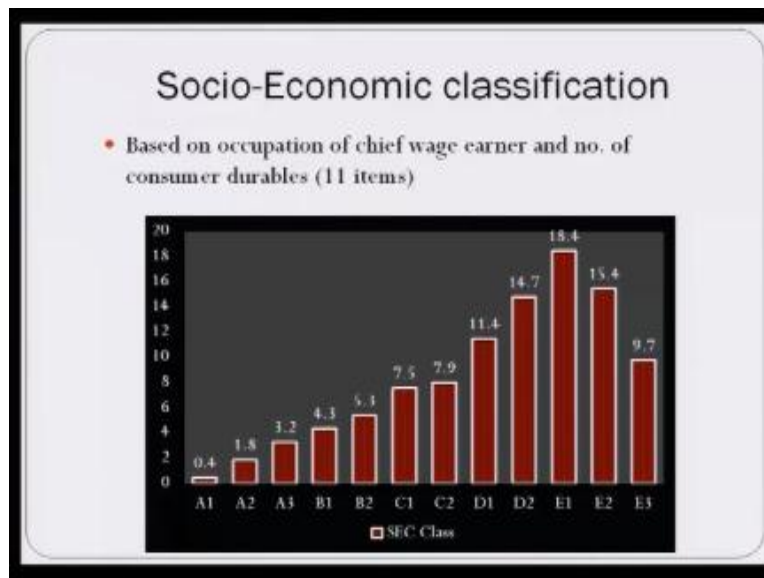
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Dr. Shashi Shekhar Mishra: You can see that in some cultures as I have already talked about the inner harmony is being given more importance than probably a individuals accomplishment. So accordingly about consumers behavior will reflect those kind of cultural values and cultural things are basically more enduring in the nature their dynamic you will see that there will be a change in the cultural values over the period of time.

And as cultures one culture come in contact with the other culture the people from one culture goes to the other place where there is another culture you will see that there is a change in the cultural belief of the individuals and you will see that the culture is something which is shared by the Masters or the most of the it is a widely shared thing. Another factor that affects, affect basically the consumer behavior is that the socio-economic classification.

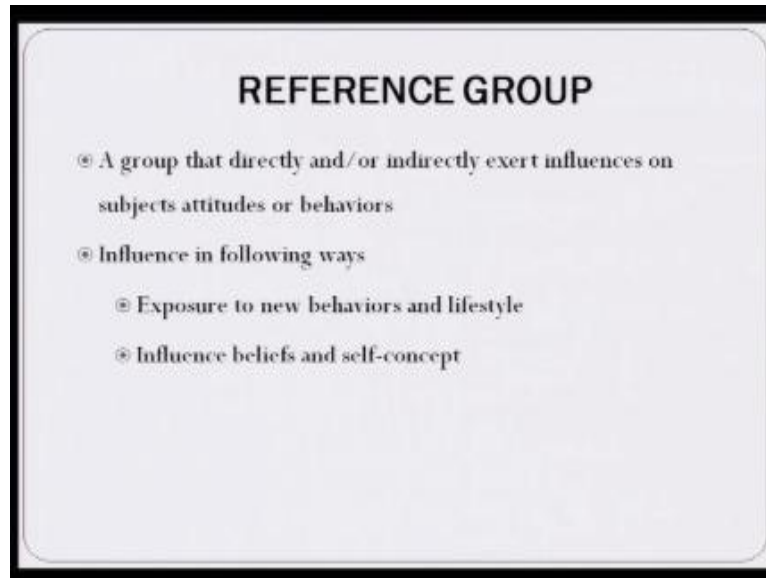
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Dr. Shashi Shekhar Mishra: In India basically this the socio-economic classification the latest classification of India in both the urban as well as rural population classifies the Indian population in twelve categories and this classification is based on the, the occupation of a education of the chief there is a type of our education of the chief wage earner and number of consumer durables.

And basically the land held by the agricultural land held by the individual. So this is the classification you can see that a major part of the basically population lies after this class of C actually. So that reflect basically am what you say is basically classification or the distribution of the population which is, tilted more towards the lower state of the society.

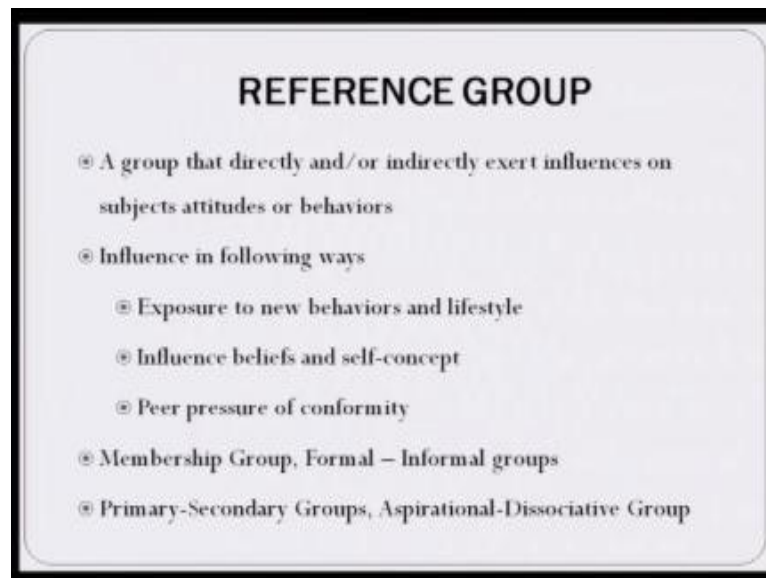
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Dr. Shashi Shekhar Mishra: Then you have another basically influence on the consumer behavior which is the friends group, a group that directly or indirectly exert influences on subjects, attitude or behavior and the reference group basically influence consumer's and possibly following ways that the reference group exposes individual to a new type of behavior or new type of a lifestyle.

You will see that when you join a basically a certain group then probably it being a you have to abide by the norm of that group you basically acquire certain type of products and basically certain type of life style. The difference group also affects our believes and our self concept.

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Dr. Shashi Shekhar Mishra: And there is always a peer pressure of, of Conformity way of through the difference group. And there is always a peer pressure of, of conformity we have through there the difference group. So there are different types of a reference group formal or informal, sometimes we, we have formal groups like we are being employee of a certain organization but many a times that there are informal groups like among the friends are among the family or within the society, where the, the group membership is not any, has any formal entity.

Then there are as aspirational and dissociated groups in the sense like there are groups that we as individual wants to join and then there are groups which we want to avoid actually. Then we have a influence of family, family something very important as we also talked about that individual learns a lot from the family. The cultural values are transferred into the individuals through their family. So influence of family is very important.

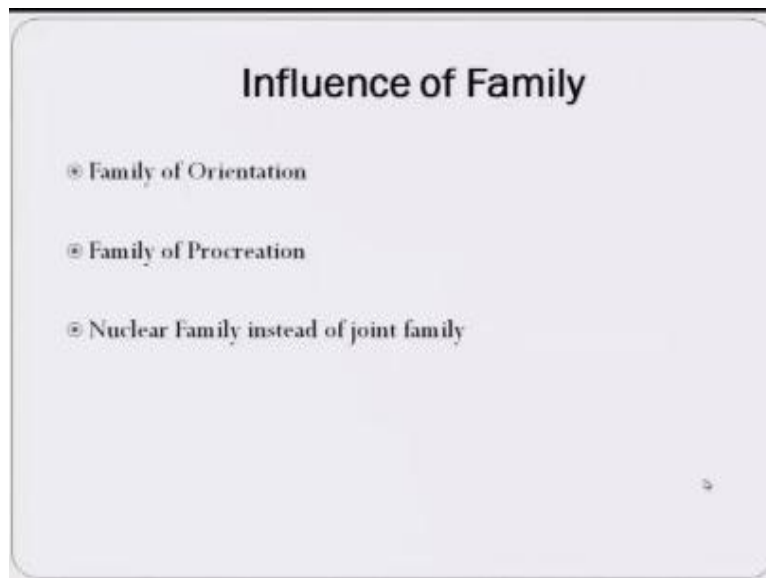
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Dr. Shashi Shekhar Mishra: We classify family into two type basically family of orientation, that the your parents and the siblings and family of procreation is basically your family of your spouse and your child's you will see that majority of your beliefs about the economy, politics religion they are basically from that you acquired from your family of orientation at that is your parents your siblings or you are the other relative from your parental side.

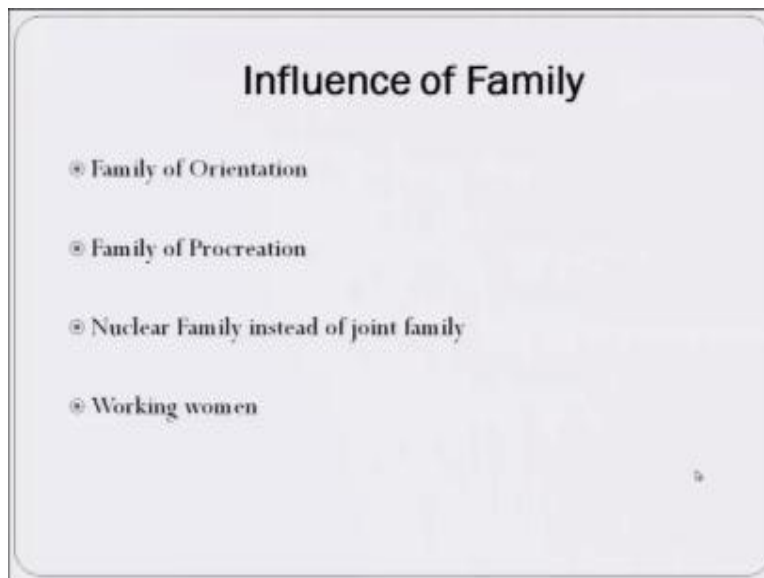
On the other side you will see that your day-to-day needs are probably driven more by your family of procreation that depends as we have seen in the example of car that, the car is being purchased keeping in mind the need of your spouse and your children's requirements for day-to-day requirements.

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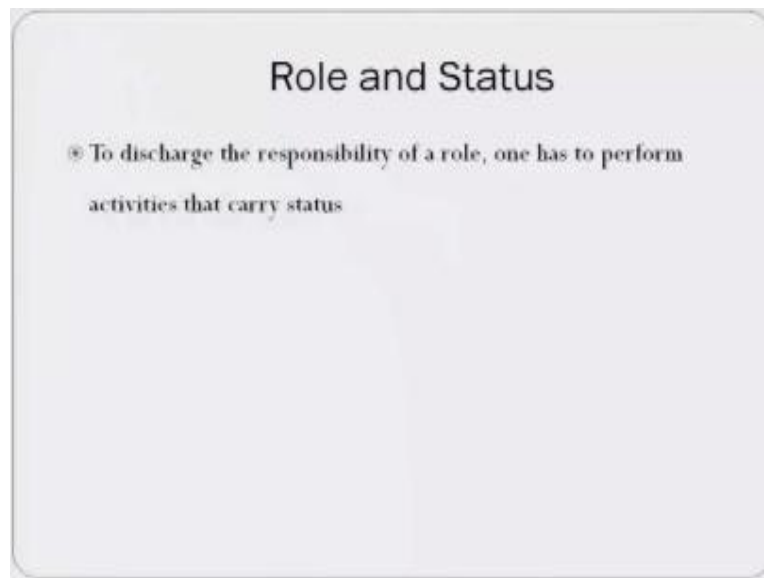
Dr. Shashi Shekhar Mishra: Some of the changes which are happening in the Indian society with respect to this influence of family which needs to be understood is that we, we are probably seeing that more of nuclear family today then probably joint family that was the norms, that was the norm in the earlier days and because of this nuclear family you will also see that both the spouses are working and, and this is also leading to a basically certain kind of situation, where new business opportunities are coming out.

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Dr. Shashi Shekhar Mishra: So you see because of the working woman are there and because of that particularly in metro cities are you will see that new business in the form of a food supply, new business in the form of the child they are coming into the picture because of these changes in the society.

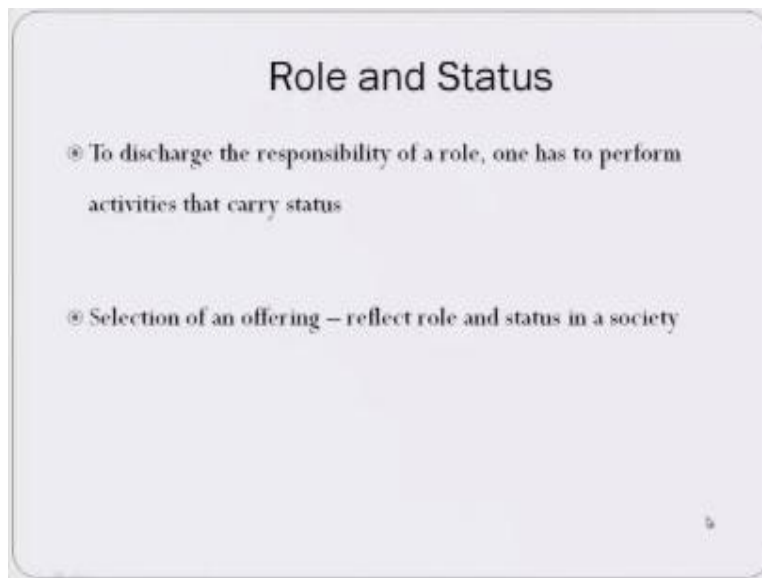
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Dr. Shashi Shekhar Mishra: Then another factor that affect basically the, the consumer is basically their role and status, so you see that when you discharge a certain responsibility as a part of a role that you have to play then one has to perform certain activities and that carry certain status, being a doctor or probably being in some other profession you have to perform certain activities and they have certain status and that also get reflected into your consumption pattern also.

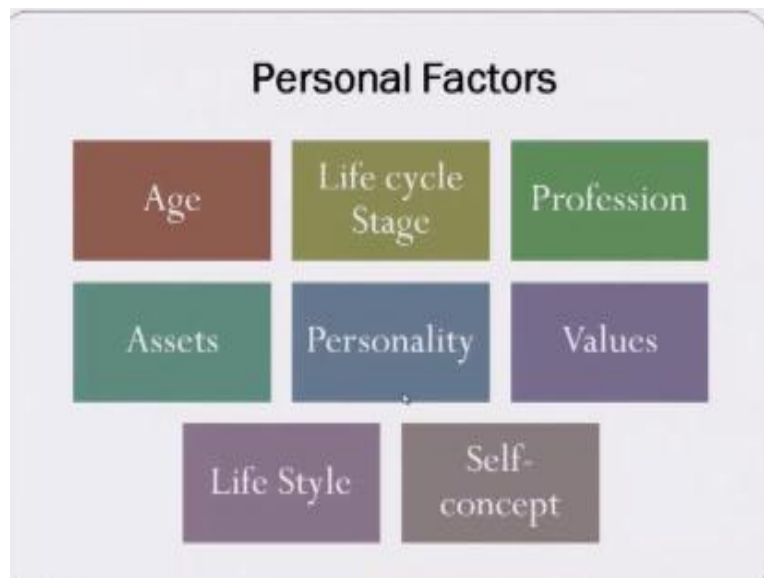
So, sometimes when you are, because of certain profession if your time is staved, so probably your consumption pattern will reflect that you, you would like to have services which take care of this need that your time staved. So you would like to have a bank account where probably you can go after the regular bank timing of 9 to 5.30 they, they remain open after the, the usual time.

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Dr. Shashi Shekhar Mishra: Selection of an offering reflect basically the role and status in the society that from which class basically we are coming from status symbol is basically potential for new offering you will see that many a market is come out with offerings which are targeted to suit the specific status symbol of the individuals.

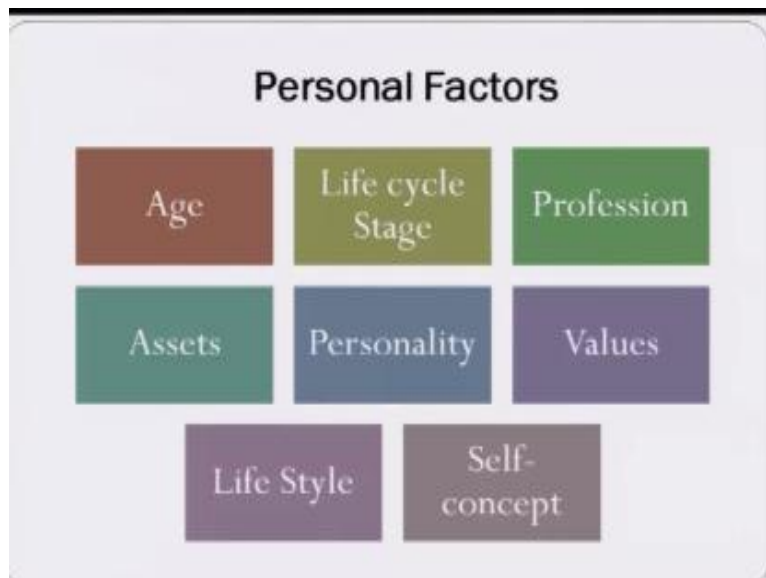
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Dr. Shashi Shekhar Mishra: So we talked about the cultural factors we talked about the social factors and the third factor that affects the consumers behavior is the personal factors inside which comes these different variables like age, life cycle, stage, profession, assets, of wealth of the individual personality, values, lifestyle, and self-concept you will understand like age has a very profound affect our influence on the consumer behavior an individual in the age group of 20 to 30 may not when he has just started working aim not think so much about being retirement plans.

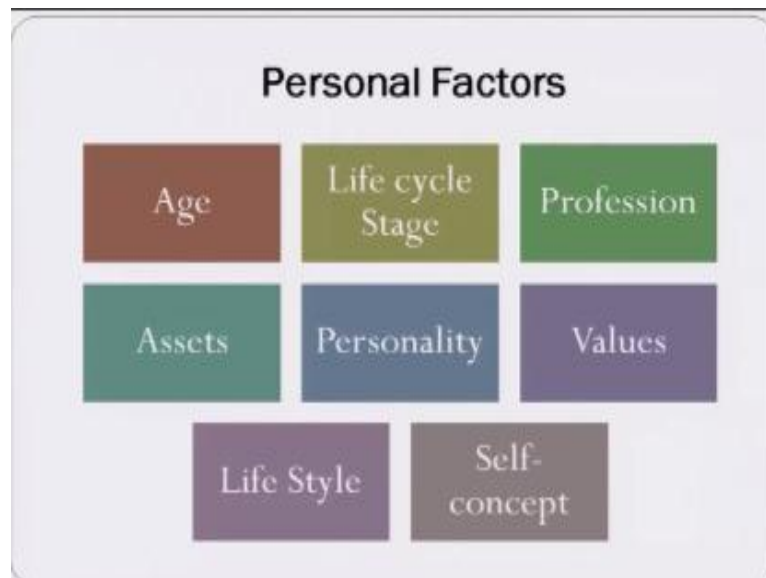
But some are probably think about the life insurance plan, but however someone who is in the mid-thirties in the age group of 30 to 40 with the family he will think about the security of his family, he will think about his retirement and all that so it is child education. So you will see that in the investment pattern in your age group of 30 to 40 will different will be different from the investment pattern in 20 maybe I mean we cannot specifically say about the in general what may happen that the people in their 20s or bachelor just started are probably handling have some money maybe more if this taking interns of their investment on the other side the person in their 30 to 40 might be more conservative then we also see this

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Dr. Shashi Shekhar Mishra: This is basically the age and the life a life cycle stage we were talking about where we are basically in our life cycle whether we are individual, we have a family, or what kind of responsibilities we have towards our family, and the society, so depending on that will also affect our consumption pattern. We talked about the profession based thing like personal factors that that comes into the picture then the kind of wealth you have the kind of income levels you have that will also affect.

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Dr. Shashi Shekhar Mishra: The personality where one important thing is that the what kind of personality we are like what are our interest, what are our opinion those things will probably drive more too determine our consumption in more precise manner then probably this sometimes the age or the lifecycle are probably the income a person might be in twenties and he might have basically and large income base.

However if you see that luxury car is a waste of money then probably he will not go for those kinds of products on the other side of person who might have a slightly lesser income are probably lower or higher age is whatever age group, but if he fantasize are probably dream to have a luxury car then probably based on the hood these personality traits he may like to have that kind of product with them.

So these are the important factors at these three important factors from the socio-cultural side that affects the consumer behavior which includes the culture, social factors, and the personal factors with this I concluded session here and then we will meet into the next session we will talk about the psychological influences on the consumer behavior, thank you very much.

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