Dr. Shashi Shekhar Mishra: Hello and welcome to the course marketing management part .
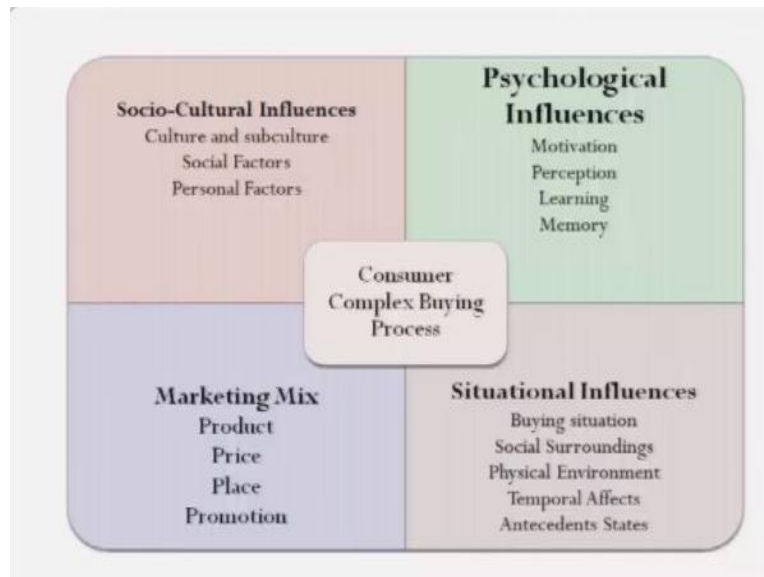
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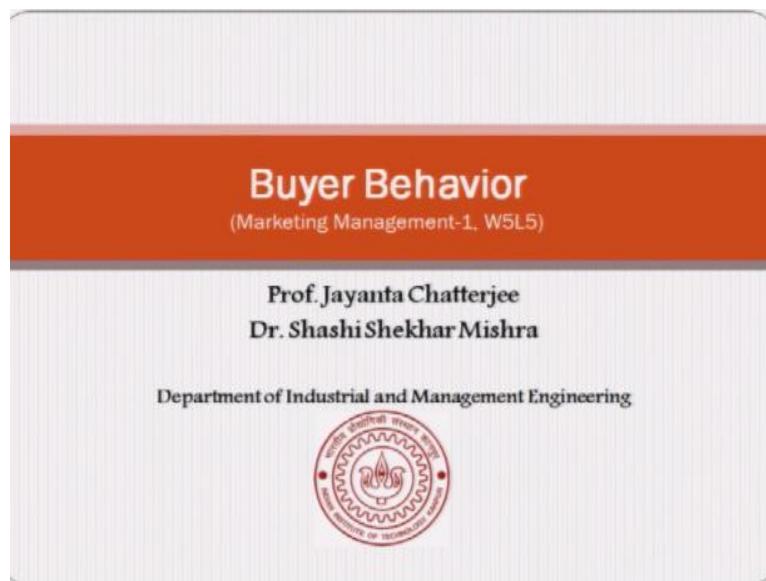
Dr. Shashi Shekhar Mishra: We are discussing about our fourth module that is buyer behavior and in the last few sessions we started discussing asking about the factors that influence consumer.

Dr. Shashi Shekhar Mishra: Buying process there in we have discussed about social cultural influences then we started discussing about psychological influences in the psychological influences till now we have discussion about motivation perception and learning in the motivation we have looked into the Theories basically motivation is the force that enables us to act to fulfill the needs and there in motivation we have looked into the three theories the Freudian theory, Maslow's hierarchy of needs, then we have looked into this hug box two-factor theories when we talk about the motivate moderators in the hygiene factors.

Hygiene factors are the sort of dissatisfies if they are not present customer will be dissatisfied however the presence of hygiene factor will not ensure satisfaction in the consumer's on the other side the motivators are the factors that are required for customer satisfaction and customer delight then we have looked into the perception part what is perception we have understood in that discussion that perception is more important and then the reality for marketers because consumer behavior is driven by the perception instead of the reality.

In the perception side we have looked into this.
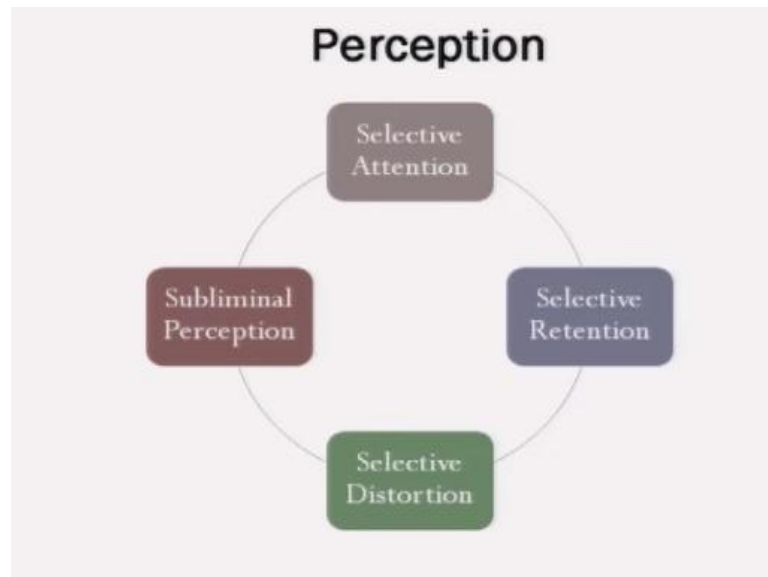
Dr. Shashi Shekhar Mishra: Three important things that affect this consumer the same for same object to consumers perceive different kind of the consumer interpret in a different ways to the same object, so three things that come into the picture is that selective attention we try to filter out the information we look into the information only we are probably in the current need are probably which we anticipate then we try to whatever is being attended by us are whatever information the message we have received we tend to basically distort them to fit them or probably to be in a harmony with our existing products and services believe.

Then we are selective retention that where problem we do tend to retain only the good things are probably we tend to retain certain things about a product or the of the services that, that probably like to and the we tend to forget about the information which is not is probably important to probably our beliefs then we have also discussed about sublimely perception.

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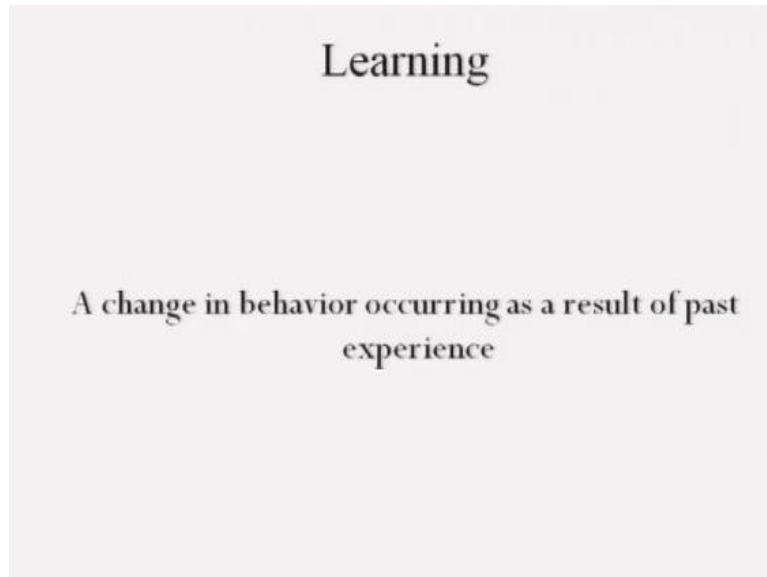
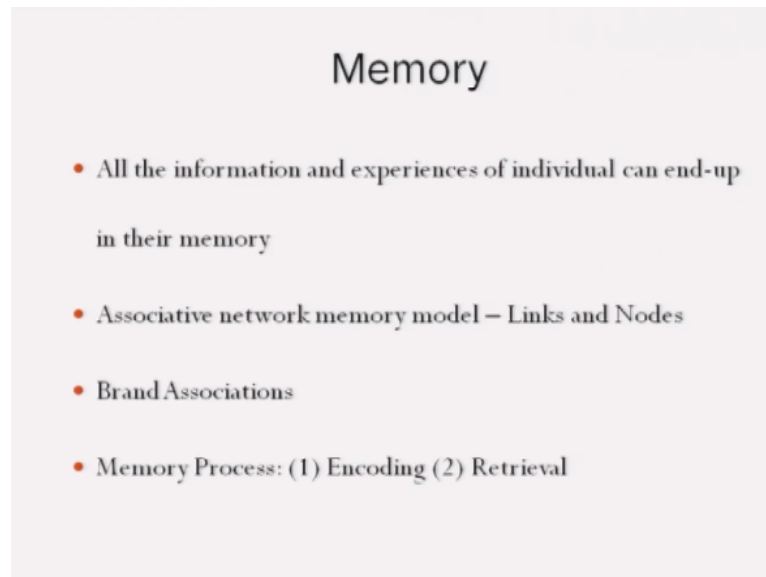Dr. Shashi Shekhar Mishra: And we have looked into the learning what is running as a concept a change in behavior occurring as a result of past experience.

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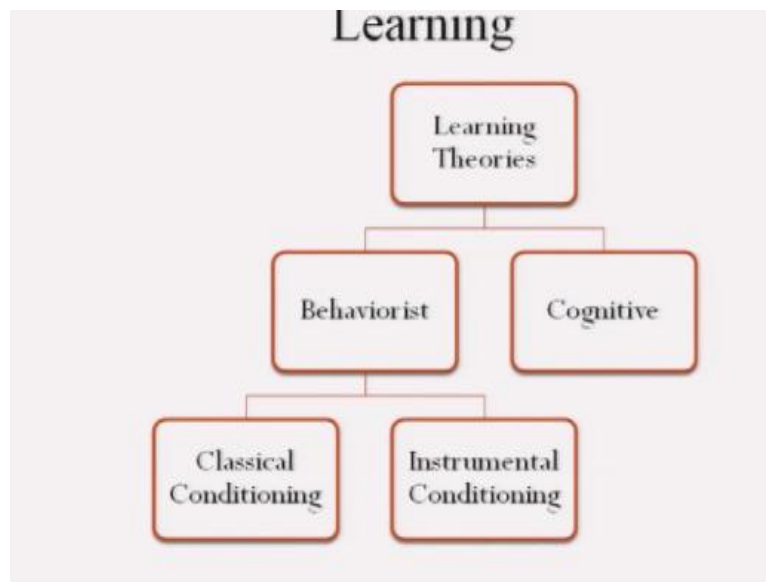
Dr. Shashi Shekhar Mishra: Then we have looked into the different theories of learning behaviorist and cognitive approach to learning and behavior has to think we have classical conditioning and instrumental conditioning.

Memory

- All the information and experiences of individual can end-up in their memory

- Associative network memory model – Links and Nodes

- Brand Associations

- Memory Process: (1) Encoding (2) Retrieval

Dr. Shashi Shekhar Mishra: And then we have looked into the class this cognitive theory of learning so I am going to talk about the fourth concept in this psychological influences on the consumer behavior which is memory so memory something which is very important because we tent to basically first look into our memory about when, when we look any new your object or any offering in our purchase process so all the information and experiences of an individual can end up in their memory.

So basically memory is a reptile of the information about a particular product or the brand and you will see that there is a sort of r mental map are associated, associative network in the memory of consumers are related with the products and brand for any brand you take the you will have a memory in the form of links and notes so the notes are the specific information about the brands are the product and these notes will be connected to each other through the links.

They stronger than the links stronger the basically the recall will be of those associations and you can see that creating basically strong links and then creating certain type of association can be of benefit to the marketers memory process basically includes two thing that encoding where the information is basically send inside the brain and then the second thing is that retrieval that
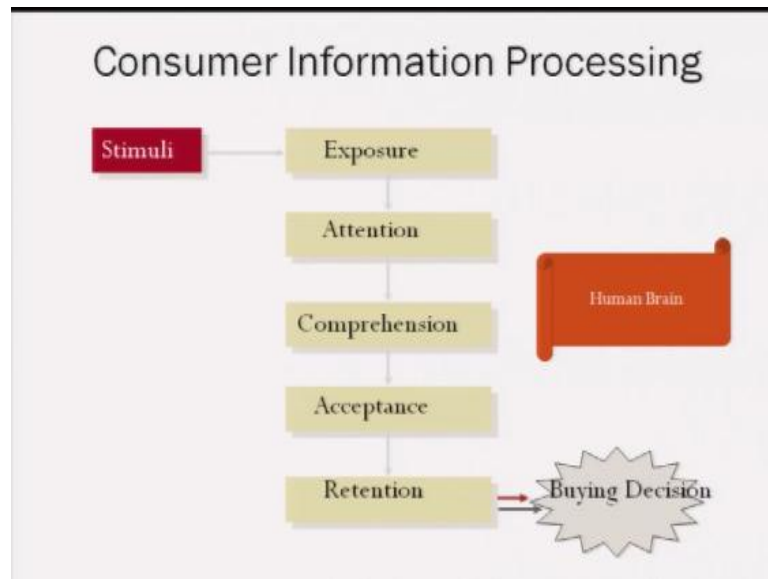
information is being retrieved from the brain and inside this retrieval process there could be a problems like interference because of the different kind of other message or the information so marketers have to make sure that those interferences are other things have to be minimized. So that retrieval is as easy for consumers to create a strong brand association he should be able to figure out what other basically the relevant.

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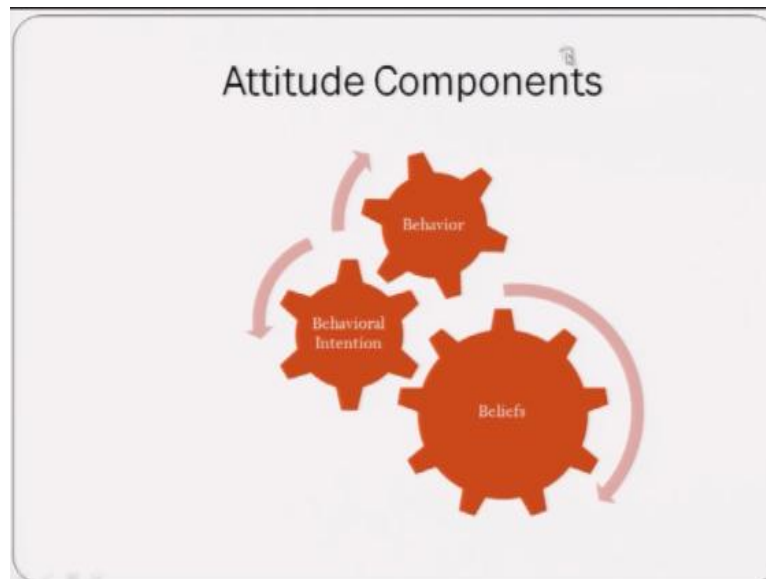Stage 3: Evaluation of Alternatives
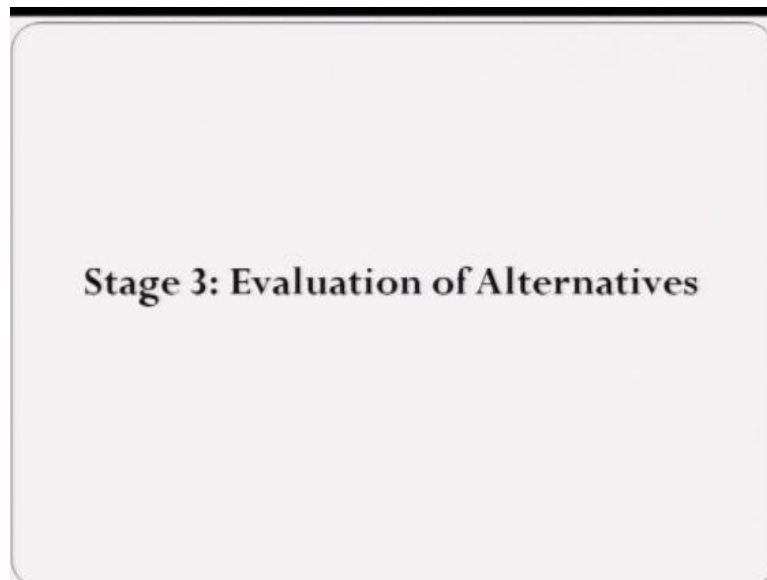
Dr. Shashi Shekhar Mishra: Brand association easily so these are the four psychological influences we have discussed till now, I am going to discuss about the 3rd stage of consumer decision-making process which is evaluation of alternatives.

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Consumer Information Processing

Stimuli — Exposure → Attention → Comprehension → Acceptance → Retention → Buying Decision

Human Brain

Dr. Shashi Shekhar Mishra: So in this evaluation of alternatives you will see that our information processing process information processing is basically is like this when we see as a certain stimuli exposure and there is attention corresponding to that exposure then we try to understand we try to understand the information which is embedded in the message then our acceptance projection to that information and then retention and then the time of buying that information is being used.
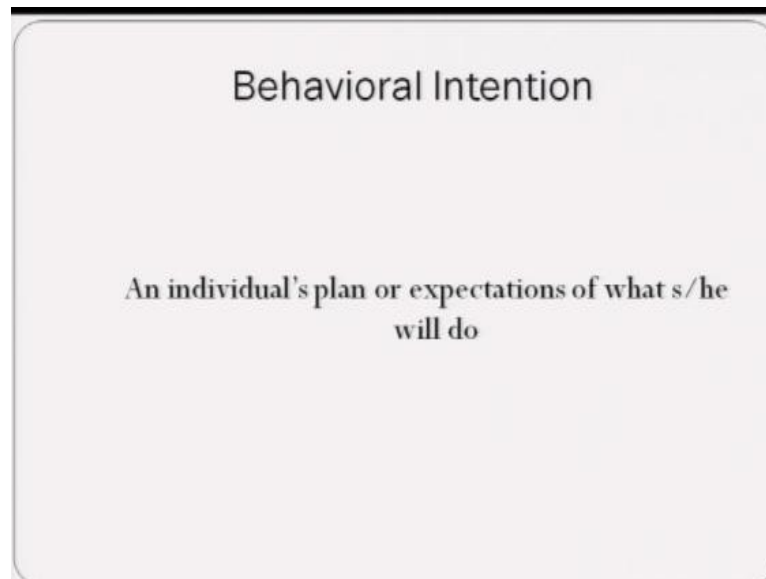
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Dr. Shashi Shekhar Mishra: So one important concept in the evaluation of the alternative is that attitude because attitude determines how we basically behaved towards a particular product are the brand and there are different things in this attitude is that belief our beliefs our behavioral intention or actual behavior.
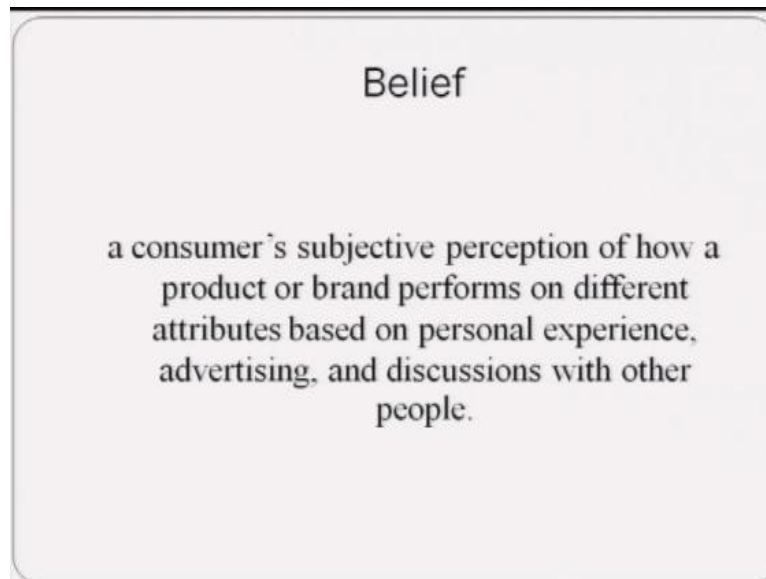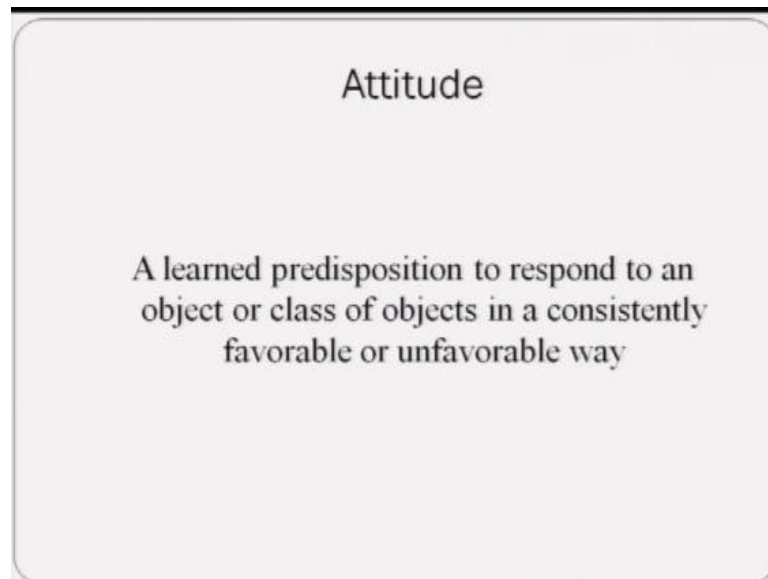
Dr. Shashi Shekhar Mishra: So belief is a basically a consumer subjective perception of how a product or brand performs on different attribute based on personal experience advertising and discussion with other people now understand this definition of belief is very important belief is very important because based on the belief actually the consumers attitude formation happens and based on that he only X he or she actually X, so it is a subjective perception and it is based on the individual's own experiences and the information gathered from the other sources he forms an opinion that how a product are the service actually perform on certain important attributes.

Dr. Shashi Shekhar Mishra: Behavioral intention is basically any individual's plan or expectation of what he or she will do that is a basically in marketing said to be a good predictor of actual behavior.

Dr. Shashi Shekhar Mishra: Attitude services basically is a learned predisposition to this point to an object or class of object in a consistently favor favorable or unfavorable way now we need to understand this definition of attitude and there are certain important components of this different definition that it is a learned, learn predisposition and it is towards always an object so in attitude is always attitude is always towards a specific object so when we talk about attitude we will talk about the specific products or a specific brands.
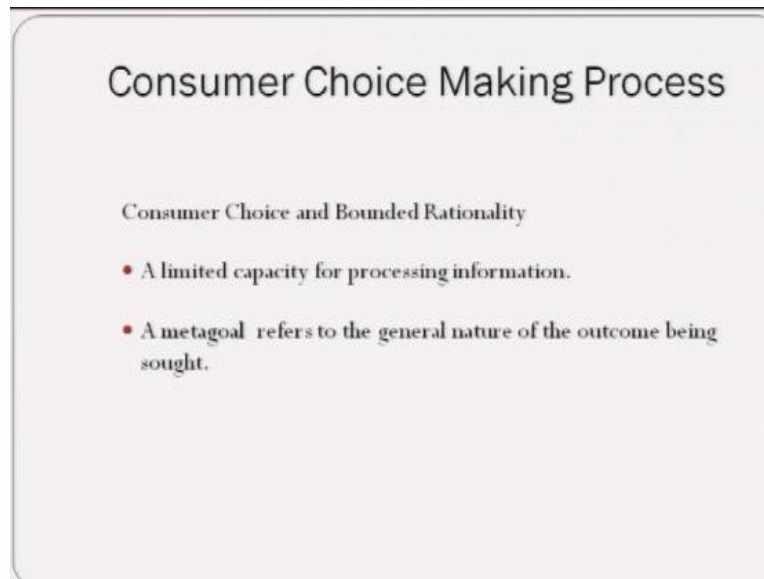
And then it is a basically consistent thing why we it will remain basically consistent the consumer's attitude will remain consistent so there they basically there could be two possible outcomes they will favorably or unfavorably evaluate a product.

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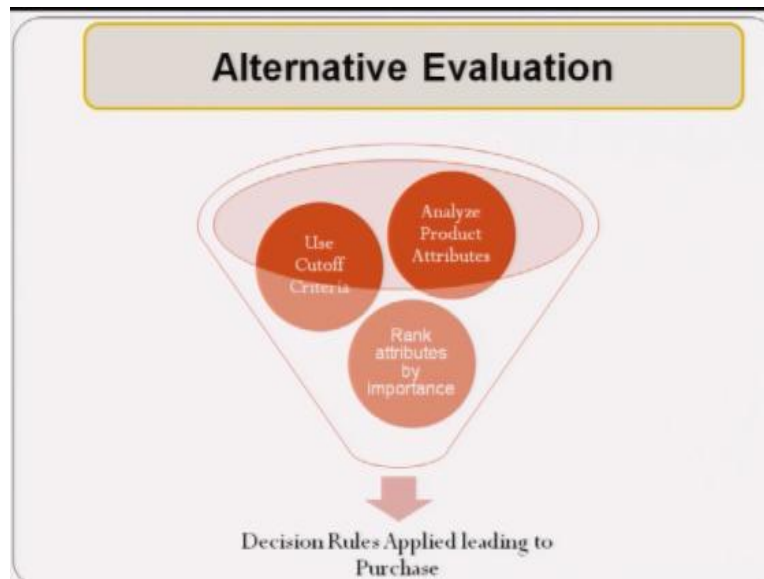
Dr. Shashi Shekhar Mishra: Now in this evaluation of alternatives you will see that the 3 important inputs goes inside is that first thing is that we turn to figure out as a consumer what are the important criteria is that needs to be seen while we purchase a product then the second thing is that basically how the different brands score on those important criteria's and then we, the 3rd thing which is a specific to individual customer is that we turn to have our cut-outs like the minimum basic requirements on certain attributes that basically decide though those who are in total form our decision rules for the purchase process.

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Consumer Choice Making Process

Consumer Choice and Bounded Rationality

- A limited capacity for processing information.

- A metagoal refers to the general nature of the outcome being sought.

Dr. Shashi Shekhar Mishra: However there are certain things we need to understand when we are talking about evaluation of alternatives that consumer choices is said to be is rational but it is said to be bounded rational because this choice making will always happen in within a limited capacity for information processing consumers generally have metagoals which are referred to as general nature of the outcome being sort.
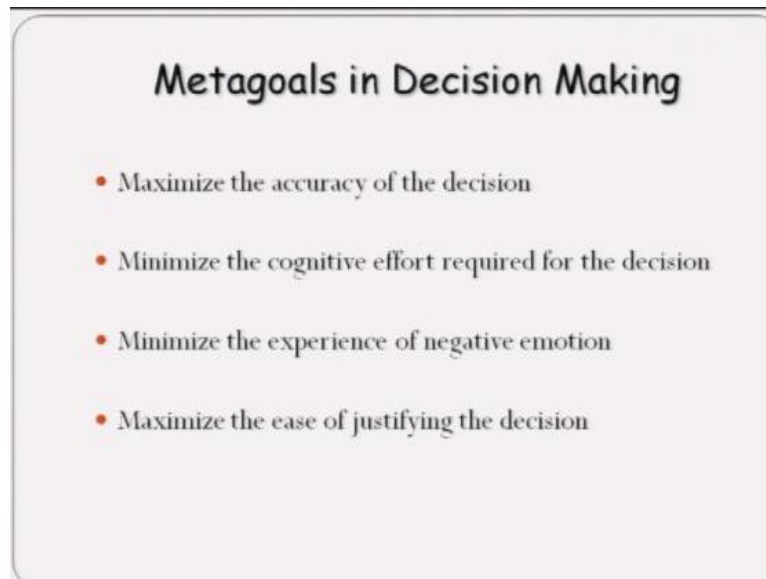
Dr. Shashi Shekhar Mishra: So these metagoals are in the form of that consumer's try to maximize the accuracy of their decision they want to minimize their cognitive effort so they want to minimize the effort being spent on in terms of the energy spend on the information processing and the basically the time which is being expend there.

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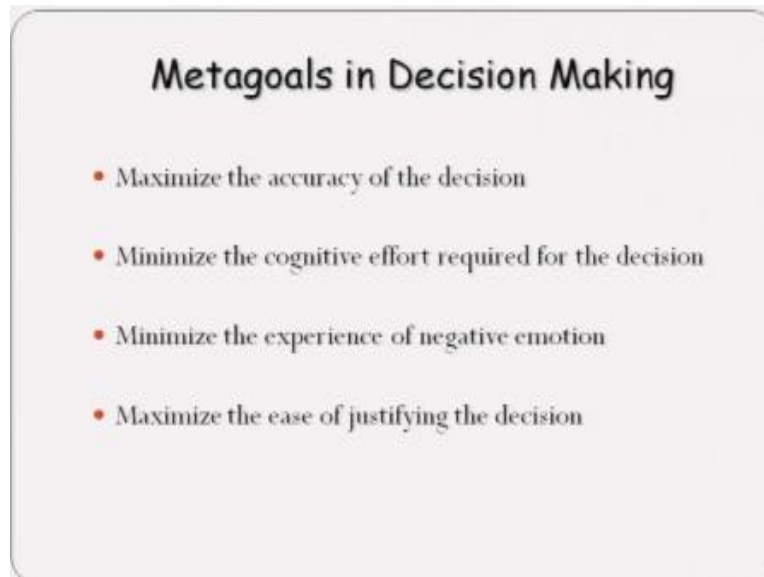
Dr. Shashi Shekhar Mishra: Minimize the experience of the negative emotion, consumers will try to minimize the thoughts which are not in accordance with their existing believes. So that there is a minimum level of basically stress in their mind in the decision-making process and maximize the ease of justifying the decision.

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Metagoals in Decision Making

- Maximize the accuracy of the decision

- Minimize the cognitive effort required for the decision

- Minimize the experience of negative emotion

- Maximize the ease of justifying the decision
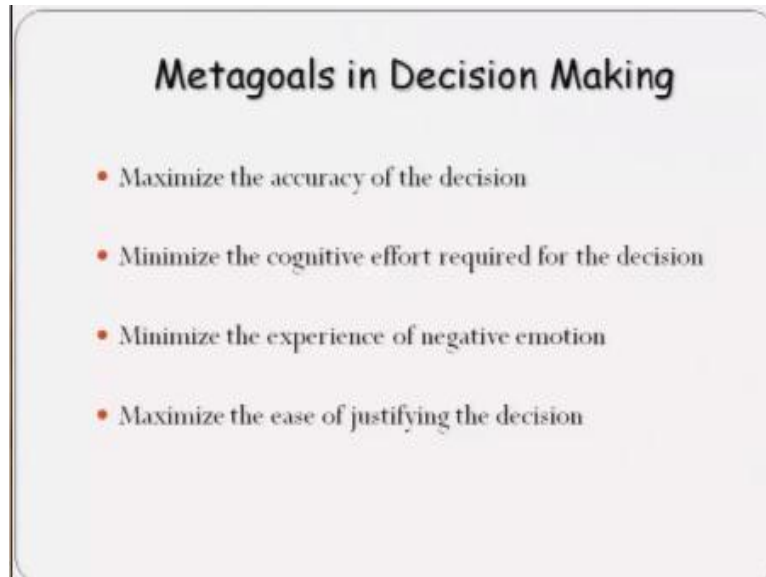
Dr. Shashi Shekhar Mishra: So they look for basically the reasons to justify their decision.
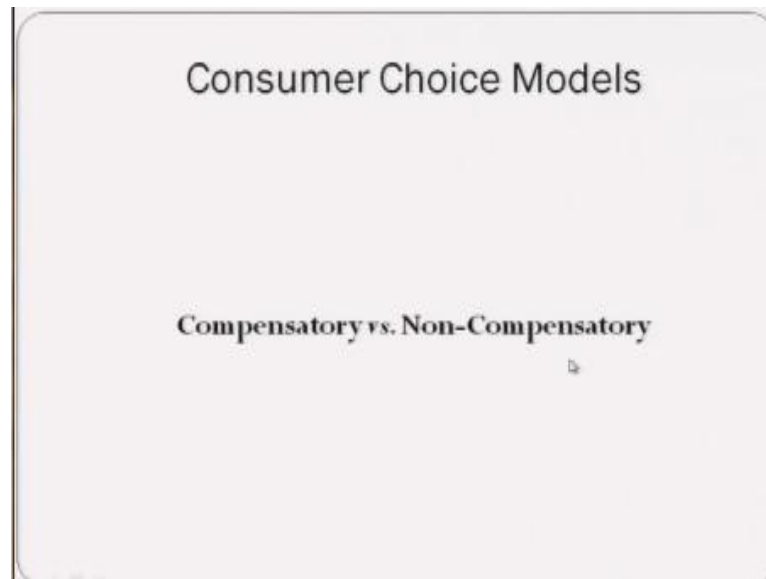
Dr. Shashi Shekhar Mishra: When we talk about consumer choice model in evaluation of alternatives we generally have two types of the model compensatory model versus non-compensatory model.

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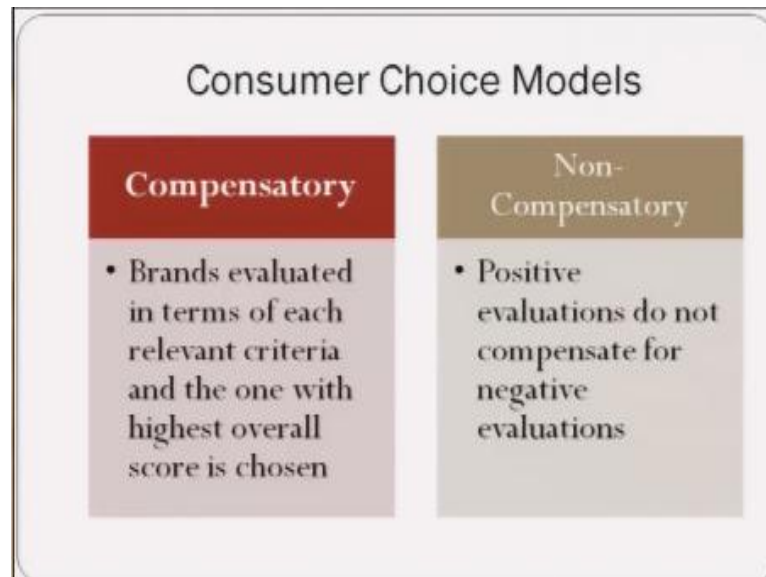Dr. Shashi Shekhar Mishra: So there are two types of consumer choice models, one is basically compensatory type of model, the other one is basically non-compensatory models. In the compensatory models brands are evaluated in terms of each year relevant criteria and the one with highest overall score is chosen. So you will see that consumers will trade of between the, the different attributes and ratings in the sense like if something is basically less in some, some attribute is not so good in a particular product or the offering.

However if, if the other features are very high on that same offering the consumer will basically compensate that higher level of certain features with respect to the lower level of features in that offering. On the other side in non-compensatory models, the positive evaluation do not compensate for the negative evaluations, so you will basically discard an offering if it has a certain lower level of basically features are evaluate your evaluation on certain features is about a particular offering is low.

So you will discard it, in spite of it having a basically a higher level of features with respect to other attributes or other basically important criteria's.

Fishbein Multiattribute Models of Attitude

- Attitude computed as a function of multiple attributes weighted for importance:

$$A_{bj} = \sum_{i=1}^{n} W_i X_{ibj}$$

A_b = attitude toward brand b

W_i = weight of attribute I

X_{bj}: belief about brand b's performance on attribute I

- Model assumes rationality

Dr. Shashi Shekhar Mishra: So I am going to discuss about this compensatory model, compensatory model we talk about this Fishbein multiattribute model of attitude, as you, as you can see on the screen that attitude towards a particular brand is a basically this multiplication of two things, like the importance of a particular criteria and how a particular brand basically get rated by the consumer on that important criteria.

So basically the overall attitude is basically the sum of the importance of each attribute and the brand rating on the, those attributes.

Fishbein Multiattribute Models

	Consumer Rating					
	B1	B2	B3	B4	B5	B6
Price	5	3	3	4	2	1
Weight	3	4	5	4	3	4
Processor Speed	5	5	5	2	5	5
Battery Performance	2	4	1	3	1	5
Service Warranty	3	3	4	3	5	3
Graphics	3	3	3	5	3	3

1-Very Poor..5-Very Good

Dr. Shashi Shekhar Mishra: I will explain it to you through a basically an example, as you can see here we have collected the consumers rating about different laptop brands on six important criteria's that is prized where processor speed, battery performance, service warranty in graphics. Here consumers have rated the different brand on a scale of 1 to 5, 1 stand for very poor and 5 stand for very good, and you have six criteria's and the next thing that here we have gathered from the consumer is that the importance scores.

So for a particular consumers the importance score for price is 25, the weight of the laptop is basically ten and then processor speed is 30, battery performance is 15, service warranty is 5 and then graphics is 15, so that makes the total score of hundred. Now if I want to use that Fishbein multiattribute model, I can come out the rating or the overall evaluation of each brand, so I what I will do is that I will multiply the importance attribute of importance of each attribute and brand rating on that attribute and thus I get for the brand 1, I get and a score of, a score of 4, brand 2 I get a score of 3.9.

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Fishbein Multiattribute Models

- $A_{B_1} = ((25*5) + (10*3) + (30*5) + (15*2) + (5*3) + (15*3))/100 = 4.0$

- $A_{B_2} = ((25*3) + (10*4) + (30*5) + (15*4) + (5*3) + (15*3))/100 = 3.9$

- $A_{B_3} = ((25*3) + (10*5) + (30*5) + (15*1) + (5*4) + (15*3))/100 = 3.6$

- $A_{B_4} = ((25*4) + (10*4) + (30*2) + (15*3) + (5*3) + (15*5))/100 = 3.4$

- $A_{B_5} = ((25*2) + (10*3) + (30*5) + (15*1) + (5*5) + (15*3))/100 = 3.2$

- $A_{B_6} = ((25*1) + (10*4) + (30*5) + (15*5) + (5*3) + (15*3))/100 = 3.5$

Dr. Shashi Shekhar Mishra: For brand 3, I get a score of 3.6, brand 4 I get a score of 3.4 and brand 5 I get a score of 3.2 and brand 6 I get a score of 3.5, you can do this calculation at your own leisure time.

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Fishbein Multiattribute Models

Attribute/Brands	Importance Rating	Consumer Rating for Brands					
		B1	B2	B3	B4	B5	B6
Price	25	5	3	3	4	2	1
Weight	10	3	4	5	4	3	4
Processor Speed	30	5	5	5	2	5	5
Battery Performance	15	2	4	1	3	1	5
Service Warranty	5	3	3	4	3	5	3
Graphics	15	3	3	3	5	3	3
Brand Evaluation		4.0	3.9	3.6	3.4	3.2	3.5

Dr. Shashi Shekhar Mishra: I will just summarize what I have just discussed here, is that this importance rating are basically multiplied by the, the rating of a particular brand on that attributes, so 25 multiplied by 5 for B1, 10 multiplied by 3, 30 multiplied by 5, 15 multiplied by 2, 5 multiplied by 3 and this is total the graphic for graphics 15 multiplied by three so that total sum is being divided by the total importance rating of hundred and I get a basically overall importance rating on the valuation of these brand as four.

So you can do the same calculation you can get the value of all six brand and from here you can understand that this consumer valuates Brand B1 is the highest however it is important for you to know that in spite of some of the scores being low compared to the other brands on certain attributes its overall score is higher the consumers evaluate this brand on a higher because it does well on the certain other important more important attributes then the other brands.

so you can see that consumer is compensating the starting features at the cost of some other important features the brand performance on the summer that features there is one more thing you will also see that that from consumers to consumer from for each individual consumers the ratings for their wider different grants evaluation differences that one thing is that the importance

rating from 1 consumer to the other consumer changes that for this consumer that for the previous consumer the price was has important meeting of 25 here that the prices important thing is that 20.

So rate was probably ten in the previous case here it is fifteen processor speed was I think that thirty of there it is twenty here so you see that from consumers to consumers the importance rating of the different attribute changes and their perception about the different brands also changes and that leads to every individual consumer to perceive our to evaluate the different to evaluate different brands in a different way.

And you will see that this can also be used as a criteria for segmenting the market to come out who are the consumers probably the clustering the consumers based on the importance rating that they provide so the kind of attributes which are important the purchase design making process so this is this compensatory model that we have discussed still now and when we meeting to the next session then we will discuss about the non compensatory model in the next session. Thank you.