

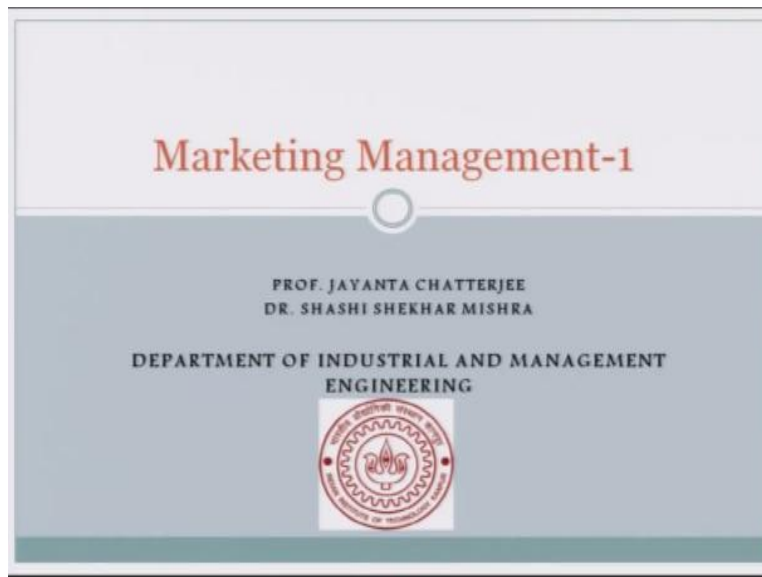
**Indian Institute of Technology Kanpur**  
**National Programme on Technology Enhanced Learning (NPTEL)**  
**Course Title**  
**Marketing Management – 1**

**Lecture: W6 –L1**  
**Analyzing the Buyer Behavior**

**by**  
**Prof. Jayanta Chatterjee**  
**Dr. Shashi Shekhar Mishra**  
**Dept. of Industrial Management and Engineering**  
**I.I.T. Kanpur**

Prof. Jayanta Chatterjee: Hello, welcome to the sixth week of our course on marketing management part 1, and I am Jayanta Chatterjee.

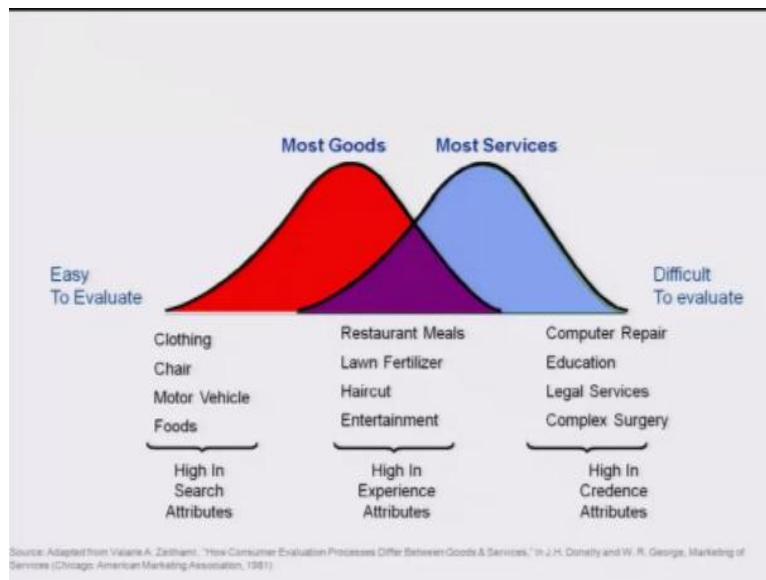
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Prof. Jayanta Chatterjee: From IIT Kanpur and my partner in this course is Dr. Shashi Shekhar Mishra. Dr. Mishra is not here at the moment, so these two sessions I will be interacting with you on my own. Now the main theme of this week will be understanding customers, understanding consumers and their behavior in the context of our overall marketing plan and marketing strategy. This hopefully will give us insight into the motivations, behavior pattern, worries,

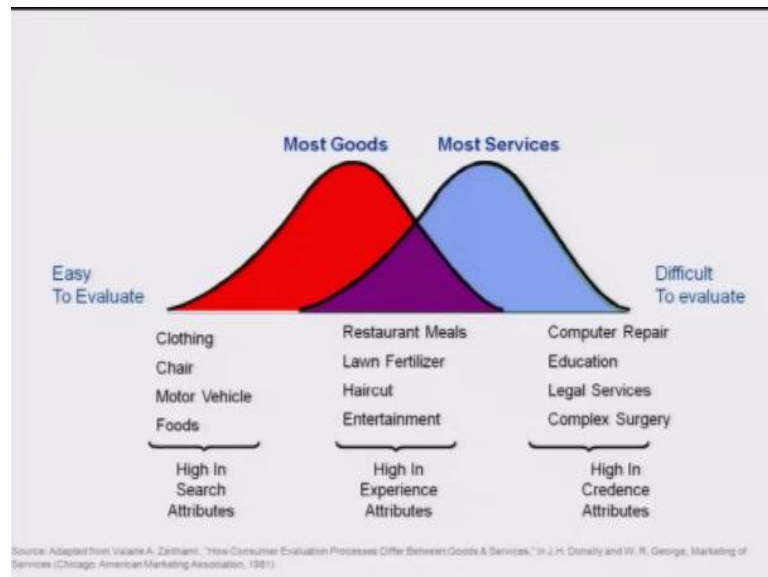
satisfying points in the minds of the consumer which will help us to shape our offerings in a more attractive way.

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Prof. Jayanta Chatterjee: To begin with I would like to present to you this recap visual, here as you see we are mainly depicting that in marketing we deal with goods and services and the set or the division is between goods and services is not very concrete or discrete, it is kind of a continuum, so the left hand side you have most goods and on the right hand side you have most services.

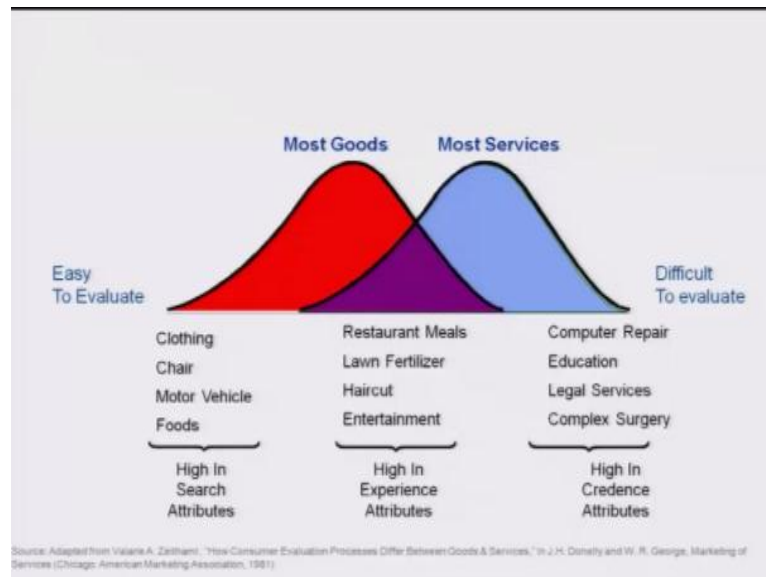
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Dr. Shashi Shekhar Mishra: In under the blue graph, so on the extreme left hand side we have stuff like clothing, apparels, chair, table, motor vehicle, food, these are highly tangible, they are subject to very strong sets of specifications and design parameters which are done both to marketers as well as to consumers. So here fundamentally if one is feeling the need we will discuss about this whole need, issues, etcetera and need characteristics shortly but once the consumer feels the need for this bundle of values which we have discussed earlier, the bundle, the solution offered by a particular tangible set which will be like a motor vehicle or a chair or some food items.

We mostly look for with a quite a definite idea in our mind we will look for objects of our satisfaction, so when we are in the market to buy a chair we have fairly good idea about what kind of chair, what kind of facilities, what kind of functionalities, what kind of properties, attributes we want from that chair. From there if we move towards the right then on the extreme right we have items like education or music concert or a movie, legal services, complex medical treatment, surgery. Here we have a general idea what we want, we want relief from pain, now the surgery may be a step forward towards that pain relief measure set of measures. And therefore we do not have very clear cut concrete idea in our mind what are we going in for.

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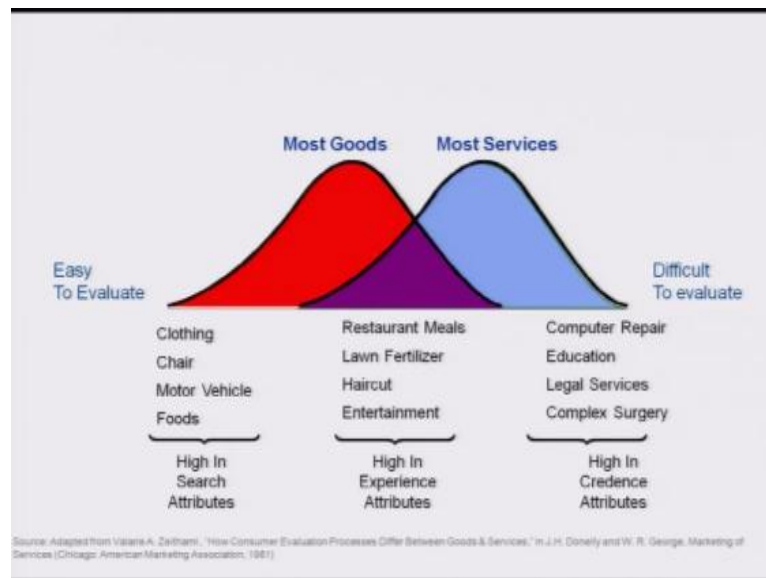


Dr. Shashi Shekhar Mishra: So here we often will not even know even when the surgery is happening or even post surgery whether we are going to achieve our desired set of results which is relief from pain, so this kind of offerings where the ultimate result comes in a delayed manner or over a span of time, even after consumption we do not know whether the training that we got or the education that we received would be valued over time in our life or a computer which we have just got repaired whether it will function flawlessly or any other sort of repair or legal engagement with a lawyer whether finally we will win the case or not.

In all these cases as you see we have a high degree of uncertainty even after the purchase encounter, even after the consumption, therefore these are considered to be very high in credence properties and therefore marketing such intangible highly intangible offerings pose some special challenges. So on the left hand side we say that these are offerings which are high in search attributes that means these are informational strategies of marketing where we need to tell the customer what we are offering with respect to what they are expecting, we offer comparative opportunities and so on. On the very right hand side there is neither the service provider nor the service consumer have very clear-cut understanding what they are getting engaged for, there may

be some lack of expectations, perception, match, and all those uncertainties and risk perceptions, these are high ingredients and in between we have say restaurant meal or we have a lawn.

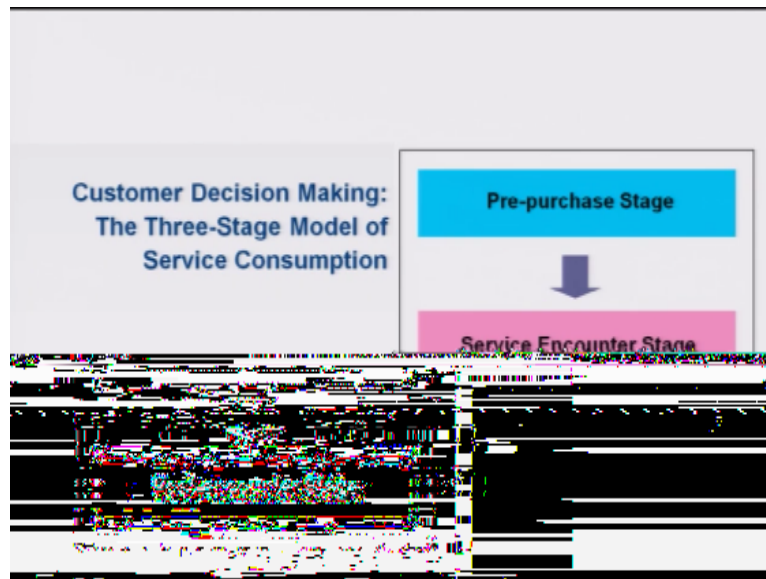
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Prof. Jayanta Chatterjee: Or hair cut, lawn mowing or hair cut service or various other kinds of entertainment, in this cases we are fundamentally looking for an experience and good or bad we are satisfied or unsatisfied depends on the quality of the experience. So the extreme left hand side we have offerings, marketing challenges for products and or combinations which are high in such attributes, on the extreme right hand side we have high ingredients, attributes, and in the middle we have experienced attributes, so as you can see therefore the marketing emphasis shifts from information providing to trust, communication, confidence communication, creating or lowering.

The risk perception on the extreme right hand side. We are going to discuss certain general approach discussions will have emphasis on service encounters because these are in a way the more complex part or more complex episodes where we can understand the deeper working people working in the minds of the consumer as they engage with the marketing activity.

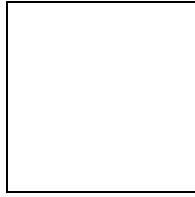
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Prof. Jayanta Chatterjee: So here as you see we are dividing the whole encounter or engagement between the marketer and the consumer in three stages, the pre-purchase stage, the service encounter stage, and the post encounter stage. The service encounter stage could be actually a combination of product and service encounters stage like when you go for a movie outing then there is the movie itself which is entertainment and quite intangible, but you know the whole ambience, the popcorn, the snacks, the seat, the comfort, the air conditioning, all these are tangible part of that experience.

So it is a mix and most products and services come to us in a mixed fashion somewhere the product elements are higher somewhere the service elements are higher, so this that is why we are beginning our session with these types of mixed offerings, so what does it what are there so this pre-purchase stage this box.

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- Decision to buy or use a service is triggered by **need arousal**
  - Triggers of need:
    - Unconscious minds (e.g., personal identity and aspirations)
    - Physical conditions (e.g., hunger )
    - External sources (e.g., a service firm's marketing activities)
  - Consumers are then motivated to find a solution for their need
- Courtesy of Marketing Concepts

Prof. Jayanta Chatterjee: Basically consists of several stages, first stage is our decision to buy or use a service; this obviously happens due to some kind of a need. The need can be triggered by you know physical condition like hunger and you want to go for a meal to a restaurant or it could be something to do with you know sub-conscious you know we want to have fun, we want to have some kind of hanging out with friends and so this is something comes from the sort of unconscious is not a correct word though that is what we have used here, but it is like something which is not really conscious decision but a vague notion.

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Prof. Jayanta Chatterjee: And then the trigger can also come from some kind of external source like the marketing activity or some kind of word of mouth or some kind of social media promotion effort or something like that, and then consumers go in search of a solution.

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- Need arousal leads to attempts to find a solution
- **Evoked set** – a set of products and brands that a consumer considers during the decision-making process – that is derived from past experiences or external sources
- Alternatives then **need to be evaluated** before a final decision is made

Prof. Jayanta Chatterjee: So from this need arousal which creates that attempt to find a solution we immediately think of an evoked set, let me clarify this. For example you feel the need of going out and having a meal with a friends or relatives or family, now first thing that it is a big universe of choices so many different kinds of restaurants offering so many different kinds of cuisines, so first you might be sort of coming to a sub set of possibilities and say okay we are going to have Chinese meal or we are going to have an Indian tandoori meal, immediately from that total universe or possible number of restaurants.

You could visit you would have narrowed it down to a certain number of Chinese restaurants or tandoori restaurants, so this subset of choices or the immediate preferred set of choices is called the evoked set, so obviously we could understand that all marketers their primary attempt is to be part of the evoked set in the customer's mind when the need arises or when the desire is felt.

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- Search attributes help customers evaluate a product before purchase
  - E.g., type of food, location, type of restaurant and price
- Experience attributes cannot be evaluated before purchase
  - The consumer will not know how much s/he will enjoy the food, the service, and the atmosphere until the actual experience
- Credence attributes are those that customers find impossible to evaluate confidently even after purchase and consumption
  - E.g., hygiene conditions of the kitchen and the healthiness of the cooking ingredients

Prof. Jayanta Chatterjee: Search at this matching between customer's tangible desires with the offerings of the marketer. The search attributes already create a framework for creating the expectation in the customer's mind so when a customer is coming for a you know party with friends setting in the mind for a tandoori meal then already certain attributes of the products service combination that the customer would be looking for has been set. So these can often be evaluated even before the purchase, so you can know that okay, this is restaurant where we cannot actually this is a very sophisticated fine dining restaurant so this is not a place where we can do halla gulla, so this may not be a nice restaurant for with a big group of friends where you know we may have fun and frolic.

So therefore you may actually go for an alternate proposal which is like a local dhaba and you know it kind of opened restaurant where it is allowed to you know you can make noises or it is encouraged that you sort of have fun.

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Prof. Jayanta Chatterjee: So it is not a very formal place, so this experience attributes therefore cannot totally be evaluated by the consumer till you are engaged, So only when you go there you have a general expectation, which can be formed at the such stage but experience stage actually is where we sort of see where that is matching, what we had thought of and what we are getting.

And of course as I discussed credence attributes are those like the medical operation or legal case, legal engagement where we do not know the result even after the whole consumption process. Even in experienced shell engagements like the restaurant meal there are parts where attendance properties are high, like the hygiene quality of the kitchen or freshness of the cooking ingredients and so on. This is visual is about risk perception.

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- *Risk Perceptions:*
- *Functional* – unsatisfactory performance outcomes
- *Financial* – monetary loss, unexpected extra costs
- *Temporal* – wasted time, delays leading to problems
- *Physical* – personal injury, damage to possessions
- *Psychological* – fears and negative emotions
- *Social* – how others may think and react
- *Sensory* – unwanted impact on any of five senses

Prof. Jayanta Chatterjee: This is very important, whether you are buying a product or you are buying a service or you buying a combination, this is a key responsibility for the, for the marketer to reduce this risk levels in the minds of the customer with proper thought out actions, the risk perceptions come from different areas like functional.

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Prof. Jayanta Chatterjee: Where actually it is related to performance, financial whether there will be post consumption some kind of loss like whether you will fall sick and therefore you will have to spend money or you may actually have some kind of big health risk and so on. It could be temporal or time related anxiety or risk perception will they serve on time or will I be able to catch my flight after the, after dinner and so on, it could be physical worry sometimes you know we are like, like we are on a ride in a amusement park, we will have anxiety that is this ride is exciting but is it safe. Will I like face any physical danger, will I fall out from my seat, that sort of thing.

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Prof. Jayanta Chatterjee: Psychological, there can be other fears and negative emotions, social, sensory, these are all risks, risk perceptions in the customers mind which the marketer in the offering, in the consumption process must attempt to reduce as far as possible.

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- Seek information from respected personal sources
- Compare service offerings and search for independent reviews and ratings via the Internet
- Relying on a firm with good reputation
- Looking for guarantees and warranties
- Visiting service facilities or going for trials before purchase and examining tangible cues or other physical evidence
- Asking knowledgeable employees about competing services

Prof. Jayanta Chatterjee: And because of the risk perception the customer seeks more information from respected personal trusted sources, they compare service offerings, search for independent reviews. We all do that right, we like we want to go to a movie we ask friends or relatives who have already seen the movie, we read the review in the newspaper, this is a normal process where you know, where experience attributes or credence attributes are high, this is the kind of process we go through.

So which means that because the customer or consumer uses this process it is the marketer has the opportunity to create the suitable confidence in consumers mind like offering guarantees or warranties or building up reputation, offering a strong brand image built over a long period of time through better performance and so on. And of course there are also physical representations of the service setting, what we call physical evidence which means ambience it could be the cleanliness, the air conditioning performance or the color scheme, all these are they aim at reducing the risk perception in the customers mind.

So when we have a dental facility, dentists chamber we pay particular attention to color schemes and comfort level of furniture etcetera, so that the customer feels at ease because already the customer has a lot of anxiety in his or her mind when going into a dentist's chamber.

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- Seek information from respected personal sources
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- Asking knowledgeable employees about competing services

Prof. Jayanta Chatterjee: So also customers often evaluate.

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Prof. Jayanta Chatterjee: The service risk, this risk thing is assessed through the kind of impression created by the employees or the service provider.

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Prof. Jayanta Chatterjee: We also in the marketing process use free trial or different kinds of credential display like if you go into a big doctors or lawyers clinic you will see all their certificates are on the wall or there are various kind of trophies on display, these are all meant to reduce the risk perception, to reduce the anxiety level in the customers mind.

So as you see this the field of behavior, the mental world of the customer is a, is a world of engagement between the marketer and the consumer where different levels of exchange of expectations and perceptions are going on and therefore the marketer has to be conscious about not only the properties of the product service combination they are offering, the quality of food they are offering, the taste of the food they are offering, but as well as all the other aspect that we have been discussing which creates the overall evocation, the overall experience very important.

So fundamentally as we will discuss a little bit more that there are therefore cognitive or logical part, factual part of our engagement with a marketing experience marketing episode but there are also effective emotional part and on the whole therefore ultimate purchase intention, the cognitive part, that will depend on how well we have managed the cognitive part as well as the emotional or effective part. So just focusing on product quality just focusing on the physical

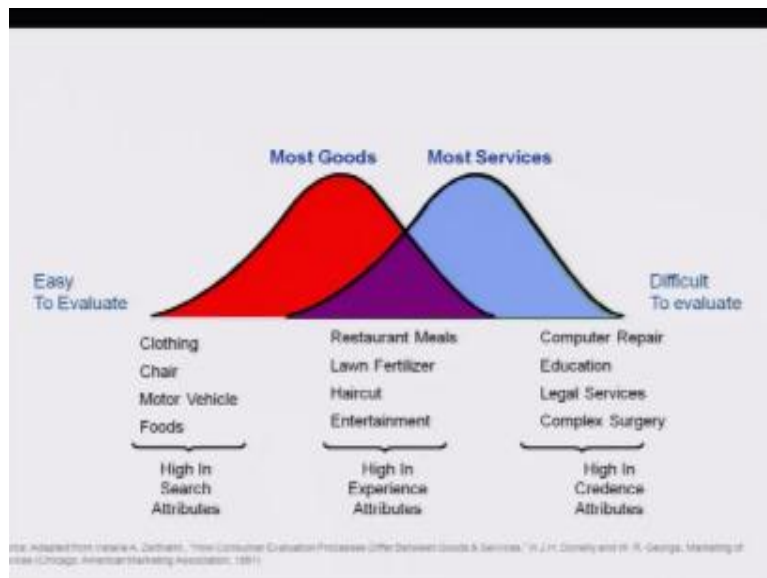
properties will not give us marketing success until and unless we understand the mind of the consumer, develop the insights into how to manage the anxieties worries, the risk perceptions in the customer's mind, we will discuss in

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- Customers evaluate service quality by **comparing** what they expect against what they perceive
  - Situational and personal factors also considered
- Expectations of good service vary from one business to another, and differently positioned service providers in same industry
- Expectations change over time

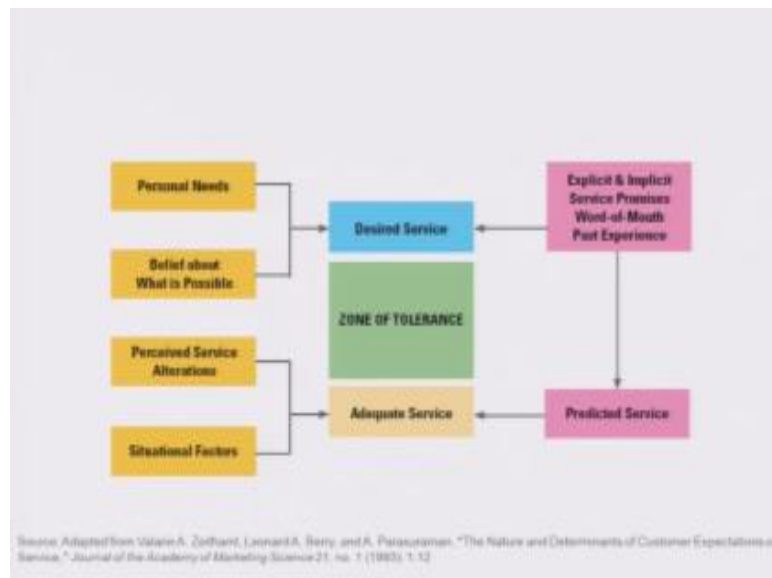
Prof. Jayanta Chatterjee: Little bit more about this how customers evaluate the service of heavy offerings quality in much more detail at a later stage when we discuss about services marketing per se in greater depth, but at this moment as you would have understood that there are therefore three types of attributes which are playing interactively in the customer's mind, the logical, factual search related attributes, the emotional experiential related attributes and anxiety risk and credence related attributes, and depending on the depending on the very first graph you know where we showed the different types of products and services where your offering resides on this

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Prof. Jayanta Chatterjee: Continuing, you will have to create different focus on such experience versus credence

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Prof. Jayanta Chatterjee: So that will give us a way of creating the marketing package in a way that it succeeds. Ultimately the main idea here in conclusion I would like to present this particular view in front of you when you can see that we have at any point of time desired service in our mind, this is often not totally clear this is something, this is normally clear in the customer's mind that is adequate service this is also you can call it the minimum expected service.

This is something that in a way is the more the merrier, the customer would like to have more in these cases, more flavor, better prices, better music, quicker recovery from operations, all this kind of thing so this can go up, this is normally there will be certain expected level.

But again I emphasize this is a fuzzy level this is a much more concrete level between these two is the code of tolerance, so obviously if after the encounter again this encounter is not only service but mix of product and service like the movie so if the popcorn is bad it actually brings down your ultimate perception in this zone of tolerance, if you have had you know bad stomach

ache after having some snacks during the movies it will create it would basically depreciate the whole encounter.

So this is the zone of tolerance, so obviously we, all marketers in every aspect after the encounter would like to be above and not below that is a, that there are a number of factors that play on it, personal needs, believe what is possible, these are what actually sets this limit, also the kind of word of mouth publicity or advertisement expectations these all build up, they kind of move it upwards. On the other hand the perceived service alternation, situational factors, predicted service.

So you can see a very interesting paradox here that as a marketer you have to see this does not go too down, that means he will be categorized in the mind of the customer as a lower grade marketer.

Lower grade of service product offering. You have to also see that this does not go too high because then what he will actually deliver will be actually there with the gap will be more. The idea is to bring this together but you do not want this to go down too much but if it goes up too much then it will push this up and so fundamentally to maintain a fine balance of what is possible and what is expected.

So, kind of what we normally say in local everyday language that under promise and over deliver, how to achieve this in different kinds of settings is what we will be discussing throughout this week in different from different angles, thank you.

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