Consumer Behaviour
Prof. S. Sahney
Department of Vinod Gupta School of Management
Indian Institute of Technology, Kharagpur

Lecture - 26
Consumer Perception, Risk and Imagery (Contd.)

We will continue with our session on Consumer Perception, Risk and Imagery, which is a part of module 6.4. And we will be today concluding this particular topic with this session.

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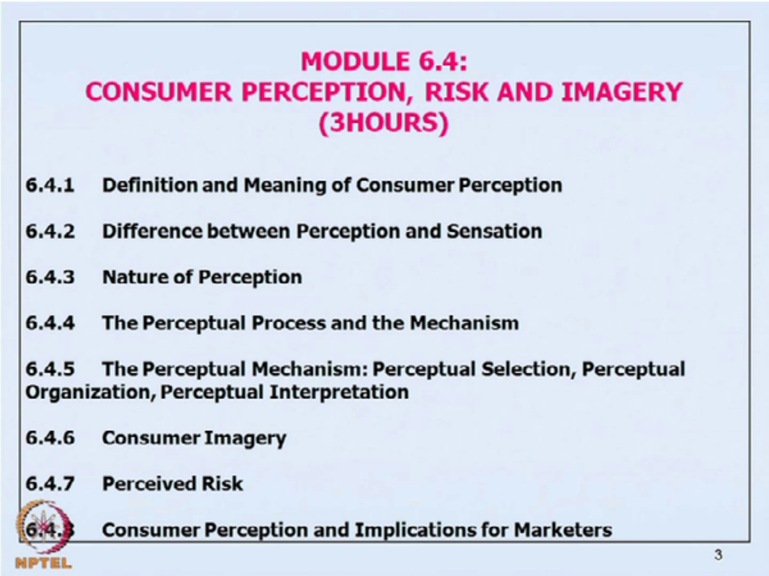

If you recall, we have already discussed the definition and meaning of consumer perception, we have discuss the differences between perception and sensation, the nature of perception, the perceptual process and the mechanism. And we have also discuss the perceptual mechanism in detail with a focus on perceptual selection, perceptual organization and perceptual interpretation.

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Today, we shall be speaking about consumer imagery, perceived risk and consumer perception and implications for the marketers, so let us begin with consumer imagery.

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Now, consumers basically tend to form images of, whatever marketing stimuli they are expose to. So, any and every marketing stimuli, which consumer gets expose to forms and image in his or her mind. This particular perceived image may relate either to the product or the service offering or to the brand or it may be anything to do with the four piece or with the marketing makes.

So, will be talk of consumer imagery, we essentially speaking about the image with respect to the product and service offering, the perceived price, the perceived quality, the price quality relationship, the retails store, the manufacturers name and his image as well as the brand image. So, consumers tend to form images of whatever stimuli they are expose to and this image may relate to any and whole of these, which refer to as which are refer to as imagery.

So, this pattern are forming images about the the marketing stimuli in the form of the product or service offering or any of the four piece is essentially known as a imagery. And this imagery could relate to the product or service, the brand, the price, the price and quality relationship, the manufacturer's name and the you know the companies name as well as the retailer and his store. So, any and all of these will basically you know we covered basically, we are focus of our study in the next few minutes.

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So, let us first start with the product and service offering and the imagery so now, now today for you know when we see a market, which is essentially very competitive where, very little differences exist between the different product categories and the distinct different product brands. It is very important that, a marketer creates a image the minds of a consumer, which is more superior, more differentiable, you know more related to value, more related to quality and it is it is better than the other, the comp no something better than the other competitor brands that are present.

So, it is very essential that, he basically forms and creates a superior image of himself and his brand in the market. This he does through the act of positioning where, he tries to create an image in the minds of the consumer by by saying, by relating the particular product or the brand with the consumer need or with the consumer you know need and motivation, his his attitudes or his social life, his lifestyles, his social class, his income, education and so forth.

So, while making, when when consumer makes purchase decisions he or she is faced with the large number of alternatives and it is made many a times, it is on the basis of this image, which the brand holds or which the brand has created for himself. A purchased decision is made either in favor or against the particular brand or the particular product.

So, while making purchase decisions, consumers are faced with numerous alternatives and the ultimate purchase decision, ultimate act, you know purchase decision to buy a particular brand or not to buy a particular brand, often is based on the image that the particular product holds. Now, a marketer needs to position his product or service offering, which he does, he he tries to show how better he is, how unique he is than the competitors.

He he tries to position himself differently from the other competitive brands, sometimes he needs to position himself differently in different segments as well. So, when his product has a few variants meant for different a segments especially, when when we see you know particular in the case of product specialization or in the case of even selective specialization where we see that, he is ready took at to a more segments. So, there he needs to position his brand differently for a different segments.

So, this this may require a positioning and repositioning, also sometimes repositioning becomes important because with changing market preferences, changing wants, changing desires of the per people, the marketer may have to think of, how to reposition his product and service offering so as to, moved ingle or moving sink or moving congruence with the customer segment and his needs.

Repositioning can often be a very a expensive exercise, not only in times in terms of time, in terms of money but also, in terms of you know the the the effort that is required on the part of a marketer to first make the consumer unlearned an image and then relearn another image. So, repositioning is a very expensive exercise both in terms of time, money and effort however, nevertheless marketers may be force to reposition either because of changing market preferences or because of changing market trends, an entry of a competitor or an entry of a better product or a better brand. The marketer try tempts to create create an image of the product or the brand in such a way that, it is in congruence with the personality or with the self concept of the target segments.

So, we have discussed earlier also, how consumers prefers such products or such brands where, the brand personality matches with their own self concept, self image and their own personality. So, when marketers are into this act of positioning or repositioning, they often try to you know position themselves in a manner where, they they would be in congruence with the with the personality, with the self concept or with the self image of these segment or of the majority of the target segment.

So, the consumer will try to relate the product with his or her need, with his or her motivational levels, social class, personality type. And they would prefer buying a product, which is in congruence with their with their with their self image and with their personality. Now, let this this is when we speak about imagery in terms of product, we we shall speak about you know little more about services shortly. Because, in services, we will see that, in creation of an image is is difficult and is many a times has to be be a strong surrogate cues, will see that shortly.

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We speaking about the price, price is also something which is perceived differently by different people and people tend to develop images with respect to the price structure of a product or a service or a brand. So, the manner in which consumer marketer prices his product also has an impact on consumer decision making specially, you know when people have a tendency to you know to perceive a product price as fair or unfair or high priced or medium priced or low priced. So, consumer may perceive a product to be spare price, fairly or unfairly or high priced, medium priced and low priced, and this has an impact not only on his purchased decision, on his purchase action but it is also has an impact on the level of satisfaction and dissatisfaction, that he finally develops.

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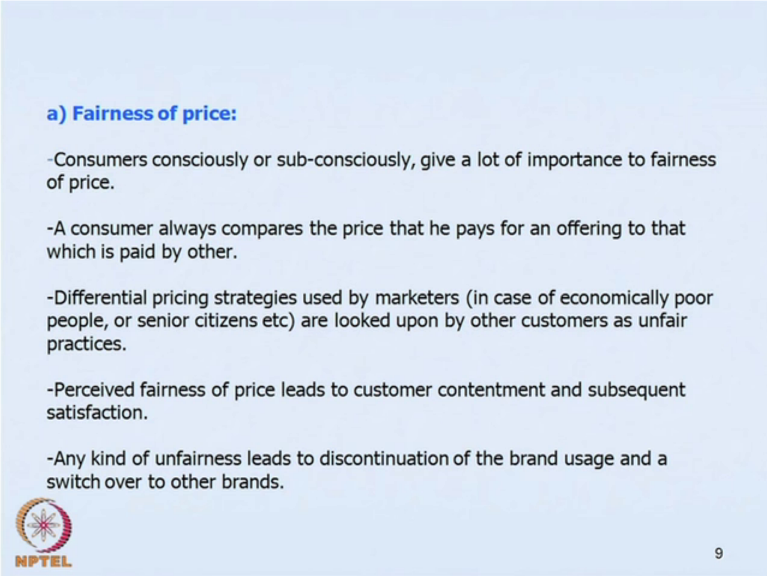

So, when we speak about fairness of price in in our subconscious level or in a conscious level, we always thinking about the price of a product or a service offering. We trying to to compare the product, the the price of a particular brand, with the price of another brand and we tend to classify a price structures in to something, which is a fair or an unfair.

So, consumers basically try to always see, what the other person is paying, they always want to compare the price, at which the the they have bought a product vis-a-vis the price, at which other people are you know buying the same product or marketer is selling the product to them. So, the the consumer basically tries to see, whether the marketer has been fair enough by charging him a price, which he is also charging fairly to another customer or not.

In case, you your customer feels that he was been over charged or overpriced, he tends to feel discriminated or he tends to feel cheated. Differential price strategies are looked upon or or or actually looked upon by many customers as unfair practices, nevertheless for social concerns, for ethical concerns, you know or for to think about social economic quality, marketers tend to bring about some level of differential pricing strategies. Specially, for the poor and for the economically backward classes or for the senior citizens but nevertheless in some cultures, this is looked upon with little skeptism and people are not very happy, they regard them as unfair pricing strategies.

So, any kind of perceived you know fairness leads to a feeling of contentment within the consumer and a feeling of satisfaction. And on the other, hand if a person feels that he has been worth charge you know or he feels that, there has been some unfairness meted out to him in terms of the pricing structure. He he there is some kind of discontentment within him and he prefers discontinuation of the brand and he tries to he would prefer going to other brands.

Now, this price furnishes not only with respect to the company, it can also happen with respect to the retailer. In case, the customer feels that a particular retailer or a store, you know shopkeeper is charging him more, he prefers to to to switch over to other stores. He prefers you know discontinuing his transactions with this particular customer and he move with this particular shopkeeper and he decides to move to others stores or other shopkeepers. So, fairness of price not only has an impact upon the brand upon the manufacturer or the brand but also, upon the this the shopkeeper or the dealer.

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This other second thing, which we speak of is reference pricing now, price is always perceived as high, medium or low you know, there is always a reference price and it is a base price, that a consumer tries to compare against another price. So, prices reference prices may be internal or external now, reference price as a repeat is defined as a base price, that a consumer uses to compare against other brands or against another price of another brand so reference prices may be come internal or they may become external.

Now, internal reference prices are those, which are within a person's memory, they are internal to the consumer, they stored in his memory and they are retrieved from the memory bank as and when required. For example, lady buy sugar in July at the rate of 30 rupees a kg and when she goes to buy a sugar again in the month of September, other shopkeeper asks her for 36 rupees a kg. So, it was 30 rupees a kg in July and in September it has short upto 36 rupees a kg.

So, immediate reaction would be to comment the sugar has become very expensive and this commitment this this particular comment, which she makes would be based on information that she derives or she retrieves from her memory bank and would thats be refer to as an internal reference price. A price could also be in external reference price, when when they are used by the you know, external reference prices are used by the advertiser for communicates to the customer, that while mentioning that a particular product is been sold is been sold elsewhere at a much higher price than what it is been sold by this particular product brand or by this store.

So, external reference pricing is basically done by, is is is encourage to buy the marketer who tries to communicate with the consumer by saying that, a particular product or a brand is being sold elsewhere at much expensive rates, than what it is been sold here at this particular brand, of this particular store. So, in other words, it is actually illustrated has been sold at a higher rate in other places for example, it would say, sold elsewhere at or sold at other places as and we sell much lower at 30 percent discount.

So, this communication is is more convincing, it is more persuasive in nature to influence the consumer, that the offer which is been made by this particular company or this brand is a good offer and must go for it. So, externally, they are trying to show, externally by saying the the that, it sold elsewhere at or it sold at other places or other stores that, this particular price and we are selling at it say, 10 percent or 30 percent off, 20 percent cheaper.

And so so this tries to create an image that, we we are selling it at much cheaper and we are giving much better deal and much better bargain, so this is what, we mean by internal reference price. Now, a prices are also perceived as high medium or low, and when studied in terms of internal as well as the external you know, as well as high medium or low price, price is defined as plausible low plausible high and implausible high.

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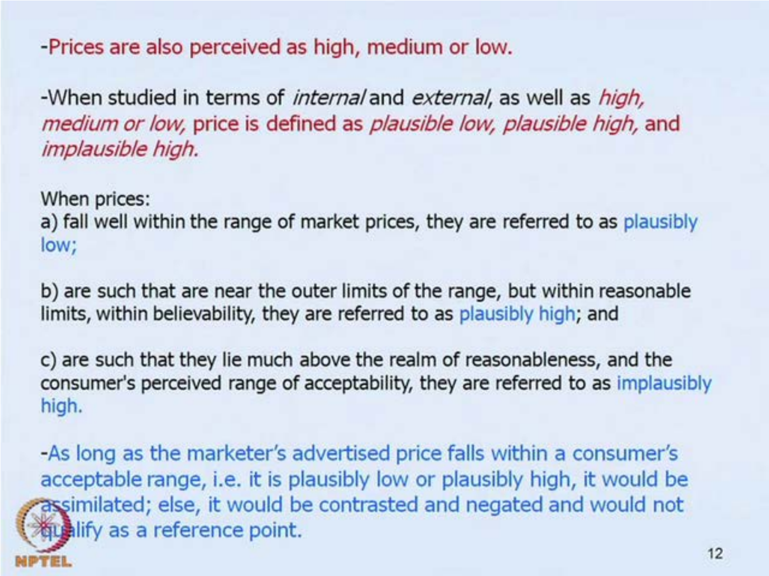

So, let us go into little bit of this, so prices are perceived as high, medium or low and when we study this in terms of internal and external pricing, we can and we related to high, medium and low price, we define it as plausible low, plausible high and implausible high. So, when prices a fall much beyond the you know range of market prices, they are regarded as plausibly low.

Because, they are something, which are unbelievably priced you know, lowly priced, they it is it is very it is a surprise, it is a very unexpected a fall, which is something, which was not expected and so it is much below than what a person considers to be actually low price so it is called plausible low. On the other hand, when prices are such that, they are near the outer limits of the range, but within a reasonable limits, within believability they are called as plausible high.

So, if you feel that a particular product costs should cost between 15 and 20 and here, this particular product is priced at 18 or 19, it is near the outer limits of the range but within the believable price structure the price slab and so we call it plausible high. And when they lie much about the realm of reasonableness and much beyond a consumers perceived range of acceptability, we call it implausible high.

So, there is something, which is totally unbelievable for example, if you believed the product to be priced at between 15 and 20, and it is now priced at say, 32. So, it is something, which you will regard as totally, absolutely outside acceptable limits and more towards unrange of you know, much beyond in range of acceptability so you know we call it implausible high. Now, it is very important that, one understands at, as long as a marketers advertised price falls within the expectable range, either a plausible low or a plausible high, it would be accepted, it would be assimilated in else, it would be contrasted and negated and it will not qualify as a reference point. So, whenever we think of a reference point, we are talking of a price, which is within plausibly low or plausibly high but never beyond this. Because then it will not be you know assimilated and it would be negated as a reference point.

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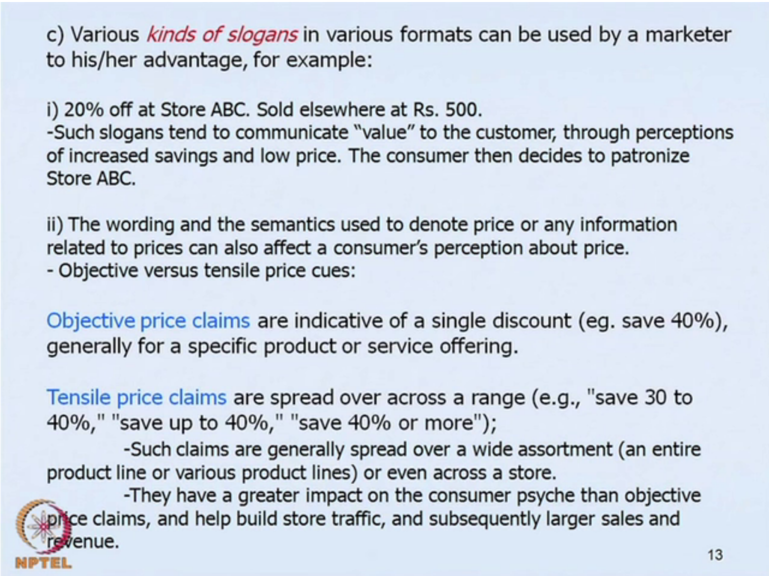

Another thing which we speak of is a kinds of slogans, which can be used by marketers to their advantage like you know we we have objective price schemes and we have tensile price schemes. For example, there is 20 percent off at a store ABC and sold elsewhere at 500 so such slogan will tend to you know create an image that, he has the particular you know store he is going to provide value to the customer through increased savings, through lower price so the customer should actually patronizes stores.

So, this is something, which consumers use you know that kind of terms, the kind of words, the kind of sentences they should must use in their marketing slogans or in their communication slogans, also have a also help in creating you know perceive, also also help in developing an image, they can help in creating a perceived image. So, if if a particular store says store elsewhere at, such and such at 500 and we offer at 20 percent discount. So, it shows that, the store is actually you you know something which is providing value to the customer at much lower price and leading to increase savings.

So, an lesser costs that he has to bare, so this kind of you know approach leads to some kind of (( )) you know the consumer will have some kind of loyalty and he will be think of patronizing this particular store. The wording and semantics, which are used to denote price changes or any information about the price also has an impact on imagery or has impact on, how people perceive price or how a people perceive price changes.

So, we have objective versus a tensile price claims, objectives are a indicative for single price discount like for example, 40 save 40 percent off for a particular product or a service offering. On the other hand, tensile a price schemes are spread overall range like for example, save up to 30 percent or 40 percent or 40 percent and more. So, such claims are spread over a larger assortment, larger productive assortment or wider productive assortment could be a product line or large number of product lines or even a particular stores.

So, they have a larger impact on creation of you know a customer traffic, they they have a larger impact on larger creating, having an impact on customer psyche by encouraging more sales and more revenue for the stores. So, you know we we when we speak about a the manner, in which price discounts or marketing slogans are designed, they they have to be taken care of.

One as we said, that parti you know the way it is said say, 20 percent or sold by relating it to an external reference price. So, we say 20 percent off on pantaloons and sold elsewhere at 1000 rupees and here, you are getting a shirt for 500 or 800 rupees so that has an impact. Second is in terms of the objective and the tensile price claims, objective price claims claim a single price, a discount off on a product or you know you know a brand and that is it so that is the impact it has on ,(()) it indicative of a single discount.

On the other hand, you have a tensile price schemes, which are spread over range which says, save 40 percent off more or save up to 40 percent or up to 30 percent. And this also going to be over larger product assortment or a wider product assortment and going to have a much more impact on customer psyche with respect to the a pricing strategy of the store or of the company. And lead to more customer traffic, more sales and more revenue for the for the store.

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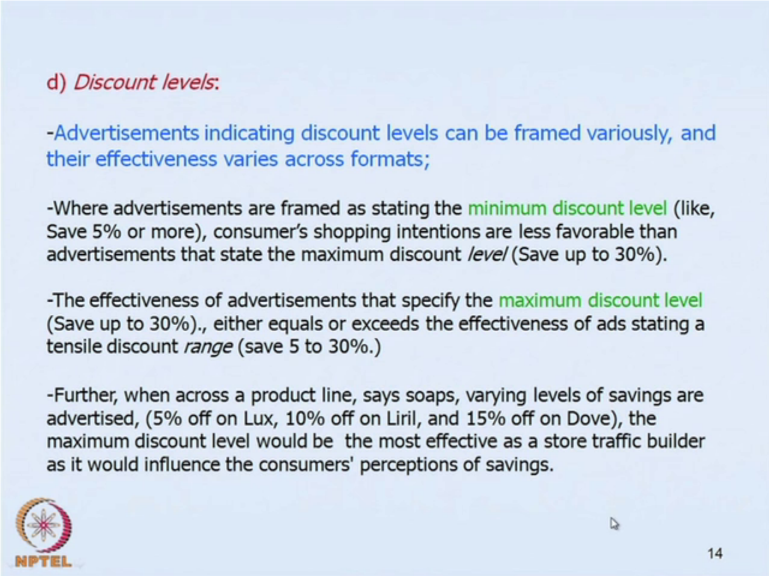

Discount levels, advertisements indicate discount levels that can be variously if named and when advertisements are framed as say, stating the minimum discount levels like say 5 percent or more. A shopping intenses are less favorable than when they have a maximum discount level say up to 40 up to 30 percent or 40 percent. So, the effectiveness of an add, will actually talk of the maximum discount level either equals or exceeds the effectiveness of an add stating a tensile discount range.

So, you know when you are across a product lines say, soaps varying levels of savings are advertise say for example, 5 percent on lux, 10 on liril and 15 on dove. The maximum discount this where will be be most effective as a store as a store traffic builder and lead to greater save, his greater sales because a consumer begins to feel that he will save more on such such schemes.

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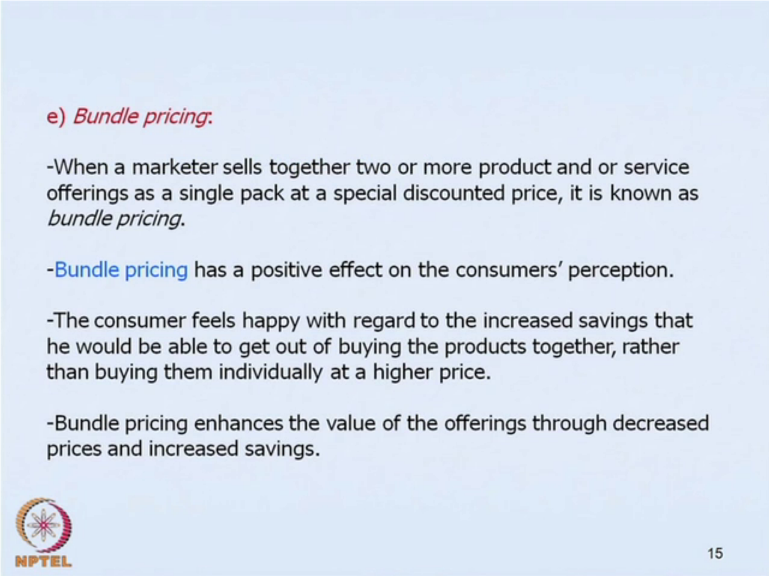

Another thing, which we talk of his bundle pricing, when the marketer sells 2 or more products, which are you know save as a single pack at a single discounted level, we call it bundle pricing. So, the customer begins to feel happy that, he has been able to get a larger number of savings then he would get if he was buying the same products separately. So, bundle pricing enhances the value of the offerings through decreased pricings and increased savings. Now, let us move on further and talk about imagery with respect to perceived quality.

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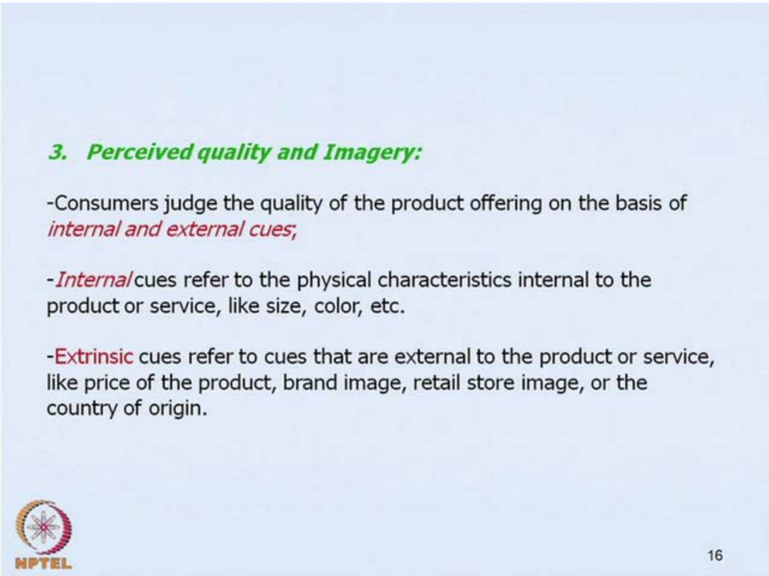

Now, quality is you know basically, we we relate quality and price but will do that subsequently but nevertheless quality is often gorged by the consumer by a 2 kinds of cues, the internal cues and the external cues. So, internal cues refer to something related to the stimuli, as we have see here something related to the physical characteristics or internal to the stimuli, in the form of the service or the size or the color, etcetera. Extrinsic are in the form of, which are external to the product or service like the price of the product, the country of origin, the brand image, the store image the retail image, it is a retail store image, etcetera.

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So, for some product offer offering especially, product offering, the quality can be accessed using you know for for product offering, quality can be accessed by using intrinsic user physical characteristics like you know you different kinds of bakery products and ice creams, they have flavors or they have aroma. Similarly, mouthwashes or detergents soaps have color or smell so you know you can you can basically accesses the quality but for other product offering, it is not always as possible to, it can only access the quality on the basis of such intrinsic cues or or by experi or by experience alone.

So, the consumer they are tends to perceive such products by certain things, which are extrinsic to the product and he talks about the price because price is generally related positively truth qualities. So, higher the price better is suppose to be the quality, they go for a brand image like for samsung or for sony. They go for manufacturers image could be BMW or Merc merq, they go for the retailer stores image could be in form of spencer or shoppers stop or they go for a country of origin like for example, rubies from Myanmar or gold from Dubai or electronics from Japan.

So, they try to form images of the product through the the intrinsic and extrinsic cues, intrinsic related to the product itself in the form of the smell, the flavor, the aroma and extrinsic related to others in terms of the price or the retailers image or the (( )) factors image of the country of the origin. Now, talking about this if we go little further, we will see, that is much difficult versus the quality of services because services are it take at different from products, they are something which are intangible, they are you know they they are a heterogeneous by nature, they are perish, they they cannot be stored. So, there is no time gap between the creation and actual consumption so it happens simultaneously.

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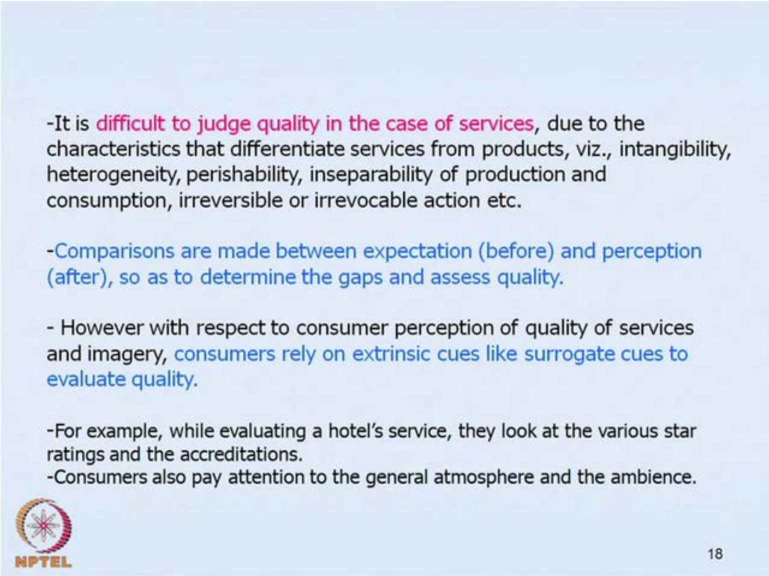

And there are other characteristics, which differentiate like you know irreversibility or irrevocability of action. So, when we speak about the various characteristics, the differentiate from products in terms of intangibility, heterogeneity, perishability, inseparability or irrevocability we see that, it is difficult for us to assess quality of services.

So, lot of researches have come up with different kinds of models, which try to assess the quality of sevices and one such models, is which try to assess services on the basis of the consumer expectations as related to consumer consumer perception of actual performance. So, there is gap there is a gap, which actually is measured in between expectations, which is before the purchase and use of a product and perception of the performance, which is after the usage of the product so based on this, quality is determined.

Other servogative cues are also used to determine the quality of services for example, doctor's chamber, the way, the manner in which it is designed or the layout or the kleglinence or different kinds of you know certificate or awards that he is displayed or the awards that he is placed and mounted on a wall. So, all of these basically, will be indicative of quality of services that would be provided by the doctor. Similarly for hotel, the kind of ambience, the kind of layout, the kind of atmosphere, the trained staff or the accreditation or the kind of award that these hotel has got or the star ratings and various accreditations which they have got, will actually act as cues, which is all surrogate cues, which will help us assess the quality of the hotel.

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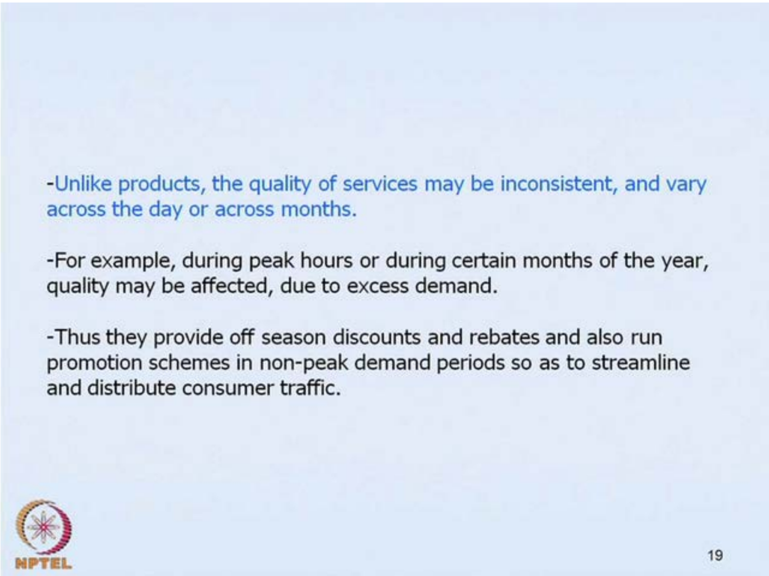

So, this is with respect to quality of services but unlike products quality of services may be inconsistent and will vary from day to day or from week or from month. So, the custom for example, during peak hours or during certain months of the year, the customer traffic for certain kinds of product and services is increases like you have during weekend, lot of rush for certain kinds of services. During holidays season, there is lot of rush for hotels or for tourism industry so you know during peak hours or during certain times of the years, quality may get affected, it may get inconsistence because of, excess of demand, excess of customer traffic and you know incapability of handling such a huge traffic. Thus, lot of service provider offer different kinds of discounts, they offer off season discount, off season rebates to manage a customer flow across the year. So that, you know they do not get jumbled into a one particular month or one particular time of the year, this traffic can be smoothen out and they can stimuli and distribute the traffic flow or customer flow across the year. So, this is, what we speak about the you know the quality of services.

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So, let us come move beyond and talk about the price quality of relationship and the imagery, consumer basically relate the quality with price, price is seen as the indicator of quality, it is positively related. So, the higher the price, the better is suppose to be quality of the product or services offering, and marketers often justify increasing in price by saying that, they are providing a better value or they have improvise on their quality of product or services and so they want to charge higher price.

They they also relate the increased products to the increase prices to the increased benefits or the value added, which they are providing. The link, they also link quality with the reputed brand name and the brand image or with the store image. So, will price of the product or service offering has a positive image on a perceived quality, the price has a negative effect on perceive value and consumer's willingness to purchase.

Now, the perception of an increased price and quality relationship may counteract for a marketer, who sells higher end as well as lower end products. So, in such a case where, higher price would imply superior quality, lower price may implies that, it is a poor quality or the marketer has compromise on quality. So, this my harm the sale of lower end product so in the case marketer sell both higher end products and lower end products and he tries in you know relates the high end with the quality.

It may also perceived by consumer's at low end products or low price products have been compromised on quality and do not offer as much as value they should be offering. So, that is why, it is always better to brand the product individually, position it individually other than the family brand. For example, you know you have unilever, which actually follow this practice beautifully, they have a lakme, which is higher price range and they also market (( )) which is the low price range.

So, they meant for different segments and they are priced accordingly because in case you know you try to show, we offer better quality because I have give you higher quality because you offer better quality. So, when you are providing something at lower price, consumer may often ask that, I do not mean that you are compromising on quality. So, this can be difficult situation for a marketer, if he is handling 2 different kinds of product so the strategy may counteract against each other.

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Another way, another piece of image, which gets created with respect to retail store and image, just as product and services are opposition similarly. Retail stores are also position consumers, some retail stores are positioned that they high end stores, some opposition has low end stores, some opposition does you know stores which provide lot of convenience, some opposition has economy stores, some opposition has full line departmental stores, other opposition has speciality stores.

So, also the kind of image that is created, is which is also defective of personality that they hold. So, consumers generally prefer to visit such stores and they patronize such stores, which were where, their images are consistent with the store images. So, they they layout, the ambience, the labeling, the pricing, all of these has an impact. Layout and ambience will have an impact on, will reflect the kind of store, the kind of products that it could carries.

It could be a speciality store, which carries a (()) or a departmental store catering to edibles exclusive and durables. Compare to layout, ambience has better impact on consumer perception, labeling retail store often undergo this exercise to create a identy for themselves and they come up with something, which is called as privet label brands. Consumers relate well known retail name with the assortment that it carries and they perceive high quality and value in goods, that their well know name.

So, retail stores like west side of pantaloon go for putting their own labels on creation of others. Big bazaar's packs it is labels and labels it is edibles in the brand called food bazaar. Pricing also, the retail store and images also indicated by the price offerings, specialty and super specialty stores price their offering much expensive, hardly for any discount except for during festival season.

Departmental stores and general stores of larger discounts and such discounts could be smaller discounts and large number of items. So, you know while former provide frequency of price advantage and the later provide magnitude of price advantage.

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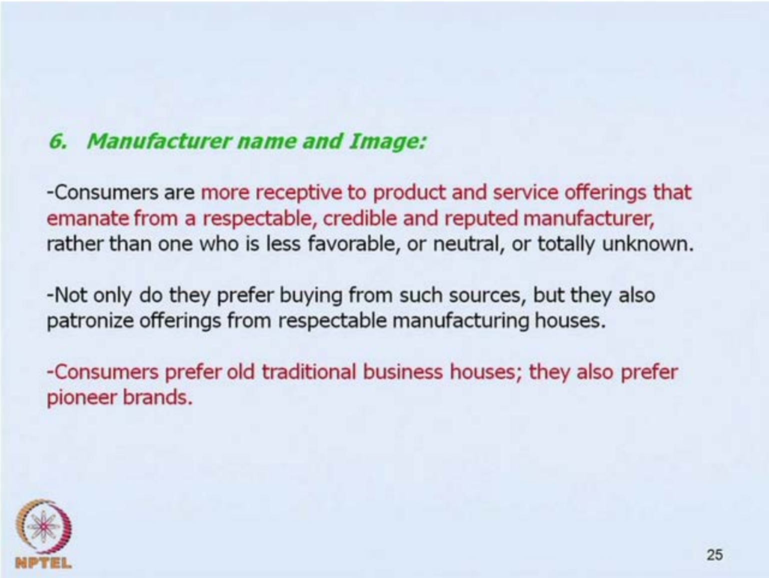

Coming to the manufacturer's image, consumers are more receptive to product and services that come from a reputed that come from a reputed manufacturer, rather than one who is less favorable or less known. Not only would they buy from such manufacture house but they would also be patronized offering from respectable manufacturing houses so they also prefer pioneer brands.

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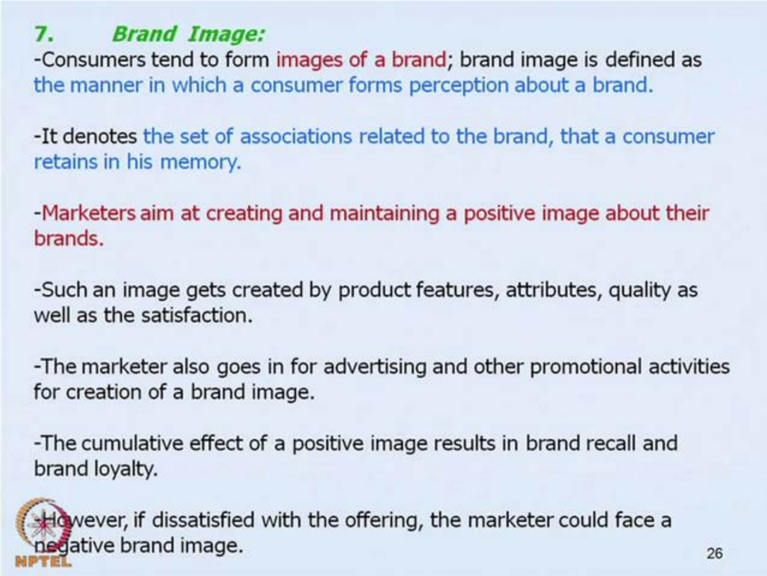

Brand image is the image, which is created you know by the brand and kind of brand associations, it denotes the set of associations related to the brand, which marketers retain in their money. Consumers tend to form (( )) of their brand and marketers aim at creating a positive image about their brands and the positive image leads to greater recall grater brand loyalty.

And marketers basically, also puts a lot of effort to promote his brand to create a positive image about his brand and this positive image leads to greater recall, greater loyalty. And however, in case consumer the product dissatisfies the consumer or the brand dissatisfies the consumer it could also lead to negative brand image. Now, this brings us to a conclusion of our discussion on brand image.

Now, let us move further to risk and to perceive risk now, whenever consumer make a purchase decision, experience state of uneasiness or anxiety or tension, this feeling of anxiety or tension or discomfort with respect to the negative consequences that, product or brand could bring around, could bring about. And so the consumer begins to doubt his purchase decision. Now, this particular state of anxiety or tension with a person has the respect to the usage of the product and to the negative consequences, that the product or the brand could bring about is referred to as perceived risk.

It is defined as the feeling of uncertainty that arises within an individual, when he feels to (( )) the consequences of the product choice it is usage and the resultant experience. So, because of this feeling of anxiety, tension, discomfort, the consumer begins to doubt, whether his intention has been, whether his purchase action has been the right one or not.

This is refers to as a feeling of persuasive risk and it arises because we consumer cannot judge with certainty, the consequences of the of the purchase of the brand, which he has actually opted for. So, when we talk about perceive, there are different kind of risk we have functional risk, physical risk, psychological risk, social risk, time risk. So, we will be going about going on discussing these different kinds of risks.

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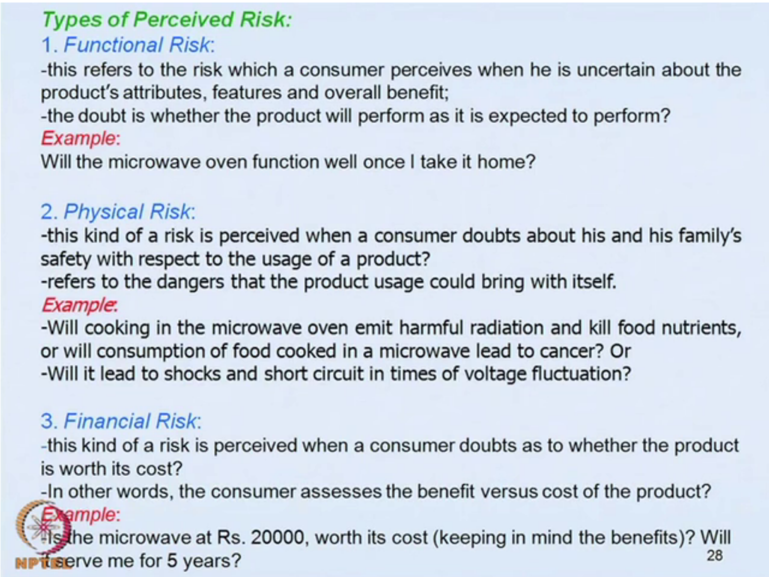

We start with a functional risk so functional risk is when consumer perceives, when he is uncertain about the product, it is tribute, features and overall benefits. So, doubt is, whether the particular product will function as promised or not, will it perform as well as it is expected to perform or not. So here, the consumer has doubt with respect to the features, the attribute and the overall functionality of the brand, the performance of the brand and to be called as the functional risk.

So, in case for example, the lady buys a micro wave, she would have the feeling, will the microwave function well once I take it home, will will it be will it function has a free, will it give me no problem, so will it function has suppose to perform, will it to give me the desired performance, so this is functional risk. Then they physical risk, physical risk is the risk, which a person perceives when he doubts, when the consumer doubts about his and his families safety with the respect to usage of the product.

So, you know the the it basically refers to the kind of dangers, that kind of you know safety hazards, that a particular product and it is usage could bring about you know with the purchase. So, the consumer here begins to feel that, whether this particular product will will be safe to use for me and my family and he began to feel that, I hope it does not you know have any harmful consequences or any dangerous effects on me or my family, while we using these particular product.

So, it is actually, the doubt, which the consumer feels with respect to his and his family safety with respect to usage of the product. So, in case of microwave, it could be in terms of, will microwave produces a kind of, hope it does not produce any emissions or any kind of radiation, which may harm or you know harm and lead to cancer or which may kills the full nutrients or hope that the foot coat in the microwave may not lead to any kind of cancer.

This is a physical risk, it could also be in terms of, will it lead to shocks or short circuit in case, there is a voltage fluctuation so it is a physical risk. Financial risk is with respect to the cost of the product and the value, which one decides out of it. So, if the risk, which is associated when the consumer began to doubt, whether the product is worth it is cost or not.

So, we have a paid the right the money, have I paid the right money for the value, which I am suppose to get, have I not been over charged, hope I have not paid more or hope I have not paid more for something which where, value is lesser or the benefit would be lesser. So, in other words, basically in the market, consumer tries to relate the cost with the benefit or the cost with the value.

So, if the microwaves is 20000, so they have began to worth it is cost, is it is is when the consumer began to feel, is the micro wave really worth for 20000 rupees. And keeping in mind the benefits, keeping in mind the functionality have I paid the right price. Also, hope it was not too high, hope I was not been over charged and hope it will suffice me or you know hope it will have a free service for atleast 5 years, so this is with respect to the financial risk.

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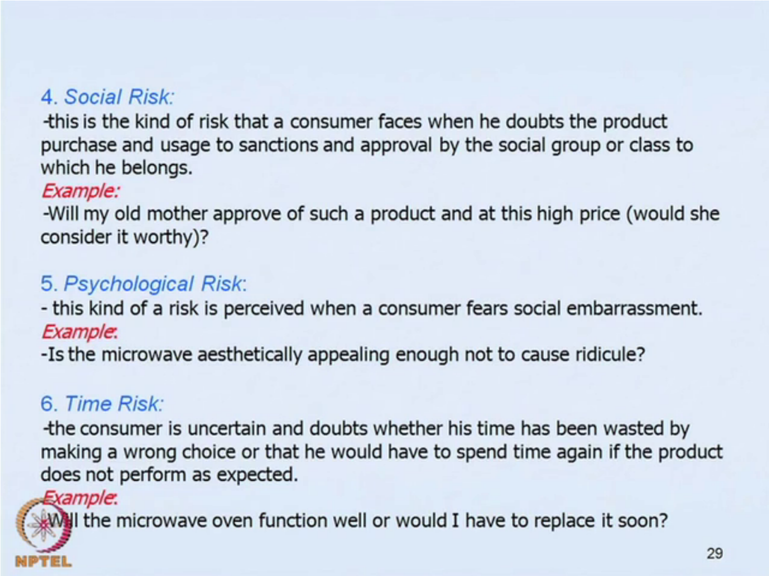

Then, you have social risk, which is a kind of risk that people face, when they doubt the product usage and the usage to sanctions and approval by the social group or the social class. So, will my mother approve of being buying a microwave for such a high price you know, who she considered it worth enough so this is in terms of a social risk. Physiological risk in terms of any kind of social embarrassment, hope it does not lead to any social embarrassment, hope it esthetically sound, hope my friends you know like it and they would be no ridicule with respect to it, hope they like it and would appreciate it that is, in terms of physiological risk.

And then you have time risk where, the consumer doubts whether the time he has spent in (( )) while time pitch is put in on cognetic effort and physical activity is worth it, as he made the right choice, hope he is not made wrong choice. In case, he had made the wrong choice, he will have to go through the process again. So, the consumer is uncertain and doubtful about the time, which he has been wasted by making a wrong choice or that he will have to spend the time again. So, in terms of this example, it would mean will the microwave function well or will I have to soon replace it or whether I would make subsequent or frequent trick to the dealer for repairs. So, this is the different kinds of risk, that we we face.

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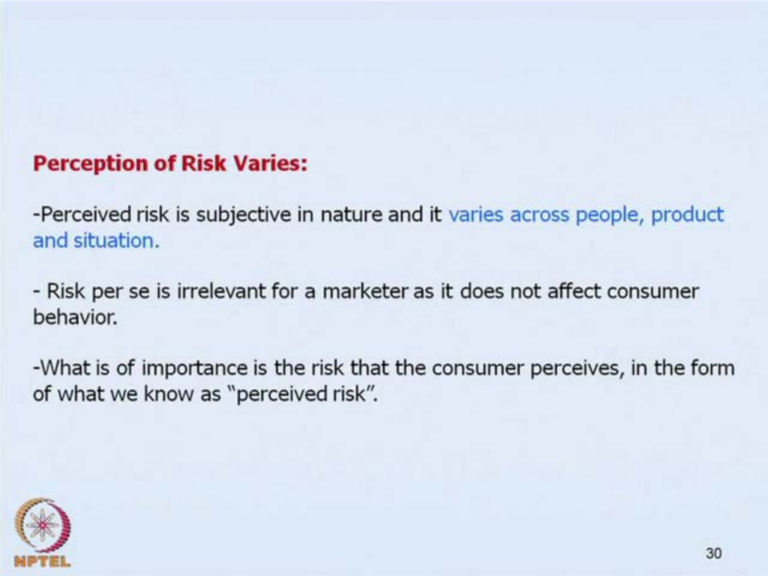

Now, the level of risk, which will always vary across people, it will vary across the product category, it will vary across the situation. So, you know the risk perceives is not relevant, what is important is, there is that the consumer perceives so more important is what is the perception apply. So, we will we will not say, that the risk is what is did harmful dangers for the marketers, it is a perceived risk because this risk is going to be perceived differently by different people on different product category or different product situations. So, what is of importance is, the risk that the consumer perceives in the form of, what we known as perceived risk. Now, the risk varies across people.

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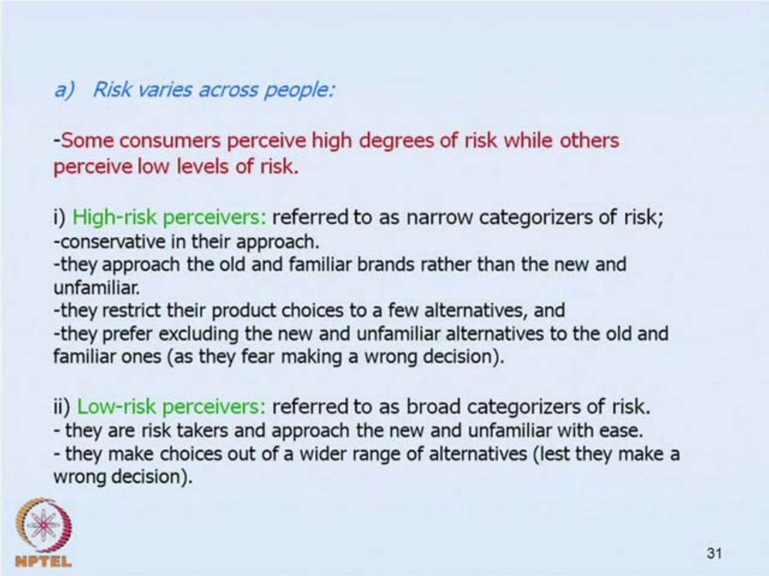

For some people, perceives high degrees of risk, while others perceives lower degrees of risk, high risk perceivers referred to as narrow categorizers. They are very conservative in their approach and they will prefer excluding the new and unfamiliar alternatives to the old and familiar ones. So, they approach the old and familiar rather than the unfamiliar then we have low risk perceivers, who are brought categorizes of risk.

They would rather go for the unfamiliar and try out something new, rather than you know they are risk takers. So, they would rather go and try out something new, than which would prove better then going for something which is in normal course and normal product. So, they are they are broader categorizers of risk, they are risk takers, they make a choice out of large number of alternatives.

Even, and he make a choice very carefully so that, they would not make a wrong choice so they look into different alternatives with lot of physical and cognitive effort and finally, end up with making a very sound choice. So, we have high risk perceivers, who will you know they will prefer going with the familiar and avoid the new because they fear a wrong decision and we have low risk perceivers, who are ready to take all kinds of risk and try out new products and new brands.

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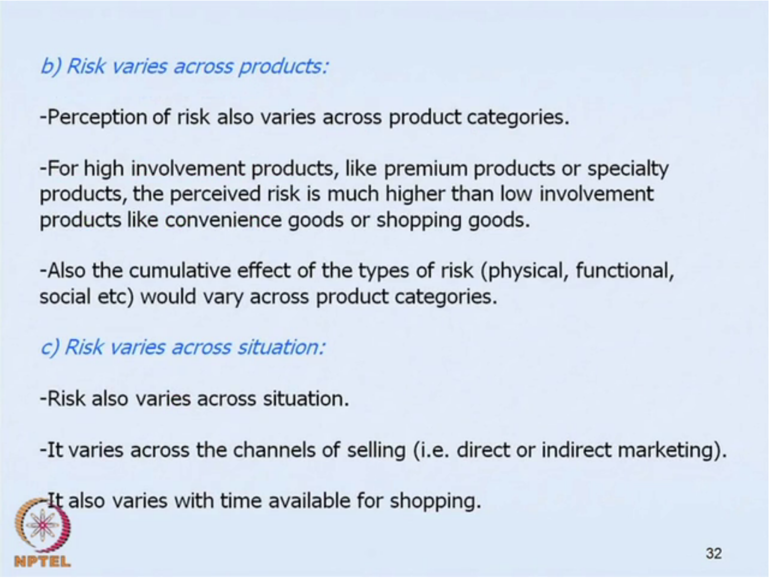

Risk also vary across product category, we have discussed earlier that, high involvement products, there is perceived level of risk is much higher for premium product or for some specialty products. Then in the case of low involvement product, which are convenient product or shopping product, risk also varies across situation, across selling channels like direct and indirect marketing. This is the one of the reason, why the use of online marketing have been low because people perceive lot of risk with buying directly online with in the absence of physically interactivity with a dealer. Risk also varies with time available with customer for shopping now, how do you actually perceive, how do you risk, how do you reduce perceived risk.

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Perceived risk basically, if you going for risk reduction measures, which may involve information brand loyalty, store loyalty, brand image, store image or price. In first, let us talk about information, consumers can reduce the degree of perceived risk by querying more and more information, they can communicate with interpersonal communication, informal communication with your friends, pierce, colleague or with their opinion leaders and this will help to reduce the level of risk considerably.

The marketer also has an important role to play by providing formal communication through his sales people, his dealers, his other channel members as well as through print media and audio visual media. Information here provided by the marketer would relate not only to the features attributes and benefits or the overall value, but it also should also relate to the reassurance that buyer of (( )), that they had made the right choice and with respect to the product and service of...

The more the information provided, the more confident will the consumer be and the more confident he is, the more likely that the purchase situation in favor of the brand will occur. So, not to reduce the level of perceived risk, try and provide as much as information as possible and when he receives his information, he feels more confident level of perceived risk reduces and the chances of purchase occurring are going to be higher.

Second is brand loyalty, consumers become you know they become over usage, they become loyalty over particular brand and they decide to go with familiar, which is which is a time tested brand, which is brand that they used earlier and still they are not to reduce the level of perceived risk, they prefer being brand loyal. And in case of stimulus generalization, which we have seen earlier family branding and product (( )) would came favorably, because people who are loyal to a particular product from a brand or from a manufacturer, may will tend to be loyal and show loyalty towards another product, which is offered under the same brand. So, purchasing the same brand reduces the level of perceived risk, they prefer to remain them you know confine themselves with the patronized brands with the time tested hand, other than when she opted buying something new.

Third is with respect to store loyalty, similar to brand loyalty we have store loyalty, consumers tend to become loyal to certain kind of stores over a period of time. They visit a store, buy the product from there, develop personal relationship with the dealer or with the store shopkeeper. And they they believe going to such stores where, they have built-in relationship because they feel the level of physical interactivity as well as inter relationship, will not only lead to good advice and opinion from the the shopkeeper but also, provide them reassurance.

And in case, the product is faulty or there is a problem, they always go back to him for help and support. So, you know they they prefer going to such stores where, they have built relationship and they with the store keeper or with the shop keepers or with the sales people. Buying from such stores also reduces you know problem related to service or warranty or guaranty or replacement and you know the customer can always rely on the store keeper in case of any kind of complaint or any kind of dissatisfaction.

Coming to the next, which is brand image, consumer often make product choices with respect to on the basis, make product choices for certain brand which are which are which are higher in image or which have a good image as quality brand or spinier brand or premium brand. So, consumers make choices based on reputation of quality, credibility and dependability and they go in for well known brands, rather than for unknown brands.

So, brand image also can misused to reduce the level of perceived risk, store image the kind of image that store creates would also relate to reputations of the store, it is credibility and dependability, and reputed store provides customers with reassurance that any kind of complaints would be addressed to so this also reduces the level of risk. Finally the price, consumer train relate price with quality, high price is seen to indicator quality and consumer use price as a cue to buy the most expensive product or the variant.

Because, they feel that the product or the brand, which is most expensive will give them the most or they will give them the best quality or the highest level of quality and service. So, they prefer going for such brands, which are high in price so it is through any and all of these measures, that the marketer do to reduce the level of risk associated with product category or with the brand.

It could be either you know the marketers could use any of these strategies either by providing more information or by developing brand loyalty, developing a good brand image, store image or store loyalty and price. Now, let us this brings us into a conclusion with a discussion on risk now, let us move further and see how perception imagery and perceive risk have implications for the marketer.

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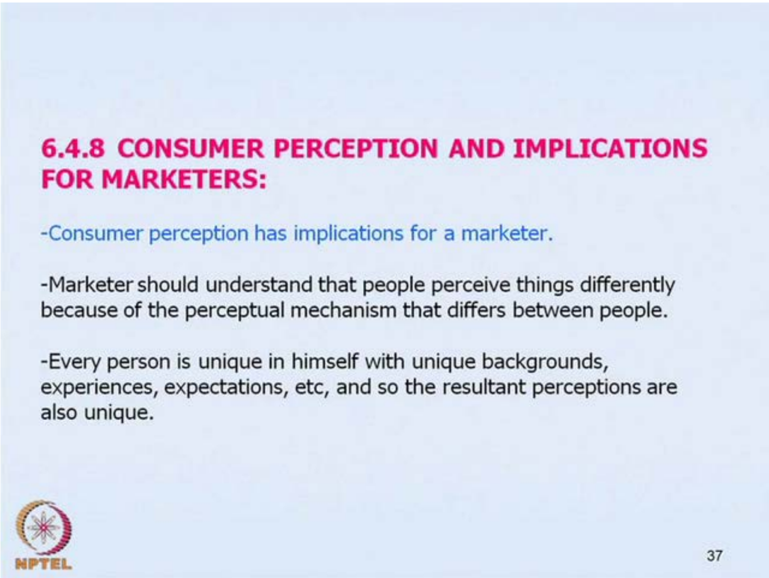

So, consumer perception, as we all know has implications for marketer, marketers should understand that people perceive things very differently because of the perceptual mechanism, which exist and which are different from different people. people come from different backgrounds, demographic factors, psychographic factors as well as socio cultural factors which have relevant application on perceptual selectivity, organization and interpretation. And thereby have a totally different impact on a perceptual mechanism that is why, people will perceive things differently, they will perceive marketing stimuli, they will perceive the product or services or the brand or the image, all of these differently.

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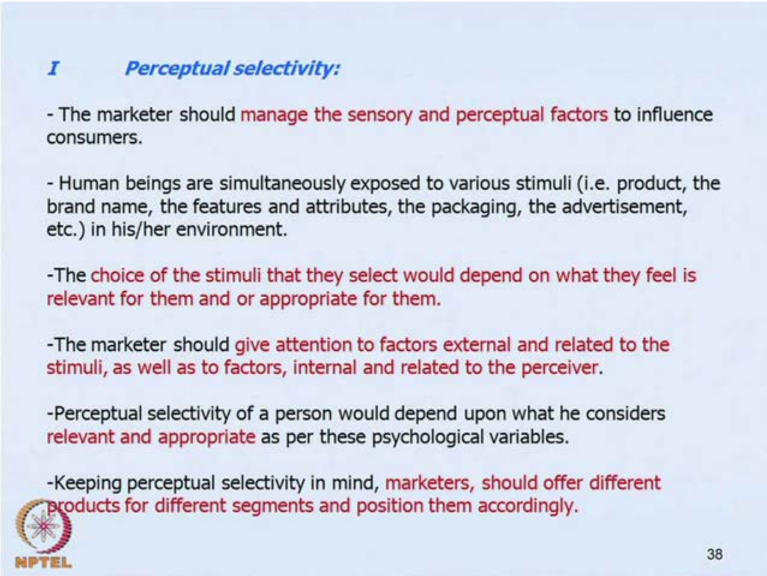

So, perceptually selectivity, the choice of the stimuli, that people select would depend upon, what is more relevant (( )) most appropriate for them. The marketer should give attention to factors external that related to stimuli and the factors internal and related to the perceiver. And keeping in perceptual selectivity in mind, marketer should offer different products for different segments and position them accordingly.

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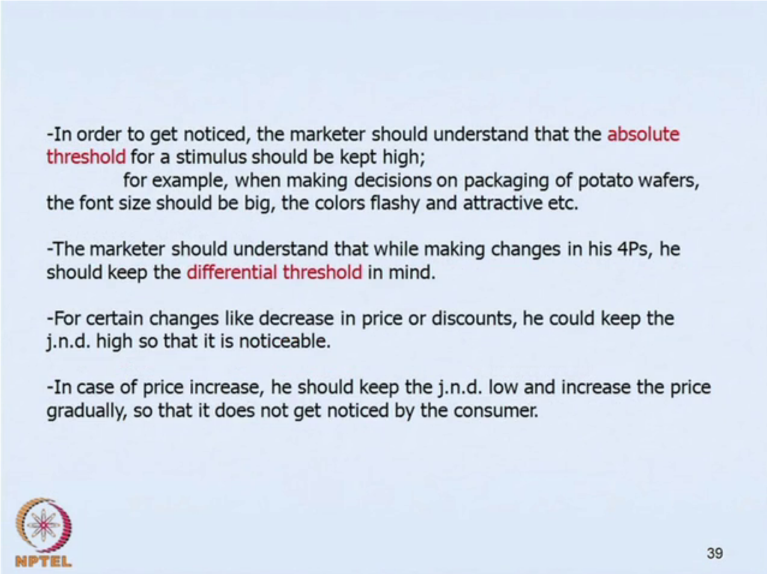

The marketers should notice, should understand the absolute threshold, the differential thresholds and design their their strategies accordingly.

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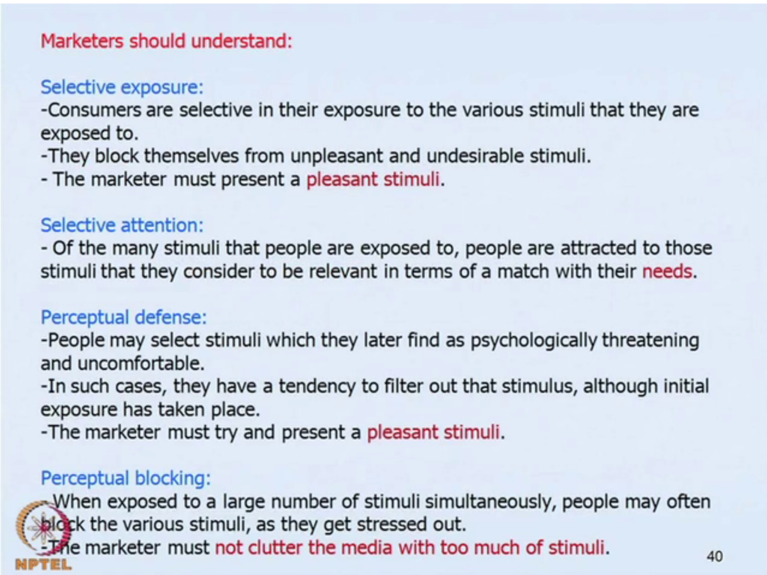

They should also give attention to selective exposure, selective attention, perceptual defense and perceptual blocking.

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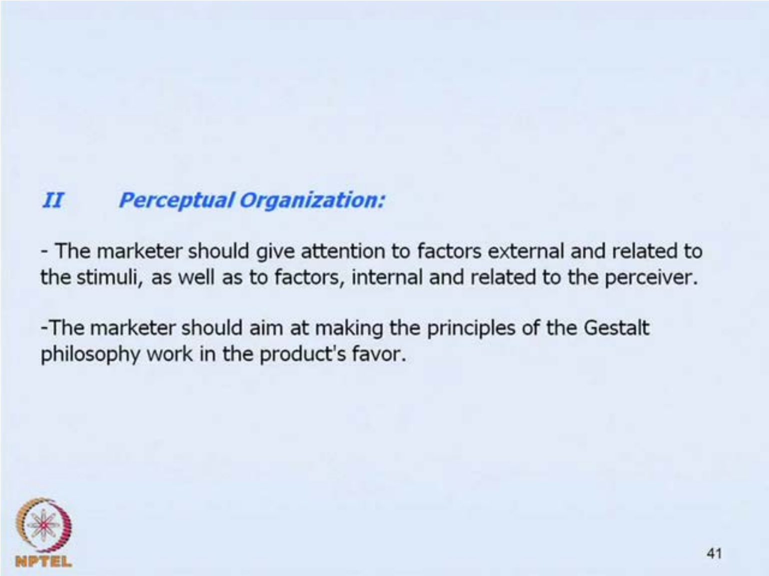

In terms of perceptual organization, the marketer should aim at making principles of gestalt philosophy, work in favor of the marketers product.

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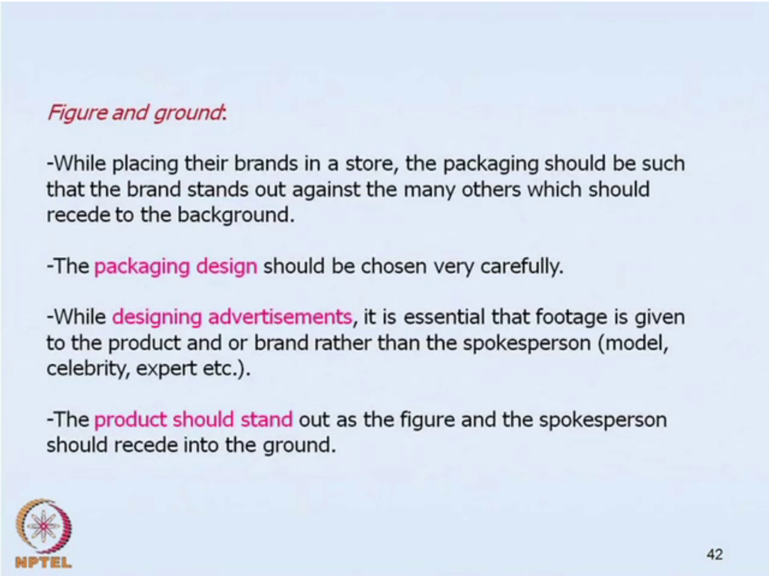

In terms of figure and ground.

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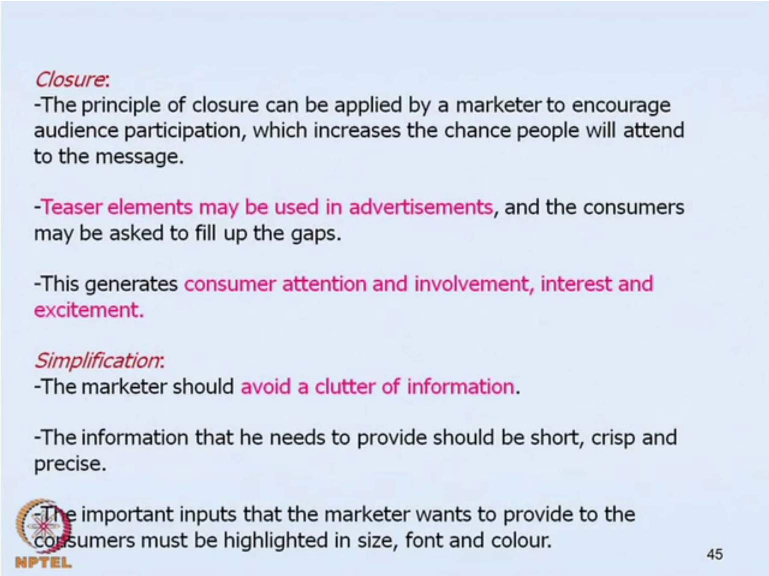

In terms of grouping. In terms of closure and in terms of simplification So, the marketers should keep in mind that, he uses these solved principles to his favor.

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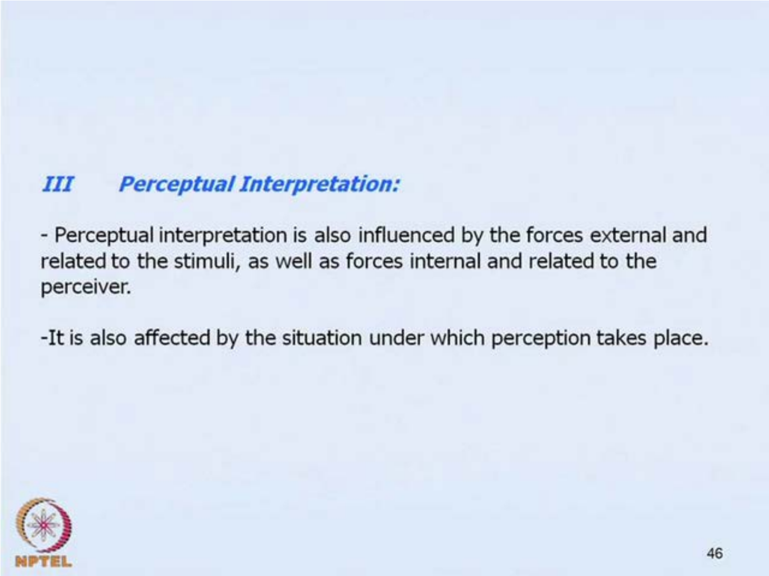

In terms of perceptual interpretation again, it is influenced by forces external and related to the perceive and external related to the stimuli. So, it is also affected by the situation that takes place and if we see here, we should basically you know the marketer has to understand and starting influence and perceptual errors.

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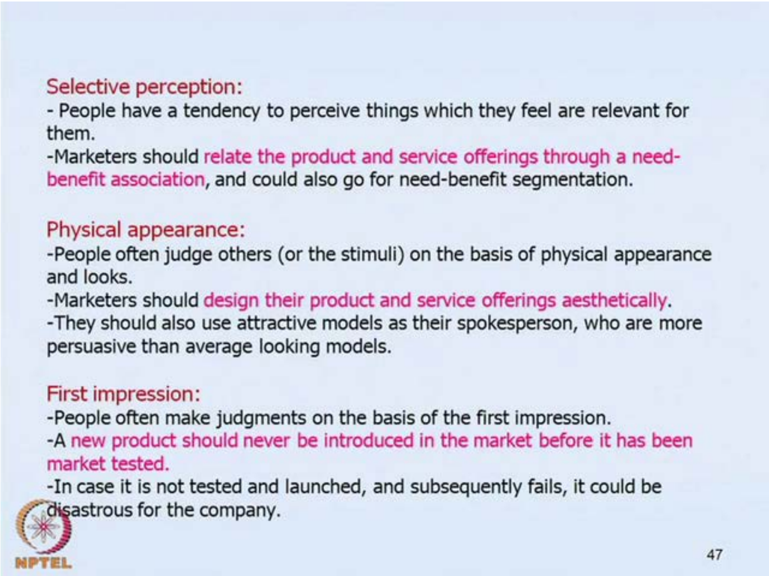

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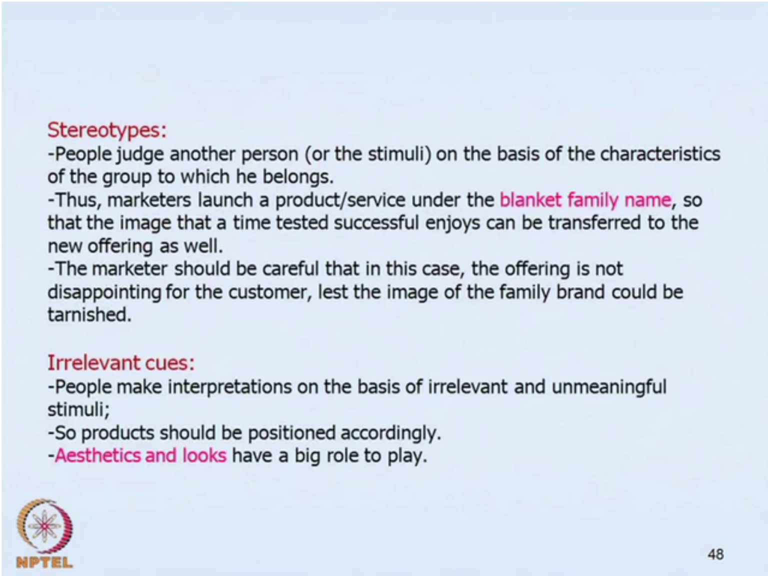

In the form of selective perception, physical appearance, first impression, stereotypes, irrelevant cues and so forth.

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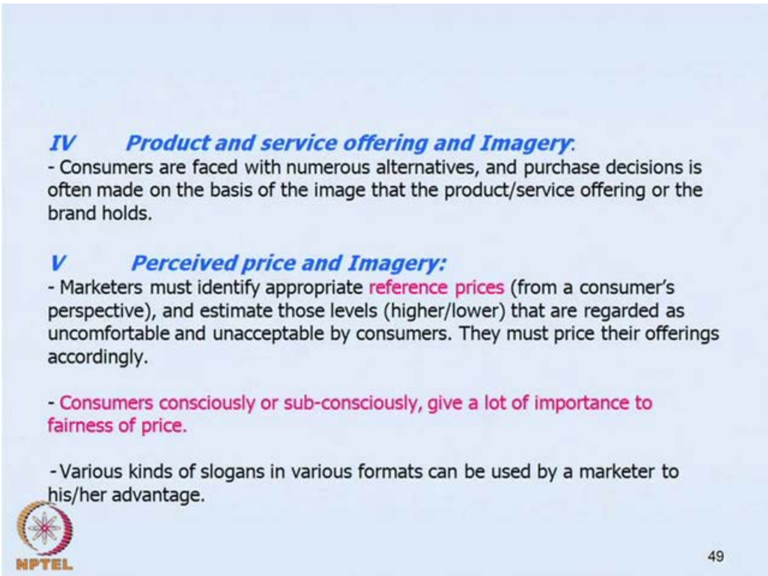

Coming to imagery, the consumers are faced with numerous decisions and purchase decisions are often based on product and service offering in imagery. Price is sub consciously or consciously given a lot of importance and various kinds of slogans can be used by marketers to their advantage.

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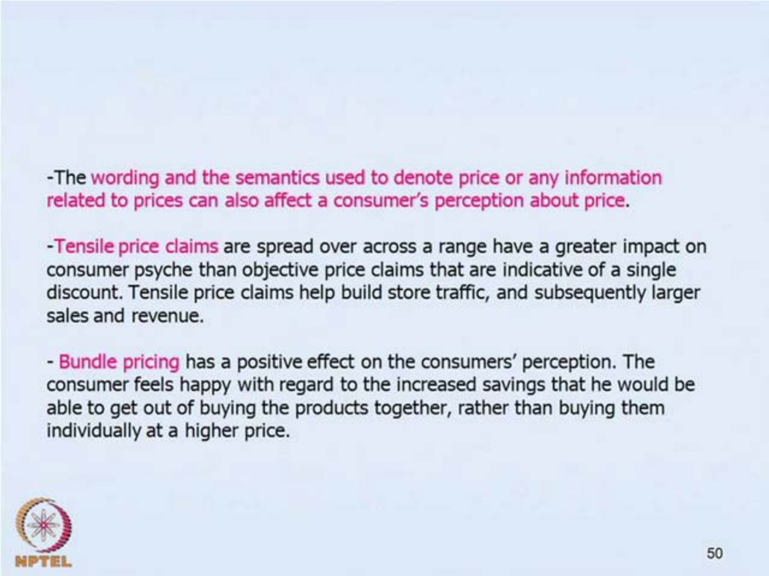

We have in terms of things like objectives price claims, tensile price claims, bundle pricing, price stimulation.

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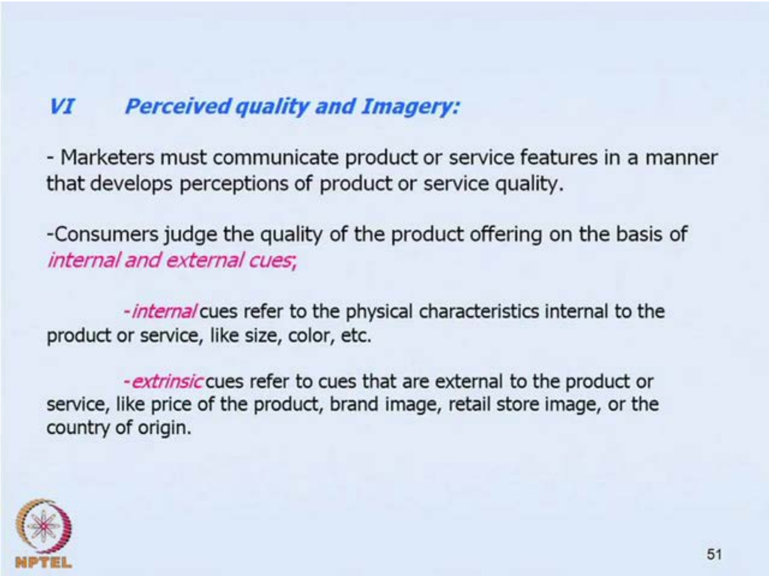

Perceived quality and image with respect to you know internal and external cues being used to asses quality.

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The price quality relationship convey consumer’s relate price with quality and price is seen as indicator of quality.

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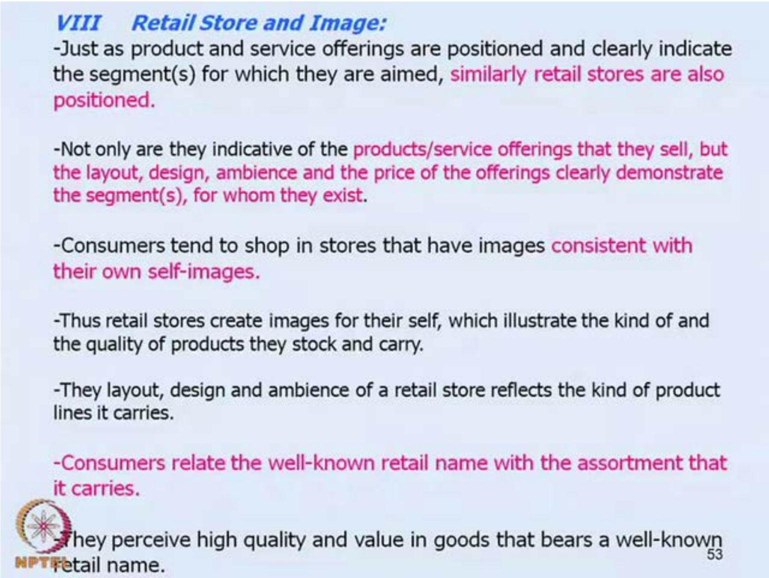

The retail store has an image where, the retailer must create an image of himself and consumers will tend to shop and store where, the images are consistent with their own self images.

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The manufacturer's name, which is very important, has to be reputed, has to be respectable and credible and that has an impact on consumers purchase decision. Image which is created by a brand, brand association you know such a image, which is created through by marketers by creating and maintaining a positive image about the brands will also have an impact on consumer decision. Such an image has been created by features, attributes as well as quality and satisfaction.

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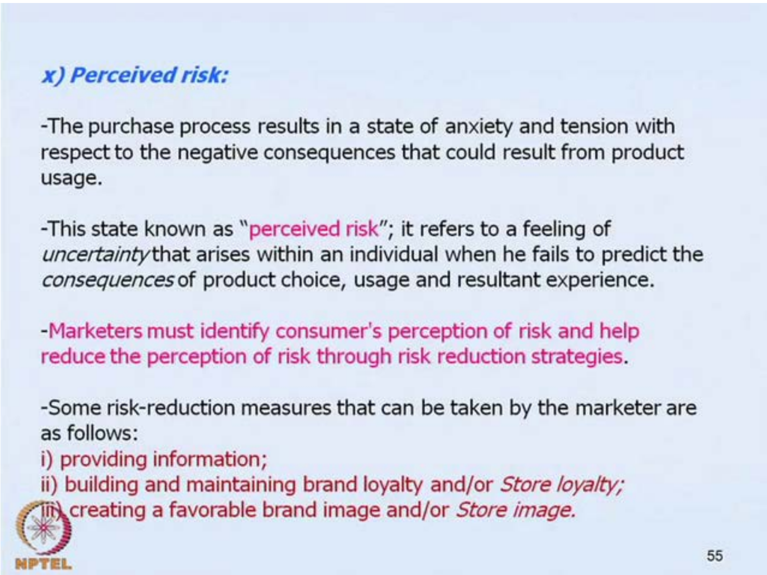

The level of perceived risk is very, very important, risk reduction measures must be taken by a marketer while providing information, building brand loyalty, store loyalty, creating a favorable brand image, store image. And by using all of these, marketers can basically try to gain, try to take advantage of perception to disadvantage, it try to build good imagery and you can try and reduce the level of perceived risk associated with the product and their brand.

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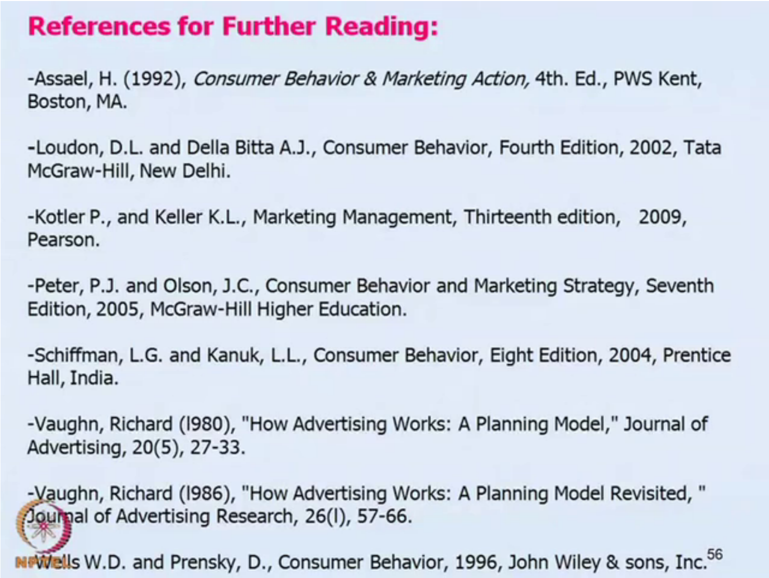

Coming to the references, Assael consumer behavior and marketing action, Loudon and Della Bitta consumer behavior, Kotler and Keller marketing management,Peter and Olson consumer behavior and marketing strategy,Schiffman and Kanuk consumer behavior, Vaughn Richard how advertising works, a planning model journal of advertising, Vaughn Richard how advertising works, a planning model revisited, journal of advertising research, Wells and Prensky consumer research John Wiley.

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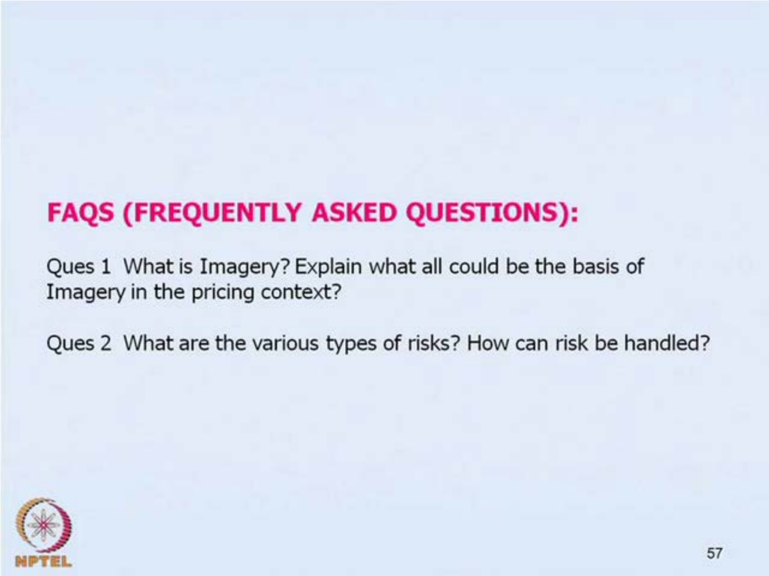

Coming to the frequently asked questions, question 1, what is imagery explain what all could be the basis of imagery in the pricing context and question 2, what are the various types of risks, how risk can be handled.

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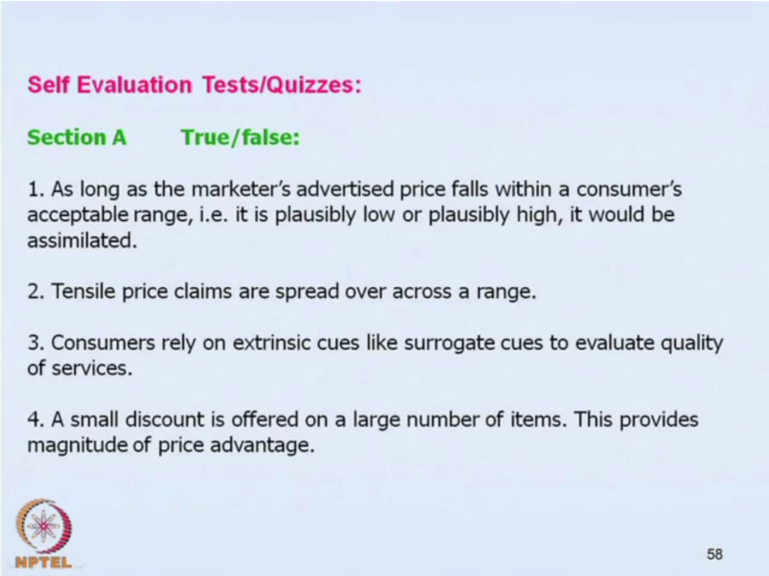

Coming to the quiz, section A true or false, as long as the marketer's advertised price falls within a consumer's acceptable range that is, it is plausibly low or plausibly high, it would be assimilated, this is a true stamen. 2 tensile price claims are spread over across a range, again a true statement, 3 consumers rely on extrinsic cues like surrogate cues to evaluate quality of services so this again a true statement. 4 a small discount is offered on a large number of items, this provides magnitude of price advantage, this is again a true statement.

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5 stores that offer a small discount on a large number of items are perceived to be having lower prices overall than stores that offer small discounts on smaller number of items so is this true or false, this is a false statement. 6 perceived risk is subjective in nature true, 7 low-risk perceivers are risk takers and approach the new and unfamiliar with ease, again a true statement.

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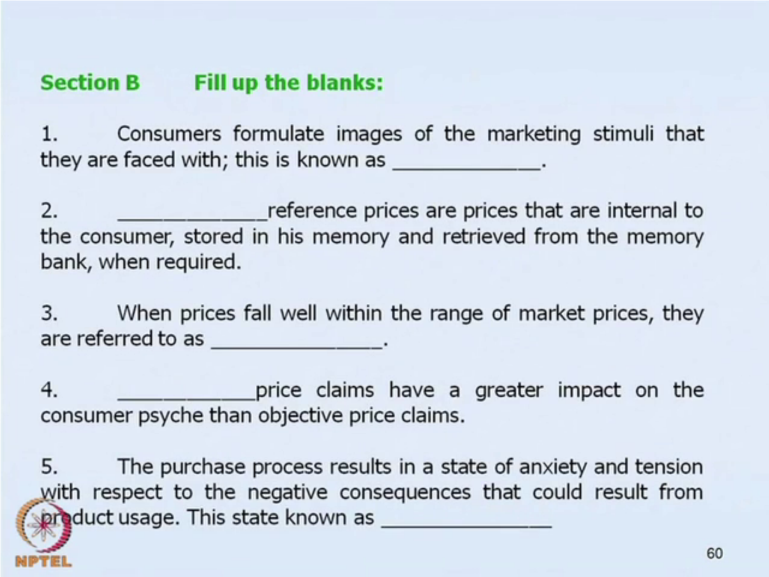

Fill in the blanks, 1 consumers formulate images of the marketing stimuli that they are faced with, this is known as dash, this is known as imagery. 2, dash reference prices are prices that are internal to the consumer stored in his memory and retrieved from the memory bank when required so answer is internal reference prices. 3, when prices fall within the range of market prices, they are referred to as dash, they are referred to as plausibly low.

4, dash price claims have a greater impact on the consumer psyche than objective price claims so tensile price claims. 5, the purchase process results in a state of anxiety and tension with respect to the negative consequences, that could result from product usage so this state known as dash, this state is known as perceived risk.

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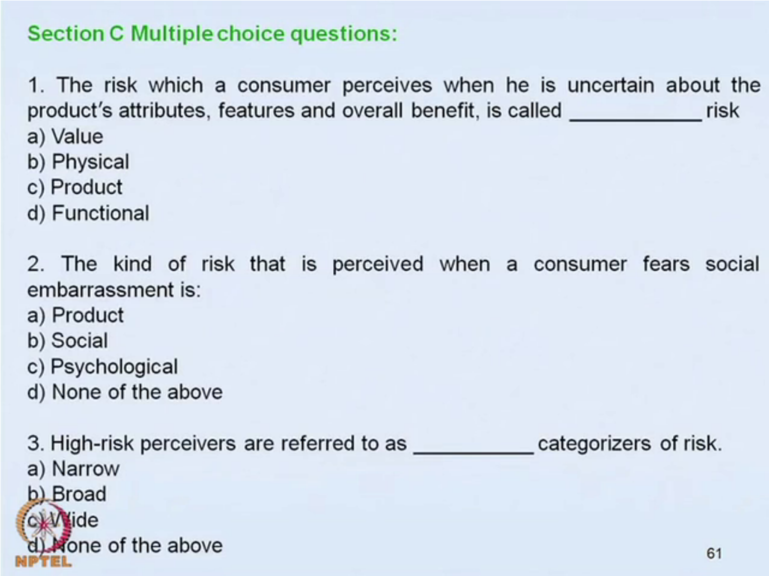

Multiple choice questions, the risk which a consumer perceives when he is uncertain about the products features, attributes and overall benefit is called dash .risk, a value, b physical, c product, d functional so the answer is d functional. 2, the kind of risk that is perceived when a consumer fears social embarrassment is a product, b social, c psychological, d none of the above so the answer is c psychological.

Third, high risk perceivers are referred to as dash categorizers of risk a narrow, b broad, c wide, d none of the above so the answer is they are considered as a, which is narrow categorizers of risk. So, the first answer is functional, second is psychological and third is narrow, so d, c and a.

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Short answers, what is bundle pricing, how can price discount slogans in various formats be used by marketer to his or her advantage, write a short note short perceived quality of product and imagery and fourth mention the various kind of risk. So, with this we come to the conclusion of this particular session on consumer perception, imagery ans perceived risk and of course, the end of module 6.4, we shall continue with the module 6.5 in the next session.

Thank you.