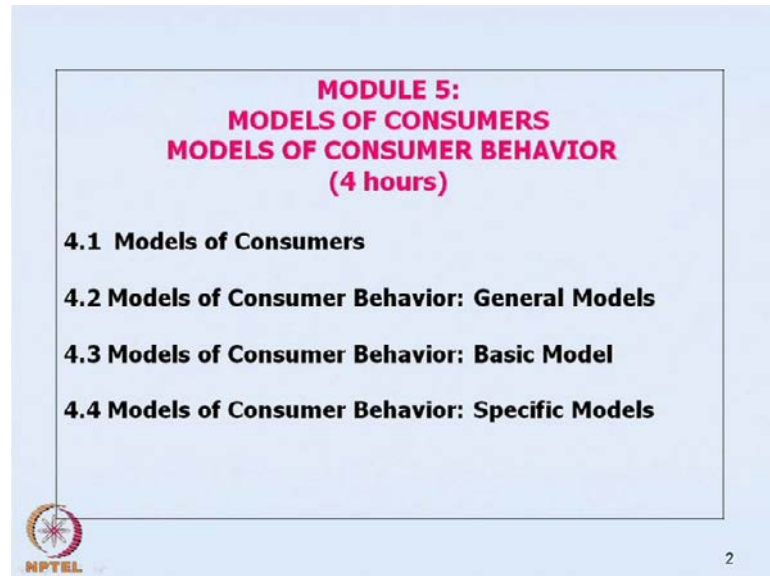


Consumer Behaviour
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Lecture - 9
Models of Consumers and Models of Consumer Behaviour

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MODULE 5:
MODELS OF CONSUMERS
MODELS OF CONSUMER BEHAVIOR
(4 hours)

4.1 Models of Consumers

4.2 Models of Consumer Behavior: General Models

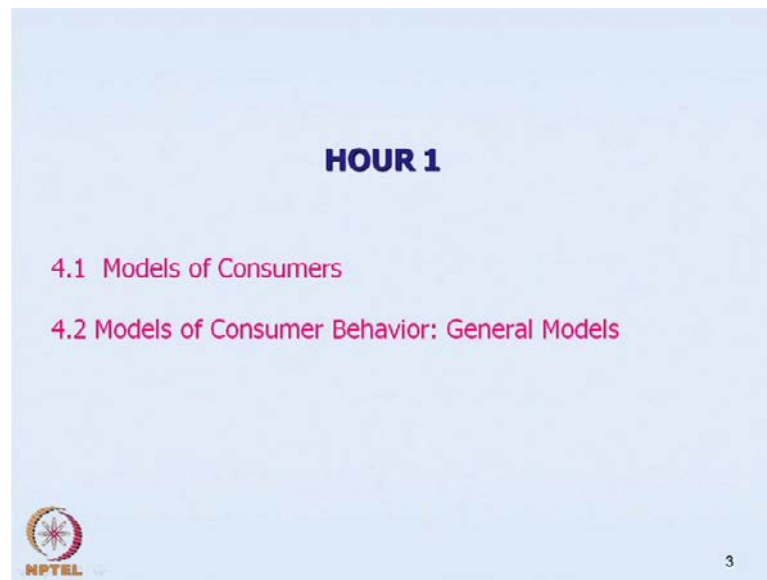
4.3 Models of Consumer Behavior: Basic Model

4.4 Models of Consumer Behavior: Specific Models

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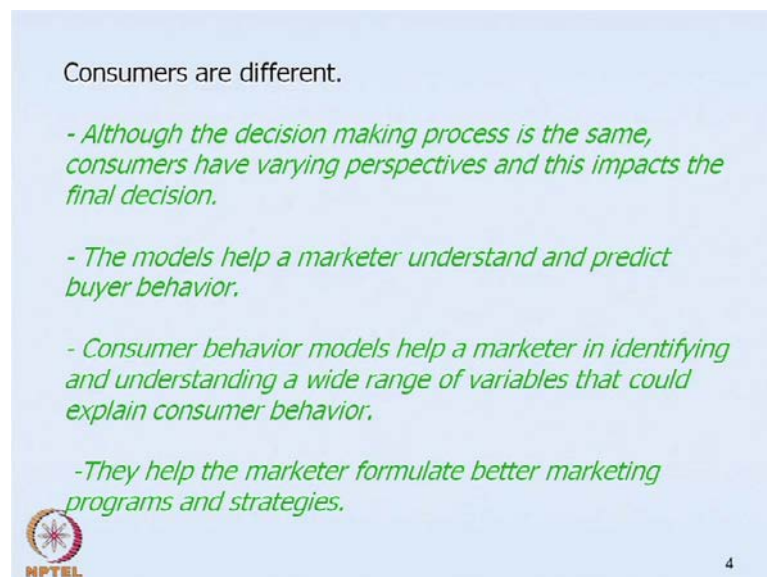
Today, we will be continuing with the next module on consumer behaviour. This is module 5 and this particular module is titled 'Models of Consumers and Model of Consumer Behaviour'. We will be completing this module in the total of four hours and this module comprises topics like the models of consumers, and models of consumer behaviour. While doing models of consumer behaviour, we will be speaking about models of consumer behaviour as general models, basic models and specific models.

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In the session one of this particular module, we will be speaking about the models of consumers and the models of consumer behaviour in terms of the general models.

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So, let us now start with the first topic which is models of consumers. Now as we all know consumers are very different, they are very unique; they are the come with different needs, wants, backgrounds, different preferences and although the decision making process is the same. The approach the process or they basically, you know orient the process through their own perspectives. They have their own varying perspectives

and this finally impacts the decision with respect to the purchase process. It is very important for a marketer to be able to understand the decision making process, which we have also discussed in the previous module. And it is very crucial that he understands the very dynamics of these processes. How do various you know how does the decision making mechanism work within a consumer; what are the various constructs in terms of individual determinants or in terms of psychological constructs or in terms of sociological influences, that have a bearing on his final purchase process. What is the relationship between the different constituents; what is the inter-relationship between the different constructs, how they impact each other and finally have a bearing upon the final choice decision.

So, we will see in that although the decision making processes the same, consumers have varying perspectives and this impacts the final decision. The various models help a marketer understand and predict buyer behaviour in a better manner. Such models basically help a marketer, in identifying and understanding wide range of variables that could explain consumer behaviour. I just spoke of the various variables in terms of individual determinants or psychological constructs or sociological influences or other environmental variables, which have an impact upon the decision making and have a, you know the act upon each other independently or interdependently and have bearing on the final consumer decision. It is very important that the marketer understands the mechanisms so as to be able to understand consumer behaviour predicted and in somewhere or the other control it through his 4Ps. In understanding of the decision making process, in understanding of the dimensions or underlying mechanism or dynamics of this particular decision making process, can help a marketer formulate better strategies and better programs and you know succeed in the market place.

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These models have evolved from:

- the economic paradigm of the 1940s, to
- the irrational, impulsive, emotional and vulnerable social consumer of the 1950s and 1960s, to
- the information processor of the 1960's and 70s, to
- the cognitive and rational consumer post 1980's.



5

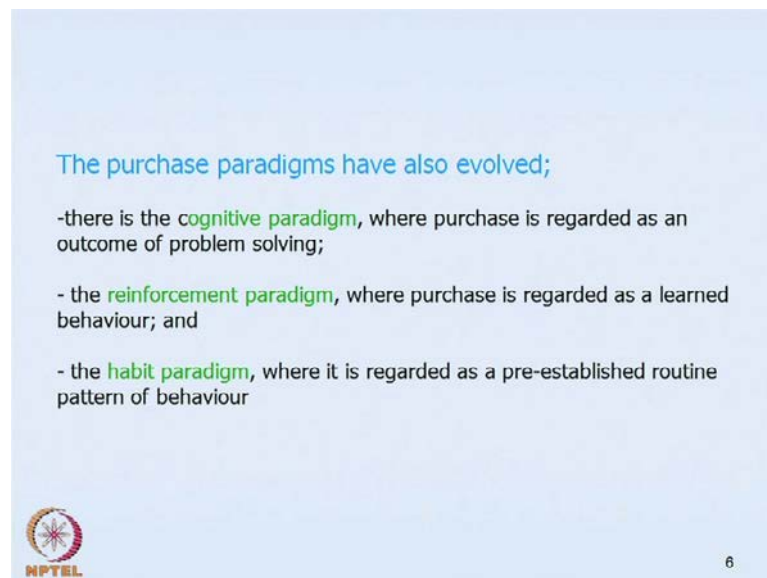
Now, then we speak about these models, you know we see that majorly most of the models if you have evolved right from the 1940s. This is not to say that studies were not conducted earlier, they were conducted earlier; lot of research was conducted with varying perspective, variant orientations by researchers and academicians all over the world, but it was only with the 1940s, that a you know formal approach to the study of in terms of models of consumer, consumers began and you know body of the knowledge was basically presented in a more structured in a you know formal manner only from the 1940s. We have the various models which is evolved from 1940s; we have the economic paradigm to the irrational impulsive and emotional vulnerable social consumer of a 1950s; to the information processor of the 1960s and 1970s; to the cognitive and rational consumer post 1980s.

So, if we see, we have an essentially an economic paradigm in the 1940s to more social impulsive emotional paradigm of 1950s and 1960s, to a information you know gathering, processing and retention of 1960s and 1970s, to the cognitive and rational approach that consumers use post 1980s. Now if the marketer the consumer approaches the market place with varying orientations and it is more often blend of any or all of these. While approaching the market place and while you know while going through the decision making process with a verity of perspectives and with a verity of orientations; we see that, you know the manner in which the decision takes place is very complex. For some people it is the economic perspective which is more dominant, for others it is the social

which is more important, for still others it is the information processing the logic rationality which is more important.


So, with consumers approaching the market place and the decision process with a wide verity of orientations, with a wide perspectives you know the decision making process although similar becomes very different. The five staged process may be the same, but the manner in which it is, it happens manner in which it is conducted and underline process which impact the purchase decision are many and many complex and many; they are very different, they are varied and differ from person to person. So, while the process, five stage process may remain the same, the underlying dynamics is very different from pers consumer to consumer; and that is why it is very important that marketer has an understanding of these perspectives. So as to be able to understand the consumer better we able to predict behaviour and control them via marketing strategies and marketing programs. Now we will be speaking about these models which have evolved since 1940s, as economic paradigm, to the social paradigm to the information processing and to cognitive and rational consumer post 1980s.

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The purchase paradigms have also evolved;

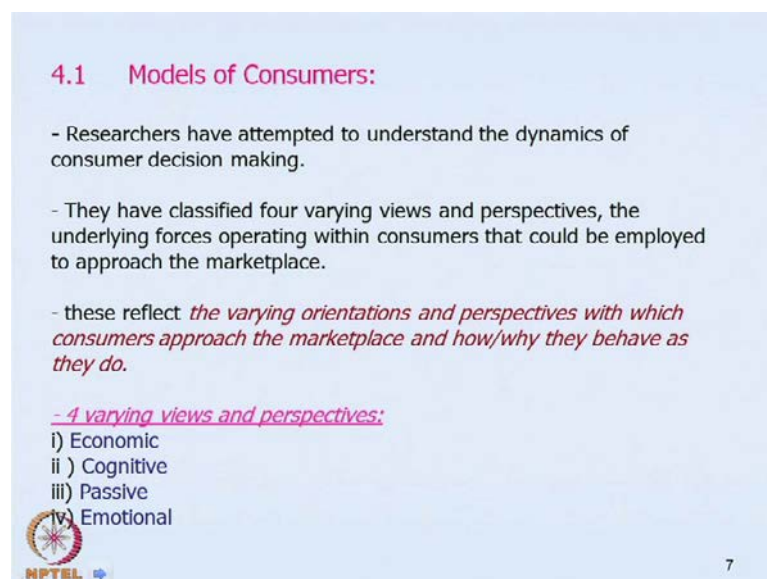
- there is the **cognitive paradigm**, where purchase is regarded as an outcome of problem solving;
- the **reinforcement paradigm**, where purchase is regarded as a learned behaviour; and
- the **habit paradigm**, where it is regarded as a pre-established routine pattern of behaviour

 6

Now, along with these you know thought processes and the thought paradigms, they have also been change in the purchase paradigms which have also seen evolution; there is the cognitive paradigm where purchase processes regarded as the problem solving process. It is regarded as you know purchases regarded as an outcome of problem

solving. There is the reinforcement paradigm where purchases seen as learned behaviour. So, it is, and then there is the habit paradigm where purchase is seen as the part of pre-established routine pattern of behaviour. So, when we talk about these paradigms on one hand, we are speaking about the cognitive paradigm; which is involve lot of thinking, lot of thought processes, information gathering, information processing you know and final purchase decision which is made after lot of thought activity. On the other hand, there is the reinforcement paradigm where purchase activity is seen as a learned behaviour, either as a result of some kind of an experience or some kind of reinforcement in terms of prior purchase or in terms of you know observation or modelling of others behaviours. So, all of these is the reinforcement paradigm and finally, we have the habit paradigm where purchase is looked upon as a habit, it is something which happens on a routine and it is a habitual pattern of behaviour.

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4.1 Models of Consumers:

- Researchers have attempted to understand the dynamics of consumer decision making.
- They have classified four varying views and perspectives, the underlying forces operating within consumers that could be employed to approach the marketplace.
- these reflect *the varying orientations and perspectives with which consumers approach the marketplace and how/why they behave as they do.*

- 4 varying views and perspectives:

- Economic
- Cognitive
- Passive
- Emotional

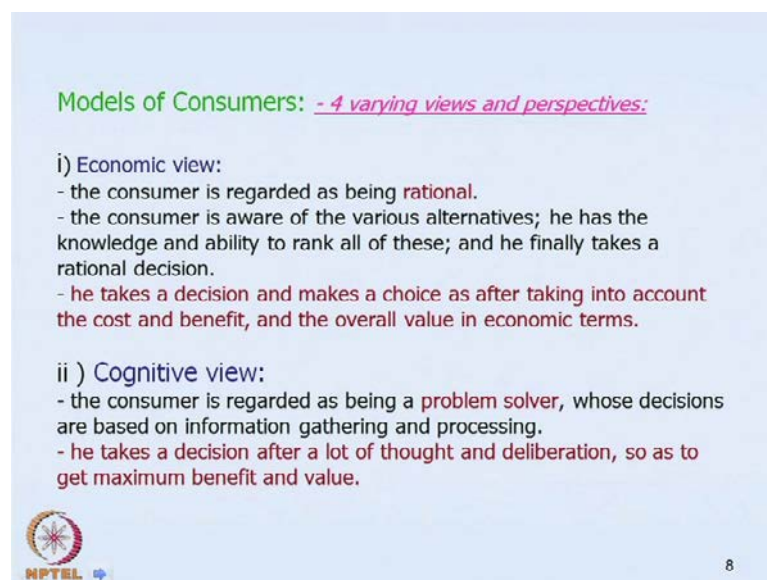
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Now with this, we will move on to the various models of consumers. And as we discussed earlier that researchers accommodation have basically try to study the dynamics of consumer decision making; they have try to see the various dynamics or the various mechanisms at undergo the consumer decision making process. They have basically classified four varying perspectives, with which consumers approach the market place; these are underlying forces that operate within the consumers and the consumers approach the market place with such orientations and which such perspectives. In fact, these orientation and perspectives have an impact on how consumer

behave, the manner in which they do so. There are four varying views and perspectives of consumers which are economic, cognitive, passive and emotional.

So, we will be discussing each of these in few moments, but before we do that I would like to re-emphasize that these are views, these are perspectives with which consumers approach the market place; and they have an impact upon the consumer decision making process. They have also have, they have impact on the various you know individual determinants, the psychographic components, as well as the sociological influences and environmental determinants; that impact consumer choice and consumer purchase decision. Let us now start with the economic view or the economic perspective.

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Models of Consumers: - 4 varying views and perspectives:

i) **Economic view:**

- the consumer is regarded as being **rational**.
- the consumer is aware of the various alternatives; he has the knowledge and ability to rank all of these; and he finally takes a rational decision.
- he takes a decision and makes a choice as after taking into account the cost and benefit, and the overall value in economic terms.

ii) **Cognitive view:**

- the consumer is regarded as being a **problem solver**, whose decisions are based on information gathering and processing.
- he takes a decision after a lot of thought and deliberation, so as to get maximum benefit and value.

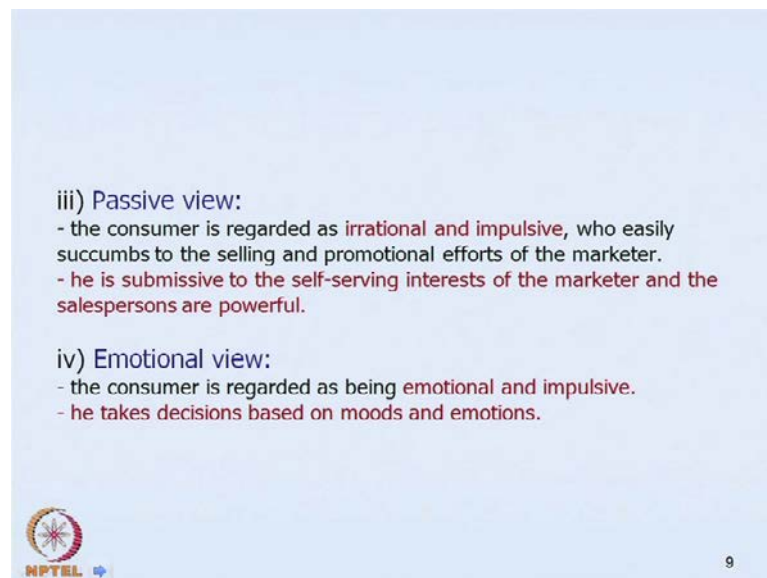
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Now, under the economic view basically the consumer is regarded as being very rational. He is somebody who is aware of the various alternatives; he has the ability, he has the knowledge to evaluate these alternatives to prioritize these to rank them and after making a sound judgement based on logic based on rationality, he finally takes a decision. So, the decision making or the purchase choice is made after taking into account the rationality in terms of economic value. So, what the consumer looks at is the cost and benefit associated with a particular brand. He tries to compare the cost and benefit of a brand vice-a-versa other brands and decides on a particular alternative which provides him the maximum utility and the maximum value. This value is in specified in terms of economics or it is basically the overall value in economic terms. So, this is what a

economic view is where the consumer is regarded as rationality, he takes the decision after you know after evaluating the various alternatives on cost and benefit and takes the final decision based on economic terms.

The second view of consumers or studying consumers is called the cognitive view. Under the cognitive view the consumer is regarded as a problem solve solver. The need is looked up as a problem, the consumer goes through a process of a problem solving and you know enters into a cognitive, activity cognitive effort, he gathers information, he processes information, he evaluates information and they by takes a decision after lot of thought and deliberation; again on the basis of benefit and value. The difference between the economic and the cognitive approach is that, in economic view it is believed that consumer is aware of all the alternatives, it is assumed that he is very rational and he is aware of all the alternatives, but the cognitive view says he may or may not be aware of all the alternatives and he basically goes in for a lot of information thought, information search, information thought and deliberation and decides on a final choice again based on value.

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iii) Passive view:

- the consumer is regarded as **irrational and impulsive**, who easily succumbs to the selling and promotional efforts of the marketer.
- he is **submissive to the self-serving interests of the marketer and the salespersons are powerful.**

iv) Emotional view:

- the consumer is regarded as being **emotional and impulsive.**
- he **takes decisions based on moods and emotions.**

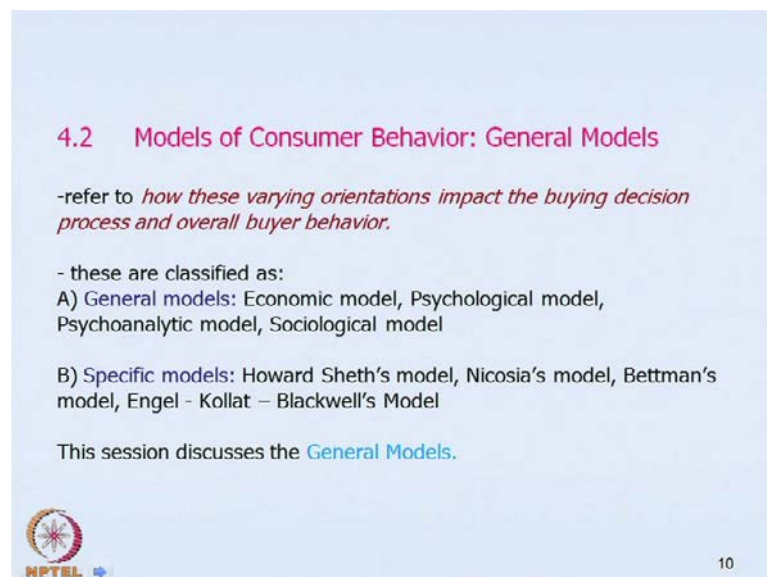
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The third view to studying consumers is the passive view; which says that consumers are basically very irrational, they are very impulsive. They easily get carried away by the selling and promotional efforts of the marketer; these are come to self surveying interests of the marketer. So, what this approach says is that the seller is very power full then they

exert a lot of you know pressure on the consumers by a aggressive promotion and aggressive marketing and aggressive selling; and the consumer who is very irrational, very impulsive, gets carried away or gets comes to the selling and promotional efforts of the marketer. Then we have the emotional view, where the consumer is regarded as being very emotional, very impulsive; who takes purchase decisions based on his moods, based on his emotions, based on you know the feel factor or the effect. Moods, emotions, you know feelings of pleasure, displeasure, pleasantness, un-pleasantness, fun, fantasy; all of these have will have an impact upon the kind of decisions which he makes with respective to the purchase of a particular product or service offering.

So the consumer is basically regardless something who is, somebody who is very emotional, very irrational and very-very impulsive; something in total contrast to the cognitive view. So, these are the various views or these are the various perspectives with which we researcher have classified and these are orientations which actually orientations with which marketers sorry; orientations with which consumers basically enter the market place or approach the market place and enter into the decision making process.


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4.2 Models of Consumer Behavior: General Models

- refer to *how these varying orientations impact the buying decision process and overall buyer behavior.*
- these are classified as:
 - A) General models: Economic model, Psychological model, Psychoanalytic model, Sociological model
 - B) Specific models: Howard Sheth's model, Nicosia's model, Bettman's model, Engel - Kollat - Blackwell's Model

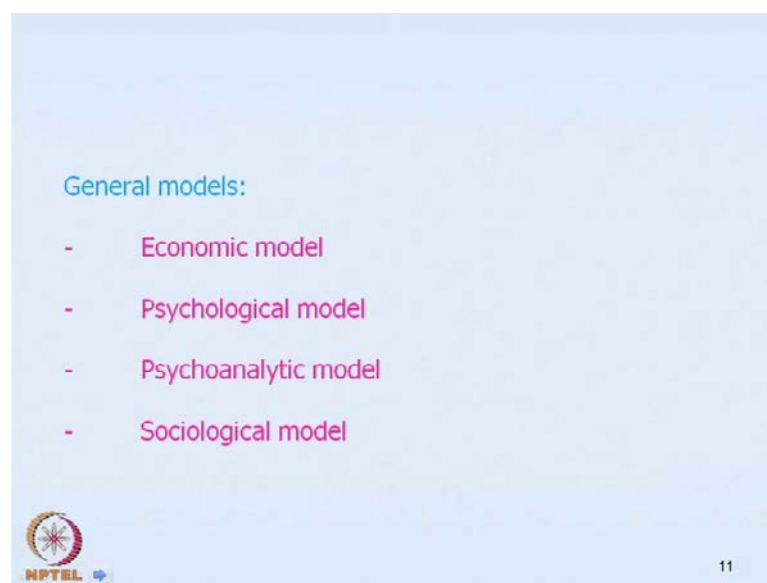
This session discusses the **General Models**.

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Now, let us come to the next topic which is models of consumer behaviour and in models of consumer behaviour we will be today focusing on the general models of behaviour. We shall, we speaking about the specific models later on, we shall also be speaking

about some basic models later on. The general models basically refer to how varying orientations impact the buying decision process and overall they impact the buyer behaviour. Now these models basically classified as general models or specific models or basic models. We will be speaking about general models in terms of the economic model, the psychological model, the sociological model and the psychoanalytic model. We shall be speaking about the basic models on consumer buying and the industrial buying and we shall also be speaking about the specific models in terms of models presented by Nicosia, Howard and Sheth, Engel-Kollat and Blackwell, which was later modified by Engel Blackwell and Miniard, and then we should also be speaking about Bettman's model on information processing. So, today we will be focusing on the general models of consumer behaviour.

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So, the four general models which we will be speaking of are the economic model, the psychological model, the psychoanalytic model and the sociological model. Now as the term indicates economic models a basically speak of buying by a behaviour from an economic perspective. The assumption underlying economic models is that consumers have scarce resources.

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The Economic model:

- explains buying behavior from an economic perspective.
- Assumption: scarce resources viz a viz unlimited needs; a consumer seeks value: he wants maximum benefit at minimum cost.

- i) Micro economic models
- ii) Macro economic models

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12

They have unlimited needs and wants and given the scarce resources and unlimited needs and wants, what a consumer desired is maximum value. So, he goes in for cost benefit analysis he basically wants to get the maximum benefit at the minimum cost.

And based on this assumption we have two kinds of economic models; the micro economic models and the macroeconomic models. Let us first discuss the micro economic models. Now the micro economic model basically focuses on the act of purchase, they generally focus on what an average consumer will purchase and in what quantity. So, the focus here is the act of buying, what does a person buy and how much does he buy. Now this particular approach it ignores totally why and how the needs or wants gets prioritized; there is they do not talk about how the various needs, how the various wants gets prioritized; they just speak about the you know scarce resources, unlimited needs, maximum value, the act of purchase, the quantity of purchase and they totally ignore how they various needs and wants get prioritized and how consumer basically decides focus on the particular need and then not on the other.

Now according to the micro economic view consumers value utility, they are very rational in their approach and as the resources as scarce they prefer to allocate money on in a manner which will satisfies them maximally. So, their value utility, their rational and because resources are scares, they would basically allocate money on purchases in a way which will satisfy them maximally. Decisions are based again on benefit to cost ratio and

the consumer will select or settle on a alternative that gives in the highest benefit to cost ratio; however, their limitations with this particular approach, the consumer is not always rational.

Also it is seen that, you know they what consumers in day-to-day life actually seek is average or adequate satisfaction, they do not always seek total satisfaction or total you know they basically look for something which satisfies them on an average or provides them adequate satisfaction; they not always looking for total satisfaction. Also it is seen that the consumers asses the benefit to cost ratio differently, they the manner in which the two variables are defined; that means, the cost and benefit. The manner in which the, these two variables are defined is different, they variedly defined across the consumer segments and this makes the issue very subjective. The particular approach also is totally silent about the various forces that operate during the buying process. So, because of this micro models, micro economic models are subject to you know subject to lot of debate and you know have been questioned by researchers in the area of consumer behaviour; who feel that without actually underlying, without actually giving importance to underlying forces which impact consumer behaviour, the discussion is something which is very inadequate and flimsy.

So, second kind of model which form a part of the economic view, are the macroeconomic models. Speaking about the macroeconomic models, we say that they basically focus on the overall trend in the economy; and they say that the aggregate flows of money and income in the economy has impact on buying patterns and consumption behaviour in the society. The two orientations with which macroeconomic models have been dealt with the relative income hypothesis and the permanent income hypothesis; according to the relative income hypothesis a person's income, expenses, the persons expenses are influenced by the social surrounding and the group to which he belongs. So, with income being constant and you know relate you know the income is regarded as constant. Relative expenses and expenditure and resultant savings will not change in the short run, until unless there is a big change in the income, expenses and the resultant savings will remain the will remain the same, will not be a much difference.

So according to the relative income hypothesis, there are two things; 1) a person's expenses depend not only on his own self, but they also depends upon the social class or the social influences around him, 2) with income remaining same, expenses and savings

in the short run will be not change; they will not change until unless there is a big change in the income, resulting in a change in savings and disposable income. So, because there is not going to be a change in the total income and total income is regarded as constant, they will be a change in savings and resultant disposable income, only and only if income changes total income changes in a big way; until then expenses will remain the same, they will be static. This is the relative income approach to understanding the macroeconomic view of consumer behaviour.

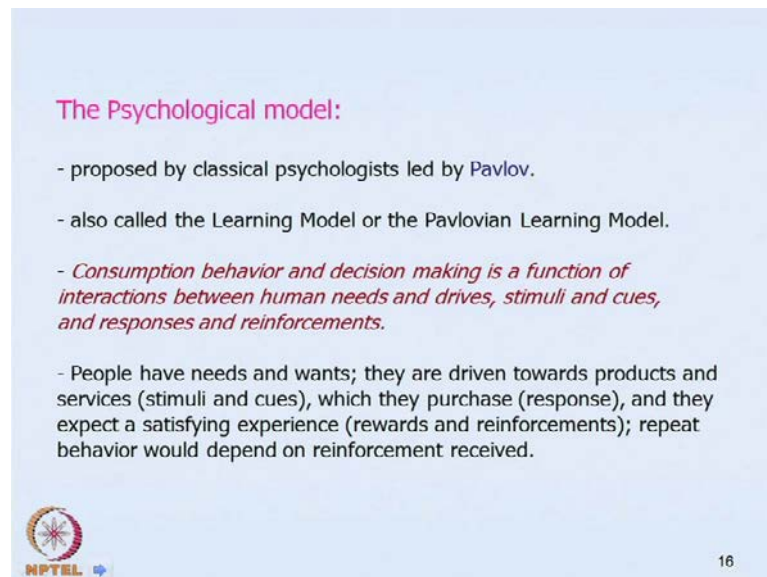
The other approach to study macroeconomic models is the permanent income hypothesis. According to the permanent income hypothesis, even if the total income increases, it is looked upon as temporary and short term. People will exhibit a kind of a resistance or kind of an inertia to bringing about change in their consumption patterns. They would basically in the beginning with an increase in income, their priority is to save. The priority is not to spend, but the priority is to save and because this increase in income is looked upon as something which is very short term and it not going to last long term. So, people refer to spend only what they were spending earlier, people spend consumption patterns do not change at all and consumers will exhibit an inertia or resistance to buy the consumption patterns will remain the same and it will not change immediately. It will be sometimes before they get use to this increase in income and is only and only then that expenses may increase.

So, what we are trying to say is that whenever there is a increase in a income consumers will not immediately react to buying, they will tie they approach will not be or there orientation will not be to spend immediately. First reaction would be to save for any day; the save for first reaction would be to continue to spend, what was the spending earlier. It is only and only a little later after some considerable amount of time has passed, that they get used to this increased income and expenses will increase.

So, the permanent income hypothesis says, that even if total income changes people will exhibit in inertia, because they want accumulate wealth and they want to save for more money and expenses if increase not happen immediately, it will be takes some time before total expenses actually increase. This is the micro economic view, but there is also limitation with the micro economic view, which is again like them there are limitations with the macroeconomic view; which are similar to the micro economic view, there they are both silent with respect to underlying forces that operate during the consumer you


know consumer purchase and consumer consumption, they ignore the impact of sociological influences, they ignore the impact of psychological constructs; and focus only and only on the money and income as determinants of consumer behaviour.

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The Psychological model:

- proposed by classical psychologists led by Pavlov.
- also called the Learning Model or the Pavlovian Learning Model.
- *Consumption behavior and decision making is a function of interactions between human needs and drives, stimuli and cues, and responses and reinforcements.*
- People have needs and wants; they are driven towards products and services (stimuli and cues), which they purchase (response), and they expect a satisfying experience (rewards and reinforcements); repeat behavior would depend on reinforcement received.

 16

Now, we come to the second model which is the psychological model. The psychological model to consumer you know to behaviour was proposed by classical psychologist like Pavlov. In fact, because major contribution was made by Pavlov, this model is also called as learning model or Pavlovian learning model. Now according to this particular model consumption behaviour and decision making is a function of an interplay or interaction between the four constituents of learning or the four elements of learning; which are need and drive, stimuli and cues, responses and reinforcements. So, according to Pavlov and according to the you know classical psychologist who proposed the psychological model, people have needs and wants they are driven towards products and services to satisfy these needs and wants; the products and services acts as stimuli and cues the consumers purchase these products and service offerings. So, the purchase activity is a response and following a response or following the purchase consumers if expect satisfying experience in the form of a reward or the reinforcement.

Subsequent purchases or subsequent behaviour in terms of repeat purchase would actually depend upon the reinforcement received. In case the experiences pleasurable, it is satisfying and reinforcement is positive, the repeat purchase will occurred and in case

the experience is negative or dissatisfying or the consumer experiences negative reinforcement the repeat purchase will not happen and in subsequent purchases will mean new brand or a new alternative, rather than going for the earlier brand or the earlier alternative. So, this is here, according to this model, consumer behaviour basically is impacted by consumer learning and consumer learning actually occurs, because of the four elements which are the human need and drive; which leads to which move towards the stimuli or cue in the form of product or service offering leading to a purchase or response, leading to an experience in the form of a reinforcement.

Now when we talk about the classical (()) classical psychologist, they basically focused on learning experiences of buyers; and they said learning is actually product of information search, information processing, reasoning and perception. Reinforcement is important it leads to habit formation and the decision process for an individualize and for an individual comes routinized leading to brand loyalty. So, in case there was a positive reinforcement it would basically lead to habit formation, it would lead to brand loyalty from the customer and ultimately the consumption pattern becomes extremely routinized. So, they also said that consumers learn through trial and error and resultant experiences have a role to play in consumer learning. Once person goes through any kind of a trial and error and finds an experience pleasurable; he would repeat that purchase, he would repeat that behaviour and going for repeat purchase else he would change his purchase decision.


Now while this particular approach gives a lot of importance to learning and perception and gives you know due weight to the psychological constructs that operate during consumer decision making, yet there are certain limitations with this approach; the model basically seems incomplete. There are lot of other constructs which impact or you know buying process. Learning is not the only element, learning or not the only construct or learning is not the only psychological influence, which effects the consumer decision making. There are other individual determinants like motivation, need, want, involvement, perception, attitude, personality, self concepts, self image; apart from that they are interpersonal influences, sociological influences that come from the family, friends and opinion leaders, and different groups. But this particular approach is silent about all of these and gives weight only and only to learning that consumer learning

which they say, has an impact up on consumer decision making. So, the model seems to be a little inadequate.

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The Psychoanalytic model:

- proposed by **Sigmund Freud**; the model tries to explain consumer behavior as a resultant of forces that operate at subconscious level.
- according to the model, buyers needs and desires operate at several levels of consciousness; Not all of the behavior is understandable and explainable by the person; Also not all of human behavior is overtly visible and explainable.
- *Consumption behavior and decision making is dependent on a number of forces operating at the subconscious level; many of the causes of such behavior are not visible to other people; sometimes, they may not be realized and understood by the person himself.*
- *Such causes can be understood by drawing inferences from observation and casual probing.*



19

Now, we will move to the third model which is the Psychoanalytic model of consumer behaviour. Now proposed by Sigmund Freud you know in his particular model, tries to explain consumer behaviour as a resultant of forces that operate at subconscious level. According to you know this particular model, buyer's needs and desires operate at several levels of consciousness; not all of the consumer behaviour is understandable or explainable. Also not all of human behaviour or consumer behaviour can overly visible and explainable. So, you know according to them much of human behaviour occurs at sub-conscious level which is not visible, which is not explainable and similar subsequent; you know similar to this even lot of consumer behaviour and lot of dynamics of consumer behaviour operate at the sub-conscious level, which cannot be always seen or which cannot be always explained because they happen within our sub-conscious.

So, according this approach the consumer behaviour and decision making is dependent on number of forces which operate at the sub-conscious level you know many of these are not visible to other people. Sometimes they may not be even realize and understood by the person himself and only way you can understand them is by drawing inferences either from observing people or observing consumers or by some kind of casual proving

questioning and answering, subsequent discussion with fellow consumers. So, this is what the psychoanalytic model of consumer behaviour says.

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Now, they are two other contributions that would be made to this psychoanalytic model of consumer behaviour. The first is the Gestalt model and the second is the Cognitive theory. According to the Gestalt model the emphasis has to be lead on perspective processes, that impact buying behaviour. So, you know the model basically bases itself on the Gestalt principles, Gestalt in German means pattern or configuration and was basically has been used while you know studying consumer perception or human perception. So, this particular model basically lays emphasis on perceptual processes, that impact consumer behaviour; and consumer behaviour and decision making is based on how a consumer perceives a stimuli, stimuli could be either the productive services or any of the 4Ps. So, how does a consumer perceive a stimuli vis-a-vis; the external environment and his or her own experiences will basically focus of this particular philosophy. So, the Gestalt model basically lays emphasis on perceptual processes that impact buying and they say that consumer behaviour is impacted by the manner in which consumer perceives a stimuli vis-a-vis his external environment and his own prior experiences.

So, here a while the learning model or Pavlovian model gave late focus only on learning this particular contribution; there are two more two other contributions which have been

made to this psychoanalytic school of thought, which has come from Gestalt model and the Cognitive theory. So, let us discuss the Gestalt model first. The particular model is based on the Gestalt principles which in German, means patterns and configurations. The Gestalt principles basically focus on the perceptual mechanism that takes place within an individual and in terms of consumer behaviour, the Gestalt model explains the role played by perceptual principles or perceptual processes in impacting buyer behaviour. So, consumer behaviour and decision making is seen in terms of how consumer perceives a stimuli vis-a-vis his external environment and his or her own prior experiences. Stimuli here could be marketing stimuli and in the form of 4Ps or the productive service offering or the entire mix. So, the Gestalt model basically gives importance to perception, something which was ignored in both the learning model and the psychoanalytic model discussed earlier.

The second contribution to psychoanalytic view, has been is the cognitive view. According to the cognitive view, the consumer faces a feeling of anxiety or dissonance while making a purchase. This is because he is face with many alternatives and all of these alternatives are equally attractive and seem desirable. So, while he makes a decision he suffers anxiety and he suffers tension and after the purchases made after the physical transaction is over this dissonance or this anxiety or tension increases even further. So, the consumer basically tries to you know come up, tries to reduce this dissonance, he tries to fight this state of disequilibrium and he does so by gathering information by you know that support his product or brand choice by talking to others, by you know collecting information from the marketer, from the dealer, from the website, from fellow consumers; so as to strengthen his knowledge base that supports his product choice or his product choice decision. So, that he can actually overcome this feeling of anxiety or dissonance. So, there is an imbalance in a cognitive structure is overcome by the consumer who tries to get out of the state as soon as possible, he gathers information that support his choice and avoids all the kind of information that goes against this choice. So, this is this cognitive theory which is added for as it is a contribution to the psychoanalytic view or study of consumer behaviour.

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The Sociological model:

- based on findings of Thorstien Veblen.
- the model focuses on the role played by **social groups and social forces**.
- a person's consumption pattern and buying behavior is affected by social factors; his family, friends, peers, social groups, reference group and culture have a major role to play.




23

Now, we come to the sociological model which was basically proposed by and is based on the findings of Veblen, and he basically emphasize on role played by social groups or the social class. He said the social class and social groups have a big role to play in consumption decisions. So, person's consumption pattern and behaviour, buying behaviour is affected by social factors including his family, friends, peers, social groups, reference groups, opinion leaders, culture, sub-culture all of these have important role to play in his decision to purchase.

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MARKETING IMPLICATIONS:

MODEL	IMPLICATION
Economic model:	-Consumers' are price sensitive; they look out for a value proposition and thus buy those offerings that give them more benefit vis a vis cost.
a) Micro economic	-As a marketer, this implies that he should offer to customers a Value proposition. -Deals and sales promotion can also impact buying decisions to his favor.
b) Macro economic	Consumer purchases are affected by fluctuations in the economy.
Psychological model	-Consumers learn from experiences of self and others. -They would buy products and services that are rewarding and would bring positive reinforcement. -Marketers should arrange for product demonstrations. -They should also encourage trials: free samples, testing and sales promotion can help elicit trials. -If the consumer finds the product usage satisfying, he would go for a repeat purchase.



Contd. 24

Now if you look at the marketing implications of these models, we will see that the economic model here where the assumption is that you know he is very rational human beings are rational they have unlimited needs and wants, scarce resources and because of that they will act very rationally; they look at the cost and benefit and finally, decide one on alternative which gives an maximum value. So, if we look at this, if we move at this with this assumption, we see implications that are drawn for a marketer are that the consumers are price sensitive; they look out for a value proposition and thus by those things, those product and service offering that they give them more benefit vis-a-vis cost. If we go deeper into the micro economic view, where which focuses on the act of purchase and the buyer acting very rationally, for a marketer it implies that he should marketer should offer to consumer's value proposition. Deals and sales promotions can also impact buying decision to his favour, because what the consumer is looking for maximum utility and maximum value.

A going a ahead with a macroeconomic view, where the consumers are basically you know consumption patterns are set to fluctuate or you know with the fluctuations in overall flow of money in the economy. So, if we go by that and if we go deeper into the macroeconomic view, in respect of relative income hypothesis and in permanent income hypothesis; we can say that you know market has to understand that in a short run or in the immediate consumption expenses will not drastically change. Yes, consumer purchases are affected by fluctuation at the economy, but this will take some time. So, these purchases will be impacted both by; 1) the social class in which he person operates and 2) his income, his savings and his disposable income and third is trends in the economy.

Moving to the second model which is the psychological model where which focused on consumer learning and said that consumer learning has an impact on consumption decision and learning is a function of four elements which is human needs and drives, cues and stimuli, response and reinforcement. So, if we go with based on the psychological model the various implications for marketer are that consumers learn from experiences of self and of others. They will buy those products and services which are rewarding and would bring positive reinforcement, marketers should arrange for product demonstrations. According to the learning model people learn by trial and error, people also learn by observing others, people also learn by modelling and reinforcement. So,

that is reason it is important then marketer should understand, that they should design product and service offerings, that would bring in positive reinforcement; they should arrange for product demonstrations, they should also encourage trials in terms of free samples or testing or sales promotional; and if they can satisfy a consumer, the consumer would definitely go in for a purchase.

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MODEL	IMPLICATION
Psychoanalytic model:	<ul style="list-style-type: none"> - While consumers may look for functional benefits while buying a product, they are also affected by hedonic elements. -The marketer also needs to understand the consumer psyche and design the 4Ps accordingly; this has implications on pricing and promotion.
a) Gestalt	-This has implications for brand management; branding, brand associations and imagery.
b) Cognitive	-This is related to post-purchase behavior; the marketer needs to help minimize the consumer's post-purchase dissonance.
Sociological model	<ul style="list-style-type: none"> - A persons' purchase behavior is affected by his social group; - Opinion leadership and social group appeals.



25

If we move to the psychoanalytic model where you know major contribution came from Freud; who said that much of human behaviour is some which is operate at sub-conscious level and much of it is not visible and cannot be explained. So, if we if we move with this approach the implication for marketer is that while consumers may look for functional benefits, they also effected by hedonic elements. So, marketer needs to understand the consumer psyche and design the 4Ps accordingly. This also has implications on the manner in which the product is priced and manner in which is promoted. The psychoanalytic and cognitive schools contributed to the psychoanalytic school of thought, Gestalt school of thought gave importance to perceptual mechanisms and cognitive school of thought gave importance or spoke about the you know tension, anxiety or dissonance at consumer space. So, what are the implications these views or these thoughts have on the marketer? As far as the Gestalt philosophy is concerned this is implication in terms of brand management, branding, brand associations and imagery. The manner in which the consumers perceives brands, the manner in which they perceive prices or manner in which they perceive particular advertisement or store or the imagery

in terms of you know dealer image or the store image or the price image all of these basically you know marketer has to understand have a bearing on consumer thought process and consumer decision making.

Coming to the cognitive view, a cognitive view is basically speaks about the dissonance and related to post purchase behaviour. Marketer should drop on their learning in the form that they should try and help minimize the consumers post purchase dissonance. The marketer should provide reassure the consumer, the dealer has very vital role here, the dealer should provide reassurances, companies could provide reassurances; by formulating well structured warranty, guarantee schemes apart from that customer toll free numbers and you know frequently asked questions can helps some provide some kind of reassurances.


The toll free number could be approached by could be called upon by the consumer and he could basically seeks some reassurance from the company or from the seller; similarly you know frequently asked questions on the website also relate to similar questions or similar dilemma that consumer may have faced and answers to such questions also help reduced dissonance in the minds of a consumers. So, also by providing lot of information about particular product category and about the brands in magazines, straight journals, news papers or editorials etcetera can help reduce cognitive dissonance; information on the website can also help to reduce dissonance.

As for as sociological model is concerned you know they been said the consumers behaviour is impacted by social class in which he operates his friends, his peers, his family members etcetera. So, driving upon this marketer should understand that purchase behaviour is affected by a social group and they must use may cautious use of social appeals. Opinion leadership and social appeals can help consumer, you know have an impact on consumer opinion leadership can be used by marketer effectively, social appeals can be used by marketer effectively; so as to be able to generate social effect on consumer decision making and consumer behaviour. With this we come to the end of session 1 of module 5; but before we do that, Let us look at the references and questions.

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26

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FAQs (Frequently asked Questions):

Ques 1 What do you understand by the term " Models of Consumers"?
What are the various views and perspectives?

Ques 2 Write short notes on the following:

- a) Psychological model of Consumer Behavior
- b) Psychoanalytic model of Consumer Behavior

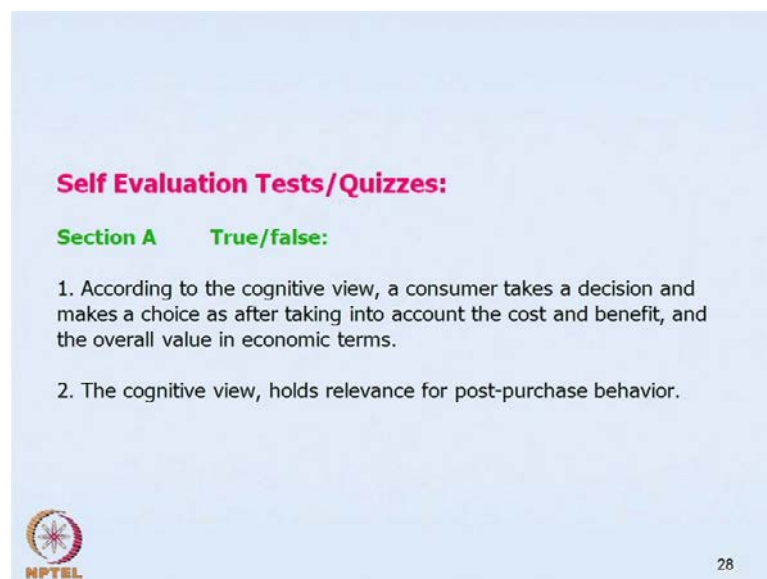


27

Lets us have a quick look at the questions what are the various questions it can be asked question number 1) what do you understand by the term "models of consumers"? What

are the various views and perspectives? So, we need to explain the various orientations and perspectives and focus as to be on the economic view, the cognitive view, the passive view and the emotional view. So, you have the economic view, the cognitive view, the passive view and the emotional view. Question number, 2) Write short notes on the following: the psychological model of consumer behaviour; where we will speak about the learning model or Pavlov and we will say how learning impacts consumption by behaviour. Role of reinforcement, trial and error, as well as observation, modelling all of these has to be explained as part of to this answer to this question. Psychoanalytical model of consumer behaviour; start with segment Fiords theory that behaviour operates at a sub-conscious level and we move on to contributions made by the Gestalt school, which gives focus on perception; and the cognitive view which gives the importance to how consumers you know try and resolved consumer dissonance that they face post purchase.


(Refer Slide Time: 49:27)



Self Evaluation Tests/Quizzes:

Section A True/false:

1. According to the cognitive view, a consumer takes a decision and makes a choice as after taking into account the cost and benefit, and the overall value in economic terms.
2. The cognitive view, holds relevance for post-purchase behavior.


 28

Coming to a quiz; so start with the true false. The first question is, according to the cognitive view, a consumer takes a decision and makes a choice as after taking into account the cost and benefit, and the overall value in economic terms. So, is this true or is this false? So, this is a false statement, this is not the cognitive view, but this is a economic view. Second question the cognitive view, holds the relevance for post-purchase behaviour. So, is it true or is it false? So, the answer to this question is that this is false. The cognitive view does not hold relevance for post-purchase behaviour.

(Refer Slide Time: 50:26)

Section B Multiple choice questions:

1. The Gestalt model is a contribution from the _____ school of thought.
a) Sociological
b) Psychological
c) Psychoanalytic
d) None of the above.
2. Which of the following is not true about the psychological model?
a) Consumers learn from experiences of self and others.
b) They would buy products and services that are rewarding and would bring positive reinforcement.
c) They believe in what their social groups say.
d) Repeat behavior would depend on reinforcement received.




29

And the next question is multiple choice questions. The Gestalt model is the contribution from the dash school of thought, a) sociological b) psychological c) psychoanalytical and d) none of the above. The answer is c. The Gestalt model is a contribution from the psychoanalytic school of thought. Question number 2; which of the following is not true about the psychological model? a) Consumers learn from experiences of self and others. b) They would buy products and services that are rewarding and would bring positive reinforcement. c) They believe in what their social groups say; and d) Repeat behaviour would depend on reinforcement received. The answer is c; they believe in what their social groups say. This is not a part of psychological model; this is a part of sociological model.

(Refer Slide Time: 51:20)

Section C Fill up the blanks:

1. According to the _____ view, the consumer is regarded as irrational and impulsive, who easily succumbs to the selling and promotional efforts of the marketer.
2. The _____ model focuses on the overall trend in the economy that has an impact and is also impacted upon by buying patterns.
3. The _____ model proposes that consumption behavior and decision making is a function of interactions between human needs and drives, stimuli and cues, and responses and reinforcements.




30

Now come to the fill in the blanks. According to the dash view, the consumer is regarded as irrational and impulsive, who easily succumbs to the selling and promotional efforts of the marketer. According to the passive view, answer is passive. 2. The dash model focuses on the overall trend in the economy that has an impact and is also impacted upon by buying patterns. The macroeconomic model; the macroeconomic model is the answer. Question number 3; the dash model proposes that consumption behaviour and decision making is a function of interactions between human needs and drives, stimuli and cues, and responses and reinforcements. So, this is the psychological model or the learning model; the answer is psychological model.

(Refer Slide Time: 52:09)

Section D Short answers:

1. Which are the four models of consumers?
2. Mention the two kinds of economic views in studying consumer behavior?
3. Who were the proponents of:
 - a) Psychological model
 - b) Psychanalytic model
 - c) Sociological Model.



31

Question number 4; short answers. 1, which are the four models of consumers? Four models of consumers are; economic, cognitive, passive and emotional. Question number 2. Mention the two kinds of economic views in studying consumer behaviour? The two kinds of economic views are: micro economic view and macroeconomic view. 3. Who were the proponents of: the psychological model, this was Pavlov; the psychoanalytical model, it was Freud; and the sociological model, which was Veblen.

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KEY

Section A True/false:

1. False
2. False

Section B Multiple choice questions:


1. c
2. c

Section C Fill up the blanks:

1. Passive
2. Macro-economic
3. Psychological

Section D Short answers:

1. Economic , Cognitive, Passive, Emotional
2. Micro-economic view, Macro Economic view.
3. a)Pavlov b) Freud c) Veblen.



32

So, you have the answers here. This brings us the conclusion of session one of module 5.
We shall be discussing the basic models and the specific models in the next session.

Thank you.