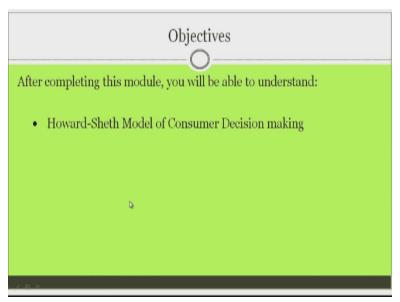
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Lecture - 35 Models of Consumer Behaviour – II

Welcome, in this module we are going to discuss on the Howard-Sheth Model of consumer decision making.

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Howard-Sheth Model is the most awaited coveted and widely used modeling consumer behavior and this was formulated by eminent professors John A. Howard and Jagdish Sheth in the year 1969. This model is highly significant and distinct from the other models as it puts forward the relevance of input of consumer buying process and comments the way in which the customers organizes and interprets these inputs before arriving at a final decision.

And it also takes into account the exogenous variables which may intermingle with the learning and perceptual constants. So, this model is structured in three levels of decisions making and it looks like an input process and output modal. I will explain it.

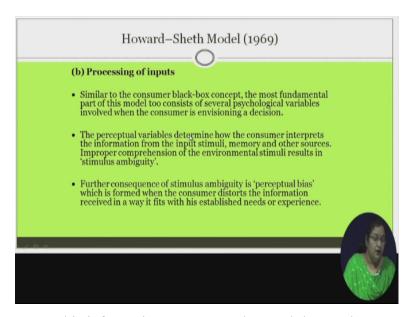
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Howard–Sheth Model (1969) Perhaps, the most coveted and widely used consumer behaviour model is the Howard–Sheth model of buyer behaviour, which was formulated by the eminent Professors John A. Howard and Jagdish Sheth in 1969. The model is highly significant and distinct from the other models as it puts forward the relevance of inputs to the consumer buying process and comments on the ways in which the consumer organizes and interprets these inputs before arriving at a final decision. This model is constructed in three levels of decision-making in almost an input–process–output format. Howard–Sheth have explained this in the following manner.

First is the input part. The input constructs are comprised of three different types of stimuli one is the information sources in the consumer environment. The marketers at this phase assure the costumers with different kind of product and brand-related information in terms of physical brand characteristics which we call significative stimuli like the price of the brand the particular attributes, the size of the brand, the ingredients of the brand.

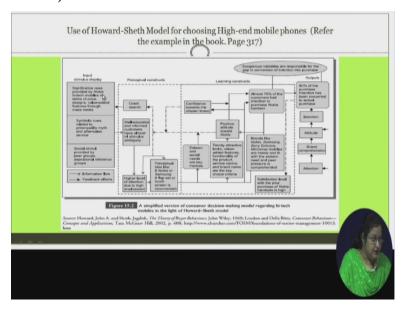
So all this and then the verbal and visual traits of the brand may be symbolic stimuli. The color the logo all these things. On the other hand, the social environment of the consumer that is the family reference group and social clause significantly influences the consumer black-box and is referred as 'social stimulus' in the consumer decision making process. Together these three types of stimuli endow the customer with inputs related to the traits of products class as well as brands.

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Now how do we process this information? So, we understood that we have received two kind of information symbolic and significative from three sources. One is the marketer driven sources and there is a social stimulus. We will just show here.

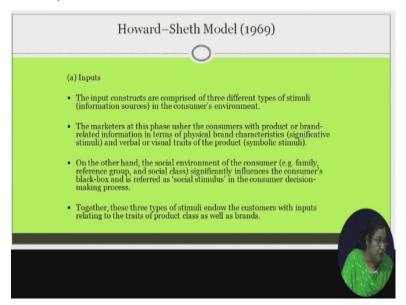
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It is this significative cue, symbolic cue and the social stimuli. The significative and symbolic cue is driven by the marketer and social cue is provided by the peer groups. My peer groups are using what kind of aspirational influence I am having from my reference group and this part is significative cue working product. They are talking about their price, design value, added services, symbolic cues that is price quality myth.

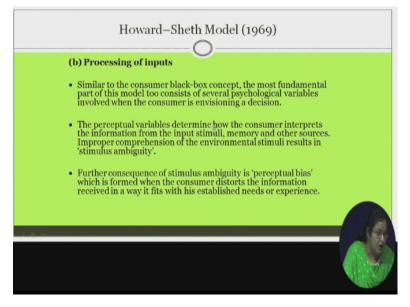
Then, some kind of perception about some after sales service or I may be talking, I am connecting with a very high end celebrity. So it shows that my brand is an elegant brand my logo, my color all these things probably are the symbolic cues. So this is first is my input part.

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Then followed by is.

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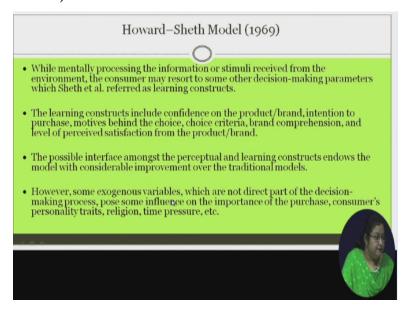


How do I process the inputs? So, similar to the consumer black-box concept the most fundamental part of this modal also consists of psychological variables which is involved when the consumer is envisioning a decision. The perceptual variables there are two things. One is the perceptual variable another is a learning variable here learning constructs. So the perceptual

variables here determine how the customers interprets the information from the input stimuli memory and other sources.

Improper comprehension of the environmental stimuli may result in stimulus ambiguity and further consequence of the stimulus ambiguity is perceptual bias which is formed when the customer distorts the information received in a way it fits with the established needs or experience.

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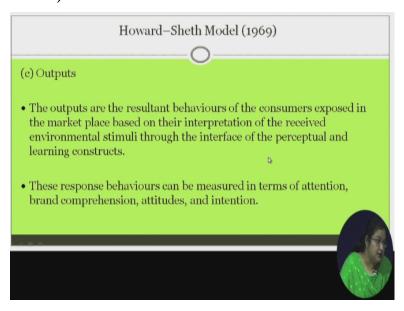
Now, while mentally processing the information or stimuli received from the environment the customer may resort to some of the other decision-making parameters which is known as the learning construct. Now the learning construct includes the confidence about the product and the brand by ready in state as a buyer which is my intention to purchase. What is my motivation behind the choice? What are my different evaluative criteria for choosing a brand?

How do I comprehend a brand? Do I comprehend a brand BMW as a brand of elegance or whether I comprehend the brand BMW from the roadster car that you know if the BMW is a roadster maker so it must be a sports utility vehicle. So, how do I perceive about it? How do I comprehend a brand and the level of perceived satisfaction? What do I expect from a brand? And what I have previously experienced from a particular brand?

When I went to a particular restaurant what was my prior experiences about that restaurant? The possible interface amongst the perceptual and learning constructs endows the model with considerable improvement over the traditional models. However, some of the exogenous variables which are not direct part of the decision making process pose some influence on importance of the purchase.

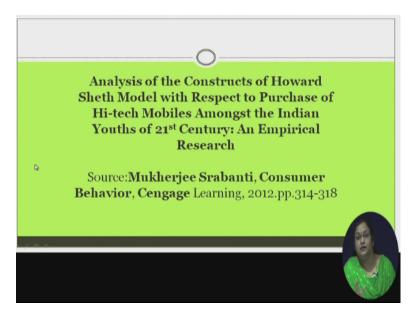
And like these are the consumers own personality trait religion time pressure etcetera. These also have some influence on some the choice decision making which has not been addressed in the Nicosia model.

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Now the third, last part is the output part and these outputs are the resultant behavior of the customers exposed in the market place based on their interpretation of the received environmental stimuli. So the interface of the perceptual and learning construct and these response behaviours can be attention then comprehension attitude and finally the purchase intention.

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So, I will explain this entire thing which I have just mentioned now theoretically. I will explain it with a real time research which was done by one of my student as this project and this has been incorporated in my book. So, I am just referring to that.

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In 2010, this study was conducted to analyses the construct of the Howard-Sheth model with respect to the purchase of hi-tech mobiles amongst the 21 century youth of Kolkata, one of the biggest metropolitan cities in the world. This was a qualitative study so for this purpose four focus group interview were conducted with around 36 respondents and observations were explained with the Howard-Sheth model of consumer behavior.

And the respondents were of age group of 24 to 37 high salaried management graduates and

engineers working mainly in sector five, Salt Lake City, Kolkata. The survey results can be

grouped into the following sub-sections. First is what is the kind of purchase behavior I am

talking about? There is a hi-tech mobile I am saying so there is a relatively high priced product.

So therefore by nature are high involvement products.

So because of purchase price is high and secondly it also portrays the esteem need when you are

handling a hi-tech mobile. It also shows how much excited you are all these things. So, therefore

the customers involvement in this purchase is very high. It's a high involvement product and

therefore as I discussed in the previous model that for high involvement product or we call it an

extensive problem solving behavior and in that extensive problem solving behavior therefore all

the five stages of decision making would be visible.

That is need recognition, information searched, evaluation of alternative, purchase and post

purchase. All this five would be visible. Now, we look at this. What is happened in this case you

can clearly see there are four major fields here one is the input part that is the stimulus display

part then customer are exposed to the messages and then this is the perceptual (()) (8:46) black

box where you have perception constant and learning constant.

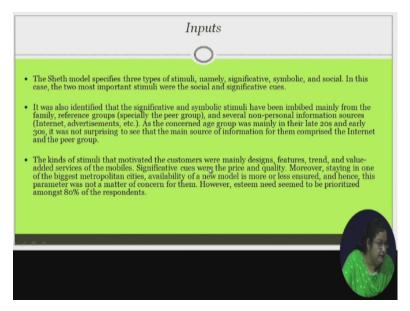
This is the output path when the message catches the attention of the customer and finally the

customers a decision to purchase in between there are some exogenous variables which influence

the learning constants as well as which influence the output part. Now step wise we are

discussing first is the input part.

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The Sheth model specifies three types of stimuli, named, significative, symbolic and social stimuli. In this case the two most important stimuli were the social and significative cues. It is also identified with the significative and symbolic stimuli then they identified mainly from family and reference groups specially the peer group and several non-personal information sources like advertisement and internet.

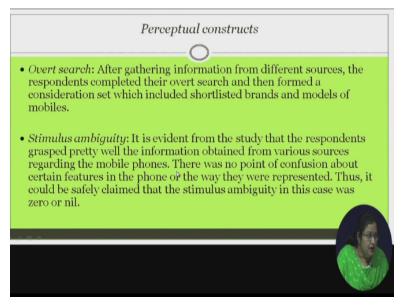
This is for this particular research this has come like that. It may be other things also. It may be only the market driven stimuli having more influence on the customer that can also happen. But in this particular research it came out that these particular stimuli that is the peer pressure which is acting as the most important source of information in a way this kind of stimuli that motivated the customer and the other kind of stimuli that motivated the customers were design, features, trends, value added services of the mobile.

Significative cues which has had an influence on the customer were price and quality. Moreover, staying in one of the biggest metropolitan cities, availability of the new model is more or less ensured and hence this parameter was not a matter of concern for them. However, esteem need seemed to be prioritized amongst 80% of the respondent. So, this way understood now the significative cues used are the prize, designs, value added features.

And whatever messages have been communicated through mass media, symbolic, after sale

service, price, quality and social is whatever the celebrities are using or whatever my peer groups are using. So, these are the first part. We move to the next part that is the perceptual construct.

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In perceptual construct we can see here what are the elements one is the over search. Which means exclusively, when the customer search information they will search from all this stimulus input display only and from there they become well educated and informed and then the rest we will discuss. So, they gather the information from the stimuli actively and then another part comes here that is the stimulus ambiguity.

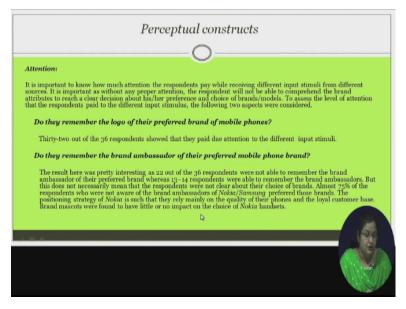
Stimulus ambiguity is evident from the study that the respondent grasped pretty well information obtained from various sources regarding the mobile phones and in this particular study there was no confusion about the attributes of the product. So, sometimes there are some kind of stimulus ambiguity about the product. For example, when Horlicks noodle came. So they started saying that this is a healthy noodle.

But how it is healthy noodles that was not very clear where as when Maggie came with oats noodles or Maggie came with atta noodle so they make it very clear that oat is a healthy product so we are mixing up oats with this product so therefore it is becoming healthy because it will then have the values which oats or the nutritional value which oats has. Again atta which means it is a kind of a whichever the nutritional value which can be obtained from atta.

But in this case for foodles it was not very clear so therefore a noodle by definition, in general assume that it is a kind of fast food so not so healthy. So, now the product which is not so healthy and you are saying that it is healthy noodles so how we establish that? That connection was not very clear so therefore there was some kind of stimulus ambiguity in the mind of the customer.

Customer could not perceive what is healthy noodles in this case. And why are you calling it healthy? But in this particular case since these are the tech savvy customers and we are talking about the technical attribute of the product so therefore this kind of confusion was not there.

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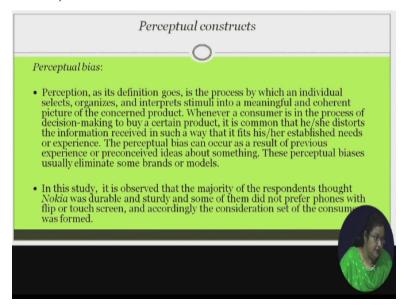
Then regarding the attention we asked two questions mainly to them. One question is do they remember the logo of the preferred brand? Other said, yes. We remember. Do they remember the brand ambassador? But in this case the response was mixed. Some people say no, no brand ambassador we don't remember. Some remember the brand ambassadors but yes they are mainly focusing like they are saying that we like Nokia and Samsung phone at that time it is in 2010.

So, Nokia and Samsung were their most preferred brands even if many of them could not remember about the brand ambassadors. But they mainly relied on Nokia because of its quality. Samsung they said most of the customers those who I talked about Samsung phone they talked about the style. Because at that time stylus was coming, so therefore they had said that okay

Samsung is good in their style and Nokia is very durable. So, this is how they are perceiving it.

Not, mainly because of any celebrity or anything. It was mainly the attribute of the product by which they were selecting so I assume that these customers are quite rational groups of customers.

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Next is the perceptual bias in this case. Not, perception as its definition goes is the process by which an individual selects, organizes and interprets stimuli into a meaningful and coherent picture of the concerned product. However, the customer is in the process of decision making to buy a certain product whenever then it is common that he or she distorts the information received in such a way that fits his or her established need and experience.

The perceptual bias can occur as a result of previous experience or preconceived ideas about something and these will eliminate several brands and models. For example, in my prior mobile hand set was Samsung and I had some problem with that mobile handset. So, while replacing the model and buying the new handset my previous assumption that I have faced some problem with Samsung may act as a perceptual bias against Samsung.

It may be just an isolated case that I faced a problem but that will actually create a halo effect on the choice of all Samsung phone and may be it may create a halo effect while I choose any of the Samsung products not even phone. It may be any of the Samsung product so that also I mean it

can overshadow like that. So, therefore in this study actually it was observed the majority of the

respondents thought Nokia was durable and sturdy.

And some of them did not prefer phones with flip or touch screen because feel flip after

sometime will become loosed and it would be very difficult in the crowd to open up the flip and

all. And Secondly for touch screen they were little skeptical that time because they thought that

after sometime, after recurrent use the touch screen may not work so it is better that we get a key

pad.

So this was the perceptual bias that touch screen will become this was some kind of idea actually.

Biased means I am not saying nothing wrong or right because that is some kind of predisposed

idea in the mind of the buyer. Idea in the mind of customers about that they think that Nokia is

sturdy. They think Nokia is durable mainly this has formed because of the communication

message from the marketers.

This might have formed because of my prior experience with the product. This may have formed

by friends experience of using the product or may be the way shop keeper has projected the

product to me. So, we move to the next part that is after this perceptual bias has been formed

actually I move now towards developing attitude about the product. So, now from the perceptual

construct we are moving towards the learning construct that is this particular box.

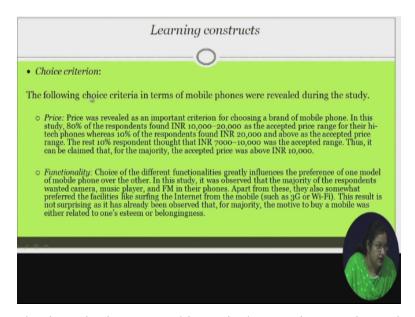
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Learning constructs
 Motives: It is important to know about the motives for which a consumer is contemplating to buy a certain good. In the present study, an attempt was made to identify the motive/s of the respondents for which they wanted to buy a hi-tech phone.
 Motive can also be termed as the need for which the respondents want to buy a phone. From the focus group interview, the following needs were observed among the respondents.
 ∑ Esteem needs: Seventy-five percent respondents agreed that the motive of buying a hi-tech phone was to use it as a status symbol.
 ∑ Social needs: Some of the respondents also acknowledged the fact that the motive behind their purchase was to keep in touch with their near and dear ones.

So here the first one is motives as you can see here. First one these three motives we are talking about. These three are the motives. When we talk about the motives this is the first one it is important to know about the motives for which the customers is contemplating to buy a certain product and in the present study an attempt has been made to identify the motives of the respondents for which they wanted to buy a high tech phone.

So, what we have identified first one is the esteemed need which was most important for them because they wanted to use it as a status symbol. Second one is a social need they wanted to keep in touch with their near and dear ones. So we have this. This is done. Now we talk about the evaluative criteria. So this one was the motive second one was the evaluative criteria. So we go to the evaluative criteria now.

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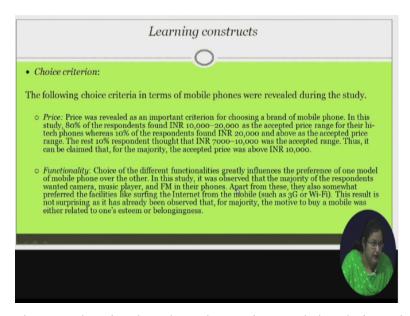


So we go to the evaluative criteria now. In this particular case it was price. Price was revealed as the most important criteria for choosing the brand and in this study 80% of the respondents found INR ten thousand to twenty thousand as acceptable price range for their hi-tech phone whereas ten percent found twenty thousand and above would be good and the rest ten percent was in favor of seven to ten thousand range mobile phones.

Majority was around ten thousand and then they talked about the functionality of the product and in 2010 at that point of time they wanted mainly the functionality like the sturdiness and all this and then the camera, music player. FM and all this and somewhat they wanted some other facilities like internet 3G and Wi-Fi facility in the mobile. Actually this result is not very surprising it has already been observed that for majority the motive for buying a mobile was either related to esteem need or belongingness need.

So we finished these two. So for developing attitude the first part was the motive which we have discussed it was social and key motive and then we have talked about the evaluative criteria where we are talking about the looks, value added services and other functionality as the choice criteria. Now we move to the third aspect that is the comprehension about the brand.

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So this is the brand comprehension based on the motives and the choice criteria the different brands under consideration would be comprehended in that way we have assumed that Nokia is a sturdy brand Samsung is a stylist brand. Sony is again a very elegant brand. Micromax is a relatively cheaper brand. So this is how the four perceptions were formed that time and the choice set was like this.

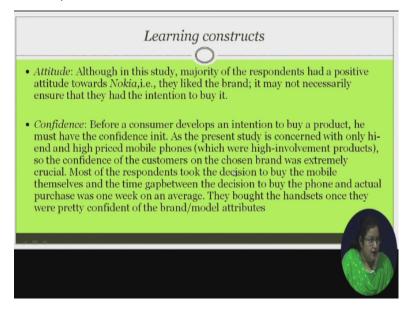
Most positive perception was towards Nokia followed by all this brands. So, we go back to this model and see that first what happened the customer got all this cues. Marketer has provided symbolic and significative cues they have also got social stimuli from their peer groups and aspirational groups through their over search. Some of the stimuli they understood some they may not if the stimulus they do not understand like foodles then it results in stimulus ambiguity.

Now if the product is of high involvement of the customer they pay more attention to that and then come into the perceptual bias through that it would be screened. That is whatever information they are getting from our search is sensitive towards their stimulus ambiguity. Their level of attention that is the involvement and perceptual biased through this it would be filtered and then the learning constant that is that attitude would be formed.

So that for result first determinant of this positive attitude is the motivation and these two are the motives social and esteemed need then we talk about the evaluative criteria or the choice criteria

where we have talked about the features and all this. Then we are talking about the brand comprehension and then this can result in the positive attitude towards Nokia. Now after that what happens

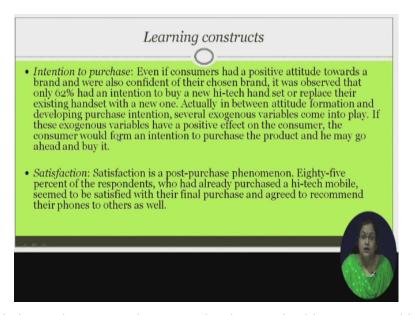
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Is the confidence level of the customer. So before a customer develops an intention to buy the product he must have confidence in it and as a present study is concerned with only high end and high priced mobile phones so the confidence of the customer or the chosen brand was extremely crucial. Most of the respondent took decision to buy mobile themselves and the time gap between the decision to buy the phone and the actual purchase was on an average a week.

So they brought handsets was there very much.

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Confident with their purchase. Now because what happen in this case now this is very crucial when I am talking about the time gap because within this time gap the peer groups can tell them about different features of the alternative brand which may sound to them more attractive. In between some new offers can come for some other brands so this time gap is very important.

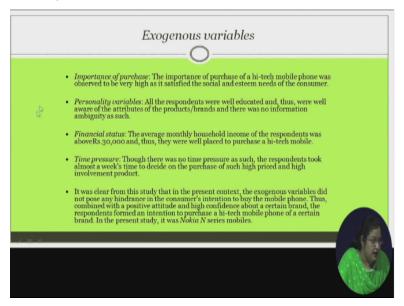
So the markets has to be very cautious about intimating their product features or whatever offers they coming of it and they also have to be very cautious about what kind of offers the competitors are making because this is the phase where you may actually slip between the cup and the lip. Now, forms the intention to purchase. So even if the customer has a positive attitude towards the brand and they may be confident also.

Only sixty-two percent we have found they have the intention to buy new high tech answer to replace their existing handset. Now actually in between attitude formation and developing purchase intention there could be several exogenous variables which I was talking about. So, therefore the customer may finally have the intention to buy the product or may not have the intention to buy the product also.

And these are mainly different exogenous variables like rise and fall of their income, change in their job, their peer pressure, their family situation any other exigencies their own personality parameters and many other things which may actually act here and many other conditional variables can also add. Now finally comes the satisfaction. Satisfaction is the post purchase phenomenon eighty-five percent of the respondents who has already purchased hi-tech mobile seem to be satisfied with their final purchase.

And agreed to recommend their phones to others as well. Now is this outpost. So this much we have understood that the person has formed an intention to buy but then this output part as the field

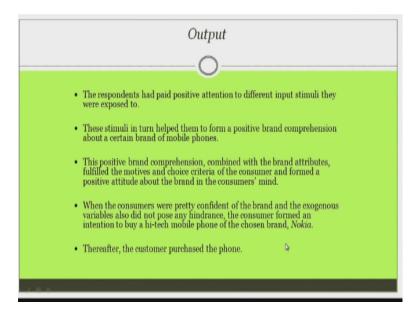
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And as I have said the exogenous variables has an implication it may be the importance of purchase which plays role here also and in confidence building, in purchase intention also. So, one is the importance of purchase. How much it is important? Then obviously I will be more involved to that and I will pay more attention personality variables as I have already said if I am well educated and well aware then I can evaluate it much better in a rational way.

My financial status may get change as I may change my job and all this. Time pressure that is the conditional variable and all this in this case actually the in this particular study the exogenous variables did not create much hindrance.

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And finally they are coming to the output part where the respondents had paid positive attention to different inputs stimuli they are exposed to first then the stimuli in turn help them to form a positive brand comprehension then this positive brand comprehension combine with the brand attitudes full fill the motives and choice criteria of the customer and form positive attitude about the brand in the customers mind.

And when the customers were pretty confident of the brand and the exogenous variables did not pose any hindrance, the customer formed a reference towards the brand Nokia. And finally most of the customers were choosing Nokia brand. So, this much for today. Thank you and in the next session we will discuss about the Engel-Kollat model of customer decision making.