

**Introduction to Marketing Essentials**  
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**Department of Management Studies**  
**Indian Institute of Technology, Roorkee**

**Lecture - 08**  
**Understanding Consumer Behavior – II**

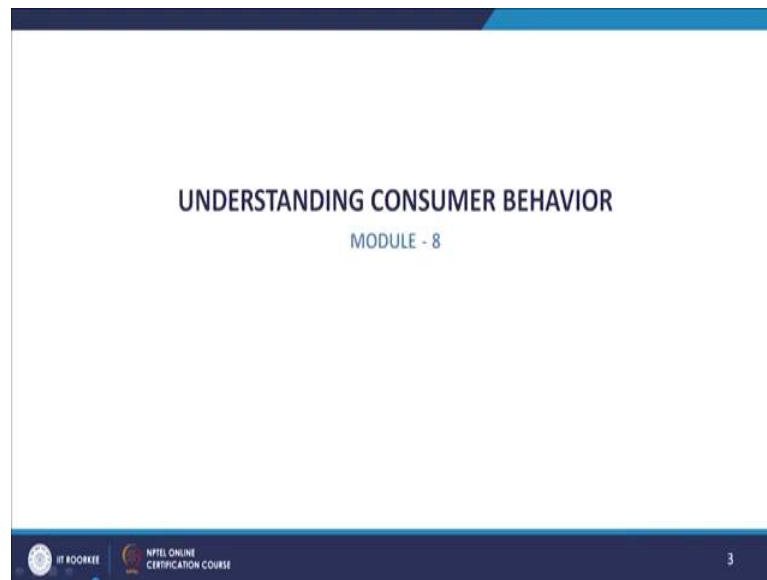
Welcome to this course on Introduction to Marketing Essentials and we are talking about part II that is understanding buyers and markets and the topic that we are discussing is Understanding Consumer Behavior.

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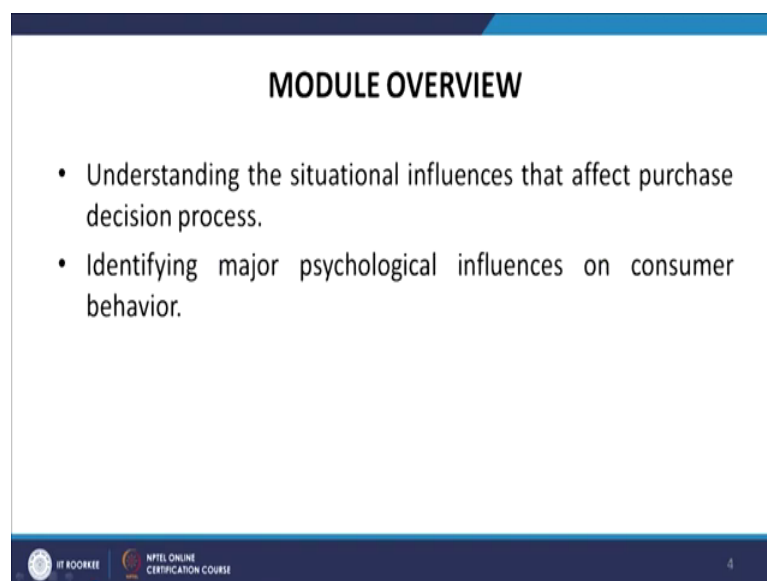


We have talked about module 7. Now we will start with module 8.

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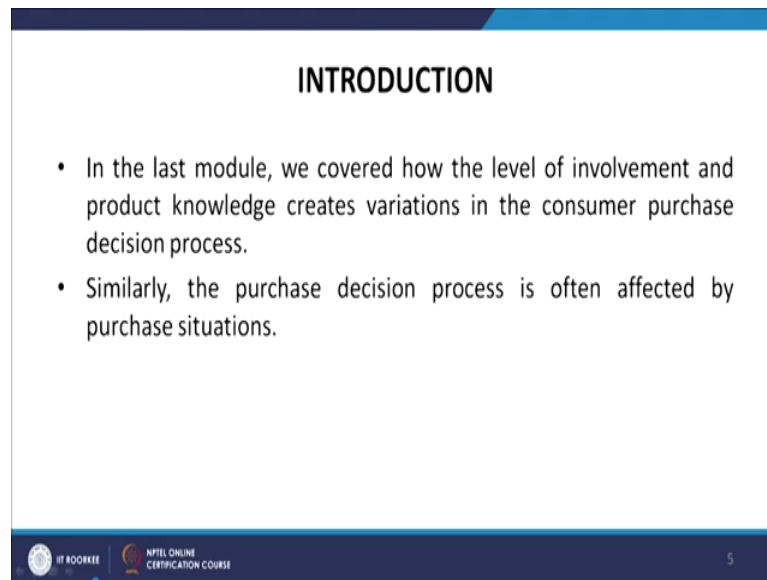


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And let us see what are the things that will be covered in this module. So, in this module we will understand the situational influences that affect the consumer purchase decision process and then, we will identify major psychological influences on consumer behavior.

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The slide is titled "INTRODUCTION" in bold black text. It contains two bullet points: "In the last module, we covered how the level of involvement and product knowledge creates variations in the consumer purchase decision process." and "Similarly, the purchase decision process is often affected by purchase situations." The slide footer includes the IIT ROORKEE logo, the text "NPTEL ONLINE CERTIFICATION COURSE", and the number "5".

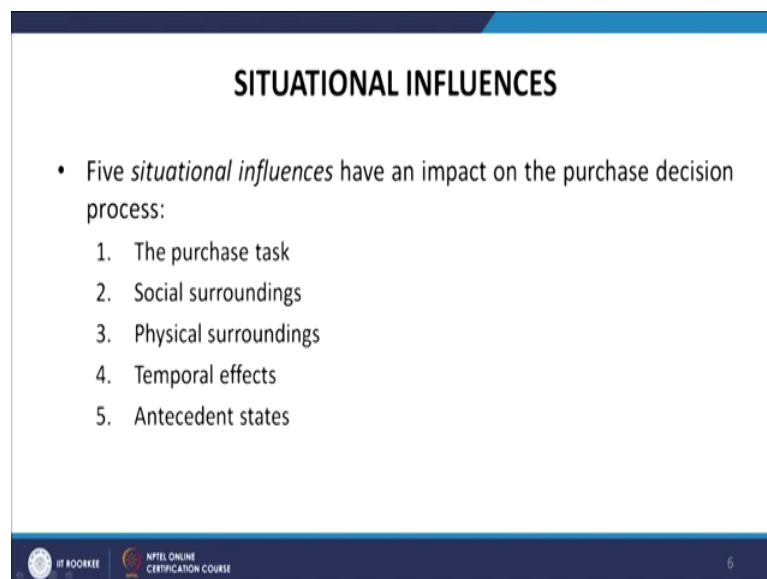
## INTRODUCTION

- In the last module, we covered how the level of involvement and product knowledge creates variations in the consumer purchase decision process.
- Similarly, the purchase decision process is often affected by purchase situations.

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So, in the last module that is module 7 we covered how the level of involvement and product knowledge creates variation in the consumer purchase decision process. Similarly the purchase decision process is often affected by purchase situations.

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The slide is titled "SITUATIONAL INFLUENCES" in bold black text. It contains a bullet point: "Five *situational influences* have an impact on the purchase decision process:" followed by a numbered list: "1. The purchase task", "2. Social surroundings", "3. Physical surroundings", "4. Temporal effects", and "5. Antecedent states". The slide footer includes the IIT ROORKEE logo, the text "NPTEL ONLINE CERTIFICATION COURSE", and the number "6".

## SITUATIONAL INFLUENCES

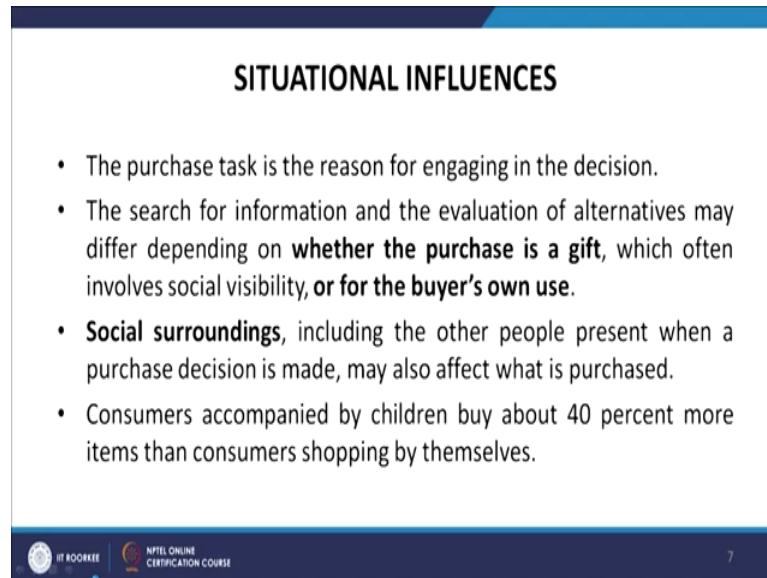
- Five *situational influences* have an impact on the purchase decision process:
  1. The purchase task
  2. Social surroundings
  3. Physical surroundings
  4. Temporal effects
  5. Antecedent states

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Now, let us look at the situational influences how the purchase decisions are affected by purchase situations. So, what are these situational influences? Five situational influences have an impact on the purchase decision process. So, these five are: the first is the

purchase task, the second situational influence is social surroundings, physical surroundings, temporal effects and antecedent states.

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**SITUATIONAL INFLUENCES**

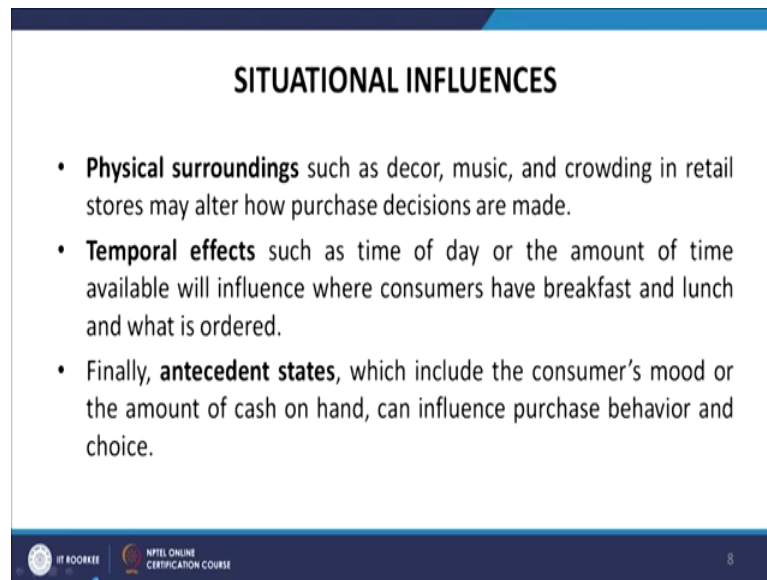
- The purchase task is the reason for engaging in the decision.
- The search for information and the evaluation of alternatives may differ depending on **whether the purchase is a gift**, which often involves social visibility, **or for the buyer's own use**.
- **Social surroundings**, including the other people present when a purchase decision is made, may also affect what is purchased.
- Consumers accompanied by children buy about 40 percent more items than consumers shopping by themselves.

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So, the purchase task is the reason for engaging in the decision making. The search for information and the evaluation of alternatives may differ depending on whether the purchase is for a gift which often involves social visibility or it is for the consumers or the buyers own use.

So, now you see that how decision making is changing depending upon whether you want to give it as a gift or you want to purchase it for your own use. Social surroundings, including the other people present when a purchase decision is made, may also affect what is purchased. So, consumers accompanied by children may buy 40 percent more items than consumer shopping by themselves.

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**SITUATIONAL INFLUENCES**

- **Physical surroundings** such as decor, music, and crowding in retail stores may alter how purchase decisions are made.
- **Temporal effects** such as time of day or the amount of time available will influence where consumers have breakfast and lunch and what is ordered.
- Finally, **antecedent states**, which include the consumer's mood or the amount of cash on hand, can influence purchase behavior and choice.

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Now, let us look at the physical surroundings. Physical surroundings means decor, music and crowding in retail stores may alter how purchase decisions are made. Temporal effect, such as the time of the day or the amount of time available will influence where consumers have breakfast and lunch and what is ordered.

Finally, the antecedent states which include the consumer's mood or the amount of cash on hand can influence purchase behavior and the choice of purchase. Whether I am in a good mood or bad mood and the amount of cash that I am carrying, so, that is called as antecedent states. So, these are the five factors that affect the consumer decision making process.

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### SITUATIONAL INFLUENCES

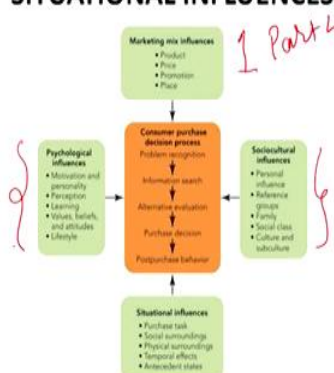
- For example, consumers with credit cards purchase more than those with cash or debit cards.
- Figure 8.1 on the next slide shows the many influences that affect the consumer purchase decision process.
- The decision to buy a product also involves important psychological and sociocultural influences.
- These two influences are covered in the remainder of this chapter.
- Marketing mix influences are described later in Part 4 of the course.

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For example consumers with credit cards purchase more than those with cash or debit cards. In the next figure that is figure 8.1, it shows many influences that affect the consumer purchase decision process. The decision to buy a product also involves important psychological and socio-cultural influences. These two influences are covered in the later part of this course. Marketing mix influences are discussed in the part 4 of this course.

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### SITUATIONAL INFLUENCES



**Marketing mix influences**  
• Product  
• Price  
• Promotion  
• Place

**Psychological influences**  
• Motivation and personality  
• Perception  
• Learning  
• Values, beliefs, and attitudes  
• Lifestyle

**Sociocultural influences**  
• Personal influences  
• Reference groups  
• Family  
• Social class  
• Culture and subculture


**Consumer purchase decision process**  
Problem recognition  
↓  
Information search  
↓  
Alternative evaluation  
↓  
Purchase decision  
↓  
Postpurchase behavior

**Situational influences**  
• Purchase task  
• Social surroundings  
• Physical surroundings  
• Temporal effects  
• Antecedent states

*Part 4*

**Figure 8.1:** Influences on the consumer purchase decision process come from both internal and external sources.

Source: Roger, K., Steven, H. & William, R. (2013). Marketing: The Core. McGraw-Hill Irwin, Fifth Edition.

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So, now let us look at the situational influences. So, one influence is marketing mix influence that is product, price, place, promotion that we will talk about in the part 4 of this course. Then there are some socio-cultural influences like personal influences, reference groups, family, social classes and the culture and the various subcultures within that culture.

Then there are some psychological influences. What are those? Motivation and personality, perception, learning, values, beliefs and attitude and lifestyle and then there are some situational factors that we have does just talked about that is the purchase task, social surroundings, physical surroundings, temporal effect and antecedent state.

So, this figure 8.1 it shows the various influences on the consumer purchase decision process and it come from both the internal and external sources.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR**

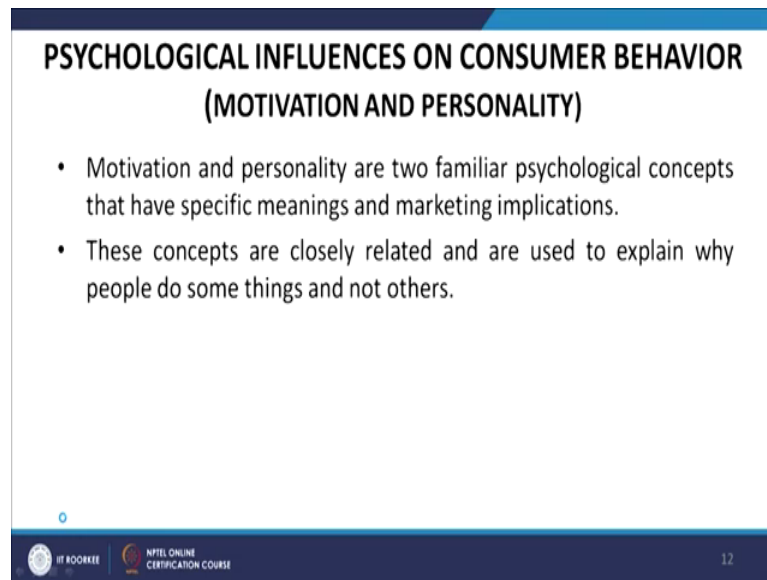
- Psychology helps marketers understand why and how consumers behave as they do.
- Some particular psychological concepts are useful for interpreting buying processes and directing marketing efforts. These include:
  - 1 - Motivation and personality
  - 2 - Perception and perceived risk
  - 3 - Learning
  - 4 - Values, beliefs and attitudes
  - 5 - Lifestyle

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Now, let us look at what are these psychological influences on consumer behavior. Psychology helps marketers understand why and how consumers behave as they do. So, why do they behave so and how do they behave?

Some particular psychological concepts are useful for interpreting buying processes and directing marketing efforts and these includes motivation and personality, perceptions and perceived risk, learning, values, beliefs and attitudes and lastly the lifestyle.

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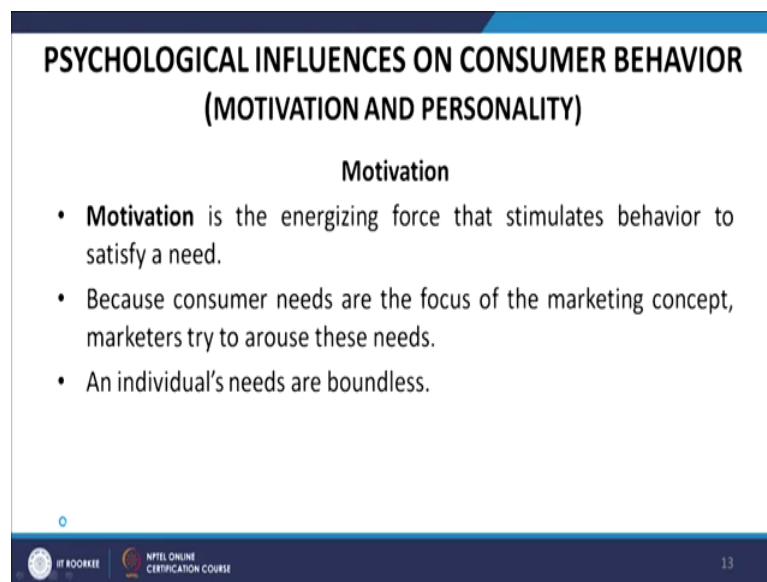
**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(MOTIVATION AND PERSONALITY)**

- Motivation and personality are two familiar psychological concepts that have specific meanings and marketing implications.
- These concepts are closely related and are used to explain why people do some things and not others.

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Motivation and personality are two familiar psychological concepts that have a specific meaning and marketing implications. These concepts are closely related and are used to explain why people do something and others do not do those things.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(MOTIVATION AND PERSONALITY)**

**Motivation**

- **Motivation** is the energizing force that stimulates behavior to satisfy a need.
- Because consumer needs are the focus of the marketing concept, marketers try to arouse these needs.
- An individual's needs are boundless.

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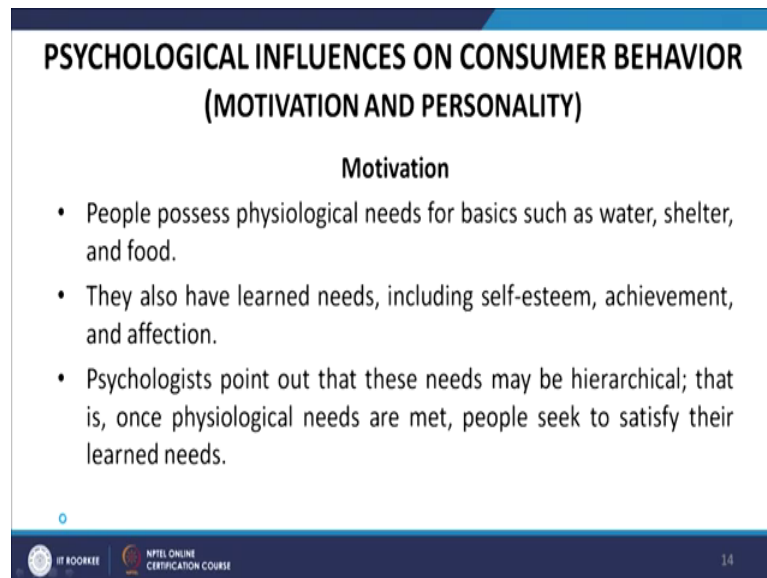
So, let us start with Motivation. So, what is motivation? Motivation is the energizing force that is stimulates behavior to satisfy a need. So, this is an energizing force that stimulates the behavior that tells the consumer that you have a need and it has to be



satisfied. Because consumer needs are the focus of the marketing concept marketers try to arouse those needs.

So, they want to tell consumers about those needs and individual's needs are boundless.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(MOTIVATION AND PERSONALITY)**

**Motivation**

- People possess physiological needs for basics such as water, shelter, and food.
- They also have learned needs, including self-esteem, achievement, and affection.
- Psychologists point out that these needs may be hierarchical; that is, once physiological needs are met, people seek to satisfy their learned needs.

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People possess psychological needs for basics such as water, shelter and food. They also have learned needs that include self-esteem, achievement and affection. Psychologists, they point out that these needs may be hierarchical that is once psychological needs are met people seek to satisfy their learned need. So, they move from lower to the next and to the next level.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(MOTIVATION AND PERSONALITY)**

**Motivation**

- Figure 8.2 shows one need hierarchy and classification scheme that contains five need classes.



**Figure 8.2:** The hierarchy of needs is based on the idea that motivation comes from a need.

If a need is met, it's no longer a motivator, so a higher-level need becomes the motivator.

Higher-level needs demand support of lower-level needs.

Source: Roger, K., Steven, H. & William, R. (2013). Marketing: The Core. McGraw-Hill Irwin, Fifth Edition.

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So, several times these needs come in hierarchy. Now this is the figure 8.2 that shows one need hierarchy and classification scheme that contains five need classes. So, this figure it is based on the idea that motivation comes from a need. If a need is met, it is no longer a motivator.

So, a higher level need becomes a motivator. So, as soon as a need is satisfied, it is no longer a motivator, then the consumer moves on to the next need and then to the third need, but higher level needs demand support of lower level needs.

So, these are the five levels of need. This is a hierarchy that person moves from lower order needs to higher order needs at the most basic are the physiological needs that are, - food, water, shelter, oxygen, and etcetera.

The next is for the safety needs that is freedom from harm, financial security. Above them comes social need that is a need for friendship, belongingness and love. Above them comes the personal need that is status, respect, prestige. They are also called as esteem, needs and then at the top come self-actualization needs that is self-fulfillment.

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## PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR (MOTIVATION AND PERSONALITY)

### Motivation

- *Physiological needs* are basic to survival and must be satisfied first.
- A McDonald's advertisement featuring a cheese burger attempts to activate the need for food.



The diagram is a pyramid divided into five horizontal layers, each representing a level of Maslow's hierarchy of needs. From top to bottom, the layers are: 1. Self-actualization needs (Self-fulfillment) in a light blue color. 2. Personal needs (Status, respect, prestige) in an orange color. 3. Social needs (Friendship, belonging, love) in a yellow color. 4. Safety needs (Freedom from harm, financial security) in a green color. 5. Physiological needs (Food, water, shelter, oxygen) in a purple color.

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So, now these psychological needs are basic to survival and must be satisfied first. A McDonald's advertising featuring a cheese burger attempt to activate the need for food.

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## PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR (MOTIVATION AND PERSONALITY)

### Motivation

- *Safety needs* involve self-preservation as well as physical and financial wellbeing.
- Smoke detector and burglar alarm manufacturers focus on these needs, as do insurance companies and retirement plan advisors.



The diagram is a pyramid divided into five horizontal layers, each representing a level of Maslow's hierarchy of needs. From top to bottom, the layers are: 1. Self-actualization needs (Self-fulfillment) in a light blue color. 2. Personal needs (Status, respect, prestige) in an orange color. 3. Social needs (Friendship, belonging, love) in a yellow color. 4. Safety needs (Freedom from harm, financial security) in a green color. 5. Physiological needs (Food, water, shelter, oxygen) in a purple color.

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Safety needs that are the next level of needs. They involve self-preservation as well as physical and financial wellbeing. Smoke detectors and burglar alarm manufacturers focus on these needs that are the safety needs, so do insurance companies and retirement plan advisors.

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## PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR (MOTIVATION AND PERSONALITY)

### Motivation

- *Social needs* are concerned with love and friendship.
- Dating services, such as Match.com and eHarmony, and fragrance companies try to arouse these needs.



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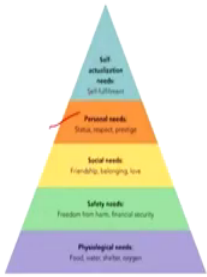
The third set of needs that we are now talking of is the social needs. So, social needs are concerned with love and friendship. Dating services such as match.com and matrimony.com and eHarmony and all those fragrance companies, all those deodorant and perfume companies they try to arouse those needs.

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## PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR (MOTIVATION AND PERSONALITY)

### Motivation

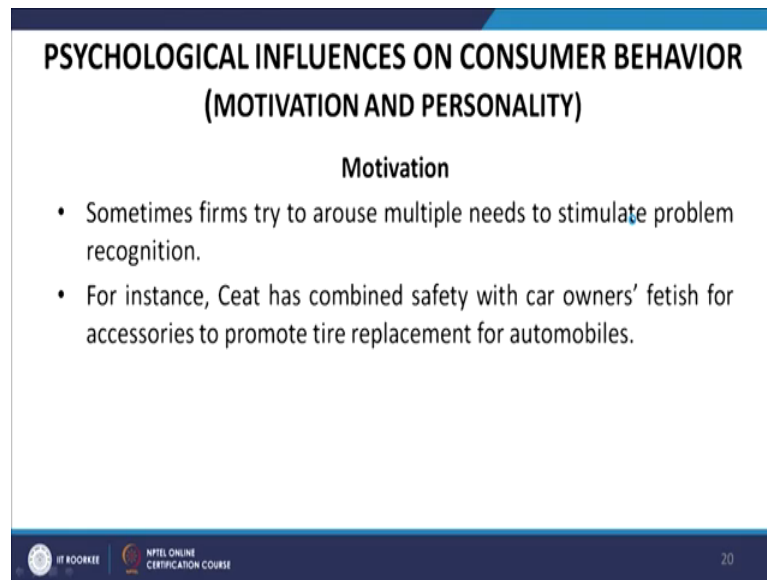
- *Personal needs* include the need for achievement, status, prestige, and self-respect.
- *Self-actualization needs* involve personal fulfillment.



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Then comes the personal or the esteem needs that include the need for achievement, status, prestige and self-respect at the top are self-actualization needs that involve personal fulfillment, self-fulfillment.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(MOTIVATION AND PERSONALITY)**

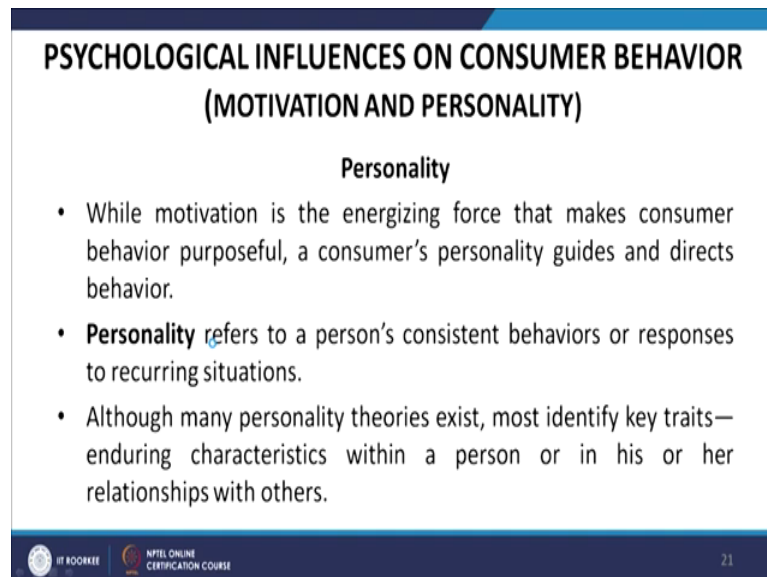
**Motivation**

- Sometimes firms try to arouse multiple needs to stimulate problem recognition.
- For instance, Ceat has combined safety with car owners' fetish for accessories to promote tire replacement for automobiles.

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So, sometimes firms try to arouse multiple needs to stimulate problem recognition. For instance Ceat has combined safety with car owner's fetish for accessories to promote tire replacement for automobiles. So, it is not only about the safety of the car owners, but they are also promoting different accessories.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(MOTIVATION AND PERSONALITY)**

**Personality**

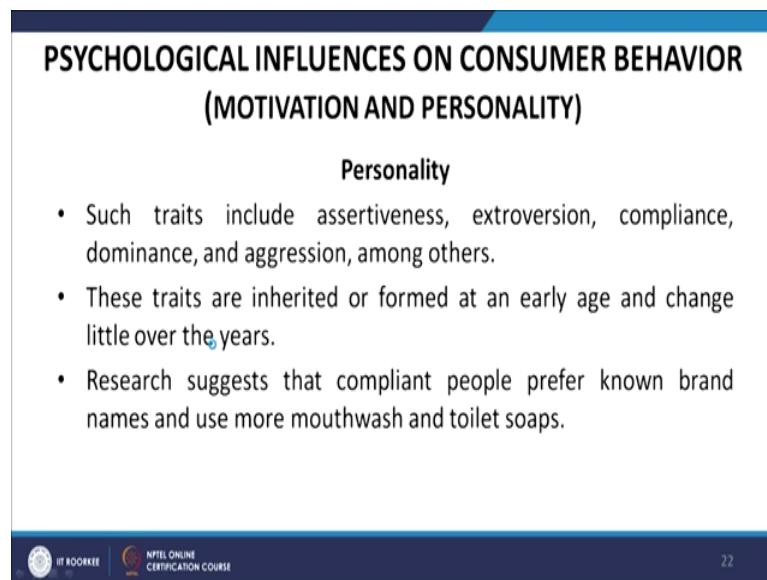
- While motivation is the energizing force that makes consumer behavior purposeful, a consumer's personality guides and directs behavior.
- **Personality** refers to a person's consistent behaviors or responses to recurring situations.
- Although many personality theories exist, most identify key traits—enduring characteristics within a person or in his or her relationships with others.

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Another important variable or the psychological influence on consumer behavior is that of personality. So, while motivation is the energizing force that makes consumer behavior purposeful, a consumer personality guides and directs that behavior.

So, what is Personality? A personality refers to a person's consistent behavior or responses to recurring situations. Although many personality theories exist, most identify key traits that are the enduring characteristics within a person or in his or her relationship with others.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(MOTIVATION AND PERSONALITY)**

**Personality**

- Such traits include assertiveness, extroversion, compliance, dominance, and aggression, among others.
- These traits are inherited or formed at an early age and change little over the years.
- Research suggests that compliant people prefer known brand names and use more mouthwash and toilet soaps.

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Such traits include assertiveness, extroversion, compliance, dominance and aggression, among some other. These traits are inherited or formed at an early age and change little over the years. So, research suggests that compliant people prefer known brand names and use more mouthwash and toilet soaps.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR**  
**(MOTIVATION AND PERSONALITY)**

**Personality**

- Aggressive types use razors, not electric shavers, apply more cologne and aftershave lotions, and purchase signature goods such as Gucci and Donna Karan as an indicator of status.
- These personality characteristics are often revealed in a person's self-concept, which is the way people see themselves and the way they believe others see them.

*Self concept = 1 + 2*

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Aggressive types, they use razors, not electric shavers, apply more cologne and aftershave lotions, and purchase signature goods such as Gucci and Donna Karan as an indicator of status.

Now you see that one personality type is that of compliant people. They use more mouthwash and toilet soap. Another type of personality is aggressive types. So, these people they use razors, but not electric shavers, they use aftershave lotions and they use luxury product like Gucci and so on so forth. These personality characteristics are often revealed in a person's self-concept. So, now you see how related the concept of personality and self-concept are.

So, these personality characteristics are often revealed in a person's self-concept. Self-concept is the way people see them self and the way they believe others see them. So, self-concept consists of two things. One is the way people see them self that is the first one, and also the way they believe others see them.

So, it is the combination of these two. So, these personality characteristics they are often revealed. How they are revealed? They are revealed in their self-concept and the self-concept is how they see them self and how they believe others see them self. Marketers recognize that people have an actual self-concept and an ideal self-concept.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR**  
**(MOTIVATION AND PERSONALITY)**

**Personality**

- Marketers recognize that people have an actual self-concept and an ideal self-concept.

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The *actual self* refers to how people actually see themselves.

2

The *ideal self* describes how people would like to see themselves.

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So, now keep in mind that this self-concept is way people see them self and they and how do they believe that others see them. So, that is self-concept.

Now this self-concept can be of two types. One is the actual self-concept and another is ideal self-concept. Actual self-concept refers to how people actually see them and the ideal self-concept describes how people would like to see them. So, now in this self-concept there are two things. The actual self-concept and the ideal self-concept.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR**  
**(MOTIVATION AND PERSONALITY)**

**Personality**

- These two self-images are reflected in:
  - 1 - the products and brands a person buys (automobiles, home appliances and furnishings, magazines, consumer electronics, clothing, grooming and leisure products)
  - 2 - the stores in which a person shops

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Now, these two types of self-images or self-concepts, they are reflected in first- the products and brand a person buys. For example, the types of automobile, the home appliances and furnishings, the magazine that he buys, electronics, clothing, grooming and leisure product and the second is the store in which a person shops. So, these two self-images they are reflected in these two things. One is the products and brands that he buys and also the stores from which he buys.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR**  
**(PERCEPTION)**

- One person sees a BMW as a mark of achievement; another sees it as ostentatious.
- This is the result of **perception**.
- **Perception** is the process by which an individual selects, organizes, and interprets information to create a meaningful picture of the world.

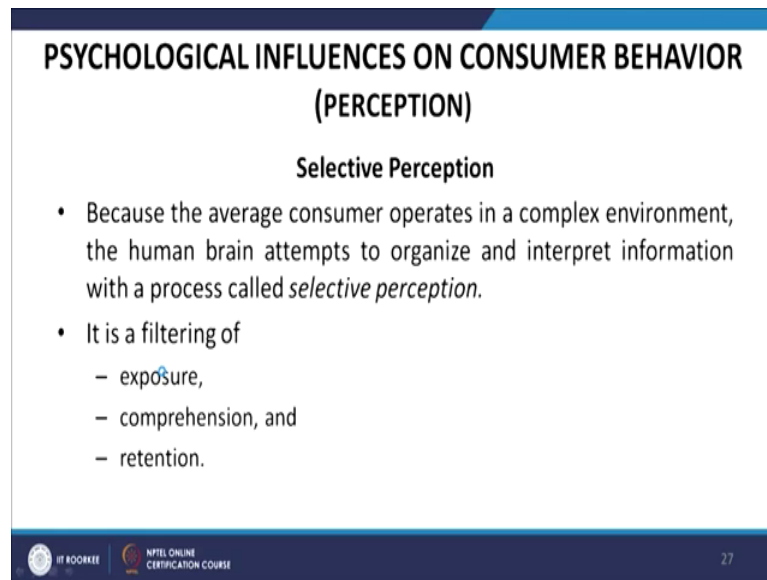
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So, one person may see a BMW as a mark of achievement and other see is as ostentatious. Now, why this so happens, that two persons are looking at the same thing differently? That is the result of perception.

So, we have moved from life styles to self-concept and now to perception. Perception is the process, by which an individual selects, organizes and interpret information. So, he selects, organizes and interprets. He does three things selection, organization and interpretation of information to create a meaningful picture of this world. So, perception is different, people have different perceptions that is they have different processes to select organize and interpret information for printing a meaningful picture of this world. That is why two different people are looking at BMW differently. One of them find it as a mark of achievement, another set of people they find it as ostentatious.

So, these are the perception that is the process by which the individual select, organizes and interpret information to create a meaningful picture of this world.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(PERCEPTION)**

**Selective Perception**

- Because the average consumer operates in a complex environment, the human brain attempts to organize and interpret information with a process called *selective perception*.
- It is a filtering of
  - exposure,
  - comprehension, and
  - retention.

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Now, there are different types of perceptions. One is selective perception. Because the average consumer operates in a complex environment, the human brain attempts to organize and interpret information with a process that is called as selective perceptions.

So, every person gets lots of information everyday; lots of information about products about brands about the retailers from where to buy. So, obviously all of that information cannot be stored the memory. So, for that consumers use selective perception. It is filtering of the information on the basis of exposure comprehension and retention.

So, we have talked about the personality, the self-concept perceptions, and selective perceptions. So, these selective perceptions can happen because of- the first thing is exposure, the second is comprehension and the third is retention.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(PERCEPTION)**

**Selective Perception (Selective Exposure)**

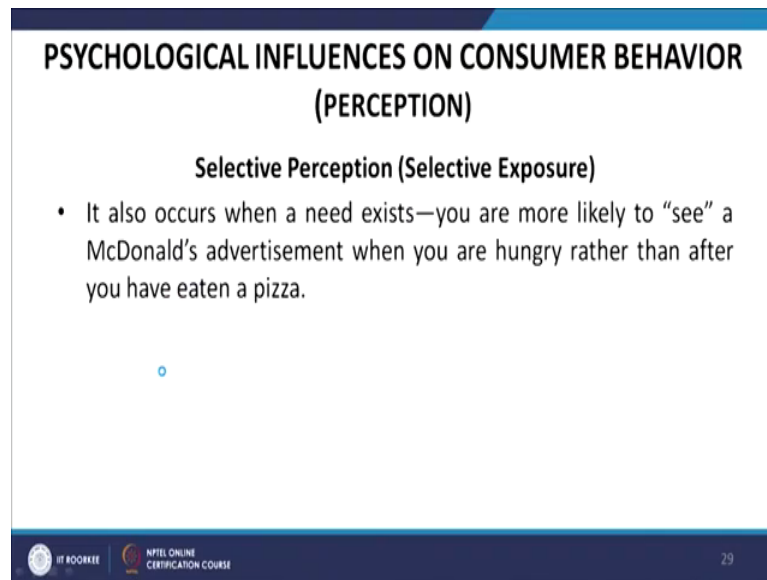
- *Selective exposure* occurs when people pay attention to messages that are consistent with their attitudes and beliefs and ignore messages that are inconsistent.
- Selective exposure often occurs in the post-purchase stage of the consumer decision process, when consumers read advertisements for the brand they just bought.

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Let us look at the selective exposure. Selective exposure occurs when person pay attention to messages that are consistent with their attitudes and beliefs and ignore messages those are inconsistent with their attitudes and beliefs. Selective exposure often occurs in the post purchase stage of the consumer decision process when consumers read advertisement of the brand, they just bought.

So, that is selective exposure. It also occurs when a need exist. You are more likely to see a McDonald advertisement when you are hungry rather than after you have eaten a Pizza.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(PERCEPTION)**

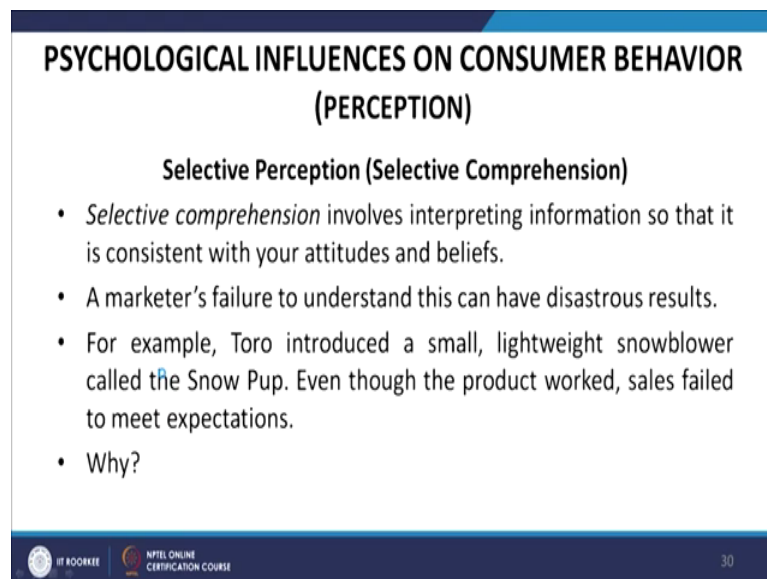
**Selective Perception (Selective Exposure)**

- It also occurs when a need exists—you are more likely to “see” a McDonald’s advertisement when you are hungry rather than after you have eaten a pizza.

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So, now you are through selective exposure.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(PERCEPTION)**

**Selective Perception (Selective Comprehension)**

- *Selective comprehension* involves interpreting information so that it is consistent with your attitudes and beliefs.
- A marketer’s failure to understand this can have disastrous results.
- For example, Toro introduced a small, lightweight snowblower called the Snow Pup. Even though the product worked, sales failed to meet expectations.
- Why?

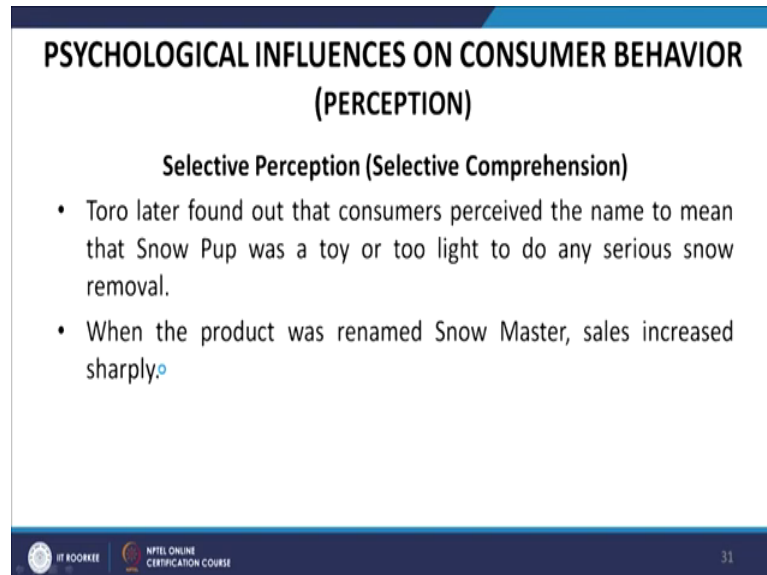
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The next stage of this selective perception is comprehension. After having gone through selective exposure, now comes selective comprehension. Selective comprehension involves interpreting information so that it is consistent with our attitude and belief.

So, first is that I gathered information that was consistent with my attitudes and beliefs. The second is then I interpret that information depending upon my attitudes and beliefs. A marketer’s failure to understand this can have disastrous results.

For example, Toro introduced a small, lightweight snow blower called the Snow Pup. Even though the product worked, sales failed to meet expectations. Why?

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(PERCEPTION)**

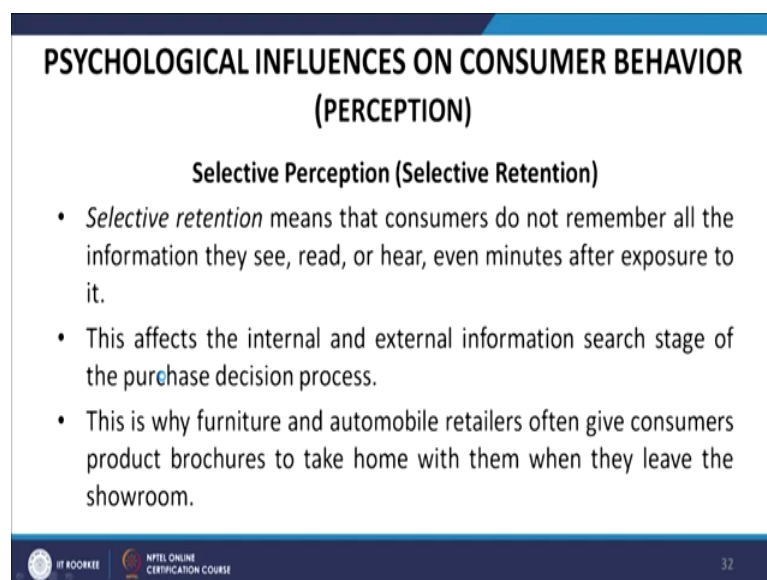
**Selective Perception (Selective Comprehension)**

- Toro later found out that consumers perceived the name to mean that Snow Pup was a toy or too light to do any serious snow removal.
- When the product was renamed Snow Master, sales increased sharply.

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Toro later found out that consumers perceived the name to mean that Snow Pup was a toy or too light to do any serious snow removal. When the product was renamed Snow Master, the sales increased sharply.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(PERCEPTION)**

**Selective Perception (Selective Retention)**

- *Selective retention* means that consumers do not remember all the information they see, read, or hear, even minutes after exposure to it.
- This affects the internal and external information search stage of the purchase decision process.
- This is why furniture and automobile retailers often give consumers product brochures to take home with them when they leave the showroom.

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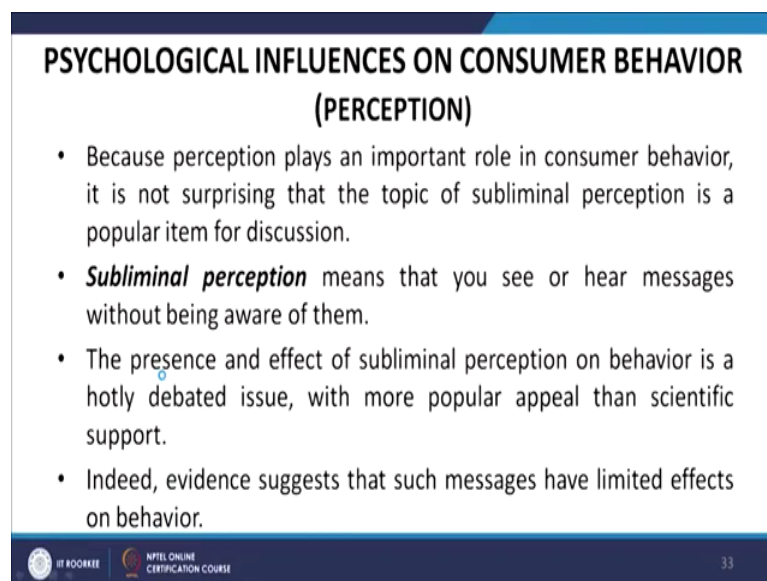
The next stage of this selective perception is retention that is selective retention. Selective retention means that consumers do not remember all the information they see,

read or hear, even after the exposure to it. This affects the internal and external information search stage of the purchase decision process.

So, when the consumer was identifying a need and evaluation of alternatives and he wanted to look for information, the first thing is that he looked for internal information that he already have, but then because of this selective attention the information that he is looking for will not be there in his mind and then, he has to move on to the external sources of information.

So, this affects the internal and external information search stage of the consumer decision process. This is why furniture and automobile retailers often give consumer product brochures to take home with them when they leave the showroom, so that they can take it home and go through it whenever they find time. Because perception plays an important role in consumer behavior, it is not surprising that the topic of subliminal perception is a popular item for discussion.

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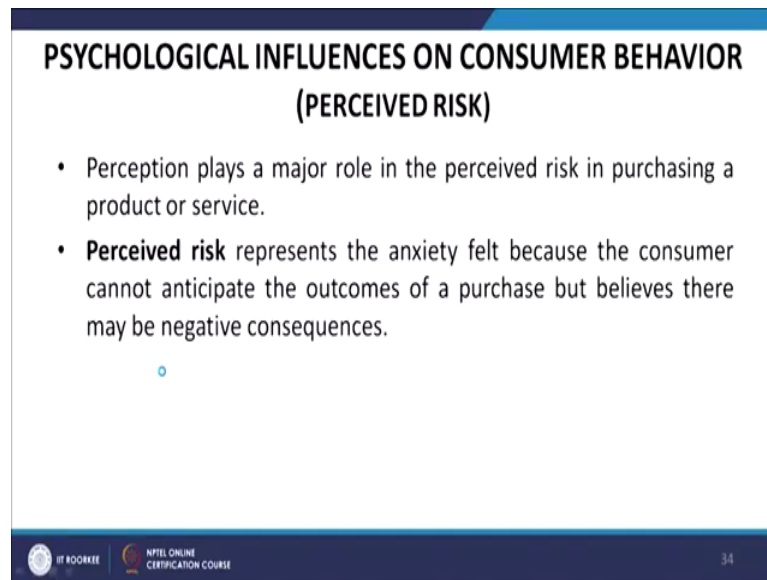
**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(PERCEPTION)**

- Because perception plays an important role in consumer behavior, it is not surprising that the topic of subliminal perception is a popular item for discussion.
- **Subliminal perception** means that you see or hear messages without being aware of them.
- The presence and effect of subliminal perception on behavior is a hotly debated issue, with more popular appeal than scientific support.
- Indeed, evidence suggests that such messages have limited effects on behavior.

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So, what is this subliminal perception? it means that you are seeing or hearing messages without being aware of them. So, you are just watching advertisement on a television without giving any kind of attention to it. So, the presence and effect of subliminal perception or behavior is a hotly debated issue with more popular appeal than scientific support. Indeed, evidence suggests that such messages have limited effect on behavior.

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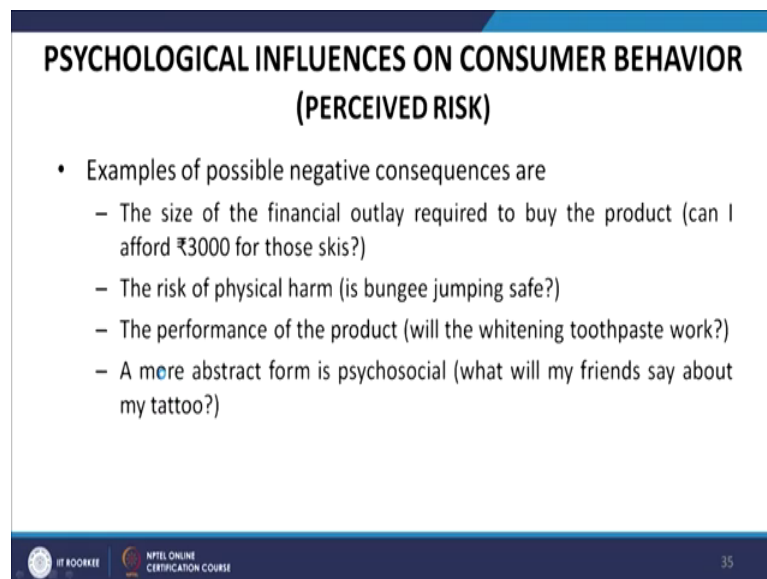
**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(PERCEIVED RISK)**

- Perception plays a major role in the perceived risk in purchasing a product or service.
- **Perceived risk** represents the anxiety felt because the consumer cannot anticipate the outcomes of a purchase but believes there may be negative consequences.

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Then comes the perceived risk. So, perception plays a major role in the perceived risk in purchasing a product or service. Now what is this perceived risk? Perceived risk represents the anxiety felt when the consumer cannot anticipate the outcome of a purchase, but believe there may be negative consequences of this purchase.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(PERCEIVED RISK)**

- Examples of possible negative consequences are
  - The size of the financial outlay required to buy the product (can I afford ₹3000 for those skis?)
  - The risk of physical harm (is bungee jumping safe?)
  - The performance of the product (will the whitening toothpaste work?)
  - A more abstract form is psychosocial (what will my friends say about my tattoo?)

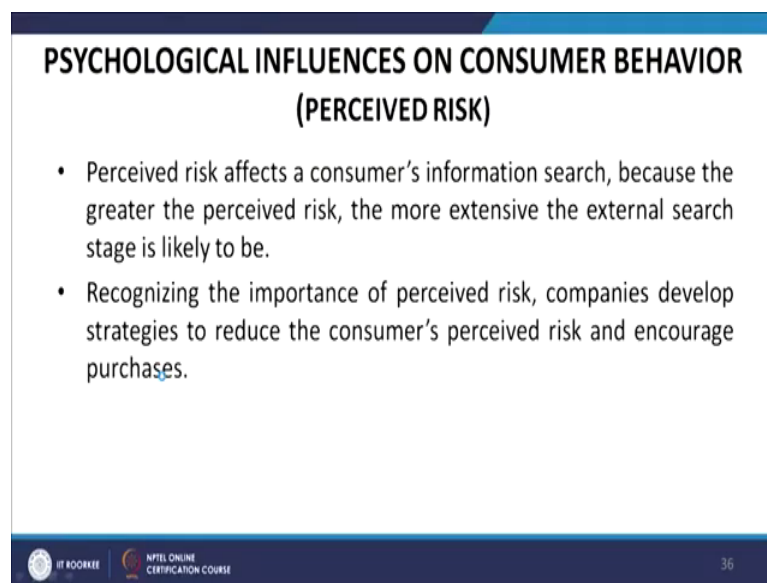
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Examples of a possible negative consequence are that the size of a financial outlay required buying a product. Can I afford a dollar 3000 for those skis? The risk of physical harm, is bungee jumping safe? The performance of a product- will the whitening

toothpaste work, a more abstract form is psychological risk which will be what will my friend say about my tattoo? So, these are some positive examples of some possible negative consequences. So, this is perceived risk.

So, whether I have that amount of money, will buying the product brings some physical harm, will the product perform as per the expectations and also the psychological risk that is what will my friend say if I am using that product or about the tattoo I have on my body.

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**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(PERCEIVED RISK)**

- Perceived risk affects a consumer's information search, because the greater the perceived risk, the more extensive the external search stage is likely to be.
- Recognizing the importance of perceived risk, companies develop strategies to reduce the consumer's perceived risk and encourage purchases.

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So, this perceived risk it affects the consumer's information search because the greater the perceived risk, the more extensive the external search stage is likely to be. And similarly if the perceived risk is less, the information search will be less extensive and the consumer will look for internal sources of information. So, recognizing the importance of perceived risk companies can develop strategies to reduce consumer's perceived risk and thereby encourage the purchase.



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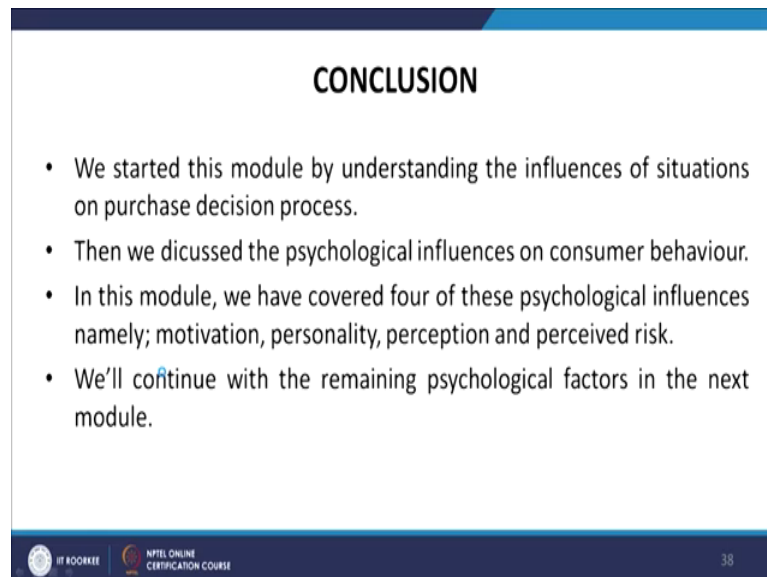
**PSYCHOLOGICAL INFLUENCES ON CONSUMER BEHAVIOR  
(PERCEIVED RISK)**

- These strategies include the following:
  - Obtaining seals of approval
  - Securing endorsements from influential people
  - Providing free trials of the product
  - Giving extensive usage instructions
  - Providing warranties and guarantees

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So, what are these strategies for reducing the perceived risk? First is obtaining seals of approval, a seal of approval, various standards, Securing endorsement from influential people; for example, your athletes, people and film, people providing free trials of the product, giving extensive usage instructions and providing warranties and guarantees.

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**CONCLUSION**

- We started this module by understanding the influences of situations on purchase decision process.
- Then we discussed the psychological influences on consumer behaviour.
- In this module, we have covered four of these psychological influences namely; motivation, personality, perception and perceived risk.
- We'll continue with the remaining psychological factors in the next module.

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To conclude we started this module by understanding the various influences of different situations on purchase decision process. Then we had gone about to discuss the psychological influence on consumer behavior, we have also covered the four types of

psychological influences, namely, motivation and when does a need becomes a motive, personality, and then we have talked about the self-concept, the two types of self-concept, the perception, the three types of perceptions and the perceived risk.

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So, we will continue with the remaining psychological factors in the next module. The material for these slides was taken from these 3 books.

Thank you.