

MODULE 5: MODELS OF CONSUMERS

LESSON – 9

FAQS (FREQUENTLY ASKED QUESTIONS):

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

Ans I the term “Models of Consumers”, refer to varying orientations and perspectives with which consumers approach the marketplace and how/why they behave as they do.

There are 4 varying views and perspectives:, namely, Economic, Cognitive, Passive, and Emotional.

i) Economic view:

- consumer is regarded as being rational.
- 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.

iii) Passive view:

- the consumer is regarded as irrational and impulsive, who easily succumbs to the selling and promotional efforts of the marketer.

iv) Emotional view:

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

Ques 2 Write short notes on the following:

- Psychological model of Consumer Behavior
- Psychoanalytic model of Consumer Behavior

Ans a) Psychological model of Consumer Behavior:

The model also called the Learning Model or the Pavlovian Learning Model was proposed by classical psychologists led by Pavlov. According to the 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.

b) Psychoanalytic model:

The model proposed by Sigmund Freud, 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; 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.

- Two other contributions under the psychoanalytic school are as follows:

- i) Gestalt model: - consumption behavior and decision making is based on how a consumer perceives a stimuli (the product and the service offering and the 4 Ps) viz a viz. the external environment and his own prior experiences.
- ii) Cognitive theory: according to the model, the consumer faces a feeling of anxiety (dissonance), while he is making a purchase; this is because he is faced with many alternatives, all of which seem desirable; Post-purchase, this dissonance increases even further. So a buyer gathers information that supports his choice and avoids information that goes against it.

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.

Section B 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.

2. Micro-economic view, Macro Economic view.
 3. a) Pavlov b) Freud c) Veblen.
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LESSON – 10

FAQS (FREQUENTLY ASKED QUESTIONS):

Ques 1 **What are the various factors that affect Consumer Buying.**

Ans 1 The consumer market is defined as end user markets. Also called Business to Consumer markets, or B2C markets, the product and service offering is bought by the consumer for his personal use. The decision making process in consumer markets is different from the one that takes place in business or industrial markets.

According to Kotler and Armstrong, the basic model of consumer decision making process comprises three major components, viz., *marketing and other stimuli* (these act as influences), *the buyer's black box* (these are related to the consumer) and *the buyer responses* (this is the response part). The various factors that affect consumer buying are explained as follows:

1. Marketing and other stimuli: A consumer is confronted with a stimulus in the environment. This stimulus could be of two kinds;

a) One that is presented by the marketer through the *marketing mix or the 4Ps*, product, price, place and promotion;

-product: attributes, features, appearance, packaging etc.

-price: cost, value, esteem (prestige)

-place: location and convenience, accessibility

-promotion: advertising, sales promotion, personal selling, publicity, direct marketing.

2. Buyer's characteristics: The buyers characteristics could be personal, psychological, cultural and social.

a) *Personal:*

-age & life-cycle stage (family life cycle: single, newly married couples, full nest I, full nest II, full nest III, empty nest I, empty nest II, solitary survivor

-occupation (occupation affects consumption patterns)

-economic situation

-lifestyle (pattern of living as Activities, Interest, Opinions, AIOs)

-personality (personality is defined in terms of traits; these are psychological characteristics which lead to relatively consistent patterns of behavior towards the environment) & self-concept (self-concept is reflective of identity; how a person perceives himself including

attitudes, perceptions, beliefs etc). Products and brands also have a personality; consumers are likely to choose such brands whose personalities match their own self.

b) *Psychological:*

-motivation (motives; urge to act to fulfil a goal or satisfy a need/want)

-perception (ability to sense the environment and give meaning to it through the mechanisms of selection, organization and interpretation).

-learning (a relatively permanent change in behavior as a result of ones' experience; relates to memory; learning could be experiential based on direct experience or conceptual based on indirect experience; consumer learning could be based on marketing communication/seller provided information, personal word of mouth and/or experiential).

-beliefs (thoughts that a person holds about something; these are subjective perceptions about how a person feels towards an object/person/situation) and attitudes (a favorable or unfavorable disposition/feeling towards an object, person or a situation).

c) *Cultural:*

-culture (a sum total of values, knowledge, beliefs, myths, language, customs, rituals and traditions that govern a society). Culture exerts the broadest and the deepest influence; eg. Influences on our eating patterns, clothing, day to day living etc. Cultural influences are handed down from one generation to the next and are learned and acquired).

-sub-culture (subset of culture: smaller groups of people within culture with shared value systems within the group but different from other groups; identifiable through demographics).

-social class: ordered and relatively permanent divisions/startifications in the society into upper, middle lower classes; members in a class share similar values, interests, lifestyles and behaviors; the division is based on combination of occupation, income, education, wealth, and other variables.

d) *Social:*

-family: most important influence; (there occurs in a family what is referred to as socialization; family of orientation: parents and siblings; family of procreation: spouse and children; further some decisions are husband dominated, some are wife dominated and some are joint; roles played by family members), family life cycle (stages through which a family evolves; People's consumption priorities change and they buy different goods and services over a lifetime).

-friends and peers, colleagues.

-groups: reference groups {these are people to whom an individual looks as a basis for personal standards; they are formal and informal groups that influence buying behavior; reference groups could be direct (membership groups) or indirect (aspirational groups); reference groups serve as information sources, influence perceptions, affect an individual's aspiration levels; they could stimulate or constrain a person's behavior}.

- opinion leaders (they influence the opinion of others based on skills, expertise, status or personality).

-roles & status: the role refers to the expected activities and status is the esteem given to role by society.

Ques 2 What are the various stages of the industrial buying process?

Ans 2 The decision making process in industrial buying is much more elaborate and complex than consumer buying. Robinson and Associates have identified eight stages and called each of the stages as buyphases.

a) *Problem recognition*: The buying process begins when someone in the organization identifies a need. A need could be triggered off by an internal stimulus or an external stimulus.

b) *General need description*: The product/service requirement is laid out in very broad terms.

c) *Product specification*: Then the concerned department/person specifies the product's characteristics and requirements.

d) *Supplier search*: Business organizations generate for themselves a list of vendors. This list is drawn up from trade directories, websites, trade shows etc. In case of a straight rebuy or a modified rebuy, the buyer can refer to such a database. In cases of a new-task, he would have to search for new vendors.

e) *Proposal solicitation*: Thereafter, the buyer would invite suppliers to submit their trade proposals; such an invitation could be placed in the newspapers, trade journals and company websites. The vendors are asked to submit details related to the product specifications, features, price, delivery time and period etc,

f) *Supplier selection*: After the proposals have been submitted by the vendors, the buyer would go in for an evaluation of the suppliers. The buying center would establish the evaluative criteria, i.e. the basis on which the vendors would be evaluated. These criteria would vary across products/services, buying situations etc. In cases of government organization, the prime consideration while evaluating suppliers is the price. The buying center needs to take decisions on:

- how many suppliers to use.
- whether quality is a major determinant or price is a major determinant.
- total evaluation of the supplier, including his reputation.

g) *Order-routine specification*: Once the buying center has taken a decision on the selection of the vendor, the formal requisition is made in terms of listing the technical specifications, quantity required, delivery terms, negotiated price, payment terms, damages, return policies etc.

h) *Performance review*: The buyer reviews the performance of the chosen supplier(s) on a regular basis. This evaluation helps the buyer later in cases of straight rebuy and modified rebuy. On the basis of an evaluation, the relationship/contract with the supplier is continued or terminated.

SELF EVALUATION TESTS/QUIZZES:

Section A True/False:

1. The decision making process in consumer markets is different from the one that takes place in business or industrial markets.
2. Reference groups could be direct as well as indirect.

Section B Fill up the blanks:

1. The _____ market is defined as a market that buys, transforms/processes and sells further, either for further transformation/processing or, for consumer use.
2. The three buying situations in industrial buying are straight rebuy, _____ and _____.
3. The buyer's black box, comprises two sub components, viz., the _____ characteristics and the buyer decision process.

Section C Short answers:

4. Mention the five stages in the consumer decision making process.
5. What do you mean by the term “Buying Organization”?

KEY

Section A True/False:

1. True
2. True

Section B Fill up the blanks:

1. Business Market
2. Modified rebuy, New task.
3. Buyer's

Section C Short Answers:

1. Problem recognition, Information search, Evaluation of Alternatives, Purchase Decision, Post-purchase behavior.
 2. The buying organization comprises the buying center which goes through the entire buying process. The buying center is the decision making unit of the buying organization; it is a formally defined unit and comprises people from various departments and functional areas; the various members of the unit, vary in personal background, interest and preferences as also their buying motives, habits and orientations. Membership, power balance and dynamics vary for different products and buying situations.
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LESSON – 11**FAQS (FREQUENTLY ASKED QUESTIONS):**

Ques 1 Briefly explain and assess the Howard and Sheth Model of Consumer Behavior.

Ans 1 The Howard and Sheth model was proposed in the 1960s, for industrial buying situations. Today, the term “buyer” is used to connote both industrial consumers and personal consumers. Through the model, Howard and Sheth, tried to explain buyer rationality while making purchase decisions even in conditions of incomplete information. While they differentiated between three levels of decision making, EPS, LPS and RPS, the model focuses on repeat buying/purchase.

The model has four major components, viz., stimulus inputs (input variables), hypothetical constructs, response outputs (output variables), and, exogenous variables.

Through their model, Howard and Sheth explain the buying decision process that a buyer undergoes, and the factors that affect his choice decision towards a brand. The process starts when the buyer is exposed to a stimulus. As a result of the exposure, stimulus ambiguity occurs, which leads to an overt search for information. The information that is received is contingent upon the interplay between the attitudes and the motives. In other words, the search for information and the conclusions drawn would be filtered by perceptual bias (that would be a result of attitude, confidence, search and motives). It may alter the existing patterns of motives and choice criteria, thereby leading to a change in the attitude towards the brand, brand comprehension, motives, purchase intention and/or action. The final purchase decision is based on the interaction between brand comprehension, strength of attitudes towards the brand, confidence in the purchase decision and purchase intention. The actual purchase is influenced by the buyer's intentions and inhibitors, which he confronts. The entire process is impacted by various exogenous variables like the importance of purchase, price, time available to make the purchase, social and cultural influences etc. After the purchase, the buyer experiences satisfaction if the performance matches and exceeds expectation; this satisfaction would strengthen brand comprehension, reinforce the confidence associated with the buying situations, and strengthen the intention to repeat purchase of the brand. With a satisfying purchase decision, the buyer learns about buying in similar situations and the behavior tends to get routinized. The purchase feedback thus influences the consumers' attitudes and intention.

The model is an integrative model that incorporates many of the aspects of consumer behavior; it links together the various constructs/variables which may influence the decision

making process and explains their relationship that leads to a purchase decision. It was one of the first models to divulge as to what constitutes loyalty towards a specific product. It helped gain insights in to the processes as to how consumers' process information. The model is user friendly and is one of the few models which has been used most commonly and tested in depth. However, the limitation lies in the fact that the various constructs cannot be realistically tested; some of the constructs are inadequately defined, and thus do not lend to reliable measurements.

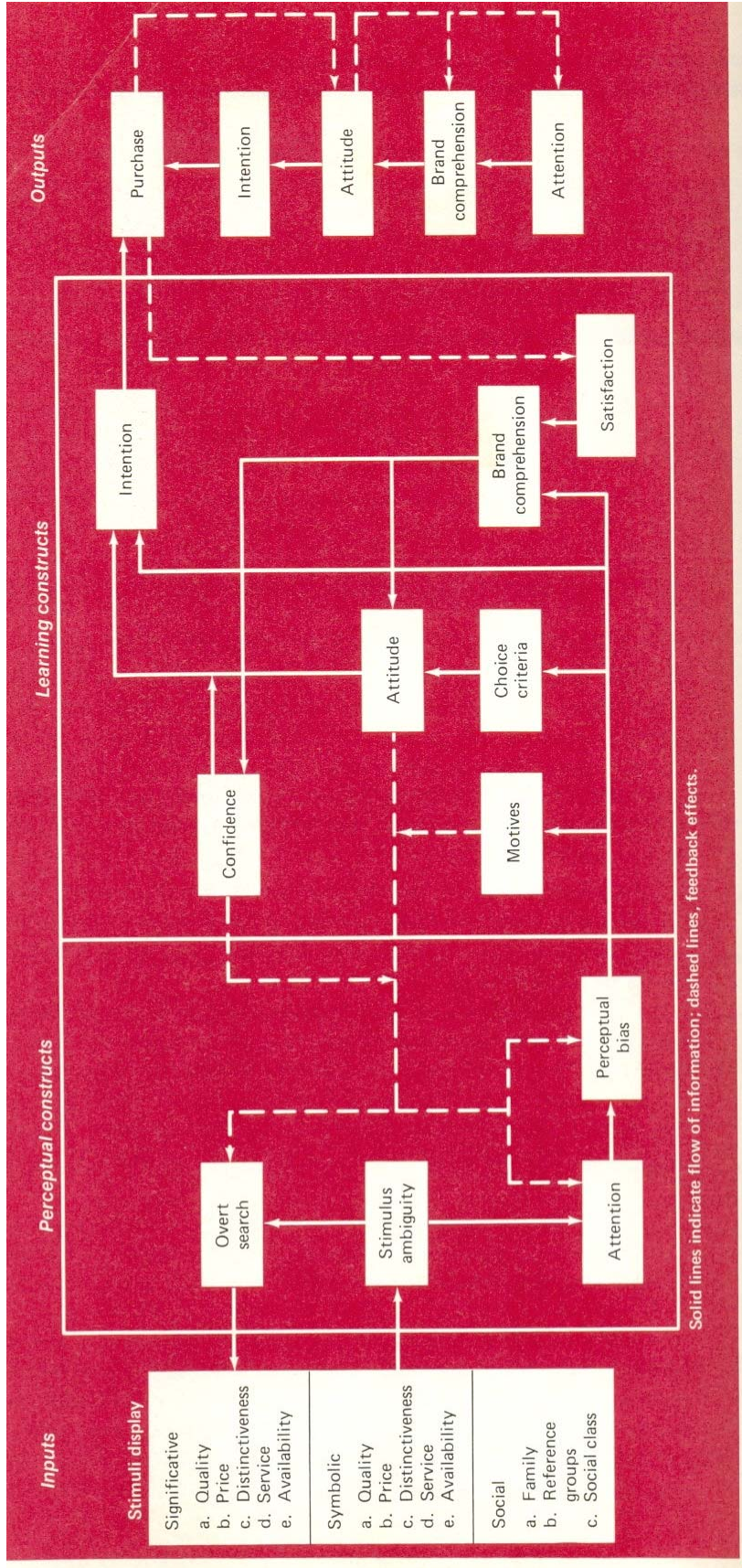


Figure: Howard-Sheth Model of Buyer Behavior
 Source: Howard, J.A. and Sheth, J.N., The Theory of Buyer Behavior, New York, Wiley, 1969, 30.
 In Schiffman, L.G. and Kanuk, L.L., Consumer Behavior, 3rd Edition, Prentice Hall

Ques 2 Critically assess Nicosia's model of Consumer Behavior**Ans Nicosia's model of Consumer Behavior:**

The model proposed by Francesco Nicosia in the 1970s, was one of the first models of consumer behavior to explain the complex decision process that consumers engage in during purchase of new products. Instead of following a traditional approach where the focus lay on the act of purchase, Nicosia tried to explain the dynamics involved in decision making. Presenting his model as a flow-chart, he illustrated the decision making steps that the consumers adopt before buying goods or services; decision aiming was presented as a series of decisions, which follow one another. The various components of the model are seen as interacting with each other, with none being essentially dependent or independent; they are all connected through direct loops as well as feedback loops. Thus, the model describes a flow of influences where each component acts as an input to the next. The consumer decision process focuses on the relationship between the marketing organization and its consumers; the marketing organization through its marketing program affects its customers; the customers through their response to the marketer's action, affects the subsequent decisions of the marketer; the cycle continues.

The various components that are further distinguished into main fields and subfields of the model are *marketer's communication affecting consumer's attitude, consumer's search and evaluation, purchase action, consumption experience and feedback*. The first field ranges from the marketer (source of message) to the consumer (attitude); the second from the search for to the evaluation of means/end(s) relation(s) which forms the preaction field; the third field relates to the act of purchase; and the fourth to feedback. The output from one field acts as the input for the next.

In the first field, the marketer communicates with the customer and promotes an unfamiliar product to him; depending upon the existing predispositions and his evaluation, the consumer develops an attitude. In the second field, the consumer searches for information and evaluates it based on his attitudes; thereafter, he develops a motivation to act. In the third field, he makes and purchase and in the fourth field, he would provide feedback and also memorize his experience and learning for future use. Thus, the firm communicates with consumers through its marketing messages and the consumers react through an act of purchase. Both the firm and the consumer influence each other.

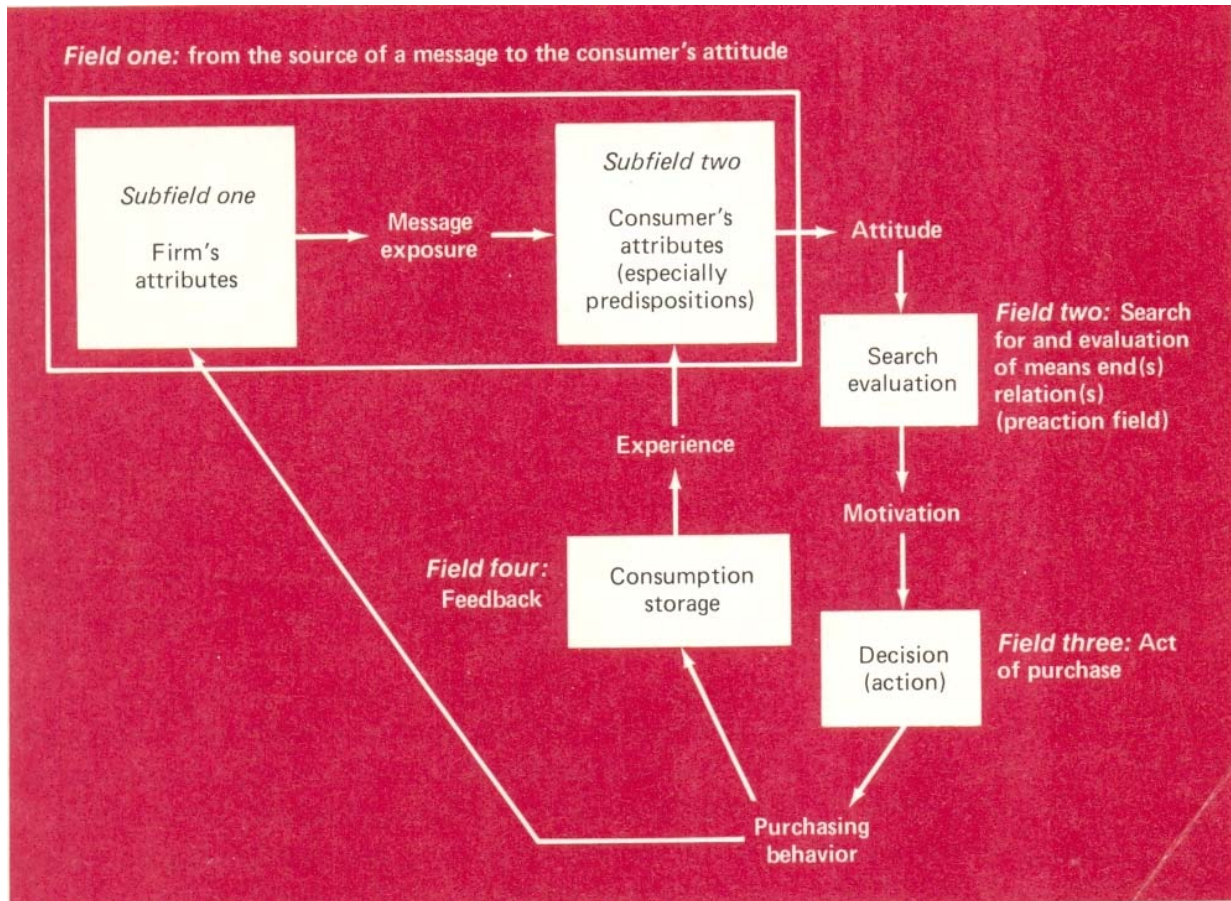


Figure: Nicosia Model of Consumer Decision Processes

Source: Nicosia, Francesco M., *Consumer Decision Processes*, Engelwood Cliffs, N.J., Prentice Hall, 1966, 156.

In Schifman, L.G. and Kanuk, L.L., *Consumer Behavior*, 3rd Edition, Prentice Hall

Nicosia's model is an integrative model that tries to integrate the body of knowledge that existed at the time of its formulation in the area of consumer behavior. It was a pioneering attempt to focus on the conscious decision-making behavior of consumers, where the act of purchase was only one stage in the entire ongoing decision process of consumers. The flowcharting approach proposed by Nicosia, simplifies and systemizes the variables that affect consumer decision making. It contributes to the step by step "funnel approach" which views consumers' movement from general product knowledge toward specific brand knowledge and from a passive position to an active state which is motivated toward a particular brand.

However, the model suffers from limitations in the sense that the model proposes assumptions, boundaries and constraints that need not be realistic. It has been argued that attitude, motivation and experience may not occur in the same sequence. Variables in the model have not been clearly defined. Factors internal to the consumer have not been defined

and dealt with completely. The mathematical testing of the model and its validity are questionable.

SELF EVALUATION TESTS/QUIZZES:

Section A True/false:

1. Originally the Howard and Sheth Model was proposed for industrial buying.
2. The flowcharting approach proposed by Nicosia, complicates the process that affects consumer decision making.

Section B Fill up the blanks:

1. The Howard Sheth model has four major components, viz., stimulus inputs, _____, response outputs and exogenous variables.
2. _____ presented his model in the form of a flow-chart.

Section C Multiple choice questions:

1. According to Howard and Sheth, the response outputs comprise five constituents, which could be arranged in a hierarchy. Which of the following is the right hierarchical sequence?
 - a) attention, comprehension, attitude, intention and purchase.
 - b) attention, attitude, comprehension, intention and purchase.
 - c) attention, intention, comprehension, attitude, and purchase.
 - d) attention, intention, comprehension, purchase and attitude.

Section D Short answers:

1. Howard and Sheth classified the hypothetical constructs into two major groups. Mention them.
2. Mention the various components of Nicosia's model.

KEY

Section A True/false:

1. True
2. False

Section B Fill up the blanks:

1. Hypothetical constructs
2. Nicosia

Section C Multiple choice questions:

1. a

Section D Short Answers:

1. Perceptual constructs Learning constructs.
 2. Marketer's communication affecting consumer's attitude; Consumer's search and evaluation, Purchase action, Consumption experience and feedback.
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LESSON – 12**FAQS (FREQUENTLY ASKED QUESTIONS):****Ques 1 Critically assess Bettman's model of Consumer Behavior.****Ans1 Bettman's model of Consumer Behavior:**

Bettman, in the 1970s introduced a consumer behavior model that bases itself on the information processing that takes place within a consumer. According to him, the consumer is central to a host of information processing activities. He receives a large amount of information externally from the marketer, competitors and the environment. He also has a large store of information within him as a database that he builds over time from his learning, experiences, social influences etc. With a huge amount of information that he is exposed to, the processing becomes difficult and unmanageable. According to him, consumers' possess a limited capacity for processing information. Thus Bettman concluded that consumers use certain simplifying strategies to process information. Within such decision strategies (heuristics), the consumer does not necessarily process all the information together; he could use simple decision rules for specific situations.

The consumer information process is depicted through several flowcharts, which depict the various components of the model and the interrelationships between them. The main components of the model are *processing capacity, motivation, attention, information acquisition and evaluation, decision process, consumption and learning processes.*

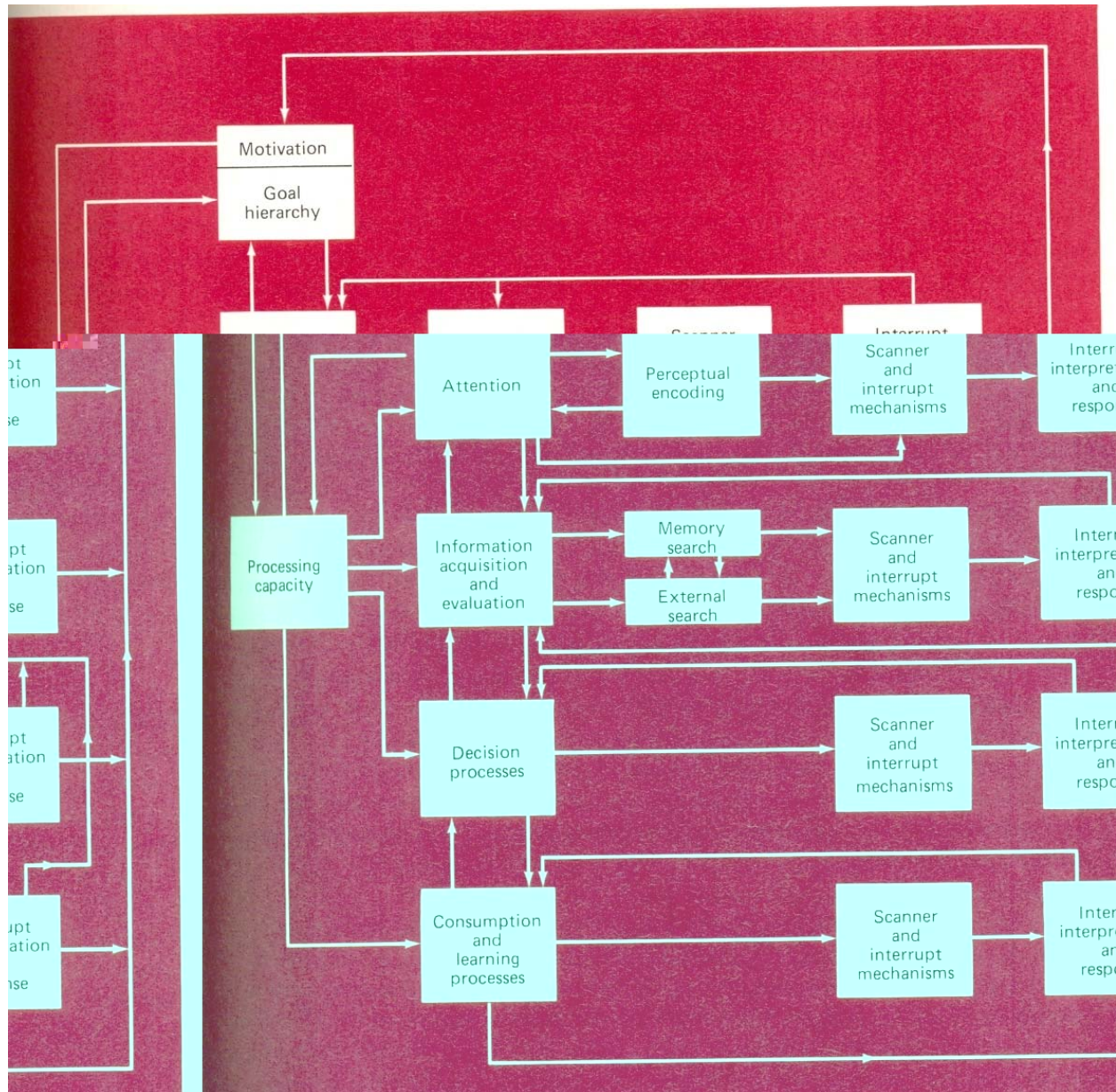


Figure: The Bettman Information-Processing Model of Consumer Choice
 Source: Bettman, J.R., An Information Processing Theory of Consumer Choice, Redaing, Mass: Addison-Wesley, 1979, 17.

In Schiffman, L.G. and Kanuk, L.L., Consumer Behavior, 3rd Edition, Prentice Hall

Processing capacity in an individual affects the motivation, attention, information acquisition and evaluation, decision process, consumption and learning processes. These processes impact and are impacted by their respective sub-processes. Thus, all the sub-processes, impact the processes, directly and/or indirectly, and are also impacted by them. And

information processing capacity impacts and is also impacted by the various processes directly and sub-processes indirectly.

Bettman's model is model that focuses only on information processing. It starts with the motivation to search for information; be attentive to information; acquire and evaluate information; take a decision; and finally adds up the information (based on good/bad experiences) into the memory for further use. However, critics argue that while the model provides insights into consumers', it is difficult to implement practically.

Ques 2 Explain the EKB Model. What was the improvisation that led to the EKM Model?

Ans iv) Engel, Blackwell and Kollat's Model: Engel-Blackwell-Miniard Model of Consumer Behavior:

The Engel, Kollat and Blackwell Model, also referred to as the EKB model was proposed to organize and describe the growing body of knowledge/research concerning consumer behavior. A comprehensive model, it shows the various components of consumer decision making and the relationships/interactions among them. The model went through many revisions and modifications, with attempts to elaborate upon the interrelationship between the various components and sub-components; and, finally another model was proposed in the 1990s which came to be known as the Engel, Blackwell and Miniard Model (EBM).

The model consists of five parts, viz. information input, information processing, decision process stage, decision process variables, and external influences.

1. Information input: The information input includes all kinds of stimuli that a consumer is exposed to and triggers a kind of behavior. The consumer is exposed to a large number of stimuli both marketing (advertising, publicity, personal selling, demonstrations, store display, point of purchase stimuli) as well as non-marketing sources (family, friends, peers); thus the various stimuli compete for consumer's attention. These stimuli provide information to the consumer and trigger off the decision making process.

2. Information processing: Stimuli received in the first stage provide information; the information is processed into meaningful information. The stage comprises consumer's exposure, attention, perception/comprehension, acceptance, and retention of information. The consumer is exposed to stimuli (and the accompanying information); attention determines which of the stimuli he will focus upon; thereafter he would interpret and comprehend it, accepts it in his short term memory and retains it by transferring the input to long-term memory.

3. Decision-process stage: At any time during the information processing, the consumer could enter into this stage. The model focuses on the five basic decision-process stages, viz., problem recognition, search, alternative evaluation, choice, and outcomes (post-purchase evaluation and behavior).

There is problem recognition; this is followed by a search for information, which may be internal based on memory. The search of information is also impacted by environmental influences. Thereafter, the consumer evaluates the various alternatives; while evaluation, belief lead to the formation of attitudes, which in turn affect the purchase intention. The next stage is the choice and purchase, which gets impacted by individual differences. Finally there is an outcome, in the form of satisfaction and dissatisfaction. This outcome acts as a feedback on the input and impacts the cycle again. Environmental influences, individual differences and social influences, directly and indirectly influence each of the stages of the decision process.

However, EKB proposed that it is not necessary for every consumer to go through all the five stages; it would depend on whether the problem is an extensive or a routine problem-solving behavior.

4. Decision process variables: The model proposes individual influences that affect the various stages of the decision making process. Individual characteristics include constructs like demographics, motives, beliefs, attitude, personality, values, lifestyle, normative compliance, etc.

5. External influences: The model also proposes certain environmental and situational influences that affect the decision making process. The environmental influences include “Circles of Social Influence,” like culture, sub-culture, social class, reference groups, family and other normative influences; situational influences include consumer’s financial condition.

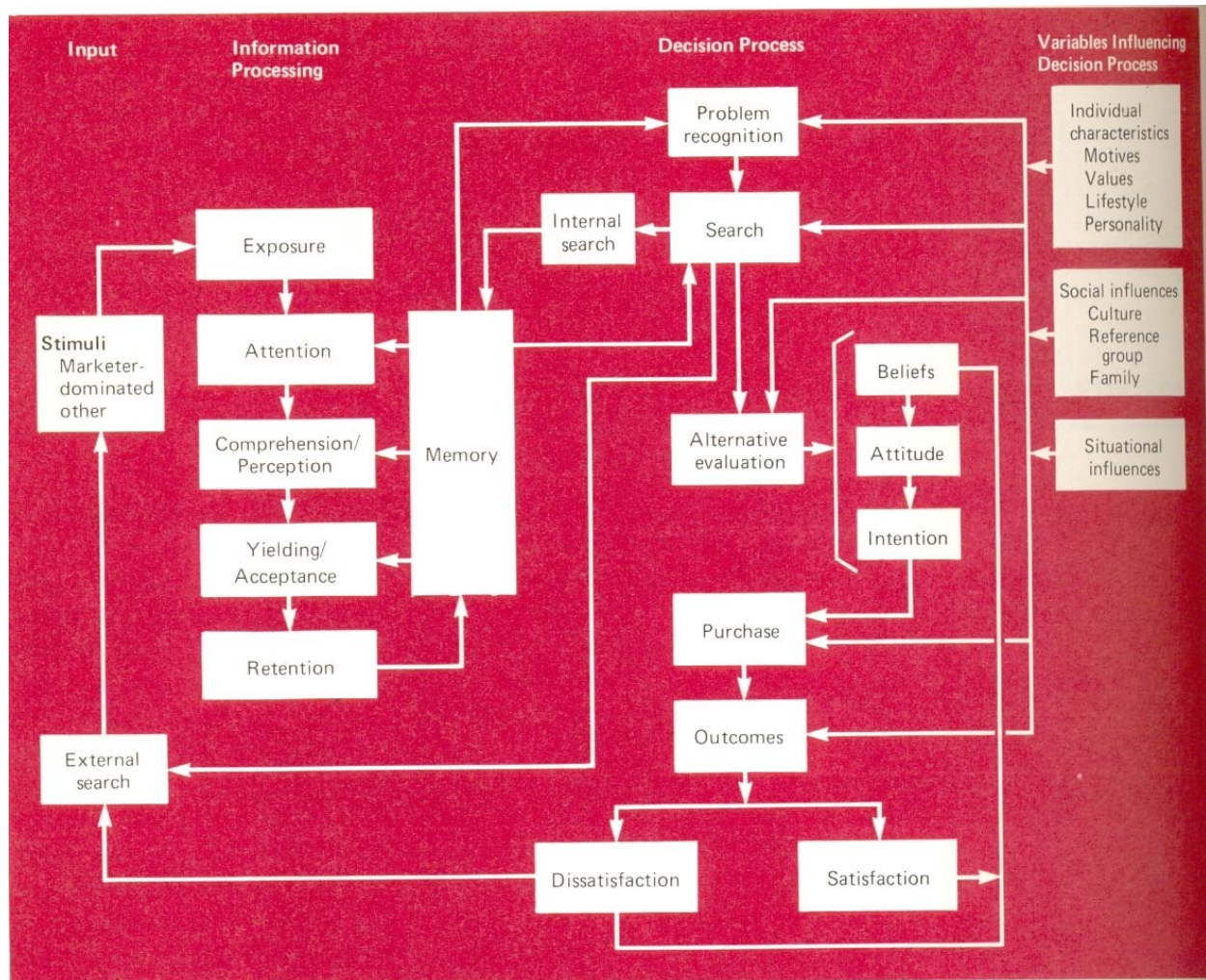


Figure: Engel-Kollat-Blackwell (Engel-Blackwell-Miniard) Model of consumer Behavior
 Source: Engel, J.F., Blackwell,R.D., and Miniard, P.W., Consumer behavior, 5th Edition,
 CBS College Publishing.

In Schiffman, L.G. and Kanuk, L.L., Consumer Behavior, 3rd Edition, Prentice Hall

Working relationships between Components and the Model:

The decision process comprises five stages from need recognition to outcome. The outcome in the form of satisfaction/dissatisfaction acts as the input in then next cycle of a similar purchase. Each of the components is directly or indirectly impacted by environmental influences, individual differences and social influences.

An Assessment of the Model:

The model incorporates many constructs that impact consumer decision making. It tries to explain clearly the interrelationships between stages in the decision process and the various

variables. They attempted to relate belief-attitude-intention. An attempt was made to define the variables and specify functional relationships between the various constructs. However, the model fails to adequately explain as to how each of these influences consumer decision making. Critics argue that there are too many variables; these have not been defined; the model is vague and complex; and the validity of the model has been questionable. The model was revised in the 1990s and proposed again as the Engel, Blackwell and Miniard (EBM) model.

Modification :

Engel, Blackwell and Miniard (EBM) model:

The EKB model went through a series of revisions and modifications and finally it was proposed as the Engel, Blackwell and Miniard Model. The model consists of four sections viz., information input; information processing; decision process and variables influencing the decision process. The variables and the working relationship is similar to the EKB but has been slightly modified.

Information received from marketing and non-marketing stimuli feeds into the information-processing section of the model. The information section of the model comprises various stages like exposure, attention, comprehension, acceptance and retention. After passing through these stages, it goes into the memory. Then this information that is stored in the memory acts as an initial influence on the need recognition stage. If internal information is inadequate there is a search for external information. The model focuses on the decision process stages: need recognition, search, pre-purchase alternative evaluation, purchase, consumption, post-purchase alternative evaluation and divestment. "Divestment" as a construct was additionally added as a modification over the EKB model. Divestment relates to options of disposal, recycling or remarketing. The entire process is influenced by environmental influences and individual differences.

SELF EVALUATION TESTS/QUIZZES:

Section A True/false:

3. The Bettaman's model consists of five parts, viz. information input, information processing, decision process stage, decision process variables, and external influences.
4. The EKB model consists of four sections.

Section B Fill up the blanks:

3. Bettman's model is model that focuses only on _____.

4. _____ as a construct was additionally added as a modification over the EKB model

Section D Short answers:

1. Mention the main components of Bettman's model.
2. The EBM model consists of four distinct parts. Name them.

KEY

Section A True/false:

1. False
2. False

Section B Fill up the blanks:

1. Information processing
2. Divestment

Section D Short Answers:

1. Processing Capacity; Motivation; Attention; Information acquisition and evaluation; Decision process; Consumption and learning processes.
 2. Input; Information processing; Decision process; Variables influencing the decision process.
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