# CONSUMER BEHAVIOR

LECTURE NO. 23

COMMUNICATION MOEL
(Prepared by: Amjad Shamim)

As in the previous lecture, we have been discussing the communication model, so today we will further elaborate this model.

COMMUNICATION

Communication is the flow of information and ideas from one person to another through a medium. The person who is sending the message is called *sender or encoder* and the person who receives information is called *receiver or decoder*. There are two things that are very important in the communication; message and channel. If the channel is reliable, the message is supposed to reach in a good shape. So as we discussed earlier, there are different steps in the communication process which are presented in the communication model as follows:
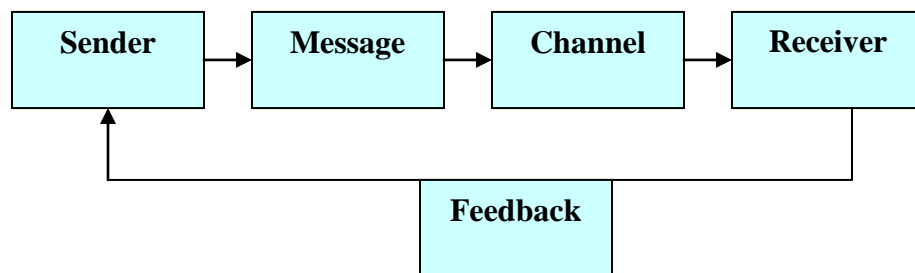
Fig. 1: Communication Model

1. Sender – also called encoder

Aim of the source is to inform, influence or persuade a person / customer to buy your products. Sender is a person at the back who is initiating the debate or sending the message. Message can be formal or informal. Formal source is like sending the message on TV, Radio, Newspaper, and other formal sources which have direct link to the organizations. Whereas informal source means

the message sent through friends, word of mouth, and other informal sources. Being marketers, our main focus is to reach;

- *Target customers* – these are our direct customers to whom we send messages through difference channels of communications.
- *Unintended Audience* - Unintended audiences are those to whom we are not directly targeting like retailers, wholesalers etc. but they indirectly receive the message and build their perceptions accordingly.

2. Medium

Medium is the channel through which message travels from one place to other. Medium could be of different types like:

- *Impersonal Communication Channel* - like newspaper where there is no interaction.
- *Interpersonal Communication Channel* – direct conversation between two persons, like face to face conversation. This is very critical where the feedback process is very strong.
- *Direct Marketing and Direct mail* – where you can directly get in touch to the customers to convey your message
- *Websites and e-commerce* – this is an emerging way of marketing which has number of benefits like saving time for consumers, saving search cost and energy cost for consumers.

3. Message

Message can be of two types, verbal or non-verbal.

- *Verbal* – verbal can be of two types called oral communication or written communication. Marketers convey oral messages through direct marketing, interpersonal communication, face to face meetings and tele-marketing whereas they communicate the written messages through print media and newspapers etc.
- *Nonverbal* – symbolic communication like gestures, postures, facial expressions. In case of marketing, nonverbal communication includes the symbols, pictures, pictorial representation of the message etc.

4. Feedback

Feedback is very important component of the communication which tells whether receiver has received the message in the same manner as was sent by the sender and whether he/she understood the message as it was intended to be understood. It also tells the reaction of the decoder. If receiver is not giving the response to the sender, it is called silent feedback.

Communication Process

As we know that the aim of our communication is:

- Make the market aware about the product or service
- Induce the market to purchase or try the product
- Get commitment
- Create positive attitude
- Give symbolic meaning to a product
- Show how it can solve the problem better than other competitive products

So, we also need to know that how the communication takes place.

Initiator or Source

An initiator initiates the communication by sending a message to the receiver. Aim of the source is to inform, influence and persuade a person to buy your product. There would be of different types of factors takes place:

Decisions

- who will be the target market
- to whom is the communication intended for
- what will be the message

Actions

- Encode the message in such a manner that the other can easily understand what a marketer is saying.

How

How will it happen and how marketers can through this message to the target audiences is also a very important part of communication. So, marketers need to develop the message and transmit it to the audiences in such a way that it could be understood as it was intended for them.

- develop – by developing the message as the requirement
- Transmit – transmitting the information through a proper channel

Encode

Encoders need to understand and give feedback to the sender. They can use same channel or different channel for feedback. Important thing is; whatever we are communicating, this should reach the audience as it is and the audience can understand it properly.

Source:

It can be done through formal or informal sources. E.g. By buying space or time in selected media like TV or Radio to advertise or broadcast message for publicity. The most important point for all above information is the credibility of the information.

Credibility

Actually credibility affects decoding because if receiver didn't perceive the information credible then the purpose of communication will not be fulfilled. Because perception of consumer will be developed through a reliable source, right information at the right time and in addition to information should be understandable. If positive perception is developed, then the credibility of the information will be more which will help the customers to choose the right brand from a bunch of brands available. For example, salesperson is giving the information which really benefit to the customer, so customer will perceive it more credible as compare to the information concerning to the individual himself.

Credibility of Informal Source

The influence of informal source like friends, neighbors, and family is more considered as reliable because the communication of these individuals for a third brand has number of the personal interests so most probably they will be telling the true facts. Positive work of mouth becomes the strong source in building credibility. Similarly, opinion leaders have more positive

impact on brand credibility. Opinion leaders are normally more aware about the product categories and evaluate the things by their own experience hence they have more positive impact. Now question is why people involve them in word of mouth? Actually customer becomes personally involve in the product which has concern about the organization. Similarly, they get psychological satisfaction by getting more and more information seems to be an expert in that area and then they would like to share it with others. They also have post purchase behavior dissonance which encourages others to buy the same product. Further they would like to become helpful to others. And finally, they can also get sample or commission from the organizations. On the other side, negative word of mouth can also be developed if customer is not satisfied with the brands. So they will hardly recommend it to others. For example, negative word of mouth of Norway's products was spread in the Muslim world after they showed of blasphemous caricatures.

Credibility of Informal Source

We have already discussed about the formal source, but the credibility of the formal source may be to some extent low than informal organization. There are two types of organizations, profit organization and non profit organization. The credibility of non profit organization is relatively high as the are inclined for the benefits of others. For example, Edhi who is working for the welfare of society, so people consider it more credible. On the other side, for profit organization, sometimes people think that they are working for their own benefit so may not consider them as much credible. But third party can also influence the credibility of the organization. For example, publicity by the cricket stars or film stars etc. The more reliable a person is, more credible information will be considered. Therefore, it is very necessary for the marketers to choose a more reliable person; celebrity to endorse with the brands. For example, Cancer campaign and the endorsement of a celebrity – so in these types of campaigns, organizations must be very careful because the more reliable a persons is, more credible the organizations will be considered. Hence, it is very important to choose reliable source, channel, person, object, partner and information to make your brand more credible.

CONSUMER BEHAVIOR

LECTURE NO. 24

CREDIILITY

(Prepared by: Amjad Shamim)

In addition to the communication model, today we will be discussing the impact of communication on credibility.

Credibility of the source

Source credibility is the positive characteristics of the encoder which positively effect on the decoder's acceptance of the communicated message (Ohanian 1991), and it is used to determine the persuasiveness of a message (Petty and Cacioppo 1986). Marketers try to seek those sources which have good reputation in the market. Source of the message is normally the organization but there is a source person who transmits the message to the customers. Organization uses other objects to send the message to the target audience.

Credibility of the Commercial Source

Commercial source means the information conveyed through media by advertisements. Credibility of the commercial source rests on:

- *Past performance:* Past performance of the organization has lot of impact on the credibility of the information
- *Reputation in terms of known quality:* Perceived quality is the major construct in building brand equity.
- *Quality and image of other products of the organization:* Not only the product which you are promoting but also other products create credibility.
- *Brand equity:* It is simply defined as a "value added by a brand name to a product" (Keller, 1993). He has identified four dimensions of brand equity named as brand awareness, brand perceived quality, brand associations, and brand loyalty.

- *Image or attractiveness of spokesperson / brand ambassador*: It is assumed that personality impact a lot on the brands. E.g. Ali Zafar is the brand ambassador for Mobilink Jazz which positively impact on the credibility of the brand.
- *Type of outlet used for selling / retailing:* Type of outlet also matters a lot. If outlet is good in design and environment, it will add to positive brand credibility.
- Taking a position of social responsibility in the communication improves credibility

Spokes Person Credibility

Spokes person is the one who speak positively about the brand like public relations manager etc. We, being marketers, need to be very careful in selecting spokes person as the effectiveness of spokes person related to message speak the credibility of the brand. For example, if your message is technical in nature or is about technical product and the spokes person selected is a cricketer. So, people know that this person is not expert technically and will not rely on him. Hence, we must focus that the message and spokes person are congruent.

- *Synergy between endorser and product*

It is also important to note that there is a synergy between endorser and product. For example, toothpaste endorsed by a dentist is synergy between the endorser and the product. Attractiveness is related with physically attractive models but it does not suit for every product category. For example, we want to buy a camera, in this case a good photographer can be more relevant to endorse this product rather than a model. We are more conscious about the quality of the results.

- *Synergy between endorser and target market*

Synergy between endorser and target market is also an important component. For example, if Shahid Afridi is endorsed for Pakistan Railways, there is no synergy between them however synergy of Shahid Afridi and Pepsi is acceptable.

- *Synergy between endorser and ad - vs. corporate and vs. brand*

Spokes person can not replace a corporate brand. For example, if a corporate brand is well known then a person who is attractive may not be able to contribute to the credibility as people already know about that brand.

- *Synergy between words and product*

For example, Tennis star might talk of pain killer/ relieving gel and how effective it is on pain; but cannot be believed if he gives the chemical details of the gel.

Endorser Credibility

Quality and credibility of the sales person is also very critical. It is said that even the way sales person approach to the customer that has an effect on the customers. So, sales persons should be credible. For example, you are going to sell a car or motorcycle will raise a question for the customer to choose the car you are selling or not . Therefore, sometimes sales persons are given good dress so that he/she could have on impact on credibility.

Message Credibility

Message has to be a believable. Positioning also impact on it. For example, if you initially position your product to elite class but your product couldn't get success in this specific target market. Then you have planned to target to the middle class, at this point of time, when everyone is aware that your product has been failed in the market, no one will be willing to buy. So, sudden change in the position and message can also create a question mark for the consumers. Similarly, the credibility of media also impacts a lot. For example, advertisement in Dawn and in Dophair Newspaper will apparently create a difference in the minds of consumers.

Effect of Time on Source Credibility

Credibility impact is not forever, it changes over a period of time. If information was passed two weeks back and you went to purchase product today, there are chances that you forget some of the information, so you may not consider that brand as a credible. It has been researched that both positive and negative affect remains for six weeks. If we observed that due to source or person's credibility, our image in the market becomes negative, we can change the source or person at any time and can convert negative image to the positive image.

Mood

Mood has also an impact on the decoding of the message. It is also considered as an important component in marketing and help a lot in deciding about the message. For example, a person, who is *cheerful* or *happy,* will try to see humorous ads rather than emotional ads. On the other side, if any one is unhappy, he will consider that ad accordingly. For example, the ads of cosmetics, drinks, fashion and perfumes require focusing on feelings and emotions. It is not only the ads and message moods, but also the moods of the consumers have an impact.

CONSUMER BEHAVIOR

LECTURE NO. 25

BARRIERS OF COMMUNICATION
(Prepared by: Amjad Shamim)

Barriers of Communication

No matter how effective the communication system is, barriers normally occur in the communication. This can be caused by number of factors like

- *Physical barriers*

These can be the nature of the environment, noises around the place where communication is taken place, poor lighting, and improper technological arrangements etc.

- *Psychological Barriers*

This may results from person's personal discomfort. For example, poor power of listening, poor eye sight, or hearing difficulty etc.

- *Individuals Linguistic Ability*

The use of difficult or inappropriate words, poorly explained or inappropriate messages, use of jargons etc. become the barrier in communication.

- Feedback loop

Feedback is an important component in the communication process. Since the goal of communication is to create awareness and to measure whether the awareness has been created or not, marketers need to conduct research to know about the feedback of the customers. For example, a message about the discount offer was floated in the market, now increase in selling will tell the positive or negative feedback. If there is an increase in selling, it means the feedback is positive and vice versa. Feedback is provided in the shape of interpersonal communication and increase or decrease in selling. After getting the feedback, being a marketer, we need to again focus on our strategies. Being good marketers, we need to be sure that our message is properly understood by the audience and will be given a good feedback.

Marketers need to decrease the possibilities of barriers so that the message can be properly transmitted to the audience. This can be done to measure the feedback. There are number of techniques to measure the feedback, few of these are discussed as follows:

Advertising Effectiveness Research

Marketers need to conduct research about the effectiveness of the advertising. One way of observing the effectiveness of advertising is by comparing pre-ad sales with the post ad-sales. If there is a positive difference, it means the advertising remains effective. For example, retailers: ads for 'seasonal clearance sales' can be easier to find. If the material is sold immediately, it shows the effectiveness of the advertisement.

Measure of exposure

Two areas are to be measured:
- How many saw the ad
- Who saw the ad

To know about this, we need audience profiles including demographics, segments etc. this detail will help us to find out the choices of the consumers and then we can devise strategies accordingly.

Message attention

One of the important objectives of advertisement is to capture the attention of the consumer for which marketers need to the create contents that can be used to capture the customers' attention. Different methodologies are used for this purpose. For example,
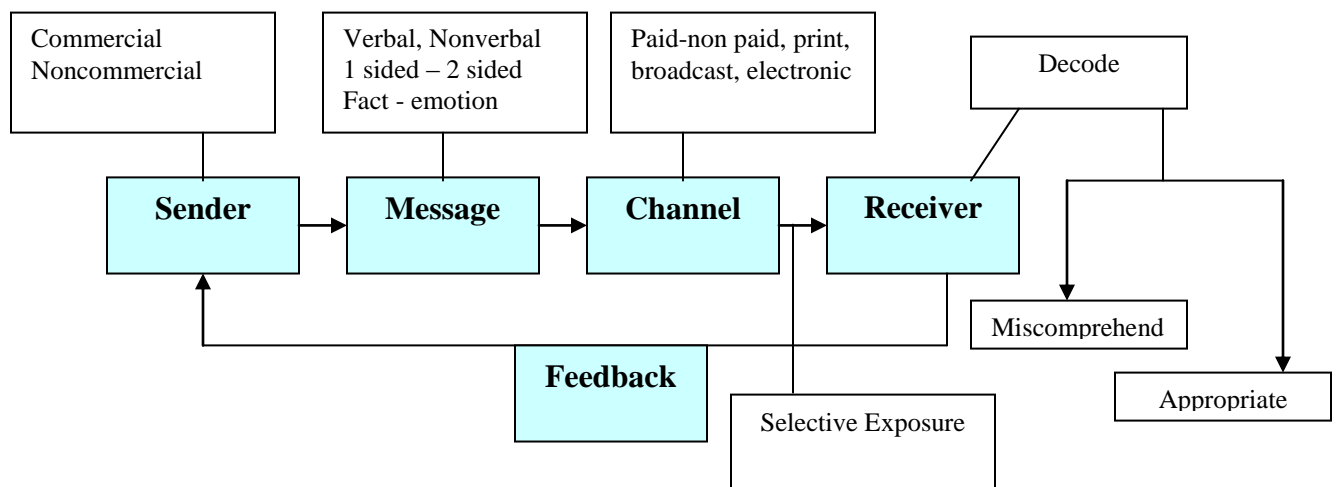- *Eye Tracking* – store shelves placements have becomes a science for catching eyes. Cameras normally watch the eyes of the consumers where their eyes stay and that specific place is considered as important for placement.

- *Movement of facial muscles* – facial expression tells about the feelings of the consumers once they watch the advertisements. For this purpose, facial Electromyography is used to observe the feelings of the consumers about the message.

- *Message Recall and Recognition* – these aspects are used to know about the awareness of the product in customers. It is normally measured by asking consumers to recall the commercials they have watched. If the person remember the advertisements but your advertisement couldn't be recalled at that specific time, so you need to pay more focus on the advertisement, its content, design and other features so that when a category of advertisements are asked, the customer can easily recall. Similarly, recognition is some thing where you show them some cues and ask the audience to recognize what these cue relates to.

Communication Strategy

Now we need to discuss communication strategies. As we have discussed the communication model in previous lecture, now we would like to discuss it through communication strategy perspective:

Commercial Noncommercial	Verbal, Nonverbal 1 sided – 2 sided Fact - emotion	Paid-non paid, print, broadcast, electronic	Decode
Sender	**Message**	**Channel**	**Receiver**

Feedback

Selective Exposure

Miscomprehend

Appropriate

Sender can send the message through commercial or non commercial channel and the message could be verbal, non verbal, one sided or two sided, and it can be based on the facts or emotions. Whatever the type of message is, it should be based on the facts and figures and should be communicated in a proper manner. Apparently, it will pass through a specific channel which can be paid or non-paid, broadcasted or electronic. If the channel is appropriate, the likelihood of proper communication would be high. Receiver will decode the message. Positive feedback is

expected if decoder received the message in an appropriate way and if he/she received miscomprehended message then the feedback would be inappropriate. Therefore, while communicating, the following points should be clear.

1. *Objective of communication*

As the objective of communication is to create awareness, so proper focus on above model should be given so that the awareness can be create din a proper way.

2. *Select Target Strategy*

For good communication, we need to pay focus on our target market and to select strategy accordingly. For this purpose, we need to see the demographics, and other important components related to target market so that an appropriate message can be drawn for them which should be understandable for them.

3. *Select Media Strategy*

Choosing an appropriate media is very necessary. For example, your target market is rural area where no electricity is available; TV will not be an appropriate channel to advertise.

4. *Select Message Strategy*

To select message strategy, we need to focus on framing of the message. Sometimes framing is positive oriented and sometimes it is negative oriented. In positive framing, positive benefits which can be secured are normally shown in the advertisement where as in negative framing, negative things which can occur as a result of not using that product is normally shown.

We will further elaborate this strategy in detail in next lecture.

CONSUMER BEHAVIOR

LECTURE NO. 26

COMMUNICATION STRATEGIES (CONTINUE)
(Prepared by: Amjad Shamim)

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In previous lecture we have talked about the communication strategies where we have discussed about the objective of communication and how to select target strategy. Today, we will discuss further steps of communication strategies as follows:

Select Media Strategy

Media strategy is concerned with how messages will be delivered to the target consumers. For a good marketing strategy, marketers need to identify the characteristics of the target market, and characteristics of the media that can be used to deliver the message to target market. Different channels of media can be used to deliver the message to the target audiences like advertising on TV, radio, print media like billboards, newspaper, magazines, and internet etc. For this purpose, advertisers need to develop profiles of their target customers including specific media they read or watch and then decide which mode can be the best to use. Decision about the selection depends on the product/service and the marketing objective.

Select Message Strategy

Message is an idea, thought, attitude, image or other information that senders want to convey to the receiver or the target market. Sender must know what is to be said and how it is to be said. Message will be different for different target markets, for example, the message which is communicated to the business manager will be obviously different than the message for students. Similarly, message for rural area target market must be different than the one which is for urban target market. Important thing is that the message should also match the characteristics of the

product. An important thing to know is about how we persuade the message so that they can decide about the product. For this purpose, we have an elaboration likelihood model where we need to focus on high involvement (central route to persuasion) and low involvement (peripheral route of persuasion).

- *Structure and Presentation*

When we talk about the structure of the message and its presentation, we need to pay little attention to the concept of Resonance Theory.

It is normally used for visual creation so that the message can be recalled. For example, when you are sitting on a bus to have a long travel, there are chances of vomiting and when you take the seat belt, you observed that the shape of buckle is like a tablet used for vomit protection. Hence you recalled the medicine. In resonance theory, we normally create some interesting scenario so that the specific message could be recalled.

- *Message Framing*

You can frame the message by giving the positive things as well as negative things. Positive frame means that all the arguments which you give in are desirable for your target audience. Negative frame would be when you say what the person will loose if you do not use them. For example, you send a message to the target audience about the negative effects of Cigarette by saying Cigarette will destroy your health. Again it depends on the type of individual, consumer attitude and product characteristics. If an individual think about his self image, he will perceive positive frame and will look what are the things that can give him benefits. But negative frame will be quite dominant for them who are looking to the external factors. While talking about the time, research suggest that if there is more processing time then we go positive frame whereas if there is less processing time then we go for negative frame.

- *One sided vs. two sided*

This concept talk about whether we communicate only one thing which talks about the positive characteristics or we can talk about the negative sides as well. By two sided we mean the situation where customer can see the counter claim. It is suggested that if customers can counter claim your message then both positive and negative frames can be used and you can balance out the information. For example, hair oil making company who promoted their oil by saying that our oil will grow the hairs. Result show that 60% customers say they felt growth in hairs, 34 %

observed small growth and 16% observed no growth. Here, actually company presented the negative frame also by saying that this oil is useful for every body and if any competitors make the counter statement that there are some customers who didn't get any advantage, then this will be very dangerous for oil making company.

- *Comparative Advertisement*

Some people don't like this advertisement. But there are certain advantages of using comparative advertising. By using this advertising, it is easy to get compete on basis of positing. It also helps in selecting the target market. For example, you suggest the things which are not advertised by the competitors.

Negative thing is most of the people say that using competitive advertising is recalling the customers about your competitors so it is not good. It also say that comparative advertising mislead the customers. For example, if you say 'we are number one'. So it is hard to say number one without significant proof and customers know it very well who is number one in that specific product category. So these types of statements will negatively impact on your brand.

- *Order effects*

It means whether you place your ad in the beginning, in the middle or at the end. Each area has its own effectiveness. Normally it is considered that ads in the first page or last page are very good because people often see these pages more carefully. First page ad is considered as Primacy effect and last page ad is considered as Regency effect which says that last ad will have more effect. So we need to take care of these issues in order to place our advertisement in the right place.

- *Repetition*

Recall and repetition is linked together. Therefore, you need to float the message again and again so that the message could be easily recalled by the target audience.

- *Advertising appeals*

We can use different types of appeals in our advertising like fear appeal, humor appeal or the abrasive appeal. Now we will discuss each one in detail.

  o *Fear*

In *fear*, we can produce two different sides one can be mild fear which means touching the scarce areas of the person's life and other is strong appeal. And it is considered that if you pay focus too much then people will start rejecting.

Sometimes people take *immunity* types of personal disaster where they strongly believe that this can not happen to me. Another situation where people use *diffusion* to satisfy themselves. For example, if any one asks a chain smoker not to use cigarette and he replies that I am using filters. So here, he is trying to use diffusion to satisfy his inner feelings. This kind of approach helps the person to avoid dissonance.

- *Humor*

Humor is considered more persuasive appeals and is more effective than fear. In Pakistan, mostly ads are humorous which vary from audience to audience.

- *Abrasive*

Abrasive is the one when you show unpleasant kind of scenes such as showing insects or showing inside of stomachs for heartburns, clogged nose etc. These are not appealing advertisements so are not exciting for the customers.

This is the end of this lecture; in next lesson we will discuss marketing and communication ethics.

CONSUMER BEHAVIOR

LECTURE NO. 27

COMMUNICATION, ETHICS AND REFERENCE GROUPS
(Prepared by: Amjad Shamim)

As in the previous lecture we have discussed the communication strategies which were as follows:

- Objective
- Target Market
- Media Strategy
- Message Strategy
    - o Encoding
    - o One Vs. Two sided arguments
    - o Involvement Theory
    - o Comparative Advertising
        - ▪ Fear
        - ▪ Humor
        - ▪ Abrasive
        - ▪ Gender (Use of gender in the advertising. Research says that there is no specific impact of gender on the advertising output)

Now we are moving to the next part which is very important and is called ethics in communication and reference groups. Being a marketer, we need to be very careful about the language that we use, the wording which we select, and norms, values and rules in communication.

Marketing Communications and Ethics

It is very important to consider ethics while making communication. Also being marketers, we need to take care of the things that are useful for the society. For example, late night packages offered by phone companies are spoiling educational activities. So, it is an unethical exercise being practiced by the telecommunication organizations. We also need to be careful in using language that should not directly impact on the individuals or groups' character.

Reference Groups and their Influence on Consumer Behavior

First of all we need to define what a group is:

- **Group**

Two or more people who interact whether in an intimate setting or in a formal work place. There is one sided group and two sided groups. One sided means the models in advertising are communicating with the customers on one sided basis where customers can see the message but can not respond. So, these groups in the later stage become reference groups.

- **Reference Group**

Reference group is the person or group which serves as point of comparison for attitudes and values or guides behaviors. Researchers interpret reference group as any group that individual use as standard for evaluating themselves and their own behavior. These groups are of two types

- *Normative Group*

Normative group is the group who effect behaviors directly like family, say in food or dress code, and influence the development of basic behavior.

- *Comparative Group*

Comparative group is the one to whom you compare your lifestyle and see the difference and then try to adopt the things which you do not have. For example; Neighbor whose life style is admirable and worthy of imitation in furnishing etc, so you also try to adopt the same things.

There are certain other factors which try to affect the influence of these reference groups on consumer behavior.

Factors that affect influence

Researches have found some factors which directly or indirectly affect the influence on the groups which are described as follows:
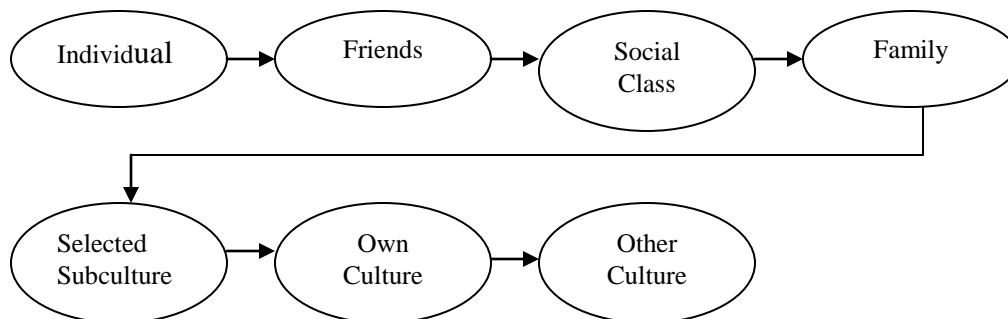
The above diagram shows the groups which influence the consumer behavior. But researchers have elaborated another three components which influence the influence of these groups on consumer behavior.

1. *Information and Experience*

If we have an experience of using the product or service then we don't need to get information from anyone. But if I didn't experience the product or service yet, then we need to get information from any individual or group who has experience that specific product or service.

2. *Credibility Attractiveness and Power*

Credibility plays a very important role in building behavior. If reference group itself is credible, customers will tend to be more influenced but if the group is not reliable, it will have negative impression of product / service on the consumers' behavior. Therefore, being marketer, we need to investigate the groups, their credulity and the customer's perception about these groups before relying on them.

3. *Conspicuousness of the Product*

Conspicuousness means the visibility of the product or brand that we are using or promoting. If our product is very conspicuous, and we want to associate it with a particular group then obviously that group behavior will have strong influence on our behavior. And group's choice will become my choice. For example, Land Rover is a car normally used for trips and to have thrill. Since this product is more conspicuous, we will be more influenced by the behavior of the group who is using this car. On the other side, if we use the product privately then we will not be so concerned about the group. For example, if I am using shaving cream then it is something very personal, in such case, I will not be concerned about any group.

Marketers normally use these reference groups that there is some conformance taking place. Reason is that these groups are influenced by the group behavior. Idea of conformance is why consumer should conform to the group behavior

Group Influence

For example, if we send a message to the consumer about the car that progressive managers use this car. So, anybody who would like to be progressive and show themselves as progressive will try to use that specific car. But marketers need to see how much the group is strong. There are certain factors involved:

- They should be able to inform and make the consumer aware about the product.
- They should be able to provide opportunity to the individual to compare his thinking with the attitude and behavior of group.
- There should be some influence on the individual to adopt attitude and behavior consistent with norms of group.
- Decision should be legitimized to use the same product. E.g. in a club where the requirement is to use black tie, individual needs to be informed in advance so that he/she can use the same. Here, he/she should have to adopt the rules of that specific group thereafter will be allowed to go in. So, this group has a strong influence on the behavior of member who wants to go into the club. On the other side, if a new brand is going to be launched, then it is the responsibility of the market leaders to ensure conformance.

- A new brand may go the other way and ask not to follow the crowd but to be individualistic.
- Market leaders attempt to use reference groups to ensure conformance. For example, mobile company will try to show them market leader so that customers should stay with them, but new entrants will act as challengers to market leaders and will try to get consumers to break tradition. So, it is the norm of industry that leaders always try to keep the customers with them but market challengers try to break this habit.

Selected Consumer Related Reference Groups

There are six types of groups that we normally have:

1. Friendship groups
2. Shopping groups
3. Work groups
4. Virtual groups and communities
5. Brand communities
6. Consumer action groups

1. Friendship groups

Friendship groups are unstructured, informal, and lack authority levels. These groups are most likely to influence purchase behavior. These are important for brands, for example, in selecting clothing, jewelry, and snack foods etc. This group has direct effect on consumer behavior.

2. Shopping groups

These groups normally perform very important functions. These groups normally offshoots from family and friends and go for shopping. These groups have social get together where they can have fun with shopping. These groups reduce risk and operate the defensive mechanisms for us if we don't know about the product. Other than this, there are some customer referral programs where member gets member and get their commission which is also called multilevel marketing.

3. Work groups

Work groups have two categories, one is the formal work group and other is informal groups. Formal group is the one to whom we meet in the organization and discuss official things. These groups influence the behaviors through regular contact. On the other side, informal groups which normally formed during tea break, lunch break or in smoking rooms. These groups also have an influence on the behaviors. In these groups, there are more chances of sharing information about the products.

4. Virtual groups and communities

These are the websites, online social networks who get together on their areas of interests and share the information. Communities are defined as a set of social relations among people and virtual communities are online groups. For example; on facebook, twitter, linkedin etc. where groups share the information about the products and business, and hence their behavior is influenced by these groups.

5. Brand communities

Brand communities are now becoming very important area in marketing. Marketers know that when you put the individuals in a community and target your brand accordingly, there are more chances of getting the things done in a positive way for your brand. For example, Harley Davidson creates a brand community where interested people are trying to put themselves by using the motorbikes of this brand.

6. Consumer action groups

These groups normally protect the consumers from the things which are not useful for them. For example, if you got a product which is not good for you, then you will try to protect your friends, family and the group to whom you belong from using the harmful products.

CONSUMER BEHAVIOR

LECTURE NO. 28

DIFFERENT KINDS OF APPEALS
(Prepared by: Amjad Shamim)

As in the previous lecture, we have discussed about the reference groups. Now, we intend to discuss the kind of appeals that impact the consumer behavior. There are different types of appeals which include:

- Celebrity appeals
- Expert appeals
- Common appeals
- Trade and spokes character appeals
- Respected retailer appeals

1. Celebrity appeals

Celebrity represents an idea life style that people imagine they would love to live. There are some important facts behind that. Companies spend huge amount of money for the celebrity endorsements. A research found that in USA, around 25% of commercials use sports and other celebrities. If we see that ads in Pakistan and India, normally organizations use cricket stars, and film stars in their advertisements. For example, Michael Jordan has a contract with Nike till 2023 where he will endorse Nike in their advertisement. Similarly, David Beckham had a contract for 68 million dollars with Gillette. These celebrities are using different appeals to endorse the brands. Some of the types of appeals are as follows:

Types of appeals

- Testimonial

Celebrity verifies that the product which he is endorsing has been used by him personally and he guarantees that the product is of good quality.

- Endorsement

Endorsement is using his pictures in the advertisement which is also called celebrity endorsement.

- Actors

Celebrity come on the television and promotes the product by using their own credibility, character and relates themselves with the brands.

- Spokesperson

Spokespersons have long term contract with the brand and normally called brand ambassadors. For example, Ali Zafar is the spokesperson of Mobilink Jazz. There are certain issues with the types of appeals which are discussed as follows:

Issues in Appeals

- Characteristics of the product.

It is not necessary that every product should be endorsed by the celebrity. For example, computer – there is no need of using celebrity whereas for shampoo, celebrity has a strong impact.

- Characteristics of the celebrity

Celebrity should be chosen based on some characteristics. For example, they should be famous, talented, credible, and they may have charisma. Because the consumers perception will be developed as per the credibility of the endorsers. If endorser is not credible and have no charisma then he/she will have negative impact on the consumers' perceptions.

- Number of products endorsed

There is another issue that celebrity at the same time is promoting number of products. This creates the issue of credibility. For example, Shahid Afridi is promoting Cheeta Shoes and PEPSI at the same time. These types of issues can badly impact on the consumers perceptions.

- Endorsers have a positive impact on word of mouth.

A research found that endorsers have a strong positive word of mouth influence on the consumers. For example, if women athletes are used in the advertisement, it will create positive word of mouth among women and specifically women will be more inclined towards that brand. Another research shows that female spread more word of mouth than men.

- Credibility of the celebrity

Credibility depends on two things

- o Perception of expertise of the celebrity
- o Trustworthiness of the celebrity

2. Expert appeals

Expert appeals mean using the expert in that specific area for your brand. For example, using dentist for toothpaste who share technical attributes about the toothpaste. Hence people rely on that product more.

3. The Common Man

Most of the consumers are very common people who use different products and other people try to relate common people with the product.

   a. The Executive or Employee

Sometimes executives are used for the promotion of the product. For example, Karegar is using its owner for the promotion appeals.

4. Trade or Spokes Characters Appeal

Sometimes registered Cartoons are used for the promotion, for example, McDonald's is using Cartoon for the promotion of its products.

5. Respected Retailers Appeal

Sometimes retailers are also used as spokespersons who keep your product on the prominent shelf.

Influence of Family

Family over a period of time change but there is some kind of impact which continues. So, we need to define family as two or more persons related by blood, marriage or adoption who reside together. Families may be referred to as households but households are not necessarily families. Families are of different types:

   a. *Nuclear Family*

Nuclear family is the one where husband, wife and their children are living.

b. Extended Family

Extended family is that one when one grandparent lives with them.

c. Single Parent Family

Single parent family is the one where only either father or mother is living with the child. It can be due to divorce or death.

Actually there are changing patterns in the families so marketers need to understand them. For example, the children grew up and become parent so their buying choices and life styles etc will be different. Hence, the marketers need to understand the family values and devise strategies accordingly to meet their needs. Basic values and behavior, more importantly religious values need to be considered while making marketing strategies.

d. Consumer socialization of children

Consumer socialization of children is the process by which children acquire the skills, knowledge and attitudes to be consumers (disposing). For example, family is going for shopping where children are also part of the group and family normally tries to control the behavior of the children while making shopping. But this is not generalizeable, as all children are not identical, and have same values, so culture impact a lot on the behaviors.

e. Adult Consumer Socialization

Adult's socialization process also changed with the passage of time. Adults in teenage behave differently, in University age differently and after getting married, they behave differently. So, marketers also need to understand them accordingly.

f. Intergenerational Socialization

Most of the families refer / pass the specific brand to their next generation. For example, mother advice to her daughter to use Habib Cooking Oil; hence this specific brand is passed from one generation to the next.

Families also perform other tasks. For example,

g. Economic wellbeing

Families take care about the economic wellbeing of the next families where they advice them to go for economic stability. For example, in Pakistan, people advise their children to go to the developed country like USA and UK etc. to be economically strong. So, children start behaving in the same framework.

h. *Emotional Support*

Sometimes parents put pressure on the children in their study. This pressure will certainly have an impact on the children which on later stage also reflect in their personalities.

Family Decision Making Roles

Each family has its own decision making process but again that depends on and caused by some factors. For example,

a. Influencers

Influencers are the ones who initiate and provide information to other members about the product. For example, one person gives information about the HP Laptop and advice his/her family to purchase the same.

b. Gatekeepers

Gatekeepers are the persons who control the flow of information. They may encourage the influencers to bring more information about the product. For example, son came and says HP Laptop new series is very good (he is influencer) but his elder brother said this information is not enough. You have to get information about its guarantee/warrantee and its technical specifications etc. (his elder brother plays the role of gatekeeper).

c. Deciders

Decider is the one who will finalize the decision about him buying or rejecting that brand. In our above example, let say father is the decision maker and he will finalize either to buy the HP Laptop or not.

d. Users

User is the person who will finally use the product. For example, the father buys HP Laptop for his daughter, here daughter is the user.

e. Preparers

This is another category which prepares the product. For example, child buys bread and mother is preparing sandwich.

f. Maintainers

Maintainers are responsible for maintaining the products, keeping it clean and repairing when it damages.

g. Disposers

These are the persons who carry out and dispose the product. For example, throwing the damaged into dustbin, or using it for recycling, or selling second hand products.

All these types of persons are very important for marketers and marketers have an opportunity to influence their behavior.

CONSUMER BEHAVIOR

LECTURE NO. 29

FAMILY DECISION MAKING AND ROLE OF CHILDREN
(Prepared by: Amjad Shamim)

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In the previous lecture, we have discussed about the families, their influence on decision making and role of family in decision making. Today, we intend to discuss the dynamics of family decision making, extending role of children in decision making and family life cycle.

Dynamics of Family Decision Making

Husband Dominated

In some families, husband is dominated and making the decision. In Pakistani rural areas, specifically husband is the decision maker.

1. Wife Dominated

On the other side, in some of the families, wife is dominated and has decision making authorities. Specifically in western world, wife is dominated and makes the buying decision. Similarly, in some of the families of urban areas of Pakistan, wife is dominated and has decision making authorities.

2. Joint Decision Making

Some of the families have joint decision making systems where husband and wife mutually agree to purchase something. This can be one of the best decisions making because here brain storming has taken place and thus, has more chances of the right product selection. But this all depends on many factors which are as follows:

- *Cultural orientation*

Cultural orientation as well as rural and urban division within a country. In USA, joint decision making is preferred but in Japan, normally it is father who is involved in the decision making process. Similarly, in Pakistan, again there is different decision making process. For example, in urban area, joint decision making whereas in rural area – the decision is made by father in most of the cases. Not only this, type of product also has influence it.

- **Types of products**

In case of Pizza, the decision making process will be different as compared to the decision for Car, children toys, washing powders for cloths and other household related products.

Expanding Role of Children in Decision Making

It has been researched that about 40 % consumption is by the children. It depends on the types of families. There are two types of families; one is where children are involved in the decision making, on the other side, children are not involved in the decision making process. When we look to the western world, we observe that there is lesser number of children who have more influence. For example, China, where according to law, you can not have more than one child. So in this case, children have more influence. On the other side, the families where number of children is high let say 4 to 5, then the influence of the children in decision making will be comparatively low. Children use different types of tactics to influence parents for shopping. They use:

- **Pressure**

They put pressure on their parents to buy the things which they like.

- ***Push idea upward***

Children use the idea upward technique to convince father, mother or elder brothers to buy the products which they like. For example, they ask mother that I want to buy this specific toy because my father asked me to buy this or my elder brother asked me that this type of toy is good.

- ***Exchange***

Children use the barter system for buying the product of their choice. For example, they ask mother that I will complete my schoolwork if you could buy that toy for me? Or young daughter says that I will clean drawing room if you ask for Pizza Home Delivery service to deliver Pizza today. So, they work on give-and-take technique to convince parents to buy the things.

- ***Coalition***

Sometimes, children jointly decide the things and demand from their parents that we all want to buy this specific product. For example, they jointly decided to buy a remote control aeroplane, so they started demanding and convincing their parents to buy for them.

- Ingratiating

Children convince their parents that he/she is have done nice in the school so he/she deserve to buy that specific product. For example, a boy who is in 3rd class and got 1st position in the class, now he started demanding bicycle by convincing parents that as he has done good job, so he deserve to get a gift .

- Rational Appeal

Sometimes, children have logic and complete information about the product and ask their parents to buy it. In these days, they normally get all the information from the internet and influence their parents to buy that product as it has very good features. For example, they started demanding HP Laptop by telling the parents about its features, functions and quality.

- Consultation

Sometimes, children try to incorporate the parents in the discussion by saying that if I am interested in buying this product, then what do you suggest. Here, they are not only convincing the parents but tries to involve in the decision making process by giving the parents logical reason. So parents normally become more amenable to buy that product.

Again, it depends on the areas of the choice, and products which they are inclined to buy. In case of car, normally father's decision is considered as final but in case of buying Joggers; children's decision can be considered as final.

Family Life Cycle

The rule of family life cycle is like the product life cycle. We have different life cycles like

- Traditional Life Cycle

Accordingly to the western world, now the traditional family is going out and new family systems are coming in. For example, due to high divorce rate in the western world, the joint family systems are being converted into the single parent family systems. In USA, 30 % to 40 % couples are living alone but in Pakistan we have less tradition of living alone. However, in urban areas, this system is emerging day by day and people are moving to the single family system. The consumption system in single family is different than the family in which grandparents, brothers and their children are living together.

Being marketer, we need to study the family system, their requirements, buying patterns, and decision making styles so that the marketing strategies can be designed accordingly. There are different life cycle stages and are discussed as follows:

- o *Bachelor Hood*

It has two kinds; one is the person is bachelor but is earning, and other situation is the person is bachelor and is dependent on parents. In bachelor hood, normally decisions are taken on your own but here the decisions are limited to the buying capacity because of the less finance available specifically if you are dependent on the parents.

- o *Honeymooners*

This is the phase where marriage is taken place of the couples. Again it has two scenario, one is where you are living with the parents and other is you are living alone. If you are living with the parents, then obviously your decision is limited but on the other side if you are living alone then you can make decisions freely. This situation again varies from culture to culture. In Pakistan, normally people live with their parents at the initial stages of the married life. So they are more dependent on their parents for decision making.

- o *Parenthood – with at least one child*

It is the situation where child is born and now you become parent. Now decision making style will be different. If you are living in the extended (joint) family, the decision will be influenced by the brothers, sisters, and parents etc. But if you are living alone, then most of the time, your friend will influence your decision making. At this stage, marketers normally try to emotionally grasp the customers by passing the emotional message like 'if you don't buy best products for your children, you are not doing good with them' etc.

- o *Post Parenthood – with no child*

Post parenthood is the stage where the children groomed up, married and settled so the parents are living alone once again. This is very critical situation where the working parents have retired from the jobs, started living alone and are trying to settle their life again. At this stage, their buying decision again will be influenced by the different factors. In Pakistan, normally they become more emotional in their living patterns, so they try to buy the normal things so that they can pass the time. In western world, they try to pass the leisure time in clubs etc.

- o *Dissolution – one surviving spouse*

This is the final stage of life where one is depended on his spouse, if husband is elder and reached to the old age; he will be more dependent on his wife in decision making and vice versa. If one of them died and other is living with his/her children, so he/she will be more dependent on his/her children etc.

For marketers, it is necessary to understand the different stages of life of the customers, their decision making systems, their changing buying patterns and then devise strategies accordingly to reach to the win-win situation.

CONSUMER BEHAVIOR

LECTURE NO. 30

SOCIAL CLASSES
(Prepared by: Amjad Shamim)

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Today we will discuss the social class which is defined as "the division of members of society into distinct status classes/ groups so that members of each have relatively the same status and other classes have some more or less status".

Definition indicate that the amount of status differentiate one class from another class. If we look into various conditions, we find that the social class is a ranking of classes on each social factor identified. For example, sometime people place the old traditional antiques in their drawing rooms to show the guests that they belong to the higher family and have a traditional higher status back ground. Therefore, it is necessary for marketers to understand the social classes of the society, their preferences, and the things they like more in order to provide and design products accordingly. So in the society, there are different thoughts which people normally have. For example,

It assigns the kind of status to the individual who belong to that group. Social class can be seen from three angles:

1. Prestige
2. Power
3. Consumption pattern / wealth

1. *Power* – it is considered that the person, who has more purchasing power, has higher status / power in the society and their choice influence the others to use similar things.
2. *Prestige* – it is related to the degree of recognition and respect in the society, people are recognized by the class they belong, products they use and the status they have in the society.

3. *Wealth* – We should clearly know the difference between income and wealth. Income is the money that we spend whereas wealth is resources that a person or the family has. And social class represents this for example, agriculturist is a social class, businessman is in a particular class. So, it is necessary for marketers to understand the different kinds of social classes, their buying patterns only then they will be able to target the exact category of customer to promote their products accordingly. A concept used in this context is "Social Comparison theory".

Social Comparison theory

It is an important concept in marketing society that relies on the concept of purchasing power. It indicates that every person compares himself to another person which creates a social class. For example, Doctors and Professors have different class then a businessman and an agriculturist. So, it proves that in our society, different classes exist. Comparison can be made in two steps: One is where we compare our self with the person of lower status which gives us the idea of self-esteem and ego and resultantly we will buy those products which people of lower status don't use. Secondly, we can compare to the persons who have higher status than us, so here we normally tries to buy the products used by the higher status people but again we live in our own domain due to number of reasons. So, these comparisons tell us different kind of classes which exists in our society. This idea brings us to the level of conspicuous consumption.

Conspicuous Consumption – it is that type of consumption which is seen by others. For example, we celebrate Wallima Ceremony in good marriage halls so that people can consider us as a higher status people.

Dynamics of Status Consumptions

Consumptions is not something static, it has different dynamics. It has a variety of concepts:

1. *Concept of Status Consumption*

A research was conducted in Canada and Australia which were related to two types of consumptions which are as follows:

   a. *Status Consumption* – which means that we consume the products to show our status in the society? For example, using a big car, wearing an expensive wrist watch, keeping parker pen etc.

b. ***Conspicuous Consumption*** – it is the kind of consumption which takes place to show off others. In this consumption, people try to exceed in consumption from the higher status people.

In this situation, marketers need to see the important factors involved in the consumption process so that they can target the customers exactly. Different types of factors can be involved; for example,

 (a). Family Income

(b). Occupational Status

(c). Educational attainment

Along with this, marketers also consider the major influences on the groups. Sometimes advertisements have more influence but most of the time word-of-mouth has an influence on these classes. An important thing to be noted is that we can not shift a social class from one country to another country because if one thing is considered higher in our country, it may be considered as a low in the other country. So in this case, the marketer strategy should be different.

Categorization of Social Classes

There are different categories of classes:

Two Classes

1. Blue Collar – those people who are skilled labors
2. White Collar – people of higher status includes lawyers, doctors, engineers etc.

Three Classes

1. Blue Collar – Lower (subordinates, lower level employees),
2. Gray Collar – Middle (assistant managers, supervisors),
3. White Collar – Upper Class (executives, directors)

Four Classes

1. Lower
2. Lower middle

3. Upper middle
4. Upper class

Five Classes

1. Lower class
2. Working class
3. Lower middle class
4. Upper middle class
5. Upper class

The reason of this categorization is to know the level of income, standard of living and buying patterns of the consumers so that marketers can devise marketing strategies accordingly.

Measuring Social Class

There is no comprehensive frame for the measurement of the social class; however, there are certain factors through which we can measure these classes:

1. *Subjective Measures – Clarity*
   a. We can ask from the individual by giving them options that which of the following categories best describes your social class.
   b. It is assumed that the person will be quite sure about his/her own social class but again there is high number of biasness in these measurement systems. Many people will be more biased towards the middle class and does not take into consideration the fringes of lower middle or upper classes.
2. *Reputational Scale*
   a. It is some how impractical scale which is normally used by the social scientists to understand structure of society. They ask how the classes are divided and then they try to place a group in a specific social class. It is not related to the marketing perspective.

In marketing, we have some objective measures through which we can easily find out the classes. Different Range of Techniques is used for this purpose:

b. ***Objective Measures*** – in this kind of technique we use demographic and socio-graphic variables concerning the segment under study. We use questionnaire to ask different questions about themselves, their families, place of residence, level of income, educational background, and age group etc. then we assign them the category of class. For example, you ask a person about the educational background and the person reply that I am PhD, so automatically perception is developed that this person is earning high salary than the person who is simply a master degree holder. Similarly, if we ask a person that where your residence is and he replies that I am living in sector F-7 Islamabad, so perception is developed that this person has higher income level and status than the one who is living in Rawalpindi. So, marketers place these individuals into different classes and then devise marketing strategies. They can easily identify the segment, their living standards and target them accordingly. There are two types of measures.

    i. ***Single item measure / Single Variable Index***

        1. **Occupation** – for example, the auditors after completing audits normally take break and go for tours. So, tourists guides, travels services agents and hotels personnel can capture them at this stage.

        2. **Education** – Person with more education are considered respectable

        3. **Income** – conspicuous consumption can takes place with those who have higher income and they have high level of spending. So for marketers, there are more chances to get in and capture these customers by providing good products.

    ii. ***Composite / Multi variable index***

In next class we will discuss in detail the composite multi index in detail.

CONSUMER BEHAVIOR

LECTURE NO. 31

SOCIAL MOBILITY AND CULTURE
(Prepared by: Amjad Shamim)

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As we have discussed in the previous lecture about the social class, and then we moved gradually to the measurement of social class. Today, we would like to extend our discussion to the social mobility and how do social frames move within the systems.

Social Mobility

Some social class move from down to up but it varies from country to country. It is very typical in the western culture where people always try to move from lower level to the higher level. But this system is little bit strict in Pakistan where it is considered difficult to reach to the higher level but again people always tries to move up. Sometime there is backward movement where people move from upper status to the lower status. For example, Generation X – the group born between 1965 –1980 are considered not able to reach the income levels and life styles of their successful parents, the baby boomers born between 1945 –1964. So, this is a shift from upper level to the lower level.

Measuring Social Class

Other variables:

- *Possessions* – moveable and immoveable property. And it have been researched that the people differs in status by the furniture and other accessories placed at their home which shows their level of standards and class. Even the placement of the items also shows the class. For example, research concluded that TV is placed in family rooms by upper middle class and in the living room by lower class.

- *Geo demographics* – location of residence also indicate the classes. But it varies from context to context because living in a particular area may be due to other factors like the

person is newly became rich and they don't want to shift their area etc. That's why, the measurement scale do not rely only on single variable. Similarly, a high income person does not mean that they always are in upper class, it can be a factor but what if a CSS qualified person who is earning only Rs. 30,000 and but is placed in a middle upper class. So, that's why we say that there are number of factors involved.

Profile of Spending Habits

Upper Upper Class

- No conspicuous spending
- Do not shop personally, either their servants will go or they may shop online.

Lower Upper Class

- Represent new money, those who recently got money and became rich
- Will go for conspicuous consumption
- They will go for higher products, costly products to show their status.

Upper Middle Class

- These are career oriented – these people have good jobs, and grades
- They have keen interest in obtaining good things in life
- They are normally conspicuous because they have to maintain their standards in the society.

Lower Middle Class

- These people want their children to well behave
- They want to appear neat and clean

Upper Lower Class

- They normally strive for security and want those things that can protect them

Lower Lower Class

- These are the people who just want to pass their time because the things are out of work for them.

- They are poor in education and have more children who are poorly treated.

As we said that people can move from one class to another but it requires a lot of hard work to do so. These classes vary from country to country. We can see the framework of how and when social mobility can take place is culturally oriented. For example, a comparison of India and USA, it is difficult to move from lower to upper in India as compared to USA. So social mobility in India is low and in western culture is high. Similarly in Pakistan, social mobility can takes place and it has been observed that people shift their classes.

Selected Consumer Behavior Applications of Social Class

There are three concepts that are relevant to look at consumption.
- we tend to know who we are, know yourself and have a self image
- Do what the higher class does
- Do what your neighbor does.

For example, clothing and fashion
- Lower middle class wears the T-Shirts with known logos and admired persons or groups.
- Upper Class normally wears T-Shirts without such logos but from branded companies.

Another example is Spending Leisure Time
- Lower middle class go to zoo
- Upper Class go to clubs

Hence; by observing these social classes, marketers can understand the consumers' behaviors, and then they can make the market segmentation accordingly.

Culture and its influence

Culture is obviously another variable which has an impact on the classes. In a single country, a number of cultures exist, for example, Punjabi culture is to some extent crossed the boarder of India and Balochi culture has resemblance with the Iranian culture etc. So these cultures have an impact on the consumption patterns as well. Similarly, Chinese always server green tea before the lunch, where as in Pakistan or Japan, people serve water before the lunch. It is a cultural difference which has ultimately changed the consumption patterns. Culture is very important

concept in consumer behavior which we define as "sum total of learned beliefs, values and customs that serve to direct consumer behavior of members of a particular society". In this definition, three things are important:

- *Beliefs* – It is a statement which can be verbal or non verbal. For example, if any one has a belief that Korean refrigerator is good than Japanese and if we want to change this belief then we have to convince them that the Japanese refrigerator is better than Korean one. Hence we say that beliefs can be changed.
- *Values* – are more difficult to change. For example, if we give value to the quality, then we will all the time focus on the quality rather than prices and vice versa.
- *Customs* – it is the way to do things. As in our previous example of Chinese green tea and Pakistani water, these are the customs. Similarly, in Swat, people eat rice in dinner every day whereas in other cities; people take anything which they want.

Therefore, we say that culture is "Invisible Hand"

Culture as Invisible Hand

Consumers both view themselves in the context of their culture and react to their environment based upon the cultural framework that they bring to that experience. And each individual perceives the world through his/her own cultural lens. Which means that whatever we see, we will try to interpret that information according to our own culture? Thus, marketers need to understand this important concept so that they can show the information according to the culture of the customers. Culture can be national as well as supranational. Supranational means across the boarder. For marketers and international marketers, it is very necessary to understand the national and international cultures to design marketing, branding, advertising, and segmentation strategies.

Culture Satisfies Needs

Culture provides standards and cautions to all phases of human problems. For example, culture suggests that what to eat – breakfast of nehari or paratha and omelette. Culture suggests when to eat – before or after prayers, early or late night etc. Where to eat – sit on the floor or on the table. For example, in western culture – every one has their separate plates but in Arab country –

people use to eat in a single plate. Hence, the strategies can be devised accordingly so that the exact needs can be identified and satisfied.

LECTURE NO. 32

CULTURE (CONTINUE)
(Prepared by: Amjad Shamim)

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As we have already discussed that culture is the "sum total of learned beliefs, values and customs that serve to direct consumer behavior of members of a particular society". This definition indicates that culture is a full range of learned human behavior, so it means that we always learn the things from society, families and from different social groups.

Culture is Learned

Unlike native biological needs like hunger and sleep etc. cultural leanings are acquired early in the life. Norms and beliefs are the learned things which we can acquire from the society.

How learnt?

Formal learning – adults and older siblings teach a young family member "how to behave". For example, smoking in front of senior is considered wrong so this habit can be transferred to the young generation.

Informal learning – a child learns primarily by imitating the behavior of selected others. There are things that we learn from our colleagues, friends, and social networks. For example, during the partition of India, those people who migrated from India to Pakistan started living in different areas of Sindh and Punjab. At that specific time, they were having same culture but with the passage of time, they acquired the things from the local culture and now we can observe the changes in the life styles, the way they behave and their standard of living. This is because; the learning takes place which gradually changed their norms and values.

- *Technical learning* – Learning takes place in the educational institutions. For example, teachers instruct the child in an educational environment as to what, how and why it should be done. Students studying in Cadet Colleges have different style of behaving and living then the one studying in a simple school.

So, marketers need to learn the culture in which they are living and the different dynamics of the culture to which they are targeting their products.

Enculturation and Acculturation

The learning of one's own culture is known as enculturation whereas the learning of a new or foreign culture is known as acculturation. To learn these things, we not only need the stories but also we need to know about the following:

- *Language*

Language is the most important thing to be learned specially for the marketers so that they can communicate with the target audiences in their native language. For a common culture, the members of a society must be able to communicate with each other through a common language. Marketers should not use the word that has double meaning.

- *Symbols*

Symbol is anything that stands for something else. It can be verbal or nonverbal. Symbols are used in different culture and marketers must be aware of them so that while preparing ads, they can use those symbols which will attract the customers more. For example, price has a symbolic value likewise the product has a symbolic value, so marketers need to know and use these accordingly.

- *Ritual*

A ritual is a type of symbolic activity consisting of a series of steps occurring in a fixed sequence and repeated over time. Wedding anniversary cake cutting ceremony is celebrated in a different way then the cake for 50th birthday ceremony. Rituals tend to be replete with ritual artifacts (products) that are associated with or somehow enhance performance of the ritual. So marketers can bring these two things together to enhance the value of the products for the customers. These things bring the important point here that the culture is shared phenomenon and the particular belief, value, or practice must be shared by a significant portion of the society. Only single factor is not important for culture, but various social institutions transmit the elements of culture and make sharing of culture a reality.

- *Family* – as we discussed that the values, norms and beliefs are transformed from generation to generation.

- *Educational institutions* – the students who are studying in leading schools have different life styles because of the diversity of the culture they are living in. for example, LUMS is a leading

business school in Pakistan and the graduate of this school have different style of working because they learned the things from that specific culture.

- ***Mass media*** – it has a very important contribution in cultural transmission where people build their perception on the basis of the message floated on the media. For marketers, it is a very important source of creating awareness for their products. So marketers need to be very careful about the messages they float on the media and the celebrity they are using to endorse their brands along with the language and the symbols they are using in the advertisement.

- ***Houses of worship*** – spiritual thoughts are developed from the houses of worship which later on bring changes in the life of the human. Those who often go to Mosques have different thoughts then the ones who go to Churches.

Hence in this lecture, we conclude that it is very important to for marketers to understand the culture and devise marketing strategies accordingly so that the exact needs of the customers can be identified and subsequently satisfied.

CONSUMER BEHAVIOR

LECTURE NO. 33

CULTURE (CONTINUE)
(Prepared by: Amjad Shamim)

In the previous lectures, we have discussed culture and different important concepts which are as follows:

- Culture
- Importance for marketers
- Sub-culture
- Values and Beliefs
- How culture is learnt
    o Formal learning
    o Informal learning
    o Technical learning

As we have said that culture is a dynamic object which satisfy needs of the society and guide the society on how to behave under various conditions as well as guide what is to be bought and why. Culture always evolved over time and the values, beliefs and norms are transformed from one generation to the other. It is the responsibility of the marketers to take care of the cultural needs and devise their marketing strategies by considering those norms.

How to study culture. There are two methodologies:

1. Content Analysis

Content analysis is the methodology of studying the content of the communication in different cultures. This is the form where verbal and visual outputs of a society are studied to establish what values are being projected and what are the society's norms and beliefs. These studies are done within the business context through studying advertisements. According to latest research, concepts obsolete in every two years. So it indicates that cultural values change over the period of time. Marketers need to understand these changing values. When they are inclined to

understand their own cultural values, it is called Enculturation whereas understanding others' culture is called Acculturation. They also need to know that cultures are shifted towards aesthetics; therefore, modern marketing strategies need to be designed by considering the ever changing values and then design segmentation, targeting, positioning, pricing, branding and other marketing strategies accordingly.

Strategic implications of cultural dynamic

Cultural aspects are studied by considering the PEST Analysis. PEST stands for Political, Economical, Social and Technological environment. Values change over time and PEST has a major influence on the cultural values. So, marketers should also know these factors while designing strategies.

2. Consumer Field Work

Consumers are observed in their natural frameworks. It focuses on in-store purchase behavior rather then in-house use and preparation behavior. Field observation and participant observation are highly technical form of studies – requiring expertise of a high order as most of it is interpretive in nature and subject to biasness of the observer and his experience. When we move to the field work, we don't ask the customer why you purchased this brand rather we ask how you have purchased and what basic things lead you to purchase this.

Core Values

Value is something generally accepted by the society. It must be pervasive. A significant portion of the population must accept and use it to guide their attitudes and actions. For example; in our society, everyone says that open milk is not pure and harmful for health. But they prefer this to the packed milk. On the other side, in Japan, people prefer to use packed milk over the open milk. This is because of the value system. There are some core values to be noted in the cultural context which are as follows:

- *Efficiency and value of time*

The value for time is different in our culture then the western culture. For example, once some one asked Bill Gates that if you see 100 US dollars lying on the floor, will you stop to pick it up. He said no, because for me time is money and I can earn more than 100 dollars in just 5 seconds.

Hence in some cultures, time is most important but for others, they don't care of it. These observations conclude that marketers should take care of all the objects concerned with the cultural aspects and prepare marketing strategies accordingly so that the exact need of the customers can be identified and satisfied.

LECTURE NO. 34

CORE VALUES
(Prepared by: Amjad Shamim)

Core Values

As we have shortly discussed core values in previous lecture where we said that value is something generally accepted by the society. Values must be pervasive and a significant portion of the population must accept and use it to guide their attitudes and actions. We have also discussed that to measure a culture needs different types of techniques and one of them is the content analysis which is the methodology of studying the content of the communication in different cultures. This is the form where verbal and visual outputs of a society are studied to establish what values are being projected and what are the society's norms and beliefs. There are some core values to be noted in the cultural context which are as follows:

Core Values to Note

a. Achievement and success

Achievement is something intrinsic which means I do something and get a reward so I achieved my objective. Involvement of no other person is required for this value.

On the other side, success is extrinsic – I succeeded in something and I have been rewarded for it by the external objects. For example, in American culture – they regard the achievement like need for achievement. Those people who are achievement oriented normally tries to find out the things which can help them to achieve their goals. For instance, 'I am working' – is an intrinsic object which give the cue for achievement. On the other side, if father is handing over the keys of a car to his son on getting good grade in exam – it is success. Achievement oriented people surf productively on internet – for knowledge and development. People who are not success oriented – use internet for social networking. So we can see the cultural changes and adoption of new systems by the consumers.

b. Activity or Involvement

There could be two main things; on one side, workaholics which mean I am too busy and have no time for other activities. On the other side is relaxation which means I am free and have spare time. For example, summer vacations – children normally spare there summer time for leisure activities but now the concept of summer camp bounded the students to involve in their studies. So, they are normally busy in their studies even in summer time.

c. Efficiency and value of time

Time is money and has an important value in the society. The value for time is different in our culture then the western culture. He said no, because for me time is money and I can earn more than 100 dollars in just 5 seconds. So in some cultures, time is most important but for others, they don't care of that. These observations conclude that marketers should take care of all the objects concerned with the cultural aspects and prepare marketing strategies accordingly so that the exact need of the customers can be identified and satisfied.

d. Progress

It is a fact in life that every individual in the life tries to make progress in their different aspects. People tries to excel in their life in terms of career building, hence they want progress in different steps of life.

e. Material Comfort

It is the sign of good life and is part of satisfaction with life. For example, one might consider to be a revival of the classic first floor of a department store, which traditionally displayed only the best of the best to a discriminating client etc. Another example, by presenting each season's collection in a life style context, we create an emotional connection with our customers, who rely upon us to offer them an edited collection of the very best of the season. By interspersing our selection with editorial and advice, we create an inspirational shopping experience – one where Vivre is considered to be trusted advisor to 'a beautiful life'. This is trying to say that elite class need very comfortable life where as people belonging to the lower class can sit even on the floor.

f. Freedom

It means the freedom of choice. That is why we find a large selection of products and brand in product categories as one of the core value is the freedom to choose which underlies the capitalist society vs. the communist structure.

g. Individualism and collectivism

Some societies believe on the individualism while others believe on collectivism. For example, American society believes on the individualism kind of life style – every individual is responsible for his own matters. While Pakistani culture believe on the collectivism where the shared values are welcomed.

SUB CULTURES

In the major culture, some sub-cultures exist. For example, Pakistan has its own culture but inside Pakistan, there are various sub-cultures like the culture of Khyber Pakhtunkhwa, Culture of Punjab, Culture of Sindh, Culture of Balochistan and the culture of Gilgit Baltistan. Some clips of sub-culture.

We will further discuss the aspects of sub cultures in detail in the next session.

CONSUMER BEHAVIOR

LECTURE NO. 35

CORE VALUES
(Prepared by: Amjad Shamim)

In this lecture, we will discuss subculture and different form of generations like Generation Y, Generation X and Baby Boomers.

Subculture

Subcultures are based on different components, some of which are as follows:

- Age subcultures (al dimensions of culture are not clearly given with bullets etc)

Why each major age group should be treated separately? Old age people have different behaviors then the youngsters. The same age people all around the world have to some extent similar behaviors but more specifically the behavior change occurs from culture to culture and sub-culture to other sub-cultures. Marketers need to understand these differences. There are four large groups:

  o Generation Y (It is the latest including people born from 1977 – 1994 in all over the world. Different aspects impact on this generation around the world)
  o Generation X
  o Baby Boomers
  o Seniors

Generation Y

It is the latest born people from 1977 – 1994 in all over the world. Different aspects impact on this generation around the world. Even this group of people can be further divided into different sub-groups:

- Generation Y Adults: 19 – 28 years (these are the highest users of text messaging).
- Generation Y Teens: 13 – 18 years
- Generation Y Tweens: 8 – 12 years (Although this group is not born in the Generation Y period but some of their distinctive characteristics meet to this group so are still

considered in this group. For example, in terms of use of internet and their buying choices, they are similar to this group).

There is another group which does not fall in Generation Y and Generation X and it is in between both groups and is called Twixters:

- Twixters

A group spanning Generation Y and Generation X is a group of 21 – 29 years old. These people have jobs and tend to stay with their parents. They normally don't purchase assets but do purchase gadgets and electronic stuff and clothes.

Generation X

This group was born between 1965 and 1979 (different expert quote different starting and ending years and are called baby boomers.

These people tend to be cynical, do not like labels on clothes and do not want to single out to be targeted. They are freedom oriented and flexibility oriented. They do not go for money alone but relationships at workplace and work conditions are important for them. It is said that baby boomers like to work, Generation X likes to live. They tend to keep things simple in terms of work pressure.

How to *Appeal to Generation X*

How can we appeal to Generation X? These people felt that they are more sophisticated than their parents. They are not necessarily more materialistic than that of their parents but they like branded products like Sony etc. but not labeled clothes that fits with their personal image. Another point is that baby boomers are considered more interested in reading newspaper. This group generally is not more influenced by TV because at that time, it was not available but now they are interested to watch TV. Being marketers, if you want to target this group, then TV could be an appropriate medium especially these days. Hence, baby boomers read newspapers, Generation X often prefer to watch TV and Generation Y use Internet. Similarly, Generation Y is using Online banking whereas Baby Boomers put more emphasis on the cheque systems etc. By considering the buying patterns of Generation X, hotels started adding LCDs to the rooms and internet access as part of the hotel room furnishings.

Baby Boomer Market

This is the largest category in the world that was born between 1946 and 1964 and now they are in the age of 40 to 60 years. At this time, these people are senior managers in different organizations, so it is important for marketers to target this group. They are interested in leisure activities, club, cosmetic surgeries and other such things through which they can look young. In this group, there are more chances of conspicuous consumption as they want to make impression in the society so want to consume the things which show their status. It has been observed in the market that marketers are trying to attract these groups according to their preferences. There are some important points for this group. They are consumption oriented and with the growing age, the nature of product / services required by them will change. For example, bank services are being developed for them as their choices of remittances. Other marketers have also started changing their services accordingly to target the baby boomers.

Where age brings a group, gender also make a group which we will discuss in the next session.

SUB-CULTURES
(Prepared by: Amjad Shamim)

As in the last lecture, we have been discussing the different age groups, and we said that these different ages' groups behave differently so marketers try to understand all these. We have discussed Generation Y, Generation X and Baby Boomers.

Old Consumers

Life expectancy of this group is rising; these are over the age of 50 years. There are some myths about these consumers that they have no work to do and do not have financial resources. But the truth is that people over 50 work more, because the life expectancy is growing and most of them are productive employees.

Segmenting the elderly market

More concern in advertising where advertisers use younger models and the reason in their lack of understanding of the market. It is very good potential segment for the marketers. The elderly consumers are not homogeneous. There could be a simple segmentation for them.

- The young-old (who are between the age of 60 and 65)
- The old – old (who are between the age of 70 and 80)
- The old

So this older segment does need to be marketed to buy only for the "right" kinds of products and services and using the "right" advertising presentation. Some concern for marketers are that the products which are meant for older people.

Sub-Culture by Gender

It is quite fitting to examine gender as a sub-cultural category.

- Masculine traits
    - Aggressiveness and competitiveness

- Feminine traits
  o Neatness, tactfulness, gentleness, and talkativeness

There are some changing roles in the sub-cultures because some traits and roles are no longer relevant for many individuals; marketers are increasingly appealing to consumers' broader vision of gender-related role options. So, traditional roles of women have been changed when women go to the offices. So market segmentation should also be changed by considering the changing roles or trends.

Marketing Implications

Segmenting the women

There are four distinct groups in women

1. *Housewives* – they normally group together to go for shopping. They mainly believe on the friends' discussion and prefer to shop the things based on the friends' suggestions. Here, opinion leader concept could be a good option. It has also been observed that housewives are more conspicuous consumptions oriented.

2. *Potential workers*

3. *Working to contribute family income* – these are the women who spend few of their money for shopping because they have to contribute to the family as well. Therefore, they avoid for unnecessary spending.

4. *Career oriented ladies* – she is ready to make scarifies to go up by working. Working women and specially career oriented women seek information from internet, have less time and most of them are more brand loyal.

Now we would like to extend the same discussion into globalization perspective.

Consumer Behavior: An International Perspective

In globalization, there are trends that are pushing marketing companies to use the homogeneous strategies to the marketing of their products. For example, in Pakistan, many people have not tasted Pizza. It is difficult for the marketers to position in this market until it is tasted by the consumers. So, there are different markets in the world to whom international marketers need to

target but they must take the cultural aspects into account. There are different trade zone in the international market. International marketers must be aware of these zones and their cultures.

- GLOCAL - Now a days, the concept of GLOCAL has been termed out which means *Think Globally, Act Locally*. Marketers need to think how the globe is spending, how their buying patterns are changing and what the characteristics of the consumers are globally. But they need to act locally by actually identifying the needs of the individual customers.

- Association of Southeast Asian Nations (ASEAN) – This market consists upon Indonesia, Singapore, Thailand, The Philippines, Malaysia, Brunei, and Vietnam.

- The North American Free Trade Agreement (NAFTA) – This currently consists of the United States, Canada, and Mexico which provides free market access to 430 million consumers.

If we observe that in our everyday consumption, we consume the things manufactured by different countries. So, country of origin of the products also has an important effect on consumers' perceptions. Researchers have shown that consumers use their knowledge of where products are made while evaluating their purchase options.

Globalization

Exposure to other cultures

- A consumers' exposure to different cultures through consumers' own initiatives – their travel, their living and working in foreign countries, or even their immigration to a different country.

- Consumers often obtain a "taste" of different cultures from contact with foreign movies, theater, art and artifact, and most certainly, exposure to unfamiliar and different products. While studying globalization, we also need to know about the ethnocentricity.

- Ethnocentricity - How strong we are in our own culture. If we take our local product to the other culture, it will be difficult until and unless we know that culture.

So, it is important for marketers to understand the culture to which they are planning to target and then prepare marketing strategies so that the exact customers can be approached and their needs can be satisfied.

CONSUMER BEHAVIOR

LECTURE NO. 37

SUB-CULTURES
(Prepared by: Amjad Shamim)

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In the last lecture, we have discussed about the international market, and in one of the previous lectures, we have talked about the Ansoff Growth Matrix.

Country of Origin

Three types:

- Country of design – design of products prepared in one country and assembling is done in the other.
- Country of Parts
- Country of Assembly

Research indicates that most of the time people pay more emphasis on parts because parts play more roles. For example, in chappal industry, parts are prepared in china and imported to Pakistan to assemble it to final shape. Similarly, in automotive industry, most of the spare parts come from Japan and assembly takes place in Pakistan. This depicts the concept of national identity.

- **Belief Structure** – it is the religious beliefs that how do you believe. For example, in USA Christianity is the major religion, while in Pakistan, Islamic religion dominates.
- **Cultural Homogeneity** – it is the more national & cultural things used by the living society. For example, Sports, Dresses etc.
- **National Heritage** – History, Historical figures, artifacts and the people who have done a lot for the society are the national heritage and is the national identity which influence the local culture.
- **Ethnocentrisms** – it is related with the ethnocentricity. For example, if we say try Pakistani products, buy Pakistani products. Japan is very strong in ethnocentricity.

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┌─────────────────────┐                    ┌─────────────────────┐
│  Belief Structure   │                    │   Ethnocentrisms    │
└─────────────────────┘                    └─────────────────────┘
              ↘        ┌─────────────────────┐        ↙
                       │  National Identity  │
              ↗        └─────────────────────┘        ↖
┌─────────────────────┐                    ┌─────────────────────┐
│     Cultural        │                    │  National Heritage  │
│   Homogeneity       │                    │                     │
└─────────────────────┘                    └─────────────────────┘
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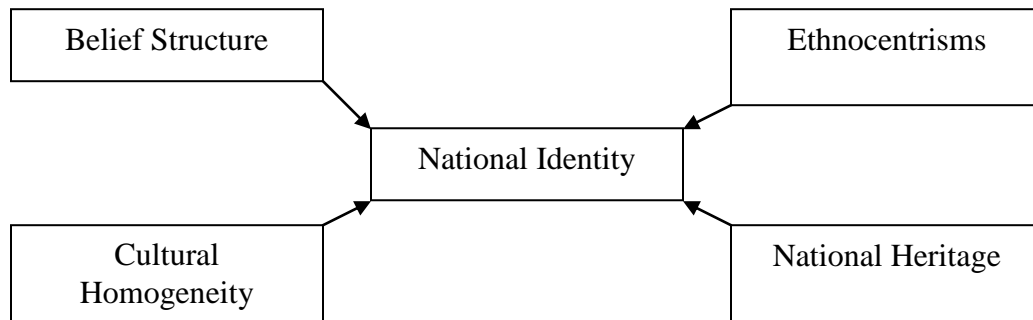
Cross Cultural Analysis

Cross cultural analysis is defined as the effort to determine to what extent the consumers of two or more nations are similar or different. For example, IKEA (a furniture manufacture) introduced a different concept. The concept was to go to the shop, buy unassembled material and prepare furniture at home. They used local languages to the country and similarly they use different promotion campaign. In Italy, the ads show people having wine while lounging on the furniture but in Saudi Arabia, the ads are more conservative. Similarly, Mineral water in France is associated with hygiene whereas Germany, is more associated with vegetarian life style where 88% adults use mineral water. So these are the differences between cultures and marketers used to follow these differences.

Similarly, if we see the example of banks in different courtiers, we will see that in UK, few of the banks offer Shariah complaint banking only where there is large Muslim population. Since the choices, traditions, and culture of every country is different, therefore, it is necessary for the marketing manager to understand that culture in which they are going to launch the products. Let us take some   traditions of gifts.

Gift	Country
Leather Hand Bag	Saudi Arabia
Letter Opener Knife	Argentina
Red Roses	India
Clock	China
Bottler of Wine	United Kingdom

If you will give Leather hand bag in India, it could be a problem; red roses cannot be given in United Kingdom. And in Saudi Arabia, you can not give bottle of wine. Hence, international marketers must be very careful.

Middle Class

According to the research, in Pakistan, if there is USD 5000 per capita purchasing power parity (PPP) then it is called middle class.

Non-tariff barriers

When we export a product to other countries, we have to pay certain duties. Non- tariff barriers are some thing to prevent a product to enter into new market. For example, Harley Davidson was prevented to enter into Japanese market. The reason could be ethnocentrisms.

LECTURE NO. 38

SUB-CULTURES (CONTINUE)
(Prepared by: Amjad Shamim)

Recap

Two Imperatives for marketers

- they must understand the values and beliefs of consumers
- try to change the mindset of consumers to make product acceptable

For example,

- Polio medicine in Pakistan

    o It was general perception that it will damage the children's' memory but the actual situation was the other way around.

    o Family planning – in 2025 the population will be doubling. So, an attempt has been made by the country and initially there was a resistance but now people start realizing that it is good by considering the exact situation.

- Injection syringe and AIDS

So at initial stage, marketers always face challenges but with the passage of time, they can overcome these challenges.

Characteristics Of Cross Cultural Analysis

- It is often difficult for a company planning to do business in foreign countries to under take cross-cultural consumer research.
- In many countries, there is a limited amount of information regarding consumer and market statistics.

- There is a big challenge in the globe and specifically in Pakistan that consumer doesn't give responses. However, the trends are gradually changing and some established companies are involved in the consumer research.

For example, a global company named AC Neilson has now started working in Pakistan to conduct consumer research.

- In western culture, you can conduct a research on couple dominance in decision making by involving the couples in a focus groups but it is not possible in the Saudi Arabia where women participation in focus groups with men is difficult.
- In China, most of the time **mall intercepts** are considered with suspicion. To overcome it, children are given cameras to photograph what they like.
- Close to three billion dollars to children to spend in China due to restriction in family planning.

Applying Research

Same principles as in domestic market research but more burdensome.
- Language and associated meanings
- Demographic or social segments will be difficult to standardize
- Consumption pattern (e.g. McDonald) – in international market, it is consumed when in hurry and they take away but in Pakistan it is some kind of social gathering frame.
- The benefits sought (e.g. credit card) – it is a convenience
- Difference in family structure of decision making (e.g. buying a car or refrigerator).
- Difference in market research condition and possibilities both in terms of expertise and characteristics of respondents

Strategies – Global Vs. Local

A big question is, organizations should use global or local approach. But international marketing scholars has invented a technique called GLOCAL (think globally, act locally).

- The world markets are becoming more similar, and therefore, standardized marketing strategies are appropriate / feasible.

Cultural convergence is taking place in the world. But some school of thoughts says that divergence is taking place.

The variations among nations are too great for a standardized marketing strategy.

- Local brands indicates that *what we* are; and Global brands indicate that *what we want to be*
- Now question is should the organization be global brand or local brand
- Unilever – is a global brand (they used Ronaldo as celebrity for the globe)
- P&G – is using Shahid Afridi as celebrity endorser. Three brands are global (Always, Pentene, Gillette).
- But some companies use local brand to operate as a global brand. E.g. Lays

Are global brands different?

Consumers associate global brands with three characteristics:

- Quality signal
- Global Myth (become ideal brand for others)
- Social Responsibility (e.g. Nike was manufacturing cloths, footballs etc in Sialkot and children were their employees. Three of the students in American Universities refused to use Nike Products. Now Nike realized the situation and changed their model by giving jobs to the parents). It was done through moral activities.

Let me quote an example of a research which was done in 12 nations. According to 12 nation consumer research project, global brands are viewed differently than local brands in these three areas.

It was also found that there were intra country differences, resulting in the conclusion that there were four major segments (clusters) in each country with respect to how its citizens view global brands. These groups are the intra country which means that they belong to within the country and this consumer behavior came out within the country.

- Global Citizens: normally constituted in 53% of the population who accept all these three characteristics.

- Global Dreamers: 23% (quality but not concerned with Corporate Social Responsibility)
- Anti Global: 13% (believe on quality but reject the concept of ideal position).
- Global Agnostics: 8% (treat all the same).

Combining the two approaches

- Global strategies with local execution (GLOCAL):
    o Sometimes marketers use a mixed or combination strategy
        ▪ Adaptive Global Marketing – trying to adapt
        ▪ For example, US customers are more conscious about the product attributes related messages. On the other side, if we look to the Taiwan customers, they are more interested in the aesthetics of the ad. Spanish are more emotional, and feminist in nature.
    o It is also important to note that consumers in different countries of the world have vastly different amounts of exposure to advertisements. For example, In Pakistan, how many people watch the TV and how much look to the newspaper.
- So, how to overcome these issues; most important factors to create a mix were focused on:
    o Local Language
    o Localize the product attributes
    o Models
    o Colors of Ad
    o Humor – relevant in the Pakistani market.
    o Scenic Background
    o Music

LECTURE NO. 39

SUB-CULTURES
(Prepared by: Amjad Shamim)

Recap

- Glocal
- Economy of scale in Ads
- Convergence or divergence
- Truly global brands
- Three Characteristics
    o Quality signal
    o Global Myth
    o Social Responsibility

Global Brand Extension

Brand Extension: Just because a brand may be global in character does not mean that consumers around the world will necessarily respond similarity to a brand extension. But for the global brand, extension is easy and important. It facilitate new products, other brands can be launched with the same brand name.

Adaptive Marketing Strategy

It requires high degree of local knowledge to incorporate the local values, beliefs and customs. When it comes to the design of e-commerce websites, a five nation research study suggests that consumers react best when content is adapted to their local needs. In some cases, the differences are sufficient to make localized advertising more appropriate than a global approach.

For example, Ronald McDonald's message in its branding is same around the world but when it comes to Japan, they use D instead of R so it becomes Donald McDonald's. Another example is Coke Diet, they use Coke Lite.

Combining the Two Approaches

As discussed earlier that the most important factors to create a mix were focused on:

- Local language
- Localize product attributes
- Models
- Humor
- Scenic Background
- Music

Now we are going to discuss whether a company should adapt global or local brand strategies.

Framework to assess strategy options

There are some stages:

- Stage one- no knowledge of brand (e.g. rover)
- Stage two – know it is foreign made but available locally (e.g. BMW or Mercedes) – favorable or not (country of origin)
- Stage third – foreign but with local status (Sony). Here, country of origin issues comes in the branding.
- Stage four – brand owned by foreign but assembled locally but brand adopted and localized (Coca Cola; Pepsi Cola, Honda, Toyota etc).
- Stage five – brand loses its national identity and is seen as borderless (Nescafe)

Global Marketing Strategies

PRODUCT STRATEGY	COMMUNICATION STRATEGY	
	Standardized Communication	Localized Communication
Standardized Product	GLOBAL - Uniform - Product/Message (Clear)	MIXED STRATEGY - Uniform product - Customized message (Head & Shoulder)
Localized Product	MIXED STRATEGY - Customized - Product/Uniform	LOCAL STRATEGY - Customized product - Customized message

		message (Pizza Hut; KFC Chicken)	(Honda motorcycle)

What is the best strategy? It needs research in cross cultural analysis to determine what the best is.

Another framework is to look at a continuum

Marketing Strategy 3p's

3 P's	SPECIFIC ELEMENT	STANDARDIZATION	LOCALIZATION
PLACE	- Economy - Partners - Competition	- Prosperous - Few - Low	- Struggling - Plentiful - Intense
PEOPLE	- Sophisticated - Segments - Classification	- Little preference - Few - Consumer durables	- Hi preference - Low - Many
PRODUCT	- Technology - Culture - Reputation - Product Perception	- High - Low - Sterling	- Low - High - Poor or Unknown

These two frameworks provide you the basic steps to prepare branding strategies for the multicultural society. You can apply these models to develop branding strategies for the different cultures and can make your brands successful. Specifically these frameworks are for the multinational companies. Now, we intend to discuss some other strategies which are crucial in the branding strategies.

Consumer Influence and Diffusion Process

- Diffusion of technology
    - E.g. Microwave oven – originally manufactured in USA and gradually moved to the European Market but with the passage of time, this product is manufacturing in other countries like China, Malaysia and exported to the USA.

- Informal Influence
    - Word of Mouth – Research indicates that word of mouth speaks far more than the paid form of advertising.
    - Opinion leaders – to understand the importance of word of mouth, marketers develop opinion leaders. Opinion leadership is a dynamic process by which one person informally influences the actions or attitudes of others who may be opinion seekers or merely opinion recipients. For example, if we want to purchase a laptop, we seek opinion about the laptop from the one who has experienced it. Hence we say that, opinion leaders are gregarious, self-confident, innovative people who like to talk. Additionally, they may feel differentiated from others and choose to act differently.
    - When opinion leaders become important, marketers try to understand where these would be located. Hence, it is necessary to talk about the opinion leadership process.
    - *The Opinion Leadership Process*
        - Market researchers identify opinion leaders by such methods as self-designation, key informants, the socio metric method, and the objective method.
        - For example, if we ask from anyone about a specific product that you have got opinion about the product before purchasing.
        - Studies of opinion leadership indicate that this phenomenon tends to be product-specific; that is, individuals "specialize" in a product or product category in which they are highly interested.
        - An opinion leaser for one product category may be an opinion receiver for another.

CONSUMER BEHAVIOR

LECTURE NO. 40

SUB-CULTURES
(Prepared by: Amjad Shamim)

As we had discussed about the opinion leaders in the previous lecture. We were talking about the process in which communication takes place between the opinion leader and opinion seekers.

When opinion leaders become important, marketers try to understand where these would be located. Hence, it is necessary to talk about the opinion leadership process.

- o *The Opinion Leadership Process*
  - Market researchers identify opinion leaders by such methods as self-designation, key informants, the socio metric method, and the objective method.
  - For example, if we ask from any one about a specific product that did you get opinion about the product before purchasing.
  - Studies of opinion leadership indicate that this phenomenon tends to be product-specific; that is, individuals "specialize" in a product or product category in which they are highly interested.
  - An opinion leaser for one product category may be an opinion receiver for another.

Opinion leaders don't receive anything against his/her opinion. But sometimes, opinion seekers become more important and are proactive. Because they have more interest in the product.

Informal Influence

- For example, I have taken pictures with some pictures,

Opinion Leadership

Interpersonal Communication

Social Networking

- It is found that people seek information from opinion leaders about:
  - o Garments
  - o Hotels etc

Researches have been done on:

- Opinion leaders influence
- Finding out the opinion leaders
- If consumer does not have information about a product, then information seekers try to identify the opinion leaders more and more.
- When an information seeker knows little about a particular product or service, a strong-tie source will be sought.
- When the consumer has some prior knowledge of the subject area, a weak-tie source is acceptable.

Word of Mouth in Today's 'Always in contact' World

Due to the advancement in information and communication technology, word of mouth is becoming more important. Two main sources are very important in todays' world:

- Internet
- Mobile Phones

For example,

- In the US, 200 million people have internet access, i.e. 67% of population.
- In China, 7% of population has internet access but mobile phone users are 312 million.
- Another research is conducted in UK where consumers were asked which information source would make them "more comfortable" with a company. The answer at the top of the list was "friends' recommendation". Only 15 % of the consumers mentioned "advertising".

Dynamics of Opinion Leadership Process

Opinion leadership as a process is a very dynamic and powerful consumer force.

CONSUMER BEHAVIOR

LECTURE NO. 41

OPINION LEADER

(Prepared by: Amjad Shamim)

International Markets

Culture

-   converging (simple to launch new brands)
-   Diverging

Motivation to purchase

-   e.g. in western culture – drinking a mineral water is a common norm but in Germany, using mineral water is more due to their vegetarian preference.

Global Brands

-   Globalization – economies of scales
-   Localization

Consumer behavior and their special influence on the diffusion process or consumer

How should we be aware of the difference?

Commonalities among cultures

-   Multinationals try to use an imagery that gives universal meanings.

Consumer Influences

-   Issue of the credibility of the message.

Opinion leaders are product specific. He shares his post dissonance experience with the opinion seekers.

- **Consumer influences**
- **Credibility of message**
  - Word of mouth
- **Opinion leaders** –
- **Market mavens** – who don't relate any single product but are enthusiastic to talk about many products.
- **Purchase Pals** – are the people who go to the market along with the opinion leaders or even seekers and help them in purchase process. This behavior is normally seen in durable goods. For example, male and female purchase pals act differently.
- **Surrogate Buyers** – Event managers / consultants who try to advise the person how to dress and how to use a product. What to have, how to have and how to arrange the dining tables etc.

Difference between opinion leaders and surrogate buyers
- In the case of opinion leader, the relationship is informal but in the case of surrogate, the relationship is formal and gets paid from the client.
- Consultants are very few whereas opinion leaders could be many.
- Liability of the consultants is very high then surrogate buyers.

Difference between market mavens and opinion leaders and surrogate buyers
- ??? who???? Related to numerous products not necessarily new but opinion leaders provide information about new products.
- Opinion leaders are more fashion conscious

How to identify Opinion Leaders?
We need to go to look to the profile of the consumer for which obviously we need to conduct research. Different streams can be helpful for us in determining opinion leaders:
- Use of technology
- Twitter

Profile of Opinion Leaders

- General Characteristics
  - These are more innovative as compared to market maven.
  - They are willing to talk and easily accessible
  - They are self confident.
  - They are Gregarious; they don't shy in front of others.
  - They have cognitive differentiation capability.
- Product Specific Characteristics
  - They have interest in the product.
  - They seek rapid knowledge about the products
  - They always visits special interest media
  - They normally have the same age group of the opinion seekers.
  - They belong to the same social status
  - They interact with other social classes.

Significant frameworks to find opinion leaders
- Self Mapping – in both the cases whether you are giving or seeking information.
- Socio-metric method – ask the person that who told you this where was are interested in the social networking. We want to figure out the exact opinion leader.
- Key informant method – one person is trying to explain that who could be considered as opinion leader
- Objective method - if the person has brought or bought the product is more appropriate than the one who didn't brought.

Implications
- Buzz Potential – those things about which one can talk about. There are different website like www.buzzagent.com
- Focus on new technology and get benefit out of that. E.g. putting information and seeking opinion from social networks like Facebook and Twitter etc.

Diffusion

How a brand diffuse in the market. There are two important constructs that need to be understood.

- Product diffusion process
- Product diffusion Innovation process

Diffusion is closely related with awareness. The faster the awareness is created, the faster will be the diffusion of the product in the market. Different innovative marketing strategies could be helpful in creating the awareness and diffusion. There are four factors of innovation disussed as follows:

- For Company
- For Market
- Product Innovation
- Technology Innovation

CONSUMER BEHAVIOR

LECTURE NO. 42

DIFFUSION PROCESS
(Prepared by: Amjad Shamim)

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Innovation and Diffusion Process

Diffusion process was developed by Mr. Bass in 1971 and was published in the Journal of Marketing.

We have already discussed about the opinion leaders and market mavens in the previous lectures. Before moving to the detail of Innovation and Diffusion process, let us have a detailed differentiation between opinion leader and market maven.

Interest	Opinion Leader	Market Maven
Knowledge	Product Specific	Variety
Leadership	Buyers of new products	Other Marketing Aspects
Search Behavior	Specific Product Category	All categories
Involvement	High	Knowledge Gathering
Brand Awareness	All brands of Specific Products	All brands of all product types
Assertiveness	Low	High
Fashion	Latest Trends	Not relevant

Again the big question is how to identify and how to communicate with the opinion leaders.

Marketers tend to communicate with opinion leaders so that they can influence people.

Assumed Model of Opinion Leader Communication

Mass Media ⟶ Opinion Leader ⟶ Opinion Seeker

Example of an ad.

"Tell your friend how much you like our product"

This message in advertisement is actually targeted to the opinion leader.

Two Researches:

In the USA, a 12 week research was done to compare the effect of companies' websites and discussion blogs. Discussion blogs were found to be more effective.

Another research was conducted in which a group of people was given certain music records and asked to listen and discuss with friends. It was found that these records were voted for Top 10 Charts from that particular area.

How innovators help in diffusion

Diffusion process is more at macro level that how product will be diffused in the market. On the other side, adoption process is more at the micro level.

There are few concerns in Innovation in Diffusion:

1. What is innovation
2. Channels of communication
3. Social system
4. Time
1. What is innovation
   a. For Company
   b. For Market
        i. Few people have bought it
        ii. For how long it has been in the market
   c. Product Innovation
        i. Discontinuous Innovation – e.g. from train to aeroplane, from radio to television. These are life changing innovations hence are called discontinuous innovation.

ii. Dynamic Continuous Innovation – e.g. cameras which give us advanced benefits and is a move to digital innovation. It does not change our life but give us better way of managing the things.

iii. Continuous Innovation – this is least disruptive. E.g. Telephone which gave us easy and quick way of communication. Let us look at the innovation that took place in telephone. Similarly, if we could see the innovation in some other products.

Discontinuous Innovation	Dynamic Continuous Innovation	Continuous Innovation
Telephone	Answering Machine Call waiting Voice Mail Caller ID Phone Banking	Call on hold Line in use Redial Autodial Special numbers like 0800 & 0900
Phonograph	CD Player	Programmable CD Player
Computer	Notebook	iPod
Automobile	Mini Van	Car with Antilock Brake
Television	TV with Remote Control	HD Television

LECTURE NO. 43

DIFFUSION PROCESS
(Prepared by: Amjad Shamim)

As we had discussed the product diffusion processes in the previous lecture.

Diffusion Process

- Macro level – Socio system
    - o for example, doctors are the target market for medicine
    - o In USA, fresh milk is preferred than packed milk.

Two Factors

- Individual acceptance
- Market acceptance

i-Phone – it took three years to diffuse in the market but when Apple launched i-Pad, it took only one year to diffuse. It indicates that hi-tech make the things easy for diffusion in the market.

Innovation for Market

- Exposure - 1000 people has brought the product
- For how long it has been in the market
- Related to product life cycle

Innovation for Consumers

Diffusion Process

Innovators --- Early adopters --- Early majority --- Late majority --- Laggards ---

Innovators – will not be brand loyal

Early adopters --- they will wait

Early majority - deliberate in their thought processes and are positive

Late majority – they are more skeptical. They look the things in a way that every thing is not good. They always try to find out faults in the products.

Product Life Cycle

Introduction --- Growth --- Maturity --- Decline

Comparison of Product Life Cycle and Adoption Process

Introduction ----------- Early adopter

Growth ------- Early majority

Maturity ------- Late majority

Decline ------ Laggards

Implications

For every stage of product lifecycle, we can develop strategies and target specific customers.

Factors influencing the diffusion

1. advantage of the product
    a. if customers don't find any benefit in the product, then they will not be willing to purchase that product.
    b. there has to be additional value for the customers.
2. Compatibility of the product
    a. Product must fit-in with consumers' existing system
3. Complexity of the use
    a. For example, old citizens are reluctant to use mobile phone initially as they couldn't operate but for young generation, it is very easy to use.
4. Tryability of the Product

      a. Risk involved here because for the new products, you don't know that whether the product will work as per your desire. The more reduced the risk factor is, the more chances are for the acceptability.

5. Observability

      a. The product which is more visible has more chances for its observation.

Barriers of adoption

1. Laggards – laggards are the big barriers because they continue using the same.
2. Risk

If we recall, in the previous lecture, we have been discussing about the diffusion process and we discussed some concerns for innovation in the diffusion process. We had discussed that innovation is for company, for market and for product.

d. For Company

e. For Market

    i. Few people have bought it

    ii. For how much time it has been in the market

f. Product Innovation

    i. Discontinuous Innovation – e.g. from train to aero plane, from radio to television. These are life changing innovations hence are called discontinuous innovation. Change the old way of behaviors. It is new methods of living. E.g. Automobiles are changing rapidly and making the improvements in every new model.

    ii. Dynamic Continuous Innovation – e.g. camera which gives us advanced benefits and is a move to digital innovation. It does not change our life but give us better way of managing the things. Another example is of computer in which initially Floppy was used to store the data but now USB is mainly used to store the data.

    iii. Continuous Innovation – this is least disruptive. E.g. Telephone which gave us easy and quick way of communication. Let us look to the innovation took place in telephone. Similarly, if we could see the innovation in some other products.

    iv.

Discontinuous Innovation	Dynamic Continuous	Continuous Innovation

	Innovation	
Telephone	Answering Machine	Call on hold
	Call waiting	Line in use
	Voice Mail	Redial
	Caller ID	Autodial
	Phone Banking	Special numbers like 0800 & 0900
Phonograph	CD Player	Programmable CD Player
Computer	Notebook	iPod
Automobile	Mini Van	Car with Antilock Brake
Television	TV with Remote Control	HD Television

CONSUMER BEHAVIOR

LECTURE NO. 44

DIFFUSION PROCESS (CONTINUE)
(Prepared by: Amjad Shamim)

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As we have been talking about the diffusion process in previous lecture where we have discussed certain steps of diffusion process which were as follows:

Diffusion Process

Innovators --- Early adopters --- Early majority --- Late majority --- Laggards ---

Innovators – will not be brand loyal

Early adopters --- they will wait for innovators to try the product they adopt the new product earlier but carefully.

Early majority - deliberate in their thought processes and are positive

Late majority – they are more skeptical. They look the things in a way that everything is not good. They always try to find out faults in the products.

When we compare this model with product life cycle, we see the following:

Introduction ----------- Early adopter

Growth ------- Early majority

Maturity ------- Late majority

Decline ------ Laggards

Now let us look to the diffusion process:

Diffusion Process: there are two main steps of diffusion process:

1. Adopters
2. Social System

- o Target market and segment
- o a combination of people and values system creates a social system
- o There are two broad categories of social systems
  - ▪ *Modernistic social system*
    - Positive attitude towards change
    - Advance and technically skilled
    - Respect for education and science
    - Rational and logical
    - Outreach of ideas
    - Multiple roles

  - ▪ *Traditional social system*

- o Another important factor in adoption process is time
  - ▪ Time – Category of adopters – rate of adoption

Implications for Marketers

- Communicate and demonstrate value
- Price promotional framework
- Incentives
- Product samples
- Place / Distribution system
- Identifying opinion leaders

Marketing Research will help us to cope up with all these challenges.

Adoption Process

Micro Level

- The process in which an individual passes through certain stages and adopt a product.
- Two important aspects

- At which time the consumer perceives a gap of need
- The solution – in form of new product

Five Stages of Individual Adoption Process

1. Awareness
2. Interest
3. Evaluation
4. Trial
5. Rejection or Adoption

CONSUMER BEHAVIOR

LECTURE NO. 45

DIFFUSION PROCESS (CONTINUE)
(Prepared by: Amjad Shamim)

In the last session, we had discussed about the adoption process and its important stages. Today, we intend to discuss consumer decision making.

Consumer Decision Making

Three levels of consumer decision making

1. Extensive problem solving behavior

    a. where consumer is not aware about the features of the products available to him/her

    b. No specific criteria in consumer's mind

2. Limited problem solving

    a. Some information is available to consumer

    b. Evoke Set – which we will normally use to make purchase decision.

    c. Excluded set – we decide that we will not even touch that specific product.

    d. Inert set – some sort of set exists but we didn't think to use that.

3. Routilized Problem Solving

    a. The brand about which we are already aware of but normally go in further details so that we can get aware of the changes.

    b. Major concern for marketers of new products. Marketers normally try to convince the consumers in this perspective. Marketers need to make creative changes to attract the customers.

    c. Generation Y is less brand loyal because of the varying choices and characteristics.

    d. Marketers will try to retain the customers by giving them what they want.

Capture strategy to retain customers using limited decision making

- Marketers will try to promote those features which are the top priority for the target customers. For example, Head & Shoulder promotes "dandruff free".
- To achieve, it is important for marketers to understand some consumer behavioral theories

Consumers' Approach Theories

There are four different perspectives:

1. Economic / Rational Theory
   a. Consumers have all information
   b. Capable of evaluating all information
   c. Can evaluate all alternatives

2. Passive View Theory
   a. Consumers are passive and only receive information.
   b. They don't have specific view and marketers can provide whatever he/she wants.

3. Cognitive View Theory
   a. Thought processes are involved
   b. Consumers have desire to solve problems
   c. Goal Oriented
   d. Thinking process is involved
   e. Customer has limited amount of information

4. Emotional Model
   a. Consumers are emotionally motivated to buy
   b. Memorabilia – those things/associations which we keep with ourselves for a long period of time.

c. Aesthetics are important in emotional model

Now finally we would like to draw whole consumer behavior model to make you understand that how consumers take action in response of marketer's strategies.

Basic Consumer Model:
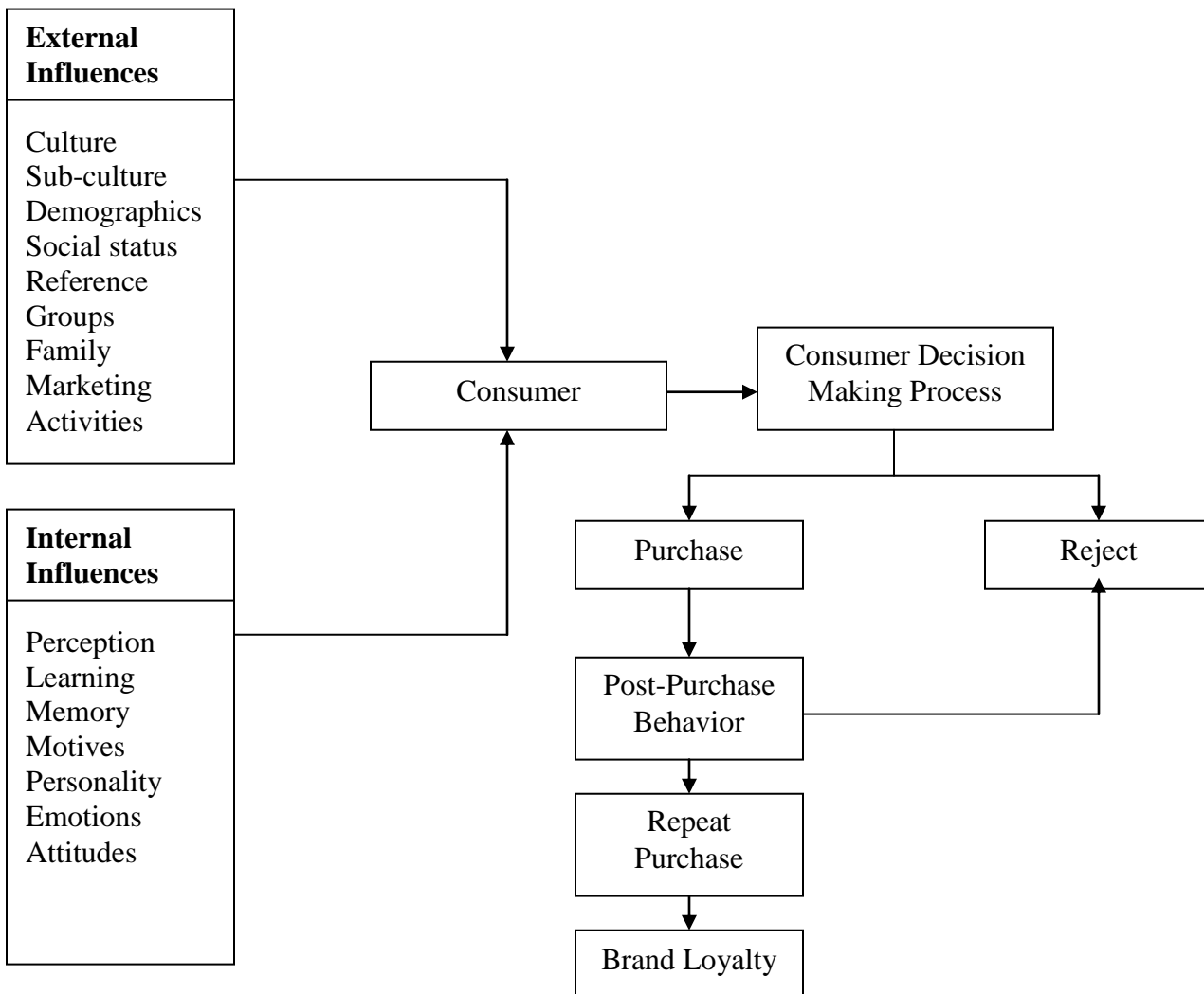
Relationship Marketing

If marketers succeed in satisfying the customers, they will intend to build long term relationships with them.

- Building trust between brand and consumer
- According to meta analyses, in relationship marketing:
    o More than 70% are focused on communication
    o It is needed to deliver something more to get customer loyalty
    o Offering club memberships

This is the end of lectures. We had tried to cover all the important aspects of consumer behavior. Please do consult text books to get comprehensive knowledge about consumer behavior.