

Course No. : EXTN 242 Course Title: Consumer Psychology in Business Management
Credit : (1+1=2) Semester: IV

Theory:

Psychology: Concept, Meaning, definitions, scope and importance. **Perception:** Meaning, definitions, determinants of perceptions, general principles, errors in perceptions. **Attitude:** Meaning and characteristics, formation of stereotypes and prejudices, factors in attitude change. **Consumer buying:** The decision making process. Consumer information processing, consumer learning process. **Consumer preferences:** Post-purchase processes, situational influence. Social classes and buying behaviour. **Emotion:** Concept, meaning, definition, motivation and emotion, type of emotion, theories of emotion, expressive components of emotions. **Learning:** Definition, principles, indicators theories of learning and experimental learning, factor affecting learning. **Consumer spending:** Consumer spending and savings, consumer behaviour and the marketing manager, product positioning, marketing mix development.

THEORY NOTES

A consumer is a person or group of people who are the final users of products and or services generated within a social system. A consumer may be a person or group, such as a household or a Family.

The consumer is the one who pays to consume the goods and services produced. As such, consumers play a vital role in the economic system of a nation.

In the absence of effective consumer demand, producers would lack one of the key motivations to produce: to sell to consumers.

The definition of consumer is often restricted to living persons (i.e. not corporations or businesses) and excludes commercial users.

Consumer behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and, the impacts that these processes have on the consumer and society.

- It attempts to understand the decision-making processes of buyers, both individually and in groups.
- It studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand people's wants.
- It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general.

Consumer behaviour is influenced by internal conditions such as demographics, psychographics (lifestyle), personality, motivation, knowledge, attitudes, beliefs, and feelings.

Behaviour can also be affected by external influences, such as culture, sub-culture, locality, royalty, ethnicity, family, social class, past experience reference groups, lifestyle etc.

Psychology concept, meaning, definition

Concept & Meaning

The word psychology is derived from the Greek word *psyche*, meaning 'soul' or 'mind.'

Psychology is an academic and applied discipline that involves the scientific study of mental functions and behavior.

- Psychology is a science that systematically studies the observable human behaviour and its relation with the UNSEEN MENTAL process, which goes on inside the organism as well as external events in the environment.
- Primary aim of psychology is to find the laws which relate behaviour to Situations, conditions and other behaviours.

Definitions of Psychology

- Science of Behaviour-William Mc Dougall (1908) The psychology is the science which aims to give us better understanding and control of the behaviour of organism as a whole
- Science of Human behaviour- Pillsbury (1911)
- Science of both human and animal behaviour-J.B. Watson (1913)
- Scientific investigation of human behaviour-Munn
- Science of behaviour and human relationships- Crow and Crow
- Science of behaviour and experience-Skinner
- Science of the activities of individual in relation to environment-Woodworth

Scientific study of mental processes and behaviour- **Bootzin and Bower (1991)**

Scientific study of the behaviour and mental processes of humans and animals -**Crooks and Stein (1991)**

Psychology (lit. "study of the soul" or "study of the mind") is an academic and applied discipline which involves the scientific study of human (or animal) mental functions and behaviors. In this field, a professional practitioner or researcher is called a psychologist, and is classified as a social scientist.

Psychologists study such things as perception, cognition, attention, emotion, motivation, personality, behavior and interpersonal relationships. Some, especially depth psychologists, also consider the unconscious mind. In addition or opposition to employing empirical methods, psychologists sometimes rely upon symbolic interpretation and critical analysis. Psychologists attempt to understand the role of mental functions in individual and social behavior, while also exploring the underlying physiological and neurological processes.

Psychological knowledge is applied to various spheres of human activity, including the family, education, and employment; and to the treatment of mental health problems. Psychology includes many sub-fields that span areas as diverse as human development, sports, health, industry, media and law. Psychology incorporates research from the social sciences, natural sciences, and humanities.

Psychology is both an applied and academic field that studies the human mind and behavior. Research in psychology seeks to understand and explain thought, emotion, and behavior.

Applications of psychology include mental health treatment, performance enhancement, self-help, ergonomics, and many other areas affecting health and daily life.

Today, psychologists prefer to use more objective scientific methods to understand, explain, and predict human behavior. Psychological studies are highly structured, beginning with a hypothesis that is then empirically tested. Psychology has two major areas of focus: academic psychology and applied psychology. Academic psychology focuses on the study of different sub-topics within psychology including personality psychology, social psychology, and developmental psychology.

Importance of Psychology

- Tries to understand our behavior
- Predicts how we will behave
- Assessment of Intelligence aptitude, attitude, personality
- To provide special education to exceptional cases
- In medicine treatment for mental illness and to diagnose and cure of mental patients
- In industry for selection for training, placement, specialised job skill
- Detection of Crime and dealing criminals
- Dealing with stress, guidance counseling in problematic cases
- Rehabilitation

Scope of Psychology

- Concerned with study of human and animal behavior
- Applied in other sciences like sociology, anthropology, biology
- To find out general principles useful in the understanding and control of behavior
- In all types of Behavior of Normal's, abnormal, child, young, old and animals too
- Relationship between changes in the Physical environment and human ability.
- Relation between physical stimuli and sensory process- psychophysics

1) Psychology as science of SOUL and MIND

- Mind is something in the body or heart which thinks, feels and acts.

And defining "**soul**", we have:

- the spiritual or immortal elements in a person.
- a person's mental or moral or emotional nature.
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CHARACTERISTICS OF MIND

- Nature of Mind is unclear
- Continuity- works continuously
- Unity- One and the same mind which thinks, reasons and remembers
- Active -- engage in constant activity
- Immaterial –It is not made of flesh, unlike brain
- Private- No one can observe any ones thoughts and wishes except himself

Three kind of Mental activity

- Cognitive –Knowing (thinking, reasoning, imagining)
- Co-native- Doing(walking, swimming, dancing)
- Affective- Feeling (Happy, Sad, Angry)

2) Psychology as Science of Consciousness:

Those aspect of human experience and Personality of which the PERSON HIMSELF IS AWARE

- a) Consciousness – Fully aware about what is going INSIDE and OUTSIDE of our body at any given time
- b) Subconscious –Not fully aware but can be pull back earlier to consciounes stage

- c) Unconscious- (Behose-Beshuddh) stage-Ideas, memories, feelings are suppressed or totally vanished, (too painful)

3) Psychology as science of BEHAVIOUR –mean those act of organism that can be observed, recorded and studied

- Behavior is the starting point of any psychology study(motivation, personality, emotions can be studied)
 - Behavior ---Can be external (eating, sleeping ,drinking which can be observed by naked eye) Process of thinking, reasoning, emotions are called behavior which consists of learned responses to external stimuli
- 4) While psychological knowledge is often applied to the assessment and treatment of mental health problems,
 - 5) It is also directed towards understanding and solving problems in many different spheres of human activity
 - 6) Psychology seeks to understand and explain how we think, act and feel.
 - 7) **Management** in all business and organizational activities is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively.

Management comprises(PODSSCCORBCM &E)

Planning, Organizing, Directing, Staffing ,Supervising, Communicating, Coordinating, Ordering, Reporting, Budgeting, Controlling, Monitoring, & Evaluating a group of one or more people or entities or effort for the purpose of accomplishing a goal

Why to study Psychology in B.M.?

- How consumers choose businesses, products and services
- The thought processes and emotions behind consumer decisions
- How environmental variables such as friends, family, media and culture influence buying decisions
- What motivates people to choose one product over another
- How personal factors and individual difference affect people's buying choices
- What marketers can do to effectively reach out to their target customers

Areas of Psychology (Fields)

Psychology is a broad and diverse field. A number of different subfields and specialty areas have emerged. The following are some of the major areas of research and application within psychology:

- **Abnormal Psychology** is the study of abnormal behavior and psychopathology. This specialty area is focused on research and treatment of a variety of mental disorders and is linked to psychotherapy and clinical psychology. Mental health professional typically utilize the Diagnostisic and Statistical Manual of Mental Disorders (DSM-IV) to diagnose mental disorders.

- **Biological Psychology**, also known as biopsychology, studies how biological processes influence the mind and behavior. This area is closely linked to neuroscience and utilizes tools such as MRI and PET scans to look at brain injury or brain abnormalities.
- **Clinical Psychology** is focused on the assessment, diagnosis, and treatment of mental disorders.
- **Cognitive Psychology** is the study of human thought processes and cognitions. Cognitive psychologists study topics such as attention, memory, perception, decision-making, problem solving, and language acquisition.
- **Comparative Psychology** is the branch of psychology concerned with the study of animal behavior. The study of animal behavior can lead to a deeper and broader understanding of human psychology.
- **Developmental Psychology** is the branch of psychology that looks at human growth and development over the lifespan. Theories often focus on the development of cognitive abilities, morality, social functioning, identity, and other life areas.
- **Counseling Psychology** – it performs personal and interpersonal operations in a person's being wherein the main concern are the emotional, social, vocational, educational, health-related, developmental and organizational areas.
- **Forensic Psychology** is an applied field focused on using psychological research and principles in the legal and criminal justice system.
- **Industrial-Organizational Psychology** is the area of psychology that uses psychological research to enhance work performance, select employee, improve product design, and enhance usability.

- **Personality Psychology** looks at the various elements that make up individual personalities. Well-known personality theories include Freud's structural model of personality and the "Big Five" theory of personality.
- **Health Psychology** – the method of applying psychological theory and studies to health, disease and health care. It is concerned with health-related behavior involving healthy diet, the doctor-patient relationship the patient's comprehension regarding health information and viewpoint about illness.
- **Child Psychology** – studies about the child's growth and development involving the stages of their social, emotional, mental and physical progress.
- **Psychology of Creativity** – it mainly involves new discoveries and usually resulted from different way of thinking.
- **Psychology of Beauty** – how an individual perceive and appreciates the beauty of other people and the things around him.
- **Animal Psychology** – how the animal respond to a stimuli in a trial and error process. Their responds to this method determines their behavior.
- **School Psychology** is the branch of psychology that works within the educational system to help children with emotional, social, and academic issues.
- **Quantitative Psychology** – involves and usage of mathematical and statistical methods in psychological research and the development of statistical technique in analyzing and illustrating a behavioral data.
- **School Psychology** – the combined principles of educational psychology and clinical psychology in understanding and treating students with learning difficulties and disabilities. As well as to encourage intellectual growth to every gifted students.
- **Social Psychology** is a discipline that uses scientific methods to study social influence, social perception, and social interaction. Social psychology studies diverse subjects including group behavior, social perception, leadership, nonverbal behavior, conformity, aggression, and prejudice.

Consumer psychology:

Consumer psychology is the study of the interactions between consumers and organizations.

The term consumer psychology refers to the study of how people relate to the goods and services they use in their daily lives. Also known as the study of consumer behavior, consumer psychology provides opportunities to examine issues such as what factors are most important when people decide to purchase a particular item, how customers determine the value of a service, and whether or not television and magazine advertisements can convince a reluctant consumer to try a new product for the first time. Consumer psychology seeks to describe and explain consumer behavior, although some consumer psychologists will attempt to predict or influence a customer's decisions.

The discipline of consumer psychology draws heavily from the fields of marketing, advertising, economics, anthropology, social psychology, and cognitive psychology. However, consumer psychology has been recognized as its own area of study since World War II. One of the first noted consumer psychologists was John B. Watson, the man who suggested that ads for Johnson & Johnson's baby powder be structured to subtly play on the anxiety and insecurity commonly felt by new mothers. His technique of recognizing the emotional appeal of advertising remains a cornerstone of consumer psychology today. Like any other discipline, consumer psychology has several possible areas of specialization. Some consumer psychologists study the impact of advertising or product packaging on a consumer's purchasing decisions. Others focus their research on how marriage, parenthood, and other important life stages affect consumer behavior. The psychology of price, or how the perceived value of an item is determined, is another popular specialty within the field of consumer psychology.

Consumer psychologists can be researchers, educators, consultants, managers, and policy makers. A bachelor's degree in consumer psychology prepares you for entry-level jobs with advertising agencies, research firms, governmental institutions, and private corporations that wish to learn more about how customers interact with a particular product. However, a graduate degree in marketing, management, or advertising is often necessary before one can expect to advance within the field.

Career opportunities in consumer psychology offer a chance to interact with a variety of people while applying problem solving and creative thinking skills to a number of tasks. A typical day working in the field of consumer psychology involves brainstorming, analyzing research data, preparing reports, and meeting with clients. The risk of burnout is quite high, however, since most professionals are expected to work large amounts of overtime when an employer is preparing for a product launch.

Branch of social psychology concerned with the market behaviour of consumers. Consumer psychologists examine the preferences, customs, and habits of various consumer groups; their research on consumer attitudes is often used to help design advertising campaigns and to formulate new products. Thus Consumer psychology seeks to explain human, or *consumer* behavior, in two basic ways: what the consumer *wants* and what the consumer *needs*. The logical explanation for fulfilling the needs is a simple one. If a person lives in New York, that person needs a winter coat to survive the cold outside. But why the person buys a particular style or color hinges on the more complex issues of why a particular choice is made.

Consumer behaviour

Is the study of when, why, how, and where people do or do not buy products.^[1] It blends elements from psychology, sociology, social anthropology and economics. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general.

Customer behaviour study is based on consumer buying behaviour, with the customer playing the three distinct roles of user, payer and buyer. Relationship marketing is an influential asset for customer behaviour analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer. A greater importance is also placed on consumer retention, customer relationship management, personalisation, customisation and one-to-one marketing. Social functions can be categorized into social choice and welfare functions.

Each method for vote counting is assumed as a social function but if Arrow's possibility theorem is used for a social function, social welfare function is achieved. Some specifications of the social functions are decisiveness, neutrality, anonymity, monotonocity, unanimity, homogeneity and weak and strong Pareto optimality. No social choice function meets these requirements in an ordinal scale simultaneously. The most important characteristic of a social function is identification of the interactive effect of alternatives and creating a logical relation with the ranks. Marketing provides services in order to satisfy customers. With that in mind, the productive system is considered from its beginning at the production level, to the end of the cycle, the consumer (Kioumars et al., 2009).

Belch and Belch define consumer behaviour as 'the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires'.

Perception

Meaning

- The process by which we become aware of objects and events in the external world.
 - The process of making sense of the world around us
 - The ability to see, understand etc clearly,
 - Similar terms used to Understand Awareness, Understanding Sense Impression, Feeling, Idea, Taste, Notion, Recognition, Observation, Consciousness, Grasp, Sensation, Apprehension
-
- Perceptions differ from person to person.
 - Each individual perceives the same situation differently.
 - Group perceptions can influence one's perception.
 - Individuals organise and interpret things based on their past experiences and the important values they consider important.
 - Employees tend to behave and act on certain things on the basis of their perception
 - In philosophy, and psychology/cognitive sciences, perception is the process of attaining awareness or understanding of sensory information.
 - The word "perception" comes from the Latin words *perceptio*, *percipio*, and means "receiving, collecting, action of taking possession, apprehension with the mind or senses."

Definitions

The process by which an organism detects and interprets information from the external world by means of the sensory receptors.

- Perception (from the Latin *perceptio*, *percipio*) is the organization, identification and interpretation of sensory information in order to represent and understand.
- Perception: A Process by which individual Organize and Interpret their Sensory Impressions in order to give meaning to their environment.
- "Perception can be defined as the process of receiving, selecting, organising, checking and reacting to sensory stimuli or data". (udai pareek & others)

Determinants/ Elements of Perception

Perception is a process of sensory organs. The mind gets the information through the five sense organs, i.e., eyes, nose, ears, tongue, and skin. The stimulation comes to the organs through action, written messages, oral communication, taste, touch, etc. The perception starts with the awareness of these stimuli. Recognising these stimuli takes place only after paying attention to them. These message are then translated into action.

Perception involves several elements (subprocesses) which are listed below:

- 1) Stimuli:** The receipt of information is the stimulus which results in sensation. Knowledge and behaviour depend on senses and their stimulation. These senses are influenced by a larger number of stimuli. The family, social and the economic environment are important stimuli for the people. The physiological and psychological functions are impact of these stimuli. The intensive and extensive forms of stimuli have a greater impact on the sensory organs. The physical work environment, socio-cultural environment and other factors have certain stimuli to influence the employee's

perception. In organisational settings, the supervisor may form the stimulus situation for the worker's perceptual process.

- 2) **Attention:** The stimuli that are paid attention depend purely on the people's selection capacity and the intensity of stimuli. Educated employees pay more attention to any stimuli, for example, announcement of bonus, appeal for efficiency, training, and motivation. The management has to find out suitable stimuli, which can appeal to the employees at the maximum level. An organisation should be aware of all those factors, which affect the attention of the employees. During the attention process, sensory and neural mechanisms are affected and the message receiver becomes involved in understanding the stimuli. Taking employees to the attention stage is essential in an organisation for making them behave in a systematic and required order.
- 3) **Recognition:** The messages or incoming stimuli are recognised before they are transmitted into behaviour. Perception is a two-phase activity, i.e., receiving stimuli and translating the stimuli into action. The recognition process is dependent on mental acceptability. For example, if a car driver suddenly sees a child in front of his running car, he stops the car. He recognises the stimuli, i.e., the life of the child is in danger. His mental process recognises the danger after paying attention to the stimuli. If he does not attention to the stimuli, he cannot recognise the danger. After recognising the stimuli, he translates the message into behaviour.
- 4) **Translation:** The management in an organisation has to consider the various processes of translating the message into action. The employees should be assisted to translate the stimuli into action. For example, the announcement of bonus should be recognised as a stimulus for increasing production. The employee should translate it into appropriate behaviour. In other words, they should be motivated by the management to increase productivity.
- 5) **Behaviour:** Behaviour is the outcome of the cognitive process. It is a response to change in sensory inputs, i.e., stimuli. Perceptual behaviour is not influenced by reality, but is a result of the perception process of the individual, his learning and personality, environmental factors and other internal and external factors at the workplace. The psychological feedback that may influence the perception of an employee may be superior behaviour, his eye movement, raising of an eyebrow, the tone of voice, etc. The behaviour of employees depends on perception, which is visible in the form of action, reaction or other behaviour. The behavioral termination of perception may be overt or covert.
- 6) **Performance:** Proper behaviour leads to higher performance. High performers become a source of stimuli and motivation to other employees. A performance-reward relationship is established to motivate people.
- 7) **Satisfaction** High performance gives more satisfaction. The level of satisfaction is calculated with the difference in performance and expectation. If the performance is more than the expectation, people are delighted, but when performance is equal to

expectation, it results in satisfaction. On the other hand, if performance is less than the expectation, people become frustrated and this requires a more appealing form of stimulus of developing proper employee work behaviour and high performance. It is essential to understand the factors that influence the perception process and mould employees' behaviour towards the corporate objectives and self-satisfaction.

Internal Factors Influencing The Perception Process

The internal set factors are as under:

- a) Habit
- b) Motivation and interest
- c) Learning
- d) Organizational and specialization
- e) Economic and social background
- f) Personality

a) Habit: Habits die hard and therefore individuals perceive objects, situations and conditions differently according to their habits. A Hindu will bow and do Namaskar when he sees a temple while walking on road, because of his well-established habit. These are several instances in life settings where individuals tend to react with the right response to the wrong signals. Thus a retired soldier may throw himself on the ground when he hears a sudden burst of car tyre.

b) Motivation and interest: Two examples of motivational factors are hunger and thirst. Motivational factors increase the individual's sensitivity to those stimuli which he considers as relevant to the satisfaction of his needs in view of his past experience with them. A thirsty individual has a perceptual set to seek a water fountain or a hotel to quench his thirst, which increases for him likelihood of perceiving restaurant signs and decreases the likelihood of visualizing other objects at that moment in time. A worker who has a strong need for affiliation, when walks into the lunchroom, the table where several coworkers are sitting tends to be perceived and the empty table or the table where only one person is sitting will attract no attention.

c) Learning: The state of learning influences and plays a crucial role in the perception process. However, it should be recognized that the role of learning is more pronounced in respect of complex forms of perception where the symbolic content creeps into the process. Although interrelated with motivation and personality, learning may play the single biggest role in developing perceptual set.

People perceive as per their levels of learning. it is therefore essential for the organization to make its employees knowledgeable and educated for their effective performance and behaviour. The learning of managers and workers is a twin requirement.

d) Organizational role and specialization: The modern organizations value specialization. Consequently the specialty of a person that casts him in a particular

organizational role predisposes him to select certain stimuli and to disregard others. Thus in a lengthy report a departmental head will first notice the text relating to his department.

e) Economic and social background: The employee perceptions are based on economic and social backgrounds. Socially and economically developed employees have a more positive attitude towards development rather than less developed employees.

Personality: The personality of the perceiver as well as the stimulator have an impact on the perception process. The age, sex, race, dress, etc of both the persons have a direct influence on the perception process.

External Factors Influencing The Perception Process

The external attention factors are:

- a) Intensity
- b) Size
- c) Contrast
- d) Repetition
- e) Motion
- f) Novelty and familiarity
- g) Situations

a) Intensity: The intensity of stimulus implies that the more intense the stimulus audio or visual, the more is the likelihood it will be perceived. A loud noise, strong odour or bright light or bright colours will be more readily perceived than soft sound, weak odour or dim light. It is because of this advantage that advertisers employ intensity to draw the consumers' attention.

b) Size: The size of the object or stimulus has a greater impact on the perception process because the size influences attention and recognition in a more effective manner. A Great Dane dog which is tall attracts the attention. At the same time a pocket dog also attracts attention because of its size. However, generally the larger the object the more likely it will be perceived. The amount of attention enhances with the size of the newspaper advertisement exposed to the individuals although the increase in attention may not be directly proportional to the increase in size.

c) Contrast: Contrasting objects have more impact on behaviour. The contrast principle states that external stimuli, which stand out against the background or which, are not what the people expect will receive attention. Plant safety signs, which have black lettering on a yellow background or white lettering on a red background, are attentions getting.

Any change in the accustomed atmosphere attracts attention. If one or more of the machines should come suddenly to a halt, the supervisor would immediately notice the difference in noise level. Also a person who has fallen asleep in a bus because of the drone of the engine wakes up immediately the engine stops.

d) Repetition: Repeated stimuli have more impact on performances than a single statement. Repetition has the advantage of being attention catching. Perhaps, it is because of this that

supervisors tend to repeat directions regarding job instructions several times for even simple tasks to hold the attention of their workers. Advertisers while putting T.V. or radio advertisements repeat the brand name they are advertising.

e) Motion: The factor of motion implies that the individuals attend to changing objects in their field of vision than to static objects. It is because of this advantage that advertisers involve signs, which include moving objects in their campaigns. At an unconscious level the animals in the jungles make use of this principle. A tiger lying in wait is motionless until his prey is nearer him and then jumps at an appropriate moment.

f) Novelty and familiarity: A novel object in the familiar situation or a familiar object in a novel situation tends to attract attention. Thus a white person or a black person in India catches attention faster. Job rotation is an example of this principle. Recent research indicates that job rotation not only increased attention but also employees' acquisition of new skills.

g) Situations: Situations have a great influence on people's perceptions. A favourable work environment develops a positive attitude and work culture because the perception process is easily channelised and rightly directed.

Principles of perception/ General laws of perception.

- 1. Law of Similarity**
- 2. Law of Proximity or Contiguity**
- 3. Law of Continuity**
- 4. Law of Closure**
- 5. Law of Constancy**

1. Law of similarity

The principle of similarity states that the greater the stimuli, the greater the tendency to perceive them as common group. When objects of similar shape, size, or colour tend to be grouped together.

2. Law of proximity/Principle of proximity

The principle of proximity underlines the tendency to perceive stimuli which are near one another as belonging together. This is tendency to perceive sensory data as related because of close physical location.

3. Principle of closure

The principle of closure states that a person has tendency to perceive a whole when none exists. The person's perceptual process will close the gaps which are unfilled from sensory inputs. The closure principle demonstrates the perceiver's ability to perceive a whole object even though only part of object is evident.

4. Law of continuity

Continuity is the tendency to perceive objects as continuing patterns if they are not actually continuous. The principle of closure supplies missing stimuli, whereas the principle of continuity says that a person will tend to perceive continuous lines or patterns. E.g. we are more likely to identify lines a-b and c-d crossing thanjo identify a-d and c-b or a-c and d-b as lines

5. Principle/law of constancy

Perceptual constancy denotes the tendency of animals and humans to see familiar objects as having standard shape, size, colour regardless of changes in the angle of perspective, distance or lighting. Perceptual constancy is responsible for the ability to identify objects under various conditions. It is our ability to perceive certain characteristics of an object as remaining constant, despite variation in the stimuli that provides us with conflicting information. E.g. a person having blue car identifies his car even though in street light, or mid light, or by seeing from any angle.

Perceptual distortions/ Errors in Perception

Errors in perceptual judgement are called perceptual distortions. Various perceptual distortions are:

1. Stereotyping
2. Projection
3. First impression
4. Halo effects
5. Perceptual defense
6. Attribution
7. Expectancy effect

Stereotyping -Judging people on the basis of the characteristics of the group of which they belong, is called stereotyping. Stereotype damages personal relationships, sometimes creates social injustice. Stereotype-is used to simplify information. eg."men lack feelings" "feminist hates men"

Halo effects- It refers to the tendency of perceiving people in terms of good and bad and ascribing all good qualities to one who is liked and all bad qualities to another who is disliked. Form a general impression based on 1 aspect or single attribute of a person.

Projection -Projection is the tendency for people to see their own traits in other people. That is, they project their own needs, feelings, values and attitudes into their judgement of others. The best guard from projection error is self-awareness and empathy.

Expectancy effects/ self-fulfilling prophecy - We constantly make mental guesses about how people, events, or things will be. Sometimes we are right; other times we are wrong. Occasionally we are deliberately misled. You predict their behavior as if true ego People don't like me-then act that way can be positive self-fulfilling for +ve effect.

First impression- First impression count is known technically as the primary effect. The information we get first is weighted more heavily because it is assumed to be more important. The first impression last longer unless it is greatly contradicted by information received later. We judge the people as weighted average information we have about them.

Perceptual defense - Perceptual defense is the tendency of people to protect themselves against ideas, objects, situations or people that are threatening. Generally people perceive things that are satisfying and pleasant but tend to discount things that are disturbing and unpleasant.

Attribution errors - Tendency of person to make judgments about the behavior of other people, and to underestimate the influence of external factors and overestimate the influence of internal or

personal factors. This is called fundamental attribution error. Individuals tend to attribute their own success to internal factors like ability or efforts but put the blame for failure on external factors like luck(called "*self-serving bias*" means people gives themselves too much credit for what they do well and give external forces too much blame when they fail.) Exam failed actor extemal==--> noise in room, bad test observer-internal-> poor study skill, not smart.

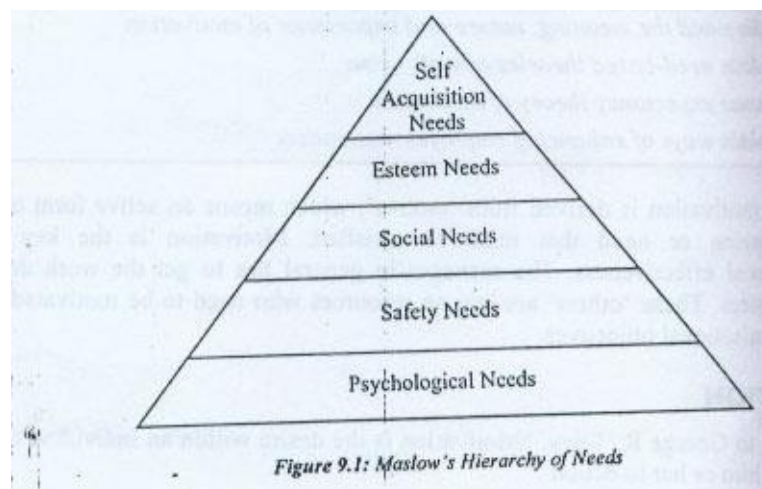
HOW TO AVOID PERCEPTUAL ERRORS

1. AVOID HASTY CONCLUSIONS
2. TAKE MORE TIME PATIENCE
3. BE AVAILABLE--LISTEN--SEE OTHER VIEW
4. COMMIT SELF-SEEK INFO BEFORE JUDGMENT
5. CREATE PROPER CLIMATE -IS IT OK TO SAY
6. MAKE ADJUSTMENTS-BE PREPARED TO CHANGE

MASLOW'S HUMANISTIC THEORY OF HUMAN NEEDS

Maslow's Hierarchy of Needs

Maslow Abraham proposed his theory in the 1940s. This theory, popularly known as the Hierarchy of Needs assumes that people are motivated to satisfy five levels of needs: physiological, security, belongingness, esteem and self-actualization needs. The figure 9.1 shows Maslow's hierarchy of needs



Maslow suggested that the five levels of needs are arranged in accordance with their importance, starting from the bottom of the hierarchy. An individual is motivated first and foremost to satisfy physiological needs. When these needs are satisfied, he is motivated and 'moves up' the hierarchy to satisfy security needs. This 'moving up process continues until the individual reaches the self-actualization level.

Physiological needs represent the basic issues of survival such as food, sex, water and air. In organizational settings, most physiological needs are satisfied by adequate wages and by the work environment itself, which provides employees with rest rooms, adequate lighting, comfortable temperatures and ventilation.

Security or safety needs refer to the requirements for a secure physical and emotional environment. Examples include the desire for adequate housing and clothing, the need to be free from worry about money and job security and the desire for safe working conditions. Security needs are satisfied for people in the work place by job continuity, a grievance resolving system and an adequate insurance and retirement benefit package.

Belonging or social needs are related to the, social aspect of human life. They include the need for love and affection and the need to be accepted by one's peers. For most people these needs are satisfied by a combination of family and community relationships and friendships on the job.

Managers can help ensure the 'satisfaction of these important needs by allowing social interaction and by making employees feel like part of a team or work group.

Esteem needs actually comprise of two different sets of needs:

- The need for a positive self-image and self-respect.
- The need for recognition and respect from others.

Organizations can help address esteem needs by providing a variety of external symbols of accomplishment such as job titles and spacious offices. At a more fundamental level, organizations can also help satisfy esteem needs by providing employees with challenging job assignments that can induce a sense of accomplishment.

At the top of the hierarchy are those needs, which Maslow defines the self-actualization needs. These needs involve realizing one's potential for continued: growth and individual development. Since these needs are highly individualized and personal, self-actualization needs are perhaps the most difficult for managers to address. Therefore, an employee should try to meet these needs on his own end. However, an organization can help his employee by creating a climate for fulfillment of self-actualization needs. For instance, an organization can help in fulfillment of these needs by encouraging employee's participation in decision-making process and by providing them with an opportunity to learn new things about their jobs and organization. This process of contributing to actual organizational performance helps employees experience personal growth and development associated with self-actualizing.

Maslow's concept of the need hierarchy possesses a certain intuitive logic and has been accepted universally by managers. But research has revealed several shortcomings of the theory such as some research has found that five levels of needs are not always present and that the order of the levels is not always the same as assumed by Maslow. Moreover, it is difficult for organizations to use the need hierarchy to enhance employee motivation.

Attitude

रवैया (ravaiya, ravaiyaa, rawaiya), भाव (bhav, bhaav, bhaw), स्थिति (sthati), ठाठ (thath, thaath), रुख (rukhi), प्रवृत्ति (pravriti, prawriti), मनोवृत्ति (manovriti, manowriti), वृत्ति (vriti, writi), व्यवहार (vyavahar, vyavahaar, wyawahar), अभिवृत्ति

An attitude is a cognitive element; it always remains inside a person. In organizational context, employees have attitudes related to job security or uncertainty, prestige of the department and the work that does etc. The individual's attitudes toward these factors are indicative of his apathy or enthusiasm toward the activities and objectives of the organization.

Attitude: Definitions

- A complex mental state involving beliefs and feelings and values and dispositions to act in certain ways.
- A learned predisposition to behave in a consistently favorable or unfavorable manner with respect to a given object. (Schiffman and Kanuk)
- An attitude can be defined as a positive or negative evaluation of people, objects, event, activities, ideas, or just about anything in your environment.
- Jung's definition of attitude is a "readiness of the psyche to act or react in a certain way"
- Attitude is state of MIND of an individual towards some thing. (J. E. Newman)
- A psychological **tendency** that is expressed by **evaluating** a particular entity with some degree of favor or disfavor-- Eagley and Chaiken (1993).

Features of Attitude

- Changes with time & situation
- Related to feelings & beliefs of people
- Effects one's behaviour positively or negatively
- Affect perception
- Learned through experiences
- May be unconsciously held

Nature & Characteristics of Attitude

An attitude is a tendency to react positively or negatively in regard to an object. For example, a person who has a positive attitude towards the religion is likely to enjoy going to worship services, believe that the religious institutions foster morality and may, therefore, contribute financially also. An attitude is always directed toward some object, such as the temple, school, etc. A person who has an attitude has a readiness or a disposition to react favorable or unfavorably to anyone of a large variety of related situations. Until some situation arouses it, however, the attitude is latent.

An **attitude** is a hypothetical construct that represents an individual's degree of like or dislike for an item. Attitudes are generally positive or negative views of a person, place, thing, or event-- this is often referred to as the attitude object. People can also be conflicted or ambivalent toward an object, meaning that they simultaneously possess both positive and negative attitudes toward the item in question.

Attitudes are judgments. They develop on the ABC model (affect, behavior, and cognition). The affective response is an emotional response that expresses an individual's degree of preference for an entity. The behavioral intention is a verbal indication or typical behavioral tendency of an individual. The cognitive response is a cognitive evaluation of the entity that

constitutes an individual's beliefs about the object. Most attitudes are the result of either direct experience or observational learning from the environment.

ATTITUDE COMPONENT Or ABC of Attitude

- Affective Component---What you feel.? (liking, feeling for)
- Behavioral Component---What you do.? (how you behave toward object in question)
- Cognitive Component ----What you think?(your beliefs/thoughts about object in question)

Attitude can be characterized by :

1. **Valence:** It refers to the magnitude or degree of favorableness or unfavorableness toward the object/event. If a person is relatively indifferent toward an object then his attitude has low valence.
2. **Multiplicity:** It refers to the number of elements constituting the attitude. For example, one student may show interest in studies, but another not only shows interest, but also works hard, is sincere, and serious.
3. **Relation to Needs:** Attitudes vary in relation to needs they serve. For example, attitudes of an individual toward the pictures may serve only entertainment needs. On the other hand, attitudes of an employee toward task may serve strong needs for security, achievement, recognition, and satisfaction.
4. **CENTRALITY ASPECT**-importance of attitude object to someone

Types of Attitude

1. Positive attitude
2. Negative attitude
3. Neutral attitude
4. Sikken attitude

1. Positive attitude

It basically means that keeping a positive mindset and thinking about the greater good, no matter whatever the circumstances are.

A positive attitude has many benefits which affect out other kinds of behaviour in a good way.

For example, a person who has a positive attitude and mindset will look for the good in other person's no matter how bad they behave or how bad is their attitude.

“A POSITIVE ATTITUDE BRINGS STRENGTH, ENERGY, MOTIVATION AND INITIATION.”

- Confidence
- Happiness
- Sincerity
- Determination

2. Negative attitude:

A negative attitude is something that each and every person should avoid.

Generally, the people will negative attitude ignore the good things in life and only think about whether they will fail.

They often find a way out of tough situations by running away from it.

“A BAD ATTITUDE IS LIKE FLAT TIRE.YOU CAN NOT GO ANYWARE UNTIL YOU CHANGR IT.”

- Anger
- Doubt
- Frustration

3. Neutral attitude

This is another type of attitude that is common.

That mindset is a neutral one.

There is no doubt. Neither is there any kind of hope.

The people generally tend to ignore the problems in life. They wait for some other individual to take care of their problems.

They never feel the need to change themselves as they can simply live with the way they are.

4. Sikken Attitude

One of the most dangerous types of attitude and different is the sikken attitude.

The sikken attitude has the calibre to destroy every image that comes in connection with a positive image.

This type of attitude is more of a negative attitude and is very destructive.

It often reflects the mind's negativity. It is necessary to let go off this kind of attitude for the betterment of the self and the people around you.

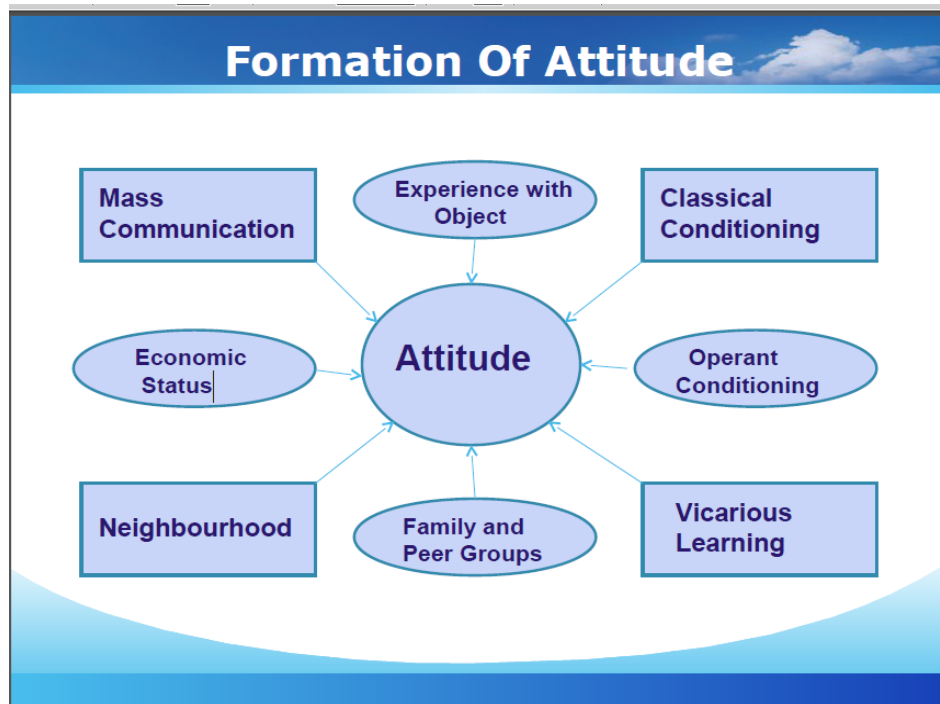
They are often difficult to be mended because the attitude is deep-rooted within one's personality. However, with time, it nevertheless is possible to change the course of direction of this attitude.

Types of Attitudes used in Organization

A person can have thousands of attitudes, but OB focuses the attention only a very limited number of job related attitudes. The following are some types of attitudes:

1. **Job Satisfaction:** It refers to an individual's general attitude toward his or her job. A person with a high level of job satisfaction holds positive attitudes towards the job, while a person who is not satisfied holds a negative attitude about the job.
2. **Job Involvement:** It measures the degree to which a person identifies psychologically with his or her job and considers his or her perceived performance level important to his or her self worth. Employees with a high level of job involvement strongly identify with and really care about the kind of work they do on their job.
3. **Organizational Commitment:** It is defined as a state in which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization. So high job involvement means identifying with one's specific job, while high organizational commitment means identifying with one's employing organization.

Attitude formation



- **Experience with Object** : Attitude can develop from a personally rewarding or punishing experience with a object.
- **Classical Conditioning** :It involves involuntary responses and is acquired through the pairing of two stimuli.
- **Operant Conditioning** : It is based on the “Law of Effect” and involves voluntary responses Behaviors.
- **Vicarious Learning** : Formation of attitude by observing behaviour of others and consequences of that behaviour.
- **Family and Peer Groups** : A person may learn attitudes through imitation of parents.
- **Neighbourhood** : Involves being told what attitudes to have by parents, schools, community organizations,religious doctrine, friends, etc.
- **Economic Status** : Our Economical and occupational positions also contribute to attitude formation.
- **Mass Communication** :Television, Radio, Newspaper and magazine feed their audiences large quantities of information.

FORMATION OF STEREOTYPES AND PREJUDICES

Stereotypes

The word *stereotype* was invented by [Firmin Didot](#) in the world of [printing](#);

A "stereotype" is a mental representation and a form of social categorization made about specific individuals or a group and its members.

A stereotype can be deemed 'positive', or 'negative'.

Once a set of characteristics is used to describe a group of people, those characteristics are often attributed to all members of the group, thus affecting the behaviour of the people or individual who hold the stereotype, and those who are labelled by a stereotype.

- Standardized" and "simplified" conceptions/images of groups, based on some prior knowledge
- Stereotypes are created based on some idea of abstract familiarity
- Lack of personal, actual familiarity

FORMATION of Stereotypes

- How stereotypes develop: Psychologists may Focus on an individual's experience with groups, Patterns of communication about those groups, and intergroup conflict.
- Relations among different groups in a social structure.
- Stereotypes are the result of conflict, poor parenting, and inadequate mental and emotional development

Social Categorization & Social Identity Theory of stereotype formation

- Earlier on, Tajfel (1971) argued that stereotypes developed through a natural process of social categorization, which is when people categorize groups of people based on common traits or characteristics.
- However, this does not explain how it actually happens.

Stereotypes can be based on:

- Historical factors
- Generalization
- Presentation of cultural attributes as being 'natural'
- Forms of discrimination
- Association of persons with other groups

Illusory Correlation (Social Cognitive Theory)

- Hamilton and Gifford (1976) argued instead that stereotypes formed through a type of cognitive bias, “a person's tendency to make errors in judgement based on cognitive factors,” which is known as illusory correlation.

Cognitive bias

After illusory correlations are formed, people actively seek to confirm and support their beliefs by looking for evidence in a "biased" way, which is known as confirmation bias.

Illusory correlation comes in many forms such as culturally based prejudice about social groups. Cognitive bias may cause us to reinforce previously developed stereotypes

Therefore making this bias, “stereotypical thinking resistant to change.”

Prejudices

A *prejudice* is a pre-judgment i.e. a preconceived belief, opinion, or judgment made without ascertaining the facts of a case.

The word *prejudice* is most commonly used to refer to a preconceived judgment toward a group of people or a single person because of race, social class, gender, ethnicity, age, disability, political beliefs, religion, line of work or other personal characteristics. It also means a priori beliefs (without knowledge of the facts) and includes "any unreasonable attitude that is unusually resistant to rational influence." Although positive and negative prejudice both exist, when used negatively, "prejudice" implies fear and antipathy toward such a race.

Definition

- Prejudices are preconceived judgments formed without grounds or sufficient knowledge.
- Prejudices are claims made without knowledge or familiarity with a person.

1. An unfavorable opinion or feeling formed beforehand or without knowledge, thought, or reason.

2. Any preconceived opinion or feeling, either favorable or unfavorable.

- **Cognitive Prejudice** refers to what people believe to be true. metaphysical or methodological philosophy at the expense of other philosophies which may offer a more complete theoretical explanation.
- **Affective Prejudice** refers to what people like and dislike: for example, in attitudes toward members of particular classes such as race, ethnicity, national origin, or creed.
- **Behavioral Prejudice** refers to how people are inclined to behave. It is regarded as an attitude because people do not act on their feelings. An example of conative prejudice may be found in expressions of what should be done if the opportunity presents itself.

These three types of prejudice are correlated, but all need not be present in a particular individual. Someone may believe that a particular group possesses low levels of intelligence, but harbor no ill feeling towards that group. A group may be disliked because of intense competition for jobs, but still recognize no differences between groups.

"Discrimination" is a behavior (an action), with reference to unequal treatment of people because they are members of a particular group. Farley also put discrimination into three categories:[2]

Theories of Prejudice Formation

1) Normative Theory-

- Identifies core socialization experiences as primarily responsible for the creation and reinforcement of prejudices.
- family, one's circle of friends, one's, community, and the mass media all systematically teach attitudes.

2) Scapegoat Theory-

- Identifies the human need to displace blame for personal shortcomings and misfortunes onto some relatively powerless target group.
- This group typically serve to bear the brunt of blame for a whole host of wrongs perceived by the individual.
- Prejudice is rooted in human nature and therefore can never be fully eradicated.

3) Exploitation Theory-

- Identifies conflicting economic interests as the root source/cause of prejudice.
- e.g. competition for jobs and business clients, there is a tendency to subscribe to various prejudices that might help them to justify actions and policies.

4) Authoritarian Personality Theory-

- Identifies a particular type of personality as the root source of a tendency to look upon the world in dichotomous terms of good and evil, right and wrong.
- This personality type is allegedly created by a harsh, disciplinary childhood background.
- Persons with such a personality type are allegedly disposed to adopt prejudicial attitudes about all sorts of things.

Factors in Attitude change

Attitudes can be changed through persuasion. we should understand attitude change as a response to communication. He and his colleagues did experimental research into the factors that can affect the persuasiveness of a message:

1. **Target Characteristics:** These are characteristics that refer to the person who receives and processes a message. One such trait is intelligence - it seems that more intelligent people are less easily persuaded by one-sided messages. Another variable that has been studied in this category is self-esteem. Although it is sometimes thought that those higher in self-esteem are less easily persuaded, there is some evidence that the relationship between self-esteem and persuasibility is actually curvilinear, with people of moderate self-esteem being more easily persuaded than both those of high and low self-esteem levels (Rhodes & Woods, 1992). The mind frame and mood of the target also plays a role in this process.
2. **Source Characteristics:** The major source characteristics are expertise, trustworthiness and interpersonal attraction or attractiveness. The credibility of a perceived message has been found to be a key variable here; if one reads a report about health and believes it came from a professional medical journal, one may be more easily persuaded than if one believes it is from a popular newspaper. Some psychologists have debated whether this is a long-lasting effect and Hovland and Weiss (1951) found the effect of telling people that a message came from a credible source disappeared after several weeks (the so-called "sleeper effect"). Whether there is a sleeper effect is controversial. Perceived wisdom is that if people are informed of the source of a message before hearing it, there is less likelihood of a sleeper effect than if they are told a message and then told its source.
3. **Message Characteristics:** The nature of the message plays a role in persuasion. Sometimes presenting both sides of a story is useful to help change attitudes.
4. **Cognitive Routes:** A message can appeal to an individual's cognitive evaluation to help change an attitude. In the *central route* to persuasion the individual is presented with the data and motivated to evaluate the data and arrive at an attitude changing conclusion. In the *peripheral route* to attitude change, the individual is encouraged to not look at the content but at the source. This is commonly seen in modern

advertisements that feature celebrities. In some cases, physician, doctors or experts are used. In other cases film stars are used for their attractiveness.

Benefits of a positive attitude:

- It helps to achieve goals and attain success.
- More happiness.
- More energy.
- Greater inner power and strength.
- The ability to inspire and motivate yourself and others.
- Fewer difficulties encountered along the way.
- The ability to overcome difficulty more easily.
- Life smiles at you.
- More respect from other people.

Consumer buying decision making process: **Consumers As Problem Solvers**

Traditionally, consumer researchers have approached decision making process from a rational perspective. This dominant school of thought views consumers as being cognitive (i.e., problem-solving) and, to some but a lesser degree, emotional. Such a view is reflected in the stage model of a typical buying process (often called *the consumer information processing model*) depicted in Figure 1.

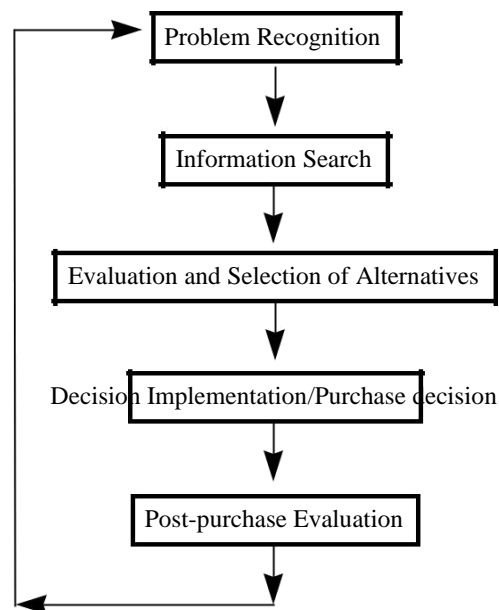


Figure 1 The Consumer Information Processing Model

In this model, the consumer passes through five stages: problem recognition, information search, evaluation and selection of alternatives, decision implementation, and post-purchase evaluation.



Source: Adopted from Kotler (1997), Schiffman and Kanuk (1997), and Solomon (1996)

Stage 1: Problem Recognition

In this information processing model, the consumer buying process begins when the buyer recognizes a problem or need. For example, Doug may realize that his best suit doesn't look contemporary any more. Or, Kathleen may recognize that her personal computer is not performing as well as she thought it should. These are the kinds of problem that we as consumers encounter all the time. When we found out a difference between the actual state and a desired state, a problem is recognized. When we find a problem, we usually try to solve the problem. We, in other words, recognize the need to solve the problem. But how?

Stage 2: Information Search

When a consumer discovers a problem, he/she is likely to search for more information. Kathleen may simply pay more attention to product information of a personal computer. She becomes more attentive to computer ads, computers purchased by her friends, and peer conversations about computers. Or, she may more actively seek information by visiting stores, talking to friends, or reading computer magazines, among others. Through gathering information, the consumer learns more about some brands that compete in the market and their features and characteristics. Theoretically, there is a *total set* of brands available to Kathleen, but she will become aware of only a subset of the brands (*awareness set*) in the market. Some of these brands may satisfy her initial buying criteria, such as price and processing speed (*consideration set*). As Kathleen proceeds to more information search, only a few will remain as strong candidates (*choice set*).

Stage 3: Evaluation and Selection of Alternatives

How does the consumer process competitive brand information and evaluate the value of the brands? Unfortunately there is no single, simple evaluation process applied by all consumers or by one consumer in all buying situations. One dominant view, however, is to see the evaluation process as being cognitively driven and rational. Under this view, a consumer is trying to solve the problem and ultimately satisfying his/her need. In other words, he/she will look for problem-solving *benefits* from the product. The consumer, then, looks for products with a certain set of attributes that deliver the benefits. Thus, the consumer sees each product as a *bundle of attributes* with different levels of ability of delivering the problem solving benefits to satisfy his/her need. The distinctions among the need, benefits, and attributes are very important. One useful way to organize the relationships among the three is a hierarchical one (Figure 2). Although simplified, Figure 2 is an example of how a bundle of attributes (i.e., a

product or, more specifically, personal computer) relates to the benefits and underlying needs of Kathleen.

Stage 4: Decision Implementation/ Purchase decision

To actually implement the purchase decision, however, a consumer needs to select both specific items (brands) and specific outlets (where to buy) to resolve the problems. There are, in fact, three ways these decisions can be made: 1) simultaneously; 2) item first, outlet second; or 3) outlet first, item second.ⁱⁱ In many situations, consumers engage in a simultaneous selection process of storesⁱⁱⁱ and brands. For example, in our Kathleen's personal computer case, she may select a set of brands based on *both* the product's technical features (attributes) *and* availability of brands in the computer stores and mail-order catalogs she knows well. It is also possible, that she decides where to buy (e.g., CompUSA in her neighborhood) and then chooses one or two brands the store carries. Once the brand and outlet have been decided, the consumer moves on to the transaction ("buying").

Stage 5: Post-purchase Evaluation

Post-purchase evaluation processes are directly influenced by the type of preceding decision-making process. Directly relevant here is the level of *purchase involvement* of the consumer. Purchase involvement is often referred to as "the level of concern for or interest in the purchase" ^{iv} situation, and it determines how extensively the consumer searches information in making a purchase decision.^v Although purchase involvement is viewed as a continuum (from low to high), it is useful to consider two extreme cases here. Suppose one buys a certain brand of product (e.g., Diet Pepsi) as a matter of habit (*habitual purchase*). For him/her, buying a cola drink is a very low purchase involvement situation, and he/she is not likely to search and evaluate product information extensively. In such a case, the consumer would simply purchase, consume and/or dispose of the product with very limited post-purchase evaluation, and generally maintain a high level of repeat purchase motivation (Figure 3).

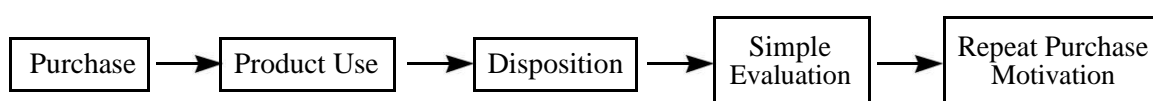


Figure 3 **Low Involvement Purchase**
Source: Hawkins, Best, and Coney (1983)

However, if the purchase involvement is high and the consumer is involved in extensive purchase decision making (e.g., personal computer), he/she is more likely to be involved in more elaborate post-purchase evaluation – often by questioning the rightness of the decision: "Did I make the right choice? Should I have gone with other brand?" This is a

common reaction after making a difficult, complex, relatively permanent decision. This type of doubt and anxiety is referred to as *post-purchase cognitive dissonance* (Figure 4).

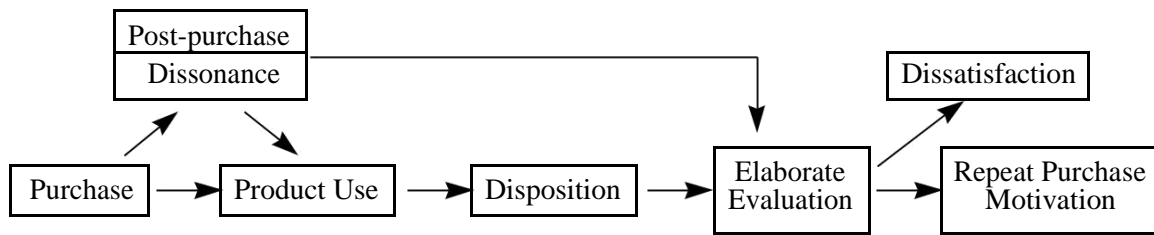


Figure 4 **Elaborate Post-purchase Evaluation**
Source: Adopted from Hawkins, Best, and Coney (1983)

According to the research, the likelihood of experiencing this kind of dissonance and the magnitude of it is a function of:^{vi}

- The degree of commitment or irrevocability of the decision,
- The importance of the decision to the consumer,
- The difficulty of choosing among the alternatives, and
- The individual's tendency to experience anxiety.

Because dissonance is uncomfortable, the consumer may use one or more of the following approaches to reduce it:^{vii}

- Increase the desirability of the brand purchased.
- Decrease the desirability of rejected alternatives.
- Decrease the importance of the purchase decision.
- Reject the negative data on the brand purchased.

If the dissonance about the purchase is not reduced, the anxiety may transform into a dissatisfaction (general or specific). Certainly, this negative experience leads to a new problem recognition (Figure 1), and the consumer will engage in another problem solving process. The difference, however, is that in the next round of process, memory of the previous negative experience and dissatisfaction will be used as part of information. Therefore, the probability for the unsatisfactory brand to be re-selected and repurchased will be significantly lower than before.

The Hierarchy of Effects

Another widely-used model in marketing that attempts to explain consumer decision making process is called the *hierarchy of effects model*. Although different researchers developed slightly different models, the basic idea is the same: people experience a sequence of psychological stages before purchasing a product. Such a model is provided in Figure 5

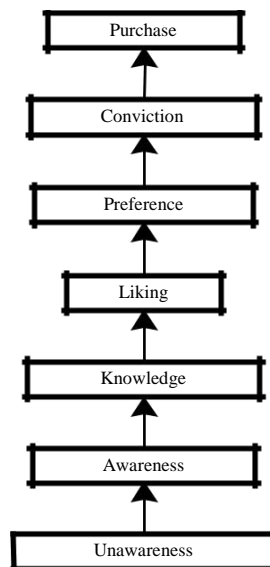


Figure 5 **A General Model of the Hierarchy of Effects**
Source: Adopted from Delozier (1976)

Originally conceived to explain how advertising affects consumer's purchase decisions, the hierarchy of effects (HOE) model focuses on consumer learning that takes place as he/she processes information from the external world. The HOE model begins with the state where a consumer has no awareness about the brand (unaware) then develops awareness triggered by external stimuli, such as advertising message or "word of mouth." As he/she obtains and processes more information, the consumer develops more specific knowledge about the brand. The knowledge, then, is used as basis to form a liking (or disliking), leading to a preference of brand(s) relative to the others. However, people need to be pushed beyond the preference stage to actually buy the brand of preference. The preference stage, after all, simply means that the consumer has formed a preference *psychologically*. Now it takes conviction for him/her before actually buying the brand.

By now, you might have realized at least two points. One, it seems reasonable that not all the consumers are at the same stage. For example, Susan may be in the unawareness stage relative to Samuel Adams beer, but Melissa may be in the preference stage. Two, it also seems reasonable that not all people at one stage move onto the next stage. For example, some consumers who have formed preference to Contadina pasta may not form any conviction to buy the product. Furthermore, some people may need more time before moving onto the next stage than others.

The HOE model is quite similar to the consumer information processing model because it also assumes that people are cognitively driven, thinking information processors. Controversy

exists,^{ix} of course, as to whether that is necessarily true. Some may claim that they often form liking and preference (emotional response or *feeling*) toward brands before developing cognitive judgment (knowledge or *thinking*) on them. Others argue that people form preference and knowledge simultaneously. Although each argument has its own support, the general model (cognition first, preference second) seems to be valid especially in relatively complex – or *high-involvement* – decision making situations (e.g., cars, computers), providing a conceptual framework for thinking about the sequence of events which begins from the initial awareness to the final action (i.e., purchasing).

CONSUMER INFORMATION PROCESSING

Information search

Once the consumer has recognised a problem, they search for information on products and services that can solve that problem. Belch and Belch (2007) explain that consumers undertake both an internal (memory) and an external search.

Sources of information include:

- Personal sources
- Commercial sources
- Public sources
- Personal experience

The relevant internal psychological process that is associated with information search is perception. Perception is defined as 'the process by which an individual receives, selects, organises, and interprets information to create a meaningful picture of the world'

CONSUMER INFORMATION PROCESSING

Consumer information processing contains four components:

- a. Exposure,
- b. Attention,
- c. Comprehension and
- d. Elaboration

a. Exposure

Exposure is bringing stimulus within a proximity of a consumer so it can be sensed [using one of the five senses. It's basically putting your product out there, to grasp the attention of potential consumers. The most popular nowadays is probably through social media. Everyone if not most people have cellphones. People are constantly checking their social media outlets and surfing the web on their phones or laptops. This is the most effective way to expose your products. any companies like Instagram or Facebook have been using their sites as a form of exposure for products. When you scroll through these feeds, you will see

advertisements of various things. Facebook even using cookies and cache to see what you search most frequent to match ads that are most suited for you.



Attention

- Attention is crucial in successfully reaching the consumer on a cognitive level.
- After being initially exposed, the advertisement must be able to attract an individual's attention in order for that person to effectively seek to learn more about the product, brand, or service on display.
- There are several effective methods towards enhancing consumer attention.
- First, Increased intensity of Stimuli, whether it is visual or audible stimulus, stronger ads are more likely to capture the attention of consumers.
- The use of Contrast is also extremely effective in that it goes against the speck of its surrounding opposition.
- A more direct method is Consumer Involvement, which attempts to directly engage the consumer with the product.
- Some examples of this technique include food sampling and product demoing (test driving, electronics etc.)

Comprehension

- When looking at these two pictures below, you have a comprehensive decision to make between which pack you would choose. Would you rather choose a pack that has the words "Genuine" or "Lucky", or would you want a pack with a disturbing picture on it?
- Lucky Strike Tobacco Co. Marlboro Tobacco Co.



- The choice seems pretty clear, and this is exactly what Consumer Comprehension is all about.
- The consumer is being influenced based on three categories:
 1. Characteristics of the Message
 2. Characteristics of the Message Receiver
 3. Characteristics of the Environment

While being influenced by these three things, the consumer is also processing both cognitive and affective elements.

- Meaning the message is weighing on their thoughts and feelings to interpret and send that message to your brain and figure out how to respond.

Elaboration

- The last component that affects the information processing is elaboration.
- To elaborate is to take conscious time and effort to deliberate a communicative stimulus.
- Messages are remembered because they contain quality arguments complemented with convincing evidence.
- Emotional appeals may make a positive impact by making the consumer feel good.
- However, the impression these messages make is temporary and can be easily forgotten or changed by competitive messages.
- Two conditions affect elaboration possibility: motivation and ability.
- Consumers are likely to process cognitively a message if they are motivated to do so and if they are able to clearly distinguish among the product benefits it promises.
- If consumers are not motivated to process the message and are not able to distinguish its merits, they are more likely to absorb it peripherally than centrally.

Consumer learning process

Consumer Learning is the process by which individuals acquire the purchase and consumption knowledge and experience they apply to future related behaviour.

Most of the learning is incidental. Some of it is intentional. Basic elements that contribute to an understanding of learning are:

- **Motivation**
- **Cues**
- **Response**
- **Reinforcement**

Motivation

- When a consumer is faced with a need/want situation, there occurs an urge within him to act towards fulfillment of the need/want through the problem solving/decision making process. So he is motivated to search for information,
- either internally from his memory or externally through commercial, non commercial and public sources or through experience of self and others

Cues

A cue may be defined as a weak stimulus that gives strength and direction to the motives; All the 4Ps could act as cues and give direction to motives; eg. the packaging of the product (colorful design;

easy to carry; reusable containers), price (discounts, sales), place (store display, store layout, window dressing) and promotion (advertisement).

Response

- The behavior of a person constitutes the response; i.e. how a person reacts to a drive or a stimulus, reflects a response. This response could take various forms.
- It may be overt and lead to an action; the consumer may decide to purchase the product/brand. Or, - \
- The response may just be learning for the future, i.e. the purchase is postponed for future; he decides to buy at a later date.

Reinforcement

An action always has a reaction; based on the reaction, the behavior gets reinforced.

In other words, if the action (behavior) is followed by a reaction that is positive or pleasant or rewarding, the action (behavior) gets positively reinforced; the likelihood of repetition of that action (behavior) increases.

Classical Conditioning Theory

The **Classical Conditioning Theory** was proposed by a Russian Physiologist Ivan Pavlov. According to this theory, behavior is learnt by a repetitive association between the response and the stimulus. The classical conditioning theory is based on the assumption that learning is developed through the interactions with the environment. Also, the environment shapes the behavior and internal mental state such as thoughts, feelings, emotions do not explain the human behavior.

Here, an organism learns to transfer response from one stimulus to a previously neutral stimulus. Classical conditioning is comprised of four elements:

- **Unconditioned Stimulus (US):** Which regularly causes to react in a way.
- **Unconditioned Response (UR):** Takes place when the US is presented.
- **Conditioned Stimulus (CS):** The object that does not bring about the desired response
- **Conditioned Response (CR):** a particular behavior that an organism learns to produce, when the CS is presented.

Pavlov conducted an experiment on a dog and measured the amount of saliva secreted by a dog, with a use of a surgical procedure, when it is exposed to different stimulus or object.

At first, when Pavlov presented a piece of meat (US) to the dog, he noticed a great amount of salivation (UR)

whereas, in the second time, when he just rang the bell, he observed there was no effect of a bell on the dog's salivation.

After this, Pavlov rang the bell accompanied with meat and noticed the salivation of a dog. He repeated this process several times, and finally, one day he just rang the bell without meat and observed that dog still salivated to the bell alone which was originally a neutral stimulus.

Thus, he found out, that the dog has become classically conditioned (CR) to the sound of the bell (CS). And every time he rings the bell the dog salivates.

Consumer preference

Preference” to mean evaluative judgment in the sense of liking or disliking an object (e.g., Scherer, 2005)

Preference as an individual’s attitude towards a set of objects, typically reflected in an clear decision-making process.

Consumer preferences involve the ranking of goods and services according to how much benefit they afford.

Consumer preference is defined as the subjective tastes of individual consumers, measured by their satisfaction with those items after they’ve purchased them

Consumers have preferences that they can use to compare different goods bundles

The preferences may be over goods bundles consumed by oneself or over goods bundles consumed by someone else

- For example, a parent may have preferences over various bundles of food and clothing bought by the parent but consumed by a child

Post-purchase evaluation

It is common for customers to experience concerns after making a purchase decision. This arises from a concept that is known as “cognitive dissonance”. The customer, having bought a product, may feel that an alternative would have been preferable. In these circumstances that customer will not repurchase immediately, but is likely to switch brands next time.

To manage the post-purchase stage, it is the job of the marketing team to persuade the potential customer that the product will satisfy his or her needs. Then after having made a purchase, the customer should be encouraged that he or she has made the right decision. it is not effected by advertisement.

Preference refers to the set of assumptions related to ordering some alternatives, based on the

- degree of happiness,
- satisfaction,
- gratification,
- enjoyment, or
- utility they provide,
- a process which results in an optimal "choice" (whether real or imagined).

The Ranking Principle: A consumer can rank, in order of preference, all potentially available alternatives

Cognitive Dissonance. The feelings of post purchase psychological tension or anxiety a consumer often experiences

- After buying a product, the consumer compares it with expectations and is either satisfied or dissatisfied.
- Satisfaction or dissatisfaction affects
 - consumer value perceptions
 - consumer communications
 - repeat-purchase behavior.

When dissatisfaction occurs

Action can involve:

- (1) Complain to the store or manufacturer,

- (2) Stop buying that brand or at that store,
- (3) Complain to private or government agencies, or
- (4) Initiate legal action.
- (5) Negative feeling

When satisfaction occurred

- Committed consumer
- Increased use
- Repeat consumer
- Retention

Outcomes of Post-purchase Evaluation

- Actual Performance Matches Expectations
 - Neutral Feeling
- Actual Performance Exceeds Expectations
 - Positive Disconfirmation of Expectations
- Performance is Below Expectations
 - Negative Disconfirmation of Expectations

Situational influences:

Situational influences are temporary conditions that affect how buyers behave—whether they actually buy your product, buy additional products, or buy nothing at all.

Internal influences

Consumer behaviour is influenced by: demographics, psychographics (lifestyle), personality, motivation, knowledge, attitudes, beliefs, and feelings. consumer behaviour concern with consumer need consumer actions in the direction of satisfying needs leads to his behaviour behaviour of every individuals depend on thinking process

External influences

Consumer behaviour is influenced by: culture, sub-culture, locality, royalty, ethnicity, family, social class, reference groups, lifestyle, and market mix factors.

Some other influences:

- Physical surroundings- Crowds ,Malls , Marts
- Social surroundings-types of customers, high profile people, celebrities
- Antecedents/ Buyers mood conditions- last long mood, momentary condition, traditions and customs , festivals, events celebrations
- Market activity- Products , packages, advertisement ,sales presentation , retail outlets
- Individual characteristics —culture , subculture , demographics ,social class ,motivation, personality, attitude , life style.

Consumer Buying Behavior

Definition of Buying Behavior:

Buying Behavior is the decision processes and acts of people involved in buying and using products.

Process by which individuals search for, select, purchase, use, and dispose of goods and services, in satisfaction of their needs and wants. See also consumer decision making. Consumer behavior refers to the mental and emotional process and the observable behavior of consumers during searching, purchasing and post consumption of a product or service.

Consumer behavior involves study of how people buy, what they buy, when they buy and why they buy. It blends the elements from psychology, sociology, sociopsychology, anthropology and economics. It also tries to assess the influence on the consumer from groups such as family, friends, reference groups and society in general.

Buyer behavior has two aspects: the final purchase activity visible to any observer and the detailed or short decision process that may involve the interplay of a number of complex variables not visible to anyone.

Need to understand:

- Why consumers make the purchases that they make?
- What factors influence consumer purchases?
- The changing factors in our society.

Consumer Buying Behavior refers to the buying behavior of the ultimate consumer.

A firm needs to analyze buying behavior for:

- Buyers reactions to a firms marketing strategy has a great impact on the firms success.
- The marketing concept stresses that a firm should create a [*Marketing Mix*](#) (MM) that satisfies (gives utility to) customers, therefore need to analyze the what, where, when and how consumers buy.
- Marketers can better predict how consumers will respond to marketing strategies.

The study of how and why people purchase goods and services is termed ***consumer buying behaviour*** . The term covers the decision-making processes from those that precede the purchase of goods or services to the final experience of using the product or service. Models of consumer buying behaviour draw together the various influences on, and the process of, the buying decision. They attempt to understand the proverbial 'blackbox' of what happens within the consumer between his or her exposure to marketing stimuli and the actual decision to purchase.

Factors Affecting Consumer Buying Behavior

Consumer buying behavior is influenced by the major three factors:

1. Social Factors
2. Psychological Factors
3. Personal Factors.

A. Social Factors

Social factors refer to forces that other people exert and which affect consumers' purchase behavior. These social factors can include culture and subculture, roles and family, social class and reference groups.

B. Psychological Factors

These are internal to an individual and generate forces within that influence her/his purchase behavior. The major forces include motives, perception, learning, **attitude and personality**.

C. Personal Factors

These include those aspects that are unique to a person and influence purchase behavior. These factors include demographic factors, lifestyle, and situational factor.

Social class

Social classes are the hierarchical arrangements of people in society as economic or cultural groups. Class is an essential object of analysis for sociologists, anthropologists, political economists and social historians. In the social sciences, social class is often discussed in terms of 'social stratification'.

In sociology and political philosophy, the most basic class distinction is between the powerful and the powerless.^{[1][2]} In Marxist theory and historical materialism, social class is caused by the fundamental economic structure of work and property. Various social and political theories propose that social classes with greater power attempt to cement their own ranking above the lower social classes in the social hierarchy to the detriment of the society overall. By contrast, conservatives and structural functionalists have presented class difference as intrinsic to the structure of any society and to that extent ineradicable. Social classes with a great deal of power are usually viewed as "the elites" within their own societies.

- Social Status is frequently thought of as the relative rankings of members of each social class
 - Wealth
 - Power
 - Prestige

Engel's Law of Family expenditure

- Engel's law is an observation in [economics](#) stating that as income rises, the proportion of income spent on food falls, even if actual expenditure on food rises.
- Consumers increase their expenditures for food products (in % terms) less than their increases in income.
- With rising incomes, the share of expenditures for food products declines.
- The resulting shift in expenditures affects demand patterns and employment structures
- As a household's income increases, the percentage of income spent on food decreases while the proportion spent on other goods (such as luxury goods) increases.
- Engel's Law similarly states that lower income households spend a greater proportion of their available income on food than middle- or higher-income households.
- As food costs increase, both for food at home (such as groceries) and food away from home (for example, at a restaurant), the percentage spent by lower income households is expected to increase.
- "The poorer a family, the greater the proportion of its total expenditure that must be devoted to the provision of food".

Types of Consumer Buying Behavior

Types of consumer buying behavior are determined by:

- Level of Involvement in purchase decision. Importance and intensity of interest in a product in a particular situation.
- Buyers level of involvement determines why he/she is motivated to seek information about a certain products and brands but virtually ignores others.

High involvement purchases--Honda Motorbike, high priced goods, products visible to others, and the higher the risk the higher the involvement. Types of risk:

- Personal risk
- Social risk
- Economic risk

The four type of consumer buying behavior are:

- **Routine Response/Programmed Behavior**--buying low involvement frequently purchased low cost items; need very little search and decision effort; purchased almost automatically. Examples include soft drinks, snack foods, milk etc.
- **Limited Decision Making**--buying product occasionally. When you need to obtain information about unfamiliar brand in a familiar product category, perhaps. Requires a moderate amount of time for information gathering. Examples include Clothes--know product class but not the brand.
- **Extensive Decision Making**/Complex high involvement, unfamiliar, expensive and/or infrequently bought products. High degree of economic/performance/psychological risk. Examples include cars, homes, computers, education. Spend alot of time seeking information and deciding.
Information from the companies MM; friends and relatives, store personnel etc.
Go through all six stages of the buying process.
- **Impulse buying**, no conscious planning.

The purchase of the same product does not always elicit the same Buying Behavior.

Product can shift from one category to the next.

For example:

Going out for dinner for one person may be extensive decision making (for someone that does not go out often at all), but limited decision making for someone else. The reason for the dinner, whether it is an anniversary celebration, or a meal with a couple of friends will also determine the extent of the decision making.

Emotions

Emotion is associated with mood, temperament, personality, **and** disposition. **The** English word 'emotion' is derived from the French word *émouvoir*. This is based on the Latin *emovere*, where *e-* (variant of *ex-*) means 'out' and *movere* means 'move'.^[1] The related term "motivation" is also derived from *movere*.

No definitive taxonomy of emotions exists, though numerous taxonomies have been proposed. Some categorizations include:

- 'Cognitive' versus 'non-cognitive' emotions
- Instinctual emotions (from the amygdala), versus cognitive emotions (from the prefrontal cortex).
- Basic versus complex: where base emotions lead to more complex ones.
- Categorization based on duration: Some emotions occur over a period of seconds (e.g. surprise) where others can last years (e.g. love).

A related distinction is between the emotion and the results of the emotion, principally behaviors and emotional expressions. People often behave in certain ways as a direct result of their emotional state, such as crying, fighting or fleeing. Yet again, if one can have the emotion without the corresponding behavior then we may consider the behavior not to be essential to the emotion. Neuroscientific research suggests there is a "magic quarter second" during which it's possible to catch a thought before it becomes an emotional reaction. In that instant, one can catch a feeling before allowing it to take hold.^[2]

The James-Lange theory posits that emotional experience is largely due to the experience of bodily changes. The **functionalist** approach to emotions (e.g. Nico Frijda) holds that emotions have evolved for a particular function, such as to keep the subject safe.

Importance of Emotions

Here are a few of the reasons our emotions are important in our lives. By the way, the first few chapters of Goleman's 1995 book, *Emotional Intelligence*, have a good presentation on evolution and emotions.

1 Survival

Nature developed our emotions over millions of years of evolution. As a result, our emotions have the potential to serve us today as a delicate and sophisticated internal guidance system. Our emotions alert us when natural human need is not being met. For example, when we feel lonely, our need for connection with other people is unmet. When we feel afraid, our need for safety is unmet. When we feel rejected, it is our need for acceptance which is unmet.

2 Decision Making

Our emotions are a valuable source of information. Our emotions help us make decisions. Studies show that when a person's emotional connections are severed in the brain, he can not make even simple decisions. Why? Because he doesn't know how he will feel about his choices.

3 Predicting Behavior

Our feelings are also useful in helping us predict our own, and others' behavior. Here is an article on the idea that [feelings predict behavior](#).

4 Boundary Setting

When we feel uncomfortable with a person's behavior, our emotions alert us. If we learn to trust our emotions and feel confident expressing ourselves we can let the person know we feel uncomfortable as soon as we are aware of our feeling. This will help us set our boundaries which are necessary to protect our physical and mental health.

5 Communication

Our emotions help us communicate with others. Our facial expressions, for example, can convey a wide range of emotions. If we look sad or hurt, we are signalling to others that we need their help. If we are verbally skilled we will be able to express more of our emotional needs and thereby have a better chance of filling them. If we are effective at listening to the emotional troubles of others, we are better able to help them feel understood, important and cared about..

6 Happiness

The only real way to know that we are happy is when we feel happy. When we feel happy, we feel content and fulfilled. This feeling comes from having our needs met, particularly our emotional needs. We can be warm, dry, and full of food, but still unhappy. Our emotions and our feelings let us know when we are unhappy and when something is missing or needed. The better we can identify our emotions, the easier it will be to determine what is needed to be happy.

7 Unity

Our emotions are perhaps the greatest potential source of uniting all members of the human species. Clearly, our various religious, cultural and political beliefs have not united us. Far too often, in fact, they have tragically and even fatally divided us. Emotions, on the other hand, are universal. Charles Darwin wrote about this years ago in one of his lesser-known books called "The Expression of Emotion In Man and Animal". The emotions of empathy, compassion, cooperation, and forgiveness, for instance, all have the potential to unite us as a species. It seem fair to say that, generally speaking: *Beliefs divide us. Emotions unite us.*

Primary and secondary emotions

Some authors use the terms primary and secondary emotions. This distinction is very helpful. A primary emotion is what we feel first. The secondary emotion is what it leads to.

Anger is a good example of a secondary emotion. As discussed in the section on anger there are many possible primary emotions which, when they are intense enough, can lead to anger. We might feel insulted, pressured, cheated, etc. If these feelings are at a low level we are not likely to say we feel angry. But if they are intense, we commonly say we feel "angry."

Depression is another example of a secondary emotion. Or we might call it a "catch-all" term. Depression can include feeling discouraged, hopeless, lonely, isolated, misunderstood, overwhelmed, attacked, invalidated, unsupported, etc. Normally it includes several feelings. These more specific feelings are what we call the primary emotions.

Secondary, "catch-all" terms like anger and depression do not help us much when it comes to identifying our unmet emotional needs (UEN's). When all I can say is "I feel angry," neither I nor any one else knows what would help me feel better. But if I say I feel pressured or trapped or disrespected, it is much more clear what my UEN is and what would help me feel better. A simple, but effective technique, then, is to identify the primary emotion.

Types of emotions

Emotions are our feelings. Literally. We feel them in our bodies as tingles, hot spots and muscular tension. There are cognitive aspects, but the physical sensation is what makes them really different.

- Association and emotion: when we associate with people and events, we feel emotions.
- Basic emotions: there are lots of emotions, but what are the basic ones?
- Purpose of emotion: what is the real value of emotions?
- Emotional arousal: The process of getting emotional.
- Emotion and decision: our decisions are largely emotional.
- Emotion and rationality: which often seem to be mutually exclusive.
- Emotional Intelligence is to emotions what IQ is to cognitive intelligence.
- Empathy: the ability to feel what others feel.
- Facial emotional indicators: Detecting emotions through their expressions.
- Modalities of emotion: Different dimensions that indicate emotion.
- Primary and secondary emotions: Those that are key drivers and others.
- Temperament, Mood and Emotion: Emotional states of different duration and cause.
- Theories about emotion: deeper stuff about emotion.
- The Seven Deadly Sins are all emotions, as are The Seven Virtues.

A basic of much emotional arousal is that there is a *goal* at stake somewhere. Our emotions thus cause us to want and not want. And when we have what we wanted, we then have emotions about owning it.

- Emotions of wanting: anticipation, greed, hope, envy, desire, love
- Emotions of not wanting: fear, shame, repulsion, contentment
- Emotions of having: happiness, pride, guilt, jealousy
- Emotions of not having: anger, sadness, distress
- Other emotions: surprise

Some emotions are discussed in more detail here:

- Happiness: Pleasure, joy and hedonism.

Emotions often lead to coping activities. When we feel something, we consequently respond to that feeling. This can be both in the immediate (and often subconscious) response to the feeling and also in the more thoughtful handling of the aftermath. Where this has been a negative feeling, the response may range from vigorous justification of our actions to conciliatory apologies and other 'making up'. A common response to the repression of unwanted emotions is displacement, where we act out our frustration in other ways. Thus a reprimanded child, knowing they cannot answer back, may go and 'punish' their toys.

Emotions affect and are a part of our mood, which is usually a more sustained emotional state. Mood affects our judgment and changes how we process decisions.

Postive Human Emotions

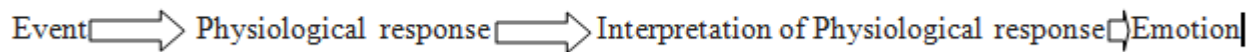
Adequate	Awe	Assured	Able
Capable	Certain	Charmed	Cheerful
Comfortable	Compassion	Courageous	Confidence
Determined	Delighted	Eager	Energetic
Enthusiastic	Excited	Exhilarated	Expectant
Elation	Empathy	Excellent	Fascinated
Glad	Good	Great	Grateful
Glorious	Glamorous	Graceful	Happy
Hopeful	Humorous	Inspired	Interested
Joyful	Magnificent	Lust	Love
Pleasure	Playfulness	Peaceful	Pleasant
Powerful	Pride	Positive	Relaxed
Relieved	Satisfied	Surprised	Sympathy
Stable	Sublime	Superior	Thrilled

Negative human emotions

Annoyed	Anxious	Apprehensive	Agonize
Anger	Anxiety	Apathy	Bored
Burdened	Cautious	Competitive	Concerned
Confused	Contempt	Depressed	Destructive
Disgusted	Distracted	Doubtful	Disappointed
Exasperated	Exhausted	Embarrassment	Envy
Frustrated	Fear	Guilty	Greed
Grief	Harassed	Hesitant	Hostile
Ignored	Impatient	Indifferent	Intimidated
Isolated	Irritated	Jealous	Jumpy
Lonely	Mad	Manipulated	Miserable
Obnoxious	Overwhelmed	Panic	Pressured
Remorse	Revenge	Shame	Sad
Scared	Shocked	Suspicious	Stress
Tired	Uncomfortable	Uneasy	Used
Wary	Weary	Wasteful	

Four theories of emotion:

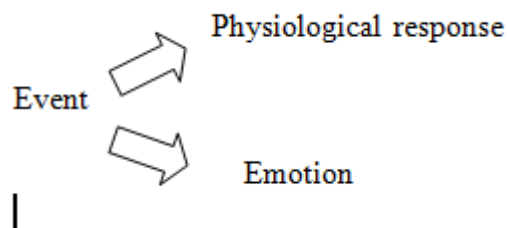
- **James-Lange theory:**



For example, imagine that you are walking through a dark parking garage toward your car. You notice a dark figure trailing behind you and your heart begins to race. According to the James-Lange theory, you then interpret your physical reactions to the stimulus as fear. Therefore, you feel frightened and rush to your car as quickly as you can.

Both James and Lange believed that while it was possible to imagine experiencing an emotion such as fear or anger, your imagined version of the emotion would be a flat facsimile of the real feeling. Why? Because they felt that without the actual physiological response that they believed precipitated the emotions, it would be impossible to experience these emotions "on demand." In other words, the physical reaction needs to be present in order to actually experience the real emotion.

- **Cannon-Bard theory:**



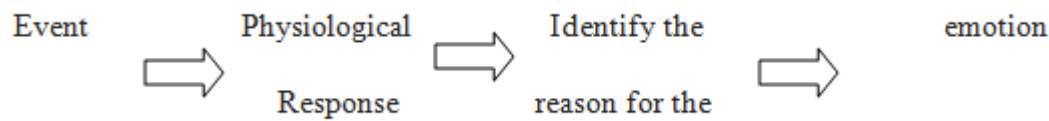
More specifically, it is suggested that emotions result when the thalamus sends a message to the brain in response to a stimulus, resulting in a physiological reaction.

For example: *I see a snake --> I am afraid, and I begin to tremble.*

According to the Cannon-Bard theory of emotion, we react to a stimulus and experience the associated emotion at the same time.

For example, imagine that you are walking to your car through a darkened parking garage. You hear the sounds of footsteps trailing behind you, and spot a shadowy figure slowly following you as you make your way to your car. According to the Cannon-Bard theory of emotion, you will experience feelings of fear and physical reaction at the same time. You will begin to [feel fearful](#), and your heart will begin to race. You rush to your car, lock the doors behind you and rush out of the parking garage to head home.

- **Schachter-Singer theory** (the "two factor theory" or cognitive-arousal theory):

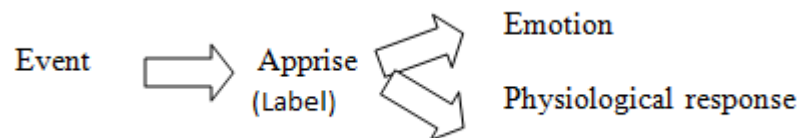


There are two key components: physical arousal and a cognitive label. In other words, the experience of emotion involves first having some kind of physiological response which the mind then identifies.

The two-factor theory of emotion focuses on the interaction between physical arousal and how we cognitively label that arousal. In other words, simply feeling arousal is not enough; we also must identify the arousal in order to feel the emotion.

This is the theoretical basis of canned laughter.

- There has been considerable research inspired by this theory, and much of it has not upheld the proposal.
 - Emotions can occur without physiological arousal.
 - Physiological factors alone (eg, drug states) can cause emotions.
- **Lazarus' cognitive-mediational theory**:



Richard Lazarus attempts to explain how cognition, stress, and emotion are interrelated to one another through the cognitive mediational theory of emotion. His theory focuses on the role of what he called "appraisal."

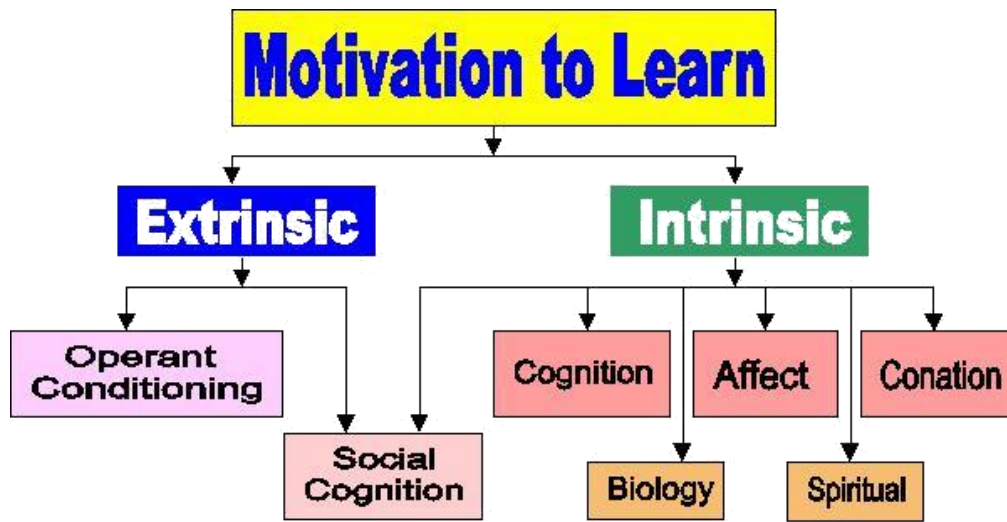
Appraisal is defined in this theory as the tendency of the human mind to create an automatic assessment of any given situation. These assessments are often done within the subconscious, helping each person understand what a specific situation means to them. Should there be a perception of emotion or arousal, then the cognitive appraisal of that situation creates a physical reaction that is based on the automatic perception.

According to Lazarus, the physiological reactions that an external stimulus can cause is based on the personal meaning that the individual has to it. For some people, the sound of a gunshot is an immediate emergency. This creates feelings of fear because there is an imminent to protect one's life. This creates the rapid heart rate, the adrenaline surge, and other physical reactions that are association with the feelings being experienced.

For others, the sound of a gunshot in their personal experience is a stimulus which means other people require help. Instead of feeling fear, they feel motivation. They might experience a heightened awareness of their environment, looking for people in need who might require a helping

hand. Instead of running away or hiding from the sound, they begin to run toward it because that what their personal experiences dictate.

Motivation



The following definitions of [motivation](#) were gleaned from a variety of psychology textbooks and reflect the general consensus that motivation is an internal state or condition (sometimes described as a need, desire, or want) that serves to activate or energize behavior and give it direction (see Kleinginna and Kleinginna, 1981a).

- internal state or condition that activates behavior and gives it direction;
- desire or want that energizes and directs goal-oriented behavior;
- influence of needs and desires on the intensity and direction of behavior.

Franken (1994) provides an additional component in his definition:

- the arousal, direction, and persistence of behavior.

While still not widespread in terms of introductory psychology textbooks, many researchers are now beginning to acknowledge that the factors that energize behavior are likely different from the factors that provide for its persistence.

Importance of motivation

Most motivation theorists assume that motivation is involved in the performance of all learned responses; that is, a learned behavior will not occur unless it is energized. The major question among psychologists, in general, is whether motivation is a primary or secondary influence on behavior. That is, are changes in behavior better explained by principles of environmental/ecological influences, perception, memory, cognitive development, emotion, explanatory style, or personality or are concepts unique to motivation more pertinent.

For example, we know that people respond to increasingly complex or novel events (or stimuli) in the environment up to a point and then responses decrease. This inverted-U-shaped curve of behavior is well-known and widely acknowledged (e.g., Yerkes & Dodson, 1908). However, the major issue is one of explaining this phenomenon. Is this a conditioning

(is the individual behaving because of past classical or operant conditioning), a motivational process (from an internal state of arousal), or is there some better explanation?

The relationship of motivation and emotion

Emotion (an indefinite subjective sensation experienced as a state of arousal) is different from motivation in that there is not necessarily a goal orientation affiliated with it. Emotions occur as a result of an interaction between perception of environmental stimuli, neural/hormonal responses to these perceptions (often labeled feelings), and subjective cognitive labeling of these feelings (Kleinginna and Kleinginna, 1981b). Evidence suggests there is a small core of core emotions (perhaps 6 or 8) that are uniquely associated with a specific facial expression (Izard, 1990). This implies that there are a small number of unique biological responses that are genetically hard-wired to specific facial expressions. A further implication is that the process works in reverse: if you want to change your feelings (i.e., your physiological functioning), you can do so by changing your facial expression. That is, if you are motivated to change how you feel and your feeling is associated with a specific facial expression, you can change that feeling by purposely changing your facial expression. Since most of us would rather feel happy than otherwise, the most appropriate facial expression would be a **smile**.

Learning

Meaning and definition

Learning is acquiring new, or modifying existing, knowledge, behaviors, skills, values, or preferences and may involve synthesizing different types of information.

Measurable and relatively permanent change in behavior through experience, instruction, or study

Learning is "detection and correction of error" where an error means "any mismatch between our intentions and what actually happens-Chris Argyris (HBS)

Learning is a gradual change in behavior due to practice or experience.

Learning is a process of acquiring modifications in existing knowledge, skills, habits, or tendencies through experience, practice, or exercise

Relative permanent change in behavior brought about through experience or interactions with the environment.

Defination of Learning

A change in behavior as a result of experience or practice.

The acquisition of knowledge.

Knowledge gained through study.

To gain knowledge of, or skill in, something through study, teaching, instruction or experience.

The process of gaining knowledge.

A process, by which behavior is changed, shaped or controlled.

The individual process of constructing understanding based on experience from a wide range of sources.

1. The act, process, or experience of gaining knowledge or skill.
2. Knowledge or skill gained through schooling or study.
3. knowledge gained by study; instruction or scholarship
4. the act of gaining knowledge
5. the act or experience of one that learns

6 knowledge or skill acquired by instruction or study

7 modification of a behavioral tendency by experience (as exposure to conditioning)

Why is it Important to study Learning concept in consumer psychology.

Marketers must teach consumers:

Where to buy

How to use

How to maintain

How to dispose of products

Process of Learning

Learning involves the individual

Brain

Body

Learning involves others

Dyads

Group Organizations

Communities

Society

Learning takes place somewhere

In physical environment

With things and tools

Learning occurs over a period of time

•

Principles of Learning or Laws of Learning

1 Readiness implies a degree of concentration and eagerness. Individuals learn best when they are physically, mentally, and emotionally ready to learn, and do not learn well if they see no-reason for learning

2 Exercise: The principle of exercise states that those things most often repeated are best remembered. It is the basis of drill and practice. It has been proven that students learn best and retain information longer when they have meaningful practice and repetition

3 Effect: The principle of effect is based on the emotional reaction of the student. It has a direct relationship to motivation. The principle of effect is that learning is strengthened when accompanied by a pleasant or satisfying feeling, and that learning is weakened when associated with an unpleasant feeling.

4 Primacy: The state of being first often creates a strong, almost unshakable, impression. Things learned first create a strong impression in the mind that is difficult to erase. For the instructor, this means that what is taught must be right the first time.

5 Recency: The principle of recency states that things most recently learned are best remembered. Conversely, the further a student is removed time-wise from a new fact or understanding, the more difficult it is to remember.

6 Intensity: The more intense the material taught, the more likely it will be retained. A sharp, clear, vivid, dramatic, or exciting learning experience teaches more than a routine or boring experience. The principle of intensity implies that a student will learn more from the real thing than from a substitute

7 Freedom: The principle of freedom states that things freely learned are best learned. Since learning is an active process, students must have freedom: freedom of choice, freedom of action, freedom to bear the results of action-these are the three great freedoms that constitute personal responsibility. If no freedom is granted, students may have little interest in learning.

8 Requirement: The law of requirement states that "we must have something to obtain or do something." It can be ability, skill, instrument or anything that may help us to learn or gain something

Theories of Learning

Learning theories are conceptual frameworks that describe how information is absorbed, processed, and retained during learning.

Learning brings together cognitive, emotional, and environmental influences and experiences for acquiring, enhancing, or making changes in one's knowledge, skills, values, and world views.

THEORIES OF LEARNING

There are four theories which explain how learning occurs. They are

1. Classical conditioning
2. Operant conditioning/Instrumental conditioning theory
3. Modeling or observational theory:
4. Cognitive theory

Classical conditioning theory:

Early classical conditioning theorist regarded all organisms (both animals and human) as relatively passive entities that could be taught certain behaviors' through repetition (i.e. conditioning).

According to Ivan Pavlov a Russian physiologist, conditioned learning results when stimulus that is paired with another stimulus that elicits a known response serves to produce the same response when used alone.

E.g. Pavlov demonstrated hat he meant by conditioning learning in his studies with dogs. The rdogs were hungry and highly motivated to eat. In this experiment, Pavlov sounded a bell and then immediately applied a meat paste to the dog's tongues, which caused them to salivate. Learning occurred when, after a sufficient number of repetitions of the bell sound followed almost immediately by the food, the bell sound alone caused the dog to salivate.

Instrumental conditioning theory:

Like classical conditioning, instrumental conditioning requires a link between a stimulus and response. However, in instrumental conditioning, the stimulus that results in more satisfactory response is the one that is learned. Instrumental learning theorist believes that learning occurs through a trial-and-error process, with habits formed as a result of rewards received for certain responses or behaviors.

e.g. consumers learn which stores carry the type of clothing they prefer at prices they afford. Once they find store that carries their preferences they are likely to purchase from it repeatedly, even by exclusion of others.

Modeling or observational theory:

Learning theorists have noted that a considerable amount of learning takes place in the absence of direct reinforcement, either positive or negative, through a process psychologists call modeling or observational learning.

Consumers often observe how others behave in response to certain situations and ensuing results that occur, and they imitate (model) the positively reinforced behavior when faced with similar situations.

Modelling is the process through which individuals learn behavior by observing the behavior of others and the consequences of such behavior.

e.g. Advertisers recognize the importance of observational learning in their selection of models—whether celebrities or others.

Cognitive learning theory:

Learning based on mental activity is called cognitive learning. Cognitive learning theory holds that the kind of learning most characteristic of human beings is problem solving, which enables individuals to gain some control over their environment. Cognitive theory involves complex mental processing of information. Cognitive theorists emphasize the role of motivation and mental processes in producing a desired response. Cognitive theories look beyond behavior to explain brain-based learning.

Factors affecting learning**1 Individual variables/factors**

Motivation, (intrinsic—own rewards and extrinsic—praise, blame, rivalry, rewards, punishment, feedback,)

Maturation—physiological development of all abilities and capacities, interest of individual, ability, needs, goals, purposes, set/readiness attitude.

Motivation

Motivation is at the heart of learning. It arouses, sustains, directs and determines the intensity of learning effort.

Maturation

It makes speedy learning possible. The child who is physically and mentally mature learns a subject at a faster rate.

2 Task variables/factors

Length of task, difficulty of material, serial position, meaningful versus no meaningful material, type of material, method of learning,

3 Physiological variables/factors

Senses of perception, organic defects, (vision & hearing), age, other bad habits

4 Environmental variables

Home, School, Locality, Society, Social process,

5. Physical and Mental Development

The child affects learning. The child who is mentally and physically not developed learns at a slower rate.

6. Home Conditions and School Environment affect learning.

7. Academic Ability of the Teacher Affects learning.

Consumer spending

Consumer spending or consumer demand or consumption is also known as personal consumption expenditure. It is the largest part of aggregate demand or effective demand at the macroeconomic level. There are two variants of consumption in the aggregate demand model, including induced consumption and autonomous consumption.

Consumer spending,

Consumer spending or consumer demand or consumption is also known as personal consumption expenditure.

The amount of money spent by households in an economy. The spending includes durables such as washing machines, and nondurables, such as food. It is also known as consumption and is measured monthly. When the government wants to stimulate the economy it will attempt to increase consumer spending.

Consumer spending is also called consumer consumption or expenditure. It is the amount of money that households spend on goods and services in order to satisfy their needs when the consumer spending is declining it means that the economy is not performing very well. It is very important measure to check the health of the economy.

Good and services bought by households in the satisfaction of their needs and wants.

It includes non-durables such as food, semi-durables such as clothing, and durables such as refrigerators.

Consumer spending is often seen as stimulating the economy.

Money spent by consumers passes to businesses that use it to pay employees who spend more, keeping the economy running.

According to the survey conducted by Credit Suisse (leading financial services company) on Indian consumerism in 2011, the average monthly expenditures of Indians on various categories are:

14 % of incomes on housing

23 % on food

4 % on entertainment

7.5 % on education

5 % on autos

6 % on Health Care

6% on HPC Products (HPC - Household Personal Care)

2 % on mobile phones

17 % on other miscellaneous stuff

After spending on the above mentioned expenditures, the higher middle class Indians manage to make savings of 17 % of their incomes.

Consumer spending can be categorized into

1) Regular spends and

2) Lifestyle spends

Regular spending include grocery, eating out, books and music, personal care items, consumer durables, savings & investment, clothing, footwear, accessories, movies and theatre, entertainment, vacation, and home textiles.

Lifestyle spends include payment for household help, gifts, furniture, computers/laptops, mobile phones, and Internet connections.

Major factors influencing the increase in spending categories include

Rise in disposal income.

Increasing number of dual-income nuclear families and

Changing attitudes toward consumption

Consumer Saving

Consumer Saving represents the decision to **postpone consumption** by saving money out of disposable income.

Why do people choose to save their incomes?

There are many **motivations for saving**:

Precautionary saving: People might save more because of a fear of being made unemployed. Savings allows people to smooth their spending even when incomes are fluctuating.

Building up potential spending power: Saving more now is a choice to defer spending today to finance major spending commitments in the future (e.g. saving for the deposit on a mortgage, a new car or a wedding). People are also becoming increasingly aware of the need to save in order to build up assets in occupational pension schemes because of fears that the relative value of the state retirement pension will fall in the years ahead.

Interest rates and saving: There might be a greater willingness to save because of the incentives of high interest rates from banks, building societies and other financial institutions.

Inheritance: Many people have a desire to pass on bequests of wealth to future generations.

Saving and the life-cycle of consumers: Younger people are often net borrowers of money because they need to fund their degrees, purchase a property and expensive consumer durables. As people

grow older, their incomes from work tend to rise and their spending commitments decline leading to an increase in net saving ahead of retirement.

The savings ratio

The household savings ratio is the level of people's savings as a percentage of their disposable income. The savings ratio was high during the early 1990s as a result of the high levels of unemployment and also high interest rates. In recent years there has been a fall in the savings ratio in part because consumer borrowing has reached record levels, fuelled in part by rapid acceleration in house prices.

At some point the savings ratio will observe to rise again as people lead back on their spending in order to repay debts on credit cards and other forms of secured and unsecured borrowing.

Positioning

Establishing a specific image for a brand in relation to competing brands

In Marketing, Positioning is the process by marketers tries to create an image or identity in the minds of their target market for its product, brand, or organization.

Positioning is also defined as the way by which the marketers create an impression in the consumers mind.

"[P]ositioning is not what you do to a product. Positioning is what you do to the mind of the prospect. That is, you position the product in the mind of the prospect.- Al Ries and Jack Trout.

Positioning Techniques-

1. Umbrella Positioning
2. Positioning Against Competition
3. Positioning Based on a Specific Benefit
4. Conveying a Product Benefit
5. Taking an Unowned Position
6. Positioning for Several Positions
7. Repositioning

The process of creating an image of a product in the minds of the consumers is called as positioning.

Positioning helps to create first impression of brands in the minds of target audience.

In simpler words positioning helps in creating a perception of a product or service amongst the consumers.

Example

The brand "Bisleri" stands for purity.

The brand "Ceat Tyre" stands for better grip.

Product Positioning

Product positioning is a marketing technique intended to present products in the best possible light to different target audiences.

Product positioning refers to consumers' perceptions of a product's attributes, uses, quality, and advantages and disadvantages relative to competing brands. ---Louis E. Boone and David L Kurtz

The product positioning process involves:

- ✓ Defining the market in which the product or brand will compete (who the relevant buyers are)
- ✓ Identifying the attributes (also called dimensions) that define the product 'space'
- ✓ Collecting information from a sample of consumers about their perceptions of each product on the relevant attributes.
- ✓ Determine each product's share of mind.
- ✓ Determine each product's current location in the product space.
- ✓ Determine the target market's preferred combination of attributes.
- ✓ Examine the fit between the product and the market.

Steps to Product Positioning

1. Know your target audience well
2. Identify the product features
3. Unique Selling Propositions(USP)
4. Know your competitors
5. Ways to promote brands
6. Maintain the position of the brand.

Check list for Product Positioning

Is your product positioning strategy?

Single-minded -does it convey one primary message at a time?

Meaningful-will it connect with the target audience?

Differentiating-does it contrast your strengths against the competition?

Important-is it pertinent and significant to the target audience?

Sustainable-will it resonate with the target audience well into the future?

Believable-will it ring true with the target audience?

Credible- can you clearly substantiate your claims?

Market Segmentation

Marketing Segmentation is the process of DIVIDING MARKE into subsets of consumers with common needs or characteristics.

Advantages

Specific Definition of the Market

Satisfaction of Consumer Needs

Meeting Changing Market Demands

Assessment of Competitive Strengths and Weaknesses

Efficient Allocation of Marketing Resources

Precise Setting of Marketing Objectives

Customer Relationship Management

Customer Relationship Management (CRM) is a model for managing a company's interactions with current and future customers.

It involves using technology to organize, automate, and synchronize sales, marketing, customer service, and technical support.

Customer relationship management (CRM) is a set of processes that enable you to manage your interactions with your customers.

Its uses in various fields:

Marketing

CRM systems for marketing track and measure campaigns over multiple channels, such as email, search, social media, telephone and direct mail. This system track clicks, responses, leads and deals.

Customer service support

CRM systems can be used to create, assign and manage requests made by consumers, such as call centre software which helps direct customers to agents

CRM software can also be used to identify and reward loyal consumers over a period of time.

Appointments

CRM systems can automatically suggest suitable appointment times to customers via e-mail or the web. These can then be synchronized with the representative or agent's calendar.

Small business

For small businesses a CRM system may simply consist of a contact manager system which integrates emails, documents, jobs, faxes, and scheduling for individual accounts.

CRM systems available for specific markets (legal, finance) frequently focus on event management and relationship tracking as opposed to financial return on investment (ROI).

Social media

CRM often makes use of social media to build up customer relationships. Some CRM systems integrate social media sites like Twitter, LinkedIn and Facebook to track and communicate with customers sharing their opinions and experiences with a company, products and services.

Non profit and membership based

Systems for non-profit and membership-based organizations help track constituents, Fund- raising, demographics, membership levels, membership directories, volunteering and communication with individuals.

Customer centre relation management (CCRM)

Features of CCRM

Customer-centric Relationship Management is used in marketing, customer service and sales, including

Tailored marketing

One-to-one customer service

Retaining customers

Building brand loyalty

Providing information customers actually want

Rewards

Marketing Mix.

The marketing mix is probably the most famous marketing term. Its elements are the basic, tactical components of a marketing plan. Also known as the Four P's, the *marketing mix* elements are price, place, product, and promotion. Read on for more details on the marketing mix. the concept is simple. Think about another common mix - a cake mix. All cakes contain eggs, milk, flour, and sugar. However, you can alter the final cake by altering the amounts of mix elements contained in it. So for a sweet cake add more sugar!



Some commentators will increase the marketing mix to the Five P's, to include people. Others will increase the mix to Seven P's, to include physical evidence (such as uniforms, facilities, or livery) and process (i.e. the whole customer experience e.g. a visit to the Disney World). The term was coined by Neil H. Borden in his article *The Concept of the Marketing Mix* in 1965.

Price

There are many ways to price a product. Let's have a look at some of them and try to understand the best policy/strategy in various situations. More . . .

Place

Another element of Neil H. Borden's Marketing Mix is Place. Place is also known as channel, distribution, or intermediary. It is the mechanism through which goods and/or services are moved from the manufacturer/ service provider to the user or consumer. More . . .

Product

- For many a product is simply the tangible, physical entity that they may be buying or selling. You buy a new car and that's the product - simple! Or maybe not. When you buy a car, is the product more complex than you first thought? The Three Levels of a Product . . . More . . .

- The Product Life Cycle (PLC) is based upon the biological life cycle. For example, a seed is planted (introduction); it begins to sprout (growth); it shoots out leaves and puts down roots as it becomes an adult (maturity); after a long period as an adult the plant begins to shrink and die out (decline). More . . .
- The Customer Life Cycle (CLC) has obvious similarities with the Product Life Cycle (PLC). However, CLC focuses upon the creation of and delivery of lifetime value to the customer i.e. looks at the products or services that customers NEED throughout their lives. More . . .

Promotion

Another one of the 4P's is promotion. This includes all of the tools available to the marketer for 'marketing communication'. As with Neil H.Borden's marketing mix, marketing communications has its own 'promotions mix.' Think of it like a cake mix, the basic ingredients are always the same. However if you vary the amounts of one of the ingredients, the final outcome is different. More . . .

Physical Evidence

Physical Evidence is the material part of a service. Strictly speaking there are no physical attributes to a service, so a consumer tends to rely on material cues.

People

People are the most important element of any service or experience. Services tend to be produced and consumed at the same moment, and aspects of the customer experience are altered to meet the 'individual needs' of the person consuming it. More . . .

Process

Process is another element of the extended marketing mix, or 7P's. There are a number of perceptions of the concept of process within the business and marketing literature. Some see processes as a means to achieve an outcome, for example - to achieve a 30% market share a company implements a marketing planning process.

Process and Services Marketing.

Process as part of the marketing mix.

Process is another element of the extended marketing mix, or 7P's. There are a number of perceptions of the concept of process within the business and marketing literature. Some see processes as a means to achieve an outcome, for example - to achieve a 30% market share a company implements a marketing planning process.

Another view is that marketing has a number of processes that integrate together to create an overall marketing process, for example - telemarketing and Internet marketing can be integrated. A further view is that marketing processes are used to control the marketing mix,

i.e. processes that measure the achievement marketing objectives. All views are understandable, but not particularly customer focused.

For the purposes of the marketing mix, process is an element of service that sees the customer experiencing an organisation's offering. It's best viewed as something that your customer participates in at different points in time. Here are some examples to help you build a picture of marketing process, from the customer's point of view.

Going on a cruise - from the moment that you arrive at the dockside, you are greeted; your baggage is taken to your room. You have two weeks of services from restaurants and evening entertainment, to casinos and shopping. Finally, you arrive at your destination, and your baggage is delivered to you. This is a highly focused marketing process.

Booking a flight on the Internet - the process begins with you visiting an airline's website. You enter details of your flights and book them. Your ticket/booking reference arrive by e-mail or post. You catch your flight on time, and arrive refreshed at your destination. This is all part of the marketing process.

At each stage of the process, markets:

- Deliver value through all elements of the marketing mix. Process, physical evidence and people enhance services.
- Feedback can be taken and the mix can be altered.
- Customers are retained, and other services or products are extended and marketed to them.

- The process itself can be tailored to the needs of different individuals, experiencing a similar service at the same time.

Processes essentially have inputs, throughputs and outputs (or outcomes). Marketing adds value to each of the stages. Take a look at the lesson on [value chain analysis](#) to consider a series of processes at work.

SWOT Analysis

Strengths, Weaknesses, Opportunities and Threats (SWOT).

SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on key issues. *SWOT* stands for **strengths, weaknesses, opportunities, and threats**. Strengths and weaknesses are **internal** factors. Opportunities and threats are **external** factors.

At the bottom of this page are FREE SWOT examples - so please read on.



In SWOT, strengths and weaknesses are internal factors. For example: strength could be:

- Your specialist marketing expertise.
- A new, innovative product or service.
- Location of your business.

- Quality processes and procedures.
- Any other aspect of your business that adds value to your product or service.

A weakness could be:

- Lack of marketing expertise.
- Undifferentiated products or services (i.e. in relation to your competitors).
- Location of your business.
- Poor quality goods or services.
- Damaged reputation.

In SWOT, opportunities and threats are external factors. For example:

An opportunity could be:

- A developing market such as the Internet.
- Mergers, joint ventures or strategic alliances.
- Moving into new market segments that offer improved profits.
- A new international market.
- A market vacated by an ineffective competitor.

A threat could be:

- A new competitor in your home market.
- Price wars with competitors.
- A competitor has a new, innovative product or service.
- Competitors have superior access to channels of distribution.
- Taxation is introduced on your product or service.

A word of caution, SWOT analysis can be very subjective. Do not rely on SWOT too much.

Two people rarely come-up with the same final version of SWOT. TOWS analysis is extremely similar. It simply looks at the negative factors first in order to turn them into positive factors.

So use SWOT as guide and not a prescription.

Simple rules for successful SWOT analysis.

- Be realistic about the strengths and weaknesses of your organization when conducting **SWOT** analysis.
- SWOT analysis should distinguish between where your organization is today, and where it could be in the future.
- SWOT should always be specific. Avoid grey areas.
- Always apply SWOT in relation to your competition i.e. better than or worse than your competition.
- Keep your SWOT short and simple. Avoid complexity and over analysis
- SWOT is subjective.

Once key issues have been identified with your SWOT analysis, they feed into marketing objectives. **SWOT** can be used in conjunction with other tools for audit and analysis, such as PEST analysis and Porter's Five-Forces analysis. So SWOT is a very popular tool with marketing students because it is quick and easy to learn. During the SWOT exercise, list factors in the relevant boxes. It's that simple. Below are some FREE examples of SWOT analysis - click to go straight to them

Q. 1 What do you mean by the term 'Psychology', Discuss various fields of Psychology.

Ans: -Psychology is an academic and applied discipline that involves the scientific study of mental functions and behavior. The word psychology is derived from the Greek word psyche, meaning 'soul' or 'mind'. "Science of Behavior-William McDougall (1908) the psychology is the science which aims to give us better understanding and control of the behavior of organism as a whole"

Various Fields of psychology:

A) Basic or General fields:

- 1) Experimental psychology
- 2) Psychological psychology

B) Special Fields:

- 1) Animal psychology
- 2) Child psychology
- 3) Adolescence psychology
- 4) Differential psychology
- 5) Social psychology
- 6) Abnormal psychology

C) Professional Field of psychology:

- 1) Clinical psychology
- 2) Employment psychology
- 3) Educational psychology
- 4) Managerial psychology.

Q.2 State the factors affecting change in attitude.

Ans: -Following are the factors affecting change in attitude

- 1) Target Characteristics
- 2) Source Characteristics
- 3) Message Characteristics
- 4) Cognitive routes
 - a) Good thoughts
 - b) Self-assurance
 - c) Positive comment
 - d) Gratitude
 - e) Clear goals.

Q.3 State and explain in detail determinants of perception.

Ans: -Perception is the organization, identification and interpretation of sensory information in order to represent and understand

Determinants of Perception: -

- 1) Stimuli
- 2) Attention
- 3) Recognition
- 4) Translation
- 5) Behaviour

- 6) Performance
- 7) Satisfaction

Q.4 Enlist the theories of emotion and explain the James – Lange theory

Ans:-Emotion is that it is a response by a whole organism involving, physical arousal, expressive behaviors, and conscious experience.

Theories of emotion:

- 1) **James-Lange theory of emotion**
- 2) **Cannon-Bard theory of emotion**
- 3) **Schachter-Singer theory of emotion**
- 4) **Lazarus Theory**
- 5) **5-Facial Feedback Theory**

- 1) **James-Lange theory of emotion:** - The theory that emotional feelings result when an individual becomes aware of a physiological response to an emotion-provoking .Requires separate and distinct physiological activity for each emotion.
 - a. A visceral experience (gut reaction) is labeled as an emotional state.
 - i. We have some autonomic reaction to stimuli. We observe these physical sensations and label them as feelings.
 - b. This theory is a start but has many problems:
 - i. The visceral response may not occur quickly enough to account for sudden emotions.
 - ii. Some visceral responses are not interpreted as emotions. In 1924, Marañon reported on an experiment in which subjects were given epinephrine (adrenalin) to raise their pulse, etc. The subjects said that they felt as if they were scared, not that they were scared.
 - iii. The range of emotions is apparently much broader and more complex than the range of gut reactions. Nonetheless, recent advances in physiological measurements (eg, PET scans) suggest the physiological correlates of emotional states are more specific than once thought.

Even though James predicted that loss of bodily sensation (eg, through spinal injury) would depress emotions, this does not seem to be the case (some people report an increase in emotional intensity).

Q.5 Define motivation and explain hierarchy of needs theory.

Motivation:

Maslow's HIERARCHY OF HUMAN NEEDS

1. human is a wanting animal reaching for satisfaction
2. once one need is satisfied, human reaches to fulfill another need

3. there are universal human needs: physiological, safety and security, social needs, esteem needs, cognitive needs, aesthetic needs and self-actualization needs
4. these needs help us to grow and self actualize

A) Level one: physiological needs survival needs: food, water, sex, sleep, air

B) Level two: safety and security needs shelter, transportation, routines

C) Level three: social needs for love, belonging intimacy, caring relations, groups

D) Level four: esteem needs need to feel good about self-worthy (internal/external)

E) Level five/six: cognitive/aesthetic needs satisfy curiosity, search for meaning search for beauty Symmetry and closure

F) Level seven: self-actualization to reach our potential- become what we can -to grow

Q.6 State the principles of learning.

Ans: -Learning is acquiring new, or modifying existing, knowledge, behaviors, skills, values, or preferences and may involve synthesizing different types of information.

Learning is a relatively permanent change in behavior that occurs as a result of prior experience

`Principles of learning are highly useful for trainer in order to impart maximum knowledge and skills to the trainees. However, blind adherence to these principles can cause more harm than good. Each principle should, therefore, be interpreted and applied carefully in full consideration of the particular task being learned and the most important of them are

1. Motivation
2. Reinforcement
3. Whole versus part learning
4. Learning curves
5. Meaningfulness of material
6. Learning styles

Q.7 Describe the consumer's decision making process.

Ans: -**Steps/Stages in Decision Making Process:-**

A) Problem/Need Recognition-

B) Information Search-

C) Evaluation of Alternatives-

D) Purchase-

E) Post Purchase Behavior-

Q.8 Describe in detail consumer information processing

Ans:-the process through which consumers are

1. exposed to information
2. attend to it
3. comprehend it
4. place it in memory and
5. retrieve it for later use.

1) Exposure:

consumers receive information through their senses

2) Attention:

consumers allocate processing capacity to a stimulus

3) Comprehension:

consumers interpret the information to obtain meaning from it

Q.9 What is marketing mix? Explain it in detail.

Ans:-The **marketing mix** is probably the most famous marketing term. Its elements are the basic, tactical components of a marketing plan. Also known as the Four P's, the marketing mix elements are price, place, product, and promotion.

- a) Price: There are many ways to price a product. Let's have a look at some of them and try to understand the best policy/strategy in various situations.
- b) Place: Another element of Neil H. Borden's Marketing Mix is Place. Place is also known as channel, distribution, or intermediary. It is the mechanism through which goods and/or services are moved from the manufacturer/ service provider to the user or consumer.
- c) Product: For many a product is simply the tangible, physical entity that they may be buying or selling
- d) Promotion: Another one of the 4P's is promotion. This includes all of the tools available to the marketer for 'marketing communication'.

Q.10 Write short notes on (Any two)

a) Consumer Preferences: -Preference as an individual's attitude towards a set of objects, typically reflected in an explicit decision-making process. Consumer preferences involve the ranking of goods and services according to how much benefit they afford. The study of consumer preferences employs assumptions about consumers' behavior and how they decide preferences.

b) Product positioning: -is influencing how consumers perceive a brand's characteristics relative to those of competitive offerings

Goal is to influence demand by creating a product with specific characteristics (i.e. brand attributes) and a clear image that differentiate it from competitors

- 1) Specific Positioning: positioning a brand based creating linkages between brand and key attributes and benefits. E.g., acceleration of auto, reliability of auto
- 2) Competitive Positioning: positioning a brand in relation to competitors. E.g., Suburban is larger than an Expedition

- 3) **Psychological Positioning:** positioning a brand based upon dominant personality characteristic of target market. E.g., We build excitement.

c) Stereotypes: - Standardized" and "simplified" conceptions/images of groups, based on some prior knowledge. Stereotypes are created based on some idea of abstract familiarity. Wildly inaccurate and negative to those that are more than a little bit true Shed positive light upon the group of individuals. Typically generalizations based on minimal or limited knowledge, Lack of personal, concrete familiarity. Stereotype is a way of representing and judging other people in fixed, unyielding terms.

SECTION “B”

Q.11. Define.

- 1) **Perception:**-The process by which an organism detects and interprets information from the external world by means of the sensory receptors
- 2) **Consumer:** - Consumer is defined as the person who buys goods or commodities from seller in market.
- 3) **Soul:**- The spiritual part of man is called as soul
- 4) **Emotions:**-Emotion is that it is a response by a whole organism involving, physical arousal, expressive behaviors, and conscious experience.

Q.12. State True or False.

- 1) Psychology is a biological science. - **FALSE**
- 2) Behaviour is multidimensional concept. - **TRUE**
- 3) Learning is an active process on part of learner. -**TRUE**
- 4) Connector is a link between receptor and effector. - **TRUE**