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MARKETING RESEARCH & CONSUMER BEHAVIOUR

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BLOCK I : UNIT-I

INTRODUCTION TO MARKETING RESEARCH

Unit Structure:

1.1 Introduction

Research originated from the French word "Recerchier". It means that to search for knowledge again and again as there can be scope for improvement. It may be scientific and systematic search towards a complete knowledge on a specific topic or area.

It can broadly be classified into two categories

a) Basic Research
b) Applied Research

Basic Research is also referred as 'Pure research', 'Fundamental research' or 'Theoretical research'. This type of research aims at expanding the area of knowledge, not necessarily with immediate solution to the problem which is existing.

Applied Research is also termed as 'Decisional research'. This particular research tries to use the already available information to solve certain problem by providing alternative solution. The main aim is to gain marketing edge over the competitors. Applied Research can again be divided into two types- (a) problem-solving research and (b) problem-oriented research. Problem-solving research focus on a specific problem while problem-oriented research focuses on class of problems in which various firms might take interests upon.

1.2 Objectives

After going through this unit you able to understand the:

- Concept of Marketing Research
- Fundamental Characteristics of Marketing Research
- Objectives of Marketing Research
- Distinction between Marketing Research and Market Research

1.3 Concept of Marketing Research

Marketing Research is defined as the objective and formal process of systematically obtaining , analyzing and interpreting data for actionable decision making in marketing .

According to Philip Kotler, " Marketing Research is the systematic design, collection, analysis and reporting of data and finding a solution relevant to specific marketing situation facing the company"

American Marketing Association defines Marketing Research as "the systematic gathering,recording and analysis of data about problems relating to the marketing of goods and services".

Thus Marketing Research lays emphasis on systematic collection and analysis of data for solution of a particular problem in hand.

STOP TO CONSIDER

Marketing Research is a systematic as well as objective study of specific problems existing in the marketing of goods and services.

Check your progress

1. What is the concept of Marketing Research?

1.3.1 Fundamental Characteristics of Marketing Research

The analysis of various definitions brings out the following fundamental characteristics of Marketing Research

1. It is an objective and systematized body of knowledge.
2. It involves collection, recording, analysis, interpretation and reporting of some relevant information.
3. It is concerned with problems relating to products, markets and methods of sales and distribution.
4. It deals with present and potential consumers as well as the changing market environment.
5. It provides regular and reliable information about the product, its market and the potential consumer to the management so as to chalk out appropriate marketing strategy.
6. There can be both intra and extra sources for collecting information.
7. It provides information for decision making and to develop new knowledge.

8. Marketing Research is an attempt to find justified solutions to marketing problems.

STOP TO CONSIDER

Marketing Research includes

- objective and systematized body of knowledge.
- collection, recording, analysis, interpretation and reporting of some relevant information.
- problems relating to products, markets and methods of sales and distribution.

Check your Progress

i. Marketing Research is an attempt to find justified solutions to -----------
----

ii. There can be both --------- and ---------- sources for collecting information.

1.3.2 Objectives of Marketing Research

Marketing Research is carried on with the following important objectives

1. To define the probable market for a product.
2. To know and report the market conditions and techniques, buying behavior, buying power of customers.
3. To assess competitive strength of various marketing policies.
4. To forecast the market share and future sales.
5. To know the impact of promotional efforts.
6. To estimate potential buying power in various areas.
7. To indicate the distribution methods best suited to the product and the market.
8. To study the geographical distribution.
9. To know about customer acceptance of the product.
10. To make packaging as attractive as possible.
11. To understand why consumers buy the product.
12. To identify marketing opportunities or problems.
13. To facilitate evaluation of the alternative solution of different problems.
14. To help in the selection of a right course of action.

STOP TO CONSIDER

The information gathered by the Marketing Research reduces the risk in marketing decisions. Marketing Research is very useful in developing marketing strategies. It also helps a firm to know and maintain the popularity of their products among consumers.

Check your Progress

Mention four basic objectives of Marketing Research

1.3.3 Distinction between Marketing Research and Market Research

Marketing Research and Market Research are two separate terms. Some people use them interchangeably. Market Research is a narrow term and is a part of Marketing Research.

Market Research strictly means study of the market itself. It studies the growth and decline of the market, factors affecting the market, number of competitors active in the market and so on.

Marketing Research is not restricted to research on a single aspect of the market. It applies to any phase or problem of marketing. It is the basis of sound decisions in the field of marketing.

Professor Philip Kotler has distinguished Market Research and Marketing Research as follows-

"Market Research is accurate for describing research into markets, their size, geographical distribution, incomes and so on. However, it fails to cover the idea of research into the effects of marketing efforts for which the term Marketing Research is more accurate."

STOP TO CONSIDER

Marketing Research and Market Research are separate terms and Market Research is a narrow term and part of Marketing Research.

Check your Progress

What is the difference between Market Research and Marketing Research?

1.4 Summary

Marketing Research can be defined as the systematic and objective process of analyzing and interpreting data for actionable decision making in marketing. It is concerned with problems relating to products, markets and methods of sales and distribution. The main area it deals with is present and potential consumers as well as the changing market environment. Marketing Research provides regular and reliable information about the product, its market and the potential consumer to the management so as to chalk out appropriate marketing strategy. The main objective of marketing research is to define the probable market for a product, reporting the market conditions and techniques, buying behavior, buying power of customers, to forecast the market share and future sales and to identify marketing opportunities or problems.

Market Research describes the situation and the background of any marketing problem. It explores the various alternative decisions and examine them either to confirm or to rule out them. It helps to compare two or more marketing strategies for the selection of the best amongst them. It also predicts the future risks and opportunities. In the light of changed environment the data collected also changes so continuous monitoring is called for. Marketing Research serves as an input to the decision making process and is the best tool that guides the decision maker.

1.5 References

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1.6 Questions

1. Define Marketing Research?
2. Explain the fundamental characteristics of Marketing Research.
3. Mention the objectives of Marketing Research
4. Is there any difference between Marketing Research and Market Research? If yes, highlight the differences.

BLOCK I : UNIT-II

Growth and Evolution of Marketing Research, Nature and Scope of Marketing and Research.

Unit Structure:

2.1 Introduction

2.2 Objectives

After going through this unit you able to understand the:

- Evolution and Growth of Marketing Research
- Scope and Coverage of Marketing Research

2.3 Evolution and Growth of Marketing Research

Over the last several decades, there has been a gradual development of Marketing Research. Marketing Research was carried on as back as 1824. However, for more than one century, the pace of development was very slow. It was only 1910 onwards that Marketing Research made rapid progress.

The growth of Marketing Research since 1880 can be classified into six stages as shown below-

- ✓ 1880-1920 : The industrial statistics phase
- ✓ 1920-1940 : The phase of random sampling, questionnaire and behavioral measurement development
- ✓ 1940-1950 : The management awareness phase
- ✓ 1950-1960 : The experimentation phase
- ✓ 1960-1970 : The computer analysis and quantitative methods phase
- ✓ 1970 till date : The Consumer Theory Development Phase

In recent times, marketing researchers have been paying a good deal of attention to consumer behavior. In addition, quantitative analysis is also receiving greater attention.

Several factors have contributed to the growth of marketing research. Some of them are as follows-

1. Technological Development – Along with the advancement of technology, increased production, higher standard of living, etc. marketing research has become an indispensable tool in decision making.
2. Time lag between production and consumption- There is a great time lag between production and consumption. The greater the time lag, the greater is the need for marketing research.
3. Shift from seller's market to buyer's market- There has been a shift from a seller's to a buyer's market. This necessitates a better understanding of buyer behavior and marketing research helps here.
4. Emergence of specialist- The emergence of specialist such as statisticians, psychologists and behavioral scientists in a fairly large number has also enhanced the importance of marketing research as a separate discipline.
5. Increasing use of computers- The increasing use of computers has further contributed to the growth of marketing research.
6. Composition of population- Finally, changes in the composition of population has widened the scope for the marketing of various types of goods and services. As a result the need and importance of Marketing Research has increased.

STOP TO CONSIDER

Marketing Research in recent times focuses more on consumer behavior. At the same time quantitative analysis is given greater attention.

Check your Progress

i. In the growth of Marketing Research, in which year did the Consumer Theory Development Phase start?
ii. Along with the advancement of -------------, increased production, higher standard of living, etc. ------------ has become an indispensable tool in decision making.

2.4 Scope and Coverage of Marketing Research

The era of globalization had led to increase in awareness level of the customers, along with increasing demand and sophistication. With the eradication of trade barriers, customers no longer focus its attention on local brands. Rather they have learned to appreciate the quality aspect of the brand more than cost. Thus, it can be seen that every organization need to invest its interest in marketing research, as it can play important role in decision making process of a marketing manager.

The scope of Marketing Research is very wide. It covers the present and potential markets, marketing, marketing management and other areas of management. Its scope may be presented under the following heads:-

1. **Market Research**- It covers the information regarding size and nature of the market including export markets in terms of age, sex, income, etc. of the consumers.
2. **Product Research**- Product development and testing, brand name, packaging, design, product lines, product life cycle, competitive strength of the product, etc. are included within the scope of product research.
3. **Service Research**- Services can be of three classes:-
    a) Intelligible benefits like insurance, medical care, beauty care etc.
    b) Intangible activities like transport service, communication service, amusement, etc.
    c) Tangible activities like repair facility, credit facility, after sales service etc.

    Markets have to conduct researches for continuous improvements in services for consumer satisfactions.
4. **Price Research**- It includes researches in cost analysis, profit analysis, demand analysis, sales forecasting, sales potential, etc.
5. **Sales Research**- It relates to the study of problems regarding sales methods, effectiveness of salesman, sales policies, sales incentives etc.
6. **Distribution Research**- It covers the aspects relating to storage and warehousing, channels of distribution, use of middleman, etc.
7. **Consumer Behaviour Research**- Consumer Behaviour Research seeks to answer the following questions
    a) Who is our target customer?
    b) What do they expect?
    c) How do the consumers behave?
    d) Why do the behave like this?
8. **Packaging Research**- It is a part of product research. However, the recent development in packaging has led to it to occupy an independent position. To know the impact and its response in the market, packaging has become an independent research field.
9. **Promotion Research**- It includes research studies on motivation research, media and advertising effectiveness studies, sales force compensation studies etc.
10. **Brand Research**- It includes research on brand image and other features as colour, design, slogans, etc.
11. **Miscellaneous Research Activities**- Various other research activities which are not conducted in a repeated manner in a company may be put in this category. This may include the research on diversification of products, international market potentialities, satisfaction of sales personnel, Government’s attitude towards corporate sector, etc.

STOP TO CONSIDER

- Globalization has led to increase in awareness level of customers, for which Marketing Research is given more importance. Marketing Research plays a significant role in decision making process.
- Scope of Marketing Research is very wide.

Check your Progress

i. --------------------covers the information regarding size and nature of the market including export markets in terms of age, sex, income, etc. of the consumers.

ii. Service Research consists of ---------------, ----------- and Tangible activities.

2.5 SUMMARY

The gradual development in Marketing Research has taken place since its beginning in the year 1824. The pace of development was slow until 1910, when the rapid progress taken place. The growth of Marketing Research was classified into stages which was segmented as industrial phase, random sampling phase, management awareness phase, experimentation phase, computer analysis and quantitative methods phase and the most important phase in recent times is the computer theory development phase. Several factors have contributed to the growth of marketing research such as technological development, time lag between production and consumption, shift from seller's market to buyer's market, emergence of specialist, increasing use of computers and composition of population. Marketing Research covers the present and potential markets and other areas of management such as product research, market research, service research, price research, and sales research, and distribution research, consumer behavior research, packaging research, brand research and miscellaneous research activities.

2.6 References & Suggested Readings

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2.7 Model Questions

1. Discuss the growth and evolution Marketing Research
2. Explain the scope and coverage of Marketing Research

BLOCK I : Unit-III

Interaction Between Management and Marketing Research, Applications and Limitation of Marketing Research

Unit Structure:

3.1 INTRODUCTION

The systematic collection, recording, and evaluation of both qualitative and quantitative data regarding things that happens when an organisation markets its products or services is known as marketing research. The goal is to figure out and figure out how changing things in the marketing mix affects customer behavior. This includes figuring out what data is needed to solve these problems, then coming up with a way to get that data, trying to manage and implement the process. After analyzing the data, the results and findings, as well as their implications, are sent to the people who can act on them.

When it comes to consumer behaviour, it refers to the study of individuals, groups, or organizations as well as all of the activities that are associated with the acquisition, use, and disposal of goods and services. A consumer's emotions, attitudes, and preferences are examined in order to determine how they influence their purchasing behavior. The study of consumer behavior began in the 1940s and 1950s as a distinct sub-discipline of marketing. Since then, it has evolved into such an interdisciplinary social science that combines elements from psychology, sociology, cultural anthropology as well as elements from marketing and economics.

3.2 OBJECTIVES

This unit is an attempt to analyse the concept of marketing research and its allied domains. After going through this unit, you will be able to-

- Understand the relationship between management, marketing research and marketing management.
- Explain the scope and application of marketing research
- Advantages and limitations of marketing research

3.3 INTERACTION BETWEEN MANAGEMENT AND MARKETING RESEARCH

It is a well-established fact that customers have to be identified, defined, and retained in satisfied relationships with marketers so that both the customer and the marketer are mutually benefitted. In the referred context, marketing plays the pivotal role as a process of identifying, establishing, and maintaining satisfying relationships with customers that benefit both these parties. In reality, the formation and exchange of products and services is a social and managerial process that allows individuals and organizations to obtain what they require and desire in order to survive and prosper. The process is also referred to as the manufacturing and distribution process.An organization's management process that is in charge of identifying, anticipating, and profitably satisfying the needs of customers. Marketing research is a powerful tool that can be used by management to achieve their objectives. In fact, it can be applied at any point in the marketing cycle. The converse is also true: certain groups of people have formed false impressions of one another. Many organizations believe that marketing research is superfluous and should be avoided. Marketing researchers, on the other hand, have expressed frustration with the organization's lack of regard for their efforts.

Among the many grievances made by many of the organization against marketing researchers, the following are a few points:

- Research is not conducted in response to a specific issue or problem. When it comes to producing actionable results, it frequently produces a slew of facts.
- Research is preoccupied with techniques, and it appears that researchers are reluctant to become involved in management matters.
- Research is sluggish, ambiguous, and of questionable reliability.
- Researchers are unable to communicate effectively, do not comprehend what they are hearing, and do not understand management jargon.

Similarly, marketing researchers have the following issues to complain about:

- The presence of researchers in discussions of fundamental issues is prohibited by management organizations. Management frequently requests only specific information about specific aspects of problems rather than a comprehensive picture of the situation.
- Management pays no attention to research and has little understanding or appreciation for its significance and importance.

- The management team does not devote enough time to conducting research. Their preliminary conclusions are formed on the basis of preliminary or insufficient information.

3.4 MARKETING RESEARCH AND MARKETING MANAGEMENT

Market research entails gaining an in-depth understanding of the broader market in which we intend to compete, which is what we call competitive intelligence. The goal of marketing research is to determine what marketing elements (like products, prices, place and promotion) a country will need to address customer needs and be successful.Marketing research is divided into two categories: qualitative and quantitative.

Market research provides a broader/more comprehensive view of the market environment, whereas marketing research focuses on the needs and behaviours of consumers.Marketing research, as the base of marketing, is unquestionably the most significant task in the field of marketing research. Researchers are now considered to be not only a critical component of marketing decisions, but also an essential factor in gaining an edge over competitors by today's marketing professionals. The desire for more information about customers and markets is insatiable because organizations recognise the value that information adds to the process of developing and maintaining valuable products.

Increasing resources for data collection and analysis are expected to be allocated by marketers across nearly all industries, particularly in highly competitive markets. While conducting the research, it is also a good idea to compare and contrast concepts with those of competitors in order to gain a better understanding of what makes us unique and how to capitalise on those advantages.

Marketing research is the process of conducting research to support marketing efforts and transforming data into useful information via statistical analysis, a process referred to as "conversion." Later on, marketing managers will use these specific details to plan marketing efforts, assess the nature of the marketing environment in which their company operates, and gather information from vendors and suppliers. When marketing researchers conduct data analysis, they implement statistical techniques such as quantitative and qualitative research, hypothesis testing, Chi-squared tests, linear regression, and correlations, and also frequency distributions, poisson distributions, and binomial distributions to interpret their findings and convert data into meaningful information. These strategies are used in combination with other forms of marketing research to collect data on customers. The marketing research process is divided into several stages, which include identifying a problem, developing a research plan, collecting and analyzing data, and formally disseminating information in the form of an annual report. One of the primary objectives of marketing research is to provide management with the information that is both relevant and accurate, reliable, valid, and up-to-date.

CHECK YOUR PROGRESS

1. Highlight one drawback that most of the managements suffer from in context to problem solving.
2. What is competitive intelligence?
3. Which type of research provides a more comprehensive view of the market environment?
4. Marketing research provides a more specific/focused perspective on the needs and behaviour of consumers (True/ False)
5. Marketing research and marketing management are synonymous to one another (True/False)

3.5 IMPORTANCE OF MARKETING RESEARCH

Marketing research plays a pivotal role in the marketing process. It can be explained in the following way:

1. To Assist You in Making Marketing Decisions:

Marketing research assists marketers in making decisions about which products or services to offer. On rare occasions, a marketer may believe that a new product or service will be beneficial to the target audience. Although research may unveil that customer do not require a specific product, it may also reveal that a competitor's product meets their requirements. Effective marketing research, on the other hand, is concerned with identifying strategies for the initial launch of new products and services. This lowers the risk affiliated with the introduction of a new product or service to the market.

2. Defend Yourself Against the Competition:

It is possible to establish and comprehend competitor information through marketing research, including their identity, marketing network, customer focus, and operational scale. This enables businesses to survive and, in some cases, outperform their competitors in a given market. Additionally, marketing research can help identify underserved consumer segments and unmet consumer needs.

3. Assists in determining target markets:

Research helps to identify target markets by providing information about a customer's location, age group, purchasing habits and gender. The ability to narrow down the target markets and customers for a product or service allows marketers to be more effective.

4. Profit Maximization:

Other than profit-maximizing steps like item optimization, customer profitability analysis, and price elasticity that can help you make more money, marketing research can help you find ways to make more money. As an example, price elasticity research can help you figure out how a product's sales and profits change when the price of the product goes up. It also helps a lot that the company places a lot of emphasis on profitability. This helps the company move away from maximizing sales and toward continuing to increase profit margins and profits. It is because of this that the business can last for a long time and make the most money.

5. Increasing Sales:

Marketers need to figure out what their customers need, want, and think about their products. Then they need to figure out whether your products fit the bill. People who are already using the product and people who are new to it will both buy more of the product, and people who aren't users will become customers as well.

6. Marketing strategy:

If the company has a good idea of who its customers are and how it competes in the market, the company's marketing managers can make important strategic decisions on their own. Marketing managers then can come up with a marketing plan that will help their company make more money and make more money. Short-term unit margins, revenue growth, market share, and profit in the long run may be some of the goals of the strategy that is chosen, as well as many other things.

3.6 CRITERIA FOR SELECTION OF TARGET CONSUMER SEGMENTS

For the purpose of achieving their objectives, marketers usually identify one or more customer target segments. The superior performance of customer segments on two dimensions makes them a popular choice as targets:

1. Among other characteristics, the segment's size, growth, frequency of purchases, and lack of price sensitivity (i.e., willingness to pay high prices) make it an attractive market to serve.
2. The company possesses the resources and skills necessary to compete for the business of the segment, to exceed their expectations in meeting their needs, and to do so in a profitable manner. To be sure, one of the most frequently quoted definitions of marketing is merely "profitably meeting needs."

3.7 MARKETING RESEARCH AND MARKETING STRATEGIES: RELATIONSHIP

Marketing research and strategy development are iterative processes that take place over time. As your company develops and expands, your client base and their priorities may shift as a result of this. In light of new marketing data, revise your strategy as necessary. Continually keep an eye out for new technologies that could become a part of your marketing strategy. To give an example, mobile marketing is a relatively new field which has the potential to be highly effective for local businesses looking to reach out to customers in their immediate vicinity. If your marketing research indicates that the majority of your customers are heavy smartphone users, taking this step may be a wise course of action. Maintain your adaptability, and make marketing research and strategy formulation a regular part of your company's daily operations and operations.

Marketing research is an all-encompassing term that refers to a process of collecting and analyzing information about your customers, demographics, and business environment. It is also known as market research or market research analysis. Marketing strategy is the process of putting to use the information gleaned from marketing research. These are the specific strategies that a company employs in order to acquire new customers and keep existing customers.

Additional responsibilities include the testing and development of new products or services, as well as other tasks. It all starts with data. Businesses use a wide range of methods to get this information, including demographic studies, product testing, surveys, and informal requests for feedback from current customers, to get it. If you want to increase sales, diversify your customer base, or tell the public about a new or existing local business in your area then you need to figure out a strategy.

Local businesses can do demographic studies about their area, which can give them information about income levels and other things. Simple internet searches are a good place to start when you want to find out more. You took your financial constraints into account when you came up with the strategy. An example: A small local business with a limited marketing budget may want to start an email and online campaign to get customers in the area where the business is located to know about it. This could include setting up social media profiles, building a customer database, and sending out regular mailings with updates and special coupons.

CHECK YOUR PROGRESS

6. Marketing research does not help to identify underserved consumer segments and unmet consumer needs. (True/ False)
7. What is price elasticity research?
8. Marketing research and strategy development are __________ processes.
9. n context to marketing research, what aids business strategies to be developed?

3.8 INTEGRATING STRATEGY AND RESEARCH

Without a sound strategy, marketing research will not benefit your organisation. To keep on top of the target customer's pulse, you need to do a lot of research. It will let you know when there is a lot of competition and when there are chances to make new products. On the other hand, it should tell you when a new product doesn't work well with the market. The best way to keep your advertising and sales endeavours on track is to review your strategy multiple times a year in light of the most recent research. You can then figure out if you need to change your marketing strategy.

SELF ASSESSMENT QUESTIONS

- Marketing research is incomplete without with a sound strategy. Do you agree? Justify.

3.9 SCOPE OF MARKETING RESEARCH

The term "marketing research scope" refers to the areas or aspects of marketing research that are studied. In other words, it denotes the areas or applications of marketing research. Indeed, marketing research touches on nearly every aspect of marketing management. There are many different types of marketing research, and they cover everything from figuring out what customers need and want to measuring how satisfied they are. Consumers, products, sales and distribution are all covered in this field of study. It also covers advertising, pricing, and sales forecasting. There are many things that can help you figure out how customers act, what products are popular, how well ads work, and how to set prices, for example. You can use this to figure it out. How to market goods and services are just some of the things that are looked at in this way.It talks about a lot of different things.

It primarily encompasses the following areas:

1. <u>Product Research:</u>

Products include both tangible goods and intangible services. This subfield of marketing research examines all aspects of a business's products.

It investigates and resolves product-related issues, such as:

- Examination of the characteristics and performance of products
- Examination of the product's physical and psychological features
- Determining the applications for existing products
- Analysis of competitive products
- Identifying consumer complaints about products
- Determining the need for new product development
- Determining the market success of a new product, including market testing
- A study of the product life cycle and consumer adoption
- Branding, packaging, labelling and after-sales services research.

2. <u>Market Research</u>:

This is a subdiscipline of marketing research that deals with the market/consumer. It does research on the features and composition of the target markets.It encompasses both current and potential markets.

This branch includes the following:

- Identifying and defining the target market
- Researching the target market's needs and desires
- Analysis of the current market's size and location
- Analyzing current market conditions and forecasting future trends
- Territorial sales opportunity and potential analysis
- Establishing sales territories and quotas
- Analysis of market share
- Examinations of the relative profitability of various markets
- Demand estimation for a new product

3. <u>Research on Sales Methods and Policies</u>:

This subfield of marketing research is concerned with the examination and analysis of sales-related activities.

Numerous facets that fall under this heading include the following:

- Examining and analysing sales records
- Analyze sales territories in relation to products, order size, turnaround time, terms and conditions, and methods
- Investigation of the actions and effectiveness of salespeople
- Evaluating current sales methods
- Management of sales forces, including size, remuneration, training, and control.
- An investigation of how different marketing tools, such as advertising, personal selling, sales promotion, and publicity affect sales.

- Examination of the sales department's organizational structure.

4. <u>Advertising Research</u>:

Advertising is a highly effective form of market promotion. Advertising activities account for a sizable portion of promotional budgets. As a result, it is critical to conduct research into various aspects of advertising.

At the very least, the following areas are covered in this area:

- Comparative analysis of various promotional elements
- Advertisement goals, media choices, advertising messages, themes, and copy, as well as advertising agencies, are looked into
- Advertising's social implications – the positive and negative impacts of advertising on culture as a whole
- Advertising's role throughout the product's life cycle
- Advertising restrictions imposed by the government
- Cost-benefit analysis of advertising or evaluation of advertising effectiveness
- Analyze the advertising practices and strategies of competitors

5. <u>Pricing Research</u>:

Price is a critical component of the marketing mix. Price is critical in underdeveloped and developing countries. Marketing goals can be met with the help of good pricing policies and methods. It is evident that price has played a big role in people's purchasing decisions.

This branch is responsible for the following:

- Market research on pricing objectives
- Evaluation of the efficacy of pricing plans and practices
- Examination of various pricing strategies
- A comparison of quality and value
- Introduction of new products and pricing policies
- Examination of the effect of discounting, allowances, and seasonal variables
- Pricing strategies for products at various stages of their lifecycle

6. <u>Distribution Research</u>:

Distribution plays a critical role in determining a product's success in today's marketing. When a marketer comes up with a good distribution network, he or she can help the whole customer be happy.Two critical components of such research are physical distribution and distribution channel.

This area encompasses the following:

- Evaluating the contribution of distribution decisions to marketing objectives
- A comparison of direct and indirect distribution methods
- Distribution of physical goods and ancillary services
- Investigation of various distribution channels
- Investigation of relevant factors influencing channel decision-making/selection
- Comparing the distribution strategies of a business to those of competitors
- Online marketing's relevance
- Distribution-related legal issues

7. **<u>Business Environment and Corporate Social Responsibility Research</u>:**

This segment is not about solving any problems in marketing. Such research is done to get and look at data about the business world as a whole. Managers use the area study to help them come up with strategies for both current and future markets. It also helps to figure out how well and how poorly the marketing department is doing in relation to the rest of the business. In today's rapidly changing business world, it is important to do research on a wide range of economic, social, and cultural aspects.Similarly, corporate responsibility must be analysed.

Among the major topics covered under this heading are the following:

- Analysis of the business environment, including demand, gross domestic product, per capita income, industry and commerce, rate of economic growth, monetary and fiscal policies, and export-import policies.
- Business forecasting, both short- and long-term.
- Technological considerations
- Sufficient and high-quality productive resources.
- Consequences of statutory principles and statutes.
- Consumerism and consumer rights study.
- The influence of socio - cultural values on business policy.
- Pollution and environmental imbalance, as well as business social responsibility.

CHECK YOUR PROGRESS

10. What is the scope of marketing research?
11. Highlight any three applications of marketing research?

3.10 APPLICATIONS OF MARKETING RESEARCH

Marketing research is the method of analyzing and researching a market in order to gain a better understanding of its trends. It entails the collection, analysis, and explanation of market data in an appropriate manner. It is primarily used to determine changes in customer preferences and behavior in response to changes in market mix components like promotion, location, price, and product. It is the mechanism that links customers, producers, and a wide range of other end customers to the marketer and facilitates the collection and communication of all information necessary.

A good understanding of marketing research is needed to understand how people buy things. It is a great tool for marketers to use to figure out what's going on in the market because it mostly consists of information about new products, consumer demand patterns, the competitor's pricing strategy, and similar products. Businesses can quickly find out what their clients want via market research, which helps them make products for them and gives them an advantage over their competitors in the market.

1. **<u>Market Research</u>:**

The purpose of this research is to gather information about the company's market and to identify the market forces at work. Market research encompasses the assessment of market trends, the quantification of the company's current and potential markets, the evolution of the impact of government legislation, policies, and schemes on the company's marketing operations, and the determination of the strengths and weaknesses of competitors' marketing programmes, policies, and strategies. Market research can also be used to ascertain the Company's market share, forecast future sales, and segment the market in order to implement an effective product differentiation strategy.

2. Demand Forecasting:

Marketing research assists businesses in estimating customer demands. It assists businesses in forecasting the correct quantity of goods required and then producing them accordingly through various forecasting techniques.

3. Sales Analysis:

Through the examination of sales reports, marketing research enables businesses to analyse their sales. It indicates which products sell well, whether the sales force is effective, which inventory should be stocked more heavily, and what production capacity should be maintained.

4. Advertising Research:

Marketing research is very important in order to find the best and most effective way to advertise your business. It compares different parts of advertising, like themes, appeals, headlines, communication clarity, and attention value, to the business's goals for advertising.

5. Positioning Research:

Marketing research enables the development of a brand's or service's optimal market position. It collects and distributes all relevant information on potential customers to businesses, helping them in better positioning their products in the eyes of customers.

6. Segmentation of the Market

This procedure collects and communicates to businesses all available market data. It is the process by which businesses gather critical information about potential customers, allowing them to segment their market.

7. Product Research:

Marketing research is very important when it comes to planning and making new products. It helps businesses come up with the best product by giving them information about new market opportunities, introducing a new product, and looking at the current product mix to figure out what changes need to be made.

8. Market Analysis:

It aids businesses to develop effective pricing strategies that result in the establishment of the appropriate price for their products. Marketing research elicits information about competitors' pricing strategies, pricing expectations, and a variety of other factors that influence pricing decisions.

9. Analysis of Distribution:

The purpose of this research is to determine the most efficient method of product delivery to customers. Marketing research analyzes and identifies potential distribution networks, determines the most cost-effective market intermediaries, minimizes distribution costs, and evaluates distribution network performance.

10. Market Research on Customer Satisfaction:

This means talking to customers and getting information about how they shop for brands. Marketing research asks for customer feedback and focuses on what they think about a company's products.

11. Marketing Environment Research:

This is a critical component of marketing research. The primary objective of this is to determine the firm's environmental fitness. With changes occurring in macro-environmental factors including demography, economic conditions, government policies, legal environment, technology, and social and cultural factors, it is determined that necessary changes include goals, objectives, marketing mix, pricing, and business strategies.

SELF ASSESSMENT QUESTIONS
• Marketing research is an indispensable part for any organization. Do you agree? Justify.

3.11 ADVANTAGES OF MARKETING RESEARCH

Because of the wide range of its applicability, marketing research has numerous benefits. The following points enlists some of the various advantages of marketing research:

1. Indicates the current state of the market:

Marketing research keeps the business unit up to date on the most recent market trends and provides guidance for dealing with the challenges of the market with confidence. It makes it easier to produce in accordance with consumer demand and preferences.

2. Identifies flaws in marketing policies and strategies:

Marketing research identifies the shortcomings in terms of products, pricing, and promotion, among other things. It provides appropriate guidance on a variety of marketing-related subjects. Product development, branding, packaging, and advertising are just a few examples.

3. Provides an explanation for customer resistance:

Customer resistance to a company's products can be discovered using magnetic resonance imaging (MRI). The researcher also makes recommendations for appropriate remedial measures to deal with the current situation. Consumers will find the products more agreeable as a result of this.

4. Makes the following suggestions for sales promotion techniques:

Marketing research must be conducted in order to determine the most effective promotional tactics, the most convenient distribution channels, an appropriate pricing policy for the products, and dealer discounts and concessions. It simplifies the process of selling.

5. Guidance to Marketing Executives:

In the process of developing marketing policies, marketing executives use marketing research to gather information and guidance. Continuous research enables a company to confront adversity in the marketing environment with confidence. It serves as a form of protection against potential changes in the market environment.

6. Selection and Training of Sales Force:

Marketing research is beneficial in the sales organisation because it helps with the selection and training of salespeople. It makes recommendations regarding the types of incentives that should be provided to motivate marketing-related employees.

7. <u>It makes it easier to expand your business</u>:

By identifying new opportunities, marketing research enables an organization unit to develop and grow its operations. It contributes to market reputation and also enables a business unit to earn a high profit margin by implementing consumer-oriented marketing policies and programs.

8. <u>Aids in the Evaluation of Marketing Policies</u>:

The findings from research activities enable marketing executives to assess the efficacy of current marketing policies in light of the research findings. Policy changes are also possible in response to the recommendations made in this document.

9. <u>Make recommendations for new marketing avenues</u>:

Marketing research identifies marketing opportunities and the strategies necessary to fully exploit them. It identifies both existing and emerging market opportunities.

10. <u>Makes it easier to conduct an inventory study</u>:

It is helpful to conduct marketing research in evaluating a company's inventory policies and to introduce more effective methods of managing inventories in the future, which include finished goods and raw materials.

11. <u>Provides marketing information</u>:

Marketing research provides information on a variety of marketing-related topics. It indicates the relative positive aspects and weaknesses of the firm. On the basis of this type of information, marketing executives can easily formulate policies for the near future. Marketing Resources provides marketing-related information, guidance, and alternative solutions.

12. <u>Makes the following distribution channel recommendations</u>:

Marketing research can be used to collect data on the effectiveness of existing distribution channels and the requirement of making appropriate changes to the distribution system.

13. <u>Contributes to the development of a progressive outlook</u>:

As a result of marketing research, a progressive and dynamic outlook is created throughout the business organization. It promotes systematic thinking and a sense of professionalism among the organization's employees. Additionally, it instills excitement in marketing executives involved in the process. This contributes to the business unit's overall success and stability.

14. <u>Importance in the Social Context</u>:

According to social scientists, marketing research seems to be of critical significance. It serves as a vehicle by which ultimate consumer essentially ascends to the throne of the market place.

STOP TO CONSIDER

- Marketing research justifies reasons for customer resistance.
- It acts as a defense mechanism against the potential changes in the market environment.
- It helps in market expansion.

3.12 LIMITATIONS OF MARKETING RESEARCH

It is critical to conduct marketing research in order to achieve superior marketing performance. Indeed, it is critical to understand and treat consumers more effectively than competitors. Marketers can ensure customer satisfaction by maintaining constant contact with their target audience via marketing research. It is a critical component of contemporary marketing. However, it is not without limitations. The marketing manager's awareness of these constraints is critical. Marketers and those in charge of marketing research must be aware of these constraints/practical issues. Bear in mind that these limiting factors cannot be completely eliminated. Attempts should be made to mitigate the negative consequences of these significant constraints. A well-thought-out plan, an adequate budget, teamwork, accuracy, punctuality, appropriate use, and application, among other factors, all contribute to the success of marketing research.

The following points discuss the major limitations or practical issues:

1. Effect of Extraneous Factors:

Extraneous factors are those that are uncontrollable and external. In the majority of cases, extraneous factors have a detrimental effect on marketing research results. The net impact cannot be estimated due to the impact of such factors. For instance, if a marketer wishes to study the effect of a 20% price increase on demand, he may increase the price by 20%. As a result, demand declines by 40%. In this case, the decline in demand cannot be entirely attributed to the price increase. In addition to the price increase, demand may have been influenced by other factors such as the introduction of a quality product, the appealing offer of competitors, the accessibility of powerful substitutes, and so on. Regardless of the precautions taken, such factors cannot be completely eliminated, and thus marketing research will be ineffective.

2. Time Gap Impairs Research:

Additional time is needed to do a good marketing research project. This may take weeks, months, or even years to finish. When marketing research is done to find out about or solve problems, the results take a long time to come out. When research results are made public, things may have changed a lot or the research problem may have been solved by itself. A person who makes decisions needs to have the right information at the right time. This, on the other hand, isn't possible. Sometimes, money, time, and hard work are wasted.

3. Consider the Costs:

Conducting systematic marketing research is a high-end thing to do. A business needs money to do research, collect data, analyze it, interpret it, and write up reports. Statisticians and computer experts get paid very well. When a business does research on a regular basis, it needs to have a completely separate, well-equipped marketing research department. A lot more money has been spent on market research in the last few years. As a result, it is hard for small and medium businesses to pay.

4. The Challenge of Rapid Change:

Rapid change is a hallmark of the modern market. Whatever is relevant or applicable today would become obsolete in the future. Marketing research is no longer effective due to the rapid pace of change. After a specified period of time, the research findings or outcomes become meaningless or irrelevant.

5. The Trust and Accuracy Issue:

The foundations of marketing research are trust and precision. Everything is contingent upon trust, from the initial problem identification to its resolution. The company must have faith in the marketing research officer; the research officer must have faith in the field officer; and the field officer must be able to rely on respondent responses.Accuracy is critical at every stage of marketing research. To the extent that inaccuracy prevails, the results of marketing research suffer.

6. Problem Resolving Tool:

Recognizing that marketing research doesn't always directly solve problems is both fascinating and shocking. It is not a technique for problem solving, but it can assist in the resolution process. It is not a magic wand for trying to resolve marketing issues; rather, it is a data repository. It is beneficial to the extent that the source is reputable and is used properly. Even the most well-intentioned research project will be unproductive if the outcomes are ignored.

7. Subjective or skewed outcome:

When a human being is involved, it is impossible to obtain an entirely objective response or result. Personal values, prejudices, attitudes, needs, and other sociocultural factors all have a detrimental effect on the objectivity of research. Subjectivity has the potential to devolve into complete chaos.

8. Non-elimination of Inherent Risks:

Risk and uncertainty are inherent in all economic decisions. Risk and uncertainty cannot be eliminated through marketing research. It is a deliberate attempt to reduce the degree of risk. Thus, high expenditures on marketing research do not ensure safety and certainty.

9. Usage or Applicability:

The value of a marketing research project is contingent upon not only its quality and reliability, but also on its effective use of information. Oftentimes, marketing research reports are viewed by top management as a formality. Recommendations are neither seriously considered nor fully implemented.

10. Distinction between Filing Officers, Data Analysts, and Decision Makers:

Marketing research is done by a lot of different people, including a marketing manager, a field officer, data analysts, and the person who makes the final decision. Each of these people has different goals, contexts, and perspectives. Consistency or balance between them is very important. There must be a lot of assimilation and intimacy between them for this to work out. Indeed, it's hard to do.

11. Research Staff with Little or No Experience:

A high level of expertise as well as well-trained and experienced researchers, interviewers, and investigators are required.

12. Narrow Frame of Reference:

Marketing research is themethod of gathering information. It is not a problem-solving approach. It has a low credibility and is of questionable validity.

13. It Entails a High Financial Outlay:

Because of the high costs involved, it is regarded as a luxury by the management team.

14. **Limitations of tools and techniques:**

A further constraint on the validity of marketing research is imposed by the limitations of the tools and techniques employed.

15. **It is a passive approach:**

Its use and effectiveness are heavily reliant on the ability of executives to extract the maximum benefit from the system.

STOP TO CONSIDER
• Marketers can satisfy customers by staying in constant contact with their target market through marketing research. • Marketing research is often influenced negatively by the volatility of the external environment. • Marketing research is both a time-consuming as well as costly process.

3.13 KEY TERMS

- Marketing
- Marketing Research
- Market Research
- Marketing Management
- Consumer Segments
- Marketing Strategies

3.14 SUMMING UP

Marketing research enables the firm understand what customers want and despise. These insights can be qualitative or quantitative and can significantly impact a company's decision-making.Marketers are vital in gathering and interpreting marketing research data. Marketers can easily reach people required to conduct market research.Generally, marketing has the skills to interpret market research data. Every company has a researcher or analyst who helps prepare marketing research, maintaining outcomes rational instead of reactionary.

For the most part, marketers will use a combination of the market research steps or categories listed below to design an efficient marketing research study. This includes qualitative marketing research, quantitative marketing research, ethnographic marketing research and business to business marketing research.

To achieve a successful marketing research, it is necessary to identify and understand how changing elements of the marketing mix affects customer behavior. This includes determining what data is required to solve these problems, devising a method of obtaining that data, and attempting to manage and implement the process in its various stages. Following the analysis of the data, the results and findings, as well as their implications, are communicated to those who have the authority to act on them.

3.15 SUGGESTED READINGS

- Marketing Research: An Applied Orientation.

Author:Naresh K. Malhotra and Satyabhusan Das.
Publisher: Pearson

- Marketing Research: Online Research Applications 4th Edition
  Author: Alvin C. Burns and Ronald F. Bush
  Publisher: Prentice Hall
- Marketing Research: Text and Cases
  Author: Rajendra Nargundkar

Publisher: McGraw Hill Education

3.16 MODEL QUESTIONS

1. Draw the relationship between marketing research and marketing management.
2. How is market research different from marketing research?
3. Highlight the significance of marketing research in modern day business.
4. Why does consumer segmentation play a pivotal role in marketing research?
5. Explain in detail the applications of marketing research in context to modern day business scenario.
6. Elucidate the relationship between marketing research and marketing strategies.
7. Despite of its merits, marketing research possesses certain limitations. Do you agree? Justify.

3.17 ANSWERS TO 'CHECK YOUR PROGRESS'

1. Management frequently requests only specific information about specific aspects of problems rather than a comprehensive picture of the situation.
2. Competitive intelligence is the level of market research that entails gaining an in-depth understanding of the broader market in which businesses intend to compete.
3. Market research provides a more comprehensive view of the market environment in comparison to marketing research where in which the organisation will compete.
4. True
5. False
6. False
7. Price elasticity research (a type of marketing research) on a product can assist you in determining the impact of an increased price on a product's sales and profits.
8. Continuous
9. Business strategies are developed in the light of new marketing data.
10. Marketing research encompasses all aspects of consumer behaviour, from the identifying of customer needs and wants to the assessment of consumer satisfaction.
11. Marketing research can be used to study product popularity, advertising effectiveness, and pricing policy.

BLOCK I : Unit-IV
Marketing Information System

Unit Structure:

4.1 INTRODUCTION

A Marketing Information System is a long-term set up or arrangement that allows for data and information from the market to be available at all times. This information would then help a company make smart marketing decisions. People who work in marketing use a system called the Marketing Information System to collect, analyze, and give them a lot of useful information. It is a great way to plan, implement, and control the marketing operations of an organisation and find out what marketing managers need. There are two important things that marketing does for organisations: plan and sell existing products in their current markets, and make new products or new markets that are better for customers to serve them better. Marketing information systems make it possible for customers to get the information they need to do a lot of different things in the field of marketing. Marketing leaders need information at the right time and in the right way. It's made up of people, tools, and procedures that help them get that information.

4.2 OBJECTIVES

This unit is an attempt to analyse the concept of marketing information system and its allied domains. After going through this unit, you will be able to-

- Understand the relationship between management, marketing research and marketing management.
- Understand the evolution and growth of marketing information system.

- Explore the differences between marketing research and marketing information system.
- Explain the types, elements, objectives, advantages and limitations.

4.3 MEANING AND CONCEPT

Marketing information system (MKIS) is a type of management information system (MIS). It is used to help with the decision-making process when it comes to marketing. A marketing information system (MKIS) can be broken down into the following groups: It is said that market research data management is a system wherein marketing data is formalized and gathered, then stored and analyzed and then given to managers on a regular basis so that they can get the information they need. Or, to put it differently, MKIS is a mechanism that analyzes and evaluates marketing-related data that has been collected both inside and outside of an organization over time. The term "overall Marketing Information System" can be used to describe a well-structured plan of procedures and methods for the systematic and planned gathering of information that can be used to help with the decision-making process in the marketing field.

MKIS is a piece of software that collects and organizes data about marketing research and analysis. MKIS stands for a system that gives marketing information. A simple and well-organized interface makes it easy for people to collect and analyze data in a simple and organized way. People who use MKIS systems can use them to help them make decisions about consumer behaviour and the marketing mix, that includes products as well as how they are placed, priced, and advertised in the market. People who use a management information system get more information from them as they use it more. There are people and machines and procedures that work together to get, sort, evaluate, and send out relevant and timely information for use by people who make decisions about marketing. This structure is always changing and interacting with each other.

For example:

Many retailers provide their customers with loyalty cards, and many brands allow their customers to create profiles in their online store, among other things. Loyalty cards and customer profiles both assist businesses in gathering information about their customers' preferences. They keep track of their purchasing behavior, including the amount of money they spend, their level of engagement, and the items they view on the web site. Their pricing policy is managed with this data, and they use it to develop more effective marketing campaigns and present relevant offers in the most appropriate location and at the most appropriate time.

An online booking service operates in a similar manner to traditional booking services. They closely monitor their clients' habits, preferences, and travel routes in order to gain insight and take action as a result of it. All of the information mentioned above is kept on file by airlines and hotel services, for example, in order to take advantage of it. They will be able to better monitor demand and adjust prices as needed as a result. Additionally, during the off-season, they may be able to offer discounts to customers who purchase frequently.

STOP TO CONSIDER

- MKIS is a type of computer program.
- A marketing information system (MIS) is a computer-based mechanism that collects, stores, analyzes and regularly distributes marketing data to managers.
- It collects and organizes data exclusively for the purpose of marketing research and analysis.

4.4 EVOLUTION OF THE MARKETING INFORMATION SYSTEM

For years, organizations have used a variety of information processing systems. As was customary in the past, a single man owned and operated the small country store. The owner served as president and chief executive, performing all functions necessary for the store's operation, such as sales promotion, market analysis, accounting, inventory tracking, and public relations. The owner collected all the information required to perform various functions personally, either by viewing it as it was gathered or by storing it in his memory for later recall. Typically, once a decision had been made, the owner took the necessary action. The owner-operated information system was frequently quite efficient within the confines of a small operation. It made use of the owner's highly integrated information system. The information was conveyed and recorded in that system in a manner that was easily comprehended by all management components.

Additionally, an owner-operated information system could be expected to be efficient if the organization employed more than one person, provided that those involved possessed relatively limited experience and knowledge. The similarity of purpose and expertise between individuals in such circumstances typically enables close communication and interaction between their respective information stores. In recent years, large organizations have conducted an increasing share of our affairs. Numerous small businesses have been acquired or absorbed by large corporations. Private enterprise and industry have expanded in size and scope, as have the national economies of the world's leading industrial nations.

Modern economies have a variety of consequences for the organizations operating in both the public and private sectors. To begin, organizational growth has made it significantly more difficult for a single man to control as well as direct the activities of the company in the same way that the owner of the country store can. As an organization's staff grows, the amount of authority which must be delegated grows proportionately. Routine activities and associated decisions are devolved to managers at the organization's middle and lower levels. Senior management is responsible for the less routine tasks of planning and policy formulation. A necessary complement to delegation of authority is the reporting of the results of assigned activities. Delegation of authority must therefore be supplemented by the establishment of a communication channel for reporting and discussing these results. The higher the level of delegation, the more communication channels are required as part of the information system.

A second effect of an organization's growth is that the breadth of experience and knowledge of individual members tends to diminish. During the early stages of expansion, the owner, president, or director of a small organization typically hires themselves, selecting individuals with whom he or she can communicate easily and readily. However, as the organization grows, the hiring process is delegated. Delegating authority typically resulted in a broader range of characteristics being considered during the hiring process. It is quite common for individuals with varying backgrounds to interpret acquired information differently.

SELF ASSESMENT QUESTIONS

- Jot down the evolution and growth of marketing information system in detail.

This plurality of perspectives is frequently a source of strength for an organization. It can, however, be a source of confusion. As a result, when an organization grows in size, a greater emphasis on communication between individual members is required. This requirement is especially critical if the organization's expansion requires geographical dispersion of units.

Another issue that modern origination must address is the significantly increased complexity of the operations in which they engage. This complexity is largely a result of the speed and pattern of modern life, which has resulted in increased degree of specialization among organizational personnel. Increased specialization tends to reduce the amount of experience and knowledge shared by an organization's members. Additionally, specialization fosters communication between individuals with similar backgrounds and reduces information transfer between individuals with disparate interests and specializations. Due to the complexity of the external environment in which modern organizations operate, the volume of information that must be prepared within organizations has increased significantly. The complexity of the required data handling has also increased due to the nature of the modern environment. Payroll administration is an illustrative example of this increased complexity. Typically, the proprietor of the propriety shop paid an employee an agreed-upon amount withdrawn straightforwardly from the cash register. The proprietor then charged the cost. A modern pay system serves the same fundamental purpose. However, modern social conditions necessitate the inclusion of a plethora of additional features in a payroll system.

Modern payroll systems are typically required to deduct certain amounts from gross pay for the following: income tax, health care, dental care, pension plans, charitable contributions, taxable allowances and benefits, union dues, parking fees, payroll savings plans, garnishment, disability, and insurance, among other social and administrative functions. As a result, a modern payroll system is a massive and complicated operation that typically requires computer assistance to perform the required data processing tasks. Organizations have responded to the complexity of one‘s activities by devoting a greater share of their money and effort to administrative tasks and information systems. In the early twentieth century, intelligence gathering activities were almost entirely focused on reporting the organization's financial condition. As managerial abilities developed in economies, they were incorporated into the broad headings of management accounting for the purpose of evaluating the efficiency of sub-components of the organization in a market-oriented economy. Historically, information systems were primarily focused on financial and managerial accounting systems.

It is worth noting that the primary effect of the computer's introduction in an organization was to increase the amount of routine clerical and data manipulation capacity available to the accounting function. Often, accountants were solely responsible for the design and development of information systems. The notion of an information system capable of performing a wide variety of managerial functions has frequently received scant attention. At the time, primary emphasis was frequently placed on the work involved in implementing the new computer-based financial and accounting system. The concept of using information systems to guide management decisions predates the widespread use of computers, which significantly increased an organization's capacity for implementing such a system.

Four major zones of system development can be used to summarize the evolution of the MKIS concept. Managerial Accounting, Management Science, Management Theory, and computerization are all subfields of management. Indeed, MKIS can be viewed as a significant outgrowth of their concepts.

STOP TO CONSIDER

- Previously, the company's owner gathered all necessary information personally, either by viewing it as it was gathered or recalling it later.
- As an organization's staff grows, so does the amount of authority that must be delegated.
- Modern payroll systems are huge and complex, requiring computer assistance to process data.
- Modern payroll systems deduct certain amounts from a person's gross pay for things like income tax and health care and dental care, as well as things like charitable donations and taxable allowances and benefits.

4.5 DIFFERENCE BETWEEN MARKETING INFORMATION SYSTEM AND MARKETING RESEARCH

In order to distinguish between the two systems, the following ten points must be taken into consideration:

1. <u>Meaning:</u>

Marketing information systems are used to collect, analyze, and provide marketing managers with relevant marketing information. Marketing managers leverage this data to make more informed marketing campaign decisions. It is an eternal and non-stop process. On the other hand, marketing research is a systematic process of gathering and analyzing data in order to solve a particular marketing problem.

2. <u>Objective:</u>

The primary objective of marketing information systems is to provide relevant data to marketing managers in order for them to make effective marketing decisions. On the other hand, marketing research is primarily concerned with resolving a particular marketing problem.

1. Scope:

The field of marketing information systems is broad with marketing research as one of the components of this process. However, it is also used to prevent problems from occurring in the future, as well as to solve current problems. Marketing research, on the other hand, has a limited scope in comparison to other research methods. It is only a small component of Marketing information system. It provides a solution to a specific marketing problem that exists today.

4. Nature:

It is capable of resolving a broad range of marketing-related problems. On the other hand, marketing research is more targeted or targeted in nature. At any given time, the software can address only one type of marketing issue.

5. Reporting:

The marketing information system generates four types of reports: plan reports, periodic reports, triggered reports, and demand reports. On the other hand, marketing research (MR) generates a single report, dubbed the 'MR Report.'

6. Orientation:

In comparison to marketing research, marketing information systems are more forward-looking. In comparison to the previous, marketing research is more concerned with the past and present. It focuses more on previously published and more recent information. It utilizes this data to address a current marketing challenge.

7. Issues:

The marketing information system addresses and attempts to resolve a broad range of marketing issues concurrently. This is accomplished through the collection, storage, analysis, and dissemination of pertinent market data to marketing managers. On the other hand, marketing research is constrained to addressing a single marketing issue at a time. It is incapable of simultaneously addressing multiple marketing concerns.

8. Data:

In marketing information systems, data is collected more frequently, typically almost daily. This is a required component of any business. However, marketing research data is not collected as frequently as marketing information systems data. It is gathered only when it is absolutely necessary to address a particular issue.

9. Operation:

The marketing information system is an ongoing, permanent system. This location never sees a halt to the inflow of market data. Continuous data collection and storage are taking place in order to facilitate analysis in the future. It undergoes extensive analysis and study prior to being distributed to marketing managers, and it is well-organized. It begins and ends, but lacks a middle. On the other hand, marketing research is a discrete process. In this case, data is collected only in response to a specific marketing challenge faced by a business. It begins and ends at a specific location.

10. Computers:

Marketing information systems rely heavily on the use of computers to conduct their business. Compute technologies are widely used to simplify and facilitate data collection, storage, analysis, retrieval, and the distribution of pertinent information to a company's marketing managers, among other functions. In comparison to marketing information systems, marketing research makes infrequent use of computers. It makes limited use of computers and is not entirely reliant on computer technologies for certain types of information analysis.

STOP TO CONSIDER

- Data collection and analysis through marketing information system is a never-ending process.
- Marketing Research is concerned with finding a solution to a specific marketing problem.
- Marketing research is a small component of marketing information system.

4.6 HOW DO MARKETING INFORMATION SYSTEM WORK?

Marketing Information Systems are comprised of people, technology, equipment, and a variety of processes that work in unison to collect, sort, analyse, and distribute accurate and up-to-date information to marketing decision-makers.

MKIS combine various types of data into distinct systems that generate distinct outputs based on the system user's requirements or intended use. The following sections will describe the various types of data, systems, and output.

4.7 TYPES OF DATA SOURCES IN MARKETING INFORMATION SYSTEMS

MKIS is capable of making use of four different types of data sources. All of these components can be used in conjunction with one another to process data in the MKIS in a variety of ways. The more diverse the data set, the broader and more accurate the results that can be obtained from it.

1. Acquired Data:

First, there is information that can be obtained by businesses, which is referred to as acquired data. The increased number of inputs to their MKIS and the collection of data from a larger group of people is a result of this. When it comes to relevance, there are varying degrees of relevance depending on the context and intended use for the information that is generated. For example, a company that provides payment solutions may purchase data from a bank in order to incorporate it into its system.

2. Data that is generated internally:

The second category of data is that generated within an organization. It incorporates sales and marketing activities and can be connected to the intranet to provide access to data about different departments or groups within the organization. This includes data pertaining to sales and marketing efforts.

3. Marketing intelligence (also known as competitive intelligence):

Intelligent systems collect data from competitor websites, industry publications, and market personnel's actions to provide marketing intelligence. Customer, distributor, or partner feedback may be included if it has been entered into the system (for example, through review websites or mystery shoppers).

4. Marketing Research:

The data gathered through marketing research, as opposed to marketing intelligence, is more precise in nature. A market research report is derived from primary or secondary research that has been conducted specifically for a particular organization in order to gather information about the market, customers, or competition. The greater the precision of the research, the greater the value that can be derived by an organization from it. Example: A focus group or survey that a company conducts to determine how customers perceive their product is one type of market research study.

CHECK YOUR PROGRESS

1. What is marketing information system?
2. What do you mean by acquired data?
3. Define competitive intelligence.

4.8 OBJECTIVES OF MARKETING INFORMATION SYSTEMS

You may be wondering what the point of all this data is – how it can be used in a practical, tangible way to benefit the business. Ultimately, the mission of MKIS is to assist marketing decision-makers in making more informed and rational decisions. It is possible to apply these decisions in a variety of different ways, and the results can have a significant impact on a business. When it comes to determining what their customers want and how they perceive the product or service as well as the organization in general, MKIS can assist businesses. A variety of different effects can be had on an organization as a result of these insights, which can aid it in making a variety of different decisions.

1. Guidance:

Insights into what customers want, as well as which aspects of current products or services they like or dislike, can be used to guide the development of new products or add-ons to existing products and services.

2. Marketing Strategy:

The insights can also be used to guide the organization's marketing strategy by providing feedback on existing products and services as well as perceptions that may have an impact on expansion plans, the launch of new products, or the opening of new locations, among other things.

3. Product Pricing and Distribution:

The insights can also be used to guide the organization's marketing strategy by providing feedback on existing products and services as well as perceptions that may have an impact on expansion plans, the launch of new products, or the opening of new locations, among other things. Along with having the potential to influence strategy, it also has the potential to influence product pricing and distribution by providing valuable feedback on price points, sales trends and locations, and other relevant information.

Along with having the potential to influence strategy, it also has the potential to influence product pricing and distribution by providing valuable feedback on price points, sales trends and locations, and other relevant information.

4. Product Positioning:

It is possible that MKIS will be extremely beneficial in terms of product positioning because it will provide useful feedback that will assist marketing teams in better segmenting and targeting customers. By successfully completing this task, you will be able to contribute to the increase of profits while avoiding the waste of a significant amount of time and money.

5. Effective marketing communications:

More effective marketing communications and campaigns can be developed, which can assist businesses in pursuing more successful partnership or alliance opportunities. To effectively collaborate with customers and partners, it is imperative that business leaders understand their customers' and brand's perceptions. MKIS can provide extremely useful feedback in real time to this end.

6. Better Decision Making:

A MKIS can perform a wide range of functions within an organization, assisting in the progress of more informed decision-making in a variety of ways and influencing people and decisions at all levels. A number of components must work together just to ensure that the system functions properly, as is true of all systems.

CHECK YOUR PROGRESS

4. Marketing information system helps both in providing guidance as well as in taking better decision. (True/ False)
5. How does marketing information system contribute towards effective communication?
6. Marketing information system aids in better product positioning. Justify.

4.9 ELEMENTS OF MARKETING INFORMATION SYSTEMS

To ensure that decision-makers are provided with accurate and insightful data, a large number of interconnected systems must work together to achieve this. All of these components come together to form the MKIS, which is made up of four distinct parts:

1. Internal Reporting System:

A business's internal reporting system (also known as an ERP system) is a collection of all the data that the company maintains about its various operational facets. Everything from sales to inventory to purchase orders to cash flows, accounts receivable and payable, and employee costs is summed up.

2. Market Research Systems:

Using data from company surveys, for example, it is possible to make recommendations about which products grocery stores should add to their offerings.

3. Marketing Intelligence Systems:

Marketing intelligence system, which generates updates that take into account the external marketing environment, current market trends and conditions, technological advancements, and the strategies of competitors, among other factors, to generate updates. Combined, the insights gained from this system enable decision-makers to be aware of impending challenges and to make appropriate preparations for foreseeable opportunities. For example, technology retailers could see what their competitors' current price points and discounts are and compare them to their own.

4. Marketing Decision Support Systems:

Marketing decision support systems assist marketing decision makers by providing reports and data that are useful in their decision-making. In order to accomplish this, mathematical and econometric tools, along with other specialized software, are utilized in the processing of raw data.

CHECK YOUR PROGRESS
7. What is the full form of ERP?
8. What is the full form of DSS?

4.10 EXAMPLES OF MARKETING INFORMATION SYSTEMS

1. Loyalty Cards

A simple example is the grocery store loyalty card, which is used to reward customers for their purchases. The transaction is recorded every time you swipe your card in conjunction with a purchase in order to earn points or receive a discount. These transactions contain information about what you buy as well as when and where you buy it. This information is also used to determine how frequently you buy something.

Following that, the data can be used to inform a business, which can then make decisions based on the data provided, as well as data provided by other shoppers and other variables. The grocery store can use this information to improve sales and marketing by targeting advertising and specials at specific groups and even selling this data to third parties to increase revenue and profits as soon as it collects this information from thousands of shoppers, a process that would be nearly impossible to finish manually but is possible with an MKIS.

2. Airlines

In another case, consider the airline industry, which requires a large amount of data to be collected in a variety of locations. Among the information in their marketing information system may be the following:

1. Information gathered from customers' loyalty cards (both private and corporate), which may include personal data as well as information about your flying habits, food choices, and other preferences.
2. Online information on, among other things, the pricing, routes, as well as discount rates of other airlines.
3. Information gathered during the flight (logged by cabin crew and from passenger feedback forms)
4. Internal metrics on sales, passenger loads, and other such data are collected.
5. External data, such as that which caterers or other vendors may sell to them, followed by external market data.

This information would be combined in the MKIS and provide the airline with information not just to help them make smart recommendations such as routes you'd like to travel, which you'd receive via e-mail or a suggestion on the airline's webpage, but also to help the company decide whether to increase the capacity on popular routes during certain times of the year, reduce capacity on others, or add a dummy route.

3. **Amazon**

Amazon's recommendation engine personalizes individual customer profiles and the range of products suggested to them for purchase based on information gathered from their searches, wish lists, and purchases. Organizing a "360-degree view" of a customer is made possible by the massive amount of data that has been collected. By doing so, Amazon is able to find additional people who meet the same criteria through a variety of touchpoints (data sources) and make similar recommendations for their profiles.

All of this information is compiled and presented in a variety of ways to various groups of decision-makers, depending on the outcome that they wish to achieve. A significant advantage for businesses that understand how to use big data effectively is the ability to extract specific insights and recommendations from a massive amount of cumulative data and make sense of it in order to aid in and benefit from business decisions.

The efficiency of a company's systems at all levels, from data collection to storage capacity, analysis, interpretation, and dissemination, is critical to the organization's ability to effectively use this information. Staff, budget, and other resources are among the other internal factors that will be taken into consideration, in addition to the MKIS.

STOP TO CONSIDER

- Loyalty card is a plastic card that shops give to loyal customers. The points are stored electronically on the customer's card and can be exchanged for goods or services later.
- Big data refers to extremely large data sets that can be analyzed computationally to reveal patterns, trends, and associations.

4.11 THE ADVANTAGES OF A MARKETING INFORMATION SYSTEM

1. Consumer Demand Forecasts:

In the context of market expansion, predicting customer demand serves as a foundation for mass manufacture and supply of products or services. A corporate marketing strategy makes it possible to collect up-to-date data on customer preferences. Consumer tastes, preferences, and other factors are constantly changing in today's dynamic and competitive economic environment. As a result, marketers need precise information on the nature and scope of customer demand. Decisions based on gut feeling or outdated customer data may be ineffective. As a result, data and facts must be used to back up decisions. For instance, a properly designed marketing information system will provide information about future customer tastes and preferences, market trends, and the factors that contribute to changes in customer tastes and preferences. This information enables marketers to mitigate the loss caused by changing consumer preferences.

2. Recognizing the Complexity of Marketing:

The modern marketing concept's development process results in greater complexity and a more detailed version of marketing. Market expansion and marketing activities at the multinational level are accelerating, necessitating the acquisition of pertinent market intelligence and a well-organized information system. As a result, it is necessary to comprehend the intricate nature of the market and its demand.

For instance, marketing is a broad discipline that encompasses a number of distinct concepts. A thorough understanding of these concepts is critical for comprehending the complexities of marketing, which can be accomplished only through the use of an effective marketing information system.

3. Provides Access to Current Economic Data or Conditions:

Costs and market conditions are determined by the ever-changing demand and supply forces. In a large and complex economy, there is an enormous amount of volatility in demand, supply, and prices.

Marketing professionals require up-to-date and advanced information about changing supply, demand, and economic conditions related to cost. They rely on market reports and other market intelligence services to accomplish this. Forecasting or prediction of the future is based on economic variables such as a country's population, income, GDP, and price.

For instance, if a marketer is unfamiliar with the local economic climate, the business will suffer losses. To avoid this, it is necessary to have a thorough understanding of the economic environment, which can be acquired through the study of marketing information systems.

4. Analyses of Competition:

Organizations operate in a highly competitive environment in which competitors develop strategies to gain an advantage over one another. To forecast competitor behavior and outperform them, marketing intelligence services are required. Marketing professionals require up-to-date market information pertaining to the nature and size of competition in order to survive.

For example, accurate competitor information allows marketers to develop plans and strategies that allow them to design products and services that meet customers' needs and satisfy their desires, resulting in increased sales.

5. Current Technology Information:

Technological advancements result from market expansion. Marketing professionals require up-to-date information on technical issues and developments. New products, technologies, and processes, among others, must be founded on facts. Such necessary data or facts are supplied by the marketing information system.

For instance, as technology advances, businesses must become adept at adapting to the changing environment in order to excel in all fields. A comprehensive survey is necessary, which can only be accomplished with the assistance of the marketing information system.

6. Achieved Information Flow for Improved Customer Service:

A communication breakdown between customers and marketers can occur during the market expansion stage. As a result of this disconnect, marketing activities and plans may become implausible. Diverse marketers, many of whom are not directly involved in marketing on a daily basis, contribute to consumer dissatisfaction.

Consumer complaints have increased, indicating a disconnect between products and consumer needs and desires. Additionally, this demonstrates that marketers lack up-to-date information on consumer demand. By providing the most up-to-date information on consumer demands and behavior, an updated marketing information system can bridge the communication gap between consumers and marketers.

For instance, customer satisfaction is the ultimate goal of any business. If a business does not accomplish this objective, it will perish in today's competitive world. This requires a thorough survey and a consistent flow of information to ensure superior customer service. This can only be accomplished through the implementation of a comprehensive marketing information system.

7. Assists in the Planning of Marketing Activities:

Process and planning are at the heart of modern business. Economic and marketing forecasts provide the desired information about economic and market conditions in the future.

Forecasting sales, for example, enables manufacturers, marketers, and financial institutions to plan their operations. Similarly, the marketing information system generates market forecasts and is capable of connecting product and consumer requirements in order to maintain a balance of supply and demand.

8. Wider Perspective:

With the help of a properly functioning MKIS, independent processes in organizations can be evaluated and compared to one another. This helps to broaden the company's perspective while also assisting in its development and growth.

9. Data Storage:

The MKIS, in conjunction with its other functions, assists in the storage of data, which is necessary for the execution of research and strategy.

10. Crisis Avoidance:

A good MKIS can assist in anticipating the direction of an organization and, as a result, can help to avert a potential crisis before it occurs.

11. Coordination:

FMCG and consumer durable companies rely entirely on their management information systems (MKIS) to collaborate the various processes and facilitate the smooth operation of business.

12. Better Control:

MKIS assists in maintaining control over the operation of the company by keeping you informed of what is happening in the various processes and assisting you in identifying and averting a potential crisis.

STOP TO CONSIDER

- Consumer preferences and tastes are constantly changing in today's competitive economic environment.
- Demand and supply determine costs and market conditions.
- Economic and market forecasts provide required information about future economic and market conditions.

4.12 LIMITATIONS OF MARKETING INFORMATION SYSTEM

Despite of its rising popularity due to its numerous advantages, MKIS has certain limitations as well that can be explained as follows:

1. Difficulty in evaluation:

Often, when data is collected over a long period of time, it is difficult to assess its significance thereby making it difficult to evaluate.

2. No logical sequence:

There are situations when it is possible that the information gathered does not follow a logical sequence or does not make sense when taken as a whole.

3. Lack of Focus:

Plans and decisions in the marketing arena that are not overlooked by MKIS but are dependent on it may not receive the proper attention they deserve.

4. Difficulty in accessibility:

As technology advances, it is possible that previous studies will be stored in time-consuming formats that are difficult to access.

5. Time lags:

It is possible that additional studies will be required for addressing a particular situation, which will result in time lags in the process.

6. Reactive and not Pro-active:

Companies may choose to react to current market conditions rather than forecasting what will happen in the future.

CHECK YOUR PROGRESS

- Under what scenario is it difficult to evaluate the data from MKIS?
- Explain the limitation of time lags in context to MKIS?
- Why is MKIS a reactive process rather than being a pro-active process?

4.13 KEY TERMS

- Marketing Information System
- Management Information System
- Marketing Intelligence System
- Marketing Research
- Marketing Decision Support System
- Market Research System
- Internal Reporting System

4.14 SUMMING UP

Thus, from the above discussion it can be summarised that when it comes to marketing information systems, long-term setups or arrangements that make data and information from the market available at all times are considered to be the most effective.

This information would then be used to assist a company in making informed marketing decisions. Individuals who work in marketing rely on a system known as the Marketing Information System to collect, analyze, and provide them with a plethora of useful information. It is an excellent method of planning, implementing, and controlling the marketing operations of an organization, as well as discovering what marketing managers require.In the field of marketing, marketing information systems make it possible for customers to obtain the information they require to perform a wide range of different activities. Marketing executives require information that is timely and presented in an appropriate manner.

IN a nutshell, a marketing information system, should ideally include a system for storing and retrieving data and reports generated internally, a system for gathering market information on a continuous basis, marketing analytics technology to assist decision-makers in their decisions and a system for storing and retrieving marketing research results.

4.15 SUGGESTED READINGS

- Management of Marketing Information System.
  Author:H.K. Singh
  Publisher: Kanishka, 1994
- Marketing Information Systems: Creating Competitive Advantage in the Information Age
  Author: Kimball P. Marshall
  Publisher: Boyd & Fraser, 1996
- Marketing Information Systems
  Author: Chandra Sekhar Gotlagunta
  Publisher: Kalpaz, 2012

4.16 MODEL QUESTIONS

1.Discuss in detail the concept of Marketing Information System.
2. Highlight the differences between marketing information system and marketing research?
3. Discuss the significance of using Marketing Information Systems in modern day businesses.
4. Despite of its merits, marketing information systems possess certain drawbacks. Do you agree? Justify
5. How does marketing information system helps in demand forecasting?
6. Explain in detail the elements of MKIS.
7. Throw light upon the various types of data sources that MKIS deals with.
8. How is marketing intelligence system different from marketing decision support system? Explain.

4.17 ANSWERS TO 'CHECK YOUR PROGRESS'

1. The term "Marketing Information System" refers to a structured collection, evaluation, interpretation, storage and dissemination of market data to marketers on a constant basis, from both internal and external sources.

2. The information that is acquired by businesses is referred to as acquired data.

3. Competitive intelligence is the ability to collect, evaluate, and use information about competitors, clients, as well as other market factors to gain a competitive edge.

4. True

5. With a better marketing information system, businesses can pursue more successful partnership or alliance opportunities. To effectively collaborate with customers and partners, business leaders must understand their perceptions. MKIS can also provide extremely useful real-time feedback.

6. MKIS helps in product positioning by providing useful feedback that helps marketing teams better segment and target customers. By successfully completing this task, it will contribute to increased profits while avoiding significant time and money waste.

7. Enterprise Resource Planning

8. Decision Support System

BLOCK II : UNIT-I

MARKETING RESEARCH MANAGEMENT

Unit Structure:

1.0 INTRODUCTION

Marketing research has gained considerable importance in forming marketing strategies for organizations in the present scenario and its use will only increase in the days to come. As, a business organization works in the presence of various certain and uncertain factors, controllable and uncontrollable variables, it has to continuously focus on research in order to anticipate any potential risks and uncertainties and minimize its impact on the organization. And marketing research aims at identifying these uncertainties and problems surrounding a business organization. Marketing research assists the management in providing information regarding customer buying behavior, expected changes in behavior of customers, forecasting of sales, impact of marketing techniques applied by the management, etc., and provide recommendations that help marketing managers in devising appropriate strategies targeted to meet the needs and wants of customers that would ultimately enhance profitability of business. This whole process of research is further complicated due to the interaction of the uncontrollable factors of the environment like the general economic conditions, change in technology, competition, laws and regulations, political situation, culture and social factors. Marketing research links these uncontrollable and controllable variables which enables the research manager to define the research problem or move forward with the research plan developed. Added to this, the marketing research manager also needs to decide on a hosts of other activities related to the smooth implementation of research plan, which demands deliberate efforts on the part of the research manager to manage the research process. Marketing research and its related activities must be effectively managed in order to reap maximum benefits from the research process.

1.1 OBJECTIVES

After going through this unit, you will be able to:

- Explain the meaning and concept of marketing research management
- Discuss the importance of marketing research management
- Explain the qualities of marketing research manager

1.2 MARKETING RESEARCH MANAGEMENT: MEANING AND CONCEPT

Let us look at the concept of research management as put forwarded by Blankenship and Doyle. They describe it as-

"Research management concentrates on the direction and administration of the processes, projects, personnel, finances, and agencies engaged in research. Its duties include seeing that the research design is right for the task and that the study is carried out properly. It sees to it that the presentation of results to management is handed properly and that all these activities are administered within a controlled budget."

From the above description, it can be inferred that research management includes the management of a number of inter-related activities performed in carrying out a research project. Research management covers various activities under its purview, such as, it involves making critical decisions by the research manager regarding the type of research work to be performed, determining the budget for the research project, financing of research projects, recruitment and selection of personnel best suited for the research work, deciding the appropriate research design to applied and ensure that the research is carried out as expected by the research manager, and fixation of time within which the research will be completed. All these related activities must be managed effectively to ensure success of the research project. If anyone dimension is poorly managed it might impact the research project negatively(Beri, 2013).Hence, research management means managing the various inter-connected and inter-related activities of a research project in such a way that optimum results are obtained with minimum costs.

1.3 IMPORTANCE OF MARKETING RESEARCH MANAGEMENT

We have already discussed above that marketing research alone can never achieve its objectives until and unless all the aspects related to marketing research are coordinated and managed properly. As highlighted by Beri (2013)in his book 'Research Management' that "just as marketing concept is useful in attaining the objectives of integrated marketing, research management is relevant for making marketing research really useful." From this statement we get an idea about the importance that research management holds in the whole research process. With the help of proper research management, research managers are in a better position to bring together and apply different research methods and techniques tailored to meet the specific research objectives that would yield relevant and accurate information from the research process. To understand why research management is necessary we can take a look at what Blankenship and Doyle mentioned about research management. They pointed out that a research manager who understands only the techniques of research will be a failure, since marketing research is not an activity to be performed in isolation rather it has to be integrated with the whole range of activities that fall within the sphere of responsibilities of the research manager(Beri, 2013). Effective management of research would thus assist in efficient implementation of the research plan and thereby contributing to achievement of objectives of the marketing research function of an organization. An efficient marketing research management serves the following purposes-

1. Identification of the kind and nature of research projects that needs to be undertaken,
2. Laying out the research plan, deciding on the sampling techniques, tools of data collection, the sampling frame, measurement and scaling techniques, plan of data analysis and reporting,
3. Finding and selecting proper human resources who would carry out the research project and assigning them duties on the basis of their qualifications and skills.
4. Finding out the costs to be allocated to different aspects of the research project.
5. Determining the total budget of the research project,
6. Deciding the time span within which the research will be completed,
7. Monitoring continuously whether the research is being carried out according to plans,
8. Implementing the research within the time and costs fixed for this purpose.

Proper management of all the aspects of research has the following advantages-

1. The research will be carried out effectively,
2. When different dimensions of a research project is managed properly it leads to the completion of the work economically and in the scheduled time.
3. Helps in gathering and disseminating useful information to the management for decision making.
4. Benefits the organization by acquiring reliable information.
5. Detailed study on all the aspects of market or factors influencing the market.
6. Scientific and systematic integration of various research methods.

From the above discussion, it is clear why marketing research management is an essential factor that leads to the success of a research project.

1.4 QUALITIES OF MARKETING RESEARCH MANAGER

A research manager is one who is responsible for conducting and managing marketing research project and provide useful insights to the management for decision making. The success of marketing research depends on the skills and qualities of a research manager, he/she must have certain skills and capabilities. Some of the essential qualities and skills of a research manager are discussed below-

1. **Strong analytical skills:** Marketing research involves gathering information regarding various aspects of a business. It is the duty of the marketing research manager to analyze and interpret the raw data or information that has been gathered, translate those raw data into useful information and provide recommendations to the management. This whole process of analyzing data demands possession of strong analytical capabilities on the part of the research manager.

2. **Creativity:**To be a successful research manager, one must adopt innovative and creative approach while dealing with different business problems in order to come up with best possible solutions. Creativity of research manager would lead to developing new and innovative solutions that would help an organization to withstand competition.
3. **Flexibility:** A research manager should be open to new ideas and must be flexible enough to adapt to unanticipated circumstances. A manager may have developed a sound research plan but the results may vary from the tested hypothesis or certain other unanticipated problems may arise while carrying out the research. In order to deal with such situation the research manager must be adaptable in his approach.
4. **Objectivity:** Objectivity is the state of being free from personal biases. It is one of the most important qualities a marketing researcher should possess. Marketing researchers while making inferences about a persisting problem must be free from their personal opinions and judgments or preconceived notions and prejudices which would help them in finding out the facts related to the problem. A researcher influenced from own biases may not be successful in identifying the real problems surrounding an organization.
5. **Knowledge of various research methods:**A good knowledge and understanding of multiple research methods and techniques is must for a marketing researcher. Since, the complex nature of existing problems and variables require the application of different techniques to find out the probable solutions or opportunities. Dependence on single method may not yield the desired information. Hence, a research manager should be able to choose the research methods to be used based on the nature of the problem rather than limiting their choice to one single method.
6. **Presentation skills:**Mere analysis and interpretation of information collected from the research process is not enough. Marketing research manager must report the findings derived from the research to the management so that they can take informed and accurate decisions.The findings should be well documented and visually understandable.
7. **Communication skills:** Effective communication skill is necessary to make the management of an organization understand about the accuracy, reliability and soundness of the solutions and recommendations arrived at by the marketing researcher from his research. The marketing research manager should be able to sell his suggestions and ideas to the management.
8. **Well informed:** To carry out research in the fast changing business environment, a marketing researcher should be well informed about the emerging trends in industries and all the latest developments in research techniques and methods and are updated with the required knowledge in his/her own sphere of specialization.
9. **Curiosity:** A research manager should have the interest and desire to learn constantly and gain deeper insights into various problems. A researcher who learns constantly and tries to find out the root cause of existing problems are the ones capable of generating innovative solutions for the organization.
10. **Managerial skills:** Research involves integration of various activities from deciding the research design, collecting data, analyses of data, which again requires the

selection and management of effective people, allocating costs to different research plans, etc., all these necessitates effective management on the part of the research manager. Hence, a marketing research manager should also possess managerial skills.

Check your progress

1. **What do you mean by marketing research management?**
2. **Discuss the importance of marketing research management.**
3. **Describe the important qualities required to be a successful marketing research manager.**

1.5 SUMMING UP

- At the very outset this unit describes the meaning and concept of marketing research management. Itis basically the process that concentrates on the direction and administration of the processes, projects, personnel, finances, and agencies engaged in research. Its duties include seeing that the research design is right for the task and that the study is carried out properly. It sees to it that the presentation of results to management is handed properly and that all these activities are administered within a controlled budget.
- Next, the importance of marketing research management has been discussed. We have discussed that in order to ensure that marketing research achieve its objectives there is a need for management of all its interrelated activities. It plays an essential role in planning the research process, directing and controlling its implementation. It helps in fixation of budget for the research, identifying and selecting the best personnel for carrying out the research, ensuring that the research project is completed as per the schedule fixed, and in determining the research design for the research project. An organization managing its whole research process enjoys the benefits of acquiring reliable and useful information in an economical way. Research without sound management can never be effective.
- Then, the essential qualities a marketing research manager should possess are discussed. Since, the success or failure of a research depends upon the research manager, he or she must have some qualities that are required to execute the research project. These are- a research manager must have good analytical capabilities so that he or she can convert the raw data into useful information, one should be creative and open to new ideas so as to come up with new solutions to any marketing problem faced by a business organization, a research manager should be flexible enough to adjust to any contingencies that may arise and should be free from presumptions and biases, so that objectivity is maintained in the research.He/she must be updated with all recent developments in the field of research and should have knowledge of multiple research methods and techniques. It should be kept in mind that only

collecting and interpreting raw data is not sufficient, it is important to communicate the findings and recommendations to the management, hence, a research manager should have good presentation and communication skills so that he/she can persuade the management regarding the soundness of the suggestions and solutions devised.

1.6 KEY TERMS

- **Marketing Strategies:** A company's marketing plan targeted to reach potential customers and convert them into actual customers.
- **Controllable and uncontrollable variables:** Controllable variables are those variables that can be controlled or changed by a company to produce the desired market response, example- product, pricing, promotion and distribution. Uncontrollable variables are those variables that cannot be changed or controlled by a company. These variables influences the performance of a company, examples of such factors include- the economic condition, technology, competition, laws and regulations, social and cultural factors, and political situation.
- **Anticipation of potential risk:** The act of foreseeing any possibility of loss or threat.
- **Research design:** It is the blueprint of the data collection methods, measurement techniques and data analysis procedures to be adopted for conducting the marketing research project.
- **Sampling techniques:** Techniques used in selecting individual members from the population.

1.7 ANSWERS TO 'CHECK YOUR PROGRESS'

1. Research management is the process that concentrates on the direction and administration of the processes, projects, personnel, finances, and agencies engaged in research. Its duties include seeing that the research design is right for the task and that the study is carried out properly. It sees to it that the presentation of results to management is handed properly and that all these activities are administered within a controlled budget.
2. The importance of an efficient marketing research management can be understood from the following points-
   a. Identification of the kind and nature of research projects that needs to be undertaken,
   b. Laying out the research plan, deciding on the sampling techniques, tools of data collection, the sampling frame, measurement and scaling techniques, plan of data analysis and reporting,
   c. Finding and selecting proper human resources who would carry out the research project and assigning them duties on the basis of their qualifications and skills.
   d. Finding out the costs to be allocated to different aspects of the research project.
   e. Determining the total budget of the research project,
   f. Deciding the time span within which the research will be completed,

g. Monitoring continuously whether the research is being carried out according to plans,
h. Implementing the research within the time and costs fixed for this purpose.

3. The essential qualities required to be a successful marketing research manager are mentioned below-
   a. Strong analytical skills
   b. Creativity
   c. Flexibility
   d. Objectivity
   e. Knowledge of various research methods
   f. Presentation skills
   g. Communication skills
   h. Well informed
   i. Curiosity
   j. Managerial skills

1.8 QUESTIONS AND EXERCISES

1. Marketing research management is necessary in making marketing research useful. Comment.
2. A marketing research manager must be free from presumptions and personal biases. Explain why.
3. Discuss the advantages of marketing research management.
4. Explain the concept of marketing research management.
5. Describe the drawbacks an organization may suffer if the all the aspects related to marketing research are not managed properly.

1.9 REFERENCES AND SUGGESTED READINGS

Beri, G. (2013). *Marketing Research.* McGraw Hill Education (India) Private Limited.

BLOCK II : UNIT-II

Organization of Marketing Research Department (Organization within the group and outside the group), Organization of Marketing Research Function, Evaluation and Control in Marketing Research

Unit Structure:

2.1 Introduction

Marketing Research is conducted to collect information that provides the management or the stakeholder of the company or organization with pertinent insights to make vital informed decisions. Marketing Research can be said as the essence for a strong foundation to take appropriate decisions in future for the business organization based on the relevant information gathered, analyzed by following the marketing research process. In simple terms, marketing research aims at converting potential consumers to loyal and comparatively permanent consumers by adopting proper measures for the business organization which will eventually cater to the needs of the consumers.

2.2 Objectives

This unit is about Marketing Research in a business organization. After going through this unit you will be able to-

- Define Marketing Research
- Explain the Organization of Marketing Research Department
- Explain the Organization of Marketing Research Function
- Know about the Evaluation and Control in Marketing Research

2.3 Definition of Marketing Research

According to MRSI, 2004, Marketing Research can be defined as the "systematic collection and objective recording, classification, analysis and presentation of data concerning the behavior, needs, attitude, opinion, motivation, etc. for individuals and organizations (commercial enterprise, public bodies, etc.)within the context of their economic, social, political and everyday activities.

2.3.1 Marketing Research Objective

i) Discover new market- New market can be discovered by the business organization through marketing research with the help of advertisement, In depth market survey, salesmanship, etc.

ii) To hold greater market share-Marketing research helps business organizations' dream of capturing and having a strong hold in the concerned industry's market by selling large quantity of effective products than that of their competitors.

iii) To evaluate tastes and preferences of consumers- Through proper market survey and proper marketing intelligence, the business organizations can ascertain the tastes and preference of consumers and make strategies for their products and services accordingly.

Iv) Anticipate future prospect- Since marketing research is the structured study of the consumer behavior with regards to the marketing element, it takes into consideration the various probable outcomes based on scientific approach to study, observe the trend of various pertinent marketing aspects.

v) To improve product quality- Marketing research caters vital insights about the requirements of consumers related to the products and services offered by the business organization. The useful information gathered from the consumers helps the organization to test their product for any shortcoming and improve their product as per the need of the consumers.

vi) Analyse external environment- Marketing Research facilitates to scan the external environment, which allows the business organizations to assess the situations where they stand compared to others.

STOP TO CONSIDER

Objective of Marketing Research in simple terms is to gather information that will allow the organization to know what is needed by the consumers and how it can be served in the best way possible.

Self Asking Question:

Question: What is the difference between Marketing Research and Market Research?

2.3.2 Importance of Marketing Research

i) Risk reduction- Marketing Research reduces the risk as because it is a detailed and systematic study using such parameters where the result or the possible outcome is anticipated as it involves proper planning and decision making.

ii) Helps to identify market- Marketing Research allows to conduct survey that helps the business organizations to identify and target new markets that are untapped and unexplored by the organizations. This will provide them the useful information on the demography of the region to introduce a new product or make modifications on existing products that are available in other markets and need to be introduced in a new market.

iii) To understand customer needs- Proper analysis of the market allows to study the complex customer behavior, tastes, preferences, likes and dislikes. The customer needs and demands are taken into account and decisions are taken to cater to the customers demand.

iv) To compete in the market- Marketing Research helps to compete in a market by observing its competitors and analyzing the situation by adopting strategies by the company's management that provides an edge from its competitors by taking decisive steps at the correct time.

2.4 Organization of Marketing Research Department

Marketing Research is a vital element for the organization as it collects valuable marketing information and acts a bridge between the potential consumer and the business organization. It helps to identify, collect information, analyzeand interpret the current strategies of the business organization in relation to the present market situation and a scope for improving the marketing decisions by the organization.

2.4.1 Marketing Information System

Proper information from authentic source is highly sought after. Marketing Information Systemprovides valuable information to organizations that allows them to take timely decisions on a continuous basis as the system incorporates various tools to gather information. It is a system that allows companies to collect, store and distribute the vital marketing information that paves a way to study and explore the consumers' behavior that will help the companies to fine tune their products and services and to serve it better to the consumers. From an organization's perspective following points of information are usually searched for.

i) Historical information (sales, profitability, market trends.)
ii) Future related marketing information (environmental scanning information.)
iii) Aggregated marketing information in quarterly, annual summaries.
iv) Aggregated marketing information around products/markets (sales data.)

v) Quantitative marketing information (Costs, profits, market shares.)
vi) Qualitative marketing information (buyer behavior and competitor strategy information.)
vii) Analytical information for decision models (S.W.O.T. and segmentation analyses.)
viii) Internally focused marketing information (sales, costs and marketing performance indicators.)
ix) Externally focused marketing information (macro and industry trends.) (Ashill and Jobber, 2001)

STOP TO CONSIDER

Marketing Information System (MIS) is basically a warehouse for information that provides relevant data to the organization to frame strategy based on its critical analysis.

Self Asking Question

How Marketing Information System contribute to the Research and Development of the organization

2.4.2 Executing Marketing Research

Organizations conduct marketing research based on its size, products/service, its financial position. Usually, large companies have their own marketing research wing/cell/department which conducts marketing research on a periodic basis or when the need arises. Small companies generally prefer to avail the service of firms that are expert in this field.

Companies also conducts marketing research with a strategy where the data are collected by the third party i.e. the marketing research firm and the analyses are done by the company itself. The data collection is a tedious task which requires careful selection of respondents, systematic acquiring of data and so that is the reason where companies outsource the data collection step and analyses part is done by the companies itself according to their need and depth of the task.

Having a marketing research department involves a cost to the company but this cost can be converted to a handsome profit when the result of marketing research is applied with a strategy to effectively and efficiently operate in the market. Proper and credible marketing research is a pivotal issue as it involves data from third parties that might circulate with a company's competitor which might hamper the whole process. As a result, proper care has to be taken while outsourcing the marketing research process.

2.5 Marketing Research Functions-

Functions of marketing research are pivotal to an organization. Important functions of marketing research are:

Description: Marketing research is a full proof study on the marketing related field to an organization. And thus, it gives a description about organiztion's present consumers and details about the prospective consumers in the market. Marketing research also allows to study/follow competitors and sense opportunities that can be tapped by the organization.

Evaluation: Marketing research allows to analyze the company's present standing and strategize policy for company's future along with the present operations. Marketing research allows to go through each and every aspect that commands effective result with efficient input.

Explanation: Marketing researchis not just a mere systematic study but, a proper explanation that allows to know the real reason behind a result/outcome. Proper explanation allows to handle any unforeseen events with the organization and cope with difficult situations and make proper decisions to overcome the situation.

Prediction: Marketing research helps to predict the future happenings as it is backed by concrete information. A solid information is a strong foundation to have a strategy for the organization. To see into the future with all these information is a true asset for any organization as because future is uncertain but proper information serves the purpose.

Assist in decision making: Marketing research helps marketing manager to take decisions and keep a track of the marketing process. It helps to figure out the pros and cons of any marketing aspect. Marketing research assists to correct any deviations from the predetermined standards. Say for instance, if sales are falling for a company, the marketing research will allow to study the market to find out the exact reason, to study consumer behavior, get a sense of consumer tastes and preferences, analyze the company's present product/service offerings and make modifications, add a new product/service, or drop a product/service if required.

STOP TO CONSIDER

The function of marketing research is to provide ample scope to make decisions for the organization by the management on the marketing aspect.

2.5.1 Role of Research-

To develop innovative products, successful strategies and action programs, marketers need to up-to-date information about the environment, the competition and the selected market segments. Often analysis of internal data is the starting point for assessing the current market situation, supplemented by marketing intelligence and research investigating the overall market, the competition, key issues, threatsand opportunities. As the plan is put into effect, marketers use research to measure progress towards objectives and identify areas for improvement. (Kotler et. al. (2014), Marketing Management: A South Asian Perspective).

2.5.2 Role of Relationships

Although the marketing plan shows how the company will establish andmaintain profitable customer relationships, it also affects both internal and external relationships. First, it influences how marketing personnel work with each other and with other departments to deliver value and satisfy customers. Secondly, it affects how company works with suppliers, distributors and partners to achieve the plan's objective. Third, it influences the company's dealings with other stakeholders, including government regulators, the media, and the community at large. Marketers must consider all these relationships when developing a marketing plan.(Kotler et. al. (2014), Marketing Management: A South Asian Perspective).

2.6 Evaluation and Control in Marketing Research-

Evaluation and control in marketing research can be divided into two levels:

a) Individual project

b) Total research activity within a firm/company/organization.

In respect of individual research projects, the management should determine what exactly is to be done and keep track of it on a weekly, fortnightly, or on a monthly basis. Mentioned below are the listed tools for evaluating and controlling research projects:

Check List: Check list is a versatile and a useful tool tshat can be used. It can be short or long, consisting of a few or many questions, depending on the actual requirement of management. The list should contain specific questions on the objectives of project and research designs. It serves as a reminder for the type of problems that are likely to come up during the course of the project and helps in resolving them.

Flow Chart: Another tool is the logical flow chart which indicates the sequence of a research project covering various activities. For example, library research, collection of data, analysis of data and so on. Such a flow chart enables management to maintain on overall control over the project. One major limitation of this tool is that tool is that it does not give the time dimension for the total activity.

Gnatt Chart: A gnatt chart is used in order to provide a time dimension for controlling marketing research. Such a chart enables the management to develop an overall research schedule by allocating a time period to each component of research. It is very helpful to the management in controlling the total research activity.

PERT Technique: PERT stands for Programme Evaluation and Review Technique. Although, PERT has been used in administrative and production problems, hardly any application in marketing research is available. It can however be used effectively in this field as well, especially when the project is neither a routine nor a small one.

Advisory Committee: As regards control of the total research activity, it is necessary to set up meaningful control procedures. An advisory committee, comprising representative from all functions served by marketing research, is probably the most effective way to evaluate and control the total marketing research activity. Its main task is to provide direction to the marketing research programme so that it is problem oriented and useful to the company.

Marketing Research Audit should provide an objective basis for answering three key questions:

-Is the research programme in tune with the character of the company as well its need ?

-How can the administration of research be made to set the pace for operating efficiency ?

-Is the research staff sufficiently in touch with the realm of ideas which determine sales growth and future market position for the company ?

To make marketing audit effective, it must be undertaken as the joint responsibility of the research group and all department having a direct interest in the use of marketing research. The audit study should have four distinct stages:

-Qualfying the company

- Establishing benchmarks for analysis

-Auditing of internal research operations

-Preparing an audit report

In the first stage, auditor should develop a clear idea of the company's position in the industry, the organization of the marketing activities and its emphasis on sales or production. The second step involves the setting up of standards to which the marketing research staff should confirm. The third stage involves the audit of marketing research operations against the standards set earlier. Finally, the audit report covering (1) a critical evaluation of the existing research programmes, (2) an appraisal of the research needs, and (3) the programme and organization recommended for installation, should be prepared and submitted. The management audit of marketing research could be done either by the company's own personnel under the direction of top management or by an outside consulting firm.

Budget Control: Budget is an important constraint not only for individual research projects but also for the research activity as a whole. There are various ways by which budget allocation to the marketing research function can be decided. A rough and ready measure is to spend a certain specified percentage of the total sales on marketing research. This percentage may be based on the prevailing average for firms of the same size in the same industry. Another method is that each department and functional area decides its budget on the basis of its marketing research requirement. Yet another approach is that budget allocation is made on ad hoc basis, keeping in mind the requirement of a particular task.

Whatever may be the approach adopted forbudget allocation, one thing must be made clear, a certain minimum budget must be available and there should not be any uncertainty and misunderstanding among researchers in this regard.

STOP TO CONSIDER

Evaluation and control of marketing research in simple terms means to look for any deviations (if any) and bring back the deviations under the permissible standard.

Check your progress

What is marketing research
Mention the importance of marketing research
What are the functions of marketing research
What is Marketing Information System (MIS)? How it can be useful to business organizations ?
How to execute a marketing research?
Critically illustrate the role of research.
What is PERT ?
How gnatt chart is useful in evaluation and control of marketing research ?

2.7 Summing Up

Marketing research is the systematic approach to collect the information from the marketing aspects and analyze the information collected for the positive prospect of the organization and convert the potential consumers into a long and loyal consumers by satisfying the needs and wants of the consumers by fulfilling their demands as per the proper approach.

2.8 References and suggested readings:

1) Malhotra& Dash. *Marketing Research: An Applied Research,* New Delhi: Pearson

2)Beri, GS. Marketing Research, New Delhi: Tata McGraw Hill

3) Goel, B.S. Marketing Research, PragatiPrakashan

BLOCK III : UNIT I

SCIENTIFIC METHOD AND THE MARKETING RESEACH PROCESS-AN OVERVIEW, STEPS IN DESIGNING A RESEARCH, FORMULATINGTHE RESEACH PROBLEM

Unit Structure:

1.1 INTRODUCTION

Marketing Research reduces the uncertainty in the decision-making process and increase the probability and magnitude of success if conducted in a systematic, analytical, and objective manner. The Marketing Research Process involves a number of inter-related activities which have bearing on each other. Each and every step plays an important role in the research process.

The first step in the research process is the selection of a suitable problem from the field chosen by the researcher. In each field or area of education, several problems exist which may have reference to pure, applied, or action research. The choice and formulation of a suitable problem is one of the most difficult tasks for a researcher, especially if he/she is a beginner. There are many sources to which a researcher may go for a suitable research problem, or from which he/she may develop a sense of problem awareness. The features of a good research problem are its: i) significance, ii) originality, and iii) feasibility. Moreover in order to formulate the problem the source of problem should be identified and a uniform technique should be used to define the research problem.

1.2 OBJECTIVES:

After going through this unit, you will be able to:

- To understand the Marketing Research Process.
- To learn in detail about the various steps in the Marketing Research Process
- How to formulate a Research Problem.
- To find out the source of Research Problem.
- To identify the technique of Research Problem.

1.3 SCIENTIFIC METHOD

The process of observing, asking questions, and seeking answers through tests and experiments is not unique to any one field of science. In fact, the scientific method is applied broadly in science, across many different fields. Many empirical sciences, especially the social sciences, use mathematical tools borrowed from probability theory and statistics, together with outgrowths of these, such as decision theory, game theory, utility theory, and operations research. Philosophers of science have addressed general methodological problems, such as the nature of scientific explanation and the justification of induction.

The scientific method is critical to the development of scientific theories, which explain empirical (experiential) laws in a scientifically rational manner. In a typical application of the scientific method, a researcher develops a hypothesis, tests it through various means, and then modifies the hypothesis on the basis of the outcome of the tests and experiments. The modified hypothesis is then retested, further modified, and tested again, until it becomes consistent with observed phenomena and testing outcomes. In this way, hypotheses serve as tools by which scientists gather data. From that data and the many different scientific investigations undertaken to explore hypotheses, scientists are able to develop broad general explanations, or scientific theories.

1.4 MARKETING RESEARCH- OVERVIEW

Marketing research (also called consumer research) is a form of business research. The field of marketing research as a statistical science was pioneered by Arthur Nielsen with the founding of the A C Nielsen Company in 1923. Marketing research is a systematic and objective study of problems pertaining to the marketing of goods and services. It is applicable to any area of marketing. Research is the only tool an organization has to keep in contact with its external operating environment. In order to be proactive and change with the environment simple questions need to be asked:

- What are the customer needs and how are they changing? How to meet these changing needs? What do the customers think about existing products or services? What more are they looking at?

- What are the competitors doing to retain customers in this environment? Are their strategies exceeding or influencing yours? What should you do to be more competitive?

- How are macro and micro environmental factors influencing your organisation? How will you react t this environment? Authors have defined Marketing Research in many ways:

• Kotler (1999) defines marketing research as systematic problem analysis, model-building and fact-finding for the purpose of improved decision-making and control in the marketing of goods and services‘.

• The American Marketing Association (AMA, 1961) defines it as the systematic gathering, recording and analyzing of data relating to the marketing of goods and services‘.

• Green and Tull have defined marketing research as the systematic and objective search for and analysis of information relevant to

1.5 MARKETING RESEARCH PROCESS-AN OVERVIEW

Marketing Research is very much essential to make strategic decisions which are important for the growth of the organisation. It helps in making the right decisions systematically using statistical methods. Marketing Research reduces the uncertainty in the decision-making process and increase the probability and magnitude of success if conducted in a systematic, analytical, and objective manner. Marketing research by itself does not arrive at marketing decisions, nor does it guarantee that the organization will be successful in marketing its products. It is only a tool which helps in the decision making process. The Marketing Research Process involves a number of inter-related activities which have bearing on each other. Once the need for Marketing Research has been established, broadly it involves the steps as depicted in **Figure 1** below:

1. Define the research problem- The first step in Marketing is to define the research problem. A problem well defined is half-solved. If a problem is poorly defined, a good research design cannot be developed. The decision problem faced by the organisation must be translated into a market research problem in the form of questions. These questions must define the information that is required to make the decision and how this information can be obtained. This way, the decision problem gets translated into a research problem. For example, a decision problem may be whether to launch a new product. The corresponding research problem might be to assess whether the market would accept the new product. In order to define the problem more precisely, an exploratory research can be carried out. Survey of secondary data, pilot studies or experience surveys are some of the popular methods.

2. Determine research design- The research design specifies the method and procedure for conducting a particular study. As studied already, marketing research and hence the research designs can be classified into one of three categories

• Exploratory research
• Descriptive research
• Causal research

This classification is based on the objective of the research. In some cases the research will fall into one of these categories, but in other cases different phases of the same research project will fall into different categories. Problems are formulated clearly in exploratory research. It aims at clarifying concepts, gathering explanations, gaining insight, eliminating impractical ideas, and forming hypotheses.

Exploratory research can be performed using a literature search, surveying certain people about their experiences, focus groups, and case studies. During the survey, exploratory research studies would not try to acquire a representative sample, but rather, seek to interview those who are knowledgeable and who might be able to provide insight concerning the relationship among variables. Case studies can include contrasting situations or benchmarking against an organization known for its excellence. Exploratory research may develop hypotheses, but it does not seek to test them. Exploratory research is characterized by its flexibility. A descriptive study is undertaken when the researcher wants to know the characteristics of certain groups such as age, sex, educational level, income, occupation, etc. Descriptive research is more rigid than exploratory research and seeks to describe users of a product, determine the proportion of the population that uses a product, or predict future demand for a product.

Descriptive research should define questions, people surveyed, and the method of analysis prior to beginning data collection. In other words, the who, what, where, when, why, and how aspects of the research should be defined. Such preparation allows one the opportunity to make any required changes before the costly process of data collection has begun. There are two basic types of descriptive research: longitudinal studies and cross sectional studies. Longitudinal studies are time series analyses that make repeated measurements of the same individuals, thus allowing one to monitor behavior such as brand-switching. However, longitudinal studies are not necessarily representative since many people may refuse to participate because of the commitment required. Cross-sectional studies sample the population to make measurements at a specific point in time. A special type of cross-sectional analysis is a cohort analysis, which tracks an aggregate of individuals who experience the same event within the same time interval over time. Cohort analyses are useful for long-term forecasting of product demand.

Causal research seeks to find cause and effect relationships between variables. It accomplishes this goal through laboratory and field experiments.

3. Identify data types and sources- The next step is to determine the sources of data to be used. The researcher has to decide whether to go for primary data or secondary data. Sometimes a combination of both is used. Before going through the time and expense of collecting primary data, one should check for secondary data that previously may have been collected for other purposes but that can be used in the immediate study. Secondary data may be internal to the firm, such as sales invoices and warranty cards, or may be external to the firm such as published data or commercially available data. The government census is a valuable source of secondary data. Secondary data has the advantage of saving time and reducing data gathering costs. The disadvantages are that the data may not fit the problem perfectly and that the accuracy may be more difficult to verify for secondary data than for primary data. Many a time the secondary data might have to be supplemented by primary data originated specifically for the study at hand. Some common types of primary data are:

- Demographic and socioeconomic characteristics
- Psychological and lifestyle characteristics
- Attitudes and opinions
- Awareness and knowledge - for example, brand awareness
- Intentions - for example, purchase intentions. While useful, intentions are not a reliable indication of actual future behavior.
- Motivation - a person's motives are more stable than his/her behavior, so motive is a better predictor of future behavior than is past behavior.
- Behavior

Primary data can be obtained by communication or by observation. Communication involves questioning respondents either verbally or in writing. This method is versatile, since one needs to only ask for the information; however, the response may not be accurate. Communication usually is quicker and cheaper than observation. Observation involves the recording of actions and is performed by either a person or some mechanical or electronic device. Observation is less versatile than communication since some attributes of a person may not be readily observable, such as attitudes, awareness, knowledge, intentions, and motivation. Observation also might take longer since observers may have to wait for appropriate events to occur, though observation using scanner data might be quicker and more cost effective. Observation typically is more accurate than communication. Personal interviews have an interviewer bias that mail-in questionnaires do not have. For example, in a personal interview the respondent's perception of the interviewer may affect the responses.

4. Design data collection forms- Once it has been decided to obtain primary data, the mode of collection needs to be decided. Two methods are available for data collection:

1. Observational methods

2. Survey methods Observational methods: As the name itself suggests, the data are collected through observation. An observer observes and records the data faithfully and accurately. This may be suitable in case of some studies but is not useful to observe attitudes, opinions, motivations and other intangible states of mind. Also in this method, the data collected is non-reactive, as it does not involve the respondent. Surveys: It is one of the most common methods of collecting data for primary marketing research. Surveys can be:

- Personal: The information is sought through personal interviews. A questionnaire is prepared and administered to the respondent during the interview. This is a detailed method of collecting information.

- Telephonic: This is suitable if limited information is sought in a fixed time frame.

- Mail: Here, the questionnaire is sent out in mail and the response is sought. Timely response cannot be sought in this method as there is no control over the survey. All the people to whom the mail was sent may not respond. Sometimes a combination of two or more methods may be used. Whatever be the method, a structured questionnaire is required to be used. The questionnaire is an important tool for gathering primary data. Poorly constructed questions can result in large errors and invalidate the research data, so significant effort should be put into the questionnaire design. The questionnaire should be tested thoroughly prior to conducting the survey.

5. Determine sampling design and size- A sampling plan is a very important part of the research process. The marketing researcher has to decide whether it will be a sample survey or a census. Definitely a sample survey has its distinct merits. The population from which the sample has to be drawn has to be well defined. A broad choice is to be made between probability sampling and non-probability sampling. The sample design is then chosen depending on the suitability and the availability of the sample frame. The size of the sample chosen is based on statistical methods. This is well defined and also reproduces the characteristics of the population. In practice, however, this objective is never completely attained on account of the occurrence of two types of errors – errors due to bias in the selection and sapling errors.

6. Collect the data- The next step is to collect the data for which the research process has been spelled out. The interviewing and the supervision of field work should be looked into. One of the most difficult tasks is interviewing for marketing research. Many a time the respondents may not part with crucial information unless approached with tact and intelligence. Supervision of field work is important to ensure timely and proper completion of the field survey. If this is not carried out properly, then there results an interview error which may be detrimental to marketing research.

7. Analyze and interpret the data- The next step is to analyze the data that has been collected from the field survey. The raw data is transformed into the right format. First, it is edited so that errors can be corrected or omitted. The data is then coded; this procedure converts the edited raw data into numbers or symbols. A codebook is created to document how the data is coded. Finally, the data is tabulated to count the number of samples falling into various categories. Simple tabulations count the occurrences of each variable independently of the other variables. Cross tabulations, also known as contingency tables or cross tabs, treats two or more variables simultaneously. Cross tabulation is the most commonly utilized data analysis method in marketing research. Many studies take the analysis no further than cross tabulation. Once the tabulation is done, the following analysis can be carried out.

- Conjoint Analysis: The conjoint analysis is a powerful technique for determining consumer preferences for product attributes.

- Hypothesis Testing: The null hypothesis in an experiment is the hypothesis that the independent variable has no effect on the dependent variable. The null hypothesis is expressed as H0. This hypothesis is assumed to be true unless proven otherwise. The alternative to the null hypothesis is the hypothesis that the independent variable does have an effect on the dependent variable. This hypothesis is known as the alternative, research, or experimental hypothesis and is expressed as H1. Once analysis is completed, make the marketing research conclusion. In order to analyze whether research results are statistically significant or simply by chance, a test of statistical significance can be run.

8. Prepare the research report- All the research findings have to be compiled in a report to be then presented to the organization. The format of the marketing research report varies with the needs of the organization. The report often contains the following sections:

- Authorization letter for the research
- Table of Contents
- List of illustrations
- Executive summary
- Research objectives
- Methodology
- Results
- Limitations
- Conclusions and recommendations
- Appendices containing copies of the questionnaires, etc.

The report has to be written with objectivity, coherence, clarity in the presentation of the ideas and use of charts and diagrams. Sometimes, the study might also throw up one or more areas where further investigation is required.

CHECK YOUR PROGRESS

1. What are the steps of marketing research process?
2. Difference between descriptive research and exploratory research.
3. What is casual research?

1.6 FORMULATING THE RESEARCH PROBLEM

Whenever any patient goes to doctor, he will see all the symptoms of the disease and after that he will prescribe the medicine. Like-wise here also first important step in the research is to find out what the problem is? And also to define a problem or selecting a problem researcher must know WHAT THE PROBLEM IS?

Once the general topic or problem has been identified, this should then be stated as a clear research problem, that is, taken from just a statement about a problematic situation to a clearly defined researchable problem that identifies the issues you are trying to address.

It is not always easy to formulate the research problem simply and clearly. In some areas of scientific research the investigator might spend years exploring, thinking, and researching before they are clear about what research questions they are seeking to answer. Many topics may prove too wide-ranging to provide a researchable problem. Choosing to study, for instance a social issue such as child poverty, does not in itself provide a researchable problem. The problem is too wide-ranging for one researcher to address. Time and resources would make this unfeasible and the results from such a study would consequently lack depth and focus.

1.7 WHAT IS A RESEARCH PROBLEM?

It's a clear and definite statement or expression about your chosen area of concern, a difficulty to eliminate, a condition to improve, or a troubling problem that exists in theory, literature, and practice. A research problem indicates a need for its meaningful investigation. It doesn't state how to do something and a researcher shouldn't present a value question or offer a broad research proposal. A research problem is a statement about an area of concern, a condition to be improved, a difficulty to be eliminated, or a troubling question that exists in scholarly literature, in theory, or in practice that points to the need for meaningful understanding and deliberate investigation. In some social science disciplines the research problem is typically posed in the form of a question. A research problem does not state how to do something, offer a vague or broad proposition, or present a value question.

The purpose of a problem statement is to:

I. Introduce the reader to the importance of the topic being studied. The reader is oriented to the significance of the study and the research questions or hypotheses to follow.

II. Places the problem into a particular context that defines the parameters of what is to be investigated.

III. Provides the framework for reporting the results and indicates what is probably necessary to conduct the study and explain how the findings will present this information.

1.8 CHARACTERISTICS OF RESEARCH PROBLEM

I. The variables in the problem must be clear
II. It should be limited in scope and should be specific,
III. It must have a goal
IV. It should be free from ethical constraints
V. Good research problems must be researchable.
VI. The researcher should be able to state the research problem clearly and concisely
VII. The research problem should be able to generate research questions
VIII. It should relate to one or more academic field of study
IX. It should be able to be researched within the time frame or the given budget

X. Sufficient data to justify and conclude the solution to the research problem should be available or capable of being obtained. Since research require data, it is important during the planning that the researcher analyse beforehand whether or not data related to research problem can be obtained. if not, the research problem should be changed. for example if your research problem relate to confidential or top secret data it means even if you may decide to pursue the chosen research problem you may fail to obtain the required data since they are restricted hence fail to make the conclusion related to your reserach problem.

XI. The research problem should be new that is not yet answered sufficiently by other researchers.

XII. The research problem must base on the available research literature.

XIII. Good research problem should be grounded on solid theory or conceptual framework.

1.9 FORMULATION OF RESEARCH PROBLEM

Formulating your research problem enables you to make a purpose of your study clear to yourself and target readers. Focus your paper on providing relevant data to address it. A problem statement is an effective and essential tool to keep you on track with research and evaluate it. There are five ways to formulate the research problem:

I. Specify your research objectives;
II. Review its context or environment;
III. Explore its nature;
IV. Determine variable relationships;
V. Alternative approaches.

I. Specify research objectives- A clear statement that defines all objectives can help you conduct and develop effective and meaningful research. They should be manageable to bring you success. A few goals will help you keep your study relevant. This statement also helps professors evaluation the questions your research project answers and different methods that you use to address them.

II. Review the context of your research problem- It's necessary to work hard to define and test all kinds of environmental variables to make your project successful. Why do you need to do that? This step can help you define if the important findings of your study will deliver enough data to be worth considering. Identify specific environmental variables that may potentially affect your research and start formulating effective methods to control all of them.

III. Explore the nature of research problem- Research problems may range from simple to complex, and everything depends on a range of variables and their relationships. Some of them can be directly relevant to specific research questions, while others are completely unimportant for your project. Why should you understand their nature? This knowledge enables you to develop effective solutions. To get a deep understanding of all dimensions, think about focus groups and other relevant details to provide the necessary insight into a particular question.

IV. Determine variable relationships- Scientific, social, and other studies often focus on creating a certain sequence of repeating behaviors over time. What does your project entail? Completing the entire process involves:

- Identifying the variables that affect possible solutions to your research problem;

• Deciding on the degree to which you can use and control all of them for study purposes;
• Determining functional relationships between existing variables;
• Choose the most critical variables for a solution of your research problem. During the formulation stage, it's necessary to consider and generate as many potential approaches and variable relationships as you can.

V. Alternative approaches- Anticipate the possible consequences of alternative approaches There are different consequences that each course of action or approach can bring, and that's why you need to anticipate them. Why communicate possible outcomes? It's a primary goal of any research process.

CHECK YOUR PROGRESS

4. What is research problem?
5. Write two objectives of research problem?
6. Write two features of research problem?

1.10 SOURCES OF IDENTIFYING A RESEARCH PROBLEM

The choice and identification of a suitable problem is usually difficult. For a beginner to identify a research problem is always a very difficult task. This may be due to his/her limited knowledge of research processes or his/her unpreparedness for identifying the problem. He/she may not be familiar with the problems in the field which need solution through research. Even an experienced researcher finds it difficult to list all the problems that need to be researched. Each researcher selects a problem because of his/her own needs and purposes. The following, are, however, some important sources which would help you identify a suitable and significant problem.

I. Theory deduction – Theories are ideas about how things relate to each other theories may be general, commonly held beliefs (such as cats are cause of decline in birds population in New York) or more technical ideas (for example global warming causes in decline of certain species in the ocean) theories may be useful in suggesting interesting questions and generally guiding fieldwork, but should not restrict us from exploring alternative explanation.

II. Funding agencies – some of the organizations such as universities and non government organization provide funding to researchers to do research on certain research problem for example the university may provide funding to researcher to perform the research on effects of climate change on tourism.
III. Person experience- Day-to-day personal experience of a researcher may serve as good source of ideas to formulate a research problem. For example, a researcher observed domestic violence suffered by wives of alcoholic husbands. This experience may provide ideas to identify several research problems related to domestic violence against women. There may be so many such life experiences of a researcher which could be used to develop a research problem.

IV. Critical appraisal of literature: When we critically study books and articles relating to the subject of our interest, including research reports, opinion articles, and summaries of clinical issues, pertinent questions may arise in our mind. These may strike reader's mind indirectly by stimulating imagination and directly by stating what additional research is needed. For example, a nurse reads an article on the prevalence of the pin site infection among patients with external fixators.

V. Previous research: A body of knowledge should be developed on a sound foundation of re- search findings. Usually, at the end of a research, further research problems are suggested, based on the shortcomings of previous research, which can be investigated. In nursing profession, not much research has been yet done; therefore, this profession needs researchers who are willing to replicate or repeat other studies on different samples and settings where all the essential elements of the original study are held intact. Further refinements may be made in the experimental treatments, or more appropriate outcome measures may be identified.

VI. Existing theories: Research is a process of theory development and theory testing. Nurses use many theories from other disciplines in their practices. If an existing theory is used in developing a researchable problem, a specific statement from the theory must be isolated. Generally, a part or parts of the theory are subjected to testing in the clinical situation. The testing of an existing theory is definitely needed in nursing; therefore, they serve as good sources of research problems.

VII. .Consumer feedback: Research problems may be generated from the results of activities aimed to solicit patient feedback. For example, at the time of discharge of patient after angiography, a nurse obtained a feedback from the patient. Patient verbalized that it was a wonderful experience except discomfort during removal of pressure dressing at the oral puncture site. This feedback provided a concept for nurse to research on efficacy available alternative means of dressing at puncture site to minimize the discomfort g patient undergoing angiography.

VIII. Brainstorming: Brainstorming sessions are good techniques to find new questions, where an intensified discussion among interested people of the profession is conducted to find more ideas to formulate a good research problem. For example, ideas for studies may emerge from reviewing research priorities by having brainstorming session with other nurses, researchers, or nursing faculty.

CHECK YOUR PROGRESS

7. What is Brain storming?

1.11 SELECTING THE PROBLEM

The **research problem** undertaken for study should be meticulously selected. The task is challenging so help could be taken from a research guide in this connection. A research guide can at most only aid a researcher select a topic/subject but the problem should spring from the researcher's head. The following important factors should be kept in mind by a researcher when selecting a topic for research:

1. In most cases, subject that is overdone must not be picked, because it will certainly be a complicated task to throw any new light in such a situation.
2. Too narrow or too un-explainable problems must be shunned.
3. The significance of the topic, the qualifications and the training of a researcher, the expenses required, the time element are few other criteria that should be considered when selecting a problem.

4. A professional needs to ask himself the following questions:
   (a) Whether he is properly equipped when it comes to his background to handle the research?
   (b) Whether he has the budget to afford the research?
   (c) Whether the required cooperation can be obtained from people who must take part in research as subjects?
5. An average researcher should avoid controversial subjects.
6. The topic picked for research must be familiar and feasible so that the relevant research material or sources of research are within one's reach. Even then it is extremely challenging to provide definitive ideas regarding how a professional should obtain ideas for his research. To do this, a researcher can make contact with an expert or a lecturer in the University who is already involved in research. He cans also read articles or blog posts published in current literature available on the topic and may think the way the methods and concepts talked about therein could be applied to the solution of other problems.
7. A preliminary study should be done before picking a research problem. This isn't always required when the problem demands the conduct of a research closely comparable to one that was already done. However when the field of investigation is pretty new and doesn't have available a set of well developed methods, a quick feasibility study should always be carried out.

1.12 TECHNIQUES INVOLVED IN DEFINING A RESEARCH PROBLEM

The techniques Involved in defining a Research Problem is a crucial part of a research study and must in no case be accomplished hurriedly. However, in practice this a frequently overlooked which causes a lot of problems later on. Hence, the research problem should be defined in a systematic manner, giving due weightage to all relating points. The technique for the purpose involves the undertaking of the following steps generally one after the other:

i. statement of the problem in a general way;
ii. understanding the nature of the problem;
iii. surveying the available literature
iv. developing the ideas through discussions; and
v. rephrasing the research problem into a working proposition.

A brief description of all these points will be helpful.

I**. Statement of the problem in a general way:** The research problem needs to deal with either a particular practical operational issue or some scientific discovery. It may also be related to satisfaction or widening of a certain intellectual curiosity. No matter what the subject of research, the problem definition should in general be at a logical level. For this reason, the investigator should involve himself thoroughly in the topic relating to which he wants to pose a problem. In the case of social research, it is considered a good idea to do some field observation and as such the investigator may take on some type of preliminary survey or what is known as pilot survey. The problem mentioned in a broad general way could have numerous ambiguities that need to be fixed by cool thinking and rethinking about the issue. While doing so the feasibility of a specific alternative must be considered and the same should be kept in view while stating the problem.

II. Understand the nature of the problem: The next step in defining the problem is that the investigator should be aware of the cause and character of the problem in clear terms via discussions and study of the environment within which problem is to be solved.

III. Literature Survey: All accessible literature in connection with the issue at hand must necessarily be surveyed and examined before a definition of the research problem is provided. It helps a professional to take a look at current dimensions in that specific area and results in enhancement of knowledge. The researcher will have to dedicate adequate time in examining of research previously carried out on relevant problems. It is performed to discover what data and other materials, if any, are readily available for operational purposes. Being aware of what data can be obtained often acts to narrow the problem itself in addition to the technique that may be employed.

IV. Developing the ideas through discussions: Discussion concerning a problem often produces useful information. Various new ideas can be developed through such an exercise. Hence, a researcher must discuss his problem with his colleagues and others who have enough experience in the same area or in working on similar problems. This is quite often known as an experience survey. People with rich experience are in a position to enlighten the researcher on different aspects of his proposed study and their advice and comments are usually invaluable to the researcher. They help him sharpen his focus of attention on specific aspects within the field. Discussions with such persons should not only be confined to the formulation of the specific problem at hand, but should also be concerned with the general approach to the given problem, techniques that might be used, possible solutions, etc.

V. Rephrasing the research problem: Finally, the researcher must sit to rephrase the research problem into a working proposition. Once the nature of the problem has been clearly understood, the environment (within which the problem has got to be studied) has been defined, discussions over the problem have taken place and the available literature has been surveyed and examined, rephrasing the problem into analytical or operational terms is not a difficult task. Through rephrasing, the researcher puts the research problem in as specific terms as possible so that it may become operationally viable and may help in the development of working hypotheses.

CHECK YOUR PROGRESS

8. What are the steps of a research problem?

1.13 SUMMING UP

- Scientific method is critical to the development of scientific theories, which explain empirical (experiential) laws in a scientifically rational manner. In a typical application of the scientific method, a researcher develops a hypothesis, tests it through various means, and then modifies the hypothesis on the basis of the outcome of the tests and experiments.
- . Marketing research is a systematic and objective study of problems pertaining to the marketing of goods and services. It is applicable to any area of marketing. Research is the only tool an organization has to keep in contact with its external operating environment.

- The Marketing Research Process involves a number of inter-related activities which have bearing on each other which are define the research problem, determine research design,

Identification of data, designing the data, determines sampling design and size, collecting the data, analyze and interpret the data and preparing the research report.

- A research problem is a statement about an area of concern, a condition to be improved, a difficulty to be eliminated, or a troubling question that exists in scholarly literature, in theory, or in practice that points to the need for meaningful understanding and deliberate investigation.
- Research problem can be formulated by specify your research objectives; review its context or environment; explore its nature; determine variable relationships; and alternative approaches.
- The technique for the purpose involves the undertaking of the following steps generally one after the other: statement of the problem in a general way; understanding the nature of the problem; surveying the available literature, developing the ideas through discussions; and rephrasing the research problem into a working proposition.

1.14 KEY TERMS

- **Exploratory Research-** Exploratory research can be performed using a literature search, surveying certain people about their experiences, focus groups, and case studies. During the survey, exploratory research studies would not try to acquire a representative sample, but rather, seek to interview those who are knowledgeable and who might be able to provide insight concerning the relationship among variables.
- **Descriptive Research-** Descriptive research should define questions, people surveyed, and the method of analysis prior to beginning data collection. In other words, the who, what, where, when, why, and how aspects of the research should be defined.
- **Causal Research**- Causal research seeks to find cause and effect relationships between variables. It accomplishes this goal through laboratory and field experiments.
- **Primary Data-** Primary data can be obtained by communication or by observation. Communication involves questioning respondents either verbally or in writing.
- **Secondary Data-** Secondary data that previously may have been collected for other purposes but that can be used in the immediate study.
- **Research Problem**- It's a clear and definite statement or expression about your chosen area of concern, a difficulty to eliminate, a condition to improve, or a troubling problem that exists in theory, literature, and practice.

1.15 QUESTION AND EXERCISE

1. What is Marketing Research?
2. What are the steps involved in research process?
3. What is Research Problem? What are the characteristics of research problem.
4. What are the different ways to formulate research problem?
5. Explain in detail the various sources of research problem.

6. What are the important factors should be kept in mind by a researcher when selecting a topic for research?
7. What are the steps involved in defining research problem?

1.16 REFERANCES AND SUGGESTIVE READING

1. Naresh K. Malhotra: MARKETING RESEARCH: AN APPLIED ORIENTATION, Pearson Education, Asia.

2. Aaker, Kumar & Day: MARKETING RESEARCH, John Wiley & Sons, 1998.

3. Paul E. Green & Donald S. Tull: RESEARCH FOR MARKETING DECISIONS.

1.17 ANSWERS TO CHECK YOUR PROGRESS

1. The Marketing Research Process involves a number of steps which are defining the research problem, determine research design, Identification of data, designing the data, determines sampling design and size, collecting the data, analyze and interpret the data and preparing the research report.
2. A descriptive study is undertaken when the researcher wants to know the characteristics of certain groups such as age, sex, educational level, income, occupation, etc. Descriptive research is more rigid than exploratory research and seeks to describe users of a product, determine the proportion of the population that uses a product, or predict future demand for a product.
3. Causal research seeks to find cause and effect relationships between variables. It accomplishes this goal through laboratory and field experiments.
4. A research problem indicates a need for its meaningful investigation. It doesn't state how to do something and a researcher shouldn't present a value question or offer a broad research proposal.

5. Places the problem into a particular context that defines the parameters of what is to be investigated and provides the framework for reporting the results and indicates what is probably necessary to conduct the study and explain how the findings will present this information.

6. The two features of research problem are clear and goal oriented.

7. Brainstorming sessions are good techniques to find new questions, where an intensified discussion among interested people of the profession is conducted to find more ideas to formulate a good research problem.

8. The following steps of research formulation are statement of the problem in a general way; understanding the nature of the problem; surveying the available literature developing the ideas through discussions; and rephrasing the research problem into a working proposition.

BLOCK III : UNIT-II

RESEARCH DESIGN, SOURCE OF DATA, PRIMARY DATA, SECONDARY DATA, SAMPLING DESIGN, SAMPLING SIZE

Unit Structure:

2.1 INTRODUCTION

A Research Design is the specification of methods and procedures for acquiring the information needed. It is the blueprint for a research process.

There are many classifications accepted for a Research Design. One of the most accepted classification is grouping it under three types: Exploratory, Descriptive and Causal.

An exploratory research is often conducted because a problem has not been clearly defined as yet, or its real scope is as yet unclear. Conclusive research on the other hand is meant to provide information that is useful in reaching conclusions or decision-making. It is mostly quantitative in nature. A Causal research is undertaken to see if there is a cause and effect relationship between variables.

Causal research again can be: Time-series and trend designs, Cross-sectional designs and a combination of the above two.

2.2 OBJECTIVES

- To understand the meaning of Research Design.
- To study about the various types of Research designs.
- To understand the type of research design to use for specific problems.
- To understand the meaning and importance of data sources.
- To read in detail about the sources of Primary data and secondary data sources.
- To understand the relevance of these data sources while solving a research problem.

2.3 MEANING AND DEFINATION OF RESEARCH DESIGN

The word "research design" describes the way an investigator puts a research study together to solve a question or a list of questions. It works as an organized plan detailing the study, the researchers' ways of collection, information on how the study will get to its conclusions and the limitations of the research. Design is not restricted to a specific type of research and may include both quantitative and qualitative analysis. It guides the researcher in the process of collecting, analyzing, and interpreting observations. It is a logical model of proof that enables the investigator to draw inferences concerning causal relations among the variables being investigated.

Research design is a broad framework that states the total pattern of conducting research project. It specifies objectives, data collection and analysis methods, time, costs, responsibility, probable outcomes, and actions. Research design provides the glue that holds the research project together. A design is used to structure the research, to show how all of the major parts of the research project -- the samples or groups, measures, treatments or programs, and methods of assignment -- work together to try to address the central research questions.

According to Green and Tull: A Research Design is the specification of methods and procedures for acquiring the information needed. It is the over-all operational pattern or framework of the project that stipulates what information is to be collected from which sources by what procedures.

Wikipedia says, a research design includes the process and methods used to carry out scientific research. The design defines the type of study (descriptive, co-relational, experimental, etc) and sub-type (e.g., descriptive, longitudinal, case study), research question, hypotheses, independent and dependent variables, experimental design, and, if relevant, data collection methods and a statistical analysis plan

According to Kerlinger, "Research in the plan, structure and strategy of study conceived in order to get answers to research questions and also to control variance."

Hence it is clear that Research design is the blueprint for research. It lays down the methodology involved in the collection of information and arriving at meaningful conclusions from the same.

The primary intent behind the research design is to help avoid the situation in which the evidence doesn't address the primary research questions. A research design is concerned with a logical problem and not a logistical problem.

Five major components of research design are:

1. Research study's questions
2. Study propositions
3. Unit(s) of analysis
4. Linking data to propositions
5. Interpreting a study's findings

These are discussed below-

1. Research study's questions: This first component suggests the type of the question-in terms of "who," "what," "where," "how," and "why"-provides an crucial clue concerning the most relevant research method to be used. Use three stages: In the first, make use of the literature to narrow your interest to a key topic or two. In the 2nd, take a look at closely-even dissect-a few key studies on your topic of interest. Identify the questions in those few studies and whether they conclude with new questions for future research. In the last phase, examine another group of scientific studies on the same topic. They might provide support for your potential questions or even suggest means of sharpening them.

2. Study propositions: Each proposition directs focus on something which needs to be examined within the scope of study. Only if you are forced to state some propositions will you move in the right direction. For example, you may think that businesses collaborate as they gain mutual benefits. This proposition, apart from highlighting a crucial theoretical issue (that other incentives for collaboration don't exist or are unimportant), also starts to tell you where you can search for related proof (to define and determine the extent of certain advantages to each business).

3. Unit of analysis: It is associated with the fundamental problem of defining what the "case" is-a problem which has affected many researchers at the beginning of case studies. Take example of clinical patients. In this situation, an individual is being studied, and the individual is the key unit of analysis. Information regarding the appropriate individual will be collected, and several such individuals could be part of a multiple-case study. You would need study questions and propositions to help find out the appropriate information to be collected relating to this individual or individuals. Without such questions and propositions, you could be lured to cover "everything" with regards to the individual(s), which is not possible.

4. Linking data to propositions: Methods of linking data to propositions are pattern matching, explanation building, time-series analysis, logic models, and cross-case synthesis. The actual analyses will demand that you merge or compute your study data as a direct reflection of your initial study propositions.

5. Interpreting a study's findings: A statistical analysis determines if the results of the study support the hypothesis. A number of statistical tests, for example T-tests (that determine if two groups are statistically distinct from one another), Chi-square tests (where data are compared to an anticipated outcome) and one-way analysis of variance (provides for the comparison of multiple groups), are carried out according to the type of data, number and types of variables and data categories. Statistical analysis offer some explicit criteria for interpretations. For example, by convention, social science views a p level of less than .05 to indicate that observed differences were "statistically important." On the other hand, much case study analysis is not going to depend on the use of statistics and so focuses on other methods of thinking about such criteria.

2.4 IMPORTANCE OF RESEARCH DESIGN

In **a** good research design**,** all the components go together with each other in a coherent way. The theoretical and conceptual framework must with the research goals and purposes. In the same way, the data gathering method must fit with the research purposes, conceptual and theoretical framework and method of data analysis.

The importance of research design in research methodology is due to the following:

- It may result in the preferred kind of study with helpful conclusion.
- It cuts down on inaccuracy.
- Allows you get optimum efficiency and reliability.
- Reduce wastage of time.
- Reduce uncertainty, confusion and practical haphazard related to any research problem.
- Of great help for collection of research material and testing of hypothesis.
- It is a guide for giving research the right path.
- Gets rid of bias and marginal errors.
- Provides an idea concerning the type of resources needed in terms of money, effort, time, and manpower.
- Smooth & efficient sailing (sets boundaries & helps prevent blind search)
- Maximizes reliability of results.
- Provides firm foundation to the endeavor.
- Averts misleading conclusions & thoughtless useless exercise.
- Provides opportunity to anticipate flaws & inadequacies (anticipates problems).
- Incorporates by learning from other people's critical comments & evaluations.

Efficient research is dependent first upon the considerate statements of purpose and objectives, and associated research questions**.** These essential preliminary steps in turn drive important choices regarding study type, plans for analyses and competent implementation within bounded timeframes and budgets.

2.5 BASIS OF CLASSIFICATION OF VARIOUS TYPES OF RESEARCH DESIGNS

There are four types of research designs which are broadly classified as:

1) Exploratory Designs
2) Descriptive Designs
3) Casual Research Design
4) Experimental Designs

These designs will be discussed in detail very shortly

1. EXPLORATORY RESEARCH DESIGN

As the term suggests, exploratory research is often conducted because a problem has not been clearly defined as yet, or its real scope is as yet unclear. It is a process of discovery wherein you uncover as many ideas as possible. It allows the researcher to familiarize him/herself with the problem or concept to be studied, and perhaps generate hypothesis to be tested. It expands knowledge. It is the initial research, before more conclusive research is undertaken.
Exploratory research helps determine the best research design, data collection method and selection of subjects.
Another common reason for conducting exploratory research is to test concepts before they are launched in the marketplace, always a very costly endeavor. In concept testing, consumers are provided either with a written concept or a prototype for a new, revised or repositioned product, service or strategy.
Exploratory research relies more on secondary data. It does not have a rigid design as the researcher themselves are not very well versed with the subject and are trying to gain

knowledge of the same. Hence it can be quite informal, relying on secondary research such as reviewing available literature and/or data, or qualitative approaches such as informal discussions with consumers, employees, management or competitors, and more formal approaches through in-depth interviews, focus groups, projective methods, case studies or pilot studies.
The results of exploratory research are not usually useful for decision-making by themselves, but they can provide significant insight into a given situation. The findings of this can be used to develop the research further. Points can be arrived at which requires to apply the other methodologies.

2. DESCRIPTIVE RESEARCH
Descriptive research or statistical research provides data about the population or universe being studied. It describes the "who, what, when, where and how" of a situation and not what caused it. Therefore, descriptive research is used when the objective is to provide a systematic description that is as factual and accurate as possible. It provides the number of times something occurs, or frequency, lends itself to statistical calculations such as determining the average number of occurrences or central tendencies.
One of its major limitations is that it cannot help determine what causes a specific behaviour, motivation or occurrence. In other words, it cannot establish a causal research relationship between variables.
The two most common types of descriptive research designs are

1. Observation: Observation is a primary method of collecting data by human, mechanical, electrical or electronic means. The researcher may or may not have direct contact or communication with the people whose behaviour is being recorded. Observation techniques can be part of qualitative research as well as quantitative research techniques. The commonly used observation methods are:

I. Participant and non participant observation: This depends on whether the researcher chooses to be part of the situation s/he is studying.
(e.g. studying team dynamics by being a team member would be participant observation)
II. Obtrusive and unobtrusive observation: Depends on whether the subjects being studied can detect the observation

(e.g. hidden microphones or cameras observing behaviour)
III. Observation in natural or contrived settings: Observing the behaviour in its natural setting and in a condition where the natural settings are created.

IV. Disguised and non-disguised observation: Depends on whether the subjects being observed are aware that they are being studied or not. In disguised observation, the researcher may not disclose his true identity and pretend to be someone else to keep away the bias in the findings.

V. Structured and unstructured observation: This refers to guidelines or a checklist being used for the aspects of the behaviour that are to be recorded; for instance, noting who starts the introductory conversation between the group members and what specific words are used by way of introduction.

VI. Direct and indirect observation: This depends on whether the behaviour is being observed during the time it occurs or after the occurrence, as in the case of TV viewing, for instance, where choice of program and channel flicking can all be recorded for later analysis.

One distinct advantage of the observation technique is that it records actual behaviour, not what people say they said/did or believe they will say/do. On the other hand, the observation technique does not provide us with any insights into what the person may be thinking or what might motivate a given behaviour/comment. This type of information can only be obtained by asking people directly or indirectly.

2. Surveys: The survey technique mainly involves the collection of primary data about subjects, usually by selecting a representative sample of the population or universe under study, through the use of a questionnaire. It is a very popular since many different types of information can be collected, including attitudinal, motivational, behavioral and perceptive aspects. It allows for standardization and uniformity in the questions asked and in the method of approaching subjects, making it easier to compare and contrast answers by respondent group. It also ensures higher reliability than some other techniques.

If properly designed and implemented, surveys can be an efficient and accurate means of determining information about a given population. Results can be provided relatively quickly, and depending on the sample size and methodology chosen, they are relatively inexpensive. However, surveys also have a number of disadvantages, which must be considered by the researcher in determining the appropriate data collection technique.

Since in any survey, the respondent knows that s/he is being studied, the information provided may not be valid insofar as the respondent may wish to impress (e.g. by attributing him/herself a higher income or education level) or please (e.g. researcher by providing the kind of response s/he believes the researcher is looking for) the researcher. This is known as response error or bias. The willingness or ability to reply can also pose a problem. If the information sought is considered sensitive or intrusive the respondent may hesitate to reply, leading to a high rate of refusal. This can be overcome by framing such questions carefully.

There can be an interviewer error or bias as the interviewer can (inadvertently) influence the response elicited through comments made or by stressing certain words in the question itself. This is seen through facial expressions, body language or even the clothing that is worn.

Another consideration is response rate. Depending on the method chosen, the length of the questionnaire, the type and/or motivation of the respondent, the type of questions and/or subject matter, the time of day or place, and whether respondents were informed to expect the survey or offered an incentive can all influence the response rate obtained. Proper questionnaire design and question wording can help increase response rate.

Descriptive studies are also classified into:

1. Cross-sectional studies: It deals with a sample of elements from a given population. Number of characteristics from the sample elements are collected and analyzed. It is of two types: field studies and surveys.

2. Longitudinal studies. This is based on panel data and panel methods. A panel constitutes a group of respondents who are interviewed and reinter viewed from time to time. Hence the same variable is repeatedly measured. This helps in studying a particular behaviour over a period of time.

3. EXPERIMENTAL RESEARCH DESIGN

Experimental research is a type of research design in which the study is carried out utilising a scientific approach and two sets of variables. The first set serves as a constant against which the variations in the second set are measured. Experimentation is used in quantitative research methodologies, for example. If you lack sufficient evidence to back your conclusions, you must first establish the facts. Experimental research collects data to assist you in making better judgments. Experimentation is used in any research undertaken under scientifically appropriate settings. The effectiveness of experimental investigations is dependent on researchers verifying that a variable change is due only to modification of the constant variable. The study should identify a noticeable cause and effect. The traditional definition of experimental design is "the strategies employed to collect data in experimental investigations."

Whether it is a field experiment, a controlled experiment, or a quasi-experiment, this is one of the research design types that establishes a relation between the cause and effect of a particular happening.

Here, the researcher observes the influence of an independent variable on the dependent one. For instance, you can observe the impact of the price (an independent variable) on customer satisfaction (a dependent variable).

Usually, this type of research design contributes to solving a particular problem by manipulating the independent variables to observe the change they have on the dependent one. For example, you can experiment with changing the price and observe the effect it has on customer satisfaction.

4. CAUSAL RESEARCH

Causal research is undertaken to see if there is a cause and effect relationship between variables. In order to determine causality, it is important to hold the variable that is assumed to cause the change in the other variable(s) constant and then measure the changes in the other variable(s). This type of research is very complex and the researcher can never be completely certain that there are not other factors influencing the causal relationship, especially when dealing with people's attitudes and motivations. There are often much deeper psychological considerations that even the respondent may not be aware of.

There are two research methods for exploring the cause and effect relationship between variables:

1. Experimentation or natural experimentation: This highly controlled method allows the researcher to manipulate a specific independent variable in order to determine what effect this manipulation would have on other dependent variables. Experimentation also calls for a control group as well as an experimentation group, and subjects would be assigned randomly to either group. The researcher can further decide whether the experiment should take place in a laboratory or in the field, i.e. the "natural" setting as opposed to an "artificial" one. Laboratory research allows the researcher to control and/or eliminate as many intervening variables as possible.
2. Simulation: Another way of establishing causality between variables is through the use of simulation.

A sophisticated set of mathematical formula are used to simulate or imitate a real life situation. By changing one variable in the equation, it is possible to determine the effect on the other variables in the equation.

For the natural experiments there are three classes of designs:

1. Time-series and trend designs
2. Cross-sectional designs and
3. A combination of the above two.

CHECK YOUR PROGRESS

1. What is a Research Design? Explain.
2. Classify the Research Designs and define each of them.
3. What is casual research?
4. What is experimental research?
5. What is descriptive Research? Classify and explain the same.

2.6 SOURCES OF DATA

Data sources

One of the most important components of Marketing Research is collection of data required to solve a defined research problem. The general tendency of the researcher is to organize a survey and collect the data from the field.

The most important point to be considered before this is to research the secondary sources and gather data already available. This gives a logical perspective to problem solving. Only then the actual data required to be collected from the primary survey can be well defined.

Primary Data:

Primary data collection begins when a researcher is not able to find the data required for his research purpose from the secondary sources. Market researchers are interested in a variety of primary data about demographic/socioeconomic characteristics, attitudes/opinions/interests, awareness/knowledge, intentions, motivation, and behavior. There are several methods of collecting primary data. Some of them are discussed below-

- Observation Method
- Interview Method
- Questionnaire
- Survey Method
- Schedules.

A. **Observation**

As the name implies, the researcher observes the situation of interest and records the relevant facts, actions, or behaviors. Observation provides accurate data about what consumers do in certain situations but do not provide details of why it happened.

There are several methods of observation:

 Structured – unstructured observation: In structured observation, the observer is given a set of behaviors to observe. In unstructured observation, the observer is allowed to observe anything that may be relevant to the research objective. In the first instance there may be a bias and in the second the result may vary from observation to observation.

 Disguised – undisguised observation: In a disguised observation, the subjects do not know that they are being observed. This is a better way to observe as the subjects are not conscious that they are being observed and behave freely. In an undisguised observation the subjects are aware that they are being observed and tend to be cautious.

 Observation under normal setting – Laboratory setting: Normal setting would be a field survey; laboratory setting would be under a fixed roof or venue. The latter allows a prompt and economical way of collecting data and permit the use of more objective measurements.

 Direct – Indirect Observation – In the case of direct observation, the event or the behaviour of a person is observed as it occurs. In an indirect observation, a record of a past behaviour is observed.

 Human – Mechanical Observation – The observations are recorded manually in Human Observations. In Mechanical Observation, the research is carried out through hidden cameras and audiometers; hence there is no subjective bias.

B. Questionnaire

Questionnaires are data collecting instruments used to ask respondents questions to secure the desired information. Questionnaires may be administered by mail, over the telephone, by computer, or in person.

The design of a questionnaire depends on whether the researcher wishes to collect exploratory information (i.e. qualitative information for the purposes of better understanding or the generation of hypotheses on a subject) or quantitative information (to test specific hypotheses that have previously been generated).

The questionnaires can be classified into four types:

1. Structured – non-disguised
2. Structured disguised
3. Non-structured - non- disguised
4. Non-structured – disguised

Non-disguised are the direct questions and the object of enquiry is revealed to the respondent. Disguised are the indirect questions where the object of enquiry is not revealed to the respondent. In a structured questionnaire the questions are asked in a pre-determined order.

Formal standardised questionnaires: If the data is required to be analysed statistically, a formal standardised questionnaire is designed. The points to be remembered while designing such questionnaires are:

 The questionnaire has to be framed in such a manner that each respondent receives the same stimuli

 The questionnaire has to be well-defined so that the interviewer is able to answer the respondent‘s clarifications if necessary.

 The response format must be easy to complete during the interviewing process.

 A well-designed questionnaire should primarily meet the research objectives.

 A questionnaire should obtain the most complete and accurate information possible.

 The questionnaire should be brief and to the point and be so arranged that the respondent remains interested throughout the interview

Development of a questionnaire:

The following steps are involved in the development of a questionnaire:

1. **Choose and decide on the information required**

The objective behind the survey should be kept in mind while designing a questionnaire. Though the researcher has an idea about the kind of information to be collected, additional help can be obtained from secondary data. In respect of secondary data, the researcher should be aware of what work has been done on the same or similar problems in the past, what factors have not yet been examined, and how the present survey questionnaire can build on what has already been discovered.

2. **Define the target respondents**

The researcher must define the population that he wishes to collect the data from. Firstly, in marketing research, researchers often have to decide whether they should cover only existing users of the generic product type or whether to also include non-users. Secondly, researchers have to draw up a sampling frame. Thirdly, in designing the questionnaire we must take into account factors such as the age, education, etc. of the target respondents.

3. **Selection of methodology to reach the target segment**

This will influence not only the questions the researcher is able to ask but the phrasing of those questions. The main methods available in survey research are: personal interviews, group or focus interviews, mailed questionnaires and telephone interviews.

Among these, the first two are used more extensively than the second pair. The general rule is that the more sensitive or personal the information, the more personal the form of data collection should be.

4. Decide on question content

There will be lot of temptation to use questions without critically evaluating their contribution towards the achievement of the research objectives. Hence researchers must proactively look at whether the question is really required and if it can be used in testing one or more of the hypotheses established during the research design.

5. Decide on type of questions

The questions can be classified into two forms, i.e. closed and open-ended. So

In a closed type of question, the respondent chooses between an alternative already stated. He does not get a chance to answer in a descriptive manner.

For ex.: Do you use Brand X? Yes ________ No________.

6. **Putting questions into a meaningful order and format Opening questions:** Opening questions generally should be easy to answer and not in any way threatening to the respondents. This is crucial because it is the respondent's first exposure to the interview and sets the tone for the nature of the task to be performed. If they find the first question difficult to understand, or beyond their knowledge and experience, or embarrassing in some way, or uninteresting they are likely to break off immediately. If, on the other hand, they find the opening question easy and pleasant to answer, they are encouraged to continue.

Question flow: Questions should flow in some kind of psychological order, so that one leads easily and naturally to the next. There could be a continuity maintained on the flow of the questions where the response from on leads to another. This helps in creating a sequence and the respondent‘s interest is maintained. Questions on one subject, or one particular aspect of a subject, should be grouped together. Respondents may feel it disconcerting to keep shifting from one topic to another, or to be asked to return to some subject they thought they gave their opinions about earlier.

Question variety: Respondents become bored quickly and restless when asked similar questions for half an hour or so. Hence the questions need to be carefully keyed in to maintain the interest throughout the interview.

7. Closing questions

By the time the respondent comes to the end of the questionnaire it is quite natural for a respondent to become increasingly indifferent to the questionnaire. This is mainly due to impatience or fatigue. He might give careless answers to the later questions. Hence such questions should be included in the earlier part of the questionnaire. Potentially sensitive questions should be left to the end, to avoid respondents cutting off the interview before important information is collected.

8. Physical appearance of the questionnaire

The physical appearance of a questionnaire has a significant effect upon both the quantity and quality of marketing data obtained. Data quality can also be affected by the physical appearance of the questionnaire with unnecessarily confusing layouts making it more difficult for interviewers, or respondents in the case of self-completion questionnaires, to complete this task accurately. In general it is best for a questionnaire to be as short as possible. A long questionnaire leads to a long interview and this may lead to decreasing interest on the part of the respondent.

C. Interview Method- Interview is one of the popular **methods of research data collection**. The term interview can be dissected into two terms as, 'inter' and 'view'. The essence of interview is that one mind tries to read the other. The interviewer tries to assess the interviewed in terms of the aspects studied or issues analyzed. The main purpose of interview as a tool of data collection, is to gather data extensively and intensively. As Pauline.V Young pointed out that the objectives of the interview may be exchange of ideas and experiences, eliciting of information pertaining to a very wide range of data in which the interviewee may wish to rehearse his past, define his present and canvass his future possibilities. Thus, in brief, the objectives of interviewee are two fold:

1. To exchange ideas and experience and
2. To elicit information.

The importance of interview may be known through these points,

- It is the method best suited for the assessment of personal qualities.
- It has definite values for diagnosis of emotional problems and for therapeutic treatments.
- It is one of the major bases upon which counseling procedures are carried out.
- It provides information to supplement other methods of collecting data.
- It may be used, in addition to observation, to verify information obtained through correspondence methods.

Types of Interviews used in Research

There are different types of interviews used in the research data collection. An interview is either structured or unstructured, depending upon whether a formal questionnaire has bean formulated and the questions asked in a prearranged order or not. An interview is also either direct or indirect as a result of whether the purposes of the questions asked are plainly stated or intentionally disguised. Cross-classifying these two characteristics provides four different types of interviews. That is, an interview may be: (1) structured and direct, (2) unstructured and direct, (3) structured and indirect, or (4) unstructured and indirect. Types (1) and (2) are basically objective types; (3) and (4) are subjective types.

1. **Structured-Direct Interview**: The usual type of interview conducted during a consumer survey to obtain descriptive information is one using a formal questionnaire consisting of non-disguised questions, a questionnaire designed to "get the facts". If the marketing search manager of a television set manufacturer wants to find out how many and what kinds of people prefer various styles of television cabinets, for example, he may have a set of questions drawn up that asks for these facts directly. Assuming that personal interviewing is being used, each interviewer will be instructed to ask the questions in the order given on the questionnaire and to ask only those questions. The resulting interviews will be structured-direct in nature.
2. **Unstructured-Direct Interview**: In the unstructured-direct method of interviewing, the interviewer is given only general instructions on the type of information desired. He is left to ask the necessary direct questions to obtain this information, using the warding and the order that seems most appropriate in the context of each interview. Unstructured-direct interviews are often used in exploratory studies. Many research projects that use a formal questionnaire for the final interviews go through an exploratory phase in which respondents are contacted

and unstructured interviews are held. These interviews are useful in obtaining a clearer understanding of the problem and determining what areas should be investigated.

3. **Structured-indirect interview**: In the case of structured indirect interview the questions are pre-decided and arranged in a structured way. However the purpose of the study is not revealed.
4. **Unstructured-indirect interview**: In the case of unstructured indirect interview the questions aren't pre-decided and neither the purpose of the study made known explicitly.

D. Survey Method- Survey data is defined as the resultant data that is collected from a sample of respondents that took a survey. This data is comprehensive information gathered from a target audience about a specific topic to conduct research. There are many methods used for survey data collection and statistical analysis.

Various mediums are used to collect feedback and opinions from the desired sample of individuals. While conducting survey research, researchers prefer multiple sources to gather data such as online surveys, telephonic surveys, face-to-face surveys, etc. The medium of collecting survey data decides the sample of people that are to be reached out to, to reach the requisite number of survey responses.

Factors of collecting survey data such as how the interviewer will contact the respondent (online or offline), how the information is communicated to the respondents etc. decide the effectiveness of gathered data.

Survey Data Collection Methods with Examples

The methods used to collect survey data have evolved with the change in technology. From face-to-face surveys, telephonic surveys to now online and email surveys, the world of survey data collection has changed with time. Each survey data collection method has its pros and cons, and every researcher has a preference for gathering accurate information from the target sample.

The survey response rates for each of these data collection methods will differ as their reach and impact are always different. Different ways are chosen according to specific target population characteristics and the intent to examine human nature under various situations.

Types of survey data based on the frequency at which they are administered:

Surveys can be divided into 3 distinctive types on the basis of the frequency of their distribution. They are:

- **Cross-Sectional Surveys**

Cross-sectional surveys are an observational research method that analyzes data of variables collected at one given point of time across a sample population or a pre-defined subset. The survey data from this method helps the researcher understand what the respondent is feeling at a certain point in time. It helps measure opinions in a particular situation.

For example, if the researcher would like to understand movie rental habits, a survey can be conducted across demographics and geographical locations. The cross-sectional survey, for example, can help understand that males between 21-28 rent action movies and females between 35-45 rent romantic comedies. This survey data helps for the basis of a longitudinal study.

- **Longitudinal Surveys**

Longitudinal surveys are those surveys that help researchers to make an observation and collect data over an extended period of time. This survey data can be qualitative or quantitative in nature, and the survey creator does not interfere with the survey respondents.

For example, a longitudinal study can be carried out for years to help understand if mine workers are more prone to lung diseases. This study takes a year and discounts any pre-existing conditions.

- **Retrospective Surveys**

In retrospective surveys, researchers ask respondents to report events from the past. This survey method offers in-depth survey data but doesn't take as long to complete. By deploying this kind of survey, researchers can gather data based on past experiences and beliefs of people.

For example, if hikers are asked about a certain hike – the conditions of the hiking trail, ease of hike, weather conditions, trekking conditions, etc. after they have completed the trek, it is a retrospective study.

E. Schedules- This method of data collection is very much like the collection of data through questionnaire, with little difference is that schedules (proforma containing a set of questions) are being filled in by the enumerators who are specially appointed for the purpose. A schedule is a structure of set of questions on a given topic which are asked by the interviewer or investigator personally. These enumerators along with schedules, go to respondents, put to them the questions from the proforma in the order the questions are listed and record the replies in the space meant for the same in the proforma. Enumerators explain the aims and objects of the investigation and also remove the difficulties which any respondent may feel in understanding the implications of a particular question or the definition or concept of difficult terms. The enumerators should be trained to perform their job well and the nature and scope of the investigation should be explained to them thoroughly so that they may well understand the implications of different questions put in the schedule.

Schedule include open-ended questions and close-ended questions.

Open-ended questions allow the respondent considerable freedom in answering. Close-ended questions has to be answered by the respondent by choosing an answer from the set of answers given under a question just by ticking.

Difference Between Questionnaires And Schedules

1. The questionnaire is generally sent through mail to informants to be answered as specified in a covering letter. The schedule is generally filled out by the research worker or the enumerator, who can interpret questions when necessary.

2. To collect data through questionnaire is relatively cheap and economical, to collect data through schedules is relatively more expensive, considerable amount of money has to be spent in appointing enumerators and in importing training to them.
3. Non-response is usually high in case of questionnaire. Non-response is generally very low in case of schedules because these are filled by enumerators.
4. In case of questionnaire, it is not always clear as to who replies, but in case of schedule the identity of respondent is known.
5. Personal contact is generally not possible in case of the questionnaire method. But in case of schedules direct personal contact is established with respondents.
6. Questionnaire method can be used only when respondents are literate and cooperative, but in case of schedules the information can be gathered even when the respondents happen to be illiterate.

SECONDARY DATA

Secondary data is defined as the data that has been collected by individuals or agencies for purposes other than those of the particular research study. For example, if a government department has conducted a survey of, say, school going children, then a uniform manufacturer might use this data for his research purpose. As mentioned earlier, it is ideal to undertake a marketing research study after a prior search of secondary sources (also termed desk research). The reasons for this are summed up below.

- Secondary data is economical than collecting primary data. A thorough examination of secondary sources can yield a great deal more information than through a primary data collection exercise which needs to be critically evaluated.
- Searching secondary sources is much less time consuming than primary data collection.
- Secondary sources of information may at times consider a large sample and hence can yield more accurate data than that primary research. This is especially true for census information or syndicated reports by government departments which are generally large scale. This is likely to yield far more accurate results than custom designed surveys that are based on relatively small sample sizes.
- Secondary data can play a substantial role in the exploratory phase of the research when the main objective is to define the research problem and to generate hypotheses. The assembly and analysis of secondary data helps in better understanding of the marketing problem. This also gives an idea about the course of action and missing links which can be got from the primary research.
- Secondary sources are very useful to structure the sample and define the population.

Disadvantages of secondary data:
Even though the secondary data offers a lot of advantages; it also has its own shortcomings. This corresponds to both the source and the quality of the data. The main disadvantages may be listed as follows:

- The researcher has to be careful while using the units defined in the data. It is better to study the definitions used prior to accepting the same for research purpose.

For ex, the meaning of family might differ from urban and rural as it may consider the nuclear or the joint family system especially in India. Hence while considering secondary data on the size of family, these definitions need to be kept in mind.
It should be noted that definitions may change over time and if this is not evaluated the conclusion derived may be wrong.

 The errors of measurements are not generally published in secondary sources and hence this should be considered while looking at data from secondary sources. The solution is to try to speak to the individuals involved in the collection of the data to obtain some guidance on the level of accuracy of the data. This is especially crucial if the stake is high in terms of commercial implications.

 The data has to be validated for source biases as it may have been prepared to appear exaggerated or otherwise. Hence it is better to go through details of the purpose for which the data had been collected.

 The reliability of published data may vary over time. Hence the data needs to be checked for time validity. For ex: New states have been formulated in India. Data pertaining to population studies conducted before the formation of the new state needs to be evaluated for its current application.

 Many a time the data collected may be outdated and hence it needs to be refreshed again. This may otherwise hinder the analysis.

All these drawbacks do exist, but still secondary data has it own merits. It is ideal to use multiple sources of secondary data. In this way, these different sources can be cross-checked and validated for the source of information. It is better to disregard the data whenever any controversy exists.

Secondary sources of information:

Secondary sources of information can be collected from two sources: internal sources and external sources.

Internal sources of secondary information:

Lot of data is available within an organization regarding day to day operations. These data can be utilized wherever required. These include:

1. **Sales data:** Sales orders are received, invoiced and delivered. Cost of the goods supplied is also recorded. Sales across different territories are recorded via the reports received from the field. Most of these reports can be used for making marketing decisions. These resources are generally overlooked while deciding on critical issues. Lot of information pertaining to sales by territory, sales by customer type, prices and discounts, average size of order by customer, customer type, geographical area, average sales by sales person and sales by pack size and pack type, etc.

This data can be used to identify the most profitable product and customers, tracking sales trends, analysis on discounts given, scattering pattern of sales orders, effect of seasonality on sales, etc.

2. **Financial data:** This relates to data on various costs involved in procurement of raw materials, production of goods, distribution of goods, conversion costs, labor costs, transportation cost, storage cost, etc. With such data the efficiency of operation can be determined. It helps in assessing the cost of production of a new product, analysis the cost of free capacity, etc.

3. **Transportation data:** A good record of the data relating to transport operations determine which route to use, which transporter to use, cost of effective routing patterns, etc. This helps in determining whether it would be sensible to have your own vehicle or hire a vehicle. This enables decision towards a trade off analysis towards a better profitability.

4. **Human Resource data:** Enormous information could be collected from an organizational perspective from the human resource department. Data on employee turnover, absenteeism,

strength of employees could be obtained. This would help in man power planning for the present and future, succession planning, training and development for better productivity, etc.

5. **Storage data:** This may help in calculating the direct product profitability by calculating the rate of stock turn; stock handling costs, assessing the efficiency of certain marketing operations and the efficiency of the marketing system as a whole.

External sources of secondary information

Lot of secondary data is now available further to the discovery of World Wide Web and lot of institutions looking at such analysis.

Large number of organizations provides marketing information including national and local government agencies, quasi-government agencies, trade associations, universities, research institutes, financial institutions, specialist suppliers of secondary marketing data and professional marketing research enterprises. Dillon et al advise that searches of printed sources of secondary data begin with referral texts such as directories, indexes, handbooks and guides. These sorts of publications rarely provide the data in which the researcher is interested but serve in helping him/her locate potentially useful data sources.

The main sources of external secondary sources are (1) government (federal, state and local) (2) trade associations (3) commercial services (4) national and international institutions.

1. Government statistics: These may include all or some of the following: Population census, Social surveys, family expenditure surveys, Import/export statistics, Production statistics, and Agricultural statistics.

Some of the Indian government bodies are:

- Population Statistics of Govt. of India – Provides statistics related to general population of India
- Central Bureau of Health Intelligence – Provides health related statistics
- Indian Council of medical Research – Provides information on research being conducted on major diseases
- Policy Reform Options Database – Provides data on policy reforms
- Ministry of Health and Family Welfare – Provides information on family welfare
- Ministry of Statistics and Programme implementation – Gives information on various statistical indicators of Indian economy
- India Brand Equity Foundation – Provides information on Indian economy and Industry
- Insurance Regulatory and Development Authority – Data on Health Insurance in India.

2. Trade associations - They might produce a wide range of data. Normally it may produce a trade directory and, perhaps, a yearbook

3. Syndicated reports – These are published market research reports from various organizations which charge for their information. These data relate to consumer information and media information. These are generally prepared to cater to all interested and not to any specific
organizational requirement. Hence the relevant data is extracted from this.

4. National and international institutions: Economic reviews, Research reports, journals and articles are all useful sources to contact. A lot of secondary data can be obtained from World Bank, WHO, International Monetary Fund, International Fund for Agricultural Development, United Nations Development Programme, Food and Agriculture Organization and International Labor Organization.

CHECK YOUR PROGRESS

6. What are the different sources of data?
7. What are the different types of interview?
8. What are the different sources of secondary information?
9. Difference between questionnaire and schedule.

2.7 SAMPLING DESIGN

Introduction

Sampling is an important concept that we practice in our every day life. Sampling involves selecting a relatively small number of elements from a larger defined group of elements and expecting that the information gathered from the small group will allow judgments to be made about the larger group. If all the respondents in a population are asked to provide information, such survey is called a census. Information obtained from a subset of the population is known as the statistic (from sample). Researchers then attempt to make an inference about the population parameter with the knowledge of the relevant sample statistic. Sampling is often used when conducting a census is impossible or unreasonable. When using a census, the researcher is interested in collecting primary data about or from every member of the defined target population.

2.8 Sampling terminology

Population

A population is an identifiable total group or aggregation of elements that are of interest to the researcher and pertinent to the specified problem. A defined target population consists of the complete group of elements that are specifically identified for investigation according to the objectives of the research project.

Element

An element is a person or object from which data and information are sought. In research, the element is a particular product or group of individuals. Elements must be unique, countable and when added together, make up the whole target population. Target population elements must include a particular consumer product, specific group of people or specific organisations.

Sampling units

Sampling units are the target population elements available for selection during the sampling process. In a simple, single-stage sample, thee sampling units and the population elements may be the same. But many studies involve complex problems that require the use of a multi-stage sampling process.

Sampling frame

It is the list of all eligible sampling units. Some common sources of sampling frames are list of registered voters and customer lists from magazine publishers, credit card companies and the like. There are specialized commercial companies that are in the business of developing databases that contain names, addresses and telephone numbers of potential population elements. It is usually very difficult and expensive for a researcher to gain access to truly accurate or representative , current sampling frames. In such situations, a researcher would have to employ an alternate method such as random-digit dialing or a location survey in order to generate a sample of prospective respondents.

2.9 STEPS IN SAMPLE DESIGN

While developing a sampling design, the researcher must pay attention to the following points:

1. **Type of universe:** In the first step the researcher should clarify and should be expert in the study of universe. The universe may be finite (no of items are know) or Infinite (numbers of items are not know).
2. **Sampling unit:** A decision has to be taken concerning a sampling unit before selecting a sample. Sampling unit may be a geographical one such as state, district, village etc., or construction unit such as house, flat, etc., or it may be a social unit such as family, club, school etc., or it may be an individual.
3. **Source list:** Source list is known as 'sampling frame' from which sample is to be drawn. It consists the names of all items of a universe. Such a list would be comprehensive, correct, reliable and appropriate and the source list should be a representative of the population.
4. **Size of sample:** Size of sample refers to the number of items to be selected from the universe to constitute a sample. Selection of sample size is a headache to the researcher. The size should not be too large or too small rather it should be optimum. An optimum sample is one which fulfills the requirements of efficiency, representativeness, reliability and flexibility. The parameters of interest in a research study must be kept in view, while deciding the size of the sample. Cost factor i.e., budgetary conditions should also be taken into consideration.
5. **Sampling procedure:** In the final step of the sample design, a researcher must decide the type of the sample s/he will use i.e., s/he must decide about the techniques to be used in selecting the items for the sample.

2.10 CHARACTERISTICS OF A GOOD SAMPLE DESIGN

From what has been stated above, we can list down the characteristics of a good sample design as under:

(a) Sample design must result in a truly representative sample.
(b) Sample design must be such which results in a small sampling error.
(c) Sample design must be viable in the context of funds available for the research study.
(d) Sample design must be such so that systematic bias can be controlled in a better way.
(e) Sample should be such that the results of the sample study can be applied, in general, for the universe with a reasonable level of confidence.

2.11 DIFFERENT TYPES OF SAMPLE DESIGNS.

There are two basic sampling designs : Probability and non-probability sampling methods. In probability sampling, each unit in the defined target population has a known, non-zero probability of being selected for the sample, The actual probability of selection for each sampling unit may or may not be equal depending on the type of probability sampling design used. It allows the researcher to judge the reliability and validity of raw data collected by calculating the probability to which the findings based on the sample would differ from the defined target population. The results obtained by the probability method can be generalized to the target population within a specified margin of error through the use of statistical methods. In non-probability sampling, the probability of selection of each sample unit is not known. Therefore, potential sampling error cannot be accurately known either. The selection of sampling units is based on some type of intuitive judgments, desire or knowledge of the researcher. The degree to which the sample nay or may not be representative of the defined target population depends on the sampling approach and how well the researcher executes and controls the selection activities. There is always a temptation to generalize non-probability sample data results to the defined target population.

Simple Random Sampling

Simple Random Sampling is a probability sampling procedure which ensures that every sampling unit making up the defined target population has a known, equal, non-zero chance of being selected. For example, let‘s say an instructor decided to draw a sample of 10 students (n=10), from among all the students in a Marketing Research class that consisted of 30 students (N=30). The instructor could write each student‘s name on a separate, identical piece of paper and place all of the names in a jar. Each student would have an equal, known probability of selection for a sample. Here, each student would have a 10 /30 (or 0.33) chance of being randomly selected in the drawn sample. When the defined target population consists of a larger number of sampling units, a more sophisticated method would be used to randomly draw the necessary sample. One of the procedures commonly used in marketing research is to incorporate a printed or computer generated table of random numbers to select the sampling units. A table of random numbers is a table that lists randomly generated numbers. Many computer programs have the ability to generate a table random numbers.

Advantages and disadvantages

The simple random sampling technique has several advantages. The technique is easily understood and the survey‘s data results can be generalised to the defined target population with a pre-specified margin of error.

Another advantage is that simple random samples allow the researcher to gain unbiased estimates of the population‘s characteristics. This method basically guarantees that every sampling unit of the population has a known and equal chance of being selected, no matter the actual size of the sample, resulting in a valid representation of the Defined target population. The disadvantage of this method is the difficulty of obtaining a complete, current, and accurate listing of the population elements. Simple random sampling requires that all sampling units be identified. For this reason, simple random sampling often works best for small populations or those where computer-derived lists are available.

Systematic random sampling (SYMRS)

Systematic random sampling (SYMRS) is similar to simple random sampling but requires that the defined target population be ordered in some way, usually in the form of a customer list, taxpayer roll, or membership roster. In research practices, SYMRS has become a very popular alternative probability method of drawing samples. Compared to simple random sampling, systematic random sampling is potentially less costly because it can be done relatively quickly. When executed properly, SYMRS can create a sample of objects or prospective respondents that is very similar in quality to a sample drawn using simple random sampling.

For instance, if the researcher wants a sample of 100 to be drawn from a defined target population of 1,000, the skip interval would be 10 (ie. 1,000/100). Once the skip interval is determined, the researcher would then randomly select a starting point and take every 10th unit until he proceeded through the entire target population list.

There are two important considerations when using systematic random sampling. First, it is important that the natural order of the defined target population list be unrelated to the characteristic being studied. Second, the skip interval must not correspond to a systematic change in the target population.

Advantages and disadvantages

Systematic sampling is frequently used because, if done correctly, it is a relatively easy way to draw a sample while ensuring randomness. The availability of lists and the shorter time required to draw a sample makes systematic sampling an attractive, economical methods for researchers. The greatest weakness of systematic random sampling is the potential for there to be hidden patterns in the data that are not found by the researcher. This could result in a sample that is not truly representative of the defined target population. Another difficulty is that the researcher must know exactly how many sampling units make up the defined target population. In research situations in which the size of the target population is extremely large or unknown, identifying the true number of units is difficult, and even estimates may not be accurate.

Stratified Random Sampling

Stratified random sampling (STRS) requires the separation of the defined target population into different groups, called strata, and the selecting of samples from each stratum. The goal in stratifying is to minimize the variability (or skewness) within each stratum and maximize the differences between strata. In some ways, STRS can be compared to segmentation of the defined target population into smaller, more homogeneous sets of elements.

To ensure that the sample maintains the required precision of the total population, representative samples must be drawn from each of the smaller population groups. Drawing a stratified random sample involves three basic steps:

i. Dividing the target population into homogeneous sub-groups or strata.

ii. Drawing random samples from each stratum.

iii. Combining the samples from each stratum into a single sample of the target population.

Advantages and Disadvantages

Dividing the defined target population into homogeneous strata provides several advantages, including:

i. the assurance of representativeness in the sample;

ii. the opportunity to study each stratum and make relative comparison between strata; and

iii. the ability to take estimates for the target population with the expectation of greater precision or less error in the overall sample.

The primary difficulty encountered with stratified sampling is determining the basis for stratifying. It is imperative that the basis for stratifying be directly associated with the target population‘s characteristics of interest. Normally, the larger the number of relevant strata, the more precise the results. The inclusion of excess or irrelevant strata will only waste time and money without providing meaningful results.

Cluster Sampling

While cluster sampling is similar to stratified random sampling, it is different in that the sampling units are divided into mutually exclusive and collectively exhaustive sub-populations, called clusters. Each cluster is assumed to be representative of the heterogeneity of the target population. Examples of possible divisions for cluster sampling include the customers who patronise a store on a given day, the audience for a movie shown at a particular time (e.g., the matinee), or the invoices processed during a specific week. Once the cluster has been identified, the prospective sampling units are drawn into the sample by either using a simple random sampling method or canvassing all the elements within the defined cluster.

Area sampling

A popular form of cluster sampling is **area sampling**. In area sampling, the clusters are formed by geographic designations. Examples include cities, sub divisions and blocks. Any geographical unit with identifiable boundaries can be used. When using area sampling, the researcher has to additional options : the one-step approach or the two -step approach. When deciding on using one-step approach, the researcher must have enough prior information about the various geographic clusters. By assuming that all the clusters are identical, the researcher can focus his attention on surveying the sampling units within one designated cluster group and then generalize the data results to the full target population. The probability aspect of this particular sampling method is executed by randomly selecting one geographic cluster and performing a census on all the sampling units located within that selected cluster.

Types of non-probability sampling designs

Convenience Sampling-

Convenience sampling (or accidental sampling) is a method in which samples are drawn at the convenience of the researcher or interviewer. The assumptions are that the target population is homogeneous and the individuals interviewed are similar to the overall defined target population with regard to the characteristics being studied.

Advantages and Disadvantages

Convenience sampling allows a large number of respondents to be interviewed in a relatively short time. For this reason, it is commonly used in the early stages of research. The use of convenience samples in the development phases of constructs and scale measurements can have a seriously negative impact on the overall reliability and validity of those measures and instruments used to collect raw data. Another major disadvantage of convenience samples is that the raw data and results are not generalized to the defined target population with any measure of precision. It is not possible to measure the representativeness of the sample, because sampling error estimates cannot be accurately determined.

Judgment Sampling

In judgment sampling, (also referred to as purposive sampling), participants are selected according to an experienced individual‘s belief that they will meet the requirements of the study. Judgmental sampling is associated with a variety of biases. For example, shopping center intercept interviewing can over-sample those who shop frequently, who appear friendly, and who have uncertainty, because the sampling frame is unknown and the sampling procedure is not well specified.

There are situations where judgmental sampling is useful and even advisable.

First, there are times when probability sampling is either not feasible or expensive. For example, a list of sidewalk vendors might be impossible to obtain, and a judgmental sample might be appropriate in that case.

Second, if the sample size is to be very small - say, under 10 - a judgmental sample usually will be more reliable and representative than a probability sample. Suppose one or two cities of medium size are to be used to represent 200 such cities. Then it would be appropriate to

pick judgmentally two cities that appeared to be most representative with respect to such external criteria as demographics, media habits, and shopping characteristics.
Third, sometimes it is useful to obtain a deliberately biased sample. If, for example, a product or service modification is to be evaluated, it might be possible to identify a group that, by its very nature, should be disposed toward the modification.

Advantages and Disadvantages

If the judgment of the researcher or expert is correct, then the sample generated from judgment sampling will be much better than one generated by convenience sampling. But, it is not possible to measure the representativeness of the sample. The raw data and information collected from sampling units generated though the judgment sampling method should be interpreted as nothing more preliminary insights.

Quota Sampling

The quota sampling method involves the selection of prospective participants according to pre-specified quota regarding either demographic characteristics (e.g., age, race, gender, income), specific attitudes (e.g., satisfied/dissatisfied, liking/disliking, great/marginal/no quality), or specific behaviours (e.g., regular/occasional/ rare customer, product user/non user). The underlying purpose of quota sampling is to provide an assurance that pre-specified sub-groups of the defined target population are represented on pertinent sampling factors that are determined by the researcher or client. Surveys frequently use quotas that have been determined by the specific nature of the research objectives.

Advantages and Disadvantages

The greatest advantage of quota sampling is that the sample generated contains specific sub-groups in the proportions desired by researchers. In those research projects that require interviews, the use of quotas ensures that the appropriate sub-groups are identified and included in the survey. The quota sampling method may eliminate or reduce selection bias on the part of the field workers. An inherent limitation of quota sampling is that the success of the study will be dependent on subjective decisions made by the researchers. Also, it is incapable of measuring the true representativeness of the sample or accuracy of the estimate obtained. Hence, attempts to generalise data results beyond those respondents who were sampled and interviewed become very questionable and may misrepresent the defined target population.

Snowball Sampling

Snowball Sampling involves the practice of identifying and qualifying a set of initial prospective respondents who can, in turn, help the researcher identify additional people to be included in the study. This method of sampling is also called referral sampling, because one respondent refers other potential respondents. Snowball sampling is typically used in research situations where :

i. the defined target population is very small and unique, and
ii. compiling a complete list of sampling units is a nearly impossible task.

The snowball method would yield better results at a much lower cost. Here the researcher would identify and interview one qualified respondent, then solicit his or her help in identifying other people with similar characteristics. The main underlying logic of this method is that rare groups of people tend to form their own unique social circles.

Advantages and Disadvantages

Snowball sampling is a reasonable method of identifying and selecting prospective respondents who are members of small, hard-to-reach, uniquely defined target population. It is most useful in qualitative research practices, like focus group interviews. Reduced sample sizes and costs are primary advantages to this sampling method. Snowball sampling definitely allows bias to enter the overall research study.

CHECK UR PROGRESS

10. What is sampling design?
11. What are the different types of probability sampling?
12. What are the different types of non probability sampling?

2.12 SAMPLING SIZE-

Determining the appropriate sample size is not an easy task. The researcher must consider how precise the estimates must be and how much time and money are available to collect the required data, since the data collection is one of the most expensive components of a study. Three factors play an important role in determining appropriate sample sizes. They are :
i. The variability of the population characteristic under consideration : The greater the variability of the characteristic, the larger the size of the sample necessary.

ii. The level of confidence desired in the estimate : The higher the level of confidence desired, the larger the sample size needed.

iii. The degree of precision desired in estimating the population characteristic : The more precise the required sample results, the larger the necessary sample size.

CHECK UR PROGRESS

13. What are the different factors in determining appropriate sample size?

2.13 SUMMING UP

- Research design is a broad framework that states the total pattern of conducting research project. It specifies objectives, data collection and analysis methods, time, costs, responsibility, probable outcomes, and actions. Research design provides the glue that holds the research project together.

- Exploratory research is often conducted because a problem has not been clearly defined as yet, or its real scope is as yet unclear. It is a process of discovery wherein you uncover as many ideas as possible. It allows the researcher to familiarize him/herself with the problem or concept to be studied, and perhaps generate hypothesis to be tested. It expands knowledge. It is the initial research, before more conclusive research is undertaken.

- Experimental research is a type of research design in which the study is carried out utilising a scientific approach and two sets of variables. The first set serves as a constant against which the variations in the second set are measured. Experimentation is used in quantitative research methodologies, for example. If you lack sufficient evidence to back your conclusions, you must first establish the facts.

- Primary data collection begins when a researcher is not able to find the data required for his research purpose from the secondary sources. Market researchers are interested in a variety of primary data about demographic/socioeconomic characteristics, attitudes/opinions/interests, awareness/knowledge, intentions, motivation, and behavior.

- Questionnaires are data collecting instruments used to ask respondents questions to secure the desired information. Questionnaires may be administered by mail, over the telephone, by computer, or in person.

- Quota sampling method may eliminate or reduce selection bias on the part of the field workers. An inherent limitation of quota sampling is that the success of the study will be dependent on subjective decisions made by the researchers.

- Convenience samples is that the raw data and results are not generalized to the defined target population with any measure of precision. It is not possible to measure the representativeness of the sample, because sampling error estimates cannot be accurately determined.

2.14 KEY TERMS

- **DESCRIPTIVE RESEARCH -**Descriptive research or statistical research provides data about the population or universe being studied. It describes the "who, what, when, where and how" of a situation and not what caused it. Therefore, descriptive research is used when the objective is to provide a systematic description that is as factual and accurate as possible.
- **Questionnaire-**Questionnaires are data collecting instruments used to ask respondents questions to secure the desired information. Questionnaires may be administered by mail, over the telephone, by computer, or in person.
- **Survey Method**- Survey data is defined as the resultant data that is collected from a sample of respondents that took a survey. This data is comprehensive information gathered from a target audience about a specific topic to conduct research. There are many methods used for survey data collection and statistical analysis.
- **Retrospective Surveys-** In retrospective surveys, researchers ask respondents to report events from the past. This survey method offers in-depth survey data but doesn’t take as long to complete. By deploying this kind of survey, researchers can gather data based on past experiences and beliefs of people.
- **Sampling units** -Sampling units are the target population elements available for selection during the sampling process. In a simple, single-stage sample, thee sampling units and the population elements may be the same. But many studies involve complex problems that require the use of a multi-stage sampling process.

2.15 QUESTION AND EXERCISE

1. What are the major component of research design?
2. Explain the different sources of primary data.
3. Explain the different sources of secondary data.
4. What are the different types of survey?
5. Discuss the steps in sampling design.

2.16 REFERANCES AND SUGGESTIVE READING

1. Goel, BS Marketing Research Pragati Prakashan
2. Kumar, A. and N, Meenakshi (2010) Marketing Management Second edition New Delhi Vikas publication House

2.17 ANSWERS TO CHECK YOUR PROGRESS

1. Research design includes the process and methods used to carry out scientific research. The design defines the type of study (descriptive, co-relational, experimental, etc) and sub-type (e.g., descriptive, longitudinal, case study), research question, hypotheses, independent and dependent variables, experimental design, and, if relevant, data collection methods and a statistical analysis plan.

2. There are four types of research designs which are broadly classified as:

1) Exploratory Designs
2) Descriptive Designs
3) Casual Research Design
4) Experimental Designs

These designs will be discussed in detail very shortly

1. EXPLORATORY RESEARCH DESIGN
As the term suggests, exploratory research is often conducted because a problem has not been clearly defined as yet, or its real scope is as yet unclear. It is a process of discovery wherein you uncover as many ideas as possible.

2. DESCRIPTIVE RESEARCH
Descriptive research or statistical research provides data about the population or universe being studied. It describes the "who, what, when, where and how" of a situation and not what caused it.

3. EXPERIMENTAL RESEARCH DESIGN
Experimental research is a type of research design in which the study is carried out utilising a scientific approach and two sets of variables. The first set serves as a constant against which the variations in the second set are measured.

4. CAUSAL RESEARCH
Causal research is undertaken to see if there is a cause and effect relationship between variables. In order to determine causality, it is important to hold the variable that is assumed

to cause the change in the other variable(s) constant and then measure the changes in the other variable(s).

3. Causal research is undertaken to see if there is a cause and effect relationship between variables. In order to determine causality, it is important to hold the variable that is assumed to cause the change in the other variable(s) constant and then measure the changes in the other variable(s).

4. Experimental research is a type of research design in which the study is carried out utilising a scientific approach and two sets of variables. The first set serves as a constant against which the variations in the second set are measured.

5. Descriptive research or statistical research provides data about the population or universe being studied. It describes the "who, what, when, where and how" of a situation and not what caused it.

6. The different sources of data are primary data and secondary data.

7. The different types of interview are as follows- (1) structured and direct, (2) unstructured and direct, (3) structured and indirect, or (4) unstructured and indirect. Types (1) and (2) are basically objective types; (3) and (4) are subjective types.

8. The different sources of secondary information are as follows- Sales data, Financial data, Transportation data, Human Resource data.

9. The questionnaire is generally sent through mail to informants to be answered as specified in a covering letter. The schedule is generally filled out by the research worker or the enumerator, who can interpret questions when necessary.

10. Sampling involves selecting a relatively small number of elements from a larger defined group of elements and expecting that the information gathered from the small group will allow judgments to be made about the larger group.

11. The different types of probability sampling are as follows- Systematic random sampling (SYMRS), Stratified Random Sampling, Cluster Sampling, Area sampling.

12. The different types of non- probability sampling are as follows- Convenience Sampling, Quota Sampling, Snowball Sampling

13. i. The variability of the population characteristic under consideration : The greater the variability of the characteristic, the larger the size of the sample necessary.

ii. The level of confidence desired in the estimate : The higher the level of confidence desired, the larger the sample size needed.

iii. The degree of precision desired in estimating the population characteristic : The more precise the required sample results, the larger the necessary sample size.

BLOCK III : UNIT-III

ORGANISING AND CONDUCTING THE FIELD SURVEY, PROCESSING AND ANALYSING THE COLLECTED DATA, PREPARING THE RESEARCH REPORT

Unit Structure:

3.1 INTRODUCTION

The data, after collection, has to be processed and analysed in accordance with the outline laid down for the purpose at the time of developing the research plan. This is essential for a scientific study and for ensuring that we have all relevant data for making contemplated comparisons and analysis. Technically speaking, processing implies editing, coding, classification and tabulation of collected data so that they are amenable to analysis. The term analysis refers to the computation of certain measures along with searching for patterns of relationship that exist among data-groups. Thus, "in the process of analysis, relationships or differences supporting or conflicting with original or new hypotheses should be subjected to statistical tests of significance to determine with what validity data can be said to indicate any conclusions".1 But there are persons (Selltiz, Jahoda and others) who do not like to make difference between processing and analysis. They opine that analysis of data in a general way involves a number of closely related operations which are performed with the purpose of summarising the collected data and organising these in such a manner that they answer the research question(s). We, however, shall prefer to observe the difference between the two terms as stated here in order to understand their implications more clearly.

3.2 OBJECTIVES

I. To know the research operations.
II. To examine about data analysis.

III. To discuss about the research process.

3.3 PROCESSING OPERATIONS

With this brief introduction concerning the concepts of processing and analysis, we can now proceed with the explanation of all the processing operations.

1. Editing**:** Editing of data is a process of examining the collected raw data (specially in surveys) to detect errors and omissions and to correct these when possible. As a matter of fact, editing involves a careful scrutiny of the completed questionnaires and/or schedules. Editing is done to assure that the data are accurate, consistent with other facts gathered, uniformly entered, as completed as possible and have been well arranged to facilitate coding and tabulation. With regard to points or stages at which editing should be done, one can talk of field editing and central editing. Field editing consists in the review of the reporting forms by the investigator for completing (translating or rewriting) what the latter has written in abbreviated and/or in illegible form at the time of recording the respondents' responses. This type of editing is necessary in view of the fact that individual writing styles often can be difficult for others to decipher. This sort of editing should be done as soon as possible after the interview, preferably on the very day or on the next day.

While doing field editing, the investigator must restrain himself and must not correct errors of omission by simply guessing what the informant would have said if the question had been asked. Central editing should take place when all forms or schedules have been completed and returned to the office. This type of editing implies that all forms should get a thorough editing by a single editor in a small study and by a team of editors in case of a large inquiry. Editor(s) may correct the obvious errors such as an entry in the wrong place, entry recorded in months when it should have been recorded in weeks, and the like. In case of inappropriate on missing replies, the editor can sometimes determine the proper answer by reviewing the other information in the schedule. At times, the respondent can be contacted for clarification. The editor must strike out the answer if the same is inappropriate and he has no basis for determining the correct answer or the response. In such a case an editing entry of 'no answer' is called for. All the wrong replies, which are quite obvious, must be dropped from the final results, especially in the context of mail surveys.

Editors must keep in view several points while performing their work:

(a) They should be familiar with instructions given to the interviewers and coders as well as with the editing instructions supplied to them for the purpose.

(b) While crossing out an original entry for one reason or another, they should just draw a single line on it so that the same may remain legible.

(c) They must make entries (if any) on the form in some distinctive colur and that too in a standardised form.

(d) They should initial all answers which they change or supply.

(e) Editor's initials and the date of editing should be placed on each completed form or schedule.

2. Coding: Coding refers to the process of assigning numerals or other symbols to answers so that responses can be put into a limited number of categories or classes. Such classes should be appropriate to the research problem under consideration. They must also possess the characteristic of exhaustiveness (i.e., there must be a class for every data item) and also that of mutual exclusively which means that a specific answer can be placed in one and only one cell in a given category set.

Another rule to be observed is that of unidimensionality by which is meant that every class is defined in terms of only one concept.

Coding is necessary for efficient analysis and through it the several replies may be reduced to a small number of classes which contain the critical information required for analysis. Coding decisions should usually be taken at the designing stage of the questionnaire. This makes it possible to precode the questionnaire choices and which in turn is helpful for computer tabulation as one can straight forward key punch from the original questionnaires. But in case of hand coding some standard method may be used. One such standard method is to code in the margin with a coloured pencil. The other method can be to transcribe the data from the questionnaire to a coding sheet. Whatever method is adopted, one should see that coding errors are altogether eliminated or reduced to the minimum level.

3. Classification: Most research studies result in a large volume of raw data which must be reduced into homogeneous groups if we are to get meaningful relationships. This fact necessitates classification of data which happens to be the process of arranging data in groups or classes on the basis of common characteristics. Data having a common characteristic are placed in one class and in this way the entire data get divided into a number of groups or classes. Classification can be one of the following two types, depending upon the nature of the phenomenon involved:

(a) Classification according to attributes: As stated above, data are classified on the basis of common characteristics which can either be descriptive (such as literacy, sex, honesty, etc.) or numerical (such as weight, height, income, etc.). Descriptive characteristics refer to qualitative phenomenon which cannot be measured quantitatively; only their presence or absence in an individual item can be noticed. Data obtained this way on the basis of certain attributes are known as statistics of attributes and their classification is said to be classification according to attributes.

Such classification can be simple classification or manifold classification. In simple classification we consider only one attribute and divide the universe into two classes—one class consisting of items possessing the given attribute and the other class consisting of items which do not possess the given attribute. But in manifold classification we consider two or more attributes simultaneously, and divide that data into a number of classes (total number of classes of final order is given by 2n, where n = number of attributes considered).*

Whenever data are classified according to attributes, the researcher must see that the attributes are defined in such a manner that there is least possibility of any doubt/ambiguity concerning the said attributes.

(b) Classification according to class-intervals: Unlike descriptive characteristics, the numerical characteristics refer to quantitative phenomenon which can be measured through some statistical units. Data relating to income, production, age, weight, etc. come under this category. Such data are known as statistics of variables and are classified on the basis of class intervals. For instance, persons whose incomes, say, are within Rs 201 to Rs 400 can form one group, those whose incomes are within Rs 401 to Rs 600 can form another group and so on. In this way the entire data may be divided into a number of groups or classes or what are usually called, 'class-intervals.' Each group of class-interval, thus, has an upper limit as well as a lower limit which are known as class limits. The difference between the two class limits is known as class magnitude. We may have classes with equal class magnitudes or with unequal class magnitudes. The number of items which fall in a given class is known as the frequency of the given class. All the classes or groups, with their respective frequencies taken together and put in the form of a table, are described as group frequency distribution or simply frequency distribution. Classification according to class intervals usually involves the following three main problems:

(i) How may classes should be there? What should be their magnitudes?

There can be no specific answer with regard to the number of classes. The decision about this calls for skill and experience of the researcher. However, the objective should be to display the data in such a way as to make it meaningful for the analyst. Typically, we may have 5 to 15 classes. With regard to the second part of the question, we can say that, to the extent possible, class-intervals should be of equal magnitudes, but in some cases unequal magnitudes may result in better classification.

4. Tabulation: When a mass of data has been assembled, it becomes necessary for the researcher to arrange the same in some kind of concise and logical order. This procedure is referred to as tabulation. Thus, tabulation is the process of summarising raw data and displaying the same in compact form (i.e., in the form of statistical tables) for further analysis. In a broader sense, tabulation is an orderly arrangement of data in columns and rows. Tabulation is essential because of the following reasons.

1. It conserves space and reduces explanatory and descriptive statement to a minimum.
2. It facilitates the process of comparison.
3. It facilitates the summation of items and the detection of errors and omissions.
4. It provides a basis for various statistical computations.

Tabulation can be done by hand or by mechanical or electronic devices. The choice depends on the size and type of study, cost considerations, time pressures and the availaibility of tabulating machines or computers. In relatively large inquiries, we may use mechanical or computer tabulation if other factors are favourable and necessary facilities are available. Hand tabulation is usually preferred in case of small inquiries where the number of questionnaires is small and they are of relatively short length. Hand tabulation may be done using the direct tally, the list and tally or the card sort and count methods. When there are simple codes, it is feasible to tally directly from the questionnaire. Under this method, the codes are written on a sheet of paper, called tally sheet, and for each response a stroke is marked against the code in which it falls. Usually after every four strokes against a particular code, the fifth response is indicated by drawing a diagonal or horizontal line through the strokes. These groups of five are easy to count and the data are sorted against each code conveniently. In the listing method, the code responses may be transcribed onto a large work-sheet, allowing a line for each questionnaire. This way a large number of questionnaires can be listed on one work sheet. Tallies are then made for each question. The card sorting method is the most flexible hand tabulation. In this method the data are recorded on special cards of convenient size and shape with a series of holes. Each hole stands for a code and when cards are stacked, a needle passes through particular hole representing a particular code. These cards are then separated and counted. In this way frequencies of various codes can be found out by the repetition of this technique. We can as well use the mechanical devices or the computer facility for tabulation purpose in case we want quick results, our budget permits their use and we have a large volume of straight forward tabulation involving a number of cross-breaks.

3.4 GENERALLY ACCEPTED PRINCIPLES OF TABULATION

Such principles of tabulation, particularly of constructing statistical tables, can be briefly states as follows:

1. Every table should have a clear, concise and adequate title so as to make the table intelligible without reference to the text and this title should always be placed just above the body of the table.
2. Every table should be given a distinct number to facilitate easy reference.
3. The column headings (captions) and the row headings (stubs) of the table should be clear and brief.
4. The units of measurement under each heading or sub-heading must always be indicated.
5. Explanatory footnotes, if any, concerning the table should be placed directly beneath the table, along with the reference symbols used in the table.
6. Source or sources from where the data in the table have been obtained must be indicated just below the table.
7. Usually the columns are separated from one another by lines which make the table more readable and attractive. Lines are always drawn at the top and bottom of the table and below the captions.
8. There should be thick lines to separate the data under one class from the data under another class and the lines separating the sub-divisions of the classes should be comparatively thin lines.
9. The columns may be numbered to facilitate reference.
10. Those columns whose data are to be compared should be kept side by side. Similarly, percentages and/or averages must also be kept close to the data.
11. It is generally considered better to approximate figures before tabulation as the same would reduce unnecessary details in the table itself.
12. In order to emphasise the relative significance of certain categories, different kinds of type, spacing and indentations may be used.
13. It is important that all column figures be properly aligned. Decimal points and (+) or (–) signs should be in perfect alignment.
14. Abbreviations should be avoided to the extent possible and ditto marks should not be used in the table.
15. Miscellaneous and exceptional items, if any, should be usually placed in the last row of the table.
16. Table should be made as logical, clear, accurate and simple as possible. If the data happen to be very large, they should not be crowded in a single table for that would make the table unwieldy and inconvenient.
17. Total of rows should normally be placed in the extreme right column and that of columns should be placed at the bottom.

Check your progress

1. What is editing?
2. What is tabulation?
3. What is classification?

3.5 PROBLEMS IN PROCESSING

The following two problems of processing the data for analytical purposes:

(a) The problem concerning "Don't know" (or DK) responses: While processing the data, the researcher often comes across some responses that are difficult to handle. One category of such responses may be 'Don't Know Response' or simply DK response. When the DK response group is small, it is of little significance. But when it is relatively big, it becomes a matter of major concern in which case the question arises: Is the question which elicited DK response useless? The answer depends on two points viz., the respondent actually may not know the answer or the researcher may fail in obtaining the appropriate information. In the first case the concerned question is said to be alright and DK response is taken as legitimate DK response. But in the second case, DK response is more likely to be a failure of the questioning process.

How DK responses are to be dealt with by researchers? The best way is to design better type of questions. Good rapport of interviewers with respondents will result in minimising DK responses. But what about the DK responses that have already taken place? One way to tackle this issue is to estimate the allocation of DK answers from other data in the questionnaire. The other way is to keep DK responses as a separate category in tabulation where we can consider it as a separate reply category if DK responses happen to be legitimate, otherwise we should let the reader make his own decision. Yet another way is to assume that DK responses occur more or less randomly and as such we may distribute them among the other answers in the ratio in which the latter have occurred. Similar results will be achieved if all DK replies are excluded from tabulation and that too without inflating the actual number of other responses.

(b) Use or percentages: Percentages are often used in data presentation for they simplify numbers, reducing all of them to a 0 to 100 range. Through the use of percentages, the data are reduced in the standard form with base equal to 100 which fact facilitates relative comparisons. While using percentages, the following rules should be kept in view by researchers:

1. Two or more percentages must not be averaged unless each is weighted by the group size from which it has been derived.
2. Use of too large percentages should be avoided, since a large percentage is difficult to understand and tends to confuse, defeating the very purpose for which percentages are used.
3. Percentages hide the base from which they have been computed. If this is not kept in view, the real differences may not be correctly read.
4. Percentage decreases can never exceed 100 per cent and as such for calculating the percentage of decrease, the higher figure should invariably be taken as the base.

5. Percentages should generally be worked out in the direction of the causal-factor in case of two-dimension tables and for this purpose we must select the more significant factor out of the two given factors as the causal factor.

3.6 TYPES OF ANALYSIS

As stated earlier, by analysis we mean the computation of certain indices or measures along with searching for patterns of relationship that exist among the data groups. Analysis, particularly in case of survey or experimental data, involves estimating the values of unknown parameters of the population and testing of hypotheses for drawing inferences. Analysis may, therefore, be categorised as descriptive analysis and inferential analysis (Inferential analysis is often known as statistical analysis). "Descriptive analysis is largely the study of distributions of one variable. This study provides us with profiles of companies, work groups, persons and other subjects on any of a multiple of characteristics such as size. Composition, efficiency, preferences, etc."2. this sort of analysis may be in respect of one variable (described as unidimensional analysis), or in respect of two variables (described as bivariate analysis) or in respect of more than two variables (described as multivariate analysis). In this context we work out various measures that show the size and shape of a distribution(s) along with the study of measuring relationships between two or more variables. We may as well talk of correlation analysis and causal analysis. Correlation analysis studies the joint variation of two or more variables for determining the amount of correlation between two or more variables. Causal analysis is concerned with the study of how one or more variables affect changes in another variable. It is thus a study of functional relationships existing between two or more variables. This analysis can be termed as regression analysis. Causal analysis is considered relatively more important in experimental researches, whereas in most social and business researches our interest lies in understanding and controlling relationships between variables then with determining causes per se and as such we consider correlation analysis as relatively more important.

In modern times, with the availability of computer facilities, there has been a rapid development of multivariate analysis which may be defined as "all statistical methods which simultaneously analyse more than two variables on a sample of observations"3. Usually the following analyses* are involved when we make a reference of multivariate analysis:

(a) Multiple regression analysis: This analysis is adopted when the researcher has one dependent variable which is presumed to be a function of two or more independent variables. The objective of this analysis is to make a prediction about the dependent variable based on its covariance with all the concerned independent variables.

(b) Multiple discriminant analysis: This analysis is appropriate when the researcher has a single dependent variable that cannot be measured, but can be classified into two or more groups on the basis of some attribute. The object of this analysis happens to be to predict an entity's possibility of belonging to a particular group based on several predictor variables.

(c) Multivariate analysis of variance (or multi-ANOVA): This analysis is an extension of two way ANOVA, wherein the ratio of among group variance to within group variance is worked out on a set of variables.

(d) Canonical analysis: This analysis can be used in case of both measurable and non-measurable variables for the purpose of simultaneously predicting a set of dependent variables from their joint covariance with a set of independent variables.

3.7 DATA ANALYSIS

Data analysis is the process of cleaning, changing, and processing raw data, and extracting actionable, relevant information that helps businesses make informed decisions. The procedure helps reduce the risks inherent in decision-making by providing useful insights and statistics, often presented in charts, images, tables, and graphs. It's not uncommon to hear the term "big data" brought up in discussions about data analysis. Data analysis plays a crucial role in processing big data into useful information. Neophyte data analysts who want to dig deeper by revisiting big data fundamentals should go back to the basic question, "What is data?"

3.8 IMPORTANCE OF DATA ANALYSIS

- Better Customer Targeting: You don't want to waste your business's precious time, resources, and money putting together advertising campaigns targeted at demographic groups that have little to no interest in the goods and services you offer. Data analysis helps you see where you should be focusing your advertising efforts.
- You Will Know Your Target Customers Better: Data analysis tracks how well your products and campaigns are performing within your target demographic. Through data analysis, your business can get a better idea of your target audience's spending habits, disposable income, and most likely areas of interest. This data helps businesses set prices, determine the length of ad campaigns, and even help project the quantity of goods needed.
- Reduce Operational Costs: Data analysis shows you which areas in your business need more resources and money, and which areas are not producing and thus should be scaled back or eliminated outright.
- Better Problem-Solving Methods: Informed decisions are more likely to be successful decisions. Data provides businesses with information. You can see where this progression is leading. Data analysis helps businesses make the right choices and avoid costly pitfalls.
- You Get More Accurate Data: If you want to make informed decisions, you need data, but there's more to it. The data in question must be accurate. Data analysis helps businesses acquire relevant, accurate information, suitable for developing future marketing strategies, business plans, and realigning the company's vision or mission.

3.9 STEPS OF DATA ANALYSIS

- Data Requirement Gathering: Ask yourself why you're doing this analysis, what type of data analysis you want to use, and what data you are planning on analyzing.

- Data Collection: Guided by the requirements you've identified, it's time to collect the data from your sources. Sources include case studies, surveys, interviews, questionnaires, direct observation, and focus groups. Make sure to organize the collected data for analysis.
- Data Cleaning: Not all of the data you collect will be useful, so it's time to clean it up. This process is where you remove white spaces, duplicate records, and basic errors. Data cleaning is mandatory before sending the information on for analysis.
- Data Analysis: Here is where you use data analysis software and other tools to help you interpret and understand the data and arrive at conclusions. Data analysis tools include Excel, Python, R, Looker, Rapid Miner, Chartio, Metabase, Redash, and Microsoft Power BI.
- Data Interpretation: Now that you have your results, you need to interpret them and come up with the best courses of action, based on your findings.
- Data Visualization: Data visualization is a fancy way of saying, "graphically show your information in a way that people can read and understand it." You can use charts, graphs, maps, bullet points, or a host of other methods. Visualization helps you derive valuable insights by helping you compare datasets and observe relationships.

3.10 TYPES OF DATA ANALYSIS

- Diagnostic Analysis: Diagnostic analysis answers the question, "Why did this happen?" Using insights gained from statistical analysis (more on that later!), analysts use diagnostic analysis to identify patterns in data. Ideally, the analysts find similar patterns that existed in the past, and consequently, use those solutions to resolve the present challenges hopefully.
- Predictive Analysis: Predictive analysis answers the question, "What is most likely to happen?" By using patterns found in older data as well as current events, analysts predict future events. While there's no such thing as 100 percent accurate forecasting, the odds improve if the analysts have plenty of detailed information and the discipline to research it thoroughly.
- Prescriptive Analysis: Mix all the insights gained from the other data analysis types, and you have prescriptive analysis. Sometimes, an issue can't be solved solely with one analysis type, and instead requires multiple insights.
- Statistical Analysis: Statistical analysis answers the question, "What happened?" This analysis covers data collection, analysis, modeling, interpretation, and presentation using dashboards. The statistical analysis breaks down into two sub-categories:

1. Descriptive: Descriptive analysis works with either complete or selections of summarized numerical data. It illustrates means and deviations in continuous data and percentages and frequencies in categorical data.

2. Inferential: Inferential analysis works with samples derived from complete data. An analyst can arrive at different conclusions from the same comprehensive data set just by choosing different samplings.

- Text Analysis: Also called "data mining," text analysis uses databases and data mining tools to discover patterns residing in large datasets. It transforms raw data into useful business information. Text analysis is arguably the most straightforward and the most direct method of data analysis.

Check your progress

4. What is Multiple regression analysis?
5. What is Multiple discriminant analysis?
6. What is Statistical Analysis?

3.11 RESEARCH PROCESS

The Research Process is a process of multiple scientific steps in conducting the research work. Each step is interlinked with other steps. The process starts with the research problem at first. Then it advances in the next steps sequentially. Generally, a researcher conducts research work within seven steps. In research work, primarily, you require a Research Proposal. It is because the proposal approves the research project whether you achieve the ability to conduct research or not. So when you write a research proposal, present the detailed plans and specific objectives of your research correctly.

3.12 STEPS OF RESEARCH PROCESS

Research process consists of series of actions or steps necessary to effectively carry out research and the desired sequencing of these steps. The chart shown in Figure well illustrates a research process. The chart indicates that the research process consists of a number of closely related activities.

Step 1: Identify and defining the Research Problem The first step in the process is to identify a problem or develop a research question. The research problem may be something the agency identifies as a problem, some knowledge or information that is needed by the agency or the desire to identify a recreation trend nationally. However, the research problem comes up with the ongoing phenomenon or issues. Formulate Your Question :

- Your research may start as a general idea or a specific question, statement or thesis.
- Know what you want to focus on before you begin.

A research problem is a statement about an area of concern, a condition to be improved, a difficulty to be eliminated, or a troubling question that exists in scholarly literature, in theory, or in practice that points to the need for meaningful understanding and deliberate investigation. In some social science disciplines the research problem is typically posed in the form of a question. A research problem does not state how to do something, offer a vague or broad proposition, or present a value question.

Step 2: Review the Literature Once the research problem is identified and defined, the next step is to review the existing research. The researcher must learn more about the topic under investigation. To do this, the researcher must review the literature related to the research problem. This step provides foundational knowledge about the problem area. The review of literature also educates the researcher about what studies have been conducted in the past, how these studies were conducted, and the conclusions in the problem area. Get Background Information

• Read about your topic using websites or encyclopedias.

• It introduces you to the topic, helps you to focus on its key elements and can help you decide to broaden or narrow your focus.

• These sources often include bibliographies that you can "piggyback" to find more sources on your topic. In the obesity study, the review of literature enables the programmer to discover horrifying statistics related to the long-term effects of childhood obesity in terms of health issues, death rates, and projected medical costs. In addition, the programmer finds several articles and information from the Centers for Disease Control and Prevention that describe the benefits of walking 10,000 steps a day. The information discovered during this step helps the programmer fully understand the magnitude of the problem, recognize the future consequences of obesity, and identify a strategy to combat obesity (i.e., walking). Step 3: Formulating a Hypothesis In this step, the researcher makes the problem precise.

• The research work is topic focused and refined.

• Then the researcher steps forward to how the problem would be approached? The nature of the research problem can decide to formulate a definite hypothesis.

• A hypothesis is tested. Effective research work formulates a hypothesis in such a way that collected factual data will provide evidence that either supports or disproves them. Formulation of Hypothesis in Research will make you more expert.

• In the end, the hypothesis turns into a practical theory

In order to develop working hypotheses researcher should adopt the following approach

a. Discussions with colleagues and experts about the problem, its origin and the objectives in seeking a solution;

b. Examination of data and records, if available, concerning the problem for possible trends, peculiarities and other clues;

c. Review of similar studies in the area or of the studies on similar problems; and

d. Exploratory personal investigation which involves original field interviews on a limited scale with interested parties and individuals with a view to secure greater insight into the practical aspects of the problem.

Step 4: Research Design The researcher then must find out a research design. Research design decides how the research materials will be collected. One or more research methods, for example, experiment, survey, interview, etc are chosen depending on the research objectives.

- In some research contexts, a survey may be suitable. In other facts, interviews or case studies or observation might be more appropriate.

- Find the ways How to Choose a Research Design?

Research Design actually provides insights into "how" to conduct research using a particular Research Methodology. Basically, every researcher has a list of research questions that need to be assessed that can be done with research design. In other words, the function of research design is to provide for the collection of relevant evidence with minimal expenditure of effort, time and money. But how all these can be achieved depends mainly on the research purpose. Research purposes may be grouped into four categories,

a. Exploration,
b. Description,
c. Diagnosis, and
d. Experimentation

Step 5: Carry out the Research Process While the research design is decided, then the researcher collects data, records information. The researcher proceeds with the research. Practical difficulties may arise in this stage. For example, the research method may not suit properly. The interviewer might be unwilling to let carry out the research as planned. Moreover, a false interpretation could potentially bias the result of the study. So, when you collect data, you need to know the effective techniques of data collection in order to gather necessary and relevant information with regard to research.

Step 6: Preparing Research Results Now work out the implications of the data you gathered. Your challenges are not over yet. Rather problems might just begin! It is hardly easy to clear out the implications of the gathered materials. While it is possible to clarify the research questions, some investigations are less conclusive. So, interpret your research results in order to report the findings. No matter what kind of research you are doing, there comes a moment when your head is full of ideas that originated from your analysis. Ideally, you'll write them down as they come to you. Now you need to convert the mass of those elements and ideas into a written text that makes sense to the reader and can do justice to your quest.

Step 7: Reporting Research Findings The final step of the research process outline is to report the research findings. Describe the significance of the research study. Work out how do they relate to the previous research findings. Usually, the research report published as a journal article or book. This is the last stage in terms of the individual research project. Mostly, a research report discusses questions that remained unanswered & suggest further research in the future in general.

3.13 SUMMING UP

- Editing is done to assure that the data are accurate, consistent with other facts gathered, uniformly entered, as completed as possible and have been well arranged to facilitate coding and tabulation.
- Coding refers to the process of assigning numerals or other symbols to answers so that responses can be put into a limited number of categories or classes. Such classes should be appropriate to the research problem under consideration.
- When a mass of data has been assembled, it becomes necessary for the researcher to arrange the same in some kind of concise and logical order. This procedure is referred to as tabulation.
- Data analysis is the process of cleaning, changing, and processing raw data, and extracting actionable, relevant information that helps businesses make informed decisions.
- A research problem is a statement about an area of concern, a condition to be improved, a difficulty to be eliminated, or a troubling question that exists in scholarly literature, in theory, or in practice that points to the need for meaningful understanding and deliberate investigation.

3.14 KEY TERMS

- Descriptive analysis- "Descriptive analysis is largely the study of distributions of one variable. This study provides us with profiles of companies, work groups, persons and other subjects on any of a multiple of characteristics such as size. Composition, efficiency, preferences, etc."
- Causal analysis- Causal analysis is considered relatively more important in experimental researches, whereas in most social and business researches our interest lies in understanding and controlling relationships between variables then with determining causes per se and as such we consider correlation analysis as relatively more important.

- **DATA ANALYSIS-** Data analysis is the process of cleaning, changing, and processing raw data, and extracting actionable, relevant information that helps businesses make informed decisions. The procedure helps reduce the risks inherent in decision-making by providing useful insights and statistics, often presented in charts, images, tables, and graphs.

- Data Visualization: Data visualization is a fancy way of saying, “graphically show your information in a way that people can read and understand it.” You can use charts, graphs, maps, bullet points, or a host of other methods. Visualization helps you derive valuable insights by helping you compare datasets and observe relationships

- Prescriptive Analysis: Mix all the insights gained from the other data analysis types, and you have prescriptive analysis. Sometimes, an issue can’t be solved solely with one analysis type, and instead requires multiple insights.

3.15 QUESTION AND EXERCISE

1. Explain the various operation process.
2. Discuss the problems in processing.
3. Explain the different types of analysis.
4. What are the important of data analysis?
5. What are the different types of data analysis?
6. Explain the steps in research process?

3.16 REFERANCES AND SUGGESTIVE READING

1. Goel, BS Marketing Research Pragati Prakashan
2. Kumar, A. and N, Meenakshi (2010) Marketing Management Second edition New Delhi Vikas publication House
3. G.C Beri, Marketing Research Tata Mcgraw Hill 2001

3.17 ANSWERS TO CHECK YOUR PROGRESS

1. Editing of data is a process of examining the collected raw data (specially in surveys) to detect errors and omissions and to correct these when possible. As a matter of fact, editing involves a careful scrutiny of the completed questionnaires and/or schedules. Editing is done to assure that the data are accurate, consistent with other facts gathered, uniformly entered, as completed as possible and have been well arranged to facilitate coding and tabulation.

2. When a mass of data has been assembled, it becomes necessary for the researcher to arrange the same in some kind of concise and logical order. This procedure is referred to as tabulation. Thus, tabulation is the process of summarising raw data and displaying the same in compact form (i.e., in the form of statistical tables) for further analysis. In a broader sense, tabulation is an orderly arrangement of data in columns and rows.

3. Data having a common characteristic are placed in one class and in this way the entire data get divided into a number of groups or classes.

4. This analysis is adopted when the researcher has one dependent variable which is presumed to be a function of two or more independent variables. The objective of this analysis is to make a prediction about the dependent variable based on its covariance with all the concerned independent variables.
5. This analysis is appropriate when the researcher has a single dependent variable that cannot be measured, but can be classified into two or more groups on the basis of some attribute. The object of this analysis happens to be to predict an entity's possibility of belonging to a particular group based on several predictor variables.
6. Statistical analysis answers the question, "What happened?" This analysis covers data collection, analysis, modeling, interpretation, and presentation using dashboards.

BLOCK III : UNIT-IV

WHAT IS SCIENTIFIC METHOD, SCIENTIFIC METHOD IN PHYSICAL SCIENCE AND MARKETING, DIFFICULTIES IN APPLYING SCIENTIFIC METHOD TO MARKETING?

Unit Structure:

4.1 INTRODUCTION

The scientific method is a systematic method of investigation, evaluation, experimentation, interpretation and theorizing. It is characterized by critical discrimination generally and system, and empirical verification. Generally speaking, the scientific method is characterized by a systematic study, based on theory and facts, universality or generality, objectivity of observation, predictability of results, and verifiability of the phenomenon. It consists of a number of formalities and procedures, which are time consuming. Time management is the basic requirement for the success of managerial decisions. Many management problems require timely solutions and decisions. In such situations, the management may not have adequate time at its disposal to make use of scientific studies before arriving at decisions. Laboratory experiments occupy a prominent place in the scientific method, which may not be useful in many situations of managerial decision-making.

Physical science phenomena may be subjected to laboratory tests and physical control. Most of the managerial policies and decisions, however, affect human beings. An individual's behavior differs substantially from that of another from time to time, place to place and environment to environment and it cannot be placed under absolute control, for it is very difficult to employ the scientific method is the practice of management. Despite the development of dynamic methods of management information systems, many decision areas, such as those of labor productivity, materials handling, product planning and consumer behavior, require complex data to be analyzed as a part of the scientific method which may not be appropriate in quick managerial decisions. The greater the complexity of the data, the lesser is the possibility of accuracy and the lesser is its utility in the management process.

Consumer behavior, a trade union's behavior, workers' behavior, the tastes, temperaments and fashions of the population at large, the demonstration effect in the market, technological development, political change, social change, geographic change, and such other forces influence business policy a great deal. Many of these forces, especially the human factor, are unpredictable. Despite a thorough scanning of the environment, a perfect prediction, on the basis of these variables, is just not possible, as it is in the physical sciences. The scientific method of research, therefore, has a limited applicability in such managerial decision areas.

4.2 OBJECTIVES

- To understand the meaning of Scientific Method
- To study about the steps of scientific method

4.3 MEANING OF SCIENTIFIC METHOD

Scientific method is effective in the physical sciences, because physical phenomena can be verified and evaluated by the senses; but many managerial factors, like the behavioral aspects in organization, cannot be absolutely tested or verified physically. As a result, the scope of the scientific method in management is profoundly affected. Many management problems cannot be empirically tested, in spite of the extensive use of quantitative techniques in the latter half of this century. Though servicing, decision-making, marketing and promotional effectiveness, production planning the complexity of these techniques makes them unpopular with many practitioners. At the same time, the scientific method does not find favor with many organizations and functional executives because of the heavy demand it makes on their time, exposure, resources and manpower. Even in the science where quantitative, empirical and scientific methods are extensively employed, the qualitative approach is made simultaneously, thus limiting the importance of scientific method.

The performance evaluation of the sales force is usually made by combining both quantitative and qualitative performance, though there is a possibility of making a quantitative analysis. The experimental method is seldom used in managerial analysis, unlike in the physical sciences, while the cause-effect relationship cannot be established beyond doubt in many cases. For example, there is a relationship between the sales revenue and the advertising budget; but it is not easy to establish which the actual cause of effect is because both are interlinked. The exact magnitude of the effect of each on the other cannot be easily determined, for various other factors-economic variables, market forces, changes in fashion, tastes, temperaments, and the competitors' policies make a substantial impact on the sales volume. Similarly, business policies, marketing opportunities and product specifications attain dynamic dimensions in a dynamic economic, social and business environment. Evidently research, scientific methods and their results have very little policy implications in such situations; and that is why the recourse invested on research do not yield any considerable returns. However, the scientific method that empirically tests a hypothesis has a far-reaching utility value, not only for theoretical purposes, but also for practical applications and policy decisions.

4.4 STEPS OF SCIENTIFIC METHOD

Step 1 – Define The Problem

This one is easy. The problem can always be stated as, "I'm not getting enough desired actions out of the traffic that views my _______." Desired actions could be transactions, leads, likes, shares, video views, ad impressions, or anything else that drives your business. Even a page that makes a lot of money could likely be making more, so you can always default to this simple problem statement.

Step 2 – Research/Observe The Problem

This step will usually rely heavily on the quantitative data that comes pouring out of your web analytics software each week. If you're not getting enough desired actions out of the traffic that views your _______, your web analytics is a great place to look for more information to help you understand the problem. For example, segmenting by traffic source, looking at entrance keywords, time on page, bounce rate, previous pages, next pages, etc.

There are lots of other ways to research your problem as well, including usability studies, customer surveys, heuristic analysis, call logs, chat transcripts, using personas, and more. Feel free to loop those information sources into this phase, as the more context and data you have, the better chance you have at success in Step 3...

Step 3 – Form A Hypothesis

Once you have a full understanding of your problem, and ideas as to why it's occurring, it's time to form your hypothesis. Your hypothesis is your best, educated guess as to what will help fix the problem you've stated. For example, if your problem is that you're not getting enough conversions on your landing page, your hypothesis might be that "adding an explanatory video to the landing page will increase conversion rate by 20%."

It's important to establish a quantitative goal in your hypothesis in order to be able to prove or disprove it in your experiment. If you just say "…will increase conversions," and your test raises conversions by 1.5%, is that a success? It opens the door to challenges that you don't need.

I recommend putting your stake in the ground at 10-20% increase, as achieving double-digit increases in conversion isn't that difficult or rare. If you're not feeling that bully, you can always state that "…will increase conversion rate by a statistically confident amount." Then, so long as your testing tool reaches 'confidence,' you'll have proved your hypothesis. For example if your tool declares a winner at 95% confidence, your increase needs to be greater than 5%.

Step 4 – Conduct The Experiment

Conducting a valid online experiment is complex enough to deserve its own post, but suffice to say that the point of the experiment is to prove or disprove, with validity, your hypothesis. Anything in the experiment that isn't crafted to prove or disprove the hypothesis is potential "noise" in your data, and should be avoided.

There are 3 scenarios when you conduct a marketing experiment:

1. You prove the hypothesis with validity = □
2. You disprove the hypothesis with validity = Don't fret, because you learned something, and you're one step closer to applying scientific learnings to solve the problem you defined at the outset.

3. Your experiment ends up not being valid = □ This is the worst case scenario, a waste of money, and will eventually get you fired if you continue down this path.

Step 5 – Analyze Experiment Results

Assuming you've conducted a valid experiment, you've now got results to analyze. If the data shows that the hypothesis was proven, analyze the data to understand "by how much?" Did the results exceed everyone's expectations? Are they shocking? Any unexpected movement in Key Performance Indicators (KPIs)? Any impacts elsewhere in the organization (e.g. more calls to your customer service line)? The key here is to not celebrate yet; just be objective.

If the hypothesis was disproved, same procedures should still apply.

Step 6 – Form A Conclusion

Based on your analysis, what conclusions can you come to about the experiment? Hopefully, the conclusion will include a proven hypothesis as well as increased KPIs for your business. Better yet, those increased KPIs are tied to estimated, incremental revenue!

If the hypothesis proved false, the conclusion will need a data-driven idea of why the experiment showed opposite results, and what next steps should be taken to either test a different hypothesis, or form a new hypothesis to drive a follow-up experiment.

Step 7 – Publish Results

In the scientific community, experiment results are published so that other scientists can attempt to recreate the results, and the body of knowledge can be updated.

In the marketing community, or in your internal marketing team, results are published to increase the body of knowledge, end opinion-based debates, and quantify the business impact of the new knowledge you have gained. In the best scenarios, publishing should be cause for internal celebration because you've found a better way to resonate with your target audience and make more money in the process!

A warning, though: publishing (just like in the scientific community) opens you up to scrutiny and challenge. If your results go against someone's strongly held opinion/belief, they may challenge the results. This is why steps 1-6 are so crucial. If you've done a good job following the scientific method, your results will be bullet-proof.

Step 8 – Re-test

As mentioned before, re-testing occurs among scientists so that results can be recreated by impartial parties, biases can be ruled out, etc. As marketers, we don't want our competitors to know what we're learning via testing, so we won't publicize our findings in most cases. Our re-testing will happen within our own organizations.

This step is often skipped when the experiment is a success, but that's a dangerous move. Audiences change, tastes change, and popular culture changes. What worked last year won't necessarily work this year, so re-testing is crucial. Any experiment that is a success should be queued for re-testing in 6-12 months. So long as it re-validates, the hypothesis is still true, and you can make ongoing marketing investments based on it.

<u>Step 9</u> <u>– Form A Theory</u>

I almost hesitate to include this step because it seems so dangerous for us marketers. In scientific experimentation and thought, a series of consistent test results that have been validated and re-validated might one day contribute to the formulation of an overarching theory.

In marketing, if you've run dozens of tests and observed the same behavior, you *might* think about developing a "marketing theory" for your company. For example, you might formulate a theory that "our target audience prefers blue page backgrounds on landing pages." Or, "our target audience prefers free gifts to monetary discounts as incentive offers."

4.5 SCIENTIFIC METHOD IN PHYSICAL SCIENCE

Science is the process of *describing* the world around us. It is important to note that describing the world around us is not the same as *explaining* the world around us. Science aims to answer the question "How?" and not the question "Why?". As we develop our description of the physical world, you should remember this important distinction and resist the urge to ask "Why?".

The Scientific Method is a prescription for coming up with a description of the physical world that anyone can challenge and improve through performing experiments. If we come up with a description that can describe many observations, or the outcome of many different experiments, then we usually call that description a "Scientific Theory". We can get some insight into the Scientific Method through a simple example.

Imagine that we wish to describe how long it takes for a tennis ball to reach the ground after being released from a certain height. One way to proceed is to describe how long it takes for a tennis ball to drop 1 m, and then to describe how long it takes for a tennis ball to drop 2 m, etc. We could generate a giant table showing how long it takes a tennis ball to drop from any given height. Someone would then be able to perform an experiment to measure how long a tennis ball takes to drop from 1 m or 2 m and see if their measurement disagrees with the tabulated values. If we collected the descriptions for all possible heights, then we would effectively have a valid and testable scientific theory that describes how long it takes tennis balls to drop from any height.

Suppose that a budding scientist, let's call her Chloë, then came along and noticed that there is a pattern in the theory that can be described much more succinctly and generally than by using a giant table. In particular, suppose that she notices that, mathematically, the time, tt, that it takes for a tennis ball to drop a height, hh, is proportional to the square root of the height:

t∝h−−√

Chloë's "Theory of Tennis Ball Drop Times" is appealing because it is succinct, and it also allows us to make **verifiable predictions**. That is, using this theory, we can predict that it will take a tennis ball 2–√2 times longer to drop from 22 m than it will from 11 m, and then perform an experiment to verify that prediction. If the experiment agrees with the prediction, then we conclude that Chloë's theory adequately describes the result of that particular experiment. If the experiment does not agree with the prediction, then we conclude that the theory is not an adequate description of that experiment, and we try to find a new theory.

Chloë's theory is also appealing because it can describe not only tennis balls, but the time it takes for other objects to fall as well. Scientists can then set out to continue testing her theory with a wide range of objects and drop heights to see if it describes those experiments as well. Inevitably, they will discover situations where Chloë's theory fails to adequately describe the time that it takes for objects to fall (can you think of an example?).

We would then develop a new "Theory of Falling Objects" that would include Chloë's theory that describes most objects falling, and additionally, a set of descriptions for the fall times for cases that are not described by Chloë's theory. Ideally, we would seek a new theory that would also describe the new phenomena not described by Chloë's theory in a succinct manner. There is of course no guarantee, ever, that such a theory would exist; it is just an optimistic hope of physicists to find the most general and succinct description of the physical world. This is a general difference between physics and many of the other sciences. In physics, one always tries to arrive at a succinct theory (e.g. an equation) that can describe many phenomena, whereas the other sciences are often very descriptive. For example, there is no succinct formula for how butterflies look; rather, there is a giant collection of observations of different butterflies.

This example highlights that applying the Scientific Method is an iterative process. Loosely, the prescription for applying the Scientific Method is:

1. Identify and describe a process that is not currently described by a theory.
2. Look at similar processes to see if they can be described in a similar way.
3. Improve the description to arrive at a "Theory" that can be generalized to make predictions.
4. Test predictions of the theory on new processes until a prediction fails.
5. Improve the theory.

4.6 DIFFICULTIES IN APPLYING SCIENTIFIC METHOD TO MARKETING

I. Investigator Involved in Use of Results: Marketing researchers are involved in the sales of their results either directly as in the case of a commercial research form, or indirectly as in the case of the marketing research department of a manufacturing company. Marketing research data are usually sought for specific decisions that must be made promptly. Researchers are anxious to see the marketing organization prosper and for their careers to prosper as a result. They are, therefore anxious for their results to be accepted. This may encourage some researchers to find data that support the views of their clients or superiors, either by consciously or unconsciously fudging data obtained in the research (unreliable for lack of objectivity) or by drawing conclusions from limited (unreliable for lack of exhaustive study). All researchers may be subject to these pressures, as indicated by the Newton example, but the close association of the researcher with the decision action in marketing makes the problems greater there.

II. Imprecise Measuring Devices: One of the characteristics that distinguish the scientific method from nonscientific activities is the emphasis put on accuracy of measurement. As marketing is concerned with people much of the information collected in marketing research is obtained by interview — a partially subjective procedures that rarely leads to precise measurements. Much of the information desired relates to opinions and attitudes that, at best, can be reduced to quantitative terms in only rough approximations. For example, the strength of an individual's liking for a brand of Soft Drink can be measured, but only in a relatively crude way. The measuring devices to the marketing researcher are, in general not as accurate as those available to the natural scientists

III. Influence of measurement Process on Results: When chemists weigh the precipitate resulting from the combination of two chemicals or when physicists measure the speed of sound, neither are concerned with the effect of their measurement process has on the results. They can repeat the measurement another day and get essentially the same answer.

IV. Such is not always the case in marketing research- When humans recognize that they are being measured, they frequently change For example, the family with a people meter on its television set may modify its viewing habits because it knows all the viewing is recorded. Similarly individuals questioned about specific opinions may find their opinions changing as a result of the questioning. This is particularly important in studies that include interviews of the same people a second time at an alter date to determine what changes have taken place in their opinions. People previously questioned frequently change their opinions in a different way than they would have done had they not questioned. The interview may call their attention to the subject say a brand of soap. Thereafter they are more apt to note advertisements for this soap, the slogans used, and changes in the product than are other individuals whose attention has not been called to it.

V. Time Pressure for results: Marketing research is particularly subject to the pressures of time. Competition rewards the first entry into a new field (for example, a personal computer) with a larger share of the market than the product would otherwise achieve. Consequently decisions on new products (and other marketing variables) are made hurriedly. If research is to be used at all, it must be done quickly. As a result, most marketing research suffers from lack of reliability because it does not benefit from the continuing and exhaustive study that characterizes the scientific method.

It should be noted, however that while, most marketing studies have an immediate short range objective, similar types of studies are done over and over, for different products and at different times, so that a gradual improvement in methodology and understanding takes place. The general result is the gradual development of something that approaches scientific method in marketing.

VI. Difficulties in Using Experiments to test Hypothesis: Unfortunately, the use of experimentation in marketing research is often impractical or even impossible. It is impossible to control all the factors affecting product sales for example, consumer attitudes the weather and competitive sales strategies. Therefore, it is impossible to reproduce the same experiment time after time.

VII. Great Complexity of Subject: Marketing is concerned with the movement of goods from producers to consumers. The most important determinant of marketing activity is the reaction of people to given stimuli (for example, advertisement) or, more exactly the anticipated reaction of people to stimuli. Thus, marketing is concerned with individuals who in themselves and in their activities are more complex than the subjects of the physical scientists.

4.7 SUMMING UP

- Scientific method is effective in the physical sciences, because physical phenomena can be verified and evaluated by the senses; but many managerial factors, like the behavioral aspects in organization, cannot be absolutely tested or verified physically.
- Scientific Method is a prescription for coming up with a description of the physical world that anyone can challenge and improve through performing experiments. If we come up with a description that can describe many observations, or the outcome of many different experiments, then we usually call that description a "Scientific Theory".

4.8 QUESTION AND EXERCISE

1. What is Scientific Method?

2. What are the steps of scientific method?

3. What are the difficulties in applying scientific method to marketing?

4.9 REFERANCES AND SUGGESTIVE READING

1. Aaker, Kumar & Day: MARKETING RESEARCH, John Wiley & Sons, 1998.

2. Paul E. Green & Donald S. Tull: RESEARCH FOR MARKETING DECISIONS

4.10 ANSWERS TO CHECK YOUR PROGRESS

- Scientific method is a systematic method of investigation, evaluation, experimentation, interpretation and theorizing. It is characterized by critical discrimination generally and system, and empirical verification. Generally speaking, the scientific method is characterized by a systematic study, based on theory and facts, universality or generality, objectivity of observation, predictability of results, and verifiability of the phenomenon. It consists of a number of formalities and procedures, which are time consuming. Time management is the basic requirement for the success of managerial decisions.
- The steps of scientific method are as follows-Defining the Problem, Research/Observe the Problem, Form A Hypothesis, Conduct The Experiment, Analyze Experiment Results, Form A Conclusion, Publish Results, Re-test, Form A Theory.

- Imprecise Measuring Devices, Influence of measurement Process on Results, Time Pressure for results, Difficulties in Using Experiments to test Hypothesis, Great Complexity of Subject

BLOCK IV : Unit-I
Data Collection

Unit Structure:

1.1 INTRODUCTION

The word 'data' is a plural form of 'datum'. Data are the building blocks of information. In order to be valuable information in a given context, the data need to be collected, processed, organised, structured and presented. The fundamental role of marketing research is to help the marketers to make appropriate decisions. These decisions may be related to two different activities of a marketer. Such decisions may be product related. Like, what product to be marketed and in which priority and quantity. Packaging policies like size and kind of package advertising policies like what we do to induce customers to buy our product. Pricing policies for pricing strategies is to be adopted or distribution policy is like w should be the optimum channel of distribution. all the above decisions become more effective only if they are taken based on accurate and relevant facts figures and information. In fact figures or information may be considered as data.

1.2 Unitobjectives

After going through this unit you will be able to,

- Understand how primary data are collected through communication and observation.
- You shall be able to understand different methods of primary data collection.
- You will be able to to find different sources of secondary data
- You should be able to understand the advantages and disadvantages of different methods of data collection.
- You shall get an idea on how to code, edit and tabulate data.

1.3 Data Collection

Data may be considered as individual pieces of information. Therefore, data may be considered as the building block of information. When we interpret and present the data after analysis, it results in statistics and parameters. Data may be gathered mainly from two sources. Primary sources, where the researcher is the first person to obtain the data. And secondary sources where the data has already been collected by others. By nature,data can be categorised broadly into two divisions, they are quantitative data and qualitative data.

We researchers often ask questions like How many? How much?, or when? Answers to all these questions lead us to certain numbers, these are quantitative data. Quantitative data are those data which can be quantified, that is, data which can be represented in terms of numbers, volume, measurement or in ratio. For example marks obtained in your examination, your height, age and your shoe size are quantitative data.

Quantitative data can be either discrete or continuous. Discrete data are those data which we can count. Discrete data cannot be divided into fractions or parts. For example: number of students enrolled in MCom. Number of wickets taken by a bowler in a T20 Cricket match.

Continuous data are values of those measurements which can be done in finer levels. The continuous data can be expressed between two numbers. Measurements like width, temperature, volume, speed and time are continuous in nature. For example : What is your height? How much time do you take to solve a statistical problem? How much weight can you lift? Or How far can you throw a cricket ball?

Qualitative data on the other hand cannot be measured and expressed in terms of numbers. Here the information is organised into categories. For this characteristic of qualitative data it is also known as categorical data. Qualitative data can also explain complex processes like how and why a particular thing happens?

Qualitative data can be expressed in either nominal or ordinal form. The word nominal comes from Latin word 'nomen' which means name. Nominal data are thus all names and labels which do not represent any sequence or are not in any order.

For example: Name of a person like Ram, Colour of your eyes like Black or blue, Languages that you can speak like Assamese, Hindi etc. These are all nominal data.

Ordinal data can be arranged in sequence, can be positioned in a scale or can be compared in terms of superiority. Ordinal data are considered as in between quantitative and qualitative data. We can show their relative positions but we cannot do mathematical calculations with ordinal data.

For example: Economic status of a farmer can be rich, middle income, poor or below the poverty line. Or when you express your experience of product delivery of an E-Commerce service in terms of stars or in the scale of 1-5.

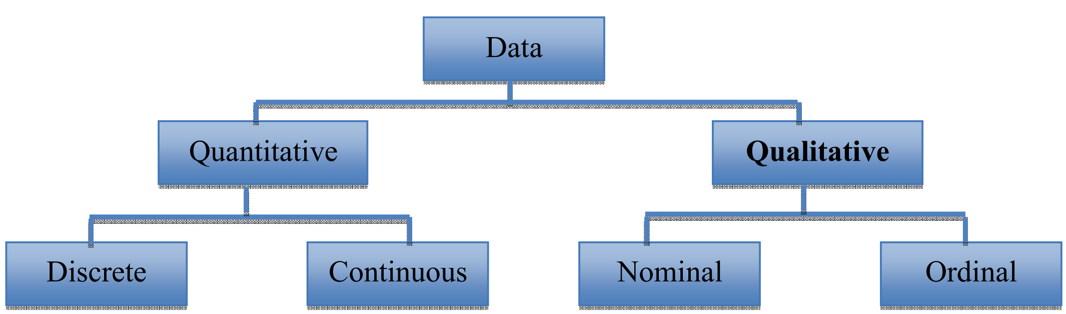

Fig: 4.1 Types of data

1.4 Sources of Data

Primary sources of Data

Any form of data that is collected first-hand by a researchermay be considered primary as data. Communication and observation are two fundamental means of collecting primary data. There are several methods which help a researcher to collect primary data. The major popular methods of collecting primary data for marketing research are as follows.

A. Interview method
B. Delphi Method
C. Projective method
D. Focus Group interview
E. Data collected with questionnaire and schedule

A. Interview method: In this method, researcher and the respondent come into direct conversation with each other for the purpose of collecting data. In the interview method, the researcher and the respondent communicate face to face.The advancement of electronic communication has made it possible today that the researcher can perform the interview with the respondent through electronic means.

There are different forms of interview methods based on the technique of data collection.

Like,depth interview, mail interview, telephonic interview, interview through video call.

- **Depth interview**: In this method a researcher continues asking probing questions to the respondent in order to gather as much information as possible. It is like an informal discussion between the respondent and the researcher.

  Here the researcher may not use a fixed structured set of questions for gathering information. But this method proves highly effective to gather wider information which might not be otherwise obtained through any other method. This method demands a considerable amount of time which might not be available to the interviewer. And the result obtained is also difficult to tabulate for mathematical analysis. Depthinterview is considered as the most effective, flexible and reliable method for data collection. Depth interview is not popular because of a lack of trained professional personnel.The famous management book 'Think and Grow Rich' by Napoleon Hill, has been written using this method of data collection.

- **Mail interview**: Traditionally,the respondent used to fill up the questionnaire and send it through mail. Nowadays, sending questionnaires through email for filling up online questionnaires in Google form or in SurveyMonkeyis getting popular. Mail interview method is a flexible and affordable method of collecting data on a large scale. In this method, the questionnaire needs to be formed only once. If a researcher uses electronic means of data collection then the questionnaire is also not required to be printed.Electronic mail are not only cost effective but also ecological and environmentally sustainable. It is also easy for the respondent to fill-up. It has more scope of creativity and can be made interactive than traditional mail interview. Questionnaires in mail interview are not filled up by the interviewer and the respondent can respond at his own space. This method also prove to be effective to gather large amount of data within short time.

Though very useful yet this method has several drawbacks. Like, lack of control in securing responses from a particular respondent at proper time. In this method education and familiarity with the technology on the part of the respondent is a prerequisite for the successful response, which mainly result in non-participation of economically backward illiterate and non-technical respondents. Since the researcher is not physically present he cannot explain MBBS questions with ambiguous questions. Neither researcher can change the sequence of the questions. Collection of open ended data is also difficult in this method.

- **Interview through call**: In this method the researcher questions individual respondents over telephone or via video call. This method is relatively affordable and in this method the researcher can cover a wide geographical area. Here interviewer executes the process under his own supervision and it has a relatively high success rate of response. It may be considered as one of the most popular methods of data collection.

  The interview through call has some inherent lacuna like it is difficult to establish rapport over the telephone then face to face interview. Furthermore, long interviews are also difficult to handle. Interviewers may be biased and a representative sample may not be obtained due to lack of contact details. Even today many people do not have telephone or internet connectivity.

B. **Delphi Method**: Here, the researcher invites a group of experts to exchange their views in group discussion. The experts may also provide individual estimates and opinions. The results obtained through the above group discussion method are reviewed and refined to obtain requisite data. By this process the researcher find out a group opinion or decision by analysing the answers of the experts.

In this method, first a group of experts are selected, then questionnaires are sent to them which may be repeated to several cycles, and the responses are aggregated, shared and discussed again. The experts are allowed to adjust their responds in subsequent cycles of discussions. The researcher explores the group opinion and finds out correct response by attaining some short of consensus.

C. **Projective method**: Projective methods consist of a group of techniques which collect data viadifferent type indirect of activities. Projective methods are useful when data cannot be collected directly. The respondents are requested to interpret the behaviour of others and the researcher tries to find out why such behaviour takes place. Following are some popular methods used in projective technique.

- **Thematic apperception (TAT):** This test is also known as picture interpretation test. Originally developed by American psychologists Henry A. Murray and Christina D. Morgan at Harvard University in the 1930s. TAT is considered asone of the most useful personality test in clinical psychology.

In TAT a series of pictures, often printed in separate cards are shown to the subject, these pictures may have variety of ambiguous characters, sense and situations. The subject is then asked to narrate what they perceive relating to the pictures.

- **Role playing**: In this method the researchers try to observe actions and behaviours in a particular scenario by acting out roles. This process is very useful to not only prepare for unfamiliar or difficult situations but also helpful in recreating forensic evidences.
- **Sentence compilation Test**: Here participants are asked to complete an unfinished sentence by filling in the specific missing word or phrase, researcher try to associate the responds with the introductory phrase and use them to evaluate the personality of the respondents.
- **Word Association test**: This is a test for personality and mental function. In this test, the subject is required to respond to every word of a list of words, spontaneously stating what comes in their mind in response to the word in list.

D. Focus Group interview method

This method takes participation of people in a group and with an unstructured indirect interview is conducted by the moderator. Here attempts are made to focus the discussion on the problem areas in a relaxed environment with a non-direct approach.

This is considered as useful qualitative tool for marketing research, where a group of people are selected and asked about their opinion or perception about a particular concept, product or service. The focus group interview method has proven to be very affective when a new product is planned, when written survey cannot bring out necessary insight and when large amount of information is required in a short span of time.

E. **Data Collection with questionnaire and schedule**

Questionnaire and schedule are considered as one of the most popular tools of data collection. Respondents here are provided with a set of pre-structure questions, often printed; asking them to write down their answers. The questionnaires are generally filled by the respondents themselves. Schedule,on the other hand,isoften filled up by the enumerator. Questionnaires are basically used for collection of quantitative data and the respondent must have basic educational background and understanding of the question. Schedule collects qualitative aspects of the issue. With schedule data can be collected from illiterate respondents also.

<u>Sources of Secondary Data</u>

The above discussion makes clear that a researcher collects primary data for the first time and for the particular research they are doing. But what if the data is already being collected by someone else? What if a researcher finds his required data from Government records, published papers or from stock exchange websites? And in this process they save their money which is otherwise required for data collection. Yes! that is possible and such second-hand information obtained can be said as ‘Secondary’ data.

If the data is collected by someone other than the actual user, then the data is known as secondary data. It can be both published and unpublished data.

The following are some popular sources of secondary data

- Government publications,
- International organisations, NGOs (UNCTAD, UNO)
- Employment exchanges.
- Marriage register office.
- News paper
- Journals,
- Different websites (Bank, Mutual fund, stock exchange)
- Research papers.
- published books.
- Meeting resolutions.
- Data obtained from logbooks,
- Financial reports,
- Product documentation,
- Email,
- Diaries,
- Historical records
- Unpublished books
- Literature review

Advantages of Secondary Data:

- Collection of secondary data is easier and faster than primary data
- Secondary data are often free or have lower cost of collection, therefore it is an economical method.
- When collected from dependable sources, reliability of data is very high.
- Data is often cleaned and structured therefore more organised and reliable.
- Can be obtained in large volume.

Disadvantages of Secondary data

- Researchers cannot get sure whether the data is suitable for their research goals as they may not know the purpose of the data collection.
- Secondary sources often may not be valid and representative for a particular research.
- Since the data is available to everyone, there is a limited chance to get at unique insight.
- Secondary data may be cleaned and structured from its original set of data, therefore though it is organised and reliable yet it maynot be suitable for secondary research.
- Further the researcher should check the time period when data is collected; as with passing time data loses itsrelevance.

Check Your progress

1. The data used for research can be both ______________ and ______________.
2. In a direct interview, the investigators directly ask the informant for data. (True or false)
3. The data collected from the place of origin is known as ____________.
4. In which method of data collection a group of experts give their opinion?
5. Recording data with abbreviations is known as?

1.5 Data Interpretation and Analysis

Extracting and presenting useful information from raw data is known as interpretation of data. Data interpretation consists of three sequential processes. They are, Examination of data using various statistical tools, explain the findings with logic and present the findings in an organised and simplified manner. Data interpretation is therefore inevitable for greater understanding of any phenomenon or an event and an aid for sound decision making.

The process of transforming data into useful information is known as data analysis. According to Harvard Medical School, "Data analysis is a process of inspecting, cleansing, transforming and modelling data with the goal of discovering useful information, informing conclusions and supporting decision-making."

There are six major ways of analysis of data:

- **Descriptive Analysis:** This is considered as the very first step of data analysis. There is no substitute for knowing the data in order to extract useful information from it. This analysis includes: Measurement of central tendency, Measurement of variance, compute frequency, position etc.
- **Exploratory Analysis:** Aim of this type of analysis is to examine and explore data to find characteristics and find relationships between variables which are previously not noticed.
- **Inferential Analysis:** Aim of this analysis is to infer a large population using a relatively small sample obtained from the population.
- **Predictive Analysis:** Aim of this type of data analysis is to use historical or current data and find patterns to make predictions for future.
- **Causal Analysis:** Find out the cause and effect relationship between correlated variables.
- **Mechanistic Analysis:** Aim is to understand, predict and explain changes in variables that lead to changes in other variables.

Coding Data

Coding is a process that assigns a value or code to a response. It can be a number, string of alphabetic characters or mix of alphabet and number. It is done in order to store more data in limited space with enhance accuracy and speed. It also helps in the security of information and respondents. For example gender data can be coded with ‘M’ for Male and ‘F’ for Female. Coding of data enhance productivity by saving time, energy and space.

Editing Data:

Before using the raw data for further research, the research needs to review the raw data. The process ensure that the data which will be used for research do not have errors, they are complete accurate and has been recorded in a systematic manner. In the process of data editing the researcher perform various checks and ensure that each and every entry is valid, has no duplications, and free from extremes.

The need for data editing arise due to several situations like, if the respondent has misunderstood a question, the coder and data entry operator maybe miscoded or made an error in entering data, or it may happen that some questions has been left blank.

A researcher performs different types of editing in the collected data, some of them are discussed below:

- **Validity Editing:** Validity edits check one question field or cell at a time, checking each and every entry in the field or cells. This process ensure accuracy and eliminate invalid characters. It also ensure completeness of the entry, and no quantity field is kept blank. Sometime the data value need to be accepted only when they are recorded under a specific range or limit. Some data are over or under the accepted limit if such values are accepted they may lead to exaggerated outcomes, therefore such entry if present required to be identified and eliminated from the data.
- **Edit Duplicated records:** This kinds of edits check for duplicate entry and records. This is needed to make sure that a data is not entered twice by mistake. For correct interpretation it is essential that a particular respondent does not appear in the survey more than once. It also make the data more reliable by ensuring that the data have been entered in the system only once.
- **Consistency edits:** This type of edits compare different answers from the same record so to make sure that answers are coherent with one another. That is, answer of one question does not match logically with answer of another. For example, if a respondent declares that he is vegetarian, again tells that his favourite dish is butter-chicken; both the statement cannot be true for one person at same time. This edits become more vital when the instrument of data collection can be filled quickly by checkmarks. These types of edit also verify that a figure reported in one section is logically acceptable to a corresponding reported in another.
- **Historical Edits:** This type of edits compare the current survey answers with previous surveys. Ratios are calculated and any dramatic variations are flagged, questioned and reported and noted.
- **Statistical editing:** After conducting all other edits and data correction compilation of data is done. Statistical edits need to be performed with entire set of data. In statistical edit, extreme values, suspicious data and outliers are identified and rejected.

Tabulation of Data

Tabulation is systematic and logical arrangement of data in rows and column. A tabulated arrangement facilitates comparison and brings related information close to each other. It facilitates advance statistical analysis and presentation of data. Tabulation of data fulfil the following purposed of research.

- It simplifies complex data by logical and meaningful arrangement.
- Tabulation reduce bulk data and present in a limited space.
- Tabulation presents facts more clearly and accurately.
- Tabulation bring out the main characteristics of data and highlight key features.
- Data arranged in row and column in details comparison of a large data.
- Tabulation facilitates advanced statistical operations.
- Tabulation help a layman to understand the data easily.

1.6 Model questions

1) What are the factors to be considered for determining choice between primary and secondary data?
2) Explain the basic principles of tabulation and interpretation of data.
3) What is data processing? How tabulation is related to interpretation of data?
4) Explain different methods of primary data collection.
5) Explain different methods of secondary data collection.
6) Explain the role of schedule and questionnaire in data collection.
7) What is codification of data?
8) Mention factors needed to be observed for editing data.
9) Explain principles to be followed in drafting questionnaire in collection of primary data.
10) What are the considerations for editing data?

1.7 Further Readings

- "Marketing Research" – G C Beri, McGraw Hill Education (India) Private Limited.
- "Research Methodology, Methods and Techniques" -C R Kothari, New Age International (P) Limited
- " Marketing Research" – SL Gupta, Excel Books

1.8 Answers to check your progress.

1. Quantitative and Qualitative.
2. False
3. Primary data.
4. Delphi method
5. Coding of data.

BLOCK IV : Unit-II
Sampling and reporting

Unit Structure:

2.1 Introduction

Have you ever cooked rice in an open container? There you need to be very precise when to put off the flames. We just take a single rice grain from boiling water and check it between our fingers to decide the proper time to cook. We don't need to check each and every grain of rice in the pot to understand whether it is cooked or not. A marketer maybe interested in identifying potential customers and know its attributes like numbers, socio- economic characters from a large group of people with similar demographic characteristics and predict what will be the reaction for introduction of new product. They can also analyse data from small number of people and with proper scientific method and answer the above queries related to a large population. With proper technique we can infer about the whole population by examining only a small portion of it. The small portion selected is known as sample and the method of selection is known as sampling.

A complete examination of population, which is also known as 'census' may lead us to accurate data but it takes huge resources, time and effort. A sampling is, therefore, considered as a more preferable method over census to the researcher.

2.2 Objectives

After going through this unit, you will be able to

- Understand Sampling process
- Explain characteristics of good sampling
- Select the proper sampling method for your research.
- Know about how reports are made.
- And explain the characteristics of a good report.

2.3 Sampling

It is very difficult for the researcher to enquire about each and every unit of the universe (population) because of a variety of limitations and constraints. A sample is representative of the population. It is a part of the population on the basis of which judgement or inference about the total population is made. Sampling design is a variety of tools and techniques used for determining the number of items to be included in a sample before the data is actually collected.

Sampling may be defined as the process of selecting a part of the population which represents the characteristics of the total population.

Characteristics of good sampling

A good sampling has the following characteristics:

1) Representative: Sample is representative of the whole population. A sample is a portion of the population which hold the characteristics and attributes of the whole population.
2) Independence: In a good sample, every unit of the population can be selected independently and interchangeably without any bias.
3) Adequacy: The number of units in a sample should be sufficient for the enquiry and analysis sothat the final conclusion can be drawn and applied to the whole population.
4) Homogeneity: Units included in the sample must possess similar types of attributes. Otherwise comparing among sample units will deliver an unacceptable and unscientific result.

Benefits of adopting sampling for research

1) Economy: Sampling technique is less expensive and less time consuming than other census techniques.
2) Reliability: When done in a scientific manner, the conclusion of the study can have almost the same reliability that of a census survey.
3) Detailed study: It is easier to have more intensive, elaborate andmultidimensional examination of data collected through sampling. Because the smaller size of sampling unit is more manageable than the large population.
4) Scientific: The sampling is considered more scientific because the data collected through one sample can be verified with another sample. The amount of deviation can be measured more accurately by taking random samples.
5) Suitability: Since the majority of the population show homogeneous characteristics,only a few units of the sample are sufficient to produce reliable and valid inference about the total population.

Limitations of sampling

1) Sample mean of an analysis may be close to the population mean but it seldom is the true mean.
2) Sample data only represent a fraction of population data. Often it is very hard to make find truly representative sample from a heterogeneous population.
3) Sample represent characteristic of population which is only a part of population.
4) The confidence attained from sampling data may bear sampling and non-sampling errors.

Sampling Error

Sampling error is inaccuracy in the statistical calculations due to selection of a non-representative sample from entire population data. Since the faulty sample do not represent the population, the result that would obtained from the sample is also not correct. In order to minimize sampling errors the researcher needs to use randomise techniques for sampling and increase the size of the sample. Generally, there maybe four categories of sampling error. They are population–specific error, selection error, sample frame error and non–response error.

Sampling error can be calculated by the formula,

$$Sampling\ Error = Z \times \frac{\sigma}{\sqrt{n}}$$

Where, Z = Z score value based on Confidence interval

σ = Population standard deviation

n = Size of the sample

Non Sampling error

Non sampling errors refer to those errors that result during data collection. This errors maybe random or systematic faults in the data collection process. The higher the non-sampling error, lesser the reliability of data. These errors may occur not only during sampling but also during census. These errors are often caused by external factors. Therefore, sampling errors occur not due to statistical reasons but due to fault in process of data collection. Common instances of non-sampling error may include, a biased question in the interview or questionnaire, non-response, false information, wrong data entry etc.

Activity:

1. List ten marketing activities which may involve sampling.

2. Make a list of some five sampling and five non-sampling errors.

Sampling Design:

Sampling Design is the process by which a sample is selected. The main function of sampling design is to specify sample frame, choice of methods of collection of sample and determining sample size.

Methods of sampling

The various methods of Sampling can be grouped under two broad heads. They are probability Sampling and non probability sampling

Probability sampling:

The method of sampling where every item in the universe has a known chance of getting selected is known as probability sampling method. Probability sampling method is also known as random sampling.

Probability sampling is advantageous for research because:

i) Probability sampling method does not depend upon the existence of detailed information of the universe to prove its effectiveness.

ii) Probability sampling methods are considered unbiased and have measurable precision.

iii) Results of different studies are effectively comparable when a probability sampling method is used.

There are few limitations of probability sampling method:

i) Probability sampling requires a higher level of skills and experience.

ii) Probability sampling may consume more time for planning and preparation.

iii)Executing probability sampling may require more budget then non probability sampling method.

The different versions of probability sampling:

a. **Simple random sampling**: The method of sampling where each and every unit of population has an equal chance to get selected is known as simple random sampling. Since the researcher cannot exercise his discretion while selecting the sample, it is considered as the most unbiased method of sampling.
b. **Stratified random sampling**: In this method of sampling the population is divided into several homogenous groups known as strata. And each group of the population is known as Stratum. The simple observation can be drawn on an equal proportion basis from each Stratum using simple random sampling technique. This method of sampling is adopted when the heterogeneous population can be divided into several homogenous groups. Stratified random sampling is considered more representative than simple random sampling. Stratified random sampling is considered as one of the most reliable sampling technique, because it achieves greater accuracy than other sampling techniques.
c. **Systematic random sampling**: In this method of sampling the first unit of the sample is selected randomly from the population, and then the other units are selected systematically at regular intervals.

    For example, if we need to select 20 samples from a randomly listed population of 100,the first sample can be any number from 1 to 5 then we can select other units with an equal interval of 5. That is if the first unit is drawn as 4 the subsequent units will be 9, 14, 19, 24, 29 ……. 99.
d. **Cluster (area) random sampling**: This method is similar to stratified random sampling. Here, we group the population based on geographic locations known as clusters. Then units are selected randomly from the individual clusters. Thus we can find randomly selected samples which represent different geographic areas.
e. **Multistage sampling**: This sampling is carried out in several stages; firstly the total population is divided into large groups known as first stage units. First stage units are divided into several smaller groups, known as second stage units. The second stage units are further divided into third stage units and so on until the requisite number of

samples are achieved in the final stage. This method is considered suitable when the universe is comparatively very large.

Non-probability sampling:

The methods of sampling where the selection process of the units are, partially or fully subjective is known as non probability or non statistical sampling. In this method of sampling each and every unit of the population does not have a known chance of getting selected.

Advantages of non-probability sampling:

i) This method of sampling gives quick results and therefore it is easy to formulate a sampling policy.

ii) Non probability sampling is considered more practical in the field then probability sampling.

iii) This method of sampling is effective when the researcher is unbiased and uses logic to study the population.

Demerits of non-probability sampling:

i) The non probability sampling is fundamentally considered as an unscientific approach, since it allows bias for personal prejudice.

ii) This method fails if the researcher is biased and has a preconceived notion about the subject.

iii) Different samples drawn from the same universe may give diverse results and therefore it is hard to establish significance of statistical error in the study.

Common methods of non-probability sampling

Judgemental sampling: In this method of sampling the investigator exercises his discretion in selection of sample observations from the universe. As a result an element of bias in the selection from the standpoint of the investigator cannot be ruled out. This method is useful when the universe is relatively small and researchers are careful to finely examine the universe. It is possible to give adequate representation of the characteristics of the universe by this method. This method is also known as purposive sampling.

Quota Sampling: In this method of sampling the investigator collects the samples in quota of a pre-assigned number, from each of the several groups characterised in the population. The investigator draws a sample from each quota according to his judgement.

Convenience Sampling: The method of sampling where the samples are obtained neither by probability nor by judgement is known as convenience sampling. This kind of sample is often taken from readily available lists of population such as telephone directory, voter list. Even if some lottery or statistical method is adopted for drawing samples this method cannot be considered random as the basic list is not prepared keeping in view the object of the study.

Snowball Sampling: In this method a small number of initial sample are found out, then with the help or through referral of the initial sample we keep on selecting subsequent respondents till the required sample size is achieved.
For example : A marketing research agency working for a company producing two wheeler, who want to know the preference of off road bikers; the agency can take an initial sample of a few off-road bikers and than select further respondents by using referral of the initial sample.

Opportunity Sampling: This method is also known as accidental sampling or grab. This method is particularly important when the researcher draw the sample from the closest or most convenient respondent.We can say that it is coincidence that researcher and respondent find themselves at same spot at same time.

Sample size

The size of the sample should not be too big or too small. A large sample can make studying difficult and more time consuming. Whereas a sample with too small data may not yield a representative result.
Optimum sample size in that number of units of the population which truly represent the whole population. It is that number which when processed mathematically generates an efficient, reliable and flexible set of data. The sample size should be small enough to minimise survey cost and large enough to avoid sampling error.

Factors to be considered in sample size:

1) Nature of the universe: If the universe is homogeneous in nature,then extremely small sample size is also sufficient to explain the universe. On the other hand, if the universe consists of heterogeneous units a large sample size is required.
2) Size of the universe: For a large Universe a bigger sample size may be taken for more accurate results.
3) Degree of accuracy and Precision desired:The greater the degree of accuracy, larger should be the sample size.
4) Nature of the study: For continuous and intensive studies a small sampling may be adopted. But for the studies which are extensive and non-repeated in nature may go for a larger sample size.
5) Method of Sampling adopted: Selection of method may result in significant variation in the size of the sample. For example, simple random sampling may require a larger sample size compared to a skillfully drawn stratified sampling.
6) Availability of resources: A study which has sufficient money, time and other resources should go for a large sample size for better results.

Check your progress (answer the following)

1. The aggregate of all the units, pertaining the study is called?
2. Population value is called?
3. Sample value is called?
4. A complete survey of the population is called?
5. Stratified sampling is used when population is?
6. Non sampling error is present in which type of survey?
7. In which sampling technique the investigator has complete freedom to choose his sample according to his desire?
8. A technique of building up a list of sample of a special population by using an initial set of members is called?

2.4 Reporting:

Report is an indispensable part of a research project. No research can be complete till the report has been presented and/or written. A report is an oral or written presentation of research findings. A typical report consists of several parts; the introductory part contains elaboration of concepts and relevance of the task, the functional part explains the methodology adopted for achieving the result and the resulting section summarises and concludes the findings.

Before the preparation of a research report the researcher needs to know the audience for whom the report is prepared and why the report is required in the first place. According to the requirement the mode of presentation, volume or length, complexity, time required for preparation and standards of the media and expenditure can be decided.

Types of Report

There are numerous types of reports; they vary greatly in way of presentation, length, time interval, functionality, direction. Some common types of report are discussed below.

- **Oral Report**: Oral reports are the simplest form of report where the presentation of the research findings is done orally. This method may lead to better understanding of the subject matter since it allows scope of interaction, query and explanation. However,oral reports lack permanent record unless it is documented and stored.

- **Written Report**: Written reports are all those reports which are drafted in black and white. These reports act as evidence and can be stored for future reference.

- **Formal report**: These are reports which are made into a particular format and presented to concerned authorities and generally used for official purposes. There are generally two types of formal reports.

    - **Statutory Report**: Preparation and submission of statutory reports are mandatory and are required by law. For example: annual reports of a joint stock company, Auditors Report are statutory reports.

    - **Non statutory report**: Though formal, yet preparation of these reports is not mandatory by any Law or Act. These reports help in better management. For example: Internal auditors' reports, Sales managers reports etc are non statutory reports.

- **Informal Report**: Informal reports are generally used for person to person communication. And it doesn't follow any prescribed rule. These reports are generally used for better management of activities. These reports are often shorter in length and mayuse casual language. The internal memorandum may be described as an informal report.

- **Proposal report**: These reports are documents prepared to solve some problem in a systematic manner. These reports are prepared to estimate time, money, resources and procedure for solving a problem.

- **Periodic reports**: These reports are issued on regular scheduled intervals like daily, weekly, monthly quarterly or yearly. Often these reports come in predefined format and nowadays are computer generated.

- **Vertical Report**: These reports communicate information either upward or downward in the hierarchy. These reports are used for flow of information to employees and supervisors. For example, monthlyfinancial reports sent for budget approval.

- **Lateral Report**: These reports are exchanged between departments for better coordination, transparency and knowledge. For example: marketing plan sent to finance department explaining expenditure and revenue for one month.

2.5 Preparation of Report and evaluation:

Preparation and presentation of research reports may be considered as the most important part of the research process. A report can be described as a document which presents the information in a concise and systematic manner. From a multi-volume thesis to aone page Infographics, all may be considered as a report; if it is done for communication of research findings to the target audience.

Though there is no fixed format of writing a research report, yet the contents of a research report are roughly similar.

A typical report outline contains the followinglayout.

1. Title page
2. Letters of authentication and authorisation.
3. Tables of contains / chapters,

4. Tables of charts and illustrations.
5. Glossary of terms and abbreviations.
6. Executive summary
7. Introduction
8. Literature review
9. Research gap.
10. Objectives
11. Methodology
12. Findings
13. Conclusions and recommendations.
14. Bibliography or reference
15. Appendices
16. Index

A brief description of the above mentioned parts are as follows.

- **Title page**: This page gives the reader an idea about the topic on which the report is prepared, and the page also shows the name of the person or agency who has prepared the report. This page may also mention the date of submission of the report.
- **Letters of authentication and authorisation:** This part indicates the sponsors, officials and the supervisor certify the authenticity and necessary permissions in connection with the report.
- **Tables of Contents, Chapter, Charts and Illustrations**. : This is a very useful part of the report. Unless the report is very short, it is hard to locate information inside the report. The table of content should indicate the main parts and vision of the report with page numbers. The table of charts, figures and illustrations give us immediate access to the content.
- **Glossary of terms and abbreviations:** This part of the report elaborates the full form of the abbreviations used inside the report. This is a very useful feature of a complete report. This part not only eliminates confusion of the useful terms used in the research but also reduces repeated typing of full forms repeatedly, where abbreviation can easily represent the full form.
- **Executive summary**: Often the readers may not have sufficient time to go through the full report and this part provides a birds eye view of the entire report.The decisions can be easily taken based on this section.
- **Introduction**: this part describes the genesis of the report. Introduction explains why the study was undertaken and the scope of the study.
- **Literature review**: Literature review is done in order to find out the details of existing studies which have been already done. This helps in eliminating the chances of repetition of any work.
- **Research gap**: This part reveals the areas, where some scope of research is still available.
- **Objectives**: The section discloses specifically what the researcher is willing to achieve during the course of research.

- **Methodology**: The report should describe the methodology applied in studying the problem. This section should indicate the type of sample, size, method of collection of data, design of the research, theoretical bases of the technique or formula applied. This part is not only useful for the experts who can judge the quality of work but also useful for the general users who are not familiar with the technical aspects.
- **Findings**: This section is the final outcome of the research. The researcher should ensure that the findings are presented in a sequential manner so that users face no difficulty in understanding the outcome.
- **Conclusions and recommendations**: This section summarises the findings and provides the hints of certain measures that can be taken for solving the research problem.
- **Bibliography or reference**: This is the last part of the research. Bibliography gives us citations and sources of literature which have been used in the research.
- **Appendices**: An appendix provides supplementary information relating to the research which supports the report. Further details of complicated calculations, technical notes, questionnaires etc are placed in this section.
- **Index:** Finally the index shows terms and topics discussed in the report in an alphabetical sequence, with their respective page numbers. However this part may be not included in the report if the report is very short.

We should always keep in mind that report writing is an art. Despite the intense care of the research team, it is extremely difficult to find an ultimate report. And a room for improvement always remains present.

Evaluation of report

In order to evaluate any report we should take into consideration, to what extent the report is useful for the readers for whom it is prepared. A report prepared for laymen should be simple and should not carry technical jargons. A report made for policy makers should disclose pros and cons of any project, a statutory report should fulfil all legal criteria, a report for technical persons should be concise and contain details of the plan.

Further an ideal report should possess the following characteristics:

1. The report should be properly titled. The title should reflect subject matter reported within the report.
2. The report should be divided into proper format, and each division should have sub-heading and relevant concepts should be in relevant paragraphs.
3. The report should be factual and facts should be based on the predeclared time period.
4. The report needs to be brief, concise and clear.
5. The report should be submitted ontime. If delay takes place the organisation may lose opportunity to take proper action or some decision may result in undesirable loss due to lack of information.

6. The report should be visually attractive and informative. Graphs, charts, diagrams, illustrations should be used at relevant sections.
7. Results reflected in the report should be properly justified with analysis and logic.
8. A good report should summarise the facts and findings. Summary can provide a complete picture at a glance which aids the reader to take proper decisions based on the report.

5.6 Model questions:

1) What is a sample? Write the essentials of a good sample.
2) What is judgemental sampling? How it is different from random sampling?
3) What is probability sampling? Mention different types of probability sampling.
4) What is purposive sampling?
5) What is a restricted random sample? Explain the procedure of selecting stratified random samples.
6) What are the factors which affect sample size?
7) What are the types of research reports? Mention the steps in report writing.
8) What are the usual contents of a research report? State the challenges faced by the investigator while writing a research report.

5.7 Further Readings

- "Marketing Research" – G C Beri, McGraw Hill Education (India) Private Limited.
- "Research Methodology, Methods and Techniques" -C R Kothari, New Age International (P) Limited.
- "Marketing Research" – SL Gupta, Excel Books.

5.8 Answers of check your progress

1. Population or Universe.
2. Parameter
3. Statistics
4. Census
5. Heterogeneous
6. Both census and sample survey
7. Purposive or judgmental sampling
8. Snow ball sampling

BLOCK V: Unit-I

Importance of consumer behaviour in marketing, management approaches to the study of consumer behaviour

Unit Structure:

1.1 Introduction:

"*Consumer behaviour is the process whereby individuals decide what, when, where, how and from whom to purchase goods and services"*- Walters and Paul

"Consumer behaviour as the dynamic interaction of cognition, behaviour and environmental events by which human beings conduct the exchange aspect of their lives" - American Marketing Association (AMA)

The study of how individual customers, groups, or organisations pick, buy, use, and dispose of ideas, commodities, and services to meet their needs and wants is known as consumer behaviour. It refers to the consumer's actions in the marketplace and the motivations behind those actions. Marketers expect to be able to decide which products are needed in the marketplace, which are outmoded, and how best to offer the commodities to consumers by understanding what motivates people to acquire specific goods and services.

Consumer behaviour, in general, is a psychologically-based on the study of how people make purchasing decisions and what motivates them to do so. There are several aspects of consumer behaviour, including how a consumer feels about certain brands, products, or services, what motivates a consumer to choose one product over another and why, what factors in a consumer's daily environment influence buying decisions or brand perceptions and why, and how consumers make decisions in groups or alone. When analysing, acquiring, utilising, or disposing of goods and services, consumers engage in a decision process and physical action known as consumer behaviour.

1.2. Objectives

This unit is an attempt to analyse the ideas of Consumer Behaviour. After going through this unit, you will be able: -

- To understand the meaning and nature of Consumer Behaviour.
- To understand the deeper meaning of various approaches to consumer behaviour.

1.3. Importance of Consumer Behaviour

According to a Salesforce study, 76% of customers expect businesses to understand their requirements and expectations. This means that if the marketer doesn't figure out what a customer wants before they can tell you, the customer will most likely go elsewhere. Consumer behaviour insights serve as the cornerstone for successful marketing tactics. They're not just coming up with products and marketing strategies based on their own ideas; they're also pulling in outside data to figure out what customers want and how they want it, and then connecting with them accordingly.

The fundamental goal of marketing is to sell as many goods and services as possible in order to maximise profit. It used to be relatively easy to achieve the goal, but it has become increasingly difficult in recent years as consumers are irritating with a vast amount of information about the items or services on offer. To sell a product or service, or to persuade consumers to buy a product or service, thorough research is now required. Some of the points demonstrating the importance of consumer behaviour research are listed below.

Understanding consumer behaviour is critical for a company's present products as well as new product launches to succeed. Every customer has a unique thought process and attitude when it comes to purchasing a product. There are substantial risks of product failure if a corporation fails to comprehend a consumer's reaction to a product. Consumer behaviour varies as fashion, technology, trends, living styles, disposable money, and other related elements change. A marketer must be aware of the aspects that are changing in order to align marketing activities accordingly.Furthermore, understanding consumer behaviour is beneficial in a variety of ways. Because living standards, trends, fashion, and technology are all always changing, customer attitudes regarding product purchases vary. Understanding these elements is critical because product marketing is highly depended on them. Consumer or Buyer Behaviour refers to the actions taken by an individual when purchasing, using, or discarding of a product or service. These habits can be altered by numerous variables.

Furthermore, it comprises product search, product evaluation (in which the consumer evaluates various attributes), product purchase, and product consumption. Customers go through a number of phases while purchasing a product. Consumer behaviour research can help you understand how people make purchasing decisions and how they search for products. The study of customer behaviour aids business manager, sales person and marketers in the following way

1. **To understand buying behaviour of consumers:** The study of consumer behaviour assists marketers in recognising and forecasting customer purchase behaviour while they are shopping for a product. The study of consumer behaviour facilitates marketers in understanding not only what consumers purchase, but also why they purchase it. Other inquiries, such as how, where, and when they buy it, are also answered. The consumption of a product or service, as well as the reasons for its disposal, assist marketers in completely understanding the product being advertised. Consumer behaviour studies also assist marketers in gaining a better understanding of their customers' post-purchase behaviour. As a result, marketers have a thorough understanding of each stage of the consuming process, including pre-purchase behaviour, purchase behaviour, and post-purchase behaviour. Many studies have shown that each consumer behaves differently when it comes to a product, such as buying it for different reasons, paying different prices, using it differently, and having distinct emotional attachments to it.

2. **To understand the Consumer Differentiation:** Consumer differentiation is a marketing term that refers to the ability to separate one customer from a group of similar customers. This helps in the formation of a target group of customers who exhibit similar or identical behaviour. Even if your firm caters to a specific customer group, individual customers can differ. Each consumer group is unique, and their demands and desires differ from those of other groups. When a marketer understands the differences between each set of customers, he may create various marketing campaigns. Consumer differentiation will assist you in tailoring your plans to the needs of various client segments. The marketer can broaden the scope of his offerings once he has achieved consumer distinctiveness. The marketer will be able to give service to a larger number of individuals more effectively.

3. **To create and retain customers though online stores:** According to Professor Theodore Levitt, consumer behaviour is most important to marketers in business studies because the primary goal is to attract and keep customers. If a customer is pleased with a product, he or she is likely to purchase it again. As a result, marketers must advertise the product in such a way that customers are persuaded to purchase it. Customer acquisition and retention are thus critical. This can be accomplished by observing and studying the consumer's behaviour when making a purchase choice or purchasing a product in a store. Furthermore, the information available on websites has a significant impact on the purchasing decisions of customers. Consumers are enticed to acquire a product or service based on information found in published sources.
4. **To gain a better understanding of the aspects that influence a customer's purchasing decisions:**Before entering the market, marketers must consider the elements that influence customer purchasing behaviour. Consumer buying decisions are influenced by a variety of elements, including social impact, cultural influences, psychological factors, and personal issues. Understanding these aspects enables marketers to promote products to the correct customers at the right time. For instance, suppose a marketer is promoting a Halal product. Marketers first analyse all of the aspects that may influence customers to purchase Halal items, after which they can focus on certain places where Halal food is

more readily available. The marketers need to pay attention to cultural influences such as religion, values and conventions of the people or cultures targeted and lifestyle of the targeted consumers.

Marketers can use a variety of methods to persuade targeted customers to purchase promoted goods or services. Furthermore, marketers should determine the factors that influence and effect consumer buying decisions. If marketers don't grasp the elements that impact customers, they won't be able to persuade them to buy the product, or they won't be able to meet their needs. Some variables can't be seen directly. In such circumstances, detailed comprehension of concepts and theories of consumer behaviour assists marketers to forecast the consumer's buying behaviour to a reasonable extent. As a result, comprehending a customer's decision to buy a product is difficult, and successful marketing requires marketers to continually learn and apply new concepts and theories.

5. **To design relevant marketing programme:**Marketer can design powerful marketing strategies by understanding consumerbehaviour. Each campaign can target a certain group of customers depending on their buying habits.For example, if company is targeting the children's market, the marketer might want to keep an eye out for TV advertising, school programmes, and blogs aimed at young mothers. The marketer will need to employ diverse messaging tactics for different consumer segments.Marketers can learn what motivates customers to make purchases by studying consumer behaviour. The same motive can also be used in advertising to pique a consumer's interest in making a purchase. Furthermore, marketers should base judgments on consumer behaviour when it comes to brand logos, coupons, packaging, and gifts.

6. **To predicting the market trend:** The first sign of a market trend shift will be consumer behaviour analysis. Consumers, for example, are increasingly concerned about environmental issues and eating healthful foods. Many brands, like McDonalds, have noticed this shifting market tendency. McDonald's introduced healthy meal alternatives based on consumer behaviour. A corporation can save a lot of resources by doing a customer behaviour study instead of producing a product that will not sell in the market. In the summer, for example, a company will not waste resources on a product that will not sell in the summer. The corporation decides on a production strategy based on consumer behaviour in order to save on warehousing and marketing expenditures.

7. **To improve the salesperson's knowledge in order to persuade customers to purchase a product:** Consumer behaviour, and how they will respond to products and services, are at the heart of everything that is sold. Salespeople can assist provide the appropriate goods to the right people by effectively selling it. Consumer behaviour is concerned with customers' understanding of what they require and want to purchase, as well as the goods and services that are available to meet those requirements. As a result, consumer behaviour focuses on the behaviour of individuals, or consumers. It is critical for a salesperson to understand the customer's needs in order to effectively express the product's benefits to them. Furthermore, by understanding the consumer's demand and need for a product, the salesperson may market things that are most closely aligned to

their needs. In addition to understanding consumer behaviour, the salesperson should be able to communicate effectively. This is because any miscommunication could jeopardise the brand's image. Furthermore, if customers know more about the product than the salesperson, sales may fall short of expectations. As a result, analysing consumer behaviour and understanding is critical for effective product marketing by salespeople. Salespeople must be thoroughly aware of the customer's behaviour in various situations in order to assist them in achieving their needs and expectations.

8. **To comprehend the decision of a consumer to discard a product or service:**The act of disposing of a goods entails the consumer throwing it away. This is a very complicated consumer behaviour that marketers must pay more attention to. Marketers and companies can position themselves to limit consumer behaviour by understanding how and when they dispose of a product. Customers will discard of a product or service if it fails to meet their requirements or expectations. Some marketers keep track of customer follow-up in order to determine why a product fails. Furthermore, in order to keep clients, some marketers or organisations provide services such as product exchanges, money-back guarantees, and so on. Although, to some extent, these techniques are useful in influencing consumers' post-purchase behaviour. The technique of disposal differs from one product to the next. Psychological qualities, situational circumstances, and product intrinsic features are some of the factors that influence customer behaviour to dispose of a product. Attitude, mood, emotion, social class, social conscience, perception, and other psychological qualities are among them. Situational considerations like urgency, functional use, fashion change, and intrinsic elements like product style, durability, reliability, adaptability, replacement cost, colour, size, and so on can all influence a consumer's decision to discard a product.
9. **To understand the competition:**Finding answers to some of the following questions is one of the most important reasons to study consumer behaviour:
    - Is the customer a competitor's customer?
    - What makes a customer choose competitor?
    - What qualities of competitor's products entice customers to buy them?
    - In comparison to your competition, what gaps do the customers see in products?

    Understanding and confronting competition is made easier by studying consumer behaviour. The brand can provide competitive advantages based on consumer expectations.

10. **To help marketers to optimize sale of product and create focused marketing strategies:**Consumer behaviour theories and concepts enable marketers in increasing sales and developing effective marketing tactics. Furthermore, these theories provide marketers with information on consumer spending behaviour, as well as the likely causes that lead them to spend more money on a product, and these two pieces of information help marketers plan strategies for successful product marketing. Understanding the various consumer behaviour theories aids in understanding the many choices that consumers make when purchasing a product. Marketers must carefully examine a number

of elements that can aid them in increasing sales and developing efficient marketing strategies.

11. **To innovate new products:**New Coke, Crystal Pepsi, Colgate Kitchen Entrées, Earring Magic Ken Doll, and Wheaties Dunk-a-Balls Cereal are just a few of the well-known brands. Are you able to spot the similarities between these two products? Yes, they were all doomed!! The unfortunate reality is that the majority of new products and ideas fail. New product failure rates are estimated to range from 33 percent to 90 percent, depending on the industry. Companies are constantly working to increase the success rate of their new products or concepts. Conducting a thorough and careful customer behaviour study is one of the most significant methods.

    Nike discovered through consumer behaviour analysis that while the majority of its target audience is not elite athletes, many of them aspire to be like them. So, during the 2012 London Olympics, Nike launched a campaign called "Find Your Greatness" to inspire people to participate in athletics. It aimed to encourage people to pursue their dreams of becoming athletes, not just high-performing athletes, but everyone regardless of physical ability. The campaign was well-thought-out, data-driven, and, of course, thoroughly analysed before taking action. This message inspired a lot of people and had a lot of appeal for the target audience.
12. **To Stay relevant in the Market and optimise marketing strategies:**Given the quick changes that are occurring in the current environment, keeping relevant in the market is one of the Organization's greatest challenges. The continual shift in consumer behaviour is one of the key reasons for this quick transition. Consumers today have access to an enormous amount of information, resulting in rapid switching between different products, companies, and so on. To combat this, it is critical to study consumer behaviour on a regular basis in order to keep up with changes in consumer attributes and stay relevant in the market. Consumer behaviour theories and concepts aid marketers in increasing sales and developing effective marketing tactics. Furthermore, these ideas give marketers with information about customer spending habits. The research aids in determining what motivates people to spend more money on a product. These two factors ultimately assist decision makers in developing marketing strategies that should be used by marketers for a successful product launch.

1.4. Approaches to Studying Consumer Behaviour

There are two broad approaches for studying consumer behaviour:

1. A Managerial Approach
2. A Holistic Approach

A Managerial Approach

Consumer behaviour is viewed as an applied social science. It's researched as a supplement to and a foundation for constructing marketing strategies. A micro and cognitive approach to customer behaviour is more common among managers. It is micro in that it focuses on the individual consumer's attitudes, opinions, and lifestyle as well as demographic characteristics.

The effects of the environment—reference groups, the family, and culture—are investigated in terms of how they influence the individual consumer. A management approach is more cognitive because it is more micro; that is, it stresses individual consumers' mental processes and the elements that influence their decisions. It is only natural for marketing managers to place such an emphasis on the person. All marketing strategies should aim to meet the demands of individual customers while remaining socially responsible.Consumer needs (desired product benefit), cognitive processes (attitudes and perceptions), and characteristics are all gathered (lifestyles and demographics). This data is then compiled to create consumer segments that can be targeted with the company's products. As a result, a more affluent, older baby boom sector might be recognised, one that prefers casual clothing and places a premium on performance over status. The discovery of such a group would have ramifications for marketers of everything from clothing to computers, yoghurt to automobiles. However, adopting a too rigorous managerial perspective has its drawbacks.

For starters, it may exaggerate buyers' rationality. According to the cognitive viewpoint, consumers seek for and analyse information in a systematic manner in order to suit their demands. However, in many circumstances, such systematic processing may not take place, such as when customers buy things for their symbolic value, on the spur of the moment, or to satisfy an addiction. In these circumstances, a rigid methodology may fail to expose the underlying character of the consumer's decision. Second, a micro perspective may miss the dynamics of environmental elements that are unrelated to the individual. A culturally derived perspective on gift giving in the context of ritual behaviour, for example, could be enlightening for many marketers. However, if the attention is solely on the present, such a viewpoint may be overlooked.The consumption experience, not the buying experience, is used to define satisfaction. Relationship marketing is a brand new field in marketing that understands the importance of maintaining a relationship with clients after they've made a purchase. And, to a considerable extent, this link will be determined by the consumer's consumption experience.

A Holistic Approach

A holistic approach with a macro perspective is more prevalent. It tends to focus more on the macro perspective of a holistic approach is more prevalent. Because it emphasises the larger, culturally generated context of consumption, it tends to focus more on the nature of consumer experience rather than the purchasing procedure. Consumption is understood as both symbolic and functional, as well as antisocial and social, and as idiosyncratic as well as normative. Outside of its impact on the consumption experience, purchase behaviour is of little intrinsic relevance. Because shopping is typically culturally derived, it is researched in the context of shopping rather than decision making. A holistic approach is more concerned in understanding the environmental background of the consumer's activity than a managerial approach is in forecasting what the consumer will do in the future.

There are certain disadvantages to taking a holistic approach. The most essential point is that results about the culturally generated meaning of consumer actions and consumption experiences may not be actionable from the standpoint of a marketer. This should not disturb people who study consumer behaviour for its own sake, but consumer behaviour discoveries should be applicable to marketing techniques in the corporate world. Second, a comprehensive approach overlooks the importance of purchasing decisions. If marketers seek to influence consumers, they must first understand how individuals make decisions. Third, many consumer decisions are made through a methodical processing process, despite the fact that many are not. If marketers are to match consumer needs, they must have a basic understanding of cognitive processes. The consumer's point of view on consumer behaviour with the introduction of a buyer's market, marketing managers began to analyse customer demands in a competitive setting and tailor marketing strategies to meet those needs. It became vital to gain a deeper grasp of consumer demands, perceptions, attitudes, and intentions. In order to produce effective marketing strategies, marketers must continue to be alert to changes in consumer wants, demographic traits, and lifestyles, according to current trends.Marketers are likely to be affected by three changes in particular:

- Increased consumer value orientation
- Increased consumer interest in and access to product and service information
- A need for more individualised products.

STOP TO CONSIDER

With the introduction of a buyer's market, marketing managers began to analyse customer demands in a competitive setting and tailor marketing strategies to meet those needs. It became vital to gain a deeper grasp of consumer demands, perceptions, attitudes, and intentions. In order to produce effective marketing strategies, marketers must continue to be alert to changes in consumer wants, demographic traits, and lifestyles, according to current trends.Marketers are likely to be affected by three changes in particular:

- Consumers who place a higher value on their purchases.
- Increased interest in and availability to product and service information, as well

1.5. Summing up

In a nutshell, consumer behaviour is crucial for salespeople and marketers. Because products are designed to meet the wants and demands of customers, they must be carefully marketed in order to fulfil organisational objectives. The study of consumer behaviour helps in the analysis of various elements that influence customers' purchasing decisions. Consumer behaviour analysis has become a valuable technique for gaining a better understanding of customers. Companies can create new products, marketing campaigns, and increase profitability by studying consumer psychology and the forces that drive customer buying behaviour. Leading organisations like The Coca-Cola Company and Barclays have concentrated on improving existing goods while also inventing new ones. By doing market research to analyse consumer behaviour, the Coca-Cola Company matches its corporate goal of "refreshing everyone who is touched by our business." Similarly, to better understand the demands of this target market, Barclays undertook a consumer behaviour study. Consumer behaviour analysis has become a valuable tool for better understanding your customers. Companies can create new goods, marketing campaigns, and boost profitability by studying consumer psychology and the variables that drive customer buying behaviour. Consumers should be talked to, frustrations should be avoided, and most importantly, their wants and expectations should be identified!

1.6. Self-Asking Questions:

1. What are amongst the several disciplines that have influenced the study of consumer behaviour?
   ……………………………………………………………………………………………
2. Describe the characteristics of consumer behaviour.
   ……………………………………………………………………………………………
3. How does information processing affect customer participation?
   ……………………………………………………………………………………………

1.7. References

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1.8 Additional Reading

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BLOCK V: Unit II

Variable influencing consumer behaviour, Economic variable determining consumption, income, prices and utility

Unit Structure:

2.1. Introduction:

A marketing-oriented firm's basic principle is that the consumer is the centre around which the firm revolves. As a result, knowing what motivates individuals to buy in general and what motivates your customers to buy in particular is critical to company success. The term "market" refers to the target audience for which all marketing tactics are developed and implemented. To stay competitive in the marketplace, marketing managers employ a variety of techniques to add value to the final product that reaches consumers' hands. It signifies that, in an ever-changing marketing environment, there is a growing concern or awareness among marketers to conduct a thorough analysis of the consumer behaviour that all marketing operations revolve around. In this context, it is very important for the marketer to understand the factors that influences the customer behaviour in buying the products.

Many elements influence consumer behaviour, including the circumstance, psychological, environmental, and marketing factors, as well as personal issues, family, and culture.Businesses aim to collect data so that they can make the best judgments possible on how to reach their target audience. These elements can influence a person's decision to buy or not buy, although some influences are momentary and others are long-term. Let's take a closer look at a few of these aspects. Marketers attempt to comprehend consumer behaviour in the marketplace, as well as the underlying motivations behind such behaviour. These motives are the driving forces behind consumer behaviour.

2.2. Objectives

This unit is an attempt to analyse the ideas of variables influencing consumer behaviour. After going through this unit, you will be able: -

- To understand the variables influencing consumer behaviour.
- To understand the deeper meaning of economic variables such as income, price and utility affecting consumptions.

2.3. Variable influencing consumer behaviour

Many distinct variables influence consumer behaviour. A marketer should endeavour to comprehend the influences on consumer behaviour. In a general sense, there are five major aspects that influence consumer behaviour, i.e., whether or not a target customer purchases a product. Psychological, social, cultural, personal, and economic considerations are among them. Here are five significant variables influences on customer behaviour:

1. Psychological Factors

Human psychology is a fundamental driver of consumer behaviour. These influences are difficult to quantify, but they have enough clout to affect a purchase choice. The following are some of the most important psychological factors:

i. **Motivation:** When a person is sufficiently motivated, it has an impact on their purchasing behaviour. A person's fundamental requirements, social needs, security needs, esteem needs, and self-actualization needs are only a few what we find in the Maslow's theory of hierarchy of needs. Basic requirements and security demands take precedence over all other needs. As a result, fundamental requirements and security demands might drive a consumer to purchase goods and services. For example, the famous "Be All You Can Be" slogan and advertising efforts of the United States Army, for example, urged young adults to join the army (self-actualization)

ii. **Perception:**Consumer perception is a significant determinant of consumer behaviour. Consumer perception is the process by which a customer gathers and analyses information about a product in order to construct a meaningful image of that thing.A customer's impression of a product is formed when they see commercials, promotions, customer reviews, social media feedback, and so on. As a result, customer perception has a significant impact on consumer purchasing decisions. When we receive information about a product and study it in order to develop a suitable image about that thing, our perception is influenced.

    We build an image of a product whenever we encounter an advertisement, review, comment, or promotion for it. As a result, our perspective influences our purchasing decisions significantly. Because we live in a time when we are constantly receiving information via surfing the Internet, watching TV, and exploring with our cell phones, the perception we acquire from all of these resources plays a significant role in regulating our shopping behaviour.

iii. **Learning:**When a person buys a goods, he/she gets to understand something more about the product. Learning occurs over time as a result of experience. Skills and knowledge play a role in a consumer's learning. While practise might help you improve your skills, only experience can help you develop knowledge.Learning can be conditional or cognitive in nature. Consumers are repeatedly exposed to a circumstance through conditional learning, causing them to build a response to it.In cognitive learning, the consumer will apply his knowledge and skills to the thing he purchases in order to find happiness and a solution.

Every time we buy a product, we have a better understanding of it through experience. This learning is primarily based on our prior experience, knowledge, and abilities. This learning can be cognitive or conditional in nature. While we utilise our knowledge to find satisfaction and meet his requirements with the thing we acquire in cognitive learning, conditional learning occurs when we are constantly exposed to a scenario, allowing us to respond to it. For example, we all seek resources through nonexperiential learning, such as reading reviews for books and products on Amazon, Flipkart learning about film reviews on Rotten Tomatoes, and exploring restaurants on Google.

iv. **Attitudes and Beliefs:** Consumers have specific attitudes and ideas that influence their purchasing decisions. The consumer acts in a certain way toward a product based on this mentality. This mindset is very important in determining a product's brand image. As a result, marketers work hard to understand consumer attitudes while creating marketing efforts.For example, whereas your friend may favour tea because he believes caffeine is harmful to one's health, you may prefer coffee since you believe caffeine energises us. Our attitudes and beliefs influence our behaviour toward a product and help to shape the brand image of that product. As a result, marketers may leverage consumer attitudes and beliefs to better create their marketing initiatives.

2. **Social Factors**

Humans are social beings who are surrounded by a large number of others who impact their purchasing decisions. Humans want to copy other humans in order to fit in with society, and they also want to be socially accepted. As a result, their purchasing decisions are impacted by those around them. These are referred to as social factors. The following are some of the social factors:

i. **The family:**A person's buying behaviour is heavily influenced by his or her family. A person's preferences are formed by observing his family buy things as a youngster, and he or she continues to buy the same products as an adult. We develop a predilection or aversion to specific items as a result of watching our families use them as children, and we continue to use them as adults. For example, if our family members prefer Papa Jones to Pizza Hut or Domino's, we will unconsciously choose Papa Jones over Pizza Hut or Domino's.

ii. **Reference Groups:** The term "reference group" refers to a group of persons with whom we associate. In general, everyone in the reference group has similar buying habits and influences one another. Clubs, schools, professions or playgroups, churches, and even acquaintances or a group of friends, for example, are all examples. People in reference groups typically have a shared purchase pattern and an opinion leader who influences their purchasing decisions.

iii. **Roles and status:**The role that a person plays in society has an impact on him. If a person is in a prominent position, his purchasing decisions are heavily influenced by his status. Of course, the position we occupy in society has an impact on us all. The greater our position, the more our status influences what we buy and how much we spend. For example, the purchasing habits of a company's

CEO and a regular employee are quite different. A Chief Executive Officer of a company will buy according to his status, whereas a staff or employee of the same company will buy in a different way.

3. Cultural factors

A collection of ideas and ideologies that belong to a specific community are connected with a group of people. When a person originates from a certain community, the culture associated with that community has a strong influence on his or her conduct. The following are some cultural aspects to consider:

i. **The Culture:**Consumer buying behaviour is heavily influenced by cultural factors. The basic values, needs, wants, preferences, perceptions, and behaviours that a consumer observes and learns from their close family members and other important individuals around them are referred to as cultural factors. Let's take the case of McDonald's India, for example. McDonald's has adapted its menu to reflect the likes and preferences of the local community in which it dwells in India, which has a large consumer base. For example, because cows are revered and highly worshipped in India, chicken has been substituted for beef. McCurry Pan, a baked menu item consisting of curried veggies, was developed by the fast-food firm in India.

ii. **Subculture:**There are various subcultures within a cultural group. These organisations share a set of principles and ideas. They may include people of many ethnicities, faiths, castes, and geographical locations. This client segment encompasses an entire customer segment. These subcultural groupings have similar values and ideas. People of many religions, castes, regions, and ethnicities can form subcultures. These subcultures constitute a client segment in and of themselves.Here, we'll use Burger King as an example. The platform wished its "Ramadan Kareem" in their advertising approach, signifying a prosperous Ramadan. Burger King has adapted to Muslim culture by creating a Ramadan-themed advertisement featuring a mostly devoured burger in the shape of a crescent moon.

iii. **Social Class:**Every society on the planet has some type of social class. Income is only one component that determines social class; other ones include work, family background, education, and housing area. The importance of social class in predicting consumer behaviour cannot be overstated.

4. Personal Factors

Consumers' purchasing decisions are influenced by personal factors. These personal characteristics vary from person to person, resulting in a wide range of perceptions and purchasing behaviour.The following are some of the personal factors to consider:

i. **Age:**The influence of age on purchasing behaviour is significant. Young people's purchasing preferences differ from those of middle-aged people. Elderly people shop in a very different way than younger people. Teenagers will be more interested in purchasing brightly coloured clothing and cosmetics. Middle-aged people are concerned about their family's home, property, and automobile.

ii. **Income:**A person's purchasing behaviour might be influenced by their income. Consumers with more money have more purchasing power. When a consumer has more discretionary income, he or she has more opportunities to spend on high-end items. Consumers in the low- and middle-income groups, on the other hand, spend the majority of their income on necessities such as groceries and clothing.

iii. **Occupation:**Our purchasing decisions are significantly influenced by our profession. We all have a tendency to buy products that are relevant or appropriate for our work. A businessman, for example, would have a different clothing purchasing pattern than an artist.

iv. **Lifestyle:**Our purchasing decisions are significantly influenced by our profession. We all have a tendency to buy products that are relevant or appropriate for our work. If we're on a diet, the goods we buy will help us stick to it, from food to weighing scales to protein supplements, and a businessman's clothing buying habits will differ from an artist.

5. **Economic Factors**

Consumer purchasing habits and decisions are heavily influenced by a country's or market's economic state. When a country is rich, its economy is strong, resulting in a larger money supply in the market and more consumer spending power. When consumers are in a good financial situation, they are more willing to spend money on goods.A weak economy, on the other hand, depicts a market that is struggling due to unemployment and decreasing purchasing power.Consumer purchasing decisions are heavily influenced by economic reasons. The following are some of the most important economic factors:

i. **Personal Income:**Our personal income is the determining factor in how much money we will spend on products and services. A consumer's personal income is divided into two categories: disposable income and discretionary income. Our disposable income is mostly the money left over after all essential payments, such as taxes, have been made. The larger the disposable personal income, the greater the spent on a variety of things; conversely, the opposite is true. Meanwhile, our discretionary personal income is the money left over after we've taken care of all of our fundamental needs. This money is also utilised to buy shopping products, durables, and luxury items, among other things. An increase in this amount of money

ii. **Family Income:**The total income of all family members is referred to as family income. When more members of the family work, there is more money available for essential requirements and luxuries. People in a family with a higher income are more likely to buy more. When a family has extra money, it's natural to want to acquire additional luxury products that they might not have been able to afford otherwise.

iii. **Consumer Credit**: Our purchase habits are influenced by the credit facilities available to us. When a consumer is given easy credit to buy things, it encourages them to spend more. Credit cards, simple payments, bank loans, hire buy, and a variety of other credit options are being made available to consumers by sellers. When consumers have more credit available to them, they are more likely to buy comfort and luxury things. Our consumption on items is likely to increase if we have flexible credit terms and accessible EMI programmes, but less flexible credit terms would have the opposite effect.

iv. **Liquid Assets:** Consumers with liquid funds are more likely to spend on comfort and pleasures. The term "liquid assets" refers to assets that can be quickly transformed into cash. Liquid assets include cash on hand, bank savings, and securities, to name a few. We are more likely to spend more on luxury and shopping items when we have more liquid assets. In the meanwhile, having fewer liquid assets means spending less on these products.

v. **Savings:**The amount of savings a consumer intends to set aside from his salary has a significant impact on his purchasing decisions. If a consumer decides to save more, his purchasing expenditure decreases. If a consumer wants to save more money, the majority of his income will go toward purchasing goods.

2.4. Economic variable determining consumption, income, prices and utility

An individual's purchasing power is directly proportional to his monthly wages. How much money a person takes home determines how much money he spends and on what things. Individuals with a high income would buy more expensive and quality things than those with a moderate or lower income, who would spend their money on necessities. A person from a low-income group is unlikely to spend money on luxury clothing and watches. He would be more interested in purchasing food or other necessities for his survival.Consumers at the poles of the economy are dealing with a variety of economic conditions, which is affecting their behaviour and changing their needs. The most affluent portion of the population has emerged from the recession and re-established financial balance. Meanwhile, the lowest income group, which has been affected the hardest financially, remains vulnerable and purchases less.

When a consumer buys something for consumption, the consumer choice theory describes how he maximises his utility. A tangent between a budget constraint and an indifference curve is used to make the decision. The indifference curve represents customer preference, whereas the budget restriction represents price and income. As a result, if we want to understand consumer behaviour, we must first understand price, income, and consumer preferences.

This is why consumer behaviour experts look at the relationship between amount desired, price, and income without taking preferences into account. Despite the fact that consumer preference is vital in determining consumer behaviour, researchers rarely pay attention to it. If a consumer's preference is constant across time, it doesn't need to be taken seriously because every time period has the same preferences. That could be why academics overlook customer preferences in the near run. We do, however, occasionally run across the issue of changing preferences.One could think that purchase habits of people of various economic levels would be vastly different. While there are distinctions between the categories, our analysis reveals that there are essential parallels that must be grasped if these groups are to be successfully reached and marketed to. For example, branded products account for roughly the same percentage of purchases in both upper- and lower-income categories. In most product categories, the share of private label products is more comparable than different across income groups, confirming this. Furthermore, while there are some variances in retail channel preferences between income levels, the reality remains that supermarket and mass merchandisers are the most popular channels at both ends of the income scale.However, there are some crucial distinctions between the categories to be aware of. To begin with, consumers with greater incomes spend more overall. They do this by spending more per shopping trip, rather than by shopping more frequently (they shop less frequently). Certain retail outlets, such as "dollar" stores, convenience stores, and deep discounters, are more likely to attract lower-income customers. Upper-income shoppers, on the other hand, are significantly more likely than lower-income shoppers to purchase at warehouse clubs.

The price charge for a product or service has a big influence on how customers act. If customers feel the price is lower than competitors', the business may see a significant increase in sales. However, if one establishes a price that is substantially more than intended, the response may be unsatisfactory. In either situation, a price change could have unanticipated consequences in terms of consumer purchasing behaviour.Before business decide to raise the price of an existing product or service, think about how this can affect customer behaviour. For one thing, raising the price risks alienating the customer. If a consumer can receive the same product for a lesser price from a competitor, they risk losing the customer for good. Raising the price, on the other hand, may have no effect at all, especially if the product is in high demand and unavailable from competitors. In reality, charging a higher price than other similar items and services can persuade customers to purchase since some purchasers associate a higher price with a higher-quality product.Lowering or setting a lower price than expected might have a variety of consequences for a customer. In one scenario, a budget-conscious customer is grateful for a price reduction and may purchase the item at the reduced price. In other circumstances, the consumer may be distrustful of the low price and believe it indicates a lower-quality product.

According to the law of diminishing marginal utility, the price a customer is ready to pay for a good is determined by its marginal utility, which decreases with each additional unit of consumption. As a result, when consumption rises, the price of a common commodity falls. The fundamental law of demand in consumer choice theory states that price and quantity required are inversely connected.

STOP TO CONSIDER

Perception is how your brain interprets and makes sense of the world around you. Companies frequently use repetition to ensure that their advertising messages reach you. Consumers change their behaviour after learning about or experiencing a product through the process of learning.

Culture dictates how you should live and influences the items you purchase. A subculture is a group of people within a society who are distinct from the prevailing culture but share common interests, professions or careers, religions, ethnic backgrounds, sexual orientations, and other characteristics.

2.5. Summing Up

Consumer behaviour is influenced by a variety of factors, including environmental and marketing factors, the situation, personal and psychological issues, family, and culture, as we discussed earlier in the chapter. Businesses aim to find out trends so that they can target the people who are most likely to buy their items for the least amount of money. Businesses frequently attempt to influence consumer behaviour by factors under their control, such as store layout, music, product grouping and availability, price, and advertising. Different elements can influence how customers behave, whether they persuade you to make a purchase, buy additional products, or buy nothing at all. Some influences are transient, while others are long-lasting.

2.6. Self-Asking Questions

1. Why are firms interested in the cognitive ages and lifestyle characteristics of their customers?

   ……………………………………………………………………………………….

2. What impact does Maslow's hierarchy of needs and learning have on how businesses sell to their customers?

   ……………………………………………………………………………………….

3. Why do people's cultures and subcultures influence their purchasing decisions?

   ………………………………………………………………………………………

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BLOCK V : Unit-III

Social influence on Consumer Behaviour, Cultural and Sub-Cultural influences.

Unit Structure:

3.1 Introduction

Consumer behaviour is a rapidly growing discipline of study. It means more than just how a person buys products. It is a complex and multidimensional process and reflects the totality of consumers' decisions with respect to acquisition, consumption and disposal activities. Culture influences consumers through the norms and values established by the society in which they live. It is the broadest environmental factor that influences you as consumer. Cultural values are enduring and any attempts to change them generally fail. The study of culture is concerned with a comprehensive examination of factors such as language, religion, knowledge, laws, art, music, work patterns, social customs, festivals and food etc. of a society. A culture is viewed to consist of basic behavioural patterns that exist in a society. Within this national culture, all segments of a society do not possess the same cultural patterns and one can distinguish relatively more homogenous and sizable groups within the larger society called sub-cultures. They will have distinct beliefs, values, customs and traditions that set them apart from the larger cultural mainstream, though they follow most of the dominant cultural values and behaviours of the larger society. This unit analysis a number of factors associated with the surrounding environment, and a number of cultural factors associated with the consumer.

3.2 Objectives:

After studying this unit, you will be able to:

- Consumer behaviour and culture: a two-way street
- State the nature of culture
- Understanding the cultural factors that influence in buyers purchases decisions.
- Cross-cultural Consumer Analysis
- Cross-cultural Differences in Non-verbal Communications

3.3 Consumer behaviour and culture: a two-way street:

A consumer's culture determines the overall priorities he or she attaches to differentactivities and products. It also determines the success or failure of specific products andservices. A product that provides benefits consistent with those desired by members ofa culture at any point in time has a much better chance of attaining acceptance in themarketplace. It may be difficult to guess the success or failure of certain products. Someyears ago, the American business magazine *Forbes* predicted the imminent bankruptcy ofthe Danish stereo manufacturer Bang & Olufsen, and advised everybody to sell off theirstocks in the company. In addition, they mocked the company's new product as a ghettoblaster, with the difference that the price was $3,000 and not $300. The product was thenew 'on-the-wall' stereo with automatic sliding doors – the product was an instant successand the value of Bang & Olufsen stocks multiplied by 40!5 Here was a product thatwas launched when the time was right – something that *Forbes* overlooked.The relationship between consumer behaviour and culture is a two-way street. On theone hand, products and services that resonate with the priorities of a culture at any giventime have a much better chance of being accepted by consumers. On the other hand, thestudy of new products and innovations in product design successfully produced by aculture at any point in time provides a window on the dominant cultural ideals of thatperiod. Consider, for example, some products that reflect underlying cultural processesat the time they were introduced:

- Convenience foods and ready-to-eat meals, hinting at changes in family structure and the decline of the full-time housewife.
- Cosmetics like those of The Body Shop, made of natural materials and not tested on animals, which reflected consumers' apprehensions about pollution, waste and animal rights.
- Unisex fragrances, indicating new views on sex roles and a blurring of gender boundaries, as exemplified by Calvin Klein.

3.4 Nature of Culture

Culture has following features:

1. ***Culture is invented:*** It cannot be viewed as something that just "exists" and waiting to be discovered. People are responsible for inventing their culture and this invention consistsof three interdependent components:
   (a) Ideological component refers to ideas, beliefs, values and approaches to defining whatis right and wrong, or desirable and undesirable.
   (b) Technological component is concerned with the skills, arts and crafts that provide humanswith the means to produce goods by using what is available to them in theirenvironment.
   (c) Organisational component enables humans to live in the family system and makes itpossible to coordinate their behaviour effectively with others' actions.
2. ***Culture is learned:*** It is not like biological features or instinctive. The process of learningcultural values begins early in life largely through social interactions among families,friends, in settings such as educational and religious institutions.
3. ***Culture is shared*** by a fairly large group of human beings living in organised societies andworks as a linking force. Generally, common religion and language are the critical elementsthat largely help people share values, customs, norms and experiences.
4. ***Culture satisfies needs:*** Its components are passed down through generations because theyare gratifying. Culture offers order, direction and guides societies in all phases of life byproviding tried and trusted ways of meeting the physiological,

personal and social needsand due to these reasons people feel comfortable in doing things in the customary way.

5. ***Cultures are similar but different:*** There are certain similarities among all cultures andmany elements are present in all societies such as athletic sports, adornment of body,cooking of food, a calendar, family, government, language, religious rituals, language,dancing, music and many others elements. There are, though, very significant variationsin the nature of these elements in different societies and may exhibit important differencesin consumer behaviour.
6. ***Culture is not static:*** Some cultures are relatively more resistant to change than others butthey do change gradually and continuously. These changes, however, may be very slow insome cultures while others may be more dynamic and receptive to changes.

3.5 Cultural factors influence consumer behaviour:

Cultural factors have the broadest and deepest impact on consumer behaviour. A group of people are associated with a set of values and ideologies that belongs to a particular community. When a person comes from a particular community, his/her behaviour is highly influenced by the culture relating to that particular community. This factors mainly includes broad culture, culture of social classes and sub-culture.

1. **Broad Culture:**

   Cultural is a powerful and dominant determinant of personal needs and wants. Culture can be broadly defined as: The way of living, way of doing, and way of worshiping. Culture determines the total patter of life. People react according to the culture to which they belong. Every culture has its values, customs, traditions and beliefs, which determine needs, preference and overall behaviour. Culture is reflected in terms of followings:

   i. Family life/ social system
   ii. Role of women
   iii. Women education
   iv. Approach to work and leisure
   v. Approach to life
   vi. Ethics in economic dealings
   vii. Residence pattern
   viii. Impact of other cultures, and so on.

These all factors affect what, when, where, how much, from whom and how many times the product should be purchased and used. Marketer must be aware of the relevant cultural aspects and marketing programme should be designed accordingly.

2. **Culture of social classes:**

   In many cases, social classes are based on caste system. Members of different castes have their cultures and accordingly, they perform certain roles. Social classes reflect differences in income, occupation, education, their roles in society and so on. Every social class has its culture that affects behaviour of its members. Social classes differ in their dress, speech patterns, recreational preferences, social status, value orientation, etc. Kotler identifies following social classes, each of them differs significantly in term of income, skills, needs, habits, preference, career orientation, approach towards life, etc.

   i. Upper-upper
   ii. Lower upper
   iii. Upper middle
   iv. Middle class
   v. Working class
   vi. Upper lower
   vii. Lower-lower

   Normally, with reference to India, on the basis of income level, or status in society, we can identity three social classes like upper class, middle class and lower class. Marketer should design his marketing programme to cater the needs of specific social classes.

3. **Subculture:**

   Each culture consists of smaller subcultures. Each subculture provides more specific identification of members belong to it. Product and marketing programme should be prepared in light of subcultures to tailor their needs. Subculture includes:

   i. **Nationality:** Every nation has its own unique culture that shapes and controls behaviour its citizens. For example, Indian culture, American culture, Japanese culture, African culture, etc. Consumers of different nations hold different behaviour towards the company's products and strategies.
   ii. **Religion:**It is powerful determinant of consumer needs and wants. Every religion has its culture in terms of rules, values, rituals and procedures that

have impact on its followers. Commonly, consumer behaviour is directly affected by religion in terms of products that are symbolically and ritualistically associated with the celebration of various events and festivals/ holidays. For example, Hindu Religion includes Vaishnav, Swaminarayan, Shivpanthi, Swadhiyai and likewise; Christian Religion includes Protestants and Catholics; and similar is the case with Muslims and Jain.

iii. **Racial Groups:** In each culture, we find various racial groups; each of them tends to be different in terms of needs, roles, professions, habits, preference, and use of products. Each group responds differently to marketing offers due to different cultural backgrounds. For examples, in our country, we find number of racial groups like Kshatriya, Banya, Scheduled Caste and so forth. These racial groups have their own cultural values, norms, habits, etc., that govern their overall response towards the company's products.

iv. **Geographical Regions:** Each geographic region represents specific culture and differs in terms of needs, preference, habits, and uses of products, Clothing, residence, food, vehicle, etc., are determined by regional climate and culture.

3.6 Sub-cultural Influence

The influence of sub-culture on consumer behaviour depends on factors such as sub-cultural distinctiveness, sub-cultural homogeneity and sub-cultural exclusion.

1. ***Sub-cultural distinctiveness:*** When a subculture strives harder to maintain a separate identity, its potential influence is more.
   - *Example:* Indians settled in many countries have maintained their language and religious practices as a means of cultural identity.
2. ***Sub-cultural homogeneity:*** A sub-culture with homogeneous values is more likely to exert influence on its members.
   - *Example:* Hindus, Muslims and Sikhs of Indian origin appear to be members of separate sub-cultures. However, the common thread among all of these groups is that they have strong family ties, are basically religious, mostly conservative, have a common language (some Indian language), celebrate their festivals and are male dominated.

3. ***Sub-cultural exclusion:*** At times sub-cultures are excluded by society. Exclusion tends tostrengthen the influence of sub-culture and encourages the maintenance of sub-culturalnorms and values. Even today, in India, schedule castes are excluded from upper castsociety. There are different tribal groups in India with distinct norms, customs and valuesand excluded by larger society. Afro-Americans have, at times been excluded from a whitedominant society through the denial of education and job opportunities.

   Out of several sub-cultures, only some are important from the marketers' point of view forformulating separate marketing programmes. Much depends on the relevance of a productcategory to a particular subculture. For example, cosmetics are popular among ladies, no matterto which subculture they belong. Similarly, jeans and T-shirts are very popular among urbanand semi-urban teenagers no matter whether they are Hindus, Muslims, Sikhs, or Christians etc..

3.7 Types of Sub-cultures

3.7.1 Religious Sub-cultures

Religious groups can be regarded as sub-cultures because of traditions and customs that are tiedto their beliefs and passed on from one generation to the next. The members of religioussub-cultures make purchases that are influenced by their religious identity, particularlyproductsthat are symbolically and ritualistically associated with the celebration of religious holidays,festivals, marriage and birth or death in family etc.

- *Example:* The bride in a hindu family is dressed in a traditional deep red dress; the bridegroom wears a sherwani, chooridar and dons a pagri. Consumption of meet, beef, pork and alcohol is also determined by one's religion. Sikh religion does not permit use of tobacco products and shaving of hair.

3.7.2 Regional Sub-cultures

Distinct regional subcultures arise due to climatic conditions, the natural environment and resources, language and significant social and cultural events. Such groups can be identified as having distinct and homogenous needs, tastes, lifestyles and values. Anyone who has travelled across India would have probably noted many regional differences in consumers' consumption behaviour, particularly dresses, food and drink.

- *Example:* South Indians prefer to drink coffee while most North Indians use tea. Dog meat is considered a delicacy in certain Eastern parts of India, which may shock consumers in other parts of the country. Given such clear differences in consumption patterns, marketers have realised that India is no more a single market for at least some product categories.

It is more relevant for marketers to study and understand sub-cultures on a regional basis, particularly language, food habits, festivals, gift giving, customs, etc. Some major Indian sub-cultural groups include Punjabi, Gujarati, Marwari, Marathi, Tamil, Oriya and Bengali etc.

- *Example:* Ad targeted at Hindi Speaking Belt in North India

3.7.3 Age Sub-culture

Marketers have attempted to identify age cohorts as sub-cultures because they produce uniqueshared values and behaviours. A generation or age cohort is a group of persons who haveexperienced a common social, political, historical and economic environment.Those who are over 55 years of age account for a substantial portion of population in India. Theycan be targeted with products like chyawanprash, retirement plans, ointments etc. Charles DSchewe has recommended a number of guidelines to make communication effective with olderpeople:

1) ***Keep the message simple:*** Don't overload the message with unnecessary information. Thecapacity of older people to process information is reduced and they may miss informationif their attention is divided.
2) ***Make the message familiar:*** As familiar experiences are easier for older people to process.They find comfort and security in seeing and hearing events in the usual way. If a messageis complex, repeated exposures reduce the effort needed to interpret the message.
3) ***Make the message concrete:*** Older people rely more on concrete than on abstract thinkingas their problem solving abilities generally decline. Emotional appeals in advertisingoften tend to be vague and due to this reason they may not be as effective in reaching olderpeople as hard-hitting rational appeals. Visual aids improve recall for adults.
4) ***Take it point by point:*** Spacing the message allows old people to process each piece ofinformation individually. Old people concentrate on the first part of a message longerthan do younger people. If information is presented too quickly, the earlier cues overpower the points made later.

5) ***Give preference to print media:*** When old people are allowed to process information attheir own pace, their learning abilities improve. Print media, unlike TV and radio, allowspeople to set their own pace.
6) ***Supply memory aids:*** The ability of old people to organise and recall information readilydeclines compared to younger adults. To trigger their memories, visual cues are especiallyeffective. Ask them to remember what the old product looked like, then show them thenew one.
7) ***Make good use of context:*** The more pleasant the memory, the more easily it is recalled.Any audience that feels personally involved will remember the ad message. The evokingof positive images of family (weddings, births), health, social interaction and theaccomplishments of tasks is an effective way to engage old people.

   To develop successful adverting to this group, marketers should:

- Include older consumers in focus-group research in order to learn about theirmotivations and attitudes.
- Hire older copywriters to provide new perspectives on this segment.
- Incorporate older models in advertisements in a genuine and typical way.
- Let the older buyers know that the product will appeal to them.

Teenagers seem to be self-conscious and in search for self-identity. Most teenagers viewthemselves as kind, trustworthy, likable, funny, affectionate, intelligent, creative and active.Occasionally their behaviour is rebellious against authority, tradition and what they consider asold-fashioned values. This influences their behaviour as consumers, particularly in urban andsemi-urban areas in India. They need to be accepted for support and nurturing. Most teenagersprefer to wear modern casual dresses, sports shoes of known brands, want to own autos thatproject a macho image, listen to pop music and watch MTV. They spend family money and ofteninfluence family purchases.

- *Example:* Pepsi Ad Focusing on the Young Generation

For many products, friends are the most significant influence. Nevertheless, parents are still an important factor affecting many buying decisions. Their brand and store preferences tend to be enduring. This market is particularly attractive to marketers because preferences and tastes formed during these years can significantly influence purchases throughout their life. To influence them as consumers, marketers need to use appropriate language, music, images and media.

3.7.4 Gender as Sub-culture

In all societies, males and females are generally assigned certain characteristics and roles. Malesare typically thought to be independent, aggressive, dominating and self-confident in almost allsocieties. They are viewed as the bread earners. Females, on the other hand, are viewed asgentle, submissive, tender, compassionate, tactful and talkative. Their role is as homemakerswith responsibility of taking care of children. The traits of femininity and masculinity representthe ends of a continuum and individuals have varying levels of each trait. Biological males tendto be toward the masculine end of the continuum and biological females towards the feminineend. Gender roles are the behaviours considered appropriate formales and females in a givensociety.The market of women or men is not as homogenous as one is likely to believe. According toC M Schaninger, M C Nelso and W D Danko, at least four significant female market segmentsexist.

1) ***Traditional housewife:*** She prefers to stay at home and is very home and family-centered.She desires to please husband and children. She seeks satisfaction and meaning fromhousehold and family maintenance. Experiences strong pressures to work outside homeand is well aware of foregone income opportunity. Feels supported by family and isgenerally content with role.
2) ***Trapped housewife:*** She would prefer to work but stays at home due to young children,lack of outside opportunities, or family pressure. She seeks satisfaction and meaningoutside the home. She does not enjoy most household chores. Has mixed feelings aboutcurrent status and is concerned about lost opportunities.
3) ***Trapped working woman:*** She may be married or single, would prefer to stay at home, butworks for economic necessity or social/family pressure. She does not derive satisfactionor meaning from employment. Enjoys most household activities, but is frustrated by lackof time. Feels conflict about her role, particularly if she has younger children at home.Resents missed opportunities for family and social activities. She is proud of financialcontribution to family.
4) ***Career working woman:*** She may be married or single, but prefers to work and derivessatisfaction and meaning from employment rather than home and family. She experiencessome conflict over her role if she has younger children at home, but is generally content.Views home maintenance as a necessary evil. Feels pressed for time.

Many products are typically associated with either males or females. For example, in India,shaving products, cigarettes, pants, ties and motorcycles etc. are products for males; bangles,bracelets, lipstick, sari, bindi and menhdi etc. are female products. However, many productsnow are losing their traditional gender typing. For example, financial services, cars, computergames and equipment etc. are now designed with women in mind.

3.8 Cross-cultural Consumer Analysis:

In its international operations, Levi Strauss closely follows both cross-cultural and sub-culturaltrends. The basicprinciple it follows is "think globally but act locally." The company recognisesthat tastes in fashion, music and technology etc. are becoming increasingly similar across mostcountries of the world because of global reach of media such as MTV, Internet and greaterfacilities for travel. There seems to be increasing influence of American culture on consumptionvales as more and more consumers are shifting their preferences for American goods.

- *Example:* Multinational corporations such as Proctor & Gamble, Pepsi, Coca Cola, IBM,Gillette, Johnson and Johnson, Kellogg's, Colgate-Palmolive, Nestle, Canon, Epson, Honda,Suzuki and many others earn large revenues abroad. As more foreign markets emerge and offeropportunities for growth, marketing in foreign countries is likely to increase in importance.

Marketing across cultural boundaries is a difficult and challenging task because cultures may differ in demographics, languages, values and non-verbal communications. When managers venture abroad, they experience a series of psychological jolts when they face new customs, value systems, attitudes and behaviours. This often reduces their effectiveness in foreign businessenvironments.

Cross-cultural analysis helps marketers determine to what extent the consumers of two or more nations are similar or different. The greater the similarity between consumers, the more feasible it is to use relatively similar strategies in each country. In case the cross-cultural analysis revealsthat there are wide cultural differences, then a highly individualised marketing strategy may beindicated for each country.

Some experts argue that marketing strategies, particularly advertising, should be standardised because this can result in substantial cost savings. The differences in cultural values across countries make it difficult and a risky proposition. An ad for a beauty care product showing a model wearing a short dress with very low neckline may be appealing in most Western cultures

but would be probably banned in most Muslim cultures.

Marketers often make the strategic error of assuming that since domestic consumers like a product, consumers in other countries would naturally like it. Such a view is often referred toasa "culturally myopic view." Companies have generally been successful in marketing abroad byrecognising local differences in consumer needs and customs. To accomplish this, such companieshad to learn cross-cultural acculturation, which means thoroughly orienting themselves to thevalues, beliefs, customs, language and demographics of the new country. They developedstrategies to encourage members of the society to modify attitudes and possibly alter theirbehaviours.

- *Example:* McDonald's had a policy of adopting uniformity across global markets. Afterfacing problems, now it adopts products appropriate for particular cultures. When McDonald'sentered India, it had to make the most dramatic changes. Eighty per cent of the Indian populationis Hindu and they don't eat beef so there is no Big Mac (which contains beef). In its place there isBig Maharaja, which contains mutton. Many Hindus and almost all Jains are strictly vegetarianand for this segment McDonald's offers Vegetable Burgers. McDonald's also claims that onlyvegetable oils are used. The menu also does not contain any product containing pork because asizable population in India is Muslim and considers it unclean.

What multinational advertisers are finding is that it is very difficult to assume anything whenitcomes to cultures. While many believe that the world is getting smaller and that cultural diversitywill decline as is suggested by the adoption of Western fashions in many Asian countries, thereare others who are finding that differences between cultures remain firm. For example, some ofthe European countries with similar values and purchasing behaviours were banded together ina common market. This has not met expectations due to stereotypes, history and schooling.

Ad agencies are finding that to succeed in these markets they need to adapt fast otherwise local

ad agencies who have an understanding of local cultures will take away their clients. So these

agencies are increasing their consumer research efforts and localising their campaigns. They arealso paying particular attention to cultural nuances such as which hand one wears a wedding
ring on.

Most multinational companies in India are adapting their advertisements to local cultural conditions.

- *Example:* Pepsi and Coke are using models wearing Indian dresses and the music andsongs too portray Indian culture. Kellogg's managed to attract Indians to its cereals, despite thefact that barely 3% of the country reported eating cereal in surveys. Kellogg's advertised thebenefits of a lighter and more nutritious morning meal and introduced flakes made of Basmatirice, which is a premium aromatic rice.

3.9 Cross-cultural Differences in Non-verbal Communications:

Whenever we are exposed to a foreign culture, differences in verbal communications (languages)become immediately noticeable. The meaning assigned to a particular group of letters or soundsis not inherent in the letters or sounds. A word means what a group of people agree it to mean.Translating marketing communications from one language to another may pose problems andresult in wrong or ineffective communications.

- *Example:* Arabic language there is no letter to produce the sound of "P" and due to thisreason Pepsi is pronounced as "Bebsi." Ford introduced its car Pinto without name change inBrazil. It was discovered that Pinto in Brazil is slang for "small male sex organ." The name waschanged to Corcel, which means horse.

Non-verbal communications are mostly influenced by seven factors:

a) Time

The meaning of time varies between different cultures in terms of perspective and orientation.Most Western cultures have mono-chronic time perspective and view it as inescapable, linearand fixed in nature. In most Asian cultures time perspective is different. For instance, Indianstend to view time as less subject to scheduling. They view being involved in many activitiessimultaneously as something natural. This orientation is called poly-chronic time perspective.Time perspective would have a direct influence on personal selling styles and also on manyadvertising themes. If convenience foods are positioned in terms of time saving in poly-chroniccultures, the strategy will most likely fail because time saving is not part of the cultural thoughtprocess. Contests with deadlines are more likely to be effective in mono-chronic cultures.

b) Space

The nearest that others can come to individuals during various formal situations in certaincultures, without making them uncomfortable, is referred to as the personal space. The implicationof this is that people from cultures where personal space is short will tend to advance closer,such as South Americans and Arabs. However, if the other person happens to be from a culturewhere personal space is wider, then she/he would consider the other person as being pushy. Theperson from shorter personal space culture would consider the other person to be cold, as she/he would try to maintain distance. Example, North Americans consider South Americans to bepushy and aggressive and South Americans view North Americans as cold, snobbish and aloof.

c) Symbols

The colours of dresses that people wear on different occasions carry a meaning. If a child iswearing a pink dress, it is quite likely that we would think the child is female. Such assumptionsmay be correct in most cultures but not in Holland. Colours, numbers, shapes and animals carrya different meaning in various cultures. According to N M Murray and S B Murray, even musichas varying meanings across cultures.In Japan four is a symbol of death, Malaysians associate green with jungle and illness, in someSouth-east Asian countries light blue is associated with death and mourning and in China whiteis a symbol of death.

d) Friendship

Friendship is a non-verbal cultural variable and imposes rights and obligations. Typically,North Americans make friends quickly and easily and also drop them easily. To most Asiansand South Americans, good personal relationship and feelings are very important in long-termagreement and once personal trust is established, cooperation increases. Social contacts developedbetween negotiating parties are far more important than price or technical specifications. Japanesenegotiate a relationship and Americans believe in negotiating a contract. In India, consumers'personal relationship with salespeople and retail stores is often more important to be successfulin the long run.

e) AgreementsIn certain cultures, there is extensive reliance on written agreements to ensure that businessobligations are honoured and any disagreements are resolved.

USA is an example of such aculture. In many other cultures such as China, there is more reliance on friendship and kinship,local moral principles, or informal customs to guide business conduct. Chinese would examinethe character of a potential business partner closely rather than the written contract. They wouldwant to know and understand a person before buying from her/him.

f) ***Things***Many things carry a symbolic meaning in different cultures. The knowledge of this becomesparticularly important while offering gifts. The social and business situations that presentoccasions to present gifts and the items that are suitable gifts, differ in different cultures.In India, Diwali is an appropriate gift-giving occasion to government, banking and corporate executives. In Arab countries, gifts should be given in the presence of others, while in China,gifts should be presented in private.

g) ***Etiquette***

Etiquette is the generally accepted way of behaving in social situations. Most Western culturesview noisy eating and belching as unacceptable social behaviour. Eating meals using fingersand not the knife and fork is a common behaviour in India. In most Western cultures usingfingers instead of knife and fork is considered obnoxious. American males habitually sitcross-legged while showing soles in front is considered quite insulting in many Eastern cultures.Normal voice pitch and gestures differ across cultures.

3.10 Summing Up:

- Culture has been defined as the complex whole that includes knowledge, belief, art, law, morals, customs, and any other capabilities and habits acquired by humans as members of society.
- Culture not only influences consumer behaviour but also reflects it. It is a mirror of both values and possessions of its members. Some cultures are relatively resistant to change than others but cultures do change gradually and continuously.
- Cultural values are enduring beliefs that a given behaviour is desired or good. Values are so deeply ingrained that most of us are not really consciously aware of them and individualsoften have difficulty in describing them.
- There are two variations of cultural influences within a given country. Sub-cultural influences refer to distinguishing differences in values, customs, beliefs, and traditions among different relatively homogenous groups within a country's larger

society. Sub-cultures may be based on religion, region, language, age, and gender etc. In India, there is great diversity of sub-cultures based on region, religion, language, caste and subcaste systems etc.

- Cross-cultural influences are norms and values of consumers in foreign markets that influence strategies of multinational companies marketing their products and services abroad.
- Analysis of culture and sub-culture enables marketers to segment their markets and fine-tune their marketing mix strategies to meet the specific needs, motivations, perceptions, and lifestyles shared by them.

3.11 Key Terms:

- ***Culture:*** The totality of socially transmitted behaviour patterns, arts, beliefs, institutions, and all other products of human work and thought.
- ***Instrumental values:*** The values that measure basic approaches an individual might take to reach end state values.
- ***Personal values:*** They reflect the individual's choices made from variety of social values to which an individual gets exposed to.
- ***Age cohort:*** A group of people with a similar age.
- ***Etiquette:*** The customary code of polite behaviour in society or among members of a particular profession or group.
- ***Monochronic cultures:*** cultures that place a great deal of importance on managing and controlling time
- ***Personal Space:*** closeness to an individual without making him uncomfortable
- ***Polychronic cultures:*** cultures in which people like to do multiple things at the same time
- ***Sub-culture:*** different cultures within culture
- ***Stimulus Diffusion:*** sharing of ideas between different cultures.

3.12 Questions and Exercises:

1. "Culture not only influences consumer behaviour but also reflects it". Comment.
2. Critically examine the characteristics of culture. Give examples.
3. Have there been cultural changes in India affecting consumer behavior? Explain.

4. "Culture satisfies needs". What do you mean by this statement and how is it important forthe marketers?
5. Assess importance of difference in cross-cultural non-verbal communications for the marketers.
6. Why do you think, many companies take the Joint Venture route to enter a foreign country? Explain using examples from India.
7. You are the marketing of a company manufacturing mobile phone devices. You want to target people over the age of 60 as it is ignored by most of the other companies. Design a promotional mix to reach your target audience (Talk about the design and features of your device).
8. Why is it important for a marketer to study cross-cultural differences? Support your answer with examples.
9. Is it important to study sub-cultures also? Why? Explain with examples.
10. Foreign companies often face problems to launch their products. Why? Give suitable examples.
11. Discuss two commercials that depict cultural values.
12. Discuss the sub-cultural divide in India and implications for marketers.
13. Discuss the impact of Western movies on Indian youth. Identify the consumption of two products in different categories that reflect this.
14. Consider three ads that target people of different age groups and both sexes. Who is real target of these ads?

3.12 References:

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BLOCK V : Unit-IV

Social Classes, Social Groups, Life Styles, Self- Concept, Family in Consumer Behavior

Unit Structure:

4.1 Introduction:

As marketing students, we are required to look beyond the economic explanation of consumer choice behaviour. This is because income and price though important are not sufficient enough in explaining the differences in choice. As society is becoming more and more affluent, there is a great disparity, which is rising. We all are part of some group or the other. Almost all consumer behaviour takes place within a group setting. Groups serve as one of the primary agents of consumer socialisation and can beinfluential enough to induce not only socially acceptable consumer behaviours but also sociallyunacceptable and even personally destructive behaviours. Thus, society is getting stratified into classes. In this chapter we are going to discuss more in depth about how social stratification influences Consumer behaviour.

4.2 Objectives

After studying this unit, you will be able to:

- Concept of social classes
- How social class is determined
- Identify selected consumer related reference groups
- Concept of self-concept and lifestyle
- Identify the stages of family life cycle
- Explain the husband-wife influences on purchases
- Assess the role of children in decision making

4.3 Meaning of Social classes:

All societies can be roughly divided into the haves and the have-nots (though sometimes ‘having’ is a question of degree). While social equality is a widely held value throughout world, the fact remains that some people seem to be more equal than others. A consumer’s standing in society, or social class, is determined by a complex set of variables, including income, family background and occupation. The place one occupies in the social structure is not just an important determinant of how much money is spent? It also influences how it is spent.

4.4 Types of Social Class Systems:

Social classes are relatively homogeneous and enduring divisions in a society, which are hierarchically ordered and whose members share similar values, interest, and behaviour. In many cases, social classes are based on caste system. Members of different castes have their cultures and accordingly, they perform certain roles. Social classes reflect differences in income, occupation, education, their roles in society and so on. Every social class has its culture that affects behaviour of its members. Kotler identifies following social classes, each of them differs significantly in term of income, skills, needs, habits, preference, career orientation, approach toward life etc.

i. Upper- upper
ii. Lower upper
iii. Upper middle
iv. Middle class
v. Working class

vi. Upper lower

vii. Lower-lower

Generally, with reference to India, on the basis of income level, or status in society, we can identify three social classes like upper class, middle class and lower class. In every society, percentage of each of these classes is subject to differ. Marketer should design his marketing programme to cater the needs of specific social classes.

4.5 Determinants of social class:

Examining how social class affects consumer behavior requires a way of classifyingconsumers into different social classes. Unfortunately, this is a complex task, andthe exact determinants of social class have been the subject of considerable debateover the years.

i. Income versus Social Class

Many people believe that more money means higher social standing. You may besurprised to learn, however, that income is not strongly related to social class forseveral reasons.First, income levels often overlap social classes, particularly atthe middle and lower levels. For example, many U.S. blue-collar workers havehigher incomes than some white-collar workers, yet they do not have higher socialstanding. Second, income increases greatly with age, but older workers do not automaticallyachieve higher social status. Finally, in many countries an increasingnumber of dual-career families generate a higher-than-average income but do notnecessarily attain a higher status. Thus, although income is one factor related tosocial class, other factors play key roles as well.Some researchers have argued that income can be a better predictor of consumerbehavior than social class. However, a more common view is that bothfactors are important in explaining behavior in different situations.Social classtends to be a better predictor of consumption when it reflects lifestyles and valuesand does not involve high monetary expenditures, such as purchasing clothes orfurniture. For example, middle-class and lower-class consumers favor differentstyles of furniture, but middle-class consumers tend to spend more money on homefurnishings even when the income levels of both classes of consumers are roughlysimilar. Income, on the other hand, is more useful in explaining the consumption ofofferings unrelated to class symbols—such as boats—but that do involve substantialexpenditures. Both social class and income are needed to explain behaviors thatinvolve status symbols and significant expenditures such as buying a house or car.Although income cannot explain social class, social class can often explain howincome is used. As one illustration, upper-class consumers are more likely to investmoney, whereas the lower classes are more likely to rely on savings accounts inbanks. The key point is that social class aids in the understanding of consumerbehavior and that social standing is determined by a variety of factors in additionto income.

ii. Occupation and Education

The greatest determinant of class standing is occupation, particularly in Westerncultures. Specifically, some occupations, especially those that require higher levelsof education, skill, or training, are viewed as higher in status than others. Moreover, individuals with the same occupation tend to share similarincome, lifestyles, knowledge, and values. Researchers can easily measure occupationby asking consumers what they do for a living. They can then code theresponses and compare them with published scales of occupational prestige, suchas the widely used socioeconomic index (SEI) or the Nam and Powers scale.Note that the perceived status of an occupationmay vary from culture to culture. Compared withtheir situation in the United States, for example,professors have higher status in Germany, Japan,China, Thailand, and Nigeria because those countriesplace more emphasis on education. Engineerstypically have higher status in developingcountries than they do in developed countriesbecause of the important role engineering plays inintegrating industry and technology into society.Education also plays a critical role because itis one of the key determinants of occupation andtherefore social class. In fact, educational attainmentis considered the most reliable determinantof consumers' income potential and spendingpatterns. The median income of an averageU.S. household headed by someone with a collegedegree (or more advanced education) is $71,400,double the median income of a high school graduate'shousehold. Highly educated consumers notonly earn more, but they also read and travelmore, are healthier, and are often more receptiveto new offerings than the rest of the population.A college degree is particularly important for gaining entry into higher-statusoccupations. More than 66 percent of people with bachelor's or advanced degreesare in managerial or professional occupations, compared with 22 percent whohave only some college educations.

iii. **Other Indicators of Social Class**

Factors such as area of residence, possessions, family background, and social interactionscan also indicate class level. The neighbourhood in which we live and thenumber and types of possessions we have are visible signs that often communicateclass standing. In terms of family background, researchers distinguish betweeninherited status, which is adopted from parents at birth, and earned status, whichis acquired later in life from personal achievements.16 Inherited status is the initialanchor point from which values are learned and from which upward or downwardmobility can occur. As mentioned previously, members of a social class often interactwith each other, so the company we keep also helps us to identify our socialstanding.The relative importance of these determinants of social class varies from countryto country. In formerly communist countries such as Romania, for example,money and possessions are now the strongest determinants of social standing, asopposed to the former criterion of position in the Communist party.In the Arabworld, status is determined primarily by social contacts and family position, bothof which are considered far more important than money.

4.6 Reference Groups:

A reference group is 'an actual or imaginary individual or group conceived of having significant relevance upon an individual's evaluations, aspirations, or behaviour'. Reference groups influence consumers in three ways. These influences, informational, utilitarian, and value-expressive.

4.6.1Types of Reference Groups:

Although two or more people are normally required to form a group, the term *referencegroup* is often used a bit more loosely to describe *any* external influence that providessocial cues.The referent may be a cultural figure and have an impact on many people(the late Mother Teresa, or members of royal families, or football teams) or a person orgroup whose influence is confined to the consumer's immediate environment (Rich'svarious football teams, 5-a-side and 11-a-side). Reference groups that affect consumptioncan include parents, fellow football enthusiasts and team members, class mates, motorcycleor other leisure activity enthusiasts, a political party or even sports clubs such asManchester United. Some groups and individuals exert a greater influence than others and affect a broaderrange of consumption decisions. Forexample, our parents may play a pivotal role informing our values toward many important issues, such as attitudes about marriageor where to go to university. This type of influence is **normative influence** – that is, thereference group helps to set and enforce fundamental standards of conduct. In contrast,a Harley-Davidson club or Manchester United fan club might exert **comparativeinfluence**, whereby decisions about specific brands or activities are affected.

i. **Formal vs. informal groups**

A reference group can take the form of a large, formal organization that has a recognizedstructure, regular meeting times and officers. Or it can be small and informal, such as agroup of friends or students living in a university hall of residence. Marketers tend tohave more control over their influencing of formal groups because they are more easilyidentifiable and accessible.In general, small, informal groups exert a more powerful influence on individual consumers.These groups tend to be more involved in our day-to-day lives and to be moreimportant to us, because they are high in normative influence. Larger, formal groupstend to be more product- or activity-specific and thus are high in comparative influence.

ii. **Membership vs. aspirational reference groups**

Some reference groups consist of people the consumer actually knows; others are composedof people the consumer can either *identify with* or admire. Not surprisingly, manymarketing efforts that specifically adopt a reference group appeal concentrate on highlyvisible, widely admired figures (such as well-known athletes). These **aspirational referencegroups** comprise idealized figures such as successful business people, athletes orperformers.

iii. **Identificational reference groups**

Since people tend to compare themselves with those who are similar, they are oftenswayed by knowing how people like themselves conduct their lives. For this reason, (Many products, especially those targeted at young people, are often touted as a way to take theinside track to popularity. This Brazilian shoe ad proclaims: 'Anyone who doesn't like them is a nerd') many promotional strategies include 'ordinary' people whose consumption activitiesprovide informational social influence.

iv. **Positive vs. negative reference groups**

Reference groups may exert either a positive or a negative influence on consumptionbehaviours. In most cases, consumers model their behaviour to be consistent with whatthey think the group expects of them. In some cases, though, consumers may try todistance themselves from other people or groups who function as *avoidance groups.* Heor she may carefully study the dress or mannerisms of a disliked group and scrupulouslyavoid buying anything that might identify him or her with that group. Many consumersfind it difficult to express what they want whereas they can quite clearly express whatthey do not want. In fact, some researchers suggest that the phenomenon of distaste ismuch more decisive for our consumption choices but harder to study than tastes, sinceour choices are quite obvious compared to all the non-selected alternatives.For example,rebellious adolescents often resent parental influence and may deliberately do theopposite of what their parents would like as a way of making a statement about theirindependence. As Romeo and Juliet discovered, nothing makes a partner more attractivethan a little parental opposition.

4.7 Self-Concept & Life Style:

4.7.1 Meaning of Self Concept

Self-concept is defined as *the totality of the individual's thoughts and feelings havingreference to himself or herself as an object.* It is an individual's perception of and feelingstoward him- or herself. In other words, your self-concept is composed of the attitudes youhold toward yourself.The self-concept can be divided into four basic parts,i.e actualversus ideal, and private versus social. The actual–ideal distinction refers to the individual'sperception of *who I am now* (**actual self-concept**) and *who I would like to be* (**idealself-concept**). The private self refers to *how I am or would like to be to myself* (**privateself-concept**), and the social self is *how I am seen by others or how I would like to be seenby others* (**social self-concept**).

4.7.2 Interdependent/Independent Self-Concepts

The self-concept is important in all cultures. However, those aspects of the self that aremost valued and mostinfluence consumption and other behaviors vary across cultures.Researchers have found it useful to categorize self-concepts into two types: independentand interdependent, also referred to as one's separateness and connectedness.An independent construal of the self is based on the predominant Western culturalbelief thatindividuals are inherently separate. The **independent self-concept** *emphasizespersonal goals, characteristics, achievements, and desires.* Individuals with an independentself-concept tend to be individualistic, egocentric, autonomous, self-reliant, and selfcontained.The **interdependent self-concept***emphasizes family, cultural, professional, and social* *relationships.* Individuals with aninterdependent selfconcept tend to be obedient, sociocentric, holistic, connected, and relationoriented. They define themselves in terms of social roles, family relationships, and commonalitieswith other members of their groups.Independent and interdependent self-concepts are not discrete categories; rather, they areconstructs used to describe the opposite ends of a continuum along which most cultures lie.However, most cultures are heterogeneous. Therefore,within a given culture, subcultures and othergroups will vary on this dimension, as willindividuals.For example, women acrosscultures tend to have more of an *interdependent*self-concept than do men.Variation in the degree to which anindividual or culture ischaracterized by anindependent versus an interdependent self-concept has been found to influence messagepreferences, consumption of luxurygoods, and the types of products preferred.

4.7.3 Possessions and the Extended Self

Some products acquire substantial meaning to an individual or are used to signal particularlyimportant aspects of that person's self to others. Belk developed a theory called the*extended self* to explain this. The **extended self** consists of *the self plus possessions;* thatis, people tend to define themselves in part by their possessions. Thus, some possessionsare not just a manifestation of a person's self-concept; they are an integral part of that person'sself-identity. People are, to some extent, what they possess. If one were to lose keypossessions, he or she would be a somewhat different individual.While these key possessions might be major items, such as one's home or automobile,they are equally likely to be smaller items with unique meanings, such as a souvenir, aphotograph, a pet, or a favorite cooking pan. Such objects have meaning to the individualbeyond their market value. Consider these statements from consumers who lost their possessionsin natural disasters and who had ample insurance to replace them:

> *Yea, we got better stuff, but it doesn't mean anything to us. It's just stuff.*
>
> *You can't put back or replace what you had. It was too personal—it was customized*

Products become part of one's extended self for a variety of reasons. Souvenirs often become part of the extended self as representations of memories and feelings:

You can't really tell what Paris is like . . . you know, a lot of it is just feelings; feelings you can'tput into words, or [that] pictures cannot capture. . . . They [a hat and blouse] are just reminders.

I had a really wonderful trip and really sort of discovered myself; you know, I learned to be independenton my own. I really didn't have the money to buy this [necklace and boomerang charm],but I decided I wanted something really permanent. . . . The boomerang is a symbol of going backthere sometime.

Some products become embedded with meaning, memories, and value as they are usedover time, as with an old baseball glove. At other times, a single peak experience with aproduct such as a mountain bike can propel the product into the extended self. A **peakexperience** is *an experience that surpasses the usual level of intensity, meaningfulness,and richness and produces feelings of joy and self-fulfillment.* Finally, products that areacquired or used to help consumers with major life transitions (e.g., leaving home, firstjob, marriage) are also likely to be or become part of the extended self. Extended self can also relate to nonproduct entities such as activities (golfing), otherpeople (my best friend), TV shows (*Star Trek*), and sports teams (Green Bay Packers).

The concept of the extended self and the mere ownership effect have numerous implicationsfor marketing strategy. One is that communications that cause potential consumersto *visualize product ownership* may result in enhanced product evaluations. Product samplingor other trial programs may have similar results.

4.7.4 The Nature of Lifestyle

Lifestyle is basically *how a person lives.* It is how a person enacts her or his self-concept and is determined by past experiences, innate characteristics, and current situation. One's lifestyle influences all aspects of consumption behavior and is a function of inherent individual characteristics that have been shaped and formed through social interaction as the person has evolved through the life cycle. The relationship between *lifestyle* and *self-concept* was demonstrated in a recent study comparing various lifestyle-related activities, interests, and behaviors across those with independent versus interdependent self-concepts. *Independents* were more likely to seek adventure and excitement through travel, sports, and entertainment; to be opinion leaders; and to prefer magazines over TV. *Interdependents*were more likely to engage in home and domestic-related activities and entertainment, including cooking at home and from scratch. Interdependents were also more likely to engage in social activities revolving around family and the community. Individuals and households both have lifestyles. Although household lifestyles are in part determined by the individual lifestyles of the household members, the reverse is also true. Individuals' *desired* lifestyles influence their needs and desires and thus their purchaseand use behavior. Desired lifestyle determines many of a person's consumption decisions, which in turn reinforce or alter that person's lifestyle. Marketers can use lifestyle to segment and target specific markets. As the chapter's opening vignette illustrates, luxury brands need to adjust their approach to the fashion lifestyle segments. Similarly, those who live the extreme sports lifestyle have a specific pattern of attitudes, behaviors, and purchase patterns that marketers must be aware of and adapt to.

4.7.5 Measurement of Lifestyle

Attempts to develop quantitative measures of lifestyle were initially referred to as**psychographics.** In fact, the terms *psychographics* and *lifestyle* are frequently usedinterchangeably. Psychographics or lifestyle studiestypically include the following:

- *Attitudes*—evaluative statements about other people, places, ideas, products, and so forth.
- *Values*—widely held beliefs about what is acceptable or desirable.
- *Activities and interests*—nonoccupational behaviors to which consumers devote timeand effort, such as hobbies, sports, public service, and church.
- *Demographics*—age, education, income, occupation, family structure, ethnic background,gender, and geographic location.
- *Media patterns*—the specific media the consumers utilize.
- *Usage rates*—measurements of consumption within a specified product category; oftenconsumers are categorized as heavy, medium, or light users or as nonusers.

A large number of individuals, often 500 or more, provide the above information.Statistical techniques are used to place them into groups whose members have similarresponse patterns. Most studies use the first two or three dimensions described above togroup individuals. The other dimensions are used to provide fuller descriptions of eachgroup. Other studies include demographics as part of the grouping process.

4.8 Family Decision-making and Consumption related Roles

The concept of household or family life cycle is important for marketers in segmenting the market. In 1966, Wells and Gubar proposed eight stages to describe the family life cycle. The following life cycle (as shown in Table 4.8) stages are typical of families.

Table 4.8: Family Life Cycle Stages

Stages	Description
Bachelor stage	Young, single persons under the age of 35 years. Incomes aregenerally low since they have started careers, but they may havefew financial burdens and sufficient discretionary income.
Newly married	Young couples, no children. If both spouses are employed, theywill have high levels of discretionary income.
Full nest I	Young married couples with youngest child under 6 years of age.There would be greater squeeze on income because of increasedexpenses on childcare. If they are members of a joint family, thelevel of discretionary income is likely to be high.
Full nest II	Young married couples with children from 6 years to 12 years ofage. Better financial position because income of both parents isrising. Children spend more hours outside their parents' influence.
Full nest III	Older married couples with dependent teenage children living athome. Financial position of the family continues to improve. Thereare increasing costs of college education for children.
Empty nest I	Older married couples with no children living with them, parentsstill employed. Reduced expenses result in greater savings andhighest discretionary income.
Empty nest II	Older married couples with no children living with them andparents retired. Drop in income and couple relies on savings andfixed income from retirement benefits.
Solitary survivor I	Older single persons with low income and increasing medicalneeds (widow or widower).

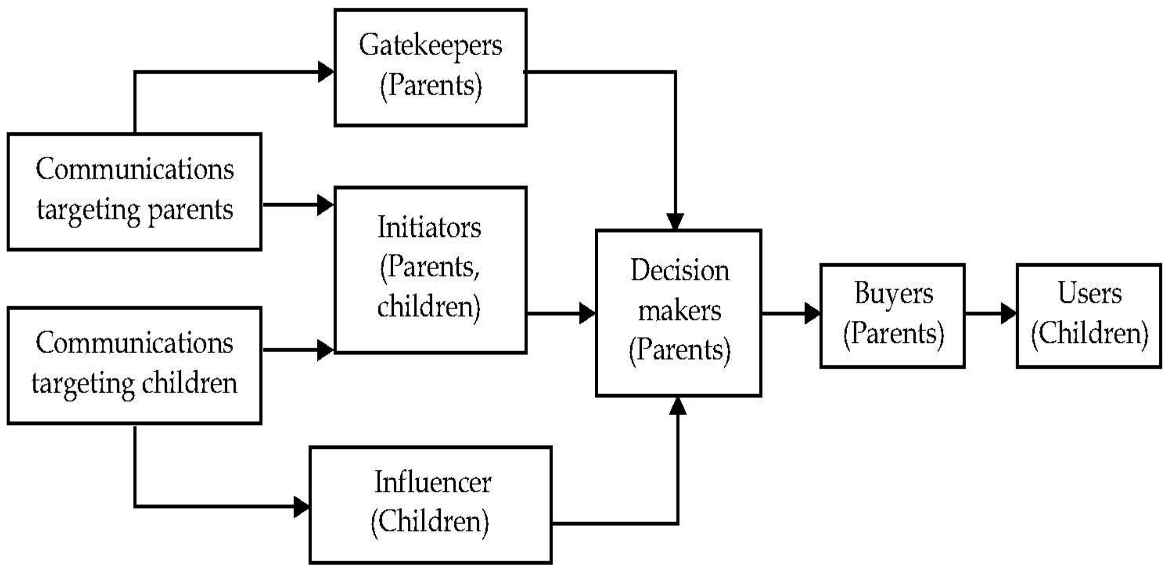
Due to changes occurring in demography after 1980, researchers have suggested more modernisedfamily life cycle categories. In the Indian context, these changes are visible among urban educatedfamilies. Some types of households, such as unmarried couples living together are generallyregarded with social disapproval, or married couples who decide not having children are just anegligible percentage.

4.8.1 Nature of Family Purchases and Decision-making

Much depends on income limitations coupled with family responsibilities. These two factors influence many of the buying decisions of families. As already pointed out, young bachelors as well as newly married young couples (assuming that both are employed) are quite likely to have significant discretionary income. When two or more family members are directly or indirectly involved in the decision-making process, it is called family decision-making. Such family decisions differ from individual decisions in many ways.

Example: If we consider the purchase of a bicycle for a child, some of the relevant aspects to think about can be: who recognises the need for bicycle? How a brand is selected?

Figure: 4.8.1 Family decision making for children's products



Family purchases are inherently emotional and affect the relationships between family members. The decision to buy a new dress, or a bicycle for the child is more than simply a routine purchase. It often might be an expression of love and commitment to the child. The decision to buy a new stereo system or television set has emotional meaning to others in the family. The root cause of many marital discords is often related to spending the money. Figure 4.8.1 depicts the decision-making for children's products. Joint decisions are more likely to operate in the early stages of family life cycle when both spouses are relatively less experienced. After gaining experience, they usually delegate responsibilities concerning buying decisions to each other. When children enter the familyscene, both husband and wife assume specific roles. The husband tends to be more influential in the early stages of the life cycle, however, the wife is likely to become increasingly influential after a period of time, more so if she is employed and having some financial leverage over family buying decisions.

4.8.2 Husband-wife Influences

Gender role preferences reflect culturally determined attitudes towards the role of husband/ wife and father/mother in the household. The relative influence of husband/wife or father/ mother is likely to vary according to (1) the nature of product (2) nature of purchase influence and (3) family characteristics.

I. **Nature of Product**

Harry L Davis and Benny P Rigaux undertook a detailed study of husband/wife influences by product category and classified products into four categories:

a) Products for which the influence of husband tends to dominate the decision making. Such products include hardware, sports equipment, men's shaving products etc.

b) Products for which the influence of wife tends to dominate the decision making. Examples of such products are women's clothing, kitchenware, child clothing etc.

c) Products for which decisions are made by either the husband or the wife (autonomous decisions). These products may include women's jewellery, cameras, men's clothing etc.

d) Products for which husband and wife make joint decisions. Examples of such products are refrigerators, financial planning, family car etc.

II. **Nature of Purchasing Influence**

The differentiation of roles is believed to result from small group interaction. Leaders thatemerge take up either instrumental roles or expressive roles. Leaders taking up instrumentalroles are concerned with tasks that help the group take decisions about its basic purpose or goal(also called functional or task leaders).

Example: Decisions on budgets, timing and product specifications would be task-oriented.

III. **Family Characteristics**

The third reason for variation in relative influence of husband/wife relates to familycharacteristics. Though husband and wife tend to dominate decisions for certain productcategories, the degree of their dominance may vary within different families. In case of patriarchalfamilies (father is considered the dominant member), husband dominates decisions irrespectiveof the product category under purchase consideration. In matriarchal families (mother is thedominant member), wife plays the dominant role and tends to make most of the decisions.

4.8.3 Parent-child Influences

It is generally believed that children rely more on parents for norms and values as long as they are younger and, subsequently, on their peer group as they grow older.

I. **Influence of Children in the Purchasing Process**

To a large extent, the influence of children on the buying process varies depending much on their age and the product category under purchase consideration.

Example: Children are more likely to buy soft drinks, clothing, music tapes etc. and may exert influence on their parents' purchases of these items. The influence of children who are 5- or 7-year-old is likely to be less on the purchasing process as compared to those who are 11 or 12. Mothers are more likely to yield to requests of older children, but since older children tend to make independent decisions, they make fewer requests. Older children tend to look to their peer group and not parents as sources of information.

Example: This McDonalds Ad is targeted at children.

4.8.4 Consumer Socialisation of Children

Consumer socialisation is the process by which young people acquire skills, knowledge and attitudes relevant to their functioning as consumers in the marketplace.

❖ **Parents' Role in Consumer Socialisation**

Carlson and Grossbart have identified four types of parents in their study of parents' role in children's socialisation.

- ***Authoritarian Parents:*** Such parents tend to exercise a high degree of control over their children and expect total obedience from them. They attempt to protect children from outside influences.
- ***Neglecting Parents:*** Parents of this type do not show much concern for their children and neglect them. They show little concern in controlling the children or encouraging their capabilities.
- ***Democratic Parents:*** Parents with this approach encourage a balance between their own and children's rights and encourage children's self-expression.
- ***Permissive Parents:*** Such parents believe in as much freedom as possible for children without putting their safety in jeopardy.

4.9 Summing Up:

- Individuals in a society can be grouped into status levels(upper, middle, and lower), making up a social classhierarchy.
- Class distinctions are significant becausemembers of a particular class share common life experiencesand therefore also share values and consumerbehavior patterns, although many variations occurwithin groups.
- Individuals are most likely to be influencedby members of their own class because theyregularly interact withthem.
- Consumers belong to or admire many different groups and are often influenced in theirpurchase decisions by a desire tobe accepted by others.
- Individuals have influence in a group to the extent that they possess *social power*; typesof social power include information power, referent power, legitimate power, expertpower, reward power and coercive power.
- We conform to the desires of others for two basic reasons: (1) People who model theirbehaviour on others because they take others' behaviour as evidence of the correct wayto act are conforming because of *informational social influence*, and(2) those who conformto satisfy the expectations of others or to be accepted by the group are affected by*normative social influence*.
- Individuals or groups whose opinions or behaviour are particularly important to consumersare *reference groups*. Both formal and informal groups influence the individual'spurchase decisions, although the impact of reference group influence is affected by suchfactors as the conspicuousness of the product and the relevance of the reference groupfor a particular purchase.
- The family or household is composed of two or more persons related by blood, marriage,or adoption living in an accommodation.
- A nuclear family consists of two married adults of opposite sex and an extended or jointfamily mayinclude grand parents and cousins etc.
- Much depends on income limitations coupled with family responsibilities. Bachelors andnewly married couples may have significant discretionary income.
- The members of a family assume specific roles that also include the purchase decisions.
- When two or more members are directly or indirectly involved in purchase decisionmaking process, it is called family decision making.

4.10 Key Terms:

- ***Self-concept:*** It is defined as *the totality of the individual's thoughts and feelings havingreference to himself or herself as an object.*
- **Independent self-concept:** It is*emphasizespersonal goals, characteristics, achievements, and desires.*
- **Interdependent self-concept:** It is*emphasizes family, cultural, professional, and social relationships.*
- **Extended self:**It is consisting of *the self plus possessions;* thatis, people tend to define themselves in part by their possessions.
- ***Peakexperience:*** It is *an experience that surpasses the usual level of intensity, meaningfulness,and richness and produces feelings of joy and self-fulfilment.*
- ***Anticipatory Aspiration Group:***Group that an individual wants to join in future
- ***Coercive Power:***Power to disapprove or punish
- ***Disclaimant Group:***One may join this group but reject the values of the group
- ***Formal Groups:***They have a basic structure
- ***Informal Groups:***They are loosely defined
- ***Norms:***Defined rules and standards of a group
- ***Opinion leaders:***Those who can exert personal influence in certain situations
- ***Referent Power:***Power that grows with the level of identification of member
- ***Consumer Socialisation:***The process by which an individual acquires the skills needed to functionin the marketplace as a consumer.
- ***Family lifecycle:***Describes how a traditional family evolves from bachelorhood to children tosolitary retirement.

4.11 Questions and Exercises:

1. What is the social class hierarchy?
2. What are the determinants of social class?
3. Why is social class fragmentation taking place?
4. Why would a consumer engage in conspicuousconsumption and conspicuous waste?
5. How does parody display differ from statussymbols?
6. Under what circumstances does compensatoryconsumption occur?

7. Why might a company develop different offeringsfor consumers in different social classes?
8. Define the terms *nuclear family, extended family*
9. What is a *self-concept?* What are the four types ofself-concept?
10. How do marketers use insights about the self-concept?
11. How can one measure the self-concept?
12. How does an *interdependent self-concept* differfrom an *independent self-concept?*
13. What is the *extended self?*
14. What ethical issues arise in using theself-concept in marketing?
15. What do we mean by *lifestyle?* What factorsdetermine and influence lifestyle?
16. Bring out the differences between individual and family decision making.
17. Do you think emotions play a role in family purchases? Justify your answer with the helpof suitable examples.
18. "Husband and wife are more likely to take joint decision during early stages of family lifecycle". Explain the rationale behind this.
19. Analyse the importance of consumer socialisation of children. What do you think willhappen if it is not done adequately?
20. Which types of parents are better, democratic or permissive? Justify the reasons for yourchoice.
21. Examine the relevance of family life cycle for marketers.
22. Discuss the nature of family decision-making.
23. Write a note on husband-wife influences in family decision-making.
24. Discuss the basic properties of a group. How do these relate to consumer behavior?
25. Name two reference groups that re important to you. How do these influence your buyingbehavior?
26. Collect two ads that exert normative and informational influence. Discuss the impact ofthese ads on consumers.
27. "People often buy products to achieve symbolic membership in groups". Do you agree?Explain with examples.
28. "Consumers are more likely to identify with typical consumers than models used todepict group influence". Do you agree? Give reasons and examples.

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BLOCK VI : Unit-I

PSYCHOLOGICAL CONCEPTS IN CONSUMER BEHAVIOR-AN OVERVIEW

Unit Structure:

1.1 Introduction

The word psychology has been derived from the Greek word 'psyche' which means mental and the word 'logy' means the study of something. Consumer psychology is the field of study that deals with how our perceptions, beliefs, thoughts and feelings that shapes our behaviour as a buyer of goods and services. Consumer psychology shapes the process of decision making and tells about what motivates consumers to buy. In the field of consumer behaviour, marketers often take input from the branch of psychology to study human behaviour in the market place and in a situation where consumers face the task to buy something namely product or a service. Such psychological factors concerning individuals are instrumental in driving the actions of a person toward search for products and services and thereby get satisfaction as an end result.

1.2 Objectives

This unit is an attempt to understand the contribution of psychology in the field of consumer behaviour. After going through the unit, the reader will be able to have a brief elementary idea about;

(i) Contribution of psychology on consumer behaviour and the role of consumer psychologist
(ii) The various psychological concepts in consumer behaviour namelyperception, learning, attitude, motivations, personality, process of decision making, intelligence, memory and self-concept

1.3 Contribution of Psychology on Consumer Behaviour

The field of psychology provides vital inputs to marketers to know about varied aspects related to consumer and their consequent behaviour. Some of the important contributions of psychology on consumer behaviour include providing knowledge on;

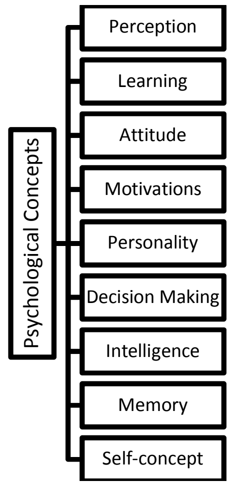
(i) How consumers make of choice of products and services offered to consumers by business establishments.
(ii) The process of how thoughts and processes are formed to influence consumer behaviour towards products and services
(iii) How the various influencing factors in the environment such friends, peers, colleagues, media, culture, marketing stimuli (including product, price, place, promotion, people, process and physical evidence) shape buying decisions.
(iv) The nature of motivations behind a consumer making choice of one product over another.
(v) How the individual factors and individual differences of consumers affects the choice of product or services in purchase
(vi) Methods used by marketers to optimise the reach to the potential customers in the target market.

1.4 Role of Consumer Psychologist

The Consumer Psychologists play a very pivotal role by enabling marketers to understand consumers in a better way. They help to predict the behavior of consumers and thus enables in forecasting market demand for products and services. They also help sellers in promoting and marketing the product and services to the potential buyers. They further help in conducting market research to seek vital market information. They at the same time help marketers and businessman to develop and frame the right marketing messages to reach out to consumers.

1.5 Psychological Concepts used in Consumer Behaviour

In the study of consumer behaviour, various psychological processes come to play and they include perception, learning, attitude, motivations, personality, decision making, Intelligence and memory. The various psychology concepts are given in the figure below and briefly discussed.



1.5.1 Perception

Perception is the process of selecting, organising, understanding or connecting meaning to the various events taking place in the environment. Perception is the capacity to see, to collect, be aware of or hear something through the senses. It is a neuro-psychological process of how we see the world and make some meaning interpretations.

(i) It is basically an intellectual process by means of which a person selects data from the environment around, process it and convert it into some meaning in his or her own way.
(ii) It is a psychological process and the way how a person sees the environment has an impact on the behaviour. Consequently the process of reasoning, feelings, moods, emotions and behaviour is shaped by the perception.
(iii) As it is an intellectual process, the way two different people interprets the meaning of the same phenomenon may be different. Hence it can be said that it is a subjective process.

Problems and their consequent solutions are quite unique from the perspective of each human being. In the context of an organisation, a manager in essence has to appreciate that no two employees interpret the same thing in the same manner. Thus events or stimuli which are only considered to be meaningful by an individual will affect the behaviour of an individual. Thus in an organisation setting, knowing the perception of individuals is important to influence, shape and control the behaviour of employees.

1.5.2 Learning

It is a process of acquiring the capability to react sufficiently in a given context that may or may not have been experienced earlier. Learning leads to positive alteration of reaction tendencies based upon earlier experience. It also denotes the recording of something in memory so that they can be recalled or reproduced as and when the situation demand in the future. Thus learning leads to change in behaviour due to experience. And the phenomenon of learning has an impact on consumer behaviour. There are certain characteristics of learning. They are;

(i) Learning leads to change in behaviour. Consequently habits, skills, stereotypes may be inculcated in the life which may have impact on the life of an individual.
(ii) The changes that take place in an individual due to the phenomenon called learning should be relatively permanent in nature.
(iii) Such changes in behaviour may be either in the positive or negative direction. Consequently it may either have a positive or negative impact on the individuals.
(iv) Such learning may be an outcome of repeated form of experiencing the same thing and not out of the result of maturation of an individual physically due to age.
(v) Such change in behaviour has to be reinforced periodically to make it permanent part of the life.

1.5.3 Attitude

Attitude is a mental state that tends individuals to behave towards objects or situations in a certain way. In other words, attitude is the tendency to act positively or negatively towards something. Attitude plays a vital role in shaping the behaviour of persons. Attitude influences the perception of human beings towards people, objects, understanding information, choice of peers, colleagues and friends.

Three words namely attitudes, opinions and beliefs are often used synonymously. But there are subtle differences among them. An opinion is the expressions of one's judgement on a set of facts based on his or her evaluation of the context given. But this judgement is shaped by the attitude of the person. On the other hand belief is a mental part of attitude that tells us the way a person perceived something, an act or a phenomenon.

Attitude has a significant impact on the way things are interpreted. Attitudes are considered to serve four functions and consequently have an effect on human behaviour. They are; (i) Attitudes act as a means to achieve a desired goal or to keep away from an undesired goal (ii) Attitudes are sometimes required to defend a person from the threat of the external world. Such attitudes help to mould the behaviour by shaping the perception according to the situation. (iii) The orientation of a person towards values is shaped by the attitude of the person as such values are a reflection of the personal values or is a highlight of self-identity (iv)such attitude also serves as a standard on the basis of which a person may evaluate things in the environment around him.

1.5.4 Motivations

The word motivation comes from the word motive which means desire. Motivation is the desire for something or the urge to do something backed by something to be gained in return. It is an internal feeling that has an impact on the person in totality. In fact every human action is caused due to some reason and behind every human action there is a need or motive behind it. Need is the desire for something which may be physiological or psychological. On the other hand when the desire for something is directed towards some specific objects, it is called want.

Motivation leads to certain behavior that is goal oriented. For instance a student may be motivated to study hard in a professional course because by his sincerely study, he may get a good grade in the exam that will help him to get a good job. From the above discussion, it can be concluded that motivation has certain characteristics. They are;

1. It is an inner feeling of human beings
2. The entire person as a whole and not as a part is motivated.
3. The more a person has a belief that something will be achieved in return, the more he has strength in doing a specific work for which he is motivated.

Such motivation is a continuous process. The moment a person identifies a need, he feels tensed to fulfill the need. In fact he is motivated to meet the need, by his drive. Such drive is a strong internal feeling that leads to action. And the moment the need is fulfilled, the tension of the person is released. After sometime, another need crop up for which he is motivated to fulfill.

1.5.5 Personality

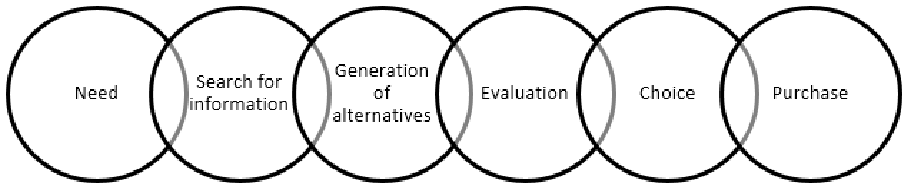
The word personality has its origin from the Latin word 'per sonare' which means 'to speak through'. It is the judicious organization of the individual self, related to his or her psychological system that determines the unique way of responding and living in and around a given environment. Thus personality is a macro concept where different variable of the human self are taken together to make the composite whole of an individual. According to D.E. James in the book named Introduction to Psychology, it is better to consider the individual aspect of a person's make up as bricks and the personality as a whole house made out of bricks, which is held together by cement.

Personality has a significant influence on performance in work. There are certain jobs where the major part is related to dealings with human beings. In such a job, personality has a great influence on what will be done and how the job will be done. In fact the personality of a person influences the dealings of a person with the seniors and subordinates. Some of the important factors that shape the behavior of a person at work includes self-concept, self-esteem, need pattern, locus of control, manipulative behavior, tolerance of ambiguity, orientation towards work ethics and the like. Analysis of personality also assumes significant prominence at the time of conducting selection exercise as there is a link between job requirement and personality traits.

1.5.6 Process of Decision Making

Decision Making Process has its origin from the field of Psychology. It is a cognitive process where a particular course of action is opted for among many possible alternative options available. Decision making may be either rational or irrational. And this decision making is shaped by various values, beliefs and likings of a person that is used in reasoning and choice of an alternative. Thus decision ends up with the choice of a final option. In the process of taking a decision, an individual (decision maker) is confronted with a number of alternatives. The evaluation of the alternatives is done on the basis of certain evaluative criteria that lead to a final choice of an alternative.

The process of decision making starts with a series of steps. They are *Step 1*: is the identification of a need. *Step 2* is the search of information. *Step 3* is the generation of alternatives. *Step 4:* is the evaluation of alternatives. *Step 5:* is the choice of one among the various alternatives. *Step 6:* is the action of purchase. The steps are represented in the form of a diagram.



Process of Decision Making

For instance if a person wants to purchase a mobile handset for his personal use, he may consider various brands available in the market. He may go for Nokia, Samsung, Sony, Motorola or Oppo brand of mobile handset. In fact the person has got various alternative brands available in the market. Now among the alternative brands, he has to make a choice of the brand. In order to make a choice, he may consider technical features, brand name, price, sleekness, user friendliness, warranty period and camera. In fact these are the selection criteria for purchase. Based upon his belief as to the criteria under consideration that are important, the person will make a final choice of the product with the relevant brand. This is a simple process of taking decision.

1.5.7 Intelligence

Intelligence is also an important area that emanates from the field of psychology. In simple words, intelligence is basically the ability. Taking a broader view, intelligence may include skills, talents and capacity. Though there is no universal consensus on the meaning of the term intelligence, experts generally agree on the term intelligence to mean specific cognitive abilities such as reasoning, problem solving skills, logic and the knowledge about proper planning. From the discussion on the definition of intelligence, the following conclusions can be arrived at about the meaning the meaning. Thus intelligence is the capacity to;

1. Learn from experience
2. The ability to identify problems
3. The skill to solve problems

Related to the term intelligence, prominent British psychologist Charles Spearman describes intelligence in general as the mental capacity that can be measures and quantified. Psychologist Louis Thurstone has given primarily seven cognitive abilities related to intelligence. They are;

- Associative memory: The capability to remember and recall
- Numerical ability: The capability to answer mathematical problems
- Perceptual speed: The capability to compare and contrast among objects
- Reasoning: The capability to trace guidelines and procedures
- Spatial visualization: The capability to establish relationships
- Verbal comprehension: The capability to describe and comprehend words
- Word fluency: The capability to produce words fast

Hence from the above it can be said that intelligence is a word that have multiple connotations. Intelligence is a mental power and its power can be exercised in multiple dimensions and contexts.

1.5.8 Memory

Memory is the capacity to collect, arrange, store and retrieve information as and when required at the cognitive level of the human brain. Memory is an important function of the human brain. A person having a workable memory is an indication that the person is a normal person and the mental faculties are functioning normally. In the field of psychology, memory has basically three stages namely encoding, storage and retrieval of information.

Encoding (or acceptance): The encoding part is the acceptance or the receiving part of information. It makes entry of information from the external world to the human brain or sense organ in the form of stimuli.

Storage (recording keeping): The information collected is stored in the cognitive level of the human brain and kept their permanently to be used in future. We keep such information stored over a period of time.

Retrieval (reproducing or recall): In this stage, the information stored in our memory is reproduced back to be used for some purpose as demanded by the situation. In this stage we locale and recall the information.

The Memory Process

There are various types of memory. They are sensory memory, short-term memoryand long-term memory.

Sensory memory is a type of memory that help a person to keep record of imprints of sensory information after the original incitement has ended. A simple example may be a loud sound heard of bursting crackers at the mid night when someone is sleeping. Such sensory memory does not have a role at a higher mental level. It simply provides an elaborate representation of a sensory experience.

Short-term memory is known as working memory. They can retain a few items and last for only a short duration like 15-20 seconds. Such short term memory can be converted to long term memory by means of repeated exposure or practise. For instance one may meet a stranger and ask his or her name. After hearing the name, the name is repeated 4 to 5 times to retain in the memory permanently.

Long-term memory is such a kind of memory that is being held for a longer duration of time. Long-term memory has a huge storage capability and some of them are retained by a person during the entire lifetime till death. For instance a person may have lost his father at a very small age due to a tragic accident. That incident was so memorable that the memories are retained by the person till death.

1.5.9 Self-Concept

Self-concept is the way a person perceives himself or herself in terms of behaviour, capability, personality and characteristics. If a person says that 'I am an honest person in business,' it indicates the self concept of the person in terms of his behaviour i.e. he or she is honest in dealing in business. Individuals perceive themselves in a variety of ways and that assumes significance from the point of view of marketers. People have the tendency to go for such products that are similar with their self perception. The self concept of an individual is a combination of the attitudes and perceptions that is associated with each unique self. Basically there are five elements of the self. They are;

1. The set of motivations each person has uniquely. This is the self, which an individual seek to attain and maintain.
2. The set of social roles to which a person is associated and the knowhow as to how to play the respective social roles.
3. The set of assurances or responsibilities to the social roles and their principles.
4. The set of mental acumen that helps to comprehend the signs and symbols present in the environment around and thereby understand others and interact.
5. The set of ideas about the strengths, abilities and assurances about the self being developed by the individual in the society around. It is also called self image.

1.6 Summing up

●The word psychology has been derived from the Greek word 'psyche' which means mental and the word 'logy' means the study of something. Consumer psychology deals with how our perceptions, beliefs, thoughts and feelings shape our behaviour as a buyer of goods and services.
●The Consumer Psychologists play a very pivotal role by enabling marketers to understand consumers in a better way. They help to predict the behavior of consumers and thus enables in forecasting market demand for products and services.

●In the study of consumer behavior, various psychological processes like perception, learning, attitudes, motivations, personality, decision making, intelligence, self concept and memory have a role to play.

●Perception is the process of selecting, organising, understanding or connecting meaning to the various events taking place in the environment.

●Learning is a process of acquiring the capability to react sufficiently in a given context that may or may not have been experienced earlier.

●Attitude is a mental state that tends individuals to behave towards objects or situations in a certain way.

●Motivation is the desire for something or the urge to do something backed by something to be gained in return. It is an internal feeling that has an impact on the person in totality.

●Personality has its origin from the Latin word 'per sonare' which means 'to speak through'. It is the judicious organization of the individual self, related to his or her psychological system that determines the unique way of responding and living in and around a given environment.

●Decision making process is a cognitive process where a particular course of action is opted for among many possible alternative options available.

●Intelligence is the specific cognitive abilities such as reasoning, problem solving skills, logic and the knowledge about proper planning.

●Memory is the capacity to collect, arrange, store and retrieve information as and when required at the cognitive level of the human brain.

●Self-concept is the way a person perceives himself or herself in terms of behaviour, capability, personality and characteristics.

1.7 Model Questions

1. Define the concept of learning. Discuss the essential characteristics of learning.
2. Define attitude. Discuss the functions of attitude.
3. Discuss the process of decision making. Discuss the essential steps in decision making.
4. Define intelligence. Identify some of the cognitive abilities related to intelligence
5. Define memory. Identify the basic stages of memory.
6. Define self concept. Identify some of the significant elements of self.
7. Give a brief overview on the psychological concepts in consumer behavior
8. Give an account on the contribution of psychology on consumer behaviour

1.8 References

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BLOCK VI: UNIT-II

LEARNING PROCESS, PERCEPTION AND COGNITIVE MAPPING

Unit Structure:

2.1 Introduction

Learning denotes positive alteration of reaction tendencies based upon earlier experience It is the skill to respond in a context or situation. In the real world, consumers are exposed to products, brand names, advertisements, packages, commercials and the like. They play their role either individually or in combination in the evaluation and use of consumer products. The concept of perception is basically how an individual at the mental level take these inputs and create a picture or imagery. In the field of consumer behavior, marketers use the technique called cognitive or perceptual mappings so as to measure the way a specific product as well as brand of a product is placed in the mind of a consumer. This is done so as to compare the product with the attributes and features of a brand of a competitor.

2.2 Objectives

By going through this unit, the readers would know about;

(i) The concept of learning, learning process and the theories that explains how learning takes place
(ii) Concept of perception, the perceptual process and important terms used in consumer behaviour
(iii) Concept of cognitive mapping, concept map, mind map and their uses

2.3 Learning

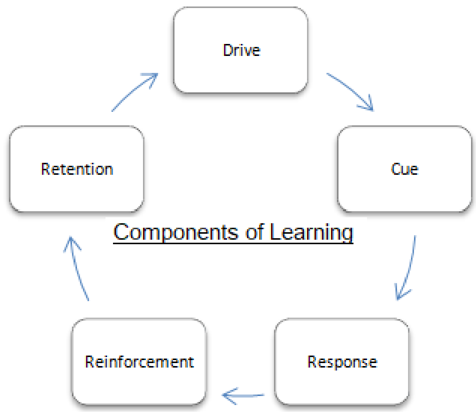
2.3.1 Concept of learning

Learning takes place when there is repeated exposure to a situation that leads to change in behavior in the form of response. It is a skill to respond in a context or situation. Some of these changes are often difficult to detect. However such concept of learning that is used excludes changes in behaviour and response tendencies resulting from physiological factors such as natural growth, deterioration due to aging process, fatigue or due to the use of drugs.

Learning takes place when there is repeated exposure to a situation that leads to change in behavior in the form of response.

2.3.2 The components of the learning process

The learning process can be broken down into several key components. These include drive, cue, response, reinforcement, and retention. The natures of these are as follows:



Drive: Drive is a strong inner stimulus that leads to action. It is a strength that arouses an individual and keeps him or her ready to react and is the basis of motivation. A motive is also an inner stimulus. However, it is projected toward a specific goal, whereas a drive is more general state of being aroused.

Cue: Cues are external stimuli that lead to action. It may arise from any environmental sources. In consumer behaviour, they affect individual market actions or response tendencies. This affect can arise through advertisement in the form of visual perception or through a tempting smell associated with a food product etc.

Response: Response denotes the outcome due to the interaction process among drive, cue, the decision-making variables and environmental forces. The outcome may assume several forms of response like change in attitude, perception towards product, developing positive feeling to buy a product etc.

Reinforcement: Reinforcement is the process of associating the outcomes of a response with expected benefits. In other words, it is the extent to which the actual benefits of a response coincide with what is considered acceptable. Normally it is seen that the greater the match between expectation and outcome, the greater the probability that the same response will be made under similar circumstances in the future.

Retention: Retention is keeping the record of the learned material and experiences in the human mind over time. The skill of a human being to remember the past experience and recall assumes significant importance in shaping the behavior of consumers. This is evident from the fact that the favorable or unfavorable result of the past experience has an effect on the future evaluation of the product or service.

2.3.3 Theories of learning

Several prominent Psychologists have given several theories on the concept of learning from varied perspectives. Some of the prominent ones are discussed below.

2.3.3.1 Mind Theory of Learning

The Mind Theory of Learning is associated with Christian Wolff. The theory was propagated in the year 1734. According to this theory, the human mind possesses several faculties or powers. It is this very mind that has the power to store and retrieve information. The mind also has the power to perceive relations among interrelated variables. The theory contends that learning comprises of activities in the mind. The various works done by the application of the sense organs represents learning. Further the use of rational thought used for work, making judgments, exercising will power and the use of the human memory are all expression of the mind. The supporters of this theory is of the opinion that regular exercise of such power by using the faculty of making judgments, exercising will power and the use of the human memory, makes the person more competent to face future situations as well on same lines. For instance the curriculum of any professional course comprises of numerous subjects and practical works. Their basic aim is to train the human mind so that the student or the trainee can be more competent to face future situations on a job related to the professional course.

2.3.3.2. Theory of Connectionist's Learning

The Theory of Connectionist's Learning is associated with Thorndike. According to this theory, an individual learns by the repeated association of a specific stimuli and corresponding response, which is often referred to as the S-R phenomenon. Thorndike uses the word 'connection' to denote the association between the sense of impression and the immediate tendency to react with action. Such a process is the basis of learning. And the very learning takes place by an alteration in connection between a particular stimulus and a response. According to Thorndike, learning basically takes place by the dictum of eagerness, practice and the consequent effect. This affects the behavior of a person and is often referred to as learning. The theory explains that in the process of learning, certain satisfiers and irritants play a role that are quite usual to the person or the concerned learner. In a satisfying situation, the person tries to maintain such a situation with the corresponding response. On the other hand, if the situation is irritating, the person does not have the desire to maintain such a situation with the corresponding response.

2.3.3.3 Theory of Behavioral Learning

The Theory of Behavioral Learning is associated with Watson. According to this theory, habits are developed from the process of conditioning. According to him, reaction to conditions is essential for learning that is treated as an element leading to the formation of behavior. The theory suggests that habituation comprises of putting specific internal adjustments within the individual that has an impact over behavior. The theory put more stress on the behavior that is observed rather than referring to rationality or consciousness. Behaviour of a person as a part of learning comprises of changes that may have varied manifestations in terms of change in knowledge acquisition, imbibing skills, changes in attitudes and of opinions. It may also represent elimination or modification of responses. The behaviorist's theory, contend that human beings can be programmed in such a way that they respond to a particular stimuli in a specific way and avoid other stimuli that are present but not related. As a consequence learning is assumed to be positive adjustments to changes that take place perpetually in the life of a person. Hence learning is assumed to take place by the intervention of conditions.

2.3.3.4 Theory of Integrative Learning

According to the Theory of Integrative Learning, learning is assumed to be not complete, unless the new responses are systematically associated and practiced as per the individuals past experience. This will enable his experience to take both the past and the present impact on the situation so that it will work as a unit that will enable to meet future situations. It is basically the acquisition of knowledge, skills, capabilities and habits to be imbibed in the totality of the person in an integrative manner rather than each individual part working in isolation to meet the demands of life. Thus the theory supports the philosophy of interdependency among the sub parts. And it believes that learning is more meaningful and permanent if has its impact felt in the body as a whole. The theory contends that the objective to fulfill the ultimate desire of an individual is considered to be more important than the stimuli given to fulfill the desire. Hence learning is more fruitful when it is integrated to the system of the entire person along with eco system around as a whole.

2.3.3.5 Theory of Progressive Learning

According to the Theory of Progressive Learning, learning is an active process. It enables a learner to obtain a gainful way of response and monitoring response by experiencing them. It comprises of the novel way of doing, sensing and pondering over the actual things to be learned. According to this theory, each individual by removing hurdles posed in a work and streamlining them helps to develop a new set of skills, to handle, build them and respond. The theory in a nutshell calls for involvement of the learner in the situation so that he or she can be guided, get experienced and behave according to the situation. Here learning is assumed to be dynamic that has an objective and is quite novel. Here learning is not a mere mechanical way, but is an intelligent way of acquiring knowledge. It stresses on the development of effective habits, insights and capabilities.

2.3.4 Types of Learning

The concept of learning is a basic in the study of consumer behavior. Traditionally the term learning is focused on imbibing knowledge or skills as a formal process based on easy, straight forward and mechanical learning. Such learning normally denotes the process used in the two types of learning called the classical conditioning and instrumental conditioning. The Classical Conditioning Theory is associated with Ivan Pavlov and is often explained by referring to the salivation of a dog by hearing the sound of dinner bell. In such a learning situation, the contextual action follows some activating incident. For instance the promotion of sales of a company product by an offer such as ‘buy 2 shirts and get 1 free’ is an example of classical conditioning theory. Here the offer is a stimuli and the response is the customer motivated to buy the shirt.

In Instrumental Conditioning approach, the opposite is true. The sought response or action precedes what is called the conditioning stimulus. In the field of consumer behaviour, instrumental conditioning is known as the trial-and-error learning. For instance if a consumer identifies a personal desire for a particular product and goes to buy the most preferred one in the actual field by going for the most reasonable alternatives. Such kind of trend is seen among consumers at the time of selection of products such as lotions, toilet soap, facial cream etc.

Hence it can be concluded that learning is an important phenomenon in the life of an individual. Such learning has its effect on human behavior whether it is in the society, market place, personal as well as professional life.

2.3.5 Summary

Learning takes place when there is repeated exposure to a situation that leads to change in behavior in the form of response. It is a skill to respond in a context or situation. The learning process can be broken down into several key components. These include drive, cue, response, reinforcement, and retention. Several prominent Psychologists have given several definitions on the concept of learning from varied perspectives. Some of the prominent ones are Mind Theory of Learning, Theory of Connectionist's Learning, Theory of Behavioral Learning, Theory of Integrative Learning and The Theory of Progressive Learning. Learning normally denotes the process used in the two types of learning called the classical conditioning and instrumental conditioning. In Classical Conditioning Theory, the contextual action follows some activating incident. In Instrumental Conditioning approach, the opposite is true. The sought response or action precedes what is called the conditioning stimulus.

2.3.6 Model Questions

(i) Define learning. Discuss the essential components of the learning process.
(ii) Identify some of the important theories of learning.
(iii) Give an overview on the mind theory of learning
(iv) Give an overview on the theory of connectionist's learning
(v) Give an overview on the theory of behavioral learning
(vi) Give an overview on the theory of progressive learning
(vii) Discuss the different types of learning

2.4 Perception

2.4.1 Concept of Perception

Perception is the capacity to see, to collect, be aware of or hear something through the senses. It is a neuro-psychological process of how we see the world and make some meaning interpretations. It is the process of selecting, organising, understanding or connecting meaning to the various events taking place in the environment. In the real world, we see advertisements, promotions, demonstration, reviews, customer feedback and endorsements of products. Based upon such exposure, consumers develop certain impressions and accordingly make interpretation of the products or services for which advertisement is given. This is called perception. Two individuals may be exposed to stimuli i.e. half a glass of water under the same environmental set up. But the way they see, investigate and interpret the scene or image will differ based on each individual's mental frame, background, attitude, values and expectations. The first observer may say that the glass is half empty and the second observer may say that the glass is half full. In other words the first observer is a pessimist or a negative person. On the other hand, the second person is an optimist or a positive person.

Conceptually the inputs (namely visual objects, sound, smell, taste and reaction to the body through the skin) to our sense organs (or sensory receptors) namely the eyes, ears, nose, tongue and skin respectively are called the stimuli (or sensory inputs). When a sense organ is exposed to stimuli, there is reaction to a sense organs and it is known as sensation.

2.4.2 The perceptual process

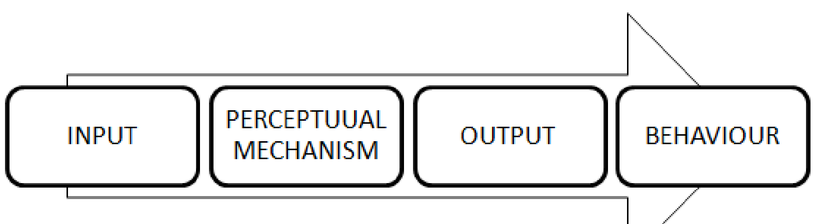
Although we may differ in such processes, universally speaking, the perceptual process comprises four elements, namely: 1. Input, 2. Perceptual mechanism, 3. Output, and 4. Behaviour.

1. *Input*: In the perceptual process, input refers to the different forms of stimuli that are around an individual and is present in his environment. The perceptual process begins as soon as the sensory receptors detect stimulus in the environment, which acts as an input to the perceptual mechanism.

2. *Perceptual Mechanism*: After sensing of stimuli, the person selects, organizes and interprets it through steps like selection, organization and interpretation. These three steps are known as perceptual mechanism. *Selection* refers to a person's likelihood of selecting one or a few out of the varied stimuli from the environment. Selection depends upon the personal profile of the customer. A person would likely select those stimuli that appear attractive and confirms to his mind frame. *Organization* is the process of arrange inputs into a specific, logical, and understandable structure. *Interpretation* refers to the process of drawing deduction from the stimuli and attaching meanings.

3. *Output:* Based on interpretation of meaning, the output of perception may be resulted in the form of positive or negative moods, emotions, feelings, attitudes, beliefs and opinions towards the product or service under consideration.

4. *Behaviour:* The behavioural phase (action tendency) is characterized by purchasing or not purchasing the product or service under consideration.



THE PERCEPTUAL PROCESS

2.4.3 Meanings of terms related to perception

In the study of perception marketers often use terms like absolute threshold, differential threshold or just noticeable difference, subliminal perception, supraliminal perception and the like.

2.4.3.1 Absolute threshold (In General)

The lowest level at which an individual can experience a sensation is the *absolute threshold* (in general). Absolute threshold for a stimulus is the point at which a person can sense a difference between something and nothing and is referred to as that person's absolute threshold for the stimulus.

2.4.3.2 Differential threshold or Just Noticeable Difference (J.N.D.)

The minimal differentiation that can be detected between two similar stimuli is called *differential threshold or just noticeable difference (j.n.d.).* The concept of just noticeable difference is often used by marketers for negative product developments (like reduction in size, increase in price) or for product changes (like lowering of price, improvement in product quality, updated product packaging, increase in size of the product)

2.4.3.3 Subliminal and supraliminal perception

People are sometimes stimulated below their level of conscious awareness, i.e. that is, they can perceive stimuli without being consciously aware of the stimuli in question. The threshold for conscious awareness is higher than the absolute threshold for effective perception. Stimuli that are too weak or too brief to be consciously felt may yet be strong enough to be perceived by one or more receptor cells. This process is called *subliminal perception* because the stimulus is below the level of consciousness, but is not below the absolute threshold of the receptors involved. Those stimuli that are above the level of consciousness are called *supraliminal perception.*

2.4.3.4 Dynamics of perception

Consumers are repeatedly exposed to marketing stimuli in varied forms and frequency every day. The sensory world is made up numerous distinct sensations, which are constantly changing. According to the principles of sensation, such repeated exposure to stimulation tends to make the potential consumers overhear or overlook such stimuli. But as perception is not solely a function of sensory input alone. But it is the outcome of two different kinds of inputs that interact to form the personal pictures and consequent perceptions of the experience. One input comes from the physical stimuli from outside environment. The second input is provided by individual themselves in the form of certain personal attributes like *expectations, motives*, and *learning* based on previous experience. The blending of these two unique kinds of inputs produces for each individual a private and abstract personal picture of the world. Because each person is a unique individual, with experiences, needs and wants felt in individually unique forms, the consequent perception is also different.

2.4.3.5 Importance of Customer Perception

A customer with a happy smiling face is someone who is satisfied with the experience he encounters with a product or a service. The customer perception is built around the experience that a customer has with a product. Taking possession of products that give customers a pleasant experience is a form of perception. Further getting delivery of products in the right time as was promised help to form a perception. Also receiving products as described in the product description also generates a positive customer perception.

On the flip side, when customers have a negative experience such as bad quality products, lack of facility for returns, lack of proper after-sales service and the like, the customers forms a negative perception on the product. Through such experience, customers may also spread negative word of mouth to fellow customers.

2.4.4 Summary

Perception is the capacity to see, to collect, be aware of or hear something through the senses. It is a neuro-psychological process of how we see the world and make some meaning interpretations

Although we may differ in such processes, universally speaking, the perceptual process comprises four elements, namely Input, Perceptual mechanism, Output and Behaviour.

In the study of perception, marketers often use terms like absolute threshold, differential threshold or just noticeable difference, subliminal perception, supraliminal perception and the like.

The customer perception is built around the experience that a customer has with a product. Taking possession of products that give customers a pleasant experience is a form of perception. When customers have a negative experience such as bad quality products, lack of facility for returns, lack of proper after-sales service and the like, the customers forms a negative perception on the product.

2.4.5 Model Questions

(i) Discuss the concept of perception. discuss the perceptual process

(ii) Define the concept of differential threshold or just noticeable difference (j.n.d.). discuss some of the practical uses of j.n.d. in the field of marketing

(iii) Define subliminal and supraliminal perception with suitable examples.

(iv) Discuss the role of perception on consumer behavior.

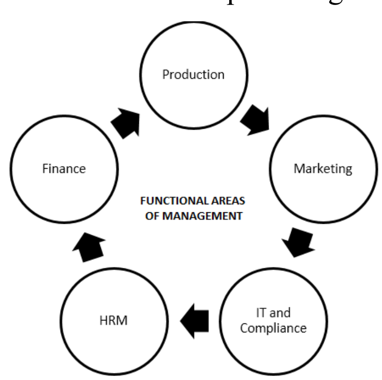
2.5 Cognitive Mapping

2.5.1 Concept of Cognitive Mapping

The word cognition is the ability of knowing, perceiving or sensing something. Mapping is a way of planning or arranging to make things or certain observed phenomena understandable. In the field of consumer behavior, marketers use the technique called cognitive or perceptual mappings so as to measure the way a specific product as well as brand of a product is placed in the mind frame of a consumer. This is essentially done so as to compare the product with the attributes and features of a brand of a competitor.

2.5.2 Definition

A cognitive map is any visual portrayal of a person's (or a group's) psychological or mental model for a product or process under study. Such mapping helps for the organization, communication and retention of knowledge. There are no rigid rules as to how such visual concepts or ideas are projected and the relationships among them areestablished or projected.



Prototype of a Cognitive Mapping

2.5.3 History

The concept of cognitive mapping has its origin from the experiment conducted by the famous psychologist named Edward Tolman, who monitored the movement of rats to know how they steer mazes. In the field of psychology, it has a significant spatial meaning i.e. cognitive mapping used mainly to denote the representation of a space (i.e. the maze used in the experiment conducted) in the brain. Cognitive mapping have then been applied in multiple fields; such concept of cognitive mapping has been also used in the area of operation research by the researcher named Colin Eden, to denote a mental picture in a model prototype for the representation of complex concept or process in a lucid form.

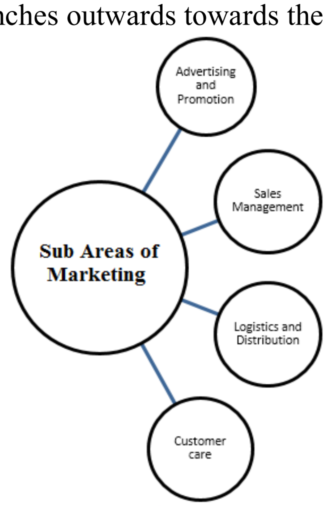
Today cognitive mapping can adopt variety of visualization methods. They may use illustrations in the form of bulleted lists, concept drawings and flowcharts. They may be drawn with the aid of simple pen, paper and short explanation notes. Modern day computers also help to draw these illustrative maps in a digital form that look more elegant and attractive so that it can be easily understood by the user of such maps.

2.5.4 Uses of cognitive mapping

- *Spreading of knowledge*: It helps toabstract concepts orprocess. It thus enables to purifythe thinking process, decentralize ideas and express thoughts. For instance such mapping can help sales people to identify distribution points and optimize sequencing and routing plan to serve customers.
- *Identify themes across different concepts*. Portrayingconcepts in a visual layout can help to elicit new relationship and associations. In real life cognitive mapping can help to identify similarities among customers and modify products or services to serve customer better.
- *Mental-model elicitation*: Such cognitive mappingcan help to understand complex real life concepts. For instance marketers may better understand the varied needs of the customers in terms of product level. This consequently can facilitate in proper product design and satisfy customers.

2.5.6 Mind maps

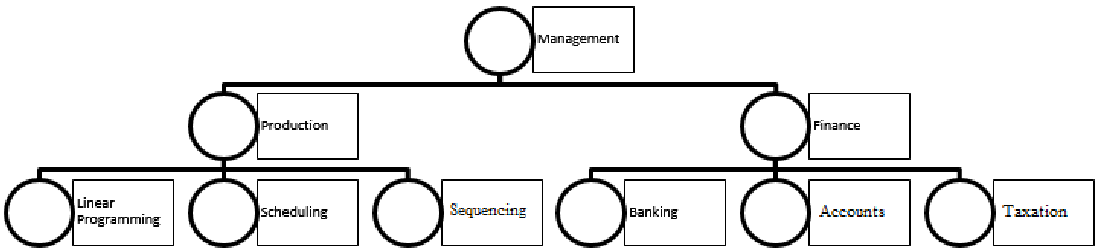
As an alternative to cognitive mapping sometimes the concept of mind map is used. Mind maps are simple, lucid and elementary type of cognitive mapping. Mind map is depicted in the form of a tree that tries to symbolize primarily topics and sub topics. Such maps can be created very fast and the user can also comprehend fast. Mind maps may be used to denote a central topic with nodes that branches outwards towards the sides all around.



Prototype of a Mind Map

2.5.6 Concept maps

Sometimes the idea of concept map is used that denote complex description of mind maps. Their main purpose is to identify relationship among topics or related sub topics. Nodes in concept map may possess multiple parents. Concept map is often represented in the form of a graph where the concepts are the nodes and are linked by labels that tries to explain relationships.



Prototype of a Concept Map

2.5.7 Use of Cognitive Mapping in Consumer Behaviour

The technique of cognitive mapping is used to identify if any gap exists in a specific category of product in the market. This helps to identify the areas where the needs of the consumers are not met and accordingly improve or modify the product to the satisfaction of the consumers. Cognitive mapping also enables in the process of new product development so as to make the product more innovative and novel. This ultimately helps to meet the expectation of consumers and thus create a niche position of the product in the market. The environment around the consumers today is very dynamic. Because of this the needs, wants, preferences and lifestyle of consumers keeps on changing. Further the situation becomes more complex when there are lots of players in the market for the same product but with their own USP's (unique selling propositions) in the market to attract customers.

2.5.8 Summary

The word cognition is the ability of knowing, perceiving or sensing something. Mapping is a way of planning or arranging to make things or certain observed phenomena understandable. A cognitive map is any visual portrayal of a person's (or a group's) psychological or mental model for a product or process under study. Such mapping helps for the organization, communication and retention of knowledge. Cognitive Mapping tries to visualize a process or a complex idea. There is no rigidity of structure and may use graphs, flowcharts, diagrams and lists in a mixed form. Their level of adaptability is quite high.

Cognitive Mapping is used for *Spreading of knowledge, Identify themes across different concepts and Mental-model elicitation. Mind Map* is basically used for the detailed breakup or explanation of a single topic. It has only one basiccentre or source. It has one parent per node and its adaptability is quite low. *Concept Map* is basically used for knowing the probable relationship among several concepts. There are labeled relationship between nodes and there are many parents for each node. Their level of adaptability is medium.

2.5.9 Model Questions

(i) Discuss the concept of cognitive mapping. Give a brief history of cognitive mapping.

(ii) Discuss some of the significant uses of cognitive mapping

(iii) Compare and contrast among the terms namely cognitive mapping, mind maps, concept maps with suitable diagrams.

(iv) Discuss the role of cognitive mapping in consumer behavior

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BLOCK VI : UNIT-III

ATTRIBUTION PROCESS, MOTIVATION AND PERSONALITY, ATTITUDE

Unit Structure:

3.1 Introduction

Attribution process assumes lot of significance as a pertinent theoretical approach. Attribution of cause of event acts as a mediator between the sensual effect of a consumer to a product and the behavioral response that follows thereafter. Knowledge about the concept of motivation gives an idea about the important factors that drive human beings towards work. It is the challenge of managers to create the right environment so that people are motivated to work that will help in the achievement of objectives of the organization. Personality has a significant influence on performance in work. Personality of a person influences the dealings of a person with the seniors and subordinates. It further influences the nature of work a person does or is suitable to do. Attitude influences the perception of human beings towards people, objects, understanding information, choice of peers, colleagues and friends. It is an abstract concept because its structure cannot be directly observed. The study of attitude is important as reflects the basic orientation for or against various alternative products, services, retail outlets and the like.

3.2 Objectives

By going through the unit, the reader would know about;

(i) Concepts of Attribution Process and the various theories
(ii) Concepts of Motivation and the various theories
(iii) Concepts of Personality and the various theories
(iv) Concepts of Attitude and the various theories

3.3 Attribution Process

Attribution is an opinion formed to explain the basic reason for which a person behaves in one way or the other. The theory of attribution tries to give explanation of this process of assigning reason on the occurrence of any event or behavior. In the area of psychology, this attribution process is used to explain the behavior of a person. Attribution theory basically deals with the perceived reason of events.

For instance, imagine that you are waiting in an airport terminal to board a flight from India to Japan. The flight was scheduled for departure at 11.00 pm sharp from the Kolkata Airport. Suddenly there was an announcement that the flight has been delayed by an hour due to some technical problem by the Authority. Do you assume that the delayed has been caused due to incompetency of the Airline staff or there is some problem in the sequencing of international flight for delay caused due to bad, which is an uncontrollable factor of nature? In the other way round, do you think that the delay was dispositional (related to some internal incompetency of the supporting staff of the airline company or situational (related to external circumstances? How do you give answer to the questions in this way is the primary focus of psychologists who study the process of attribution.

3.3.1 Theories of Attribution

To understand the process of attribution, scholars have developed many theories of attribution. Some of the prominent attribution theories are namely Psychological Theory of Attribution, Correspondent Inference Theory, Co-variation Model and the Three-Dimensional Model. They are explained below.

3.3.1.1 Psychological Theory of Attribution

Fritz Heider put forward the Psychological Theory of Attribution in 1958. Heider wanted to examine how an individual establishing the behavior of another person is caused internally or externally. Heider contend that behavior is the result of an individual capability and motivation. In fact both capability and motivation is required for the occurrence of a particular behavior. For instance, the ability to achieve sales target of a company depends on both the salesman's physical fitness to perform the sales jobs (capability) along with the desire and drive to achieve the target (motivation). This drive may be driven by the hope to get sales commission by achieving sales target.

3.3.1.2. Correspondent Inference Theory of Attribution

Edward Jones and Keith Davis are associated with the Correspondent Inference Theory of Attribution. The theory says that if a person behaves in a desirable way as per societal norms, people do not have the tendency to deduce much about the behavior of the person. According to this correspondent inference theory, people do not have the tendency to arrive at conclusions about an individual's internal drives and motives, if they behave in a socially acceptable manner. For instance it is a part of the role of a team leader to be outspoken, commanding and charismatic. This is out of the fact that such a nature is acceptable from the part of a team leader. But if a lower level employee is quite commanding and tries to dictate terms to his reporting manager in every matter, then there is a possibility that people may question such a behavior of a lower level employee as the behavior is not compatible to his level in the hierarchy of employees in the organization.

3.3.1.3 Co-variation Model of Attribution

The Co variation Model of attribution is associated with the prominent psychologist named Harold Kelley. According to this theory, human beings have the tendency to use three types of information in the process of arriving at a conclusion as to whether the behavior of a person is internally motivated or externally motivated. They are (i) Consensus of information, (ii) Distinctiveness of information and (iii) Consistency of information. For instance, when the level of consensus, distinctiveness and consistency is high, there is likelihood to associate the behavior to the situation. For instance, if friend X has never eatendosa before, and trying to find out as to why friend Y loves to eat dosa so much;

- All of X's other friends also like dosa (high consensus)
- Y doesn't like a wide variety of foods with chambar (high distinctiveness)
- Y likes every dosa he has ever tried (high consistency)

The cited information related to Covariation Model taken together indicates that, Y's behavior (liking dosa) is due to specific context or situation (dosa tastes delicious and is a closely universally relished dish), rather than some innate characteristic of Y. And if there is lower level of consensus and uniqueness, but high level of consistency, it may be arrived at that the behavior of Y is on account of something related to the person.

3.3.1.4 Three-Dimensional Model of Attribution

The Three Dimensional Model is associated with Bernard Weiner. According to the model, people observe three dimensions at the time of interpreting the cause to understand the grounds of a particular behavior. These three dimensions are locus, stability and controllability.

- Locus denotes whether the particular behavior was due to external or internal factors of the person under study.
- Stability denotes whether the particular behavior will occur in the future again.
- Controllability denotes whether somebody can alter the result of an event by exertion of more energy.

Weiner contend that the attributions that people make also affect their feelings. For instance, people have the tendency to be more proud, if they consider that their success was due to his or her internal characteristics such as inherent skill, talent or competency instead of some external factors such as fate. Further the way a person take an achievement and relate it to others depends upon the well- being, health and levels of stress as well.

3.3.3 Summary

Attribution is an opinion formed to explain the basic reason for which a person behaves in one way or the other. The theory of attribution tries to give explanation of this process of assigning reason on the occurrence of any event or behavior. To understand the process of attribution, scholars have developed many theories of attribution. Some of the prominent attribution theories are namely Psychological Theory of Attribution, Correspondent Inference Theory, Co-variation Model and the Three-Dimensional Model.

3.3.4 Model Questions

(i) Discuss the concept of attribution process
(ii) Discuss briefly the psychological theory of attribution
(iii) Discuss briefly the correspondent inference theory of attribution

(iv) Discuss briefly the co-variation model of attribution
(v) Discuss briefly the three-dimensional model of attribution

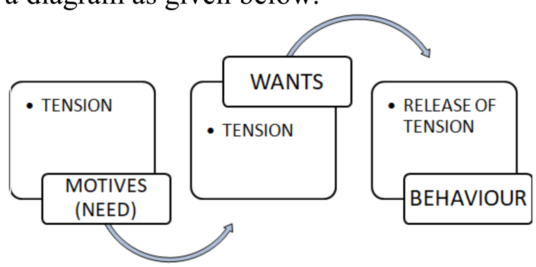
3.4 Motivation

3.4.1 Concept of Motivation

The word motivation is a derivation of the word motive which means desire. It is the need for something backed by something to be achieved in return. It is an inner feeling that affects the person as a whole. Behind every human action there is a motive behind it. Such motivation is a continuous process.

3.4.2 The Motivation Process

Motivation leads to objective oriented behavior. Whenever a person has the feeling of some need, he behaves in a particular way. This behavior is basically directed in such a way that it leads to fulfillment of the identified need and leads the person to satisfaction. The process is illustrated in the form of a diagram as given below.



MOTIVATION LEADS TO BEHAVIOUR

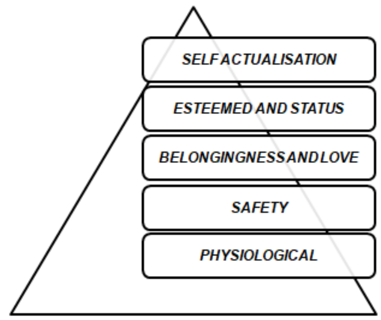
As a first step, a person initially identifies a need. This need is felt as the person feels that it is missing in his life. Consequently he feels tensed to fulfill the need. This motivates the person to fulfill the need which is propelled by his drive that emanates from his inner self. As a second step, based upon the need the efforts of the person become more specific in terms of particular object or service which he or she wants. Such a drive again makes the person tensed. As a third step, consequently it leads the person to action to fulfill the want. And the moment the person behaves in a particular way with the motive, it leads to need fulfillment.

3.4.3 Motivational Theories

Social Scientists have propagated several theories of motivation. These theories help a person to understand the concept of motivation in a better way and identify the reasons as to why individuals differ from one another uniquely in their behaviour towards various events and phenomenon of life. Some of the prominent theories are; (i) Maslow's hierarchy of needs (ii) Hertzberg's two factor theory (iii) Mc Clelland's theory of needs (iv)Vroom's theory of expectancy and (v) McGregor's theory X and theory Y. A brief discussion of the theories is given below;

3.4.3.1 Maslow's Hierarchy of Needs Theory

Abraham Maslow has propagated the Hierarchy of Needs Theory of motivation. According to this theory, the motives of an individual are organized and establish based on priorities and hierarchies of importance of the different level of needs. The theory suggests that there is a hierarchy rule followed in the fulfillment of need. The following classification of different motivational forces was suggested, proceeding from the lowest level to the highest level.

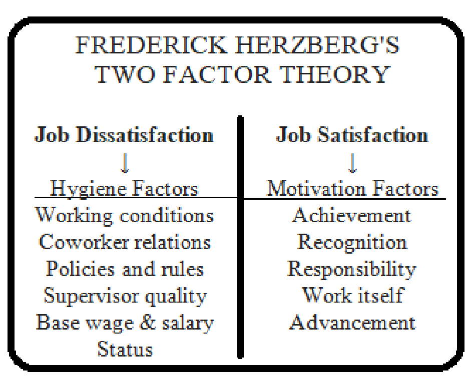


Maslow's Hierarchy of Needs Theory

Accordingly human beings are first motivated to fulfill their physiological need. This level includes the motivation to meets need like food, clothing and shelter. They are the fundamentals for the survival of human beings and include the need for hunger and thirst. In the second level in the hierarchy, human beings are concerned to fulfill the safety need. It is concerned with the urge for physical security i.e. security from economical and physical danger. The third level of need is called the social need. It is concerned with the need for belongingness and love. It includes need for acceptance by intimate members of one's family and to be an important person to them. This also includes non-family members like friends, peers, colleagues and members of the society. The fourth level of need is the personal need of the need for esteem and status. It includes activities for achieving honour, importance, title, reputation and prestige. The fifth level of need is called the self-actualisation stage. At this stage, an individual has the desire to give something back to the society as a sense of fulfillment of life.

3.4.3.2 Frederick Hertzberg's Two Factor Theory

Frederick Hertzberg's two factor theory of motivation contends that there are separate sets of mutually exclusive factors in the workplace that either causes individuals to get satisfaction in jobs or to experience dissatisfaction in jobs. Accordingly Hertzberg has classified the needs into two broad groups; namely hygiene factors (Dis-satisfiers) and motivating factors (Satisfiers).

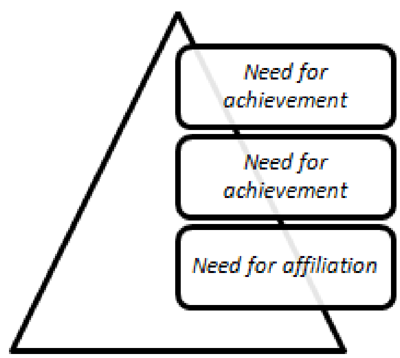


The hygiene factors are called the maintenance factors. Their presence will not sufficiently motivate the employees and their absence will create dissatisfaction. In other words poor hygiene factors may destroy motivation but improving them under most circumstances will not improve motivation. Such conditions in the workplace include working condition, coworker relations, policies & rules, supervisor quality, base wage & salary and status in jobs. On the other hand, the motivational factors create job satisfaction. The conditions in the job include achievements, recognition, responsibility, work itself and personal growth. By enhancing the motivator factors, it leads to increases in job satisfaction.

For instance in the sale of an electric fan, the warranty period of a fan is a hygiene factor and the quality of the fan may be a motivation factor. The warranty period is essential requirement of the product. At the same time the mere presence of the warranty period does not give an assurance that the product will be sold because other factors are also required to be present. On the other hand, good quality of the product is an essential requirement. And without good quality product will not get sold.

3.4.3.3 McClelland's 3 Factor Theory of Needs

According to the motivation theory of McClelland, there are three driving forces that motivate people and they are not dependent on the gender or age of the person. At any point of time, one of these drives will be influencing the behavior in a major way. The overriding drive depends on experiences in life of an individual. these three needs are the need for power, need for affiliation and need for achievement.



McClelland's Theory of Needs

Need for achievement: It is the specific need to realize and express one's own ability. People with a high level of need for achievement prefer jobs that provide a base for responsibility and results based on their own self efforts.

Need for affiliation: It is the specific need for love, belonging and acceptance socially. People with a high need for affiliation are motivated by the sense of likeness and acceptance by others. They participate in social events so as to affiliate themselves.

Need for power: It is the specific need for controlling the work of self or the work of others. Such people with need for power desire job profiles that give them more power and the ability to influence others. Such people long for effective work performance.

3.4.3.4 Vroom's Theory of Expectancy

According to the Vroom's expectancy theory, the motivation of an individual is shaped by their expectations about the future. In his view, the motivation is affected by expectancy, valence and instrumentality.

Expectancy is the notion that an increase of effort will direct toward increase of performance i.e., if a person work harder then it will be better. This is influenced by things such as availability of right resources (e.g., money, energy, raw materials, time, etc.), right skills (for the execution of the job) and the right support for doing the job (e.g., correct information on job, support from seniors, environment, etc.). *Instrumentality* is the notion that good performance in the job will lead to a positive result. For this there is a requirement of lucid understanding of the relationship between sincere works executed and the outcome, trust on people, transparency in the process followed for the job to be done. *Valence* is the degree on importance held on the projected outcome. Mathematically the argument can be denoted by Motivation = V * I * E, where V is valence, I is instrumentality and E is expectancy.

3.4.3.5 McGregor's theory X and theory Y

Theory X and Theory Y are associated with McGregor.
Theory X: Supporter of this theory believe that there is a normal tendency among employees or workers to dislike work, have less motivation, needs to be monitored constantly, avoid responsibility and avoid work whenever possible. These are basically the negative aspect of a human being. Consequently a manager has to adopt an authoritarian style to manage such people and get things done.

Theory Y: Supporter of this theory believe that there is a normal tendency among employees or workers to work willingly without constant monitoring, like to take responsibility, like to work and want to be held responsible. These are basically the positive aspect of a human being. Consequently a manager has to adopt a decentralized and participative management style to manage such people and get things done.

3.4.4 Conclusion

Motivation is a psychological process that drives human being to perform to their highest potential, with the right spirits and attitude. The theories discussed give an idea about the important factors that drive human beings towards work. It is the challenge of managers to create the right environment so that people are motivated to work that will help in the achievement of objectives of the organization. Motivated employees will further help to meet the expectation of the stakeholders at large.

3.4.5 Summary

Motivation leads to objective oriented behavior. Whenever a person has the feeling of some need, he behaves in a particular way. This behavior is basically directed in such a way that it leads to fulfillment of the identified need and leads the person to satisfaction.

Social Scientists have propagated several theories of motivation. Some of the prominent theories are; Maslow's hierarchy of needs, Hertzberg's two factor theory, Mc Clelland's theory of needs, Vroom's theory of expectancy and McGregor's theory X and theory Y.

The theories of motivation give an idea about the important factors that drive human beings towards work. It is the challenge of managers to create the right environment so that people are motivated to work that will help in the achievement of objectives of the organization.

3.4.6 Model Questions

- (i) Explain the term motivation. Discuss the motivation process
- (ii) Explain briefly Maslow's hierarchy of needs theory of motivation
- (iii) Explain briefly Hertzberg's two factor theory of motivation
- (iv) Explain briefly McClelland's theory of needs of motivation
- (v) Explain briefly Vroom's theory of expectancy of motivation
- (vi) Explain briefly McGregor's theory X and theory Y of motivation

3.5 Personality

3.5.1 Concept of Personality

The word personality has its origin from the Latin word 'per sonare' which means 'to speak through'. It is the careful organization of the psychological system of a person so as to respond in a unique way and thus live around a given environment. Personality is a macro concept. It include lot of aspects of an individual like the way one interacts with fellow beings, the type of food taken, dress sense, physical appearance, approach towards life and the like. These different aspects of an individual make the composite whole of an individual that is known as personality.

3.5.2 Personality and its Nature

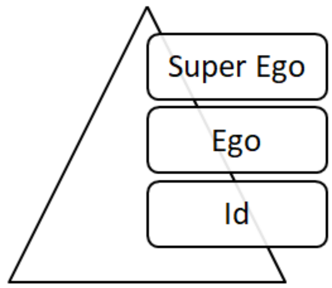
The term personality has certain characteristics that make it unique from other psychological factors. (i) Researchers offer a variety of view about the origin of personality in individuals. Some says that personality is inborn whereas others say that it is developed by experience since the childhood of a person. A third group says that it is shaped by the environment around. (ii) Every individual is unique in terms of personality. No two people are similar and each one of them exhibits a unique personal make-up even though they may be twins of same gender (iii) The personality of an individual is relatively permanent and long lasting in nature. As such it cannot be simply, rapidly and regularly altered. Such uniformity is displayed even in buying and consumption by consumers (iv) Personality can change under certain situations and over life span of a person due to maturity of age.

3.5.3 Theories of Personality

Many scholars in the field of psychology have contributed to the study of personality. Consequently several theories have been forwarded. Some of the prominent theories are Psychoanalytic Theory, Social Psychological Theory and Trait-Factor Theory. A brief discussion is given below;

3.5.3.1 Psychoanalytic Theory

Psychoanalytic Theory of personality is associated with Sigmund Freud. According to this theory, the personality of a person is a combination of three systems which are interdependent and interrelated psychological forces. They are the id, the ego and the super ego. The relations of these three systems shape the behaviour of a person. According to the psychoanalytic theory, the id is entirely unconscious and the ego and superego partially unconscious, resulting in an unconscious determination of behaviour.

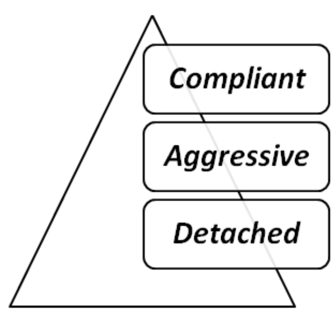


PSYCHOANALYTIC THEORY

The *id* is the original source of all psychic energy that tries to seek immediate gratification of all biological or instinctual needs. It may include the uncontrolled behaviour that directly satisfies all instinctive needs and desires. The *ego* functions to direct the id's impulses so that satisfaction can be achieved in socially acceptable manner. The ego controls behaviour by selecting the instincts that will be satisfied as well as the manner in which they will be satisfied. This is accomplished by integrating the often-conflicting demands of the id and the *superego.* The *superego* is the internal representative of the society's norms and values that tries to restrain the impulse originating from the *id* that would be contrary to society's norms and values. Thus, *superego* can be thought of as the consumer's conscience part that serves to direct behaviour.

3.5.3.2 Social Psychological Theory

Social psychological theorists opine that social and not biological variables are the most important determinants of personality. It was Walter Mischel a personality researcher whose work has helped in a major way to shape the Social Psychological Theory of personality. This theory was developed as a counter to the psychoanalytical theory's firm observance to the biological determinants of personality. According to the theory, human beings are conscious of their needs and wants. Consequently, their behaviour is directed towards satisfying them. The following are the significant needs considered as determinants of personality such as the urge for superiority, liberty from loneliness, security, fulfilling human relationships and handling with anxiety.



Social Psychological Theory

It was Joel B. Cohen who gave the CAD scaling to describe the orientation of individuals as consumers. The theory suggests that consumer behaviour results from three predominant interpersonal orientations i.e. Compliant, Aggressive and Detached. The CAD scale is used to measure these three basic orientations. The *compliant person* wants to be praised, sought after, cherished and included in the activities of others. The compliant person is so other-oriented that he or she tends to be overgenerous, over obliged and over caring. The *aggressive person* wants accomplishment, reputation and approval of others. The aggressive person has regard for other people only if they are helpful to achieving a goal. The *detached person* seeks liberty from responsibilities, freedom and self-adequacy. The detached person does not want to be inclined or to share knowledge with others; rather he or she tries to preserve or maintain a distance from others.

3.5.3.3 Trait-Factor Theory

The trait-factor theory postulates that the personality of an individual comprises of a set of traits or factors. The trait theory is often associated with Frank Parsons who is considered as the major contributor in the development of the trait and factor theory. The supporters of the Trait Factor Theory say that individuals have comparatively steady traits that produce parallel effects on behaviour, despite of the situation. At the same time although traits may be common to many individuals, there is considerable variation to the level by which individuals articulate that specific trait. Three important assumptions provide as the basis for the use of trait-factor theory. They are:

(1) Traits may be similar to many individuals and differ in absolute amounts among individuals.
(2) Traits are comparatively steady and put forth reasonably universal effects on behaviour in spite of the environmental situation.
(3) A steady functioning of personality variable is predictive in an extensive variety of behaviour.

The relatively lasting and unique ways in which consumers vary from one another are called as the traits. Therefore traits can be regarded as the significant variables that differentiate one consumer from another. So A trait is a personality characteristic and normally meets three criteria namely stability, consistency and variation from person to person.

3.5.4. Personality and Product Choice

The consumer analyst study personality with the feeling that knowledge of personality is helpful to know about consumer behavior. It is considered to have a long term effect in the decision making process and consequent marketing of product and services. Many marketers have a feeling today that in a market characterized by rapid product differentiation, personality plays a major role in shaping consumer behavior and ultimately product cum brand choice.

3.5.5 Summary

Personality is the careful organization of the psychological system of a person so as to respond in a unique way and thus live around a given environment. Many scholars in the field of psychology have contributed to the study of personality. Consequently several theories have been forwarded. Some of the prominent theories are Psychoanalytic Theory, Social

Psychological Theory and Trait-Factor Theory. The consumer analyst study personality with the feeling that knowledge of personality is helpful to know about consumer behavior. It is considered to have a long term effect in the decision making process and consequent marketing of product and services.

3.5.6 Model Questions

(i) Define the concept of personality. Elaborate on its nature
(ii) Discuss the theories of personality in brief.
(iii) Discuss the Psychoanalytic Theory of personality
(iv) Discuss the Social Psychological Theory of personality
(v) Discuss the Trait-Factor Theory of personality
(vi) Discuss the role of personality in shaping the behaviour of consumers and final product choice.

3.6 Attitude

3.6.1 Concept of the term Attitudes

Attitude is a mental state that tends individuals to behave towards objects or situations in a certain way. In other words it is the tendency to act positively or negatively towards something. Attitude plays a vital role in shaping the behaviour of persons. Attitude influences the perception of human beings towards people, objects, understanding information, choice of peers, colleagues and friends. It is an abstract concept because its structure cannot be directly observed. The study of human attitude is important as reflects the basic orientation for or against various alternative products, services, retail outlets and the like. Attitude has a significant impact on the way things are understood and interpreted. Attitudes serve four functions and consequently have an effect on human behaviour. They four functions of attitude are;

(i) Attitudes act as a means to achieve a desired goal. It is the nature of attitude i.e. positivity or negativity of attitude towards any work, that helps to achieve or deter from goals.
(ii) Attitudes sometimes act as a defence against a person from the danger of the external world. Such attitudes facilitate to orient the behaviour by influential the perception according to the specific situation.
(iii) The orientation of a person towards values is often mould by the attitude of the person as such values are indication of the personal values.
(iv) Attitude also serves as a criterion on the foundation of which a person may assess things in the environment around him.

3.6.2 Role of Attitude

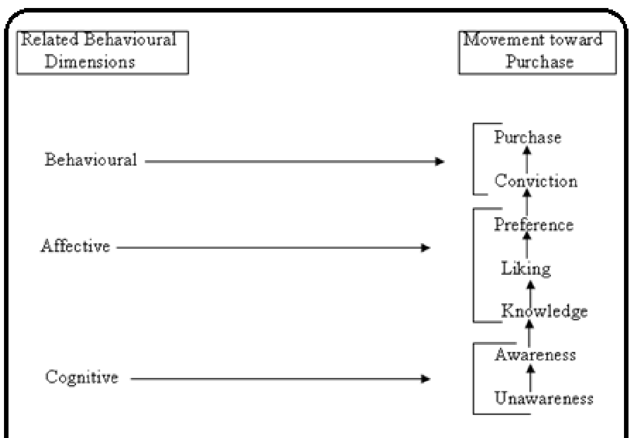
The concept of attitude has a very significant role to play in the study of consumer behavior. Interest in the study of consumers' behavior emanates from the belief that knowledge of attitudes of consumers permits an accurate prediction of consumer behaviour. Because attitudes form a logical system of evaluative, they are important components in any model of consumer decision-making.

3.6.3 Theories of Attitude

In the study of consumer behaviour, the various theories of attitude are important. Their knowledge is quite important for proper diagnosis of the respective attitudes of consumers and role played by the various interrelated variables. Some of the prominent theories of attitude can be divided into two broad categories i.e. (i) The Classical Psychological Model of Attitude and (ii) The Multi-Attribute Models of Attitude. They are discussed below.

3.6.3.1 The Classical Psychological Model

According to the Classical Psychological Model of attitude, basically there are three components of attitude. They are the cognitive, the affective and the behavioural part. The *cognitive* part is the mental part. In the field of consumer behaviour, the cognitive component refers to the way in which a consumer perceives information about a product, service, advertisement or retail outlet.
The *affective* part is consumers overall feeling of likes or dislike towards an object (i.e. a product, service, advertisement, retail outlet, etc). The cognitive and affective components are considered to be highly correlated that is, consumer analysts have observed that a consumer's beliefs and feelings toward a particular product are typically consistent. The *behavioural* component is the consumer's action tendency, i.e. his or her intention to do something.



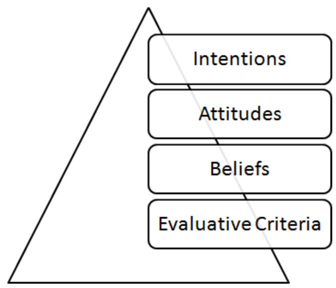
Hierarchy of Effects Model

The association between the three-attitudinal components and the consumers' movement from unawareness to purchase is illustrated in the Hierarchy of Effects Model. Essentially, this model suggests that not only are attitudes made up of three components, but also these components are arranged in a particular sequence. Accordingly consumer must have awareness and knowledge of a product (cognitive component) previous to liking and preferring (affective component) for the same.

3.6.3.2 The Multi -Attribute Models of Consumer Behaviour

Irving Fishbein is considered to be one of the major contributors of the Multi-Attribute Models of consumer behavior. Fishbein proposed beliefs as the cognitive foundation on which attitudes are built. According to him attitudes are functionally related to intentions which in turn predict behaviour. The theory uses certain terms related to attitudes.

They are *evaluative criteria* (which mean the desired result in the choice or use of an alternative articulated in the form of the attributes used to compare various alternatives), *beliefs (*which means information that links a given alternative to a particular evaluative criterion, and outlining the extent to which the alternative have the desired attribute, *attitude* (which is a learned tendency to react always in a positive manner with respect to specific alternative and *intention* which is the subjective likelihood that beliefs and attitudes will be acted upon.



The multi-attribute models that explain the process by which consumers develop beliefs and attitudes can be sub divided into two categories. They are the compensatory and non-compensatory. Compensatory models include the *expectancy value model* and the *attribute adequacy model*. In such models a weakness of one attribute may be rewarded for by strengths of another attribute. Non-compensatory models include the *conjunctive model*, *disjunctive model*, and *lexiographic model*. In these models, a weakness of one attribute is not compensated for by strength of another attribute. A succinct view of the major compensatory and non-compensatory models is presented in the discussion.

Compensatory Models

Expectancy Value Model: This model assumes that each alternative will be evaluated on more than one attribute. Judgments are based on beliefs whether or not an object actually possesses an attribute and the evaluation of those beliefs as to whether right or wrong. Each brand is assessed individually in terms of all attributes and the overall assessment is the sum of the ratings of each attributes. The consumer goes for the brand with the highest overall evaluation.

Attribute Adequacy Model: This model assumes that, an assessment is arrived at in a way similar to that discussed in the Expectancy Value Model with the exception that an clear judgment is made of the differences between “ideal and actual” of each attribute owned by the object under review.

Non-Compensatory Models

Conjunctive Model: This model assumes that consumer have a minimum tolerable level for each product attribute. A brand is decided to be acceptable only if each attribute equals or exceeds that minimum tolerable level. A lower than tolerable rating of one attribute leads to a negative assessment and elimination of the proposal for product purchase. For example, a HDTV may be evaluated as completely satisfactory in terms of technical features and user-friendliness but will be elimination for purchase because it is does not have remote features.

Disjunctive Model: This model assumes that consumers have one or more attributes as being dominant. A brand will be assessed for purchase only if it exceeds the minimum level specified of these key attributes. To continue with the example of the HDTV, assume that of technical features and user-friendliness are the dominant considerations. Any set confirming up to expectations on these attributes will be considered for purchase, even if packaging, brand name and price is not up to the expectation.

Lexiographic Model: This model assumes that consumer ranks product attributes from most important to least important. The brand that has a high score on the most important criterion gets the highest evaluation. If two or more brands tie, the second attribute is assessed and so on until the tie is broken.

3.6.4. Summary

The concept of attitude has a very significant role to play in the study of consumer behavior. Interest in the study of consumers' behavior emanates from the belief that knowledge of attitudes of consumers permits an accurate prediction of consumer behaviour.

In the study of consumer behaviour, the various theories of attitude are important. Their knowledge is quite important for proper diagnosis of the respective attitudes of consumers and role played by the various interrelated variables. The theories of attitude can be divided into two broad categories i.e. The Classical Psychological Model of Attitude and The Multi-Attribute Models of Attitude. The classical psychological model of attitude basically says that there are three components of attitude. They are the cognitive, the affective and the behavioural part. Irving Fishbein is considered to be one of the major contributors of the Multi-Attribute Models of consumer behavior. Fishbein proposed beliefs as the cognitive foundation on which attitudes are built. The multi-attribute models can be sub divided into two categories. They are the compensatory and non-compensatory. Compensatory models include the expectancy value model and the attribute adequacy model. Non-compensatory models include the conjunctive model, disjunctive model, and lexiographic model.

3.6.5 Model Questions

(i) Define the term attitudes. Discuss the basic functions of attitude.
(ii) Discuss briefly any two theories of attitude
(iii) Briefly explain the classical psychological model
(iv) Briefly explain the multi -attribute models of consumer behaviour
(v) Briefly explain the compensatory models and non-compensatory models of attitude formation.

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