

The Indian Consumer Markets

A Bird's eye view

Introduction

- The world's economic center of gravity is shifting away from the established, wealthy economies of Europe, Japan, and North America and towards the Asia Pacific
- India is one of the fastest-growing large economies in the world.
- Over the last 15 years India has changed much faster than many predicted.

Indian Consumer Is Rapidly Transforming

- The Paradigm Shift in almost all aspects of life
- Outlook From Traditional to Modernized

Competition and structural changes

- The economy have raised the bar in terms of what consumers have come to expect.
- Automobiles are a case in point. Where sheer availability was a variable before, today that's not even a factor given the 13 companies and 40-odd models that compete in the 700,000-strong market

Expected Utility from Products/ Services

From Functional to Lifestyle

Eating Habits

From traditional meals to Indianised McDonalds

Value

From Merely Price, to Benefit /Effort
(Price Time Convenience)

- Saving time is more important than saving a few Rupees
- With the availability of low-interest finance schemes, price is increasingly becoming a smaller factor in a purchase decision in a whole range of consumer durables also.

- Consumers jump steps as they enter today the line between entry-level and upgraded products is disappearing. The newer generation is willing to pay more if she is convinced she is getting better value for the higher price.
- Upgrade is part of life. Today the average life of a mobile is 12 months, that of a TV three years cars four to five years and soon even homes will be changed more frequently. Clearly durability is no longer the most desirable value.

- "One household, multiple products two cars is no longer a luxury but a practical necessity for working couples two TVs in the house is recognition of the fact that different family members have different interests

Many Drivers

- Demographics
- Increased global exposure
- Increased discretionary incomes across wider spectrum of population, across wider geography

Consuming Class (spend more on vehicles, phones, and restaurants)

Purchasing Power of Indian consumers

Segments

India has various consuming classes

- The young and the restless
 - Teen Riches, Dudes Dudettes
 - Call Centre Boomers
- The Bold and bountiful
 - The Yeppies (Young Entrepreneurial Professionals)
 - The Yippies (Young International Professionals)
 - The raffles (Rural Affluent Farm-Folk)
- The golden Folks in High Spirits

The Young Restless

- India has the youngest population profile in different income segments and locations, who are influencing their parents spending.
- Some of them are also beginning to earn money through part-time for full-time jobs, arising out of opportunities that did not exist earlier.
- Some of these segments include

Teen Riches, Dudes Dudettes

- This group mainly comprises young people who are from relatively affluent families. Eating out, movies and occasional clubbing are an integral part of their lifestyle. Dress is invariably modern, and attire must be changed frequently

Call Centre Boomers

- Formerly located mainly in the IT-savvy cities, call centres and other IT-Enabled Service centres are spreading to other cities and towns as well.
- Populated largely by youngsters out of school or college, drawing in their first incomes, and at levels unheard of earlier

The Bold and The Bountiful

- *The Yeppies (Young Entrepreneurial Professionals)* entrepreneurs who have made it after the good liberalization
- *The Yippies (Young International Professionals)* work with multi-national companies, who are based in India but travel extensively
- *The raffles (Rural Affluent Farm-Folk)* the farmer with tax-free income spend on a wider choice of products

The golden Folks in High Spirits

- The retired folk, with kids who are married and living in their nuclear families, or even out of the country
- Several of them have led fairly good lifestyles, and have the means to continue to do so

Beware!!!!

- Sales are not even across India
- Different products are popular in different States and regions
- Products have to suit local demand
- Familiarity with local market is essential
- Indian markets are not homogenous- India is truly diverse!

Summary

- India is a large, young and growing market
- But highly heterogeneous
- Exploiting opportunities requires understanding India and its many facets

CONSUMER

BEHAVIOUR

Consumer behavior is the study of people and the products that help to shape their identities.

Why study consumer behavior?

- Significance in Daily lives
- Consumer behavior theory provides the manager with the proper questions to ask
- Marketing practice designed to influence consumer behavior influences the firm, the individual, and society
- All marketing decisions and regulations are based on assumptions about consumer behavior

Toothpaste

- The consumer behavior researchers want to know several things like:
- What type of toothpaste consumers buy?
 - What brand?
 - Why they buy it?
 - Where they buy it?
 - How often they use it?
 - How often they buy it?

Toothpaste conti....

- The consumer behavior researchers want to know several things like:
- What type of toothpaste consumers buy? (gel, regular, striped, tube or sachet)
- What brand? (national, local)
- Why they buy it? (to prevent cavities, to remove stains, to brighten teeth, to use as a mouth wash, to tighten the gums)

Toothpaste conti....

- The consumer behavior researchers want to know several things like:
- Where they buy it? (general stores, supermarket, drugstores, convenience store or hypermarket)
- How often they use it? (every morning, after each meal, bed time or any combination)
- How often they buy it? (weekly, biweekly, monthly, once the old toothpaste is used up)

What is CB? conti....

- The study of consumer behavior is the study of how individuals make decisions to spend their available resources (time, money, effort) on consumption related items.

What is CB? conti....

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

Disposing of the used product

- The researchers are interested in understanding how individuals dispose of their used product?
- After the use of a product, the researchers wants to know what the consumers do with it, throw it, or give it away or sell it or rent it or lend it????????????????

Disposing of the used product

- The answers to this are important for two reasons
- To develop strategies to buy back the old ones
- To match the company's production to the frequency with which consumers buy replacements products.
- To the society at large how the disposing is going to create more pollution.

Meaning of consumer

- Renuka Ramnath buying a pantene 40ml shampoo for her household use is a _____ consumer.
- Renuka Ramnath buying 32 IBM Laptops of for ICICI ventures a private equity fund company is a _____ consumer.

Where did CB originate from?

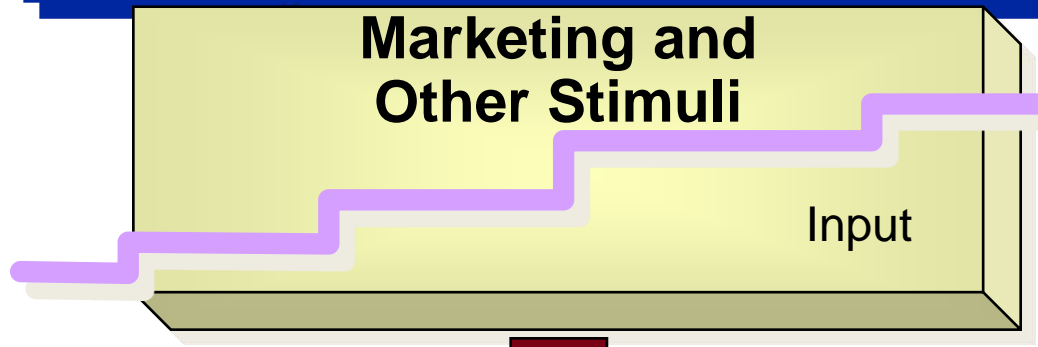
- CB was a relatively new field of study in the mid-to-late 1960's
- This is borrowing the concepts from other scientific disciplines like:
 - **Psychology**: the study of the individual
 - **Sociology**: the study of groups

- **Social Psychology:** the study of how an individual operates in groups
- **Anthropology:** the influence of society on the individual
- **Economics:** study of scarce resources and optimization of the usage

- Revisiting the simple model of consumer decision making

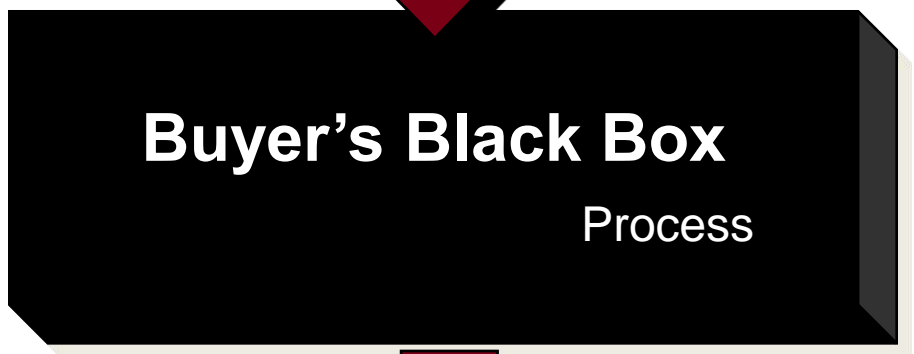
Model of Consumer Behavior

Product
Price
Place
Promotion



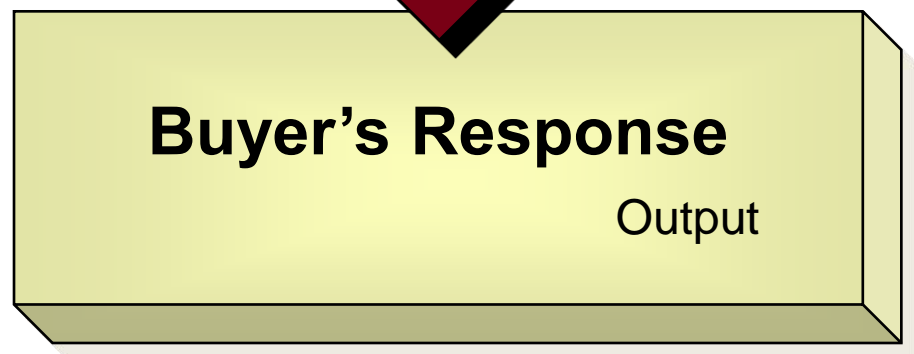
Economic
Technological
Political
Cultural

Buyer's
Decision
Process



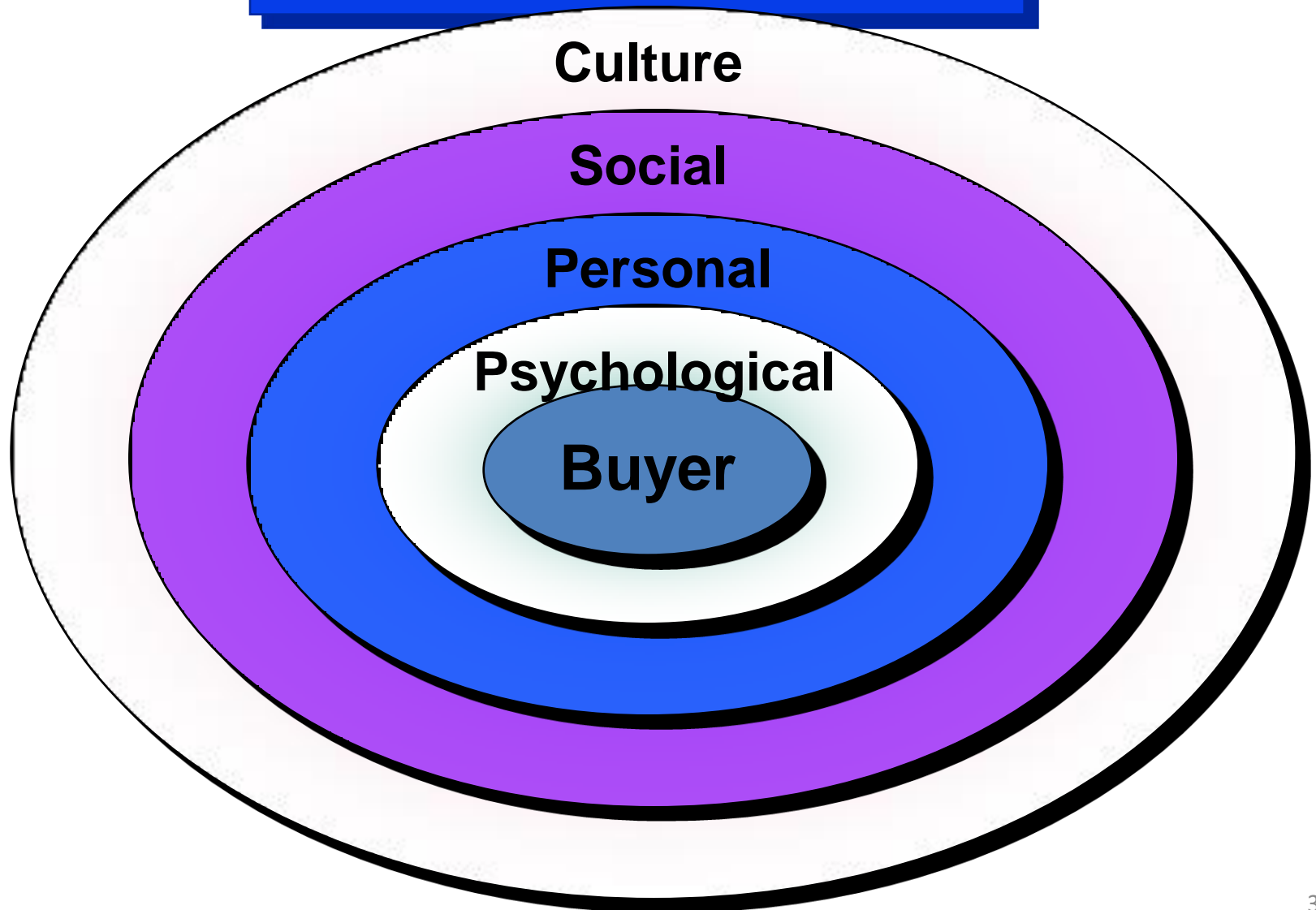
Characteristics
Affecting
Consumer
Behavior

Product Choice
Brand Choice
Dealer Choice

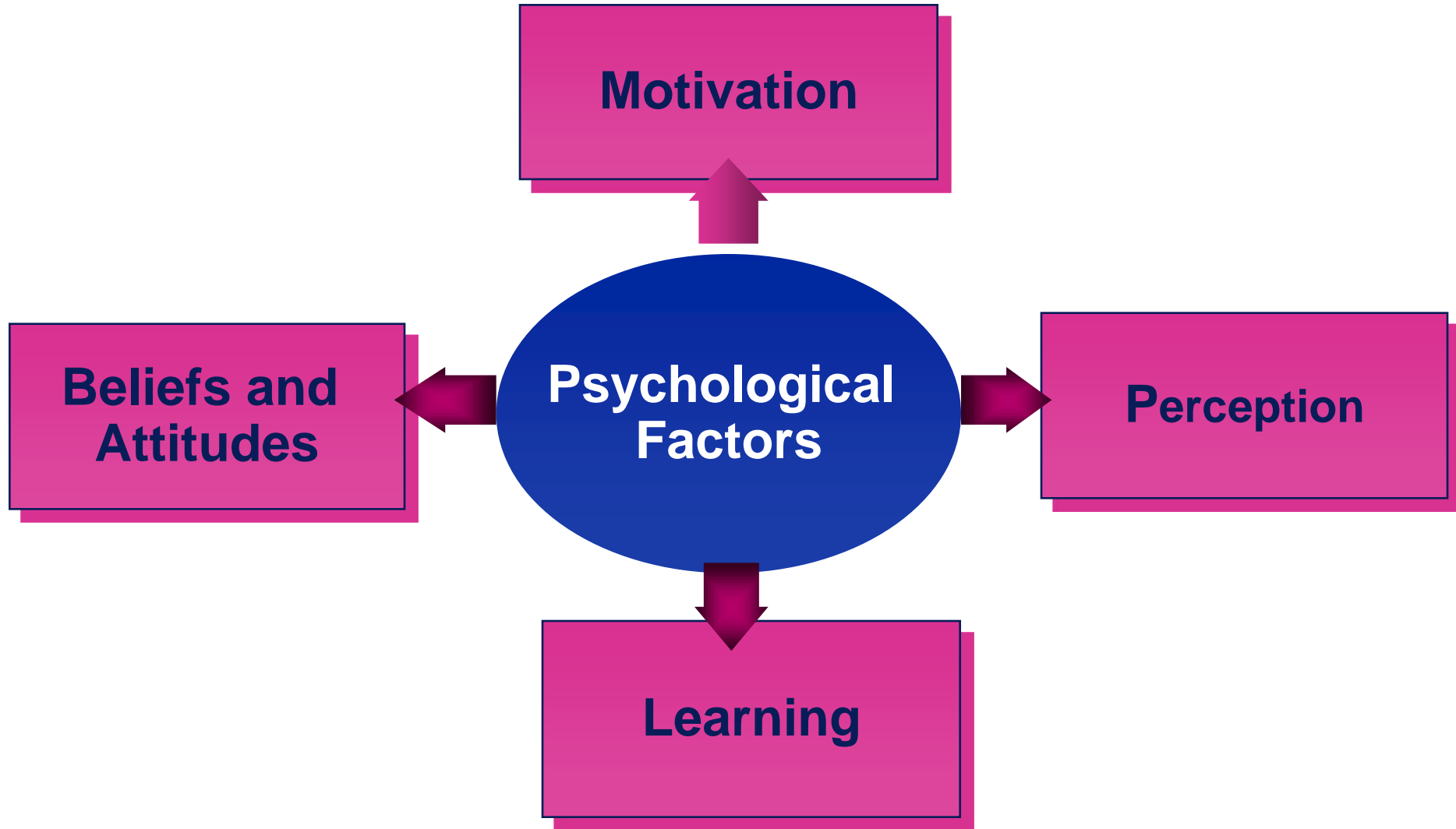


Purchase
Timing
Purchase
Amount

Characteristics Affecting Consumer Behavior



Factors Affecting Consumer Behavior: Psychological



- *Marketing decisions are based on assumptions about consumer behavior*

Consumer Research

- What can we do to satisfy and even delight consumers with our brand so that they become loyal customers?
- How can we delight consumers of our brand and also meet the needs of owners, employees, suppliers, channel members, society and other stakeholders?

Consumer Research

- One of the company in trying to find out the contribution of each category of items in its sale found that 18% of the store's came from greeting cards section, which are high-profit items.
- How to increase the sale of this high-profit item??????????

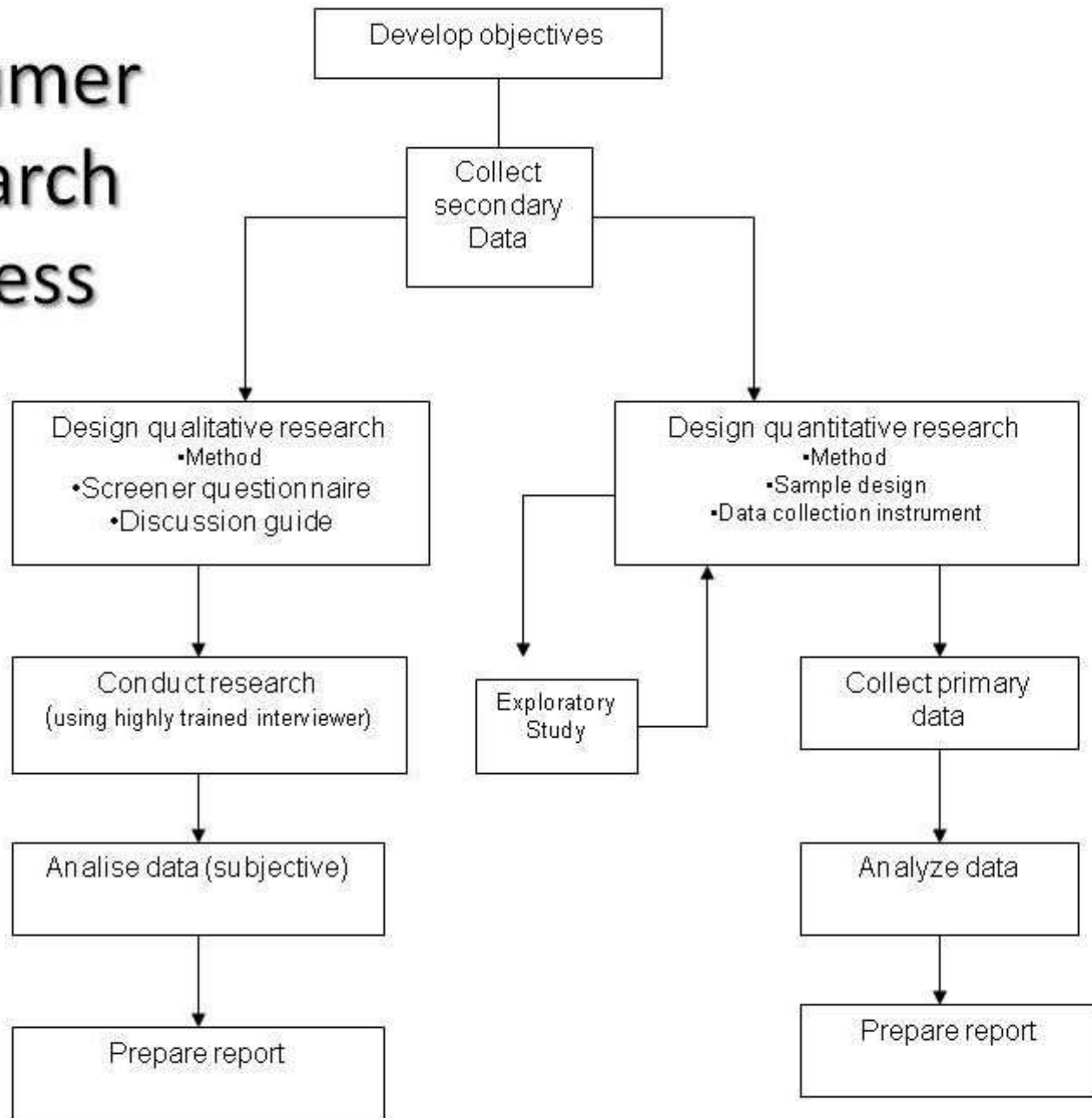
- It was found in one study that if a woman shops with another woman she spends twice as much time in the store than if she shops with a man.
- So how to increase the time when she shops with a man????????????

Consumer Behaviour Research Process

Consumer Research

- The field of consumer research developed as an extension of the marketing research.
- Methodology used to study consumer behavior is called consumer research.
- Consumer research is a unique subset of marketing research, which merits the utilization of specialized research methods that collect customer data and also enhance the company's relationship with its customer.

Consumer Research Process



Steps in Consumer Research Process

- Defining the objectives of the research
- Collecting and evaluating secondary data
- Designing a primary research study
- Collecting primary data
- Analyzing the data
- Preparing a report on the findings

Developing Research Objectives

The first step in the consumer research process is to carefully define the objectives of the study

- It is important for the marketing manager and the researcher to agree at the outset on the purposes and objectives of the study to ensure that the research design is appropriate.
- A carefully thought out statement of objectives helps to define the type and level of information needed

Discussion Question

- Assume you are planning to open a new pizza restaurant near your campus.
 - What might be three objectives for your new business?
 - How could you gather these data?

Collecting Secondary Data

Secondary information is any data originally generated for some purpose other than the present research objectives

- It includes findings based on research done by outside organizations, data generated in house for earlier studies, even customer information collected by the firms sales or credit department.
- Locating secondary data is called secondary research.

Types of Secondary Data

- **Internal Data**
 - Data generated in-house
 - May include analysis of customer files
 - Useful for calculating customer lifetime value
- **External Sources**
 - Directories
 - Country information
 - Published marketing research reports
 - News sources
 - CGM (Newsgroups, blogs, groups)
 - Internet – single search engines, and multiple search engines

Discussion Question

Many people do not like the fact that their personal data are used for marketing.

- How can marketers justify their need for data?
- How can they acquire data and maintain customer privacy?

Designing Primary Research

Primary research is basically the original research.

- Quantitative Research Designs
- Qualitative Research Designs

Quantitative Research

A quantitative research study is comprised of research design, the data collection methods, instruments to be used, and the sample design

Quantitative Research.....

Following are the **three basic designs** or approaches used for quantitative design

- **Observational Research** – In this method of observational research, the people or customers are observed effectively when they purchase a particular product.
- **Experimentation** – Experimentation is a type of research where only certain variables are manipulated while others are kept constant in order to encourage the change in the constant variable
- **Surveys** – A survey is a method of research in which an interviewer interacts with respondents to obtain facts, opinions and attitudes.
 - Following are the various survey methods which are generally used
 - - » Personal interview survey
 - » Telephone survey
 - » Mail surveys
 - » Online surveys

Quantitative Research.....

- **Quantitative research data collection instruments**
 - ***Questionnaire and Attitude Scale*** – For quantitative research the primary data collection instrument is a questionnaire and the most frequent one is attitude scale which is used to capture evaluative data

Attitude Scale

Likert scales

- Asked to agree or disagree with a statement
- Easy to prepare & interpret
- Simple for consumers

Semantic differential scales

- Includes bipolar adjectives
- Relatively easy to construct and administer

Behavior intention scales

- Measures likelihood consumers will act a certain way
- Easy to construct and administer

Rank-order scales

- Items ranked in order of preference in terms of some criteria

***Semantic differential** is a type of a rating scale designed to measure objects, events, and concepts.

Qualitative Research Design

Following are the important methods of data collection in the qualitative design techniques which are used in the initial stages of research.

- **In-Depth Interview** –
 - Depth interview is conducted in length and in a non-structured manner where the interviewer is highly trained and minimizes his own participation in the discussion once the general subject is discussed.
- **Focus Group** –
 - Focus group involves many respondents who interact with the analyst in a group discussion and focuses on a particular product.
- **Projective Techniques**
 - Projective techniques are best used to understand the motives of people when they are unconsciously rational.
- **Metaphor Analysis**
 - Based on belief that metaphors are the most basic method of thought and communication. Much of communication is nonverbal and that people do not think as much in words as they do in images
 - **Zaltman Metaphor Elicitation Technique (ZMET)** combines collage research and metaphor analysis to bring to the surface the mental models and the major themes or constructs that drive consumer thinking and behavior

Depth Interview

- Also called one-on-one interview
- Usually 20 minutes to 1 hour
- Non-structured
- Session is usually recorded
- Interpreted by trained researcher

Focus - Group

- 8-10 participants
- Respondents are recruited through questionnaire
- Lasts about 2 hours a screener •
- Always taped or videotaped to assist analysis Online focus groups are growing

<https://www.youtube.com/watch?v=RIUuIlB5ciA>

Olson Zaltman: Intro to ZMET

<https://www.youtube.com/watch?v=NQzYclR8ufM>

Understand Your Customers' Minds

Projective Techniques

- Research procedures designed to identify consumers' subconscious feelings and underlying motivations
- Done one on one & in closed settings
- Consist of a variety of “tests” that contain ambiguous stimuli, such as incomplete sentences, untitled pictures or cartoons, ink blots, word-association tests.

Word Association

- Coffee
- Coat
- Rain
- Movie

Sentence Completion

- “when you first get a car.....”
- What would you do?

Sentence Completion

- In an effort to create more effective advertising, a study was conducted to probe the motivation for buying cars.
- Women responses were “will drive it and go to office,” “will go for a long drive,”
- These results indicate that for women a car is something *to use*

Sentence Completion

- Men responses were, “we will take good care of it,” “will wash it regularly,” “check the engine,”
- These results indicate that men view car as something for which they should be **protective and responsible**

The third-person Technique

- Sonu get ups early 5 a.m. completes her household work. Wakes her kids and husband. Makes the children ready to school. Drives her car and leaves to office by 9.15.

The third-person Technique

- Sonu get ups early 5 a.m. completes her household work. Wakes her kids and husband. Makes the children ready to school. Get into the General bus at 9 o'clock and reaches her office by 10 o'clock

Thematic Apperception Test

(**Christiana Morgan** and **Henry Murray**)

- Respondents are asked to interpret one or more pictures or cartoons relating to the product or topic under study.
- Application: A study was designed to measure the price/quality perception of women regarding cosmetics. One-half of the respondents were shown a cartoon of a women buying a Rs.30 beauty cream; the other half was presented with a picture of a woman buying a Rs.250 beauty cream. Both groups were asked to describe the beauty cream.

Thematic Apperception Test

- The Rs.30 product is perceived as 'greasy and oily' and bought by someone who 'falls for advertising claims and doesn't have too much money to spend on cosmetics.'
- The Rs.250 product was viewed as leaving the skin 'clear, refreshed and young-looking,' 'softening and cleaning the skin,' and purchased by 'someone who cares what she looks like-possibly a business woman.'
- The results demonstrate that women consider more expensive cosmetics to be of higher quality

Motivation Research Techniques

I. Association Techniques

Word association

Consumers respond to a list of words with the first word that comes to mind.

Successive word association

Consumers give the series of words that come to mind after hearing each word on the list.

Analysis and use

Responses are analyzed to see if negative associations exist. When the time to respond (response latency) is also measured, the emotionality of the word can be estimated. These techniques tap semantic memory more than motives and are used for brand name and advertising copy tests.

II. Completion Techniques

Sentence completion

Consumers complete a sentence such as “People who buy a Cadillac

_____.”

Story completion

Consumers complete a partial story.

Analysis and use

Responses are analyzed to determine what themes are expressed. Content analysis—examining responses for themes and key concepts—is used.

III. Construction Techniques

Cartoon techniques

Consumers fill in the words or thoughts of one of the characters in a cartoon drawing.

Third-person techniques

Consumers tell why “an average woman,” “most doctors,” or “people in general” purchase or use a certain product. Shopping lists (describe a person who would go shopping with this list) and lost wallets (describe a person with these items in his wallet) are also third-person techniques.

Picture response

Consumers tell a story about a person shown buying or using a product in a picture or line drawing.

Analysis and use

Same as for completion techniques.

Ink blot projective Technique

- This test is called the Rorschach Projective Technique. This is otherwise known as the inkblot test that may be able to show neuropsychological impairment. An inkblot is shown to the patient, and they are to identify what they think the inkblot might look like. Analysis is drawn from the way a person views and creates pictures from the ink.
- The Rorschach also measures complex psychological dynamics (otherwise known as the Subconscious). this is used in understanding the consumers motivation in buying a products which are most of the time subconscious

Ink blot projective Technique



Mystery Shoppers

- Are professional observers who pose as customers in order to interact with and provide unbiased evaluations of the company's service personnel in order to identify opportunities for improving productivity and efficiency

Complaint analysis

- Take the complaint from customers
- Take suggestions for improvements
- Establish listening posts and analyze

Qualitative Collection Method

“Looking-In”

- Look at information from threads and postings on social media, including blogs and discussion forums –
 - Emerging field of consumer research that works to interpret online conversations
- Methodology to capture consumers’ experiences, opinions, forecasts, needs, and interests –
 - Growth in social marketing, there are increasing conversations and comments online regarding products and brands

Sampling & Data Collection

- Samples are a subset of the population used to estimate characteristics of the entire population
- A sampling plan addresses:
 - Whom to survey
 - How many to survey
 - How to select them
- Researcher must choose probability or nonprobability sample.

Data Analysis & Reporting Research Findings

- Open-ended questions are coded and quantified.
- All responses are tabulated and analyzed.
- Final report includes executive summary, body, tables, and graphs