ROLE OF CELEBRITY ENDORSEMENTS

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THE CONTEXT

- Celebrity endorsement on overall brand' is no doubt an important concept.
- The upsurge of celebrities endorsing brands has been gradually escalating across the decades.
- Marketers overtly admit the persuasion power of celebrities in influencing consumer-purchasing decisions.

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WHO IS A CELEBRITY?

- A "celebrity endorser is an individual who is known by the public (...) for his or her achievements in areas other than that of the product class endorsed". [Friedman and Friedman, 1979]

- The classic forms of celebrities are , like actors (e.g. Amitabh Bachhan, Katrina Kaif), sports athletes (e.g. M.s. Dhoni, Sachin Tendulkar), singers (e.g. Kishore Kumar, Arijit Singh) etc.

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THE EARLIER RESEARCHES

- It has been estimated that in United States approximately in 25 percent of the commercials celebrity endorsers were used(Shimp, 2000).

- Researchers state that celebrity endorsements improves the attractiveness pf the advertisement ratings and augment product values in the customer's midscape (Dean and Biswas, 2001) .

- Subsequently this can result in boosting financial returns for the companies that use them (Erdogan, 2001).

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THE EARLIER RESEARCHES

- This might be because often the consumers are convinced that celebrities are motivated by genuine affection for the product while promoting the same rather than only motivated by the endorsement fees (Atkin and Block, 1983).

- It is almost everywhere accepted that celebrity endorsement can bequeath special traits upon a product that it may have required for augmenting its brand value.

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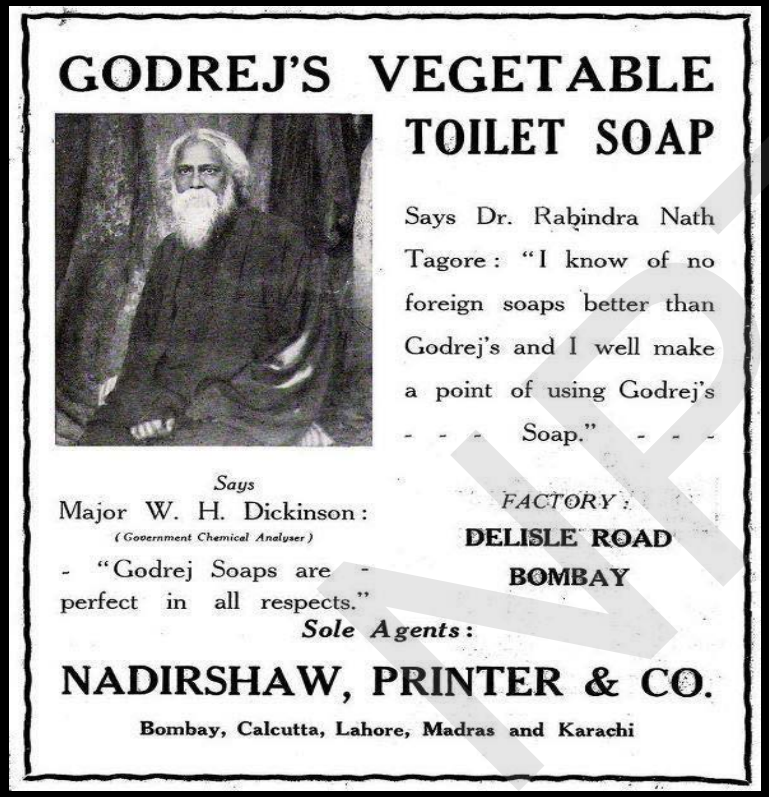
THE CONTEXT

- They are more trustworthy believable, persuasive, and likeable. (Freiden ,1984)

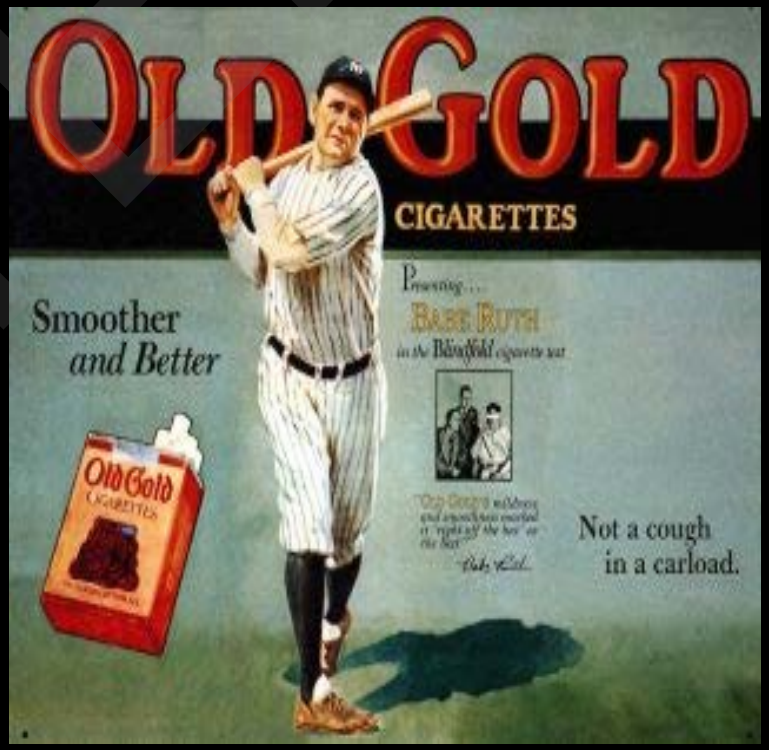
- Therefore, a celebrity may endorse any brand, but to consistently associate the right brand with the right celebrity and in the right way is more important(Till and Shimp, 1998).

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THE HISTORY OF CELEBRITY ENDORSEMENT IS PRETTY OLD….



Souce: http://www.maamatimanush.tv/articles.php?aid=723



Source: http://www.pophistorydig.com/topics/tag/babe-ruth-1920s/

UPSURGE OF CELEBRITY ENDORSEMENT IN INDIA

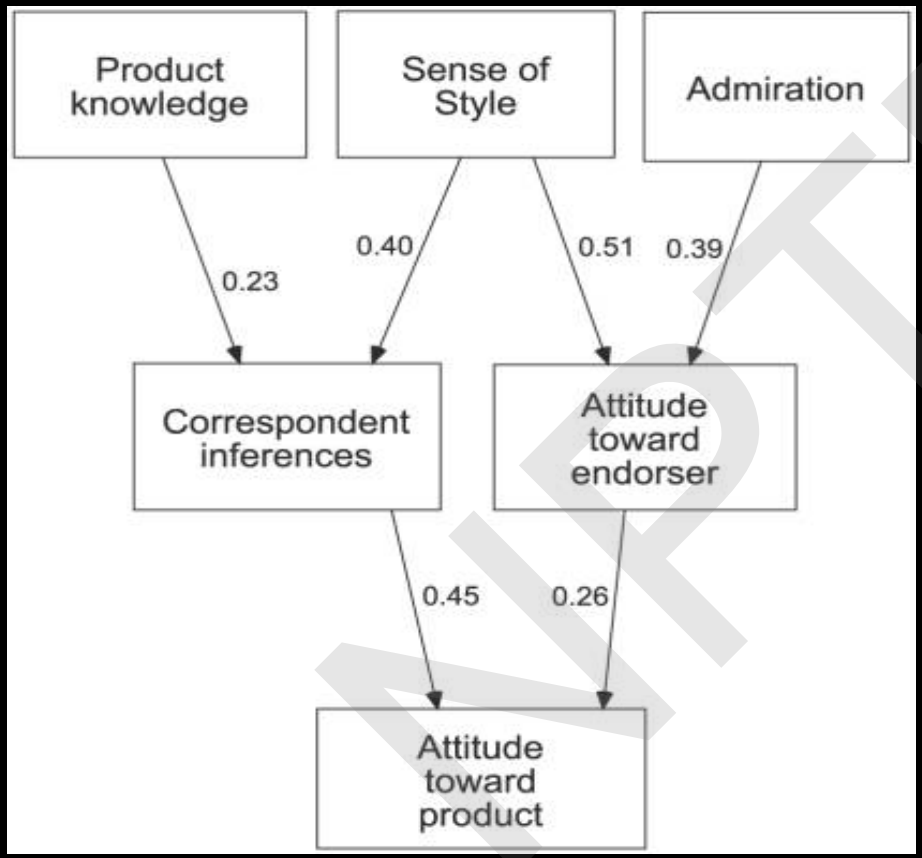
- The last three years of the 1980s experienced the burgeoning trend of celebrity endorsement.
- Most of the brands, which had enough financial capability, made no delay in roping Bollywood stars as well as popular cricketers to endorse their brands.
- Advertisements featuring stars like Tabassum (*Prestige* pressure cookers), Jalal Agha (*Pan Parag*), Kapil Dev (*Palmolive* shaving cream), and Sunil Gavaskar (*Dinesh Suitings*) were some of the very popular advertisements of that time.
- However, the pioneering brand that encashed on celebrity power as a part of both strategic positioning and long-term mission statement was probably *Lux* soap. Mostly due to its association with the Bollywood divas, *Lux* has been amongst the top three soap brands in the country till date.

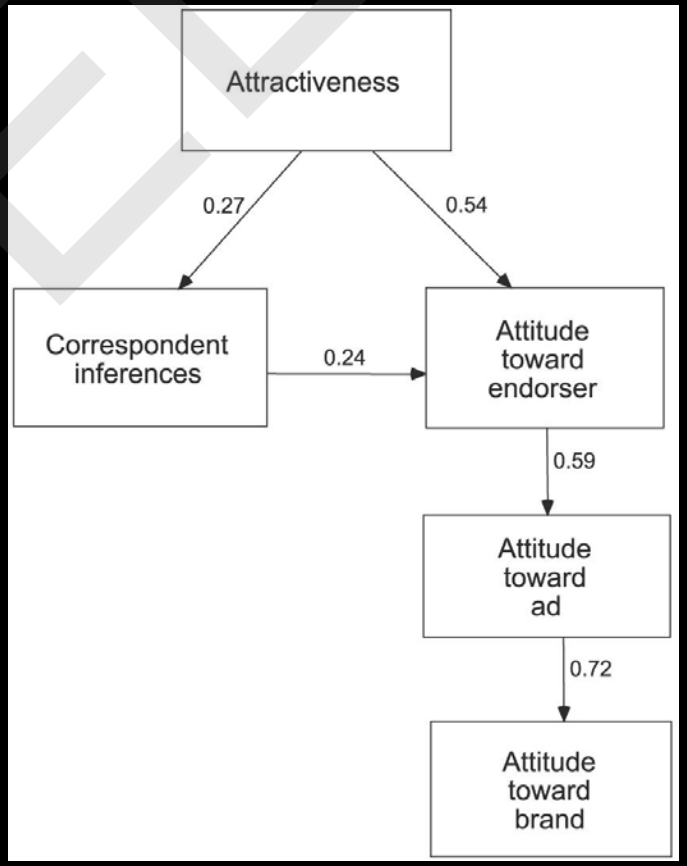
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SOME MORE FACTS

- Of late, we have seen Shahrukh Khan, the Bollywood superstar in *Santro* campaign with the objective of extenuating the hindrance that an unfamiliar Korean brand faced in the Indian market.
- No doubt that the intention of *Santro* was to harvest faster brand recall and recognition, association, and emotional ties with the prospective customers.
- Effective celebrity–brand association can no doubt create magic in the present consumer-centric era.
- This was further proved by successful endorsement done by Shahrukh for *Pepsi*, *Clinic All Clear*, and *Santro* down the time line. This is the reason why Bollywood stars Bipasha Basu and John Abraham had been used to launch the *Clinic All Clear* advertisement in Mumbai.

IMPACT OF CELEBRITY ENDORSEMENT IN CONSUMER BEHAVIOUR





Source: Silvera, D. H., & Austad, B. (2004). Factors predicting the effectiveness of celebrity endorsement advertisements. *European Journal of marketing*, *38*(11/12), 1509-1526.

ADVANTAGES OF CELEBRITY ENDORSEMENTS

- *Augmenting credibility*: Endorsement of a brand by star augments credibility for that brand among the target audience—particularly in case of new products. Shahrukh Khan's association from the very initiation stage facilitated *Santro* to amplify the 'brand recall' in India.

- *Breaking the clutter*: Celebrities break the clutter of advertisements and draw attention of the target group.

- *PR coverage*: Managers recognize the importance of celebrities to craft high PR coverage. In this context, one may recall the campaigns of the Spice Girls—one of the world's leading pop group. This group, apart from featuring in *Pepsi*'s advertisements, as part of endorsement also appeared in their several product launch and PR activities.

ADVANTAGES OF CELEBRITY ENDORSEMENTS

- *Amplifying recall effect*: Association of celebrities with the brands often augmented the recalleffect for the last. Amitabh Bachchan, in India, endorsed *Parker* pens, which subsequently increased its sale. Similarly, the *Idea* mobiles roped in Abhishek Bachchan to enhance their brand recall. Needless to say, this has also been a successful attempt so far.

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ADVANTAGES OF CELEBRITY ENDORSEMENTS

- *Reinstating tarnished image*: *Cadbury* India wanted to reinstate the consumer's assurance in its chocolate brands after the high-pitch worm's hullabaloo. So the company roped in Amitabh Bachchan to endorse the brand.

- Some years back, when things started getting worse for both the cola giants (due to negative press and word of mouth), both the companies resorted to more glossy damage control advertisements casting the then top Bollywood celebrities. While Aamir Khan escorted the *Coke* retaliation as a suspicious and persnickety Bengali man who ultimately accepts that 'Coke is safe', *PepsiCo* used the gala combination of Bollywood Badshah Shahrukh Khan and the Cricket God Sachin Tendulkar in the commercials to convince the customers about the safety aspect of the bottled beverages

ADVANTAGES OF CELEBRITY ENDORSEMENTS

- *Psychographic connect*: Celebrities are normally appreciated and venerated by their fans and advertisers utilize stars to make the most of these feelings to influence the fans towards their brand.

- *Demographic connect*: Acceptability of various stars varies across the demographic (age, gender, class, geography, etc.) segments.

- *Wider appeal*: Some celebrities have widespread appeal and thus companies use them as a good stake to engender attention among the masses.

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ADVANTAGES OF CELEBRITY ENDORSEMENTS

- *Rejuvenating a stagnant brand*: Sometimes, to rejuvenate the recall of certain stagnant brands, the companies resort to incorporate celebrities in their promotional acts. For example, *Dabur* India roped in Bachchan, and *Emami* the then Indian Cricket skipper Sourav Ganguly for the purpose.

- *For recompensing the lack of pioneering ideas*: Several detergents, toilet soaps, and hair oils ropefemale movie stars just to attract the audience without any innovative and pioneering idea. In these cases, except the faces of the celebrities, most of the advertising themes are almost similar. Rituparna Sengupta and Vidya Balan's casting in *Nihar* natural hair oil can be a portrayal of this phenomenon.

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DISADVANTAGES OF CELEBRITY ENDORSEMENT

- *The vampire effect*: This jargon puts forward a very pertinent issue of a celebrity overriding abrand. If there is no match between the celebrity and the brand, then it may induce 'celebrity recall' instead of 'brand recall'. In this context, one may recall the association of Leonard Rossiter and *Cinzano*. The association of *Visacard* and Sachin; *Castrol* and Rahul Dravid are also some of the examples of the vampire effect.

- *Effects of image fluctuation of celebrity*: If the celebrity's image is tarnished over a period of time due to his/her under-performance or any other reason, the associated brand is bound to suffer. For example, O.J. Simpson's indictment and later exoneration on murder charges; Pepsi Cola's series of shambles with three marked celebrities—Mike Tyson, Madonna, and Michael Jackson; and impact of Tiger Wood's scandals on *Accenture* imply that celebrity endorsers may sometimes turn out to be burden to the brands they endorse.

DISADVANTAGES OF CELEBRITY ENDORSEMENT

- *Discrepancy in the professional popularity of the celebrity*: Celebrity may mislay his or her famebecause of some trails in professional presentations. For example, when Yuvraj and Sehwag suffered from under-performance, they were found occasionally in advertisements. But after the gorgeous World Cup victory of India, in 2011, things got revamped for Yuvraj (man of the series) and Sehwag (one of the leading scorers in World Cup 2011).
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- *Celebrities endorsing one brand and consuming (competitor) another*: Living celebrities inviteproblems when they get caught consuming competitor's brand. The brand–celebrity association turns out to be a failure in that case.

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DISADVANTAGES OF CELEBRITY ENDORSEMENT

- *Multibrand endorsements by the same celebrity would result in overexposure*: The uniqueness ofa celebrity endorsement gets watered down if he does too many endorsements across varied product categories. Amitabh Bachchan endorses for *Navratna* hair oil, *BoroPlus* antiseptic, *Parker* pens, *Tide* detergent, *Reid & Taylor* suiting, and many more. Sachin, Shahrukh, andAmir are also adopting the same practice. Therefore, the exclusiveness of celebrity–brand association gets diluted and the situation results in 'commoditization of celebrities'.

- *Disparity between celebrity and the image of the brand*: Every celebrity has a distinctive image. While resorting to celebrity endorsement, the marketers must take into account the compatibility of the celebrity and brand persona. For example, Aishwarya Rai's elegant beauty is well captivated in *Loreal* hair colour advertisement. But Big B using *Pudin hara* or *Navaratna* oil is a hard to believe phenomenon.

TO CONCLUDE..

- Celebrity endorsement, if used successfully, may derive a lot of mileage for the brands, specifically in terms of brand recall and selection. But to achieve this, the marketer needs to be really careful while selecting a celebrity. This is to be remembered that a ‘celebrity is a means to an end, and not an end in himself/herself’

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Concept of Family and Family Life-cycle

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Learning Objectives

- The concepts of family and household
- The types of families
- Buying roles in a family
- The concept of family life cycle

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CONCEPT OF FAMILY AND HOUSEHOLD

- A household refers to the related family members and all the unrelated persons who dwell in the same lodging unit (whether house, apartment, group of rooms, or others). Clearly, the households may be of two main types: families and non-families.

- The consumer research experts define family ‘as two or more persons related by blood, marriage, or adoption who reside together’. Some researchers have opined that the family operates as an economic unit in terms of a collective earning and spending of money.

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TYPES OF FAMILIES

On the basis of marriage, family has been classified into three major forms as given below:

- ***Polygamous family*: A family made up by more than two marital partners of a man.**
- ***Polyandrous family*: A family where a woman resides with multiple husbands.**
- ***Monogamous family*: Monogamy refers to a form of marriage in which a person has only one partner at any one time.**

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TYPES OF FAMILIES

On the basis of the nature of residence, family can be classified into three main forms as given below:

- ***Family of matrilocal residence*: Matrilocal family exists in the societal system in which a married couple resides with or near the wife's parents. In this type of family, the daughter will stay in or close to the mother's house, thereby, constituting a large clan of families, where three or four generations of a lady reside in the same area.**

- ***Family of patrilocal residence*: This type of family exists in a social system in which a married couple resides with or near the husband's parents. Location here means a village, town, or clan area. This practice is found in tentatively 69% of the world's cultures.**

- ***Family of changing residence*: This type of family neither resides in patrilocal nor in the matrilocal areas; it rather stays somewhere else, e.g., close to their workplace. This is of course a changing social pattern of these days. In India, many young Bengali, Gujarati, and Marathi couples are working in Bangalore IT sector, which is neither of the spouses' native place.**

TYPES OF FAMILIES

On the basis of size or structure, family can be classified into two major types as given below:

- **Nuclear or the single unit family: In this kind of family, only the couple or couple with their own unmarried children resides together.**

- **Joint family: Joint families are extended families where apart from only husband-wife and children, grandparents, uncles or aunts also stay together. Many of the Indian families support this system.**

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TYPES OF FAMILIES

On the basis of the nature of relations among the family members, family can be classified into two main types as given below:

- ***Conjugal family*: This type of family consists of adult members tied by sexual relationship either by marriage or a live-in relationship.**

- ***Consanguine family*: These kinds of families are formed by the members tied by blood relation and cohabitated in a single household, e.g., brother and sister, father and son, etc.**

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BUYING ROLES IN A FAMILY

- *The initiator*
- *The influencer*
- *The decider*
- *The buyer*
- *The payer*
- *The consumers*

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Factors affecting the power structure in family

- ***Economic resources*: Here, the highest economic contributor of the family member poses to have the most dominant power over others and thereby becomes the decision-maker.**

- ***Cultural norms*: The existing cultural trends may decide who the most dominant partner in the family is. In many patriarchic cultures, the male member is the dominant partner and decisions for several product purchases tend to be more husband-dominant.**

- ***Expert power*: One partner may have more knowledge and more detailed information with respect to particular purchases. For example, if the husband is a teacher, there are high chances that his opinion about the child's education will have relatively more importance; or if the wife is a doctor, about the treatment of any member of the family, her opinion will be prioritized.**

Factors affecting the power structure in family

- ***Legitimate power*: This is the influence that results logically from the expectations in the family regarding one's role. In patriarchic societies, the financial decisions are usually husband-dominant. However, in context of the complex and shifting dynamics of gender roles, nowadays most of the important family decisions are taken on the basis of negotiation rather than legitimate power (Scanzoni,1983).**

- ***Bargaining power*: This involves suggesting one member to make a decision favourable to another on the basis of reciprocal arrangement.**

- **Reward/referent power: Here one spouse may reward the other by accepting the other's choice.**

- **Emotional power: Sometimes, the purchase decision may be influenced by one partner using his/her emotional influence on the other.**

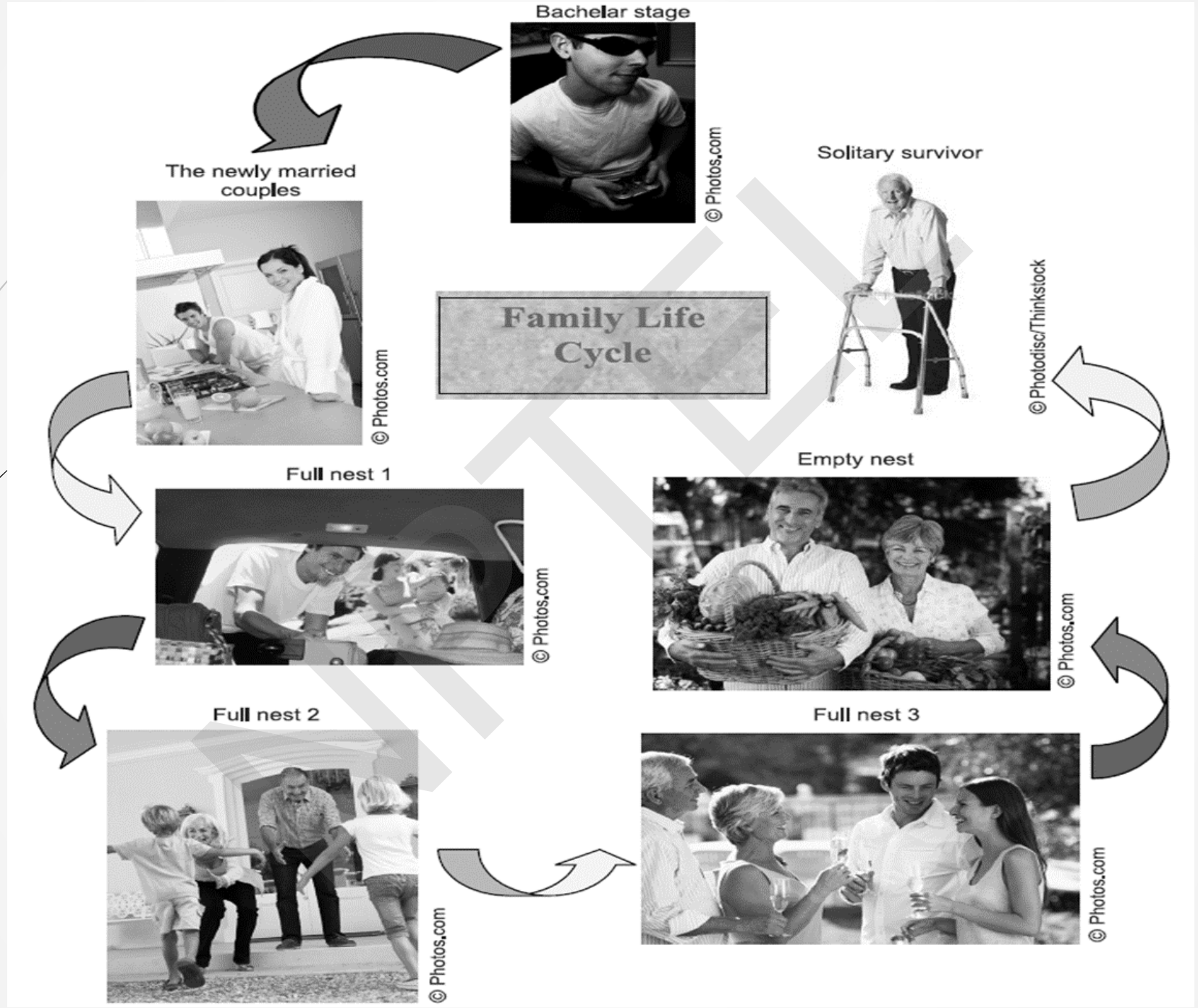
The Family Life Cycle…

- The expression ‘family life cycle’ refers to the sequence of various life stages through which individuals proceed over time. It illustrates, in other words, the course of the family formation and dissolution.

- Thus, a family may begin for an individual when he moves on from bachelorhood to married life. Thereafter, he passes through a string of stages with new-born babies, grown up children, and so on.

- Each stage is at variance from the preceding stages in terms of family composition, the financial state, consumption patterns, product needs, and preferences and usage patterns.

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Bachelar stage
© Photos.com
The newly married couples
© Photos.com
Family Life Cycle
Solitary survivor
© Photodisc/Thinkstock
Full nest 1
© Photos.com
Empty nest
© Photos.com
Full nest 2
© Photos.com
Full nest 3
© Photos.com

The bachelor stage (young and single)

- **In the bachelor stage of the life cycle, income is relatively low as compared to one's future earnings, as the majority of bachelors are at the early stages of their vocation. But, simultaneously, the financial liability is also very little.**
- **Therefore, their discretionary incomes are relatively higher than the other stages of family life cycle. They have a propensity to expend considerable amounts on individual consumption items like fast food, trendy apparels, certain luxurious and entertainment goods like walkman, ipods, sunglasses, video games, trendy mobile sets, two wheelers, etc.**
- **Some essential furniture items as well as some kitchen apparatus may be acquired. Nonetheless, these purchases often tend to be on a haphazard basis and also least, because they feel these belongings curb their liberty of movement.**
- **The food, detergent, shampoo, etc., marketers also have curbed opportunities in terms of single serving packaging for a wide range of products.**
- **Overall, at this stage, the customer demonstrates more individuality syndrome in terms of every purchase decision.**

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The newly married couples (*young, no children*)

- Marriage changes the needs and preferences. At this stage, life is much more stable. People tend to buy apartments. Need for other household amenities also increase.
- In addition, in some cases, both partners may be working. Especially in case of the DINK (double income no kids) families, the family income is usually higher than the bachelor stage.
- Purchases include durable goods such as refrigerators, washing machines, and other appliances, reasonably priced durable furniture, home entertainment items such as television sets, etc.
- Moreover, holiday packages and restaurant bills are also quite high. With these and many other allied expenses, this stage, therefore, embodies a high expenditure period.

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Full nest 1 (young, married, with child)

- The influx of a child makes drastic changes in the life further. It is quite likely that some wives may quit their jobs and the family suffers a reduction in overall income.
- On the flip side, child rearing increases expenses. People are more involved in the purchase of baby furniture, toys, chest rubs, vitamins, baby foods, and medicines.
- This is also the period when they become discontented with their income and with their incapability to accrue earnings.

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Full nest 2 (*older, married, with children above five years*)

- The family's financial state, at this phase starts to perk up because of both career progress and many wives returning to work.
- They represent a lively market for a wide variety of food products, bicycles, music lessons, computers, laptops, books, magazines, and also tutorial fees for educational services as children are growing up.
- Sometimes children also influence the decision process. For example, the purchase of breakfast cereal, brand of toothpaste, and other toiletries are often dominated by them. Once they pass the phase of adolescence, they may take bigger degree of control on several decisions like amusement parks, restaurants, and even sometimes vacations. The influence is clearly much higher in case of products of their exclusive use.

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Full nest 3 (*older, married, with grown up dependent children*)

- Income is elevated for the family at this stage.
- Nevertheless, the families now symbolize experienced buyers and are comparatively less fascinated in new product purchases.
- Expenditures persist to be high due to replacement buying at the end of the stage.
- Moreover, as children are grown ups now, the educational expenses grow up. The cost of books, apparels, and food also escalates.

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Empty nest (*Older, married, with no children living with them*)

- With no children living at home, the financial position becomes stable but savings accumulate.
- Hobbies also become an important source of pleasure.
- More money is exhausted on luxury appliances, periodicals, and health products.
- Key expenditures are on home possession, home improvements, and also on medical care.

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Solitary survivor (*older, single, retired people*)

- This is the stage when either of the spouses is passed away.
- Normally at this stage, people have simple and inexpensive lifestyle.
- Perhaps, a lower income due to retirement may be a restraining issue.
- Health care and other services become essential.
- Normally at this stage pilgrim tours, religious books, spectacles, walking sticks, medicines are more in demand.

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Importance of Family Life Cycle to the Marketer

- At each stage of family life cycle, there are distinctive sets of desires and demands. Hence, perhaps the family life cycle serves as a better guide to the marketers to **understand the consumption patterns than age**. For example, it is well known that many household amenities like cots, wardrobes, store wells, freezer, and washing machines are bought at the early phase of marriage.

- The family life cycle stages, therefore, serve as a useful tool to analyze and **segment the markets**. This concept takes into account the family incomes, dynamics of power structure in a family, their joint needs, and mutual influences on each other. The analysis, thus, allows the marketers to segment families into smaller subgroups to develop products and services to meet the explicit needs of families at each stage, and to plan promotional strategies for their particular target segment.

- The presence of **children influences** the family purchase decision a lot. In most of the nuclear families, a huge chunk of disposable income gets spent in fulfilling children's needs.

Contradictions...

- However, the conventional view of the family life cycle has been challenged for failing to identify that a single family unit may not exist throughout the span of an individual's life. There can be breakups of marital relationship and chances of remarriage.
- Secondly, the traditional model did not take into account the cases of single parent households. But in reality, they exist in huge numbers.
- In the modern families, the existence of working women makes the family dynamics furthermore complicated and many new types of services like crèche or day boarding schools for the children have gained momentum.
- Third, the conventional concept of family life cycle still uses demographic variables to segment the market and, therefore, ignores the psychographic variables. Hence, the important psychographic parameters like attitude and perception are often overlooked.
- Nonetheless, the family life cycle is a significant aspect in scheming consumption patterns, leisure time, family expenditure patterns for services, etc.

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Thank you

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Family Buying Decisions

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Learning Objectives

- **FAMILY BUYING DECISION MODEL OF JAGDISH SHETH**

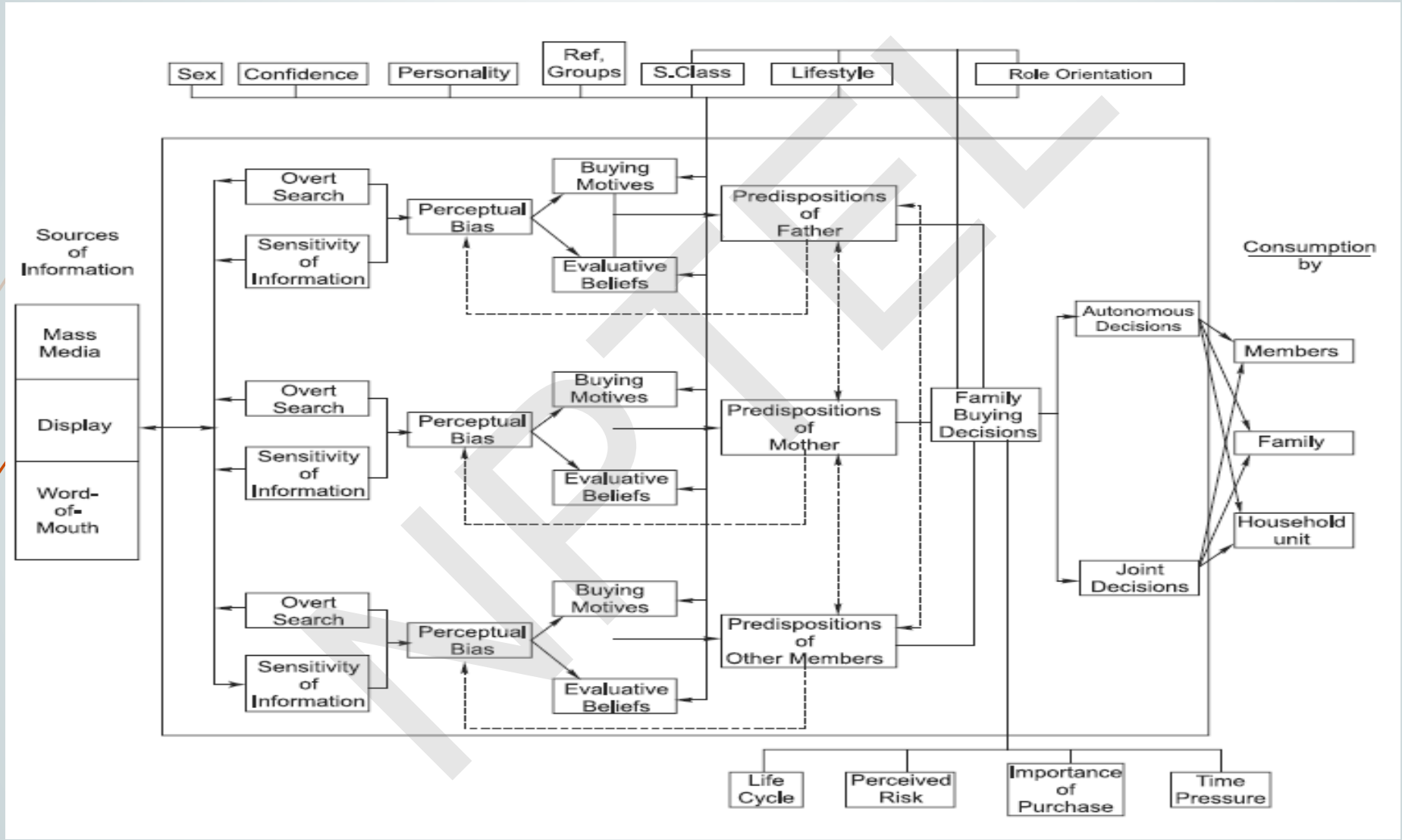
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FAMILY BUYING DECISION

Family decision-making, with its unique approach, is standalone amongst the emerging research areas in social sciences. No doubt, various facets from sociology, social anthropology, psychology, economics, and marketing have contributed in the development of the theory of ‘Family decision-making’ by the acclaimed marketing guru Jagdish Sheth.

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Family Decision Making Model of Prof. Jagdish Sheth



***Source*: http://www.jagsheth.net/docs/A%20Theory%20of%20Family%20Buying%20Decisions.pdf, published with courtesy and permission from Prof. Jagdish N. Sheth in the book 'Consumer Behaviour' by Srabanti Mukherjee**

Who is the consuming unit?

- The total consumption of a family may be grouped in three types, namely, consumption by the individual members, the family as a whole, and the household unit.
- For example, cigarette may be exclusively consumed by the father, lipstick by the mother, and toys by the child.
- On the other hand, vegetables and curry powder may be transformed into curry by mother and consumed by the entire family.
- Products like home theatre, car, music system, and air conditioners are also consumed by the entire family as a part of shared consumption items. The family consumption behaviour may often be considered to be the offshoot of family buying decisions.
- Consequently, consumption cropping up from gifts, rentals, and possession by means other than buying is not overtly taken into consideration.

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Autonomous and Joint Decisions

- Family buying decisions, according to Jagdish Sheth, are considered to be of mainly two types—autonomous (husband or wife dominant) and joint (by several or all members of the family).
- The task of specific members of the family that has been described in the previous module has a definite impact on the overall buying behaviour.
- When a person stays alone, he himself may decide to buy apparel or go for frozen foods, based on only his own needs.
- The situation becomes complex, when that person gets married and has children. At this moment, the decisions may be taken by the husband or wife individually or jointly regarding the various aspects.
- Nonetheless, the decisions have to be based on the needs and requirements of the family. Lots of influencing factors like the pester power of children and the preference of the previous generation also has to be taken care of.
- Since there exist various underlying factors influencing the correlation between consumption and nature of family decision-making, it is highly imperative to properly interpret the determinants of joint versus autonomous decision-making.

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Cognitive Aspects of Individual Members

- Each member of a family has his/her own set of positive and negative predispositions regarding some products and particular brands in that product category.
- These predispositions are assumed to be diverse in many cases due to the existence of disparity in motives and perceptions of all the individual entities involved in the process of making buying decisions.
- For example, in case of buying an apartment, the husband may prefer to buy a 2000 square feet flat close to his office while the wife may prefer a high-priced small apartment in her matrilocal area so as to stay closer to her aged parents. Within each of these cases, the members may perceive the advantages of specific apartments in a different way.

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Cognitive Aspects of Individual Members

- Therefore, a member's predisposition is a function of his buying motives and evaluative perceptions (beliefs) of specific brands in accomplishing or barring his buying motives. Motives are mostly derived from biogenic or psychogenic needs, wants or desires of the person in buying and consuming a product or service.

- However, most buying motives are generated from learned predisposition curved out of the consumer's past experiences and acculturation.

- One more determining factor of a family member's formation of predisposition is his own evaluative belief about particular brand choice options as to whether they obstruct or aid the attainment of buying motives. They exclusively encompass the person's evaluation of an alternative as a perceived gadget to gratify a set of motives.

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Determinants of Differences in Predispositions

- From the earlier sub-sections, it is quite evident that there are three major factors in this theory which direct a family member's buying motives, evaluate beliefs, and result in a set of predispositions.
- The first factor is derived from a chain of exogenous constructs shown at the top. This comprises of individual member's personality, lifestyle, perception of his social class, role orientation within the family, and the reference group of the individual family members.
- The second factor contributing to the cognitive facets of individual members is the exposure to relevant information from an array of sources (encompassing from the mass media and exposure to word-of-mouth communication) in the course of family decision-making.
- Nonetheless, the members are likely to be at variance in terms of their ease of access to sources, extent of overt search for information, etc.

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Determinants of Differences in Predispositions

- For example, the husband may simply collect information on a particular buying decision from various accessible sources close to his office, and be more sensitive to information obtained from informal sources (colleagues, friends, etc). Therefore, he may involve more rigorously in the search process before reaching the final buying decision than any other members of the family.
- The child, on the other hand, may be more sensitive towards point-of-purchase displays and television advertisements as compared to the other members.
- To be more specific, the family members normally tend to be highly diverse even in terms of sensitivity to their information sources and word-of-mouth communication.

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Determinants of Autonomous vs. Joint Decision-Making

- *Social class*: Prof. Sheth has concluded from a number of studies that there is a higher degree of independence of buying decisions among all members in both the upper and lower social classes. However, the prevalence of joint decision-making is expected to take place in middle-class families.

- *Role orientation*: This refers to the explicit or implicit roles fixed to the members of the family in the course of constant interface.

- *Life cycle of family*: The chance in joint decision is inversely related to the age of the family. Clearly, the probability of joint decision-making is more common among the newly married couple and comparatively less prevalent amongst the couples in 'Empty Nest'.

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Determinants of Autonomous vs. Joint Decision-Making

- *Perceived risk in buying decisions*: Greater the perceived risk of making a wrong decision for the family, higher is the chance of joint decision-making among the members of the family.

- *Importance of purchase to the family*: Greater the importance of a specific buying decision to the family, higher is the probability that the decision would be joint, with majority of the family members partaking in it.

- *Time pressure*: If the time pressure for decision-making is high, the incidence of joint decision-making is likely to be increased. The increase in number of working wives and the resultant fast life in this era is probably one of the reasons of time pressure.

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Process of Joint Decision-Making

- *Who is the initiator in the buying process*? Prof. Sheth opined that it mainly depends on lifestyle and role-orientation of the family that who will act as an initiator of a particular purchase decision.

- *Who is the information provider related to the joint buying decision*? As per the analytical insight of Prof. Sheth, drawn out of several studies, it may be stated that all the members share the task of information provider depending on their expertise in different facets of a particular decision.

  For example, the fathers or uncles are supposed to contemplate on mechanical and financial aspects of the product, as ideally they are also the payers. On the other hand, the mothers or the elderly ladies of the house tend to focus more on ornamental and showy aspects, and the children on societal aspects (due to high belongingness need) of buying decision. It is, nonetheless observed that in these days the children, predominantly the teen-aged children, have been the major source of information for a numerous joint decisions even including those of cars, home theatres, apartments, and vacations.

Process of Joint Decision-Making

- *Who is the buyer or shopper*? Many a times, contrary to the common belief, the lady of the housebuys apparels and many other personal items for the male members. Many working ladies nowadays take their financial decisions independently.

- *What are the issues of conflict in joint decision-making*? The *issue of conflict* may arise in most ofthe joint buying decisions. According to Prof. Sheth, the conceptual framework of interpersonal conflict presented by March and Simon (1959) seems extremely pertinent to the family decision-making. Under different situations, each of the family members assumes the role of the head. Particularly for cheap and more individualistic items, decisions are often likely to be autonomic and any of the partners is held responsible for the purchase. The more expensive the items are, greater is the chance of joint decision-making. As the family resources are limited and everybody in the family wants to derive maximum satisfaction out of its utilization, many a times family members disagree about the goals and differ in perceptions about the goal objects. This situation leads to the state of conflict. Therefore, the family decisions may either be consensual or accommodative. For consensual decisions, everyone in the family may be in agreement with the preferred conclusion. Nevertheless, accommodative decisions become essential especially to resolve conflict situations

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Conflict Resolution

- *Problem-solving*:

  - In case of problem-solving, the need for more and more information is prioritized.
  - The natural and immediate consequence of using this tool is to aggressively search for more information or focus more on available information.
  - Thereafter, lots of information is gathered from reliable personal sources.
  - Finally, attempts are made to find out the fresh set of options which have not yet been considered in the course of joint decision-making.

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Conflict Resolution

- *Persuasion*:

- Sometimes, a situation of conflict arises amongst the family members regarding those particular criteria by which evaluation of alternatives is done.
- Normally, these conflicts are resolved by efforts of persuasion.

- For example, the wife may initiate the thought of buying a new car, while the other family members may persuade her that buying an apartment is the call for the day.

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Conflict Resolution

- *Bargaining*:

  - If, by persuasion, the incongruity over buying motives is not dissolved, then the gadget of bargaining is resorted.

  - For example, the father may be allowed to buy a new laptop for his business activities, but he will have to provide some desirable alternatives to the other members of the family in return. This is almost a give-and-take arrangement.

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Conflict Resolution

Politics:

- When the members of a family not only vary in terms of particular buying motives, but also, essentially, on maximum lifestyle components, the constant conflict is expected to be resolved either by the break-up of the family structure or by politics.

- Many of the Indian joint families are broken as a result of such family politics and disagreement in motives and varying lifestyles resulting from the generation gap.

- The later generally results in development of coalitions or subgroups with common motive in an attempt to segregate the member who is identified as the key one behind the conflict.

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Conflict Resolution

- Even though this kind of conflict resolution technique in buying decisions is not expected to be pervasive, it is not absolutely exceptional.
- To be specific, in the children-centric Indian families, children are often taken as coalition partners of one parent against the other.
- These days, we even observe coalition subgroup formed by teenaged children against their parents, especially in case of buying expensive mobile handsets or television sets.

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To conclude....

Nevertheless, there is no doubt that any type of conflict within a family is detrimental from the social welfare perspective. Still, because of difference in buying motives and different individual predispositions, cent percent avoidance of conflict is simply not possible in this changing socio-dynamics in 21st century. Nonetheless, it is better to resolve conflicts by the process of problem-solving and persuasion, as they are less damaging tools than bargaining and politics.

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Thank you

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Diffusion of Innovations-1

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Module Goals

After completing this Module, you will be able to understand :

- **What diffusion of innovation means**
- **Elements of the Diffusion Process**

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THE CONCEPT OF DIFFUSION OF INNOVATIONS

- The *diffusion of innovation* refers to the propensity of new products, practices, or ideas to be stretched among people.
- Diffusion may be referred as an inclusive course concerned with the reach of a new product (alternatively an innovation) from its producer to the consumers.
- The process of diffusion, therefore, identifies the rate of product acceptance and, consequently, mirrors the product life cycle (PLC).
- It attempts to spot out the innovators in the introduction period of the product life cycle, the early adopters during the growth phase, and late adopters and laggards during the maturity and decline stages, respectively.

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Elements of the Diffusion Process

The four basic elements of the diffusion process are as follows:

- **Innovation**
- **Channels of communication**
- **Social system**
- **Time**

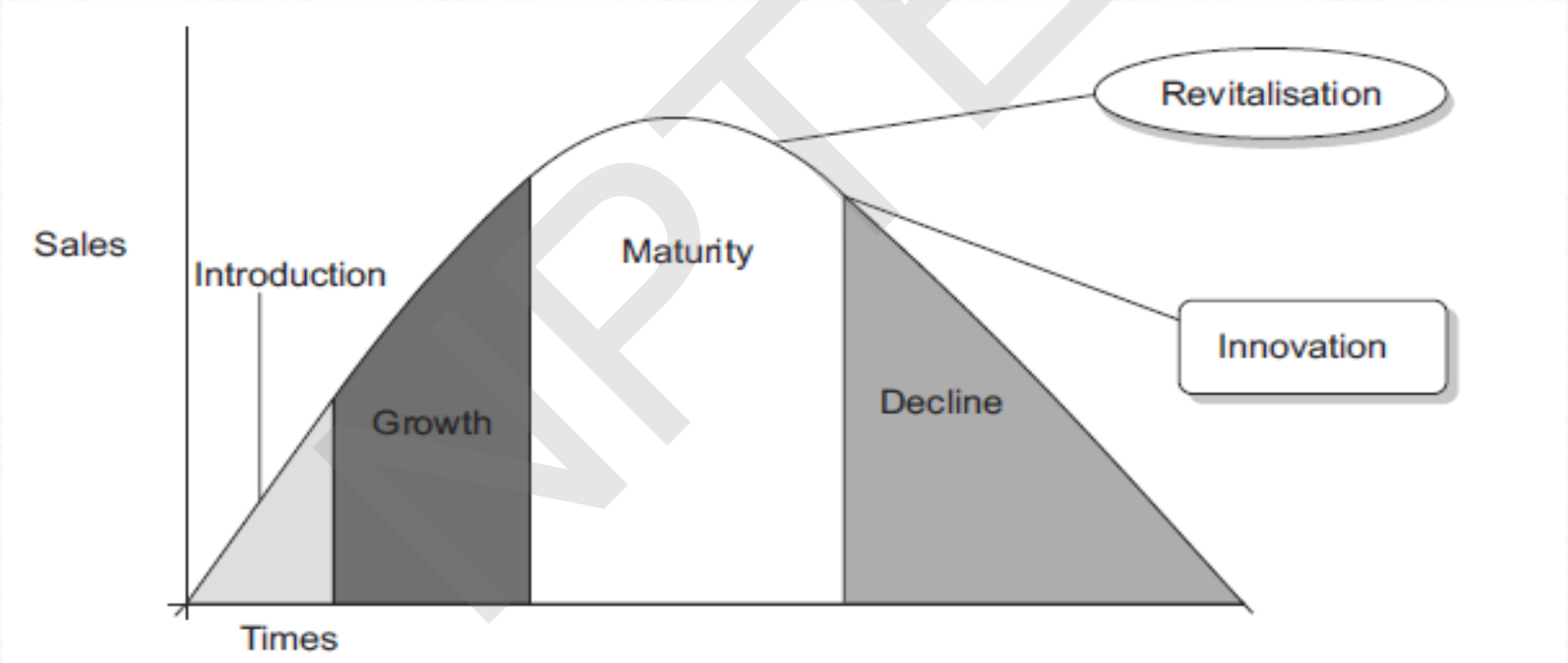
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THE CONCEPT OF INNOVATION

- Every product passes through a *life cycle*. The concept of product life cycle is well-knit with the occurrence of diffusion of innovation.
- In fact, it has been already observed in VALS classification that when a new product is launched, not all the consumers are likely to adopt it first.
- Only the group of people who are more innovative than others, willing to pay a premium price for novel products, and ready to take a risk on untried technology will buy it initially. Hence, it is essential on the part of the marketers to form a positive attitude and also ensure post-purchase satisfaction of the innovators.
- It is quite obvious that all the rest categories are likely to follow their footsteps and believe in the word-of mouth spread by them. For example, now in the urban areas of South Asia, almost every middle-class and lower-middle-class household has at least one mobile hand-set.
- Nowadays, with the invention of new hi-tech products, many products are entering into their *decline stage*. For example, Remington Rand, the famous typewriters faced large decline in sales with the invention of computer. Nowadays, personal computers are gradually being replaced by the laptops, palmtops, and even ipads.

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THE CONCEPT OF INNOVATION



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Degrees of Innovation

- Innovations are generated in various degrees. Nonetheless, Robertson (1967) took an attempt to classify them into three major types, founded on the implication of the innovation on consumer's behavioural pattern in his existing social structure. These three types are as follows:

A continuous innovation

A dynamically continuous innovation

Discontinuous Innovation

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Degrees of Innovation

- ***A continuous innovation***: This encompasses continuous improvisation on a product over time. Cars improvise every year, the cars of 1990s are driven much the same way that cars of the 1950 were driven. Changes have only taken place in terms of comfort and use of the car models.
- ***A dynamically continuous innovation***: When there is some alteration in technology, keeping the basic purpose of using the product almost same, then we call it dynamically continuous innovation—e.g., jet vs. propeller aircraft.
- ***A discontinuous innovation***: A discontinuous innovation means an alteration that basically changes the way a product is used—e.g., pager to mobile. In general, discontinuous innovations are harder to market as the customers have to be educated regarding the use of the product. However, as the rewards are perceived to be significant, for certain group of customers it may sound quite motivating.

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CHANNELS OF COMMUNICATION

- **Marketers looking for diffusion of their innovations usually concentrate on how the product-related information is extended to the target group through different channels of communication.**
- **Once the awareness is shaped and more and more information reaches the market, the early adopters develop their interest on the product. They usually depend on their friends and relatives (specially the innovators) to assist in their new product evaluation process.**
- **This implies that the influence on the end customer occurs from two sources, the impersonal source (marketer's promotional materials or publicities) and the interpersonal source (reference groups, opinion leaders, mainly the innovators).**
- **Hence, it is clear at this point that the exposure to marketing communications through mass media (newspapers, television, etc.) is quite higher amongst the early adopters than the late adopters.**

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SOCIAL SYSTEM

- A social system can be defined as a physical, socio-cultural environment to which people belong and within which they operate. For example, for marketing a new brand of herbal tea with special medical benefits, the social system encompasses the physicians of the country, who may serve as opinion leaders to consume the brands. One new brand of toothpaste, *Sensodyne*, portrays a doctor as an opinion leader in its television commercial. Thus, the social system develops the edge within which the diffusion of any new product is supposed to take place.

- The acceptance and rejection of new products in a social system largely varies with its own values, norms, and practices. A more modern social system diffuses the innovations quicker than the conventional system. Quite a lot of particular product categories have case histories that exemplify significant problems in adoption process

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The Battle of Scotch Brite Kitchen Scrubber

- Scotch Brite kitchen scrubber created by Minnesota Mining andManufacturing Co. (3M) was launched in India in 1990. Scotch Brite is basically a scrubber slowly entering into the Indian kitchens. The brand principally targeted the upper class and the middle-income households of the country. As it was an innovation in Indian context, rather than facing competition from any rival brands, it had to compete with the traditional practice of cleaning the utensils. The principal buyers, i.e., the homemakers never considered it to be a very essential product. The home makers in most of the households were habituated in using either plastics, nylon scrubs, or sometimes steel wools (for heavy utensils) with a soap bar for the purpose. Coconut fibre was the common scrubber used by the rural housewives. The key barrier for the brand to penetrate the market was primarily the existing dishwashing practices of the customers. Another important challenge for the brand was that in urban upper or middle class households, most of the utensil and wash basin cleaning jobs were done by the maid servants. Therefore, the company realized that it is not sufficient to motivate just the buyers (housewives) but also the users (housemaid) should accept the product as well as the brand.Keeping the importance of the 'primary users' into consideration 3M in 2006 embarked on a huge promotion targeting the maids. In Pune, it prearranged a walk by Bais (the maid servants) and vowed through them the use of Scotch Brite for cleaning. The participants were also rewarded with gifts. Scotch Brite is, therefore, an archetypal customer-centric innovation.

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THE IMPACT OF TIME

***Purchase time*:**

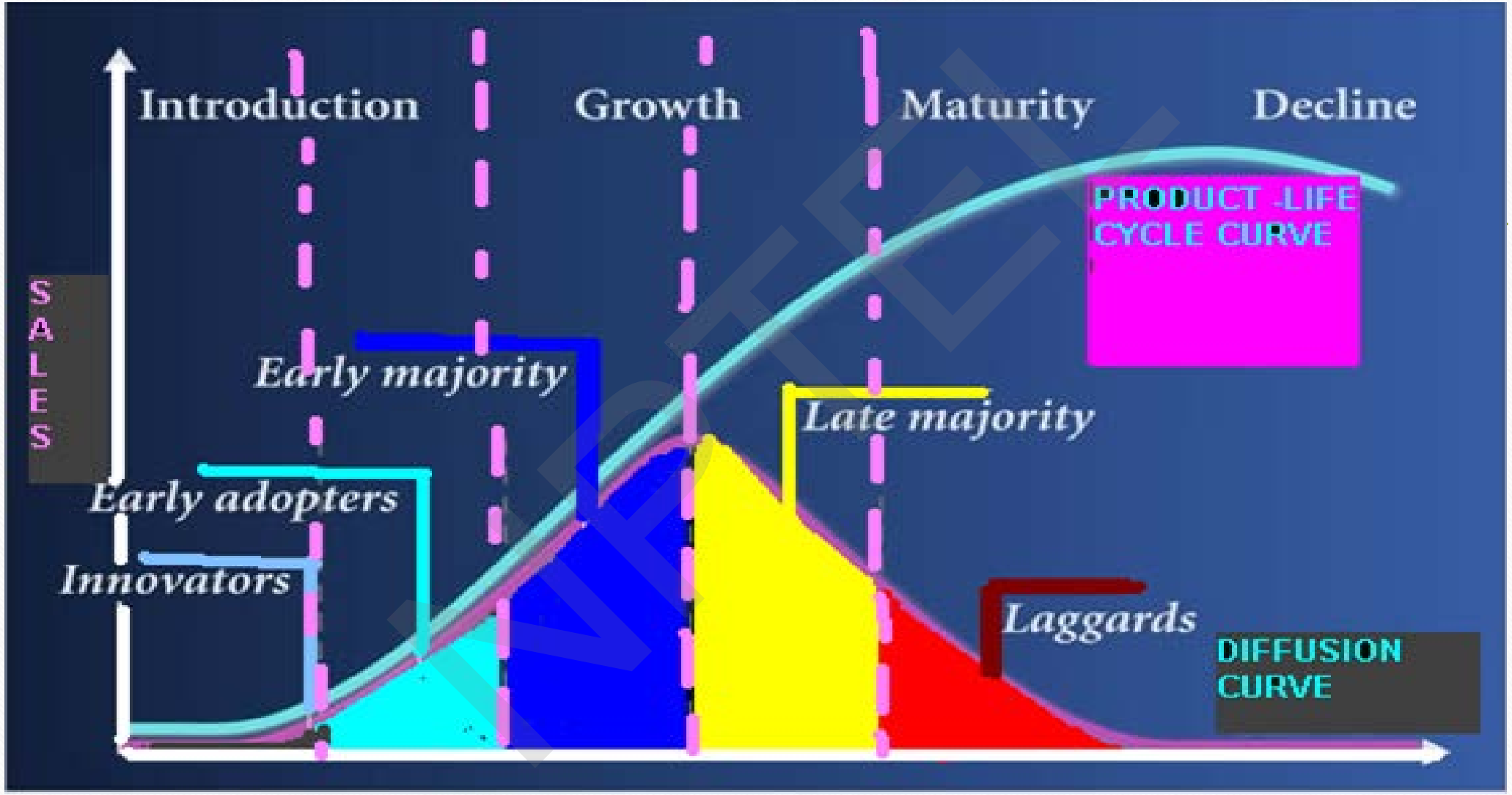
- Purchase time refers to the period between the first information floated to consumers and their purchase/rejection point. The length of this time span determines the diffusion rate of any innovation.
- In international market, it will determine whether to go for a 'waterfall' or 'sprinkler' strategy.
- One more significant implication of the 'time' is the trend line on which an innovation gradually becomes a necessity in the minds of early and late adopters within a society over a period of time. One may recollect the case of *Aquaguard* water purifier in India launched by *Eureka Forbes*. It replaced the traditional non-electrical water purifiers and became a necessity to every middle or upper class Indian household or private and public organization.

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ADOPTER CLASSES

- Rogers, the eminent professor, classified the adopters by time and rate of adoption.
- His researches portrayed five classes/categories of adopters: (i) Innovators, (ii) Early adopters, (iii) Early majority, (iv) Late majority, and (v) Laggards.
- Ideally, Rogers' division of adopter classes (Fig. 13.3) is also highly correlated with the gradual movement of the product through its life cycle.

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Introduction
Growth
Maturity
Decline
SALES
Early majority
Early adopters
Innovators
Late majority
Laggards
PRODUCT -LIFE CYCLE CURVE
DIFFUSION CURVE

ADOPTER CLASSES

- The PLC curve deviates from the adoption curve in a way that the former represents sales levels on the vertical axis and the latter depicts the percentage of adopters over the adoption period. Based on this concept, the adopter classes are illustrated as follows:
  - *Innovators*: Innovators are the first category to welcome and adopt a new product inthe market place. Usually this group comprises of younger generations from well-to-do families. They are by nature risk-takers, tech-savvy, and normally have proximity to scientific sources and greater interface with other innovators. They are usually 2.5% of all those who ultimately adopt the product over time.

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ADOPTER CLASSES

- *Early adopters*: This is the second group to adopt an innovation after the innovators. Incomparison to the innovators, these individuals have a greater chance to become opinion leaders. They too, like the innovators, are usually younger in age, with higher social status, affluence, and relatively higher educational background. They are generally more socially interactive than the remaining adopter classes (except the innovators). However, they are very much selective and rational in product/brand choice unlike the innovators and develop certain firm evaluative criteria.
- *Early majority*: Once the innovation succeeds in the early majority class, people withaverage social status, education, and relatively risk-averse start adopting it. It needs no mention that for these types of adopters, the time of adoption is considerably longer than the innovators and early adopters.

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ADOPTER CLASSES

- *Late majority:* Individuals with a high degree of skepticism adopt the innovation after the majority of society has already adopted it. Late majority usually belongs to the below average social status and has low level of affluence. They do keep contact with others, but not as much as the opinion leaders.

- *Laggards*: They form the last consumer category to adopt an innovation. Contrasting to all the earlier categories, the consumers of this group have aversion towards the change-agents. This cluster of the customers normally belongs to the older age group. Laggards naturally tend to be more inclined towards maintaining the age-old 'customs and traditions'. Some of them are economically weak, have interaction only with family members and close friends

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RATE OF ADOPTION

- The rate of adoption refers to the speed of acceptance of new product by ultimate adopters. To exemplify, the bank ATM cards experienced a fast adoption in India. Initially some people were a little skeptical about its security aspect; but later on the convenience factors turned out to be the major influencing parameter and ruled out all the barriers against its adoption.

- Nonetheless, the adoption of credit cards was not a cakewalk like this. It was as complicated as the 'chicken-and-egg' paradox. From the retailer's point of view, it had no meaning to accept credit cards until it became a mass phenomenon. On the contrary, the consumers looked for only those cards which were largely accepted by most of the retailers. Consequently, it was also essential to expedite the process by roping large corporate accounts into the net. This attempt made the credit cards acceptable by both the retailers and consumers.

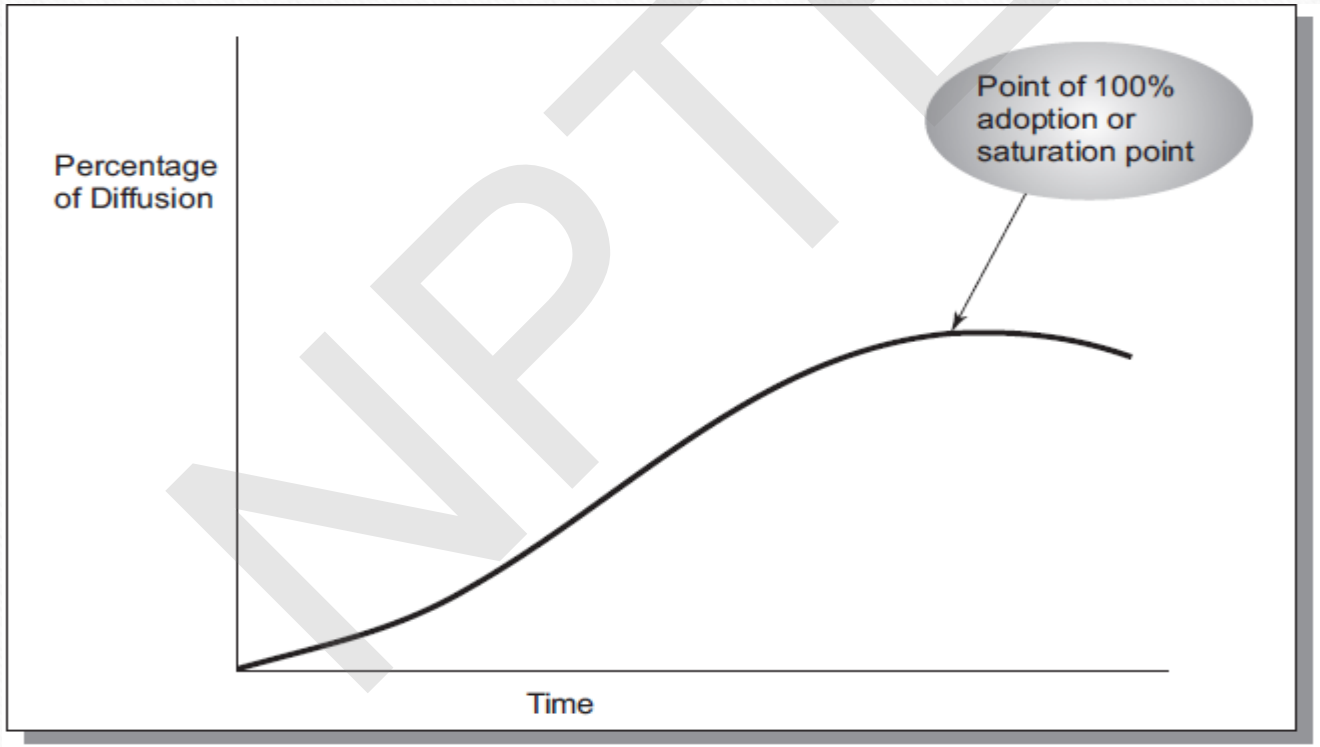
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RATE OF ADOPTION

- The nightclubs and discos in metro-cities in India spread quickly among urban well-to-do youths at large because of its apparently *bona fide* portrayal of a striking urban lifestyle.
- However, the bell-shaped curve often demonstrates the rate of adoption of a new product. In fact, the S-shaped curve reveals the snowballing of the adoptions across customer segments. The *saturation point* is the greatest fraction of consumers probable to adopt a product over a certain time period.
- In case of television in the Indian sub-continent, the saturation level in the desired target market is almost cent percent. Nonetheless, at times innovations may *not be adopted*. Like, some young individuals due to low propensity of ailment do not adopt medical insurance policies as they do not use them much.

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THE IMPACT OF TIME



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Thank you

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THE PROCESS OF ADOPTION

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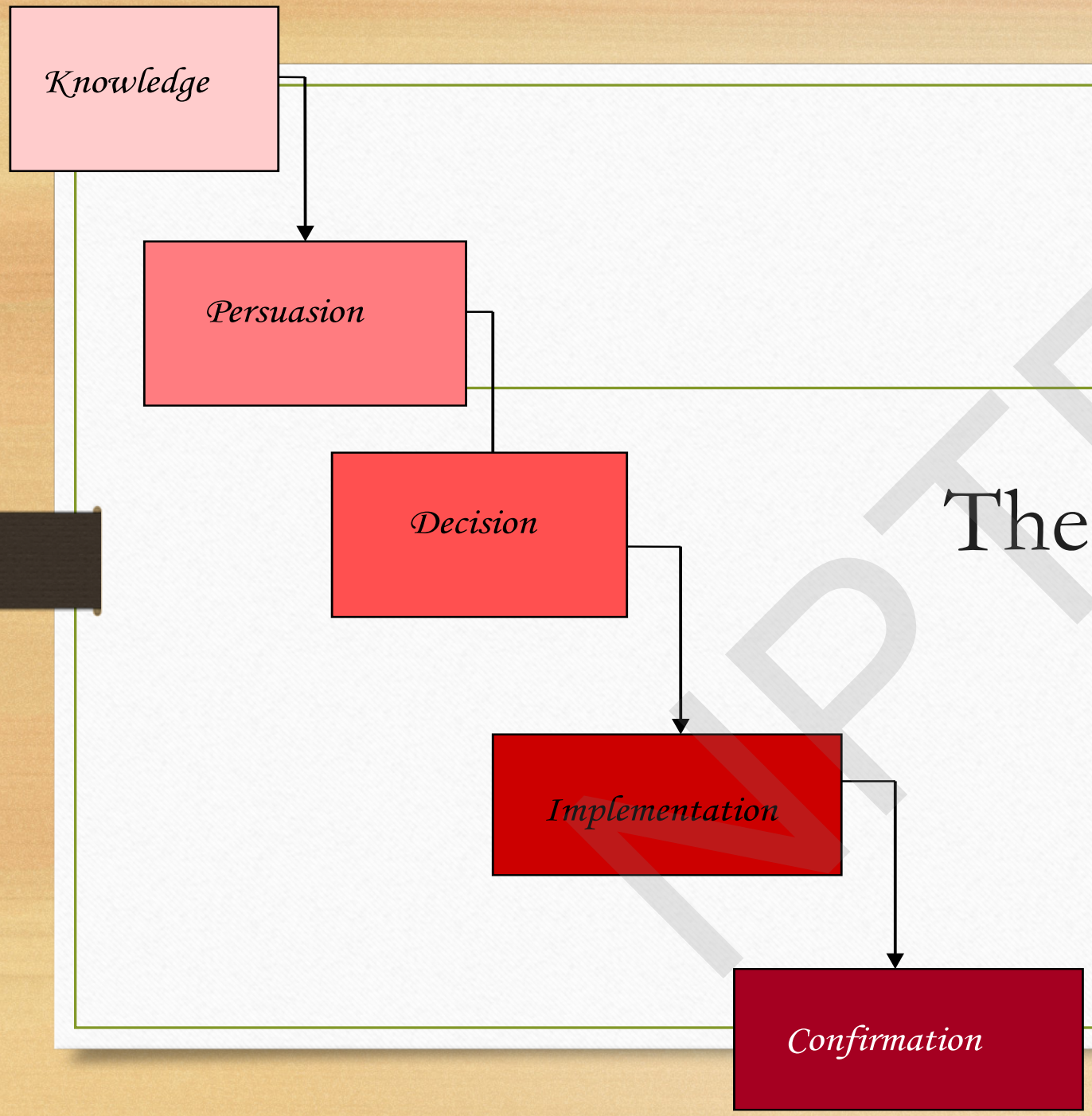
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THE PROCESS OF ADOPTION

- Rogers (2003) depicts the innovation-decision procedure as 'an information-seeking and information-processing activity, where an individual is motivated to reduce uncertainty about the advantages and disadvantages of an innovation'. According to Rogers (2003), the innovation-decision process comprises five basic phases, namely, (i) knowledge, (ii) persuasion, (iii) decision, (iv) implementation, and (v) confirmation.

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The Adoption Process



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The Knowledge Stage

- The first stage of innovation-decision process is the knowledge stage.
- In this step, consumers gradually learn about the occurrence of innovation and deliberately search for information from the environment comprising reference groups, opinion leaders, and several marketing stimuli.
- The information typically sought at this stage is about the nature of innovation, how to use it, the purpose of using it, and also how to acquire it.
- According to Rogers, all these aspects constitute three major types of knowledge, namely, (1) awareness-knowledge, (2) how-to-knowledge, and (3) principles-knowledge.

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The Knowledge Stage

- *Awareness-knowledge*: Awareness-knowledge stands for the knowledge of the innovation's occurrence. Ideally, this kind of knowledge may stimulate the consumer to seek for more information about the innovation, develop more knowledge about it, and finally adopt it.

- *How-to-knowledge*: The second kind of knowledge, namely, how-to-knowledge, seeks information about how to use an innovation properly. According to Rogers, this knowledge is a very important parameter in the innovation-decision process. To augment the possibility of adoption of an innovation, a customer should have an adequate level of how-to-knowledge before the trial of the innovation. Especially for complex technical innovation, this knowledge is very crucial.

- *Principles-knowledge*: Principles-knowledge encompasses the execution principles unfolding how and why an innovation has to be used. An innovation may even be adopted without this knowledge; in that case, there remains a high chance of misuse of the innovation. This misuse will bar the users to properly understand the convenience of the product-usage and lead to its discontinuance.

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The Persuasion Stage

- The second step of the diffusion of innovation process is persuasion.
- This step takes place when the individual has a strong negative or positive attitude toward the innovation, but 'the formation of favourable or unfavourable attitude toward an innovation does not always lead directly or indirectly to an adoption or rejection' (Rogers, 2003).
- The individual shapes his or her attitude after he or she knows about the innovation, so the persuasion stage follows the knowledge stage in the innovation-decision process.

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The Persuasion Stage

- Moreover, Rogers claims, unlike the cognitive (or knowing) centred knowledge stage, the persuasion stage is more affective (or feeling) centred.
- In this phase, the consumer is more concerned about the degree of uncertainty of the performance of the new product and also the social consequence of its usage.
- Therefore, the social reinforcement from others (friends, peers, neighbours, etc.) influences the individual's attitude and beliefs about the innovation.
- The customers at this stage keep on searching for information to evaluate the innovation and related promotional messages through the decision stage.
- Therefore, the marketers not only need to innovate in terms of the products, but also require taking a serious call on mix and match of effective combinations of other marketing mix elements.

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The Decision Stage

- At the third stage of the innovation-decision process, namely, the decision stage, the consumer either adopts or rejects the innovation.
- While adoption means 'full use of an innovation as the best course of action available,' rejection refers to 'not to adopt an innovation' (Rogers, 2003).
- According to Rogers, greater the chance of trial-ability of the products, higher is their probability of getting adopted quickly. It is our natural tendency to first give a try on the usage of the innovation and then, if it fits with the customer's need, arrive to an adoption decision.
- The explicit trial sessions can expedite the innovation-decision process. This particular facet of the consumer psychology is probably the key behind the immense popularity of tiny SKUs (sachets or pouches).
- Nonetheless, rejection can also occur at any stage of the innovation-decision process.

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The Implementation Stage

- At the implementation stage, an innovation is practiced. Nevertheless, an innovation brings the novelty in which 'some degree of uncertainty is involved in diffusion' (Rogers, 2003).
- Uncertainty about the results of the usage of innovation still persists as a predicament at this stage. This results in the dependence of opinion leaders to understand the technical features of the product properly, and thereby, reducing the risk of consequences.
- But once, the innovators accept the product; the novelty of the innovation gradually reduces. At this point, many other competing brands enter the market and the product moves from growth phase to maturity level.

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The Implementation Stage

- Reinvention takes place normally at the implementation stage. Reinvention, as Rogers puts, is 'the degree to which an innovation is changed or modified by a user in the process of its adoption and implementation'.

- Also, Rogers (2003) elucidated the distinction between concept of invention and innovation. He says, 'Invention is the process by which a new idea is discovered or created'; on the contrary, the adoption of an innovation refers to the 'process of using an existing idea'.

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The Implementation Stage

- Rogers adds that the more reinvention happens, the more speedily an innovation is adopted and becomes a practice. For example, as innovations, computers and cell phones are the gadgets with the possibility of multi-faceted value-added usages and, thereby, are more open to reinvention.

- Reinvention may occur in terms of process reengineering also. In this context, one may recall, the use of Quick Response (QR) code cards as the novel way to amplify sales. *Cottonworld*, a leading apparel brand, adopted this method to develop customized interface with the Generation Y.

- The popularity of these cards reached even to the sky heights where *Jet Airways* used their in-flight magazines with QR codes to facilitate the consumers to download flight information, sector details, and many other tits and bits. As Kim Saldanha, Vice President (Marketing, Consumer Centria), puts it, 'QR codes are turning out to be the perfect marketing package—a brief, compact, message driver, and engagement tool—all loaded in one single code'

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The Confirmation Stage

- Though the adoption decision has already been made in the previous stage of innovation-decision, the individual looks for information to sustain his or her decision in the confirmation stage.

- As Rogers (2003) puts it, the decision can be upturned if the consumer is 'exposed to conflicting messages about the innovation'.

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Thank you

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