Consumer Behaviour

SANGEETA SAHNEY

Associate Professor
Vinod Gupta School of Management
Indian Institute of Technology (IIT), Kharagpur

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Features of

CHAPTER THEME

Attitudes determine the choices and decisions we make in our daily lives. In the context of consumer behaviour and marketing, consumer attitude plays a key role in the success of a product, service, brand, or/and a company. The primary role of marketers is to devise strategies to help customers gain a positive or favourable attitude towards their offerings. Affect, behaviour, and cognition are the three elements of

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Chapter Themes

Help readers understand the essence of the chapter

MARKETING INSIGHT

Brand Dettol has a market share of around 85 per cent of the antiseptic liquid market in India, whereas another well-known brand, Savlon, has a market share of just about 13 per cent.

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SNAPSHOT 1

- Brand Dettol from RB (earlier Reckitt Benckiser) was launched in India in 1933. It is the world's largest-selling antiseptic, and has been a staple antiseptic liquid in most homes. With diverse products under its brand portfolio, brand Dettol, with its 'Mission for Health', and the tag line 'Dettol Protects', has been the most popular brand

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Marketing Insight and Snapshots

Examples showcasing usage of strategies by marketers to promote their products have been provided

MARKETING IMPLICATIONS

- An individual with a positive attitude towards a good or service offering is more likely to make a purchase; therefore, marketers must put in efforts to design marketing strategies that develop a positive or favourable attitude for their product and/or brand.
- Companies must conduct research to study consumer attitudes that would help determine consumer cognitive,

Marketing Implications

All important learnings that a marketer can gather from a marketing concept have been summarized

MARKETERS SPEAK 1

In an interview with *Arabian Business in July 2015*, and while addressing rumours about Sony potentially selling its mobile division, Sony Mobile, CEO and President, Hiroki Totoki, said, 'Sony will never ever sell or exit from the current mobile business.… In the morning when people wake up, they look at their smartphone.… When they go to bed, they look at their smartphone. Smartphones are part of life today and people now have high demands. They prefer a good quality

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and audio qu

Data sourced fro
http://www.ara
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Marketers Speak

Helps students apprehend views of successful marketers on how to go about dealing with different situations

the Book

Activities

Activities have been interspersed in the chapters to aid students in understanding the practical aspect of the concepts

Images

Numerous marketing communications along with their explanations are interspersed in the text to illustrate marketing approaches used by marketers

IMAGE 10.9 The packaging for Pillsbury Atta generates cognition and affect within a consumer
Source: Superbrands, 2009.

FREQUENTLY ASKED QUESTIONS

1. Define consumer attitude. Explain, with an example, the
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2. E

REVIEW QUESTIONS

1. How do attitudes affect consumption patterns and buying   used by
   b
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CRITICAL THINKING QUESTIONS

1. Attitude formation may precede purchase behaviour or   is in the
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PROJECTS AND ASSIGNMENTS

1. Develop a questionnaire to measure consumer attitude   (a) Type
   towards organic food. You must frame 10 questions   (b) Natu
   using the Likert scale and another 10 questions using the   and b

Chapter-end Exercises

Frequently asked questions, review questions, critical thinking questions, and project assignments are provided for students to evaluate their understanding

Case Studies

These are provided in the book to consolidate the reader's understanding of the concepts discussed in the chapter

CASE STUDY   BANKING WITH AN INDIAN PUBLIC SECT

A Matter of Thought, Feeling, and Ou

Savings and investments are a major concern for all of us and the Kapoor family is no exception. Mr Bharat Lal Kapoor has been in serious discussion with his son Amitesh Kapoor, and the matter seems to have reached a stalemate. The father and son have their own views about the goods and service provided by various banks, be it public, private, or foreign

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Preface

In the competitive scenario that businesses face today, it is extremely imperative that marketers understand consumers' needs and wants, and the changing preferences so as to be able to serve them better than their competitors. Consumer behaviour explains the reasons and logic that underlie purchasing decisions and consumption patterns. It explains the processes through which buyers make decisions, and provides reasons as to why purchase decisions and consumption patterns differ from person to person.

Consumer behaviour involves a study of the physical process (transaction) and the cognitive process (decision-making) involved in buying, using, and disposing of goods and services. Surrounded by such decisions are the psychological determinants and the sociological influences which affect the manner in which people think, feel, and select between different product and/or brand alternatives. The subject helps explain the manner in which consumers think, feel, and act during purchase decisions and consumption patterns, and the manner in which they are influenced by the environment. It enables organizations to strategize and create effective marketing programmes. The course will help the students take a holistic view of the buyer; it will help equip them with knowledge of various models and frameworks in understanding buyer behaviour and in aligning the knowledge with formulation of appropriate marketing strategies.

About the Book

The book has been designed for students pursuing management studies as well as for marketing practitioners. It would be useful for students of marketing, who can use the knowledge derived from this book in understanding the subject, and relate it to how companies formulate appropriate marketing strategies and programmes. It would also be useful for marketing practitioners in understanding how consumers behave the way they do, and the psychological and sociological determinants that affect the manner in which they buy and use products and services.

The book explains the concepts of consumer behaviour and their application in an elementary manner, supported with examples and illustrations, which make it an interesting read and facilitate understanding of the subject. The focus would be on the psychological and sociological elements and their impact on consumer decision making. The objective is to help both students and practitioners gain an understanding of the theoretical and conceptual concepts of buyer behaviour, and apply them to real-life marketing situations and practices. At the end of the course the readers will have an understanding of the behaviour of the buyer in the marketplace.

Pedagogical Features

- *Lucid Style and Comprehensive Coverage*: The book has been written in a style that is simple and easy to read. The various topics of consumer behaviour have been dealt with in an exhaustive manner.
- *Theo etical and Practical Applications*: The subject has been explained both theoretically and practically. The various concepts have not only been discussed theoretically but also followed with marketing implications. The chapters contain concepts and theories, examples, tables, figures, images, and other illustrations, which blend the theoretical underpinning with the pragmatic applications in the marketplace.
- *Marketing Insights and Marketing Snapshots*: The book contains marketing insights and marketing snapshots related to the topic of study, so as to explain its utility in the marketing context.
- *Sidebars*: The core concepts and their relevance in the area of marketing have been placed as sidebars throughout the text in the chapter.
- *Marketers Speak*: All the chapters in the book contain short snippets from corporate leaders and marketing practitioners which illustrate how the concepts of consumer behaviour are dealt with during the formulation of marketing strategies and programmes.
- *Activities*: A large number of activities have been included in the book to stimulate critical thinking amongst the readers. This would not only help them understand the subject but also create interest and enthusiasm for both individual effort as well as teamwork.
- *Chapter-end Exercises*: Review questions, critical thinking questions, and projects and assignments have been included in each chapter which would help students understand the subject better and relate it to the real-time application in the marketplace.
- *Cases*: The book comprises 14 cases developed for the purpose of illustrating the various topics in consumer behaviour.
- *Simple Language for Ease of Understanding*: The book has been written in a simple language so that both students and marketing practitioners can understand the subject, and apply the knowledge while making crucial decisions. The various concepts of consumer behaviour have been explained with examples so as to make the subject more understandable to the readers.

Online Resources

To aid teachers and students, the book is accompanied with online resources that are available at https://india.oup.com/orcs/9780199472680. The content for the online resources is as follows:

For Faculty

- Instructor's Manual
- Multiple Choice Questions
- PowerPoint Slides

For Students

- Additional Reading Material
- Flashcard Glossary

Coverage and Structure

The book comprises 16 chapters. A brief description of each of the chapters is as follows:

Chapter 1 introduces the subject of consumer behaviour and its application in the field of marketing. The chapter provides the theoretical and application orientation underpinning the study of consumer behaviour.

Chapter 2 explains the relevance of market research in the study of consumer behaviour. It explains the relationship between market research and consumer research as well as the various approaches, perspectives, and paradigms of the study of consumer behaviour.

Chapter 3 explains the concept of target marketing. The various levels of segmentation as well as the basis of segmentation are discussed. The chapter also explains the patterns of target market selection and the positioning of goods and service offerings.

Chapter 4 highlights the complexities of the consumer decision-making process. It explains the five-staged consumer decision-making process.

Chapter 5 deals with the various models of consumer behaviour which have been classified into general, basic, and specific models.

Chapters 6 to 11 provide explanation on the individual determinants that effect consumer decision-making. The individual determinants include psychological influences like consumers' needs and motivation, emotions and mood, consumer involvement (*Chapter 6*); consumer learning (*Chapter 7*); personality, self-concept, and self-image (*Chapter 8*); consumer perception, risk, and imagery (*Chapter 9*); consumer attitude (*Chapter 10*); and consumer communication (*Chapter 11*).

Chapter 12 to 15 explain the group influences that effect consumer decision making. The group influences are sociological in nature and include consumer groups, consumer reference groups, family and family life cycle (*Chapter 12*); social class and lifestyles (*Chapter 13*); culture, sub-culture, and cross culture (*Chapter 14*); and interpersonal communication and opinion leadership (*Chapter 15*).

Chapter 16 deals with the concepts of adoption and diffusion of innovation. The various factors affecting adoption and diffusion of innovation are explained. The chapter also presents a profile of consumer innovators.

Acknowledgements

Sangeeta Sahney

Brief Contents

Detailed Contents

Market Research and Consumer Behaviour

After going through this chapter, the reader will be able to understand:

- the relevance of market research in consumer behaviour
- the approaches to consumer behaviour research
- the research perspectives on consumer behaviour
- the research paradigms in consumer behaviour
- the consumer research process

CHAPTER THEME

With people becoming environmentally conscious, and opting for eco-friendly, biodegradable, and recyclable products, the demand for jute in both the domestic and international markets has increased. Often referred to as the 'golden fibre', jute is a natural fibre that is widely cultivated across Asia, the major producers being India and Bangladesh. Notwithstanding the fact that global demand is rising, there is a tough competition from other players in Asia, primarily Bangladesh. The jute fibre produced in India lacks in quality, especially in comparison with that produced in Bangladesh, which provides the highest quality of jute fibre in the world.

With production exceeding domestic demand, Bangladesh is also in a position to export to other countries. Production costs of jute fibre and jute products in India are also high, denying her a cost advantage in international markets. In a nutshell, the jute industry in India finds itself in an environment with strengths and weaknesses, and opportunities and threats.

Marketers today need to understand and assess the social and cultural similarities and dissimilarities between consumers in targeted countries so that they can design appropriate marketing programmes and strategies for such segment(s).

MARKETING INSIGHT

A study of the market is essential to assess the opportunities that the market offers, and the pressures and constraints under which the jute industry continues to operate.

IMAGE 2.1 Tandoori Pan Pizza
Source: Superbrands, 2004.

Dunkin' Donuts has adapted its product offerings and added local flavours to its menu, be it donuts or other food items. It added to its donuts toppings such as *kesar pista*, petal jamun, and coconut burst and also added flavours of traditional Indian *mithai*, which it sold in the festive season. Similarly, Starbucks offers coffeehouse menu muffins, with a mix of cookies, sandwiches, and croissants, along with custom menu items which are typically Indian flavours. Along with its famous coffee varieties, it also offers non-coffee beverages like tea. As the majority of Indians are tea lovers, tea is typically a preference among the huge Indian population. Another non-Indian product that has been Indianized is Pizza. Tandoori Pan Pizza is quite popular among the youth (Image 2.1).

INTRODUCTION

As discussed in Chapter 1, consumers have varied preferences and tastes and all behave differently at different times. A comprehensive yet meticulous knowledge of consumers and their consumption behaviour is essential for a firm to succeed. In order to understand and predict consumption patterns and consumption behaviour within segment(s), market research becomes essential. In other words, market research helps understand a specific marketing situation in a company. It helps predict consumption patterns and behaviour within segment(s) (Image 2.2).

IMAGE 2.2 Market research helps understand a specific marketing situation facing a company. It helps predict consumption patterns and behaviour within segment

2.1 RELEVANCE OF MARKET RESEARCH IN CONSUMER BEHAVIOUR

Owing to varied needs and wants, consumers are often understood to be heterogeneous individuals. However, like-minded clusters of customers do exist. While such clusters, often referred to as segments, are homogenous within, there exists heterogeneity outside. Drawing from the *marketing concept,* marketers identify segments and target one or few of these segment(s). In other words, *marketers* first identify *customer needs and wants and then deliver goods and service offerings so as to satisfy the customers more efficientl and effecti ely than the competitors do.* In order to identify customer needs and wants, it is important to understand and predict consumption patterns and behaviours of consumers within segment(s), which in turn calls for a thorough market research. The marketing concept gives rise to the need for market research, which further leads to the study of consumer behaviour (see Fig. 2.1).

Market research may be defined as an organized effort towards making observations, collecting information, developing an understanding, and arriving at conclusions about the market environment, the competitors, and, most importantly, the customers. It is the systematic collection, analysis, and interpretation of data related to the market and the surrounding environment.

The factors surrounding a company which affect its performance or decision-making ability may be grouped as the 'micro-environment' and the 'macro-environment'. The *micro-environment* comprises forces in the environment, which are close to the company and affect the business organization directly. For example, the company's internal environment, the founder/leader and his vision and mission, the customers, competitors, suppliers, and channel intermediaries all form the micro-environment of the organization. The *macro-environment,* on the other hand, comprises forces in the environment which first affect the micro-environment and through that affect the business organization. In other words, they affect the company indirectly. The demographic, socio-economic, political, technological, cultural, and natural factors are some examples of factors that constitute the macro-environment. The forces in the macro-environment affect all the companies operating in the same industry in a similar manner.

Often, the micro-environment is studied in terms of strengths (S) and weaknesses (W), while the macro-environment is studied in terms of opportunities (O) and threats (T). The analysis of both these put together comprises the SWOT analysis. Decisions regarding the product and service mix, pricing, distribution, and promotion should be taken keeping in mind the marketing environment on the one hand, and the resource constraints on the other.

> Market research helps formulate appropriate marketing strategies and marketing programmes such as strategic marketing: target marketing or STP and tactical marketing: design of the 4 Ps.

Market research helps marketers understand the macro- and micro-environments facing a company (Fig. 2.2). It helps gain insights into specific marketing situations that a company is facing, either as an

Marketing concept → Market research → Study to understand consumption patterns and behaviour

FIGURE 2.1 Relationship between the marketing concept, market research, and consumer behaviour

Titan launched its smartwatch, JUXT, in partnership with global technology giant HP Inc. Speaking about the launch, Mr Bhaskar Bhat, MD, Titan Company Limited, said, 'There are several factors that have contributed to Titan Company's successful journey. The most striking among them is a deep-rooted understanding of our consumers. We are able to identify the opportunities and introduce products that leave a mark in the minds and hearts of our consumers.

This culture of listening, learning and leading has shaped our evolution to becoming market leaders in three fiercely competitive consumer categories. Today, as we take our first step into the world of smartwatches, we, once again, place the consumer at the heart of our approach. Our offering is a classic timepiece with features that are useful and relevant.'

Data sourced from: http://www.titanworld.com/sites/default/files/Press-release-Titan-launches-JUXT.pdf, accessed on 29 June 2016.
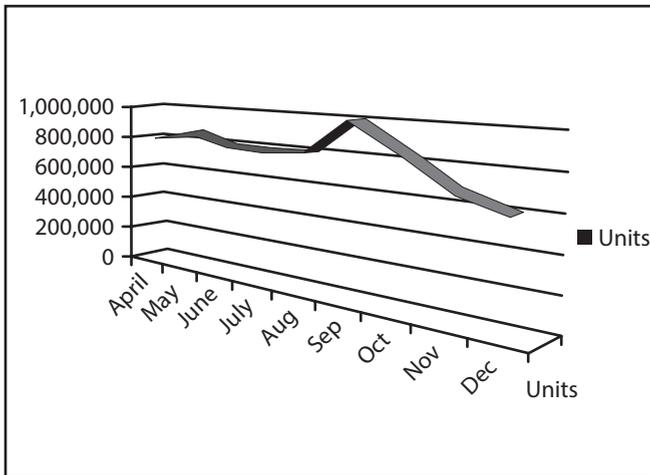
FIGURE 2.2 Market research helps analyse market trends: Sales

FIGURE 2.3 Relationship between marketing research and consumer research

While the goal is to achieve maximum efficiency and effectiveness, the ultimate goal lies in meeting customer needs and wants, and deriving customer satisfaction. This is obtained through a conscious attempt at understanding 'what' the customer buys, 'why' he buys, 'when' he buys, from 'where' he buys, 'how much' he buys, and 'how often' he buys. Herein lies

Marketing research paves the way for consumer research (Fig. 2.3). It analyses 'what' the customer buys, 'why' he buys, 'when' he buys, from 'where' he buys, 'how much' he buys, and 'how often' he buys.

the 'integration of market research with consumer behaviour', illustrated through Table 2.1. Table 2.2 lists the application of consumer research.

opportunity or as a threat. It further helps in formulation of appropriate marketing strategies. It also helps identify the needs and wants of customer segment(s), and viable target segment(s), and serves customers better through formulation of appropriate marketing strategies (the appropriate mix of the 4 Ps).

TABLE 2.1 Marketing research and consumer research

Marketing Research	Consumer Research
Objective • To study the marketing environment and, primarily, the customers who are a part of it	**Objective** • To study consumers as individuals or as groups
Focus • To establish trends and identify opportunities and threats in the environment • To study the market and forecast potential • To predict buying patterns based on modelling and simulation	**Focus** • To understand consumption behaviour and consumption patterns
End result • Customers connect with company • Individual marketing and customization	**End result** • Customers connect with company • Individual marketing and customization

TABLE 2.2 Consumer research and its applicability

S. No.	Marketing Function	Construct	Focus Areas
1	Identification of the market segment(s)	Market segmentation	• How should the market be segmented? Should it be segmented on the basis of descriptive characteristics or behavioural considerations?
		Targeting	• Which is the segment(s) to which this good/service would appeal the most, in terms of need-benefit best fit? • Which are viable segment(s) that should be targeted?
		Positioning	• How should the good/service be positioned? • What comprises 'value' in the eyes of the customer segment(s)? It is this 'value' that should be used for positioning.
2	Analysing the market	Characteristics of the market	• How large is the market? Is it confined to select geographical areas or is it widespread? • What are the characteristics of the market in terms of demography and psychographics?
		Sales forecast	• What is the estimated units or rupees sale for a good/service for a specific future time period, within a geographical area?
		Market potential and market forecast	• What is the industry sales forecast or the market potential (i.e., the maximum sales that can be estimated for a given product/service for the entire industry in a given market within a specific period of time)? What are the expected industry sales or the market forecast? Or what is the expected market size?
		Company potential and company forecast	• What is the company sales potential (i.e., the maximum sales that can be estimated for a given product/service for the company in a given market within a specific period of time)? What are the expected company sales or the company forecast?
		Market share	• What is the market share of the company? What are the trends?
3	Innovation marketing: new product development (NPD)	Idea generation and idea screening	• What is the idea behind NPD? • What is the segment(s) reaction towards the utility/value of the idea behind NPD? • What are the possible market reactions in terms of customer acceptance and profitability?
		Concept testing	• What is the customer(s) response to the good/service concept when it is presented symbolically and physically? • What is the customer(s) reaction to the prototype?
		Product pre-launch testing: test marketing	• What are ideal test markets? • What is the customer(s) reaction to the good/service when it is test marketed?
		Commercialization of the new product	• Based on customer(s) reactions, what should be the ideal approach, whether first entry, parallel entry, or late entry. • Which should be the market(s) where the good/service is launched the first time? Should it be restricted to certain markets or launched widespread? Should it be confined to national borders or cross-borders? • What are the factors that impact quick diffusion of innovations? • Which are the factors that affect adoption of new goods/services?

(Continued)

TABLE 2.2 Consumer research and its applicability (Continued)

S. No.	Marketing Function	Construct	Focus Areas
4	The marketing mix or the 4 Ps	Product/brand	• How do customer(s) perceive a company and/or brand? • How do customer(s) perceive the utility of the good/service? • What is customer(s) reaction towards the attributes, features, and benefits? • What should be the packaging type and package size? Do consumers prefer large or small packs? • What should be product warranty and guarantee schemes? • How is the brand perceived? What is the brand association? • What is the brand equity?
		Price	• What is the definition of 'ideal price'? • How do customer(s) perceive the price of the good/service? • How sensitive are they to the price changes? • What should be the price concessions and discounts?
		Place	• What is the ideal channel(s) of distribution? What are the preferred modes of distribution? • Do customer(s) prefer shopping in large malls, or department stores, or small stores? • Do customer(s) prefer online buying, telemarketing, or direct marketing?
		Promotion	• What should be the ideal promotion mix? • What are preferred channels of communication, print or audiovisual? • What should be the media strategy and the content strategy? • How should the message be framed logically and symbolically? • What are the channels over which advertisements should be aired? • Which are the appeals that work best for a particular good/service category? • What should be the decisions with respect to reach and frequency? • When should a company launch a sales promotion campaign? • What are the product categories for which personal selling would suit the best? • What are the issues that need to be addressed during publicity and public relations?

ACTIVITY NO. 1

Imagine a scenario wherein Surf Excel is facing tough competition from other detergent brands and has been experiencing a decline in sales and market share for the last two months. Suppose further that you have been hired by Hindustan Unilever Limited (HUL) in their market research team and assigned a task to analyse consumer behaviour. Your task involves conducting a survey, for which you are also required to design a questionnaire. List down the questions that you would ask your respondents. Relate these questions to the objective/sub-objective of your research problem.

2.2 APPROACHES TO CONSUMER BEHAVIOUR RESEARCH

There are two approaches to consumer behaviour research. These are (a) the *traditional approach* and (b) the *current approach*. These two approaches can be further divided into sub-approaches.

2.2.1 Traditional Approach

The traditional approach to consumer behaviour research is the first approach that was adopted to study consumer behaviour. It is further divided into two sub-approaches, namely the *positivist* approach and the *interpretivist* approach.

- Organizations today spend huge amounts of money on market research activities. Companies such as Unilever, P&G, and Nestlé invest huge sums of money and effort on market research activities and have dedicated departments and research teams conducting market research all over the world.
- Many firms also hire services of market research firms and consultants such as IMRB, AC Nielsen, and ORG MARG. Insights derived from such activities have helped identify gaps and led to the launch of newer products and ideas.
- Questionnaire-based surveys, interviews, focus group discussions (FGDs), and observations in the marketplace help provide information about the market. Descriptive and inferential analysis of the data provides answers to questions such as 'why', 'when', 'where', 'how much', and 'how often', which further help marketers to design appropriate strategies.
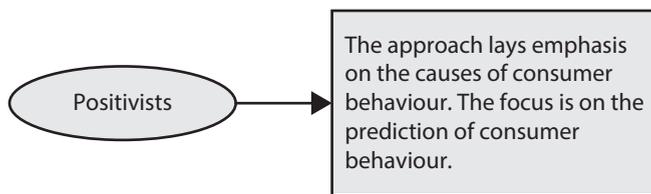
FIGURE 2.4 Positivist approach to consumer research
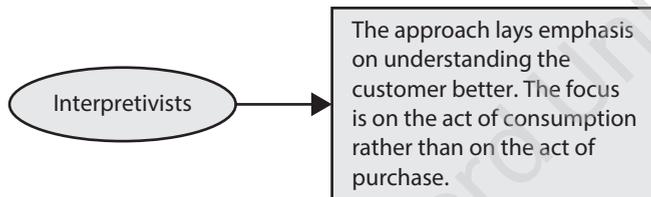
FIGURE 2.5 Interpretivist approach to consumer research

Positivist approach Referred to as '*modernism*', the positivist approach is the earliest approach towards the study of consumer behaviour. This approach treats the study of consumer behaviour as an *applied science* and lays emphasis on science as a means of explaining behaviour.

The *focus* of those who use this approach lies on *prediction of consumer behaviour*. The methodology is essentially quantitative, with techniques including surveys, observations, and, experiments. Conclusions are drawn based on large samples (see Fig. 2.4).

Interpretivist approach Gradually, there was a shift in the approach towards the study of consumer behaviour. The positivist approach gave way to a new approach that came to be known as the interpretivist approach. The interpretivist approach is also referred to as *post-modernism or experientalism.* While the approach treats consumer decision-making process as the one which is *subjective, the proponents of this approach attempt to identify common patterns in consumption behaviour.* Those who use this approach *lay emphasis on understanding the customer better*.

The *focus* of the approach lies on *the act of consumption rather than the act of purchase*. The methodology is essentially qualitative, with techniques including in-depth interviews, focus group techniques and projective techniques. The approach aims at drawing conclusions based on small samples (see Fig. 2.5).

Table 2.3 compares the approaches of positivists and interpretivists.

2.2.2 Current Approach

The current approach to the study of consumer behaviour is also known as the 'dialectical' approach. The term 'dialectics' judges all forms of human behaviour; thus, the current approach to the study of consumer behaviour is much

TABLE 2.3 The traditional approaches: Positivists and interpretivists

Positivists	Interpretivists
Lays emphasis on the purchase decision-making	Lays emphasis on consumption patterns and consumption behaviour
The focus is on predicting consumer action and behaviour	The focus is upon the act of understanding consumption rather than predicting the act of purchase
The positivists believe that consumer actions are based on cause-and-effect relationship; these actions can be generalized	The interpretivists believe that a cause-and-effect relationship cannot be generalized; consumption patterns and behaviours are unique and unpredictable
The consumer is treated as a rational decision-maker Consumer actions can be objectively measured and empirically tested	There are multiple interpretations to consumer actions and behaviour Consumer actions cannot be objectively measured, empirically tested, and generalized
Emphasizes the objectivity of science	Emphasizes the subjectivity in individual experience
The methodology is quantitative (survey techniques, observations, and experiments); findings are based on large samples	The methodology is qualitative (in-depth interviews, ethnography, and semiotics); findings are based on small samples

broader in scope. The current approach is further divided into four sub-approaches, namely *materialism, change, totality, and contradiction* (see Fig. 2.6).

Materialism The 'materialism' approach to the study of consumer behaviour implies that consumer behaviour is shaped by the 'material environment', for example, money and possessions.

Change According to the 'change' approach, consumer behaviour is 'dynamic' in nature; it is always in a process of continuous motion, transformation, and change.

Totality As the term connotes, consumption behaviour is 'interconnected' with other forms of human behaviour, such as personal self and the surrounding environment.

Contradiction The 'contradiction' approach views changes in consumer behaviour as arising from their internal contradictions, such as moods and emotions.

The current approach to consumer behaviour studies the consumer as a complex total and takes into consideration both consumer purchase and consumption processes. The approach makes use of both quantitative and qualitative approaches.

2.3 RESEARCH PERSPECTIVES ON CONSUMER BEHAVIOUR

Consumer behaviour as a field of study can be studied using three broad research perspectives. These are the *decision-making perspective*, the *experiential perspective*, and the *behavioural influence perspecti e*.

2.3.1 The Decision-making Perspective

The decision-making perspective emphasizes a rational, logical, and cognitive approach to consumer decision-making and purchase process. According to this perspective, the buying process is sequential in nature. The consumer perceives that there exists a problem, and then he moves across a series of logical and rational steps to solve the problem. The various stages in the decision-making process are problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behaviour.

> The buying process involves a series of sequential steps, starting with need recognition and ending with post-purchase behaviour.

2.3.2 The Experiential Perspective

The experiential perspective believes that consumers are thinkers as well as feelers.

> Consumers are thinkers as well as feelers. The buying process is not always rational and logical. It is also dependent on people's emotions and moods.
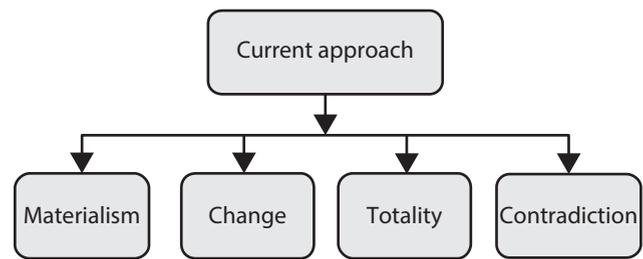
FIGURE 2.6 Current approaches to consumer research

MARKETING IMPLICATIONS

- While prediction and market forecast are important, marketers must also focus on understanding consumption patterns. This provides insights into why consumers buy a product or/a brand, their likes and dislikes, as well as their reactions to price, stores, advertisements, etc. The FGDs are commonly used in rural marketing by companies such as Unilever and ITC.
- The manner in which people behave in the marketplace may not always be explainable. Many purchases are made purely for materialistic pleasures, and for the desire to possess and showoff. People have their own emotions and mood states, and what they purchase or whether they purchase at all is influenced by their moods, emotions, and other psychological influences, sociological influences, and the surrounding environment. In addition, people behave differently at different times and different situations. This is one of the reasons why predictions cannot be made with certainty and market forecasts based on past trends fail.
- Today, because materialism is on the rise, marketers launch new products frequently, and newer styles come in vogue. For example, Shoppers Stop, Pantaloons, and Westside often launch new product varieties under their private label brands. People buy watches, shoes, bags, and apparel wear not because they really need it, but because they wish to be in tune with the times.
- Certain purchases are made purely out of positive emotions, such as purchasing a diamond ring, greeting card, and flowers. Marketers create positive emotions and mood states via product and package appearance, store ambience, and catchy advertisements to attract consumers into purchase. For example, the product assortment as well as the store atmosphere at Archies creates positive mood states. It not only leads to higher chances of purchase but also contributes to a favourable post-purchase experience. A person with a positive mood state is more likely to be satisfied easily than one who is not.
- Marketers must make use of both large and small samples, and quantitative and qualitative tools to better understand their target segment(s) and the market.

According to this perspective, not all buying may be rational and logical. In many cases, buying results from a consumers' desire for fun and fantasy and hedonic pleasures, and is dependent on emotions and moods.

MARKETING IMPLICATIONS

- Some purchases and buying behaviour are purely rational and logical and a lot of cognitive effort precedes a buying decision. For example, in the case of products that are expensive or risky, or infrequently purchased, such as refrigerators, laptops, and real estate, consumers realize the need, gather information, evaluate it, arrive at a purchase decision and a brand choice, and finally make a purchase. Marketers must ensure that they can successfully move the prospect from the first stage to the final act of purchase and also provide a satisfying post-purchase experience. Herein, the role of personal selling assumes importance, and the role played by the sales personnel is crucial.
- Purchases are not always rational but at times emotional and/or a blend of both. Marketers must ensure that people have a 'good feel' towards their brands. Product design and packaging must be appealing to the eye; store atmosphere must be pleasing; sales staff must be courteous and obliging, and shopping must be made a pleasurable experience. 'Surprise elements' often lead to purchases and lead to customer delight.
- Some purchases are made on impulse, without thinking and feeling. Environmental forces also lead consumers into a purchase. Marketers must create favourable environments that lead not only towards a purchase, but also towards their brands as a choice. Most malls today try to create such environments by presenting point-of-purchase stimuli, store layout, and ambience, which lead to positive mood states, and people end up making many unplanned purchases.

ACTIVITY NO. 2

List down any five purchases that you have made in the last two weeks. What are the products, and what were the purchase situations? As a student of this subject, which of the three perspectives, namely decision-making perspective, the experiential perspective, and the behavioural influence perspective, do you think would be apt if a market researcher has to study your purchase decision and behaviour? Why? Give reasons.

IMAGE 2.3 Surveys are used very commonly in research

2.3.3 The Behavioural Influence Perspective

The behavioural influence perspective holds that forces in the environment stimulate a consumer to make purchases without his first developing beliefs and attitudes about the product.

> Consumers buy due to influences from the environment. Not all behaviour is preceded by forming beliefs (thinking) and attitudes (feeling).

2.4 RESEARCH PARADIGMS IN CONSUMER BEHAVIOUR

The research paradigm in the study of consumer behaviour focuses on two approaches, namely quantitative research, used by the *positivists* and qualitative research, used by the *interpretivists*. The *positivists* and *interpretivists* as two schools of thought have already been discussed before. The *current approach or the 'dialectic' approach to studying consumer behaviour makes use of both the approaches.*

2.4.1 Quantitative Research in Consumer Behaviour

As the term suggests, the quantitative approach makes use of quantitative research techniques to the study of consumer behaviour. It comprises (i) research techniques that are used to gather *quantitative* data over large samples randomly and (ii) *statistical tools and techniques*, including survey techniques, observations, and experiments, as well as data analysis.

Quantitative research is *descriptive* and *empirical* in nature. It is primarily used by the *positivists*, with a *focus* on prediction of consumer behaviour. The *findings can be generalized* to marketing situations. As mentioned earlier, the quantitative techniques are also used by 'dialectics'. In quantitative research, data can be collected through surveys, observation, and experimentation. While we make a brief mention of these here, the techniques are also discussed in detail later in the chapter.

Surveys Surveys are used very commonly in research (Image 2.3). The major instrument used for surveys is questionnaires, administered personally or by postal mail, electronic mail, or even on telephone. The interview technique is also used. Questions framed may be structured and formatted or unstructured.

Observation As the term connotes, this research technique is based on directly observing (manually or mechanically) people and drawing conclusions upon such observation. Both verbal and non-verbal reactions are taken note of and conclusions arrived at.

> When quantitative data are required, observations must be structured, carried out in a quantitative context, and given numeric values.

Experimentation Experimental research involves the study of

ACTIVITY NO. 3

Organize the class into two teams. Visit a departmental store in the mall for five days, Monday to Friday, between 5.30 p.m. and 8.30 p.m. Team I, in groups of two each, must observe people's buying behaviour in the grocery section, and Team II, in groups of two, must observe people's buying behaviour in the milk and dairy product section. After observing customers on hourly basis on all the five days, report on the following:

a) Number of people visiting the section and making purchases
b) Number of people visiting the section and not making purchase
c) Average time spent on purchase
d) Busy times/quiet times

cause-and-effect relationships between independent (cause) and dependent (effect) variables. The researcher manipulates one of the variables, while recording changes in the other. Studies are undertaken in natural settings as well as in controlled settings, and responses of people under different circumstances or environments are compared.

2.4.2 Qualitative Research in Consumer Behaviour

The qualitative approach makes use of *behavioural* research techniques in the study of consumer behaviour. It comprises (i) research techniques that are used to gather *qualitative* data over small samples randomly and (ii) *non-statistical tools and techniques*, including in-depth interviews, FGDs, projective techniques, and observations, as well as application of knowledge of psychology, sociology, and social psychology.

Qualitative research is *subjective* and *non-empirical* in nature. The *focus* is on understanding consumption behaviour and consumption patterns. The o*bjective* is to gain an understanding of consumer behaviour and the underlying causes that govern such behaviour. It lays emphasis on the holistic *what, where, when, why, and how of human behaviour*. The approach assumes that all marketing situations are unique, and hence the *findings cannot be generalized* to all situations. This approach is primarily used by the *interpretivists*. However, as mentioned earlier, qualitative techniques are also used by 'dialectics'. In qualitative research, data is collected through observation, in-depth interviews, focus group discussions, and projective techniques.

> Marketers can use qualitative data and apply non-statistical tools and techniques to understand consumer behaviour.

Observation The technique involves observing people either manually or mechanically and drawing conclusions upon such observations. Disguised shoppers may also be used.

In-depth interviews In-depth interviews are unstructured one-to-one discussions that take place between the researcher and the respondent(s) to explore their viewpoints on an idea, programme, or situation. They involve the use of open-ended questions, with probing wherever necessary, so as to be able to gain valuable insights into consumer responses. Since the technique is time-consuming, it is feasible only over a small, carefully chosen sample. In-depth interviews are useful to gain insights into the consumers' psyche, especially when the company is contemplating a new product launch and is venturing into new product development.

> Through in-depth interviews that involve one-to-one unstructured discussions, marketers can gain valuable insights into consumer's attitudes, opinions, and beliefs.

Focus group discussions The FGDs are similar to in-depth interviews, in the sense that they help explore the respondents(s) opinions with respect to issues or problems, and also help understand the differences in opinions and perspectives. However, the difference between in-depth interviews and FGDs is that the latter are not conducted on a one-to-one basis, but involve a group of people numbering 6–10, who are led into a discussion by a moderator.

These are recorded by the facilitator and taken as cues while making decisions with respect to the problem under study. The sample for FGDs must be chosen carefully so as to represent the universe, and more so the target segment. The FGDs are also explained later in the chapter (see Image 2.4).

Projective techniques Projective techniques make use of indirect and unstructured methods of inquiry for inferring underlying motives, urges, or intentions, which cannot be obtained through direct questioning as the respondent either does not know about them or does not want to reveal them. Generally used by clinical psychologists, projective techniques are also widely used in consumer research, so as to bring to surface the hidden motives, moods, emotions, attitudes, etc., of

IMAGE 2.4 Focus group discussions
Source: Superbrands, 2004.

the consumers. Consumers are presented with ill-defined and ambiguous objects, symbols, and images and asked to interpret or assign meaning to them. Projective techniques are commonly used when the market researcher wants to study consumer assessment of products and/or brands, brand association, brand imagery, etc. A variety of projective techniques can be used, such as word-association tests, sentence completion tests, story completion, and thematic apperception tests.

Both the quantitative and qualitative approaches complement each other when it comes to the study of consumer behaviour. Qualitative research is very often a prelude to quantitative research; the findings from qualitative research are used to prepare scales for surveys and experiments. In some cases, quantitative research may also act as a precursor to qualitative research; the findings from quantitative research are corroborated through case studies and other qualitative measures (see Fig. 2.7). Most consumer research studies make use of both quantitative and qualitative approaches of research.

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┌─────────────────┐        ┌─────────────────┐
│ Quantitative    │        │ Qualitative     │
│ research        │        │ research        │
│ approaches:     │ ◄────► │ approaches:     │
│                 │        │                 │
│ • Surveys       │        │ • In-depth      │
│ • Observation   │        │   interviews    │
│ • Experimentation│       │ • Focus group   │
│                 │        │ • Discussions   │
│                 │        │ • Projective    │
│                 │        │   techniques    │
│                 │        │ • Observation   │
└─────────────────┘        └─────────────────┘
```
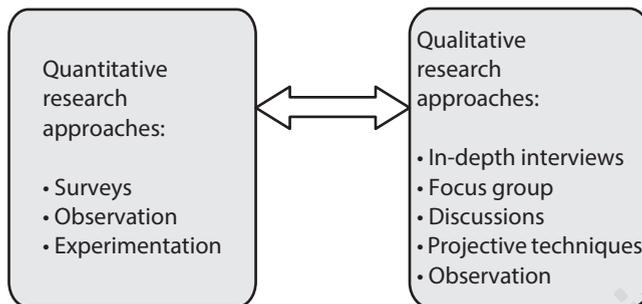
Both the quantitative and qualitative research approaches complement each other

FIGURE 2.7 Combining quantitative and qualitative research approaches

2.5 CONSUMER RESEARCH PROCESS

Marketers must possess knowledge about the environment in which they operate. Companies could either conduct consumer research through services of their in-house marketing information systems or outsource the activity to marketing research consultants. As discussed before, market research focuses on study of the consumer and his/her environment. *Consumer research focuses on the consumer and his consumption behaviour.*

The consumer research process can be studied as a five-staged procedure. The various stages are not mutually

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ACTIVITY NO. 4

Generate one research problem for each of the following cases where you feel you can solve them with the help of qualitative data generated through (i) observation, (ii) in-depth interviews, (iii) FGDs, and (iv) projective techniques. In addition, identify an issue which would use more than one of these techniques (hybrid).

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exclusive, nor are these essentially sequential. However, for the purpose of ease, the various steps are ordered as follows:

- Defining the problem and stating the research objectives
- Developing the research plan
- Collecting data, both primary and secondary
- Analysing the data
- Preparing a report and presenting the findings

2.5.1 Defining the Problem and Stating the Research Objectives

Defining the research problem

The problem definition entails questions such as 'what is the problem?', 'what are the various issues?', and 'what information is needed?'. Research may be conducted to solve problems, or take advantage of opportunities, or fight the threats. This is termed as an actual state type or AS type of problem solving, where a study is conducted to solve a problem after it has arisen. The approach is essentially towards being *active*, because it involves engaging oneself in solving the problem after it has occurred.

Research may also be conducted to identify opportunities or fight threats that are foreseen. This is termed as a desired state type or DS type of problem solving. Here the researcher is being *proactive*, that is, engaging himself/herself in solving the problem in anticipation, much before it occurs.

Example

Assume that you are the vice president (marketing and sales) of a company. Your company produces paper products and stationery and has been a market leader for a long time. Of late, there have been concerns about environmental protection and recycling of waste. The government has passed certain regulations that need to be adhered to, failing which the organization could be penalized. The society too is gradually getting conscious about environmental issues and the need of the day for you as a marketer is to be environmentally responsible.

Actual-state-type problem solving

Action: You fail to read the pulse of the market. Another company enters the scene with recyclable paper and stationery products.

Effect: You begin to lose sales and market share to a new entrant who is selling recyclable products.

Now, you realize that a problem has occurred and you need to act (reactive). So the action is taken after the problem (opportunity or the threat) has arisen.

Thus, you go in for consumer research.

Desired-state-type problem solving

Action: You realize that you need to move towards environmentally friendly practices well before the regulatory norms are enforced officially. The action is planned and implemented before the problem (opportunity or threat) arises.

IMAGE 2.5 Samsung launches newer and newer mobile handphone sets and lures customers to move from actual state to desired state
Source: Superbrands, 2004.

Effect: You prepare to introduce recycled paper products.

You go for consumer research to understand the probable consumer reaction to such products. *You are being proactive.* Image 2.5 shows the proactive policy of Samsung.

> Consumer research may be conducted after a problem has arisen (AS), or before a problem arises and is foreseen (DS).

Defining the objectives

The reasons as to why the research is being undertaken should be clearly specified. The objectives should be defined neither too narrowly nor too broadly. These objectives can be any one or more of the following, namely explanation, prediction, insight generation and discovery, hypothesis testing, and monitoring of marketing environment. Each of these is discussed below with examples (Fig. 2.8).

Explanation Explanation, as a research objective, helps explain events and identify reasons for occurrence.

For example, consider that there has been a sudden fall in the sales of gold jewellery at Tanishq, especially when the prices of gold have been stable in the world market. Now, if Tanishq wants to go deeper into the reasons for the drop in sales, it would go into a research process with this objective in mind.

Prediction Prediction, as a research objective, helps predict occurrence of events in future.

For example, assume that Amul decides to go for a line extension with a new flavour of Amul chocolates. In order

to forecast the sales of the new flavour, it would undertake research with the prediction objective in mind.

Insight generation and discovery As the term connotes, this research objective helps gain newer insights into an issue or a problem.

For example, a study that is aimed to lookout for new segments/markets for a current product would base itself on this objective.

Testing of hypothesis Testing of hypothesis involves testing the relationship between variables or a set of variables.

For example, if a study is conducted to test the relationship between the price of a Sony Plasma and the consumers' perception of the brand or quality, then such a study would involve testing of hypothesis.

Monitoring of marketing environment As a research objective, this helps self-monitoring and self-assessment of performance, as well as identification of opportunities and threats.

For example, a study aimed at understanding customer awareness and attitude towards your product or scope for newer segments would base itself on this objective.

Depending upon the research objectives, the researcher may go either for a quantitative study or for a qualitative study.

> Research objectives must be defined precisely. The research objective would determine whether the study should be quantitative or qualitative.

Identifying the type of study to be undertaken

Research studies are of various types, namely *descriptive, exploratory, causal, correlation,* and *experimental.* The first three types are more commonly used research studies. Each of these research studies is discussed below with examples.

Descriptive Descriptive research studies are the most commonly used types of research studies. They seek to ascertain the degree, extent, or magnitude of events, phenomenon, or the variables under study. They also seek to identify the causes of such occurrences.

Descriptive research studies help describe the characteristics of the variables under study (who, what, where, when, and how) and are also used in the testing of hypothesis. The research design is structured and formatted (unlike exploratory studies). The methodology includes surveys, interviews, and observations. For example, if Dell conducts a study to assess the market potential of notebooks (laptops), it would be a descriptive study. Descriptive

> Marketers use descriptive research studies to arrive at answers to questions such as who, what, where, when, and how. These are conducted either as longitudinal studies or as cross-sectional studies.

Define the problem and state the research objectives	→	Problem: AS type or DS type

Research objective: Explanation, prediction, insight generation and discovery, hypothesis testing, monitoring of marketing environment

Type of study: Descriptive, exploratory, causal, correlation and experimental

Develop the research plan

Data sources: Primary and secondary

Research tools and techniques:
Primary data: Surveys (questionnaires and interviews), focus groups, observation, behavioural measures, and experiments
Secondary data: Published reports, books, journals, etc.

Sampling plan: Sampling unit, sample size, sampling procedure (probability/non-probability)

Collect data, both primary and secondary

Contact methods for data collection:
Personal means via interviews and schedules, telephonic interviews, questionnaire by post, questionnaire by email

Analyse the data

Descriptive data analyses: Parametric analysis, graphical method, tabular method
Inferential data analyses: Parametric analysis, non-parametric analysis

Prepare a report and present the findings

FIGURE 2.8 Consumer research process

research may assume two forms, namely *longitudinal studies* and *cross-sectional studies*. The former is a time series analysis, while the latter is time specific and captures data at a specific point in time.

Exploratory Exploratory research studies are aimed at digging deeper into the nature of the problem and suggesting possible solutions. The objective of such studies is to gain insights and deeper understanding of the object of the study, that is, the person, product, situation, etc.

The approach helps formulate problems, gain insights, and generate hypothesis. In this way, this type of research

design may act as a prelude to a more elaborate and extensive study. The research design is flexible and dynamic and is developed as one progress through the research study. The methodology includes surveys, interviews, observations, FGDs, and case studies. A study undertaken by a consultant to study consumers' likes, preferences, and attitudes towards, say, electronic goods would be an exploratory study.

Causal The purpose of causal studies is to test a cause-and-effect relationship between two variables, independent and dependent, respectively. Such studies are used for testing of hypothesis. The methodology essentially includes field surveys.

For example, if Unilever conducts a study to assess the impact of different advertising appeals on sales of its toothpastes (Closeup and Pepsodent), it would be a causal study.

Correlation Studies that involve correlation analyse whether a relationship exists between two variables and if it does, to what degree. The relationship may not always be causal, that is, correlation may not always imply causation. Correlation is also used for testing of hypothesis. The methodology again essentially includes surveys. For example, a study conducted to assess the relationship between the change of season and the sale of cold drinks is a correlation research study.

Experimental Experimental research studies are similar to causal research studies in terms of establishing a cause-and-effect relationship among the groups of subjects. However, in experimental research studies, the researcher studies the cause and effect under controlled conditions. The cause (independent variable) is under the control of the researcher and he can manipulate it. Such research studies are used in conditions where (a) cause leads to effect, (b) there is a causal relationship, that is, the cause will always lead to the same effect, and (c) the degree of the correlation would be high. The methodology includes surveys, interviews, and observation. The study of consumers' reactions to four different varieties of breakfast cereals will be an experimental research study.

2.5.2 Developing the Research Plan

Once the problem has been conceptualized, the researcher has to develop the research plan. The research plan contains details on data sources, research tools and techniques, sampling plan, and contact methods for data collection.

Data sources

Data sources are of two kinds, namely primary and secondary. The researcher can gather data from either or both of these sources. In most cases, existing data from secondary sources may not be specific to a problem that a company is facing. Moreover, such data may not be current and adequate. Thus, generally, the researcher starts a study with secondary data sources, and then moves on to primary sources.

Primary sources Data from primary sources are freshly collected for a specific research study. They are collected through various research instruments with the help of tools and techniques specifically designed for the research problem. These tools and techniques primarily include questionnaires, interviews, and observation. The advantage of collecting data from primary sources is that such data are more pertinent to the research problem. The drawback is that it is time and cost intensive.

Secondary sources Data from secondary sources already exist in the form of books, journals, reports, etc. These may be available in print, or electronically in the form of CD-ROMS

MARKETING IMPLICATIONS

- The decision to choose a particular type of study depends on the research problem and the research objective. Sometimes for different phases of the same research project, the researcher may need to adopt different types of studies. A study may start as a descriptive study and may eventually lead to an experimental research.
- For example, if Unilever wants to study consumer preferences for its different shampoos (such as Dove, Sunsilk, and Tresemmé), it would be a descriptive study. If the findings reveal that people prefer Sunsilk the most as they feel it is most effective against hair fall, Unilever may next want to (i) study preferences for variants within Sunsilk or (ii) develop similar preferences for Dove and Tresemmé by testing Dove and Tressemé on people (users versus non-users, or before and after) and then showing how effective these shampoos are. This would form an experimental study.

ACTIVITY NO. 5

Generate one research problem for each of the following cases, which would qualify to be dealt as a (i) descriptive study, (ii) exploratory study, (iii) causal study, (iv) correlation study, and (v) experimental study.

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and online databases, or on the Internet. Secondary data are thus obtained through published data and industry and/or company reports. The advantage of data from secondary sources is that such data are easy to gather and are readily available. They are also useful for conducting longitudinal studies. Further, published reports and the data therein possess credibility. The disadvantage of data from secondary sources is that their credibility may be questionable.

> Both primary and secondary data are essential for conducting studies in the area of consumer behaviour. Secondary data provide the starting point for research.

Research tools and techniques

There are several research tools and techniques that can be used to collect primary and secondary data.

Primary data In the case of primary data, the major tools and techniques are surveys (questionnaires and interviews), FGDs, observation, behavioural measures, and experiments. Various tools and techniques may make use of questionnaires, which may be structured or unstructured.

a) *Survey Research*: In the field of marketing, surveys are the most popular of all techniques for data collection. They are conducted over a sample to learn about customers' awareness, liking, and preferences for an offering or

a brand. They may also be undertaken to measure customer satisfaction. The findings from such surveys are then generalized to the entire population (in our case, the market). Hence, the sample chosen randomly or purposively should be chosen with care; it should be adequate, appropriate, and representative.

Surveys are extensively used in quantitative research, be it FMCG companies, airlines, or hotels. The major instrument used for surveys is a questionnaire; the interview technique may also be used. Questions framed may be structured or unstructured. They may be open ended, closed ended, dichotomous, multiple choice, rating scales, ranking scales, etc. For example, conducting a survey to test customer awareness and reaction about a new advertisement campaign would involve a survey research.

b) *Focus Group Research*: Focus group research has long been used in qualitative research. As the name suggests, this kind of research is conducted over a small group of people by a moderator. The moderator focuses on the group of people, numbering 6–10, who are carefully selected purposively based on demographic, psychographic, and/or behavioural considerations. The group members may be asked questions about a product or the 4 Ps and they may be involved in discussions related to the research problem/issue. Through informal open-ended group discussions and deliberations, the moderator is able to gain insights into group members' emotions and feelings, attitudes, underlying motivations, and interests towards topics related to the product, service, packaging, price, advertisement, etc. These sessions are recorded for further analysis. This technique is commonly used during pre-testing of a product, that is, before it is launched in the market. It provides insights into product acceptance in the market. For example, in order to assess why customers prefer a higher priced branded electronic good to a lower priced local one, a focus group research would be needed. These days FGDs are being used in rural areas; discussions among people in the group generate awareness; they also provide insights into how the rural people think and feel about products and ideas.

> Focus group research provides insights into group members' emotions and feelings, attitudes, underlying motivations, and interests. It is commonly used during pre-testing of a product, that is, before it is launched in the market.

ACTIVITY NO. 6

Act as a moderator and conduct an FGD with a group of eight classmates on the subject dietary supplements and their importance, with specific reference to the Indian diet. Prepare a report on the insights that you gain from the discussion.

c) *Observational Research:* Observational research helps gain an understanding of how people behave in the marketplace by carefully watching them buy and use goods and services. The customers could be current or potential customers; they are observed in the marketplace while they are involved in the buying activity and/or the consumption process.

The observation technique could also be applied to test customers' verbal and non-verbal reactions to product offerings (features and benefits, quality, aesthetics, exchange, warranties and guarantees, etc.), price (increase/decrease, discounts and allowances, etc.), distribution (stores, layout, ambience, attitude of staff, etc.), and promotion (advertising, sales promotion, etc.).

The observations made by the researcher may be overt or covert. In the case of overt observations, the participant is made aware of the objectives of the study beforehand, and knows that he is being observed. On the other hand, in the case of covert observations, the person is totally unaware that he is being observed and that his actions are being recorded by the researcher either personally or through hidden cameras and recorders. Observations may be made personally and physically or through mechanical and electronic devices, such as videos and closed circuit TVs, or technological devices, such as credit cards, shopping cards, online shopping, and automated phone systems. Observational research is widely used in qualitative research. For example, in order to assess why consumers prefer the competitors' brand and ask for them, rather than yours, would warrant observational research.

d) *Behavioural Measures*: In behavioural measures, the customers' behavioural responses are interpreted through customer databases and store's scanning data. The assumption is that there is a difference between the customer's intention to buy and the actual purchase decision. Customers' actual responses in terms of 'purchase' are recorded and analysed. Behavioural measures are regarded as more reliable than questionnaire surveys and are used in both quantitative and qualitative research.

e) *Experimental Research*: The experimental research technique is the most scientifically valid and reliable approach towards conducting research studies and solving problems. However, it is a highly time-consuming technique. It studies the cause-and-effect relationships between independent (cause) and dependent (effect) variables. The researcher alters/manipulates one or more variables, and controls and measures any change in other variables. He manipulates independent variables to see how they affect the dependent variables. The experimental

> The experimental research technique proves useful in test marketing for pre-testing of the product before final launch.

research technique is used in quantitative research, and the technique is commonly used in test marketing for pre-testing of the product before final launch.

Secondary data In the case of secondary data, the researcher makes use of company reports (published and unpublished), industry reports, trade journals, government reports, research articles and journals, magazines, books, etc.

> Primarily, quantitative studies include questionnaires and experimentation as tools for study, while qualitative studies employ questionnaires, case studies, and observations.

Sampling plan

A sample is a part of the population or the universe that is chosen to represent the whole. Keeping in mind the research objectives, the researcher needs to prepare the sampling plan. Sampling is the process by which a sample is chosen. The sampling plan consists of three main constituents, namely the sampling unit, the sample size, and the sampling procedure.

Sampling unit A sampling unit is an element that is considered to be chosen in a sample; it is a basic unit of study. The unit for consideration in consumer research is the target population.

Let us illustrate this with the help of an example. A research is to be conducted to test the causal relationship between tooth decay in children and the use of Colgate toothpaste. Now, school-going children aged 4–12 years would be the population or the universe. If we restrict the study to the city of Delhi, then school-going children aged 4–12 years in the city of Delhi would be the target population, and any child from a school in Delhi between the age of 4 and 12 years would be the *sampling unit*.

Sample size The sample size has a bearing upon the reliability and validity of the results obtained, and so the sample size should be carefully decided upon. In addition, the sample must be representative of the universe, so that valid and reliable generalizations about the entire population can be drawn. The issue for consideration is the adequacy and appropriateness of the number of people to be surveyed.

Sampling procedure An important issue that a researcher has to address is how to choose the sample, whether through a randomized probability sampling or through a non-probability sampling procedure.

Probability sampling is a sampling procedure where every unit in the universe/population has an equal chance of being chosen in the sample. The various types of probability sampling are simple random sampling, systematic random or interval random sampling, stratified random sampling, and cluster sampling.

Non-probability sampling is a sampling procedure where every unit in the universe/population does not have an equal chance of being chosen in the sample. The various types of non-probability sampling are convenience sampling, judgemental sampling, purposive sampling, quota sampling, and snowballing.

In cases where the researcher wants the sample to be representative of the population, he should opt for probability sampling.

> While dealing with consumer research and studying consumption patterns and buying behaviour, researchers must decide on the sampling unit, the sample size, and the sampling procedure.

2.5.3 Collecting Primary and Secondary Data

After the objectives of the study are defined and the research plan is laid out, the market researcher goes on to collect data. Data are collected from primary and secondary sources. To start with, the researcher accesses secondary data, and then moves on to collect primary data. He may use any of the tools and techniques depending upon the research plan. In order to collect data, most researchers make use of questionnaires. Data collection is a time-consuming stage of research. With the advancement of technology, data collection methods are improving day by day.

> In order to analyse consumption patterns and buying behaviour, marketers may use primary or secondary data.

Questionnaires

A questionnaire is a research instrument with a set of questions that is administered to the respondents. The

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MARKETING IMPLICATIONS

- Market researchers must develop research plans that clearly specify how the research study would be conducted. Decisions with respect to data sources, research tools and techniques, sampling plan, and contact methods for data collection are based on the nature of problem under consideration. Questionnaires must be tested for validity and reliability.
- Sampling frame, including sampling unit, sample size, and sampling procedure must be delineated.
- In order to arrive at valid findings that can be generalized, a combination of research tools and techniques must be used.

ACTIVITY NO. 7

You are hired as a consultant by a health drink company. You are asked to study customer satisfaction levels in the city of Chennai. What would be your (i) sampling frame, (ii) sampling unit, and (iii) sampling procedure?

questions are framed keeping in mind the research problem, and the questionnaire is tested for reliability and validity before it is finally administered. A question is said to be reliable when it gains consistent responses several times across separate trials. A question is said to be valid if it measures what it is supposed to measure. Depending upon the nature of research, quantitative or qualitative, various kinds of questionnaires are prepared; they may be structured or unstructured, and they may use varying scales.

Structured questionnaires A list of questions that are to be asked are prepared, well-defined, and formatted into a questionnaire. The same questionnaire is administered to the entire sample of respondents, and after these are filled up by the respondents, the researcher collects them and analyses the responses.

Unstructured questionnaires While a few questions are listed in an unstructured questionnaire and given to the respondents, many questions/issues emerge as the respondent interacts with the researcher and provides his responses. An unstructured questionnaire is much more flexible and idea generating than the structured questionnaire.

Questionnaires use various kinds of scales, such as rating scales, Likert scale, semantic differential scale, and formats, such as dichotomous, multiple choice, word association, sentence completion, story completion, projective techniques, and metaphor analysis. Generally, quantitative research makes use of questions that use rating scales, Likert scale, etc., and may take the form of dichotomous or forced-choice types or multiple-choice types. Qualitative research uses formats such as word association, sentence completion, story completion, projective techniques, and metaphor analysis.

The researcher must keep in mind that the questionnaires should not be too long. The questionnaire can contain open-ended questions or closed-ended questions or both. The questions should be clear, precise, and simple to understand and free from ambiguities.

Contact methods for primary data collection

The respondents may be contacted personally or on telephone, postal mail, or email. Various contact methods used for primary data collection are as follows:

- Personal means via interviews and schedules
- Telephonic interviews
- Questionnaire by post
- Questionnaire by email

2.5.4 Analysing the Data

After the data are collected, they are analysed and interpreted. Data may be nominal, ordinal, interval, or orratio. The major question is, 'What and how should conclusions be drawn'? Both statistical and non-statistical tools are used for analysis. Descriptive data analysis and inferential data analysis may be used based on the kind of study. Market researchers today use

mathematical models and simulation techniques to forecast future trends and marketing scenario.

Descriptive data analyses These require the use of the following tools:

- Parametric analysis: Central tendency (mean, median, and mode) and dispersion (standard deviation, variance, range, and shape of curve: skewness and kurtosis)
- Graphical method: Bar charts, histograms, line graphs, and pie charts (Fig. 2.9)
- Tabular method: Frequency distribution tables

> Descriptive data analyses use tools such as parametric analysis, graphical method, and tabular method.

Inferential data analyses These require testing of hypothesis, and the researcher needs to make an assessment of the kinds of data collected. Data collected on interval and ratio scales qualify for parametric tests, whereas those collected on nominal and ordinal scales qualify for non-parametric tests. Parametric analysis includes *t*-test, *z*-test, paired sample *t*-test, and independent sample *t*-test. Non-parametric analyses include chi-squared, Mann–Whitney *U*, and Kolmogorov–Smirnov tests.

Mathematical models, decision models, and simulation techniques may be applied to obtain results and propose frameworks. Case studies may also be developed.

MARKETING IMPLICATIONS

- Decisions with respect to contact methods for primary data collection depend upon the nature of problem under consideration and the sampling frame, sampling unit, proposed sampling size, and the sampling technique.
- While time and money constraints are issues that must be addressed, it is also important that correct data relevant to the problem under investigation are obtained. So the contact method must be chosen carefully.

Percentage of each of these three items in the basket

Apples   Oranges   Pears
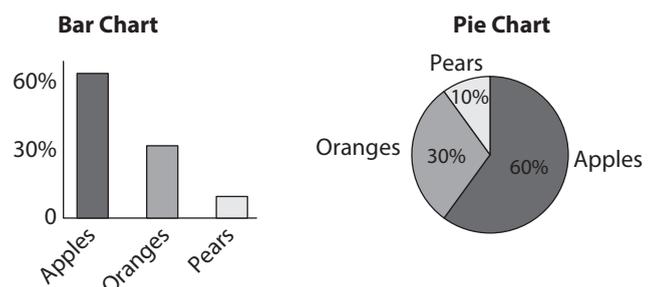
FIGURE 2.9 Graphical method of analysing data

2.5.5 Preparing a Report and Presenting the Findings

Last, the researcher needs to prepare a report and present the findings to the marketing department. The report should comprise the (i) summary/abstract, (ii) research problem, (iii) objectives, (iv) methodology, (v) findings, (vi) conclusions, (vii) recommendations, and (viii) limitations. The report should be short and precise and should be related to the research problem only. Limitations of the study, if any, should be spelt out. Recommendations should be clearly delineated. If required, along with the written report, an oral presentation should also be made.

> Market researchers present their findings in the form of a structured report. A presentation of the findings proves useful.

MARKETING IMPLICATIONS

- Marketers preparing research reports should ensure that the reports are structured and presented in a proper format. Unnecessary details should be avoided.
- The research study must be conducted within a stipulated time frame. Insights about the market received after a big time lapse may not be useful at all.

ACTIVITY NO. 8

Unilever is planning to launch a new range of soaps directed towards young men. Unilever would want to study the market conditions before the launch and assess men's attitudes and opinions towards body care and toiletries. Prepare qualitative and quantitative research designs to study this objective.

SUMMARY

This chapter elaborates on the relevance of market research to the study of consumer behaviour. Since each consumer is unique, a thorough knowledge of consumers and their consumption behaviour is essential for a firm to succeed. The chapter explains how, in order to understand and predict consumption patterns and consumption behaviour, market research becomes essential. The relationship between market research and consumer research is discussed. Various approaches and perspectives and paradigms for the study of consumer behaviour are also discussed. The consumer research process, from problem identification to report preparation, is illustrated and explained elaborately.

KEY TERMS

Behavioural influence perspective
Behavioural measures
Causal
Correlation
Decision-making perspective
Descriptive

Experiential perspective
Experimental
Exploratory
Focus group discussions
In-depth interviews
Market research
Non-probability sampling

Observation
Observation experimentation
Observational research
Primary data
Probability sampling
Projective techniques
Questionnaires

Sample
Sampling plan
Sampling unit
Secondary data
Structured questionnaires
Surveys
Unstructured questionnaires

FREQUENTLY ASKED QUESTIONS

1. Establish a relationship between market research and consumer behaviour.
2. Discuss the current approaches to studying consumer behaviour.
3. Write a short note on the traditional approaches to studying consumer behaviour.
4. Discuss the stages of consumer research with examples.
5. What are the different types of research studies? Discuss with examples.
6. Differentiate between the following:
   a) Primary and secondary sources of data
   b) Probability and non-probability sampling
7. Write short notes on the following:
   a) Observational research   b) Survey research

REVIEW QUESTIONS

1. Does the knowledge of consumer behaviour help market researchers? Explain how.
2. Explain why and how the traditional approach to consumer behaviour research got replaced with the current approach. Explain the relevance of the current approach.
3. Compare and contrast the following decision-making perspectives: decision-making perspective, experiential perspective, and behavioural-influence perspective.
4. Compare and contrast the use of qualitative and quantitative researches in the study of consumer behaviour.

CRITICAL THINKING QUESTIONS

1. A manufacturer of a health drink wants to study consumer preferences towards the various brands available in the market with the particular intention of knowing whether people prefer his brand over other competitive brands. Which of the two research approaches—qualitative or quantitative—should he use, and why?
2. A reputed beverage company has been facing a problem of deteriorating sales for the past one year. As the consultant to the company, how would you go about the consumer research process?

PROJECTS AND ASSIGNMENTS

1. Identify an industry in Indian context that is facing a severe crisis. Based on secondary data, analyse the problem. Provide facts and figures. Also suggest the measures that policy makers can take at the macro level, and companies can take at the micro level.
2. Assume that you have been hired by a consumer electronics company to study the purchase behaviour of people

buying LED TVs. Visit five stores in your city which sell consumer electronics. Comment on the appropriateness of the following:
(a) Use of qualitative versus quantitative research
(b) Appropriateness of the decision making perspective
(c) Use of structured versus unstructured questionnaire

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CASE STUDY

ANALYSING THE PROBLEM OF CUSTOMER CHURN:
The Right Approach?

Introduction and Background of the Problem

In the highly competitive environment, companies cannot afford to ignore market trends—be it in terms of sales and revenue, expenses and profit, market growth, or market share. ABC Telecom Ltd, a leading telecom company, is no exception. However, it has been losing on its sales and market share. ABC Telecom mobile connections have gone down by 12 per cent in the past six months, and the market share of the company has seen a drop from 18 per

cent to 14 per cent. Mr Shiv Desai, the vice president of the company, is very disturbed.

Mr Desai is aware that the major reason behind this fall lies in the introduction of mobile number portability (MNP). The government launched the MNP in January 2011, and the customers were allowed to switch between telecom operators within the same circle without having to change their number. Since the launch of the MNP in January 2011, customer churn has been on the rise. According to

figures provided by the Telecom Regulatory Authority of India (TRAI), between January 2011 and August 2013, more than 100 million mobile phone customers had availed of the MNP facility. In August 2013, more than 2.3 million requests to different service providers for MNP had been received. However, Mr Desai feels that there could be other underlying causes to this major problem. After all, MNP should be seen both as an opportunity for the company and as a threat. Mr Desai desires to plan and implement a marketing strategy that would help capitalize on the opportunity that the MNP would offer, and fight the threats by limiting the loss of customers to rival telecom companies. Since the cost associated with the acquisition of new customers is much higher than that of retaining existing ones, Mr Desai is keen on searching for strategies and tactics that could help him not only retain the existing ones, but also gain newer ones.

This is not the first time that ABC Telecom has faced problems. High operational costs on the one hand and frequent price wars on the other have reduced margins and lessened profits for the company time and again. Further, it has been facing a highly competitive market driven by regulatory issues and concerns, including regulatory payments inclusive of service tax, licence fee, graded spectrum usage charge, etc. ABC Telecom has strategically solved these problems through a major focus on its customer-centric initiatives. However, this time the problem seems grave, especially due to the fact that the brand is losing popularity and the company's market share is dropping. So Mr Desai decides to hold a meeting with Mr Amit Gokhale, his senior marketing manager, and Mr Anup Doshi, senior sales and distribution manager. The three senior executives have a day-long meeting where they deliberate and discuss the causes of the problem and the measures

that they should take to counter the problem. They decide to refer the problem to the market research division of the company, headed by Mr Govind Kumar; he is given a month's time to submit a report on his findings. Mr Govind Kumar is a highly able market researcher with a rich experience, having served many companies in India and abroad. Upon hearing about the issue at hand, Govind decides to analyse the issue, both quantitatively and qualitatively.

The Telecom Industry in India
The Indian telecom market has witnessed a phenomenal growth in the past two decades and is recorded to have 900.04 million connections as on 31 May 2013. With the immense opportunities that the market affords and the rich returns on investments, a large number of players, public and private, and national and international, are in the field competing with one another for greater market share.

According to reports, India is the second largest telecom market in the world (after China), and the total mobile connection base in India amounts to 870.58 million connections, with 738.86 million connections being active (2013 figures). Per research undertaken by Cyber Media Research, the Indian telecom industry was expected to grow at a compound annual growth rate (CAGR) of 15.8 per cent between 2010 and 2014, with revenues reaching a figure of ₹3,77,683 crores ($82 billion). However, reports reveal that the sector has grown by 20 per cent CAGR and the mobile subscriber base has crossed the 900 million mark.

Mobile Number Portability
Number portability (NP) is a service where the subscribers are able to retain their number even if they change their network operator/service provider, their location, or their

Service Area Wise MNP Status at the end of August 2013			
Zone - 1		**Zone - 2**	
Service Area	**Number of Porting Requests**	**Service Area**	**Number of Porting Requests**
Delhi	3545211	Andhra Pradesh	9,084,451
Gujarat	8671557	Assam	376,621
Himachal Pradesh	359632	Bihar	2,235,097
Haryana	3691591	Karnataka	11,645,797
Jammu & Kashmir	17717	Kerala	4,038,344
Maharashtra	8133402	Kolkata	2,202,315
Mumbai	3900999	Madhya Pradesh	5,761,924
Punjab	3361790	North East	173,115
Rajasthan	9856116	Orissa	2,141,841
Uttar Pradesh - East	5806471	Tamil Nadu	5,908,762
Uttar Pradesh - West	5665677	West Bengal	3,617,610
Total	**53,010,163**	**Total**	**47,185,877**
Total (Zone - 1 – Zone - 2)			**100,196,040**
Net Addition [on August 2013]			**2,372,243**

service type. Through NP, customers are able to use the same number across different service providers (MNP), different locations (location portability), and different service types (service portability).

The MNP allows switching between telecom operators or service providers within the circle and permits portability within the same geographical location or telecom circle. The end user is able to retain the same mobile number when changing from one operator to another (also known as service provider NP). This could also be extended beyond one's circle on a pan-country basis as location portability.

Ever since the MNP was launched in 2011, requests for porting have been on the rise. The major reasons for requests for MNP are (i) superior network quality and coverage, and voice quality, (ii) attractive plans, talk time, and tariffs, (iii) innovative and differentiated value-added services, (iv) better customer service and care, (v) stronger choice for 3G, 4G, CDMA, GSM, etc., and (vi) brands and value proposition.

Advantages of MNP
The MNP brings about benefits for both the subscribers and the telecom operators or service providers. The major advantage of the MNP for the subscribers lies in being able to choose a service provider and network operator of one's choice, while retaining the same cellular number when switching between telecom networks or service providers. Thus, contacts remain intact with the known number although one has ported to a different telecom network or service provider. In this way, MNP not only provides easy access to various plans offered by other telecom operators and service providers, but also helps the user to retain his number for life. In addition, per regulations of TRAI, porting charges paid by the subscriber shall not be more than the per-port transaction charge of ₹19, while telecom operators would be free to charge any amount less than that. Thus, porting charges are a nominal figure of less than ₹19, with some of the operators giving full waivers on the charge.

Advantages of the MNP for the telecom operators or service providers include greater opportunities for growth if they are able to retain existing customers and earn new ones. This would result in more inbound traffic, customer satisfaction through improved service delivery, and overall higher company value. A positive approach towards perceiving the MNP would mean entry of newer players, healthier competition among the various telecom service providers to retain their existing customer base, and expansion of customer base by earning more customers.

Disadvantages of MNP
The disadvantages of MNP come in the form of the porting fees that are charged from the customers, which may be regarded as an unwarranted expenditure by some. In addition, a subscriber may have to face a waiting period of a maximum of four days per TRAI regulations (although it may take about seven days) before their numbers get successfully ported and operational. This may cause some inconvenience to the subscriber. Moreover, in case the subscriber does not find the new telecom operator or service provider to be any better, or even worse than the earlier one, he cannot go back to his earlier telecom operator or service provider immediately; he would have to wait for a minimum period of three months (lock-in period) before he can do so. So there is always this risk of uncertainty as to whether the newer one would be surely and certainly better than the earlier one. In case he is unlucky, he would have to wait for the mandated wait time to end before he can request for another porting. This can be a long wait, especially if the customer is dissatisfied with the change.

Customer Churn
Customer churn is a measure of the rate at or degree to which customers change from one product or service option to another and from one seller/brand to another seller/brand. Customer churn is also known as customer attrition or customer turnover.

Customer churn could be initiated either by the service provider or by the customer. Customer churn gets initiated by the service provider when the latter closes a customer's account because of lack of proper documentation, non-verification, and suspicion, as well as non-payment of outstanding bills. Customer churn gets initiated by the customer because of various reasons such as inadequate geographic coverage, network problem and connectivity, poor service quality, and higher tariff rates of existing service providers. Customer churn initiated by the customer may be voluntary or involuntary. While voluntary churn occurs because of a conscious decision of a customer to switch between his service providers due to coverage and connectivity, quality of service delivery, or tariff rates, involuntary churn occurs because of circumstances over which the service provider has no control, such as relocation abroad. Marketers are more concerned with voluntary churn as it is easy to deal with through design and execution of marketing strategies and tactics. Customer relationship management can prove vital in controlling voluntary churn.

A customer churn from an industry perspective is reflective of the fact that the market is competitive, with signs of a properly functioning market, where customers are free to move from one seller to another. However, higher customer churn could signify a couple of other issues:

a) Customers have switched operators for genuine reasons such as change of location or service type

b) Customers have churned for the following reasons:

   i) High tariffs, poor service quality, and inadequate customer care from current service provider

   ii) Lower tariffs, high speed value-added services (VAS), better coverage, and connectivity of another existing or new telecom players

Problem Faced by ABC Telecom: Customer Churn
Mr Govind Kumar, manager, market research, ABC Telecom, decided to analyse the problem of customer churn both

quantitatively and qualitatively. He assigned the task to two teams. Team I, led by Abhijit, was asked to analyse the problem quantitatively, and Team II, led by Shivani, was asked to analyse the problem qualitatively.

Analysis by Team I

Team I, led by Abhijit, studied the problem of customer churn faced by ABC Telecom by adopting quantitative tools and techniques. Assisted by two other people, and two MBA interns from a premier institute, Abhijit decided to go in for a market survey to study the reasons for customer churn. A survey was conducted across five metropolitan cities, namely Delhi, Mumbai, Kolkata, Chennai, and Hyderabad, with the broad objective to study consumer perception and attitude towards various mobile operators, including ABC Telecom.

Abhijit made a presumption that ABC Telecom was poor in performance and service delivery, and the team framed its questions accordingly. A questionnaire was prepared, which was divided into two sections. The first section included questions related to customer perception and attitude towards mobile services provided by ABC Telecom versus others, and questions included 'are they happy with their current service provider?', 'are they planning to change their service provider?', and 'what are the benefits and limitations that they experience from their current service provider?'. The second section of the questionnaire dealt with analysing service quality. Both positive and negative questions related to the quality of services provided by ABC Telecom were framed and the respondents were asked to indicate their level of agreement and/or disagreement with the statements on a five-point scale.

As Abhijit and his team had presumed that ABC telecom was poor in service delivery than its counterparts, the team was keener on identifying and assessing the poor (or negative) remarks than on identifying and assessing the good (or positive) ones. The questionnaires were administered to ABC Telecom subscribers, and a total of 6000 were found to be complete and valid for analysis.

The survey on consumer perception and attitude towards mobile operators revealed that about 72 per cent of the subscribers were happy with ABC Telecom, and about 15 per cent of the mobile subscribers intended to switch their operator. Findings revealed that Delhi would see the highest customer churn at 17 per cent and Hyderabad the lowest at 12 per cent. Customer perception regarding benefits that they got from ABC Telecom included larger network coverage; poor connectivity, fewer bundled services, high tariffs, faulty billing, and poor customer care were the disadvantages. The attitude of the respondents was not very favourable, and high customer churn was a probability in the coming future.

The survey on consumer satisfaction towards ABC Telecom revealed the following:

1. Slightly higher tariffs than other players, scarce VAS, and charges for service(s) not rendered

2. Broad coverage and network availability yet poor connection establishment (accessibility and connectivity): poor voice quality, drop calls, more call attempts and the resultant inflated phone bill, and SMS failures which are charged and over-charged

3. Over-charging on calls and faulty billing

4. Inefficient complaint handling and inaccessibility of call centre/customer care; poor customer care

5. Poor service delivery and continuously deteriorating services

The study conducted by Abhijit and his team revealed that ABC Telecom must strive to develop and maintain high standards of quality so that it can provide to its customers quality products and services. Customer experience and service quality area distinguishing factor for providing lifetime values and obtaining, preserving, and enhancing

Findings from the survey (Team I)

S. No.	Dimension	Percentage of Respondents				
		Highly Agreed (%)	Agreed (%)	Neutral (%)	Disagreed (%)	Highly Disagreed (%)
1	Costs: higher tariffs, scarce VAS, and charging of services not rendered	42	22	12	15	9
2	Broad coverage and network availability yet poor connection establishment	38	28	10	17	7
3	Over-charging on calls and faulty billing	47	27	12	8	6
4	Inefficient complaint handling, inaccessibility of call centre/ customer care; poor customer care	56	24	8	8	4
5	Poor service delivery and continuously deteriorating services	56	30	7	4	3

customer base, sales and revenue, and market share. Thus, the company must strive harder towards competitive tariff rates, better VAS, better coverage, connection establishment (accessibility) and maintenance, metering and billing credibility, efficient complaint handling, good customer care, and excellent service delivery on a consistent basis.

Analysis by Team II

Team II, led by Shivani, studied the problem of customer churn faced by ABC Telecom by adopting qualitative techniques. Shivani and her team decided to go for focus group interviews to study and analyse the problem. The team felt that focus group interviews would help gain deeper insights into the problem and identify underlying causes of customer churn.

The team decided to have focus group interviews separately for personal customers and corporate customers. The team believed that the needs and wants as well as the choices and preferences for the two segments were different and that the reasons underlying the churn would also be different. Two sessions with 15 personal subscribers each time (making it a total of 30) and one session with 12 corporate subscribers were conducted in Delhi. Similarly, two sessions with 15 personal subscribers each time and two sessions with 10 corporate subscribers were conducted in Mumbai.

Questions that were raised during discussion included those related to customer's attitude towards porting and their intention to switch over to other service providers, the reasons for switching and porting, customer expectation and requirements, and their feedback about the products and service offerings of ABC Telecom.

Findings of the qualitative study across both the samples revealed that customers had no reservations about porting to other service providers in case they were better than their existing service provider, ABC Telecom. The focus group interviews also revealed that customer churn was a probability. However, the reasons were different for the two customer segments. In addition, the two subscriber groups had different requirements, and their feedback about the products and service offerings of ABC Telecom was also different.

Personal Subscribers

Personal subscribers were found to be somewhat dissatisfied with the services provided by ABC Telecom. The focus group interview revealed that people were unhappy with ABC Telecom, typically in regard to connectivity problems, and voice, data, and video services. The personal customers perceived that other telecom operators and service providers were much better in performance and service delivery. Because of these issues, a majority of those interviewed had no qualms about porting to other telecom operators or service providers.

The segment desires better network coverage and connectivity, convenience of bundled services in the form of voice, data, and video services, and VAS. The youngsters in particular are desirous of good Internet connectivity through GPRS so that they can be hooked on to social networking sites, and can be online with family, friends, and colleagues. Professionals also want good Internet connectivity so that they can be easily accessible to their office colleagues and, more importantly, to customers and clients. Students want good connectivity for both academic and non-academic pursuits and interests. The FGD also revealed that people want better offers and promotion including services such as entertainment (chats, music and video downloads, caller tunes, ring-back tones, etc.), gaming, multimedia content delivery, sports, travel, news, conferencing, mobile banking, and mobile ticketing. However, all of these people who comprise the personal subscriber segment want affordability in terms of tariffs, whether as prepaid or post-paid customers, or as fixed or usage charges.

Poor service and higher tariffs were a major issue for the increasing customer churn. Recharge facility was poorly available, and subscribers often had to travel long distances for recharge. The highlight of the study was the fact that informal interpersonal communication between subscribers of ABC Telecom, non-subscribers of ABC Telecom, and subscribers and non-subscribers of ABC Telecom, in the form of word-of-mouth communication, was a potent factor for porting and the resultant customer churn for ABC Telecom. It was seen that a large number of people were opting for porting because their friends and colleagues had done so and had benefitted out of it. Thus, social pressures and word-of-mouth communication were a major driver influencing the decision to port and switch over to other service providers.

Corporate Subscribers

Corporate subscribers were found to be neither very satisfied nor dissatisfied with the services provided by ABC Telecom. The corporate clients perceived that various telecom operators and service providers were very similar in performance and service delivery. There was not much of a difference between ABC Telecom and others. However, with other players offering enhanced coverage and connectivity, as well as superior product and service offerings, customer expectations are high. In addition, the participants of the focus group interview revealed that they were irritated with the numerous telemarketing calls and SMSs they received from ABC Telecom. This was a big irritant, especially when they were busy in a meeting with their office colleagues or with their clients. This also led to the loss of a lot of valuable time. Further, since it has been a leading telecom player under good leadership and able management, and since it has been a forerunner in providing innovative product and service offerings, customers' expectations from ABC Telecom are high. Poor service delivery and customer care could be major issues for the increasing customer churn.

The FGD among corporate subscribers revealed that the company needs to offer a wider set of corporate offerings and relevant services. What the corporate subscribers want

is better value in terms of the product and service offerings, be it network and connectivity (connection establishment, accessibility, and maintenance), better coverage, high call clarity, bundled services in the form of voice, data, and video services, more attention to VAS, more of 3G and 4G application development, or excellent delivery of the same. Customer care is a priority and prompt complaint handing an absolute must. In case the company fails to improve itself on performance and provide better service, the corporates would decide to switch from one service provider to another. In comparison to the personal subscribers, subscriber churn was more likely for customers and users of large corporates and industries, which have official connections for the entire company, and this could mean serious harm for ABC Telecom.

The Right Approach to Analysis and Findings?

Mr Desai and his team are well aware and recognize the fact that while most countries have implemented the MNP at a mature stage of penetration, India is an exception, and the Indian government has formulated and implemented the same when the telecom market in India is still growing. The implication of this is that while MNP has not brought about much of customer churn globally, the Indian players would very much face churn, and this would mean a 'win–lose' situation, where the gain of one player would be the loss of another. Service quality, customer satisfaction, brand attachment and loyalty, as well as switching costs are factors that impact the switching or non-switching decisions.

Further, Mr Desai and his managers understand that the government wants to provide a fair chance to all the players in the telecom industry through the MNP. However, the learning that they can derive from the findings of the two teams is that network coverage and tariff rates are the two major reasons why respondents want to avail of the MNP. The only way by which ABC Telecom can sustain itself and succeed in the long run is by introducing innovative product and service offerings as well as better schemes (including service plans with lower tariffs) to attract newer customers and retain existing ones. The tariff rates need to be affordable to various segments. Pricing across telecom operators or service providers is competitive, often leading to price wars, and in order to survive and succeed, the company needs to be cost effective, so that lower tariff rates do not affect the company's profitability. In addition, while attractive tariff plans need to be offered, pricing should take into account both porting and non-porting costs, and tariff plans should be designed in a manner that does not affect profits adversely.

After a month-long study, both Abhijit and Shivani submitted their findings to their boss, Mr Govind Kumar. Govind arranged for a meeting with Mr Desai, Mr Amit Gokhale, and Mr Anup Doshi to discuss the findings from the quantitative and qualitative studies. The approach followed by the two teams was different, and while the findings were somewhat similar, the implications that can be drawn from the two approaches, as well as the learning that could be derived, are different. Mr Desai first discussed the reliability and the validity of the two studies. While Mr Gokhale was impressed more by the qualitative analysis done by Shivani and her team, and felt that the findings revealed a better picture, Mr Doshi felt the reverse and believed that the quantitative analysis done by Abhijit and his team made better revelations. While the two senior managers debated among themselves regarding the correct approach to analysis, Mr Desai was more interested in the findings and the implications. The question remains as to which is the better approach, and which team's analysis is more robust.

Questions

1. Which in your opinion is a better research technique— the one adopted by Team I or that by Team II? Discuss.
2. In case you were involved in the analysis of the research problem, what would be your recommendations to Mr Desai?

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