
UNIT 5 MARKETING RESEARCH FOR RETAILING

Objectives

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

- define Marketing Research and the process;
- significance of Marketing Research for Retailing;
- determine the Critical Drivers for a Successful Retailing Research; and
- state a few examples of research application.

Structure

- 5.1 Introduction
- 5.2 The Goals of Consumer Research
- 5.3 The Process of Marketing Research in Retailing
- 5.4 The Key Parameters of Marketing Research in Retailing
- 5.5 Statistical Tools for Marketing Research: An Illustration
- 5.6 Modelling and Researching Consumer Behaviour
- 5.7 Summary
- 5.8 Key Words
- 5.9 Self Assessment Questions
- 5.10 Further Readings

5.1 INTRODUCTION

The scope of marketing research in the retailing industry as you would appreciate is important from the aspect of detailing before implementation of the final strategy for retailing.

Marketing research involves market/retail research along with market structure study involving suppliers (manufacturers), distributors, third party logistics (contracted by any), competitors.

The first marketing research was undertaken by one of the daily tabloid (newspaper) in U.S for Campbell soups to determine who consumed their range of soups-the rich or the poor.

To their surprise they found out the poor section of the society consumed more of their soups. This came out after a study of the garbage used for land-fill was done by the daily tabloid.

Research is the systematic process of gathering and analyzing primary, external information for the above stake-holders to minimize risks and capitalize on opportunities on an continuous basis.

The use of customer databases is critical for ongoing research initiatives in terms of helping define research problems.



5.2 THE GOALS OF CONSUMER RESEARCH

As you would appreciate that goals determine the type of study to be undertaken. The two major strategies of consumer research classified as per the goals are: 1. Exploratory, and 2. Conclusive research.

1) Exploratory Research

This research framework is used to identify- variables influencing consumers and ascertain how consumers may react to these factors. It is used when not enough is known about the consumers behavioural influences. The two methods used in exploratory research are as follows:

- Consumer suggestions
- Focus groups

Consumer Suggestions: As we all may appreciate that many solutions to numerous issues faced by consumers are answered through spontaneous suggestions of consumers themselves.

Example: Retailers conducting an informal survey through placing "suggestion boxes" near the counter to work out the possibility of consumers throwing ideas or understanding the nature of complaints in a timely fashion.

The use of "dial 800" telephone numbers for consumer questions, complaints and suggestions is an example in this context.

Focus Groups: This is another popular framework/technique which involves talking to about eight to ten people in an informal group setting applying the principle of group dynamics and free association to solving marketing problems.

The process is videotaped with the consent of all conducted by a moderator who guides the discussion facilitating maximum interaction among the group.

- Focus groups help in the following ways:
 - Understand consumers language and motivations.
 - Understand consumers lifestyles and personalities.
 - Explore a new area as a prelude to a quantitative study.
 - Generate hypothesis about consumers and market situations.
 - Idea generation and refinement.
 - Validate the purpose of an advertisement, packaging, product usage, new concept to determine if there is anything misleading, negative in its purpose.

Thus, it is important to appreciate that the primary objective of exploratory research techniques is hypothesis formulation leading to establishing the relationship between two or more variables.

2) Conclusive Research

Conclusive research builds upon exploratory research in terms of trying to describe consumers behaviour and offer just explanations for its causes. Further it can predict the consumers behaviour and methods of influencing it.

Thus , a Consumer research survey uses two types of data.

- i) **Primary Data:** This is gathered first hand for a specific problem investigated.



ii) **Secondary Data:** This is the historical data already researched and kept as reference for future use. It can be used to determine if there are any problem areas which need to be understood through primary research.

To conclude this section we discuss the aspect of research timeframe in marketing research.

Research Timeframe

As we all would appreciate Generally in consumer research studies primary data can be collected either at one time or over a period of time. We refer to these research designs as:

1. Cross-sectional design, and 2. Longitudinal design respectively where each has its own purposes.

Cross-sectional design is used to study behaviour at any one point of time.

For Example: To study the awareness of a particular brand among the target consumer base to determine the effect of an advertising campaign.

Longitudinal research design is used to study/analyse the changing consumer behaviour over a period of time.

One of the most popular type of longitudinal research study is the use of "Continuous Consumer Panel". This is done by empanellment of consumers whose behaviour across various characteristics is observed.

For Example: The study of shopping habits, purchase, use, product/brand buying as well as changing demographic and attitudinal characteristics of a select consumer sample over a period of time to understand their genesis of behavioural change.

A sample of research output depicting shopping behaviour characteristics across six shopper typologies is as follows:

Case 1: Profiling of garments buyers

	Yesteryears	Power purchasers	Fashion foregoers	Social strivers	Dutifuls	Progressive patrons
% of popln.	10%	30%	10%	15%	15%	20%
Psychographics	Insecure, conservative, resists change, averse to risks.	Self-indulgent, seeks variety, risk taker.	Fashion laggard, less concerned with image, anti social	Style conscious, experimntor, image conscious, brseeks brand appeal.	Sacrificial, practical routine,risk avoider, conservative, comparison shopper.	Self-confident, artistic, variety seeking, open-minded,risk taking, innovative and imaginative.
Demographics	Typically a female, concentrated in older households life stage, but also found in younger parents market abnd down market mid-life families & households.	Male or female; up market young singles, to mid-life house holds, middle market young singles to young parents.	Tend to be male, non-consistent life-stage or income paterns,	Typically female, down market tendency, often young.	Male-or female, down market mid-life families and house-holds,down/ middle market older households.	Often male,young singles,young singles,middle and up market mid-life families.
Differentiating patronage factors	Personal clothing,low price, ease of finding merchandise, guarantees,convenient locations,low price,speed of service.	Personal clothing,, ease of finding merchandise, friendly sales, Personal clothing,, ease of finding merchandise, friendly sales, wide selection.	Personal clothing, ease of merchandising, convenient location, low price,wide selection	Personal clothing, low price, guarantees, ease of finding merchandise, convenient locations,speed of service.	Speed of service, personal clothing, ease of finding match, convenient locations.	Personal clothing, ease of finding merchandise, quality freak, specific brands preferred, wise selection.
General consumption	Light	Very heavy	Light except for electronics and building materials	Heavy	Light	Very heavy
Store patronage	Shops in discount stores or national mass merchandise chains.	Frequents departmental and national store chains and occasionally speciality store usage.	Below average shopping frequency except for home centers	Shops all outlets frequently with exception of home centers.	Below average shopping frequency for all stores except for ware house category	Tends to shop speciality stores with avg. frequency,does catalog buying and uses convenience strores.



Case 2: A research output outlining the different consumer groups dissatisfaction response styles

Cluster 1 (Passives)	Cluster 3 (Irates)
<ul style="list-style-type: none"> • Likely to be less alienated from market place. • Tend to have less positive attitude toward complaining due to its social benefits. • Tend to feel less positive toward complaining because of personal norms. • Less positive evaluation of consequences of private responses. • Less positive evaluation of consequences of voice responses. • Less positive evaluation of consequences of voice responses. • Somewhat likely to be younger. 	<ul style="list-style-type: none"> • Likely to be more alienated from the market place. • Tend to have positive attitude toward complaining due to its social benefits. • Tend to feel more positive toward complaining because of personal norms. • Less positive evaluation of consequences of third party responses. • Very positive evaluation of consequences of private responses. • Somewhat positive evaluation of voice consequences. • Somewhat likely to be older.
Cluster 2 (Voicers)	Cluster 4 (Activists)
<ul style="list-style-type: none"> • Likely to be less alienated from market place. • Tend to have positive attitude toward complaining due to its social benefits. • Tend to feel more positive toward complaining because of personal norms. • Less positive evaluation of consequences of private responses. • Less positive evaluation of consequences of private responses. • Very positive evaluation of consequences of voice responses. • Somewhat likely to be older. 	<ul style="list-style-type: none"> • Likely to be more alienated from the market place. • Tend to have a very positive attitude toward complaining due to its social benefits. • Tend to feel very positive toward complaining because of personal norms. • Very positive evaluation of consequences of third-party responses. • Very positive evaluation of consequences of private responses. • Very positive evaluation of voice consequences. • Somewhat likely to be younger.

Activity I

Make a visit to two market research firms in your city/town and try to understand as to how they determine the research needs and the strategies they use. Report on your discussion here.

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5.3 THE PROCESS OF PA FETING RESEARCH IN RETAILING

As you would agree that an effective retail research project involves choosing the right research methods, research instruments and sampling procedures. The broad elements of each of the above three corner stones of retail research are as follows:



Research Methods: It involves surveying, observation, purchase intercept techniques and experimentation methods.

Research Instruments: It involves structuring questions, scaling answers, wording and sequencing questions.

Sampling Procedures: This involves sample framing and sizing.

Thus an effective retail research and analysis project involves use of the following basic methods in collecting primary information depending on the nature of the research problem under study.

Surveys Method

This method helps in generating information directly from appropriate respondents through a telephonic conversation, in person or by mail.

In today's context use of personal interview is rather effective in terms of accuracy, involved response, flexibility in questioning, control of interview process so on providing better consumer insights though the cost per sample is high compared to other mode of survey tools.

Observation Method

The center to this method involves observing overt consumer behaviour through personal or mechanical interventions without investigating his motives, attitudes, beliefs and feelings.

For example: The use of kiosk-based research where it is pre-programmed to elicit responses to a set of questions without having to worry about the use of visual stimuli, right skip pattern so on.

Further this technology based survey can be used for those products where recent experiences play a crucial role in determining retailing strategy.

Thus, it is gradually becoming apparent to retailers that non-human observations helps in eliminating interviewer bias associated with survey method used.

Purchase Intercept Technique

This technique uses the advantage of observation and the significant information gained through self reporting.

It consists of the following steps:

- a) Observing customer in-store shopping behaviour.
- b) Recording pertinent shopping behaviour information.
- c) Interviewing customers immediately about their purchase behaviour.

Experimentation Method

This technique uses cause-and-effect relationship between two or more factors.

Experiments are done normally under controlled conditions where the factors under study are manipulated keeping a set of factors constant.

For Example: Imagine a retailer who has increased his price by \$10. To see the effect of this he may conduct a survey to determine the effect it may have on sales, profits soon where factors like display space, store layout, location, advertising displays are kept constant.

Then he may change the particular lay-out of the store which may result in sales going up or down; thereby he will assume that this factor of "lay-out" change would have effected the sales at the store level.



Thus this "before-after design" with the control group used to determine changes that may have occurred is contrary to using without the control group as part of the design.

Research Instruments

As mentioned in the beginning research instruments need to carefully consider aspects of structuring, wording, sequencing questions and scaling answers in the questionnaire.

Firstly we took at the process of structuring questions which involves open ended (unstructured) and close ended questions enabling respondents to answer in their own words, thereby providing greater freedom to them in responding.

Open-ended questions are mostly used in motivational research to capture their projected feelings about the retailer's merchandising and operational activities. Further the use of open-ended or projective techniques also help. A few of the projective techniques used are as follows:

Word Association Test: In this a set of words or phrases are given to respondents for which immediate responses are elicited.

Sentence Completion Test: In this technique respondents are asked to finish a set of sentences with blanks.

Narrative Projection Test: This is an open ended questionnaire mode where in respondents are provided a description of an situation and are asked to write a paragraph about it.

Thematic Apperception Test: In this case respondents are shown a set of cartoons, pictures and asked to put themselves into that situation and tell a story about what is happening so on. It is about what people interpret from various real life scenarios/interactions.

Thus, the major purpose of most open-ended questionnaires is that they help in exploring and identifying potential problems through a structured approach that could be included in a structured research.

But the difficulty in interpreting responses to open-ended questions makes closed questions a better bet for retailers to administer and control.

Scaling Answers: This technique uses the interpretation of answers through asking respondent to do a relative rating/grading by structuring questions reflecting their attitudes and opinions on a subject. The two most commonly used scaling techniques are as follows:

Likert's summation rating scale: This measures the attitudes and opinions by asking respondents to indicate the extent their level of relative agreement or disagreement involving a set of questions on the subject involved.

Semantic differential rating scale: This is a seven point bipolar scale which measures the meanings and attitudes which people have on a subject. The respondent is asked to mark one of the relative positions as per his choice.

Thus each position of the semantic scale is assigned which can be interpreted for 'n' samples to arrive at the arithmetic mean indicating to a set of closely related responses.

As we all would appreciate the following thumb rules should be used for structuring questions.

- 1) Keep questions as short as possible; wording should be easy to understand.
- 2) Limiting each question to a particular idea, use of concise language.



- 3) Personalized questions to be addressed in a generalised manner at the end of the questionnaire.
- 4) There should be logical flow in the questionnaire structure. Further one should use an attention getter and an interest grabber for the opening question.

Sampling Procedures

Here, we come to the last of the three corner stones of an effective retail research and analysis study. Sampling is done as a representative of the population in question. The three steps involved in choosing the right sample are as follows:

Sample Frame: This involves finding the right population fit for the sample specific to subject. For example it could be the population in a town below the age of 25 years so on.

Sample Size: This factor is crucial as the no. of respondents can make a huge difference to the out come of the survey. So right sizing of the sample size is crucial. For satisfactory results.

Sample Item: This involves choosing what should be the basis of choosing the sample numbers there are generally two types here.

Probability sample: In this method each person has a equal chance of being chosen for the survey.

Non probability sample: In this case there is no equal probability or chance that a person will be part of the sample space; here the researcher controls the whole selection.

The use of probability sampling is preferred as it can be worked upon with analytical techniques giving better results.

Activity 2

Continuing your talk with market research firms/market research departments of retail chains/FMCG firms understand the process of marketing research in detail. Report on your discussion here.

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5.4 THE KEY PARAMETERS OF RESEARCH IN RETAILING

The key parameters for study of marketing research in retailing as you need to understand are as follows:

Demographics: This defines the sex, age and the lifestyle of the customers in focus. The relevance of this criteria in retailing is that from the store point of view its location, merchandise will be detennined by the above factors.

In the Indian context this is the important factor affecting retailing today on account of minimal understanding of the dynamics.

For Example: Today housewives seek quicker services in terms of picking up their basket of products as they would have kids and house-hold chores to attend to.



Or

For Example: A Men's garments store would need to be open for long hours on normal days and to keep open on sundays so that male buyers can visit the stores to pick up their wares.

Thus the need of the hour is to create the ambience for people of all ages to come and visit the store.

Language: Language is one of the soft factors that has a significant effect on the sales outlook of the store. The key is to train the entire sales staff in the set of language(s) spoken by the public visiting the store. This obviously has the capacity to translate into better sales for the store as consumers needs will be better understood.

Competitive analysis: For a retailer of any category s), it is important that he has a clear understanding of the competitiveness in his related and complementing categories. This will help him to placate himself strategically with respect to his contemporaries by building on his capabilities.

Thus the retailer needs to undertake on a periodic basis self-analysis of his strengths and weaknesses. This needs to be complemented -with competitor analysis to determine their strategic direction and implementation capabilities.

For Example: The following is a illustrative list of areas that could be part of the marketing research initiative by the retailer:

- Determining the objectives of the competitors in terms of their financial goals, performance barometer, market positioning, organisational reward systems and so on.
- To help gauge competitors strategic intent like geographic areas of operation/ focus, target markets seeked, merchandise offerings, mix7of private and manufacturer labels, services offered.
- Competitors performance on parameters like sales, profits, market share, financial structure, vendor management systems so on.

Activity 3

Speak to the marketing managers/customer relationship managers of a few of the retail chains in your town/city and understand as to how they design a research brief for their store. Further understand the process and the key variables that are considered.

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5.5 STATISTICAL TOOLS FOR MARKETING RESEARCH: AN ILLUSTRATION

From a managerial perspective the information obtained from a research study needs to be analysed for decision-making which involves the following steps:

- Tabulation of data-establishing appropriate categories for the information and data sorting.
- Generating hypothesis-determining relationships to suggest working hypothesis.
- Drawing inferences-deducing conclusions about the variables and their relationships.

This leads us to some of the statistical tools used in the analysis of research data as follows:

Multiple and Partial Regression: They are mathematically defined as prototypes of single criterion/multiple predictor association.

Variance: This is mathematically defined as the sum of squared deviations from regression.

Factor Analysis: This technique is used to represent a set of observed variables and classify them into measurables.

Multidimensional Scaling: This technique is well suited for measuring human perceptions. Using a set of data and trying to find a spatial configuration or pattern of points in certain dimensions whose distances best match the input data.

Multidimensional analysis lays emphasis on developing perceptual maps using consumer ratings on prespecified attribute scales, homogeneity of perceptions across consumers.

Conjoint analysis: This technique like MDS (multi-dimensional scaling) is used for measuring psychological judgements, like consumer preferences.

Thus these techniques help in determining the inputs required for formulating an effective marketing strategy.

5.6 MODELLING AND RESEARCHING CONSUMER BEHAVIOUR

As we all would appreciate studying consumer behaviour can be quite complex, especially the many variables involved and their tendency to interact.

A Model-centric approach to understanding consumer behaviour helps in overcoming these difficulties by helping assist in constructing a theory that guides research on consumer behaviour; facilitates learning what is precisely known about consumer behaviour.

These models help in determining a specific aspect of behaviour. Such as consumers repetitive purchasing of the same brand over a period of time. Others are more comprehensive because they attempt to include a great variety of consumer behaviours.



5.6.1 Models of Consumer Behaviour

The models stated henceforth have been classified as traditional and contemporary in nature. The two traditional models are 1. Micro –economic model and 2. Macro-economic model.

1) Micro-economic Model

This model is developed by economists focused on pattern of goods and prices in the entire economy. It involved making a set of assumptions about the nature of “average” consumer and then developing a theory for explaining the workings of an economy made up of many such people.

Focus was placed on the consumer's act of purchase which of course is only a portion of the consumer behaviour.

Thus microeconomists concentrated on explaining what consumers would purchase and in what quantities these purchases would be made. The tastes and preferences leading to these purchases were assumed to be known already. So, microeconomists chose to ignore why consumers develop needs and preferences and how consumers rank these needs and preferences accordingly.

The resulting theory was based on a number of assumptions about consumers; primarily among them are the following:

- Consumer's needs are unlimited and thus can't be fully satisfied.
- Given a limited budget, consumers goals are to allocate their resources in a way that maximizes satisfaction of their needs and wants.
- Consumers independently develop their own preferences, without the influence of others and these preferences are consistent over a period of time.
- Consumers use the price of a good as the sold measure of the sacrifice involved in obtaining it. Price plays no other role in the purchase decision.
- Consumers are perfectly rational in that, given their subjective preferences, they will always act in a manner to maximize their satisfaction.

This model though has an influence on understanding the consumer behaviour, it provides a severely limited explanation of consumer behaviour, with a major deficiency being its unrealistic assumptions.

Some of the assumptions are as follows:

- Consumers frequently strive for acceptable and not maximum levels of satisfaction.
- Consumers lack knowledge regarding products and they often influence each other's preferences.
- Further they use other variables other than price to assess a product's cost and may frequently use price as a measure of product quality as well as cost.
- Finally not all consumers choice is rational in nature.

Thus on account of all these aspects this model cannot be accepted as a comprehensive representation of consumer behaviour.



2) Macro-economic Model and Development

This model focuses on the aggregate flows in the economy-the monetary value of goods and resources, where they are directed and how they change over a period of time.

This model helps macro-economists draw conclusions about the behaviour of consumers who influence these flows through insights ,though it does not generate a unified model of consumers.

One of the interests is centered around how consumers divide their income between consumption and savings. This deals with two economic facts:

Firstly, higher-income families spend a smaller proportion of their disposable income than do lower income families, but as economic progress raises all income levels over time these proportions do not seem to change.

Secondly, the lower income groups do not significantly change the proportion of income devoted to spending as economic progress results in an increase in their income.

There are two hypothesis namely: 1. Relative-income hypothesis, and 2. Permanent-income hypothesis which explain the above contradictions.

1) Relative-income Hypothesis

This hypothesis explains the apparent contradiction by arguing that people's consumption standards are mainly influenced by their peers and social groups rather than their absolute income levels, Thus, the proportion of a family's income devoted to consumption is expected to change only when an income change. Places the family in a different social setting. This will not happen when all the income levels are rising at the same time.

2) Permanent-income Hypothesis

This hypothesis explains why specific individuals are slow in changing their consumption patterns even when their incomes do change suddenly. It proposes that consumers do not use actual income in any period to determine the amount of their consumption expenditures, but instead are influenced by their estimate of some average, long term amount that can be consumed without reducing his accumulated assets.

Further, sudden increases or decreases in income are viewed by consumer as temporary and thus expected to have little influence on consumption activity.

Contemporary Models

The need for contemporary models evolved on account of consumer behaviour emerging into a distinct discipline by itself

These models differ from the traditional models in the sense that decision process that the consumer engages in when deliberating about products and services are at variance.

The variables used in these models have been drawn from fields of Psychology and Sociology.

The three most prominent models are: 1. Nicosia model, 2. Howard-Sheth model, and 3. Engel-Blackwell-Miniard model.

Nicosia Model

This model focuses on the complex decision process of consumers engaging in products and services than the actual act of purchase itself



The model is viewed as representing a situation where a firm is designing communications to deliver to consumers wherein their responses will inflex once subsequent actions of the firm.

This model contains four major components:

- 1) The firm's key attributes and outputs/communications and the consumer's psychological attributes.
- 2) The consumer's search for an evaluation of the firm's output and other available alternatives.
- 3) The consumer's motivation for purchase.
- 4) The consumer's storage aspect and use of the project.

This theory assumes that the consumer seeks to fulfill specific goals and that since there is no connect between the consumer and the firm the scope for positive and negative predispositions is minimum.

This figure is a summarised view of the Nicosia model of consumer behaviour

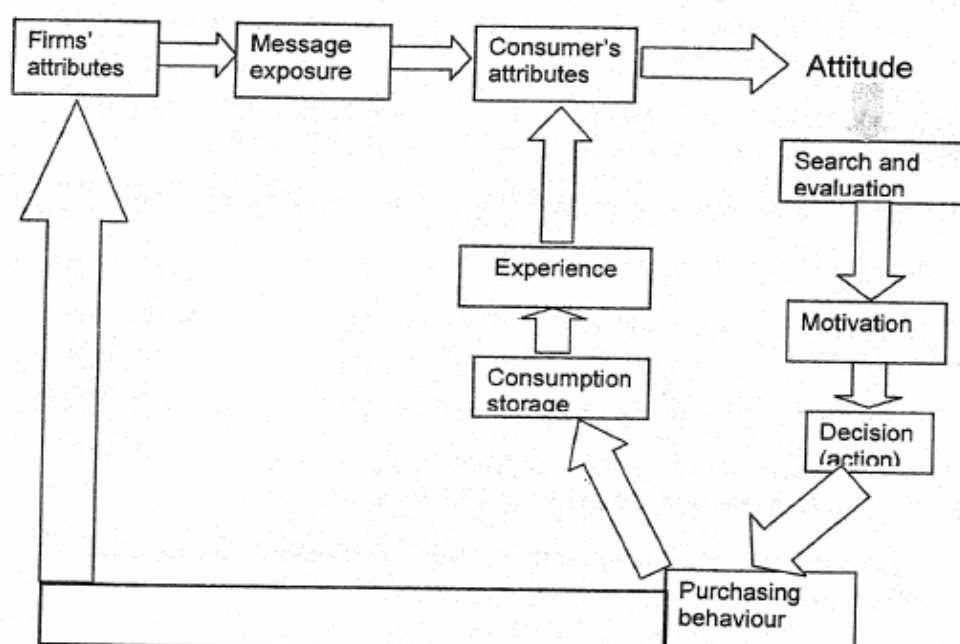
As the above figure depicts, the firm does a minimum communication to which the consumer is exposed to, the attributes of which determine the consumer's initial attitude towards the firm's brand.

This start of the consumer's search for more information leads to his searching internal memory and external reinforcements through visits, knowledge etc. This leads to evaluation and eventual rejection or appreciation of the brand actualizing into purchase.

At this point, a number of outcomes can occur-firstly the firm may receive feedback and secondly the consumer's attitudes towards the brand changes as he gains experience with the product over a period of time. This is what offers insights into consumer's predispositions.

To sum up this model focuses on the decision-making behaviour of consumers though with limitations.

These limitations are as follows:





- The consumer begins the decision process with no predispositions regarding the firm.
- There is an overlap between firm attributes and consumer attributes.

Despite these limitations the model has significant influence on how others would attempt to understand consumer behaviour.

2) Howard-Sheth Model

This model serves as a sophisticated comprehensive theory of consumer behaviour. It attempts to depict a rational brand choice behaviour by buyers under conditions of incomplete information and limited abilities. It distinguishes three levels of decision making:

Extensive Problem Solving: This is the early stage of decision making in which the buyer has little information about brand and has not yet developed a defined and structured criteria by which to choose among products.

Limited Problem Solving: In this stage criteria is well defined but the buyer is still undecided about what sets of brand fall in his gamut. Thereby there is uncertainty in his mind about what brand is best for him.

Routinised Response Behaviour: Buyers have well-defined choice criteria and strong predispositions towards a particular brand. There is little confusion in his mind and he is ready to purchase a particular brand with little evaluation of alternatives.

The model takes into account the fact that the consumer learning takes place over time as he migrates from extensive to routinised problem-solving behaviour. This has been explained using the following four components which are:

- 1) Input variables
- 2) Output variables
- 3) Hypothetical constructs
- 4) Exogenous variables

Input Variables: These are primarily stimuli which the buyer confronts with respect to the brand and secondary stimuli represented by manufacturers with products in symbolic form.

Output Variables: These are the buyer's observable responses to stimulus inputs. They are as follows:

Attention: This measures the magnitude of the buyer's information intake.

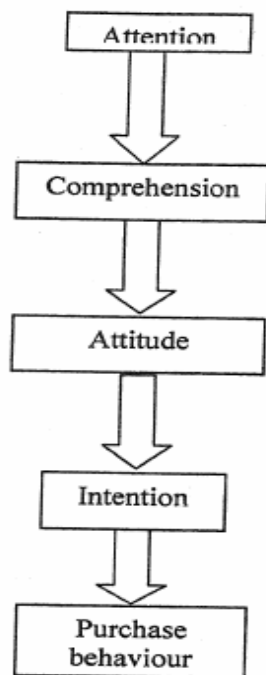
Comprehension: The buyer's knowledge of the brand.

Attitude: The buyer's evaluation of a particular brand's potential to satisfy his innate needs.

Intention: The buyer's forecast about what he will buy.

Purchase behaviour: The actual purchase act reflecting the buyer's predisposition to buy as modified by any inhibitors.

The following diagram is an illustration of the buyer's observable responses to stimulus inputs.



This model has various hypothetical constructs which can be categorized into two major groups: 1. Perceptual Constructs and 2. Learning Constructs

Perceptual Constructs: This deals with the consumer's information processing basis which is driven by his sensitivity to information, perceptual bias and time invested in search for information.

Learning Constructs: This deals with the buyer's view of the brand potential to satisfy his needs, his decision rules to separate one brand from the other in term of alternatives, his predisposition towards a particular brand manifested as attitude, environmental forces such as price and time pressure and finally the gratification.

This model is driven by a lot of exogenous variables which can influence and affect consumer behaviour.

The dynamics of this model is that the actual purchase is influenced by the buyer's intentions and inhibitions which are confronted. A purchase leads the buyer to evaluate his or her satisfaction towards the brand which become more routine in nature as his search for external information minimises.

Though this model recognizes that the outcomes of consumer's decisions are more than just purchases it has certain limitations.

These limitations are as follows:

- 1) It does not make sharp distinction between exogenous and other variables (endogenous).
- 2) Some of the variables are not well defined and are difficult to measure.
- 3) Further it is difficult for all those new to this field on account of its comprehensibility.

3) Engel-Blackwell-Miniard Model

This model is one of the most popular representations of consumer behaviour. This model consists of five activities which occur over a period of time: 1) motivation and need recognition, 2) search for information, 3) alternative evaluation, 4) purchase, 5) eventual outcomes.



The variables are grouped into four general categories:

- a) Stimulus inputs
- b) Information processing
- c) Decision process
- d) Variables influencing the decision process

This model recognizes two significantly different modes of operations by consumers. The two modes being i) Extended problem-solving behaviour, ii) limited problem-solving behaviour.

i) Extended Problem-solving Behaviour

This is characterised by high levels of involvement and/or high levels of perceived risk. The consumer will explore a range of outlets. Further satisfaction with the brand is crucial for continued commitment.

ii) Limited Problem-solving Behaviour

This is characterized by low levels of consumer involvement and/or low levels of perceived risk. This results in a lower level of motivation for brand information search and more of non rigorous evaluation of alternatives.

Thus as we would appreciate the need for needs recognition leads to search for information influenced by environmental variables and his own characteristics. The informational inputs stage is subjected to information processing activity which the consumer uses to derive meaning from stimuli.

This stimuli leads to capturing his conscious attention influencing his extensive problem solving. This attention stage admits only those stimuli that the consumer thinks/believes are important.

The next stage which is comprehension involves deriving meaning from information that has to be attended to that is further processed.

The final two steps of information processing are related to the next stage-decision process of alternative evaluation. This stage involves comparing alternative brands based on product-judging standards that have been stored in permanent memory.

This eventually leads to acceptance driven by reinforcement of existing beliefs held in permanent memory. Thereby leading to changes in attitudes and intentions of purchase.

Though this model is quite flexible and incorporates numerous theories of consumer behaviour it does have certain limitations.

The limitations areas follows:

- 1) The influence of environmental variables is not clearly defined in term of affecting behaviour.
- 2) The impact of certain variables, role of motives in influencing behaviour is also quite vague.

Activity 4

Talk to a few market researchers from research firms and try to understand the role of the various models discussed above in determining consumer behaviour.

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5.7 SUMMARY

In this unit we discussed the significance of marketing research for making decisions under uncertain conditions. Then we went on to discuss the strategies under exploratory and conclusive research.

We discussed the research designs using cross-sectional and longitudinal design. Then we discussed the process of marketing research involving surveying, observing and experimentation.

We next discussed the critical parameters, followed by discussing statistical tools like variance, factor analysis, regression and multi-dimensional scaling techniques.

The unit concluded with discussing the consumer behaviour models used for understanding the consumer motives.

5.8 KEY WORDS

Demographics: The study of statistics used to describe a population

Marketing research: This is the process of studying the consumer and competitive dynamics of the market involving suppliers, competitors etc.

Psychographics: The study of attitudes, values, lifestyle variables determining the buying behaviour.

Regression: This is a quantitative procedure which uses linear equations to analyse key drivers of retail performance.

5.9 SELF ASSESSMENT QUESTIONS

- 1) What do you understand by marketing research? Explain its significance to retailing?
- 2) How does a research proposal differ from a research plan?
- 3) Elaborate on the consumer research strategies Used by market researchers? Take an example lifestyle departmental store and determine the of consumer research strategy that will need to be used in this case?
- 4) Draw comparisons between Nicosia, Howard – Sheth, Engel – Blackwell - Miniard models of consumer research behaviour?

5.10 FURTHER READINGS

Consumer Behaviour-concepts and applications fourth edition) by David Loudon & Albert J. Della Bitta.

Retail management by Chetan Bajaj, Rajnish Tuli and Nidhi V Srivastava. (Oxford University Press).

Retailing by Dale M. Lewison (sixth edition-Prentice Hall)