

CRITICAL ANALYSIS ON DIFFUSION OF INNOVATIONS AND CONSUMER PSYCHOLOGY WITH REFERENCE TO CONSUMER SATISFACTION FOR LIFESTYLE PRODUCTS IN INDIA

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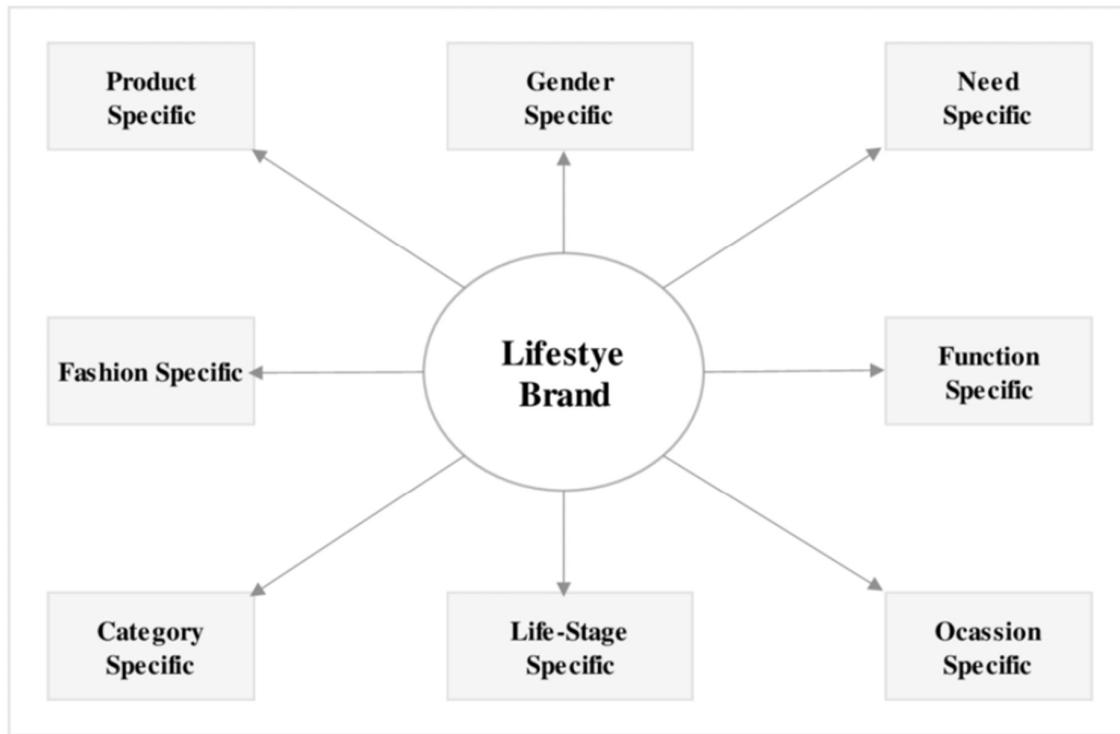
ABSTRACT

The study makes an attempt to analyse the diffusion of Product Innovation among the Indian Consumers with respect to Lifestyle Products in India and the Satisfaction among the consumers accrued thereupon. It has chosen six product categories and focused on the 4 possible drivers of adoption of a new product among consumers. It has revealed that food products have been mostly sensitive to price rather than their benefit. Clothing is mainly chosen by the consumers based on Community Influence, whereas the healthy products appeal more due to their perceived benefit among consumers. Electronics goods catch market out of advertising strategy and prices whereas Fintech innovations disseminate from the utility perception of the consumers. However, not all the product categories with high acceptances entail higher satisfaction among the consumers. In fact, a negative correlation is found between the product acceptance and level of Satisfaction.

Keywords: Diffusion, Lifestyle Product, Acceptance, Satisfaction, Cheap Price, Perceived Benefit, Advertising, Community Usage

1. INTRODUCTION

India being home to a massive 1.3 billion population, has a huge demand of Consumption, which contributes to an exponential growth of Fast-Moving Consumer Goods (FMCG) sector in the country. The FMCG market has touched almost \$57 by the end of 2022 and constitutes 10% of the country's GDP. It has an enormous potential for both demand and supply side dynamics given the increasing usage of Lifestyle products encompassing a wide range of food, health, cosmetics, electronics and fintech products. These products have been an integral part of the rapidly changing society on the backdrop of globalization and last mile connectivity.



[Source: Internet]

Diffusion generally refers to spreading of a product innovation from one consumer to another through the way of communication. Diffusion of Innovation for Lifestyle Product occurs through some stages. First, the awareness among the consumer grows about some new type of product and technology on its arrival. In this stage the information disseminates from to primary source to the Consumer himself. Then the consumers develop interest about the product through gathering further knowledge about the features, price and performance of the Product. In the next stage, the consumer evaluates the product in term of the usefulness and compatibility of the product and decides the suitability for him. Then the consumer goes for the trial of the product on a small-scale basis to judge the actual experience with the Product. Finally, on satisfaction from the usage, he opts for availing the product on a regular basis. Now when the product enters into the daily basket of the consumers, it starts spreading out through the word of mouth and inspires others for having a try on this newly launched one.

2. REVIEW OF LITERATURE

Dasgupta and Sahay, 2011 has conducted a study on the adoption of e-commerce products on the customers of different e-commerce brands. They have taken a particular timeframe with a cross-sectional consumer base with a varied demographic portfolio. Their research brought out that the diffusion of e-commerce channel has been sluggish on the very onset with little growth in terms of sustained customer addition. But with the passage of time, the growth had taken place when the diffusion actually happened to a wider mass with a greater potential to spur the sales even further.

Srivastava & Chawla, 2017 in their study has taken note of the product innovation and the process of its dissemination to the users of conventional products. They have noticed an anomaly among certain group of customers in terms of adoption of green technology. They pointed out that those who are better aware and conscious about the effectiveness and potential benefit of green products, are more likely to use them, as opposed to the larger counterparts. Here the product diffusion channels through a particular consumer base while failing to stimulate others.

Anderson et al., 2011 have highlighted the impact of behavioural pattern among consumers that sometimes put a hindrance on the diffusion of new ideas. A stagnant and orthodox pattern of lifestyle with little scope of moderation often finds it difficult to make way for a new product. The Socio-economic and psychological backwardness are on the forefront to direct the behavioural instinct of the consumers and barely have a feasible outcome on the ground of awareness and marketing efforts.

Davis (1989) is the forerunner in providing a roadmap of how the technology could possibly change the behavioural pattern of the population. Technology has a forbearance of convenience and comfort and widescale application translates into a visible impact on the day to day life with a steady uprise of progressive changes that instigates the uprooting of social deadlock on both Psychological and Economic ground.

Sundarraaj and Manochehri, 2011 viewed that technology plays a crucial role in not only innovating a product or idea, but also its acceptance by the wider population through the efficient usage. Products like Computer have been successful in replacing Typewriters for its higher efficiency and improved convenience as compared to its predecessors. The Innovation must have a potential to propagate a drastic change in social operation and the workability on the whole.

3. RESEARCH GAP

The Study referred so far has brought out some important aspects to be looked upon.

- The process of channelling Product innovation among Consumers.
- The Psychological factors that drive the adoption of a new product by the consumers.
- The nature of acceptance of Product innovation across different categories of products.
- The actual satisfaction out of usage of new innovations by the consumers.

4. OBJECTIVES OF THE STUDY

1. To look into the influence of different factors on the diffusion of innovation among Consumers across Product Segments.
2. To check out the level of Consumer Acceptance of varied Lifestyle products and explain the reason behind.
3. To investigate the nature of Satisfaction arising from the ranges of Products and compare with the Acceptance level.

5. RESEARCH METHODOLOGY

The study is based on the primary data collected from a wide range of Consumers across different age, gender, professions through online survey-based method. Also, some journals and Articles have been consulted for constructing the Study parameters.

The data have been analysed with graphical and analytical tool, such as Correlation Analysis using MS-Excel portrayed through Bar Diagram.

Different Lifestyle Product Category considered as follows:

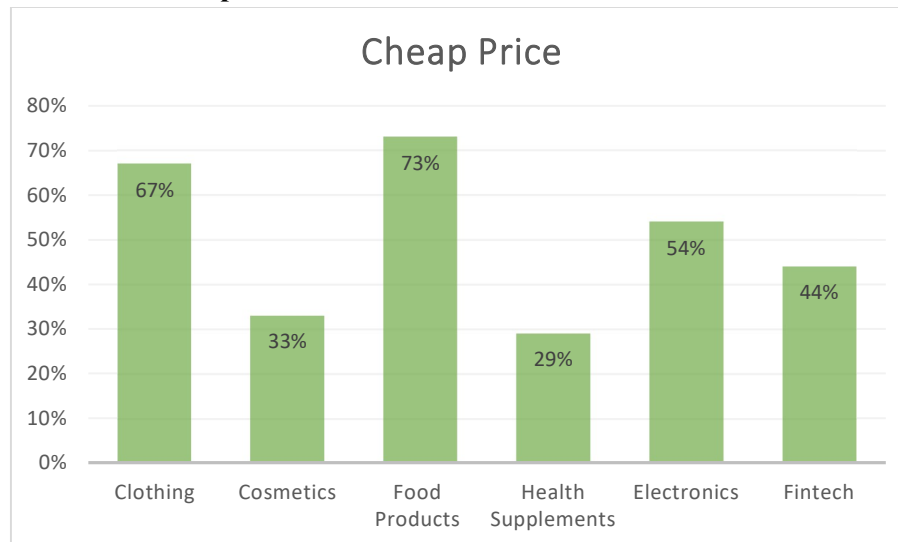
- Clothing
- Cosmetics
- Food Products
- Health Supplements
- Electronics
- Fintech

The Parameters having influence on diffusion across product segments considered are:

- Cheap Price
- Perceived Benefit
- Advertising
- Community Usage

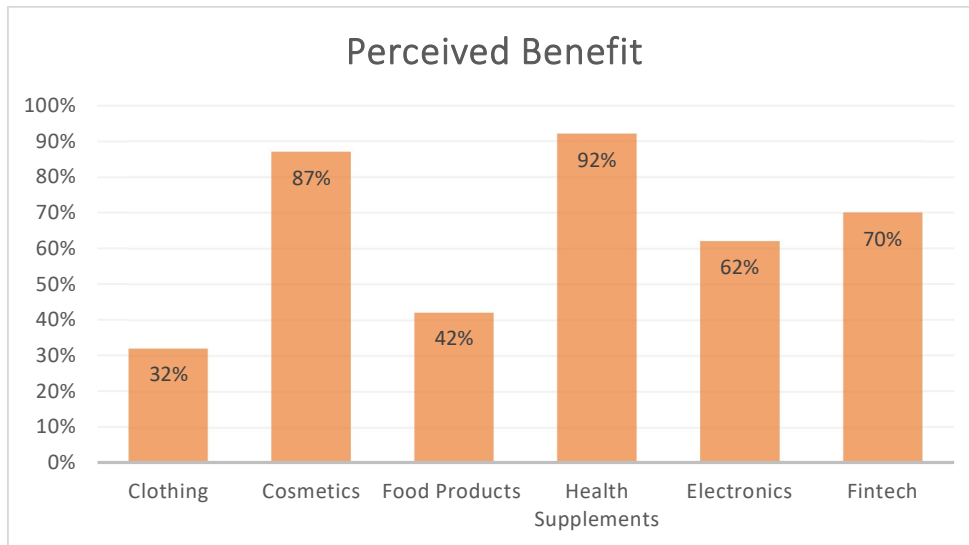
6. DATA ANALYSIS

6.1 Role of Cheaper Price on Diffusion:



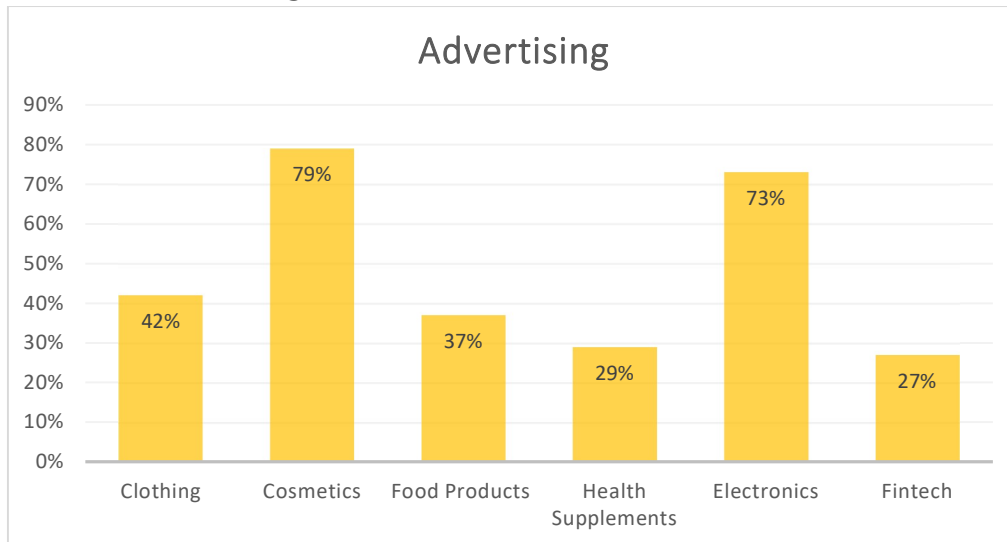
In case of Food Products, highest proportion of consumers (73%) are affected by the cheaper price. Clothing (67%) also marked significant role of lower price tag in contributing to widespread consumer acceptance. Cosmetics and Health Products seem least appealing to the consumers on the ground of cheaper price, marking 33% and 29% respectively. Consumers feel somewhat indifferent in Electronics and Fintech on choosing based on higher or lower price tag.

6.2 Role of Perceived Benefit on Diffusion:



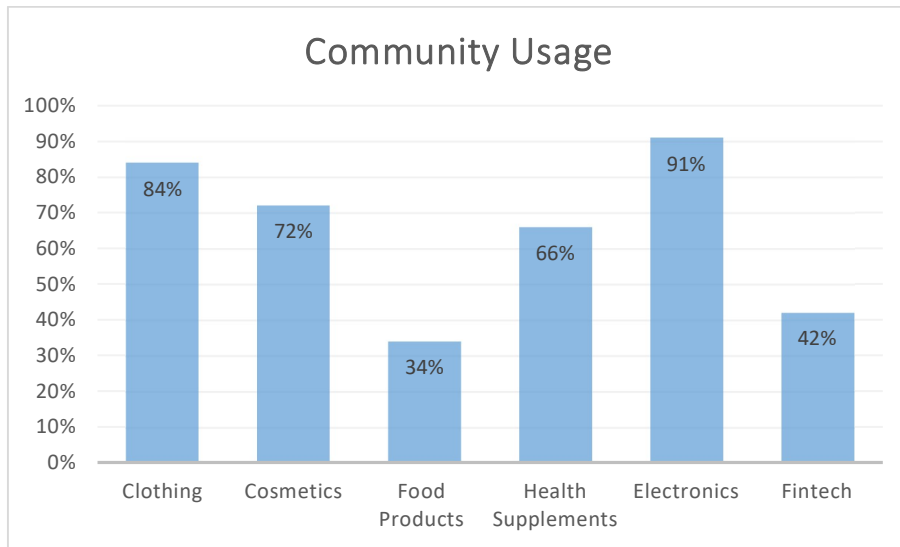
Highest number of Consumers purchase Cosmetics (87%) and Health Products (92%) based on their perception of benefit accrued therefrom. Also, the spread of Electronics (62%) and Fintech (70%) products are influenced from the utility perception of consumers. However, Apparels (32%) are not bought based on the benefit and same goes for Food Products (42%).

6.3 Role of Advertising on Diffusion:



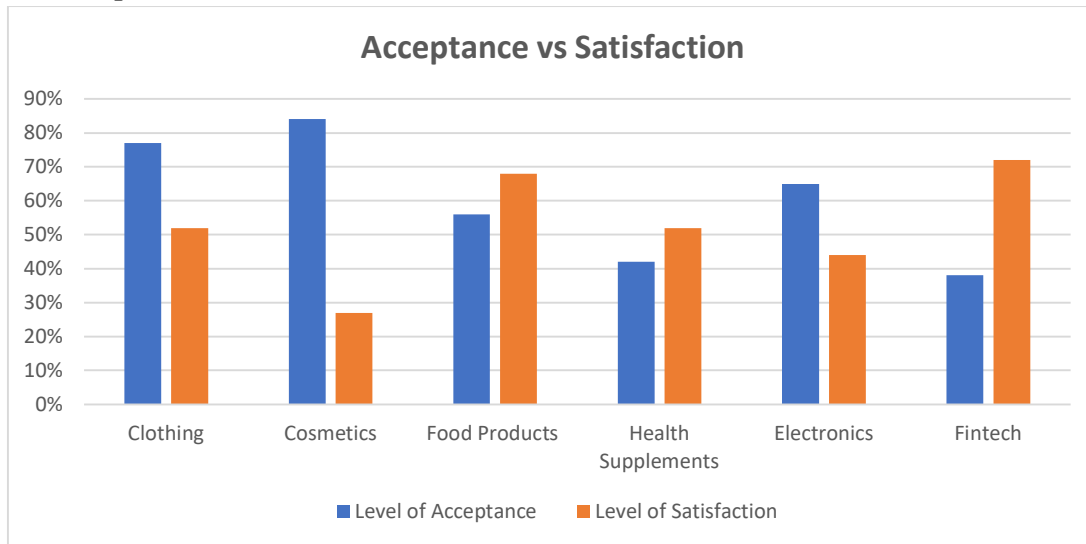
The purchase of Cosmetics (79%) and Electronics (73%) products are most influenced by the Advertising and Marketing Campaigns. Whereas, Food (37%), Health Supplements (29%) and Fintech Products (27%) are not so much influenced by advertising. Clothing (42%) bears moderate impact of marketing agenda and mostly season and customer specific.

6.4 Role of Community Usage on Diffusion:



Apparels (84%) and Electronics (91%) products are mostly diffused to Consumers due to Community Usage through Bandwagon Effect. Cosmetics (72%) and Health Supplements (66%) also catch up with the likewise mentality. Although Food Products (34%) and Fintech (42%) are mostly availed based on individual preferences, rather than Community Influence.

6.5 Acceptance vs Satisfaction:



Clothing and Cosmetics products show a stark contrast in terms of higher degree of diffusion but lower level of Satisfaction. In contrast, Fintech, although having lower acceptance, exhibits higher Satisfaction among Consumers. Food Products and Health Supplements make consumers more satisfied than their acceptability. Again, the scenario is quite opposite for Electronics Products.

	<i>Level of Acceptance</i>	<i>Level of Satisfaction</i>
<i>Level of Acceptance</i>	1	
<i>Level of Satisfaction</i>	-0.754685002	1

The Correlation Analysis exhibits a negative Correlation between the Level of Acceptance and Satisfaction with a high Correlation Coefficient value of -0.75.

7. FINDINGS & CONCLUSIONS

- Purchase of Apparels are seen mostly influenced by lower price rather than the perceived benefits. It also has a high Community influence on trend replication.
- Consumers are mostly driven by their perceived benefit and somewhat manipulated by advertising and imitating tendency while purchasing Cosmetics Products. Price doesn't seem much alluring to them in this segment.
- Food Products are highly sensitive to price and not much cares about advertising, benefits and social influence.
- Health Supplements are mostly driven by their benefit potential and social communicability, while least by Price and Marketing.
- Price and benefit perception play moderate role on Electronics Purchase, while Ads and Community influence are enormous on this segment.
- Usage of Fintech are mostly reasoned by the benefit criteria and not on the basis of, Marketing or Social dynamics.
- Overall, it is observed that higher acceptance does not render higher satisfaction for the lifestyle products. Satisfaction is more usage driven rather than mere purchase intention that drives diffusion without much rationality on Product assessment.

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