

SECOND EDITION

# CONSUMER BEHAVIOUR

THE INDIAN CONTEXT (CONCEPTS AND CASES)



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# Consumer Behaviour

**The Indian Context (Concepts and Cases)**

***Second Edition***

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# Preface

Since the last edition of the book had been published, the environment has radically changed. The emergence of new phenomena like digitalization, cultural shifts and changes in consumer behavior, I thought it was time for a new edition. After getting in-depth feedback from experts in the field, students who had gone through my courses, executives who had attended my programs, and my own observation and analysis of the changes in academic content, I have improved this edition with new examples and cases that are drawn from the Indian scenario

Please do write to me about your comments and suggestions at [rkumar@iimb.ernet.in](mailto:rkumar@iimb.ernet.in).

## ACKNOWLEDGEMENTS

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The second edition of the book stems from the feedback and wishes of several individuals and I am thankful to all of them. While it may not be possible to acknowledge all of them, I have made a sincere effort to reach out to some.

I would like to reflect on my grateful remembrances towards Dr B. Ilango, Former Vice-Chancellor of Bharathiar University for his unstinted support and motivation at a crucial point of time decades back in my career. Prof. K.R.S. Murthy, former Director of IIM Bangalore, who was instrumental in recognizing my potential and passion that have taken shape in whatever I have done in academics. I thank several of my students, especially Mr S. Swaminathan, Mr Madhurjya Bannerjee and Mr Sairam Krishnamurthy, who over the last three decades have rejuvenated me and encouraged me in my academic journey.

I thank IIM Bangalore for its support in terms of its infrastructure and academic ambience, without which I would not have the motivation to write books and cases. I would also like to mention my colleague, Prof. B. Shekar, who has over the years shown keen interest in my publications and provided suggestions on the presentation of the content.

I thank Mr Pradeep Kumar Bhattacharjee of Pearson Education and Ms Sanhita Sinha, editor of the book, for being highly involved and putting in their hard work to bring out this edition of the book.

I remember with limitless gratitude and would like to acknowledge the unparalleled efforts and limitless wishes of my parents, without whom every aspect of my life would have presented itself as an unsurmountable task. Finally, I would like to mention the positive support provided by my wife, Amrith, and daughter, Sahana for tolerating several episodes of idiosyncrasies that I may have exhibited while working on this book.

I also wish to thank Zomato, Paper Boat, Titan Edge, Globus and Soulflower for kindly sharing their respective company image with us. Their help and support have truly enhanced the value of this book.

**S. Ramesh Kumar**

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## Consumer Behavior and Brands in the Indian Context: Consumer Behavior Builds on The Basics of Marketing Principles

There have been radical changes in the environment in the Indian context—not just the initial challenges of an emerging market or diverse cultures within the country, but the onset of e-commerce and digital technologies. India, thus, faces unique challenges from the viewpoint of marketers. These challenges have been created by a medley of several and diverse factors like cultural practices, exposure to Westernization, the emergence of technology-savvy teenagers and young adults, a growing population of senior citizens, the culture of price-consciousness introduced by online retailers like Amazon, the demand for luxury brands, growing hospitality and healthcare, rural consumption of categories and the growth of modern retailing along with the traditional *kirana* stores. Consumers in several developed countries is the back office of branding, and in the Indian context, consumer behavior is the backbone of branding. This is because obtaining nuanced insights in a complex environment requires the application of consumer behavior. This book provides a quick reference to executives and students by simplifying the complex subject with concepts, examples and cases from the Indian context.

The following are examples drawn from the Indian context that reflects the need to understand consumer behavior from the viewpoint of its application in the Indian context :

- If consumers in developed markets had been consuming cornflakes with cold milk for decades, why should a brand like Kellogg's advertise that cornflakes should be taken with hot milk, almost two decades after its entry into the Indian context?
- Hair creams had been marketed in the Indian context from the sixties. Why should after-shave brand of hair cream become so popular among youngsters? Why should a brand of mobile phone position itself on selfies?
- Why did Cadbury start marketing Bournville dark chocolates actively with ads decades after it was present in the context?
- Why should a brand like Surf (or for that matter most detergent brands) weave a "story" around its brand with a drama-like ad?
- How do *kirana* stores co-exist with modern retail outlets? What is the role of digitalization towards the development of attitude towards a store brand?
- Why should Indian brands spend so much on cricket or film celebrities?
- Why do consumers get influenced by sustained reference to brand associations (for instance, as in the case of Santoor soaps that had been using youthful skin as a proposition for the soap)?
- While the brands in the perfume/deodorant industry was built with proposition on being attractive to the opposite sex, did a brand like Fogg attract consumers with its "x number of sprays" proposition when it was launched?

This book may not provide quick answers to these questions. But consumer behavior as a body of knowledge will make the reader think about approaching such questions conceptually; this is perhaps a strong value addition to understand branding issues in the Indian context.



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# Consumer Behaviour and Brands in the Digital Era

## RELEVANCE OF CONSUMER BEHAVIOUR TO THE INDIAN CONTEXT: AN EMERGING MARKET

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The classic four P's of marketing, namely product, price, promotion and place (distribution), still hold true in the digital era with respect to the conceptual thinking associated with marketing strategies. Consumer behaviour adds value to these strategies by providing the behavioural perspectives that get integrated with the marketing mix elements (4P's). It also takes into consideration an important aspect—the context in which branding strategies need to be formulated. Without the interface of consumer behaviour and context, the marketing strategy of any brand would exist in isolation. There are many aspects in an environment that are important from the perspective of consumer behaviour.

This chapter addresses four topical issues associated with both consumer behaviour and the context that we witness in India. These four issues will enable the reader to appreciate the viability of consumer behaviour in formulating brand strategies in a specific context (in this case, the Indian context).

The four issues are:

- The power of ethnicity and branding.
- The differences between Western and Indian cultures and their impact on branding.
- Consumer behaviour and the power of unconscious that refers to branding.
- Consumer behaviour and technology with its implications to brand and product management and the emerging aspects of online retailing and its association with psychological aspects of branding.

### The Ethnic Route to Branding

India is a unique example of a convergence for displaying a tradition of cultural heritage and the influence of modernity and Western ideas. While lifestyles and consumer preferences

seem to evolve towards Western tastes, some brands still have that adequate bandwidth to appeal to Indian consumers through various traditional ways. They can also use ethnic aspects to reflect changing cultural values. Good Knight mosquito coil, Robin Blue (from Reckitt Benckiser), the liquid that provides a blue tinge to white clothes; Himalaya, one of the chiefly recognized brands that offers over-the-counter tablets for personal care and healthcare based on Ayurvedic system of medicine; Chik shampoo has a fragrance with a whiff of jasmine; and Kurkure, the brand of snacks, are all examples that reflect how brands have successfully used ethnic cultural aspects. Hair gel or cream was never a popular category. The launch of 'Parachute After Shower' was instrumental in the diffusion of the category of hair cream that had never taken off for decades. Hair cream is not a part of the grooming routine among males in the country. The brand is positioned towards urban youth and had S. Sreesanth, a former Indian team cricketer, as its brand ambassador. The use of actors and sportspersons in brand advertising has always dominated the Indian scenarios as movies and sports are extremely popular and revered across the country. Coconut oil has been a part of the grooming routine in several parts of the country for decades. Basically, women apply it almost every day, believing in its benefits for hair care. 'Parachute', with its packaging innovation, provided the offering to the lower economic segment of the mass market. Its 'Advansed' variant's positioning makes very good use of established cultural beliefs. Over the years, the youth have shunned the traditional oily-look associated with hair care, preferring the non-greasy dry looks with urbane hair grooming styles.

"Parachute's Advansed" was targeted towards the beauty-conscious young women. There were also several variants of the brand, including a 'herbal hot oil'. Traditional folklore has always insisted the importance and application of coconut oil and specific herbs heated mildly for healthy hair. The brand also had a website that encourages consumers to check their 'hot oil factor'. From being a traditional product, the brand has adapted certain advancements to cater to the urban youth with an appropriate combination of contemporary model and product benefits.

The brands in the food department reflect the essential need for brands to be sensitive to Indian culture. Kellogg's probably did not expect the consumers to mix warm milk with cornflakes. (In fact, milk is usually consumed warm/hot in India.) After years of adaptation, the company now advertises that the cornflakes are to be had with hot milk. Nestle introduced the dark chocolates more than two decades ago and the offering was withdrawn soon enough and it was reintroduced as soon as the chocolate eating culture among adults bloomed up. Cadbury, one of the other major brands of chocolates, had only recently introduced advertising its dark chocolate combo, named as 'Bournville'. The brand was selectively distributed by the company for the last several decades without being advertised much. Earlier, Cadbury's advertising for its moulded chocolate bar alternative emphasises the enjoyment of Cadbury's on the first of every month as it is a 'pay-day'. Culturally, Indians have a strong sweet tooth and the first of every month is perceived as the day to celebrate with a sumptuous chocolate. Cadbury focuses on this strongly entrenched practice among the Indians.

The entry of the 'Quaker Oats' brand marks an interesting point in dealing with the cultural nuances. The brand's timing was in tune with the health and fitness culture that is trending among the urbanites. Oats were not a part of the food culture in this country, largely. The brand 'Quaker Oats' has positioned itself initially as a breakfast item with several health advantages. The brand's imagery ensured that the breakfast proposition was not strong enough to attack traditional eating habits. More importantly, it also emphasized the availability of ₹25 packs as consumers would want to compare the price of the brand with the existing alternatives (besides the cultural fit).

Family orientation is a brand description which is frequently used across various product categories, ranging from soaps to cars. Hindustan Unilever repositioned its soap Lifebuoy (a soap that has been in the Indian context for several decades) with a family imagery. Its Lux brand is associated with celebrities (which is a part of the fan-frenzied Indian culture). The company also has a brand Hamam (one of its oldest brands) advertised by focussing on majority of Indian families. Tanishq, a jewellery brand from the house of Tata, elevates the importance of nurturing family values with their elegant diamond advertisements. It introduced an advertisement that portrayed a young widow entering into remarriage, a progressive value in the Indian context. Culture in the Indian context has many unexplored strands that will benefit branding.

## Touch of Reality

### The Indian take on motherhood and brands<sup>1</sup>

The word and picture of 'Mother' is special in the Indian context and it is associated with several associations of joy, warmth, caring and sacrifice. The religious facet of Hinduism also portrays the Goddess as mother in several beliefs associated with religion. The country itself is often referred to as 'Bharat Mata'. There are several brands that have been projecting the idea of a mother in a number of ways. Vicks Vaporub has been a part of the Indian context for several decades and has always maintained a strong association with 'Mother' across a number of its ads over the years. In an attempt to connect with the modern mother and more as an emotional connect with the brand being secondary to the mother-child emotions, the brand had launched 'Vicks Touch of Care' campaign in 2017. The ad showed a transgender individual adopting and taking care of a child. It portrays the universal emotion of unconditional love that a mother has for her child, irrespective of their own struggles and tribulations. The brand's attempt to adapt to the changing environment reflects the importance of culture and emotions in consumer behaviour.

## The 'Cultural Divide'

For any student who pursues marketing as their major stream, then the fundamental platform that triggers conceptual thinking are the differences between Western culture and

the ethnic Indian culture, and how such differences can affect the branding associations and its related decisions. Apple, Chanel, Nike, Longines and Mercedes are few examples of Western brands that believe in minimalist design and communication. Paper Boat and Titan Edge are among the few Indian brands that have adopted minimalist packaging and communication. They are positioned at the higher end of the market in terms of their prices, and therefore, it is bound to target consumers who prefer costlier brands for a variety of reasons—minimalistic looks being one. Given the influence of Western cultures on the Indian context after liberalization, the consumers at the higher end of the price spectrum seem inclined towards brands that have a Western orientation, and hence, they become more acceptable.

At a fundamental level does culture play a part in making brands minimalist or otherwise? Culture at a basic level is shared meaning in context and has a number of dimensions associated with it. There can be eating habits, habits of hygiene, grooming culture, dressing culture and culture of addressing others, to name a few. One of the distinguishing features of culture is the 'high-cultural context' and 'low-cultural context' (the concept was introduced by Edward Hall).<sup>2</sup> This categorization has interesting implications on conspicuous consumption as well as on the mind-set of consumers who are a part of the marketing environment. Both factors have been known to influence branding. Low-cultural context is one where cultural cues add little meaning when communication/interaction takes place between the consumer and marketer. There is a little influence of emotions, gestures and implicit understanding of cultural cues and symbols. Germany is a low-cultural environment and so is Sweden. In a high-cultural context, inherent cultural cues that include symbols and emotions have an impact on communication. Water given to a stranger (hospitality), exaggerated expressions of emotions (Surf Excel's advertisement which depicted a boy getting playful in the mud and dirtying himself to bring a smile to the face of his teacher who has lost her dog, thus linking to the detergent brand's proposition is an example), story-telling that is inherent in Indian ads, and most Hindu women not wearing a white sari to a wedding are examples of 'high-context culture'.

Ethnic mainstream culture includes a mix of colours, diverse emotions that include 'story-telling', familial relationships and images that reflect symbolic meanings and an exaggerated expression of emotions. The standard communication of marketing and the packaging design is largely associated with the mainstream culture and is quite complex as compared to those in the low-cultural context settings. 'Top Spin' is a biscuit introduced by Parle and its ad depicts an airhostess getting confused about the destination of the aircraft because she is lost in its taste. It is humour that conveys the taste of the biscuit, which is particularly aimed at adults and can be understood by many. 'Maggi' noodles, which has over 70 per cent of the market share in the FMCG category, has introduced an advertisement that involves the interaction between a daughter and her mother. The daughter, who is about to set off as an independent adult, makes 'Maggi' noodles that leaves her mother exclaiming with joy that they taste exactly like hers, and the daughter says "that's because it's your recipe" (and this is a part of brand revitalizing in a competitive environment). Raga's recent advertisement that reflects the concept of gender equality and self-reliance

of the protagonist is another example of a simple story-telling that creates a comparison with the self-concept of the consumer. The lady tells her former boyfriend in a chance meeting that she would rather have her job than have continued the relationship which expected her to be home-bound after marriage.

The mother–child relationship is universal in its bonding, but the Indian cultural context seems to have had a major impact on the ads of brands that have used such relationships for the past several decades. Horlicks, Vicks, Complian, Clinic Plus, Kellogg's, Dettol, Glucon D, Rasna, Tang, Parachute's sub-brands, Surf Excel, Raga and Bournvita are just some of the brands that have used these relationships in ads with the power of story-telling.

### ***Exaggerated Emotions***

An interesting example of exaggerated emotions was recently reflected in an ad by Johnson & Johnson's 'One Touch (Horizon) Sugar Monitoring Meter' intended to diagnose diabetics. The ad showed a happy family with a kid celebrating the happiness of using the meter to monitor the sugar level of the father. Onset of diabetes is a concern and the sugar meter provides valuable and timely inputs with convenience to overcome the disease. It may be interesting to study how such 'exaggerated emotions' are conveyed in other cultures by marketers promoting similar products.

The ethnic cultural context seems to continue with several product forms/preparations that have existed for decades, despite new forms of substitutes appearing. Detergent bars (non-existent in the West), use of turmeric for the skin (one is reminded of the success of 'Vicco' turmeric cream) and the advertising of herbal shampoo products in line with the Indian tradition of using herbs for the hair are some examples. Package designs are quite complex due to the priority of using loud colours (Parachute and Reynold pens are some of the exceptions and they may have benefited by the unique pack/product designs due to the contact they had created with the products from the unorganized sector which is yet another feature of the Indian marketing culture). India is too eclectic and vibrant to be contained only by the cultural fantasies of the West, at least at this point in time.

## **Making Sense of Irrationality (The Power of the Unconscious in Consumer Behaviour)**

- Why are you continuing to buy the same brand of detergent for the last 20 years much after your children have outgrown their white uniforms?
- How did you get into the habit of eating Marie biscuits with tea?
- Do you 'anticipate' drinking a chilled bottle of Coke on a warm day?

Consumers want automatic (auto transmission) cars, automatic washing machines and automatic Bluetooth systems. It may be amazing to know that many of our behaviours are an outcome of automaticity, the degree to which our neuro-systems react to trigger without our conscious knowledge or control. Evolutionary neurobiology and cerebral processes are

receiving as much importance as digital technologies and the marketers are attempting to find out how brands can become a part of such automatic actions of the consumers. This article makes use of several research studies that have been published by reputed researchers. Coke was one of the earliest brands which was a part of neuro-experiments. When the consumers were asked to select between two unbranded colas (one was Coke and the other was Pepsi), the majority selected Pepsi as they found it to be too sweet (subjective but still based on the same logic). When the brand names were revealed and they were asked to choose the majority selected Coke.<sup>3</sup> It was found that those parts of the brain associated with zones known for pleasure as well as decision-making skills had been activated when consumers were exposed to Coke. Dopamine triggers the pleasure zones when a likable cue (a brand name) is seen by the consumer. Sheer anticipation of the consumption produces a surge of pleasure and the brand is a part of such repeated experiences. The intangible effect of brand associations (impact of the brand name, its associations, logo and shape of the bottle) on the consumer's mind produces an effect that is significantly different from rational thinking.

The placebo effect has been demonstrated with respect to consumer behaviour.<sup>4</sup> Consumers who had consumed an energy drink based on a discount felt that the efficacy of the drink was much lower than those who had bought the drink on its full price. Consumer perception is based on how consumers interpret information based on their own experiences, past exposure and motivation. Interpretation influences brands. The quality-price association is almost universal when applied to consumer behaviour. Park Avenue, Giny & Jony, Monte Carlo, Del Monte and Vertu, do these brands have a country-of-origin relationship that implies a higher quality because of the perception of foreignness and the symbolic appeal of being associated with foreign names? Stella Artois, a commonplace beer in Belgium, is a premium beer in the US with its quality-centric approach aimed at its brand motto 'Perfection has a price'. Several years ago, Britannia introduced a carton soft drink 'Zip Sip' that was focussed on nutrition when the category was dominated by 'Frooti', a similar soft drink from Parle Agro India. Under such a context there are chances that the consumers would not have expected a milk-based drink in a carton. Sensory interpretation of brands may also be culture-specific. Dettol, the antiseptic lotion with its burning sensation and pungent odour, appeals to consumers just like the 'heat generating' pain balms appear to them. Krackjack biscuits created a new trend of providing both the taste of sweet and salt in a single pack before when 50-50 biscuits was launched based similar taste. Kurkure appealed quite interesting to many consumers due to its close similarities to the taste of many Indian snacks.

Kellogg's probably never advertises its cereals by pouring hot milk in it anywhere in the world as it does in India (after being present for almost two decades in India)! Dark chocolates were still not accepted by the mass media in a big way as Indians have a sweet tooth (it relates to the fact that Cadbury had developed in its recent campaigns). Consumers remember the past and connect well with it when brands send out messages that are in tune with the past. Britannia's cheese spread equated itself with the cow's milk and Tropicana soft drink associated itself with the oranges. But how do consumers

respond to novelty? Novelty activates a part of the brain called *substantia nigra*. This area is closely associated with learning, memory and emotion. When novelty acts on a number of zones in the brain the release of dopamine influences the consumers' receptivity. This may not mean that everything that is novel will be accepted by consumers. While Crystal Pepsi (colourless cola) failed in the market, Red Bull, a unique energy drink thrived to be a global brand. Several soft drink and beer companies have tried launching many energy drinks but Red Bull remains as the leader. The contradictory aspects of the brain are the ones that make the job of the marketer exciting and challenging. Novelty is to be viewed in a cultural context. Dry shampoo may not pick up in the Indian context but may be sought after in some other culture. Novelty is just not limited to product inventions. Unpredictable rewards are three to four times more 'exciting' to the neurons, say scientists at the University of Cambridge. Would that explain the success of 'time-based' promotions from online portals that announce huge discounts that last for just a day?

The wonders that creative visuals and celebrity tie-ups do for a brand are almost unbelievable, given the objective that a consumer has to buy a brand that provides a benefit. The point is that the benefit may be emotional in nature and that is the reason why brands use what is known in marketing literature as the 'peripheral' route. The global relaunch of the historical brand Old Spice is an example (Refer to Plate 1.1). In a timespan of less than a minute, the commercial shows that the protagonist moves from one scene to another indulging in a host of activities such as going into the wilderness, carrying a cake, remodelling his kitchen and riding a motorcycle. Psychologists term this kind of action as 'pattern interrupts'.<sup>5</sup> By using several formats and variations to convey the same message, brands can prevent an advertising wear-out, a situation where consumers will not suffer from the fatigue of having to see the same advertisement repeatedly. This is not to say that just using 'pattern interrupts' can work for any brand or to say that the equity of Old Spice brand is not at work. The campaign had 1.4 billion impressions, 32.4 million downloads and had a 55 per cent increase in sales over three months after the campaign was launched. This



**Plate 1.1** Digitalization had enabled the successful relaunch of the brand



shows that emotional appeals are as important as rational ones. 'Irrational' means getting away from arguments that are product-centric from the parameter of tangible outcomes. While the emotional drama of Old Spice is consciously noted and watched by consumers the brand's message, 'the man your man can smell like', gets into the mind without the brand being rationally evaluated by consumers.

Changing environment, lifestyles, fragmentation of markets and the digital impact on consumerism has created several opportunities for branding and product management. These opportunities may not be readily discernible (in terms of managerial perspectives).

### Consumer Behaviour in a Digital Era

Traditional product management brought in consumer perspective to design and execute a product. While it is equally significant in the digital domain, it is important to understand that the consumer may not realize the best alternative to satisfy his needs given the diversity of needs and the infinite ways to digitally satisfy them. Fitness, for example, is an action that can have several contexts and segments. Apps for this domain not only just require consumer inputs; but they also require insights that are triggered by the marketing team and 'innovatively' implemented by the product management team. Innovation, here, means quickness and extrapolation of the trigger associated with the consumer. Customer inputs to a fitness app like Fitbit may only include things like 'I want to track the number of kilometres I ran'/'I want to know the number of calories I burnt (Refer to Plate 1.2).' But a mobile app that connects to the internet can get a lot more details from the context of usage like current weather conditions, knowing where the customer is (in a gymnasium or outdoors on a trek), points of interest (like a shop that sells nutritional drinks) around the location, interacting with other fitness products such as wrist bands, running shoes, and so on.



**Plate 1.2** Fitness and self-image go together in this digital era

Depending on the availability of these external inputs, the app's behaviour and output should be enhanced. This will require the user experience, design, product management, engineering and marketing teams to come together and brainstorm its potential. In the near future, these approaches are likely to spread over to every product category. Kindle readers, iTunes and video streaming for entertainments (like Netflix) are few examples of the advancement of how digitalization is taking over the books and the conventional modes of entertainment. Taxi and travel services such as Uber and Ola Cabs are taking the very mundane taxi booking service to its next level through their mobile apps with location capabilities, dynamic demand-based pricing, secure credit card linkages and such.

Marketing and product teams work together to identify a product opportunity and the segments the product is meant for. Product managers then work with user experience designers and engineers to create a product that is valuable (product manager's responsibility), feasible (engineer's responsibility) and usable (designer's responsibility). For instance a brand may have to delve into psychographics (why of the behaviour) of consumers commuting and using their mobile to understand their preferences while commuting. It could be movie clips or even shopping interests.

The consumers' self-image and social image also have to be kept in mind for developing a product design. For example, a digital product could contain interface support in multiple languages. A consumer might prefer to use the interface in his native language when he is alone if he thinks his understanding of English is not good. When he is with his friends, he may feel self-conscious about using his native language and want to use English. A digital product should be able to understand the context and change languages appropriately or at least have an easy option for the user to quickly change the language of the interface.

With revenue models of several digital products built on advertisements, product managers need to control the number of advertisements that appear in the product. For example, a search engine with more advertisements (even relevant ones) than real search results will be perceived as inferior by consumers. Similarly, a social network with more advertisements than original posts shared by their friends will quickly jump to another network. Therefore, digital product managers employ various research methodologies to arrive at the right mix of advertisements so as not to put off consumers. A digital product can consider the motive to use (if it is used with a 'promotion' focus or with a 'prevention' focus) and change its interface appropriately. For example, a product that shows the status of utility consumption (say, 3G data usage of a mobile service) may be used by two sets of consumers, (a) Who are worried about their current usage and need reassurance that they are well within their allowed limits ('prevention focus') or (b) Who do not worry about their limits and like to know about more services to consume ('promotion focus'). In both these cases, the consumer will use the product to know the status of their current consumption but what to display to them is entirely different.