Diffusion of Innovation and Consumer Behaviour with special reference to the Consumer Goods

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Abstract

Diffusion of innovation is the process of incorporating new ideas into a product or service according to the recent trends in the market. It is a theory which explains how and why the changes in the product are being adopted by the market and society. Innovation in the product directly affects the behaviour of consumer. Consumer behaviour is the study of the reactions and actions of consumer on a particular product or service. The aim of the paper is to study the impact of innovation in the products used by the consumer daily in their life and how it impacts the behaviour of consumer. The result of the study is based on the data collected through questionnaire around 100 consumers of Madhya Pradesh and the review of literature of already published in the area of consumer and diffusion of innovation.

Keywords

Diffusion of Innovation, Adoption, Consumer behaviour, New Products

Introduction

Consumer behaviour can be termed as the study of how a single consumer, group or organization reacts, selects and buy the product or service in the market. The basic criteria of every consumer for buying any products is to satisfy their needs and wants. It is a main aspect of launching any marketing strategy. According to Engel, Blackwell, and Mansard, 'consumer behaviour is the actions and decision processes of people who purchase goods and services for personal consumption'. The consumer is influenced by the various factors like; design of product, price, packaging and labelling, age, gender, level of education and income level. The perception to purchase the product and attitudes towards the product also affects the consumer. The needs and wants of the consumer changes according to the situation for e.g.: the current situation of pandemic has changed the behaviour of consumer, during the lockdown period the consumers preferred the products of extreme need and also they preferred safety of product. There was an increase in the demand of personal hygiene products like sanitizers, hand washes, vegetable cleaning solutions, face mask, etc. When the

consumer started adopting the new normal of current lifestyle the level of accepting a new product in the market changed. Likewise if there is a festive season the demands for the products which are not used on the regular basis increases like; during Diwali many people adopts for the home cleaning service, demand for products like, paint, decoration items, diyas, and candles increases.

Diffusion of Innovation

New product line means bringing any new product in the market and renewing the existing product or launching a pre-existing product in a new market. The new product development is the result of continuous innovations in the goods industry and also the service sector. There is also the frequent change in demand of consumer and the level of awareness of the consumer and this has increased the demand of innovations in the market. Diffusion of Innovation is the theory which interprets the process of consumer adopting the new ideas and practices also the reason behind adopting the innovation within a time period. The basis of innovation are the distinct feature in the product from the competitor, the compatibility of product means how it can comfortably go with the ongoing habits, practices, cultural value of consumers, the easy features of the product, level to which the product can be tried and how much the product will be admired by the consumer. There are different kind of consumers who adopts innovations in product: firstly the consumers who loves innovations and actively participate in the successful trials of new product, secondly there are the consumers who take opinion before purchasing the product, thirdly the consumers who shop the product and share their experience with the friends or family, next there are certain consumers who are high-tech innovators and always try to popularize the product. Diffusion of innovation can be divided into process that is Diffusion and Adoption. Diffusion process includes the innovation, communication channel, the social thoughts and timeline of product. Adoption process includes awareness of product, interest in product, evaluating the product, trial process, and then decision making of adoption or rejection.

There are different kinds of products prevailing in the market and in each product there are innovations. The consumer uses certain kinds of products on the regular basis which are termed as daily used products. The types of daily used products are Kitchen Utensils, Personal care, Sanitary Products, Food items, Medicines, Stationery, Clothes and shoes and Personal Hygiene. The paper concentrates on the diffusion of innovation in the daily used product and its impact on the behaviour of consumer.

Research Questions

1. What type of product consumer prefers innovation?
2. What are the factors deciding the purchase intention of consumer for an innovative product or a new product launched in market?

Review of Literature

Mani Swaminathan and Dhingra Tarun (2012) in their research paper concentrated on the diffusion of mobile communication and Intel microprocessors chips and the usage of internet and adoption process of consumers. The main aim of the study is to learn the requirements to create a pull from the market for Renewable Energy sources. They came to the conclusion that there is a big role of renewable energy sources in the coming years. The companies need to think on the strategies to achieve scale in their limited operations for the suppliers of the renewable energy sources.

Ompal Singh, Adarsh Anand, P.K. Kapur and Deepti Aggarwal (2012) has proposed a diffusion model based on Ito's type of stochastic differential equation aiming repeat purchasing and balking. This is a conceptual based study. The study aims on differentiating between the BASS model and SDE model used to portray diffusion process in products and they came to the conclusion that SDE based model performs better than the BASS model. The came to the point that adoption is a stochastic process and there is need to create strategies according to the potential adopters of innovation.

Bucatariu Mihaela & Nicolescu Alexandra Iulia & Taşnadi Alexandru (2017) has focused on the structural behaviour of consumer towards a newly released products in the market. It was an empirical research based on a selling mix of a McDonald's in Romania and Austria. The result of the study was that there is a need of contemporary strategies to promote trust of consumers and built a strong consumer community for the newly released products.

Awan Abdul Ghafoor and Zuriat-ul-Zahra Syeda (2014) has measured the impact of innovation on consumer behaviour with special reference to electronic industry. It is an exploratory study of 200 respondents. It can be concluded that 75% of respondents adopted the innovative electronic product and there was a positive relation of the innovative products with the consumer behaviour and living standards.

Abbas Mazhar, Nawaz Muhammad Shahid, Ahmad Jamil and Ashraf Muhammad (2014) concentrated on the resistance of consumer to the innovation with special reference to the resistance of smartphones. The study concluded that the consumer reacts moderately on innovation in the product with relation to consumer attitude, complexity, emotion, motivation, price, perceived risk, relative advantage and self-efficacy.

Research methodology

The research method used in the paper is an empirical method. The data was collected from 100 respondents of Indore and Bhopal city. The respondents includes the consumers as students, working professionals and housewives.

Hypothesis

The hypothesis framed on the basis of the research questions to be answered in the study are:

H1≠0: There is no significant difference between the type of product and diffusion of innovation

H2≠0: There is no significant difference between the consumer pre-purchase behaviour and purchase decision of the product.

Data Analysis

The analysis of data is based on the questionnaire filled by the respondents. The questionnaire consist of some basic questions like; name, age, gender, education and occupation of the respondents. The next set of the questionnaire consist of the questions which were answered on the basis of 3 point scale: Always, Sometimes and Never. The questionnaire also consist of the questions which included consumer view on type of product needs to be innovated most and type of innovation in the product.

The analysis for the first research question that is which type of product consumer prefers innovation so the respondents were provided with certain options of the type of consumer goods they prefer innovation which are as follows: Kitchen Utensils, Sanitary Products (Toilet Cleaners, Detergents, etc.), Food Items (Biscuits, Instant Cooking Food), Personal Hygiene (Sanitizer, Toothpaste, Soaps, razors, etc.), Personal Care, Medicines or other medical items Stationary, Clothes and Shoes and Electronic Items. The additional analysis is done for knowing what type of changes or innovations does a consumer prefers for the above mentioned goods like; Easy to use, Reduced price, Increased Durability, Add on features compared to other product of same type, Easy to carry anywhere and Environment Friendly.
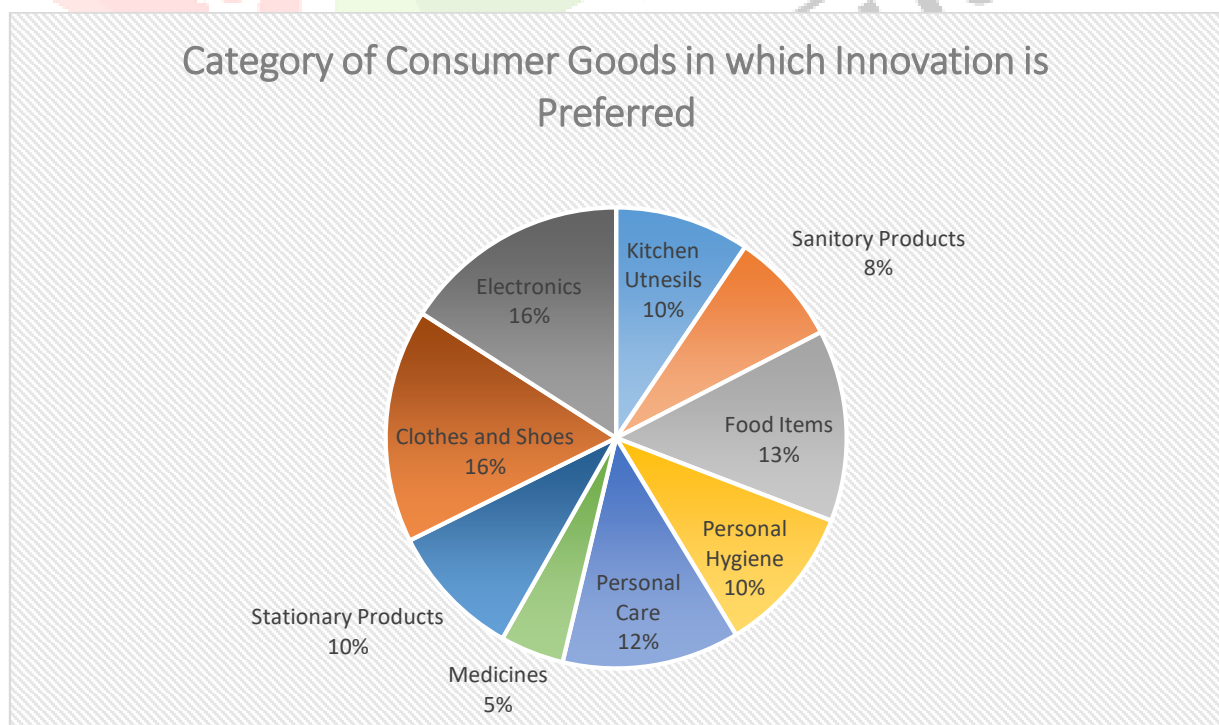
Figure 1
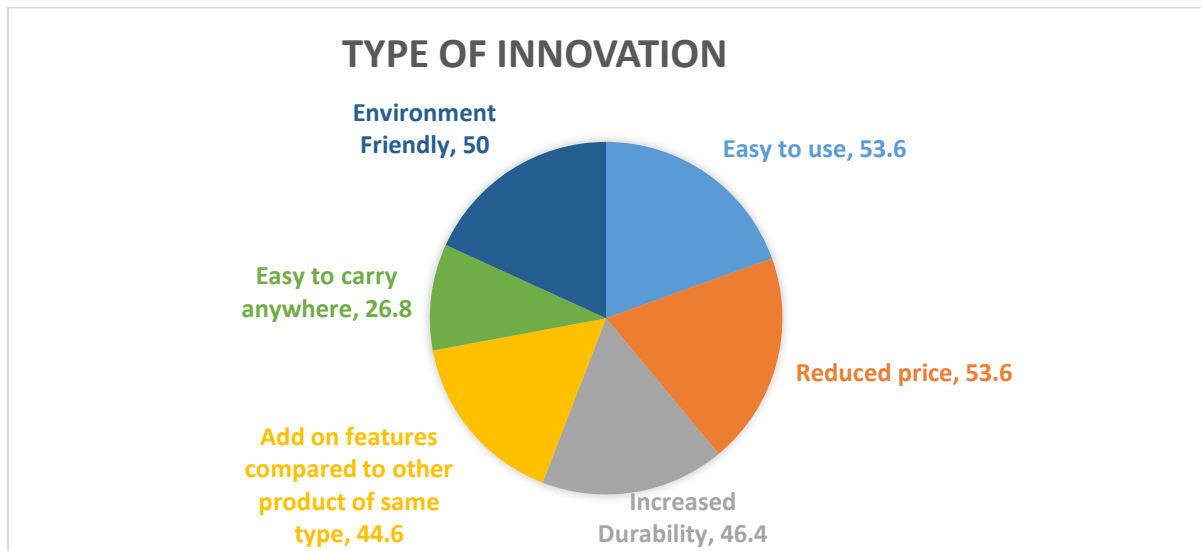
Figure 2

From Figure 1 it can be analysed that the type of consumer goods in which mostly the consumer prefers innovation is clothes and shoes, electronics product category. The consumer are more comfortable in adopting the changes in apparels and electronic items and the least interest shown in by the consumer in the category of product for innovation is the medicinal product and sanitary products. The reason can be for the disagreement as they are the product related to the life safety of consumers. Food Items are also preferred category for the innovation but there are many respondents who do not prefer innovation in the food they eat. Figure 2 shows that most of the respondents has preferred the ease in use with reduction in price as the kind of innovation. The other type of innovation is that the product should be environment friendly and many consumers prefers additional features to be added in the product. This proves H1 to be wrong as the consumer are willing to adopt innovation in certain kinds of product categories only like clothing and electronics. They don't prefer innovation in each and every type of product. It can be said that there is a significant different between the type of product and consumer behaviour towards diffusion of innovation.

The factors which we have studied in deciding the purchase intention or decision of the consumer for an innovative product or a new product are Knowledge of Product which defines how much a consumer likes to learn about a product, Time Involved which discusses the time utilised or taken by the consumer in purchasing the product, reviews of the product, the usage of the product by the influencers, the technology friendliness of product and motivation to buy the product. Figure 3 can clearly define that the consumer always likes to take knowledge about the product, mostly consumer goes for the purchasing of the product if it is being popularised by the influencers like celebrities, if they are being motivated, consumers takes time in deciding whether to buy the new product or not. Consumer never takes fast decisions in purchase of a new product launch in the market and technology doesn't influence them to buy the new product much. The analysis proves the H2 wrong as there are certain pre-purchase behaviour like consumer takes the knowledge of product and there is impact of influencers on the purchase decision of the product.
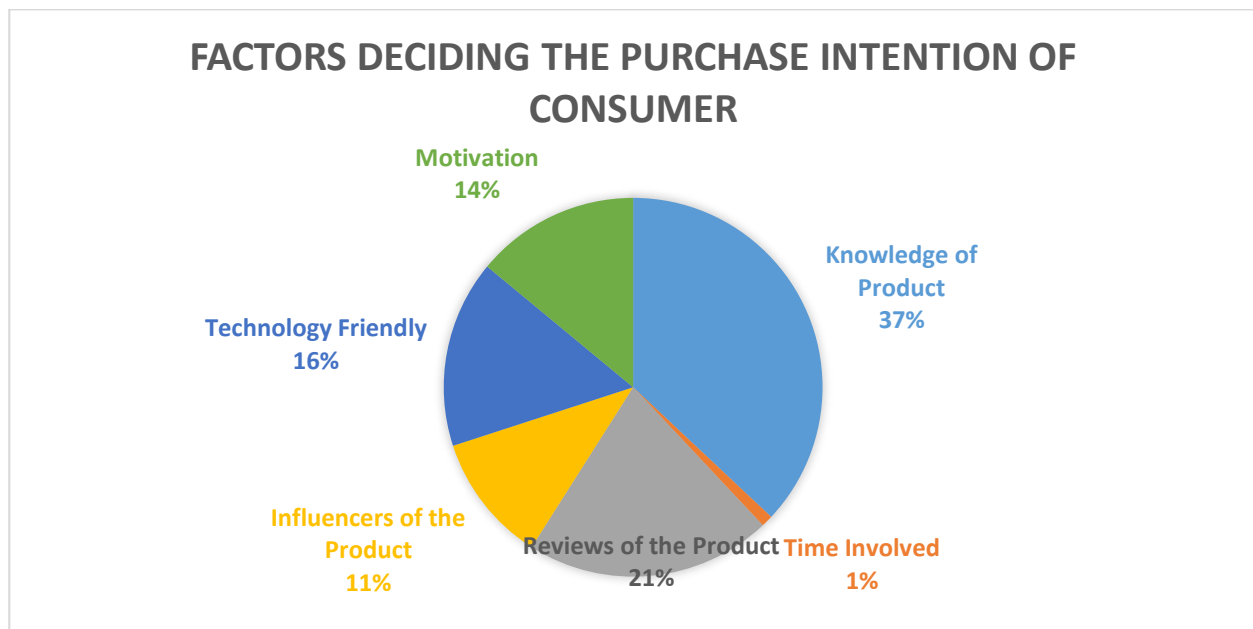
Figure 3

Conclusion

From the review of previous studies and data analysis it can be concluded that, consumers are very much interested in the innovation in the product, they are easy adopters to the innovations but if they trust the manufacturer and brand. The consumers preferred their interest in seeing innovation in apparel industry and electronic industry and they prefers that the new innovative product must be easy to use and should be available at the reasonable price. In terms of safety the consumers are less interested in innovation they prefer the products like medicines and sanitary products has not to be innovated much. From the analysis of the factors it can be said that before buying a new product the consumer likes to study, take opinion from the persons who used them and if they are motivated to buy then they buy the product. Sometimes they also share their experience about the product with others. Here the consumer can be termed as a learner in first place while deciding the purchase intention for a new innovative product. The limitation of this study is that it is in general to the innovation factor of the consumer products, specific industry study in terms of innovation can provide with more detailed result. The study concentrates only the behaviour of consumer and doesn't includes the other effects of diffusion of innovation in the product.

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