



## THE EMERGING FIELD OF NEUROMARKETING WITH SPECIFIC REFERENCE TO INDIAN MARKET

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### ABSTRACT

With the ever increasing proliferation of products and services in the marketing world, it has become important for marketers to actually gauge the mind of consumers. Neuromarketing is one such attempt wherein the mind of consumers is mapped in literal sense by sophisticated techniques including fMRI and EEG, among others. The research is conceptual in nature, where in it gives an account of what neuromarketing is and what it is not. Next, the study traces back the history of neuromarketing in the global marketing environment. In the end it discusses the neuromarketing practices in India in recent years and how it is going to expand in the near future.

**KEYWORDS:** Neuromarketing, History, Emergence, Global Scenario and Indian market.

### INTRODUCTION

In the present age of globalization, consumers are bombarded with new products, brands and services almost on daily basis. Even the Indian consumer market has not been able to escape this bombardment. It has literally become very difficult for consumers to remember each and every brand and make a rational choice. In this growing chaotic environment, it is really challenging for marketers to read the minds of consumers and provide them with the same product/brand/service. However, as they say that every problem comes with a solution; marketers are slowly and steadily trying to read consumers' minds with emergence of the field of "neuromarketing".

The word Neuromarketing was first given by Ale Smidts in the year 2002. The field includes studying of consumers' sensorimotor, cognitive, and affective response to marketing stimuli (2009). The term neuromarketing is a combination of neuroscience and marketing, wherein the

practitioners measure and interpret subconscious brain responses of consumers. Such measurements and interpretations are done with the help of sophisticated neuroscience tools including functional magnetic resonance imaging (fMRI), electroencephalography (EEG), eye trackers and biometric belts, among others.

Bright House Institute for thought sciences was the first company to use neuroimaging for unfolding the brain's secrets in the year 2002. With its start, other techniques were used by researchers that included Galvanic Skin Responses, Magneto Encephalography, Electroencephalography, fMRI, Pupils Meters and Positron Emission Topography. Out of all, fMRI is the most widely used and accepted technique (2016).

Kover (2016) revealed that brain research is in its infancy. He predicts that in future, it is a possibility to find which communications light up "aha" and "joy" areas in the brain. This is evident with the evolution of neuromarketing techniques. According to a report by PRNewswire (2016), the global market pertaining to neuromarketing technology is expected to witness an annual compound growth rate of 18% from 2016 to 2021. Additionally, the American market for neuromarketing is likely to grow at a CAGR of 18.3% between 2016 and 2021.

One of the biggest challenges for e-tailers in India is that Indian customers do not possess loyalty unlike in other countries such as in the US. The consumers of India tend to switch the site that provides a heavier discount. The paper is theoretical in nature and gives insights pertaining to the use of neuromarketing practices in India.

### **EMERGENCE OF NEUROMARKETING**

More than twenty five years ago, consumer scholars recommended using brain wave measures to study the impact of promotions on buyer behavior (Young 2002). During this period, the areas of cognitive psychology and neuroscience advanced further to jointly offer a new insight to understand the process of development, storing, retrieving and using of information by the consumers (Gordon 2002).

Over 90% of the total information is processed subconsciously in the human mind (Zurawicki 2010). Thus, the subconscious information processing in consumer's brain has a major impact on consumer decision making process. Consumer neuroscience is budding interdisciplinary area that jointly uses psychology, neuroscience, and economics for studying the psychological effects on brain triggered by advertising and marketing strategies (Lee et al. 2007).

Many organizations, such as McDonald's, Procter & Gamble, GMTV and Johnson & Johnson, have already dabbled in neuroscience, but in adland, the brain explorers are far and behind (2008). Marketing analysts are expected to use neuromarketing for measuring consumer's preference in a better manner. The process includes fetching verbal response to questions which show the

reaction of consumer pertaining to color of the packaging or the sound the box makes when shaken, among other factors (2009). According to a report by PRNewswire (2016), the global market pertaining to neuromarketing technology is expected to witness an annual compound growth rate of 18% from 2016 to 2021. Additionally, the American market for neuromarketing is likely to grow at a CAGR of 18.3% between 2016 and 2021.

### **CHANGING DYNAMICS IN THE WORLD AROUND**

Consumers across the world are bombarded with digital messages, distressed financially, worried emotionally and challenging to live happily. Gone are the days when preconceived notions about consumers would fetch business to the brands and marketers. The anxious human being is seeking peace and integrity as the world is slowly engulfed by terrorism. There is political divide in and around the nations as well as the wealth is getting more concentrated at the very top of the food chain. There is hardly any control left in the hands of general public.

In this defile age, where the internet has controlled the lives of the people, it becomes a challenging task for the brands to have loyalists with them. With millions and trillions of terabytes of information, the old norms of targeting customers and win their trust are fading away. Though having knowledge is empowering, it is no way making the retailers' lives easy or customers lives happy.

### **INDIAN CONSUMER MARKET**

Vijay and Thalluri (2010) in a study mentioned that during a period of over 50 years, the Indian market has evolved as well as expanded across all the dimensions, thereby leading to cultural and socioeconomic change. Since 1991, the year of liberalization of Indian economy, there have been tremendous opportunities both globally and domestically for its expansion.

(Sundaram and Kulkarni) mentioned that with the increasing number of rich people in India, the consumers have started appreciating fine dining and luxury goods. The retail sector in the country is also growing due to favourable psychographic and demographic changes, in addition to wider available products, brand communication and international exposure.

The present profile of an Indian consumer is changing and the larger portion is comprised of younger segment. Some of the major factors bringing such change include availability of aspiring symbols; an acquisition motive; increased purchasing power, credit cards; deep desire to enhance living standards as well as influence from western culture of shopping. Such spending pattern is attributed to the growth of organized retail sector leading to the proliferation of innumerable malls offering both private labels and branded products.

With a large scale acceptance of hypermarket/supermarket channel by Indian consumers, the local grocer or general store format is witnessing decline in terms of consumers' share of wallets.

The frequency of trips and average basket size in every trip pertaining to consumers shopping in the organized retail stores (supermarkets/hypermarkets) has also increased. The major drivers contributing towards store loyalty and equity include quality and range of stock as well as convenient location and value-for-money.

Replacement of joint families by small nuclear families is also an important contributing factor. With more and more women force entering into workplace, leading to dual family incomes as well as increased awareness and exposure that is changing the Indian habits pertaining to food consumption.

At the same time, Gambhirapet (2010) in his study has discussed about Indian customers buying 'cheap' products. Being bargain hunters, consumers in India are not embarrassed to purchase cheap products. Also the definition of cheap is changing from being "value for money" or "price competitive" to being cutting even smallest of cost while purchasing any and every product. This trend has led to the development of cheapest products by marketers. However, according to an argument by Moorthi Y, a marketing professor at IIMB, consumers in India are not price sensitive. He argued that consumers demand right value and they are willing to pay for that.

"Deals and promotions are important elements in purchase decisions but not the only ones. Shoppers also derive value from the product offerings, ease of access to the brands and in-store shopping experience. Promotions add value if all these are taken care of." (Source: Brand Equity, 29<sup>th</sup> August 2012, 'Don't Look Now, We are changing.)

In 2012, a joint research by TNS, Ogilvy Action and IIM-A conducted across Bengaluru, Mumbai and Delhi revealed different characteristics of shopping behaviour in hypermarkets across India, which is given below:

**1. Shopping & communing:** Just like various other community activities, shopping is one among them in India. Research found that around 70% shoppers visiting hypermarkets are accompanied.

**2. The ubiquity of loss:** In the overall shopping, 70% and 12% are main and impulse or emergency shopping, respectively. The inference of the result is that at any given time, the retailer/brand is at a risk of 12% loss in sales if the experience lacks shopper centrism.

**3. Hypermarket caters to niche India:** Among the overall supermarket shoppers, 69% are salaried executives while 31% are self-employed. Therefore, there is an opportunity for hypermarkets to target traders and businessmen, thereby widening their customer base.

**4. Entertain and engage the youth:** Majority of the students are impulse visitors to hypermarket and around 40% of them spent below INR 500 per shopping trip. Since hypermarkets are increasingly turning into entertainment hubs for the youth, there lies a huge opportunity as 40% of the co-shoppers accompanying the primary shoppers are his/her friends.

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**5. Democratization of shoppers:** With the increasingly decrease in the age of shoppers, hypermarkets, both premium and budget formats, are attracting all types of shoppers.

**6. Personal care – The pied piper:** Conversion rate for the personal care is around 48% high as most of the shoppers who go for leisure trip to hypermarkets; spend their time at personal care section.

**7. Shoppers are trip shy:** Shopping trips to a hypermarket are as less as one or two times a month that include 62% of overall shoppers. It was also revealed that 67% of overall shoppers visit hypermarkets for stocking up the products. With the introduction of trip-based loyalty programs, there is a scope to encourage shoppers to visit hypermarkets frequently.

“According to Harish Bijoor, a Brand Consultant - Youth and trends are words that don’t necessarily go together. The moment, something sets in, the category move its cheese, chips and coke. Trend is for the old. The young believe in change that is forever, and discontinuous. And a discontinuous trend is really not a trend; difficult to track with method, science and meaning. Since trends are difficult to track, youth must be tracked by watching over them in terms of what they wear, speak, drink and eat. Bijoor has given the new generation the name, ‘I-Gen’, where ‘I’ stands for Impatient. It is the hallmark of youth. Impatience is the new virtue. The more impatient you are, the more of a ‘go-getter youth you are.’” (Source: Brand Equity, 11<sup>th</sup> June, 2014, ‘When you can be impatient, why be patient?’)

#### **NEUROMARKETING PRACTICES IN INDIA**

Cogito Consulting, the brand and marketing consulting division of Draftfcb Ulka, released two whitepapers including BrainWorks and Mobile Shop-a-holics. The research was undertaken in partnership with IIT Madras to study the response of brain while viewing of advertisements during general TV viewing. The study used electroencephalogram (EEG) for mapping of respondents' brain activity and concluded that high involvement advertisements induce higher logical and emotional activity in the brain.

Nielsen Consumer Neuroscience, a company of leading group Nielsen, has its labs in India, China, Japan, Brazil, Mexico and other nations (2015). Nielsen's lab in Mumbai is the first neuroscience lab in India and is engaged in gauging consumer attention as well as brand engagement by measuring brainwaves. The neuromarketing industry is in its growth phase with interest coming from the US, India and other Asian countries (2016). Some of the companies using neuromarketing techniques include Nielsen Consumer Neuroscience and CBC Marketing Research, both based in Maharashtra.

Pandit Deendayal Petroleum University (PDPU) signed a MoU with US-based Brainwave Science, LLC. The research collaboration will enable PDPU to use a customized patented technology by

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Brainwave Science for studying market research, advertisement effectiveness and consumer psychology (2017). Sociograph Neuromarketing, based in Spain, has signed an agreement with the Indian company Kaleidoscope Entertainment. According to the agreement, the Spanish neuroscience consultant will travel to Mumbai for carrying out various tests of audio-visual products in order to determine the possible improvement areas as well as future acceptance of the public and adapt the promotional campaigns before their launch (2017).

## **CONCLUSION**

The brain is complex yet it acts as a predictor of how and why a human behaves in a certain way. Life of an average Indian consumer is becoming tougher and tougher day by day as they are juggling with everyday problems, in the recent past, demonetization in the country was one of them. Consequently, people were struggling to get liquid cash. Though the marketers had different offerings for consumers, however, the later had difficulty in spending cash. A part of consumers in India has suddenly became price conscious, however, their other counterparts were ready to spend through digital wallets. In such a chaotic age, neuromarketing tools have become necessary in order to map the brains of consumers. It will not only change the direction of marketing practices in the field but will also save time and money of consumers. The study has a further scope to conduct empirical research and find out how the Indian consumers respond to such neuromarketing techniques.

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