



Consumer Decision Making Process

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Consumer Behavior

- Processes a consumer uses to make purchase decisions, as well as to use and dispose of purchased goods or services; also includes factors that influence purchase decisions and the product use.

REVIEW LEARNING OUTCOME

Understanding Consumer Behavior

Consumer behavior

= HOW

consumers make purchase decisions

consumers use and dispose of product



Five Factors Influencing Decisions

1. Level of consumer involvement

2. Length of time to make decision

3. Cost of good or service

4. Degree of information search

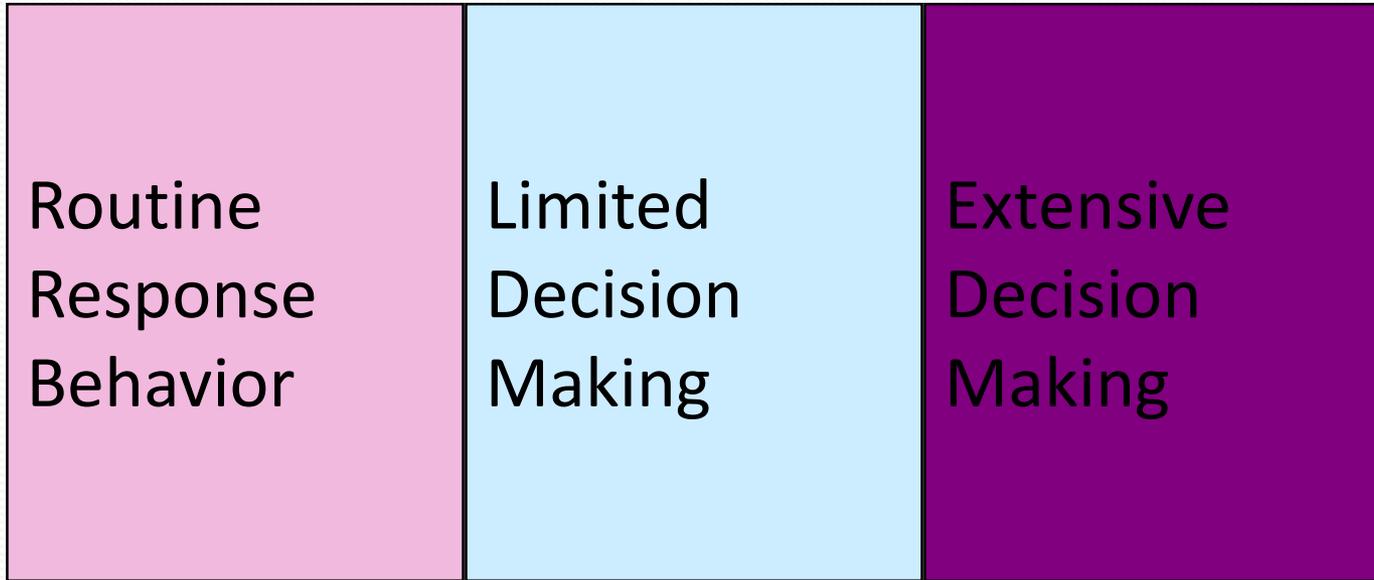
5. Number of alternatives considered



LEVELS OF CONSUMER DECISION MAKING

- Not all consumer decisions receive or require the same amount of effort in the information search.
- Researchers have identified three specific levels of consumer decision making: *extensive problem solving*, *limited problem solving*, and *routinized response behavior*.

Types of Consumer Buying Decisions



Less Involvement



More Involvement

Extensive Problem Solving

- When consumers have no established criteria for evaluating a product, or have not narrowed their choices, then they are in *extensive problem solving*.
- At this level, the consumer needs a great deal of information to establish a set of criteria on which to judge specific brands and a correspondingly large amount of information concerning each of the brands to be considered.
- **Example**– Used while buying expensive, important or technically complicated product or services.

Limited Problem Solving

- At this level consumers have already established the basic criteria for evaluating the product category but haven't established preferred categories.
- Their search for additional information is more like “fine-tuning;” they must gather additional brand information to discriminate among the various brands.
- **Example**– Usually used when purchasing a new, updated version of something. Replacing something old with something new.



Routinized Response Behavior

- At this level, consumers have some experience with the product category and a well-established set of criteria with which to evaluate the brands they are considering.
 - They may search for a small amount of additional information.
- Routinized response behavior implies little need for additional information.
- **Example**– Day to day decisions.

Models of Consumers: Four Views of Consumer Decision Making

Depicting how
and why
individuals
behave as they
behave in decision
making.





- **An Economic View**

- Rationale in the economic sense, aware of all available product alternatives, able to identify best alternatives

- **A Passive View**

- Irrational, impulsive, depending on promotions

- **A Cognitive View**

- Information Processor; either receptive or active,
 - Heuristics (shortcut); information overload (exposure)

- **An Emotional View**

- Joy, fear, love, hope, sexuality, magic with certain purchase

An Economic View

- The consumer has often been characterized as making *rational decisions*.
 - This model, called the *economic man* theory, has been criticized by consumer researchers for a number of reasons.
 - To behave rationally in the economic sense, a consumer would have to:
 - Be aware of all available product alternatives.
 - Be capable of correctly ranking each alternative in terms of its benefits and its disadvantages.
 - Be able to identify the one best alternative.
 - This perspective is unrealistic because:
 - People are limited by their existing skills, habits, and reflexes.
 - People are limited by their existing values and goals.
 - People are limited by the extent of their knowledge.
- Consumers operate in an imperfect world, therefore the economic view is often rejected as too idealistic and simplistic.

A Passive View

- Consumer basically are *submissive to the self-serving* interests and promotional efforts of marketers (i.e., the *passive view*).
- Consumers are perceived as impulsive and irrational purchasers, ready to yield to the arms and aims of marketers.
- The principal limitation of this model is that it fails to recognize that the consumer plays an equal, if not dominant, role in many buying situations by seeking information about product alternatives and selecting the product that appears to offer the greatest satisfaction.
- This view is largely unrealistic.

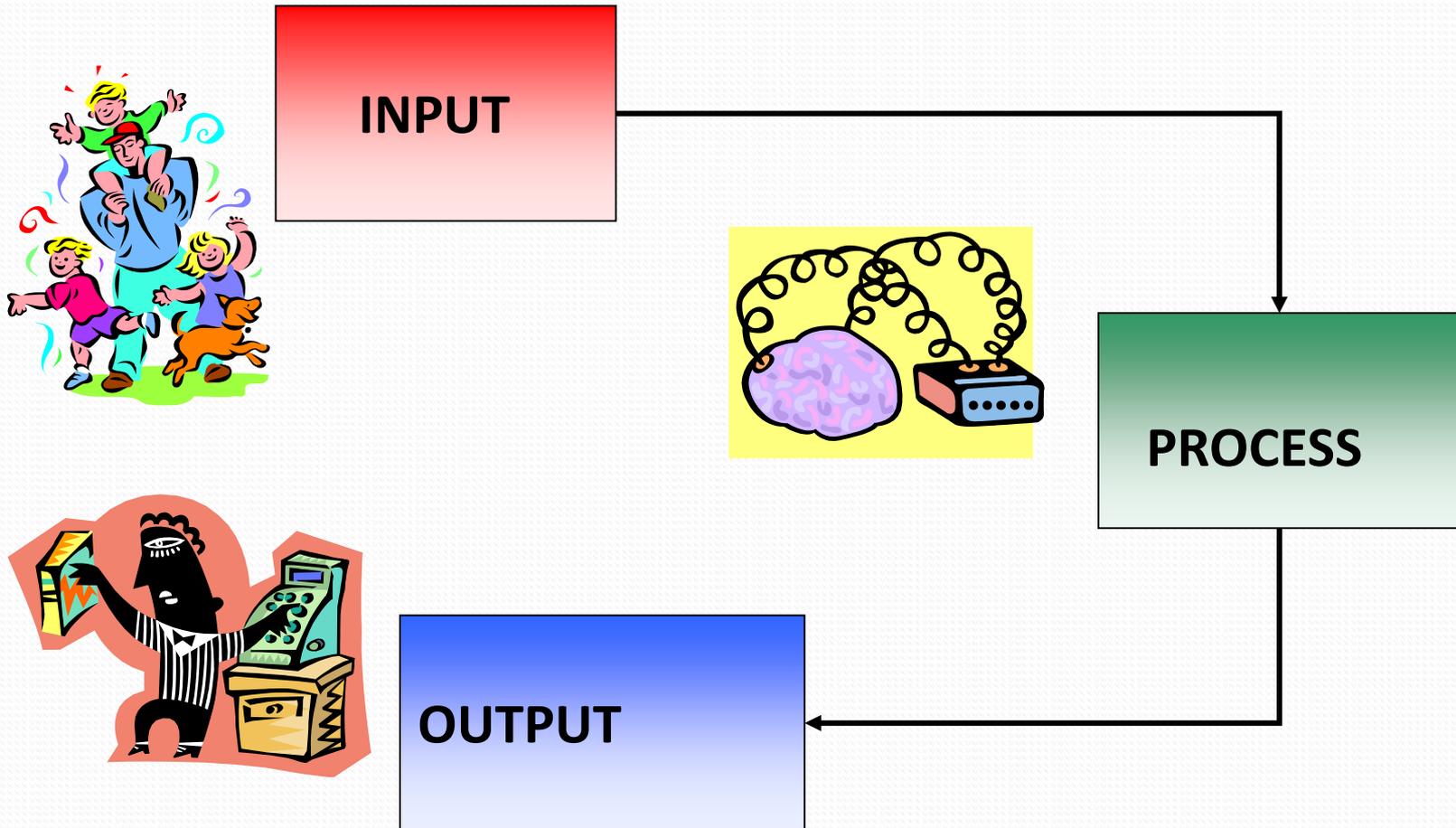
A Cognitive View

- Consumer are *thinking problem solver*.
- Model focuses on the processes by which consumers seek and evaluate information about selected brands and retail outlets.
- In contrast to the economic view, this view recognizes that the consumer is unlikely to seek all possible information, but will only seek information until he/she has what is perceived as sufficient information to make a satisfactory decision.
- Consumers are presumed to use *heuristics*—short-cut decision rules to facilitate decision making.
 - They also use decision rules when exposed to too much information—*information overload*.
- This model depicts a consumer who does not have complete knowledge, and therefore cannot make perfect decisions, but who actively seeks information and attempts to make satisfactory decisions.

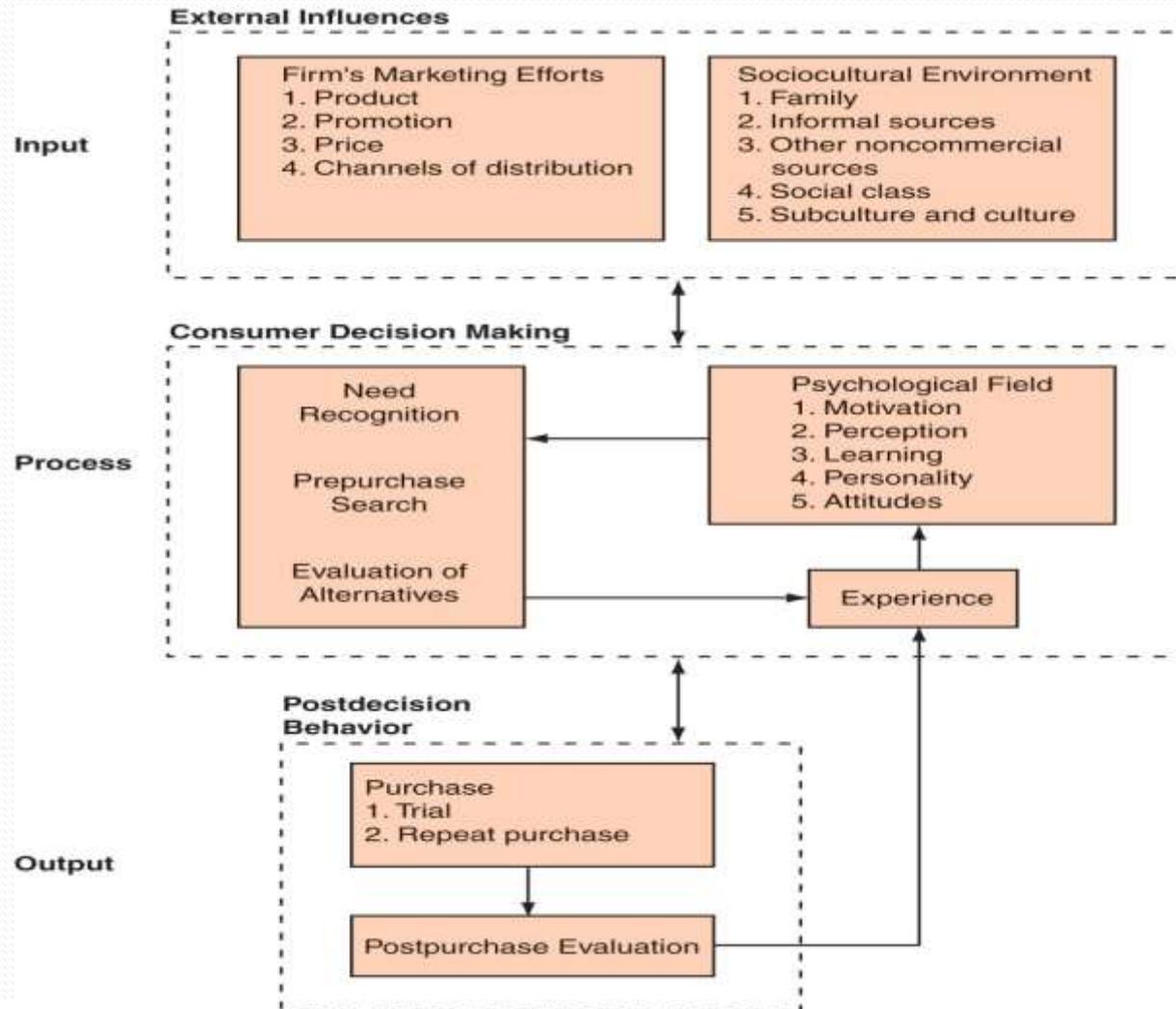
An Emotional View

- In reality, when it comes to certain purchases or possessions, deep feelings or emotions are likely to be highly involved.
- When a consumer makes what is basically an emotional purchase decision, less emphasis tends to be placed on searching for prepurchase information and more on the current mood or feelings.
- Unlike an *emotion*, which is a response to a particular environment, a mood is more typically an unfocused, pre-existing state—already present at the time a consumer “experiences” an advertisement, a retail environment, a brand, or a product.
- ***Mood*** is important to consumer decision making in that it impacts when consumers shop, where they shop, and whether they shop alone or with others.
 - Some retailers attempt to create a mood for shoppers.
- Individuals in a positive mood recall more information about a product than those in a negative mood

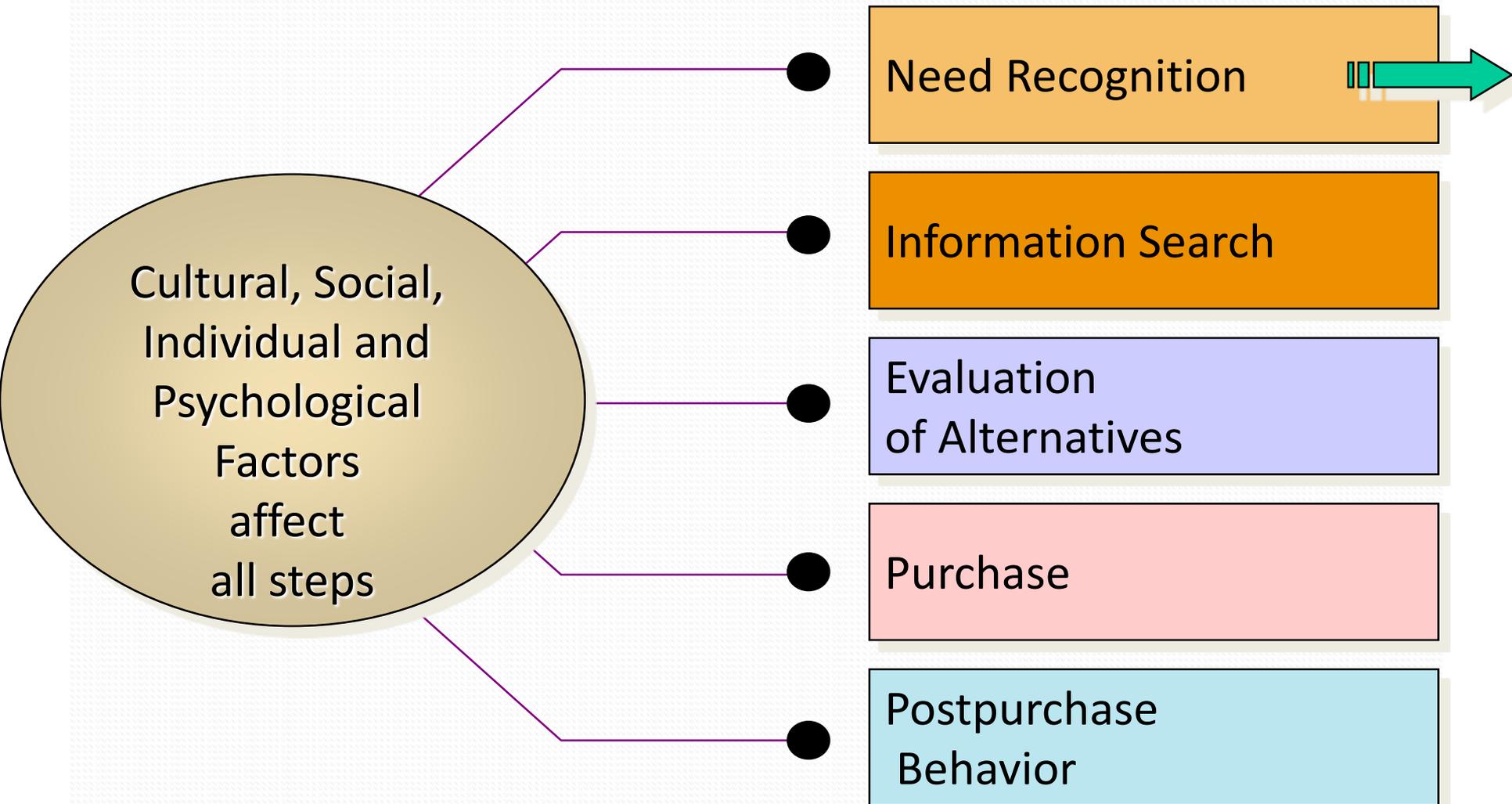
A Model of Consumer Decision Making



A MODEL OF CONSUMER DECISION MAKING



Consumer Decision-Making Process



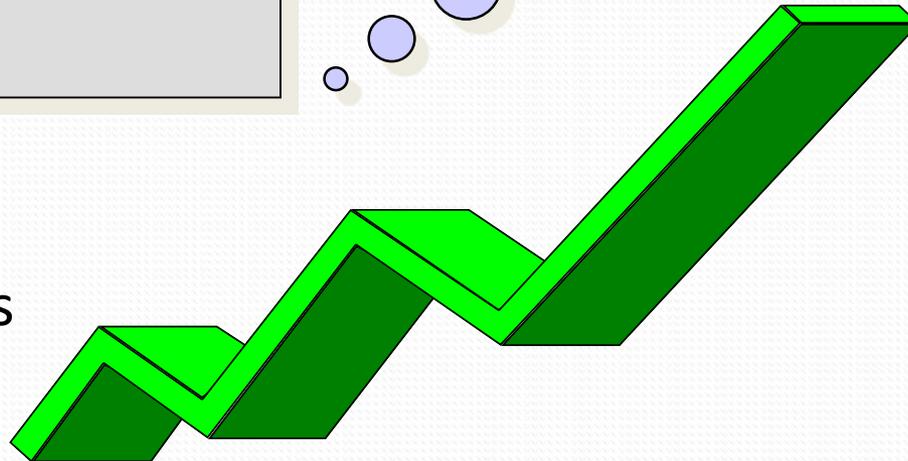
Need Recognition

Result of imbalance between the present state and preferred state.

*Internal Stimuli
and
External Stimuli*

Preferred State

Present Status





Need Recognition

- *Recognition of a need* occurs when a consumer is faced with a problem.
- Among consumers there seem to be two different problem recognition styles.
 - *Actual state types*—consumers who perceive that they have a problem when a product fails to perform satisfactorily.
 - *Desired state types*—the desire for something new may trigger the decision process.

Stimulus

Any unit of input affecting one or more of the five senses:

- sight
- smell
- taste
- touch
- hearing



Want

Recognition of an unfulfilled need and a product (or attribute or feature) that will satisfy it.



Recognition of Unfulfilled Wants

- When a current product isn't performing properly
- When the consumer is running out of a product
- When another product seems superior to the one currently used

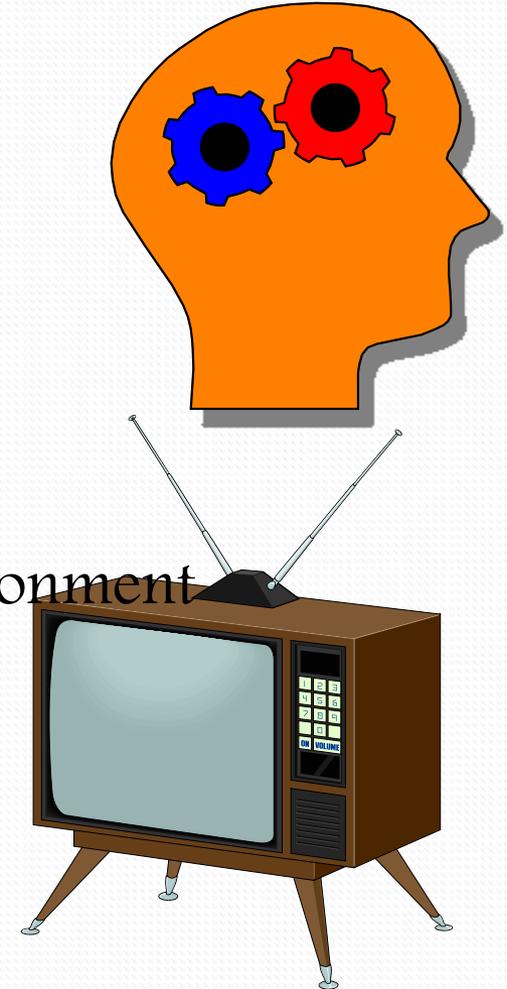
Prepurchase Information Search

Internal Information Search

- ◆ Recall information in memory

External Information search

- ◆ Seek information in outside environment
 - ◆ Non-marketing controlled
 - ◆ Marketing controlled



Sources of Information

Marketer Dominated

- Advertising
- Salespeople
- Infomercials
- Websites
- Point-of-sales materials

Non-Marketer Dominated Stimuli

- Friends
- Family
- Opinion leaders
- Media

Factors that are likely to increase prepurchase search

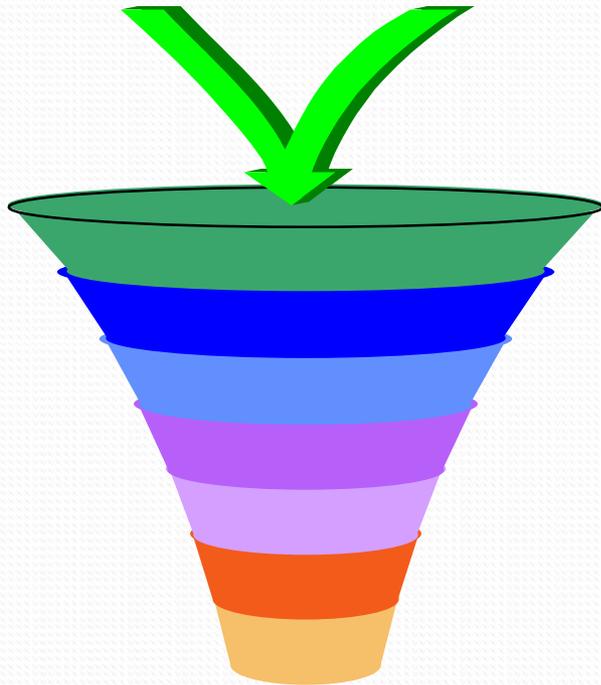
1. Product factors
2. Situational factors
 - Experience
 - Social acceptability
 - Value-related considerations
3. Consumer factors
 - Demographic characteristics
 - Personality

Evaluating Alternatives

- Determine **criteria** to be used for evaluation of products
- Assess the relative **importance** of the each criteria
- Evaluate each **alternative** based on the identified criteria

Evaluation of Alternatives

Evoked Set



Purchase!

Evaluation of Products

Analyze product attributes

Use cutoff criteria

Rank attributes by importance

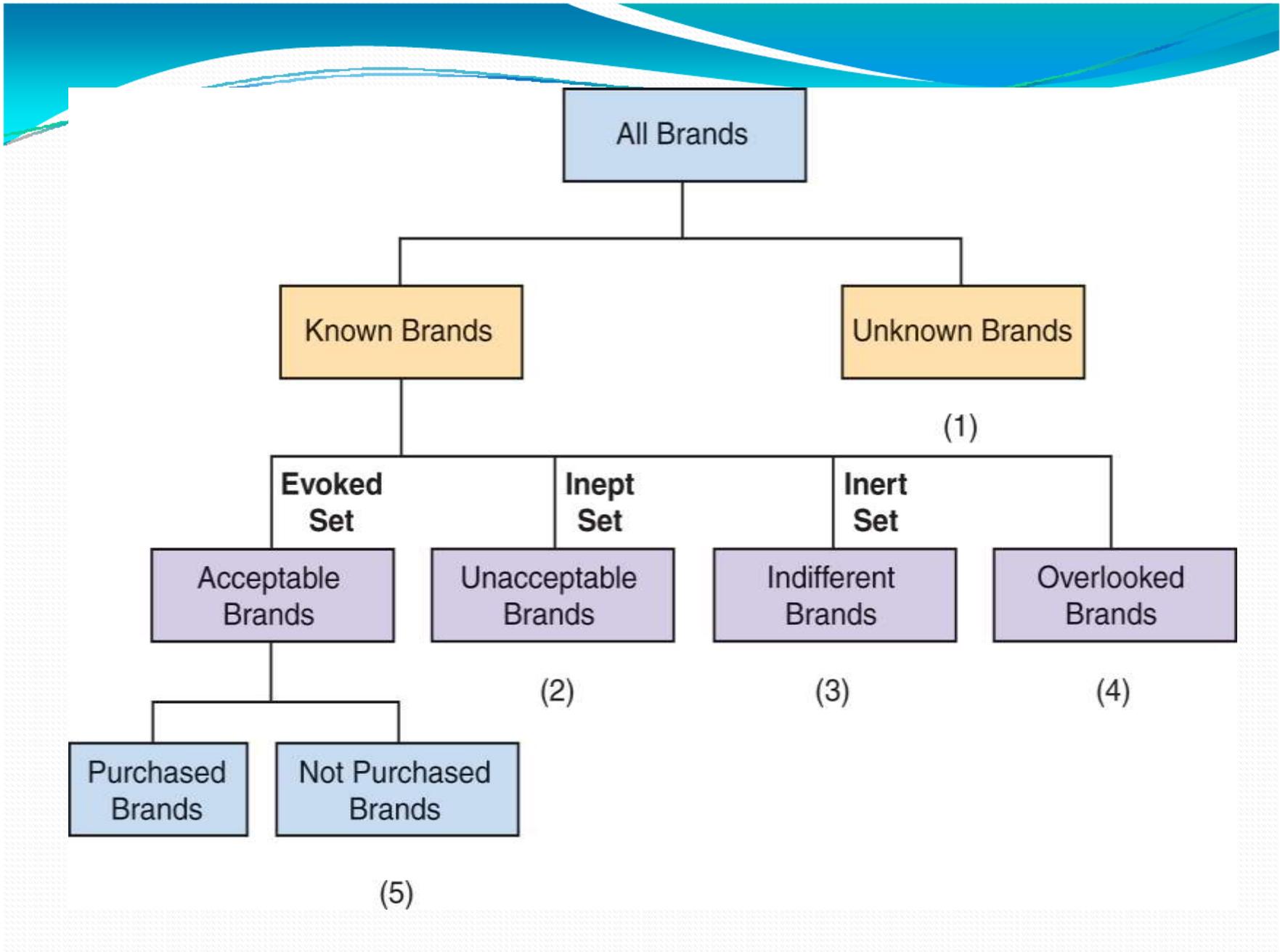
Evaluation of Alternatives

- When evaluating potential alternatives, consumers tend to use two types of information:
 - A “list” of brands (the evoked set).
 - The criteria they will use to evaluate each brand.

The *evoked set* refers to the specific brands the consumer considers in making a purchase in a particular product category.

The inept set consists of brands the consumer excludes from purchase consideration as unacceptable.

The *inert set* is those brands to which the consumer is indifferent because they are perceived as having no advantage.



Consumer decision rules

- They are referred to as *heuristics*, *decision strategies*, and *information-processing strategies*, and are procedures used by consumers to facilitate brand choices.
 - These rules reduce the burden of decision making.
- 1. ***Compensatory decision rules***— a consumer evaluates brand options in terms of each relevant attribute and computes a weighted or summated score for each brand.
 - The computed score reflects the brand's relative merit as a potential purchase choice.
 - The assumption is that the consumer will choose the brand with the highest score.
 - A unique feature of a compensatory decision rule is that it allows a positive evaluation of a brand on one attribute to balance out a negative evaluation on some other attribute.



2. *Noncompensatory decision rules* do not allow consumers to balance positive evaluations of a brand on one attribute against a negative evaluation on some other attribute. Forms include:

- ***Conjunctive decision rule***—the consumer establishes a minimally acceptable level that is established as a cutoff point for each attribute.
 - If any particular brand falls below the cutoff point on any one attribute, the brand is eliminated from consideration.
- ***Disjunctive rule***—this rule mirrors the conjunctive rule.
 - The consumer establishes a minimally acceptable level as a cutoff point for each attribute.
 - In this case if a brand alternative meets or exceeds the cutoff established for any one attribute, however, it is accepted.



3. Lexicographic decision rule—the consumer first ranks the attributes in terms of perceived relevance or importance.

- The consumer then compares the various brand alternatives in terms of the single attribute that is considered most important.
- If one brand scores sufficiently high on this top-ranked attribute, it is selected, and the process ends.
- The highest-ranked attribute may reveal something about the individual's consumer orientation.

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- Nine out of ten shoppers who go to the store for frequently purchased items have a specific shopping strategy for saving money.
 - Practical loyalists—look for ways to save on those brands and products that they would buy anyway.
 - Bottom-Line Price Shoppers—buy the lowest-priced item, with little or no regard for brand.
 - Opportunistic Switchers—use coupons or sales to decide among brands and products that fall within their evoked set.
 - Deal Hunters—look for the best “bargain” and are not brand-loyal.



OUTPUT

- The output portion of the consumer decision-making model concerns two closely associated kinds of postdecision activity: *purchase behavior* and *postpurchase evaluation*.
- The objective of both activities is to increase the consumer's satisfaction with his or her purchase.

Purchase

*To buy
or not to buy...*

Marketing

Determines which attributes are most important in influencing a consumer's choice

Types of Purchases

**Trial
Purchases**

**Repeat
Purchases**

**Long-Term
Commitment
Purchases**

Consumers make three types of purchases:



Postpurchase Behavior

**Explains the consumer's
post-purchase evaluation
process**

Postpurchase Behavior

Cognitive Dissonance



Did I make a good decision?

Did I buy the right product?

Did I get a good value?

Marketing

Can minimize through:
Effective Communication
Follow-up
Guarantees
Warranties

- 
- As consumers use a product, they evaluate its performance in light of their own expectations.
 - There are three possible outcomes of such evaluation.
 - Actual performance matches the standard, leading to a neutral feeling.
 - *Positive disconfirmation* when the performance exceeds the standard.
 - *Negative disconfirmation* when the performance is below the standard.



An important aspect of the purchase process is reducing *postpurchase cognitive dissonance*, when consumers try to reassure themselves that their choice was a wise one.

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cognitive dissonance is inner tension that a consumer experiences after recognizing an inconsistency between behavior and values or opinions

Outcomes of Postpurchase Evaluation

- Actual Performance Matches Expectations
- Actual Performance Exceeds Expectations
 - Positive Disconfirmation of Expectations
- Performance is Below Expectations
 - Negative Disconfirmation of Expectations





Factors Determining the Level of Consumer Involvement

Previous Experience

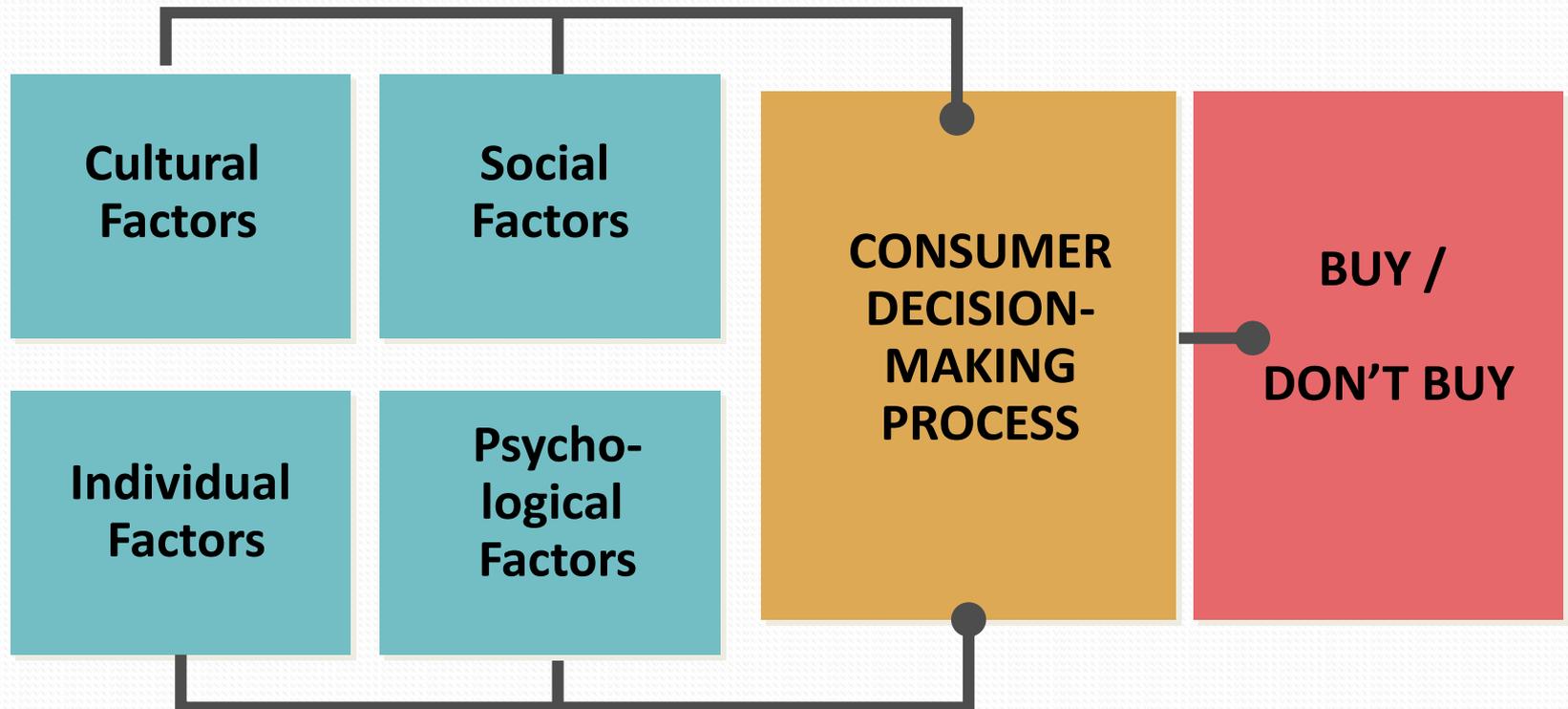
Interest

**Perceived Risk of Negative
Consequences**

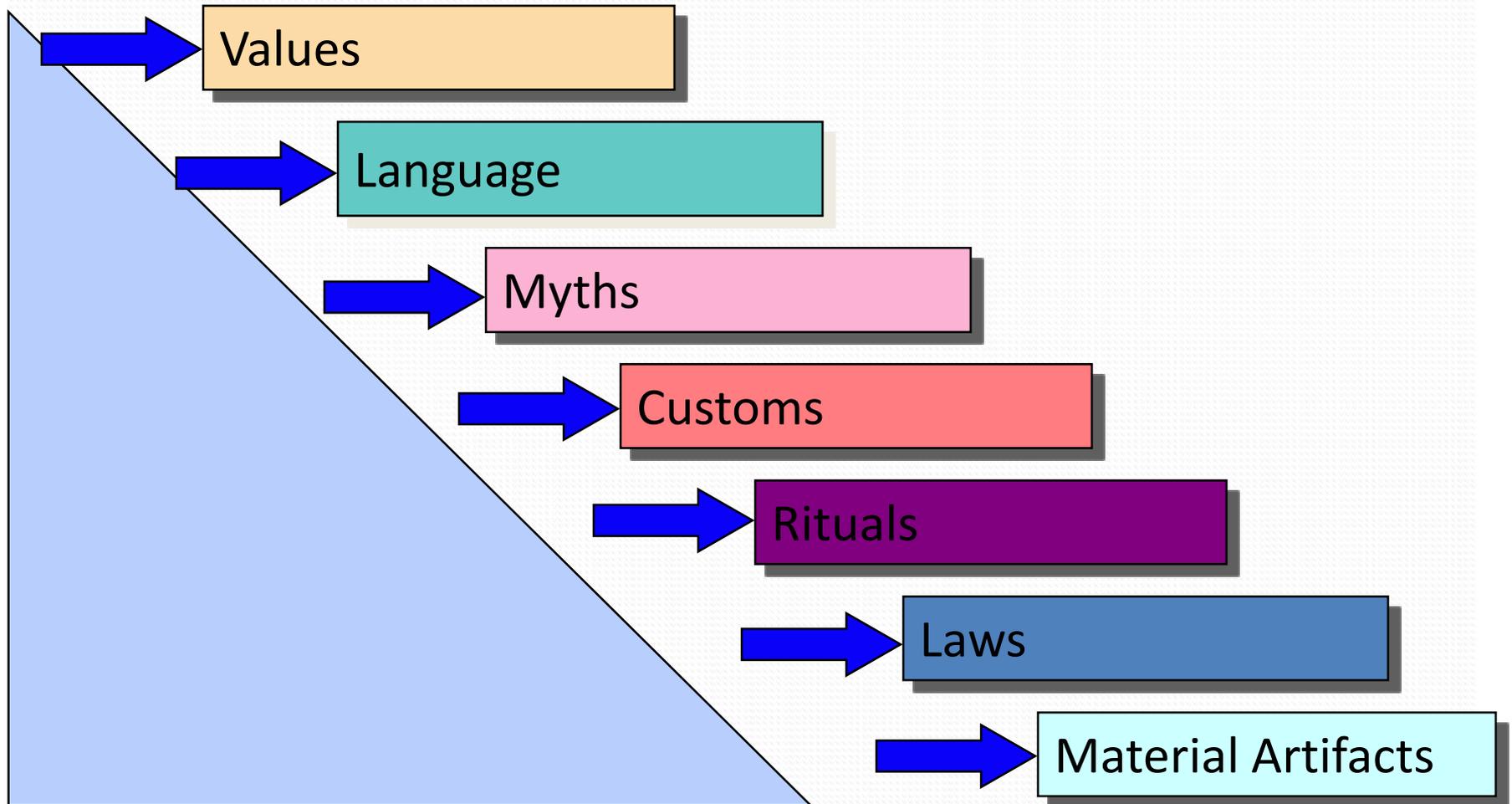
Situation

Social Visibility

Factors Influencing Buying Decisions



Cultural Influences on Buying Decisions



Social Influences

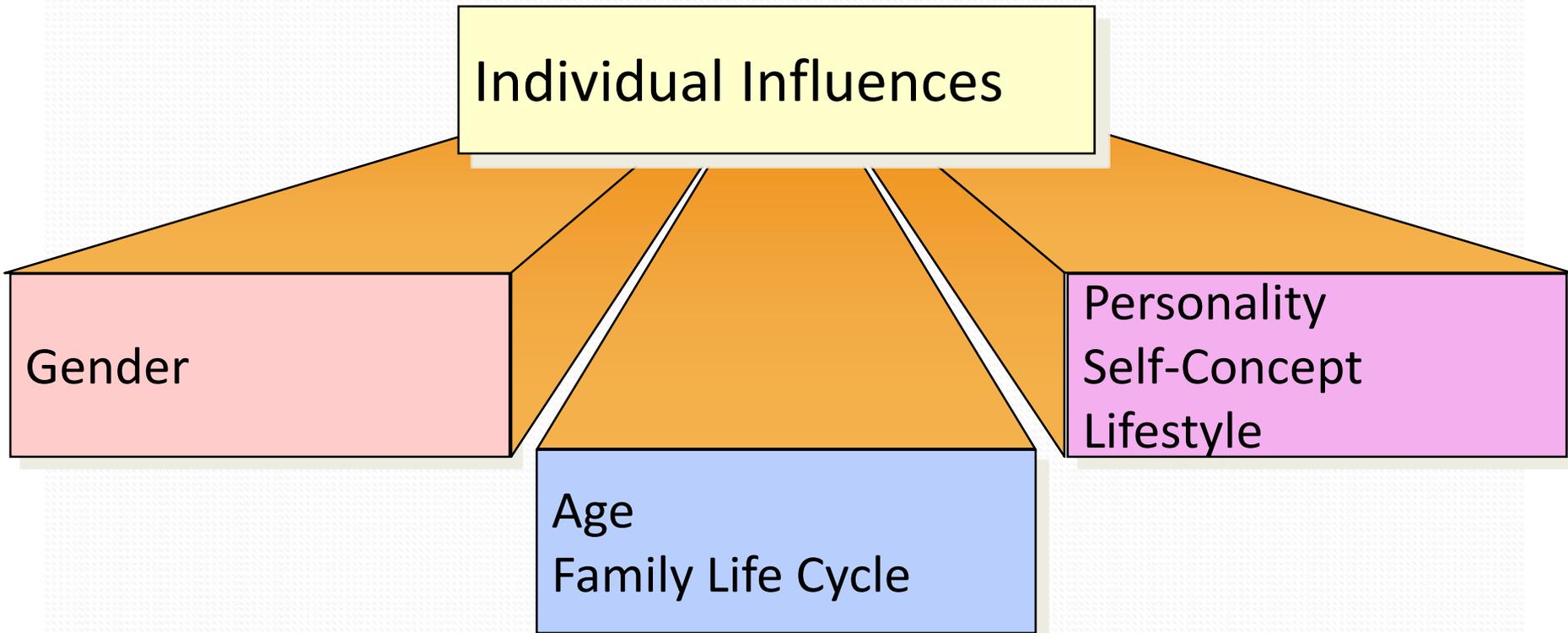
Social Influences on
Buying Decisions

Reference Groups

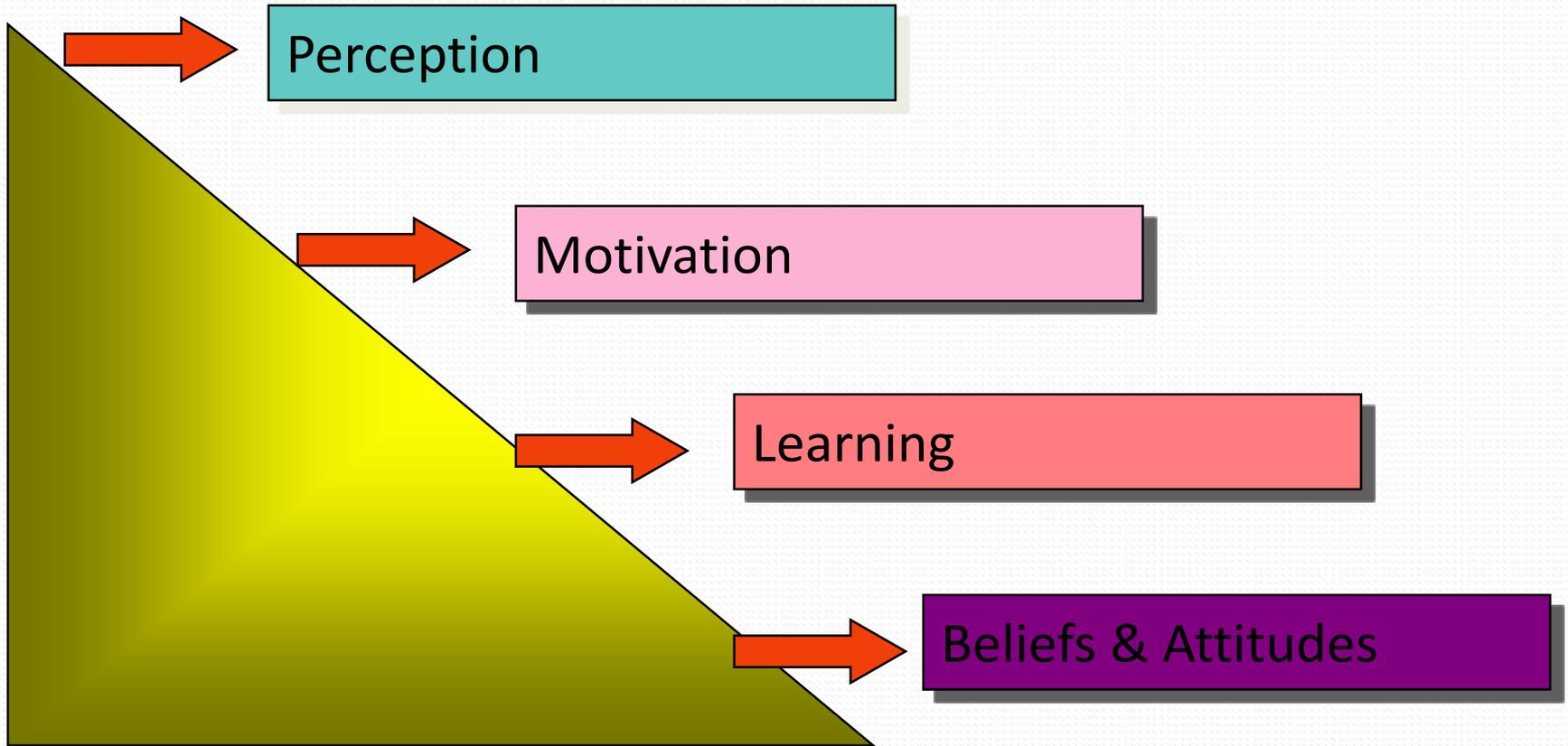
Family Members

Opinion Leaders

Individual Influences



Psychological Influences





THANK YOU

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