BUYER DECISION MAKING PROCESS
Levels of Consumer Decision Making

- **Extensive Problem Solving**
  - A lot of information needed
  - Must establish a set of criteria for evaluation

- **Limited Problem Solving**
  - Criteria for evaluation established
  - Fine tuning with additional information

- **Routinized Response Behavior**
  - Usually review what they already know. There are some products which are used on a daily basis like food items, soap, shampoo etc. For these products purchase is routinised. Command Low Involvement
Levels of Consumer Decision Making

- **Purchase Involvement** is the level of concern for, or interest in, the purchase process stimulated by the need to consider a certain purchase.

- **Product involvement** refers to a consumer’s level of interest in a certain product. Marketers communicate many sales promotions to increase consumer involvement in a product.

- **Advertising involvement** refers to the consumer’s interest in processing the ad messages. Television is said to be a low involvement medium and consumers process information in a passive manner. In contrast, print is a high-involvement medium as the readers actively process information.

- **Purchase situation involvement** may occur while buying the same item in different contexts.
Involvement Level and Types of Decision Making

Low-involvement purchase

Nominal decision making

- Problem recognition (selective)
- Information search (limited, internal)
- Product choice and purchase
- Post purchase action. No dissonance, very limited evaluation

Limited decision making

- Problem recognition (generic)
- Information search (internal, limited external)
- Evaluation of alternatives
- Product choice and purchase
- Post purchase action. No dissonance, limited evaluation

Extended decision making

- Problem recognition (generic)
- Information search (internal, external)
- Evaluation of alternatives
- Product choice and purchase
- Post purchase action. Dissonance, complex evaluation

High-involvement purchase
Limited and Extensive Problem Solving Behaviour

Figure 7.2: Involvement Level and Types of Decision-making
Nominal Decision-making

At one end of choice continuum is nominal decision-making, also referred to as nominal problem solving, habitual decision making, or routine problem solving. Nominal decision-making is generally the outcome of continued satisfaction with a brand which was initially chosen after an extended decision-making process, or the consumer does not attach much importance to the product category or purchase.
Limited decision-making is usually more straightforward and simple. It involves internal (long-term memory) and limited external search, consideration of just a few alternatives, simple decision rules on a few attributes and little post-purchase evaluation. As pointed out earlier, it covers the middle ground between nominal and extended decision-making. Buyers are not as motivated to search for information, or evaluate each attribute enthusiastically, but actually use cognitive shortcuts. According to Wayne D. Hoyer, when the level of consumer involvement is lowest, limited decision-making may not be much different than nominal decision-making. For example, while in a store, the consumer notices a point-of-purchase display of Nescafe and picks up one pack based on her/his memory that its aroma and taste is good. If the consumer's decision rule is to buy the cheapest brand of instant coffee available, she/he looks at different brands of coffee for prices and buys the least priced brand. Sometimes, emotional factors may influence limited decision-making.

Cont....
Extended Decision-Making

Consumer purchases involving extended decision-making correspond most closely to the traditional decision-making perspective. Such decisions involve extensive internal (long-term memory) and external (outside sources) information search followed by a rigorous evaluation of several alternatives because consumers do not possess any meaningful information about the product or service and need much of it. The evaluation often involves careful consideration of attributes of one brand at a time and taking stock of how the attributes of each brand measure up to a set of desired characteristics. All this happens in response to a high level of consumer's involvement in making a purchase decision. Such complex decisions are relatively few and may relate to buying a computer, stereo system, washing machine, laser printer, or a new house etc. Post purchase evaluation is more likely to be complex and dissonance causing.
Figure 7.4: A Simple Model of Consumer Decision-making

External influences
- Environmental factors and marketing-mix
  - Socio-cultural environment
  - Product
  - Price
  - Place
  - Promotion

Internal factors and processes
- Psychological factors
  - Perception
  - Motivation
  - Learning
  - Attitude
  - Personality
- Decision making
  - High-involvement
    - Problem recognition
    - Information search
    - Evaluation of alternatives
    - Purchase
  - Low-involvement
    - Problem recognition
    - Little or no information search
    - Purchase

Experience
Post purchase evaluation
## The Buyer Decision Process

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need Recognition</td>
<td>Can be triggered by internal stimuli or external stimuli that rises high enough to become a drive.</td>
</tr>
<tr>
<td>Information Search</td>
<td>Amount of search depends upon many factors. Sources of information may be personal, commercial, public, experiential.</td>
</tr>
<tr>
<td>Evaluation of Alternatives</td>
<td>Depends on consumer and buying situation. At the end of this stage purchase intentions are formed.</td>
</tr>
<tr>
<td>Purchase Decision</td>
<td>2 factors intercede between purchase intention and actual decision. Attitude of others. Unexpected situational factors.</td>
</tr>
<tr>
<td>Post Purchase Behavior</td>
<td>Satisfaction is important.</td>
</tr>
</tbody>
</table>
Problem Recognition

After you retire, prices will keep rising.
Your pension won’t.

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The Problem Recognition Process

Desired consumer lifestyle
The way consumer would like to live and feel

Current situation
Temporary factors affecting the consumer

Desired state
The condition the consumer would like to be in at this point of time

Actual state
The condition the consumer perceives to be in at this point of time

Nature of discrepancy
Differences between the consumer’s desired and perceived conditions

No difference → Satisfaction
Desired state exceeds actual state → Problem recognised
Actual state exceeds desired state
## Types of Problem Recognition

<table>
<thead>
<tr>
<th>Expectancy Of problem</th>
<th>Immediacy of solution</th>
<th>Immediacy of solution not required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occurrence of Problem expected</td>
<td>Routine</td>
<td>Planning</td>
</tr>
<tr>
<td>Occurrence of problem unexpected</td>
<td>Emergency</td>
<td>Evolving</td>
</tr>
</tbody>
</table>

Emergency problems are possible but are unexpected and necessarily need immediate solutions. For example, say a consumer meets an accident while on his/her way to office, gets injured and the vehicle is badly damaged. In such an emergency, she/he needs a quick solution to reach hospital's emergency room. Subsequently, she/he may plan to get the vehicle repaired or buy a new one.
Situations that can Cause Problem Recognition

Non-marketing Factors Influencing Problem Recognition
Role of emotion in problem recognition

The five of the most common situations are:

1. Depletion of stocks
2. Dissatisfaction with goods in stock
3. Environmental changes
4. Change in financial situation
5. Marketer initiated activities.
Approaches to Activating Problem Recognition

1. **Generic problem recognition** focuses on helping consumers feel a discrepancy that a number of brands within a product category can reduce. Generally, a marketer will use this approach when the problem is either latent or of low importance and one of the following conditions exists.

   i. Product is in the early stage of its life cycle.
   
   ii. The marketer has very high market share.
   
   iii. After problem recognition, consumers' external search tends to be limited.
   
   iv. It is a situation of industry-wide cooperative effort.

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Generic problem recognition. Ordinary tap water is not safe.
2. **Selective problem recognition** focuses on a discrepancy that only a particular brand can solve. Marketers use this approach to causing problem recognition in an attempt to increase or maintain market share.
Marketing Strategy and Problem Recognition

1. **Product Analysis** - Examining the purchase and or use of particular product, service or brand

2. **Problem Analysis**

3. **Human Factors Research** - Helpful in identifying consumer functional problems they are not aware about.

4. **Emotion Research**

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*Marketers* also attempt to influence consumers’ perceptions about their existing state. Women do not want to use a soap that dries their skin. They desire to have fresh and smooth skin and the advertisement of Dove soap is designed to generate concern about the existing state of their skin.
Nature of Information Search

*Extended decision-making* represents a significantly more involving purchase situation. External information can refer to any of the following:

1. The opinions, beliefs, attitudes, behaviours and feelings of relatives, friends, neighbours and strangers contacted on the Internet.
2. Professional information contained in handouts, pamphlets, articles, magazines, the Internet and provided by personal professional contacts.
3. Direct experiences with product through trial, or inspection.
4. Marketer-initiated info included in advertisements, and by sales personnel.

Consumer decision-making requires three types of information:

1. **The Evaluative Criteria**: An important objective of internal and external search for information is the determination of appropriate evaluative criteria.

![Decision-making flowchart](chart.png)
2. Appropriate Alternatives

Once the consumer has established the evaluative criteria, she/he probably starts searching for the appropriate alternative which could be brands or perhaps stores. As a result of internal search or inquiry, the consumer may recall or learn that the available brands of computers include IBM, Compaq, Dell, Wipro, Zenith, Vintron and Apple.
3. Attributes of Alternative

Consumers compare brands in the evoked set to make their choice. This process of evaluation requires consumers to collect information about each brand on each relevant evaluative criterion. In case of computer purchase, the consumer might collect information about the price, processor, memory, graphic card, monitor, accompanying software and warranty etc., for each brand.
Sources of Information for Purchase Decision-making

Sources of Information

Internal information
- Acquired actively
  - Past searches
  - Personal experience

External information
- Acquired actively
  - Low-involvement learning
  - Personal sources
- Acquired passively
  - Independent sources
  - Marketer controlled
  - Others’ experiences

Marketer controlled

Acquired actively

Others’ experiences

Acquired passively

Past searches

Personal experience

Low-involvement learning

Personal sources

Independent sources

Marketer controlled

Others’ experiences
Cost/Benefit View of External Search

*Four basic factors influence the perceived benefits and costs of search:*

1. Market conditions
2. Product characteristics
3. Consumer characteristics
Evaluation of alternatives

Choice Based on Attitude vs. Attributes
Purchase Decision

• Outlet Selection

- Need arousal
  - Purchase needs
  - Shopping needs

- Information processing

- Brand evaluation
  - Outlet attributes
  - Outlet image

- Post-purchase Evaluation

- Retail outlet choice

• Outlet Image
• Retailer Brands
• Retail (local) Advertising
• Location of Outlet and Size
• Consumer Attributes and Outlet Selection
• Risk Perception in Store Choice
• Sales Personnel
Cognitive dissonance occurs as a result of some discrepancy between a consumer's prior evaluation and the purchase decision. The dissonance theory was derived from two basic principles: (1) dissonance is unpleasant and will motivate the person to reduce it and (2) individuals experiencing dissonance will avoid situations that produce more dissonance.

The probability that a consumer will experience dissonance and the magnitude of such dissonance, is a function of the following factors:

- The degree of irrevocability of the decision
- The importance of decision to the consumer
- The difficulty of choosing among the alternatives
- The individual's tendency to experience anxiety
The consumers may use one or more of the following approaches to minimising the dissonance:

1. Increase the desirability of the brand purchased
2. Decrease the desirability of alternatives not selected
3. Decrease the importance of the purchase decision
4. Return the product before using it.

After purchase, customers are more receptive to reinforcing advertisements.