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CONSUMER

DECISION PROCESS
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CONSUMER DECISION PROCESS

1.0 INTRODUCTION

Making consumer decisions is a lot like making other decisions. Some are easy, and some are hard. It starts with a situation or need you are facing, a decision that needs to be made, or a problem that needs to be solved. The situation or need may be anything from picking a college to buying a bicycle, selecting a credit card or buying a gift for someone else.

'Consumer behavior is the study of the individuals, groups, or organizations and their processes to select, secure, use, and dispose products, service, experience, or ideas to satisfy their needs and the impacts of these processes on consumers and society'.

The above statement reinforces transformations in CB and brings to fore the indirect influence on consumer buying decisions. Knowledge of prospective consumers and their involvement, alongside today's prevailing competition are of critical importance to influence a buying decision. Earlier levels of consumer knowledge, which yielded results, are now failing in the face of qualitative, and stiff competition from global firms, thus pushing firms into an inevitable situation of 'change to survive and grow'. Explicit and implicit beliefs of consumer behavior is heavily influencing marketing strategies of firms various marketing situations warrant application of a range of consumer behavior knowledge. Thus, reinforcing the prominent and imminent need of consumer behavior knowledge for gaining competitive edge.¹

Millennium Customer 'King' Modern firms are today allocating millions of dollars to forecast, track, and monitor customer shifts to handle them swiftly and directly, marketing objective is satisfying customers’ needs and wants profitably. Consumer Behavior enhances firms' knowledge of individuals, groups, and organisations on how and why they select, buy, use, and dispose goods, services, ideas, and experience. Various models reinforce consumer behavior as a resultant of various factors, efforts to comprehend deeper motivations, establish causes for last minute changes in purchase decisions, prove comprehension of customer complex. Marketers now emphasize developing and sustaining relationships with customers, which involves creating, maintaining, and enhancing long-term relationships with individual customers as well as other stakeholders for mutual benefit. Strong customer focus and deep commitment to marketing is the core of today's successful firms. Motivated and dedicated employees hold the key in understanding and satisfying ever-changing consumer demands. Marketing is customer

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centered and is guided by consumer value and satisfaction, to offer them products and brands at mind blowing pace and range. Large or small, profit or not for profit, domestic or global, every modern firms recipe for success is marketing. New products, variants, advertisements, promotions, all aim to grab the divided attention, and purchasing power customers.

**Millennium ‘Marketing and Consumer’** Today’s globally; competitive firms are operating in the industry by enhancing their status of marketing positions in their firms on par with other chief positions. Firms in the present competition, campaign their strategic marketing achievements to convince and conserve old as well as new customers, this is in turn to control competition, which finally leads to evolution of new business models. Decisions are today of very critical, and vital importance in lending success to a firm, more so are the decisions of marketing managers’ on new product features, price, distribution and promotion. Firms that neglect customers and their preferences do it at their own peril. Customers actions are today influenced by exceedingly imaginative and high level of advertising, supporting popular thinking ‘Marketing is selling and buying’, but selling and buying are just two of the many marketing functions and aren’t the only vital ones. ‘Earlier, marketing was ‘telling and selling’, now it is ‘identifying and satisfying human needs’.”

**Consumer ‘Loyalty’** Make consumer your center of your culture John Chambers, CEO, CISCO Systems’. Successful companies are on the path of practicing Market engineering, not just Product engineering, to build and develop customer relationship. Firm’s have realised the high value of a customer to them and are offering a higher value to conserve them so that they can be served profitably, identifying these customers are succeeded by special offers aiming to retain their loyalty, a right example is a latest offer of “Auto card loyalty rewards” aiming to build a lifetime relationship with customer. Also in the line are exchange offers from various manufacturers’ two-wheelers, televisions, refrigerators, air conditioners, and what not. All most all products are today available directly to the customers without going to a store by telephone, mail order, E-commerce. Customers today are also designing their own products online. Firms are reorganising internally to suite the customer needs objective and all departments today’s are creating higher value to customer.

**1.1 HISTORY**

‘*Understanding human needs is half the job of meeting them*’. Consumer and his behavior is the vital component of the marketing system and is considered to be the most significant,
more so, in a changed scenario of captive market in our country becoming more competitive, than the previous decade.

**Industrialisation**

It was primarily, technological explosion, automation that turned out products at an unimaginable speed from the factories this is termed as industrialisation, and all the force of industrialisation were diverted towards manufacturing products for consumption by warring nations. The post II world war set off a cycle of change in the policies of the firms towards satisfying customer and also achieving a healthy ROI. The production might of all industrialised nations were idle and available for utilisation in the post II world war.

**Evolution of Concepts**

Efforts of all manufacturers to increase their sales when met with low sales resulted in evolution of various concepts, which enhance the knowledge of marketing and its genesis.

*Production Concept* the production capacities of all firms in the industries were diverted towards manufacturing products for consumers as against warring nations. Thus, the consumers were offered with a range of products and started enjoying the comforts of new products, which were earlier affected by the rigors of non-availability of all products. Firms utilised all their strength to manufacture as many products as they can to satisfy the new found demands of consumers, this kind of practice is called *production concept*.

*Product Concept* shifting from days of non-availability to availability, initially customers was positively disposed to all the products offered by the firms. Gradually they started dejecting the products and the sales started coming down due to customers becoming choosier. Production orientation, sales orientation, product orientation and till marketing (Consumer) orientation were the trends that prevailed in almost all countries with a marginal variation in time.

*Selling Concept* all efforts of manufacturers to attract customersandsatisfy didn’t yield fruits and hence were forced to think and generate alternatives to realise sales from the market. Their efforts at appointing salesmen and offering them hefty commissions to generate sales for the firms, yielded result for a short while and resumed the earlier state, thus generating a need once again to search around for alternatives.

*Marketing Concept* the failures experienced by the firms prompted them to search
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for new ways to keep their sales graph rising, thus, they started to look deep into the
needs of customers and establish them to satisfy them. Thus the marketing concept
evolved which was customer centered, which simply means that a products’ success
solely depends on its ability to satisfy the needs of customers.339

Liberalisation Era

Government of India’s liberalisation, privatisation, globalisation, (LPG) policy offered much
awaited impetus to the manufactures in our country, resulting in collaborations, entry of new
participants in the hither to captive market, and provided consumers with a wide range of
product choice. Rise in the purchasing power of Indian consumer, combined with magnificent
increase in the ability of Indian middle class, to spend for their needs collectively prompted the
marketers to take a fresh look at the complex and unpredictable consumer behavior. Changing
at a frantic pace, the CB imposed upon the marketer to learn about consumer behavior in their
earnest.

1.2 THEORETICAL DEVELOPMENTS

Consumers irrespective of their education, commitment etc, are consumers whose decision
will have wide-ranging implication on local, national, global, economy. It is important for
marketers to know what consumers need and want, how they think, work, make decisions,
along with personal and group factors, influencing their decision. Consumer behavior can be
defined as the behavior that consumer display in searching for, purchasing, using evaluating and
display of products and service that they expect will satisfy their needs. Study of consumer
behavior comprises of conflicting approaches towards advertisements, specific preferences,
and willingness to shift customers’ product and brand choice. Study of consumer behavior
provides clues to questions, like, what consumers buy? Why? When? Where? And how often?
Two types of consumers prevail, personal and organizational, formers purchase for their own
consumption, latter for profit and non-profit purposes. The all-pervasive character of CB makes
its study more relevant. A decider and a user need not always be a buyer, consumer behavior
research enlightens marketers, about different ways a product is used by consumer and disposed,
and help marketers to increase their products utility.441

Consumer behavior as a study is today full- fledged discipline with a strong and growing body
of meaningful research. Marketers’ opinions on consumer behavior have gradually given way
to scientific theory and research models. All models significantly highlight the influence of various
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Factors on consumer behavior, though contradictions prevail on universally accepted viewpoint on impact of different factors. New approaches by virtue of their origin in psychology, sociology etc., are supported by models (which represent a behavior system and also used to explain behavior in that system). Information from Economics, Geography, Political Science, Philosophy to the extent that represents reality, contributes to the framework for studying 'why' people behave.

The manner in which models of decision making, buying activity was constructed by contemporary researchers using pure theory is of significance to marketers, because of the ability of a model to organize variables in a comprehensive manner, ability to reveal relationship among different variables, synthesizing of all the factors influencing consumer behavior and help in predicting consumer behavior. The comprehensive presentation of different models, dealing with decision making, role of family in decision making, extent and varying influence of family members on decision making, become imperative as we try to enhance our knowledge of consumer behavior.

Economic Theory (Marshallian)

Economists, who pioneered theory of buyer behaviour, concluded that purchase decisions resulted by, rational and economic calculations aimed at maximizing utilities. Buyer behaviour, according to Adam Smith is motivated by self interest, Benthan contended man as finely calculating and weighing benefits & shortcomings of every action. Theory of marginal utility was formulated simultaneously by Jevons Menger and Walras. Consolidator of classical and
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In the neoclassical tradition in economics, Alfred Marshall gave modern utility theory, by measuring intensity of human psychological desires. Purchase by substantial deliberations was evident, in case of only one fourth of a sample as reported by Eva Muller. Many views like the model being neither true nor false, is of normative rather than descriptive, and presence of economic factors in varying extends in all markets are expressed. Model does not consider the perceptions of purchasers.

Impact of economic variables on buying situation for different products, like beer, refrigerator & chemical fertilizers and on brands in case of coffee, frozen orange juice and margarine was observed. Model considers only economic variables, and avoids intra personal and environment variable, in a purchase situation and hence, is dismissed by marketers as an, “absurd figment of ivory tower imaginations.”

Pavlovian Learning Model

Ivan Pavlov, a Russian Psychologist and a pioneer of stimulus response theory in his famous experiment on dog used to ring bell before feeding it, thus, resulting in dog salivating at the sound of bell, even without food, and concluded that learning was an associative process and that many of our responses are conditioned by association. The model we see now is the refined version based on four central concepts Drive, Cue, and Response & Reinforcement. 

Drive is a strong internal stimulus impelling action. Cues are minor stimuli, signal from the environment determining the pattern of response. Response is the reaction to the cue and individualistic based upon past experiences (response). Reinforcement is positive (desirable) or negative (undesirable) result. No claim of the model as to providing a comprehensive behaviour theory is made, besides, it inadequately treats perception, subconscious and interpersonal variables. Inspite of the above reasons this model is of significance to markets.

Psycho Analytical Theory

By Sigmund Freud, views consumer behaviour as being influenced by psychological elements and aids marketers in a great way while designing a product message to influence the psychological needs of consumer. Freud observed the role of instinctive needs (id), social influence (superego) and action (ego), to conclude that, behaviour is the result of interaction of these three systems. Inspite of its contributions to psychological thought, the theory has been ridiculed by marketers. The theory highlights psychological dimensions of consumers and the advantages available to application by a marketer.
Veblenian Social – Psychological Theory

Thorstein Veblen saw consumer as a social being, his actions being influenced by culture, subculture, social class, reference groups, face to face groups & family.

Culture is most fundamental determinant of a person’s wants and behaviour. Each society develops a unique culture or learned way of life, which it hands down to future generations. Culture represents the ideas, values, attitudes, artifacts and symbols governing the behaviour of a member of the group, it determines many of the responses that individuals make in given situations. Since, culture affects what we eat wear and how we behave with others, it is important for marketers to keep tracts of the cultural trends. Sub-cultural is present in every culture, to provide specific identification and socialization to its members, to make them distinct by behavioral patterns depending upon their race, religion, nationality, urban & rural etc. Social class as stratification is more frequent according to ones usefulness to society. Education and Occupation are the two indicators. Source of income and dwelling area are also useful characteristics. Common values, goals, thinking behaviour of individuals in a social class influence their behaviour and are important to marketers but never a sufficient base for segmentation. Reference Groups are those, in which individual has no membership but aspires to be, whose standards of behaviour are accepted an adhered by individual. “All the groups have direct or indirect influence on the person’s attitude or behaviour.” Bennigton study, conducted by Newcomb, measured the attitude change of college females towards political ideologies. Vebken in his description of leisure class highlighted search for prestige rather than intrinsic needs motivating the consumption habits. Family is a primary group, distinct from larger reference groups providing, face to face interaction to affect individual’s personality & characteristics, influencing the joint consumption needs. The impact of family, culture and groups, shapes and affect our personal values or standards. Of importance to marketers are the roles of family members in decision making process, for e.g. Initiator, decider, purchaser, and user. Quality of the Veblen’s study stimulated further investigators though his was not the first study on social influences upon behaviour.

Gestalt Theory

Theory highlights, goal-oriented individual’s reaction to his environment to attain his goal by best perception of different factors; Man lives in a complex psychological field, composed of many influences. All of these should be accounted for, in a theory of motivation. States Kurt
Cognitive Dissonance Theory

Is an extension of Gestalt focusing on organization of values, attitudes and stored information in an individual’s memory.

Goffman Theory

Consumer researcher are today interested in exploring, how cognitive personality factors influence various aspects of consumer behavior, consumer behaviour is considered as human behaviour, as role enactment depending upon role expectations, role location role demands and audiences. The audiences and actor interact in each role enactment, which may be successful or unsuccessful. Due to multiple roles played by individuals. This model has been termed as to oversimplifying the real world situation.

Reisman Model

Social character of people can be divided into three groups. Traditions directed, Inner directed and other-directed. Behaviour depends on culture and society in which individual operates. Inner directed and other directed persons will differ in their susceptibility to mass communication appeals and preferences for certain unique type of appeals.  

Festinger Theory

Post purchase anxiety or cognitive dissonance, which is highlighted, is due to unattractive feature of purchased product and attractive features of the alternative left out, becoming significance after purchase of the former. According to Festinger, various situations producing dissonance are decision between two alternatives, information contradicting existing attitudes, and consumer’s attitudes countered by others significance”.

Stimulus Response Theory

The model stipulates that people’s response to a stimulus is predictable. Attempts to find relationship between customers, products and buying behaviour were made. Variables influencing consumer behaviour are intra-personal consisting of motivation, perception, learning, attitude and personality, and inter personal consisting of family social class, reference groups and culture.
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Intra Personal Variables

Motivation is a sufficiently aroused need, compelling individual to act. Needs are Biogenic like hunger, thirst and Psychogenic like need for recognition, belongingness, esteem etc. Maslow’s theory of need hierarchy, presents need in the order of physiological, safety, belongingness, esteem, and self-actualization. A satisfied need cease to motivate and the needs at higher level become dominant.

Perception is the process an individual receives, organizes plans and assigns meaning to information or stimulus, detected by his senses. It is subjective, selective and summative. Subjective, because it varies with individuals, selective, because only few of all the signals an individual is exposed to is converted into messages, summative, because reception of a signal is a function of multiple signals. Perceptual processes are selective alteration, selective distortion and selective retention. Learning briefed in Pavlovian Model. Attitude or predisposition acquired through learning, influences selective process and eventually buying behaviour. It is a set of regularities of an individual’s feelings, thoughts and predisposition, to behave towards some aspect of the World, Backman (1964). Attitude is the buyer’s belief about the brand or supplier’s perceived instrument of his goal satisfaction. Fitting a product into an existing attitude is economical rather trying to change the present attitude.

Personality is discussed in Sigmund Freud’s Psychoanalytic model.

Inter Personal Variables Briefed in Vablenian Social psychological Model.

Models in consumer behaviour developed by two approaches. Abstraction and Realisation. Former is representing an actual situation, and the latter, by formulating general theory applicable to a consumer behavior situation and constructing a model representing that theory. Research findings, establishing the existing consumer relationship of that situation are assembled and the information is fed into the model, to apply the model further to an actual situation, to determine whether the theory works. Feedback helps revising the model till it is proved consistent. Bettman & Jones have classified consumer behaviour models into stochastic, Linear experimental, information processing and large system models.

Stochastic Models or Probability Models highlight the influences of consumer’s experience, especially, last purchase behavior on the future behavior. Linear Experimental Models are characterized by a formal mathematical structure. Represent market and not a consumer and
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describe product aspects of consumer behavior. Information Processing Model is a significant
development in consumer behavior, highlighting the consumer’s reception and processing of
information for decision making. This model focuses on consumer choices as an outcome of
information influences. Large Systems Models are comprehensive models of general design
with many variables and relationship based on a major conceptual scheme of consumer behavior,
with which many researchers are familiar of considerable interest to Researchers and Marketers
are three major models. The Howard Sheth Model. The Nicosia Model the Engel Kollat and
Blackwell Model.11,49

The Howard Sheth Model

Most elaborate and comprehensive model presented by John A Howard in early sixties was
further refined by Howard and Jagadish N. Seth. This model distinguishes among three levels
of learning. Extensive Problem Solving, in case of lower or no brand preferences, to actively
search for information o alternative brands. Limited Problem Solving, where consumer is
unable to assess brand differences, due to his partially established knowledge and belief, about
brands. Routinised Response Behavior in case of well established knowledge and belief of
product and alternative. The model, with four sets of variables influencing buyer behavior,
explains the happenings between, receiving a stimulus (input) and the behavior (out put).

Inputs consist of three types, significance’s and symbolic, provided by marketing programme
of the firm, third by the social environment (Family, reference groups, social class). Perceptual
constructs are abstractions or psychological variables, influencing the decisions, which are not
operationally defined or directly measured. Learning constructs serving the purpose of concept
formation are consumer’s goals, brand awareness, evaluation criterion, preferences, intentions
etc.

Output can also be attention, brand comprehension, attitudes, intention, besides purchase
based upon the interaction of the first three sets of variables. Inspite of the model’s inability to
explain sufficiently, the interaction of inputs like perceptual bias, and neglect of variables such
as needs, communication and decision processes. Its ability to clarify the understanding of
consumer behavior is appreciated.

Nicosia Model

The model, by Francesco M. Nicosia, significantly contributes to highlight the relationship
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between consumer and firm. By its interactive design, the model tries to assess to extend of influence, the firm exerts by its marketing messages on consumer and extend of influence on consumer, by their actions or inaction's. As such, the model is a computer flow chart divided into four major fields.

Field 1 consists of attitudes of consumers, as the output of interaction of two-sub fields' firm's attributes and consumer's attributes. Attitude is the end result of a firm's marketing environment and communication efforts aimed at consumer, having certain characteristics (E.g. personality & experience) affecting his reception.

Field 2 search and the buyer, with an existing attitude (output of field 1) initiates evaluation. Search for relevant information and comparison of the firm's brand with alternatives, is resorted to by the consumer, which may lead to motivation to purchase the brand (model illustrates only positive response).

Field 3 the act of purchase is committed by the buyer who already has been motivated (output of field 2).

Field 4 feedback is of two distinct types, one to the firm in the form of sales data and another in the form of experience to the consumer. Experience, thus gained, affects of reception of the future message of the firm.

As an excellent example of computer simulation, the model's contribution to theory building is significant because of its clarity and completeness. Model is also criticized, for it's over simplification of motivation, attitude formation and its inability, in application to real marketing problems. 12,50

Engel, Kollat and Blackwell Model

'Multimediation' model, as its developers call it, is one of the most comprehensive models where, between initial stimulus and ultimate response, many processes mediate to influence outcome. Also known as Engel – Blackwell – Miniard model, objective of its design was to assimilate the growing body of knowledge concerning consume behavior. Between initial inputs and final outputs, the model highlights the role of intervening variables, besides considering the buyer's psychological condition, social influences and situational influences impinging upon ultimate behavior. Emphasis of the model is on five basic decision process stages; problem recognition, search, alternative evaluation, purchase and outcome.
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Marketing and Non-marketing information, filtered through consumer’s memory, influences problem recognition. In case of lack of information to make a choice, and dissonance, additional information is solicited, Input are processed through exposure, attention, comprehension and retention, to be transferred to long term memory, by passing through sensory memory (analysing in terms of physical properties) and short term memory (analysing message for meaning). Finally, the influence of individual and environment at five stages of decision process. Decision process is influenced by individual characteristics (motives, value, lifestyles, and personality), social influences (culture, reference group, family) and situational influences (consumer's financial condition). The model impressively delineates, cause–effect relationships and decision process than other models do. It has been applied to diverse buying situations, like purchase of car and laundry detergents with good results. Besides, the model has overemphasized deterministic (every event has a cause) models of behavior.13

Table 1.1

<table>
<thead>
<tr>
<th>ENVIRONMENTAL FACTORS</th>
<th>BUYER'S BLACK BOX</th>
<th>BUYER'S RESPONSE</th>
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<tbody>
<tr>
<td>Marketing Stimuli</td>
<td>Environmental Stimuli</td>
<td>Buyer Characteristics</td>
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<td>Product</td>
<td>Economic</td>
<td>Attitudes</td>
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<td>Natural</td>
<td>Knowledge</td>
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1.3 MILLENNIUM ‘CONSUMER DECISION PROCESS’

Consumer of the millennium is the king being pampered by many product attributes, price slashes, finance options, bulk purchase discounts, loyalty discounts, and the list goes long. This is a small example of the case of a pampered customer in the millennium; a brief presentation of various stages in a consumer decision process is presented.

Identification of Needs Smart firms equip themselves with wholesome, maximum, and accurate information pertaining to a situation or a problem, to come up with best decisions. Finding answers to questions like, do I need this good or service? From customer perspective always
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Information Search

Information is important in arriving at smart consumer decisions. Many do not know where to get information, others do not use information they have. Two kinds of information are available to consumers. ‘Hard’ information consists of facts. Weight, unit price, miles per gallon, and sodium content is examples of hard information, whereas ‘Soft’ information is not fact. Each consumer may judge soft information differently. It includes evaluations such as quality, durability, and usefulness. List Attributes – preparing a list of specific vital attributes of a product or a service needs precedes production of a good or service. These are product or service attributes. What attributes will be nice to have but aren’t really necessary? During this stage, it is helpful to gather information about the product or service a customer is evaluating. Specific guidelines for conducting an information search are defined, the increase of knowledge of attributes enable more clear comprehension and transformation of a product or service under evaluation. An example that can be cited here is that of ‘GILLET’ which could clearly use the concept of shaving once is shaving twice or thrice with its existing two and three blade models. Narrow the Field - now a customer is ready to find out what’s really “out there”. He may visit different stores, look at advertisements, and talk with friends, relatives, and salespeople to come up with alternatives. From what he has seen and heard, make a “short list” of the specific items or services you will actually compare and where they are available. Consider the good and bad factors about each specific product or service. How exactly does each alternative meet customers’ needs? How does each compare with his list of needed and wanted attributes? Consider his available resources, especially the amount of money with him. How well does the cost of each item fit within the amount of money he has to spend? What type of support does each seller offer? 14,52

Evaluate Findings and Make a Decision - after comparisons of the products or services, the stores, and the resources, customer is ready to make a decision. As is evident, smart shoppers consume time to comprehend about what they buy. Their actions are never impulsive, being a smart shopper is no doubt time consuming, but the rewards of making your limited resources go further are worth it.

1.4 MARKETING STRATEGIES & CONSUMER DECISIONS

Successful firms of the millennium exhaust all efforts to offer value addition to their customers over their competitors.
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'Customer value is the difference between all the benefits derived from a total product and all the costs of acquiring those benefits'. 'Providing superior consumer value requires the organization to do a better job of anticipating and reacting to consumer needs than the competition does'.

Figure 1.2

INFLUENCES ON AND OF CONSUMER BEHAVIOR

Market Analysis The process of developing marketing strategy commences with Market Analysis capabilities of the firms, competitors, economic and technology environment and potential opportunities and threats from consumers in the market are evaluated in market analysis. Leads about the needs of consumer are derived from consumer analysis and the same is matched with firms’ capabilities to narrow down to a target market. Marketing Strategy aims at offering higher value to customer than its competitors, more so at a profit to the firm. Marketing mix is referred to as total product. Reaction of the target market to the total product lends an image to the product, brand or organisation. Highly satisfied customers generate more profits to a firm in the long-run than higher sales; consumer holds the key to success as all other efforts wouldn’t be able to generate consumer satisfaction in the absence of a comprehensive consumer analysis. Evaluation of company, competitor, conditions, and customer enlightens the firm with the status quo of the firm, the potential threats posed by the competitor, the opportunities lying in the consumer market, and the strong and weak factors in the form of conditions. Knowledge of such kind offers the firm with the required leads on the kind and nature of the product, level of the price, mode of distribution to be opted, and nature and kind of promotion required for the success of a product. Market Segmentation helps in identifying a firms product related need set, grouping customers with similar need sets, according to their description, and finally identifies the most attractive and suitable segment to target. Consumer Decision Process
Chapter - II Consumer Decision Process involves the stages of identifying the problem; i.e. trying to segregate the problems, which can be best, answered by the firm’s product. Information search is the stage where a customer evaluates information and is an opportunity for a firm to find its brand so that it stands a chance to appear in the shortlisted brands. Alternative evaluation is the stage of consumer evaluation of shortlisted brands leading to a decision to purchase. Purchase is a stage where a firm needs to accompany the customer physically in terms of outdoor advertising, transit advertising, POP advertising to materialise the sale. The stage of using a product is critical to the firm since opinions are reinforced in this stage. A common formula here is if performance of a product matches the expectations of a customer he is satisfied, if performance exceeds expectations than the customer is delighted, if performance is not up to expectations the customer is dissatisfied. Except in the case of dissatisfaction a customer repeats his purchases and offers positive word of mouthing, it is vice versa in the other case. After the sale reinforcements need to be provided by means of advertisements of satisfied customers, free service camps, free checks, and future acknowledgements, and reminders to enable continuous reinforcing. Outcomes of using a product influence the individual, firm, and society. Individuals satisfy their needs and offer free publicity for the product and firm. The firm’s sale and ROI are increased, leading to staggered production schedules and economies of scale resulting in reduced production costs and higher productivity. The society comprises of customers of the firm, and firms employees. Customers receive good products for their money; employees receive salary, and respect thus leading to a new kind of lifestyle.

1.5 EFFECTS OF CONSUMER BEHAVIOUR

Consumer decision to buy a brand results once a firm implements its marketing strategy, consumer purchase decision is subsequent to his realisation of brand’s ability to satisfy his need, and thus leads to the use of the brand to derive satisfac

Effect on Consumers

Consumer needs or satisfied in whole or part, distinction between actual and perceived fulfillment is to be established, which are identified by retailer, but differ at times. An example cited is the advertisement for boost which highlights ‘Secret of Success’, customers is clearly aware of the products inability to assure success. Injurious Consumption - occurs when individuals or groups make consumption decisions that have negative consequences for their long-run well-being. Instances of high spending under the influence of readily available credit, and
widespread, aggressive merchandising may result in a level of expenditures that can’t be sustained by their income. Cigarettes, alcohol, ice creams are harmful; some people often consume more of them. Some of these people, and their families, in turn are then harmed by this consumption.

**Effect on Society**

**Economic** - the cumulative impact of consumer’s purchase decisions influence the economy of a state or a country. Recent incidents of consumers avoiding chicken consumption fearing bird-flew effect, and the efforts by government to assure the consumers, highlight the economic impact of consumer decision on the poultry industry. Consumption’s by the consumer influences economic growth source and cost of capital, employment levels etc. Purchase of specific brands influence balance of payments, industry growth rates and wage-levels. Decisions by other nations also influence the economic health; instances of ban on Indian garments by USA, dumping of garments in India by Chinese manufacturers had a negative influence on Indian garment industry. **Physical Environment** - heavy traffic Jams, high combination of locks, global-warming, sound pollution; higher dose of sex in advertisements, plastic littering all these are outcomes consumption process by customers. **Social Welfare** - expenditures on private goods and public goods (support for public education, parks, health care, and so forth) are the decisions taken by peoples’ representatives. The social costs of illness due to smoking, alcoholism, and drug abuse are significant. Marketing plays a significant role a reducing injurious consumption’s.

**Overall Model of Consumer Behaviour**

**Figure 1.3**
2.6 INFLUENCING FACTORS

Cultural, social and personal factors exert great influence on consumer behavior and become indispensable for all firms to learn and understand them in turn to understand their customers better. *Cross-Cultural Consumer Behavior* is what today’s marketing practices of successful firms are aiming at, firms are now guided by a single statement ‘Global localisation’ which translates itself into ‘thinking global and acting local’, which means success in the local markets of different countries is only possible by acknowledging the local cultural, social, family, and personal factors. Success in global context is a natural outcome of success in local markets. Marketers today have a difficult and challenging task of operating in many countries and to logically accomplish industry leadership marketers need to address cultural variations in demographics, languages, non-verbal communications, and values. Marketing and values, demographics and languages are mutually influencing; For example, Indian TV advertisements today are reflecting western values like individualism and youth which over a period of time will start influencing marketing. Over time, such advertising will influence not only how many Chinese and Indians choose to live (Lifestyles) but also what they value and how they think and feel.\(^{20,56}\)

**Cultural Factors**

These are fundamental and determine wants and behaviours of consumers, culture, *sub-culture*, and social-class bear a profound influence on customer values, perceptions, preferences, beliefs, and behaviours, deriving mainly from family and key institutions. *Sub-culture* is part of culture and provides specific identification and socialisation and includes nationalities, religions and geographic regions. Numerous cultural occasions/gathering viz. marriage, bridegroom’s procession, are the main themes of present ads promoting brands of chocolates, cool drinks, bathing soaps, tourism packages, pickles etc. Advertisers are trying to replace traditional and cultural items with their brands, examples are special gift packs of international chocolate brands for Diwali, Vinayake Chaturthi, etc. where traditional sweets were served earlier. Social classes are prevalent in the form of caste system that displays similar behaviour preferences, dress, speech patterns etc. Persons are also categorized as inferior and superior by social class, occupation, income, wealth, education and value orientation. Mobility in the form of ups-and-downs in the social class ladder prevails, advertisements promoting cash, a vegetarian etc. are few examples.
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Social Factors

Reference Groups - family and social roles and status play a vital role. Reference groups are all the groups having direct or indirect influence on the attitudes or behavior. Membership groups are primary groups and secondary groups influencing directly. Family, friends, neighbours, and co-workers have a continuous, informal interaction under primary groups. Religious, professional, or trade union groups have formal and low interactions and are secondary groups. Consumers seek new behaviours and lifestyles that influence attitudes and self-concept and aspiration groups prompts for conformity, a consumer wishes to and dissociate groups are rejected by consumers for their value and behavior. Many product and brand purchases are influenced by groups, often requiring an opinion leader reinforcing informal product related advises or information. Family - is the most important consumer-buying organisation in society, and family members constitute the most influential primary reference group. The family of orientation consists parents, and from parents a person acquires an orientation toward religion, politics, and economics, and a sense of personal ambition, self-worth, and love. Irrespective of their presence, interaction of parents is the significant influencing factor. Family of procreation consisting of spouse and children influence everyday buyer habits. Family member’s role in influencing the purchase varies from product to product. With expensive products and services like cars, vacations, or housing, the vast majority of husbands and wife’s engage in more joint decision-making. Roles of female buyers are acquiring significance with reference to technology products. Nevertheless, men and women may respond differently to marketing. A child too exherts a great active role than earlier. Social Status products and brands are those chosen precisely to display and enhance status of the buyer, roles played by a consumer stipulates specific activities to be performed and each role carries a status, big people use big cars, spacious bungalows, in contrast to poor people make a good example.

Personal Factors

Personal characteristics like age and stage of the lifecycle, occupation and income, personality and self-concepts, and lifestyle and values, exhort a direct influence on consumer behavior. Age and stage - age and sex has a direct bearing on all the purchases by consumers in a family, nucleus families consisting husband, wife and one or two kids are common against undivided families earlier. In addition, psychological life-cycle stages may matter. Adults’ experience certain “passages” or “transformations” as they go through life. Important events are marriage, childbirth, illness, and relocation, career change, which influence and generate new needs. Occupation and Income - buying decisions vary drastically with occupation.
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Software available in the market for professionals like managers, engineers are an example. Disposable income, savings and assets, spending attitudes, directly influence buying-decisions. 

**Personality and self-concept** – set of distinct human psychological traits that generate consistent and enduring response to environmental stimuli is termed as personality, which influences buying behavior in a great deal. Personality is often described in terms of such traits as self-confidence, dominance, autonomy, deference, sociability, defensiveness, and adaptability. 

*Brands to have personalities*, are the specific combination of human traits that can be attributed to the brand. Consumers favor those brands that synchronise with their personalities. Stanford’s Jennifer Aaker conducted research into brand personalities and identified the following five traits: 

- **Sincerity** (down-to-earth, honest, wholesome, and cheerful),
- **Excitement** (daring, spirited, imaginative, and up-to-date),
- **Competence** (reliable, intelligent and successful),
- **Sophistication** (upper-class and charming),
- **Ruggedness** (outdoorsy and tough)

Advertisements inevitably and significantly display one of these brand-personalities to prompt consumer behavior. Consumers often choose and use brands displaying brand personality similar to their own actual self-concept (how one views oneself), although in some cases the match may be based on the consumers ideal self-concept (how one would like to view oneself) or even others self-concept (how one thinks others see one) rather than actual self-image. 

**Life Style and Values** – an individual’s activity, interest and opinion expresses his pattern of living, which is lifestyle. Firms attempt to explore relationships among the products and lifestyle groups. Manufacturers of all durable (shopping and speciality) products aim money-constrained consumers with many financial options. Time-constrain consumers have addicted to the reputation of the IT. Core values are the belief systems underlying consumer attitudes and behaviors. Core values are deeper than behaviors and attitudes, and influence consumer buying, and some marketers aim these appeals to this inner-self to influence outer self.

**2.7 KEY PSYCHOLOGICAL PROCESSES**

Stimulus response model enhance our understanding of consumer behavior, marketing stimuli from environment enters consumer’s conscious, consumer characteristics together with stimuli further lead to a set of psychological processes resulting in decision process and purchase decision. Marketers’ efforts are always to understand what occurs between marketing stimuli and expensive chocolates from dress status clotaire Rapaille worked on breaking the conviction behind product behavior, and revealed how mothers choose a brand insisting on cleanliness with reference to cleaning products.
Maslow’s Theory - Abraham Maslow sought to explain why people are driven by particular needs at particular times. Proposes that human needs are arranged in a hierarchy, from the most pressing to the least pressing. They are psychological needs, safety needs, social needs, esteem needs and self-actualisation needs. People satisfy their needs according to their importance; this theory enables marketers to understand how different products match the needs of customers with their plans, goals, and lives of consumers.

Herzberg’s Theory - Frederick Herzberg developed a two-factor theory that distinguishes dissatisfiers (factors that cause dissatisfaction) and satisfiers (factors that cause satisfaction). Simply the absence of dissatisfiers doesn’t generate satisfaction also importance is presence of satisfiers. Sellers need to avoid dissatisfiers as they un-sale it. Besides sellers sole needs to identify satisfiers are motivated to purchase in the market and provide them to make the difference in the brand.25

Perception

Actions of consumers’ results from their views are perceptions of a situation. Perception is the process by which an individual selects, organises, and interprets information inputs to create a meaningful picture of the world. Perceptions are a result of physical stimuli surrounding field and conditions within the individual, they vary among individuals in the same way as reality lead to different responses. Perceptions are much effective than reality in influencing consumer behavior different perceptions exist due to three perceptual processes: selective attention, selective distortion, and selective retention.

Selective Attention - Consumers are targeted by many hundreds of ads by innumerable manufacturers, just a few of them sit in the minds of viewers and rests are discarded. This is
called selective attention, which is of critical importance to marketers as this helps them in specifying the stimuli that is acknowledged by the consumers. Three findings are relevant they are

- **People are more likely to notice stimuli that relate to a current need.** A to be bridegroom is generally more inclined at ads of suiting, jewelry, holidaying, etc.

- **People are more likely to notice stimuli that they anticipate.** Consumers narrowing down to jewelry and suit advertisements and POP displays in a big shopping mall.

- **People are more likely to notice stimuli whose deviations are large in relation to the normal size of stimuli.** Many malls offering 50% discount are more striking in their appeal? A consumer is influenced by unexpected stimuli like phone-calls from shop, sudden offers in shops which are the efforts of manufacturers to bypass selective attention filters.

**Selective Distortion** - Many existing stimuli are perceived to fit our perceptions - it is Selective Distortion. Consumers will often distort information to be consistent with prior brand and product beliefs. Consumer brand beliefs are more powerful by virtue of the results of past experiences, and also by the marketing activity of the brand. Marketers of strong brands gain an edge over neutral or unclear brand information.

**Selective Retention** - Stimuli that support one’s attitudes and beliefs, find a place in the mind, Selective Retention prompts an individual to acknowledge good points of a product against good points of competing brand. Strong brands repeat their advertisements and make sure of their retention in the minds of their customers.

**Learning**

Individuals learn and change their behavior by experience. Learning is interplay of drives, stimuli and cues, responses and reinforcement, as believed by learning theorists.

**Drives** - is a strong internal stimulus impelling action.

**Cues** - are minor stimuli, which determine when, where and how an individual responds. Satisfaction derived from an automobile brand’s petrol version generates positive disposition towards diesel version offered by the same company.
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Discrimination - is the learned ability to distinguish variations in set of similar stimuli and adjust responses accordingly, marketers use learning theory to increase their sales by associating a product with strong drives, using motivating cues, and offering positive reinforcements. Recent ad trends often use the same drives used by competitor's and also similar configurations of cues to shift the consumer loyalty or design a product with distinct set of drives along with strong cues to switch.

Memory

Individuals possess long-term and short-term memory. All experiences and information they come across in their life end up in long-term memory. Most widely accepted views of long-term memory structure involve some kind of associative model formulation.

Associative Network Memory Model - considers LTM consisting of a set of nodes and links. Nodes are stored information connected by links that vary in strength. Memory consists of all verbal, visual, abstract and contextual information during an activation process from node to node, the extent nature of information retrieval from a situation is determined.

External information encoding or internal information retrieval from LTM activates a node and also other nodes that are strongly associated. Consumer brand knowledge consists a brand node with various links in consumer memory and is consistent with associative network memory model. Strengths and organizations of these associations are important in recalling the brand. Brand thoughts, feelings, perceptions, images, experiences, beliefs, and an attitude all converts into Brand associations and linked to brand node. Appropriate product and service experiences generate appropriate brand knowledge and structure in the memory. Large firms create mental maps of consumers which provide knowledge of the brand and its associations that are triggered in a situation and their relative strength favorably and uniqueness to consumers.27

Memory processes: Encoding - how and where information gets into memory is ‘Memory Encoding’. Quantity (Amount) and quality (Nature) of processing information undergoes assumes significance. The quantity and quality of processing will be an important determinant of the strength of an association. Stronger association’s result in active thinking and collaboration by consumers. Newly formed associations are stronger when content organisation and strength of existing brand associations are stronger. Associations for new information are easy when relevant knowledge structure exist in memory. Strong brand association results from personal experiences as product information is related to existing knowledge. Integration of new information with
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existing knowledge structure also depends on characteristics like simplicity, and concreteness.

Memory processes: Retrieval – extracting information is memory retrieval. Associative network memory model (ANMM) highlights the accessibility and use of recalling as a result of “spreading activation.” Initial strength of the memory

Problem Recognition

Occurs when a consumer counters a problem. Problem recognition styles are two, actual state types and desired state types. Former, realising problem when a product fails to perform satisfactorily, latter, desiring for something new. Need or problem recognition can be either simple or complex. Problem recognition arises, as a result of change in variables affecting the desired state and actual state. Problem recognition is essentially a mental process where memory, experience, learning, perception and forgetting function together bringing the problem to the consciousness.28

Information Search

Search for more information results from arousal a mild search is heightened attention where consumer becomes receptive to product information. Active information search, where efforts to gather information by reading, visiting stores, phone in friends’ etc. Marketers are more interested to know the source from which consumer draw information they are Personal, (Family, friends, neighbors acquaintances) Commercial (advertising, web sites, sales persons, dealers, packaging, displays) Public (mass media, consumer-rating organizations) Experimental (handling, examining, using the product).

Influence of these groups vary according to product, more information is drawn from commercial source, but more effective is personal, function of each source is different, commercial provides information, personal legitimating or revolution function. Today’s marketplace is made up of traditional consumers (who do not shop online), cyber-consumers (who mostly shop online) and hybrid-consumers (who do both). Information research enables consumer to learn about competing brands, various set of brands, available to consumers are called awareness set (consumer awareness of brands), consideration set (initial buying criteria). More information will lead to contain choice set. Today companies are working with large departmental stores and local retails to change the discipline and influence the consumer. Information sources of consumers are of more significance to markets in evaluating them. Other brands present in the choice set of consumer helps a firm in designing a competitive appeal.29
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Evaluation of Alternatives

Consumers' process brand information and this vary with products and situations. Current models see this as cognitively oriented, where consumer judgments are conscious and on rational basis. Consumers' first objective is to satisfy a need, secondly, consumer expects benefits, thirdly, consumer categories different brands and their ability to provide benefits, these are basic concepts useful in understanding consumer evaluation. Consumer interests vary with product, attributes; delivering, expected benefits drive a higher attention and helps in segmenting a market according to attributes. **Beliefs and Attitudes** - consumers’ experience and learning formulate beliefs and attitudes, which influence their buying behavior. Belief is their descriptive thought, a person holds about something. An attitude is a person’s enduring favorable or unfavorable evaluation, emotional feeling, and action tendencies toward some object or idea. Attitude is the frame of mind, resulting in liking and disliking toward something and are consistent and difficult to change. Firms are recommended to match their products to the existing attitudes and warned not to try to change attitudes. **Expectancy-Value Model** - The consumer arrives at attitudes (judgements, preferences) toward various brands through an attribute evaluation procedure Brand positions display consumer attitudes towards each attributes of brands, these results from evaluation by consumers, who employ their combined brand beliefs both positive and negative. This is based on importance attached to attributes by consumers, which provides the manufacturers with leads to successful marketing different strategies of firms to sustain their sales.30

**Purchase Decisions**

Brands from preference results from evaluation leading to intention to buy highly preferred brand from the choice set. Process of purchase makes of five decisions: brand, dealer, quantity, time, payment mode, frequently used products deserve less deliberation and also sans evaluation in many cases unless intervening factors affect the decisions. **Noncompensatory Models** - Choice, heuristic is a short cut to avoid brand evaluation consuming time and energy. Under noncompensatory models of consumer choice, positive and negative attribute considerations doesn’t arise, and attribute evaluation and articulation leads to a consumer decision making. Consumers are likely to make a different choice on higher deliberation. Three such heuristics are presented; Consumer fixes a minimum cutoff level for each attribute, and chooses the product under conjunctive heuristics in the lexicographic heuristic perceived most important attribute forms the basis for consumer choice. **Evaluation by aspect heuristics** - choice of a
brand here is the result of comparison of attributes selected probabilistically, whereas choice of an attribute is positively linked to its importance. Brands below minimum cutoff level are eliminated. Consumers always end up using more than one rule understanding the way consumers evaluate brands to critical. **Intervening Factors** - Many decisions to buy are prone to attitudes of others. Higher negative intensity of a person to a consumer's preference and consumers' willingness to comply, alters the buying decisions negatively and positively, whom consumer favor influences they buying. An anticipated situational factor also intervening the buying decisions. Consumers perceive many risks, while buying products, they are-functional risks-not performing to the expectations. Physical risk – physical or health risk associated with products. Financial risk – product is unworthy of its price, Social risk – causing embarrassment for others, Psychological risk – affecting the mental ability of the user, Time risk – loss of the time as the product is useless, Levels of perceived risk - vary with price, attribute uncertainty, unsafe confidence. To reduce risk - consumers indulge in avoiding decision to seek information from friends and preferring national brands and warranties.31

**Post purchase Behavior**

*Satisfaction* – consumer now look forward for supporting information for their decisions. Marketers should supply such information to reduce such post-purchase dissonance. Consumers are disappointed, when product doesn’t match expectations, and are satisfied when performance meets expectations, are results of messages from friends, sellers, other sources. Consumers vary in their level of some highly dissatisfiers and some low satisfies as it is called copying style. Post-Purchase satisfaction highlights the need of product claims to represent its performance, sometimes performance is understood deliberately to enable a higher satisfaction. **Actions** - subsequent behavior of consumers is the result of satisfaction or dissatisfaction, it may be higher probabilities to purchase are avoid. Post purchase communications to buyers have been shown to result in fewer product returns and order cancellations. Letters congratulating consumer for is selection of his choice, Ads displaying satisfied consumer owners soliciting customers' suggestions are certain are the actions of firms to reduce Post-purchase dissonance. **Use and Disposal** - how a product is used and how fast it is lost is important for the marketer. The faster the consumers the faster will be repurchases. Marketers are at increasing product use by reminding customers of the need to replace. Examples are return of used products and avail discount. The disposal is also important for the marketer, since it enables him to assess the environmental damage if at all.32
2.8 OTHER THEORIES OF CONSUMER DECISION MAKING

The decision process of consumer is not always the result of a careful plan and deliberation.

Level of Consumer Involvement

Expectancy value model propounds higher involvement, which is the level of engagement and active processing by the consumer in response to marketing stimulus. Elaboration Likelihood Model - Richard Petty and John Cacioppo’s elaboration likelihood model, an influential model of attitude formation and change, describes how consumers make evaluations in both low-and high involvement circumstances. Two means of persuasion exist in this model the central root, where attitude formation or change results from higher thinking with diligent and
rational consideration of most important product information, whereas in the peripheral root
the choice is the result of positive or negative peripheral cues associated with a brand. (celebrity
endorsement) The central root is the most opted by consumer possessing motivation, ability
and opportunity. Lacking of any of these elements prompts a consumer to take peripheral
roots. **Low-involvement Marketing Strategies** - Low-involvement of a consumer is
categorical with low-cost, frequently purchased products with less significant brand difference.
Repeated purchases are out of habit and not out of brand loyalty. Low-involvement products
like toothpaste, beverages, soaps, (bathing & detergent) detergents, potato wafers including
few brands of chocolates and mouth freshness are today converted in to high involvement, by
displaying these products being effective in various kinds of situation. Toothpaste is social
acceptance among youth (Close-Up, Pepsodent) bathing soaps assuring remain of glamour
(Santoor) beverages providing totally healthcare (Complain, Horlicks, Boost etc) detergents
ensuring success interviews etc. Irrespective of marketers’ efforts if consumers’ involvement is
low, it results in consumer opting peripheral root, where positive and negative cues lead him.
The most visible products, advertised products, sponsored products, products with High PR
are employed to increase brand familiarity. **Variety-Seeking Buying Behavior** - Many buying
situations are characteristic by low-involvement, but significant brand difference this happens
with biscuits, chocolates, and ice-creams etc. brands switching here is for variety rather than
dissatisfiers. Leader in this market encourages mutual buying behavior by providing over sufficient
stock and avoiding out of stock condition and reminder advertising, on the other hand smaller
challenger firms of a low-prices deals, coupons, free samples and advertising to break consumers,
purchase and consumption’s cycles and to induce variety seeking.33

**Changing Consumers Lifestyles**

Consumers are today under the spell of a great variety of products which are results of IT
applications, every product available in today’s competitive market provides an unimaginable
comfort by applying IT. The range and role of IT applications in the firms is an important
advertising component of many firms. Conventional electrical and mechanical products like
automobiles, two wheelers, air conditioners, cameras, typewriters, gas stoves, and many more
are today totally transformed compared to their earlier counterparts. Matter of fact is that
number of electronic components in conventional products is increasing. The conventional four
P’s of marketing viz., Product, Price, Place, and Promotion are still the guiding principle, but
the influence of IT on all four P’s is rampant.38
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