

CHAPTER 3

CONSUMER BEHAVIOUR - A DESCRIPTION

Every man is a consumer, and ought to be a producer. He is by constitution expensive, and needs to be rich.

-- Ralph Waldo Emerson

3.1 INTRODUCTION

Consumer behaviour is comparatively a new field of study which evolved just after the Second World War. The sellers' market has disappeared and buyers' market has come up. This led to paradigm shift of the manufacturer's attention from product to consumer and specially focused on the consumer behaviour. The evaluation of marketing concept from mere selling concept to consumer-oriented marketing has resulted in buyer behaviour becoming an independent discipline. The growth of consumerism and consumer legislation emphasizes the importance that is given to the consumer. The heterogeneity among people makes understanding consumer behaviour a challenging task to marketers. Hence marketers felt the need to obtain an in-depth knowledge of consumers' buying behaviour. Finally this knowledge acted as an imperative tool in the hands of marketers to forecast the future buying behaviour of consumers and devise four marketing strategies in order to create long term customer relationship. Consumer behaviour is broadly the study of individuals, or organizations and the processes consumers use to search, select, use and dispose of products, services, experience, or ideas to satisfy needs and its impact on the consumer and society.

Consumer behaviour involves the psychological processes that consumers go through, in recognizing needs, finding ways to solve their needs, making purchase

decisions, interpret information, make plans, and implement these plans. It blends elements from psychology, sociology, social anthropology and economics. It attempts to understand the decision-making processes of buyers, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general. The basic belief of marketing-oriented company is that the customer is the hub around which the business revolves. Market itself means – consumer, around whom all marketing strategies are formulated and implemented. In order to meet competition at the market place, the marketing managers are using various methods to add value to the final product which will reach the hands of the consumers. It means in an ever changing marketing environment, there is a growing concern or awareness among marketers to go for a careful study of the consumer behaviour around which all marketing activities are made.

Understanding the consumer behaviour is the basic for marketing strategy formulation. Consumers' reaction to this strategy determines an organization's success or failure. In this competitive environment, an Organization can survive only by offering more customer value - difference between all the benefits derived from a total product and all the costs of acquiring those benefits - than competitors. Providing superior customer value requires an organization to do a better job of anticipating and reacting to the customer needs than the competitor. Marketing strategy is basically the answer to the question: How will company provide superior customer value to its target market? The answer to this question requires formulation of marketing mix –

product, price, place and promotion strategies. The right combination of these elements meets customer expectation and provides customer value.

Studying consumer behaviour enables marketing researchers to predict how consumers will react to promotional messages and to understand why they make the purchase decision they do. Marketers realized that if they know more about the consumer decision making criteria, they can design marketing strategies and promotional messages that will influence consumers more effectively. The importance of consumer behaviour made marketers to think of a separate branch in marketing research - Consumer research, to deal exclusively for consumer related issues. The current focus of consumer research is on study of underlying needs and motives in taking purchase decisions, consumer learning process and attitude formation process.

3.2 STUDY OF CONSUMER BEHAVIOUR

The global market place is a study in diversity, diversity among consumers, producers, marketers, retailers, advertising media, cultures, and customs and of course the individual or psychological behaviour. However, despite prevailing diversity, there also are many similarities. The object of the study of consumer behaviour is to provide conceptual and technical tools to enable the marketer to apply them to marketing practice, both profit and non-profit. The study of consumer behaviour is very important to the marketers because it enables them to understand and predict buying behaviour of consumers in the market place. It is concerned not only with what consumers buy, but also with why, when, where and how they buy it, how often they buy it and also how they consume it and dispose it. Research shows that two different buyers buying the same product may have done it for different reasons, paid different

prices, used in different ways, have different emotional attachments towards the things and so on.

According to Professor Theodore Levitt of the Harvard Business School, the study of Consumer behaviour is one of the most important in business education, because the purpose of a business is to create and keep customers. Consumers are created and maintained through marketing strategies. The quality of marketing strategies depends on knowing, serving, and influencing consumers. This suggests that the knowledge and information about consumers is critical for developing successful marketing strategies because it challenges the marketers to think about and analyze the relationship between the consumers and marketers, and the consumer behaviour and the marketing strategy.

Consumer behaviour is interdisciplinary and is based on concepts and theories developed by scientists, philosophers and researchers in diverse disciplines. The main objective of the study of consumer behaviour is to provide marketers with the knowledge and skills that are necessary to carry out detailed consumer analysis which could be used for understanding markets and developing marketing strategies. The study of consumer behaviour helps management to understand consumers' needs so as to recognize the potential for the trend of development of changes in consumer requirements and new technology. Consumer behaviour has become an integral part of strategic market planning. It is also the basis of the approach to the concept of Holistic Marketing. The belief that ethics and social responsibility should also be integral components of every marketing decision is embodied in a revised marketing concept -

the societal marketing concept - which calls on marketers to fulfil the needs of their target markets in ways that improve society as a whole.

3.3 TYPES OF BUYING BEHAVIOUR

3.3.1 Routine Response Behaviour:

Routine Response Behaviour is exhibited when buying low involvement products that are purchased frequently having low cost. Since there is little "risk" involved in making the purchase, there is little need for a search and decision-making effort. Routine items are those that are purchased by consumers almost automatically. The consumers are familiar with such products or product categories and have enough experience with purchasing it. Examples of such routine purchases include soft drinks, snacks, milk and egg.

3.3.2 Limited Decision Making Behaviour:

A Consumer exhibits limited decision making when purchasing products that are bought occasionally and not frequently. He might engage in a limited search for information when there is a need to learn something about an unfamiliar brand in a familiar product category. The search process will be simple, requiring a moderate amount of time for information gathering. A good example might be an item of clothing. A customer might know the product category he/she is interested in, but, perhaps, has not settled on a brand or a style.

3.3.3 Extensive Decision Making Behaviour:

Products/services that are not bought frequently, and that involve complex considerations and high involvement on the part of consumers, require more time for

decision making. The more unfamiliar and expensive the products/services are, the more time will be needed for making purchasing decision. The time needed to make a decision is based on the amount of risk involved in making the purchase. There may be a high degree of economic, performance, and/or psychological risk involved in the purchase decision with regard to items such as cars, homes, computers, and education. Consumers will spend as much time as needed to seek information, and then to make a purchase decision. An extensive search might involve going online to gather information from the companies selling the product, talking to friends and relatives, visiting stores or outlets that carry the product or offer the service that the consumers are seeking.

3.3.4. Impulse Buying Behaviour:

Sometimes consumers make purchases with no conscious planning or prior thought. When this happens, no time is spent making the purchase decision. Impulse buying can be emotional buying. A consumer might make an emotional connection with a product based on something he/she is passionate about, and this connection can trigger a purchase. The mere sight of a product, such as candy, gum, mints, chips or other items prominently displayed, either in the retail outlet or at the checkout aisles, can trigger impulse buyers to buy items they may not have planned to purchase.

The purchase of the same product does not always elicit the same buying behavior. Products can shift from one category to the next, depending on the circumstances or situation. A suit or a dress, for examples, can become a high-involvement purchase if the consumers are purchasing it to wear for a wedding. Similarly, going out for dinner can also involve an extensive decision-making for consumers who do not go out often,

but it could involve limited decision-making process for someone who goes out often. Hence, the reason for the dinner determines the extent of the decision making.

3.4 FACTORS INFLUENCING CONSUMER BEHAVIOUR

3.4.1 Cultural Factors

Consumer behaviour is deeply influenced by cultural factors such as: buyer culture, subculture, and social class. Culture is the way of life of a community or group. In order to fit in a cultural group, a consumer must follow the written and unwritten cultural norms. In other words, cultural norms define what a consumer can or cannot buy

Culture

Cultural factors comprise of set of values and ideologies of a particular community or group of individuals. It is the culture of an individual which decides the way he/she behaves. In simpler words, culture is nothing but values of an individual. What an individual learns from his parents and relatives as a child becomes his culture. Cultural factors have a significant effect on an individual's buying decision. Every individual has different sets of habits, beliefs and principles which he/she develops from his family status and background. Basically, culture is the part of every society and is the important cause of person wants and behaviour. The influence of culture on buying behaviour varies from country to country and therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries.

Sub-culture

Each culture contains different subcultures such as religions, nationalities, geographic regions, racial groups etc. Marketers can use these groups by segmenting the market into various small portions. For example marketers can design products according to the needs of a particular geographic group.

Social Class

Every society possesses some form of social class which is important to the marketers because the buying behavior of people in a given social class is similar. In this way marketing activities could be tailored according to different social classes. Here the marketers should note that social class is not only determined by income but there are various other factors as well such as: wealth, education, occupation etc.

3.4.2. Social Factors

Social factors also impact the buying behaviour of consumers. Human beings are social animals. They need people around to talk to and discuss various issues to reach to better solutions and ideas. Hence it is really important for individuals to adhere to the laws and regulations of society. The important social factors are: reference groups, family and, role and status.

Reference Groups

A reference group consists of one or more persons whom an individual refers regarding beliefs, feelings and behaviour. A consumer might have various reference groups, including family, friends, co-workers or famous people with whom he would like to emulate. Reference groups have potential in forming a person's attitude or behaviour. The impact of reference groups varies across products and brands. For

example if the product is visible such as dress, shoes and car then the influence of reference groups will be high. Reference groups also include opinion leader who influence others because of his special skill, knowledge or other characteristics. The reference groups affect buying decisions by

- (i) offering information,
- (ii) providing rewards for specific purchasing behavior and
- (iii) enhancing a consumer's self-image.

Reference groups provide information to consumers directly through conversation or indirectly through observation. Some reference groups also influence behaviour by rewarding behaviour that meets with their approval or chastising those who engage in behaviour that does not. By identifying and affiliating with reference groups, consumers can create, enhance, and maintain their self-image.

Family

Buyer behaviour is strongly influenced by the members of a family. When families make purchase decisions, they often consider the needs of all the family members. Therefore marketers are trying to find the roles and influence of the husband, wife and children. If the buying decision of a particular product is influenced by women, then the marketers will try to target the women in their advertisement. The buying roles change with change in consumer lifestyles. Many purchase decisions are made about products or services that the entire family will consume or use. Thus, firms must consider how families make purchase decisions and understand how various family members might influence these decisions.

Roles and Status

Each person possesses different roles and status in the society depending upon the groups, clubs, family, organization etc. to which he belongs. For example a woman is working in an organization as Finance Manager. Now she plays two roles, one of Finance Manager and other of Mother. Therefore her buying decisions will be influenced by her role and status.

3.4.3 Personal Factors

Personal factors can also affect the consumer behaviour. Some of the important personal factors that influence the buying behaviour are: lifestyle, economic situation, occupation, age, personality and self concept.

- **Age and Life cycle:**

Like the social class the human life cycle can have a significant impact on consumer behaviour. The life cycle is an orderly series of stages in which consumer attitude and behavioural tendencies evolve and occur because of developing maturity, experience, income, and status. Marketers often define their target market in terms of the consumers' present lifecycle stage. Age influences consumer behaviour in a rather direct way. Consumer needs are basic in childhood but become complex in teenage and middle ages. In old age, consumer needs go back to basic. Age and life-cycle have potential impact on the consumer buying behaviour. It is obvious that the consumers change the pattern of purchasing goods and services with the passage of time.

Family life-cycle consists of different stages such young singles, married couples, unmarried couples etc which help marketers to develop appropriate products for each

stage. Teenagers would be more interested in buying bright and loud colours as compared to a middle aged or elderly individual who would prefer decent and subtle designs. A bachelor would prefer spending lavishly on items like beer, bikes, music, clothes, parties, club and so on. A young single would hardly be interested in buying a house, property, insurance policies, gold etc. An individual who has a family, on the other hand would be more interested in buying something which would benefit his family and make their future secure.

- **Occupation**

Occupation of a person has significant impact on his buying behaviour. An individual's nature of job has a direct influence on buying decisions. An individual working on the shop floor cannot afford to wear premium brands everyday to work. College goers and students would prefer casual dresses as compared to professionals who would be more interested in buying formal shirts and trousers.

- **Economic Situation**

The economic situation of a consumer greatly influences his buying behaviour. If the income and savings of a consumer is high then he will purchase more expensive products. On the other hand, a person with low income and savings will purchase inexpensive products. The buying tendency of an individual is directly proportional to his income/earnings per month. Individuals with high income would buy expensive and premium products as compared to individuals from middle and lower income group who would spend mostly on necessary items.

- **Lifestyle**

Lifestyle, a term proposed by Austrian psychologist Alfred Adler in 1929, refers to the way an individual stays in the society. Lifestyle is expressed by the things in his/her surroundings. It is determined by customers' interests, opinions, activities etc and shapes his whole pattern of acting and interacting in the world. An individual's lifestyle is something to do with his style, attitude, perception, his social relations and immediate surroundings.

It is really important for some people to wear branded clothes whereas some individuals are really not brand conscious. An individual staying in a posh locality needs to maintain his status and image. Lifestyle of consumers is an important factor affecting their buying behaviour.

- **Personality**

Personality is a set of characters that are deeply embedded in a person's mind. It determines what a person eats, wears, drives or watches. In simple terms, personality determines all decisions including the attitude towards different products. Personality changes from person to person, time to time and place to place. Therefore it can greatly influence the buying behaviour of consumers. Actually, personality is not what one wears; rather it is the totality of behaviour of a man in different circumstances. It has different characteristics such as: dominance, aggressiveness and self-confidence which can be useful to determine the consumer behaviour for a particular product or service.

3.4.4 Psychological Factors

There are four important psychological factors affecting the consumer buying behaviour. These are: perception, motivation, learning, beliefs and attitudes.

- **Motivation**

Motivation is what drives a person to consider one need to be more important than the other. The level of motivation also affects the buying behaviour of consumers. Every person has different needs such as physiological needs, biological needs, social needs etc. The nature of the needs is that, some of them are most pressing while others are least pressing. Therefore a need becomes a motive when it is more pressing to direct the person to seek satisfaction

- **Perception**

Perception is defined as the process by which an individual selects, organizes and interprets stimuli into a meaningful and coherent picture of the world. It can be described as “how we see the world around us”. Two individuals may be exposed to the same stimuli under the same apparent conditions, but how each person recognizes, selects, organizes, and interprets these stimuli is a highly individual process based on each person’s own needs, values, and expectations.

Perception is made up of different concepts. However within the framework of consumer behaviour, the basic elements or concepts of perception include; Sensation, Absolute Threshold, Differential Threshold and Subliminal Perception.

Sensation

Sensation is the immediate and direct response of the sensory organs to stimuli. A stimuli is any unit of input to any of the senses. Examples of stimuli include products, packages, brand names, advertisements, and commercials. Sensory receptors are the human organs (the eyes, ears, nose, mouth, and skin) that receive sensory inputs. Their sensory functions are to see, hear, smell, taste and feel. All of these functions are come to play, either singly or in combination, in the evaluation and use of most consumer products.

Absolute Threshold

The lowest level at which an individual can experience a sensation is called the absolute threshold. The point at which a person can detect and differentiate between “something” and “nothing” is that person’s absolute threshold for that stimulus. Package designers try to determine consumers’ absolute thresholds to make sure that their new-product designs will stand out from competitors’ packages on retailers’ shelves.

Differential Threshold

The minimal difference that can be detected between two similar stimuli is called differential threshold. When it comes to product improvements, marketers very much want to meet or exceed the consumer’s differential threshold; that is, they want consumers to readily perceive any improvements made in the original product.

Subliminal Perception

Stimuli that are too weak or too brief to be consciously seen or heard may nevertheless be strong enough to be perceived by one or more receptor cells. This process is called subliminal perception.

Learning

Learning is a change in a person's thought processes caused by prior experience. Consumer learning may result from things that marketers do, or it may result from stimuli that have nothing to do with marketing. Either way, almost all consumer behaviour is learned. Experts describe a number of steps in the learning process. Depending on the cues - products, signs, advertisements, and other stimuli in the environment an individual chooses some specific response. A response is an effort to satisfy a drive. The specific response chosen depends on the cues and the person's past experiences. The learning process occurs when the response is followed by satisfaction-that is, reduction in the drive. Reinforcement strengthens the relationship between the cue and the response. It may lead to a similar response the next time wh the drive occurs. Repeated reinforcement leads to development of a habit-making in the individual's decision process routine.

- **Attitudes and Beliefs**

Attitude is a person's point of view toward something. The "something" may be a product, an advertisement, a sales person, a firm, or an idea. Attitudes are an important topic for marketers because attitudes affect the selective processes, learning, and eventually the buying decisions people make. Because attitudes are usually thought of as involving liking or disliking, they have some action implications.

Beliefs are not so action-oriented. Belief is a person's opinion about something. Beliefs may help to shape a consumer's attitude but do not necessarily involve any liking or disliking. Beliefs about a product may have a positive or negative effect in shaping consumers' attitudes. In an attempt to relate attitude more closely to purchase

behaviour, some marketers stretched the attitude concept to include consumer "preferences" or "intention to buy." Forecasts would be easier if attitudes were good predictors of intentions to buy. Marketers can change the beliefs and attitudes of consumers by launching special campaigns in this regard.

3.5 ROLES IN CONSUMER DECISION-MAKING

In a consumer decision - making process, several individuals get involved. Each of them plays an influencing role. At times more than one role may be played by an individual. These roles are:

3.5.1 Initiator

Initiator is a person who sows the seed in a customer's mind to buy a product. This person may be a part of the consumer's family like a child, spouse, or parents. Alternatively, the person may be a friend, a relative, a colleague, or even a sales person.

3.5.2 Influencer

Influencer is a person within or outside the immediate family of the consumer who influences the decision process. The individual perceived as an influencer is also perceived as an expert.

3.5.3 Decider

This is the person who actually takes the decision. In a joint family, often it is the head of the family or the elders in the family who take a decision. But in nuclear and single families and with the increase in the literacy among women and number of working couples, the decisions are often jointly taken. Husband, wife, and even the

entire family taking the decision, particularly on major purchases, is quite common in urban and metro areas. The decider/s considers both economic and non-economic parameters before selecting a brand.

3.5.4 Buyer

Buyer is the person who actually buys the product. He could be a decider or an initiator.

3.5.5 User

User is the person/s who actually consumers the product. This could be the entire family or just one person within the consumer's family.

3.6 BUYER DECISION-MAKING PROCESS

Buyer decision processes are the decision making processes undertaken by consumers in regard to a potential market transaction before, during, and after the purchase of a product or service. It is the way in which people gather and assess information and make choices among alternative goods, services, organizations, people, places, and ideas. It consists of the process itself and the factors affecting the process. Research shows that consumers go through a five-stage decision-making process in any purchases made.

3.6.1 Need recognition and problem awareness

The buying process begins with need recognition or problem awareness. At this stage, the consumer, firstly, recognizes a problem or need or attracted to an advertisement. Without the recognition of the need, a purchase cannot take place. The

need can be triggered by internal stimuli or external stimuli. Abraham Maslow dictates that needs are arranged in an hierarchy. According to Maslow's hierarchy, only if the human needs are fulfilled the needs at a certain stage, he does move to the next stage.

3.6.2 Information search

After the consumer has recognized the need for something or an existing problem, he moves on to the next stage; searching for information. An “aroused” consumer then needs to decide how much information, if any, is required. If the need or the problem is so pressing and there is a product or service close at hand that meets the need or solves the problem, then a purchase decision is made immediately. If not, the process of searching for information begins. There are several sources from where consumers could obtain information. For example: Personal sources like family, friends and neighbours; Commercial sources like advertising, salespeople, retailers, dealers, packaging and point-of sale displays, Public sources like newspapers, radio, television and consumer organizations, and Experiential sources like handling, examining and using the product. The usefulness and influence of these sources of information will vary by product and by consumer.

The challenge for the marketing team is to identify the source of information that are most influential in their target markets. After a problem or desire has been identified, the consumer begins searching for a solution. Search can be internal and/or external .As risk increases; the amount of information sought also increases. Once the information search is completed, it must be determined whether the shortage or unfulfilled desire can be satisfied by any alternative.

3.6.3 Evaluation of alternatives

The next stage in the model is the evaluation stage, where the consumer chooses between the alternative brands, products and services. The important factor which influences the extent of evaluation is whether the consumer feels involved in the purchasing of the product. Involvement here means the degree of perceived relevance and personal importance that goes with the choice of a particular brand (Jobber, 2001¹). High involving purchase is where the consumer carries out extensive evaluation. On the other hand, the “low involving” purchase does not require extensive evaluation. High-involvement purchases are mostly those which involve high expenditure or personal risk (for example buying a house or a car). Under “high-involving” purchases, the buyer is influenced by a number of factors before the final purchase decision is made.

3.6.4 Purchase decision

The job of the seller is to ensure that the purchase process is simple and effective. The organization can use a variety of techniques to achieve this because even at this stage the purchaser could change his mind and select a competitor’s product or cancel the purchase altogether. A long queue, impolite sales staff or complicated sales process may dissuade consumers from buying. Even if a consumer buys in this situation a negative buying experience could stop him from buying in the future. Therefore sellers need to make the buying process as simple and enjoyable as possible to safeguard future purchases. The provision of credit or payment terms may encourage purchase, or a sales promotion such as the opportunity to receive a premium or enter a competition may provide an incentive to buy immediately. The

relevant internal psychological process that is associated with purchase decision is integration. Once the integration is achieved, the organization can influence the purchase decisions much more easily.

3.6.5 Post - Purchase Behaviour

The consumer's decision-making process does not end with the purchase. After consumption, the consumer assesses the level of performance of the product or service. The post purchase evaluation process is important because the feedback acquired from actual use of a product will influence the likelihood of future purchases. Positive performance means the brand is retained in the evoked set and increases the likelihood it will be purchased again. Unfavourable outcomes may lead the consumer to form negative attitudes toward the brand, lessening the likelihood it will be purchased again or even eliminating it from the consumer's evoked set.

Consumers engage in a number of activities during the post purchase evaluation process. They may seek out reassurance and opinions from others to confirm the wisdom of their purchase decision, lower their attitudes or opinions of the unchosen alternative, deny or distort any information that does not support the choice they made, or look for information that does support their choice. An important source of supportive information is advertising; consumers tend to be more attentive to advertising for the brand they have chosen. Thus, it may be important for companies to advertise in order to reinforce consumers' decisions to purchase their brands.

3.7 NATURE OF CONSUMER BEHAVIOUR

3.7.1 Consumer behaviour is a subject which deals with issues related to cognition, affection and behavior in consumption, against the backdrop of individual and environmental determinants. The individual determinants pertain to an individual's internal self and include psychological components like personal motivation and involvement, perception, learning and memory, attitudes, self-concept and personality, and, decision making. The environmental determinants pertain to external influences surrounding an individual and include sociological, anthropological and economic components like the family, social groups, reference groups, social class, culture, sub-culture, cross-culture, and national and regional influences.

3.7.2. Consumer behaviour can be studied at micro or macro levels depending upon whether it is analyzed at the individual level or at the group level.

3.7.3 Consumer behaviour is interdisciplinary. It has borrowed heavily from psychology (the study of the individual: individual determinants in buying behaviour), sociology (the study of groups: group dynamics in buying behaviour), social psychology (the study of how an individual operates in group/groups and its effects on buying behaviour), anthropology (the influence of society on the individual: cultural and cross-cultural issues in buying behaviour), and economics (income and purchasing power).

3.7.4. Consumer behaviour involves the process of exchange between the buyer and the seller, mutually beneficial for both.

3.7.5 Consumer behaviour is descriptive and also analytical/ interpretive. It is descriptive as it explains consumer decision making and behaviour in the context of individual determinants and environmental influences. It is analytical/ interpretive, as against a backdrop of theories borrowed from psychology, sociology, social psychology, anthropology and economics. Such study analyzes consumption behaviour of individuals alone and in groups. It makes use of qualitative and quantitative tools and techniques for research and analysis, with the objective of understanding and predicting consumption behaviour.

3.7.6 Consumer behaviour is a science as well as an art. It uses both, theories borrowed from social sciences to understand consumption behaviour and quantitative and qualitative tools and techniques to predict consumer behaviour.

3.8 CONSUMER BEHAVIOUR THEORY: APPROACHES AND MODELS

Consumer decision making has long been of interest to researchers. Beginning from 300 years ago, early economists, led by Nicholas Bernoulli, John Von Neumann and Oskar Morgenstern, started to examine the basis of consumer decision making (Richarme 2007₂). This early work approached the topic from an economic perspective, and focused solely on the act of purchase (Loudon 1993₃). The most prevalent Model from this perspective is ‘Utility Theory’ which proposes that consumers make choices based on the expected outcomes of their decisions. Consumers are viewed as rational decision makers who are only concerned with self interest (Schiffman *et.al* 2007₄, Zinkhan 1992₅).

Where utility theory views the consumer as a 'rational economic man', contemporary research on consumer behaviour considers a wide range of factors influencing the consumer, and acknowledges a broad range of consumption activities beyond purchasing. These activities commonly include; need recognition, information search, evaluation of alternatives, building of purchase intention, act of purchasing, consumption and finally disposal. This complete view of consumer behaviour has evolved through a number of discernable stages over the past century in light of new research methodologies and paradigmatic approaches being adopted.

While this evolution has been continuous, it is only since the 1950's that the notion of consumer behaviour has responded to the conception and growth of modern marketing to encompass the more holistic range of activities that impact upon the consumer decision (Blackwell., *et.al*, 2001₆).

A number of different approaches have been adopted in the study of decision making, drawing on differing traditions of psychology. Writers suggest different typological classifications of these works with five major approaches emerging. Each of these five approaches have alternate models of man, and emphasize the need to examine quite different variables (Foxall 1990₇)

- Economic Man
- Psychodynamic
- Behavioural
- Cognitive
- Humanistic

3.8.1 Economic Man

As identified in early research man is as entirely rational and self interested, making decisions based upon the ability to maximise utility whilst expending the minimum effort. While work in this area began around 300 years ago, the term ‘economic man’ (Persky 1995₈) was first used in the late nineteenth century at the start of more sustained research in the area. In order to behave rationally, a consumer would have to be aware of all the available consumption options, be capable of correctly rating each alternative and selecting the optimum course of action. These steps are no longer seen to be a realistic account of human decision making, as consumers rarely have adequate information, motivation or time to make such a ‘perfect’ decision and are often acting upon by less rational influences such as social relationships and values (Simon 1997₉). Furthermore, individuals are often described as seeking satisfaction rather than optimum choices, as highlighted by Herbert Simons Satisficing Theory, or Kahneman and Tversky’s Prospect Theory (Kahneman, *et.al* 1979₁₀) which embrace bounded rationality (Simon 1991₁₁).

3.8.2 Psychodynamic Approach

The psychodynamic tradition within psychology is widely attributed to the work of Sigmund Freud (1856-1939) (Stewart 1994₁₂). This view posits that behaviour is subject to biological influence through ‘instinctive forces’ or ‘drives’ which act outside conscious thought (Arnold *et.al.* 1991₁₃) while Freud identified three facets of the psyche, namely the Id, the Ego and the Superego. Other theorists working within this tradition, most notably Jung, identified different drives (Ribeaux *et al.* 1978₁₄).

The key tenet of the psychodynamic approach is that behaviour is determined by biological drives, rather than individual cognition, or environmental stimuli.

3.8.3 Behavioural Approach

In 1920 John B. Watson published a landmark study into behaviour which became known as ‘Little Albert’ (Watson *et al.* 1920₁₅). This study involved teaching a small child to fear otherwise benign objects through repeated pairing with loud noises. The study proved that behaviour can be learned by external events and thus largely discredited the Psychodynamic approach that was predominant at the time.

Essentially Behaviourism is a family of philosophies stating that behaviour is explained by external events, and that all things that organisms do, including actions, thoughts and feelings can be regarded as behaviours. The causation of behaviour is attributed to factors external to the individual. The most influential proponents of the behavioural approach were Ivan Pavlov (1849-1936) who investigated classical conditioning, John Watson (1878-1958) who rejected introspective methods and Burrhus Skinner (1904-1990) who developed operant conditioning. Each of these developments relied heavily on logical positivism purporting that objective and empirical methods used in the physical sciences can be applied to the study of consumer behaviour (Eysenck *et al.* 2000₁₆).

There are a number of branches of research that conform to the major tenets of behaviourism, but differ subtly in other ways. Initially ‘Classical Behaviourism’, established by John Watson, required the entirely objective study of behaviour, with no mental life or internal states being accepted. Human thoughts were regarded by Watson as ‘covert’ speech (Sternberg 1961₁₇) and strict monism was adhered to.

Between 1930 and 1950 Skinner founded 'Radical Behaviourism' which acknowledges the existence of feelings, states of mind and introspection, however still regards these factors as epiphenomenal (Nye 1979₁₈). The assumed role of internal processes continued to evolve in subsequent decades, leading to more cognitive approaches with a new branch of study 'Cognitive Behaviourism' claiming that intrapersonal cognitive events and processes are causative and the primary irreducible determinants of overt behaviour (Hillner 1984₁₉).

While behavioural research still contributes to the understanding of human behaviour, it is widely recognized as being a part of any possible full explanation. Behaviourism does not appear to adequately account for the great diversity of response generated by a population exposed to similar, or even near identical stimuli.

3.8.4 Cognitive Approach

In stark contrast to the foundations of Classical Behaviourism, the cognitive approach ascribes observed action (behaviour) to intrapersonal cognition. The individual is viewed as an 'information processor'. This intrapersonal causation clearly challenges the explicative power of environmental variables suggested in Behavioural approaches, however an influential role of the environment and social experience is acknowledged, with consumers actively seeking and receiving environmental and social stimuli as informational inputs aiding internal decision making.

The Cognitive approach is derived in a large part from Cognitive Psychology which can trace its roots back to early philosophers such as Socrates who was

interested in the origin of knowledge (Plato 360 B.C₂₀), Aristotle who proposed the first Theory of Memory (Aristotle 350 B.C₂₁) and Descartes who explored how knowledge is represented mentally in his Meditations. It was not until the middle of the Twenty First Century, Cognitive Psychology truly emerged as a mainstream and useful field of study with the development of the Stimulus-Organism-Response Model by Hebb during the 1950's (Cziko 2000₂₂) and the publication of the landmark text by Ulric Neisser in 1967 (Neisser 1967₂₃). From this point many writers suggested that Cognitivism had taken over from Behaviourism as the dominant paradigmatic approach to decision research.

While there are distinct branches of cognitive psychology, they all share an abiding interest in exploring and understanding the mental structures and processes which mediate between stimulus and response (Kihlstrom 1987₂₄). Contemporary Cognitive Psychology has identified and developed a wide range of factors which are thought fundamental to these intrapersonal processes including: perception, learning, memory, thinking, emotion and motivation. While this is far from a complete list of the possible constructs at play, it does serve to outline the complexity and multiplicity of issues inherent with this approach.

Early Stimulus-Organism-Response Models suggest a linear relationship between the three stages with environmental and social stimuli acting as external antecedents to the organism. This approach assumes that stimuli act upon an inactive and unprepared organism. Most modern theorists however, acknowledge that information processing is conducted by an active organism whose past experience will influence not only the processing of such information but even what information is sought and received.

Information processing will be both stimulus driven and concept driven (Moital 2007₂₅) (Groome *et.al.* 1999₂₆). This development has resulted in more recent depictions of consumer decision making being circular in fashion (Peter.,*et.al* 2008₂₇), or drawn through a Venn diagram (Jacoby 2002₂₈).

Despite coming from a Radical Behavioural perspective, Foxall identifies four key strengths of cognitivism as a means of explaining consumer behaviour:

- Its closeness to the common-sense explanations of everyday discourse make it an intuitively attractive means of offering explanations of everyday behaviours such as purchasing and consuming;
- The ability of consumers to describe their experiences in terms of their attitudes, wants, needs and motives ensures that an explanation proceeds in the same terms as the description of what is explained;
- It brings a measure of unity and consensus to a still young field of inquiry;
- The extensive use made by other social science and humanity disciplines of cognitive explanation has assisted the conceptual development of this line of consumer research by making possible the borrowing of theoretical and methodological inputs.

Furthermore, Cognitivism has the capacity to explain complex behaviours, an acknowledged deficiency of the competing behavioural perspective where it is impossible to ascertain the contingencies that control response (Foxall 1993₂₉). However, the cognitive approach is also criticized for a number of reasons. Foxall comments that the cognitive approach relies extensively upon the use of abstract and unobservable explanatory variables which seldom prove amenable to empirical investigation and evaluation. Additionally, cognitivism assumes that the consumer is

rational, discerning, logical and active in decision making. (Bozinoff 1982³⁰) (Solomon *et al.* 2006³¹).

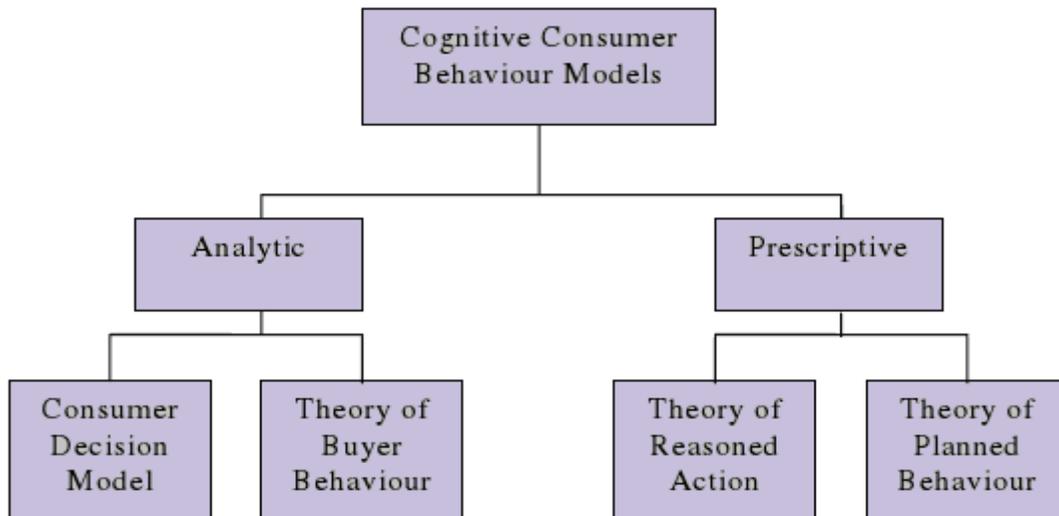
Despite these criticisms, a cognitive approach is more appropriate in the examination of ethical purchasing behaviour. Firstly, the complexity of such actions cannot be accommodated through behavioural models and secondly, the benefits of ethical consumption are largely vicarious in nature, requiring extensive intrapersonal evaluation. Key existing studies into ethical purchasing have all accepted the role of intrapersonal examination (Hines 2000³², Nicholls 2006³³, Ozcaglar 2006³⁴).

Cognitive Models of Consumer Behaviour

There are two major types of cognitive models of consumer behaviour. Firstly, Analytical Models which provide a framework of the key elements that are purported to explain the behaviour of consumers. These Models identify a plethora of influencing factors, and intimate the broad relationships between factors in consumer decision making. Due to their wide ranging scope, such Models are often labelled as the “grand models” (Kassarjian 1982³⁵). Typically they tend to follow the traditional five step classification outlining problem recognition, information search, alternative evaluation, choice and outcome evaluation as the key stages in consumer decision processes (Erasmus, 2001³⁶). The Theory of Buyer Behaviour (Howard *et.al* 1969³⁷) and the Consumer Decision Model are the most widely cited analytical models. Secondly, Prescriptive Models provide guidelines or frameworks to organize how consumer behaviour is structured”. These Models include the order in which elements should appear and prescribe the effect that should be observed, given certain causal factors. As such they promise to be useful to practitioners who can ‘measure’ what

stimuli should be modified or emphasized in order to attract a certain consumer response. The most widely referenced and used Prescriptive Models are the Theory of Reasoned Action (Fishbein *et al.* 1975³⁸) and the Theory of Planned Behaviour (Ajzen 1985³⁹).

Figure: 3.1
Cognitive Consumer Behaviour Models



Source: (Loudon .,1993⁴⁰)

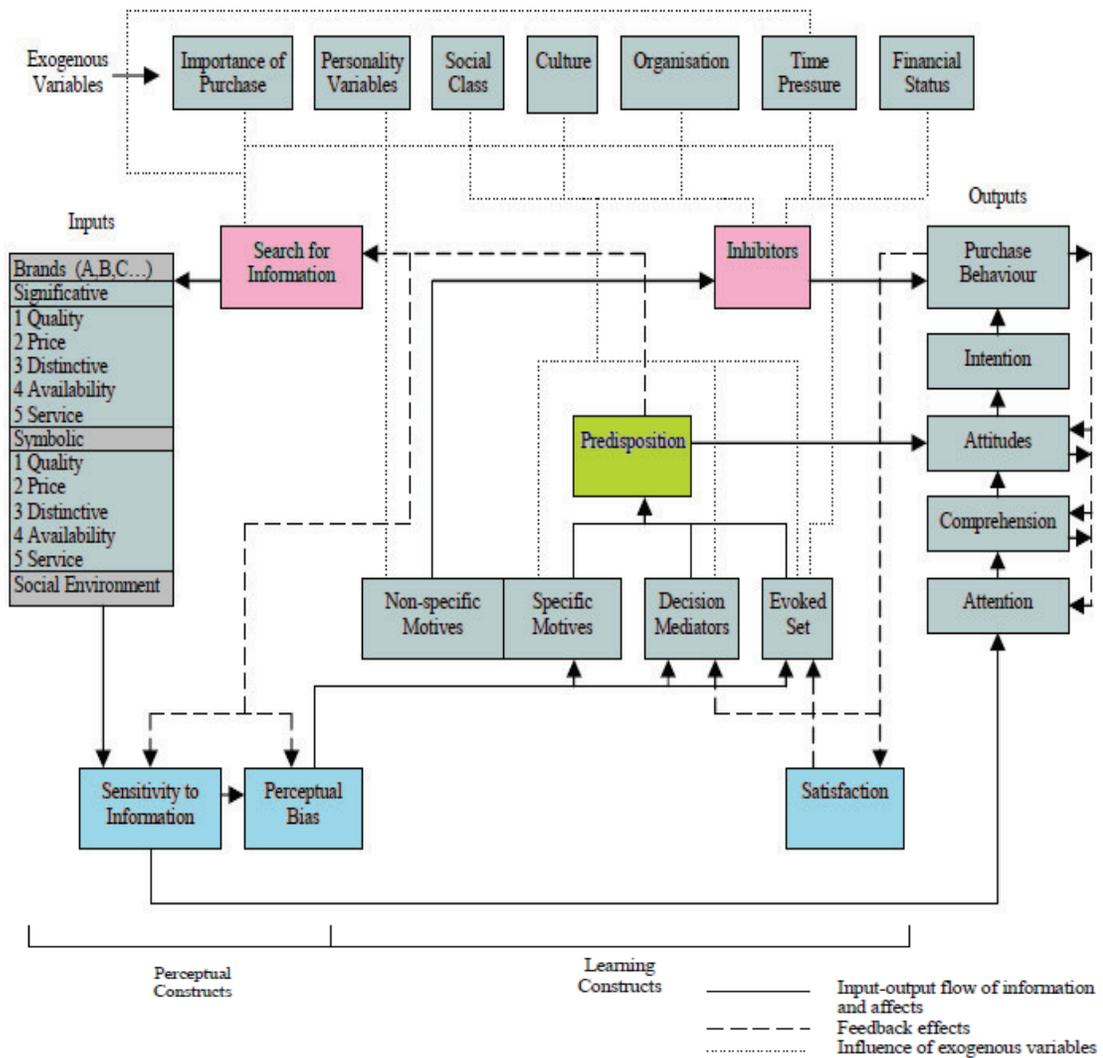
Analytic Cognitive Models:

The Theory of Buyer Behaviour:

Howard developed the first consumer decision-model in 1963 (Du Plessis 1991⁴¹). This model was developed further in 1969 by Howard and Sheth to become the 'Theory of Buyer Behaviour' (Howard and Sheth Model). It provides a sophisticated integration of the various social, psychological and marketing influences on consumer choice into a coherent sequence of information processing. The authors' interest was in constructing a comprehensive Model that could be used to analyze a wide range of purchasing scenarios, and as such the term 'buyer' was preferred over 'consumer' so as to not exclude commercial purchases. Input variables are the environmental stimuli

that the consumer is subjected to, and is communicated from a variety of sources. Significant stimuli are actual elements of products and brands that the buyer confronts, while symbolic stimuli refers to the representations of products and brands as constructed by marketers through advertising and act on the consumer indirectly. Social stimuli include the influence of family and other peer and reference groups. The influence of such stimuli is internalized by the consumers before they affect the decision process.

Figure: 3.2
The Theory of Buyer Behaviour



Source: (Howard, 1969₄₂)

The Hypothetical Constructs (Intervening Variables) can be classified in two categories: Perceptual constructs, and learning constructs. Perceptual constructs include:

- **Sensitivity to information** – the degree to which the buyer controls the flow of stimulus information.
- **Perceptual bias** – distortion or alteration of the information received due to the fitting of the new information into the existing mental set of consumers.
- **Search for information** – the active seeking of information on consumption choices.

In combination these perceptual constructs serve to control, filter and process the stimuli that are received.

The Model draws heavily on learning theory concepts and as such six learning constructs are represented:

- **Motive** – described as either general or specific goals' impelling action.
- **Evoked Set** – the consumers' assessment of the ability of the consumption choices that are under active consideration to satisfy his or her goals.
- **Decision mediators** – the buyer's mental rules or heuristics for assessing purchase alternatives.
- **Predispositions** – a preference toward brands in the evoked set expressed as an attitude toward them.
- **Inhibitors** – environmental forces such as limited resources (e.g. time or financial) which restrain the consumption choice.
- **Satisfaction** – represents a feedback mechanism from post-purchase reflection used to inform subsequent decisions.

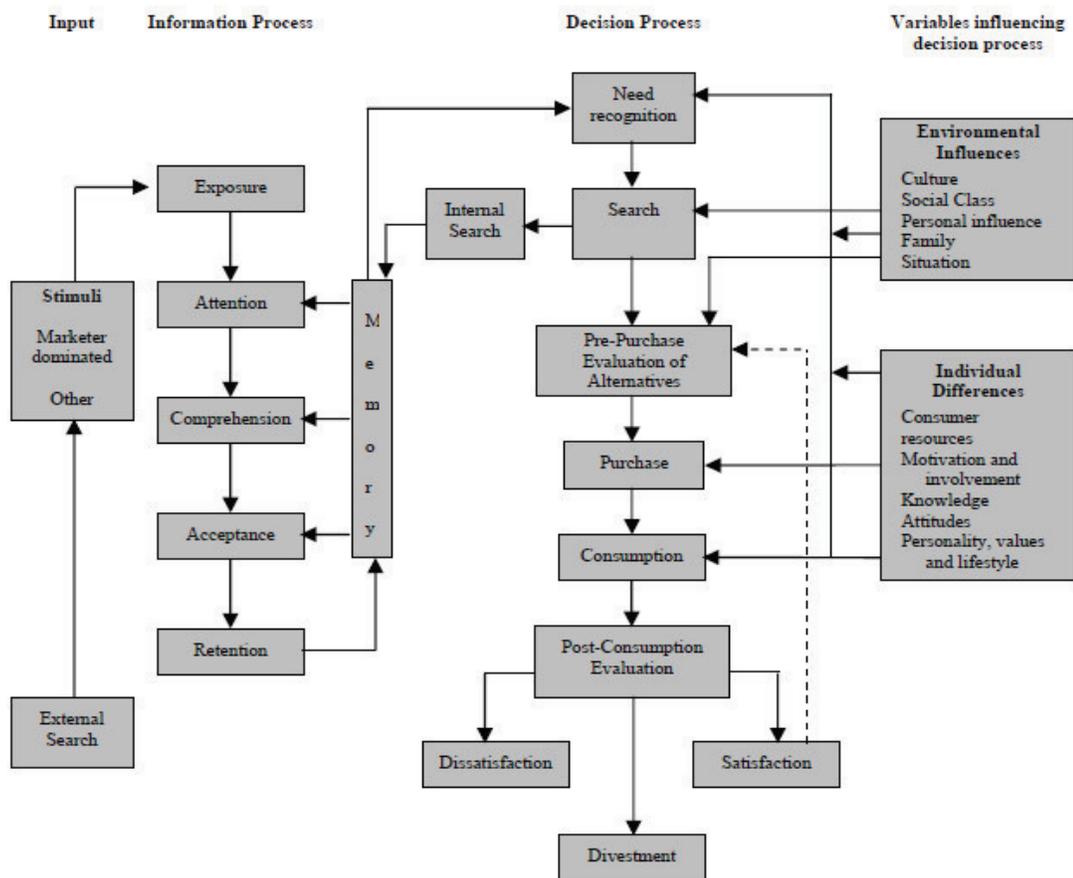
This process of learning serves to influence the extent to which the consumer considers future purchases, and seeks new information. Howard and Sheth suggested that consumer decision making differs according to the strength of the attitude toward the available brands; this being largely governed by the consumer's knowledge and familiarity with the product class. In situations where the consumer does not have strong attitudes, they are said to engage in Extended Problem Solving (EPS) and actively seek information in order to reduce brand ambiguity. In such situations the consumers will also undertake prolonged deliberation before deciding which product to purchase or indeed, whether to make any purchase. As the product group becomes more familiar, the processes will be undertaken less conscientiously as the consumer undertakes Limited Problem Solving and eventually Routine Problem Solving (RPS). Exogenous variables outline a number of external variables that can significantly influence decisions.

Consumer Decision Model:

The Consumer Decision Model (also known as the Engel-Blackwell-Miniard Model) was originally developed in 1968 by Engel, Kollat, and Blackwell and has gone through numerous revisions. It can be seen that many of the elements of the Model are similar to those presented in the Theory of Buyer Behaviour. However, the structure of presentation and relationship between the variables differs somewhat. The model is structured around a seven point decision process: need recognition followed by a search of information both internally and externally, evaluation of alternatives, purchase, post purchase reflection and finally, divestment. These decisions are influenced by two main factors. Firstly stimuli is received and processed by the consumers in conjunction with memories of previous experiences, and secondly,

external variables in the form of either environmental influences or individual differences. The environmental influences identified include: culture; social class; personal influence; family and situation, while the individual influences include: consumer resource; motivation and involvement; knowledge; attitudes; personality; values and lifestyle.

Figure: 3.3
Consumer Decision Model



Source: (Blackwell, 2001⁴³)

Entry to the Model is through need recognition when the consumer acknowledges a discrepancy between their current state and some desirable alternative. This process is driven by an interaction between processed stimuli inputs and environmental and individual variables. After a need has been acknowledged the consumer embarks on a

search for information, both internally through the consumers' memory bank of previous experiences, and externally. The authors argue that the Model is suitable for use in explaining situations involving both extended problem solving and limited problem solving by modifying the degree to which various stages of the Model are engaged in, by the consumer. The depth of information search will be highly dependent on the nature of problem solving, with new or complex consumption problems being subjected to extensive external information searches, while simpler problems may rely wholly on a simplified internal search of previous behaviour. Information is said to pass through five stages of processing before storage and use, namely: exposure, attention, comprehension, acceptance and retention.

The alternative consumer choices are evaluated by the establishment of beliefs, attitudes and purchase intentions. This process of evaluation is influenced by both the environmental variables and individual variables. Intention is depicted as the direct antecedent to purchase which is the only outcome tolerated by the model. Inhibitors are not explicitly depicted as mediating between intentions and purchase, however the environmental and individual influences are again said to act on purchase. Situation is listed as an environmental influence, and while this factor is not clearly defined, it could include such factors as time pressure or financial limitations which could serve to inhibit the consumer from realizing their purchase intentions (Van Tonder 2003⁴⁴).

Consumption is followed by post-consumption evaluation which serves a feedback function into future external searches and belief formation. Disinvestment is depicted as the final stage in the consumption process acknowledging that the product purchased is likely to be disposed of at some point post consumption.

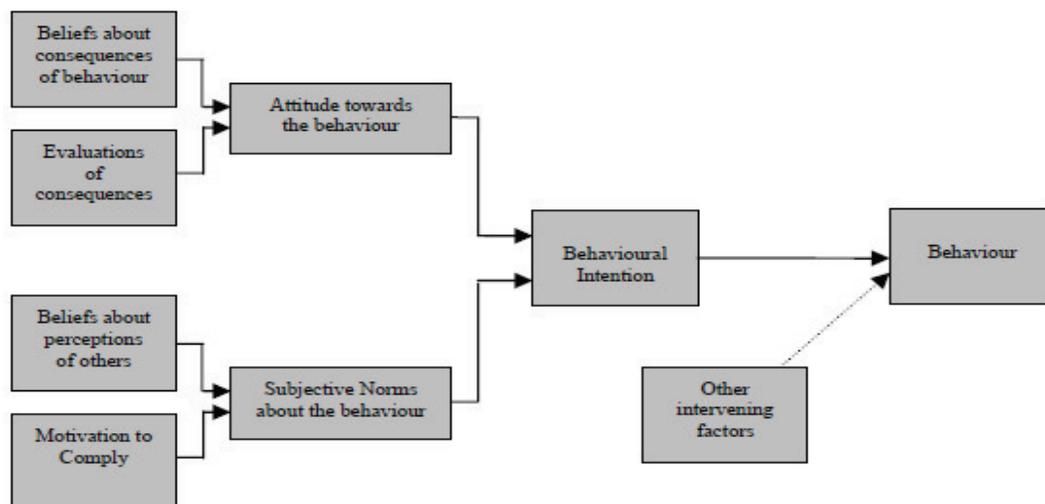
Approaches and Models:

Prescriptive Cognitive Models:

Theories of Reasoned Action (TRA) and Planned Behaviour: (TPB)

Prescriptive Cognitive Models were first developed in 1960's when marketing researchers increasingly focused on beliefs and attitudes as determinants of consumer buying behaviour (Ahtola 1975⁴⁵). The most influential work in this area was forwarded by Martin Fishbein who proposed a Model of attitude formation that became known as the 'Fishbein Model'; the first of a breed of 'expectancy value' models (Fishbein 1965⁴⁶). The Fishbein Model proposed that a person's overall attitude toward an object is derived from his beliefs and feelings about various attributes of the object. While this Model provided a significant contribution in the area, it was developed further, and significantly extended not only to assess attitudes, but also to assess behaviour (Ajzen 1980⁴⁷). The revised model became known as the Theory of Reasoned Action (TRA).

Figure: 3.4
Theory of Reasoned Action:



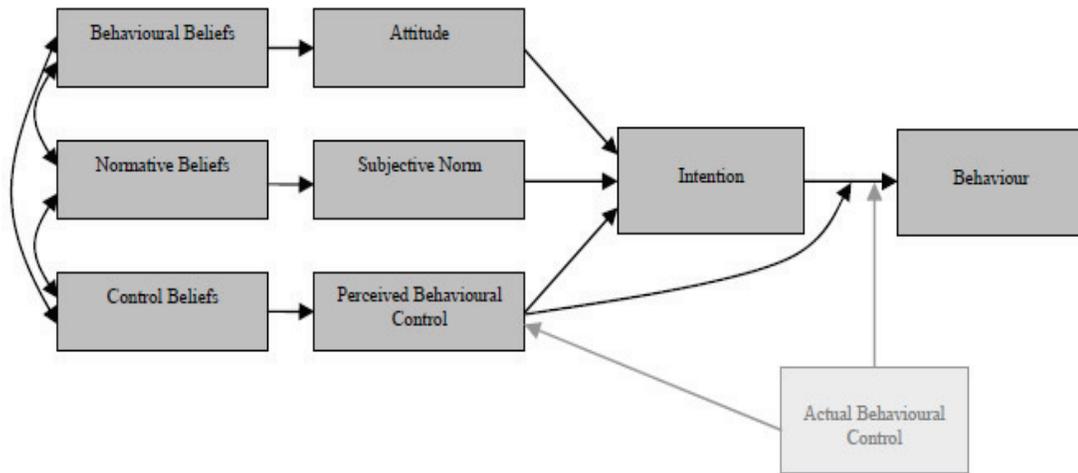
Source: (Fishbein., 1975⁴⁸)

Behaviour is said to be approximately equal to behavioural intention, which can be derived from a combination of the consumer's attitude toward purchasing the product and the subjective norms about the behaviour. Through the concept of 'subjective norm' the theory acknowledges the power of other people in influencing behaviour; explicitly, it accounts for the thoughts of others toward the certain behaviour, and is moderated by the extent to which the consumer is motivated to comply to these views. The relative contributions of attitudes and subjective norms will not necessarily be equal in predicting behaviour (Miller 2005⁴⁹). Depending on the individual consumer's propensity to care about other's views, the consumption situation, or the product type under consideration, tend to be influenced to a greater degree by the subjective norm variable than less conspicuous products would be (Schultz 2006⁵⁰).

Some studies have proposed that the high relationship between behavioural intention and actual behaviour is simplistic because of circumstantial limitations (Oliver 1979⁵¹ Sheppard 1988⁵²). For a variety of reasons it is purported that behaviour is not always within the complete control of the actor, and as such an additional variable mediating between intentions and behaviour is necessary (Warshaw 1980⁵³). Ajzen provided this additional variable in 1985 when he published the Theory of Planned Behaviour (TPB). The Theory of Planned Behaviour is simply an extension of the TRA which seeks to address the seeming over reliance on intentions to predict behaviours.

Figure: 3.5

Theory of Planned Behaviour



Source: (Ajzen 2007₅₄)

The construct ‘perceived behavioural control’ is formed by combining the perceived presence of factors that may facilitate or impede the performance of a behaviour and the perceived power of each of these factors. Actual behavioural control refers to the extent to which a person has the skills, resources, and other prerequisites needed to perform a given behaviour. Actual behavioural control is difficult to accurately assess and so perceived behavioural control is measured through specially designed questionnaires and serves as a proxy measure of the influence. In the TPB, behavioural intention is controlled by a dynamic mix of the attitude, subjective norm and perceived behavioural control variables. Actual behaviour is again derived largely from behavioural intention, but is mediated to some degree by perceived behavioural control.

3.8.5 Humanistic Approach

The Cognitive Models appear well covered in generic Consumer Behaviour texts, and are often portrayed as providing the best available explanation of consumer

decision making. Despite this, however, there are a growing number of academic writers highlighting limitations of the cognitive approach and publishing new research, attempting to further understanding of specific aspects of behaviour. These new approaches can be described as humanistic as they seek to explore concepts introspective to the individual consumer rather than describe generic processes.

The three most pressing areas for research were identified by Natarajan and Bagozzi in 1999. Firstly Cognitive approaches rely upon the assumption of the consumer being a rational decision maker and this appears to neglect the role of emotion in decision making.

Secondly, emerging work has started to examine concept of volition. This new work is seeking to understand and address the gap between consumer's stated purchase intentions and their actual final purchase behaviour by understanding the volitional stages to decision making.

Thirdly, the almost universal acceptance of egoism in marketing theory at the expense of altruism; there is a lack of research that has examined the influence of altruistic motives on any consumer behaviour.

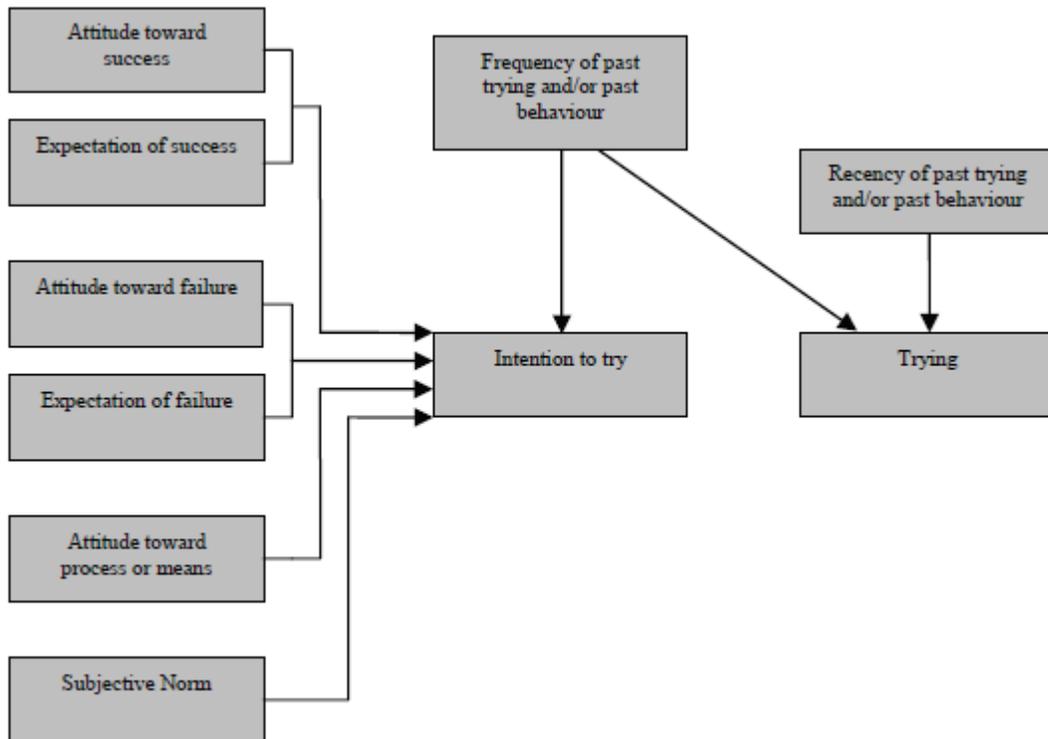
Humanistic Models of Consumer Behaviour:

Of the three key areas that Natarajan and Bagozzi identified in 1999⁵⁵, it is the study of the volitional stages of decision making that has received the most productive theoretical effort.

The Theory of Trying

The Theory of Trying (Bagozzi 1990⁵⁶) provides an interesting alternate approach to the models previously considered. Rather than examining explicit behaviour, the model assesses trying to act. Subjective norms, attitude toward the process or means of trying, attitudes and expectations of success and attitudes and expectations of failure are posed as the key antecedent variables of intention to try. Past behaviour has been found to influence consumer choice in a number studies (Bagozzi, 2000⁵⁷, Leone *et.al* 1999⁵⁸, Norman., *et al.* 1996⁵⁹) and is thus integrated as a key influence within the theory.

Figure: 3.6
Theory of Trying



Source: (Bagozzi, 2002⁶⁰)

Bagozzi suggest in discussion of this theory that rather than consumers having behavioural intentions, they rather have behavioural goals in many situations, and they

must expend effort and make purposive endeavour to fulfil these goals. To date the theory of trying has mostly been applied to health related decisions, and only few studies have applied it to retail consumption decisions. Some parts of the theory have been supported empirically, but not all of the variables have been found to be significant in every test (Bay., *et.al* 2003₆₁).

In a fillip to the theory, (Gould. 1997₆₂) published research into the reasons for consumers 'failing to try to consume'. In this case, consumers are said to either fail to see or be ignorant of their options, or make a conscious effort not to consume. The first of these two points may have relevance in the field of ethical clothing.

The Model of Goal Directed Behaviour:

The Model of Goal Directed Behaviour draws heavily on the Theory of Planned Behaviour, with each of its constructs being represented. Where it differs, however, is firstly in the addition of the variables of past behaviour and emotions (both positive and negative), and in the structure of behavioural causality passing through desire and onto intention which itself is now seen as only one of a possible four variables that are influencing behaviour (Perugini *et al.* 2001₆₃).

Due to the recent publication, the model of goal directed behaviour is seen to provide a composite view of decision making that has benefited from the wealth of research that has been undertaken in the field. The previously unseen variable, desire, is argued to be a stronger predictor of intention than attitudes, subjective norms or perceived behavioural control (Sutton 1998₆₄), and appears to be consistent with recent research in developmental, animal and social psychology (Leone, *et al.* 2004₆₅).

In comparison to the more well established TRA and TPB it has been found that the model of goal directed behaviour holds greater predictive ability. One shortcoming might, however, be that the model is more complex requiring more sophisticated data gathering techniques. model to claim to include all the considerations and factors that influence consumer choice, however the conceptual model proposed and adopted by this research has reflected upon the work falling into each of the philosophical approaches in an attempt to provide a holistic view of the decision making process.

- Its closeness to the common-sense explanations of everyday discourse make it an intuitively attractive means of offering explanations of everyday behaviours such as purchasing and consuming;
- The ability of consumers to describe their experiences in terms of their attitudes, wants, needs and motives ensures that an explanation proceeds in the same terms as the description of what is explained;
- It brings a measure of unity and consensus to a still young field of inquiry;
- The extensive use made by other social science and humanity disciplines of cognitive explanation has assisted the conceptual development of this line of consumer research by making possible the borrowing of theoretical and methodological inputs.

Furthermore, Cognitivism has the capacity to explain complex behaviour, an acknowledged deficiency of the competing Behavioural perspective where it is impossible to ascertain the contingencies that control response. However, the cognitive approach is also criticized for a number of reasons. Foxall comments that the cognitive approach relies extensively upon the use of abstract and unobservable explanatory variables which seldom prove amenable to empirical investigation and evaluation". Additionally, cognitivism assumes the consumer is rational, discerning,

logical and active in decision making; assumptions that have been questioned by a number of writers.

Despite these criticisms, a cognitive approach is more appropriate in the examination of ethical purchasing behaviour. Firstly, the complexity of such actions cannot be accommodated through behavioural models and secondly, the benefits of ethical consumption are largely vicarious in nature, requiring extensive intrapersonal evaluation. Key existing studies into ethical purchasing have all accepted the role of intrapersonal examination.

3.9 CONSUMER DECISION RULES

These are generally referred to as information processing strategies. These are procedures that help consumers to evaluate various options and reduce the risk of making complex decisions by providing the guidelines. Decision rules have been broadly classified into two categories:

3.9.1 Compensatory Decision Rules

Consumers evaluate brand or model in terms of each attribute and compute a weighted score for each brand. The computed score reflects the brand's relative merit as a potential purchase choice. The assumption is that consumer will select the brand that scores highest among alternative brands. The unique feature of this rule is that it balances the positive evaluation of a brand on one attribute to balance out a negative evaluation on some other attribute. For example, positive attribute like high fuel efficiency is balanced with the negative evaluation of high maintenance cost.

3.9.2 Non-compensatory Decision Rules

In contrast to the above rule, the non-compensatory rules do not allow consumers to balance positive evaluation of a brand on one attribute against negative evaluation on some other attribute. There are three types of non-compensatory rules.

- **Conjunctive Decision Rule**

In conjunctive decision rule, the consumer establishes a different, minimally acceptable level as a cut off point for each attribute. In this rule, the option is eliminated for further consideration if a specific brand or model falls below the cut off point on any attribute.

- **Disjunctive Rule**

It is the mirror image of conjunctive rule. Here the consumer establishes a separate minimally acceptable cut off level for each attribute. In this case, if an option meets or exceeds the cut off established for any one attribute, then it is accepted.

- **Lexicographic Decision Rule**

In this rule, the consumer initially ranks the attributes in terms of perceived relevance or importance. Later he compares different alternatives in terms of the single attribute that is considered most important. On this top ranked alternative, regardless of the score on any other attribute, if an option scores sufficiently high, then it is selected and the process ends.

3.10 LEVELS OF CONSUMER DECISION MAKING

The consumer decision making process is complex with varying degree. All purchase decisions do not require extensive effort. On continuum of effort ranging

from very high to very low, it can be distinguished into three specific levels of consumer decision making:

3.10.1 Extensive Problem Solving (EPS)

When consumers buy a new or unfamiliar product, it usually involves the need to obtain substantial information and a long time to choose. They must form the concept of a new product category and determine the criteria to be used in choosing the product or brand

3.10.2 Limited Problem Solving (LPS)

, Sometimes consumers are familiar with both product category and various brands in that category, but they have not fully established brand preferences. They search for additional information which would help them to discriminate among various brands.

3.10.3 Routine Problem Solving (RPS)

When consumers have already purchased a product or a brand, they require little or no information to choose the product. Consumers involve in habitual and automatic purchases.

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