CHAPTER 5: Buying Decision Process of Consumer

The buying decision process of consumer intervenes between the marketing strategy and the outcomes. That is, the outcomes of the organization’s marketing strategy are determined by its interaction with the consumer decision process. The organization can succeed only if consumers see a need that its product can solve, become aware of the product and its capabilities, decide that it is the best available solution, proceed to buy it, and become satisfied with the result of the buying.

An individual who purchases products and services from the market for his/her own personal consumption is called as consumer.

5.1 About Consumer Decision Process

The term consumer decision produces an image of an individual evaluating the attributes of a set of products, brands, or services and rationally selecting the one that solves a clearly recognized need for the minimum cost. Consumers do make decisions in this manner. Further, many consumer decisions focus not on brand attributes but rather on the feelings or emotions associated with acquiring or using the brand or with the situation in which the product is purchased or used.

Although purchases and related consumption behavior driven by emotional or situational needs have characteristics distinct from the traditional attribute-based model, the decision process model provides useful insights into all types of consumer purchases. To understand the complete process of consumer decision making, let us first go through the following example:

Consumer went to a nearby retail store to buy a laptop for himself. The store manager showed him all the latest models and after few rounds of negotiations, Consumer immediately selected one for himself.

In the above example the laptop is the product which Consumer wanted to purchase for his end-use.
Why do you think Consumer went to the nearby store to purchase a new laptop?

The answer is very simple. Consumer needed a laptop. In other words it was actually Consumer’s need to buy a laptop which took him to the store.

The Need to buy a laptop can be due to any of the following reasons:

- His/Her old laptop was giving him problems.
- He/She wanted a new laptop to check his personal mails at home.
- He/She wanted to gift a new laptop to his wife.
- He/She needed a new laptop to start his own business.

The store manager showed Consumer all the samples available with him and explained the features and specifications of each model. This is called information. Consumer before buying the laptop checked few other options as well. The information can come from various other sources such as newspaper, websites, magazines, advertisements, billboards etc.

This explains the consumer buying decision process.

5.2 Types of Consumer Decisions

As Figure 5.1 Indicates, there are various types of consumer decision processes. As the consumer moves from a very low level of involvement with the purchase to a high level of involvement, decision making becomes increasingly complex. While purchase involvement is a continuous process, it is useful to consider nominal, limited, extended decision making as general description of the types of processes that occur along various points on the continuity. Here, the types of decision making processes are not distinct but rather mixed into each other.

The level of Purchase involvement means, the purchase process triggered by the need to consider a particular purchase. Therefore, purchase involvement is a temporary position of an individual. It is influenced by the interaction of individual, product, and situational characteristics. Purchase involvement is not the same as product involvement. A consumer may be very involved with a brand or a product category
and have a very low level of involvement with a particular purchase of that product because of brand loyalty, time pressure or other reasons.

**Low - involvement purchase** \(\rightarrow\)**High - involvement purchase**

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**Nominal Decision Making**

- **Problem recognition**: Selective
- **Information search**: Limited internal
- **Alternative evaluation**: Few attribute
  - Simple decision rules
  - Few alternatives
- **Purchase**
  - **Postpurchase**: No dissonance
  - Very limited evaluation

**Limited Decision Making**

- **Problem recognition**: Generic
- **Information search**: Internal
  - Limited external
- **Alternative evaluation**: Many attributes
  - Complex decision rules
  - Many alternatives
- **Purchase**
  - **Postpurchase**: No dissonance
  - Limited evaluation

**Extended Decision Making**

- **Problem recognition**: Generic
- **Information search**: Internal
  - External
- **Alternative evaluation**: Complex evaluation
- **Purchase**
  - **Postpurchase**: Dissonance
  - Complex evaluation

Fig. 5.1 Involvement and Types of Decision Making
5.2.1 Nominal Decision Making

Nominal decision making, sometimes referred to as habitual decision making, in effect involves no decision per se. As figure 5.1 indicates, a problem is recognized, internal search provides a single preferred solution. Nominal decisions occur when there is very low involvement with the purchase. A nominal decision does not even include consideration of the “do not purchase” alternative. Nominal decisions can be divided into two different categories

- Brand Loyal Purchase
- Repeat Purchase

5.2.2 Limited Decision Making

Limited decision making involves internal and limited external search. It covers the middle portion between nominal decision making and extended decision making. Simply, limited decision making is similar to nominal decision making. Limited decision making also occurs in response to some emotional or situational needs. The decisions include evaluating only the newness or novelty of the available alternatives. Limited decision making recognizing a problem for which there are several possible solutions. There is internal and a limited amount of search. A few alternatives are evaluated on a few dimensions using simple selection rules. The purchase and use of the product are given very little evaluation afterward, unless there is a service problem or product failure.

5.2.3 Extended Decision Making

Extended decision making involves an extensive internal and external information search followed by a complex evaluation of multiple alternatives and significant post purchase evaluation. It involves a high level of purchase involvement. After the purchase, there is a doubt about the appropriateness of product and a complete evaluation of the purchase takes place. Relatively few consumer decisions reach this level of complexity. Products like, home, personal computers, and complex recreational items such as home theatre systems are frequently purchased through extended decision making.
5.3 Fundamental Processes of Consumption Behavior

The consumer buying process is a complex matter, since many internal and external factors have an impact on the consumer’s buying decisions. When purchasing a product, researchers identified several processes through which consumers go (Duhaime et al., 1996) (see Fig 1.2). The consumer buying decision process looks at how consumers make buying decisions. (Kotler and Armstrong)

The consumer buying decision process is a systematic way of looking at how a consumer makes the decision to purchase a product (any product) in a product category.

Marketers need to focus on the entire buying process rather than just the purchase decision (Kotler and Armstrong). The purchase decision is not even the first step.

This is the process that an organization uses to determine that they have a need for a new person (e.g. the decision to search for a candidate, the decision to promote a new partner, the decision to admit a new member.)

It is every marketer’s goal to get inside the head of a consumer. You want to figure out how the consumer makes decisions and how you can get them to make a decision to purchase your product or service. There are 5 steps in a consumer decision making process a need or a want is recognized, search process, comparison, product or service selection, and evaluation of decision.

These processes are discussed in the following points.

Figure 5.2: The processes of Human Consumption Behavior (Duhaime et al., 1996)
5.3.1 Needs or Problem Recognition Process

Need is the most important factor which leads to buying of products and services. Need in fact is the catalyst which triggers the buying decision of individuals.

An individual who buys cold drink or a bottle of mineral water identifies his/her need as thirst. However in such cases steps such as information search and evaluation of alternatives are generally missing. These two steps are important when an individual purchases expensive products/services such as laptop, cars, and mobile phones and so on.

Most decision making starts with some sort of problem. The consumer develops a need or a want that they want to be satisfied. The consumer feel like something is missing and needs to address it to get back to feeling normal. If you can determine when your target demographic develops these needs or wants, it would be an ideal time to advertise to them. For example, they ran out of toothpaste and now they need to go to the store and get more.

Consumer decision making comes about as an attempt to solve consumer problems. A problem refers to ‘a discrepancy between a desired state and an ideal state, which is sufficient to arouse and activate a decision making process’ (Duhaime et al., 1996). Consumers often note problems by comparing their current, or actual, situation, explicitly or implicitly, to some desired situation. Problems come in several different types. A problem may be an active one (e.g., you have a headache and would like as quick a solution as possible) or inactive -- you are not aware that your situation is a problem (e.g., a consumer is not aware that he or she could have more energy taking a new vitamin). Problems may be acknowledged (e.g., a consumer is aware that his or her car does not accelerate well enough), or unacknowledged (e.g., a consumer will not acknowledge that he or she consumes too much alcohol). Finally, needs can be relatively generic, as in the need for enjoyment (which can be satisfied in many different ways), or specific, as in the need to eat a chocolate ice-cream (Bettman and Park, 1980).
Desired consumer lifestyle
The way the consumer would like to live and feel

Current situation
Temporary factors affecting the consumer

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

Actual state
The condition the consumer perceives himself or herself to be in at this point in time

Nature of discrepancy
Difference between the consumers’s Desired and perceived conditions

No difference

Desired state exceeds actual state

Actual state exceeds desired state

Satisfaction
No action

Problem recognized
Search decision initiated

Figure 5.3: The process of Problem Recognition

5.3.2 Information Search Process

Most of us are not experts on everything around us. In the searching phase we research for products or services that can satisfy our needs or wants. Search Engines have become our primary research tool for answers. It is an instant and easy way to find out what you are looking for.

Also don’t forget about actual human beings. Our friends and families all have had many different experiences and can offer us recommendations. In most cases
recommendations from actual people instead of a search engines are preferred. You have more of a trust factor with people close to you then a computer program.

You also may have had past experiences that assist you in solving your problem. You may have had a life experience in the past that helps you make the correct purchase decision. You could also just know what decision to make just by picking up things over the years and knowing how to solve them.

In this stage you are also beginning your risk management. You might make a pro’s vs. con’s diagram to help make your decision. People often don’t want to regret making a decision so extra time being put into managing risk may be worth it. People also remember bad experiences over good ones, take that into account.

When an individual recognizes his need for a particular product/service he tries to gather as much information as he can. An individual can acquire information through any of the following sources:

**Personal Sources** - He might discuss his need with his friends, family members, co-workers and other acquaintances.

**Commercial sources** - Advertisements, sales people (in Consumer’s case it was the store manager), Packaging of a particular product in many cases prompt individuals to buy the same, Displays (Props, Mannequins etc)

**Public sources** - Newspaper, Radio, Magazine

**Experiential sources** - Individual’s own experience, prior handling of a particular product (Consumer would definitely purchase a Dell laptop again if he had already used one).

When the consumer recognizes a need (or problem), he or she starts to search for information about the items or services that can be used in order to satisfy that need. There are two principal approaches to searching: internal and external. Internal searches (via the memorization search process) are based upon what consumers already know (what is in his or her memory). A problem is that some items or services that can satisfy the need or solve the problem, are not remembered, or have never been heard of, and are therefore, not considered. In this case, the consumer can
use external searches (via the perception process) that get people to either speak to others (getting information by word of mouth) or use other sources (such as advertisements or yellow-page listings) (Bettman, 1979; Punj, 1987). In the search processes, consumers often do not consider all possible alternatives. Some are not known (the « unawareness » set), some were once known, but are not readily accessible in the memory (the « inert » set), while others are ruled out as unsatisfactory (the « inept » set), and those that are considered represent (the « evoked » set), from which one alternative is likely to be purchased (Beatty and Smith, 1987).

The amount of effort a consumer puts into searching, depends upon a number of factors such as the market (how many competitors there are, and how great are the differences between brands expected to be?), item characteristics (how important is this product? How complex is the product? How obvious are the indications of quality?), consumer characteristics (how interested is a consumer, generally, in analyzing product characteristics and making the best possible deal?), and situational characteristics (Duncan and Olshavsky, 1982).

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**Figure 5.4: Information Sources for a Purchase Decision**

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![Diagram of Information Sources for a Purchase Decision](image-url)
5.3.3 Decision-Making (Purchasing Decision) Process

An individual after gathering relevant information tries to choose the best option available as per his need, taste and pocket. When evaluating alternatives, consumers choose from a list of acceptable alternatives (evoked set) based upon the criteria they have selected as being important. For a product to be considered by a consumer, he must know that it exists and perceive to be able to satisfy his needs. The criteria a consumer uses to choose between alternative items/services are the attributes the consumer considers to be important. Consumers may make the purchase decision using compensatory or non-compensatory decision rules. Using a compensatory decision rule, the consumer identifies the important attributes, rates the alternative products on each attribute, and selects the product with the highest score. With a simple additive rule, the consumer selects the product that is judged to have the largest number of positive attributes. This is a relatively simple rule, used most often when motivation or ability is limited (Alba and Marmorstein, 1987).

The weighted additive is a more complex compensatory rule in which the relative importance of each product attribute is also factored into the decision. Therefore, the consumer completes the more complicated task of computing a summated weighted score for each product on the salient attributes, and selects the product with the highest overall score. In contrast, non-compensatory decision rules do not balance all attributes and determine whether the positives outweigh the negatives. Rather, if the product does not meet a minimum standard on an important attribute, then it will not be considered. Using a conjunctive decision rule, the consumer sets minimum acceptable standards on all important attributes and eliminates any alternative that does not meet all the minimums. This helps consumers to narrow down the choices for further evaluation. If none of the products meet all the cut-off requirements, either the consumer must change the minimums acceptable, or change his or her decision rule (Grether and Wilde, 1984).

With the lexicographic rule, the consumer first ranks the attributes in terms of perceived importance. Then, the alternatives are compared on this one most important attribute. If one scores sufficiently high on this most important attribute, then it is selected. If two or more are perceived as equally good, they are then compared on the second most important attribute. This process continues until the tie is broken.
Consumers may use a combination of decision rules in choosing a product. First, they may use a rule to narrow down the choice set with some simple cut-off, and then they may apply a more complex compensatory rule to make the final choice. Some criteria are more salient than others, and those attributes will have a greater impact, or importance, in determining consumer selections.

Once the consumer has determined what will satisfy their want or need they will begin to seek out the best deal. This may be based on price, quality, or other factors that are important for them. Customers read many reviews and compare prices, ultimately choosing the one that satisfies most of their parameters.

Figure 5.5: Categories of Decision Alternatives
5.3.4 Purchasing Process

After going through all the above stages, customer finally purchases the product. Through the evaluation process discussed above, consumers will reach their final purchasing decision, e.g. they go to the shop to buy the product/service. Purchase of the product/service can either be through the store, the web, or over the phone.

Once the consumer has selected the brand and outlet, he or she completes the purchase process. The process involves in it is normally called purchasing or renting the product. In traditional retail environments, this was straightforward and did not generally stop or delay purchases, with the possible exception of major and more complex purchases such as a home or car. Many consumers are starting to purchase product online, quit without making one for a variety of reasons. Increasing the percentage of potential purchasers who actually purchase is a major challenge for most online retailers.

Bargaining and Credit plays an important role for purchases, and new technologies are being tested on an ongoing basis. Earlier research shows that the ability to pay by card instead of cash, due to this activity consumers increases for purchase. It increases the advantage of retailers to encourage the use of different cards.

To actually implement the purchase decision, however, a consumer needs to select both specific items (brands) and specific outlets (where to buy) to resolve the problems. There are, in fact, three ways these decisions can be made: 1) simultaneously; 2) item first, outlet second; or 3) outlet first, item second. Under many conditions, consumers are busy in a simultaneous selection process of stores and brands.

After tallying up all the criteria for the decision the customers now decide on what they will purchase and where. They have already taking risk into account and are definite on what they want to purchase. They may have had prior experience with this exact decision or maybe they succumbed to advertising about this product or service and want to give it a try.
5.3.5 Post-Purchasing Process

(Satisfaction, Dissatisfaction, Cognitive Dissonance)

Once the purchase has been made, does it satisfy the need or want? Is it above or below your expectations? The goal for every marketer is not for a one-time customer but a repeating lifetime customer. One bad experience of buyer’s remorse and your brand perception could be tarnished forever. On the other hand, one superb experience can lead to a brand loyal customer who may even become a brand evangelist for you.

(Source: http://managementstudyguide.com/consumer-decision-making-process.htm)

The purchase of the product is followed by post purchase evaluation. Post purchase evaluation refers to a customer’s analysis whether the product was useful to him or not, whether the product fulfilled his need or not?

Satisfaction/Dissatisfaction: After the sale, the buyer will likely feel either satisfied or dissatisfied. If the buyer believes that she or he received more in the exchange than what was paid, she or he might feel satisfied. If she or he believes that she or he received less in the exchange than what was paid, then she or he might feel dissatisfied. Dissatisfied buyers are not likely to return as customers, and are not likely to send friends, relatives, and acquaintances.

Cognitive Dissonance: Also called buyer's remorse. This post-purchase behavior is more likely to happen when the purchase is a more expensive one. The consumer may experience some regrets, or question himself or herself as to whether or not the purchase was a good one.

According to the research, this kind of dissonance and the magnitude of it is a function of:

- The degree of commitment or irrevocability of the decision,
- The importance of the decision to the consumer,
- The difficulty of choosing among the alternatives, and
- The individual’s tendency to experience anxiety.
Because dissonance is uncomfortable, the consumer may use one or more of the following approaches to reduce it:

- Increase the desirability of the brand purchased.
- Decrease the desirability of rejected alternatives.
- Decrease the importance of the purchase decision.
- Reject the negative data on the brand purchased.

If the dissonance about the purchase is not reduced, the anxiety may transform into dissatisfaction (general or specific). Certainly, this negative experience leads to new problem recognition, and the consumer will engage in another problem solving process. The difference, however, is that in the next round of process, memory of the previous negative experience and dissatisfaction will be used as part of information. Therefore, the probability for the unsatisfactory brand to be re-selected and repurchased will be significantly lower than before. (Source: Note on Consumer Decision Making Processes- By Ken Matsuno)

![Diagram of Post purchase Consumer Behavior]

Figure 5.6: Post purchase Consumer Behavior