
UNIT 9 MODELS OF CONSUMER BEHAVIOUR

Objectives

After reading this unit, you should be able to:

- identify the different levels of consumer decision-making
- explain the process of consumer decision-making
- differentiate between types of buyer decision behaviour
- describe the buyer behaviour with the help of an input, process, output model

Structure

- 9.1 Introduction
- 9.2 What Is a Decision?
- 9.3 Levels of Consumer Decisions
- 9.4 Process of Decision- Making
- 9.5 Types of Purchase Decision Behaviour
- 9.6 Stages in the Buyer Decision Process
- 9.7 Models of Buyer Behaviour
- 9.8 Summary
- 9.9 Key Words
- 9.10 Self-assessment Questions
- 9:11 Further Readings

9.1 INTRODUCTION

In this unit we shall examine how a consumer actually arrives at the decision to purchase a specific product or brand out of the so many available in the market. Or, in other words, we shall study the process of consumer decision-making.

In the previous unit we had discussed a simple model of consumer decision-making, comprising an input, process and an output. A consumer receives stimuli from the environment and the specifics of the marketing strategies of different products and services, and responds to these stimuli in terms of either buying or not buying the product. In between the stage of receiving the stimuli and responding to it, the consumer goes through the process of making his decision.

9.2 WHAT IS A DECISION?

A decision is the selection of an alternative out of the several number of alternatives available. It is only when there are two or more alternatives available that there is the need to make a choice. In the field of consumer behaviour, we are only concerned with situation in which the consumer has to take a purchase decision where there is a choice available.

9.3 LEVELS OF CONSUMER DECISIONS

As a buyer or consumer you are all the time making decisions such as what product to buy (a book or a shirt as a birthday present for your friend), Which brand (Lux, Liril, Hamam, Rexona or OK toilet soap) from where (Super Bazar, nearby corner shop, chemist), etc. Table 1 presents a summary of the different levels of purchase related decisions most commonly encountered by consumers. The table highlights the broad range of choices the consumers have to select from when making a decision, starting from the generic product category level to the brand level and retail outlet level.

Level of Decision	Alternative	
Generic Product Category Level	Two Wheel or Four Wheel vehicle Power Driven	
	i) Scooter ii) Motorcycle iii) Moped	i) Car ii) Jeep
Brand Level	<p>Scooter</p> i) Bajaj ii) Hero Honda iii) Kinetic	<p>Car</p> i) Ambassador ii) Santro iii) Scorpio iv) Maruti Car v) Maruti Van
	<p>Motorcycle</p> i) Rajdoot ii) Yamaha iii) Ind-Suzuki iv) Hero Honda	
	<p>Moped</p> i) Luna ii) Kinetic iii) Rajdoot	<p>Jeep</p> i) Maruti Gypsy ii) Mahindra
Retail Level	<p>Type of retail outlet</p> i) Company showroom ii) Exclusive brand dealer outlet iii) Multi-brand dealer outlet iv) Dealer outlet with own servicing facility v) Dealer outlet closest to home vi) Dealer outlet recommended by friend.	

9.4 PROCESS OF DECISION-MAKING

The most basic and important requirement for the marketer is to understand how consumers make choices. Ajzen and Fishbein have attempted to explain human choice behaviour in their theory of reasoned action which states that:

"Generally speaking-human beings are usually quite rational and make systematic use of information available to them. People consider the implications of their actions before they decide to engage or not to engage in a given behaviour."

Thus, making a decision is a rational and conscious process in which the consumer evaluates each of the available alternatives to select the best amongst them. Each decision you make involves an elaborate mental thought process, a degree of active reasoning, though on the surface it may not always seem to be so. This may be because over a period of time you have taken certain decisions so many times that they now seem to be made almost automatically but that is not true at all. Even your daily decision of buying a loaf of bread involves the element of active reasoning as buying a new sofa set for your drawing room. However, in the former case, the extent and intensity of active reasoning may be much less as compared to the latter case.



In the case of bread, the only decision variables may be which brand, quantity and retail outlet. But in case of buying a sofa set the decision variables are far more in number. These may be:

- ready-made or made to order
- from a furniture shop or to be built at home
- type of material for frame: Wood, Steel, Aluminium
- type of material for cushion: cloth, rexine, leather
- design: with or without arm-rests, height, depth of seat, seating capacity, loose or fixed cushion.

Thus, depending on the type of decision being made, the degree and strength of active reasoning will vary.

There are three factors which influence the degree of active reasoning that is undertaken by the consumer in his process of decision-making. These are:

- i) involvement,
- ii) alternative differentiation, and
- iii) time pressure

i) **Involvement:** When a product is perceived to be of great personal importance to the customer, such as personal clothing, or its purchase involves a great deal of money or risk such as jewellery, car, house, company shares, the level of involvement in making the decision is likely to be very high. The consumer is likely to spend a great deal of time before arriving at the final decision. In contrast, when buying items which do not reflect much on the consumer's personality or their purchase involves small amounts of money or the risk associated with them is not high, the degree of involvement of the consumer is likely to be low. Products such as shoes, polish, toilet soap, toothpaste, biscuits etc. would fall in this category.

ii) **Differentiation:** When the consumer perceives that the various alternatives which are available are very different from one another in terms of their features and benefits offered, he is likely to spend more time in gathering information about and evaluating these different features. On the other hand, in case of products which are not very different from one another either in terms of their features or benefits offered, the consumer is bound to perceive them as being almost the same and buy the first available product/brand which satisfies his minimum expectation. He will not like to spend much time in evaluating the various alternatives. The various brands of washing powder available in the market today are an excellent example of low level of differentiation with the consumer perceiving the different brands to be offering almost identical benefits. All the brands, such as Nirma, Vimal, Vijay, etc. look similar with identical packing and carry almost the same price tag.

Till a few years ago, the two wheel scooter market in India was highly undifferentiated with Vespa and Lambretta offering almost identical scooter to the consumers in terms of basic features. But today the same market is highly differentiated. The consumers have a wide range of brands to choose from such as Kinetic-Honda, Lohia, Bajaj etc. each offering a variety of shapes, horse power and many other innovative features to choose from. A potential consumer of scooter would have to spend considerable time in evaluating each brand before he is in a position to make his decision.

iii) **Time Pressure:** When you are under pressure to make a decision quickly, you cannot afford to spend a long time finding out about the various products or brands. You would probably buy whatever is readily available. While traveling in your car to a hill station your car tyre bursts and you need to buy a new one. At that time you would buy the brand that is available at whatever price without giving it too much thought. But under a different situation, when you need to buy new tyres, you would certainly like to find the features of nylon and radial tyres and evaluate various brands e.g. Modi, MRF, Dunlop and Apollo etc. on their individual advantages and disadvantages.



Activity 1

- a) For each of the products/services written below, identify whether the purchase decision involves a high or low degree of involvement under normal circumstances:
 - i) Scooter Tyre
 - ii) Steel almirah
 - iii) Transistor radio
 - iv) Bicycle
 - v) Shirting material
 - vi) A pair of shoes
 - vii) Toothpaste
 - viii) A family planning device such as Nirodh
 - ix) Restaurant
 - x) Voltage stabiliser.
- b) In respect of the above products, record which differentiated alternatives (brands) are available in the market.

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9.5 TYPES OF PURCHASE DECISION BEHAVIOUR

Consumer buying behaviour varies with the type of buying decision. Earlier, we stated that while a decision for buying bread was almost made automatically, the decision for buying a sofa set was more deliberate and time consuming. Similarly, there is a great deal of difference in buying a tube of toothpaste, clothes for yourself and a refrigerator for your home. We shall now distinguish three types of buying behaviour:

- i) Routinised response behaviour,
- ii) Limited problem solving, and
- iii) Extended problem solving.

i) Routinised response behaviour (RRB): This occurs when the consumer already has some experience of buying and using the product. He is familiar with the various brands available and the attributes of each and has a well established criteria for selecting his own brand. Consumers do not give much thought or time when buying such products and already have a preferred brand. The degree of involvement in buying such products is low. Frequently purchased and low cost products such as razor blades, coffee powder, toothpaste, soap, soft drinks, etc. fall in this category.

Marketers dealing in products involving routinised response behaviour must ensure the satisfaction of existing customers by maintaining consistent quality, service and value. Also, they must attempt to attract new customers by introducing novel features, using point-of-purchase promotional material and special displays.

ii) Limited Problem Solving (LPS): In this type of buying behaviour, the consumer is familiar with the product and the various brands available, but has no established brand preference. The consumer would like to gather additional information about the brands to arrive at his brand decision. For instance a housewife buys refined vegetable oil for her cooking. She is familiar with the concept of vegetable oil (as opposed to say vanaspati and ghee) and also knows that Postman, Dalda and Ruby are some of the prominent brands available. But to establish her choice of brand, she would like to check with her friends and regular shopkeeper about the attributes of each.

Limited problem solving also takes place when a consumer encounters an unfamiliar (or new) brand in a known product category. The housewife who buys refined



vegetable oil, on her next visit to the market, sees a new brand of oil, Saffola. Apart from being a new brand, this brand of oil also claims the unique attribute of being low in cholesterol. To arrive at a decision, whether or not to buy this brand, the housewife needs to gather information about the new brand which will allow her to compare it with the known brands.

The marketer's task in a situation where he is introducing a new brand in a well known product category is to design a communication strategy that gives complete information on all the attributes of the brand, thus increasing the consumer's confidence and facilitating his or her purchase decision.

iii) Extensive Problem Solving (EPS): Extensive problem solving occurs when the consumer is encountering a new product category. He needs information on both the product category as well as the various brands available in it. This kind of decision is by far the most complex.

For instance, you are thinking of buying a Flat colour television to replace your existing black and white TV set. You do not have much idea about how to judge the quality of a colour TV set. You have heard about the various brands, such as Videocon, BPL, Samsung, LG, Sony, Thomson etc. but you do not know what their respective quality ranking is in colour TV. Each brand makes claims of foreign technology, latest features such as flat square tube and channel display. Further, there is a range of models to choose from within each brand, models with remote control, different cabinet colour finish, vertical monitor styling etc. To arrive at a decision, you have to gather information at three levels and also establish a criteria for evaluating this information. The three levels of information gathering and evaluation are at generic product level, brand level and model level within each brand.

The marketing strategy for such buying behaviour must be such that it facilitates the consumer's information gathering and learning process about the product category and his own brand. The marketer must be able to provide his consumer with a very specific and unique set of positive attributes regarding his own brand, so that the purchase decision is made in his favour.

The concept of EPS is most applicable to new products. The product may be new at the generic product concept level (such as Maggi noodles) or it may be an established product concept but new for a particular consumer. In case of a new product concept such as ready to cook instant snack, the entire consumer universe is unfamiliar with the product. The marketer has to spend large amounts of money in educating the consumers about his product. The consumers in turn need a great deal of information before they can take a decision; and the decision process takes a long time. On the other hand, you may have the situation where the product concept is well understood by a majority of the consumers, but it is being bought or used by a particular consumer for the first time. To take a very simple example, a tribal who is exposed to the concept of toothpaste for the first time in his life will seek a lot of information and take a long time to decide. For him, buying a toothpaste is a EPS behaviour, whereas for most of us it simply requires a routinised response behaviour.

9.6 STAGES IN THE BUYER DECISION PROCESS

Even buying decision involves an element of active reasoning. The manner in which this active reasoning manifests itself is illustrated in Figure 1. In making a purchase decision the consumer goes through the five stages of:

- i) problem recognition,
- ii) pre-purchase information search,
- iii) evaluation of alternatives,
- iv) purchase decision, and
- v) post purchase behaviour.

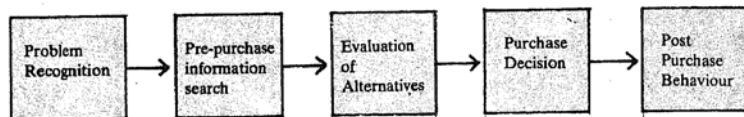
However, in case of routine purchases, the consumer may skip the second and third stages and straight away go to the stage of purchase decision. But in case of purchase



decision involving extensive problem solving, the consumer is likely to go through all the five stages in the specified sequence.

The important point to note is that the buying process starts much before the actual purchase and has implications even after the purchase has been made. This should give ideas to the marketer as to how he has to start designing his marketing strategy in order to achieve his specified marketing objectives.

Figure I: Stages in the Buyer Decision Process



Let us understand the stages in decision-making process with the help of a Mr. Rao's specific decision to purchase a briefcase.

i) **Problem Recognition:** The buying process starts with the buyer recognising a need or problem. Mr. Rao feels very uncomfortable carrying his papers, files and lunch packet in his hand or in a plastic bag to his work place. Sometimes, the papers and even files from his hand and get spoiled Mr. Rao feels the need for a suitable receptacle to carry papers to and fro from his office and has identified a briefcase as the solution to his problem.

ii) **Pre-Purchase Information Search:** In response to the stimuli provided by the need for a briefcase, Mr. Rao starts searching for information on the kinds of briefcases available in the market. Search can be of two types: internal and external. **Internal search** refers to recalling relevant information stored in the memory. For instance, Mr. Rao may recall having seen the different kinds of briefcases used by his colleagues. Or he may recall having seen some advertisements for briefcases on the television or in some magazines and newspapers. **External search** refers to the deliberate and voluntary seeking of new information regarding the product/brand under consideration. Mr. Rao can seek information from the following three sources:

- **Personal sources:** family, friends, colleagues, neighbours.
- **Commercial sources:** advertisements, retailers, salesmen.
- **Public sources:** seeing others, consumer information centres.

By tapping all these sources of information, Mr. Rao is able to identify the different types of briefcase on the basis of material, branded versus unbranded, high-medium-low priced. A wide variety of materials are used for making briefcases ranging from the best leather to rexine to plastic. There are branded briefcases available and Mr. Rao can choose from the well known VIP, Safari and Aristocrat and some less known local brands, or he can choose to buy an unbranded briefcase. The price ranges from Rs. 125 to Rs. 1200. Also, there are a number of other features which can influence the choice, such as type of lock, and number of partitions and pockets for keeping different documents.

By the end of this stage, Mr. Rao has gathered enough information about different kinds of briefcases available and has narrowed down his alternatives to moulded plastic, branded briefcase. Within this broad range there are various brands and price ranges to make the final choice from.

Evaluation of Alternatives: Mr. Rao will make his final decision using certain evaluative criteria. The most commonly used criteria are: (i) product attribute, (ii) the relative importance of each attribute to the consumer, (iii) brand image, (iv) attitudes towards the different brands or alternatives under considerations. For instance, the product attributes of the (Plastic branded briefcase) alternatives identified by Mr. Rao are: , unbreakable, lightweight, spaciousness, reliability of locking system, colour, price. Mr. Rao attaches maximum importance to the product attributes of light weight and spaciousness as compared to other attributes. He already has some kind of attitude towards the various brands developed in the stage of information search which will affect his final decision.



This stage of the buying decision process gives the marketer a chance to modify his product offering in keeping with the relative importance attached to each attribute by various consumer segments, altering beliefs and attitudes about his own brand, and calling attention to neglected product attributes,

Purchase Decision: In the evaluation stage, Mr. Rao has ranked the various brands in terms of his first, second and third preference. In short, he has made up his mind about which brand he wants to buy. However, Mr. Rao may finally end up buying a brand which is not his most preferred. This may happen because attitudes of others and "situational factors.

For instance, when Mr. Rao goes to the shop to make his purchase, the shopkeeper's negative remarks about his (Mr. Rao's) most preferred brand may make him change his mind. Also, it is possible that Mr. Rao's preferred brand is not available, or there is a very attractive price discount on the brand ranked third by him which eventually makes him change his mind.

Post Purchase Behaviour: After purchasing the briefcase, if Mr. Rao finds that its performance or utility matches up to his expectation, Mr. Rao will feel satisfied with his purchase. The satisfaction will reinforce Mr. Rao's perceived favourable image of the brand, which is likely to be extended to the entire range of products manufactured by the Company. Also, Mr. Rao is likely to strongly recommend the brand when his friends ask his advice for buying a new briefcase. A satisfied customer is thus a very powerful source of influence for potential customers.

However, if Mr. Rao feels that the briefcase which he has purchased is not upto his expectation, then he is likely to feel dissatisfied. The gap between expected (or perceived) and the actual performances causes discomfort or dissonance to the buyer. As a result of this, Mr. Rao may decide to stop buying other products sold by the same Company and also warn his friends about the poor utility of his briefcase. To reduce his own state of discomfort or dissonance arising from the feeling that he has not made the right choice, Mr. Rao can: (i) re-evaluate the unchosen brands and downgrade their desirability by identifying some negative features, and (ii) search for information to confirm his choice.

Activity 2

- a) Consider the case of a consumer durable which you may have recently purchased. Try to recall the actual process you might have undergone in buying that. Write down the specific activities you undertook at each stage of the decision-making process.

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- b) Do you find any differences in the approach described above and the approach that you may have followed? What could be the reasons for these differences?

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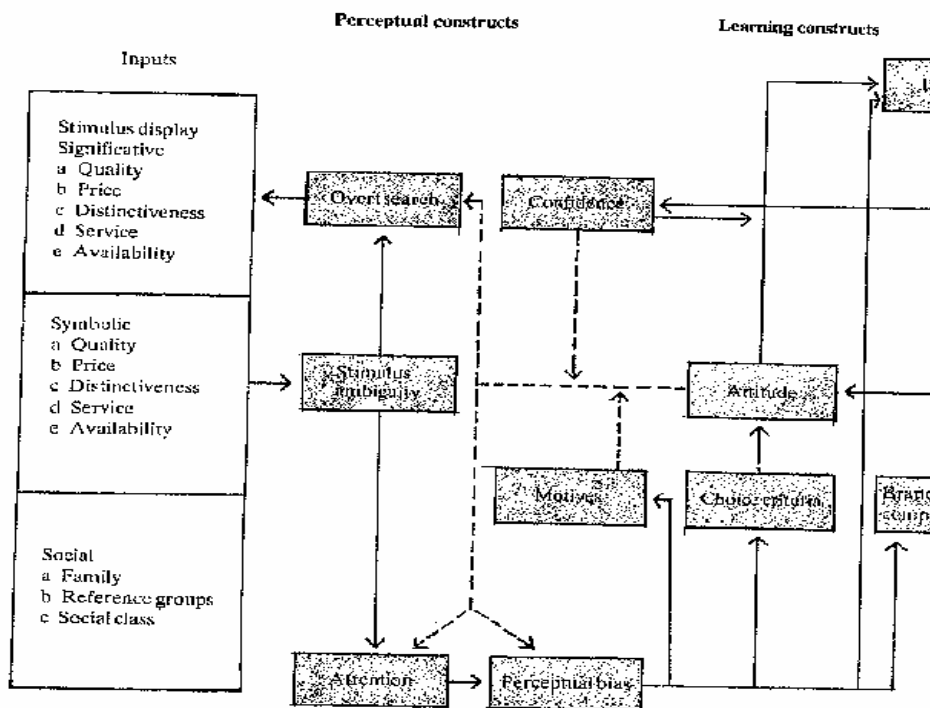
9.7 MODELS OF BUYER BEHAVIOUR

Consumer behaviour is a process and purchase is only one stage in that process. There are many underlying influences ranging from internal motivations and attitudes to social and external influences of many kinds. Having explained the consumer decision-making process, now let us turn our attention to the process of consumer or buyer behaviour. We shall explain the process of buyer behaviour with the help of four models. The first two models describe the decision process as applicable to individual consumer. The third model explains the decision-making process of a group, namely the family. The fourth model explains the decision-making process in the context of an organisation.

Howard-Sheth Model

This model explains the buyer decision process using four major sets of variables as presented in Figure II. The four sets of variables are: (i) inputs, (ii) perceptual and learning constructs, (iii) outputs and (iv) exogenous or external variables.

Figure II: Simplified Version of the Howard-Sheth Model of Buyer Behaviour



Solid lines show flow of information. Dashed lines indicate feedback.

i) **Input:** The input to the customer decision process is provided by three distinct types of stimuli. Of these two types of stimuli are provided by the marketer in the form of physical, tangible product characteristics known as significant stimuli, and intangible, perceptual product characteristics known as symbolic stimuli. To return to the example of Mr. Rao, while the physical appearance, sturdiness, finish, and spaciousness would constitute the significant stimuli for quality, the overall quality that Mr. Rao perceives in his briefcase connotes the symbolic stimuli. The actual price paid for the briefcase is significant stimulus while the perception that the price is reasonable, or too high or is a good bargain is the symbolic stimulus. The third type of stimuli is provided by the consumer's family, reference groups and social class to which he belongs.



ii) Perceptual and learning constructs: These constructs are composed of psychological variables such as motives, attitudes, perceptions which influence the consumer's decision process.

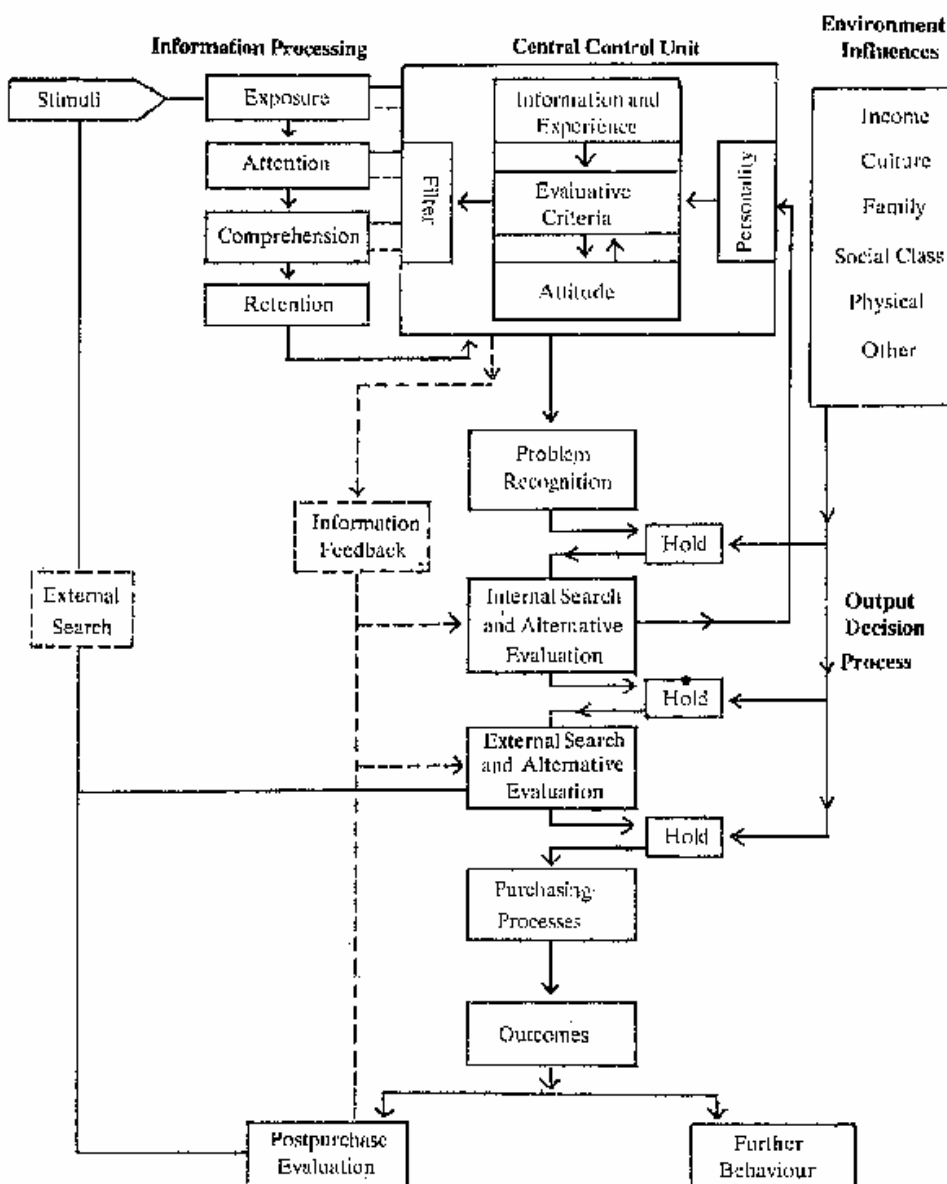
The consumer receives the stimuli and interprets it. The two factors that may influence his interpretation are stimulus ambiguity and perceptual bias. Stimulus ambiguity occurs when the consumer is not sure about the meaning of the stimulus that he has received and how it may influence his response. Perceptual bias occurs when the distorts the information he receives to fit his established needs or experiences.

The manner in which the consumer interprets the stimuli leads him to the stage of brand comprehension. This refers to the consumer's understanding and overall rating of the brand. If the consumer rates it high, it leads him to have confidence in it and eventually to the purchase decision.

iii) Output: The purchase decision is the output. If after using the product, the consumer is satisfied with it, this will reinforce his positive attitude and purchase intent about the product and brand. Also, the positive attitude makes the consumer more attentive to the product/brand's stimuli and further increases his brand comprehension.

If the consumer is dissatisfied with experience of using the product/brand, it will trigger off a reaction of negative attitude, low attention to the product stimuli, poor brand comprehension and negative intention to purchase.

Figure III: Engel-Blackwell-Kollat model of Buyer Behaviour



Solid lines show flow of information. Dashed lines indicate feedback effect



iv) **Exogenous or external variables:** These are not directly a part of the decision making process and are not shown in the model. But they are important to the extent that they influence the consumer. These exogenous variables vary from one consumer to another and include: consumer personality traits, social class, importance of the purchase, financial status etc.

Engel-Kollat-Blackwell Model

The Engel-Kollat-Blackwell model consist of four components: (i) information processing, (ii) central control unit, (iii) decision process and (iv) environmental influences. (see Figure III)

i) **Information Processing:** This component comprises the consumer's selective exposure, attention, comprehension and retention of stimuli relating to a product or brand received from marketing and non-marketing sources. As a marketer, the first step is to ensure that a consumer is exposed to your message (stimuli), pays attention to it, understands what it is all about and also remembers it.

ii) **Central Control Unit:** The stimuli thus received and retained is processed in the central control unit. The stimuli is processed and interpreted with the help of four psychological filters:

- a) stored information and past experience about the product/brand which serves as memory for comparing different alternatives;
- b) evaluative criteria which the consumer uses in judging the interactions;
- c) general and specific attitudes which influence-the purchase decision;
- d) basic personality traits which influence how the consumer is likely to respond to various alternatives.

iii) **Decision Process:** The decision process component of the model consists of:

- a) problem recognition
- b) internal search and evaluation
- c) external search and evaluation
- d) purchase processes
- e) decision outcomes.

If the purchase decision is such that it requires extensive problem solving, the consumer would go through all the above five stages. In case of limited problem solving or routinised response behaviour, some of the intervening stages may be skipped and the consumer may directly reach the purchase decision.

iv) **Environmental Influences:** The environmental factors that may influence the consumer's purchase decision are income, culture, family, social class and physical situations. Depending on the specific product under consideration, these factors may have a favourable or unfavourable influence on the purchase decision

Model of Family Decision-making

Before describing the model of family decision-making, it is important to understand how the various family members interact with each other in the context of their consumer decision-making. These interactions are determined by the different consumption related roles played by members in a family. These roles are:

i) **Influencers:** Those family members who provide information and advice and thus influence the purchase. The housewife tells her family about the new hair cutting saloon which has opened in the neighbourhood and her favourable description about it influences her husband and teenaged children to also patronise the saloon.

ii) **Gatekeepers:** Those family members who control the flow of information about a product/service thus influencing the decisions of other family members. The teenaged son, who wants a racing bicycle, may withhold from his father much of the relevant information on all brands except the one that he fancies, thereby influencing his father's decision in favour of his preferred brand.

iii) **Deciders:** Family members who have the power to unilaterally or jointly decide whether or not to buy a product or service. The husband and wife may jointly decide about the purchase of a new refrigerator.



iv) Buyers: Those family members who actually buy a particular product or service. A housewife may be the person who actually buys all the foodstuffs, rations and toiletries which are consumed by all the family members.

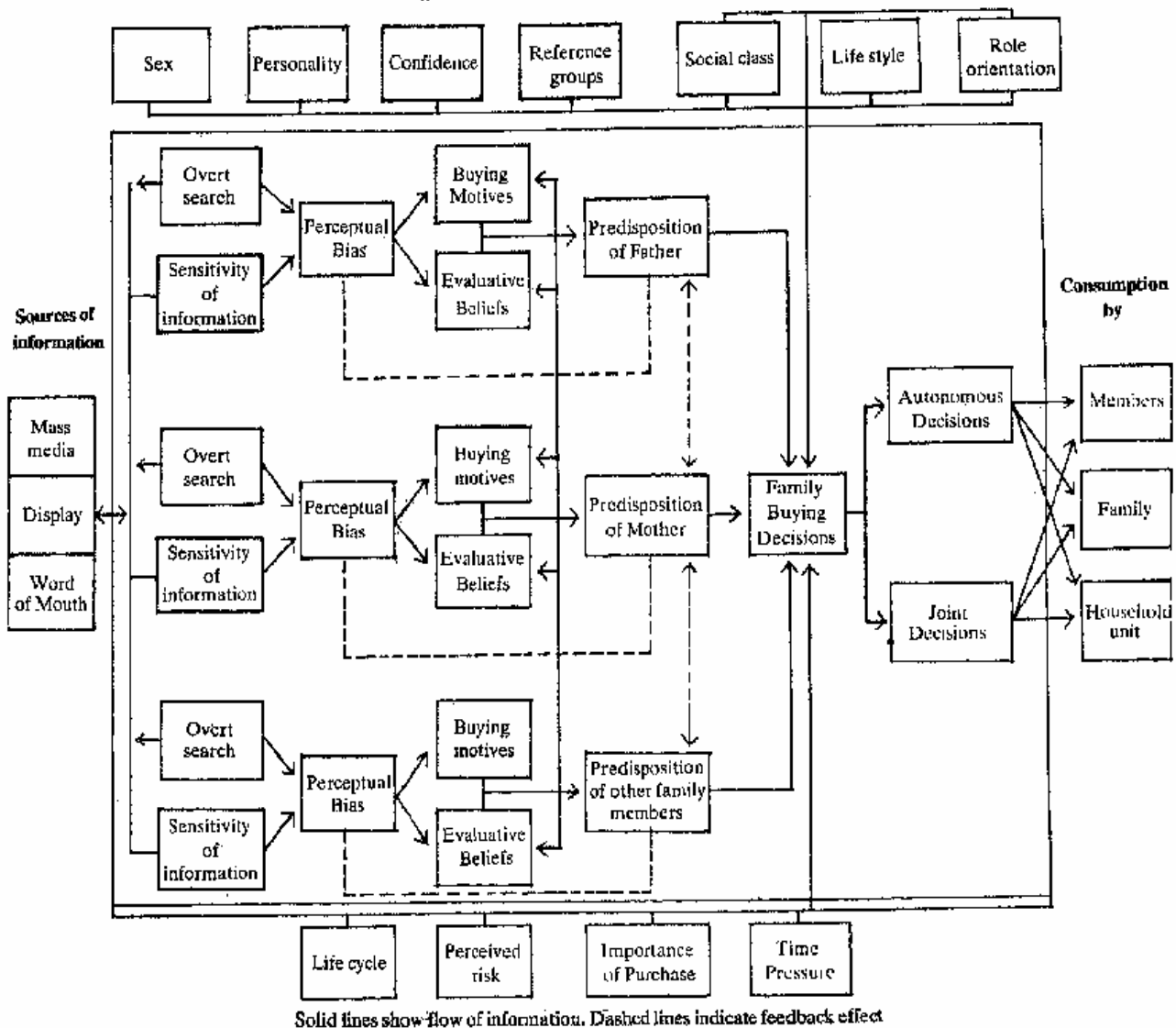
v) Preparers: Those family members who transform or prepare the product into the form in which it is actually consumed. The housewife may prepare the family meal using raw vegetables, lentils, spices, oil and other ingredients.

vi) Users: Those family members who use or consume a particular product or service. All family members may use the car, watch the television, listen to the stereo music system.

The roles played by different family members will vary from product to product. While shopping in the market, a housewife comes across a new variety of squash which she buys for the family. Her decision to purchase does not directly involve the influence of other family members. She is the decider, buyer, she may or may not be the preparer and is not the only user.

In case of products such as television, car, music systems, furniture or any such product which is likely to be used by some or all the family members, the purchase decision is likely to be a joint or group decision (with participation of some or all family members). Figure IV shows a model of family decision-making.

Figure IV: A Model of Family Decision Making



Solid lines show flow of information. Dashed lines indicate feedback effect



The left side of the model diagram shows the separate psychological predispositions of the father, mother and other family members which lead to "Family buying decision" which may be either individually or jointly made.

Whether a decision will be made individually or jointly is affected by (i) social class, (ii) life-style, (iii) role orientation, (iv) family life-cycle stage, (v) perceived risk, (vi) product importance, and (vii) time pressure. Decisions are more likely to be made jointly in middle class, closely-knit families or in case of newly married couples. Also, when the product under consideration is thought to be important to the family, when the perceived risk associated with it is high and there is ample time to make the decision.

Activity 3

a) Describe-how the knowledge of the buying behaviour models can be used for popularising the concept of family planning in your region.

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b) Identify few socio-economic segments, make appropriate assumptions about their social behaviour and devise a plan for marketing family planning concept.

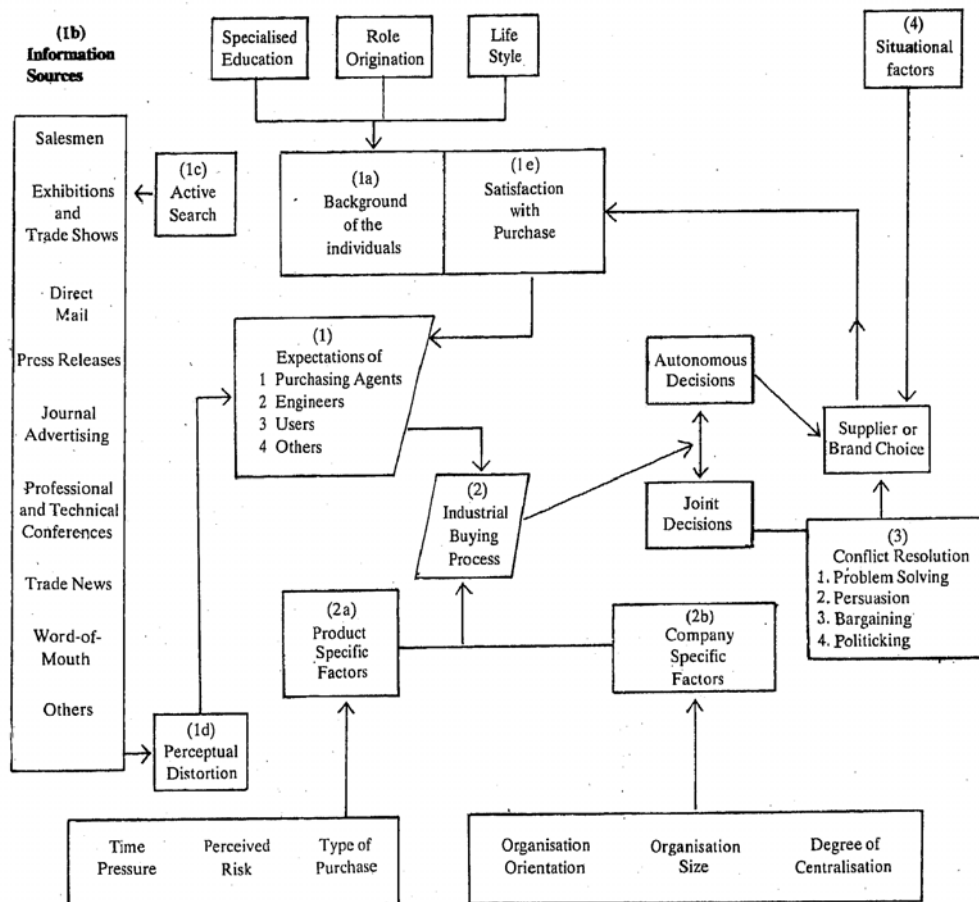
Dotted lines for writing the answer to question b)



A Model of Industrial Buyer Behaviour

The model of industrial buyer behaviour, as shown in Figure V, explains how purchase decisions are made in the context of an industrial organisation.

Figure V: An integrative model of industrial buyer behaviour



There are three distinct aspects in this model:

- i) The different individuals involved in the decision-making and the psychological make-up of each;
- ii) conditions leading to joint decision-making among these individuals;
- iii) Conflict, resolution among these individuals to arrive at a decision.

These three aspects are shown as marked (1), (2) and (3) in Figure V.

In a typical industrial organisation, personnel from the purchasing, quality control and manufacturing department are involved in making the purchase decision. These individuals are identified as 'purchase agents', 'engineers' and 'users' respectively in the model. Each of these individuals has psychological characteristics which create his level of expectation regarding the purchase. These individual psychological characteristics are:

- la) background of the individual
- lb) information sources
- lc) active search
- ld) perceptual distortion
- le) satisfaction with past purchases.



On the basis of these five characteristics each individual involved in the purchase decision has certain expectations from the product being bought. Expectations can be described as the perceived potential of alternative suppliers and brands to satisfy a number of explicit and implicit objectives in any particular buying decision. The most common explicit objectives may be product quality, delivery time, quantity of supply, after sales services and prices. The implicit criteria may be reputation, supplier credit, location and reciprocal relationship with the supplier, technical competence and even the personality and life style of the salesman.

Expectations based on these explicit and implicit criteria differ substantially among the purchase agents, engineers and users. Generally, purchase agents look for maximum price advantage and economy in purchase, engineers look for quality and product standardisation, while users seek prompt delivery, proper installation and efficient servicing facility. These differences in expectations are the cause for conflict amongst different types of individuals.

But, not all purchase decisions necessarily involve these different individuals. In the organisation while some decisions may be made jointly others are made autonomously. There are six basic factors which determine whether a decision will be made jointly or autonomously. Three of these factors relate product characteristics (marked 2a in the model diagram), while the other three are related to characteristics of the organisation (marked 2b in the diagram).

Product specific factors are:

- perceived risk: the higher the perceived risk the more likely it is to be a joint decision,
- type of purchase: Once-in-a lifetime heavy capital expenditure necessitates a joint decision while routine repetitive decisions are made independently,
- time pressure: greater the time pressure more likely it is to be 'an' autonomous decision.

Company specific factors are:

- organisation orientation: manufacturing organisation is likely to be dominated by production personnel, and dominated engineering in case of a technology oriented organisation.
- size of organisation: in large organisations decisions are likely to be made jointly while in the case of smaller organisations decisions are likely to be made autonomously.
- The fourth aspect of this model is the influence of the situational factors. The model described so far presumes that the decision of supplier and brand is made very systematically and rationally. This may generally be so, but sometimes situational factors outweigh the rational or realistic criteria in decision-making. Some of these situational factors may be temporary economic conditions such as inflation, recession or boom, price controls, rationing, foreign trade, strikes or lock-out, organisational change such as merger, acquisition or change of key personnel.

Activity 4

- 1 Identify whether your organisation is production dominated or technology dominated. Which are the key departments or personnel involved in making purchases directly related to the production process?

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9.8 SUMMARY

The marketer must know who are his customers and how do they arrive at the decision to purchase or not purchase a product, so that he can design an effective marketing strategy. Thus, marketers are particularly interested in the consumer decision-making process.

A decision refers to the selection of a particular alternative out of the several available alternatives. The process by which consumers arrive at a decision can be explained with the help of a model comprising an input, process and output. Input refers to the marketing and non-marketing stimuli received from the socio-cultural environment, the decision process variables are influenced by the individual customer's own psychological characteristics which affect his need recognition, pre-purchase information search and evaluation of alternatives. The output of the model comprises the actual purchase and its post purchase behaviour. The marketer's task is to study the buyer's behaviour at each stage and understand what influences are operating.

This simple model becomes increasingly complex, as the complexity of the decision-making process increases. Three distinct types of buying decision behaviour can be identified ranging from the rather simplified routinised response behaviour to the increasingly complex limited problem solving and extensive problem solving. The complexity of a decision also increases depending upon the number of people involved in making the decision. Certain decisions are made singly while others are made jointly. This is especially so in the context of a family situation where different family members play different roles such as influences, decider, gatekeeper, etc. In this context, we described a model of family buying behaviour as well as the Howard-Sheth and Engel-Blackwell-Kollat models of individual buying behaviour. The model of industrial buying behaviour explains how purchase decisions are arrived at in a typical industrial organisation.

9.9 KEY WORDS

Decision: A choice made from among several possible alternatives.

Evaluation of alternatives: A stage in the consumer decision-making process in which the consumer appraises the advantages and disadvantages from each of the product/brand alternatives, so that the choice may be narrowed down.

Extensive Problem Solving: An exhaustive search by the consumer to establish the necessary product criteria to enable him to knowledgeably evaluate and select the most suitable product to fulfil his needs.

Gatekeeper: Family member who controls flow of information about a product/brand thus influencing the family's decision-making.

Influencer: Family member who provides information and advice to other family members thereby influencing their decision-making.

Joint decisions: Decisions which are made with the active participation of two or more individuals, joint decision occur most commonly in the context of families and organisation.

Limited Problem Solving: A search by a consumer for a product that will satisfy his basic criteria from among a selected group of brands.

Model: A simplified representation of reality to show the relationship between various elements of a system or process.

Post-purchase dissonance: The discomfort or dissatisfaction which a consumer feels after having made the purchase, especially when the gap between expected and actual performance of the product is very large.

Pre-purchase search: A stage in the consumer decision-making process in which the consumer actively seeks out information concerning product alternatives that will satisfy his unfulfilled need.



9.10 SELF-ASSESSMENT QUESTIONS

- 1 Identify three different products that you think would require a great deal of pre-purchase search by a consumer. Assume that you are the buyer for these products. Identify the very specific external sources of information you would tap in your search.
- 2 Describe a recent purchase you have made in terms of the model described in Figure I.
- 3 A consumer is at the evaluation stage of the buyer decision process when considering the choice of retail outlet for buying a refrigerator. What factors do you think most consumers would rank as 'most important' in their choice of outlet?
- 4 Apply the six different roles which family members play in the context of the following decisions:
 - i) deciding the venue of the summer holiday;
 - ii) buying a wedding gift for a close relation;
 - iii) buying a three piece suit for the husband;

Assume that the family comprises husband, wife, a 15 year old son, a 11 year old daughter and a 67 year old grand-mother.

9.11 FURTHER READINGS

Schiffman, Leon G., and Kanuk, Leslie Lazar, 6th edition *Consumer Behaviour*, Prentice-Hall of India, New Delhi

Kotler, Philip, 2002 *Marketing Management*, Prentice-Hall of India Private Limited, New Delhi