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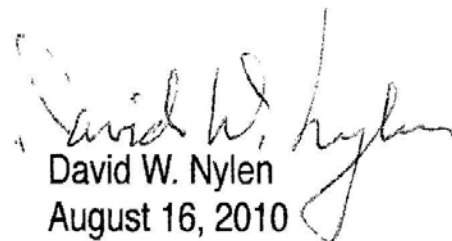
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David W. Nylen
August 16, 2010

A.2 Consumer Decision-Making Process

A.2

HOW CONSUMERS MAKE PURCHASE DECISIONS

In defining a marketing problem or developing a solution to a marketing problem, the **marketing concept** reminds us that it is important to understand and respond to the consumer's needs. The **consumer decision-making process** provides the marketer with a useful framework for determining the consumer's interests in a problem situation.

Steps in the Consumer Decision-Making Process. In studying consumer behavior, it is common to consider consumers as going through a decision-making process in order to solve product selection problems that confront them. This point of view considers consumers as active and rational partners in the marketing process.

The consumer decision-making process is presented in Figure A.2-1 as having four steps. The process is initiated by (1) problem recognition that motivates the consumer to commence (2) information search and evaluation. Based on the information gathered, the consumer enters (3) product choice and

purchase. After purchase, the product is put into use and the decision experience evaluated in (4) the postpurchase processes.

The consumer decision process is influenced by both internal and external variables. Internal variables include preexisting attitudes, beliefs, values, and self-concept. External variables include such environmental factors as the culture, social class, and family of the decision maker.

It should be stressed that the actual decision-making process that consumers go through is seldom as neat and orderly as the boxes in Figure A.2-1 imply. Instead, steps are frequently repeated, some are passed through so quickly that they seem to be skipped, and there is often recycling to go back through the process a second time or more.

Characteristics of the Decision-Making Steps. It is important in consumer behavior analysis to understand the behavior and the variables involved in each step of the decision-making process. Solving a marketing problem often requires inquiry into these variables to determine such things as consumers' motives, their choice criteria, or their evoked set.



FIGURE A.2-1

The Consumer Decision-Making Process

- *Problem Recognition.* The consumer decision-making process begins when a consumer recognizes that he or she has a problem. A **problem** occurs when the consumer senses a difference between ideal and actual conditions brought about by an unfulfilled need. The consumer is made aware of this discrepancy by a **stimulus** or piece of information that may be from an internal source (such as a feeling of hunger) or from an external source (a suggestion from a family member). A communication from a marketing source, such as an advertisement, can trigger problem recognition, but generally marketer communications are more effective in presenting the attributes of a product solution after the problem exists.

Once the problem has been recognized, and if it is of sufficient importance, the consumer is said to be **motivated**. This means that the consumer is energized to take action to solve the problem by moving on to the next step in the process.

- *Information Search and Evaluation.* Consumers solve problems by processing information. Because of its importance, especially in promotional decisions, the topic of **consumer information processing** together with other **individual consumer variables** are considered in more detail in GLOSSARY entry A.6. Consumers seek information from both internal and external sources. Internal sources are usually consulted first because of ease and speed. The consumer searches for cognitions, beliefs, and attitudes stored in memory as a result of previous similar experiences. If internal sources are insufficient, external sources may be searched. External sources include consumer sources (family, friends, experts), marketer sources (advertisements, salesmen) and neutral sources (articles, testing service reports). The nature and influence of **external consumer influences** are considered in more detail in GLOSSARY entry A.5. There are three types of information that the consumer seeks: information on products available as solutions to the problem, information on the problem-solving characteristics of each product, and, particularly for an unfamiliar problem, information on criteria for choosing a product.

Consumers tend to be assailed by more information than they can use, but they have a strong capability to screen out excess information through the perceptual processes. Consumers tend to screen out information that is not useful in solving a current or anticipated problem, information that is not believable, or information that conflicts with important values or attitudes held by the consumer. Information that passes through the perceptual filters is stored in memory as cognitions, beliefs, and attitudes until it is needed to make a decision. The amount of search that the consumer undertakes in solving a problem varies greatly from person to person and from situation to situation. The extent of search is examined further below.

- *Product Choice and Purchase.* Making the purchase decision may await completion of information search, but frequently takes place concurrent with the gathering of information. From the information search process, the con-

sumer forms a list of available products to consider (termed the **evoked set**), forms beliefs about the characteristics of each product, and establishes a set of choice criteria by which to evaluate the alternatives. **Choice criteria** define the importance of various product features, price, and ease of purchase as well as the importance of congruity with the purchaser's self-concept, values, and attitudes. The choice decision is made by comparing the attributes of each product with the choice criteria to determine which alternative best solves the problem.

Consumers employ decision rules that guide comparison of product attributes to the choice criteria. Under a **compensatory decision rule**, all attributes of a product are compared to all choice criteria at one time and the good features are allowed to offset the bad. Under a **noncompensatory decision rule**, attributes are examined one at a time, minimum standards are sometimes set, and a bad evaluation on one characteristic cannot be offset by a good score on another.

After product choice, or sometimes before as part of information search, a choice of store in which to purchase the product must be made. The **consumer store choice decision** is considered in GLOSSARY entry A.18.

- *Postpurchase Processes.* One result of the choice process is that the consumer forms **expectations** about how the product will perform. After using the product, the consumer evaluates the product, comparing actual performance with expectations. If actual performance meets or exceeds expectations, the outcome is said to be **satisfaction**. If performance does not meet expectations, the result is **dissatisfaction**. Postpurchase evaluation results in **learning**, the formation and change of cognitions, beliefs, and attitudes as a result of experience. The results of postpurchase evaluation are stored in memory where they are available when the same or a similar problem occurs.

A second outcome that sometimes occurs as a result of the purchase decision is termed **cognitive dissonance**. After making a purchase decision, particularly if the decision was a difficult one, the consumer may have second thoughts, realizing that the products not chosen also had good features. In this state of discomfort, or cognitive dissonance, the consumer will attempt to ease this tension by seeking further information that supports the decision that was made.

Involvement and the Extent of Search. It has been recognized for some time that the amount of effort that a consumer puts into decision making, particularly the information search and evaluation phase, varies widely. Howard and Sheth saw the extent of search varying with the amount of experience that consumers had with the purchase.¹

Extensive problem solving with extensive external search takes place with important first purchases while **routinized response behavior**, which has no external search, takes place after the consumer has made many similar purchases and is familiar with products available. **Limited problem solving** represents an intermediate stage of familiarity leading to some external search.

More recently, Krugman introduced the concept of **involvement**, which is thought to influence the extent of search and a host of other consumer behavior variables.² A **low-involvement decision** is one in which the consumer has only a low level of interest and, as a result is not willing to invest energy in external search. A **high-involvement decision**, by contrast, is one that vitally concerns the consumer with the result that information search is extensive. In high-involvement decisions, consumer search is said to be active with consumers taking the initiative to seek information. In low-involvement decisions, information search is passive with the consumer content to let information seek the decision maker.

It also appears that the order of the decision-making process varies between high and low involvement. The decision-making process described in the prior section represents the high-involvement sequence of events. After a problem has been recognized, the consumer searches actively for information, forming cognitions (knowledge) about the product that are evaluated to form attitudes (preferences) toward prod-

ucts, which are then used to guide purchase. The low-involvement sequence is different. Problem recognition does not trigger active search, but the consumer relies on internal information resulting, in part, from passive search and moves directly to purchase with little evaluation. Attitudes are formed after use of the product rather than as a result of external information search. The two sequences are contrasted in Figure A.2-2 below.

In addition to information search and attitude formation, other variables are thought to differ in high and low involvement. In low involvement, for example, selective attention is lower, perceived risk is lower, cognitive dissonance is less likely, the decision rule is more likely noncompensatory, and external consumer influences are likely to be less important.

APPLICATION OF THE CONSUMER DECISION-MAKING PROCESS TO MARKETING DECISION MAKING

The use of information about consumer decision making is pervasive in marketing problem solving. The application of the consumer decision-making process is suggested for each of the major decisions made in forming a marketing strategy.

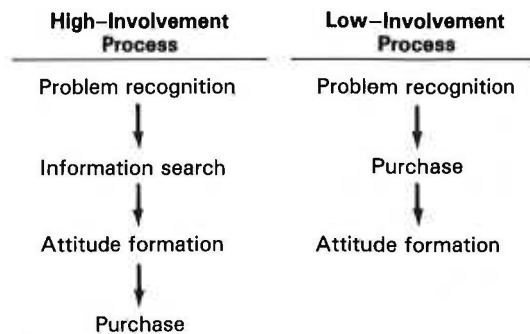


FIGURE A.2-2

High-Involvement and Low-Involvement Decision Processes Compared

¹John A. Howard and Jagdish N. Sheth, *The Theory of Buyer Behavior* (New York: John Wiley & Sons, 1969).

²Herbert E. Krugman, "The Impact of Television Advertising: Learning Without Involvement," *Public Opinion Quarterly* 29 (1965), pp. 349-56.

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Use in Market Segmentation. In **segmentation of markets** the marketer should seek a causal base so that segment members respond uniformly to particular marketing mixes and the basis of their response is understood (GLOSSARY entry B.3). The consumer decision process suggests that causal segmentation bases should relate to the problems or needs that motivate consumers to purchase products.

Use in Target Market Selection. In **target market selection**, a segment should be sought that contains consumers with unfulfilled needs (GLOSSARY entry B.4). Such a segment will be more responsive to a marketing mix directed to their needs. Unfulfilled needs can be determined by examining the level of satisfaction or dissatisfaction with existing products.

Use in Positioning. Product **positioning** relies upon finding and exploiting a competitive advantage that is meaningful to consumers in a chosen target market and that will set the marketer's product apart from competition (GLOSSARY entry B.1). This relies upon understanding how consumers perceive competitive products and how they evaluate the differences between products.

Use in Design of the Product. **Product design** should be strongly influenced by the needs of the target consumers. Understanding the problem that brings target consumers to the market and knowledge of the choice criteria that target consumers use in product selection will enable product design to be consumer responsive (GLOSSARY entry C.25).

Use in Pricing. In pricing a product, the marketer needs to understand the characteristics of the demand curve including **price elasticity** (GLOSSARY entry A.14). Insights into consumer sensitivity to price can be learned by determining the importance of the decision to the consumer, the consumer's perception of the substitutability of competitive products, and the importance of price in the consumer's choice criteria.

Use in Distribution. In determining the numbers and types of outlets in which to distribute a product, the marketer should consider the consumer's need for in-store assistance and the consumer's willingness to shop around for the product. (See GLOSSARY entry C.12 on **distribution intensity** and GLOSSARY entry C.33 on **retailer selection**.) For complex, high-involvement purchases, the consumer may need stores offering strong sales assistance, such as specialty or department stores. If consumers are not willing to shop around for a product, distribution needs to be intensive.

Use in Promotion. Promotion should be guided by an understanding of the information that consumers seek in order to evaluate and purchase the product and by an understanding of the level of importance or involvement of the decision. **Advertising copy** (GLOSSARY entry C.2) should be believable and provide information that is relevant to the problem that the consumer seeks to solve. Otherwise the information will be screened out by the perceptual processes. Promotion for low involvement product decisions must overcome consumer passiveness through use of intrusive advertising media (such as television), high frequency of impressions, forceful sales promotion offers, or other devices to raise the level of involvement. (See GLOSSARY entry C.4 on **advertising media selection** and GLOSSARY entry C.36 on **sales promotion**.)

SUGGESTIONS FOR FURTHER READING

- HOWARD, JOHN A., and JAGDISH N. SHETH. *The Theory of Buyer Behavior*. New York: John Wiley & Sons, 1969.
- KRUGMAN, HERBERT E. "The Impact of Television Advertising: Learning Without Involvement." *Public Opinion Quarterly* 29 (1965), pp. 349-56.
- OLSHAVSKY, RICHARD W., and DONALD H. GRANBOIS. "Consumer Decision Making—Fact or Fiction?" *Journal of Consumer Research* 6 (September 1979), pp. 93-100.