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**Introduction:**

This chapter deals with the consumer decision-making process—purchase and post-purchase processes. We will begin the chapter with a look at how consumers go about the actual act of purchasing and the outlet factors that influence this process. In this part, we will also cover gift giving since it is a large part of consumer buying. We will also examine the meanings consumers assign to consuming and possessing products. Then, we will look at what happens after purchase—post-purchase dissonance, consumer satisfaction and dissatisfaction, and brand loyalty. The chapter will end with the Relationship marketing, which marketers use to foster customer satisfaction, the outcomes of consumer decision making.

*Understanding the motivations of consumers to engage in relationships with marketers is important for both practitioners and marketing scholars. To develop an effective theory of relationship marketing, it is necessary to understand what motivates consumers to reduce their available market choices and engage in a relational market behavior by patronizing the same marketer in subsequent choice situations.*

**1.Levels of Consumer Decision Making:**

**Extensive Problem Solving**

It is a search by the consumer to establish the necessary product criteria to evaluate knowledgeably the most suitable product to fulfill a need.

Consumer purchases involving extended decision-making correspond most closely to the traditional decision-making perspective. Such decisions involve extensive internal (long-term memory) and external (outside sources) information search followed by a rigorous evaluation of several alternatives because consumers do

not possess any meaningful information about the product or service and need much of it. The evaluation often involves careful consideration of attributes of one brand at a time and taking stock of how the attributes of each brand measure up to a set of desired characteristics. All this happens in response to a high level of consumer's involvement in making a purchase decision. Such complex decisions are relatively few and may relate to buying a computer, stereo system, washing machine, laser printer, or a new house etc. Post purchase evaluation is more likely to be complex and dissonance causing.

### **Limited Problem Solving**

It is a limited search by a consumer for a product that will satisfy his or her basic criteria from among a selected group of brands.

Limited decision-making is usually more straightforward and simple. It involves internal (long-term memory) and limited external search, consideration of just a few alternatives, simple decision rules on a few attributes and little post-purchase evaluation. As pointed out earlier, it covers the middle ground between nominal and extended decision-making.

Buyers are not as motivated to search for information, or evaluate each attribute enthusiastically, but actually use cognitive shortcuts. According to Wayne D. Hoyer, when the level of consumer involvement is lowest, limited decision-making may not be much different than nominal decision-making. For example, while in a store, the consumer notices a point-of-purchase display of Nescafe and picks up one pack based on her/his memory that its aroma and taste is good. If the consumer's decision rule is to buy the cheapest brand of instant coffee available, she/he looks at different brands of coffee for prices and buys the least priced brand. Sometimes, emotional factors may influence limited decision-making.

### **Reutilized Response Behavior**

There are some products which are used on a daily basis like food items, soap, shampoo etc. For these products purchase is reutilized.

## **2.Models of Consumers: Four Views of Consumer Decision Making**

- An Economic View
- A Passive View
- A Cognitive View
- An Emotional View

Numerous decisions are made daily concerning every aspect of our lives. These decisions are often made without stopping to think how we make them, or what is involved in the decision making itself. In the most

general terms, a decision is the selection of an action from two or more alternative choices, i.e. there must be a choice of alternatives available.

The four views refer to the general view or perspective why individuals behave as they do.

## **Four views of decision making**

An economic view in a world of perfect competition, the consumer is often portrayed as economic - the one who makes rational decisions. Consumers rarely have enough information, or sufficient information, or even an adequate degree of involvement or motivation, to make perfect decisions. Consumers operate in an imperfect world and often "settle" instead of optimizing price-quantity combination.

### **Passive view**

The opposite of economic view is the view that consumers are passive, basically submissive to the self-serving and promotional efforts of marketers. eg. Verimark ads and infomercials.

### **A cognitive view**

This view portrays the consumer as a thinking problem solver. Risk is the key component the problem solver tries to dispel the risk associated with many product choices.

When 'enough' information is gathered, the consumer stops seeking information to make 'satisfactory decisions', eg. motor vehicle adverts or high capital expenditure ads.

### **An emotional view**

Consumers may associate deep feelings or emotions (fun, fear, love, prestige, hope, sexiness, fantasy or a bit of magic). Consumers buy clothes not because they look better but they feel better. Advertisers are recognizing the renewed importance of emotional advertising, eg. LIC Advertisement.

The firm's marketing activities is a direct attempt to reach, inform and persuade consumers to buy and use its products. These inputs to the consumer decision making process constitute the product itself - including its packaging, size, guarantees, mass media advertising, personal selling, and other promotional efforts, pricing policy, selection of distribution channels to move product from the manufacturer to the consumer.

The impact of the firm's marketing efforts is governed largely by the consumers' perception of these efforts and therefore must be alert to consumer perceptions and must not solely rely on the intended impact of marketing messages.

A strategic marketing plan that has researched the needs of the consumer and positions itself so the consumers' decision becomes less risky will have the desired effect to influence the consumer to purchase the product.

## **A Model of Consumer Decision Making**

### **Three Stages of Consumer Decision Making**

- a. Need Recognition
- b. Prepurchase Search
- c. Evaluation of Alternatives

### **A ) Need Recognition**

It is the realization by the consumer that there is a difference between “what is” and “what should be.”

### **b) Pre purchase Search**

It is a stage in the consumer decision-making process in which the consumer perceives a need and actively seeks out information concerning products that will help satisfy that need.

#### **Factors that are Likely to Increase Pre purchase Search**

##### ***Demographic Characteristics of Consumer***

Well-educated

High-income

White-collar occupation

Under 35 years of age

##### ***Personality***

Low dogmatic

Low-risk perceiver (broad categorizer)

Other personal factors, such as high product involvement and enjoyment of shopping and search

### **c) Evaluation of Alternatives**

It is a stage in the consumer *decision-making process* in which the consumer appraises the benefits to be derived from each of the product alternatives being considered.

#### **Issues in Alternative Evaluation**

- Evoked Set
- Criteria Used for Evaluating Brands
- Consumer Decision Rules
- Lifestyles as a Consumer Decision Strategy

- Incomplete Information and Noncomparable Alternatives
- Series of Decisions
- Decision Rules and Marketing Strategy
- Consumption Vision

### **3. Gifting Behavior**

Gifting is an act of symbolic communication, with explicit and implicit meanings ranging from congratulations and love, to regret, obligation, and dominance

Gift giving is universal and has been a part of cultures and society since the beginning of written history. Gifting is a process of gift exchange that takes place between a giver and receiver. It is an act of symbolic communication associated with important event such as Mother's day, birth and birthdays and engagements, weddings, graduation with implicit and explicit meanings. The model of the relationship between various combination of gifts givers and gift receivers in the consumer gifting process reveals the following five gifting subdivisions:

- (1) Intergroup gifting,
- (2) Intercategory gifting,
- (3) Intragroup gifting,
- (4) Interpersonal gifting, and
- (5) Intrapersonal gifting.

With the increasing stress in work and lack of time, technological advances such as online shopping have paved way and relieved people on the burden of spending time on shopping.

### **Dimensions of Gift Giving**

Researchers have expressed the value dimensions of gift giving in various ways. The perceived value of a gift is a reflection of the value of the relationship (Sherry 1983). Gift values are altered depending on the nature of relationships, roles in relationships, and changes in financial status. Prioritization is required to establish allocation of funds, energy, and time.

**Economic Value:** The economic value of a gift is a prominent dimension, but when gift giving becomes merely an economic exchange, reciprocity is expected immediately or at a later time. Gift giving from an economic

perspective diminishes the process to a level of “market exchange.” Most people would likely consider focusing on the economic value of a gift as taking away the mystique and thoughtfulness of the process.

**Social Value :** Social networks is managed by gift giving frameworks. In the context of these social relationships, gift giving is used to cultivate, enhance, maintain, or discontinue social connections Gift giving can even result in a “bond of goodwill” or “social indebtedness,” intensifying the obligation for continued gift exchange

**Expressive Value :** Expressive value, also called as personal value adds to the understanding of gift giving intent. It reflects a giver’s self-identity through the gift . Often, the giver chooses the gift as a reflection of himself or herself. The giver hopes the recipient will think of him/her when viewing or using the gift. Rejecting or accepting a gift can be a strategic assertion of selfhood.

**Functional Value:** Functional reasons are always attached for a gift to be given which is referred to as “perceived utility”. Utility is central on purchase of products, but this focus is less present in gift selection.

## **STAGES OF GIFT GIVING**

Gift giving cannot be defined simply by the gift itself. While there is an object involved, the behaviors and emotions surrounding the object are of great interest in learning about gift giving. The act of giving is usually more important and symbolic than the gift itself. The gift giving cycle occurs in three main stages; gestation, prestation, and reformulation.

**Gestation:** The first stage in the gift giving cycle is gestation. All behavior preceding the presentation and exchange of the gift occurs in the gestation stage. During this phase, concepts regarding the gift are considered such as price, motivation, personal expression, boundaries of the relationship, and both giver and receiver’s tastes and preferences.

**Prestation:** It is the middle stage of the gift giving cycle. During this stage, the recipient and giver have often established a specific time, place, and date for the gift exchange to occur. The gift is presented to the recipient in a manner that can vary in levels of formality and ritualism. Response from the recipient is the giver’s reward, occurring in two phases; the recipient decodes the content of the gift, often with immediate facial expressions, and then responds directly to the giver verbally or by actions such as embracing.

**Reformulation:** The final stage in the gift giving cycle is reformulation. Reformulation refers to the time after the presentation of the gift when the gift is consumed, redistributed, stored, exchanged, or disposed. It is also during this stage when the relationship is reassessed and positioning for future giving is considered. Reflection on the gift, the presentation, and the relationship itself all contribute to the outcome of the reformulation stage. In the first stage, the consumer identifies a gift giving, situation. The second stage is the process of gift giving and possibly exchanging gifts. The third stage involves the disposal of the gift by being consumed, displayed, stored away or returned.

#### **4. consuming and possessing :**

Historically, the emphasis in consumer behavior studies has been on product, service and brand choice decisions. The experience of using products and services, as well as the sense of pleasure derived from possessing, collecting, or consuming “things” and “experiences (mechanical watches, old fountain pens or a base ball card collection) contributes to consumer satisfaction and overall quality of life. This consumption outcomes or experiences, in term affect consumers’ future decision processes.

Thus given the importance of possessions and experiences, a broader perspective of a consumer behavior might view consumer choices as the beginning of a consumption process, not merely the end of a consumer decision making effort. The process stage of a simple model of consumption might include (from the consumers’ perspective) the using, possessing, collecting and disposing of things and experiences.

#### **Products have special meanings and memories:**

Consuming is a diverse and complex concept. It includes the simple utility derived from the continued use of a superior tooth paste, the stress reduction of an island holiday, the stored memories of a DVD reflecting one’s childhood and the fun and even financial rewards that come from collecting almost anything. There are special possessions that consumers resist replacing, even with an exact replica, because the replica cannotpossibly hold the same meaning as the original. Such possessions are often tied, in the consumers’ mind, to a special physical time or person.

Some possessions serve to assist consumers in their effort to create personal meaning and to maintain a sense of the past. To this end it has been suggested that nostalgia permits people to maintain their identity after some major change in their life. This nostalgia can be based on family and friends, on objects such as toys, books, jewelry and cars or on special events such as graduations,weddings and holidays.

#### **5.Relationship Marketing**

##### **A Portrayal of the Characteristics of Relationship Marketing**

Relationship marketing is about forming long-term relationships with customers. Rather than trying to encourage a one-time sale, relationship marketing tries to foster customer loyalty by providing exemplary products and services. This is different than most normal advertising practices that focus on a single transaction; watch ad A and buy product B. Relationship marketing, by contrast, is usually not linked to a single product or offer. It involves a company refining the way they do business in order to maximize the value of that relationship for the customer.

Relationship marketing mainly involves the improvement of internal operations. Many customers leave a company not because they didn't like the product, but because they were frustrated with the customer

service. If a business streamlines its internal operations to satisfy all service needs of their customers, customers will be happier even in the face of product problems.

Technology also plays an important role in relationship marketing. The Internet has made it easier for companies to track, store, analyze and then utilize vast amounts of information about customers. Customers are offered personalized ads, special deals, and expedited service as a token of appreciation for their loyalty.

Social media sites allow business to engage their customers in an informal and ongoing way. In the past, it would have been impossible to keep useful records about every single client, but technology makes it easy for companies to automate their marketing efforts.

Branding is the final component of relationship marketing. A company can form a long-term relationship with a client if that client feels like the brand they purchase reflects who they are or who they want to be. Customers are less inclined to switch to a different brand if they think that switch makes a statement about their identity.

### **Who Employs Relationship Marketing?**

Many types of companies have something to gain from developing long-term relationships with their customers. Smaller businesses often serve a steady stream of regulars, and make little effort to draw in new customers. Imagine a small restaurant that sees a steady stream of business from the morning commute. Their daily presence is a large part of the business that restaurant does every day.

Larger companies typically invest the most in carrying out sophisticated relationship marketing campaigns. In some major companies, relationship marketing is a strategy that affects every department with a client facing purpose (sales, customer service, shipping etc). Industry leaders constantly face competition from new companies who claim to provide similar goods with a higher-quality level of service. Holding onto their existing customers is the only way they can maintain their position at the top of their industry. This is true for businesses in all industries, from cell phones to baby food.

### **Summary:**

The consumers decisions to purchase or not to purchase a product or service is an important moment for most marketers as it can signify whether a marketing strategy has been wise, insightful and effective or whether it was poorly planned and missed the mark. The various models of consumers (economic view, passive view, cognitive view and emotional view) depict consumers and their decision making processes in distinctly different ways.

The process of gift exchange is an important part of consumer behavior. Various gift giving and gift receiving relationship are captured by these five specific categories in the gifting classification scheme:1. Intergroup gifting 2. Intercategory gifting 3.intragroup gifting 4. Interpersonal gifting 5. Intrapersonal gifting.



Consumer behavior is not just making a purchase decision or the act of purchasing. It also includes the full range of experiences associated with using or consuming products and services. It also includes the sense of pleasure and satisfaction derived from possessing or collecting things. The outputs of consumption are changes in feelings, moods or attitudes and reinforcement of lifestyles.

Relationship marketing impacts consumers' decisions and their consumption satisfaction. Firms establish relationship marketing programs to foster usage loyalty and a commitment to their products and services. At its heart, relationship marketing is all about building trust and keeping promises made to consumers.