

The fifth chapter titled “Analysis of Buying Decisions of Rural Consumers towards Fast Moving Consumer Goods” makes an assessment about the preference in decision making, factors influencing in buying decisions, consumption pattern and the buying roles in personal care, home care, oral care and food and beverage products.

The sixth chapter titled “Analysis of Understanding the Degree of Involvement in Buying” measures the degree of involvement of rural consumers. It also explains the variables which have high or low degree of involvement. It also analyses the post-purchase behaviour understanding of the rural consumers.

The seventh and the final chapter titled “Summary of Findings and Suggestions” highlights the important findings of earlier chapters, offers suggestions for improvement, and provides scope for further study.

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## **CHAPTER – II**

### **CONSUMER DECISION MAKING PROCESS – AN OVERVIEW**

#### **2.1 INTRODUCTION**

A decade has elapsed since the onset of the millennium and there have been many changes occurring across global economics which has had its repercussions on the Indian economy. Since the time of the liberalization of our economy, Indian markets have been greatly influenced by the global economy and global markets. The recession in the developed economies such as the United States and Europe has had its impact on the Indian markets. In spite of being a king or queen in the

buyer's market, customers were adopting a cautious approach while purchasing things. This was in total contrast to their buying behaviour during the boom period, when they had displayed a splurge while purchasing goods or services. Nevertheless, the Indian markets were not greatly affected due to the global slowdown because of the efforts put in by the organizations at constant innovations and the ability to adapt to evolving marketing conditions.

Customers decide to purchase products and services to satisfy their personal, social and environmental needs. The Fast Moving Consumer Goods (FMCGs) sector is surging ahead in rural markets due to modern communication. It has attracted Indian villagers. When the urban demands for the goods are getting saturated, the manufacturing companies look at this development as an opportunity. Large FMCG companies including Multinational Companies (MNCs) have their own strategies to enter this large and developing rural market. Large companies in the FMCG sector in India have taken up a developmental approach to nourish this new market. For the last one decade, sales promotion activities for FMCGs in rural India are catching up. The pioneering efforts have been put by Hindustan Unilever Limited (HUL), Godrej, Nirma and Colgate Palmolive. Now many more companies have joined the brand.

In this chapter, the consumer decision making process has been considered as the first step in the consumption process. Hence, an attempt has been made to examine the various models of man in terms of his consumer behaviour. In addition, the researcher is also having a look at the buying motives, types of decision making and consumer information processing which will be of very useful in decision making. The Schiffman and Kanuk's model has been discussed which provides an overview on the consumer decision making process.

## 2.2 CONSUMER DECISION MAKING

Everyday all are involved in taking decisions related to the aspects of our lives. Usually such decisions are taken automatically without the involvement of any particular decision making process. For instance say a housewife goes to purchase a mid priced range of tea, her decision making involves making a selection from the various brands of tea like Taj Mahal, Tata Tea, Red Label, Yellow Label, and so on. "The process by which a person is required to make a choice from various alternative options is referred to as decision making".<sup>67</sup>

The marketing environment has been evolving, become competitive and more of a buyer's market, with each marketer trying to adopt unique strategies which can result in positive decision making from the consumer's side. While the customer gains from having to decide and select from a wide array of choices, the marketer will benefit from a substantial increase in sales when the consumer decides to purchase their brands.

### 2.2.1 Different Views of Consumer Decision Making:

The changing market environment provides the impetus for a careful study of consumer decision making or buyer behaviour. The term 'model' generally refers to a general 'view' or perspective as to when and why individuals behave as they do. In buying and consuming a variety of goods and services, consumers are pursuing a set of motives. Though need satisfaction is the underlying motive source of all consumption activity, an understanding of needs and processes that influence the formation and satisfaction of such needs will help the marketer to devise suitable

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<sup>67</sup> Suja R. Nair. **Consumer Behaviour in Indian Perspective.** Himalaya Publishing House, Mumbai, 2011, p.355.

marketing programmes. The various models or views of consumers are examined in the following paragraphs:

#### **2.2.1.1 An Economical View or Model:**

Traditionally, economics has been considered to be the mother discipline of marketing. Economists believe that consumers derive some utility (a feeling of satisfaction) from consuming a particular product and so their consumption activity will be directed towards pursuing maximization of utility. That's why if given a certain amount of purchasing power, and a set of needs and tastes, a consumer will allocate his expenditure over different products at given prices rationally so as to maximize utility. Economists also postulate that the utility from the consumption of a certain product diminishes as the quantity of the product consumed increases (based on the principle of Diminishing Marginal Utility). According to this model it is also possible to make a number of predictions about the behaviour of buyers in terms of the price effect, income effect and substitution effect. While these predictions are useful, questions are being raised on the assumption of rationality in the behavior of buyers. The criticism by consumer researchers is based on a number of reasons. They argue that in reality, the consumer may not be (a) aware of the various product alternatives or (b) in a position to evaluate all the advantages and disadvantages related to the various product alternatives so as to rank them accordingly. Thus in the absence of all the possible sufficient and accurate information, it will not be possible for the consumer to make the so called rational or perfect decision.

It has been criticized that the economic view is too idealistic and simplistic. It is being argued that consumers in reality behave very differently and do not maximize their decisions in terms of economic considerations such as price-quality relationships, marginal utility or indifference curves. Very

often the consumer will settle down for a 'satisfactory' decision and not necessarily the best one though it will be a 'good enough' decision.

#### **2.2.1.2 The Passive View or Model:**

Unlike the rational economic view of man, the passive view portrays the consumer as someone who is basically carried away by the promotional and self oriented efforts of the marketer. As per the passive view, consumers are perceived to be impulsive who take irrational purchase decisions and are influenced by the promotional offers of the marketers.

The passive model is criticized as it fails to take a pragmatic view of the consumers. It is argued that in a buying situation, the consumer will be involved in a decision making process wherein he seeks information on the product, evaluates all the alternative brands and then makes a selection based on the brand which provides him maximum satisfaction. At times the consumer's purchase decision is also based on emotions or moods. So it is wrong to assume that the consumer will be passive while taking purchase decisions.

#### **2.2.1.3 A Cognitive View or Model:**

As a consumer, man is usually involved in thinking and problem solving. He is constantly involved in an active search for goods and services which will not only satisfy his needs but enrich his life also. As per the cognitive view consumers are involved in an information seeking and processing method. They try to gather all the necessary information from various sources, such as a trusted friend, or an expert and so on. Once he feels that he has sufficient information, so as to make a 'satisfactory choice decision', he will cease to gather more information and will ultimately decide on his purchase intention.

This model of man as a thinker views consumer as an information processor. And all the focus is on the processes by which consumers seek and evaluate information about the concerned brands and the respective retail outlets.

The advertisement on Complan can work as a cognitive appeal to customers seeking information for purchasing health beverages. The advertisement provides information on the growth of child's height, weight and memory offered by the Complan brand of health beverages.

Thus according to the cognitive model of consumer, the above mentioned advertisement will make the consumer think on the benefits a Complan. The consumer will finally take the purchase decision based on his satisfaction of the information received. In other words the problem solving view or model of consumer talks of a person who in the absence of the total information or knowledge of all the available product alternatives, would actively seek 'satisfactory information and thereby attempt to make satisfactory decisions accordingly.

#### **2.2.1.4 An Impulsive or Emotional View of Consumer:**

Another aspect of consumer decisions making is that they can be emotional or impulsive while taking purchase decision. Very often, we, as consumers are involved in purchase made on impulse or on a whim. For such emotional buying, the consumer may not undergo the usual process of carefully searching, evaluating and then deciding on the brand or outlet to purchase from. Rather he is more likely to purchase the product (brand) based on a whim or an impulse. Such consumer decisions are said to be 'emotionally driven'.

For emotional or impulse purchases, in the absence of a search for pre-purchase information, it is the mood and feeling of the consumer which will decide on the emotional purchase decision. Emotional decision could be rational to some extent also. That is, the consumer may take an emotional decision to purchase a product but he will be rational while deciding of choosing one brand over another.

This type of behavior is displayed while making purchase of apparel, gifts, selecting holiday destinations or toys (for children). In all the above situations, the final decision may be made on the basis of emotion. Advertisers are projecting, their products or services in a way to appeal to the emotions of the particular target market. Such emotional appeals can be seen in the advertisement of Johnson and Johnson baby products, Huggies diaper, Wipro Baby Soft, Fisher Price toys and so on.

Related to consumers emotions and feeling is the 'mood' of the person. Mood may be defined as a feeling state of the mind. The basic difference between an emotion and a mood is that former is a response to a particular environment, while mood is an unfocused, pre-existing state-already present, when the consumer gets motivated or experiences a positive feeling about an advertisement, or the retail outlet or brand or a product.

Moods play an important role in consumer decision making. Very often it is the mood of the consumer which influences his decisions related to when to shop, where to shop, in whose company to shop, etc. It has been observed that even within the shopping environment, the interior decor, the attitude of the sales persons, the type of services provided, etc. could affect the shoppers' mood and influence the consumer's decision on how long to shop and on how often to go to that shop.

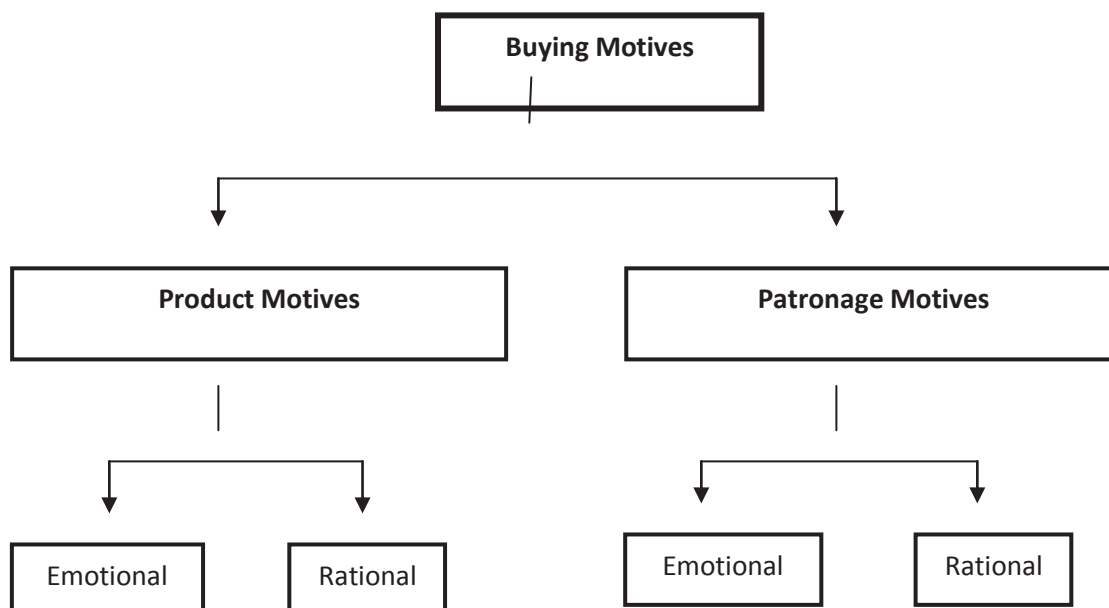
Realizing this now retailers and dealers are creating a positive store image. This is likely to have a positive impact and influence on the consumer's mood and decision to purchase.

## 2.3 BUYING MOTIVES

A consumer purchase a particular product or service because of a strong inner feeling or force which instills in him a strong desire to have possession of the same. A buying motive can thus be said to be all the desires, considerations and impulses, which induces a buyer to purchase a given product. Marketers are interested in the understanding of buying motives because it would indicate about their attitudes and the 'why' of their purchase decisions. Basically, buying motives are of two kinds: Product motive and Patronage motives. This is illustrated in Fig.2.1.

**FIG. 2.1**

### **Types of Buying Motives**





Product is said to be a bundle of satisfaction to take care of consumer needs and desires. Then the questions before the marketing decision maker are – why does a person buy a product, a specific brand? And why does he not have brand loyalty or why does he change his brand from one another? These questions can be explained by understanding his buying motives.

### **2.3.1 Product Motives:**

The impulses, considerations and desires that induce a person to be positively inclined to purchase a particular product are called product motives. Accordingly the product will be inclusive of the attributes i.e., the colour, design, price and utility.

Product motives can be classified on the basis of the nature of satisfaction sought by the buyer. Based on this classification, there are two categories of product motives, viz. (i) Emotional product motives and (ii) Rational product motives.

Emotional product motives are those impulses which persuade a consumer to purchase product spontaneously without fore-thinking on the consequences of the action or decision. Evaluation of the pros and cons of the decision or logical reasoning analysis is not found behind such purchase decisions. Here the buyer lets the heart rule over the mind. That is, emotional product motives usually

appeal to the buyer's sense of ego, to display his social status, tendency to imitate others or convey the feeling of love and affection to close friends and family members. For instance, a husband may on impulse buy a saree for his wife and gift a toy to his little child.

Rational Product motive, on the other hand, involves careful reasoning and logical analysis of the intended purchase. The buyer will work-on whether it is worthwhile to purchase the product, the purpose to be served by the intended product purchase, the various alternatives available to the buyer and so on. The buyer will think and work-out the valid and relevant reasons to justify for the house; he/she will work on various aspects like suitability to the home environment, durability, economics, etc. before purchasing the same. They will lookout, enquire about the furniture available at various outlets before the final decision on whether or not to buy the furniture.

At times the product motives may be a mixture of emotion and rationality. That is, a buyer may react quickly to 'a situation and make an impulsive buying decision but there could be some conscious reasoning behind such purchases. So a more logical way of classifying product motives is by adding two dimensions to the product motives – utility and prestige. In most purchase decisions, these two motives are combined to a certain extent. It is believed that a buyer gains satisfaction from the purchase of a product partly because of its utility to him/her and partly because of the social recognition he or she gets from the purchase of the product.

### **2.3.2 Patronage Buying Motives:**

Why do buyers purchase from certain specific shops? What are the considerations or factors which persuade the buyer to display such store patronage? These questions can be answered by

understanding patronage buying motives. Patronage buying motives can also be categorized into two namely, emotional patronage motives and rational patronage motives.

Emotional patronage motives are those impulses which motivate and persuade a buyer to purchase from specific shops. There may be no logical reasoning behind his decision to purchase from a particular shop. He may simply decide to buy from his “most preferred” or “favourite” shop, based on subjective reasons. This is referred to as emotional patronage motives. Here also it may be the urge to gain social recognition or urge to imitate others, which may have led to the buyer developing the patronage to a specific shop.

On the other hand, if a buyer solicits a particular shop after following a logical reasoning of the mind, it is called rational patronage motives. He/she may select a shop because it offers a variety of products, or stocks the latest designs and models or prompt delivery or assures good after sales services. Then it is said that the buyer is influenced by rational patronage motives. But, as mentioned earlier here also every patronage will be inclusive of combination of rational and emotional motives. Knowledge of the product motives and patronage motives will help the marketers to devise or formulate sales promotion programmes such that the same product appeals to the different motives of the buyers. Marketers can also work-out strategies to attract and retain store patronage.

## **2.4 TYPES OF DECISION-MAKING PROCESSES IN BUYING**

The consumers’ decision-making is not a single process. Deciding to purchase a car will be different from deciding to buy a bathing soap. The consumer decision making processes can be examined at two levels, viz. a) By examining the extent of decision-making; and b) By understanding the consumer’s degree of involvement in the purchase. It is also explained in diagrammatic form in Fig. 2.2.

FIG. 2.2

Types of Consumer Decision-Making

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|   | High Involvement  | Low Involvement  |
|---|---|--|
| <b>Decision-Making Behaviour</b><br>(Information search, evaluation alternatives) | <b>COMPLEX DECISION-MAKING</b><br><br>(Products such as T.V., iPod, digital cameras, health drinks, etc.) | <b>LIMITED DECISION-MAKING</b><br><br>(Breakfast items, cold drinks, snacks, etc.) |
| <b>Habit (Little or no information search, considers only one brand)</b>          | <b>BRAND LOYALTY</b><br><br>(Groceries, sports shoes, etc.)   | <b>INERTIA</b><br><br>(Tissue napkins, vegetables)                                 |

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**Source:** Suja R. Nair. **Consumer Behaviour in Indian Perspective.** Himalaya Publishing House, Mumbai, 2011, p.363.

A look at Figure 2.2 will indicate that while examining the extent of decision-making, it can be said that consumer's take their decisions after undergoing a cognitive (thought) process of information search and evaluating the brand alternatives. However, little or no decision-making may take place if the consumer is satisfied with a particular brand which is purchased consistently (say the same brand of toothpaste or Talcum powder is purchased every time). Here consumer decision-making can be seen in the form of a continuum from decision making to habit.

The second angle of examining consumer decision-making is by looking at the degree of involvement. The level of involvement can be in the form of all continuums from high-to-low involvement purchase. High involvement purchases are very important for the consumer. This means it can be closely connected to his or her ego and self image and probably involving some financial, social or personal risk. When the consumer has to undergo low involvement purchases, the financial, social and psychological risks may not be very high. So the consumer may not feel it is worth spending considerable time and effort in searching for information, about the various brands or range of alternatives.

#### **2.4.1 Decision-Making versus Habit and Low versus High Involvement:**

It can be considered that there can be four types of consumer purchase process in decision making versus habit and low versus high involvement.

- a) The Complex decision-making takes place when involvement is high. Say the consumer has decided to purchase a LCD T.V. Since this purchase is important to the consumer he will be engaged in taking time to search for information and process it in more detail. He will evaluate various brands by using specific criteria such as brand name, look, specific functions, price etc. before taking a final decision.
- b) When the consumer makes decision through low involvement, it is said to be a limited decision-making process. Sometimes, the consumer goes through a decision-making process, even if he is not highly involved probably because he does not have much experience with the product. For example, a consumer may on seeing a new line of snacks that can be prepared in the microwave oven, will read the package and purchase a smaller pack of the same on a trial basis. Since the consumer was not involved or aware of the product category, she may purchase a small pack to compare it with the regular snacks. In this case, the information search processing is limited and only a few brands are evaluated.

At times, limited decision-making may take place when low involvement is there and the consumer is also seeking variety, out of being bored using the same brand. For example, the consumer may decide to purchase Sunfeast Cashew Biscuits as she is bored with the continuous consumption of Britannia's Good Day Cashew biscuits. Such decisions may not be preplanned and could easily be taken inside the shop.

- c) Limited decision-making or even complex decision making may not take place every time the consumer purchases a brand. When the consumer makes the same choice repeated, he or she learns from past experience and with little or no decision-making may purchase the brand which is most satisfactory. Take for instance, the purchase of Reebok jogger shoes or Complan. In both the cases, the purchase was important to the consumer (Reebok are comfortable jogging shoes because he is health conscious; and he has Complan because of its nutritional value).

In the above instances of the decision-making processes, it is seen that they are all consumer oriented. That is, the degree of involvement and decision making is more dependent on the consumer's attitude towards the product than on the product's characteristics. One particular consumer may be involved in the purchase of Complan because of its nutritional value while another consumer may find all brands (Bournvita, Boost, Horlicks, etc.) to be the same and switch brands in a search of variety.

- d) The fourth choice in figure 2.2 is referred to as stage where there is low involvement with the product and no decision-making. Here the consumer is only looking to the convenience factor. He is purchasing the same brand not because he is brand loyal but because he feels it is worth the time and trouble taken to search for an alternative. Examples could be the purchase of vegetables or tissue paper.

Thus the various decision-making processes can be categorized into three based on the interest of the marketer, viz. (i) Limited problem solving or Dissonance reducing buying behaviour, (ii) Complex buying behaviour or Extensive problem solving, and (iii) Habitual buying behaviour or Routinised response behaviour.

## **2.5 CONSUMER INFORMATION PROCESSING**

When we talk consumer information processing it will have to be linked with the nature of consumer involvement. This is because it is seen that higher the level of involvement, greater is the search for information and vice versa. There are various theories explaining consumers low involvement decisions. When low involvement decisions are taken, consumer may not cognitively evaluate advertising messages or though consumers are willing to consider many brands, they are likely to

consider only a few attributes while evaluating them or uninvolved consumers are more likely to react to message stimuli in communications rather than the message itself.

For instance, let us take the example of the purchase of table salt by a consumer. We assume that the housewife felt the need to purchase table salt as she realized that the amount of salt in the house is running low. In this case it is unlikely that the consumer will undertake a process of information search to determine the brand characteristics. Nor will she evaluate brands to identify the most favoured one.

Instead of searching for information, the consumer will receive information. The consumer will buy Tata Salt because of the familiarity with the brand. Say, the consumer is sitting in front of the television and seen the advertisement of Tata Salt, which emphasizes on the technological tests carried out to ensure that the best quality of Tata Salt is made available. The consumer seen the brand on the store shelf, associates it with the advertising theme and immediately purchases it. She does not form an attitude or evaluate brands before purchasing Tata Salt. The consumer is not involved in an active information search and processing in such low involvement purchases.

#### **2.5.1 Decision-Making in Low Involvement Product Purchase:**

If brand evaluation is minimal in low involvement conditions, then how do consumers make decisions? It is said that in such instances, the consumer follows the principles of cognitive economy i.e. they minimize the time involved and effort taken in shopping and decision-making. In the Tata Salt example, the consumer may behave in any of the following ways:



- She may see Tata Salt on the store's shelf, recognize the name, associate it with the advertisement and pick it up.
- She may purchase Tata Salt as she had purchased it the last time and found it adequate.
- If, say, the consumer has few prior associations with the brands, she may pick up the least expensive brands.

### **2.5.2 Inertia:**

The above Tata Salt example can also be based on inertia. When such low involvement occurs, consumers form beliefs passively, make decisions with little information processing and then evaluate the brand after the purchase. During inertia, consumers go for repetitive buying of the same brand to avoid making a decision. Only after the first few purchases the consumer will think of brand evaluation. Moreover, if the brand achieves a certain minimum level of satisfaction, the consumer will repurchase it on a routine basis. Sometimes this process is referred to as 'spurious loyalty'. The repetitive nature of purchases will make it seem that the consumer is loyal to the brand when in reality such loyalty does not exist. Studies have indicated that repetitive viewing of the advertising message can result in more favourable brand attitudes towards low involvement purchases.

### **2.5.3 Limited Decision-Making:**

Occasionally, low involvement purchase may involve some decision-making. For example the introduction of a new product, a change in the existing brand or a desire for variety may

prompt the consumer to switch from a routine to limited decision-making. For instance, say a consumer has been consistently buying Amul cheese slices. Britannia introduces the 33 per cent less fat content variant of cheese slices. The consumer happens to see this product at a supermarket. Involvement with the category is low but introduction of the new improved version of Britannia cheese slices is enough for the consumer's interest and curiosity to be aroused. This decision-making has low involvement as there is little information seeking and brand evaluation done by the consumer.

The marketer needs to remember that in limited decision-making, since many low involvement products are ordinary, it is due to boredom that the consumer seeks variety although he (or she) may be having a favourable attitude towards their existing brands. Marketers must work at creating and displaying advertising messages which will help in passive learning and ensure brand familiarity. Even for high involvement cases, advertising can be used to create awareness and continuity. The other elements that need to be focused on are:

**Product Positioning:** The marketer should aim for 'product positioning' of low involvement products such that it highlights minimization of the problem. Zip pouch is positioned by highlighting the benefits of keeping the food fresh and intact; or say, the Lizol disinfectant liquid suggests the minimization of the problem that could occur such as catching infections due to dirty floors usage, etc. Even a product, such as the aluminium foil wrap can be positioned to emphasize on benefits i.e., the protection it offers to food.

**Price:** Consumers purchasing low involvement products are likely to be highly price sensitive. So marketers can induce customers to purchase more by reducing the price or offering coupons.

**Distribution:** In case of low involvement products, marketers have to ensure its wide in-store availability. They could also use in-store stimuli in the form of coupons, displays or price deals and small packs (or samples) to induce product trial amongst its users.

#### **2.5.4 High Involvement Decision-Making;**

During complex decision-making, consumers evaluate brands in a detailed and comprehensive manner. They seek more information about the brands and are more involved with the product. Such decision-making takes place for:

- High priced products.
- Products associated with performance risks (consumer durables, automobiles)
- Complex products (ipod, personal computers)
- Products associated with one's ego (clothing, cosmetics, etc.)

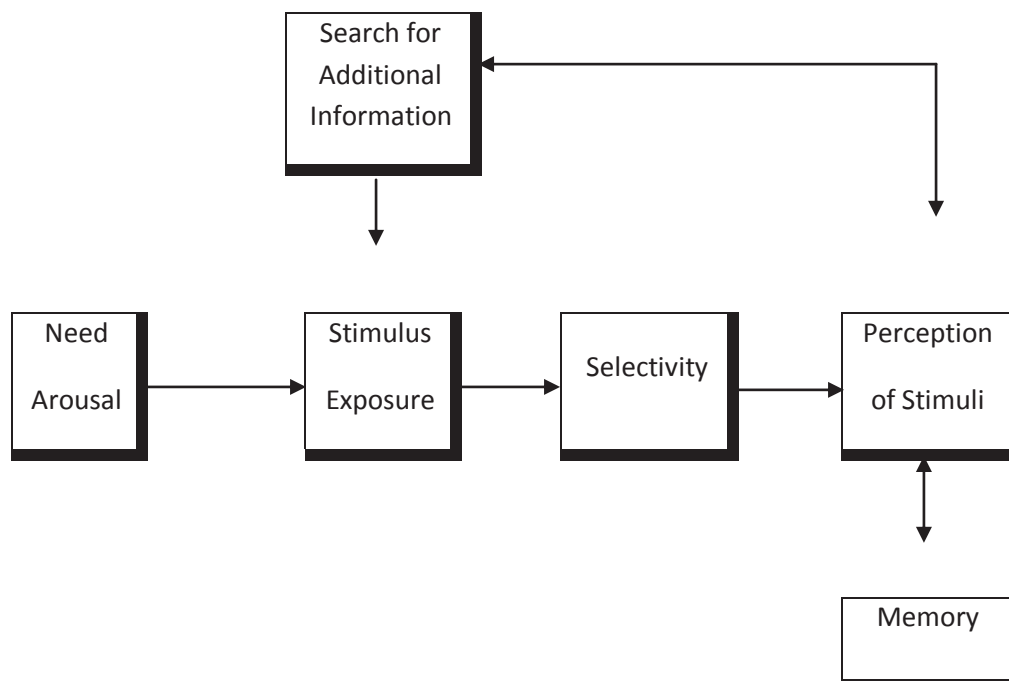
In case of complex decision-making, the consumer will be involved in an extensive search for information to evaluate brands.

Henry Assael has suggested that consumer information processing involves the exposure to and perception of information and how it is retained in memory. According to him, the consumer information processing starts with the need arousal. Once the need is recognized, consumers are more likely to search for and process information relevant to their need. Although they are exposed

to many stimuli, it will be selective in nature. This selective stimuli exposure is driven by the need to reinforce existing brand attitudes and perceptions and seek additional information. Consumers will seek advertisements which will reinforce consumer beliefs and experiences. By selectively perceiving stimuli, consumers are striving to reach a state of psychological equilibrium i.e. a state that lacks conflict and avoids contradictory information. Past information and experiences are stored in consumers' memory so that it can be recalled for future use. This is indicated by double arrows in Fig. 2.3.

**FIG. 2.3**

**Consumer Information Processing**



**Source:** Henry Assael, **Consumer Behavior and Marketing Action**, Thomson Learning, Singapore, 6<sup>th</sup> Edition, 2001, p.84.

Search for additional information takes place when consumers feel that they do not have sufficient information, (say, alternative brands are considered to be inadequate, have insufficient information about the brands under consideration or receive conflicting information from other sources etc.).

Of course, studies reveal that consumers do not engage in an extensive information search unless that the value of any additional information collected are worth the cost of obtaining it. As shown in the figure 2.3, the search for additional information can go back as feedback to stimulus exposure and can stimulate further search.

## **2.6 SCHIFFMAN AND KANUK'S MODEL OF CONSUMER DECISION MAKING**

This model of consumer decision making developed by Schiffman and Kanuk is relayed to the problem solving consumer and to some extent the emotional consumer model. It provides an overview of the consumer decision making process. The model is made up of three major components: input, process and output.<sup>68</sup>

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<sup>68</sup> Suja R. Nair. **Consumer Behaviour in Indian Perspective**. 2011, pp, 369-373.

### **2.6.1 Input:**

The input component comprises of the external influences, which are the sources of information used to make a positive influence on the consumer's product related values, attitudes and behavior. The input component includes the marketing mix elements i.e. the various marketing stimuli used by the organizations and the socio-cultural environmental factors, which will also act as a stimuli and influence the consumer's purchase decision.

#### **2.6.1.1 Marketing Stimuli:**

Typically marketing stimuli or firm's marketing mix efforts will consist of the four P's Product, Price, Place and Promotion. Marketers are interested in knowing how consumers will respond to the various marketing stimuli. In the absence of direct contact between the consumers and the organization, marketers make use of various marketing strategies and programmes to communicate with the prospective customers. These may be in the form of attractive product features, size, packages, suitable prices; mass media advertising, personal selling, direct marketing, other sales promotion measures and the selection of suitable distribution channels to ensure the availability of the product at the market place. Understanding how these marketing efforts have had an impact on the consumer's mind and to gauge the consumers' behavior, many marketers are turning to consumer researches.

#### **2.6.1.2 Socio-Cultural Environment:**

The socio-cultural inputs also play a major role in influencing the consumer's decision making process. The social cultural environmental factors can include the family, social class, culture

and subculture, informal source and all the other non-commercial sources. Generally stated the socio-cultural inputs will consist of a wide range of non-commercial influences.

The family members can exercise a strong influence on the buyer's behavior. The family can also include a friend. Informal sources will include public's communication (comments expressed) via print media, comments of a friend and so on; these could be the specific non-commercial sources of information.

Social classes show distinct product and brand preferences in areas such as clothing, home furnishings, leisure activity and automobiles. Social class influences can be seen in their choice of the retail outlets, exposure to media etc.

By and large culture has the broadest and deepest influence on consumer behavior. There are certain unwritten codes of conduct communicated and to be followed by each culture. These cultural norms will put restrictions on the buying behavior of individuals. In this way culture also influences the buying behaviour of consumers.

Though it should be remembered that unlike the organization's marketing inputs, the socio-cultural environment will only influence consumers' decision to avoid a product; whereas, the marketing efforts will induce and motivate them to purchase the specific product. It is the cumulative impact of the firm's marketing efforts and the socio-cultural environmental factors which will influence a consumer's decision making process. This is linked by a two handed arrows connecting the input and the process components of the model in the Fig 2.4.

### **2.6.2 Process:**

The process component of the model is indicative of the consumer decision making. This starts with the psychological field. i.e. the psychological factors such as motivation, perception, learning, personality and attitudes which will determine the consumers' needs or wants, their knowledge about the various product choices, how they gather more information and then their evaluation of alternatives. From the Fig. 2.4, it can be understood that the consumer decision making process consists of three stages, viz. a) Need Recognition Stage, b) Pre-purchase Search Stage, and c) Evaluation of Alternatives Stage.

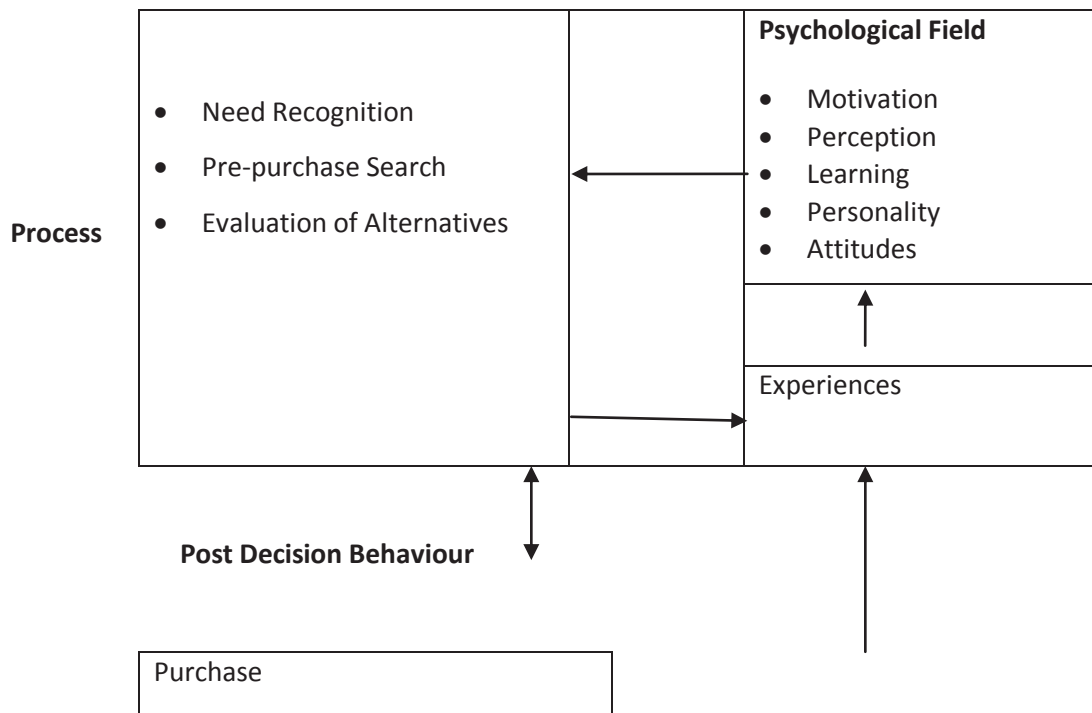
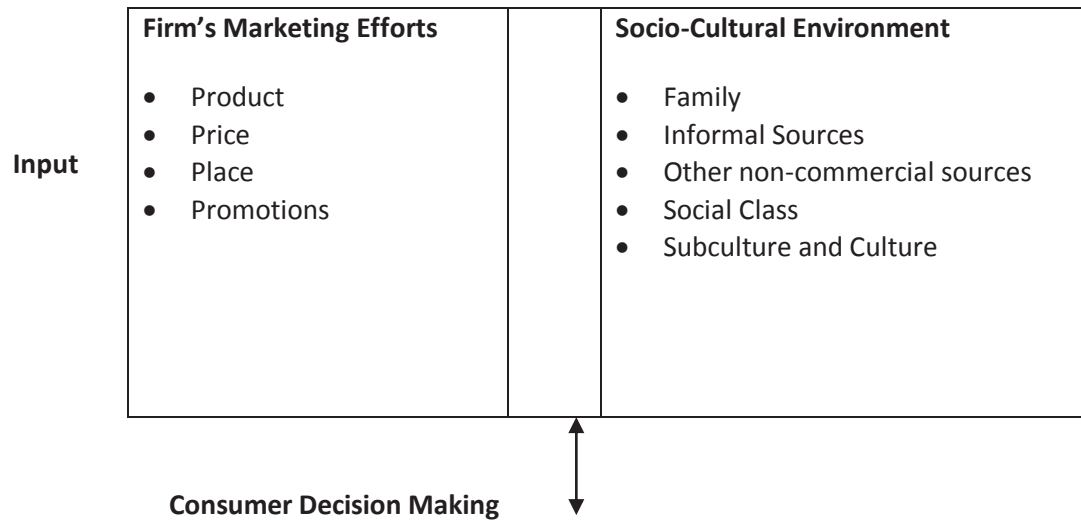
**FIG. 2.4**



## Schiffman and Kanuk's Consumer Information Processing

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### External Influences



**Output**

|   |       |
|---|-------|
| <ul style="list-style-type: none"><li>• Trial</li><li>• Repeat Purchase</li></ul> | <hr/> |
|   |       |
| Post Purchase Evaluation  |       |

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**Source:** Leon G. Schiffmann and Leslie Lazar Kanuk, **Consumer Behavior**,  
Prentice Hall of India Pvt. Ltd., New Delhi, 8<sup>th</sup> Edition, 2005, p.554.

#### **2.6.2.1 Need Recognition:**

The consumer is likely to ‘recognize a need’ when he is faced with a ‘problem’. The need or problem recognition, among consumers can be of varied types. Some consumers may experience the ‘actual state type of problem’. This may occur when they recognize a problem in the form of a product not performing satisfactorily. For instance, the housewife may realize that the mixer she was using does not grind properly. Another type of need or problem recognition could be the desired state consumer. Here the consumer may experience the desire for something new, which again may trigger the decision making process. For instance, a young executive may desire to possess a ‘mid segment car’. The desired state will be the starting point for the consumer to become involved in the decision making process.

The need or problem recognition can be either simple or complex. Simple problem recognition refers to needs that occur frequently and can be dealt with almost automatically, such as feeling thirsty and not having a 'Pepsi'. Complex problem recognition is characterized as a state, when a problem occurs over a period of time and the actual state and desired state gradually moves apart. For example, a man who has been driving a motor bike for many years may consider selling it and going for a brand new car (running on diesel) so as to reduce the heavy maintenance charges.

#### **2.6.2.2 Pre-purchase Search:**

During this stage the consumer recognizing a need that requires being satisfied, now is engaged in an information seeking process. In case of having been satisfied with the product in the past, the consumer will make a choice without going for an extensive search for information. On the other hand, in case of no prior experience, the consumer will go on an elaborate information seeking process before arriving at a particular choice.

The consumer will be influenced by his or her internal psychological field before being engaged in an external search for information. Very often, the past experience plays a relevant role in deciding the extent of information that will be sought to by the consumer. If the past experience is good, less will be the external information sought by the consumer to reach a decision. Many consumer decisions will be based on a combination of past experience (internal sources) and marketing and non-commercial information (external sources). Perceived risk could be another factor considered at this stage of decision process. If the perceived risk is high, the consumers are likely to be complex information search and evaluation. Whereas, when the perceived risk is low, the consumers are likely to use very simple search and evaluation techniques.

As explained earlier, while discussing about the various types of decision, consumers get engaged in an external search effort when they have the least amount of product category knowledge. This goes to show that when consumers have less information about the product category and it is very important to purchase the product also, they will get engaged in an extensive pre-purchase search activity.

The amount of information a consumer will gather also depends on various situational factors. The situational factors can be broadly classified into three – viz. a) Experience, b) Social acceptability of the product, and c) Value related considerations.

Experience will be related to whether it is an experience or whether the past experience with the product has been satisfactory or not. Social acceptability will consider whether the product is socially visible and acceptable to the society. In case of value related considerations, the consumer will evaluate and consider whether the purchase is discretionary rather than necessary, all the possible alternatives, family members' assessment of product requirement, reference group influences and all the possible sources of information.

While being involved in a pre-purchase search, the consumer will try to search and gather information from all the possible known sources.

#### **2.6.2.3 Evaluation of Alternatives:**

The usual human tendency is to select a brand from a sample of all possible brands. The evaluation of alternatives is carried out by using two types of information i.e. a) The Evoked Set – A list of brands from which they plan to make their selection; and b) The Criteria used to evaluate each brands. The evoked set refers to the specific brands a consumer considers while making a purchase within a product category. Usually a consumer's evoked set will comprise of only a few brands. Since the evoked set will vary from consumer to consumer, the marketer must use promotional techniques designed to impart a very favourable and more relevant product image to the large consumer. At times this may also include a change in product features or attributes.

**Compensatory and Non-compensatory Rules:** When firms know that consumers are evaluating alternatives, they make use of advertisement, through which they can suggest the criteria to be used by consumers in assessing the product or service options. This will enable the consumer to go through the experience of comparing or evaluating different brands or models of a product and finding the one that just feels, looks and or performs "right". In this connection, the model speaks of certain decision rules which provide guidelines or routines to make the process less taxing. These decision rules can be broadly classified into two categories: Compensatory and non-compensatory decision rules.

According to the compensatory decision rule, the consumer evaluates brand options in terms of each relevant attributes and computes a weighted or summated score for each brand. The computed score will indicate the brand merit as a potential purchase choice. It is assumed that the consumer will select the brand that scores highest among the alternatives evaluated. Another unique feature related to the compensatory decision rule is that it allows a positive evaluation of a brand on one attribute to balance out a negative evaluation on some other attribute. Whereas the non-

compensatory decision rules do not allow consumer to balance positive evaluations of a brand on one attribute against a negative evaluation on some other attributes.

At times, an individual's or family's decisions may be based on a particular lifestyle followed by them. A consumer's decision making process can also get influenced – when faced with incomplete information – no equally comparable alternatives or when the situation demands making a choice which involves multiple decisions. Thus understanding the decision rules by the consumers' in selecting a particular product or service will help the marketers to formulate a promotional programme.

### **2.6.3 Output:**

The output component of the consumer decision making is closely related to two kinds of past decision activities, viz. a) Purchase Behaviour and b) Post-purchase Behaviour.

#### **2.6.3.1 Purchase Behaviour:**

The consumer may make three types of purchase, namely: first times or trial purchases, repeat purchases and long term commitment purchase. When the consumer is purchasing the product for the first time, he or she may buy lesser quantity than usual. This will be a trial purchase because the consumer would purchase the product to try it out on an experimental basis. The consumer would prefer to evaluate the product through direct use on a first time trial basis. This can happen especially when purchasing a new brand.

If the consumer finds the new brand, after the trial to be satisfactory, he/she is likely to repeat the purchase. When a consumer goes for repeat purchase, it is an indication that the product has met the consumer's approval and that he or she is willing to purchase it again for consumption

purpose. Then the firm can look forward to a long term commitment from the purchaser. Of course, in case of certain type of durable goods like refrigerators, washing machines, ovens etc., a consumer will directly move to a long term commitment (through purchase) without being involved in a trial purchase.

#### **2.6.3.2 Post-Purchase Evaluation:**

There is a general tendency among consumers to judge their experience against their expectations when being involved in a post-purchase evaluation process. There are three possible outcomes of the consumer's evaluation of the product's performance in the light of their own (consumers) expectations: These outcomes could take the form of –

- a) Actual performance matches expectations, leads to a neutral feeling.
- b) Performance of product surpasses or exceeds expectations, which results in positive disconfirmation of expectations and this leads to satisfaction.
- c) Performance of the product falls below expectations, causing negative disconfirmation of expectations leading to dissatisfaction.

A very important component of post-purchase evaluation is the reduction of uncertainty or doubt that the consumer might have regarding their selection. Generally consumers, as a part of their post-purchase evaluation will try to reassure themselves that their decision was the right one. That is, they try to reduce their post cognitive dissonance by adopting one of the following strategies:

- They may rationalize that the decision is a wise one.
- They will look out for advertisements to support their choice and avoid those of competitive brands.

- They may attempt to persuade friends or neighbours to buy the same brand and thus confirm their own choice.
- They may turn to other satisfied owners for their reassurance.

The degree of post-purchase analysis that consumers undertake will depend on the importance of the production decision and the experience in using the product. The consumer's post-purchase evaluation 'feedback' is an indication of the consumers, likely purchase behaviour in the future. If the product performs as per consumer expectations, it is likely that the consumer will buy it again. However, if the product's performance is disappointing or fails below expectations, they will look out for alternative products or brands in the future.

## **2.7 SUMMARY**

In this chapter decision making process by the consumers are discussed in detail. It examines the various models of behaviour adopted by the consumers while their purchases. The buying motives and types of decision making made by the consumers are also discussed in this chapter. How the consumer information processing will be very helpful in decision making has also been explained in detail. An overview of Schiffman and Kanuk's model for consumer decision making process has been included for getting full knowledge about decision making.

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## **CHAPTER – III**