

CONSUMER BEHAVIOR & MARKETING STRATEGY



Chapter 7 Consumer Decision Making

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Introduction

- ❖ **Decisions** require a choice between different behaviors.
- ❖ Marketers are interested in consumers' purchase behaviors.
- ❖ All aspects of affect and cognition are involved in **consumer decision making**.

Introduction (cont.)

- ❖ The key process in consumer decision making is the integration process by which knowledge is combined to evaluate two or more alternative behaviors and select one.
- ❖ The outcome of the integration process is a **choice**, represented cognitively as a behavioral intention (BI).

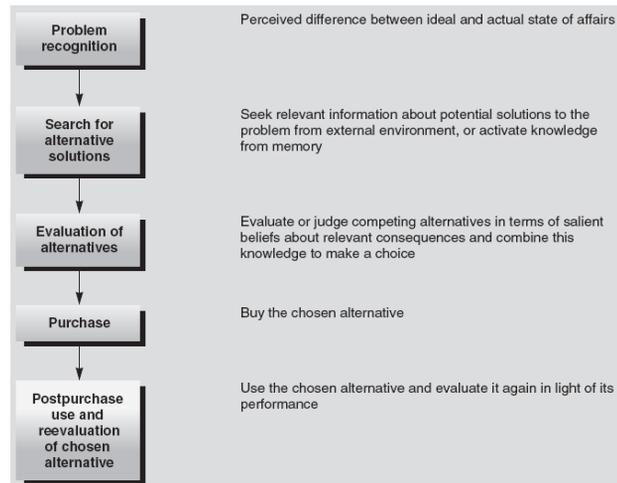
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Decision Making as Problem Solving

- ❖ Consumer decision making is a goal-directed, problem-solving process.
- ❖ Consumer problem solving is a continuous stream of interactions among:
 - ❖ Environmental factors
 - ❖ Cognitive and affective processes
 - ❖ Behavioral actions

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Exhibit 7.2 - A Generic Model of Consumer Problem Solving



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Decision Making as Problem Solving (cont.)

- ❖ The generic model often provides an imperfect account of actual problem-solving processes.
 - ❖ Actual consumer problem solving seldom proceeds in a linear sequence.
 - ❖ Actual problem-solving processes involve multiple, continuous interactions among consumers' cognitive processes, their behaviors, and aspects of the physical and social environment.
 - ❖ Most problem-solving processes actually involve multiple problems and multiple decisions.

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Elements of Problem Solving

- ❖ Problem representation
- ❖ Integration process
- ❖ Decision plans

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Problem Representation

- ❖ Serves as a decision frame.
- ❖ May include:
 - ❖ **End goals**, which are the basic consequences, needs, or values that consumers want to achieve or satisfy.
 - ❖ A set of subgoals organized into a **goal hierarchy**.
 - ❖ Relevant product knowledge, which include choice alternatives and choice criteria.
 - ❖ A set of simple rules or heuristics.

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Problem Representation (cont.)

❖ Choice alternatives

- ❖ Alternative behaviors that consumers consider in the problem-solving process.
- ❖ A subset of all possible alternatives, called the **consideration set**, is evaluated.
- ❖ Some brands in the consideration set may be activated directly from memory; this group is called the evoked set.

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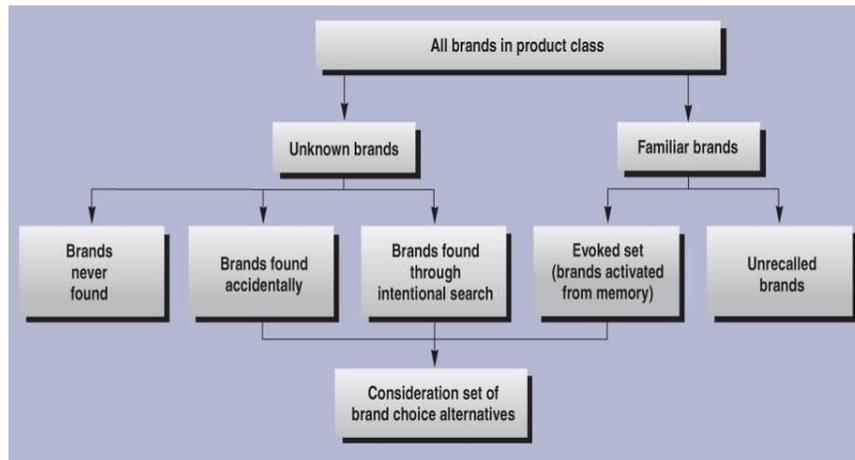
Problem Representation (cont.)

❖ Choice alternatives

- ❖ To be successful, a brand must be included in the consideration sets of at least some consumers.
- ❖ The activation potential of a brand (top-of-mind awareness) is influenced by factors such as past experiences, repetitive advertising campaigns, distribution strategy, and package design.

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Exhibit 7.3 - Forming a Consideration Set of Brand Choice Alternatives



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Problem Representation (cont.)

- ❖ Choice criteria
 - ❖ Specific consequences used to evaluate and choose among choice alternatives.
 - ❖ Only discriminant consequences can be used as choice criteria.
 - ❖ The relevant choice criteria for a decision depends, in part, on the particular set of choice alternatives under consideration.
 - ❖ Vary in evaluation.

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Integration Processes

- ❖ Perform two essential tasks
 - ❖ Evaluate choice alternatives in terms of choice criteria.
 - ❖ Select one of the alternatives.
- ❖ Types of integration procedures
 - ❖ Formal integration strategies
 - ❖ Simpler procedures: heuristics

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Exhibit 7.4 - Formal Models of Information Integration Processes in Choice

Compensatory processes	
Multiattribute model	A perceived weakness or negative evaluation on one criterion can be compensated for by a positive evaluation on another criterion. Separate evaluations for each choice criterion are combined (added or averaged) to form an overall evaluation of each alternative. Then the highest-rated alternative is chosen.
Noncompensatory processes	
Conjunctive	Consumer establishes a minimum acceptable level for each choice criterion. Accept an alternative only if every criterion equals or exceeds the minimum cutoff level.
Disjunctive	Consumer establishes acceptable standards for each criterion. A product is acceptable if it exceeds the minimum level on at least one criterion.
Lexicographic	Consumer ranks choice criteria from most to least important. Choose the best alternative on the most important criterion. If tie occurs, select best alternative on second most important criterion, and so on.
Elimination by aspects	Consumer establishes minimum cutoffs for each choice criterion. Select one criterion and eliminate all alternatives that do not exceed the cutoff level. Continue eliminating alternatives until one alternative remains. Choose it.
Combination processes	Mix of compensatory and noncompensatory processes, combined or "constructed" on the spot to adapt to environmental factors.

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Consumer Heuristics

- ❖ Simple “if . . . , then . . .” propositions that connect an event with an appropriate action.
- ❖ Types of heuristics particularly important in problem solving:
 - ❖ Search heuristics
 - ❖ Evaluation heuristics
 - ❖ Choice heuristics

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Exhibit 7.5 - Examples of Consumer Heuristics

Search heuristics	Examples
<ul style="list-style-type: none"> • Store selection • Sources of information 	<p>If you are buying stereo equipment, always go to Sam's Hi-Fi.</p> <p>If you want to know which alternatives are worth searching for, read the test reports in <i>Epinions.com</i>.</p>
<ul style="list-style-type: none"> • Source credibility 	<p>If a magazine accepts advertisements from the tested products, don't believe its product tests.</p>
Evaluation heuristics	Examples
<ul style="list-style-type: none"> • Key criteria • Negative criteria 	<p>If comparing processed foods, examine sodium content.</p> <p>If a salient consequence is negative (high sodium content), give this choice criterion extra weight in the integration process.</p>
<ul style="list-style-type: none"> • Significant differences 	<p>If alternatives are similar on a salient consequence (all low sodium), ignore that choice criterion.</p>

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Exhibit 7.5 - Examples of Consumer Heuristics

Choice heuristics	Examples
<p>For familiar, frequently purchased products:</p> <ul style="list-style-type: none"> • Works best • Affect referral • Bought last • Important person • Price-based rule • Promotion rule 	<p>If choosing among familiar products, . . .</p> <p>Choose the product that you think works best—that provides the best level of performance on the most relevant functional consequences.</p> <p>Choose the alternative you like the best (select the alternative with most favorable attitude).</p> <p>Select the alternative you used last, if it was satisfactory.</p> <p>Choose the alternative that some “important” person (spouse, child, friend) likes.</p> <p>Buy the least expensive alternative (or buy the most expensive, depending on your beliefs about the relationship of price to product quality).</p> <p>Choose an alternative for which you have a coupon or that you can get at a price reduction (seasonal sale, promotional rebate, special price reduction).</p>
<p>For new, unfamiliar products:</p> <ul style="list-style-type: none"> • Wait and see • Expert consultant 	<p>If choosing among unfamiliar products . . .</p> <p>Don’t buy any software until someone you know has used it for at least a month and recommends it. Don’t buy a new car (computer, etc.) until the second model year.</p> <p>Find an expert or more knowledgeable person, have him or her evaluate the alternatives in terms of your goals, then buy the alternative the expert selects.</p>

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Decision Plans

- ❖ Vary in their specificity and complexity.
- ❖ Concern intentions to perform particular behaviors in highly defined situation.
- ❖ Increase the likelihood that the intended behaviors will be performed.

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Problem-Solving Processes in Purchase Decisions

- ❖ Extensive decision making
 - ❖ Usually involves a substantial amount of search behavior.
 - ❖ Involves several choice decisions and substantial cognitive and behavioral effort.
 - ❖ Likely to take rather long periods.

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Problem-Solving Processes in Purchase Decisions (cont.)

- ❖ Limited decision making
 - ❖ Amount of effort ranges from low to moderate.
 - ❖ Involves less search for information than extensive decision making.
 - ❖ Choices typically are carried out fairly quickly.

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Problem-Solving Processes in Purchase Decisions (cont.)

- ❖ Routinized choice behavior
 - ❖ Requires very little cognitive capacity or conscious control.
 - ❖ A previously learned decision plan is activated from memory and carried out relatively automatically to produce the purchase behavior.

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Influences on Consumers' Problem-Solving Activities

- ❖ Aspects of activated knowledge that have direct effects on problem solving:
 - ❖ Consumers' goals.
 - ❖ Their knowledge about choice alternatives and choice criteria, as well as heuristics for using this knowledge.
 - ❖ Their level of involvement.

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Exhibit 7.6 - Types of Purchase End Goals and Problem-Solving Processes

Dominant End Goal	Basic Purchase Motivation	Examples
Optimize satisfaction	Seek maximum positive consequences	Buy dinner at the best restaurant in town
Prevention	Avoid potential unpleasant consequences	Buy rustproofing for a new car
Resolve conflict	Seek satisfactory balance of positive and negative consequences	Buy a moderately expensive car of very good quality
Escape	Reduce or escape from current aversive circumstances	Buy a shampoo to get rid of dandruff
Maintenance (satisfaction)	Maintain satisfaction of basic need with minimal effort	Buy bread at the nearest convenience store

Sources: Adapted from Geraldine Fennell, "Motivation Research Revisited," *Journal of Advertising Research*, June 1975, pp. 23–28; J. Paul Peter and Lawrence X. Tarpey Sr., "A Comparative Analysis of Three Consumer Decision Strategies," *Journal of Consumer Research*, June 1975, pp. 29–37. Copyright 1975 Journal of Consumer Research. Reprinted by permission of the publisher, University of Chicago Press.

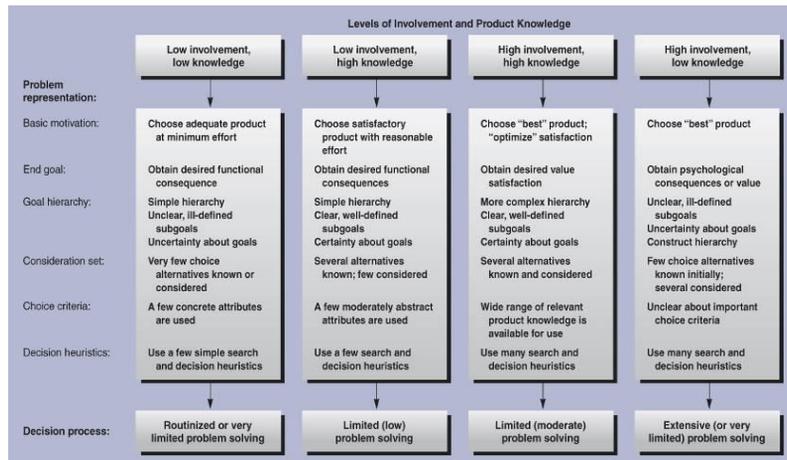
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Effects of Goal Hierarchies

- ❖ Consumers' goal hierarchies for a problem have a powerful influence on problem solving processes.
- ❖ A general goal hierarchy provides a useful structure for developing an effective decision plan without a great deal of problem solving effort.

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Exhibit 7.7 - Effects of Involvement and Product Knowledge on Problem-Solving



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Environmental Effects

- ❖ Environmental factors can disrupt the ongoing flow of the problem-solving process; the types of disruptive events, or **interrupts** being:
 - ❖ Unexpected information
 - ❖ Prominent environmental stimuli
 - ❖ Affective states
 - ❖ Conflicts
 - ❖ Goal; approach-approach; avoidance-avoidance; approach-avoidance

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Problem-Solving Processes - Implications for Marketing Strategy

- ❖ Routinized choice behavior
 - ❖ Develop strategies for producing prominent environmental stimuli; efficient distribution system.
- ❖ Limited decision making
 - ❖ Advertisements to increase top-of-mind awareness; stimulate impulsive purchases.

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Problem-Solving Processes - Implications for Marketing Strategy (cont.)

- ❖ Extensive decision making
 - ❖ Satisfy consumers' special needs for information; informational displays at the point of purchase; free samples, coupons, or easy trial.

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Summary

- ❖ Consumer decision making is a goal-directed, problem-solving process.
- ❖ The stages in consumer problem solving include problem recognition, searching for alternative solutions, evaluating alternatives, purchase, and reevaluation.
- ❖ The two types of knowledge particularly important in problem solving are choice alternatives and choice criteria.

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Summary (cont.)

- ❖ The two types of integration procedures to account for evaluation and choice processes are formal integration strategies and heuristics.
- ❖ The problem-solving processes in purchase decisions are divided into three decision levels: extensive, limited, and routinized or habitual.
- ❖ Environmental factors can affect consumer decision making by disrupting the ongoing flow of the problem-solving process.

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