

MARKETING MANAGEMENT & STRATEGY (MBA 811)

**(LECTURE X: CONSUMER PURCHASING DECISION
PROCESS)**

Dr. Saheed, Zakaree S.



**SCHOOL OF POSTGRADUATE STUDIES – MBA
DEPT. OF ACCOUNTING & MANAGEMENT SCIENCES
FACULTY OF ART AND SOCIAL SCIENCES
NIGERIAN DEFENCE ACADEMY, KADUNA
2020**

THE BUYING DECISION PROCESS: THE FIVE-STATE MODEL

10.0 Learning Objectives

By the end of this topic, students should be able to:

- ❖ *Understand the problem recognition process in purchasing decision*
- ❖ *Understand the process of Evaluation of Alternatives*
- ❖ *Understand the purchase decision process*
- ❖ *Understand the post-purchase behavior of consumers*

10.1 Introduction

Decision process of the consumers involves basic psychological processes which play an important role in understanding how consumers actually make their decisions. These involve some key consumer behavior questions in terms of “who, what, when, where, how and why?”

These questions include:

- a) Who buys our product or service?
- b) Who makes the decision to buy the product?
- c) Who influences the decision to buy the product?
- d) How is the purchase decision made? Who assumes what role?
- e) What does the customer buy? What needs must be satisfied?
- f) Why do customers buy a particular brand?
- g) Where do they go or look to buy the product or service?
- h) When do they buy? Any seasonality factors?
- i) How is our product perceived by customers?
- j) What are customers' attitudes toward our product?
- k) What social factors might influence the purchase decision?
- l) Do customers' lifestyles influence their decision?
- m) How do personal or demographic factors influence the purchase decision?

Smart companies try to fully understand the customers' buying-decision process, that is, all their experiences in learning, choosing, using, and even disposing of a product.

Marketing scholars have developed a “stage model” of the buying-decision

process. The consumer passes through five stages: problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior.

Clearly, the buying process starts long before the actual purchase and has consequences long afterward. Consumers don't always pass through all five stages in buying a product. They may skip or reverse some. When you buy your regular brand of toothpaste for example, you go directly from the need for toothpaste to purchase decision, skipping information search and evaluation. However, the model provides a good frame of reference, because it captures the full range of considerations that arise when a consumer faces a highly involving new purchase.

10.2 Problem Recognition

The buying process starts when the buyer recognizes a problem or need triggered by internal or external stimuli. With an internal stimulus, one of the person's normal needs, e.g. hunger, thirst, etc, rises to a threshold level and becomes a drive; or a need can be aroused by an external stimulus. A person may admire a neighbour's new car or see a television advert, which triggers thought about the possibility of making a purchase.

Marketers need to identify the circumstances that trigger a particular need by gathering information from a number of consumers. They can then develop marketing strategies that trigger consumer interest. Particularly for discretionary purchases such as luxury goods, vacation packages, and entertainment options, marketers may need to increase consumer motivation so a potential purchase gets serious consideration.

10.3 Information Search

Consumers often search for limited amounts of information. There are two levels of involvement with search. The milder search state is called heightened attention. At this level a person simply becomes more receptive to information about a product. At the next level, the person may enter an active information search: looking for reading material, phoning friends, going online and visiting stores to learn about the product.

Major information sources to which consumers will in turn fall into four groups:

- a) Personal: Family, friends, neighbours, acquaintances
- b) Commercial: Advertising, web sites, sales persons, dealers, packaging, displays.

- c) Public: Mass media, consumer-rating organization
- d) Experiential: Handling, examining, using the product.

The relative amount and influence of these sources vary with the product category and the buyer's characteristics. Generally speaking, the consumer receives the most information about a product from commercial, that is, marketer dominated, sources. However, the most effective information often comes from personal sources or public sources that are independent authorities.

Each information source performs a different function in influencing the buying decision. Commercial sources normally perform an information function, whereas, personal sources perform a legitimizing or evaluation function. For example, physicians often learn of new drugs from commercial sources but turn to other doctors for evaluations.

10.4 Evaluation of Alternatives

No single process is used by all consumers, or by one consumer in all buying situations.

There are several processes, and the most current models see the consumer forming judgments largely on conscious and rational basis.

Some basic concepts can help in understanding consumer evaluation processes:

First, the consumer is trying to satisfy a need. Second, the consumer is looking for certain benefits from the product solution. Third, the consumer sees each product as a bundle of attributes with varying abilities for delivering the benefits sought to satisfy this need. The attributes of interest to buyers vary by product. For example:-

- Hotels:- location, cleanliness, atmosphere, price
- Mouthwash:- colour, effectiveness, germ-killing capacity, taste/flavor, price.
- Tires:- safety, tread life, ride quality, price.

Consumers will pay the most attention to attributes that delivers the sought-after benefits. Market for a product can be segmented according to attributes important to different consumer groups.

1. **Beliefs and Attitudes:** Through experience and learning people acquire beliefs and attitudes. These in turn influence buying behavior. A belief is a descriptive thought that a person holds about something. Just as

important are attitudes, a person's enduring favourable or unfavourable evaluations, emotional feelings, and action tendencies toward some object or idea. People have attitudes toward almost everything: religion, politics, clothes, music, food. A company is well advised to fit its product into existing attitudes rather than to try to change attitude.

2. **Expectancy-Value Model:** - The consumer arrives at attitudes toward various brands through an attribute evaluation procedure. The expectancy-value model of attitude formation posits that consumers evaluate products and services by combining their brand beliefs (i.e. the positives and negatives) according to importance.

10.5 Purchase Decision

In the evaluation stage, the consumer form preferences among the brands in the choice set. The consumer may also form an intention to buy the most preferred brand. In executing a purchase intention, the consumer may make up to five sub-decisions: brand (brand A), dealer (dealer 2), quantity (one unit), timing (weekend), and payment method (credit card).

1. **Non compensatory Models of Consumer Choice:** The expectancy-value model is a compensatory model, in that perceived good things for a product can help to overcome perceived bad things. But consumers often take "mental shortcuts" using simplifying choice, heuristics. Heuristics are rules of thumb or mental shortcuts in the decision process.

With non-compensatory models of consumer choice, positive and negative attribute considerations don't necessarily net out. Evaluating attributes in isolation makes decision making easier for a consumer, but also increases the likelihood that the consumer would have made a different choice if one had deliberated in great detail. Some choice heuristics include:

- a) **The Conjunctive heuristics:-** here the consumer sets a minimum acceptable cut off level for each attribute and chooses the first alternative that meets the minimum standard for all attributes.
- b) **The Lexicographic heuristics:-** the consumer chooses the best brand on

the basis of its perceived most important attribute.

- c) Elimination-by-Aspect Heuristic: the consumer chooses the best brands on an attribute selected probabilistically and eliminates brands that do not meet minimum acceptable out-off.

Brand or Product knowledge, the number and similarity of brand choices and time pressure involved and social context, all may affect whether and how one use choice heuristics.

- 2. Intervening Factors: Even if consumers form brand evaluations, the general factors can intervene between the purchase intention and the purchase decision. The first is the attitudes of others. The extent to which another person's attitude reduces our preference for an alternative depends on two things:

- (i) the intensity of the other person's negative attitude toward our preferred alternative; and
- (ii) Our motivation to comply with the other person's wishes.

The more intense the other person's negativism and the closer the other person is to us, the more we will adjust our purchase intention. The converse is also true.

The second is unanticipated situational factors that may erupt to change the purchase intention. For instance, the consumer might lose her job, some other purchase might become more urgent, or a store sales person may turn her off. Preferences and even purchase intentions are not completely reliable predictors of purchasing behavior.

A consumer's decision to modify, postpone or avoid a purchase decision is heavily influenced by perceived risk. Consumers may perceive many types of risk in buying and consuming a product:

- (i) Functional risk:- The product does not perform up to expectation.
- (ii) Physical risk:- The product poses a threat to the physical well-being or health of the user or others.
- (iii) Financial risk:- The product is not worth the price paid.
- (iv) Social risk:- The product results in embarrassments from others.

- (v) **Psychological risk**:- The product affects the mental well-being of the user.
- (vi) **Time risk**:- The failure of the product results in an opportunity cost of finding another satisfactory product.

The amount of perceived risk varies with the amount of money at stake, the amount of attribute uncertainty and the amount of consumer self-confidence. Marketers must understand the factors that provoke a feeling of risk in consumers and provide information and support to reduce perceived risk.

10.6 Post-purchase Behaviour

After the purchase, the consumer might experience dissonance that stems from noticing certain disquieting features or hearing favourable things about other brands and will be alert to information that supports his or her decision. Marketing communications should supply beliefs and evaluations that reinforce the consumer's choice and help him feel good about the brand.

The marketer's job therefore doesn't end with the purchase. Marketers must monitor post-purchase satisfaction, post purchase actions, and post purchase product uses.

1. **Post-purchase Satisfaction**:- Satisfaction is a function of the closeness between expectations and the product's perceived performance. If performance falls short of expectations, the consumer is disappointed; if it meets expectations, the consumer is satisfied; if it exceeds expectations, the consumer is delighted. These feelings make difference in whether the customer buys the product again and talks favourably or unfavourably about it to others.
2. **Post-purchase Actions**:- If the consumer is satisfied, she is more likely to purchase the product again. The satisfied customer will also tend to say good things about the brand to others. On the other hand, dissatisfied consumers may abandon or return the product. They may seek information that confirms its high value. They may take public action by complaining to other groups. Private actions include deciding to stop buying the product (exit option) or warning friends (voice option).

Post-purchase communications to buyers have been shown to result in

fewer product returns and order cancellations. Computer companies, for example, can send a letter to new owners congratulating them on having selected a fine computer. They can solicit suggestions for improvements and list the location of available services. They can write intelligible instruction booklets. They can send owners a magazine containing articles describing new computer applications.

3. **Post-purchase Use and Disposal**:- Marketers should monitor how buyers use and dispose of the product. A key driver of sales frequency is product consumption rate. The more quickly buyers consume a product, the sooner they may be back in the market to repurchase it.

One opportunity to increase frequency of product use occurs when consumers' perceptions of their usage differ from reality. Consumers may fail to replace products with relatively short life spans soon enough because they over estimate its product life. One of the strategies to speed up replacement is to provide consumers with better information about either;

- a) When they first used the product or need to replace it or;
- b) Its current level of performance.

For example, batteries have built-in gauge that show how much power they have left. Perhaps the simplest way to increase usage is to learn when actual usage is less than recommended and persuade customers of the merits of more regular usage, overcoming potential hurdles.

If consumers throw the product away, the marketer needs to know how they dispose of it, especially if it can damage the environment, like batteries, beverage containers, electronic equipment, and disposable diapers.

