

Introduction to Marketing Essentials
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Lecture - 07
Understanding Consumer Behavior - I

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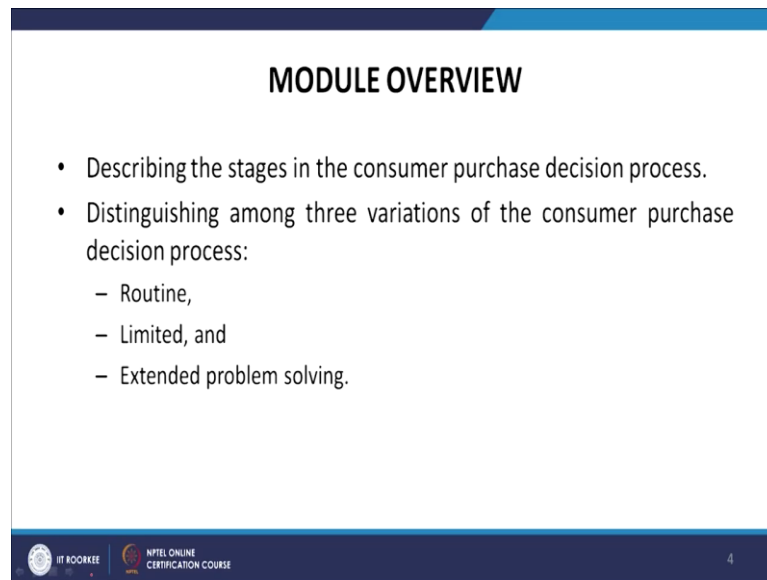


Welcome to introduction to Marketing Essentials. We have covered part one that is initiating the marketing process. Now, we will start now part two that is understanding buyers and markets. So, now, look at that we are talking about two different entities. So, we will talk about buyers and also markets, both of them. These are two different entities and we will talk about their behavior.

So, the first topic in this, part two is understanding consumer behavior, which will be studied in module 7, 8 and 9. So, let us start with module 7. And we will understand the consumer behavior.

In this module we will understand the various stages in the consumer purchase decision process. Then we will also talk about the three variations of consumer purchase decision process.

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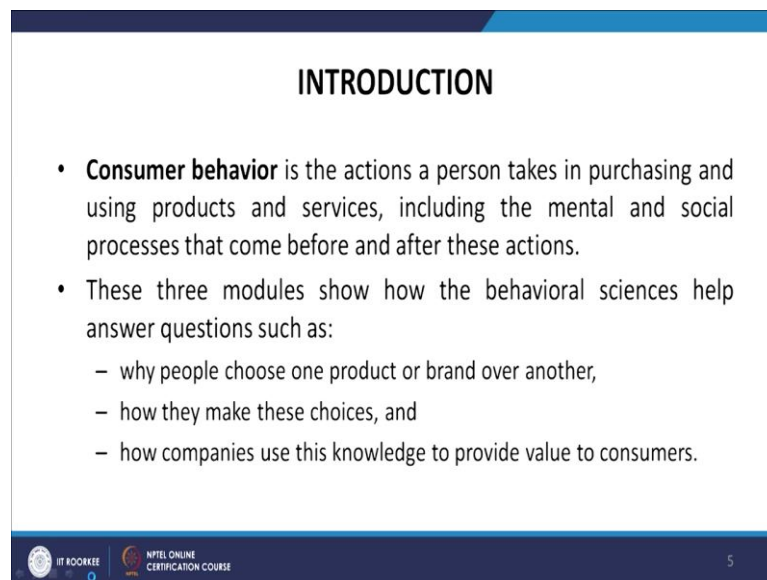
MODULE OVERVIEW

- Describing the stages in the consumer purchase decision process.
- Distinguishing among three variations of the consumer purchase decision process:
 - Routine,
 - Limited, and
 - Extended problem solving.

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The first is the routine decision making, second is limited problem solving, and the third type of decision making is extended problem solving.

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INTRODUCTION

- **Consumer behavior** is the actions a person takes in purchasing and using products and services, including the mental and social processes that come before and after these actions.
- These three modules show how the behavioral sciences help answer questions such as:
 - why people choose one product or brand over another,
 - how they make these choices, and
 - how companies use this knowledge to provide value to consumers.

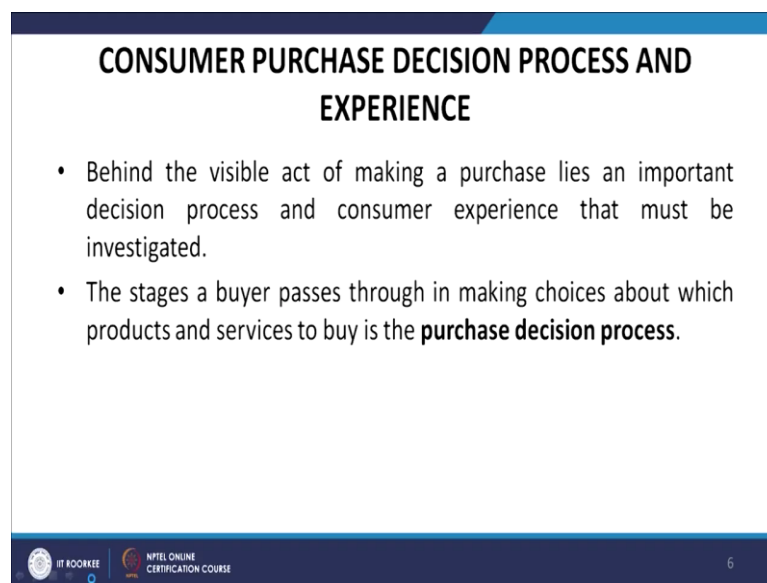
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So, let us start with first understanding, what is consumer behavior? Consumer behavior is the action a person takes in purchasing and using product and services, including the mental and social processes that comes before and after these actions. Before they have made the purchase and after they have made this purchase.

So, these three modules show how the behavioral science help understand and answer the questions such as: why people choose one product or brand over another. So, there are two issues involved here; one is the choice of product another is the choice of brand within that product category.

The second issue is, how they make their choices, and how companies use this knowledge to provide value to the customers. So, let us look at the consumer purchase decision process and experience.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

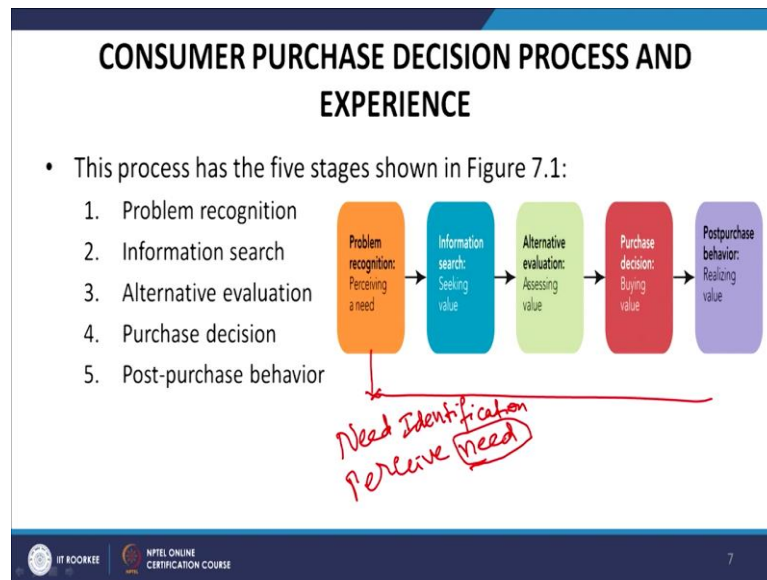
- Behind the visible act of making a purchase lies an important decision process and consumer experience that must be investigated.
- The stages a buyer passes through in making choices about which products and services to buy is the **purchase decision process**.

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Behind the visible act of making a purchase, lies another important decision process and consumer experience that must be investigated. The stages a buyer passes through in making choices about which product and services they would buy is called as the purchase decision process.

So, there are various stages that consumer passes through, before they make a choice and that is called as the purchase decision process.

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So, it is not a onetime thing or one step, but it is a full process. Now, you can look at this process have five stages. So, this figure is called as figure 7.1, and it shows that this consumer purchase decision process has five stages.

The first stage of this decision making process is problem recognition or we also we also call it as need identification. So, we may perceive that we have a need. So, we will talk about this need thing in detail later on.

After this stage, comes to the second stage that is information search. That is seeking value. So, now, consumer look for, how to get value for satisfying that need or solving that problem that for the identified in the first stage. The third stage is then evaluating the alternatives. That is assessing value, which product and or which brand is giving more value.

The fourth stage is the purchase decision. Then we go about buying the value and after that the last step in this process is post purchase. That is realizing or experiencing the value that we have purchased; that we have bought.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 1: *Problem Recognition - Perceiving a Need***
- *Problem recognition*, the initial step in the purchase decision, is perceiving a difference between a person's ideal and actual situations **big enough to trigger a decision**.
- This can be as simple as finding an empty milk carton in the refrigerator; or realizing that your notebook computer may not be working properly.

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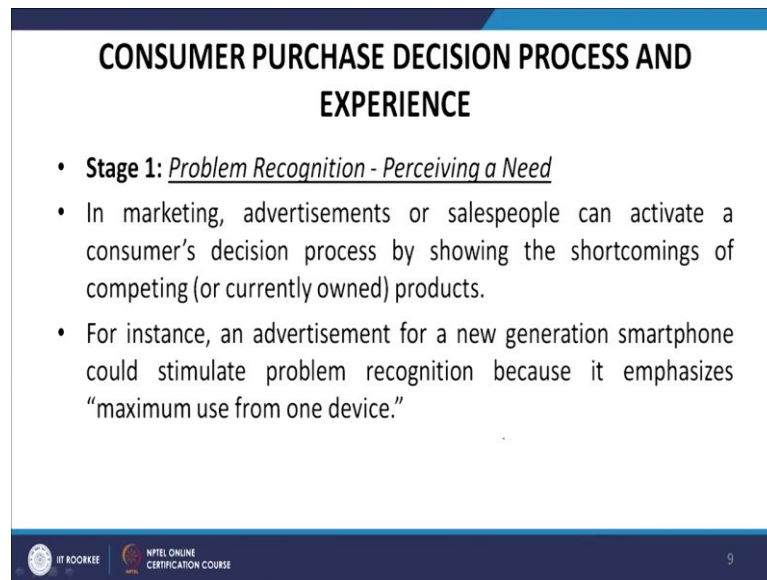
So, now, we will look at each of these stages in detail. The first stage is, problem recognition or perceiving a need. So, problem recognition, that is the initial step in the purchase decision, is perceiving a difference between the person's ideal and actual situation.

So, when this the difference between the ideal and actual situation becomes large enough; big enough then it triggers a decision. So, every need may not trigger a decision, only those problems, those needs trigger a decision where when a person perceives that the there is a difference between their ideal and actual situation.

So, this can be as simple as finding an empty milk carton in the refrigerator or so I went to look for milk in the refrigerator and I found that the milk carton was empty or it can be realizing that your notebook computer may not be working properly.

So in marketing, advertisements or sales people can activate a consumer decision process by showing the shortcomings of competing products or the products that a person currently owns.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

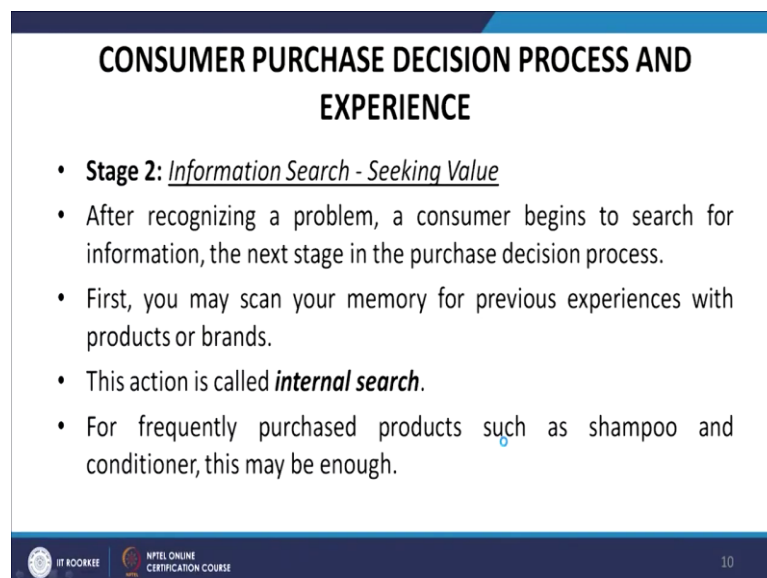
- **Stage 1: *Problem Recognition - Perceiving a Need***
- In marketing, advertisements or salespeople can activate a consumer's decision process by showing the shortcomings of competing (or currently owned) products.
- For instance, an advertisement for a new generation smartphone could stimulate problem recognition because it emphasizes "maximum use from one device."

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For instance, an advertisement for a new generation smartphone could stimulate problem recognition because it emphasizes maximum use from one device.

So, the device that you may currently have may not be giving you a maximum use. So now, this through advertisement they generate a need recognition for maximum use from one. After this need has been perceived or problem has been recognized, then the consumer moves on to the next stage; that is searching for information or seeking looking for value.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 2: *Information Search - Seeking Value***
- After recognizing a problem, a consumer begins to search for information, the next stage in the purchase decision process.
- First, you may scan your memory for previous experiences with products or brands.
- This action is called *internal search*.
- For frequently purchased products such as shampoo and conditioner, this may be enough.

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So, after recognizing a problem, a consumer begins to search for information, that is the second stage of the purchase decision process. So, first, you may scan your memory for previous experiences with products or brand. So, before we move on to the next stage, after we have recognized a need or perceived a need, then we look for information in our memory. This action is called as internal search.

For frequently purchased products such as a shampoo or a hair conditioner, they this may be enough. So, we may not have to look for other sources of information, we just look for information that is already, that we already have in our minds, and then we go to purchase a shampoo or a hair conditioner.

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- **Stage 2:** *Information Search - Seeking Value*
- Alternatively, a consumer may undertake an **external search** for information.
- This is needed when:
 - past experience or knowledge is insufficient,
 - the risk of making a wrong purchase decision is high, and
 - the cost of gathering information is low.

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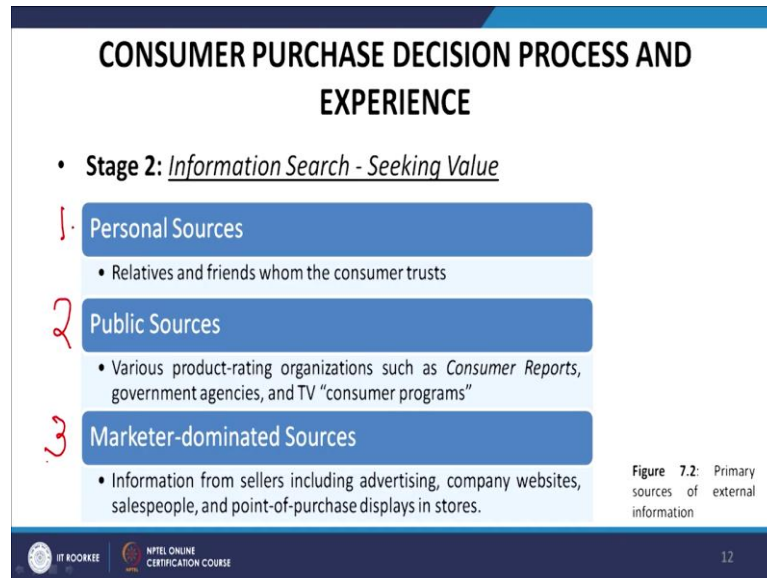
Alternatively, a consumer may undertake an external search for information. So, for example, I have never used a shampoo earlier or a hair conditioner earlier. Then what Happens? So, in those cases I will go for external search.

So, this is needed when the past experience or knowledge in insufficient. So, I have never used a shampoo, so therefore, I know I do not know which shampoo is worth buying.

The second reason can be; the risk of making a wrong purchase decision is high. So, if I have never used a shampoo earlier and I buy a shampoo and I lose all my hair then the risk of this wrong purchase decision will be very high.

And the third is, the cost of gathering information is low. So, how much cost is incurred when I want to look for more information?

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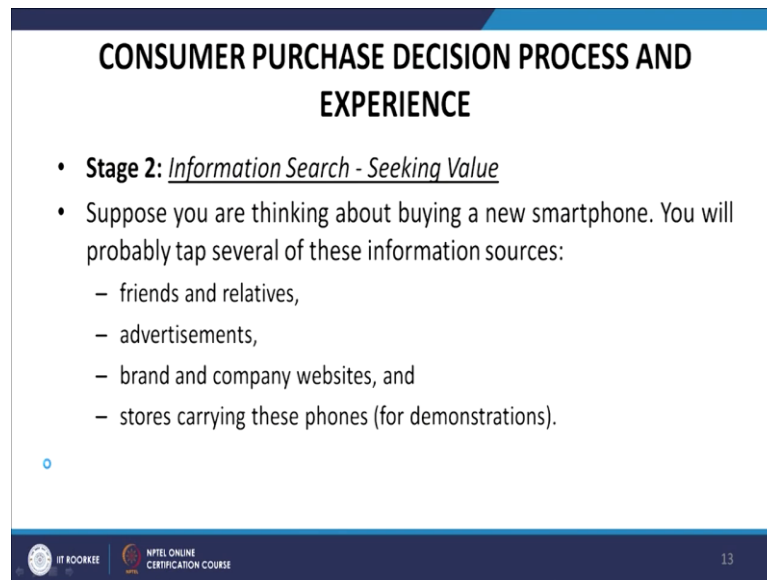


So, where do consumer look for information, when they want to purchase the product? The first is the personal sources. That is relatives and friends whom the consumer trust. So, this consumer may not trust everyone, every relative or every friends. So, we are talking of those relatives and friends whom the consumer trust.

The second source of this information search are public sources. Various product rating organizations such as consumer reports, government agencies, and television consumer programs. So, lots of people, they experts they sit they sit on various stock stores, and they keep on telling you about; how good or bad a product or a security or a bond is. So, that is a public source.

The third source of information is marketer dominated sources. Information from sellers that includes advertising, the company’s website, the salespeople, and point of purchase displays in stores.

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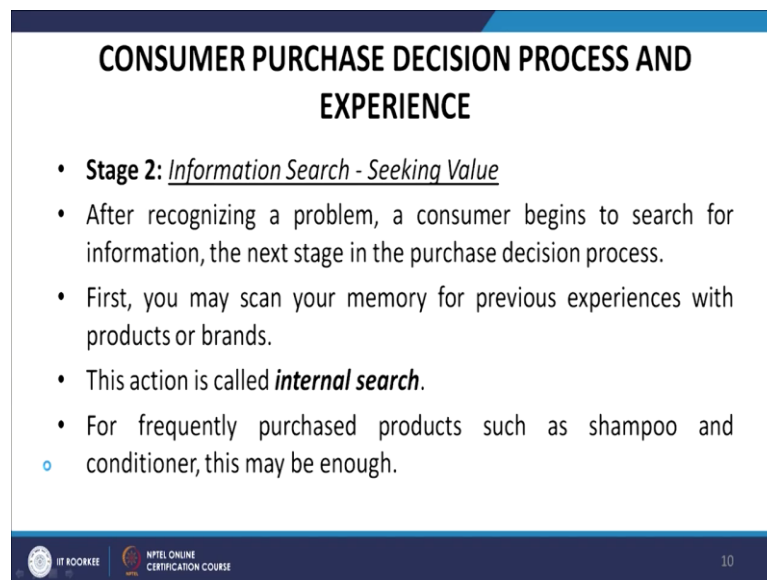
CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 2: *Information Search - Seeking Value***
- Suppose you are thinking about buying a new smartphone. You will probably tap several of these information sources:
 - friends and relatives,
 - advertisements,
 - brand and company websites, and
 - stores carrying these phones (for demonstrations).

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So, these are the three sources of information which consumer can look for if he finds that the internal search is not sufficient enough and he has to go for external search.

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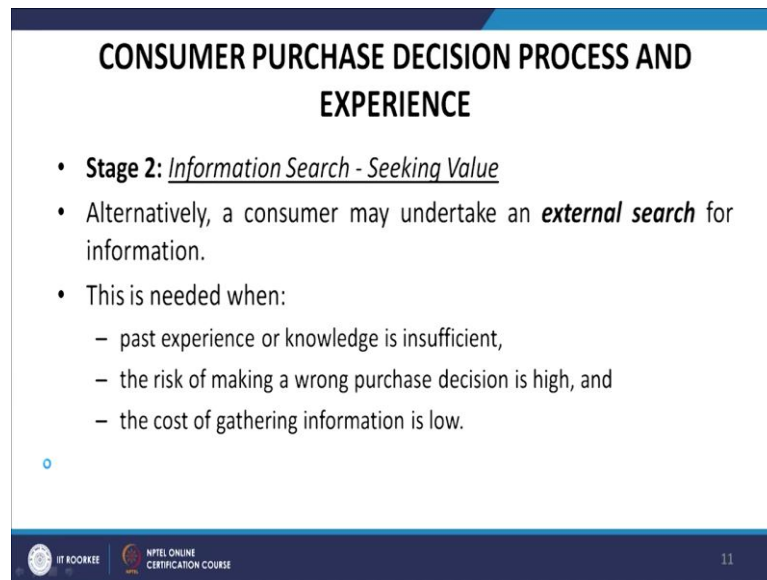


CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 2: *Information Search - Seeking Value***
- After recognizing a problem, a consumer begins to search for information, the next stage in the purchase decision process.
- First, you may scan your memory for previous experiences with products or brands.
- This action is called ***internal search***.
- For frequently purchased products such as shampoo and conditioner, this may be enough.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

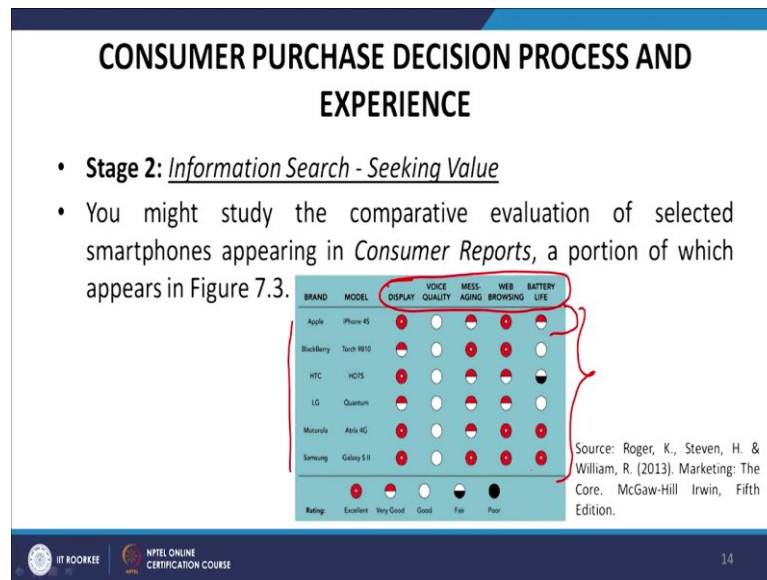
- **Stage 2:** *Information Search - Seeking Value*
- Alternatively, a consumer may undertake an **external search** for information.
- This is needed when:
 - past experience or knowledge is insufficient,
 - the risk of making a wrong purchase decision is high, and
 - the cost of gathering information is low.

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Suppose, you are thinking about buying a new smartphone. You will probably use several of these information sources; so, you will also call up friends and relatives, also look at the advertisement by different brands and companies, then you will also look at the brand and company's websites, and go to stores carrying these phones for having a demonstration of the product.

Now, after that, you might study the comparative evaluation of selected a smart phone. So, there are so many options also available on various website, whereby, you can compare the products.

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You might study the comparative evaluation of selected smartphone appearing in consumer reports, a portion of which figures in this figure a 7.3. So, you see that here we have listed the various brands; Apple and Blackberry and HTC, LG, Motorola and Samsung, and then there are various models. And these are the various attributes, various features that people look for in a smartphone.

So, first is the display, voice quality, messaging, web browsing, and the battery life. So, now, iPhone has a particular type of display, and they have this. So, this red with a white eye in between is excellent, then half red is very good. Pre pure white is good, and then half black is fair and full black is poor.

So, now, you see that Apple scores excellent on display; voice quality is good; messaging is very good; then again your web browsing is excellent; and the battery life is very good. So, it is getting very good ratings on all these parameters.

While you see that HTC, although it has excellent rating on display; good on voice quality; and then very good on messaging and web browsing, but on battery life it is fair. So, this is how the various products are compared, different brands are compared on various features that are there in that brand.

Now, moving on to the next stage, that is evaluation of the alternatives and it is also called as assessing value.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 3:** *Alternative Evaluation - Assessing Value*
- The information search stage clarifies the problem for the consumer by:
 - suggesting criteria to use for the purchase,
 - yielding brand names that might meet the criteria, and
 - developing consumer value perceptions.
- But, given only the information shown in Figure 7.3, which selection criteria would you use in buying a smartphone?

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The information search stage clarifies the problem for the consumer. How? By suggesting criteria for use for the purchase, for suggesting criteria to use for the purchase, yielding brand names that might meet the criteria, and developing customer value perceptions.

So, this consumer stage gives these three kind of benefits that they suggest criteria to be used to for making a purchase. Then it also gives you the brand name that might meet the criteria. And also developing value perceptions among the consumers.

But given only the information shown in figure 7.3, that is this figure, but given only the information that is shown in the last figure, that is figure 7.3, which selection criteria would you use in buying a smartphone?

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 3:** *Alternative Evaluation - Assessing Value*
- Would you use display, voice quality, messaging, web browsing, battery life, or some other combination of these or other criteria?
- For some of you, the information provided may be inadequate because it does not contain **all the factors** you might consider when evaluating smartphones.
- These factors are a consumer's *evaluative criteria*.

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Now, you see that all of them are having excellent and very good in number of attributes. So, how do you go about choosing a smartphone? Would you use display, voice quality, messaging, web browsing, battery life, or some other combination of these, or some other criteria?

For some of you, the information provided maybe inadequate because it does not contain all the factors you might consider when evaluating a smartphone. So, these factors are the consumers' evaluative criteria.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

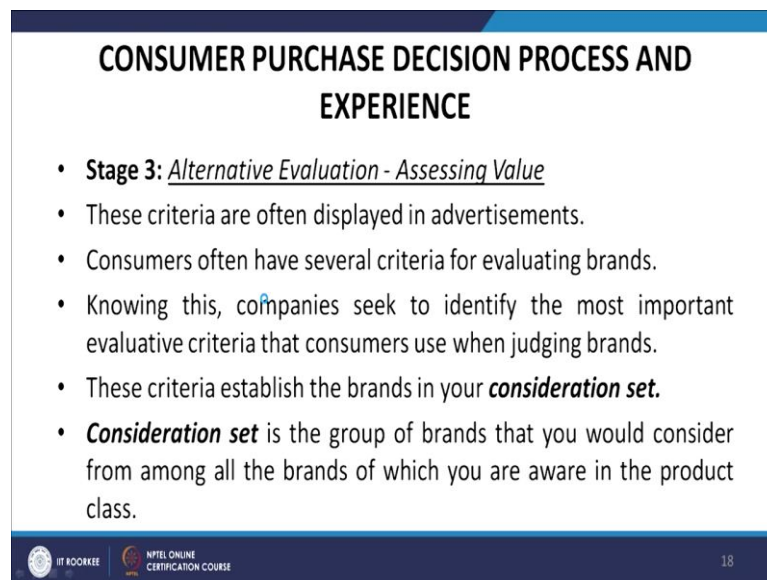
- **Stage 3:** *Alternative Evaluation - Assessing Value*
- Consumer's evaluative criteria represents both
 - 1 - the objective attributes of a brand (such as display) and
 - 2 - the subjective ones (such as prestige) you use to compare different products and brands.
- Firms try to identify and capitalize on both types of criteria to create the best value for the money paid by you and other consumers.

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Now, this consumers' evaluative criteria represents both; one is the objective criteria; brand. Such as the display or the voice quality etcetera and the subjective one. So, these evaluative criteria have two components; one is, these evaluative criteria has two components; one is the objective criteria, first and the second is the subjective criteria such as the prestige, you use to compare different products and brands.

So, these are the two components of an evaluative criteria. These evaluative criteria is not just about objective attributes and it is also not just about subjective attributes, but it is a combination of both of them. Firms try to identify and capitalize on both types of criteria to create the best value for the money paid by you and other consumers.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 3: Alternative Evaluation - Assessing Value**
- These criteria are often displayed in advertisements.
- Consumers often have several criteria for evaluating brands.
- Knowing this, companies seek to identify the most important evaluative criteria that consumers use when judging brands.
- These criteria establish the brands in your **consideration set**.
- **Consideration set** is the group of brands that you would consider from among all the brands of which you are aware in the product class.

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These criteria are often displayed in advertisements. Consumer often have several criteria for evaluating brands. So, it is not only about one criteria. Knowing this, companies seek to identify the most important evaluative criteria that consumer uses when they are judging brands. These criteria establish the brand in your consideration set; that is the consideration set in the mind of the consumers.

So, consideration set is a group of brands that a consumer would consider from amongst all the brand of which you are aware in the product class. So, a product class may have, you may be aware of ten different products in a product class, but in your consideration set there may be only five brands or three brands.

The next stage is the purchase decision, that is when you make a purchase which is called as buying value. Having examined the alternatives in the concentration set you are now ready for making a purchase.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 4:** Purchase Decision: Buying Value
- Having examined the alternatives in the consideration set, you are almost ready to make a purchase decision.
- Two choices remain:
 - 1 – from whom to buy
 - 2 – when to buy.

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But again, even after deciding which brands to buy, you are still having two choices; the first is from whom to buy? So, there are lots of retailers, online and offline also. And then, when to buy? So, should I buy it today or tomorrow or day after. Should I will I buy it in the morning or afternoon or evening at night.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 4:** Purchase Decision: Buying Value

For a product like a smartphone, the information search process probably involved:

- visiting retail stores,
- seeing different brands advertised on television and newspapers, and
- viewing a smartphone on a seller's website.

However, the choice of which seller to buy from will depend on such considerations as:

- the terms of sale,
- your past experience buying from the seller, and
- the return policy.

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So, for a product like a smartphone, the information search process probably involved; - visiting various retail stores, seeing different brands advertised on television and newspapers, and also viewing a smartphone on a seller's website.

However, the choice of which seller to buy from will depend upon such considerations as;- the terms of sales; So, terms of sales may include what amount of discount he is giving and what else he is giving with the mobile phone, maybe a cover, maybe a screen guard, etcetera.

Your past experience buying from the same seller and the return policy. So, will I be able to return it in 10 days? Will I not be able to return it if I buy a today?

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 4: Purchase Decision: Buying Value**
- Often a purchase decision involves a simultaneous evaluation of both:
 - ↓ – product attributes, and
 - ↻ – seller characteristics.
- For example, you might choose the second-most preferred smartphone brand at a store or website with a liberal refund and return policy versus the most preferred brand with more conservative policies.

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So, often a purchase decision involves a simultaneous evaluation of both; one is the product attributes, and also the seller characteristics. So, now, we have another layer of problem here. So, when we are making a purchase, there are two different things that come into play; one is the product attributes, and the second is seller characteristics.

For example, you might choose the second most preferred smartphone brand. At a store or website with a liberal refund or return policy verses the most preferred brand with more conservative policies. So, you may not buy a more most preferred brand, when you find that the seller is not ready to return or his return policies are very strict.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 4: Purchase Decision: Buying Value**
- Deciding when to buy is determined by a number of factors.
- For instance, you might buy sooner if one of your preferred brands is on sale or its manufacturer offers a rebate.

Other factors could also affect whether a purchase decision is made now or postponed. These factors might be:

- store atmosphere, 1.
- pleasantness or ease of the shopping experience, 2.
- salesperson assistance, 3.
- time pressure, and 4.
- financial circumstances 5.

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So, deciding when to buy is determined by another set of number of factors. For instance, you might buy sooner if one of your preferred brand is on sale or its manufacturers are offer or its manufacturers are offering a rebate.

So, what are the other factor? So, there may be other factors which could affect. Whether a purchase decision is made now or postponed. These factors may be; one is the store atmosphere, second is the pleasantness or ease of the shopping experience, the third is the assistance by the sales people, the fourth is the time pressure that you have, and then the fifth is the financial circumstances that you may face. So, these are some additional factors that affect your purchase decision.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 4:** *Purchase Decision: Buying Value*
- Use of the Internet to gather information, evaluate alternatives, and make buying decisions adds a technological dimension to the consumer purchase decision process and buying experience.

For example, 45 percent of consumers with price comparison smartphone apps

routinely compare prices for identical products across different sellers

at the point of purchase prior to making a purchase decision.

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So, use of a internet to gather information, evaluate alternatives, and make buying decisions add a technological dimension to the consumer purchase decision process and buying experience. So, this adds another layer of problem.

For example, 45 percent of consumers with price comparison a smartphone app. So, 45 percent of the consumers, they compared prices on their smartphone apps. They routinely compared prices for identical products across different sellers and at the point of purchase prior to make a purchase decision process. So, they also compare prices at the point of purchase.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 5: Post-purchase Behavior: Value in Consumption or Use**
- After buying a product, the consumer compares it with his or her expectations and is either **satisfied** or **dissatisfied**.
- If the consumer is dissatisfied, marketers must determine whether:
 - the product was deficient or
 - consumer expectations were too high.
- Product deficiency may require a design change.
- If expectations are too high, perhaps the company's advertising or the salesperson oversold the product's features and benefits.

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The last stage of this consumer decision process is the post purchase behavior. And there are two things that we there is another important thing that we are worried about is, value in consumption or use.

So, after buying a product, the consumers compare it with his or her expectations and then he or she decides whether they are satisfied or dissatisfied. Now, if a consumer is dissatisfied, marketers have to determine whether; there was a deficiency in the product or consumer expectations from that product were too high.

So, if the if it is the first one, that is there is a deficiency in the product, then it may require a design change. If expectations are too high, perhaps the company's advertising all the salespeople oversold the product's features and benefits. So, sensitivity to a consumer consumption or use experience is extremely important in a consumers' value perception.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 5:** *Post-purchase Behavior: Value in Consumption or Use*
- Sensitivity to a customer's consumption or use experience is extremely important in a consumer's value perception.
- For example, research on telephone services provided by Sprint and AT&T indicates that satisfaction or dissatisfaction affects consumer value perceptions.

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So, we are talking off consumer value perception. Sensitivity to a consumers' consumption or use experience is important in the consumers' value perception. For example, research on telephone service provided by Sprint or AT and T indicated that satisfaction or dissatisfaction affects consumer value perceptions.

Studies have also shown that satisfaction or dissatisfaction affect consumer communication and the repeat purchase behavior.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 5:** *Post-purchase Behavior: Value in Consumption or Use*
- Studies show that satisfaction or dissatisfaction affects consumer communications and repeat-purchase behavior.
- Satisfied buyers tell three other people about their experience. Dissatisfied buyers complain to nine people.
- Satisfied buyers also tend to buy from the same seller each time a purchase occasion arises.
- The financial impact of repeat-purchase behavior is significant.

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Satisfied consumers tell three other people about their experience, while at the same time that the dissatisfied buyer complains to nine people. Satisfied buyer also tend to buy from the same seller each time a purchase occasion arises. The financial impact of repeat purchase behavior is significant, because the same consumers they keep on coming back and buying. So, the financial impact is significant in case of a repeat purchase behavior.

So, for instance, Ford Motor Company sets a target of increasing customer retention.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 5:** *Post-purchase Behavior: Value in Consumption or Use*
- For instance, Ford Motor Company set a target of increasing **customer retention**—the percentage of Ford owners whose next car is also a Ford—from 60 percent to 80 percent.

Why?

- Ford executives say that each additional percentage point is worth a staggering \$100 million in profits.

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The percentage of ford owners whose next car will also be a ford. So, they want to increase these kinds of people from 60 percent to 80 percent. Why? Ford executive says that each additional percentage point is worth a staggering dollar 100 million in profit.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 5:** Post-purchase Behavior: Value in Consumption or Use
- This calculation is not unique to Ford.
- Research shows that a 5 percent improvement in customer retention can increase a company's profits by 70 to 80 percent.
- Efforts to maximize customer satisfaction and retention produce:
 - 1 – positive post-purchase communications among consumers
 - 2 – foster relationship building between sellers and buyers

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So, this calculation is not unique to the Ford Motor company only. Research shows that 5 percent improvement in customer retention can increase a company's profit by 70 to 80 percent.

Efforts to maximize customer satisfaction and retention gives two things; first is, a positive post purchase communication among consumer, and the second is that it fosters relationship build building between sellers and buyers.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

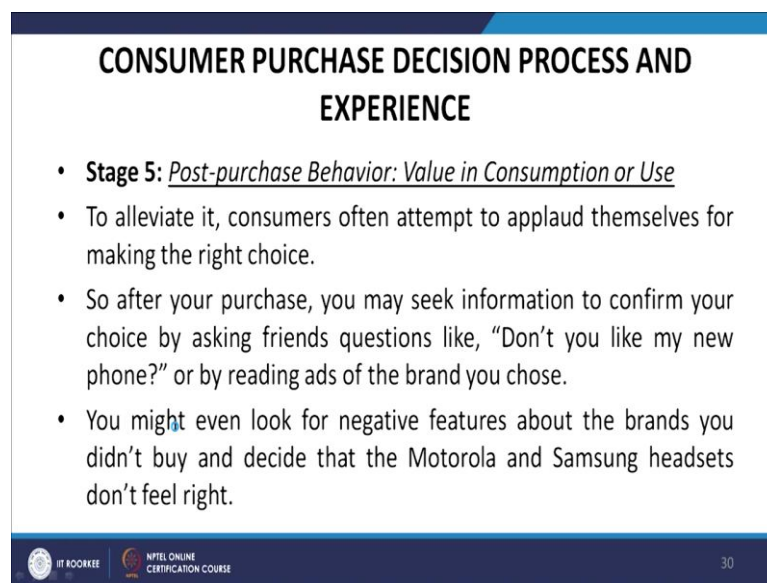
- **Stage 5:** Post-purchase Behavior: Value in Consumption or Use
- Often a consumer is faced with highly attractive alternatives, such as an Apple, Motorola, or Samsung smartphone.
- If you choose the Apple, you might think, "Should I have purchased the Motorola or Samsung?"
- This feeling of post-purchase psychological tension or anxiety is called **cognitive dissonance**.

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Often a consumer is faced with highly attractive alternatives, such as Apple, Motorola, or Samsung smartphone. So, if you choose to buy an Apple, you might think, “should I have purchased the Motorola or Samsung, instead of buying a Apple?” This feeling of post purchase psychological tension or anxiety is called as cognitive dissonance.

So, when I think that I have made a wrong decision, I would have bought another brand. So, then it is termed as cognitive dissonance. To alleviate it, consumer often attempt to applaud themselves for making the right choice.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

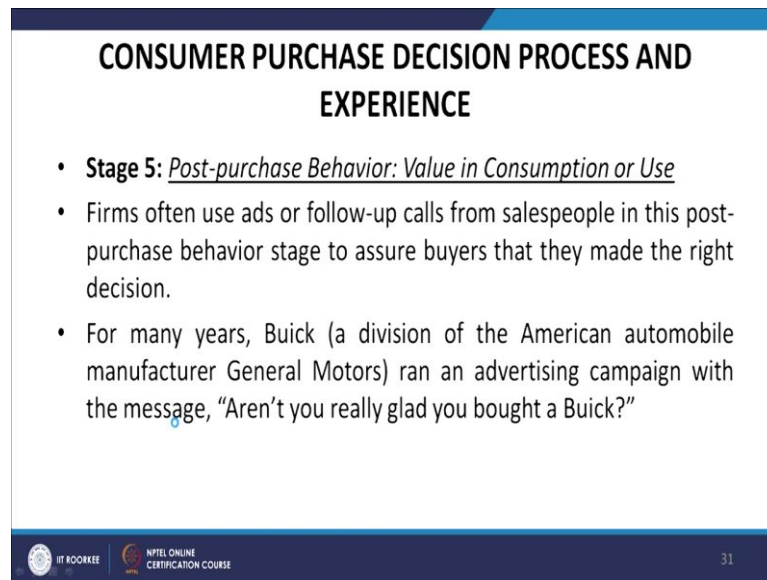
- **Stage 5:** *Post-purchase Behavior: Value in Consumption or Use*
- To alleviate it, consumers often attempt to applaud themselves for making the right choice.
- So after your purchase, you may seek information to confirm your choice by asking friends questions like, “Don’t you like my new phone?” or by reading ads of the brand you chose.
- You might even look for negative features about the brands you didn’t buy and decide that the Motorola and Samsung headsets don’t feel right.

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So, any consumer does not want to regret that they have made a wrong choice and get into cognitive dissonance, so that is why they want to applaud themselves that they have made the right choice. So, after your purchase, you may seek information to conform your choice by asking friends questions like, do not you like my new phone? Or by reading ads, of the brand you choose.

You might even look for negative features about the brand you did not buy and decide that the Motorola and Samsung handsets do not feel the right way. So, now, you are doing two things; one is that you are asking friends that you have made the right decision. How do they like the smart phones, and then you also search for negatives or bad things about Motorola, Samsung mobile phones.

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CONSUMER PURCHASE DECISION PROCESS AND EXPERIENCE

- **Stage 5:** Post-purchase Behavior: Value in Consumption or Use
- Firms often use ads or follow-up calls from salespeople in this post-purchase behavior stage to assure buyers that they made the right decision.
- For many years, Buick (a division of the American automobile manufacturer General Motors) ran an advertising campaign with the message, “Aren’t you really glad you bought a Buick?”

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So, firms often use advertisements or follow up calls from salesperson in this post purchase behavior stage to assure buyers that they have made the right decisions. So, it is not only about the consumer satisfying himself that he has made the right choice, but also, companies they use ads or they make follow up calls to tell customers that they have made the right decision.

For many years, Buick ‘a division of American automobile manufacturer General Motors’ ran an advertising campaign with the message, “Are not you really glad you brought a Buick?”

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CONSUMER INVOLVEMENT AND PROBLEM-SOLVING VARIATIONS

- In addition to five-staged process of purchase decision, it is important to understand that sometimes consumers don't engage in the five-stage purchase decision process.
- Instead, they skip or minimize one or more stages depending on the level of **involvement**.
- *Involvement* is the personal, social, and economic significance of the purchase to the consumer.

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Now, let us look at the consumer involvement and the problem solving variations. In addition to these five stages of consumer decision making process, it is important to understand that sometimes consumer do not engage in the five stage decision process. Instead, they skip or minimize one or more stages depending upon the level of involvement.

So, for every kind of purchase, consumers do not pass through all these five stages of decision making process. Sometimes, they skip one or sometimes they may skip two, because of the level of involvement.

Now, what is involvement? Involvement is the personal, social, and economic significance of the purchase to the consumer. So, if it is of more personal, social, or economic significance then the involvement will be high and if the personal social and economic significance is low then the involvement will be low. So, high involvement purchase occasions typically have at least one of these three characteristics.

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CONSUMER INVOLVEMENT AND PROBLEM-SOLVING VARIATIONS

- High-involvement purchase occasions typically have at least one of three characteristics:

The item to be purchased

- is expensive,
- can have serious personal consequences, or
- could reflect on one's social image.

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So, when this purchase occasions will be high involvement? When there will be at least one of these three characteristics. First, characteristic is that the product should be expensive, second it can have serious personal consequences.

So, an unexpansive product can also have serious personal consequences. For example, a shampoo that I was talking about earlier. And could also, the third characteristic is that it could reflect on ones' social image. So, these are, at least one of these three characteristics should be presented if the purchase occasion is of high involvement.

For these occasions, consumer engage in extensive information search, that is the second stage of consumer decision making process.

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CONSUMER INVOLVEMENT AND PROBLEM-SOLVING VARIATIONS

- For these occasions, consumers engage in
 - extensive information search,
 - consider many product attributes and brands,
 - form attitudes, and
 - participate in word-of-mouth communication.
- Low involvement purchases, such as toothpaste and soap, barely involve most of us, but audio and video systems and automobiles are very involving.

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And consider many product attributes and brands, they form attitudes, and participate in word of mouth communication. Low involvement purchases low involvement purchases, such as toothpaste, or a soap, barely involve most of us, but audio and video systems and automobiles are very involving.

So, there are three general variations in the consumer purchase decision based on consumer involvement and their knowledge about a product. Figure 7.4 shows some of the important differences between the three problem solving variations.

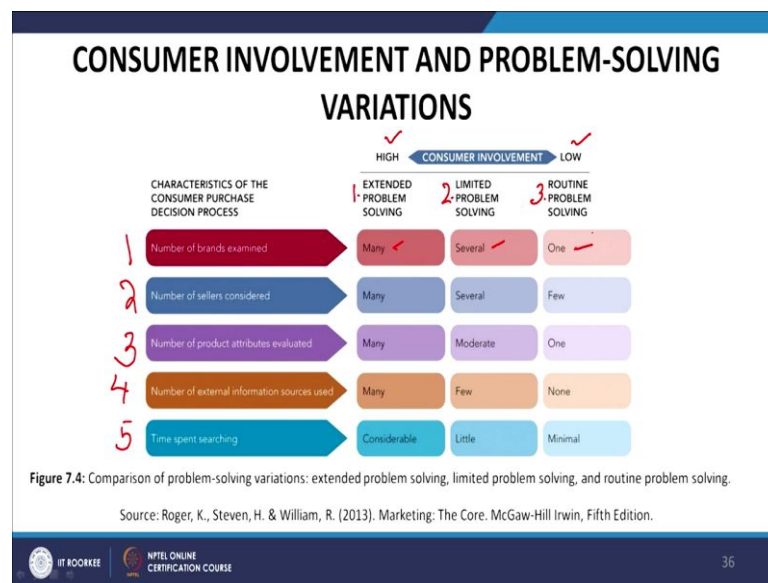
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CONSUMER INVOLVEMENT AND PROBLEM-SOLVING VARIATIONS

- There are three general variations in the consumer purchase decision process based on consumer involvement and product knowledge.
- Figure 7.4 shows some of the important differences between the three problem-solving variations.

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So, these are the three problem solving variations; now, you see that here the consumer involvement is high and here it is low. So, on the basis of this high or low consumer involvement we have come up with these alternatives. One is, extended problem solving. Then we have this limited problem solving. And the third one is routine problem solving.

On the left hand we have characteristics of consumer purchase and decision process. Here, first is the number of brand examined, second is number of sellers considered, the number of product attributes evaluated, number of external information sources used, and then the time is spent on searching for the information and the product.

So, in extended problem solving there are many brands. Limited problem solving there are only limited number of brands. And in routine problem solving we just take only one brand. The time spent in extended problem solving is considerable, while in limited problem solving it is less, and in routine problem solving it is the minimum.

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CONSUMER INVOLVEMENT AND PROBLEM-SOLVING VARIATIONS

Extended Problem Solving

- Each of the five stages of the consumer purchase decision process is used.
- Considerable time and effort are devoted to the search for external information and the identification and evaluation of alternatives.
- Several brands are in the consideration set, and these are evaluated on many attributes.
- Extended problem solving exists in high-involvement purchase situations for items such as automobiles and audio systems.

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So, in extended problem solving, each of the five stages of the consumer purchase decision process is used. Considerable time and efforts are devoted to the search for external information and the identification and evaluation of alternatives. Several brands are in the consideration set and these all these brands they are evaluated on many attributes.

Extended problem solving exist in high involvement purchase situations for item such as automobile and audio and video systems.

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CONSUMER INVOLVEMENT AND PROBLEM-SOLVING VARIATIONS

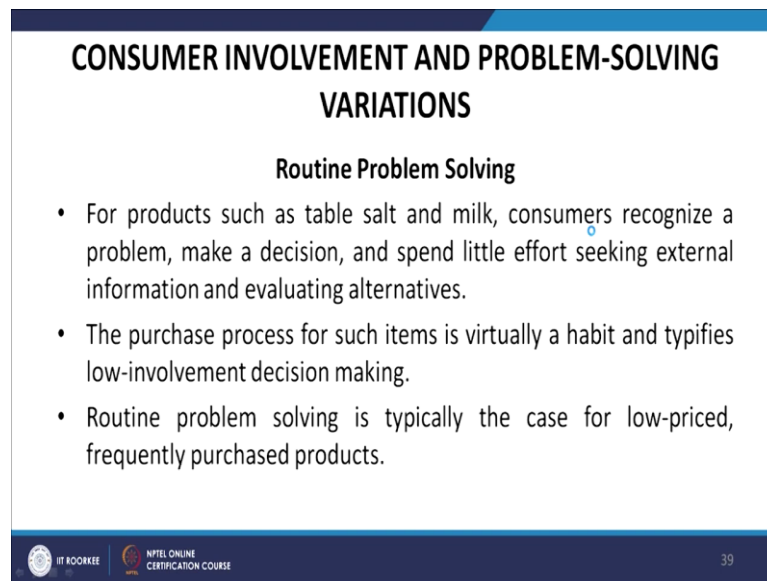
Limited Problem Solving

- Consumers typically seek some information or rely on a friend to help them evaluate alternatives.
- Several brands might be evaluated using a moderate number of attributes.
- Limited problem solving might be used in choosing a toaster, a restaurant for lunch, and other purchase situations in which the consumer has little time or effort to spend.

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In limited problem solving, consumers typically seek some information or rely on a friend to help him evaluate the alternatives. Several brands may be evaluated using the moderate number of attributes. Limited problem solving might be used in choosing a toaster, a restaurant for lunch, and other purchase situations in which the consumer has little time or efforts to spend.

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CONSUMER INVOLVEMENT AND PROBLEM-SOLVING VARIATIONS

Routine Problem Solving

- For products such as table salt and milk, consumers recognize a problem, make a decision, and spend little effort seeking external information and evaluating alternatives.
- The purchase process for such items is virtually a habit and typifies low-involvement decision making.
- Routine problem solving is typically the case for low-priced, frequently purchased products.

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For products such as table salt and milk, consumer recognize a problem, make decisions, and spend a little effort seeking external information and evaluating the alternatives. The purchase process for such items is virtually a habit and typifies low involvement decision making.

Routine problem solving is typically the case for low priced frequently purchased products. Now, how does this involvement affect marketing strategy?

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CONSUMER INVOLVEMENT AND PROBLEM-SOLVING VARIATIONS

Involvement and Marketing Strategy

- Low and high consumer involvement have important implications for marketing strategy.

If a company markets a **low-involvement product** and its brand is a **market leader**, attention is placed on

- (1) Maintaining product quality
- (2) Avoiding stock-out situations so that buyers don't substitute a competing brand
- (3) Repetitive advertising messages that reinforce a consumer's knowledge or assure buyers they made the right choice

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Low and high consumer involvement have important implications for marketing strategy. So, if a company markets a low involvement product and its brand is market leader then the attention is placed on maintaining product quality, avoiding stock out situation, so that buyers do not substitute a competing brand, and repetitive advertising messages that reinforce a consumers' knowledge, or assure buyers they made the right choice.

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CONSUMER INVOLVEMENT AND PROBLEM-SOLVING VARIATIONS

Involvement and Marketing Strategy

- **Market challengers** have a different task.
 - They must break buying habits by using free samples, coupons, and rebates to encourage trial of their brand.
 - Advertising messages will focus on getting their brand into a consumer's consideration set.
 - Marketers can also link their brand attributes with high-involvement issues.

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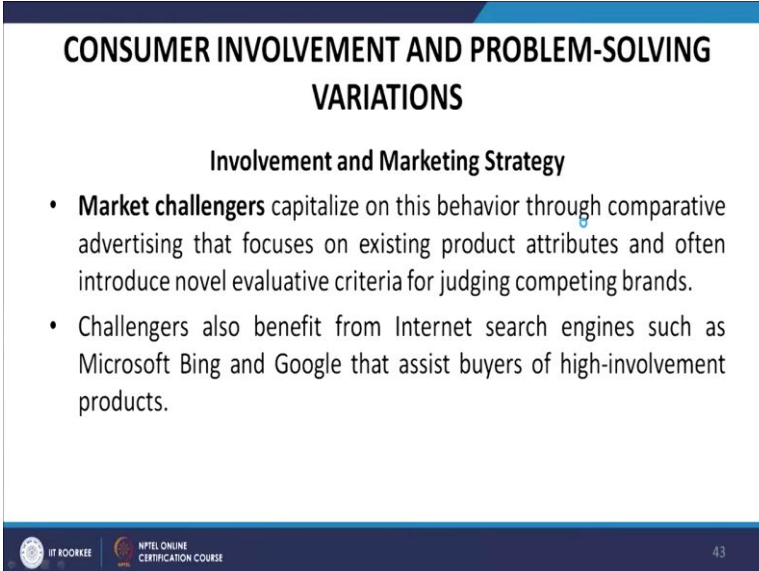
Market challengers have a different task. Here, they must break buying habits by using free samples, coupons, and rebates to encounter trial of their brand. Advertising

messages will focus on getting their brands into the consumer's consideration set. And marketers can also link their brand attributes with high involvement issues.

So, marketers have high involvement product, know that their consumers constantly seek and process information about objective and subjective brand attributes. Form evaluative criteria, form evaluative criteria, rate product attributes and various brands, and combine these ratings for and overall brand evaluation.

The market leaders fly consumers with product information through advertising and personal selling and use social media to create online experiences for their company or brand.

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CONSUMER INVOLVEMENT AND PROBLEM-SOLVING VARIATIONS

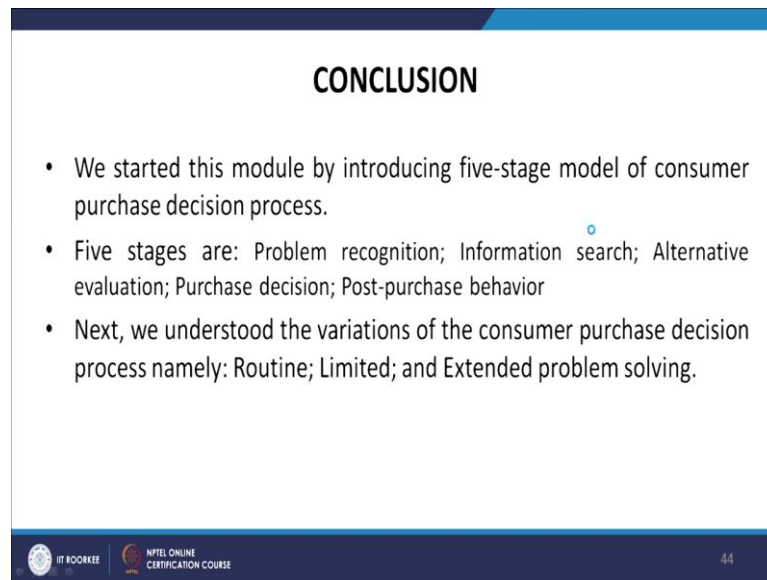
Involvement and Marketing Strategy

- **Market challengers** capitalize on this behavior through comparative advertising that focuses on existing product attributes and often introduce novel evaluative criteria for judging competing brands.
- Challengers also benefit from Internet search engines such as Microsoft Bing and Google that assist buyers of high-involvement products.

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Market challengers, they capitalize on this behavior through comparative advertising that focuses on existing product attributes and introduce novel evaluative criteria for judging competing brands. Challengers also benefit from Internet search engines such as, Microsoft Bing and Google that assist buyers of high involvement product.

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CONCLUSION

- We started this module by introducing five-stage model of consumer purchase decision process.
- Five stages are: Problem recognition; Information search; Alternative evaluation; Purchase decision; Post-purchase behavior
- Next, we understood the variations of the consumer purchase decision process namely: Routine; Limited; and Extended problem solving.

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Now, to conclude this module, we had started this module by introducing the five stage model of consumer decision process. This five stages are: problem recognition; information search; alternative evaluation; purchase decision; and post purchase behavior. Next, we understood the variation of the consumer decision making process. For example, routine limited and extended problem solving.

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These are the three books from which the material for this module was taken.

Thank you.