

## **Module - 4**

# **CONSUMER BEHAVIOR**

**Sangeeta Sahney**

**Assistant Professor,  
Vinod Gupta School of Management  
Indian Institute of Technology  
Kharagpur, India  
Email. [sahney@vgsom.iitkgp.ernet.in](mailto:sahney@vgsom.iitkgp.ernet.in)**

## **MODULE 4: THE CONSUMER DECISION MAKING PROCESS**

### **MODULE 4: THE CONSUMER DECISION MAKING PROCESS (2 Hours)**

- 4.1 Decision Making**
- 4.2 Consumer Decision Making**
- 4.3 Levels of Consumer Decision Making**
- 4.4 Buying Roles**
- 4.5 Consumer Decision Making Process**
- 4.6 Implications for a Marketer**

### **Introduction:**

Marketers need to understand the dynamics of the consumer decision making process. While the process and the internal and external factors affecting decision making would vary from person to person and within the same person from situation to situation, the study of consumer behavior attempts to draw certain generalizations. The major decisions taken by a consumer relate to what he buys (products and services as also the brands), how much he buys (quantity), where he buys (place), when he buys (time) and how he buys (payment terms).

## LESSON – 7 THE CONSUMER DECISION MAKING PROCESS I

### Instructional Objectives

After completion of this lesson, the student shall know about:

- 4.1 Decision Making
- 4.2 Consumer Decision Making
- 4.3 Levels of Consumer Decision Making
- 4.4 Buying Roles

### 4.1 DECISION MAKING:

A decision is defined as choosing an option of the few/many available. Decision making is the process of choosing between two or more alternatives; It is the selection of an alternative out of the few/many choices that are available.

Decision making is:

- a) a goal oriented process.
- b) it is a problem solving process: helps take advantage of opportunities and fight threats.

Decisions Making can be of two types, a) Programmed decision making, and, b) Non-programmed decision making.

**a) Programmed decision making:** This is applied for problems that are routine and regular. Such problems are simple to deal with and guidelines to sort out such problems exist. Such decisions are made without much thought. With respect to marketing, these are decisions related to day to day purchases or convenience and shopping goods; these are generally low involvement purchases. They may also be habitual in nature, and brand loyalty could easily develop. **Examples:** Purchases made for staples, toiletries etc.

**b) Non-programmed decision making:** This is applied for problems that arise suddenly and are unique or novel. As the problem is sudden and novel, it is complex and requires a lot of information gathering, deliberation and thought. With respect to marketing, these are decisions related to infrequent purchases or specialty goods and emergency goods; these are high involvement purchases.

**Examples:** Purchases made for laptops, real estate etc.

## 4.2 CONSUMER DECISION MAKING:

A consumer purchase is actually a response to a problem. Consumer Decision Making pertains to making decisions regarding product and service offerings. It may be defined as a process of gathering and processing information, evaluating it and selecting the best possible option so as to solve a problem or make a buying choice.

Consumer Decision Making pertains to the following decisions:

- a) What to buy: Products and Services (and the Brands?)
- b) How much to buy: Quantity
- c) Where to buy: Place
- d) When to buy: Time
- e) How to buy: Payment terms.

All purchase decisions are not similar. The effort put into each decision making is different.

## 4.3 LEVELS OF DECISION MAKING:

While decision making is defined as the selection of an alternative to solve a problem, the time and effort required to complete the process varies across buying situations. We may define three kinds problem solving spread over a continuum; these are referred to as the levels of consumer decision making;

- (i) Extensive problem solving (EPS)
- (ii) Limited problem solving (LPS)
- (iii) Routinized problem solving (RPS) or routinized response behavior. These are explained as follows:

**a) Extensive problem solving (EPS):** In EPS, the consumer is unfamiliar with the product/service category; he is not informed of the product or service offering, and thus, the situation requires extensive information search and evaluation.

The consumer is not aware:

- about the various decision criteria used to evaluate the product or service offering.
- of the various brands that are available and from which to evaluate.

The result is that the purchase process involves significant effort on part of the consumer. He has to gather knowledge about (i) the decision criteria; (ii) the brands available; and (iii) make a choice amongst the brands.

The types of products and / situations where we generally have EPS:

1. These goods are ones of high involvement; they are expensive; they are infrequently bought; there is considerable amount of risk involved.
2. These are generally first time purchases

**Examples:** Jewellery, electronic goods, Real estate and property etc.

**b) Limited problem solving (LPS):** The consumer is familiar of the product or service offering; but he is unaware of the various brands. The case is one where the buyer is familiar with the product category but unfamiliar with the brands.

The consumer:

- *is aware* of some brands and also of the various criteria used to evaluate the product or service offering.
- is unaware of the new brands that have been introduced.
- has not evaluated the brands amongst the awareness set and has not established preferences amongst the group of brands.

The result is that the purchase process is more of a recurring purchase and it involves only a moderate effort on part of the consumer. He has to gather knowledge to add/modify the existing knowledge that he has in his memory. Thereafter he has to make a decision.

The types of products and / situations where we generally have LPS:

1. These goods are ones of low involvement; they are generally moderately priced; they are frequently bought; there is lesser amount of risk involved.
2. These are generally recurring purchases.

**Exceptions:**

They may also be cases where an expensive product is being repurchased.

**Examples:** A laptop replacing a desktop, a second TV for the home.

**c) Routinized problem solving (RPS) or routinized response behavior:** The consumer is well informed and experienced with the product or service offering. The consumer is aware of both the decision criteria as well as the various brands available.

Here, the goods are ones of low involvement; they are inexpensive; they are frequently bought; there is no risk involved. These are routine purchases and are a direct repetition, where the consumer may be brand loyal.

The result is that the purchase process involves no effort on part of the consumer. It is simple and the process is completed quickly; purchases are routine and made out of habit.

The types of products and / situations where we generally have RPS:

1. These goods are ones of low involvement; they are inexpensive; they are frequently bought; there is no risk involved.
2. These are routine purchases and the consumer is brand loyal.

**Examples:** Staples, Cold drinks, Stationery etc.

**Table 1: Comparisons between EPS, LPS and RPS**

	<b>EPS</b>	<b>LPS</b>	<b>RPS</b>
1. Complexity of decision making	High	Medium	Low
2. Time taken to make decisions	High	Low to High	Low
3. Information gathering	Yes	Yes	No
4. Information sources	Many	Few	Few or none
5. Awareness and knowledge of:	No	Yes	Yes
a) Decision criteria	No	Somewhat	Yes
b) Alternative brands available			
6. Evaluative criteria	Complex	Moderate	Simple (if at all)
7 Brands considered	Many	Few	One (Repeat purchase)
8. Cognitive dissonance	High	Rare	None

**Table 2: Comparisons between EPS, LPS and RPS**

	<b>EPS</b>	<b>LPS</b>	<b>RPS</b>
1. Consumer Involvement	High	Medium	Low
2. Problem recognition	Actual state type to Desired State	Actual state type to Desired State	Actual state type
3. Information search	Extensive	Limited	Minimum Restricted to internal sources only.
4. Evaluation of alternatives	Internal and external sources Complex	Mostly internal sources Moderate	Simple (if at all)
5. Purchase	Gradual after a cognitive process	Not so gradual	Immediate
6. Post purchase processes	Cognitive dissonance is high. Brand loyalty if satisfied	Cognitive dissonance would be rare	Brand loyalty. Repeat purchase.
7. Types of goods	Specialty goods	Mixed	Convenience

## 4.4 BUYING ROLES:

Consumer decision making is a complex process. It is an interplay of reactions amongst a consumer and his cognition, affect and behavior on the one hand, as well as the environmental forces on the other hand.

The actual transaction/ exchange is preceded by considerable amount of thought processes and influences. This could be explained in terms of the five “*Buying Roles*” viz., Initiator, Influencer, Decider, Buyer and, User. The marketer needs to understand these roles so as to be able to frame suitable strategies to target them.

**a) Initiator:** The person who identifies a need and first suggests the idea of buying a particular product or service.

**b) Influencer:** The person(s) who influences the buyer in making his final choice of the product.

**c) Decider:** The person who decides on the final choice: what is to be bought, when, from where and how.

**d) Buyer:** The person who enters into the final transaction and exchange process or is involved in the physical activity of making a purchase.

**e) User:** The person(s) who actually consumes the product or service offering.

The various buying roles can be illustrated through examples:

### Example: 1

A kindergarten girl needs to buy color crayons to use in class.

- i) Initiator: The girl
- ii) Influencer: Her teacher or her classmates
- iii) Decider: Either of the parents
- iv) Buyer: Either of the parents or a sibling.
- v) User: The girl herself.



### Example 2:

The mother of the house is a housewife; she loves watching TV when her husband and children go for work. She has been complaining that the present TV set at home has been giving problem. She also says that the model is now an old one and that that the family should own a new model.

- i) Initiator: The lady
- ii) Influencer: Her neighbors and friends.
- iii) Decider: Joint: Her husband, she herself and the children.
- iv) Buyer: Husband or son or daughter or she herself.
- v) User: The family.

### Example 3:

A boy enters college and needs a laptop for doing assignments.

- i) Initiator: The boy himself
- ii) Influencer: His friends and classmates.
- iii) Decider: The boy himself.
- iv) Buyer: The boy himself.
- v) User: The boy himself.

### **Note:**

- These five roles may be performed by one person or many persons.
- A person may perform more than one role.
- The role(s) that one assumes for a particular product purchase and in a particular purchase situation may differ to another product purchase and in another purchase situation.

### **It is even more noteworthy that:**

As far as Buyer Behavior is concerned, the **buyers** role is the most important; it is he who enters into a transaction and final exchange.

- actual and final decision is always made at the time of transaction by the buyer.
- the decider may make a choice, but the exchange is entered into by the buyer

## REFERENCES FOR FURTHER READING:

1. Kotler P., and Keller K.L., Marketing Management, Thirteenth edition, 2009, Pearson.
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3. Peter, P.J. and Olson, J.C., Consumer Behavior and Marketing Strategy, Seventh Edition, 2005, McGraw-Hill Higher Education.
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## FAQS (FREQUENTLY ASKED QUESTIONS):

**Ques 1** What are the various buying roles. Explain using an example.

**Ans 1** Example:

A kindergarten girl needs to buy color crayons to use in class.

- |                                     |  |
|-------------------------------------|--|
| i) Initiator: The girl              | ii) Influencer: Her teacher or her classmates  |
| iii) Decider: Either of the parents | iv) Buyer: Either of the parents or a sibling. |
| v) User: The girl herself.          |  |

**Ques 2** Define Consumer Decision Making

**Ans 2** Decision making is the process of choosing between two or more alternatives;

Consumer decision making may be defined as a process of gathering and processing information, evaluating it and selecting the best possible option so as to solve a problem or make a buying choice.

- Consumer Decision Making pertains to making decisions regarding product and service offerings.

### **Ques 3 Compare and contrast the various levels of Consumer Decision Making.**

#### **Ans 3 Various levels of Consumer Decision Making**

##### **EPS:**

- The consumer is not informed of the product or service offering.
- The consumer is not aware about the various decision criteria used to evaluate the product or service offering, and he is also not aware of the various brands that are available and from which to evaluate.

Result:

- The purchase process involves significant effort on part of the consumer.

Examples:

Jewellery, electronic goods, Real estate and property etc.

##### **LPS:**

- The consumer is familiar of the product or service offering; but he is unaware of the various brands.
- The consumer is aware of some brands and also of the various criteria used to evaluate the product or service offering; he is unaware of the new brands that have been introduced.
- He has not evaluated the brands amongst the awareness set and has not established preferences amongst the group of brands.

Result:

- The purchase process is more of a recurring purchase and it involves only a moderate effort on part of the consumer.

Examples:

A laptop replacing a desktop

**RPS:**

- The consumer is well informed and experienced with the product or service offering.
- The consumer is aware of both the decision criteria as well as the various brands available.

Result:

- The purchase process involves no effort on part of the consumer.
- It is simple and the process is completed quickly; purchases made out of habit.

These are routine purchases.

Examples:

Staples, Cold drinks, Stationery etc.

	<b>EPS</b>	<b>LPS</b>	<b>RPS</b>
<b>Consumer Involvement</b>	High	Medium	Low
<b>Complexity of decision making</b>	High	Medium	Low
<b>Time taken to make decisions</b>	High	Low to High	Low
<b>Information gathering</b>	Yes	Yes	No
<b>Information sources</b>	Many	Few	Few or none
<b>Awareness and knowledge of:</b>	No	Yes	Yes
<b>a) Decision criteria</b>	No	Somewhat	Yes
<b>b) Alternative brands available</b>			
<b>Evaluative criteria</b>	Complex	Moderate	Simple (if at all)
<b>Brands considered</b>	Many	Few	One (Repeat purchase)
<b>Cognitive dissonance</b>	High	Rare	None

## SELF EVALUATION TESTS/QUIZZES:

### Section A True/false:

1. With respect to marketing, programmed decisions are related to infrequent purchases or specialty goods and emergency goods.
2. In case of LPS brand loyalty is high.
3. As far as Buyer Behavior is concerned, the users' role is the most important.

### Section B Fill up the blanks:

1. Brand loyalty is indicative of \_\_\_\_\_ decision making.
2. In case of \_\_\_\_\_ problem solving, the consumer is aware of both the decision criteria as well as the various brands available.

### Section C Multiple choice questions:

#### 1. Which of the following statements about RPS is true:

- a) Complexity of decision making is low.
- b) Sources of information are both internal and external.
- c) These are specialty goods.
- d) The consumer has not narrowed down the priorities amongst brands.

#### 2. Which of the following statements is true :

In LPS,

- a) the consumer is aware of some brands and also of the various criteria used to evaluate the product or service offering.
- b) is unaware of the new brands that have been introduced.
- c) has not evaluated the brands amongst the awareness set and has not established preferences amongst the group of brands.
- d) All of the above.

### Section D Short answers:

1. Mention the five buying roles.
2. Mention the two types of decision making.
3. Mention the three kinds problem solving.
4. Differentiate between LPS and EPS.

## KEY

### Section A True/false:

1. False
2. False
3. False

### Section B Fill up the blanks:

1. Programmed
2. Routine

### Section C Multiple choice questions:

1. A
2. D

### Section D Short Answers:

1. Initiator, Influencer, decider, Buyer and User.
2. Programmed and Non programmed
3. Extensive problem solving (EPS), Limited problem solving (LPS), and Routinized problem solving (RPS).
4. EPS and LPS:

#### EPS

The consumer is not informed of the product or service offering.

The consumer is not aware:

- about the various decision criteria used to evaluate the product or service offering.
- of the various brands that are available and from which to evaluate.

These goods are ones of high involvement; they are expensive; they are infrequently bought; there is considerable amount of risk involved.

The purchase process involves significant effort on part of the consumer

Examples:

Jewellery, electronic goods, Real estate and property etc.

#### LPS

The consumer is familiar of the product or service offering; but he is unaware of the various brands.

The consumer:

- is aware of some brands and also of the various criteria used to evaluate the product or service offering.
- is unaware of the new brands that have been introduced.
- has not evaluated the brands amongst the awareness set and has not established preferences amongst the group of brands.

These goods are low to high involvement.

The purchase process is more of a recurring purchase and it involves only a moderate effort on part of the consumer

Examples:

A laptop replacing a desktop, a second TV for the home.