

MODULE 4: THE CONSUMER DECISION MAKING PROCESS

LESSON – 7

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.

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

Cognitive dissonance	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	LPS
The consumer is not informed of the product or service offering.	The consumer is familiar of the product or service offering; but he is unaware of the various brands.
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 consumer: - <i>is aware</i> of some brands and also of the various criteria used to evaluate the product or service offering. - <i>is unaware</i> of the new brands that have been introduced. - <i>has not evaluated</i> the brands amongst the awareness set and has not established preferences amongst the group of brands.
These goods are ones of high involvement; they are expensive; they are infrequently bought; there is considerable amount of risk involved.	These goods are low to high involvement.
The purchase process involves significant effort on part of the consumer	The purchase process is more of a recurring purchase and it involves only a moderate effort on part of the consumer
Examples:	Examples:

Jewellery, electronic goods, Real estate and property etc.	A laptop replacing a desktop, a second TV for the home.
--	---

LESSON – 8

FAQS (FREQUENTLY ASKED QUESTIONS):

Ques 1 Write a short note on the Internal and External sources of Information.

Ans 1 The information sources are of two types:

a) Internal sources:

This includes the consumer and his self; recall information in his memory (comprising information gathered and stored, as well as his experiences, direct and indirect);

Internal sources seem sufficient when:

- it is a routine purchase
- the product is of low involvement

b) External sources:

This includes:

- Interpersonal communication (family, friends, work peers, opinion leaders etc.)
- Marketing communication (advertisements, salespeople, company websites, magazines etc.)
- Other sources (editorials, trade magazines and reports, consumer awareness programmes on TV, Internet etc.)

External sources are resorted to in cases where:

- past knowledge and experience is insufficient.
- the product is of high involvement and the risk of making a wrong decision is high.

Ques 2 Compare and contrast the various Decision rules:

Ans 3 Compensatory and Non-compensatory rules

Compensatory rules	Non-compensatory rules
<p>- The evaluative criteria are listed as attributes; these attributes are scored and rated and scored for the various alternative brands.</p>	<p>- A negative evaluation of any one attribute eliminates the brand from consideration.</p>
<p>- A lower rating on an attribute may be offset by a higher rating on another; i.e. a higher rating on one attribute would compensate for a lower rating on another.</p>	<p>- A lower rating on an attribute cannot be offset by a higher rating on another and vice versa.</p>
<p>- This could assume two forms: simple and weighted.</p> <p>i) Simple summated: -The attributes are rated for each brand and the scores are totaled.</p> <p>ii) Weighted: - The attributes are first given weights relatively based on the level of importance; thereafter, the attributes are rated and finally scored after multiplication with the weights. The weighted scores are then totaled.</p>	<p>- This could assume three forms: conjunctive, disjunctive and lexicographic.</p> <p>i) Conjunctive rule: -A minimally acceptable cut off point is established for each attribute; The brand that falls below the minimally acceptable limit on any of the attributes is eliminated/rejected.</p> <p>ii) Disjunctive rule: -A minimally acceptable cut off point is established for each attribute; The brands are evaluated, and, the brand that falls above the cut off point on any of the attributes is selected.</p> <p>iii) Lexicographic rule: -The various attributes are first ranked in terms of perceived importance. -The brands are first evaluated on the attribute that is considered the most important. If a brand ranks considerably high than the others on this attribute, it is selected.</p>

Ques 3 What is cognitive dissonance? How can a marketer help reduce cognitive dissonance?

Ans 3 The feeling of tension and anxiety that a consumer experiences after the purchase of a product is called cognitive dissonance.

- The marketer can play an important role in reducing the dissonance that the consumer faces and reassuring him that the choice he made was the right one.
- a) The marketer can communicate with the customer about the various attributes/features and benefits that the product has to offer in comparison with other alternatives.

- b) He can follow up with the customer and address queries and concerns if any (eg. follow up calls).
- c) Marketers' assurances with respect to warranties, guarantees and exchange can also pacify the cognitive dissonance state.
- d) Company websites with FAQs (frequently asked questions); satisfied customers' comments and blogs; and customer care information (eg. toll free numbers etc) can also prove to be helpful.

SELF EVALUATION TESTS/QUIZZES:

Section A True/false:

1. The set of alternatives that a consumer actively considers while making a purchase decision is called the choice set.
2. Under conjunctive rules, a minimally acceptable cut off point is established for each attribute; The brands are evaluated, and, the brand that falls below the minimally acceptable limit on any of the attributes is eliminated/rejected.

Section B Fill up the blanks:

1. In _____ rules a lower rating on an attribute may be offset by a higher rating on another.
2. Those alternatives from the evoked set that the consumer excludes from further consideration, as he perceives them to be inferior and unacceptable form the _____ set.
3. The _____ type of search activity is a byproduct of another search activity;

Section C Multiple choice questions:

1. When a consumer desires to buy a new laptop because he wants an upgraded model, it is a _____ type of problem solving.
 - a) DS
 - b) AS
 - c) As and DS
 - d) Routine
2. A feeling of tension and anxiety that a consumer experiences after the purchase of a product is called:
 - a) Disequilibrium
 - b) Imbalance

- c) Cognitive dissonance
- d) None of the above.

Section D Short answers:

1. Name the two broad categories of decision rules.
2. What are the various stages of the consumers' decision making process?
3. Mention any two external sources of information.
4. How does a consumer try to reduce cognitive dissonance?

KEY

Section A True/false:

1. False
2. True

Section B Fill up the blanks:

1. Compensatory
2. Inept
3. Incidental

Section C Multiple choice questions:

1. a
2. c

Section D Short Answers:

1. Compensatory rules and Non-compensatory rules.
 2. Need recognition/Problem recognition, Pre-purchase information search, Evaluation of alternatives, Purchase decision, and, Post-purchase outcome and reactions.
 3. Interpersonal communication, Marketing communication.
 4. Consumers try to reduce this dissonance through:
 - gaining more product information.
 - discussing with other satisfied customers who have bought the same product/brand.
 - going back to the dealer and asking for reassurances.
 - rationalizing that the choice that they have made is the right one.
 - refer to data (printed/audio visual) that supports and recommends the chosen product/brand.
 - make others buy the same product/brand to reassure their choice.
-