

Consumer Psychology
Dr. Naveen Kashyap
Department of Humanities & Social Sciences
Indian Institution of Technology, Guwahati

Lecture – 04
Problem Recognition – II

Hello friends. Welcome back to this fourth lecture on the course on Consumer Psychology. Now, in the last lecture, we were looking at the first part of the EKB model which is how do consumer actually search information and why do consumers actually search information. So, these are the two things that we are be looking at. And in the third lecture which is the one before this, we looked at, how does consumer realize that they have a need for buying a particular product.

So, something related to need arousal and we looked at several factors which make a consumer realize that they have a need for buying a particular product. Now, we did introduce a little bit about information search in the last lecture and so, in the present lecture what the focus would be is on looking at how does the con consumer actually go into the marketplace and search for information. And we look at a number of psychological factors which basically modulate the search of the consumer for product information. Now, we had discussed before that any product information search is dependent on what kind of product the consumer is looking at.

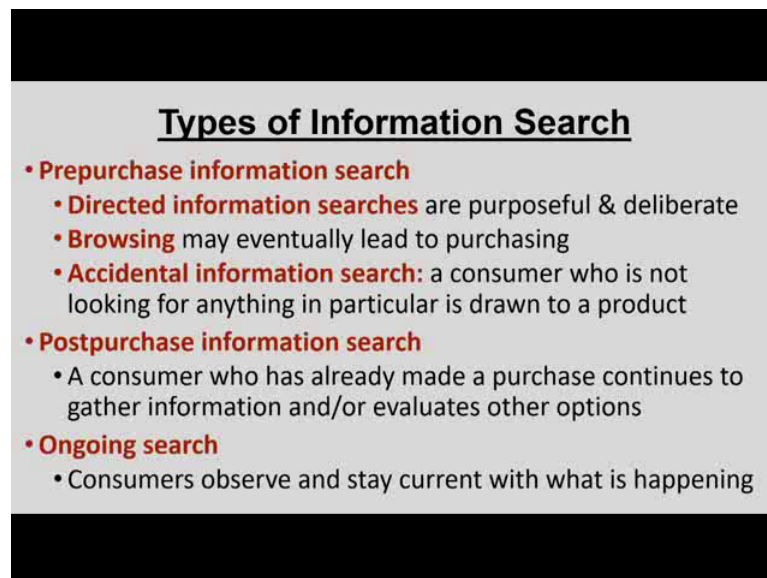
And so, if the consumer is looking at a high involvement product, he goes through all the five steps of the EKB model and so here, the search is of a longer duration of more intensity and the are deeper search. Whereas, if the consumer is looking at a product which is low involvement, which he does not has to get involved with at a level of basically the prize or information or anything, but there he does not has to go through the whole EKB model, the whole steps of EKB model and he can directly go from need recognition to product comparison and buying the product.

So, the special case that we are dealing here is the high involvement products. Now, also in the last lecture, we looked at how does the need recognition happens, the need arousal happens and when is the need arousal has been established based on the actual and the desired state when in the in the consumer, he goes on a search for information and we looked at what kind of things are possible for the search. So, let us focus on today's

lecture. We will look into how these searches for information of high involvement products or products are happen into the market and what are the factors which actually influence this search process of the consumer.

So, types of information search with the con consumer goes through; there are several types of information search which is the consumer can actually go through in the market.

(Refer Slide Time: 03:17)



Types of Information Search

- **Prepurchase information search**
 - **Directed information searches** are purposeful & deliberate
 - **Browsing** may eventually lead to purchasing
 - **Accidental information search:** a consumer who is not looking for anything in particular is drawn to a product
- **Postpurchase information search**
 - A consumer who has already made a purchase continues to gather information and/or evaluates other options
- **Ongoing search**
 - Consumers observe and stay current with what is happening

The first of these is called the pre purchase information search. Now, in the pre purchase information search what happens is, the consumer actually starts looking for information about the products, looking for more variety of products, looking for whether a product is available or whether it can satisfy his needs or not and how fit is the product for he is need. All these information he is starts looking even before he starts buying that product and that kind of information search is basically the pre purchased search.

So, taking an example suppose, you are interested in buying a new camera which is which you need for an upcoming trip to abroad or anywhere for your holidays. Now, when you are buying a particular camera and you need a particular camera, you understand that there is need for a particular camera, you can infer get involved in a pre purchase search which basically means that even before buying the camera what you do is you look at several information about the camera that you will need. So, you look at several models which are there, they will look at several product benefits which are there

which will satisfy your actual need and all that kind of information is called the pre purchase search.

So, the basic idea here is that, before the product is and well being to is what a search happens and that is called the pre purchase search. Now, within the pre purchase search, there are a number of free purchase types which are there. The first is directed information search and directed information searches are purposeful and deliberate in nature. What does it really mean? Now when a consumer is very sure of what he ones and the product has some meaning to him which is the of a high cost or something which has his involved direct involvement or he is interested in the product a lot, he goes for something called directory information searches.

So, suppose I am one of those people who is interested in buying a new smart-phone and I am very much involved with my new smart-phone or with the fact that I will I like a smart-phone and it is very personal to me. So, what I will do is in those cases, where I am very involved with a smart-phone or it is very dear to me or it is an inherent part of my life, it is going to decide something which is very inherent in my life, I am going to do something called a purposeful and deliberate search.

So, what I will do here is, I will look at the needs that has been arose for buying that particular cell phone, I look at the product benefits that the products in the market are going to offer and I will do one actual comparison and search for all the benefits that products in the market can deliver to me and how good the benefits that their products are giving in the market, how good a fit it is with my need arousal or as it is with my need for the particular product.

And so, here the in information search will be directed information search because it is deliberate because I started it with the idea that since the product is very very essential to my life, very essential to my living, I will do what directed in purposeful search. So, not in all cases the consumer is so much involved with the product, he is it is not that the product becomes or is very inherent to him and he does not do a product deliberate search. Deliberate search is that generally for those items which is the consumer really needs or really wants and so, at times what happens is search is, product information searches also happen through something called browsing which may eventually lead to purchasing.

So, on one category, on one hand where I need a product, I know that I need a product, I have a need of a product, I understand what are the benefits that I need, I look at the market of the products that are there, I look at the benefits that they are offering, I do a one to one comparison of what each product is going to do, I make a choice and I make a search accordingly and this is called the deliberate search.

But at times, when you are in the market, whether it is a virtual market or whether it is a physical market like a shopping store or showroom or anywhere, you may just be browsing right. So, at that point of time, the need is not that powerful, the need of a product is not that powerful. So, you may just be browsing at products and so, what happens is immediately and needs get arise. And so, one example that comes to my mind right here is something called opportunity cost.

So, you are there in the superstore, you are looking at different kind of clothes which are there you all, you already have clothes, it is not that you have clothes and there is no actual need of buying a particular cloth at any point of time, you are just browsing through a number of shirts which are there in this in the clothes showroom and suddenly something strikes you or suddenly something appeals to you and you buy it or offer comes in you buy it and so, this is called browsing. So, you are just going around products finding products and it eventually you get stuck with a particular product like it and it may be that products you have never thought about.

So, you are never and see that you are going to buy you just went to the superstore and some products appeal to you and that is called and you actually started looking into it and then found the need for it and then brought that particular thing or found more information or that particular thing. Here, it is called browsing related search. So, here what happens is and it may be possible that browsing may not lead to purchase. So, even for the sake of just being there, you saw a product and started finding information about it that is called browsing.

So, things like when you are in an electronic market and so, you see something new; for example, the apple cube and you. So, there is no need for you to buy the apple cube. But then, you start gathering information about it and this is called browsing related information search you went there, you browse through the product and you started collecting information.

So, what is the difference? The difference is in directed information search, you are after a product and you search information, right. In browsing, you are there, you are looking at it and you start collecting out of the blue information about the product and the third kind of third kind of information search that is here is called accidental information search. A consumer he is not looking for anything in particular is drawn to a product. And so, in browsing you are actually interacting with the product, you are actually looking through the production collect information whereas, in accident search, you are just there and suddenly strike something is makes interest to you or suddenly you get something interesting and you buy that particular thing or you start looking for information about that the that particular thing.

So, the major difference between browsing an accidental project search is that in browsing, you were actually interacting with a product, you as somehow a little bit interested in the product and so, you started collecting it of it, but you have no desirability as such of the product. But an accidental search, you had never in the mind to look at the product at any level but then, the product appeals to you or to the blue out of out of nowhere and you start collecting information from it. So, you never thought that the product would be there in the first place, accidentally you hit upon it. And so, all these kind of searches that I have been talking about is actually the pre purchase information search and here the search happens even before you start the purchase process or you start comparing products.

There is also something called post purchase information search. So, what is post purchase information search? A consumer who is already made up a purchase continues to gather information and or evaluate other options. So, here there can be two basic things that I can think about why consumers would go for a post purchase information search; one reason could be that the consumer is so much involved, but the product is such an expert in the product, then he wants to collect more information related to the product and so, he goes from something called post purchase information search. So, he even after buying that product, using the product, he satisfied, but she still collects more information with the product.

Why because he is very much involved with the product because he is really interested in the product. Now the reason is that, sometimes people collect post purchase information or people do post personal information search is because the product that they have

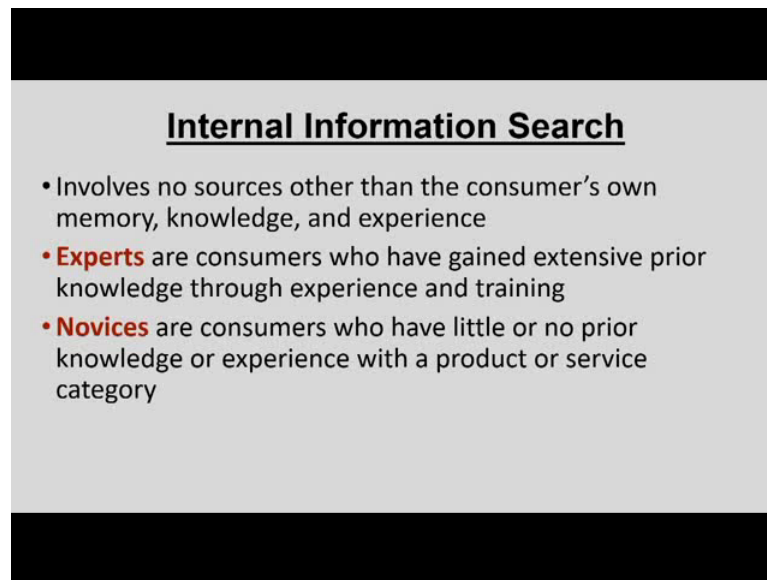
bought is actually something involved with the status symbols and so, so are somebody involved to the prestige symbols. And so, they do the search why because they want they want to find out how many other people have actually purchased this product and so, where this stand in the ladder of this social demographic and so, in this in this societal stays ladder of prestige.

So, they are looking for that information and so, the collecting information to find out where they are in this particular group. And so, those are the reasons that I can think of right now is the reason, there could be other reasons also. These are the two psychological reasons that I can think of here that can lead someone to search for information after buying a product, after your product particularly brought a product, used it and you know satisfied with this. The third type of information search that can happen is something called ongoing information search and what is ongoing information search? Here, what really happens is that the consumer searches right from the point of the post pre purchase search to when he is actually using the product and he and even if he has the product he has used it in fully satisfied, still the search goes on.

So, consumers observe and stay current with what is happening and so, in this case what really happens is the search goes on right. So, even if we were even before buying the product clear, you are using the product and after even the consumption happens consumers actually go with yours finding information. So, who actually are interested; people who are we are highly involved or product experts, product people who give comments on products.

These are these people or people who are really; they think that the product matters to them a lot. So, those kind of personality, those kind of people actually go on for something called ongoing product search or people who are really involved with the product for that should be the base line. Also, this product search that I have been talking about can be of two types. So, how do consumers actually search for product? A consumer can actually do something called an internal search of product.

(Refer Slide Time: 13:12)



Internal Information Search

- Involves no sources other than the consumer's own memory, knowledge, and experience
- **Experts** are consumers who have gained extensive prior knowledge through experience and training
- **Novices** are consumers who have little or no prior knowledge or experience with a product or service category

Or he can do an external search for product or what is the difference between an internal search for product and external search product. In an internal search for product, what the consumer does is that consumer looks at his experiences in memory and so, the key term that we have to be aware about in this particular, in this particular search type is that the consumer basically depends on the consumer basically searches his memory and experiences from the parts from the past and that is how he learns about the product or does the search. So, basically internal search information search involves no source other than the consumer's own memory knowledge and experiences.

So, you are out there looking for a particular kind of brand, you have heard about this brand or maybe use up that particular brand and so, when you are buying, you just search for your memory whether this brand has certain features that you are looking for or you ask your memory whether when you have used this product before, whether it is satisfied in a certain way or not and that kind of information search is called the internal information search.

And to be pointed out here, is the fact that experts of any product or product line or any kind of product information providers who are experts, they do more of an internal search. So, experts are consumers who are gained extensive prior knowledge through experience and training. And so, experts who are the ones who have extensive knowledge of any product who has received training about any particular product or who

can does more information about the product, who is well aware of what a product can do off all these benefits and all they generally tend to use more of internal search.

So, what they tend to do is look at a number of information about the product, store it in memory in a very dedicated way. They use something called mental sets for showing this information our product related information and they generally rely on internal search for buying products or giving advices on products. On the other hand, there are called new voices which who are consumers who have little or no prior knowledge or experience with a product or service category and so, these people generally do not trust the internal memory for looking at product information.

So, no voices that those people have never used the product, they have never been interacting with the product at all, they are very new to the product, they know only about some features of the product and they are attracted to the product basically based on one or just one or two features. And so, these are the same people who have very less knowledge about the particular product or service category. And so, what they tend to do then, how do they gather information about the product that they are looking at or service that they are thinking of, getting involved with what they do is they do a lot of external search.

They do not trust their memory; they do not trust the experiences because they have no memory of the product; whatever memory they have is still fragile. It is not very trustworthy and so, they go into the market and search for information and that kind of search is called the external search for information. So, let us now look at in what cases, the external search for information is promoted. In what cases of buying a product or interacting with the product or searching for information of product would promote more of an external search.

(Refer Slide Time: 16:28)

Quality of Internal Information and the Need for External Search		
Factor ↓	Status ✓	Need for External Search ✓
Satisfaction with past experience ✓	High ✓	None to low ✓
Time since last decision //	Long	High ✗
Changes in alternatives ✓	Many	High ✗
Problem is new ✓	Yes	High ✗
Quality of relevant information ✓	High	None to low ✓
Quantity of relevant information ✓	Sufficient	None to low ✓

And as you can see here, there are number of psychological factors which decides what will lead to high external search or need for external search. Now, how could would be the market if everybody had enough information in their memory over the product and so, they do not need this search external search, they do not need to go into the market read book reviews rewriter will content look at advertisement, if they knew about everything about the product, it will be a perfect one.

But that is not how it is because most of us and now why is they know, we know a little information about some products that we involved with there are hundreds and thousands of products which are out there which we do not know, that is hundred and thousands of services which are out there which we do not know right. And so, when the need for those services and products arise and when we want to get information, we need to do a lot of external search or is in search in the market or research in the external environment.

And so, what we are trying to see here is those psychological factors which actually promote this kind of an external search not depending on memory, but rather depending on information in the market. So, satisfaction with the past experience, if somebody has a good level of satisfaction with the past of a particular product, then the need for external search is very low because what will happen then is that this person we will actually be more involved with the product will be liking the product a lot.

And so, we will not go for any kind of external search because he is totally satisfied inside consumer satisfaction is what it is all about. So, if you are satisfied if the product is delivering you whatever you are looking at, you do not need to go for external search and the second is that time the sense the last decision. If the time that you have that has elapsed between the last time you bought the product or you decided to buy the product and the actual product purchase is very high, then there is a very high need for external search.

Now, what is the reason the reason is that over time a lot would have changed not only external sell factors into the environment, some other factors related to price availability and so many other things or product description, so many things would have been changed and so, their product search external search for information increases. Similarly, changes are alternatives. So, what would happen here is if a number of alternatives. So, if a product has just one alternative most the most desirable thing for any marketer is that he has a single product and that product offers all the benefits and there are no competitors and that is the best situation for any marketer and any consumer, just one bit of information to look at, but if there are a number of alternatives are there, for number of products are there which is offering the same kind of benefit.

That is it that is fulfilling the need of the consumer, then in those cases a need for search is more because the consumer has to do something called alternate evaluation. He has to decide between what to buy and what to not and for that the need for external search is very high because only doing by doing external search, he will be able to find out the one reason why he has to reject the product and accept a product.

Also if a problem is new, sometimes what happens is newer problems arises and this can happen due to changes and situations. Suppose, you move from college to the job and so, new problems will come in and here the problem is new and so, for decision you have to making into our product information you have to do high searched. In college, food was served in the in the campus, in your hostels and so, the search the need for search of what is being cooked or what is not is very less or need for and finding food related information is very less.

But when you move from college into a job where you actually have to cook or you actually have to manage your own cooking, then this food related information is very

high and you have to do a lot of external search to find out what gets cooked and what is the price of something and so on and so forth. So, basically distinction that I am trying to do here if the problem is new that can happen through a number of factors, number of lifestyle factors or number of psychological factors that can lead to high external search.

Quality of relevant information; if the quality of relevant information is very high with you in your mind or memory, then there is no need for external search or external information search which is there. And similarly which is the quantitative information if the kind of information that you are looking at the amount of information that you are looking at about the product is high is the sufficient in your internal search in your memory and experiences, then there is a very low chance of somebody actually doing an external search. So, the next thing that we want to look at some is something called external information search.

(Refer Slide Time: 20:58)

External Information Search

- Situational Influences
Components are ability to search, motivation to search, costs of search, and benefits of search
- Perceived value of the search (Value of Information)
- Ease of acquiring and using information
 - **Information control:** Consumers wish to have some control over what information they are exposed to, how long it will be presented to them, and what information will follow.

So, up till now, we have looked at what is internal information search and what we are looking at now is the external information search which is searching information in the market. So, when does that happen and I give you several reasons when that happens; when the consumer actually needs to go into the market and search it is not that only no wise is going to the market and search for external information about a product, also sometimes experts have to go into the market and search for more product related information and that happens when a new product a product that they are not aware of or

a product related feature that they are not aware of comes out and so, they have to go to the market.

So, let us look at all those factors which actually goes ahead and increases or basically modulates the external information search and so, we will be discussing three or four different kind of factors. Let us start with situational factors a number of situational factors around the consumer around the user of a product actually determines the external the increase in external information search. So, basically any external information search should have four things. Anybody who is having or who is doing an external information search in the market, he should possess four things. What are these; first, the ability to search. Does the consumer has an ability to search? If the consumer does not have the ability to search if the consumer does not has that that particular required things that are required for making the search, then the external search is not taken into.

Now, how does the ability to search gets influenced for example, it could be that a small child is there and so, he wants to get information. Now you cannot go into the market alone in the and do the search and so, here the ability to search is very low or it could be that as an old person while something right and he has a lesser ability. So, this is a physical things. Sometimes, it is that the particular product is available and it is only available through online; for example, let us say there are certain cell phones which are only available online and so, no matter how you how much you want you, do not have the ability to do the search because the product is coming from you for somewhere and sometimes if people do not have the ability to search right or the ability or the sometimes they have the ability to search.

So, four factors which was basically decide how this external search is going to go. First thing that anybody does an external search he should have the ability to do the search, you should have the motivation to search. If somebody does not have the motivation, it does not a have enough energy to look for the product that is looking at a need is there, but he is not interested in it he does it has that motivation to look for into it that drive to want that product, then he will not do external searches.

Cost of the search; if the cost of an external search is very high right, if you want to buy in get information about the product, but the financial cost is very high the risk is very

high, the psychological cost is very high, you have to travel long distances finding information, you have to invest a lot of money to get information. In those cases, people do not do external search and benefits from the search. It may so happen that you look for information, you go to the market you get the information, but the information is not a worthwhile and in those cases, people have very less benefits and they do not do a lot of information search external search when the benefit is very less.

So, a number of factors are there which actually decide how this fact external search of information about products goes on and so, in within the situational influences, the first thing we are we can look into is called perceive value of the search. What does perceive value does not really mean? The perceive value of the search actually means that how much value the search for the product has to person. What does it translate to? It translates to how much need does the person have or that particular product.

The more the value, the more the utility of this particular product to the person, the more the need for this particular person, the more he will do the external search. So, the more the utility, the more than search it is relatively is less the search is very less. So, for high involvement products for products which are something which are which is a must for somebody to buy, which is a must for somebody to use in those cases the search is very high and the need for external search is very high.

The second factor is ease of acquiring information. It is not only that how much utility any information about a product has for you which will decide a search, the other factor that that is responsible here is the ease of acquiring. How easily can you get information? At times product information is available in the market, but the ease of acquiring it is very low or it is very difficult to acquire, it is very difficult to get the information.

So, there is a workshop or what a particular product which is going on but it is say 300 kilometers from where you live or it is at a distance where you cannot reach, there is no communication, there is no way to reach to it right and if those case or where been (Refer Time: 26:03) which are there way in. It is difficult for you to log on and get product a little deformation right. So, if those are the things, then people do not do a lot of external search.

Now, within this ease acquiring, there is something called information control. Consumers wish to have some control over what information, they are exposed to how

long it will be presented to them and what information will follow. What happens is when I am giving product related information, I should be very certain of what information I am giving and what and how they are related and how long the information is and what is the information that is going to follow. That is why when you see advertisements, the first time when advertisement comes in it is generally 2 minutes to one and a half in 2 minutes, but generally speaking 2 minutes is a long time for human memory to capture any kind of information or extract any kind of (Refer Time: 26:52) information and that is why the first advent of an or the first instance of a advertisement is generally 2 to 3 minutes.

But then afterwards when the same advertisement comes in, you generally see it for 30 seconds. Most advertisements are 30 seconds 15 seconds or 20 25 seconds because this is the only period of time where an attention shift will be there, when your attention will be focused onto that advertisements and you can gather information from it and so on. And necessary part of an advertisement is cut down, only product related information and some kind of interaction of the person who is doing the advertisement is put into and that is one reason what I am talking about.

So, information control, consumers do not want unnecessary information or information that is of no use to and so, how much information controlled is the marketer doing we will depend we will decide how much external search the person is doing. At times, the advertisement is made in such a way that the in through information control that the consumer has to do certain works for getting the information right. So, remember all those ads which have a hidden meaning kind of or a hidden kind of a thing which one it is going to leads to the other and other and then finally, you find the information.

So, those is raising curiosity and so, human beings by nature being curious, gets in interacted with them and so, with the control of the information, with the control of unnecessary parts of an information in the add, now what the what the manufacturer will do is that he will control the information that reaches the consumer. At times, in this is this ploy information control is actually used to promote products and hide some of the weakness of a product. So, information control is another interesting part of situational influence.

(Refer Slide Time: 28:28)

External Information Search

Situational Influences

- Cost of External Search (Benefit vs Price)
 - Financial
 - Time
 - Decision delay
 - Physical
 - Psychological
 - Information-overload

Handwritten notes on the right side of the slide include a diagram with arrows pointing to 'Benefit' and 'Price' in a circle, and the text 'Benefit > Price' and 'Cost < Benefit'.

Another situational influence which actually decides or basically leads to more information external search is basically the cost of external search and here the benefit versus price kind of a equation is done by most consumers. So, what consumers actually see is that how much cost is he going to pay in terms of getting information external information of a product. If the information that he is getting of a product from the external environment, so, this is the external in environment and if the information is very high and this information is has rich or this information is rich in most questions or answers most questions that he has about his products.

In those cases, he is going to search for that information. So, the price that he who is going to pay and the benefit that is going to get from this information search, they are equated and the more the benefit, lesser the price, the more the informations are. So, some of the prices, some of the costs that can actually consumers spend of in information external information search is something called financial search. At times, the information about a particular product may incur financial cost.

You would have to pay dollars from your pocket for getting information and in those cases the consumers actually look at what is the benefit that is going to get. So, you have paying for getting information, but the information is not beneficial. Those kind of situations, external information is not promoted. Also one of the costs that the consumer has to incur in getting external information is something called time cost. At times, at

certain situations, you have to invest your time into getting information and when the time that we investing is more, than the time that you investing for getting information is beyond your use or beyond your the time that you can devote in those cases the time cost is very high.

There is something called decision delays; at times, what would happen is the information that has been provided to you by the marketer actually delays your decision about buying a product or some way it delays your decision in making up your mind to buy a product. And in those cases, the not buying the product, not getting the benefit of the product is very high and the and the price that the that that you paid the decision delay is not getting the product.

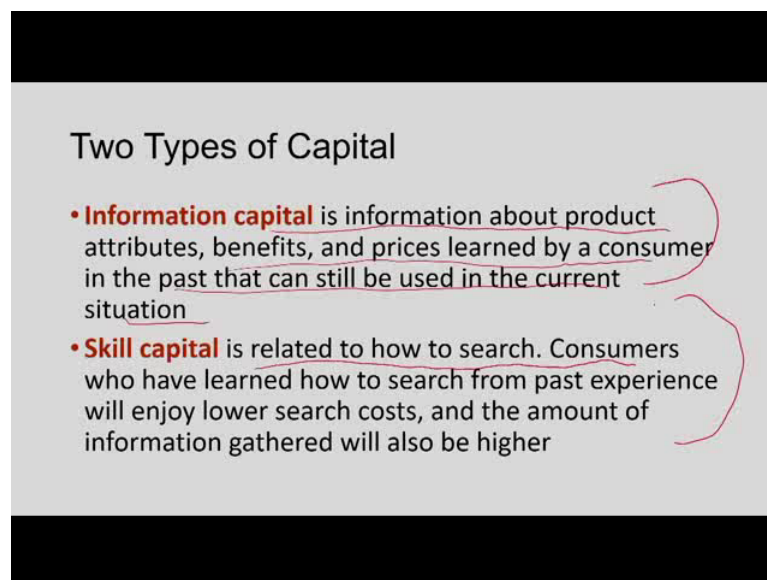
And so, in those cases, the external information searches not is decide or is high or low depending on how much the decision delays. Then, there are something called physical costs. When you search for information, there is generally physical cost you have to move from a place to whether it is moving from one place to another place or moving from one show room to another show room, one environment to another environment and this kind of physical costs are there yeah and these physical costs are also an addition or also a factor which decides how much external information such will be there.

More the physical cost, lesser the external information search; psychological cost, stress, anxiety, things like hypertension these things can arise from the looking for information. At times, you are looking for information, the information is not available and they get a lot of stress and due to this stress a lot of anxiety is there lot of anxiety leads to unwell situations or not or less concentration and these things can actually lower the information external information search.

When you are looking for information is not available, the more you look, the more anxious you will become, the more deeper you go, the lesser information you get. And so, this case this leads to a number of psychological changes or psychological cost that can bear upon you and so, you will lessen the external information search, lesser the psychological cost of an external information search or information search, more the consumer gets involved with it and then information in overload.

At times, what happens is the marketer gives you unnecessary information about products right that you do not need. You need a product for a particular thing, you get unnecessary information, unnecessary information drives you somewhere else and so, in those cases the cost for search is very high information search and so, consumers do not actually look for those particular manufacturers which load you with a lot of information because that costs on you. High information load we will actually leads to more cognitive resources being used and when more cognitive resource is being used is not a very good thing for most consumers and so, they move away from external information search.

(Refer Slide Time: 32:58)



Two Types of Capital

- **Information capital** is information about product attributes, benefits, and prices learned by a consumer in the past that can still be used in the current situation
- **Skill capital** is related to how to search. Consumers who have learned how to search from past experience will enjoy lower search costs, and the amount of information gathered will also be higher

Now, there are two type of capitals to be discussed which is a related to these costs of how much cost somebody has to pay for external information search. Now, one is called information capital is the information about a product attribute benefits and prices learned by consumer in the past that can still be used in the current. So, more information capital a consumer has, the lesser he will actually go ahead and do external information search. So, information capital if more information is available to him when the past the searches, we will be decided the external information searches will be decided or how much information he has.

The more information he has in memory, the chances of search will be equally decided based on that. So, how much information in capital or how much in previous information

about product related benefits product related informations the consumer has that we will decide the search. Also skill capital is related to how to search. The better a consumer is at as search, the better the consumer knows how to do the actual information search in the market, the more external search will be influenced by it and the more in external search the consumer is going to do.

So, how much skill capital, how much skill does the consumer has in a searching informations because there is a lot of information which is available the product. And from that information, the consumer has to pick up those information which is the relevant to it. Now within this information which is available out there, there are irrelevant information, lot of in irrelevant information. So, this process of filtering what is necessary for you and what is not necessary for you requires consumer certain skills and the more skill a consumer has, the more chances that he will do high information search or basically information search has some relations to this skill capital. Now there are also some kind of risks which are actually related to purchase relation decisions.

(Refer Slide Time: 34:47)

External Information Search

Situational Influence

Actual or Perceived Risk (Purchase decision related risk)

1. Functional or performance
2. Financial
3. Psychological
4. Social
5. Physiological
6. Time
7. Linked-decision

Whenever somebody buy something, there is a number of risks which are involved with it. So, cost is one thing where you pay something for purchasing. So, benefit versus price kind of a equation in the risk thing, the whenever you make a purchase, there is always certain risk because no purchase is risk free it may happen that the product that you are looking for it has all the benefits, but it does not work. And in those cases, a number of

risk are involved and so, how much risk taking a consumer is we will decide whether he will go for external search or not.

So external information search is also dependent on a number of risk; for example, functional a performance risk. If I look at these situations where if I buy product x, what is the chance that it is going to perform in what is not and so, this is one of the risk which people have to take. Financial risk; if I invest on buying a product a part of my money is going and so, how much risk am I going to, how much risk is the particular product offering. Psychological risk, when I particularly buy a product and then the product gives me more anxiety. I buy your toaster, but it is not working and so, the more it is not working the more frustration is generating in me.

I am getting more psychologically unstable. So, I will not look for those products right. Social, and when I call up this call center they are not listening. So, that creates a lot of frustration and so on not buy the products the risk is more. Social factors, social risks are also a part of risk which are out there and which decides how much information search or external information search is there. Now social risk could be if I buy a product and I am not accepted by people around me, I am not liked by people around me, I lose my prestige, I lose my social standing.

And so, if that is high if the product is buying a product least the there is this particular factor to be high social risks to be high, I will not do an external information search. Physiological risk, it could be that I buy a product and that gives me a shock right. So, buy a electric product it gives me a shock by a particular mechanical product, it does not work, it gives me some kind of a hurt, a physical hurt and so on and so forth. In those cases, what could happen is the physical or physiological risk is very high and so, I do not buy the product or I buy the product and that depends upon the extra that decides my external risk. The more physiological risk a particular in product is offering to me, the lesser the external information search.

Time risk; it may happen that certain amount of I do not know how much time a search is going to take and so, the risk is very high. The more time I invest, the more time is a less timer is available for other things and so, when the information that you are looking for external information that you are looking for it is, you do not know how much time it is

going to do or it is going to take. In those cases, consumers actually do not do external search do not promote external search.

And link decisions, if I buy a particular product and if that particular product is going to make me buy something else and make some buy a and that something else is again going to promote something else; in those cases the risk is very high. So, if I know that I am going to buy an apple phone that we will lead me to buy a membership of apple I tunes and that will lead me to buy something else and that is all of them are related together. In those cases, the risks of making that particular are buying that apple phone is very high and in those cases external search will be promoted because I will have to do more external search to find out how much risk is out there. So, this risks how much risk am I going to take or how much risk I ever see or risk repetitive I am or risk taking I am that will decide how much external search I am going to do a particular product.

(Refer Slide Time: 38:22)

External Information Search

Consumer Influences

- Quality of internal information (reliable, trust, quantity, useful)
- Need to acquire information (Inverted U, Knowledge & Extent)
- Confidence in decision-making ability (consumer influence)
- Locus of control theory (consumer influence)
 - **Externals** believe that events or outcomes are outside their control
 - **Internals** believe that they are at least in part responsible for the outcome of their actions

The slide includes handwritten red notes and a diagram. The diagram shows an inverted U-curve with 'Knowledge' on the x-axis and 'Extent' on the y-axis. There are also handwritten notes like 'Kumar' and 'Kumar' near the curve.

Now, there are certain consumer influences which also we will decide how much external search I am going to do and one of them is the quantity of internal information. Now, when I look at my internal information, when I look at my memory and my experiences, I search for how the information and I search for these qualities within the information, how much reliable the information that I have in my memory is, how much trustworthy is the information well. In the sense that repair is it coming from that is the source how much trustworthy is the source where did I get the information about the

particular product. So, a minor camera, I have some information about the camera, I will try to find out how much reliable that information is.

So, quality of internal information; also how much trust do I have in whoever gave me that information about the camera. I will also look for the quantity of information which is available. How much do I know in my terms of a memory of the product will information, how much information that I have and whether that information is sufficient does not and whether the information that I am having over the particular camera is useful or not. So, I might have some information about the camera that I have upcoming camera that I am going to buy and the in my head or in my memory, I have little information but that is not in useful. So, example I might have color related information. But I am looking for a camera which does actually good performance.

So, color related information is not useful at all in those cases and so, I have to do more external searches. Need to acquire information, now there is a inverted u relationship between knowledge and the extent of information search and so, what I am going to do is do a very simple drawing here and as you can see if on this end, I have the knowledge about the product and on this end if I have the extent of information search my no wise, people who have very little information about a product will fall here, they have very less knowledge and the extent of search is very low and experts follow experts or and this end, they have high product information product knowledge and the search and they also have very little extent of search. They do very little extents of search.

But here is where my actual consumer is, here is where my typical consumer is because the typical consumer has limited knowledge and limited and some amount of decent amount of information search. So, there is a inverted you. So, need to acquire information is dependent on where you are; whether you are a no wise or whether you are an expert. So, if you are just a typical consumer, the need for search is very high. If you are no wise, you have no information as such.

So, search for information is very less, you have the need for search for information extent of search is very less and the knowledge is also very less. So, you might not load or you might have to move to that curve and if your expert, then you have enough knowledge and the extent for search is there. So, the search the information search

excellent information search depends upon how much is the need to acquire this information.

Confidence in decision making ability; how much confidence does somebody has in the decision making ability, how much do you trust your own decisions right, how much do you trust, how much useful information that do you have. So, this confidence in decision making depends upon what is the usefulness of information to you which is deploying to you. If you have enough confidence on that in your decision making ability, if you are one of those people who can take a little bit of risk.

And, you are highly confident that given that limited information are given that information, the product is going to work and you trust yourself in a certain way, then in those cases the in the external information will be dependent on those factors. Also, locus of control is another consumer influences; for example, there are two types of people one is called the external, the other is called the internals. There are certain people who actually are dependent on other people, who actually are dependent on, who actually look at other people for getting more information and so, the these are the same people who actually look for more external search.

On the other hand, there are something some people call internals who actually depend on themselves, who rely on themselves and so, those people do not do external high external search and so, these externals and internals also are two personality types and this locus of control basically has is a theory of personality types and that also decides how much external information search will be there. Now, there are certain product related informations also which basically define how and how much the external information search will be.

(Refer Slide Time: 42:47)

External Information Search

Product Influence

Type of Goods or Services Sought

1. Specialty goods and services (strong preference)
2. Shopping goods and services (major purchase)
3. Convenience goods and services (every day goods)

- **Search products:** most essential attributes and benefits can easily be evaluated prior to the purchase
- **Experience products:** the evaluation cost is so high that direct experience results in the lowest expenditure of resources

For example, how what is the kind of product that somebody is looking at; whether it is specialty goods or services; so, specialty if somebody is looking at speciality goods and services, something that you have strong preference to; for example, you are strong preference to art. Now, you want to buy a art piece of art and things like that. Now, if it is the specialty good and so, you heard the external information search will be very high because the product is very dear to you, a strong preference for very strong liking for it and so, external information search will be very high. These are going to invest a lot of money into it and involvement will be very high.

Similarly, shopping goods and services; for example, major purchases you are buying your next refrigerator, you are buying your next television set, you are buying your next oven or something which are very involved, which involves a lot of money into it and so, the shopping goods and services, how much the shopping goods and services whether it is a major purchase or a minor purchase we will decide the external search. If it is a major purchase, if it is a lot of money which is going on into buying the product, the next door to road, side by side refrigerator you are buying it.

More than a lakh and rupees and in so, those cases when you are shifting from a smaller refrigerator to a bigger refrigerator which has many functionalities which is requires a lot of money, you will do major information external search external information search but, if it is not a major search, if it is a food product that you are buying, when the

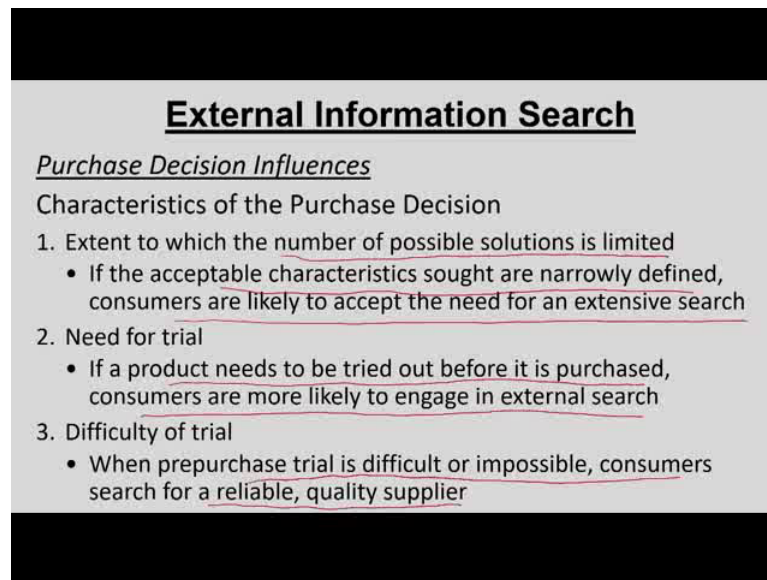
information search will not be there. Also convenience goods and services everyday goods, so, if the everyday goods also there is a lot of depend, a lot of factors which decides how this external search influences everyday good buying or convenience goods in my.

If taste preferences, so those things are there when you were buying and everyday goods and services, then a lot of external search is there. And if on the other hand if it is a generic item like salt you are buying, like pepper or if you if you if you buying cinnamon, if these are the things that you are oil if these are the things that you are buying for cooking they do not have too much oil they do not have too much things in them because it does define the taste, but if you tastes is dependent on something else. And so, the kind of convenience goods and services everyday goods and services, how much preferably do you have to particular thing, we will decide how much external search you are going to do.

Particularly, in convenience goods and services that is very less external information search because these are just generic items. Now, there are two types of products which are there. There is something called search products which most essential attributes and benefits can easily be evaluated prior to the purchase and there are experience products and so, products and services where the most essential part of the product benefit of the product or most essential attribute of the product can be evaluated prior to the purchase, in those cases, the external search will be less or in on the other hand if the experience products are their evaluation cost is so high that direct experience results in the lowest expenditure of resources. In those cases, it will be low and vice versa. It is a kind of the these two things whether a product is a search product or experience product also decides how the external information search will be.

There are also something called purchase decision purchase related decisions which also decides the amount of external search which is going to happen. Now, if you make it clear that no matter what product you are buying, it is never an internal search or total internal search. There has to be some external search, but the amount of external search that you have to do we will decide on all these factors that we have been discussing. So, there are certain purchase decision purchase related decision which also influences how much external search is going to happen.

(Refer Slide Time: 46:21)



External Information Search

Purchase Decision Influences

Characteristics of the Purchase Decision

1. Extent to which the number of possible solutions is limited
 - If the acceptable characteristics sought are narrowly defined, consumers are likely to accept the need for an extensive search
2. Need for trial
 - If a product needs to be tried out before it is purchased, consumers are more likely to engage in external search
3. Difficulty of trial
 - When prepurchase trial is difficult or impossible, consumers search for a reliable, quality supplier

Characteristic of the purchase related decision, extent to which a number of possible solutions is limited. Now, if the acceptable characteristics sort are narrowly defined consumers are likely to accept the need for extensive search. If you are looking for a product and the benefits that you are looking at the attributes that you want, the characteristic that you want in a product is very narrowly defined or it is very briefly defined, you will look for more information right.

So, you buy a camera, you are looking at whether the chip is CMOS or CCD or some other variant of it and so, you really do not know or not enough information is provided on these kind of a purchase example, how much is aperture, how much is the whether it is a CCD technology or it is a CMOS technology or a backlighting CMOS technology or what kind of thing is there. If the information is very less and if this is what is desirable to you, you will do more external search. Also if the need for trial to be tried out before, it is purchased consumers are more likely to engage in external search.

So, for example, buying a car, now in those cases, trial is essential because you want to really see how the car really works in. And so, in those cases where trial is essential for buying a product before buying a product here to see our clothes, then your trial is necessary because you want to really see if it fits or not or in those cases, external search is your people are more highly linked in or highly likely to engage in external search. And those cases in which there is a difficulty of trial when pre purchase trial is difficult

or impossible, consumer search for reliable information there are certain kind of products which actually you cannot do a trial.

Once you use it, it is yours kind of a thing and so, when there is a difficulty of trial for a particular product in terms of it is non availability or if you open it you have to really buy it and those kinds of things gift items and things like that there, then you do more such because the trial is not available. So, if the product offers more need for a trial, you do more pre purchase such as also if a product does not give you pre purchase trial or there is difficulty in pre purchase trail of the consumers actually search for reliable and quality of information.

(Refer Slide Time: 48:25)

External Search Strategy (Limiting Search Activity)

- Using **sets**: groups used to limit external search and alternative evaluation
 - Universal set—all options to which the consumer has access
 - Retrieval set—consumer has front-of-mind awareness
 - Relevant or consideration (evoked) set—consumer accepts
- Irrelevant information impact
 - Consumers selectively look for “confirming” information that the product or service delivers the desired benefits
 - Information deemed “irrelevant” by its target market(s) will weaken consumer beliefs concerning the product’s ability “to deliver”

Now, how do consumers do external, how do consumers lessen these external search criteria, how do you consumers sort of minimize this external search. Now, there are two ways in which it can be done; one is using sets. So, what consumers tend to do is use certain kind of memory sets. So, and this memory sets lessen the number of external search is done. Now in terms of sets, there are something called a universal set where all type of products and all types of product information as available and so, the world is an universal set where or the those magazines which cover all products of a particular type an information set. So, those camera magazine which have a lot of information about all the camera which is available in the market is the universal set.

The retrieval set is those where which in the retrieval set is those in which information then the consumer is aware of is there. So, there might be a number of brands which is in the market, a number of benefits which are there in the market of every camera man which is there, but whatever the consumer remembers whatever the consumer whenever thinks about a camera comes to his mind, whatever products whatever product benefits is composed of or is basically the universal or the retrieval set.

And then, there is something called element set of consideration set. This is the set with the consumer accepts. So, the consumer might know that there are six or seven type of cameras, there are hundreds of cameras in the market the consumer might remember only ten type of cameras and product benefits, but when he actually thinks of buying, he might think about or he might narrow down to only two or three camera brands and that two or three camera brands which he is focusing on is called the relevant set.

So, all the product information in the market forms the universal set. The ones that the consumer remembers is the retrieval set and the ones that he accepts or one say that he considers to buy is called the relevant set and this is how you narrow down or this is how a consumer narrow downs are the on information search. Also irrelevant information impact, now, consumer selected we look for confirming information that the product and services really delivers the desired benefits. Now, consumers are always looking for those information or those packets of information which delivers or which specifies is the benefits the product is going to offer to other.

For example, if I am looking for apartment, the word is safety. If I am looking for a toothpaste, the word here is no cavities. If I am looking for let us say car the word here is reliability. If I am looking for life insurance, the word is trustworthy and so, all these kinds of words are there. And if an ad is there, if a information search or if a product manufacturers does not link these words to the information search or does not provide or forgets to provide or is not able to do a high linking of these words with a particular product, then the consumer gets confused and so, in those cases, the information search is limited and that is how he limits.

So, those product manufacturers which uses the target word which is related to a particular due to the target benefit word related to a product consumers remembers them and the one that does not consumers forget them and that is how they limit the

information search which is there. And also, information deemed irrelevant by it is target marketers will weakens consumers beliefs concerning, the products ability to deliver. Now sometimes, manufacturers give irrelevant information which is not needed in a product and so, those informations are very conflicting and when those informations are provided to consumers.

But the consumers thing is that this information is something which I do not like and so, are that creates a confusion in the consumer. As soon as the consumer understands or finds out irrelevant information about a particular product that he is not wanting that he does not want in that particular product, he actually minimizes or thinks lesser of the product and starts moving away from the product and that leads to lesser search activity or that is decides how he maintains his external search or how it decides his external search extent of external search.

(Refer Slide Time: 52:24)

Marketplace Information Sources		
	General/Independent Sources	Marketer-Controlled/ Advocate Sources
Face-to-face	Personal influence	Salespersons
		Telemarketing
Media	General purpose	Mass advertising media
		In-store information
		In-store display
		Package labels

Now, there are generally two different kind of marketplace information source and there are two different ways of doing it; one is there are independent sources in the market and there is market dependent sources and the way of doing this who provides information is face to face and media. So, this is how the information gets and this is how the sources are there which provides the information and that this particular thing decides how the information search will be decided. For example, if you look at face to face, so, one of the way of doing a face to face or providing face to face information in the market which

is independent or which is personal up a face to face method of providing an independent information about product in the market is your friends relatives. So, your friends, your relatives, your brothers and sisters or your nearby neighbors, all those people when they give you information what a particular product this is called the phase to phase method and the information that you get the review that you get is independent of market.

Now, way in which media can do this kind of information, media can provide you this kind of information which is not independent of the advertiser which is independent which is the independent of any kind of market influences or which is through an independent source is something called reviews. So, all those the retail or reviews that you get in magazines in websites people express their views and those cases are, in those cases you the media is or the material reviews which I into the book or into the internet or into some product site the reviews that you see.

This is basically a media way of giving you independent information about a particular kind of and information a particular kind of product information. Now, there are certain market control or market advocate resources which also provide you with information; for example, face to face way of market control information to consumers is sales persons and telemarketing. In here, what happens is a person talks to you and gives you information about a particular product or product benefit, but this information that you are getting is controlled by the market.

If you look into this here, these are your friends and relatives and so, they are not controlled by market the information that you tend to get is independent of market, but when the salesperson or telemarketing person gives you information about product or product benefit, it is controlled by the market. So, it is the face of face way. Now, in a through a media, this kind of information that that reaches you which is the market control or a product information which reaches you which is market control it is mass media advertising in store display in store informations and package labels.

And these are the ways through which information or product related information reaches you through the media, so, what through the market and through the media. So, basically two ways in which our consumer can get information either through a face to face, directly talking to someone or through the media, be the internet, be the magazine, be with some other kind of some other way of the media, be it a newspaper.

So, other things of how you get is other than the face to face we are getting information about a product and so, this information about the product can come from a independent sources or market control sources and so, what we looked at here is that the two way of how information is given to you and the two sources how do they give information to you and so, this the this whole chart or this whole matrix we will decide how information search is basically done or how much external information search will be done. So, what we did in the present lecture is we actually looked at how information search is there, how consumers do information search in the market, we looked at a number of search types, we looked at internal searches, we looked at external searches.

We looked at all those factors within the external search which actually modulates, which actually increases or decreases the amount of external searches is there and so, we looked at three factors, we look at situational factors, we looked at consumers factors, we also looked at product factors and purchase illiterate factors. And at the end of it, we looked at how does information sources, different kind of information sources decide what kind of information search you are going to do in the market or the extent of information search you are going to the market.

Now, in the upcoming next lecture, we will go into step 3 of the EKB model where we look or we look into what is alternative, how does alternate evaluation happen and how does alternative evaluation lead to choice. So, we will meet again in the fifth lecture, we look into step 3 of the EKB model and all those psychological factors which are going to decide how does a consumer the alternative evaluation of products. So, this is for now.

Thank you.