

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

Lecture – 05
Alternate Evaluation – I

Hello friends. Welcome back to this fifth lecture on course on Consumer Psychology. And so, in the past four lectures what we have looked at is; what is consumer behavior. And especially in the last two lectures what we looked at is the first process two processes of the EKB model which is the end the Engel Kollat Blackwell model. And so, this EKB model is an important model why because it decides how a consumer makes actually a decision in to the marketplace. So, how does it decide to buy a particular product and to get all the benefits from that particular product.

So, in this in the last two lectures we looked at how the need is aroused how consumer knows that he has a problem knows that he has a particular need and how does he address that needs so, what are the factors the psychological factors? Which actually make a consumer understand that he has a particular need? And then later on when the need it has been aroused how what are the factors which may be need situational factors. May be it is individual factors; all those factors which actually help him understand that he has a need for a particular product or he requires a particular product.

Now after that we in the last lecture we looked at how does this consumer when he has a need for a particular product, we understand that a particular product is required how does he go about and search for the information for this particular product.

Now, it should again make it very clear that, consumers do not go through all the five processes of the EKB model right. So, all consumers do not go through all the five processes, only those consumers who are actually very involved with the product who actually are very interactive with the product or those consumers who actually I have considerable amount of cost and risk at play of buying a particular product go through the five steps of this the EKB model.

On the other hand, some consumers when they are doing habitually buying or products which are low involvement products, they just go from the second step, which is

basically, the need arousal to the last step which is alternate evaluation sometimes alternate evaluation, sometimes even not alternate evaluation. But choosing a product and then going through buying that and then will be getting satisfied or dissatisfied.

So, basically are concerned here, is those products which are high involvement product which follows all the five steps of the EKB model. So, in the last lecture what will looked at is what does this search process in tail. So, we looked at three different kind of search process we have something called the pre purchase search, we have something called the post purchase search and something called the ongoing search which is how the consumer actually expects or actually desires to get this information into the market place. And this information has been apply put by the marketer into the marketplace for the consumer together this information all right.

After that we looked at there are two main categories of search; that is the internal and the external category or external search and internal search. And then we evaluated a number of factors we looked at a number of factors which influence both the internal and the external phase, point us internal search is that in which memory is the key component.

So, most people, most consumers who actually trust on internal search process are those who are experts in a field or those who have some particular liking with the product. And so, they have enough information so they trust their memory for all the product related information into the field into the market place. On the other hand there are consumers one no voices and who have very little information about the product, so they go for external search extensive exhaustive external search. And so, in the last class, in the last lecture we looked at a number of variables particularly three in nature.

So, we have a situational factors; which decide how external search is going to progress. We looked at consumer factors which decide how external search is going to progress or whether a external search will be taken place or not. And then we also looked at something called consumer decision related processes which actually desire or define how the external search is going to happen. There also product related factors and some other factors which we discussed in the last class.

So, that is where we ended. So these are the first two steps of the EKB model. Now once a consumer has enough information about a product. So, assuming that a typical

consumer has a need aroused and that he has product information what does he do? We goes for choosing the product and that particular thing before choosing he has to do something called alternate evaluation. And that is the topic of interest of today's lecture is this is alternate evaluation and choice.

So, let us take a scenario, we particularly have this person x who basically likes cameras who wants to buy a particular camera because it is going for an upcoming trip. And so, that is where they need is arouse because he is going somewhere else, is going to some place parting or maybe some place on holiday and. So, he needs a camera together movements to basically says his images or to save memories right.

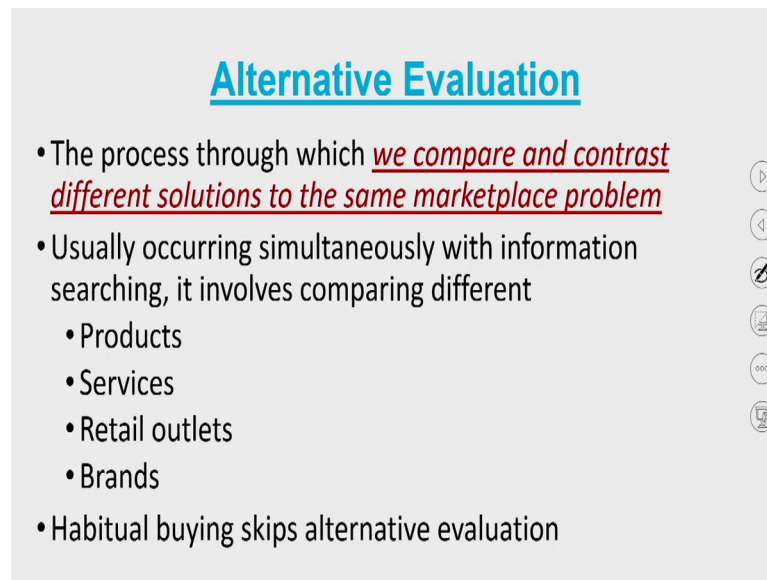
And so, that touch the reason why he needs a camera and so the need is aroused. Now once he has that need aroused, he desires for this camera and so he is searches for information into the market place. Now assume that this person x which you are talking about is ah person who's highly involved with cameras, he likes images, he likes taking photos, he likes images, he likes ah lot photography. And so, basically, he does ah lot of search into the in into the market place and gathers all the information about all the camera brands which are available. Now comes in important part of his search process of his decision making process.

And this process is called alternate evaluation what when he goes with the marketplace he gathers a lot of information about cameras, all kind of cameras which are available. Now comes the process of alternate evaluation and at times it has to be noted that with the search process is self alternate evaluation happens.

So, what is alternate evaluation, how does consumers do alternate evaluation and what is choice is what will be looking at in this particular section. Because in alternate evaluation, the consumer looks at all the number of products which are there all the product benefits that has to offer and uses some kind of a mathematical model or so uses a some kind of proposed schema through which he actually goes ahead and finalize a particular product. So, we will look into those in the upcoming lecture in the next to what two lectures or alternate evaluation and choice right.

So, coming back to this lecturer this alternate evaluation and choice and has we are talking that this is the fourth step into the EKB model.

(Refer Slide Time: 07:12)



Alternative Evaluation

- The process through which *we compare and contrast different solutions to the same marketplace problem*
- Usually occurring simultaneously with information searching, it involves comparing different
 - Products
 - Services
 - Retail outlets
 - Brands
- Habitual buying skips alternative evaluation

So, let us look at what is alternate evaluation. Let us look at some primary definition or what alternative evaluation is. And so, as I discuss this is basically choosing among a number of products which offers the same benefit into the market place.

So, the process through which compare and contrast different solutions to the same market place problem is actually called alternate evaluation. So, in the market place, when we go into the market place that is a number of products which is offering you all the benefits that you are desiring of a product. And when the process through which you compare among those and select the ones which comes into your consideration set, remember consideration set in the last lecture.

We will also do this here consideration set is a memory set for people which consists of products which they which comes to the front of the mind. So, the process through which people can construct this consideration state is called the alternate evaluation process.

So, this alternate evaluation it can happen on number of levels right. And let us take this the this simple example in which let us say there is a person y who is out of coffee. And so, how does the alternate evaluation really goes ahead and takes place? So, this person has y is basically a person who likes particular brand of coffee.

And so, let us say ah cappuccino maybe or black coffee. And so, what he does is when next time he comes home and he finds that that there is a need arousal in terms of the

coffee is not there. So, one of the things that he can do is actually go into the marketplace and buy the same brand of coffee that he has been drinking the same brand of black coffee that he has been drinking.

And so, in these cases, this particular act, of going into the market place and buying a particular brand of coffee which he has already been drinking is something called habitual buying. And so, in this particular case there is no alternate evaluation. Another set there are times when the consumer actually does not do this whole alternate evaluation.

But imagine that this person goes into the market, the person y goes into the market and he is looking for his usual brand of coffee. And then he later realizes that there are other brand other types of coffee which are available within his own brand. And so, there are there is there is mocha, there is cappuccino there is some other latte and some other forms of coffee which are available.

And all he is already stuck to his own specific taste of coffee which is black coffee, but since there are other things which are available there are other products which are available there are other tastes which are available this from the same brand of coffee. And what he does is he can do an alternate evaluation and switches brand right switches states. So, we can so move from let us say that he decides that I am no longer interested in black coffee, let us go for latte or let's go for cappuccino. And so, this is called within brand or within category movement or within category alternate evaluation. There can another be there can be another situation, where this person goes in and buys a different product all together and different type of product all together or different brand of coffee altogether.

What he can do is in one case, what you can do is within his own brand, he can go for different taste or what he could do is find some other brand. So, maybe he likes Nescafe and then he is going from some other brand of coffee. Let us say ah sunrise or Tata or whatever it is. And so, he may go from one brand to another brand and this is also called this is another process of alternate evaluation where the product where the person is doing the consumer is doing something called product switching that can also be another thing that can happen here. And that is where the consumer moves from his brand to another taste altogether.

He moves class, he moves category. So, the consumer likes coffee, he is out of coffee goes into the market to buy coffee and suddenly realizes that he does not like coffee that much, he likes hot chocolate. And in this case what happens is when he goes into the market next time he is not looking for coffee, he is not looking for different taste of coffee, he is not looking for different brands of coffee what he does is a switch off different categories, a switch or different class.

And so, what he does now? Is he some how finds out there? Hot chocolate is much better is more healthier, it is more enjoying and so on and so forth. And so, he does this category transformation or he does this alternate evaluation and finds the different product all together. So, there are four different two to four different ways in which the consumer can actually go ahead and do this alternate evaluation. And how does he do that? He does all this process through all the materials, all the information's that he has collected to the search process.

So, usually this alternate evaluation it occur simultaneously with information searching with information search and it involves comparing different product, services, retail outlets and brands. So, as I said this brand ah switch is I am sorry not brand switching this alternate evaluation may happen through at the process of the search itself.

So, when you are collecting information through the search, when you are collecting information in the external search process or internal search process at that point itself this alternate evaluation can happen. And this alternate evaluation can happen for products, it can happen between different kinds of products for examples switching from one coffee to another coffee.

It can happen while switching from services. So, you like the service of particular air line now you do not like the service anymore it is not that lucrative. So, you move from one service to another, you move from one postal department to another, one kind of posted system to another posted system one courier to another and this is service shift or you can do shift in retail outlets.

So, you find out there is a particular retail outlet that you used to go it is very lucrative, it is very important and for you it is very appealing for you and suddenly you find that this retail at outlet does not has much to offer. And so, you shift this retail outlet and that is

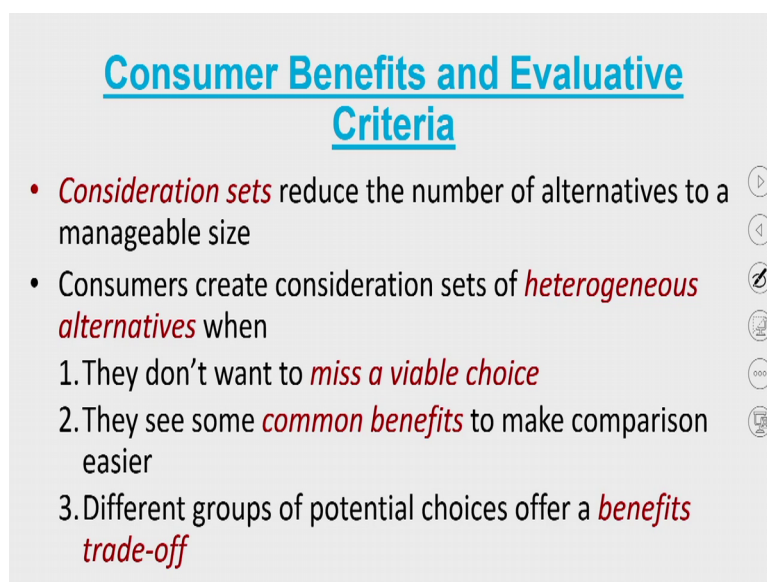
called the alternate evaluation, you look in to number of outlet you either change or you non change.

And then within brands also so, the alternate evaluation can also happen between different brands, when you are comparing different brands. So, be it within brand comparison with be it within product comparison we be it different class comparison or different category comparison.

And so, this alternate evaluation as I said before, it does not happen in one case. In one particular case this alternate evaluation does not happen when does not happen? When the product is actually habitual buying where the person who is buying this product skips evaluation? Why because, habitual buying is a low involvement trick. And so, people who do this habitual buying they are not very involve this is product.

And so, they just go ahead and buy the product because they believe that the product is actually satisfying their need. And so, there is no need for alternate evaluation right. And so, in those cases what happens is the subject goes ahead and does habitual buying.

(Refer Slide Time: 14:26)



Consumer Benefits and Evaluative Criteria

- *Consideration sets* reduce the number of alternatives to a manageable size
- Consumers create consideration sets of *heterogeneous alternatives* when
 1. They don't want to *miss a viable choice*
 2. They see some *common benefits* to make comparison easier
 3. Different groups of potential choices offer a *benefits trade-off*

So, consumer benefit and evaluative criteria so, basically the consumer when he is doing alternate evaluation the reason why he is doing alternate evaluation? Is basically, he is comparing benefits?

Now remember the tagline that I am using all along and all those lectures and the tagline is that people do not buy products or they buy is product benefits. Whatever benefits comes out of products because, it is benefits that they are interested in. And so, what we look into this into is how people look for or what are the ways in which people does this alternate evaluation. So, what are the criteria's criteria's right? And so, basically the criteria's criteria's revolved around product benefits, consumer benefits. So, consumers are looking for benefit into the market and that is why they do the alternate evaluation. So, the very reason why consumer actually does a alternate evaluation is looking at benefits getting benefits. So, some products of other more benefits; some do not and that is why the switch.

And so, the whole idea of consumer going into the market searching for information bring alternate evaluation is actually looking for maximum benefit at minimum cost and minimum risk. So, how does consumer these alternate evaluation and what is the criteria that they have?

Now, from the last lecture, if you remember we looked into something called set memory set criteria for minimizing the number of ah brands that is available to you. So, consumers actually use a method through which they minimize the number of brands, which are available the number of brands which are available to you or that you remember.

And for that they create something called mental sets, now what is a mental set? Now think of mental set is an memory process, it is an memory process or it is a mental bin in which the consumer keeps all the information; which he collects from the in marketplace about product information.

So, there is a lot of product information into the in the market and the consumer when he goes there, he collects a lot of product information. And so, there are different kinds of ah product sets which are there, this memory bin which are there in memory one is called the universal set.

Now in the universal set what comes in is all those products and all those product benefits that exist in this world. And so, the consumer need not be aware of it, but that is what the universal set is. So, universal set is that set which consist of all those products

that the consumer is looking for and all the benefits that he is that is looking for, but the consumer may or may not have an access to that set this is called the universal set.

Now there is something called the retrieval set, now what is the retrieval set? That is that bin in of memory which is within the consumer that has all the products and product benefits that, the consumer is looking for. And he can remember that comes to his mind that comes that that he can have excess to so, that is what is the number of products which are out there.

And similarly there is a third bin which is called the consideration set. This is that set that is that particular memory have been which the consumer actually utilizes to buy a product. So, there may be a number of products that he is the consumer aware of and number of benefits to the consumer may be aware of, but the buying decision is different from remembering decision.

And that case the reason why the; the consideration set is a different thing. So, what consideration set is it is another kind of set is a subset of the universal set or the retrieval set, which has only those products and product benefits that the consumer actually uses to make the final purchased or make the final choice.

So, consideration set why does the consideration set why need of concentration set? The need consideration set reduces the number of alternatives to a manageable size. And so, what consumers actually do one of the evaluative criteria's criteria's that that consumer actually used is the formation of considerable con consideration sets.

So, these consideration it is minimizes number of alternatives because, what consumers tend to do is they only remember those products and product benefits which actually matter for them. Now consumer ah they create consideration sets of heterogeneous. Now consumers can create two kinds of consideration sets, they can create a homogenous consideration set and they can create a heterogeneous consideration set. And so, the in the homogenous consideration set the idea is that all products which are a similar type, similar benefits that is a homogenous consideration set. But the consumer or creates a heterogeneous consideration set and a heterogeneous consideration set is more important, why? Because, the more heterogeneous are consideration set is the more available choices will be, the more distinct products will be.

Now if I am looking for a camera and if I am my consideration set is something which is equivalent to only Nikon or which looks like to a Nikon. Then the number of products that I am looking at of the number of brands that I am looking at will be similar right , but when I am looking for ah camera and I am looking for different kinds of brands. So, I am one brand and I am looking at Nikon, on the other hand I am looking at Casio, on the other hand I am looking at canon, on I am looking at some other brand which is somebody else heard about and all of them vary among each other.

So, they form a heterogeneous group and so there I have more number of choices. So, consumers generally form a heterogeneous or heterogeneous consideration set or heterogeneous alternatives in the consideration set when they do it when they do not want to miss a viable choice. As I said what happens is if you have a consideration set of likeminded items, what would happen? Is that chances are that a product a viable choice of product would get miss out of it.

And so, what the consumer actually does is it creates a he creates a consideration set where number of options are available a number of viable options are available. They see some common benefits to make comparisons easier. Now they consider this or they make this consideration set they make this ah heterogeneous consideration set, when they find common benefit. Which ah which is among which they require from all the products and based on that they make the comparable on different groups of potential choices offer a benefit.

So, though this heterogeneous is consideration set when there is some kind of benefit trade off. So, when they have a number of products in they are consideration set and all of them are different what they can look at is if a product is offering me some benefit and b product is offering me some other benefit. Then what I can do with I can wait whether a is more important to me and b and that will make my life easier, that will make my choice easier, that will make my decision process easier.

And so, that is that is what is called the benefit tradeoff. So, one product of a some benefit to you the other product does not offer that level of benefit, but gives you some other benefit which is the higher wait for you, in the sense that it is more desirable to you. And so, you make this tradeoff and then you have my make consideration set.

So, heterogeneous consideration set is actually very good. And so, when does the consumer do that he does that in any of these circumstances in any of these situations.

(Refer Slide Time: 21:41)

Two Types of Consumer Sets

- The *universal set* is made up of *all alternatives* to which the consumer has reasonable access, whether she or he is aware of them or not
- A *retrieval set* is the *subset* that consumers can bring up *from memory*
- The objective for marketers is to make sure that their products, services, outlets, or brands are *part of the retrieval set* and therefore remembered when it comes time to buy

So, as I have said there are two of consideration sets. One is which is made up of all the alternatives to which the consumer has reasonable access, whether he or she is not aware of it. And then retrieval set is the subset that consumers bring upon to memory.

We are discuss this on only to going to back into this. And the objective from marketer is to make sure so, what is the marketer actually interested in? The marketer is actually interested in is putting his product with product benefits into a consumer's retrieval set right. Retrieval set are or more importantly into his consideration set.

Now when I say putting product into his consideration set ,this is entirely not possible, the reason being that a consideration set is basically acts as subset of the retrieval set. So, what the best marketer can do is put a product into retrieval set with basically means that he can make sure that the consumer remembers it.

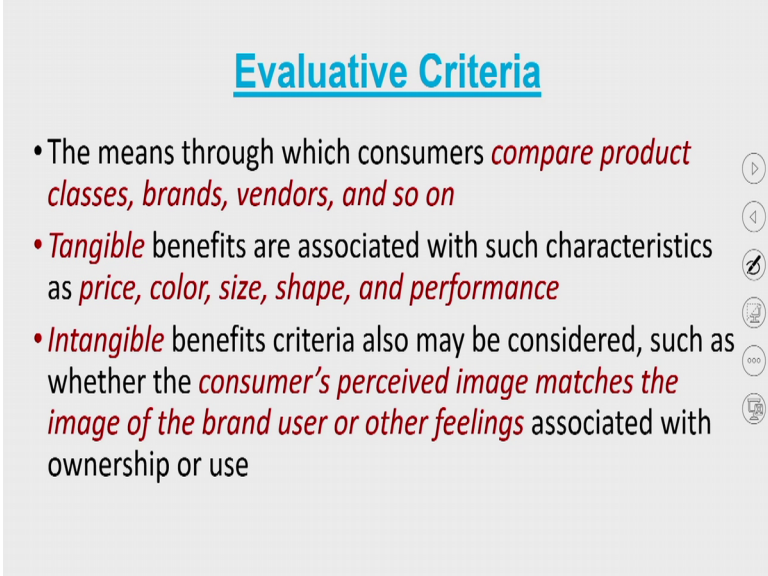
But whether the consumer selects this particular product into his evaluative criteria into this alternate evaluation process is something which is dependent on the consumer in the marketer has no share into it.

So, what the best thing that the marketer can do is do something is bring a product or advertise a product in such a way, position of product in such a way or define the benefit

of a product in such a way, that it gets remembered better by the consumer. And so, it makes the part of the retrievals and then, that is what is said though objective of the marketer is to make sure that the product services outlets or brands part of the retrieval set.

And then remembered when it comes the, when the time for buying it is out there. So, that is one of the aims of any marketer and so, this is how there are two type of consumer sets which are there.

(Refer Slide Time: 23:24)



Evaluative Criteria

- The means through which consumers *compare product classes, brands, vendors, and so on*
- *Tangible* benefits are associated with such characteristics as *price, color, size, shape, and performance*
- *Intangible* benefits criteria also may be considered, such as whether the *consumer's perceived image matches the image of the brand user or other feelings* associated with ownership or use

What is the evaluative criteria? Now as I said the alternate evaluation is based on certain evaluative criteria's criteria's which are very near to the consumer. So, consumer huge a some kind of an evaluative criteria to do this kind of a ah; the alternate evaluation. So, what are these evaluative criteria? The means through which consumers compare product classes, brands, vendors and so on and so forth are evaluative criteria's criteria's.

These are those characteristics which are consumer picks up from many brand these are those benefits which is the consumer picks up from any brand through there consideration. So, put into the concentration set and then decide what to buy and what to not. So, these are those characteristics, these are those comparison standards which the consumer uses to make this decision of water brands to pick up from your retrieval set into the consideration set.

What brands to pickup for doing this alternate evaluation? So, what are these criteria's criteria's? One is tangible benefit, one criteria that the consumer actually uses is something called tangible benefits. So, tangible benefits are associated with such characteristics as price, color, size, shape and performance.

Any has two kinds of benefits and that we saw in the first lecture itself when we are looking at different kinds of brands and what are the benefits of a particular brand right. And so, we looked at there is in the code product description will looked at there are two benefits from any product, one is called the tangible benefit, the other is called the intangible benefit.

So, intangible benefit is that which you can touch, tangible benefit is that which you can evaluate which you can evaluate to the physical sensors. And so, so, some of these tangible benefits which form or which are prescribed as an evaluative criteria or which are prescribed as a standard for doing or the this set consideration or standard for doing alternative evaluation is the tangible benefits.

And these tangible benefits or this tangible criteria are price, you can do a price comparison, you can do a color comparison, you can do a size comparison, a shape comparison, performance comparison, anything which you can touch and feel. And so, consumers use tangible benefits as a marker, as a standard for doing alternate evaluation.

And the other criteria that that the consumers can use are called intangible benefits. So, what are intangible benefits? Consumers perceived image ah of a particular product and he looks at whether this consumers perceive image matches the image of the brand use or other feelings associated with the ownership the brand.

Not the intangible benefits of those benefits to the consumer cannot actually go ahead and touch. And so, these are feeling related things, these are psychological benefits; these are in the physiological ring. And so, intangible benefits are those benefits which the consumer actually gets or uses an when using as a evaluating criteria in an alternate evaluation.

These benefits are those benefits which are similar to the prestige that you get by using a particular product or the feeling that can associated with you when you buy a particular product. And that is why you see so many people using apple because, the product the

sign of the apple gives you that prestige or using an Audi. If you use an Audi that car gives you that particular kind of a prestige, that particular kind of a social standing and that is something which is important to consumers right that the necessary properties of psychological property.

And one of the arrival at you criteria's criteria's, one of the standards that the consumer actually it looks at for making alternate evaluation is the intangible benefit is the feel associated with it. And so, there are two different kinds of benefits the consumer is actually looking at.

(Refer Slide Time: 26:58)

Number of Evaluative Criteria

- Consumers typically use *6 or fewer* evaluative criteria
- The *more important* the consumer considers the purchase and the *more experience* he or she has with the product category, the *greater the number of evaluative criteria* used
- Evaluative criteria are often *used in combination*, making it difficult to understand the influence of each on consumer choice
- Watch out for *feature fatigue*
- The *more important the decision* is to the consumer, *the fewer acceptable alternatives* there are

So, we discussed two different criteria's criteria's which are there right, intangible and tangible within that there are number of criteria's criteria's which are there. So, the question is how many criteria should a consumer actually look forward for how many criteria should a consumer be focusing on?

And the general ruler thumb is that there are 6 consideration criteria's that most consumers actually used for doing alternate evaluation. And that is what I have put up consumers typically use or fewer evaluative criteria. Question why 6? Now if you remember, the basic of psychologist the psychology of memory says that there is something on short term memory and the short term memory has a capacity or 7 plus or minus two items. And so, the 7 plus or minus to varies from 5 to 9 items and that is one

reason that the short term memory the human memory can take 7 plus or minus two chunks of items.

So, 7 is the most that it can take so 1 minus that or within that range a 6 items. And that is one reason that the memory at any point of time can actually look at 6 items. At the most that that is that is what science such as that is for psychology says and that is why 6 criteria limit has been set. So, typically most consumers actually use 6 evaluative criteria's.

But that is not a rule consumers also use number of criteria sometimes used more criteria's. So, the more important the consumer considers the purchase and the more experience he or she has with a product category the greater the number of evaluative criteria's.

So, as the consumer thinks about a particular product to be more important as he believes starts believing that a particular product is more important to him, that he is more dear to him. And as he gets more experience with a particular product, the more experience starts getting with a particular product the more number of evaluative criteria is there.

But remember the more the number of evaluative criteria, the more difficult the decision process. The lesser the number of evaluative criteria the better the decision process so, evaluative criteria's are often used in combination making it difficult to understand the influence of each of the consumer choice.

So, what happens is this evaluative criteria that the consumers actually use. So, buying a product it is not very specific saying that only a and b are there, there is a there is a amalgamation of number of evaluating criteria. And at time set becomes really difficult to find out which evaluative criteria has been used and that is why I have put up saying that the consumers use a number of criteria's a number of combination evaluating criteria. So, sometimes it is the price which is of importance to you at other time set is the way it is the experience which is important to you. So, let us talk about an example.

Let us say somebody is interested in buying a car. And so, this particular evaluative criteria, also depend upon your particular need. Let us say there are two there two people

a and b and a wants to buy a car. Now a wants to buy a car why because a things of the car as means of transport from getting from a to b.

And for him the evaluative criteria will be different or it will be the number of criteria's criteria's that will be used is entirely different because, what he will focus on? Is that how good is the car engine how less is the service, how big is the trunk, how efficient is the car and so on and so, forth, because, his benefits that he sorting from the same car is moving as a movings of transportation.

On the other hand is my guy b who actually has the car and he wants to keep the car as a prestige symbol. And so, for him is not only just how efficient is the engine, it is the color of the car the design of the car and so many other things which are there.

And so as I said while making a purchase there is a number of criteria's that people use a number of combination of criteria's criteria's that people used and it becomes really difficult to find out what influences what? And that is one important thing to watch out for most manufacturers and most consumers what happens is if you are putting a product out there? And if you are putting a number of features on to a product, the consumers actually become confused.

Surprising yes, it is the more number of features you actually put into a product the more confuse the consumer gets he does not get to decide what to use and what not to use all of them confuses him a lot. And so, it is always used to it is always why suggestion to use to minimum number of criteria minimum number of evaluative criteria. Because the more number of features that you put it to a particular product, it creates a feature fatigue. So, think about a phone, which can do a lot of things it can turn on your TV which can make you do calls, it can make a video call, it can do music, it can do movies, it can do photography, it can do so many other things. The more number of benefits that you offer in a phone from moreover the consumer gets confused right, because, the code aspect the phone is calling.

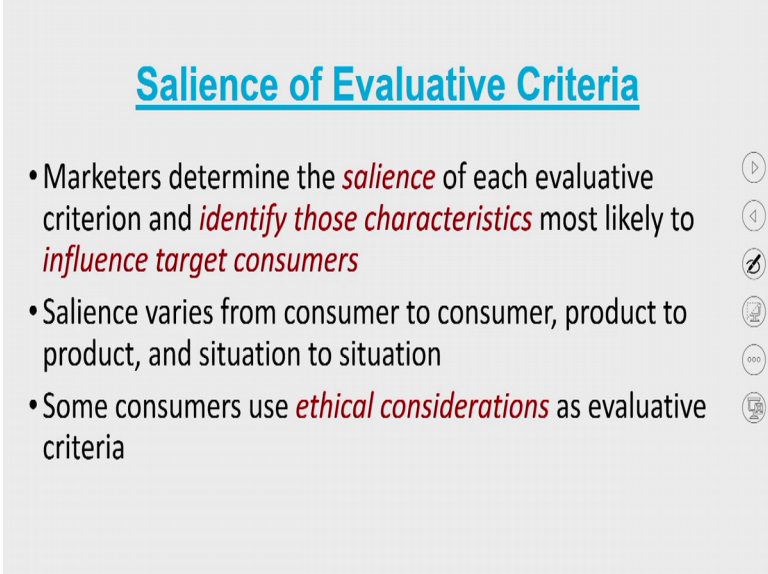
And so, the more number of features your putting in the more number of comparison sets increases, the more number of products increases, the more number of benefits that he is sorting out increases. And so, he has becomes confused and so this is a term which has been which has been put into the market in the marketing research and that is feature fatigue.

So, it is always advisable to limit the number of features that you put into a product so that the consumer can actually go ahead and look at what features that he wants and do a better job at finding or evaluating a product.

The more important decision is to the consumer the fewer acceptable alternatives there are. And in this case what really happens is important decision is the more eminent a thing is, the more acceptable more desirable a product is the fewer alternative criteria's the consumer uses and that is that is one important thing.

So, more acceptable alternatives become lesser and lesser. As the product become more and more during to him, the number of criteria's acceptable criteria's, acceptable alternatives become lesser and less because the criteria for selection become stringent becomes lower.

(Refer Slide Time: 32:54)



Salience of Evaluative Criteria

- Marketers determine the *salience* of each evaluative criterion and *identify those characteristics* most likely to *influence target consumers*
- Salience varies from consumer to consumer, product to product, and situation to situation
- Some consumers use *ethical considerations* as evaluative criteria

The slide is a light gray rectangle with a blue title and red italicized text for key terms. On the right side, there is a vertical column of six small circular icons: a play button, a left arrow, a magnifying glass, a bar chart, a list icon, and a person icon.

Now, the salience of an evaluative criteria is salience of an evaluative criteria so, salience is the relative importance of a evaluative criteria. What importance does our relative of evaluative criteria has? Now markets determine the salience of each evaluative criteria and identify those characteristics most likely to influence the target consumers.

Now suppose let us say there is a product out there, now the product put have a number of ah benefits which are there, but what the consumer tends to do? Is find out those

product benefits which are going to appeal which are the most important relative importance, which has the most highest relative importance to a consumer.

For example, any product let us like let us looking at a car. Now if I am looking at a car, there are a number of benefits the car can offer to us. For example, it can give you a it can give you ah; it is a vehicle that it can take you of point a to point a to b it can be as status symbol which has not tangible it has a price, color, design, it offers you all the comforts of a of a house it can offer you and number of things.

But the idea here is that what the manufactures does is actually looks at the salient criteria's criteria's or he are underlines all those salient criteria's and so, salience of a criteria is important because if a marketer understands, if you marketer understands what are the salience criteria? What is if the consumer is looking at infrequent and highlight the critical criteria of a particular car and put it into the market then chances of selling it will be higher.

And that is why you will you see that several brands which are out there or several companies which are out there they put brands with different criteria. And that is why Maruti has an Alto K 10 or Alto 800 car which is the most make a car, on the other hand it has the Ciaz or a Baleno which is on the other hand which is a more premium car.

So, there they do not promise the fact that it is going to be mode or transportation they are promising, you prestige they are promising you comfort. On the other hand a 800 promises you more mileage out of out of the vehicle. So, let us say a space more mileage and so on and so forth.

So, basically what the marketer does here is that he highlights the silent feature, the product feature, which is the high of highest importance of highest relative importance to the consumer. And why does he do that? Because, salience will actually help a consumer decide something called determinant criteria right.

So, when in the process of alternate evaluation for the consumer is actually looking at is what all benefits that I can get from the retrieval set what all benefits that I can get from the particular product. So, we will looking at all those benefits which are there. Now is the marketer can highlight those benefits, which matches the what the consumer is

looking at for the consumer need is this is easy, very easy for the consumer to then determine or make this criteria as a determine criteria.

So, salience is varies from consumer to consumer product to product and situation to situation, yes, that is one and interesting thing. This idea of salience it varies from different people from different from product to product and situation to situation.

How the same consumer as I explain ah a moment ago for the two people one who is looking at a car for transportation and another looking as a car is a socio symbol for them say let us say would be different. Because saliency of criteria that I am looking at or saliency product attribute saliency that I am looking at here in case one, where a person he is looking at a mirror transportation mode of transportation of ah or the car as a mode of transportation for him, the salience criteria is how much mileage is a car churning out. And so, he is interested in mileages.

On the other hand, the person he is looking at the prestige. As a prestige symbol the car he is looking at the design aspects of the car. Whether it has a leather seats are not and so, he is looking at social impact of the car. And it is the saliency of the evaluative criteria or that is the salient criteria or salience at product attribute that he is looking at. And so, that said from person to person from product to product and from situation to situation it would be different.

So, at some moment when you are buying a car for yourself you might be thinking of putting the car in terms of ah prestige symbol. But if you are one of those people who higher drivers or you are running a car company, you are buying a car the saliency difference the differentiates, because then, if you are running a car company if you are a running a taxi company or you are buying a car it is not that you are looking at prestige, you are looking at how much money it can save.

So, basically means that how much ah kilo meters per ah gas unit that it is or per fuel unit that it is churning out. And so, and as I said from situation to situation so the same person buying two different cars, in two different situations the idea of saliency varies saliency of the product little bit varies.

Some consumers use ethical considerations as evaluative criteria and so this is something new. Now in nowadays in today's world there are people who actually have started using

something called ethical consideration, of an ethical consideration as a evaluative criteria. So, these are the same people who would next time go into and outlet. And ask whether the product is environmental friendly whether the product is children friendly, whether the product has naturals is biodegradable is bio natural and so on and so forth.

And so, this is new kind of thing which is out there and sometimes these ethical considerations whether the product has been tested on animals or not. So, they not going to buy their product and so ethical consideration has a is now being and very important or for some people at least is being an important criteria.

And that is why you have be as 4 engines be a 5 engines, which do not pollute there and talking about catalytic converters in cars and products which are herbal image. So, these are all ethical considerations which say that; no nature is harmed into it, nothing unethical has been done in our maintaining product. And ethical consideration is another new evaluative criteria which has been added on to the number of criteria's which is out there.

(Refer Slide Time: 38:59)

Trivial Attributes

- Consumers on occasion treat *unimportant attributes* as though they are *critically important*
 - Are unique to one of the options
 - Draw attention away from more important attributes
 - Dilute the effect of important attributes
- The trivial attribute might act as a "*heuristic cue*" that allows the consumer to forgo the more detailed evaluation process of more meaningful attributes

Now of course, most important criteria's or most important product attributes are what the consumers are actually looking at in doing alternate evaluation. So, consumers actually look at the most important attributes, the if attributes which fit there need. So, I have a need and those product attributes which satisfy my need directly is the one which is called salient and that is what the consumer is actually looking at.

But at times the consumer becomes crazy, who I am saying crazy do not take it a little world. The consumer becomes in different, consumer thinks in a different process all together. And so, in those cases, when most products are offering similar salient criteria's, the consumer actually uses another thumb of law and he looks for something called trivial attributes.

What are trivial attributes? The consumers on occasion treat unimportant attributes as though they are critically important. For example, if I am going to buy a car sometimes I am so stuck up with how the headlight of the car is made? That I decide not to buy a car and this is a very trivial criteria more satellites and between the same way.

And so they will they will, eliminate the road right and so, it does not really worry or whether I have a fish and fish fin antenna or a straight antenna onto my car roof, for capturing radio signals or whether I have a leather seat, seat warmers on the car or some other trivial things. So, these things are something which can be added upon these are accessories which are added upon, but if it does not come manufactured by the company itself, sometimes consumers use these as criteria's for doing the selection.

So, which cases are you need to one of the options. So, what happens is this trivial criteria's are used when, one of these evaluate trivial criteria is actually unique to one of the products and another products have them right. And so, if the number of brands that you are looking at the number of ah; products that you are looking at all of them have equal criteria about one of them has something which most cars do not have.

Good thing to look at there is Toyota has come up with something called non-man assisted car parking or car automated car parking right. And so, that is what most other car companies have not offer till date. And so, the this idea of using your mobile phone for parking a car into the parking lot is something which Toyota is offering and none of the companies offering right now because, the technology is not there.

And so, sometimes that is reason why people buy a Toyota car and that is what I am talking about in the first case. So, the product attribute, that you are looking at is trivial, because car assist is something that you are not really looking at. But then you buy it because it is unique no other products have has, draw attention away from more important attributes.

Sometimes it use trivial attributes are used because they draw a way your attention from more important attributes. So, your and it is it is counter intuitive to think that why it should be there? It is there because; these trivial criteria actually help in making decision. Let us say that you have 5 or 7 products and all of them are occurring you the benefit in a similar way, all of them are good brands, all of them are likable where the consumer becomes confused.

There are so many options there so, many brands and all of them offering the same kind of benefits for to you same kind of products which has to you. So, what do you do what you tend to do is that you find out the trivial criteria and make the decision on that that is the simplest way to make a decision. And so, in those cases you use a trivial attribute.

The value the effect of imp and important attributes and so sometimes to dilute the effect of most important the attributes to vary the engagement with most important attributes to people use something called trivial attributes.

Now, trivial attributes might act as a heuristic cue, that allows the consumer to forgo the more detail evaluation process and more meaningful attributes at sometimes this trivial attributes. Actually signal the fact that a product is good and so you would not need to go to the whole process of this alternate evaluation and meaningful attribute evaluation.

For example, I would buy Nike shoe. So, I will not look at some other ah attribute more than important attributes like comfort or design or those things I just decide that Nike is a very good brand name. And so, this trivial attribute, that Nike higher yield ratio or air venting system, which is a very trivial attribute for an shoe, that makes me select the brand Nike.

And when I do that, I do not have evaluation of other attributes which Nike is going to offer, which is what I am which I have actually looking for these. Because, these are the more meaningful attributes and that way the choice becomes easy, so this focus on trivial attributes are done to make your choice easy.

(Refer Slide Time: 43:40)

Determinant Attributes

- Salient (important) attributes that have a *direct influence on alternative evaluation and final choice*
- *Product quality risk* involves functional, performance, and physical risks to which the consumer may be exposed
- *Personal risk* is tied to the negative emotions felt by a consumer when the product fails

Determinant attributes, what are determinant attributes? As I said is an important attributes, there have a direct influence all alternate evaluation and final choice. So, when the product manufacturers puts these salient attributes, most important attributes into the consumers retrieval set.

But the consumer does is he decides some of those salient attributes on basis of which he is making the final choice in the final purchase and there was a called determinant attributes. These are the ones, the direct influences on alternate evaluation and the final choice. Product quality risk involves functional performance and so this determinant attribute is dependent on two things; product quality risk and personal risk.

So, product quality risk is how much risk that the product the quality of the product is actually going to provide you? So, let us assume that we are going into the market and buying frozen foods. Now if buying frozen foods, the product quality risk could be ah in terms of function, in terms of performance, in terms of physical risk as a consumer we will happen.

So, if you read that it will have some physiological risk to you or performance risk in the in the sense that it will not be that crispier the frozen food that you are looking at may not. It may be that if it is you are bring it the chances are there it might not be crispier it should it maybe not giving you to the kind of tastes that you looking at it could have physical risk and so on and so many other risk are there.

And so, what consumers actually look at is expiration date. So, that is the heuristic cue. The expiration date is the heuristic cue which actually reduces the product quality risk right. So, the determinant risk in cases of a product or let us say frozen product is expiration date. And if the product is within expiration date, then the product quality risk will be low.

And so, that expiration date now because the determinant attribute. All those the product has all other attributes salient attribute example taste, freshness, ah; crispiness and so on and so forth to offer. But what is the determinant attribute what is the one attribute on which the product is what is called the expiration date. So, all so, there is something called personal risk is tied to the negative emotion felt by the consumer when the product fails.

And so, sometimes it is the personal risk. So, basically when product fails as a expiration date also prevents this product fails or personal risks. So, if you look at expiration date which is the heuristic cue or which becomes the determinant attribute of few buying a particular frozen food. It reduces both the product quality risk, as well as the personal risk because expiration date guarantees that you are going to get a fresh and no negative emotion will be evaluated out of it, no negative emotion will be a part of it.

(Refer Slide Time: 46:13)



Price

- For most consumers, and in many buying situations, *price is the most significant influencer* in alternative evaluation
- Not used in isolation but one of a *mix of evaluative criteria*
- *Normative reference price* is a price that consumers consider "fair" or "just".
- *Dual entitlement principle* is where people expect manufacturers will abide by community standards of costs and profits
- *Initial Price vs Actual cost of ownership*

Now there are some major determinants that are also used for making this kind of a product selection or evaluative criteria for making a product collection. And one of these

most important criteria is price, price is an important criteria, which consumers actually go ahead and use. And this price is the single most ah when in my opinion the single most of criteria which are used for doing alternate evaluation.

So, most consumers and in many buying situations price is most significant influence a in alternative evaluation. So, the price of a product is the most significant influential agent which defines how you are going to buy a product and how when you are going to buy a product? Now price generally are not used in isolation, but one of the mixed of an evaluative criteria.

When actually look at a price of a product it is not that single price that is quoted on the product that I am looking at. Price being the most important criteria of you buy a product or how you actually evaluate a product and make the final choice? It is not just the price which is quoted on the product which is important.

When I think about price, it is not the price which is quoted there I think about price of manufacturing, price of ah how much should I be paying price that I am going to pay by price that I have paid in terms of the; such and so, it is a mixed of a number of evaluative criteria right. So, when I am when I am looking at the price which has been quoted on to a particular product I am just not looking at that price, I am looking at how much effort I have done to get into this price to pay this price of a particular product.

And so, the things that the consumer actually when, when the consumer buys a product he has in mind is something called about normative price or reference price. Normative reference price is a price that consumer considers fair or just.

Now, whenever a consumer things of buying something and he is looking at the price, what he is looking at is what has gone into making this product. So, let us say car is 600000. Now when a car is 600000 that is the reference price that is the price which the marketer is quoting, when I think of buying a car, when I think about the price of a car what I look into is how much effort has gone, how much effort the company did to manufacturer this car or how much ah effort ah that the company came up with in manufacturing this cars.

Ah This particular car ah what amount of labor has gone into it what is the sales price of it how much how much of what amount of such has been done? I have done to obtain

this particular car and all those things will go into this particular price that I am looking at.

So, normative price is the price, when I look at all these evaluative criteria's in terms of the company effort to get this car, the company investment in this particular class the kinds of what that I have done. The price I have paid to search for this information the car, the price of tax that they have the company has paid and so many other things inclusion of all these criteria's to get this reference price.

Ah So, reference price is basically its it is like confidence interval in statistics. So, what is reference price? Reference price is too limits of the price. So, when I am looking for when I am going to look at a car, I have a lower bound and a upper bond price. And so, in between if the price of the particular car that I am going to buy it comes in between the range of upper bound and lower bound prices that I have set. Lower bound is what should be the minimum price of this particular product and maximum price what is the maximum price that can happen.

So, whenever you go to look at a car, you can look at it is the it is manufacturing, you can look at it how it looks in it is the company the brand and so many so many things and based on that you think about a minimum and maximum. And if the price of the product falls into the bandwidth or into the middle of that confidence interval that you have created that is what is called the reference price.

So, if it falls in between then the consumers agrees to pay through it, if it falls either too maximum or too minimum the consumer will not be willing to pay that price and that is what is called the normative reference price or fair and just price. So, fair and just price is a similar thing, now consumer things what should be the most just price of this and that has been done by that has been done based on several features or several facts that the country considers in terms of it.

So, for example, let us tale a cotton shirt. Now if you are looking at a cotton shirt, for the consumer things is what has all gone into making the shirt. So, the kind of labor that is gone, from wherever it is coming you includes that from the product which is there, how much money it is taking for advertising. And all those things added together the consumer finds the confidence interval saying; this is the maximum that can happen this the minimum that can happen.

And if the price of the shirt falls in between that range it is called the fair price in the consumer agrees to pay with it, but if it goes above or below the limit the consumer is not willing to pay and that is not a good thing for animal. And sometimes a dual entitlement principle is also at plane this price perceptions or in the price being used as a evaluate criteria. What is dual entitlement principle is where people expect manufacturers to abide by community standards of cost and profits. And so, what while by generating this normative price does do a entitlement principle says that, the consumer believes that most manufacturers actually abide with community standards and cost of profits.

And if they do not abide if they give a price which is very higher and very different from some other from most products in this particular criteria, the consumer goes ahead and punishes this particular manufacturer buying not buying the product. And so, the manufacturer goes without selling the product the other kind of prices also, for example, there is something called price as an evaluative criteria is also huge in many other ways.

For example, something call penny day think now, at remember in my introductory lecture I have said that ah; my to you something in a book or magazine for 1000 rupees year subscription you are not going to buy it. Because it seems to big for you pay 1000 rupees for year. But if I break it in terms of penny a day, in terms of month wise. Say let us say 84 rupees a month or 86 rupees of month, then you will agree to it because 86 rupees is not too much. And so, what you do not realizes when I do this 86 into 12 it will go more than 1000 rupees.

But, when I offered this particular thing at 86 rupees per month or 84 rupees per month, but not 1000 rupees per year, you are not able to buy it and that is one price take that is being used. Also sometimes tricks of prices are used in the market for example, if I want to suggest that particular product is of lower value, it is it is the cheap, it is the sale I can always put the 0.999 0.95 thing.

And that is why in the market you sometime see 99 rupees 95 paisa right, that ninety five paisa which is varying at the end of it. Is actually shows the product is actually cheap, it is on sale or they some kind of price ah matching for the consumer and that lower reduce price. Now that this kind of price tricks are out there which are used by manufacturers are for put in for the putting the things out. There for putting their

products out there and that is how this price actually works and evaluative criteria. And there is also something called initial price versus actual cost of ownership and that is also something called initial price.

So, initial price is the price that you are going to pay and ownership price is the price actually is the price of a of a product that you are going to actually have what is the differential? So, initial price is the quoted price of a car, but ownership price is the price that actually you are going to pay by owning a car.

So, what is the difference? If you buy a car just like a random car in itself is as a product, then it is costing you 600000, but owning it will required to pay road taxes, you will required to pay registration charges, you will required to pay insurance charges, every year you have to service it, then all wear and tear cost, petrol cost and all those things.

And so, the ownership price is always different because, ownership price will include all those cost together right, but the price of the car is 600000, but the ownership price is very high. And that is the difference between that and so, sometimes this ownership price and initial price difference between that is also used as an evaluative criteria.

(Refer Slide Time: 54:35)



Brand Reputation

- Brand name is frequently perceived by consumers to be an *indicator of product or service quality*
- A high-quality position is important in establishing *brand power, also called "brand equity"*
- Brand-quality relationship most likely tied to *perceived risks* associated with a poor purchase decision

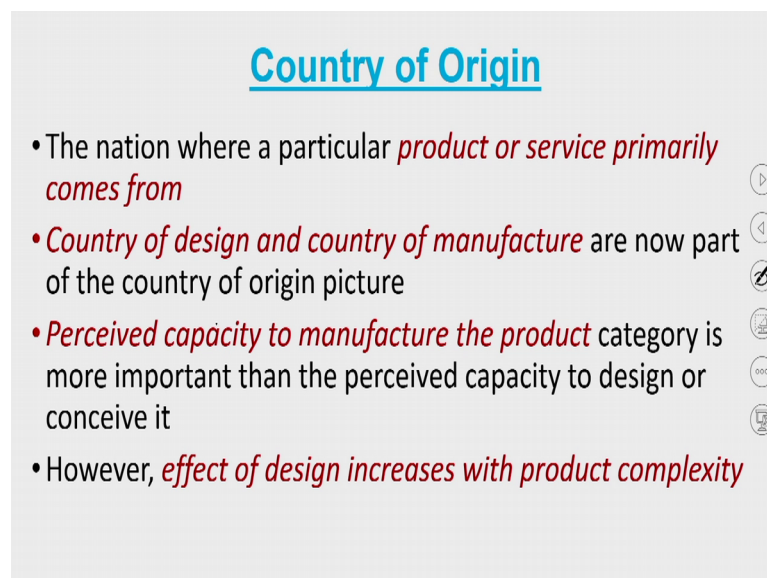
At times brand reputation is also used as an evaluating criteria so brand name is frequently perceived by consumers to be an indicator of product or service quality. And so, at times what happens is sometimes just try to put their product or just try to win over

consumers by just putting the brand name. For example, if I say product is out of Nike, product is out of Maruti the brand name of Maruti says that it is sustainable it is something which is reliable which is ah something that you can actually used has less wear and tear and so on and so forth.

And so, sometimes brand name is one of the evaluative criteria's or for alternate evaluation that people use because, brand name will really reduce the number of choices that you have to make or number of comparison that you make. Ah High quality position is important high quality position is important in establishing brand power and also called brand equity.

Now, if a brand as a high position it has higher brand power or brand equity and people flock to it. And do not do too much evaluation alternate evaluation without the brands stick to it and so, think of using it or think of liking it and think of buying a particular thing. So, brand quality relationship most likely try to perceive risk associated with poor purchase decision. And so, brand quality relationships are so, if you take a brand ah branded product that reduces the risk or perceive risk of actually poor purchase.

(Refer Slide Time: 56:03)



Country of Origin

- The nation where a particular *product or service primarily comes from*
- *Country of design and country of manufacture* are now part of the country of origin picture
- *Perceived capacity to manufacture the product* category is more important than the perceived capacity to design or conceive it
- However, *effect of design increases with product complexity*

And so, people sometimes use brand perceptions or brand reputation as a method for evaluative criteria. And the last that we are going to look at a something called country of origin. And so, in nowadays in the present days something country of origin has also and

good or evaluative criteria now at times a product is basically appreciated because it is coming from a different country.

And so, the nation from a particular product or service primarily comes from that is called that is used in an evaluative criteria. For example, out house or cars which has coming out of Germany or very good because, Germany engineering very good or if you have carpets and they coming out of a Mexico or somewhere in Argentina these are very good because they are popular for that.

Tea coming out of Japan or India or is very good because the country of origin is India where it is a tea manufacturing place. And so, they are the best in teas or electronic products which are coming out of the United States are very good or between a very good because, they are very good in making or very good in terms of producing this product. And so, country of origin is another evaluative criteria which a times consumer uses. Now country of design and country of manufacturing are also now part of country of origin. And so, country of design says that where it has been designed a particular product has been designed. And so, this is very famous with apple; if you look into apple it says design in the united states manufacture in china.

And so, just because it has been design in the united states people prefer buying it because they believe that the design itself has a lot to do with it. And so, country of manufacture also has lot of times service or very good evaluative criteria. Now perceived capacity to manufacture the product category is more important than perceive capacity to design or conceive it.

And so, it is always that the country that can manufacture a product is always given if it is if it if the product comes out of manufacture lot of us it is more preferred then if it is design out of united states. Because if it is manufacturing that I am doing it is designing plus the product is coming out of my country, when this gives me more strength or this gives me more reliability to buy the product of it. And so, perceived capacity to manufacture is always a good idea for country of origin being used as criteria.

And the last is how effects or design increases with product complexity. And so, when the product is complex it is not where it is coming from that is important, when the product actually gets complex. Then design where the product is design gets more importance as a evaluative criteria for finding out of choosing different products.

Now in this particular lecture what we did? Was we looked at how what is alternate evaluation and how alternate evaluation is actually done what is the process have doing alternate evaluation? And we looked at those criteria's that consumer uses both the tangible and the intangible criteria, which the consumer uses to make this alternate evaluation. We also looked at three different types of evaluative criteria and what is salience of a criteria and what is the discriminate criteria what is the definition of these two things? And then we looked at price country of origin and brand reputation as measures of evaluative criteria that the consumer uses for making alternate evaluation.

And the same alternate evaluation the consumer is doing we will actually need to the final choice and the product purchase. Now in the next lecture we look at some of the methods. So, based on these, these attributes the consumer now has a group of products from which he have to do the average criteria.

So, what is the process of actually doing an evaluative criteria is what we are going to look into the next lecture we will look at the process of how this alternative evaluation the actually method of doing this alternate evaluation. And then after that in the next upcoming lecture we will actually look into what is the role played by outlet or outlet preference into these alternate evaluation or how does ah the place of buying a particular product has what influence does it has in terms of alternate evaluation and final choice.

So thank you.