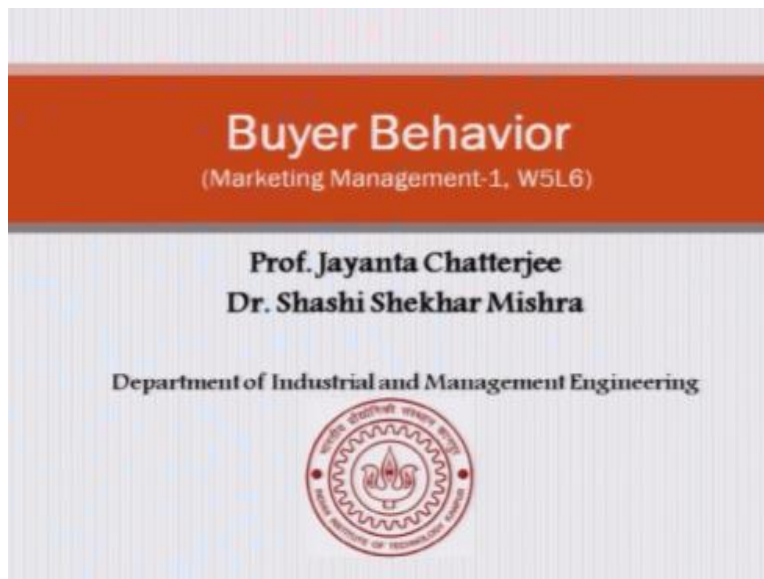


Indian Institute of Technology Kanpur
National Programme on Technology Enhanced Learning (NPTEL)
Course Title
Marketing Management – 1

Lecture: W5 –L6
Analyzing the Buyer Behavior

by
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Dr. Shashi Shekhar Mishra: Hello and welcome to our course marketing management part 1 we are discussing buyer behavior and I will give you a just a recap of what we have discussed till last class.

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Stage 3: Evaluation of Alternatives

Dr. Shashi Shekhar Mishra: So we started discussing about evaluation of alternatives.

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Dr. Shashi Shekhar Mishra: And in evaluation of alternatives, I have talked about three things belief behavioral intention and attitude and play a very important role basically in understanding the overall consumer behavior their choices, so I talked about the first thing which is belief.

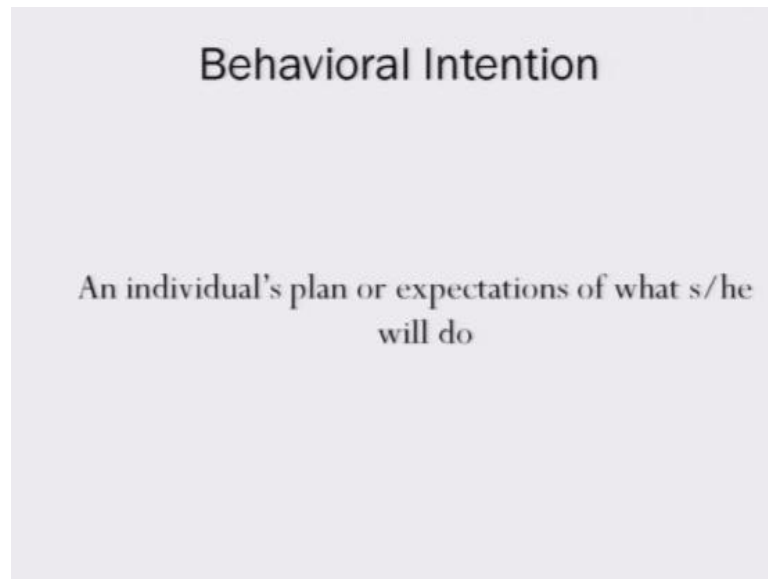
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Belief

A consumer's subjective perception of how a product or brand performs on different attributes based on personal experience, advertising, and discussions with other people.

Dr. Shashi Shekhar Mishra: That believe is a basically descriptive statement about the particular objects so that some sums your opinion about something.

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Dr. Shashi Shekhar Mishra: Then we talked about behavioral intention basically it is a plan based on your belief that how you're going to react to something.

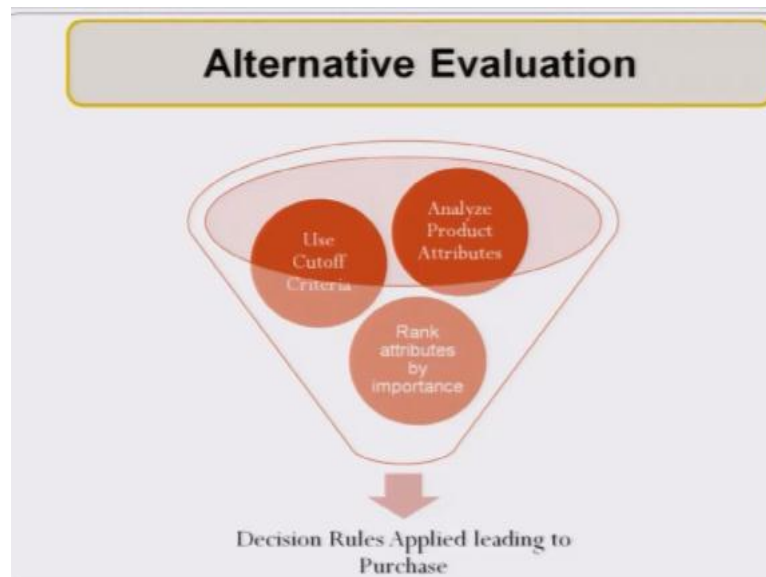
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Attitude

A learned predisposition to respond to an object or class of objects in a consistently favorable or unfavorable way

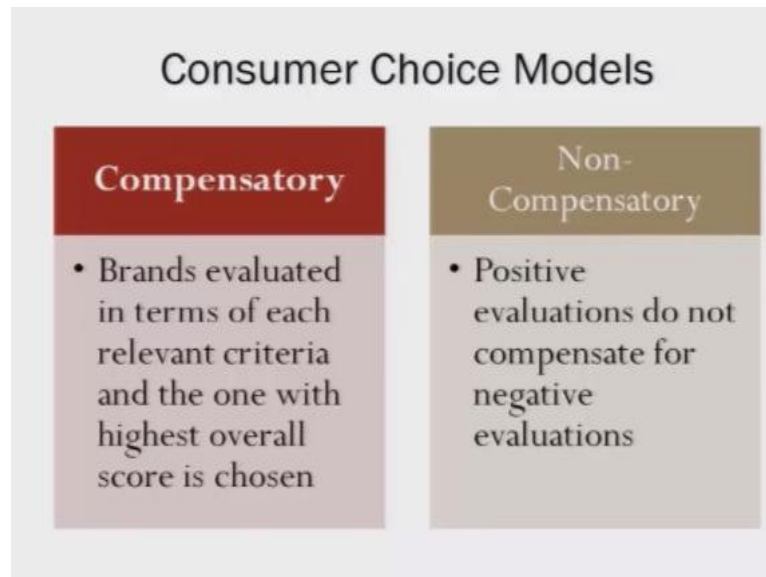
Dr. Shashi Shekhar Mishra: Attitude we talked about it is a learned predisposition to respond to an object or a class of objects in consistently favorable or unfavorable way, so there are some important things learned disposition and it is always towards any specific object and then we talked about it is consistent and either favorable or unfavorable.

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Dr. Shashi Shekhar Mishra: Then we talked about the three inputs that go into the evaluation of alternatives that the important criteria's then what is a ranking of those important criteria's and then what are the basically the cut of or what are the minimum expected from a brand for to be chosen on that particular criteria so all these things these three important things mix up and then they go in a decision rule and then we get basically the purchase decision at the end and if you see these three things these three inputs based on these three inputs the processing basically it could take type of a form which is like consumer's choice model we have talked about compensatory versus non compensatory.

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Dr. Shashi Shekhar Mishra: So I started talking about the compensatory model where that consumers evaluation of a particular brand is basically.

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Fishbein Multiattribute Models of Attitude

- Attitude computed as a function of multiple attributes weighted for importance:

$$A_{bj} = \sum_{i=1}^n W_i X_{ibj}$$

A_b = attitude toward brand b
 W_i = weight of attribute i
 X_{ibj} = belief about brand b's performance on attribute i

- Model assumes rationality

Dr. Shashi Shekhar Mishra: Sum of the importance rating of a particular attribute and how a particular brand face on that important attribute in consumer's perception, so basically the overall attitude towards a brand is a basically summation of important attributes multiplied by the rating on that attribute of a brand so I have explained to you through an example where in I have taken six brands they were rated on a six important criteria's this was about a laptop purchase so I told you that these are six important criteria's consumers have also rated this particular consumers have also rated has rated the importance score of different attributes.

Now if you apply this Fishbein Multiattributes model then you can calculate basically the overall rating of a particular brand and we get the rating which is summed up here and then you can see that has I have told in the class the brand 1 is probably rated highest by this consumer based on his importance rating of different attribute and how the particular brand in his perception face on that attribute.

So based on this, this consumers rating are given overall rating are given then we also talked about supposedly there is a second consumer whose choice criteria's differs in the sense he

gives less importance to it he gives less importance to basically the processor speed then he gives slightly more important to probably weighed and probably some other criteria's like service warranty what we will basically the impact on the difference in all these criteria how where for the simplicity we have not changed basically the consumer rating eating on the of different brands on those things so you can see that as we change the importance rating we get basically the different overall ratings which is I mean commonly be I mean that is something which is expected.

So you understand based on that why the consumers overall evaluation of the brand is different it gets illustrated here so this was basically the compensatory model and you can observe one thing is that consumers have a sort of trade off if a particular brand does not do well on particular criteria but it does significantly well on the other criteria then consumers can basically trade off for higher performance on the one criteria by the lower performance on the other criteria and that is why this model is called as compensatory model.

Instead of compensatory model if consumer goes for non compensatory model then there are different possibilities in which he can make the decision, so they are most importantly there are four types of decision rules first is a basically consecutive rule then here what happens is you see I am taking the same example I am not changing anything like importance rating of the different attributes and rating of the brands on the those attributes but you will see that here that in the conjunctive rules the consumers sets the minimum cut-off value that he expects from a brand on that particular attributes.

So consumer expect minimum value of three out of five on this prize any brand which is less than three is being eliminated so here because that minimum cut off is three the brand 5 and brand six are eliminated similarly if you look at basically the weight the minimum cut-off is basically four and you see the B1 and B5 are basically eliminated then we take this criteria processor is speed the minimum cut off is three so B4 is basically eliminated here and then when we take basically this battery performance you see the B3 is being eliminated.

So what we are left with is basically only this brand B2 which fares above our it does very probably its values are above on all the cutoff criteria and we get basically this at the end the B2 is being selected if the conjunctive rule is applied here. The other basically the second basically non compensatory model is this, this, this conjunctive rule basically in this disjunctive rule you will say this the consumer basically instead of using all the attributes which are given which could be important he just chooses very few couple of them and sets a minimum cutoff value corresponding to those critical attributes and then evaluates the brand.

Which perform above those cutoff values so here you see the consumer has just 3 attribute price weight and graphics as 3 most important criteria for him and then he rates basic then he see basically which brands does better on the so any brand that does on any of this one criteria is being chosen like because this brand1 does well on this price so it is score is 5 if we look at this weight basically this yeah, so when we look at the weight B3 is basically doing as good as what is the minimum value and then.

When we look at basically the graphics probably this brand B4 is doing as good as what is required so based on this you get basically B1, B3 and B4 meet minimum for at least one important criteria and that is are acceptable so consumer can choose any one of them if he is using disjunctive rule.

Then basically comes the 3rd non compensatory rule which is elimination by aspect now this is something which we do need to understand what happens in elimination by aspect is that based on the important criteria's based on the importance rating of the consumer he first rank off 1st year ranked the different attributes so if I take you back and you can see that slide where I have given the importance rating you can see here the, the most important criteria was this processor is speed the second was price.

And then the 3rd and 4th you can take any I mean like in this case there is a tie so you take any of this so I have might have taken this battery performance and then graphics and then weight and the service warranty this is the importance of the order of the importance of different attributes now first consume in elimination by aspect rule first he will basically put the attributes on this

importance rating importance ranking once he has done that he will also decide basically in the next list of what is the cutoff value for those the criteria's .

Now once he has done that what he will start doing is that he will start eliminating the brands first he will look at the brand which have the minimum cutoff value of 4 on the most important criteria so here you will see that brand B4 is eliminated here if I say that processor is speed and if I look at 4 as the basically minimum criteria you will see this brand B4 is being eliminated so I am left with 5 brands, now the next thing is I will look into the 2nd most important criteria which is price and for price again the this cut off value is basically 4 so he will go back and see like on price .

How many brands are doing better than basically 4 so you will see that B6 is eliminated B5 is eliminated B3 is eliminated and B2 is also eliminated however we have also seen that B4 was eliminated at the first stated itself so we are only left with B1 in the case of elimination by aspect method finally in this case again you have B1 being selected by elimination by aspect rule and the last type of basically non-compensatory rule that exists is basically Lex lexicographic decision rule that what happens is consumer again like elimination by aspect.

Ranks the criteria in order of the importance then selects brand that perform best on the most important attribute if two or more brands tie they are evaluated on the second most important attribute this continues through the attributes until one brand out performs the other so again the B1 would be selected as it perform best on the processor speed our consumers most important attribute so these are basically the non-compensatory rule which a consumer use in basically real real-life situation you will see that consumer can use basically a combination of these different rules.

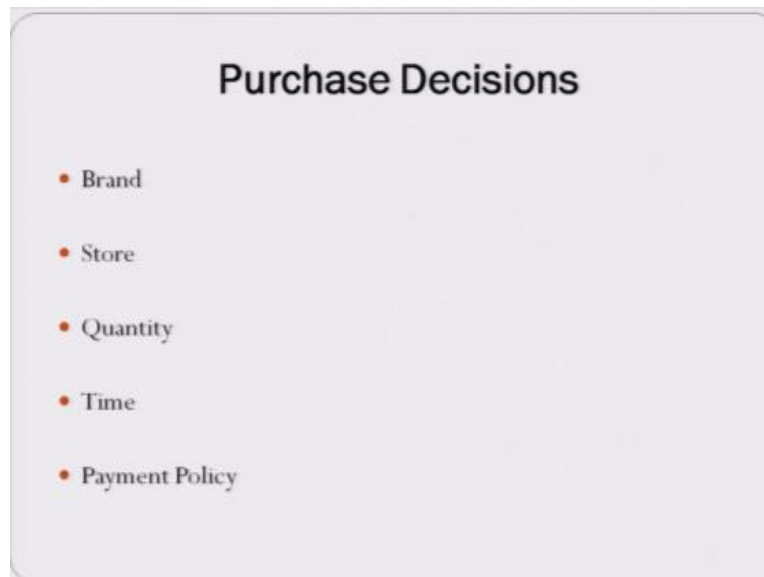
It could also be possible they will use compensatory + non- compensatory so first they will eliminate some of the options through non-compensatory so they will eliminate some of the options through the non-compensatory rule and then probably they can go for the compensatory model to evaluate the brands and come out with overall ratings of the brand.

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Dr. Shashi Shekhar Mishra: So the next stage in the buying decision process is the purchase and if you look at the purchase decision.

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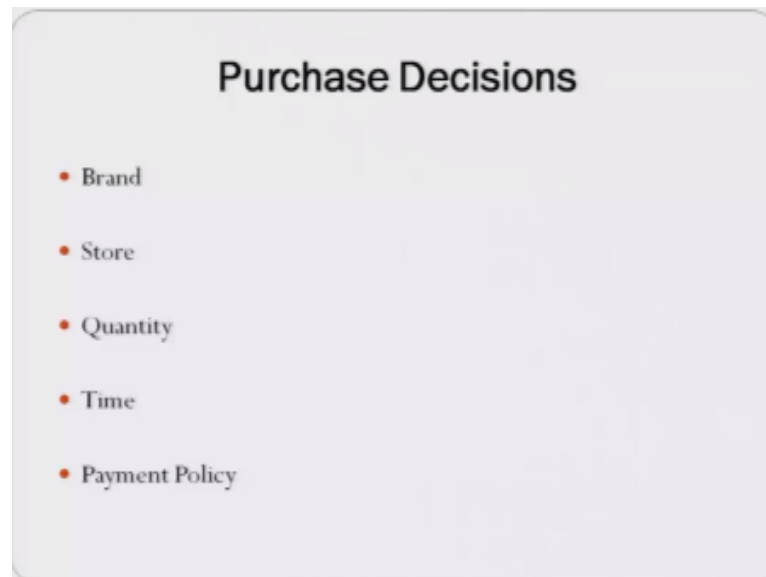


Dr. Shashi Shekhar Mishra: There are couple of like brand is store quantity time and payment policy so like many times you will see that the consumers will not zero down on their brand choice very specifically so those, those decision exist till probably and this decision of brand may exist till the store and there could be a situation where consumers will first decide they store and then basically choose the brand where they store loyalty is very high.

So these two decision of store choice and the brand choice ho hand in hand then where consumer will purchase will also depend on the quantity is going to purchase like if you have to just purchased a small item then probably are in a lesser quantity then probably you may be ready to pay a bit of more premium and you will purchase it from the nearest here on a sharp on the other side when you have to purchase something for your monthly stock you would like to go to a place where probably you can get a bulge deals.

So quantity plays an important role in the purchase decision and also that time basically, because you will see that timing is also important some of the stores timings will not match with the, the consumers time of the requirement or the over the consumer prefer to have, so all those things will come into the picture.

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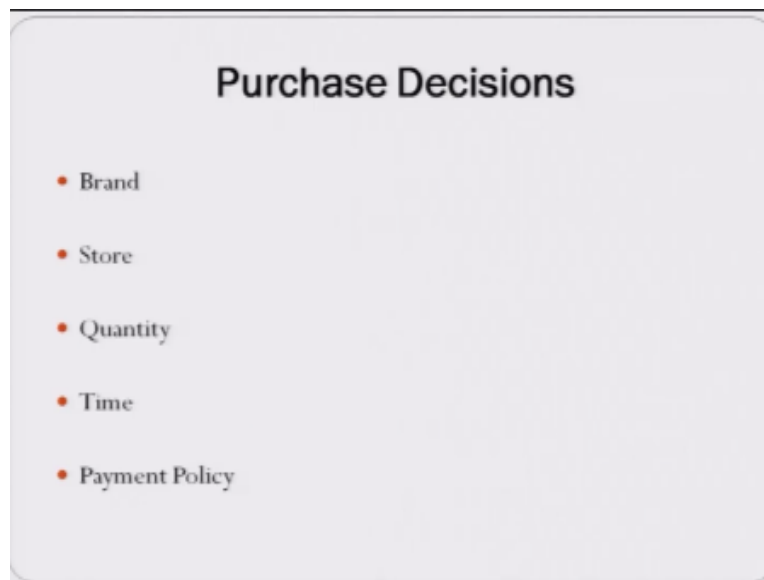
Dr. Shashi Shekhar Mishra: Than the last thing that that could also play a very important role is a payment policy. Though its role in basically the b2b marketing is probably more important seems like, look likes more important but you will also see that payment policy could exists to be a critical thing in the purchase decision in some of the markets where the consumers prefer to have something on the credit basis are probably they would like to defer the payment process and or maybe they would like to prefer being in terms of the installment.

Payment policy could be important in big ticket purchases also, where you get a better basically the financing terms from the, the supplier or the dealer who is providing this the product also arranges for good financing options for you. So all these things basically not at this stand alone they can basically work together and consumer has to make a decision based on the overall, of all these five things. So once we have evaluated the different alternatives we have decided which brand to be chosen, which from which stores to be from basically overall evaluation of the alternative, so when we know about the different ratings of the different brand.

The next stage of the buying process is basically the purchase decision and in this purchase decision there are various important attribute, various important decisions that have to be made

by the consumer or the buyer and these decisions have a basically, they are not a stand-alone, there is a correlation or they are related to each other. So these important decisions are the choice of the brands, the choice of the store.

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Dr. Shashi Shekhar Mishra: The quantity that you want to purchase, the time at which you want to purchase and payment policies or some of these things are extremely important in the purchase decision and you will see that they are correlated also, because you may prefer are at the end of the your compensatory evaluation of the brands, you may think that possibly I can take these two brands, they are very closely related and you may 0 zero down your choices on these two brands.

But if you find out the brand which was evaluated as with a rating of 3.9 instead of the best being rated as 4, but in your, the store that you prefer or the they store which is nearest to you does not carry the brand which has the highest rating, then probably in many cases you will not like or you will not mind taking the other brand which is being rated next to the first brand. So the choice of the store is also very critical thing in the overall decision making process, so you will see that brand and store choice basically have a correlation and consumers try to basically a sort

of again a basically they have to see which place probably or which store they preferred brands are available.

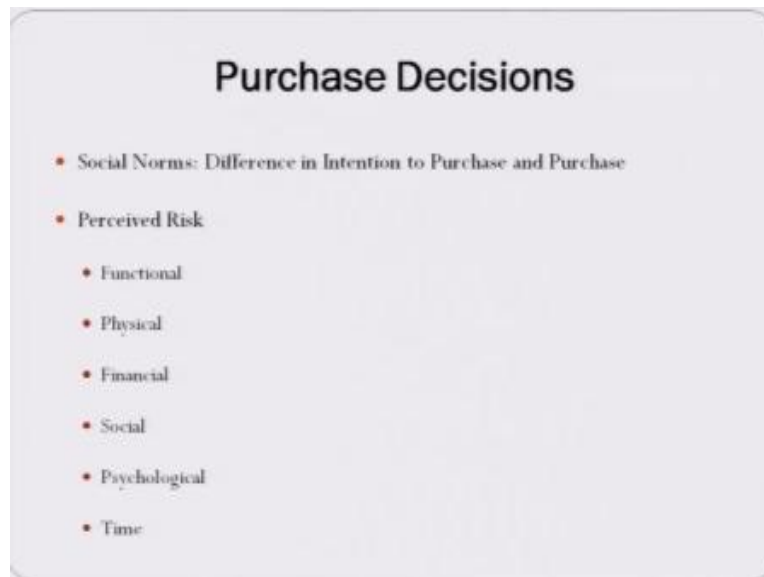
If the brand loyalty is very high and the kind of product he is looking for is very important to him maybe he will look for the store, where the, the most preferred brand is available in that case he will not probably go with this preferred choice of the store, but many times it will also happen that you will prefer a store instead of probably a brand. And along with these two important decision is the decision of the quantity because you see the quantity plays a very important role in the purchase decision.

When we have to purchase something in the small quantity then probably it will not make sense for a consumer to visit far away place, because the cost of the transport might be higher than probably what little bit you save by paying extra to your nearest store. So in that case probably the quantity comes as a critical factor in the decision making process, then again the time also come like, the timing at which probably certain the stores are probably shopping places are open how they basically are convenient to the time at which you would like to shop.

So those things comes into the picture and the last thing which could be very critical basically there is a prepayment policy, because certain at certain times what may happen because certain the brands are the producer or the supplier will come out with very lucrative financing policy for different kind of options that they have and that make their option overall better than probably the brand as a standalone brand or product that you would prefer. You can see the effect of payment policy in the automobile purchase or all big ticket purchases, where because of the financing policy also there is a switching tendency in the consumers.

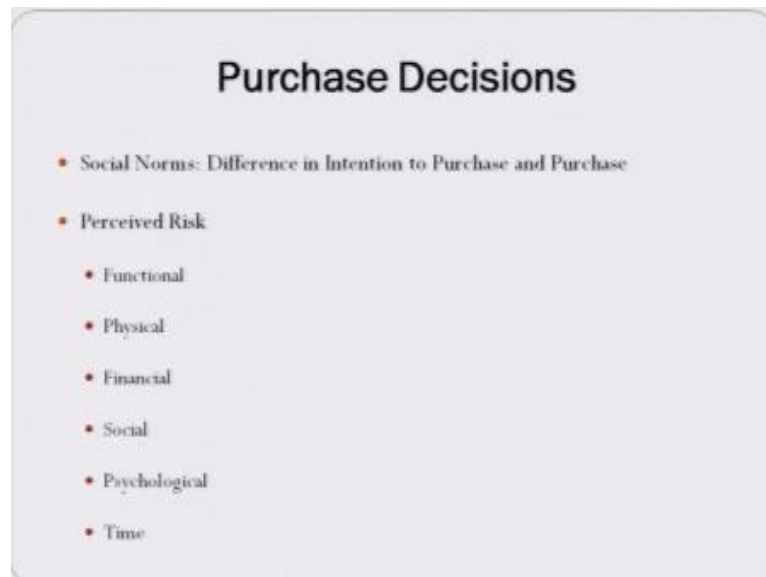
So these are some of the important decision however this purchase decisions you will see that though they are correlated they have a situational influences like you, you may have a very positive attitude towards certain brand, but to follow basically the social norm your intention to purchase.

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Dr. Shashi Shekhar Mishra: And your actual budget purchase sometimes will not much because to abide by a certain group or to confirm with the certain norm, social norms you may not prefer certain product or the brand, because they will not be acceptable to the people you respect the people whom you look forward, so because your acceptability will go down by attaching yourself with those product or the brand, you tend to basically change your options in certain cases. Then also the, with the purchase decision is an important thing which are important variable that comes into the picture is the perceived risk.

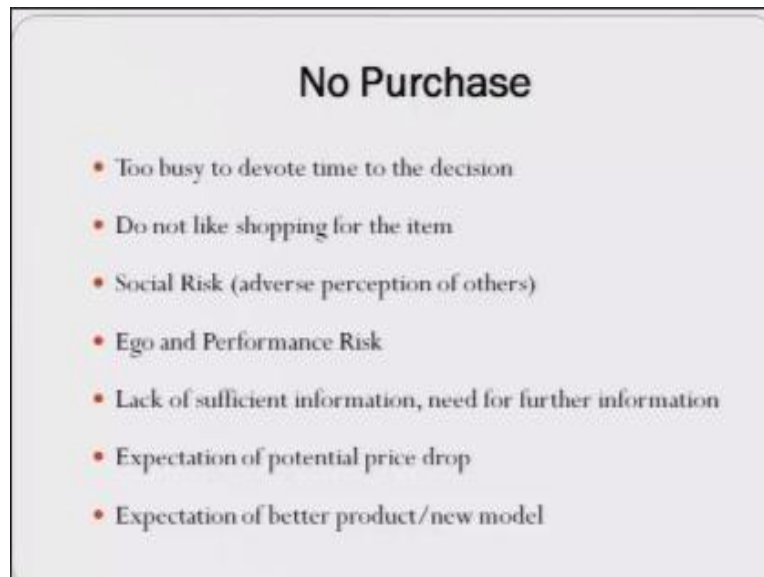
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Dr. Shashi Shekhar Mishra: It is about the uncertainty attached with the product that is basically is perceived as a risk and there could be different type of risk attached with any purchase, it could be in the form of the functional risk whether the product performs well or not whether the use a purchase of the product will lead to some kind of financial loss or it could lead you to some kind of mental distress or it could lead you to basically some kind of time loss.

so these are basically the different kind of the risk that exists with different product and that plays a very important role in the purchase decision this is one of the important job of the market is used to understand the different risk attached with the product purchases and try to minimize that risk try to reinforce to the consumers that what the purchase is basically the right decision so that will basically also help them in alleviating some of their fears many a times you will also see that consumers will not make a decision off purchasing they will differ the design of the politicians are saying they will they will just not purchase because this could happen because of the reasons illustrated in the slide you can

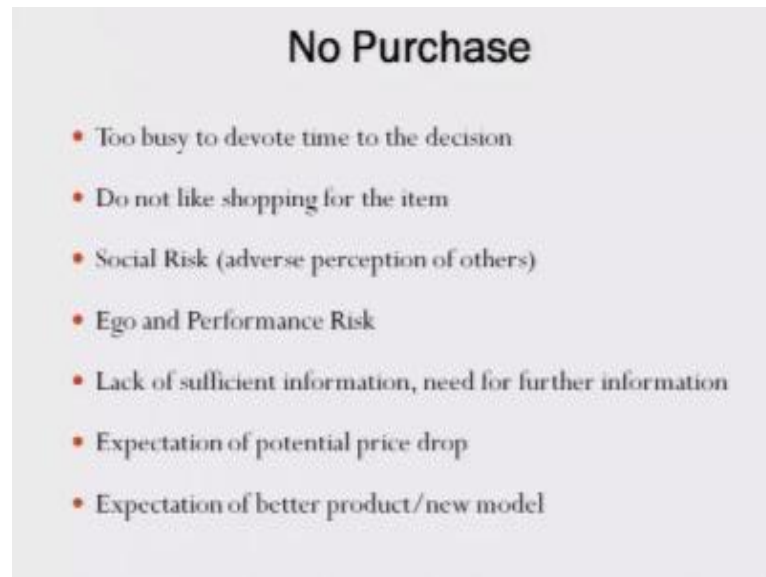
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Dr. Shashi Shekhar Mishra: See that person might be too busy at a particular point of time and then he thinks that this is something which is important purchase I should not go for it because I need to devote that time here so he will be further decision on that side you will also see there is a tendency among the consumers that in the expectation they will be further their decision of the purchase for some time like if I am looking for basically two wheeler to drive with in a inside outside the country campus but at this point of time I am differing my decision and for the next year.

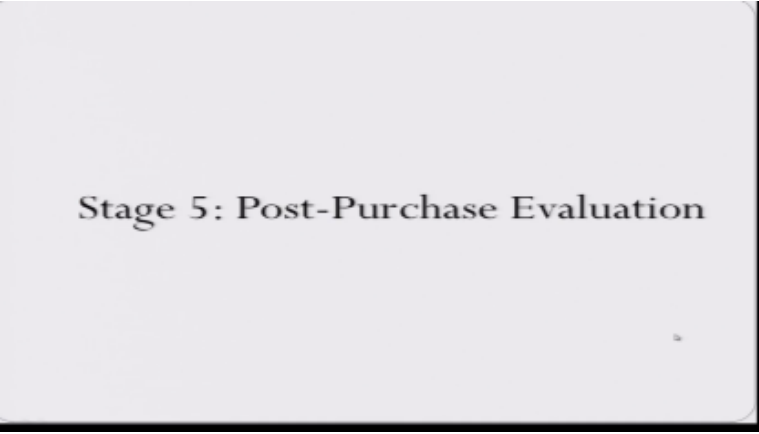
Because I expect by the media next year there will be a lot of new models available in the market which could probably be better than which could be overall better deal than the existing options available in terms of their mileage in terms of their power that been delivered by those products so in expectation of the better new product consumer may defer purchases and also one thing you will see particularly in certain technology products electronic product consumer basically before their purchases and because they expect that in future there will be a price stock in expectation of the price drop

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Dr. Shashi Shekhar Mishra: People will basically differ their decision

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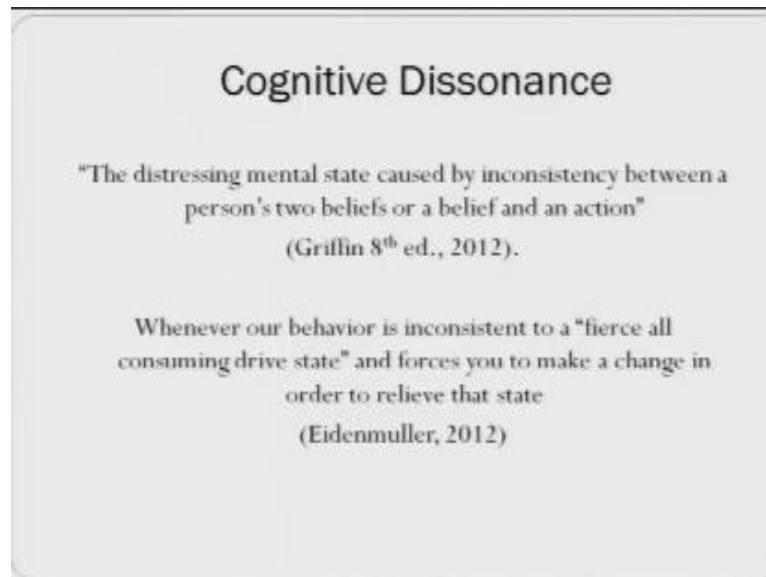


Stage 5: Post-Purchase Evaluation

At the last stage of this buying a process is basically post purchase evaluations once you have purchased something you will basically evaluate something suppose purchase is basically is could be understood in three way that there could three possible outcome with respect to what were what were you expecting what was your exerted performance of the product and how actually it has performed in reality.

So if you are expected performance is equal to basically the performance delivered by the product then probably will be in a neutral and you will be fine with that purchase is however if your expectations are not met by the actual performance of the product you will feel unsatisfied and your chances of repurchase in the future will go down there could be a tight situation where your products actual performance has exceeded the expected performance and then in that case that consumers will feel delighted and you will be very satisfied with your product and then he will most likely will have if you go for another purchase he will repeat the purchase and many a time it is also possible to the other consumers also related with this post parties evaluation is a concept

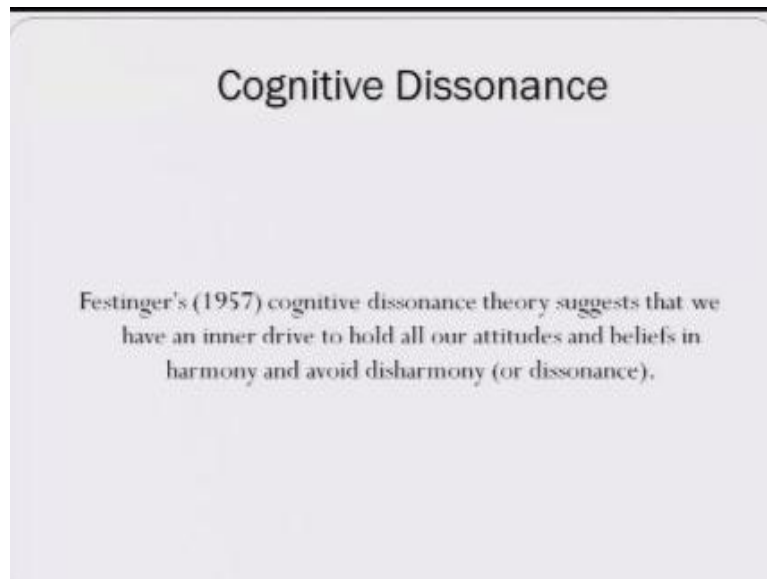
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Is not something which is very important from a marketing perspective is that businesses towards cognitive that knowledge and Dissonance basically a contradiction so contradictory knowledgeable basically if you can say that so it is in the form of two contradicting believe that the consumer develop because of the purchase just a for an example I will explain to you the cognitive dissonance in a way that I was consumed particular kind of food or I was consuming a particular brand of noodle suddenly that noodle brand gets into a sort of trouble that it has a certain ingredients which were not good for the health.

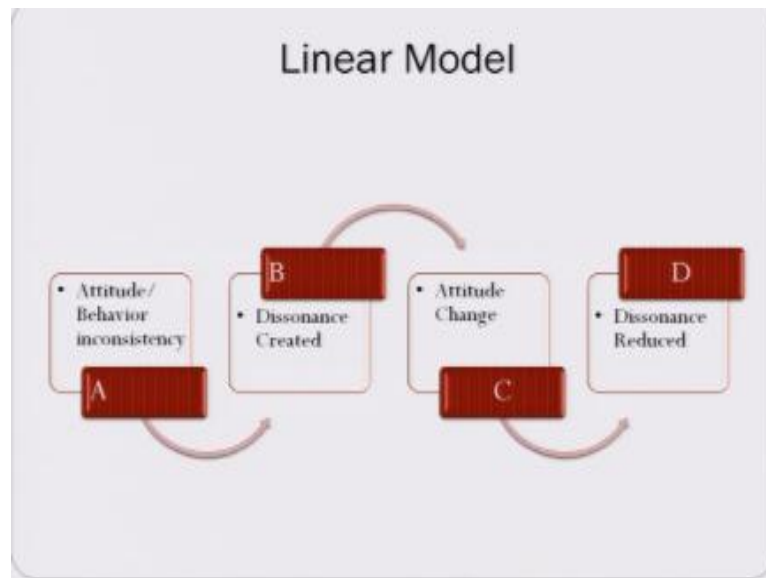
Though this process of basically experimentation with the content of the food and all the legal and regulatory process will go on but consumers will be feel distressed because of the various reports that comes into the media and then the doubts could develop and people started talking that this product is not good so you want to eat something because you were eating it for a long time and at the same time you know if it is not good for health at least at that particular point of thing that you start thinking that it might not be good for health but these are basically the controuducting thought and they will create a mental basically distress kind of situation mental distress whichever consumers will not like two purchase.

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Dr. Shashi Shekhar Mishra: And there is a general tendency among the consumers to reduce basically any such type of cognitive dissonance in then

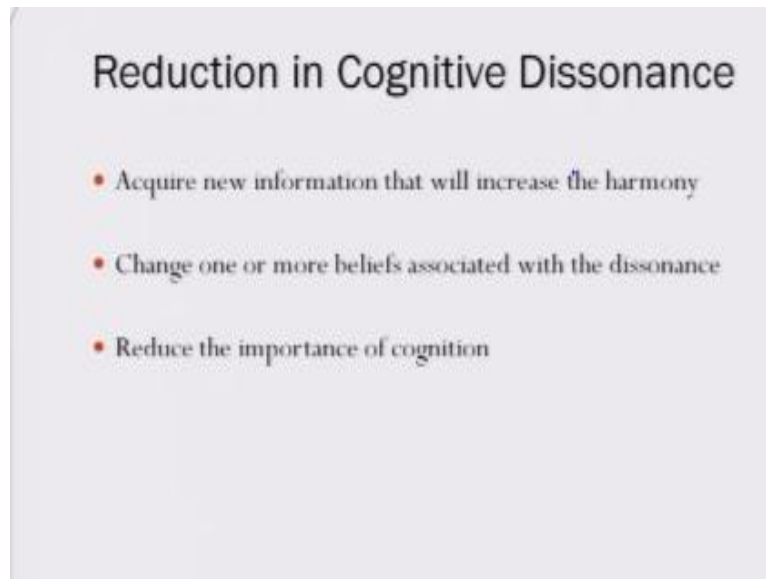
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Dr. Shashi Shekhar Mishra: In themselves so to explain this cognitive dissonance model basically a lean ion model how it happens is you basically have a attitude behavior in any consistency because of the purchase because two different are contradicted Touch comes into your mind then basically dissonance is being created in your mind and what happens is to resolve that residents are distressed stays you change your attitude either you basically stop eating that type of noodle are you will start ignoring the basically the negative believe are thoughts which are coming against that noodle.

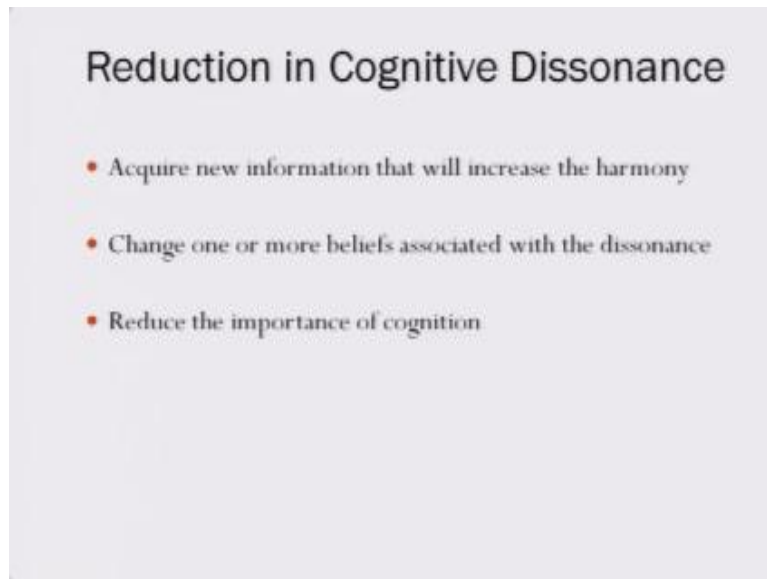
So basically that is attitude change and the result of this attitude changes that dissonance is basically reduced

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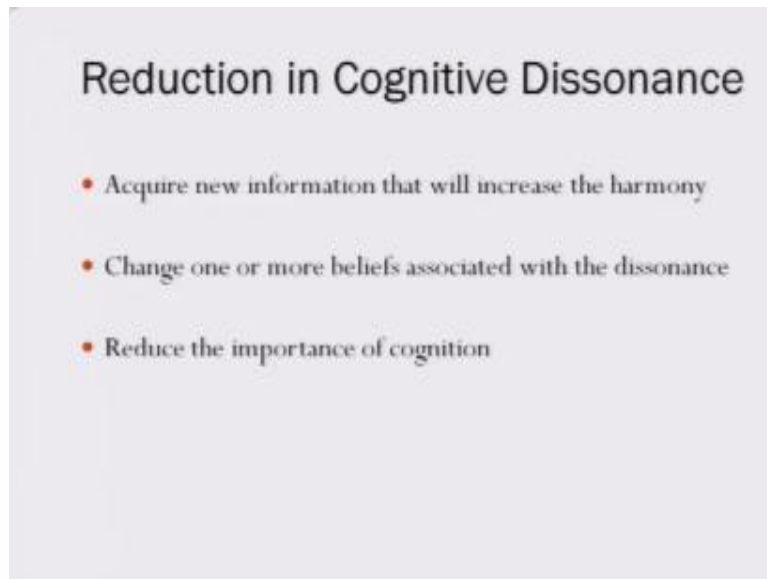
Dr. Shashi Shekhar Mishra: So there are basically three where major ways in which the cognitive dissonance kids is reduce is that you acquire new information that will increase the Harmony so you go farther and It could not work in both way you can stop consuming the product are you still consume but you are able to remove the negative thoughts by acquiring .

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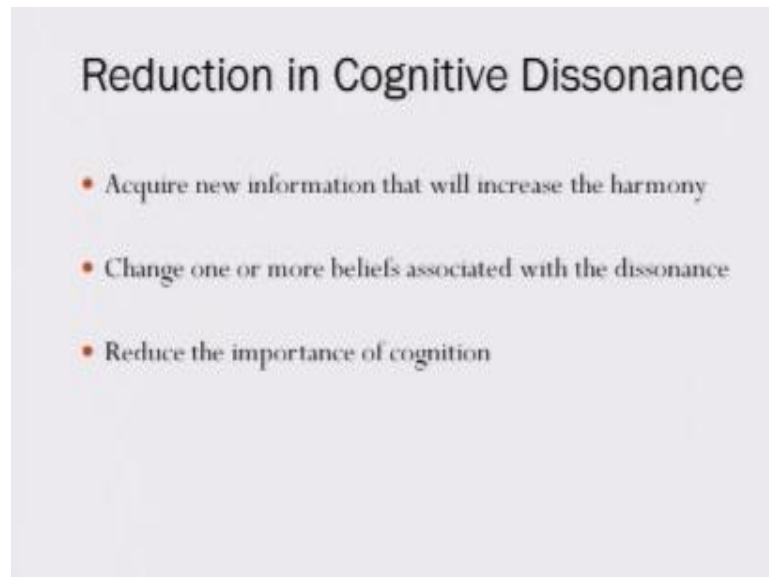
Dr. Shashi Shekhar Mishra: new information you get more research done about the product that basically tells you clearly with this product is harmful and not harmful if the product is not harmful you will feel up here that you are consuming basically something good and you will continue reading that however if you find out that it was not good for health then probably you will get convince and you will stop eating if you are health conscious. The other thing is change

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Dr. Shashi Shekhar Mishra: one or more beliefs associated with their decisions so that is what like either change your belief of this mean harmful are you change your believe that you would like to eat and third thing is that you reduce the importance

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Dr. Shashi Shekhar Mishra: of the conditions so sort of the thing like when you start ignoring the negative news or contradicting thoughts themselves that creates cognitive dissonance so this is about the cognitive dissonance and I have completed all the five full stages of buying process in the context of consumer design -making order we do see process I end session here and we will continue talking about some of the more theories in the consumer behavior in the next few session thank you very much.

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