

**Consumer Behaviour**  
**Prof. Srabanti Mukherjee**  
**Department of Management**  
**Indian Institute of Technology - Kharagpur**

**Lecture - 32**  
**Consumer Decision Making**

Welcome and today we are going to discuss about Consumer Decision Making, so far we have discussed all the individual determinants of consumer decision making and the environmental determinants of the consumer decision making. Now we will integrate all these factors and we will try to discuss about consumer decision making, now this I will go in two parts one part is consumer decision making.

And here I will discuss about different types of consumer buying situations and in the next module I will be discussing about the consumer decision making process the black box model, so this is how these in - these two sessions this particular topic could be taught.

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• Ratan Tata once shared his vision ..

*... 'I observed families riding on two-wheelers—the father driving the scooter, his young kid standing in front of him, his wife seated behind him holding a little baby. It led me to wonder whether one could conceive of a safe, affordable, all-weather form of transport for such a family.'*

Consequently, Tata Motors came out with the innovation of Nano to fulfil the dreams of Indian middle-class aspiring to own a car. On unveiling Nano, Ratan Tata said,

*'We are happy to present the People's Car to India and we hope it brings the joy, pride and utility of owning a car to many families who need personal mobility.'*

So we start with the story of Tata Nano, Ratan Tata once shared his vision, 'I observed families riding on two wheelers the father driving the scooter his young kid standing in front of him his wife seated behind him holding a little baby it led me to wonder whether one could conceive of a safe affordable all weather form of transport for such a family. Consequently, Tata Motors came out with the innovation of Nano to fulfill the dreams of Indian middle class aspiring to own a car.

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### **MORAL OF THE STORY....**

- Therefore, the understanding about the consumers enables marketers to envisage the characteristics of their target market and facilitates them to formulate appropriate positioning strategy.
- In this context, firstly, the marketers should understand the different types of purchase situations and roles the consumers may encounter.
- Similarly, they should also have a clear understanding of the factors that may influence the consumer purchase decision.
- Thirdly, in today's competitive world flooded with numerous options and alternatives for the customers to choose, it is imperative for the marketers to understand the complex consumers' decision-making process in an appropriate manner.

Now, here what is the moral of the story, the moral of the story is therefore the understanding about the consumer enables marketers to envisage the characteristics of their target, what are what is the characteristics of the target market for in this case how the individuals were travelling and or other I will say how the individuals were commuting and what are the problems of this commuting.

What are the problems of this commuting, we have said here itself that there are four members -four-member family and this four-member family is driving in an unsafe way in a single scooter or motorcycle maybe which is very very unsafe problem is they cannot afford a car with the given price of the car at that point of time, secondly even if it is raining or it is scorching heat or it is too cold it is really difficult to travel with heat with this entire this four-member family in a scooter.

So therefore he identified that if I need a safe affordable and all weather form of transport it means it needs a covered body where these four members can comfortably sit but which means a car, now if that means a car then what is the hindrance of buying a car that is their income level

though they aspire to own a car but their income level is actually acting as the hindrance, so therefore we have to make the car affordable.

So that is what I am saying as the moral of the story that you understand what is the characteristics of their target market, what are the hindrance their facing to buy a product and then formulate design the product accordingly prices it and formulate the marketing strategy four piece accordingly so that your device an appropriate positioning strategy.

So in this context first marketers should understand the different types of purchase situations and roles of the consumers may encounter which means is it a habitual purchase that person is going to the shop every time and buy or it is a like a car which is an expensive purchase what kind of purchase it is that's the first decision.

Second what are the roles in the last session I was talking about different kinds of buying rules also where you said that the buyer who is the influencer in this purchase in family buying decision because car is also family buying decision, so in this case I was discussing in the family buying session that you know what can be the who are the influences and what are the motivating factors for each of the influences what is the motivating factors for the decided.

So all these parameters I need to know and then I should have understood the competitive world also, because not only I need to know the roles of the consumers and what are the factors that influence the purchase decision but or what motivates the decision but also I should look at who are my nearest competitors, so then you have to facilitate me that how a customer should choose a my or a particular marketers brand.

So which means you have to give design enough USB or provide enough value from the product so that the decision you you become the competitive and market the customers like a product and they desire to buy a product.

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## CHAPTER GOALS

**After completing this chapter, you will be able to understand :**

- Types of consumer buying decisions
- The consumer black-box model
- Problem recognition process of consumer
- How marketers can utilize the information search process
- How consumers evaluate their choice alternatives
- Consumers' purchase situations
- Post-purchase behaviour and dissonance patterns of the consumers
- Distinction between low- and high-involvement buying decisions

So therefore with this we start with this consumer decision making types.

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## TYPES OF CONSUMER BUYING DECISIONS

### • **Routine response/habitual buying behaviour:**

- ✓ This kind of purchase situation refers to the low involvement purchases like frequently purchased low-priced products. Purchase decisions are often taken when the stock of the product is depleted. For example, a consumer buys a toothpaste pack once the earlier pack is used.
- ✓ Products such as soft drinks, snacks, milk, biscuits, and other low-cost purchases fall under this type of purchase.
- ✓ As these products are purchased routinely, customers are quite aware of the product/brand features and evaluative criteria. For example, the *Colgate* toothpaste is used by many Indian families over the generations.
- ✓ As the purchase involves very low-cost products, consumers do not spend much time and effort to purchase them. .
- ✓ Hence, ensuring the product's availability intensively is the call for these kinds of products, given the high threat of brand switching.

Where we will discuss in the first session about the different types of consumer buying decisions. The first one is the Routine response or habitual buying decisions, now what is this? This kind of purchase situation refers to the low involvement purchases like frequently purchased low priced products. Purchase decisions are often taken when the stock of the product is depleted. For example, when the customer buys the toothpaste - toothpaste pack once the earlier package already being depleted.

Products such as soft drinks, snacks, milk, biscuits and other low cost purchases fall under this kind of purchase situation, all these products are quite low cost customers are purchasing it quite frequently and obviously customers are much aware about you know what are the nature of soft trainings how to consume it. Or what are the benefits of consuming a snack particularly, what is the taste of the particular brand of biscuits and which brand of biscuits is better than the other.

Which brand is better in the sense better with respect to the customer taste bud, so sometimes it may be like a customer is using a brand from generations together like Colgate toothpaste is used by many Indian families across generations. As the purchase involves very low cost products consumers do not spend much time and effort to purchase them it is just like the stock is depleted and I purchase.

So here there is a risk for the - from the marketers point of view what is that risk is see there are risk is twofold, A is as a - as a consumer I will go to the shop to buy a packet of Britannia milk bikis. But in case, in my nearest retail shop this Britannia milk bikis is not available of course, I will not go to go another 10 minutes or 15 minutes to another shop to a buy packet of Britannia milk bikis.

I will not do that, what I will do is I will switch over to a similar brand which is available in that shop for example I may swift to Horlicks biscuits, okay, so this I can do or I can also shift to Tiger biscuits or the similar kind of biscuits from Parle I will do this. So which means there is an high chance of brand switching by the customer because of purchase risk is very less if we switch the brand.

And I find that the brand is not so good then in the next month or in my next purchase just may be next week when I want to purchase another packet of biscuits so that time may be you know I can replace the brand and I can buy the brand which I used to buy. Risk is if I not instead of Britannia milk bikis if I buy Tiger biscuit switch this brand and buy a Tiger biscuits and then start liking it then maybe I permanently adapt Tiger biscuit in place of Britannia milk bikis.

So that will be the threat for the Britannia milk bikis, so this is the first thing in this kind of product from the marketers side they have to ensure enough availability of the product and not only availability the product has to be visible in the shop also. For example, Horlicks foodles, see if Horlicks foodles the major problem of this product not to be very successful in the Indian market probably it could not connect with the proper positions in strategy.

Yes. Because it was saying healthy noodles, but how it was healthy in the promotional message it was not very clear and noodles by default is not so healthy. Now another major problem in this case was that whenever a person used to go to the shop, when we see in the danglers or in the front rows we always used to find Maggi or Top Ramen this kind of maximum UP are this kind of brands, Horlicks foodles was hardly visible so the customer has to go and ask the man.

You know shopkeeper that do you have this Horlicks foodles, so this used to create a kind of problem. Because the customer - before this kind of product they may just say that you know give me a packet of noodles, or at times you know for this kind of products like whenever even you are buying a Top Ramen, the customers most of them saying give me a packet of Maggi which ever brand of noodles is available the marketer - the shopkeeper gives that only.

And the customer feels that they are buying Maggi only because Maggi has almost become a generic brand. So this kind of problem may happen and for that reason the product may not be even if the product is good it may not be sold you know, so this is the kind of problem another problem is in this case customer sees the chance of brand switching is very high, the extend of promotion the frequency of promotion or other in advertising terms, we say the number of impressions, it is making, okay the number of exposures actually.

So this also has to be more, so that the - the brand stays in the top of the mind recall of the customers and that is the reason for soap and all this say for example I even talking about Boroplus or even I am talking about Navratna oil are these kind of products where the involvement level is low cost products where the involvement level is very low and there is a high chance of brand switching.

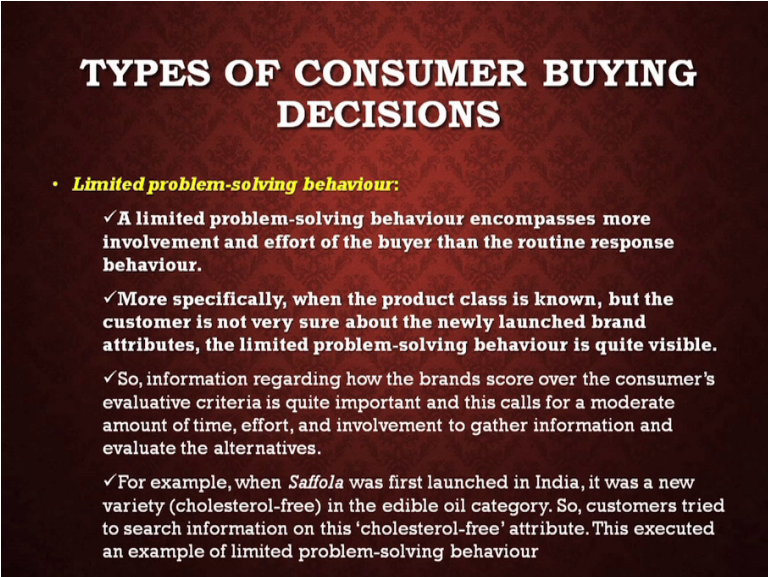


And not only brand switching customers may not remember the brand you have promoted and whichever they find in the shop, kind of image when they say or the statement which they say you know they can buy any brand - any brand in that particular price range they sound similar to them.

Especially when you are talking about the bottom of the preimage customers where the level of redress is very low they sometimes you know by the price tag that denote the brands which means they say the give me a 10 rupees hair oil or give me a 10 rupees packet of biscuit, so like this there is high chance of replacement you know by at the shopkeeper level, so there are two things, A you have to ensure the availability as the marketer.

B you have to promote enough so that the customer can at least have the pictorial queue or the visual queue of the product, so that in the shop they can easily connect with the brand and remember it recall it and select it, and third you have to keep the shopkeepers into confidence by proper margin and all that so that the literal level replacement of the brands does not happen against you actually.

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## TYPES OF CONSUMER BUYING DECISIONS

- **Limited problem-solving behaviour:**
  - ✓ A limited problem-solving behaviour encompasses more involvement and effort of the buyer than the routine response behaviour.
  - ✓ More specifically, when the product class is known, but the customer is not very sure about the newly launched brand attributes, the limited problem-solving behaviour is quite visible.
  - ✓ So, information regarding how the brands score over the consumer's evaluative criteria is quite important and this calls for a moderate amount of time, effort, and involvement to gather information and evaluate the alternatives.
  - ✓ For example, when *Saffola* was first launched in India, it was a new variety (cholesterol-free) in the edible oil category. So, customers tried to search information on this 'cholesterol-free' attribute. This executed an example of limited problem-solving behaviour

Next part is the Limited problem solving behaviour, now a limited problem solving behaviour encompasses more involvement and effort of the buyer then the routine response behaviour. More specifically when the product class is known, but the customer is not very sure about the

newly launched brand attributes, then limited problem solving behaviour is quite visible. So, the information regarding how the brands score over the consumers evaluative criteria is quite important.

And this calls for a moderate amount of time effort and involvement together information and evaluate the alternatives. Now when I was talking in the very first session about five stage - simple five stage consumer decision making process. So that time I told about that it is usually five step decision making process starting from need recognition, information search, evaluation of alternatives, purchase and post-purchase behaviour.

So in that case, all these five stages we will not see when we were talking about the habitual behaviour, because in habitual behaviour product is purchased when the products are usually depleted on the choices are already been determined. So therefore you will only have need recognition then you have you know purchase and post purchase behaviour, at the best at this shopping point.

You may have to some extent some evaluations of alternatives that to on the basis of may be shopkeepers opinion or the look or design of the packages, okay. But in when we are talking about this stage that is limited problem solving behaviour at this stage we find all five stages of buying behaviour, why because here the involvement is little more because although you know much about the use of the product.

But you are not sure about the attributes of the brand or how each brand is scoring better than the other band I will just exemplify. Saffola was first launched in India it was a new variety of edible oil that time, now Vivo has been launched as an edible oil and that is also a new variety of edible oil, vivo is saying that if you consume vivo actually you can fight, that fight the particular oil fights against diabetes okay sugar.

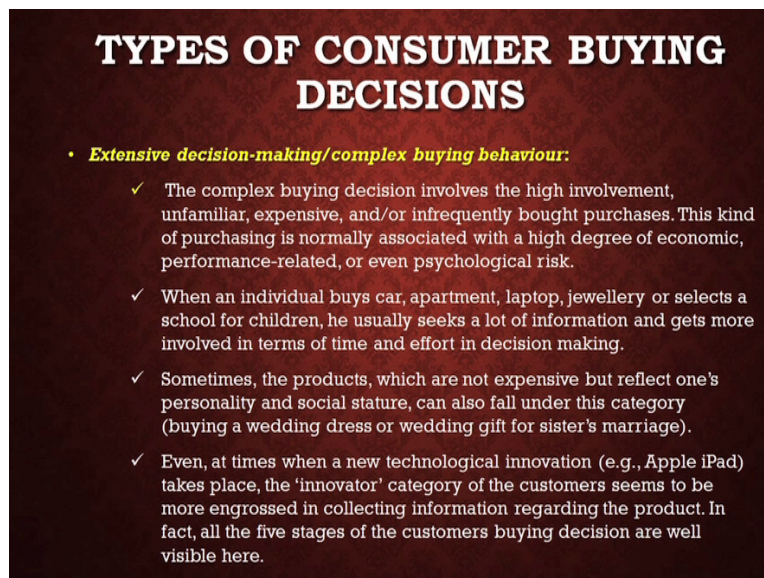
So - so therefore this is very new concept whether edible oil can fight against diabetes or an edible oil can be cholesterol free where oil is supposed to be you know a cholesterol enhancing product actually, so in that case how an oil can be cholesterol free and how an oil can be healthy



and how an oil can be antidiabetic so that needs certain kind of collecting information about this particular brands to evaluate them, okay.

So in this case this is actually we say limited problem solving behaviour many of the shopping goods are also like that.

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## TYPES OF CONSUMER BUYING DECISIONS

- **Extensive decision-making/complex buying behaviour:**
  - ✓ The complex buying decision involves the high involvement, unfamiliar, expensive, and/or infrequently bought purchases. This kind of purchasing is normally associated with a high degree of economic, performance-related, or even psychological risk.
  - ✓ When an individual buys car, apartment, laptop, jewellery or selects a school for children, he usually seeks a lot of information and gets more involved in terms of time and effort in decision making.
  - ✓ Sometimes, the products, which are not expensive but reflect one's personality and social stature, can also fall under this category (buying a wedding dress or wedding gift for sister's marriage).
  - ✓ Even, at times when a new technological innovation (e.g., Apple iPad) takes place, the 'innovator' category of the customers seems to be more engrossed in collecting information regarding the product. In fact, all the five stages of the customers buying decision are well visible here.

Now we talk about different type of buying behaviour actually all five stages of consumer buying behaviour is widely visible so this is known as Complex buying decision making or extensive decision making, this complex buying decision involves the high involvement and familiar expensive are infrequently bought purchases. This kind of purchasing is normally associated with a high degree of economic performance related or even psychological risk.

Why do we say that because it is an high price product so therefore it involves high financial risk in before I want to buy a car and if the car is troubles me after that so which means I have actually bought bad product or selected a wrong product and it is an expensive choice actually so it is performance related also because the performance of my car will actually relate to my performance of going to my workplace also my punctuality to go to my workplace also.

Then even psychological risk because if I buy a too expensive thing and I am not satisfied with it then the level of cognitive dissonance would be very high in me, what is that cognitive

dissonance? That is after you know using the product after selecting a product if the product performance does not match to the expected performance of the product that creates a certain kind of disturbance in the mind of the customers and this is known as cognitive dissonance.

So this is the psychological, issue or the disturbance which happens in the mind of the customers, so when an individual I was saying that especially buying a car, apartment, laptop, jewelry or select school for children, so in this kind of high involvement purchases usually seeks a lot of information and then get involved in terms of time and effort in decision making and then we finally comes to a decision.

And many times this is not also the individual decision many times this is also kind of joint decisions as in family decision making I have discussed this issue, then sometimes the product which are not expensive also that may also become extensive problem solving behaviour it come under this why, because if the product reflects my personality and social structure.

For example, I am buying a wedding dress or wedding gift for my sister's marriage it may not be too expensive, but that may show my social status or that may show the kind of person I am whether I am liberal to give gifts or not or my choice pattern of the gifts so my involvement would be very high (19:20) my sister's marriage so therefore my involvement would be much more because I want to look good.

I want to make people understand that my choice of dress is good, so because it reflects my personality as such, so therefore you know involvement would be very high so it is not necessarily too expensive product, but ideally in most of the cases for all expensive products that decision making is quite complex.

Even at times when a new technological innovation for example say Apple iPad or iPhone 7 takes place the innovator category of the customer seems to be more engrossed in collecting information regarding the product. in fact, all the five stages of buying decision as I told in the limited problem solving behaviour also in this case extensive problem solving behaviour also all these five stages are widely visible.

Now here before going to impulse I would like to say small issue that is sometimes whatever is the expensive - extensive problem solving behaviour for a particular person maybe routine behaviour person other person, a newly married husband wife and their selecting for a travel package maybe that time they two involved in the package because they are not a frequent traveler they are just going for honeymoon.

Or they may once in a year may be they are going for some holiday spending and all this, so their involvement in the tour package could be much more than a B executive who knows that I have to travel to Delhi or Mumbai for my business purpose and only my travel agent decides how to I just say that you know tonight I have to reach to Mumbai or tomorrow morning I need to reach to Mumbai.

And accordingly the travel agent will do the rest and least involved after giving the tasks to the travel agent, so that's what because it is a routine behaviour probably in a month he is travelling 10 times to Delhi or Mumbai or 8 times to Delhi or Mumbai so he is become a habitual buyer of the airlines tickets, so it may be like that.

At some times which may be routine response behaviour for us we cannot think we may assume that it may be a very very limited solving problem solving behaviour or even extensive problem solving behaviour. for some other people for example when I am buying an attire or dress of say 5000 rupees it maybe a limited problem solving for me because okay it is a shopping product I am selecting it or it may be an extensive problem solving behaviour.

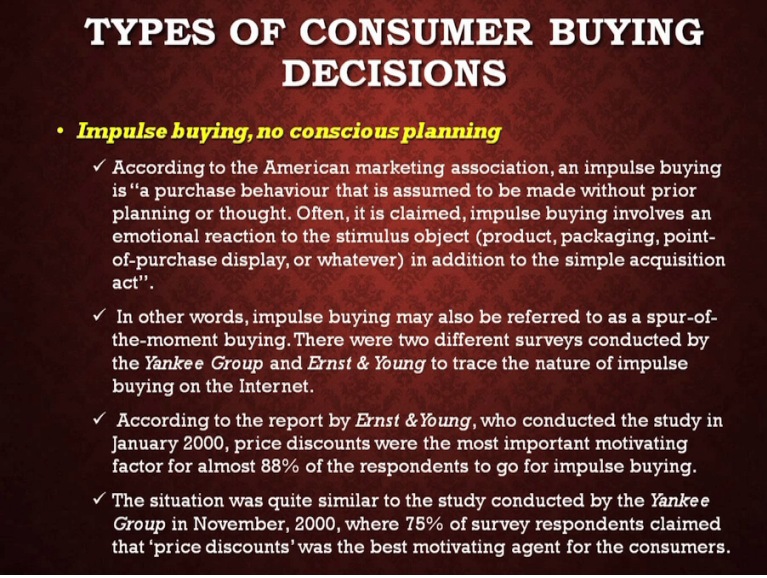
Because it is 5000 rupees dress and it is quite expensive, so I will wear it in some party so I am evaluating it across different shops, across different designs and so on so forth, but there may be people become very high upper income class who might feel that you know 5000 rupees is like nothing, so they may use it for regular wear and maybe when they are going party and all they wearing designers dress which may cost 10000, 15000, 20000 kind of like that.

Sometimes even we cannot think a very small thing toothpaste, if we go to the remotest rural area you see that people are using neem sticks and all, so which means the habit of using toothpaste paste is not so common right, sometimes even they even using of tooth powders, so they use of toothpaste is not so common they feel it is very expensive for their regular use.

So they may think that it is a limited problem solving behaviour sometimes we may buy it or whenever we are going to city for ease of carrying and something we will buy it but that's and vocational purchase for us that time you will get involved and find out which one is best and we will buy that, but regular basis I am not buying it, it is an limited problem solving behaviour for that particular customer.

Whereas we as middle class urban customers for us this using of toothpaste is just a routine response behaviour, so all these thing might happen.

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### TYPES OF CONSUMER BUYING DECISIONS

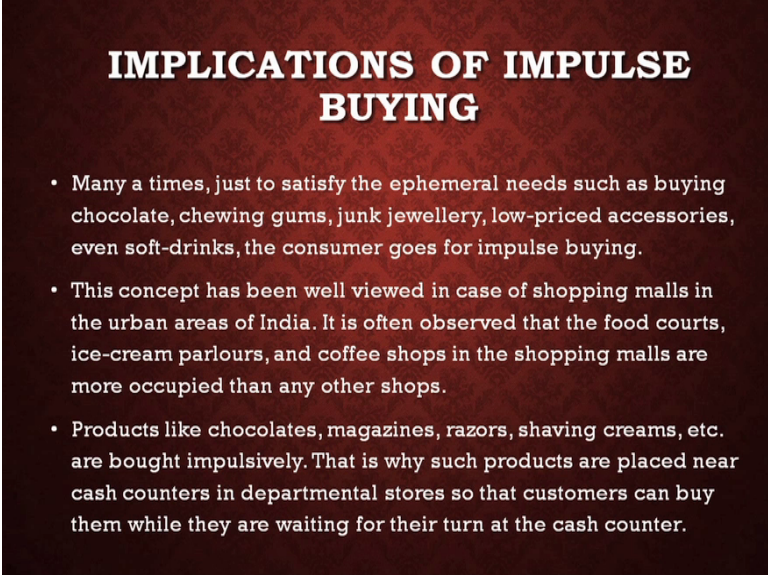
- **Impulse buying, no conscious planning**
  - ✓ According to the American marketing association, an impulse buying is "a purchase behaviour that is assumed to be made without prior planning or thought. Often, it is claimed, impulse buying involves an emotional reaction to the stimulus object (product, packaging, point-of-purchase display, or whatever) in addition to the simple acquisition act".
  - ✓ In other words, impulse buying may also be referred to as a spur-of-the-moment buying. There were two different surveys conducted by the *Yankee Group* and *Ernst & Young* to trace the nature of impulse buying on the Internet.
  - ✓ According to the report by *Ernst & Young*, who conducted the study in January 2000, price discounts were the most important motivating factor for almost 88% of the respondents to go for impulse buying.
  - ✓ The situation was quite similar to the study conducted by the *Yankee Group* in November, 2000, where 75% of survey respondents claimed that 'price discounts' was the best motivating agent for the consumers.

Now I am talking about different patterns that is Impulse buying and this is no which involves no conscious planning, so according to the American marketing association, an impulse buying is a purchase behaviour that is assumed to be made without prior planning or thought. Often, it is claimed that impulse buying involved an emotional reaction to the stimulus object product packaging point of purchase display or whatever in addition to the simple acquisition act.

So in other words impulse buying may be referred as spur of the moment buying. There were two kind of surveys conducted by Yankee group and Ernst and Young to trace the nature of impulse buying on the Internet. And according to the report of Ernst and Young who conducted the study in January 2000 price discounts were the most important motivating factor for almost 88% of the respondents to go for impulse buying.

The situation was quite similar to the study conducted by Yankee group in November 2000, where 75% of the survey respondents claimed that price discounts was the best motivating agent for the customers.

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### IMPLICATIONS OF IMPULSE BUYING

- Many a times, just to satisfy the ephemeral needs such as buying chocolate, chewing gums, junk jewellery, low-priced accessories, even soft-drinks, the consumer goes for impulse buying.
- This concept has been well viewed in case of shopping malls in the urban areas of India. It is often observed that the food courts, ice-cream parlours, and coffee shops in the shopping malls are more occupied than any other shops.
- Products like chocolates, magazines, razors, shaving creams, etc. are bought impulsively. That is why such products are placed near cash counters in departmental stores so that customers can buy them while they are waiting for their turn at the cash counter.

Many a times just to satisfy the ephemeral needs suggest buying chocolate, chewing gums, junk jewelry, low priced accessories, even soft drinks, the consumers go for impulse buying. Now this concept has been well viewed in case of shopping malls in the urban areas. It is often observed that food courts, ice cream parlors, coffee shops in the shopping malls are more occupied than any other shops.

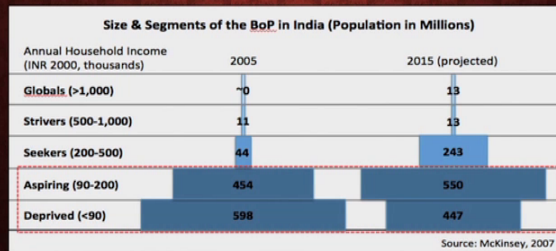
Products like chocolates, magazines, razors, shaving creams, etc. are bought impulsively many a time. And that is why such products are usually placed near the cash counters in the departmental stores, so that customers can buy them while they are waiting for their turn at the cash counter.

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## IMPLICATIONS OF IMPULSE BUYING

- Moreover, the transition of the Indian society from the pyramidal to the diamond structure, the potential growth in GDP, and the increased purchasing power are also some of the contributing factors for the rise in impulse buying.



The moreover, the transition from the Indian society from the pyramidal to the Diamond structure the potential growth in GDP and the increased purchasing power are also some of the contributing factors for the rise in impulse buying. As we see a Mckinsey survey of 2007, where we can see the aspiring section here from 2005 and this was the projected figure of 2015 where we see that there was a considerable increase.

And there is a decrease in the deprived sectors and for the seekers it was even high and actually in reality also the project the fact was observed in 2015 was not much different.

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## HOWEVER.....

- The categorization of routine, limited problem solving, and extended problem-solving behaviours varies across the type of customers also.
- For example, for a busy corporate executive, travelling across the country and thereby purchasing air-tickets and selecting hotels may appear to be the routine responsive behaviour, so it is quite obvious that he/she might have an association/tie-up with a fixed travel agency to take care of his/her travel plan. But selecting hotels, buying air-tickets, or even selecting a travel agency for the purpose may be the complex buying behaviour for a teacher couple planning their honeymoon tour.
- Keeping all these buying patterns into consideration, the next session focuses on the 'consumer black-box model' envisaged by Professor Phillip Kotler in 1990. This model depicts the human mind as a black box containing all facets that come into play to arrive at a purchase decision.



So here one more thing I would like to say about the impulse buying is about a very short story, that some what happened sometimes for the impulse buying products since you have to keep it on display the problem happens like this that if the product is not visible the customers might not buy it because buying it out of impulse, for example when a child wants to buy chocolate usually it demands when it finds it in the counter, over the counter.

So now in India there was a particular problem in the Railway kiosk for example this places where India as we know is a very summer prone country, so here the chocolates used to get melted in the summer, now if you keep the chocolate in the refrigerator then it will not be visible to the child and it will not demand, because this product is purchased based on impulse only.

So the solution designed by the marketers was basically the transparent door refrigerators where you can keep the product cool as well as the product is visible also, so these are in short the five four stages or the four types of buying situations so keeping all these buying patterns into consideration. In the next session we will discuss about the consumer black box model of Philip Kotler which he has propounded in 1990. Thank you.