



# Customer Decision-Making Method and the Effect of Promoting on the Final Buying Decision

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## Abstract

The paper aims to explain the consumer decision process and evaluate the various marketing channels used by the firms to influence the decision process of the consumer. The first part of this paper critically reviews the customer decision process by analysing the stages of the process which are a) Problem recognition b) Information gathering c) Evaluation of alternatives and d) Customer purchase decision. Subsequently various patterns of buying behaviour formed as a result of the purchase decisions made by the customer in the case of products are explained. The second part seeks to look at the efforts on the part of the marketer to market their product including advertising, packaging, pricing, differentiation and product distribution.

**Keywords:** Consumer, Habitual Buying, Value, Variety Seeking, Pricing, Effect of Marketing

## 1. Introduction

Now that we have completed an assessment of the factors which influence the consumer's decision making. We shall proceed to the actual decision process and how the decision process takes place in consumer households. Post the study of factors, the marketers must try to trace the whole buying process and it starts with determining who makes the buying decision. Kotler (2008) finds five roles in the decision making exercise which are a) Initiator –the person who suggests the idea to the prospective consumer b) Influencer –the person who influences the purchase c) Decider –the person who decides on the product d) Buyer –the person who makes the purchase and e) User –the person using the product. It is very important for the marketers to know who is what in this chain of roles within a community. For instance, in the village scenario, the sarpanch or the headman may be a key influencer for a group of families. Kashyap and Raut (2010) agree that opinion leaders exert a much greater influence and they influence and initiate for a range of products that reflect their lifestyle and social status within the society. They act as the 'trend setters' and the positive word of mouth and the marketers need not look much further to try to make giant leaps in their rural sales. But this is again complicated by the existence of rural brands which have dominated the scene and the influencers and initiators may be reluctant to change their behaviour unless the benefits become very clear.

We should come down to the decider and buyer once the stimuli have been created by the influencer or initiator. An analysis of the decider in the Indian context throws up very interesting questions. Firstly, the cultural factors and the male dominance from the hierarchical social stratification has not completely gone away in the Indian society. Pradeep Kashyap (2005) comments that men make the decision due to the lack of mobility of women in rural India but the urban picture is different with involvement from wife and children and purchase decisions. Freda (1995) observed that for the purchase of consumer durable goods, the family members together decide on the product to be purchased, brand and shop. Decisions may usually be taken by women in the case of products that they use and it presents the marketer with the hard task of trying to gauge the percentage of situations where the buyer is different from the decider. If the decider is different, it may not be a good strategy to communicate to the buyer because he/she will have no say in further purchase of the product. It is worth noting that user also may be different in the rural economy as the males normally buy goods for the children and the women to use and this dynamic is further complicated in joint family scenarios.

## 2. Consumer Buying Behaviour

Looking at the behavioural patterns shown by consumers would be a good way for a marketer to understand the needs of the consumers, how consumers take decisions and how these decisions manifest into brand

choices over a longer period of time. There are various types of consumer behaviour which the consumers exhibit. They are:

### **2.1 Complex buying behaviour**

Consumers exhibit complex buying behaviour for high-involvement products like high-priced consumer durables. The consumer goes through the whole process of identification of the problem, consultation and assessment of the factors and the alternatives in the brands for the product. We found that Sirgy (1972) explained how complex the understanding of the motivational factor can prove to be in the analysis of factors influencing consumer behaviour. Skinner (1990) opined that when a consumer purchases an unfamiliar expensive product he uses a large number of criteria to evaluate alternative brands and spends a great deal of time seeking information and deciding on the purchase. The type of decision making used varied from person to person and from product to product. However, when it comes to the evaluation of alternatives, Bettman (1979) feels that customers rarely analyse the complex alternatives in decision making and apply very simple strategy.

It has usually been observed that the more expensive and infrequent buys like consumer durables make the consumers want to go through a long process before making the purchase decision. First, the consumer would develop beliefs about the product and this is where the opinion leaders and initiators. According to Kotler (2008), the marketer has to make the pitch with regards to the more important attributes of the product. The marketer should seek to assist the buyer in understanding about the major attributes of the product and track the information-gathering sources of the consumer.

### **2.2 Dissonance Reducing Behaviour**

This is where the consumer shows the tendency to buy very quickly. The advertisements can have a very sudden impact on these buyers the products may not have much difference in their character like mattresses and other furniture. The marketers need to just focus on the element that creates an impression in their minds about the product as they tend to stick on to the same product if they satisfy their primary belief and don't have many 'dissatisfiers' in their features. The marketing strategy should be to make sure that the consumers feel good about the choice they made as they make the choice before acquiring the beliefs. Since buyers in developing countries would not show likelihood to experiment too much unless the brand has too many dissatisfiers, it is important that the marketers focus on the positive aspects to make them feel good and persuade a good word of mouth for the product.

### **3.3 Habitual Buying Behaviour**

We do have many products especially the low involvement, inexpensive, fast-moving consumer goods with low involvement where consumers develop habits in their buying behavior. Consumers donot form a strong positive belief about a brand but they go by how familiar they are towards the brand. They may not even be bothered too much post-purchase because the product is not a high-involvement one because of the inexpensive nature of them. It could be argued that the income constraint facing the Indian consumer is so much that they will be trying to gain value out of every penny they spend. But we should look at the relatively inexpensive goods in the consumer basket that have the characteristics of a product where you could build a habitual behavior. However, we have to recognize that the considerations for 'involvement' would vary depending on the context or circumstance and the context would be consistent with the factors affecting consumer behavior in the region under consideration. Jayasankar (1995) while examining the performance of BPL found that despite the minor role played by impulse in the purchase decision of consumer durables, emotional involvement had also been found important in recent years. Involvement here refers to the personal relevance or importance of a product or service that a consumer perceives in a given situation. Kotler (2004) explains that marketers are better off using price promotions as the consumers do not have particular attachment to a specific brand. He goes on to list four ways the manufacturer could use to attract customers to their products. They could link the product to an issue (like sunburns or lack of skin tone) link it to a personal situation design the advertisement to trigger emotion they add a distinguishable feature to the product W.K.Sarwade (2002) and S.Kulloli (1995) agree that price is indeed a major concern for rural consumers. So, we can assume that habitual buyers of products are going to be influenced by price and sales promotions especially in the fast moving consumer goods sector.

### **3.4 Variety Seeking Consumer Behaviour**

Some low involvement products are however characterised by great differences in brands available for consideration with many different attributes and benefits. It is estimated that consumers especially consumers who are open to experimental consumerism switch a lot between different brands. Marketers need to be open to the needs of the consumers by ensuring that their products are in stock in areas where variety seeking behaviour is predominant. Variety seeking behaviour is encouraged through advertising and also free offer of samples. The offer of free medical samples is a very relevant example as the products have different brands and the consumers may look for newer products in the health sector. Differentiation within the brand

is very important as customers are very receptive to the idea of variety in the product that they consumer and not variety necessarily in terms of the brand.

#### **4. Customer Decision Framework**

Before we conduct an analysis of the various factors directly affecting the buying behaviour of consumers, the process of consumer decision making needs to be explained briefly. It is to be noted that not all the products strictly go through the whole process of consumer decision making)

a) Need recognition -When the buyer recognizes a difference between the ideal state and the actual state due to the stimuli created by his own though process or external stimuli, he may decide to act on it by taking his interest further. The marketer should draw the consumer's attention to potential needs which would take the consumer to a higher consumption level within his income constraint.

b) Information search –On recognising a need, consumers try to gather information on the different alternatives. Sarangpani(2008) claims that information search is a more critical process for durable products as compared to non-durable products. Kotler (2008) in his analysis of the different types of buying behaviour explains the difference between the length of information search between low involvement and high involvement products. There are many sources for the consumer to gain the required information for the product category. They can be classified as personal, commercial, public and experimental or handling. Personal sources are usually family, friends and other acquaintances. Nelson (1970) concludes that personal sources are more trusted for experience goods and not non-personal search goods. Commercial sources would be advertising, salespersons, dealers, packaging and displays. Public sources include media like the internet and standards organisations. For a consumer, the experimental sources are the experience of handling or using the product once. Experience would in turn lead to the consumer exhibiting behavioural patterns with that product. Anderson et al (1979) has highlighted the inverse relationship between the amount of product experience and external search. So the more experience a user gets, it is reasonable to assume that he is more likely to stick to it and restrain from external alternative search.

#### **5. Advertising and Promotions**

Advertising and packaging exert a great deal of influence in the buying habitsof consumers around the world. Bhavani Prasad and Sitakumari (1987) found that advertising is a major influencing factor in the customer's decision process. Advertising can be used to create brand images and appeals about a brand especially when it becomes hard to differentiate between their functional values and attributes (Belch and Belch, 2003). Traditionally, functional value is presumed to be the primary driver of consumer choice. This assumption underlies economic utility theory advanced by Marshall (1890) and Stigler (1950) and popularly expressed in terms of "rational economic man.". Chiu et al (2006) identifies advertising strategy as one of three central strategies along with product and marketing strategy. By identifying the dominant function of a product (i.e., what benefits it provides), marketers can emphasize these benefits in their communication and packaging. Advertisements relevant to the function prompt more favorable thoughts about what is being marketed and can result in a heightened preferences for both the ads and the product, (Solomon 1996;160).

In terms of advertising, you could use print or electronic media to get your message across to the buyers. K.R.I SathyaSundaram (2002) in his study on washing machine advertising in India comments that the rural population is being influenced by television advertisement campaigns. This could be because of the lower literacy rates and also about visual representations getting more selective attention in the rural context. All the factors that influence consumer behaviour should be considered in the designing of communication strategy of a given product. BertilNaslund (1979) suggests the usage of the consumer bahviour theories in the design of an optimal advertisement policy. It is added that advertising policies have more reach in the early life of a product. However, the short-run and long run effects of advertising messages may vary depending upon the context and the adaptability of the marketing strategy to reflect changes in the factors affecting consumer behaviour. Erdem and Keane (1996) observe after running policy experiments that advertising intensity has only weak short run effects, but a strong cumulative effect in the long run. Other factors influencing consumer behaviour like culture and lifestyle need to be captured in advertising strategy formation. Marike De Mooij (2003) warns against the formulation of a global advertising policy for products as cultural differences need to be appreciated. Bigger brands have taken this to heart by having different advertisements in areas depending on the demographics and the social class. For instance, they would use symbols that appeal to African American population when they advertise through media that are predominantly used by those sections of the population. Marike De Mooij (2003) however comments that there are some products including very expensive consumer durables with less number of consumer around the world where converging and standardised marketing policy may work. Advertising has gone hand in hand with the economic situation in India during the post-independence period. William M O'Barr (2008) has identified four stages in advertising post independence. The first stage was between 1947 and 1960 when it served as an outpost of the empire and there was a general lack of creativity. The second stage emerged in the 1960s for around two decades and stressed on cultural identity and creativity. The 1980s saw a third face which left creative advertising strategy and focussed on building

marketing channels. From the 1990s onward, we have seen a complex strategy which is a mix of effective marketing and high levels of creativity.

## 6. Pricing and Distribution

The most important marketing strategy that would influence the most economically rational consumer out there is the price of the product. Rao (1984) considers pricing related promotion to be a very potent marketing strategy for increase in sales and revenue. Marketers need to have a pricing strategy that would work both for the business in terms of the raw materials and other costs and the consumers who would be attracted to buy its product over others. Samiee (1987) lists two reasons why pricing should be an important variable in marketing. Firstly, prices are the means deciding all the major variables including revenue and profits making it vital for the survival and long term prospects of the firm. Secondly, pricing is the only marketing element the company can control without making a large investment. Pricing is therefore a very vital short term tool. Especially in the aviation industry, we have seen pricing wars that have driven the price down drastically in India in the last few months. Many studies on consumer behaviour including Chiu et al (2007) and Kishore and Nabi (1997) have revealed the central role price plays in influencing consumer behaviour. The setting of price is therefore something that should involve the marketer as well if the company needs to stay in touch with its competitors. The pricing strategy of a firm will be largely dependent on the nature of the market the firm operates in. For instance, a firm may pursue a different strategy if it is a monopoly to the strategy it would employ in a competitive market. Another way to respond to the factors influencing consumer behaviour decision process is through the distribution of the product. The channels of distribution can be a good way to integrate the marketing objectives aimed at different sections of consumers. Bowersox and Morash (1989) list eight basic flows that are essential in the marketing of distribution and supply chain. They are possession, ownership, promotion, negotiation, financing, risking, ordering and payment. The article states that marketing strategies of distribution are implemented by forming activity flows. Activity flows therefore need to be organised in a channel of distribution to implement order attributes to satisfy consumer demand and expectations. The distribution channel needs to be managed properly for optimum distribution and for the success of marketing strategies. Weitz and Jap (1995) identify relationship marketing as a means of distribution channel management. Their study revealed three control mechanisms to control and coordinate distribution channels namely authoritative, contractual and normative. Authoritative management involves one party using its power or position to control other parties. Contractual control involves an agreement by the parties or divisions or franchises defining the responsibilities in different stages of the distribution process. Normative control mechanism has the parties sharing a set of principles that govern the activities performed by each arm of the business.

## 7. Conclusion

The customer decision framework is a very important source for a marketer who aims to design the ideal marketing strategy for the firm. There need to be specific research on how each element of the decision process can be influenced by marketing strategies. More behavioural research will also shed light on the psychological and economic motivations behind the thought process of the consumer as he goes through each stage of the process. Also, how consumer behaviour is formed also has a great influence on marketing. For instance, a product or brand which features most in the list of variety seekers will need to design its distribution strategy in such a way that it reaches most outlets in both rural and urban areas. The consumer's behaviour and the decision process are greatly influenced by how the company can create cues and impressions on the consumers. The efforts on the part on the firm to stimulate the consumer and make them consider their product and its benefits are implemented through the firm's marketing strategy. There need to be more context based research and field surveys on how each method of marketing would influence consumer behaviour especially in rural contexts where firms face several challenges to access or establish their stronghold in the market. However, we could conclude that each channel or method has its importance and should be a part of a comprehensive marketing strategy assessing at what stage each method would be taking effect.

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