2) Consumer Decision Making Process

PROBLEM RECOGNITION -
The first stage of the purchase decision process begins with problem recognition (alsc known as category need or need arousal). This is when the consumer identifies a need. typically defined as the difference between the consumer's current state and their desired or ideal state. A simpler way of thinking about problem recognition is that it is where the consumer decides that he or she is 'in the market' for a product or service to satisfy some need or want. The strength of the underlying need drives the entire decision process.

Types of Consumer Decisions -
There are three major categories of consumer decisions nominal, limited, and extended all with different levels of purchase involvement, ranging from low to high involvement.

(a) Nominal decisions: Nominal decisions are often made about low-cost products. They include frequent purchases, purchases from a familiar brand or product, buying that requires low involvement, or little search efforts. If you've been using the same laundry detergent for twelve years, you're unlikely to spend much time researching different brands unless you notice a problem with your existing purchase. In other words, you'll keep picking up the same bottle without thinking about it.
Nominal decision-making doesn't always start off as nominal. Initially, you may have spent weeks searching for a laundry detergent that was within your budget, smelled great, and kept your clothes soft. However, your purchase becomes nominal over time because of your loyalty to the brand you ended up choosing. When purchasing your product is a nominal decision, marketers simply need to perform brand maintenance. In other words:

.Make sure the product is available where your customers are shopping
.Maintain the right pricing structure and introduce new concepts when interest drops
.Create advertisements that ensure memorability for your brand.

(b) Limited Decision-Making: Limited decision-making is a little more involved than nominal decision-making, but it's still not a process that requires in-depth research. Limited decisions are made about mid-cost products, semi-frequent purchases, or purchases from a somewhat familiar brand. They require a little involvement, and perhaps some searching. When customers make limited decisions, they take a small amount of time to ponder over their purchase, but they might not go

online to look for testimonials and reviews. Instead, they could consider their memory of their product, and make decisions based on logical inferences.

For instance, you might go to a store with every intention to pick up a particular brand of juice, but when you arrive you notice that another juice is on offer. Your memory tells you that you enjoyed this juice before, but found it too expensive for your regular shopping habits, so you decide to make a change for a limited time, and purchase the alternative juice instead. While the argument could be made that limited decisions come from a lack of brand loyalty, the truth is that they can be attributed to anything from the novelty of a new product, to a feeling of boredom with an existing shopping habit.

When it comes to addressing limited decision-making, it's important for marketers and brands to examine their customer data, and understand the factors that influenced decision-making and accordingly change their promotional activities and product development so as to make it less likely for people to choose something else.

(c) Extended Decision-Making: Finally, extended decisions are made about higher- cost products, and infrequent purchases. They require a lot of involvement, often center around unfamiliar brands or products, and need extended thought and search efforts to ensure buyer confidence.

For instance, we don't buy a huge flat-screen television every day, so when the time comes to make this kind of investment, we want to know for sure that we're making the right choice in everything from brand to picture quality. Major purchases come with more risk for the customer, and that means that there's more cause to consider things from a deeper perspective. Rather than grabbing the first television you see, or buying one just because it's on sale, you'd generally ask for advice from friends and family, find out as much as you can about different specifications, and spend a substantial amount of time looking up product reviews and testimonials.

When it comes to influencing extended decision-making, the best thing that any brand can do is work on building their positive online presence.

 Types of Problem Recognition -
(i) Out-of-Stock/Natural Depletion: When a consumer needs to replenish stocks of a consumable item e.g. ran out of milk or bread.

(ii) Regular purchase: When a consumer purchases a product on a regular basis e.g. newspaper, magazine.

(iii) Dissatisfaction: When a consumer is not satisfied with the current product or service and seeks to replace it.

(iv) New Needs or Wants: Lifestyle changes may trigger the identification of new needs e.g. the arrival of a baby may prompt the purchase of a cot, stroller and car-seat for baby.

(v) Related products: The purchase of one product may trigger the need for accessories, spare parts or complementary goods and services e.g. the purchase of a printer leads to the need for ink cartridges; the purchase of a digital camera leads to the need for memory cards.

(vi) Marketer-induced problem recognition: When marketing activity persuades consumers of a problem (usually a problem that the consumer did not realize they had). The consciously, and subconsciously, consumed content in traditional as well as social media greatly plays the role of a stimulus for the consumer's recognition of a new need.

(vii) New Products or Categories: When consumers become aware of new, innovative products that offer a superior means of fulfilling a need. Disruptive technologies such as the advent of wireless free communications devices can trigger a need for plethora of products such as a new mouse or printer.

(viii) Fear of missing out: A consumer decides that something is going on that they are about to miss and this drives them to make new purchases that they otherwise wouldn't have made.

Utilizing Problem Recognition Information -
Once the consumer recognizes the type of problem he or she is facing, the consumer utilizes that information to decide whether or not he or she wants to resolve it or do nothing about it. If the consumer chooses to find a solution then he/she moves on to the next stage i.e. information search

SEARCH AND EVALUATION -
Meaning, Types of information, Sources of Information Search
After recognizing the problem or need, buyers search for information about products to help resolve the problem or satisfy the need. Consumers engage in both internal and external information search. Internal search involves the consumer identifying alternatives from his or her memory. For certain low involvement products, it is very important that marketing programs achieve "top of mind" awareness. For example, while searching for fast food restaurants, the consumer must be able to retrieve one's restaurant from memory before it will be considered. If they cannot retrieve from memory enough information for a decision, or when they have no prior knowledge about a product they seek additional information through an external search. For high involvement products, like before buying a car, the consumer may ask family and friends' opinions, read reviews in consumer reports, consult several web sites, and visit several dealerships.
A successful search will yield a set of possible alternatives or a consideration set. Evaluation of alternatives is the third stage in the Consumer Buying Decision process. During this stage, consumers compare, rate and rank all of their product and brand options on a scale of attributes which have the ability to deliver the benefit that the customer is seeking.

Search, Experience and Credence Aspects -Marketing Implications
Marketers use of the Search, Experience, Credence (SEC) classification of goods and services, which is based on the ease or difficulty with which consumers can evaluate or obtain information. These days most economists and marketers treat the three classes of goods as a continuum. Archetypal goods are:

1) Search goods: Those with attributes that can be evaluated prior to purchase or consumption. Consumers rely on prior experience, direct product inspection and other information search activities to locate information that assists in the evaluation process. Most products fall into the search goods category (e.g. clothing, office stationery, home furnishings). Well-informed buyers are aware of the substitutes that exist for these types of products and thus are likely to be more price sensitive than other buyers, unless there exists some brand reputation or customer loyalty. This sensitivity, in turn, induces sellers to copy the most popular features and benefits of these types of products. Price sensitivity is high with respect to products with many substitutes, and since most buyers are aware of their alternatives, prices are held within a competitive band.

2) Experience goods: Those that can be accurately evaluated only after the product has been

purchased and experienced. Many personal services fall into this category (e.g. restaurant, hairdresser, beauty salon, theme park, travel, and holiday). These types of products tend to be more differentiated than search products, and buyers tend to be less price sensitive, especially if it is their first purchase of said product. However, since they will form an opinion after the experience, if it is not favorable, no amount of differentiation will bring them back. Product brand and reputation play an important role in experience products, due to consistency of quality and loyalty. For instance, when customers travel, so does brand reputation, as with airlines, hotels, rental cars, and so forth.

3) Credence qualities: Those that are difficult or impossible to evaluate even after consumption has occurred. Evaluation difficulties may arise because the consumer lacks the knowledge or technical expertise to make a realistic evaluation or, alternatively because the cost of information-acquisition may outweigh the value of the information available. Many professional services fall into this category (e.g. accountant, legal services, medical diagnosis/treatment, and cosmetic surgery). Credence services are more likely than other types to be customized, making them difficult to compare to other offerings. Because there are fewer substitutes to a customized service and there is more risk in purchasing these types of services, price sensitivity tends to be relatively low that is, the majority of customers purchasing credence services are relatively price insensitive compared to search or credence goods.

Situational Influences on Purchase Decisions: There are many factors that affect the consumer buying decision process and one of them is situational influences. Situational influences are external circumstances or conditions existing when a consumer makes a purchase decision. They are temporary conditions that affect how buyers behave whether they actually buy a product, buy additional products, or buy nothing at all. Situational factors include physical surroundings, time, reason for purchase, and the buyer's mood and condition.

(i) Physical surroundings: These include store's design and layout, store location, the music played at stores, the lighting, temperature, and even the smells you experience. For example, grocery stores frequently place bread and milk products on the opposite ends of the stores because people often need both types of products and to buy both, they have to walk around an entire store, which of course, is loaded with other items they might see and purchase. These factors are within the control of the business. However certain physical factors are not under a company's control, such as weather and crowding at stores. Bad weather like heavy rain can be a boon to some companies, like umbrella makers but may prevent other consumers from stepping out.

(ii) Time: The time of day, the time of year, and how much time consumers feel like they have to shop also affects what they buy. Researchers have even discovered whether someone is a "morning person" or "evening person" affects shopping patterns. Companies worldwide are aware of people's lack of time and are finding ways to accommodate them. e.g. If you need customer service from Amazon there's no need to wait on hold on the telephone. If you have an account with Amazon, you just click a button on the company's Web site and an Amazon representative calls you immediately.

(iii) Reason for purchase: The reason you are shopping also affects the amount of time you will spend shopping. Is it an emergency purchase? Are you shopping for a gift? If it's an emergency such as you cut yourself and are bleeding badly, you're probably not going to shop around much to find the best clinic to go to. You will go to the one that's closest to you. Purchasing a gift, on the other hand might not be an emergency situation, but you might not want to spend much time shopping for

it either. By contrast, suppose you need to buy an engagement ring. You could buy one online in a jiffy, but you probably wouldn't, because it's a high-involvement product and so you are likely to buy it physically from a store and spend considerable time choosing one.

(iv) Buyer's mood: People's moods temporarily affect their spending patterns. Some people enjoy shopping. It's entertaining for them. At the extreme are compulsive spenders who get a temporary "high" from spending. However a bad mood or ill health can spoil a consumer's desire to shop.

PURCHASING PROCESS -

Why Do People Shop?
.Usually, a person shops whenever there is a need for something. Or, if a thing catches his eye, he purchases it, with the thought of using it in the future. Some people buy expensive goods and gadgets just because it gives them a good
.feeling and makes them feel rich. People having low self-esteem shop because it gives the impression that they are doing well in life.
.Also, shopping gives a calming influence on some people. After a hectic day, it distracts the person from a negative feeling.
.Some people buy anything given at a huge discount, believing they'll never get such a deal.

Store and Non store Purchasing Processes -
Buyers may either choose to visit a store physically to make a purchase or may opt for non-store purchasing. Although the vast bulk of consumer purchasing still takes place in stores, of late there has been an increase in home shopping.
Store purchasing refers to purchasing that take place in a traditional brick and mortar store. For example if you want to buy a pair of shoes you would visit a store, check out the various types of shoes and their price, try them on and then decide whether to buy or not. Non-store purchasing is the buying of goods and services outside the confines of a shop or store. Online purchasing includes ordering through ecommerce sites such as Amazon, Flipkart, Grofers, or through company websites, teleshopping, direct mail, etc. With the exponential growth in internet and online infrastructure combined with busy lifestyles and convenience, people have taken to non store purchasing. However, store- based purchasing is still the preferred method to shop for a certain population as it allows them to touch and feel the product and try and test it before making a final decision.

Purchasing Patterns -
Purchasing pattern refers to the typical way in which consumers buy goods or avail services encompassing frequency, quantity, duration, timing etc. Numerous patterns influence the buying behavior of the customers:

1)Place or the Location of Purchase: Customers may either prefer to purchase their preferred products by visiting various stores in different locations for comparing the prices and the offers or they may remain loyal to a single store for a very long period.

2) Type of Products to be Purchased and Quantity of Purchase: This essentially implies an analysis of the type of product which a customer will want to purchase and in how much quantity. This will depend on the following factors like:
(i) Buying capacity of the customer

(ii) Product Perishability or durability
(iii) Availability of the product choices
(iv) Customer requirement of the product

3) Frequency of purchase and the time during when a product is purchased: The product purchase frequency and quantity will largely depend upon the following factors:
.The product type
.Customer Lifestyle
.How essential or necessary the product is
.Festivals, Rituals, and Customs
• The extent of influence of the individual who accompanies the ultimate buyer of the product. For example, an average middle-income group Indian customer may have the capacity of going ahead with the decision of purchasing a car for not more than three times across his/her lifetime, whereas an average middle-class customer of USA will buy cars and replace it more frequently.
.**Purchase Methods:** This involves an analysis of the following factors such as:
.Whether the customer is buying the product alone or is accompanied by someone else.
• Whether a customer makes the payment by cash or by way of debit/credit cards, net banking or on a credit basis.
.An analysis of the mode of conveyance of the customer.

Marketers often try to understand buying pattern and its relation with geographical, demographic and psychological characteristics of the consumer. Understanding the purchasing pattern allows the company to decide on strategies for market segmentation, distribution and sales promotions.

POST-PURCHASE EVALUATION AND BEHAVIOR

Consumer Satisfaction -
The post purchase behavior is the behavior of the consumer after he has purchased the product. The post purchase experience may be a set of positive or negative feelings. Positive feeling or satisfaction will result in repeat sales or at least recommending the products or services to others. Consumer satisfaction results when the consumer is happy and satisfied with product.

Dissatisfaction -
If the consumer is not happy with the purchase then it will lead to dissatisfaction. Dissatisfaction or negative feelings will create anxiety and doubts. This state of the mind is known as 'Cognitive Dissonance'. The consumer tries to reduce this feeling by going in for an alternative product in search of a higher level of satisfaction.

Customer Delight -
Customer delight differs from customer satisfaction in one very crucial way: it's about exceeding a customer's expectations, or going above and beyond, rather than just simply providing a satisfactory experience that met expectations. Customer delight can be created by the product itself, by accompanied standard services and by interaction with people at the front line. The interaction is the greatest source of opportunities to create delight as it can be personalized and tailored to the specific needs and wishes of the customer. E.g. Employees of The Ritz-Carlton have been given the power to spend up to $2,000 per guest, per stay to make their Ritz-Carlton experience perfect. This is done without needing to call for a manager or jump through various hoops. It's simply the hotel's customer service policy for ensuring the delight of its guests.

Consumer Complaint Behavior -

Consumer complaint behavior (CCB) can be defined as the responses cause to happen by perceived dissatisfaction which is neither psychologically accepted nor quickly forgotten with consumption of a product or service. If a consumer is dissatisfied with your product or service, they will often complain to others colleagues, family, friends and your business competitors - before they complain to you. Nowadays consumers have started taking to social media to express their dissatisfaction. Dissatisfied customers must be encouraged to complain because the company risks losing that customer who is dissatisfied and does not complain. Firms should try to learn more and more about complaint behavior of the consumers. It will help the companies serve consumers better and improve the service experience

Post-Purchase Dissonance -

In case of dissatisfaction with a product or service, post-purchase dissonance (also known as cognitive dissonance) occurs which creates anxiety and the consumer feels psychologically uncomfortable and regrets the purchase. Some factors that cause dissonance are external pressure, quality and price of the product/service, attractiveness of rejected alternatives, etc. The consumer reduces the negative information received by the following methods:

.Ignoring the dissonance information.
.By selectively interpreting the information.
.By lowering the level of expectation.
.By seeking positive information about the brand.
.By convincing themselves that the purchase was right.
.Returning the product.