

unpacking the buyer decision process

# Products have 3 time zones

## 1. The purchase decision - searching & estimating

- The recognition of an unmet need
- Analysing costs - benefits - risks
- A commitment to proceed postpone or exit
- Forming a considered set of products
- Estimating the value of alternatives [i.e. the qualities]
- Product selection

## 2. The product delivery - experiencing & assessing

- Receiving the total product

## 3. Post-purchase - reflecting & evaluating

- Rewarding or punishing the organisation
- [Disposing]





# Consumers act differently in the different time zones

Search

Experience

Reflect

Purchase  
behaviour

Product  
delivery

Post  
purchase

Estimate

Assess

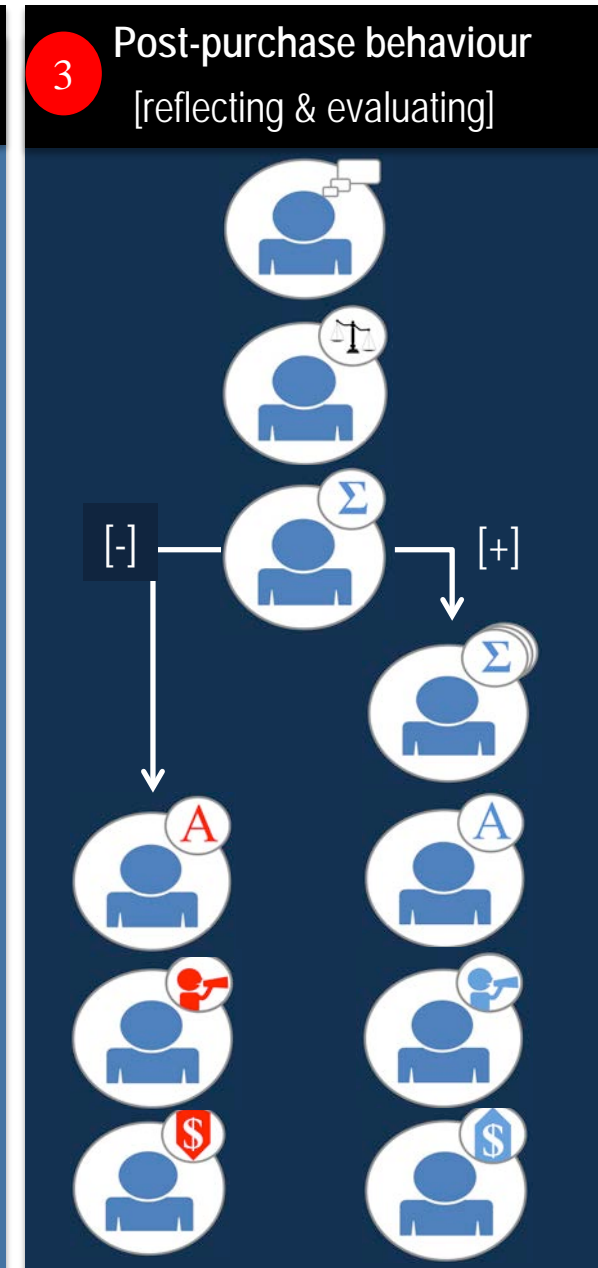
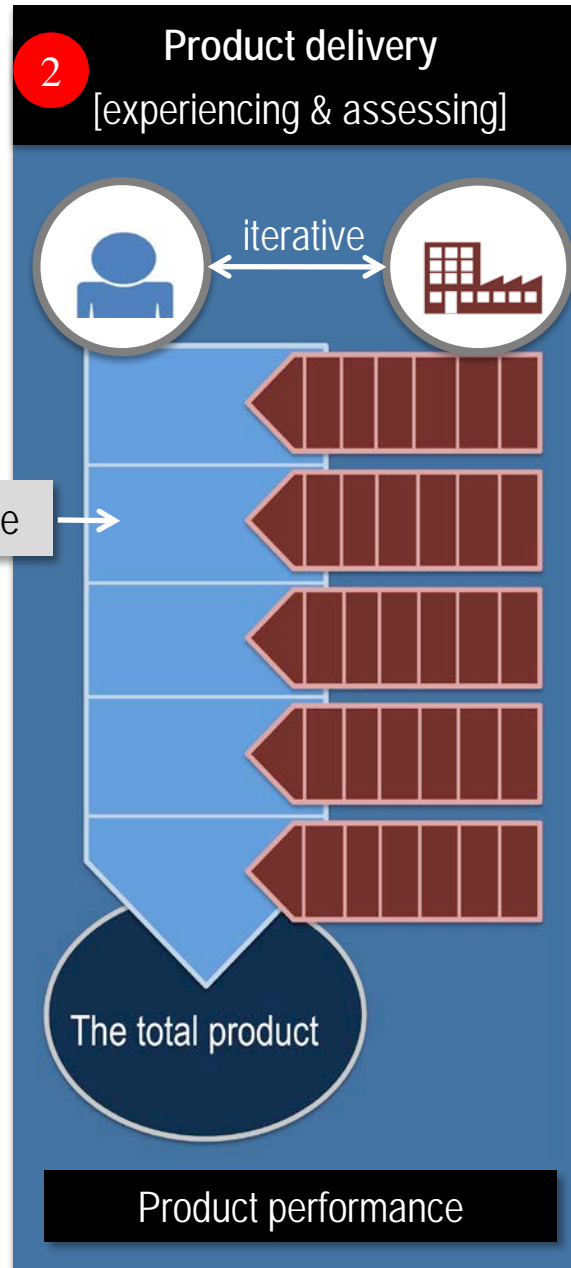
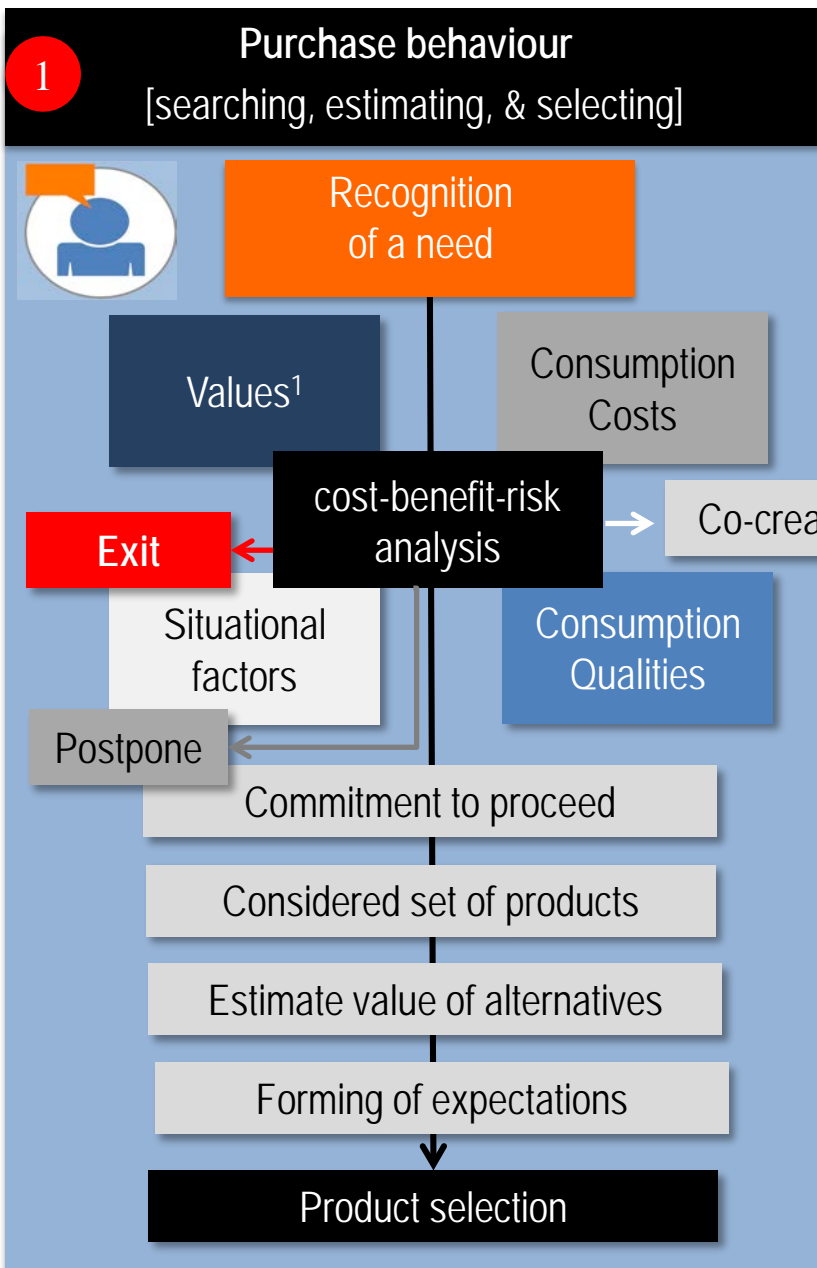
Evaluate

1

2

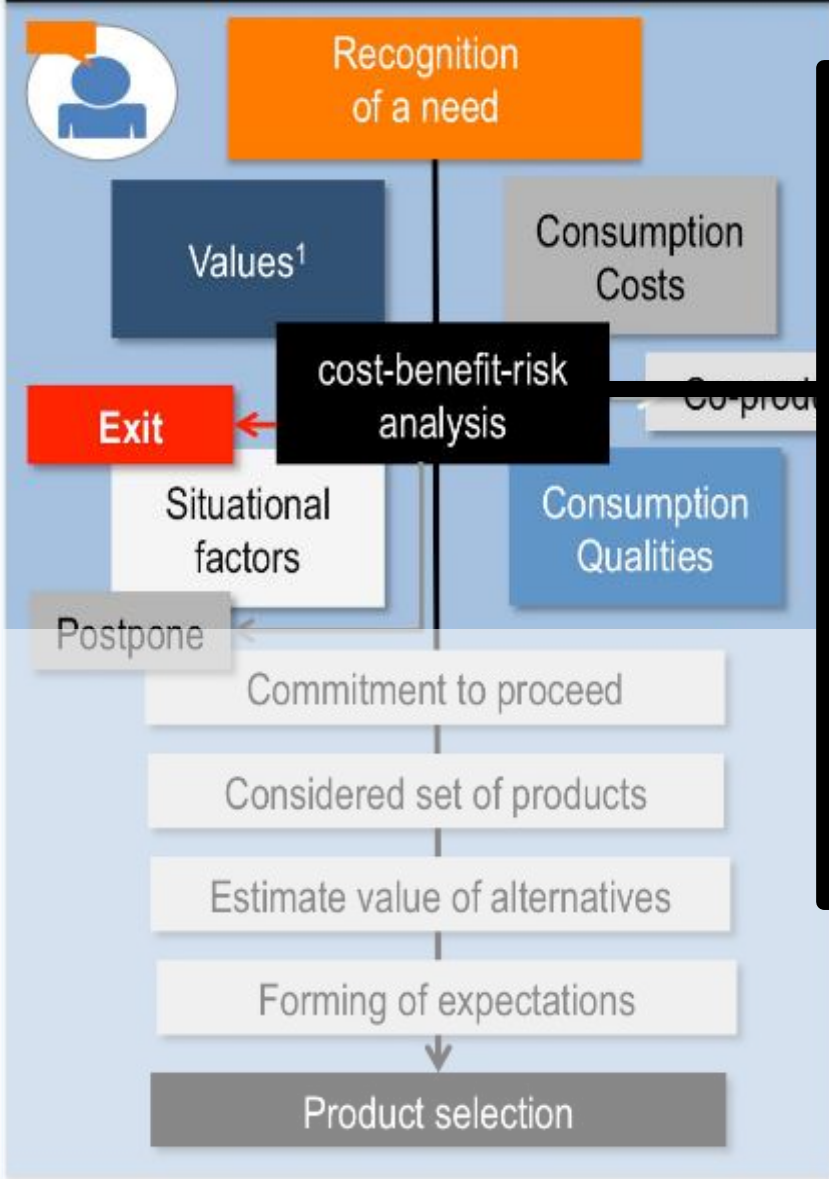
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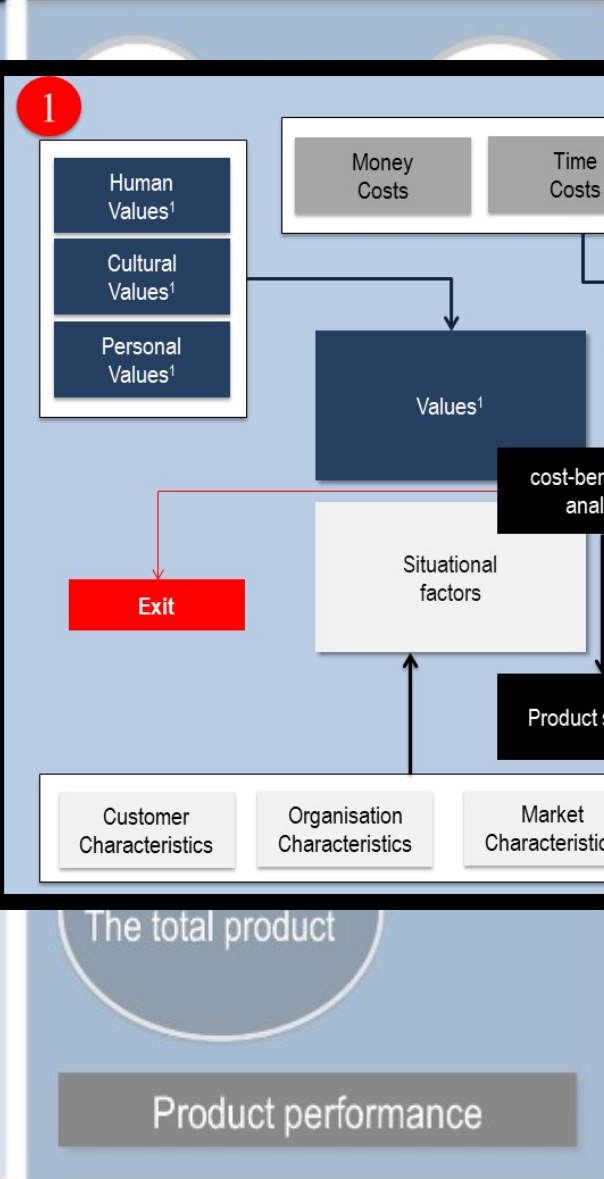


Exchange of money may happen in any time-zone

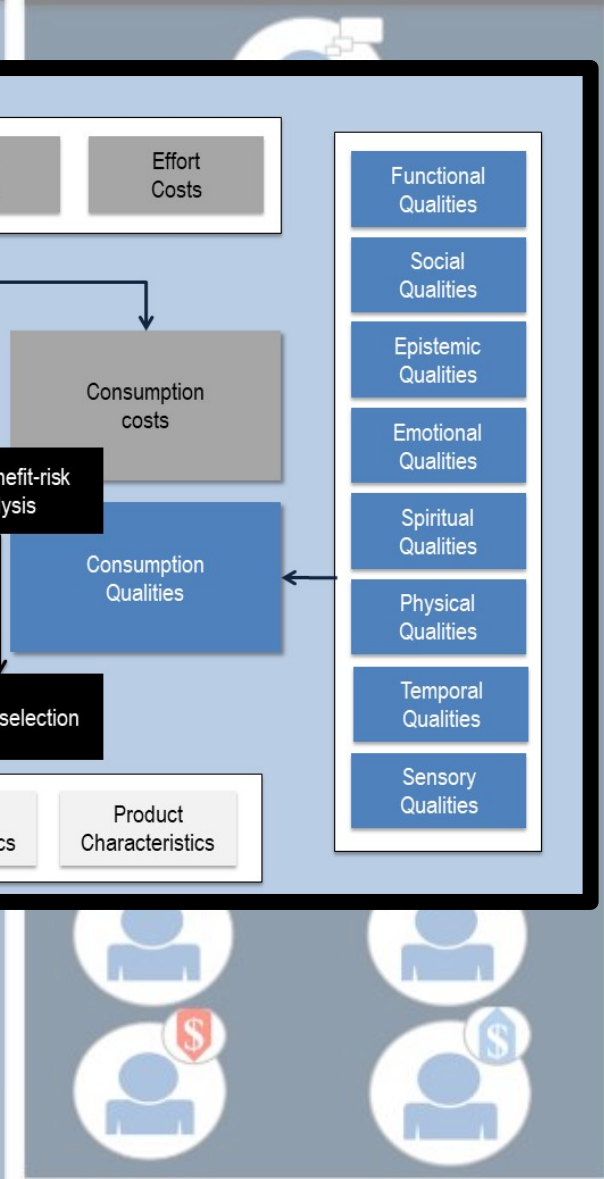
# 1 Purchase behaviour [searching, estimating, & selecting]



# 2 Product delivery [experiencing & assessing]

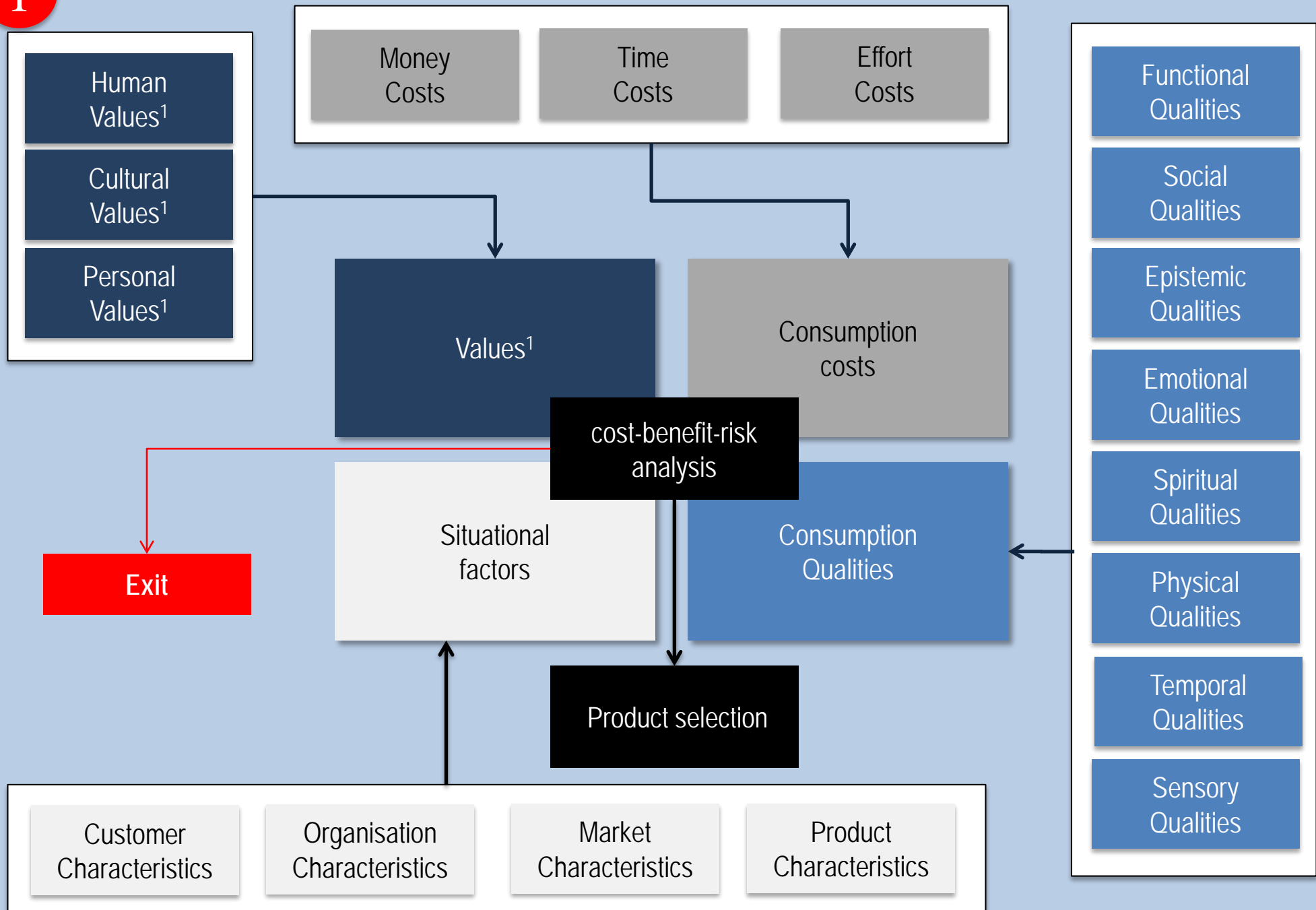


# 3 Post-purchase behaviour [reflecting & evaluating]





1



1

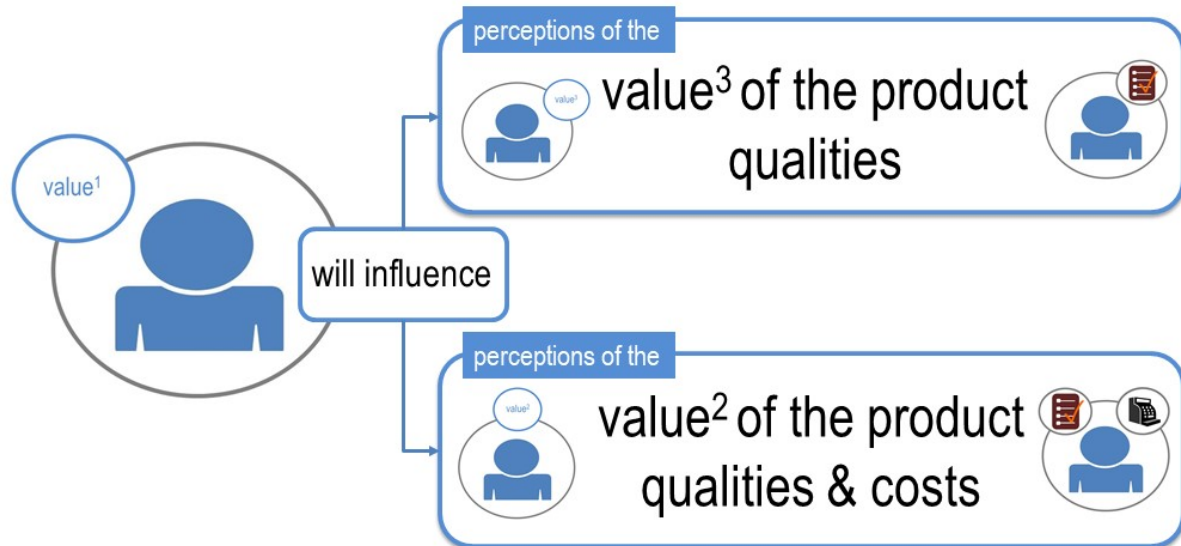
Human  
Values<sup>1</sup>Cultural  
Values<sup>1</sup>Personal  
Values<sup>1</sup>

Exit

a consumer's

values<sup>1</sup>

human &lt;&gt; cultural &lt;&gt; personal



Product selection

Customer  
CharacteristicsOrganisation  
CharacteristicsMarket  
CharacteristicsProduct  
Characteristics

Qualities

Temporal  
QualitiesSensory  
Qualities



value<sup>1</sup>

human cultural personal



Purchase behaviour is about estimating



value<sup>2</sup> for money



Purchase behaviour is about estimating

value<sup>3</sup>  
qualities of value

[e.g., nutritional value of orange juice]

1

Human  
Values<sup>1</sup>

Cultural  
Values<sup>1</sup>

Personal  
Values<sup>1</sup>

Money  
Costs

Time  
Costs

Effort  
Costs

Functional  
Qualities

Social  
Qualities

Epistemic  
Qualities

Emotional  
Qualities

Spiritual  
Qualities

Physical  
Qualities

Temporal  
Qualities

Sensory  
Qualities

Exit

every exchange has a costs benefits risk

# analysis

money + time + effort



+ other factors

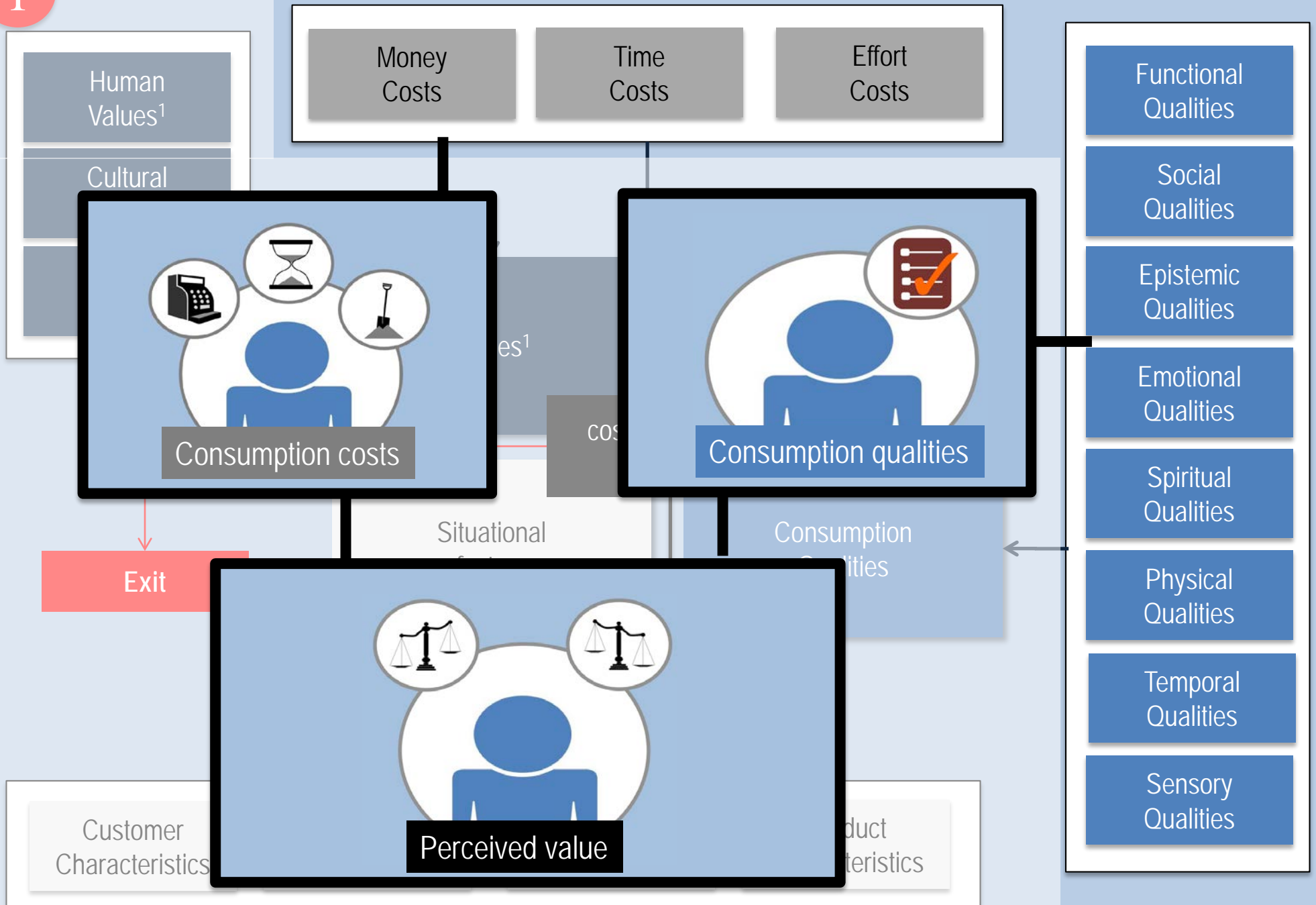
Customer  
Characteristics

Organisation  
Characteristics

Market  
Characteristics

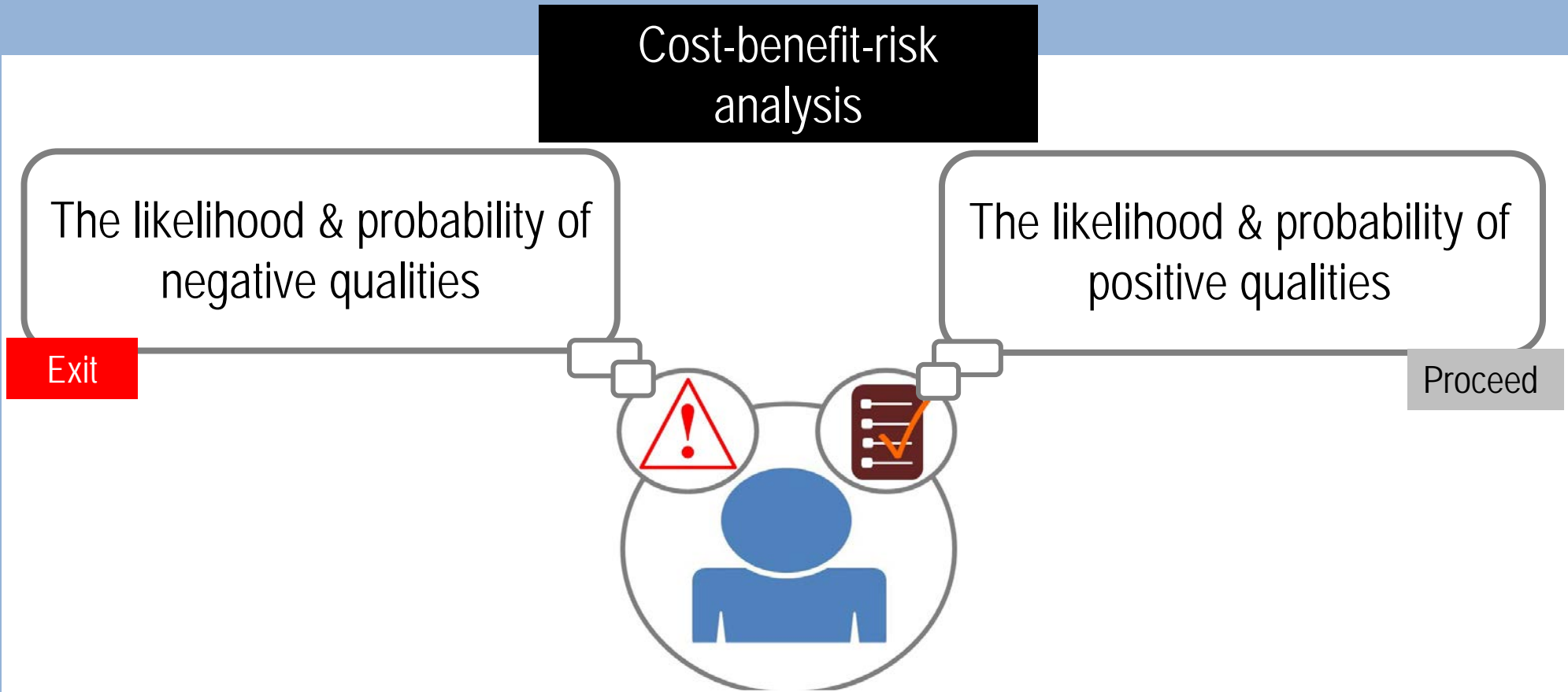
Product  
Characteristics

1





# When evaluating consumers estimate risks



Risk management involves the customer predicting possible negative outcomes & taking steps to reduce the risk of a negative outcome



# Types of risks

- **Financial risk** – concerns regarding monetary/unexpected costs
- **Functional risk** – concerns regarding performance outcomes.
- **Social risk** – concerns about the reactions/behaviours of others
- **Epistemic risk** – concerns about whether there will be something new.
- **Emotional risk** - personal fears and psychological factors
- **Spiritual risk** – concerns about my ability to practice my beliefs
- **Physical risk** – concerns regarding personal safety or injury
- **Temporal risk** – concerns about inefficient use of time
- **Sensory risk** - unwanted assaults against the 5 senses [sensory stimuli]

1



Recognition  
of a need

Enter buyer decision process

Costs-benefits-risk  
analysis

Customer  
characteristics

Organisation  
characteristics

Market  
characteristics

Product  
characteristics

Unacceptable risk

Questionable risk

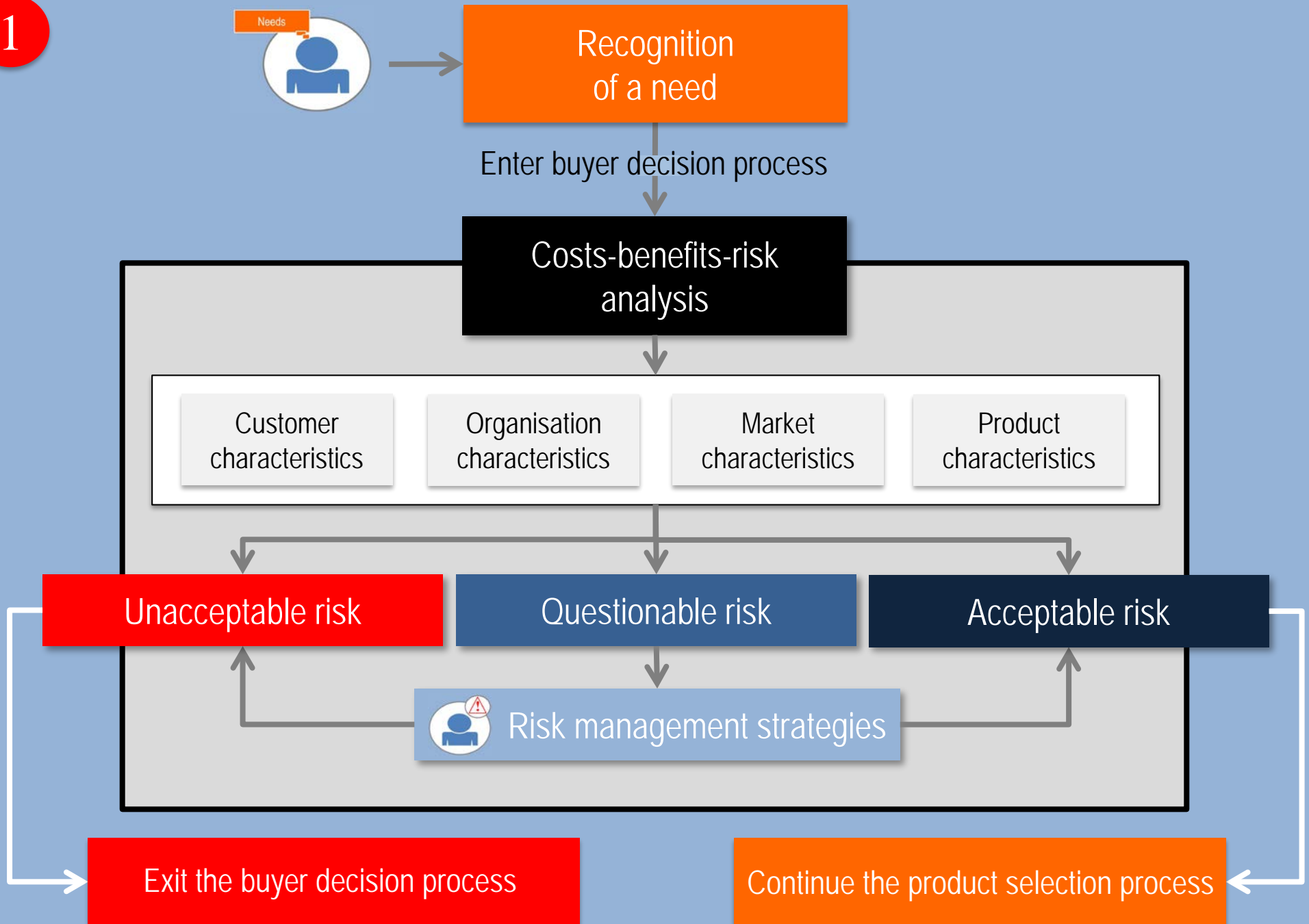
Acceptable risk

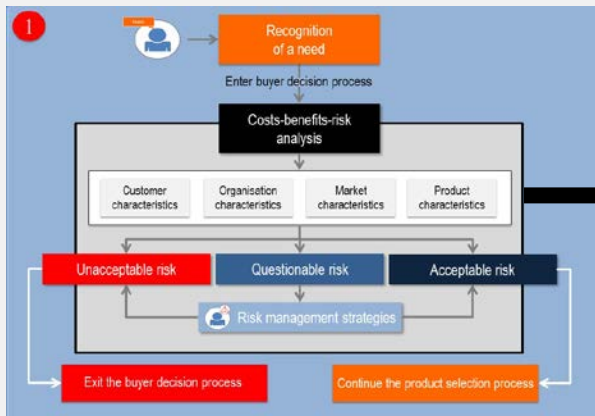


Risk management strategies

Exit the buyer decision process

Continue the product selection process





## Risk & situational factors [COMP]



### Consumer considerations

- willingness and ability to purchase
- ability to sustain a loss
- predisposition to risk
- attitude towards possible loss of face
- decision making ability
- ability to manage risks

### Organisation considerations

- relationship, reputation, possibility of returns, perceptions of trust

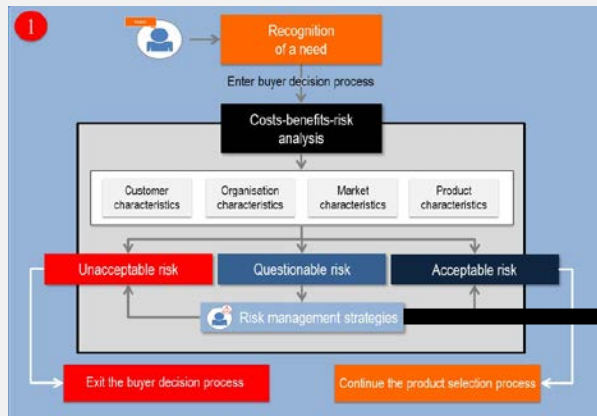
### Market considerations

- prevailing economic conditions
- competitive nature of market
- reputation of industry

### Product considerations

- degree of involvement with the product - reason for the purchase (personal use / gift)
- social visibility of the product (e.g., public or private)
- familiarity, knowledge,
- complexity
- properties [search qualities]

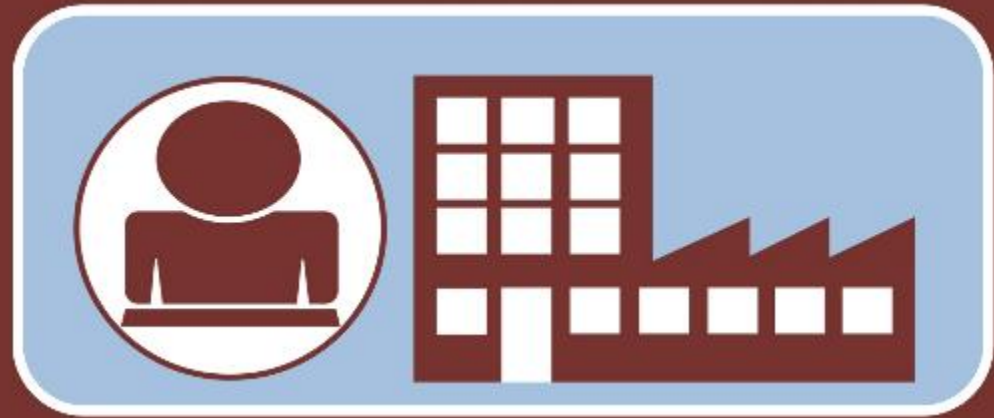
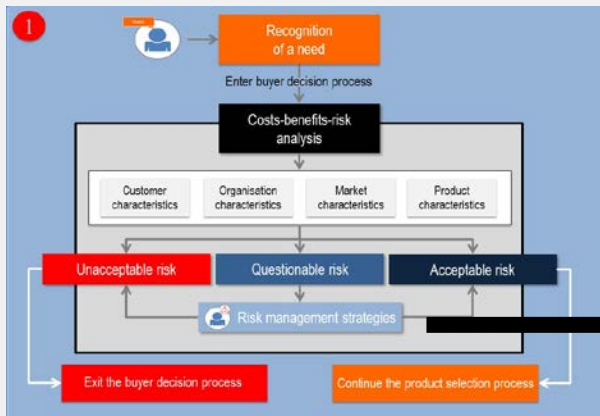




## Risk management strategies

- Assess tangible cues (physical evidence )
- Seek information from **experienced** and **trusted** people
- Search www for comments
- Rely on the reputation of the firm
- Assess guarantees and warranties
- Assess competing products
- Seek a trial
- Stay with current provider [the devil you know....]
- Be more involved in the product delivery process





Organisations build brands to  
reduce the consumer's  
perceptions of risk

A purpose of a brand is to reduce the risk for  
customers and organisations

# Pre-purchase risks often become product qualities



Functional

Social

Epistemic

Emotional

Spiritual

Physical

Temporal

Sensory

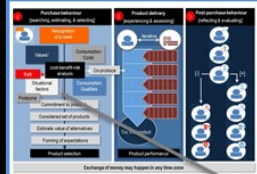
1

Money

Time

Effort

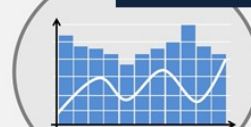
# Decisions are influenced by situational factors



Organisation



Market



Customer



Situational factors

Product



[COMP]

Product selection

Customer  
CharacteristicsOrganisation  
CharacteristicsMarket  
CharacteristicsProduct  
CharacteristicsFunctional  
QualitiesSocial  
QualitiesEpistemic  
QualitiesEmotional  
QualitiesSpiritual  
QualitiesPhysical  
QualitiesTemporal  
QualitiesSensory  
Qualities



# Decision-making roles



**The initiator:** a person[s] who identifies the product as a means to satisfying a need

**The influencer:** a person[s] who encourages or discourages further consideration

**The decider:** a person who has the final say regarding if/what/when/where/how a product will be purchased

**The purchaser:** the person who completes the exchange

**The user:** the person[s] who consumes/uses the product



syncretic  
decision

 = autocratic decision

1

Money

Time

Effort  
Costs

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Consumption  
costs

Consumption  
Qualities

Product selection

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Characteristics

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Qualities

Social  
Qualities

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Qualities

Emotional  
Qualities

Spiritual  
Qualities

Physical  
Qualities

Temporal  
Qualities

Sensory  
Qualities

# consumer buying power & willingness



## Decisions are influenced by:

- **Disposable income:** is an individual consumer's after tax earnings
- **Discretionary income:** is an individual consumer's after tax earnings less the consumer's commitments [for example, mortgage, car repayments, car maintenance/fuel, credit card repayments, insurance, medical expenses, utilities, rates, food, clothing]
- **Buying power:** an individual consumer's capacity to purchase products; the consumer's access to resources, ability to generate income, and the relative price of products in a particular market

Money

Time

Effort  
Costs

Consumption  
costs

Consumption  
Qualities

Product selection

Customer  
Characteristics

Organisation  
Characteristics

Market  
Characteristics

Product  
Characteristics

Functional  
Qualities

Social  
Qualities

Epistemic  
Qualities

Emotional  
Qualities

Spiritual  
Qualities

Physical  
Qualities

Temporal  
Qualities

Sensory  
Qualities

1

# Decisions are influenced by relationships

[if any]



relationship



Product selection

Customer  
Characteristics

Organisation  
Characteristics

Market  
Characteristics

Product  
Characteristics

Functional  
Qualities

Social  
Qualities

Epistemic  
Qualities

Emotional  
Qualities

Spiritual  
Qualities

Physical  
Qualities

Temporal  
Qualities

Sensory  
Qualities



# market conditions influences decisions



- **Prosperity:** employment opportunities are high and consumer confidence is high, consequently consumers are optimistic & have the willingness and ability to spend, consumers are less price conscious
- **Recession:** employment opportunities are restricted and consumers are cautious, pessimistic & although many have the ability to spend they are less willing to spend, consumers are more price conscious
- **Depression:** unemployment is high, wages are low, consumers are extremely cautious, consumers have little confidence & many neither have the ability or the willingness to spend, consumers are very price conscious
- **Recovery:** employment opportunities are increasing, consumer confidence is rising pessimism is replaced by optimism. There is a more positive outlook for the future, consumers are less price conscious

Exit

Product selection

Customer  
Characteristics

Organisation  
Characteristics

Market  
Characteristics

Product  
Characteristics

Functional  
Qualities

Social  
Qualities

Epistemic  
Qualities

Emotional  
Qualities

Spiritual  
Qualities

Physical  
Qualities

Temporal  
Qualities

Sensory  
Qualities

1

Human  
Values<sup>1</sup>Cultural  
Values<sup>1</sup>Personal  
Values<sup>1</sup>

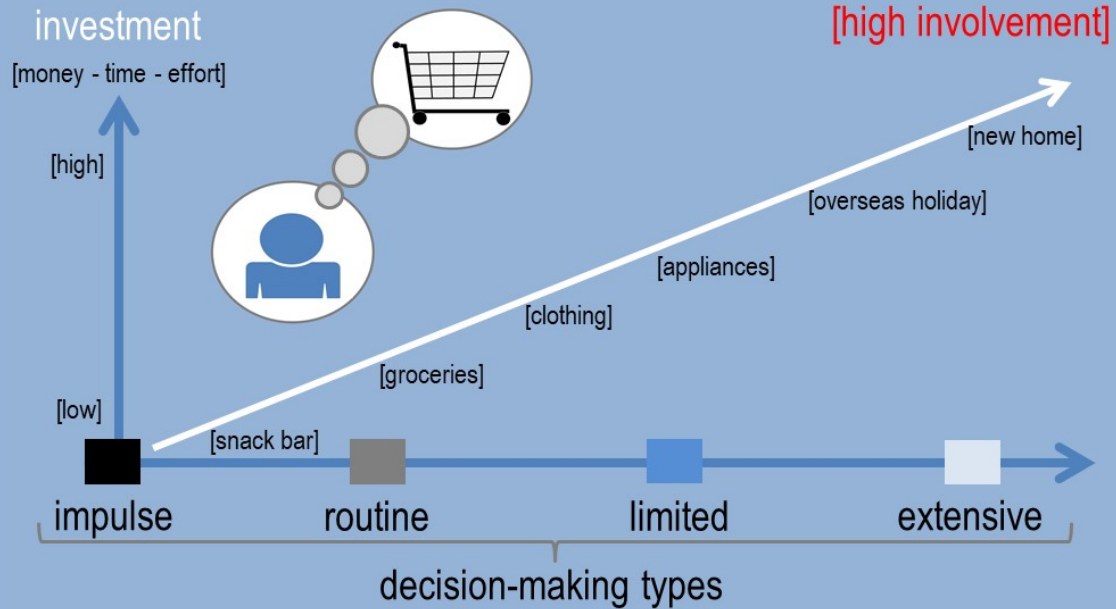
Money

Time

Effort

Functional  
QualitiesSocial  
QualitiesEconomic  
QualitiesAesthetic  
QualitiesMoral  
QualitiesPhysical  
QualitiesTemporal  
QualitiesSensory  
Qualities

## Decisions are influenced by the nature of the product



Exit

Product selection

Customer  
CharacteristicsOrganisation  
CharacteristicsMarket  
CharacteristicsProduct  
Characteristics

1

Human  
Values1

Money  
Costs

Time  
Costs

Effort  
Costs

## involvement

varies with product & influences consumer decision-making

Low involvement, low costs,  
frequently purchased, familiar,  
generally low risk

Higher involvement, higher  
costs, infrequently purchased,  
unfamiliar, generally higher risk

Impulse  
decision  
making

Routine  
decision  
making

Limited  
decision  
making

Extensive  
decision  
making



Product selection

Product selection

Customer  
Characteristics

Organisation  
Characteristics

Market  
Characteristics

Product  
Characteristics

Functional  
Qualities

Social  
Qualities

Epistemic  
Qualities

Emotional  
Qualities

Spiritual  
Qualities

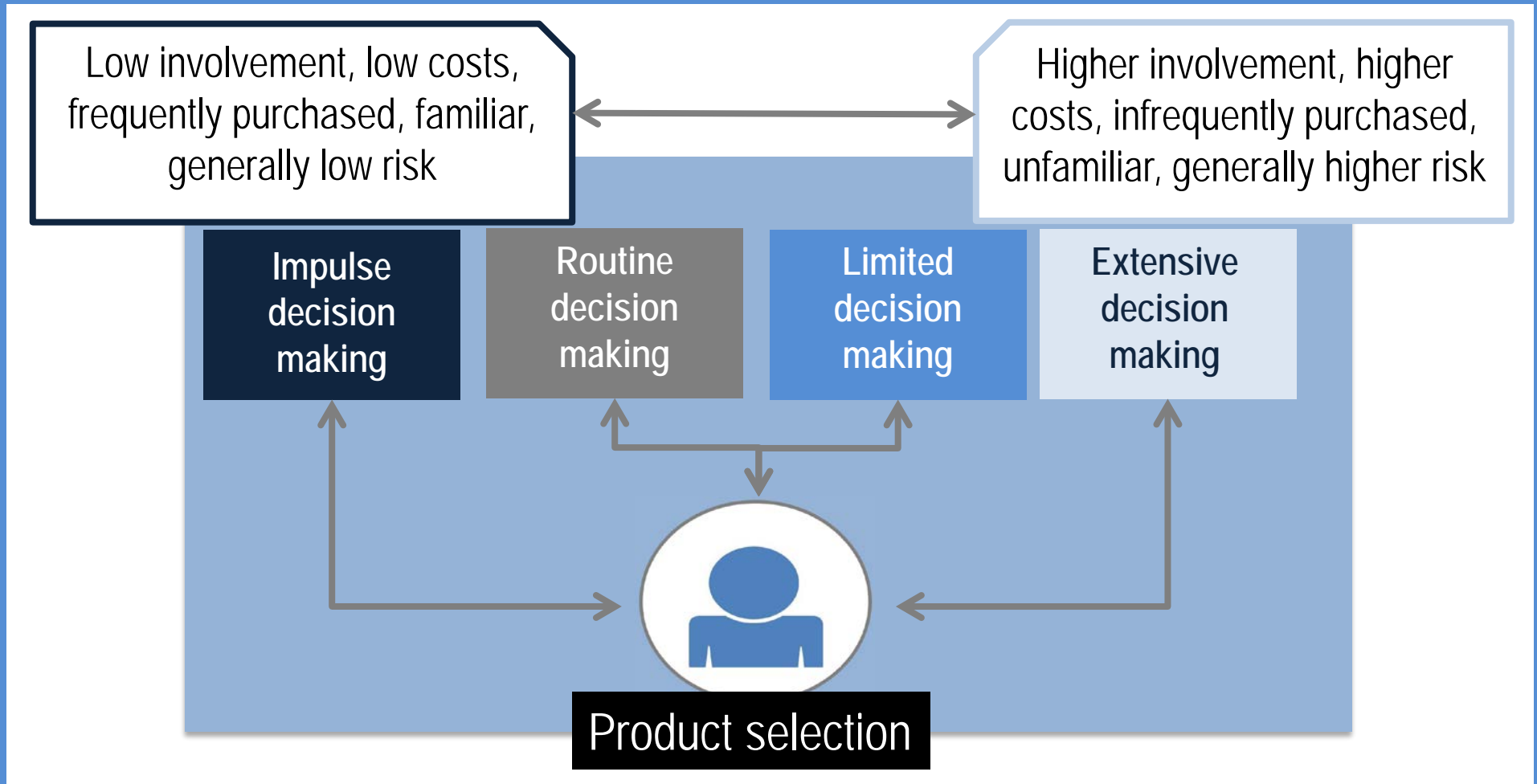
Physical  
Qualities

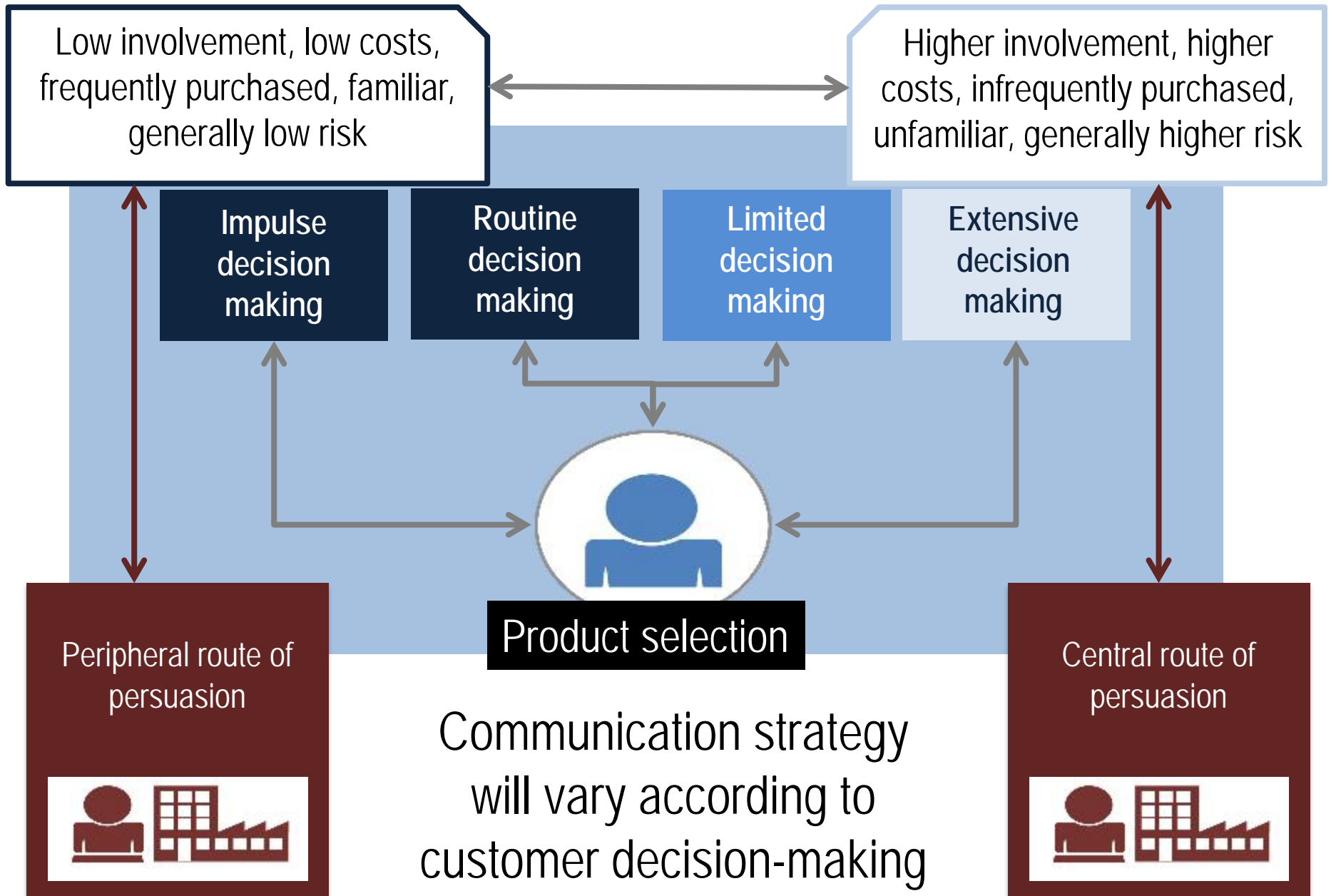
Temporal  
Qualities

Sensory  
Qualities

# involvement

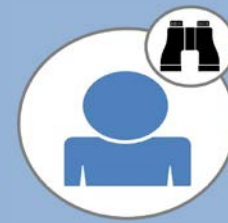
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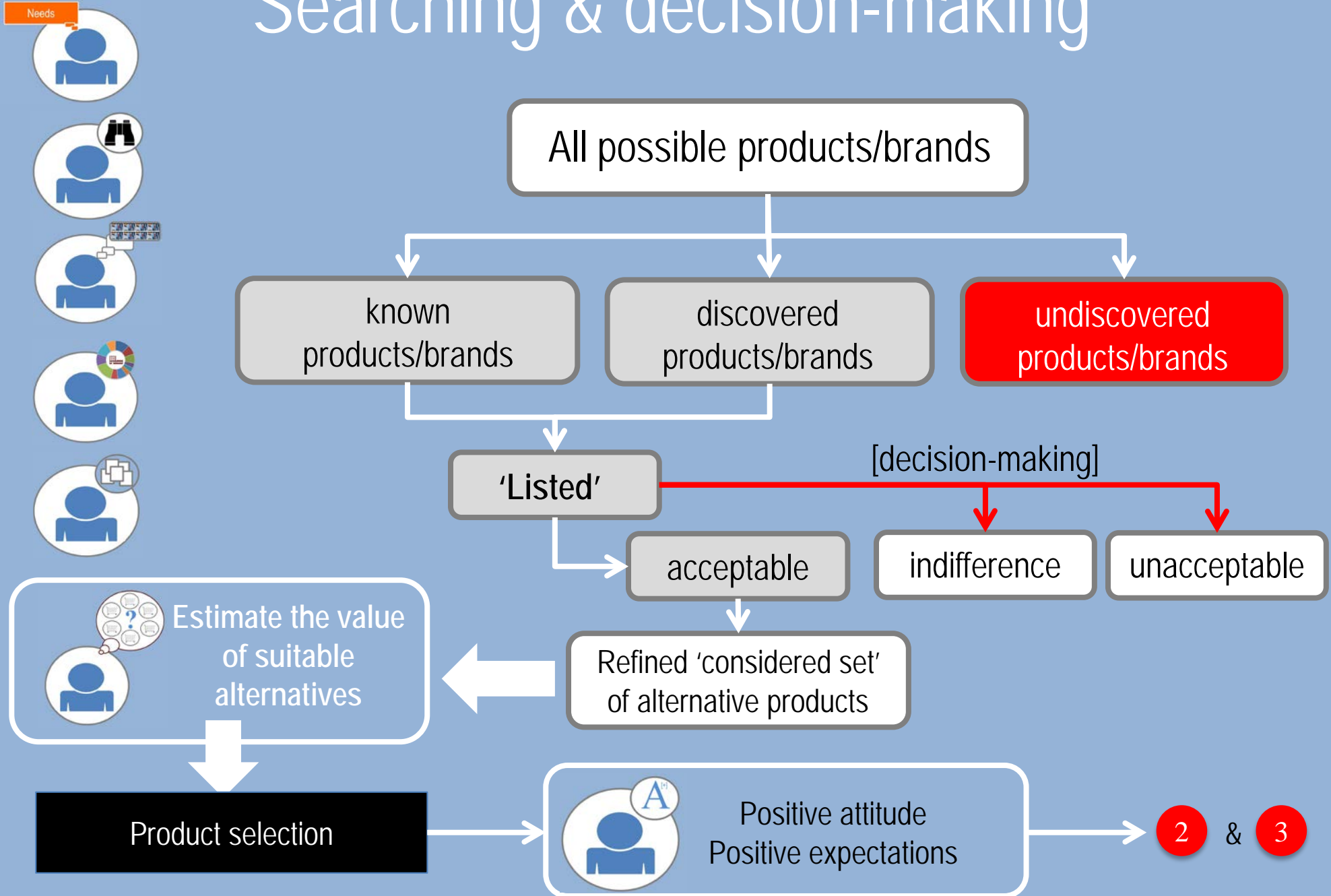
Consumers search for information to make



informed decisions



# Searching & decision-making





# Searching for information

What do I already know ?  
What do I need to know ?



Internal search

I am **familiar** with the product &  
need no further information



External search

I am **unfamiliar** with the product  
& need further information  
What do I need to know?  
Who/what/where are the best sources

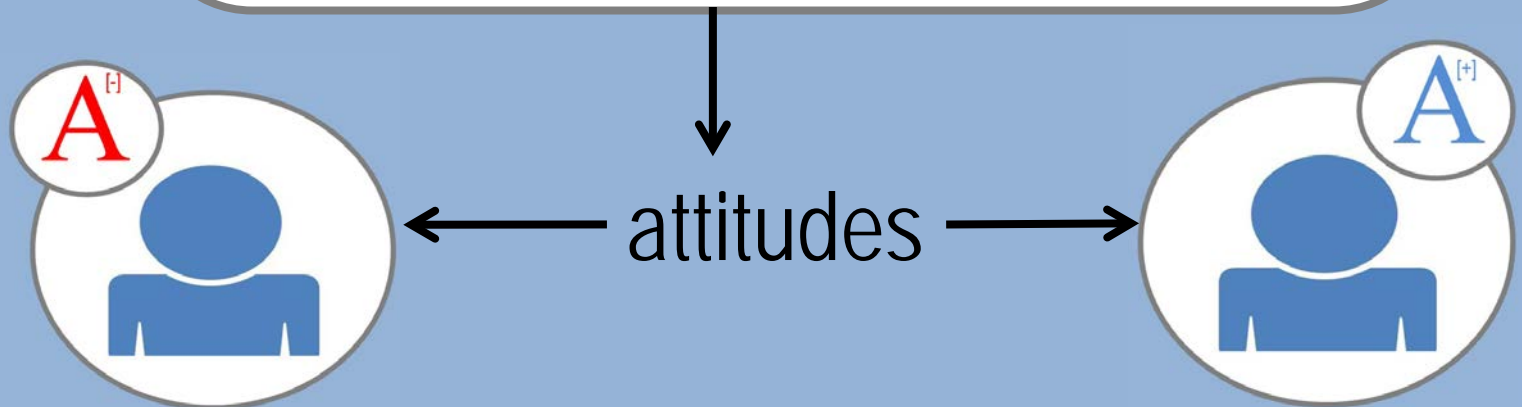


# Searching previous experiences

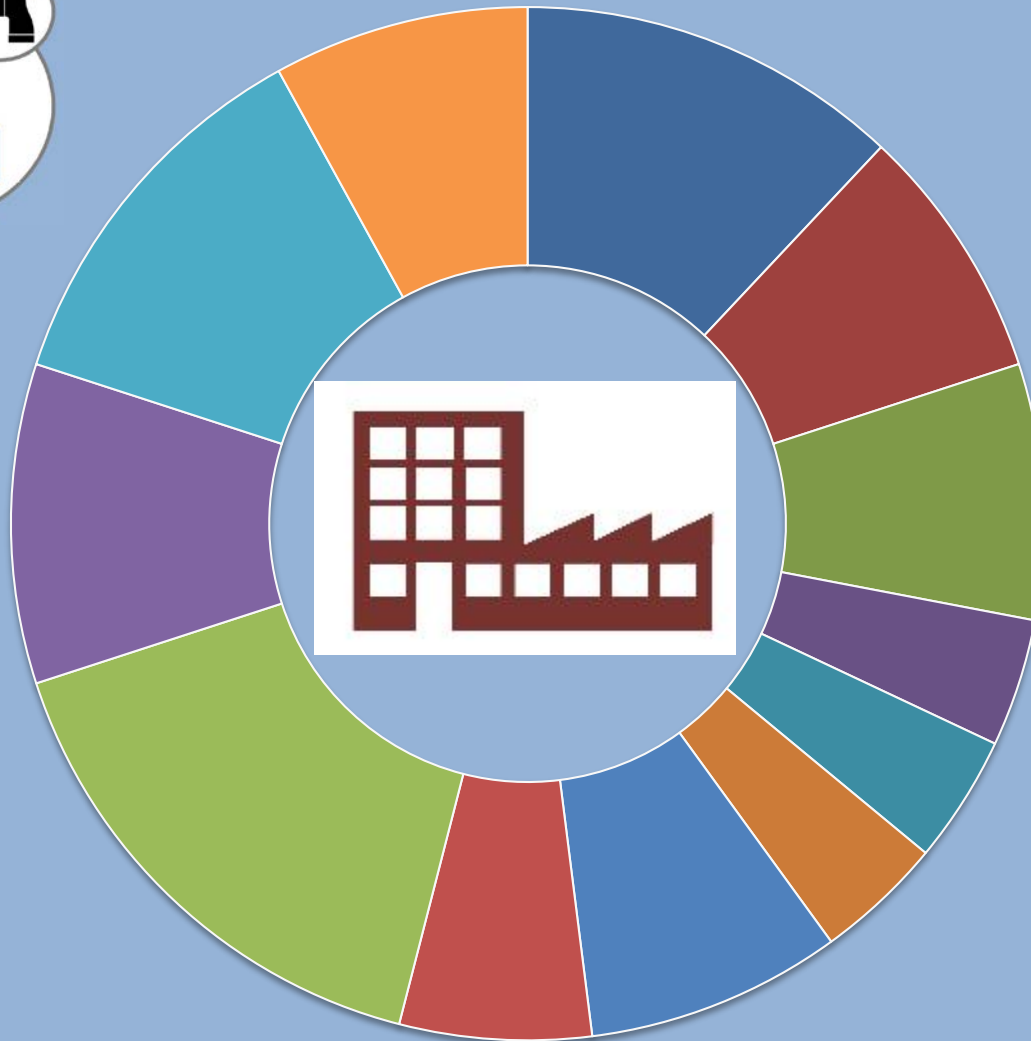
## Internal search

### Retrieving familiar products/brands:

- From past consumer experiences
- From observations of other consumers
- From communication generated
  - Inside the organisation
  - Outside the organisation



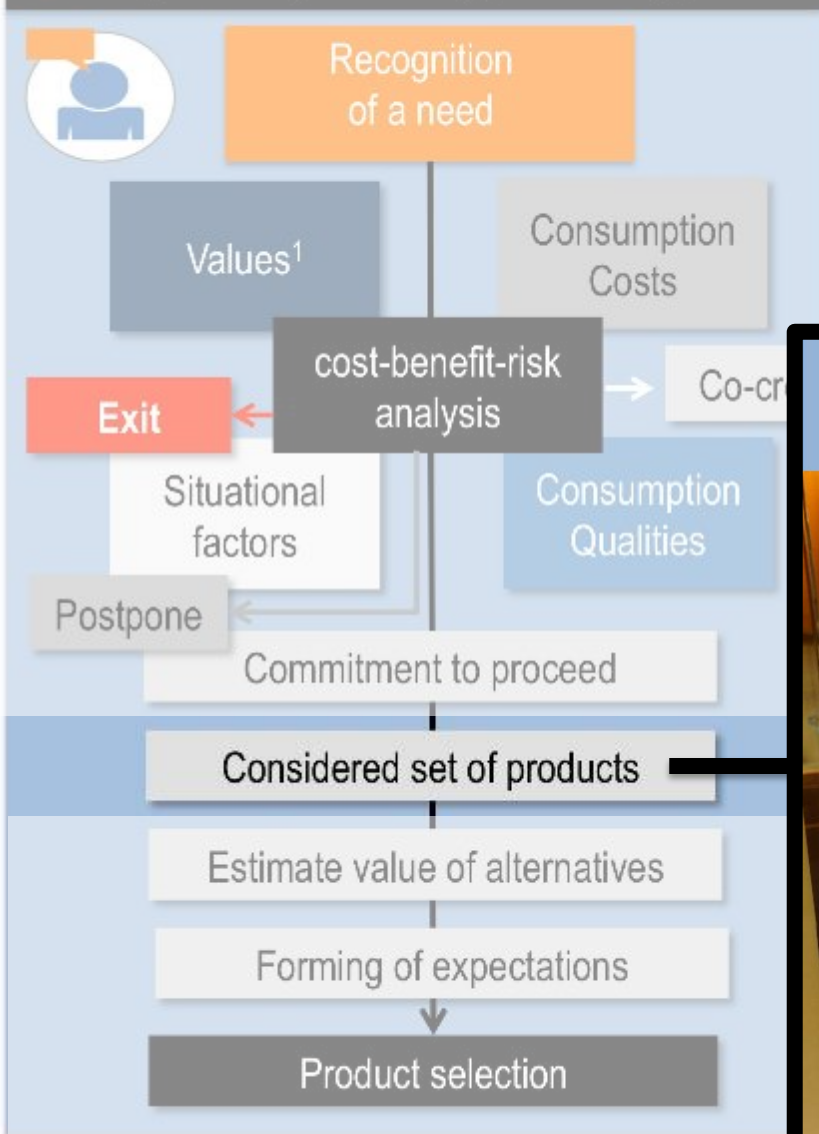
# External search may include a wide spectrum of media



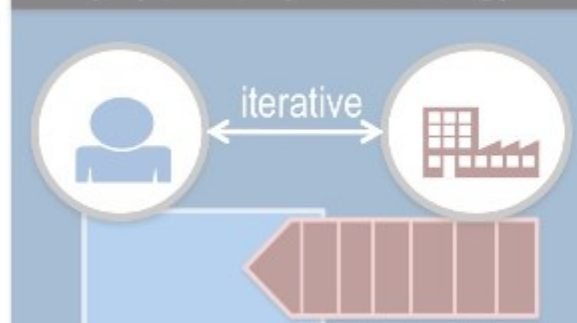
- social
- print
- television
- billboards
- sponsorship
- email
- mobile
- direct mail
- website
- POP
- brochures
- SEO



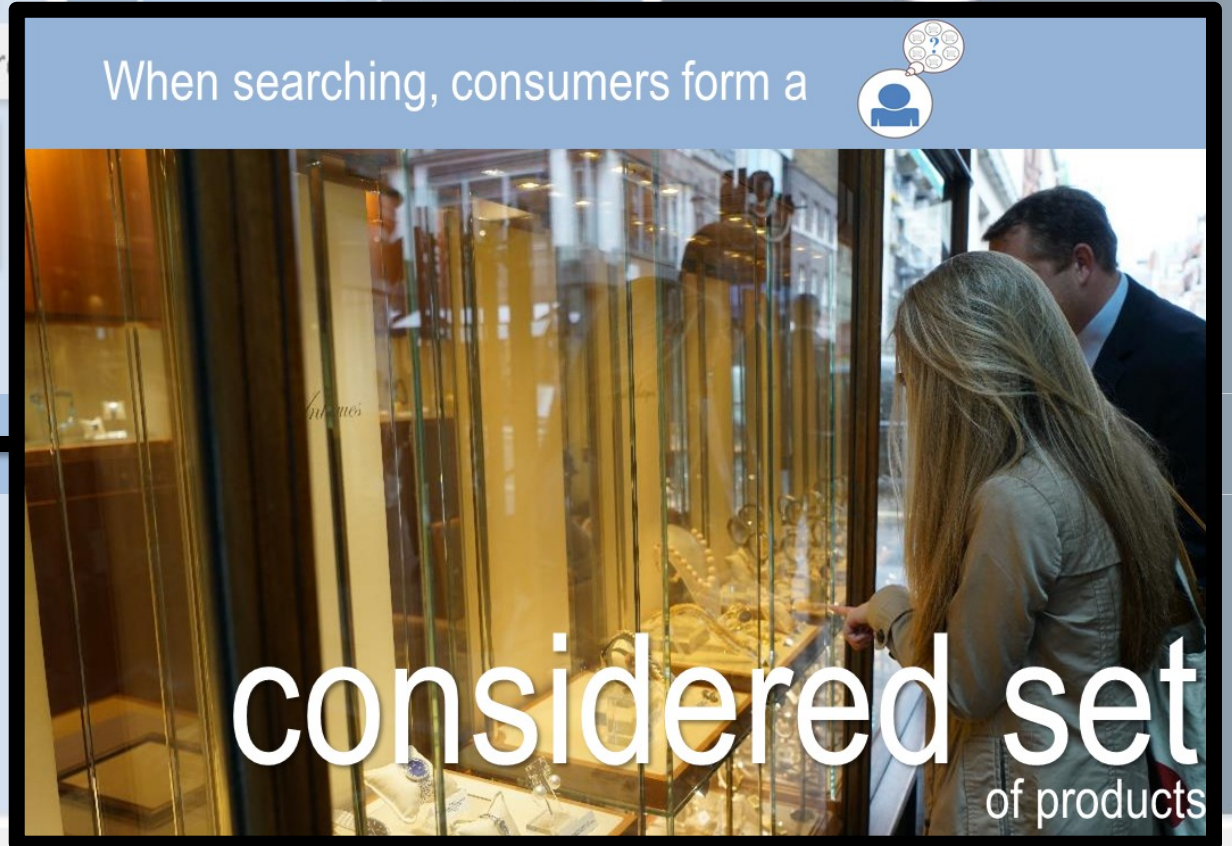
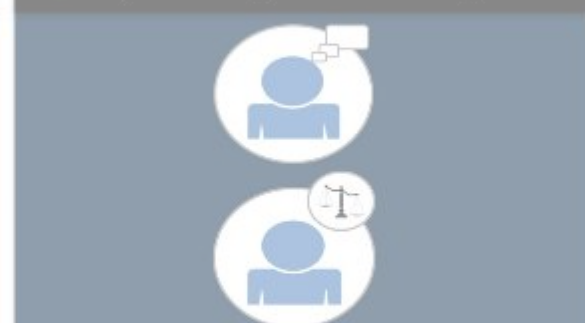
# 1 Purchase behaviour [searching, estimating, & selecting]



# 2 Product delivery [experiencing & assessing]

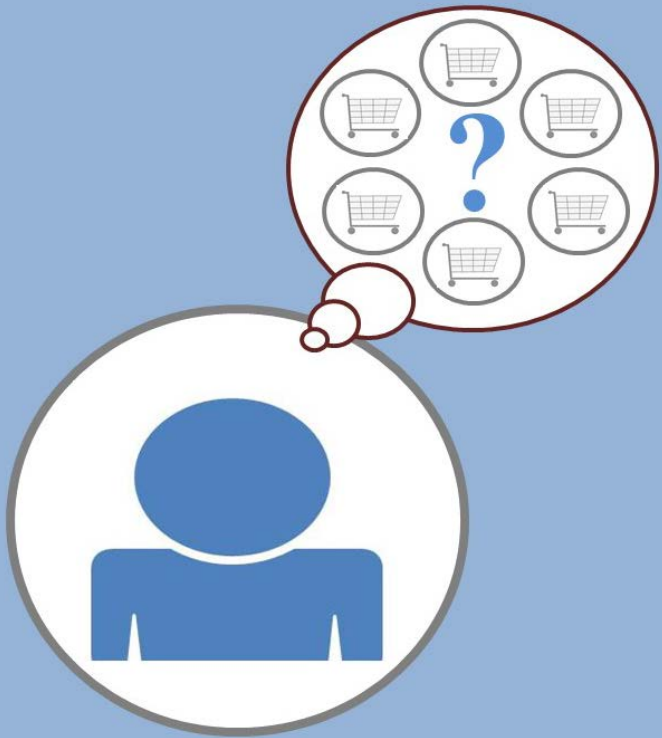


# 3 Post-purchase behaviour [reflecting & evaluating]



Exchange of money may happen in any time-zone

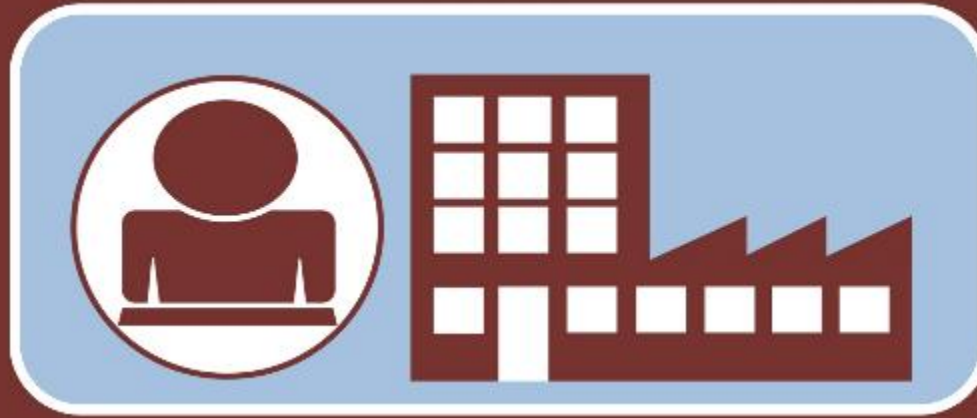
# Considered set of products



- Consumers identify products that are worth **further consideration**
- Unacceptable products/brands are then removed from 'the list'
- Acceptable products are included in the list of 'alternative products' for further analysis

The organisational objective is to

# Create brand awareness



## Brand recall

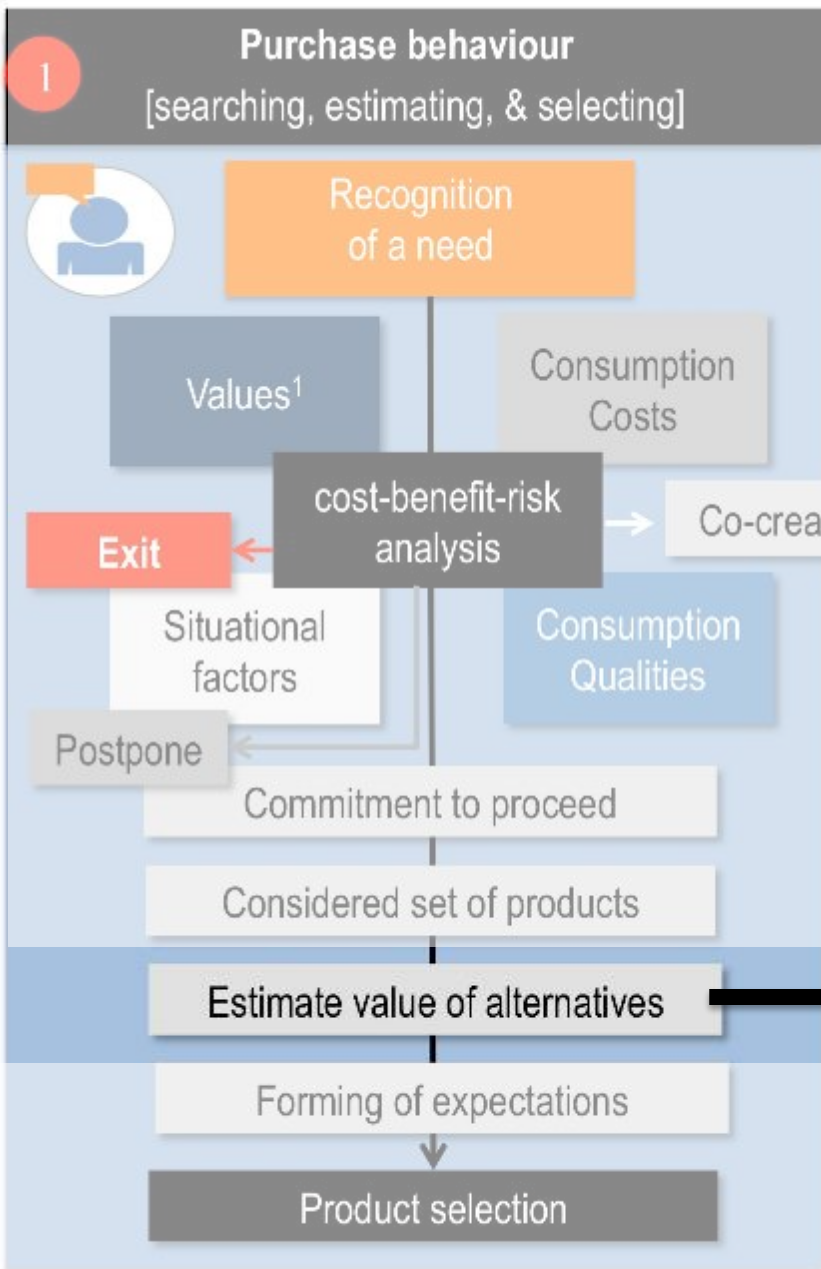
the ability of the consumer to link  
their need to a product/brand  
without obtaining further information



## Brand recognition

the ability of the consumer to  
recollect a product/brand  
after obtaining further information





Consumers consider the benefits of the

alternative products

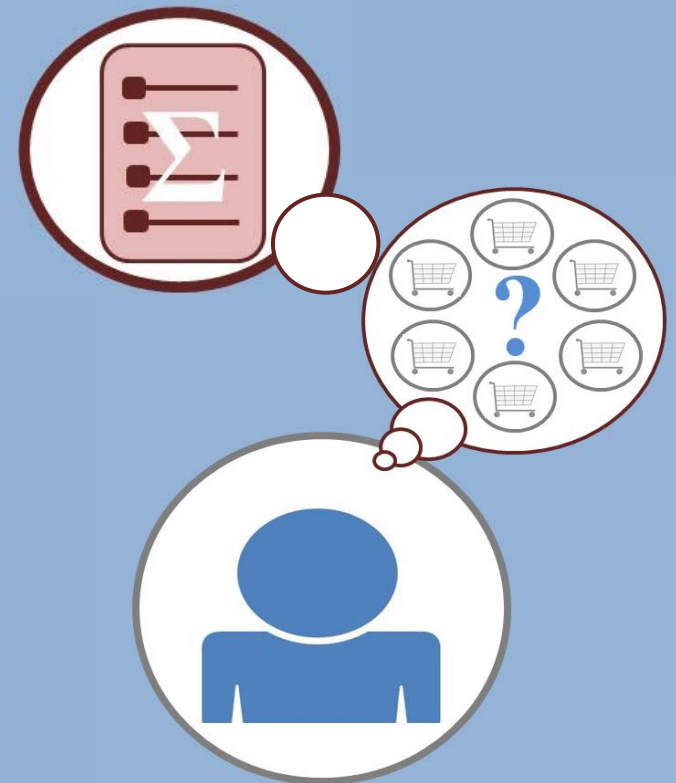
The complex block features a photograph of a store window display with several mannequins wearing various outfits. Overlaid on the right side is a large person icon with a thought bubble containing five shopping cart icons and a question mark. The text 'Consumers consider the benefits of the' is at the top, 'alternative' is in large white letters across the middle, and 'products' is at the bottom right.

Exchange of money may happen in any time-zone

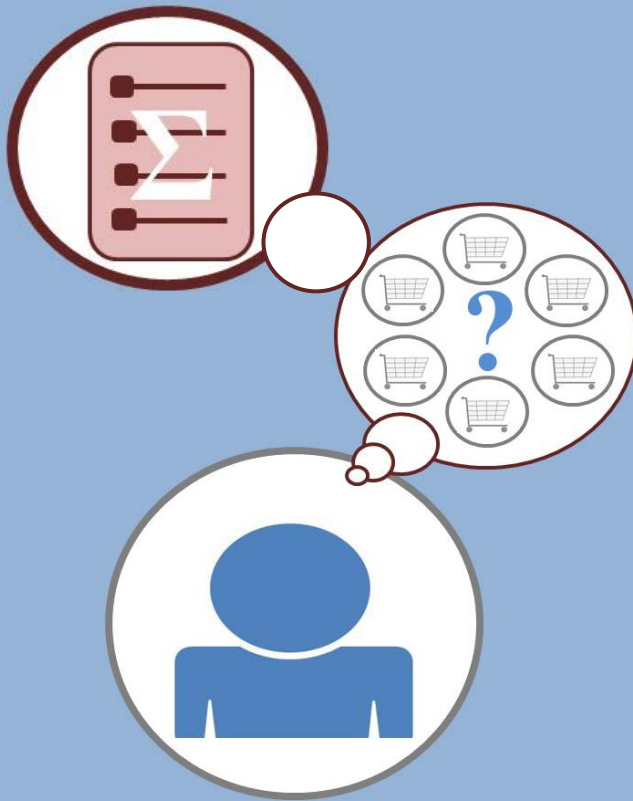


# Decision-making rules

- Consumers are opportunistic & adapt their decision-making to suit the situation
- There are cognitive & emotional elements
- Influenced by their values<sup>1</sup> & perceptions of values<sup>2,3</sup>

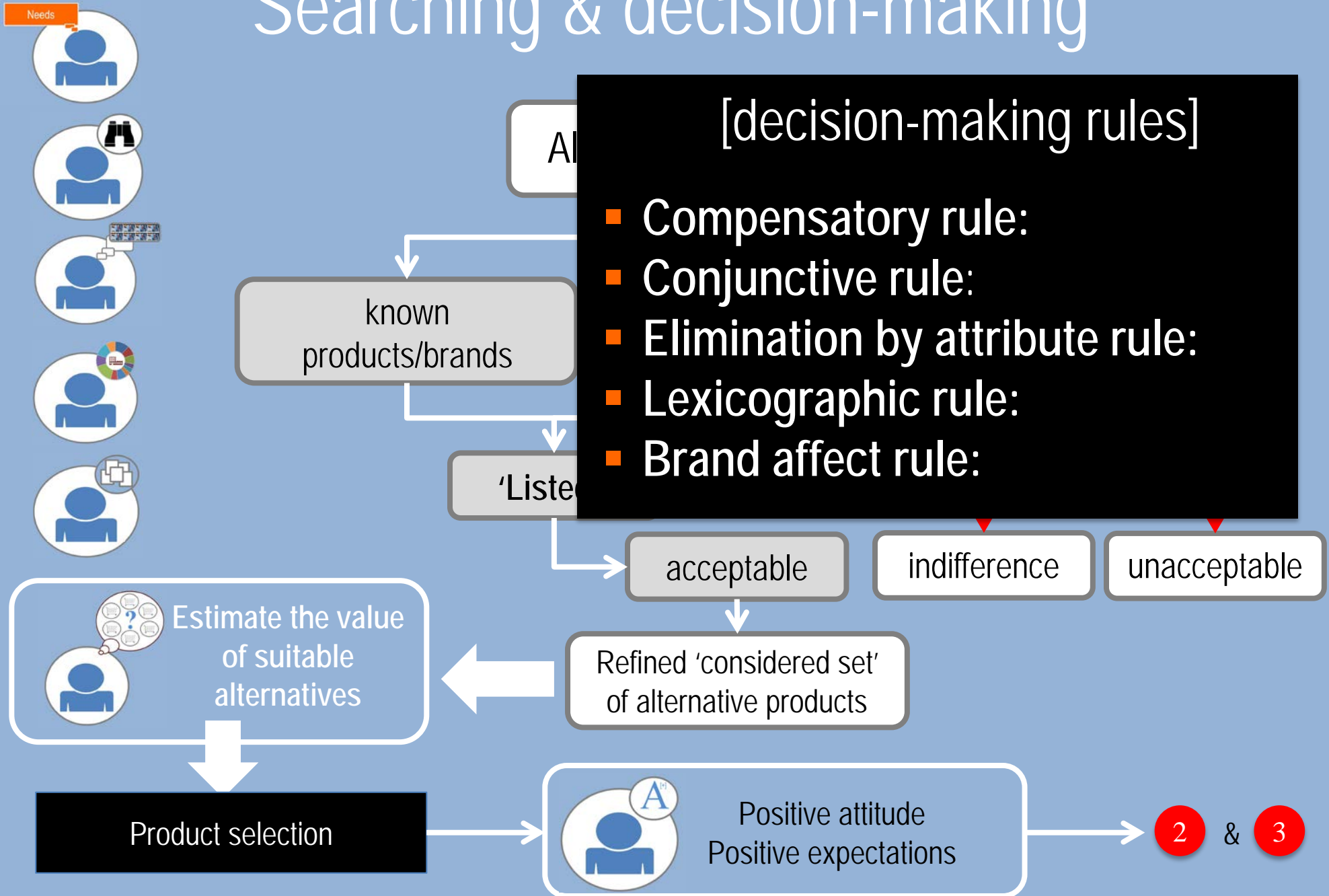


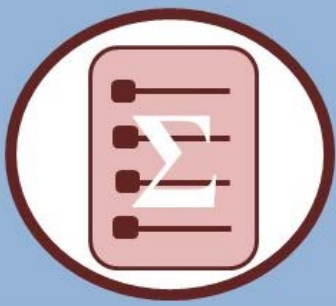
# Multi-attribute attitude model



- **Attributes:** Product qualities that a consumer can identify as being embedded within the product
- **Beliefs:** consumer beliefs about the benefits of the product attributes<sup>[+/-]</sup> based on their perceived product knowledge. The more positive the estimation the more likely the product will be considered.
- **Importance:** the relative importance [hierarchy] of each attribute to a particular consumer.

# Searching & decision-making





# [decision-making rules]

- **Compensatory rule:** consumers estimate the attributes of products and calculate a performance attribute score to identify acceptable products. It is referred to as 'compensatory' as consumers will cognitively 'compensate' each product across all the embedded attributes – calculate an average across all product attributes
- **Conjunctive rule:** rejects products that have any unacceptable product attributes including products that have unacceptable money, time, or effort costs. The **disjunctive rule** is considering products that have acceptable product attributes
- **Elimination by attribute rule:** initially, the consumer lists products that are acceptable across relevant attributes, then estimates the product attributes and removes the products with the lowest performance attribute score until one product stands out
- **Lexicographic rule:** consumers will rank products by preference, when two or more products have equal ranking then the consumer searches further to determine the product with the highest overall rating across all attributes plus one determinant attribute
- **Brand affect rule:** accepts the brand that is best known and has the highest degree of perceived trust



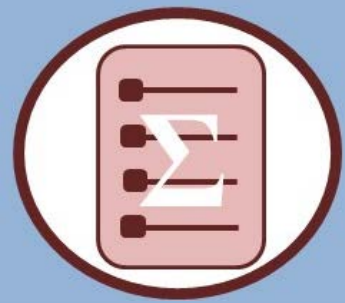
Based on this information

consumers enter every exchange with



# expectations

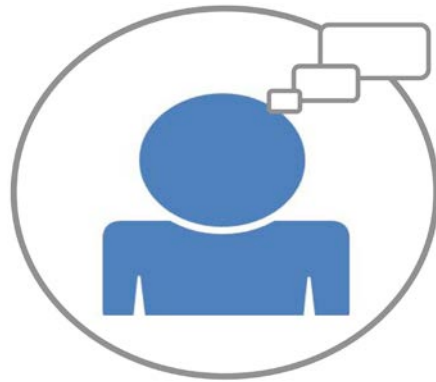
marketers call this the expected product



# Product selection creates expectations

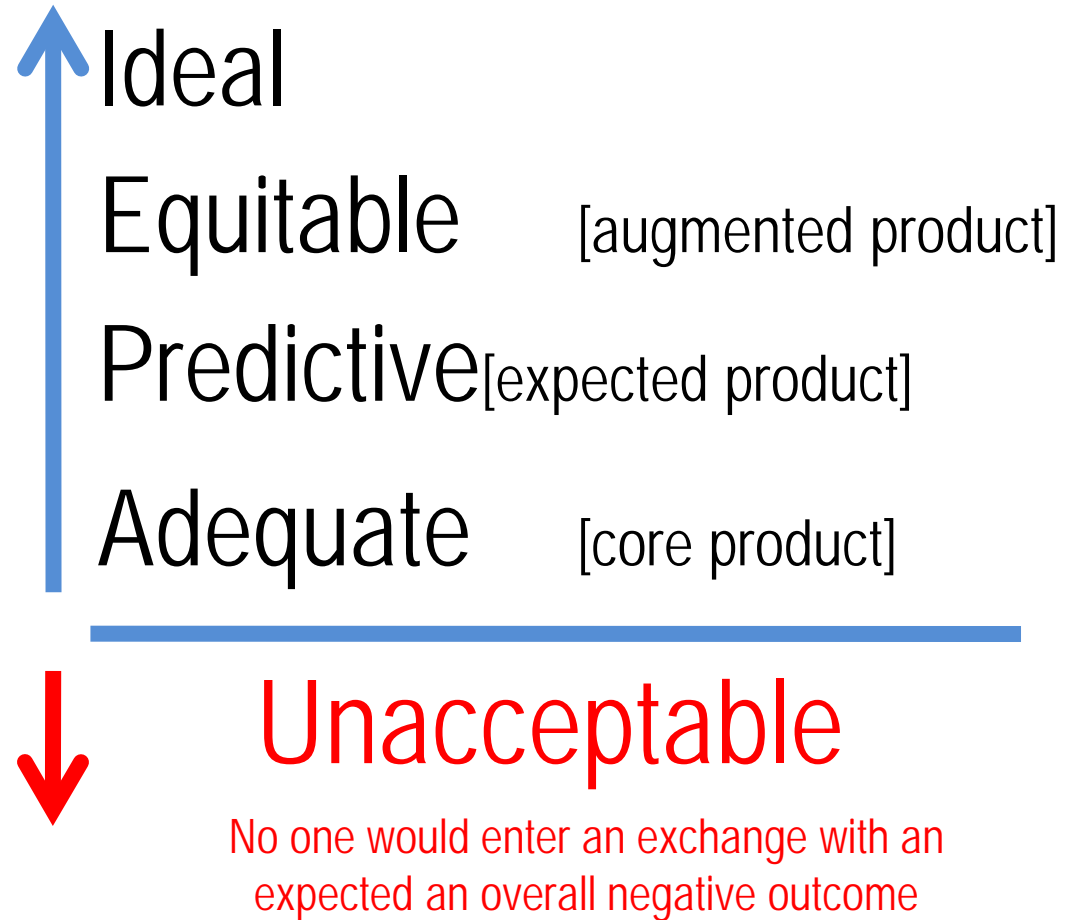
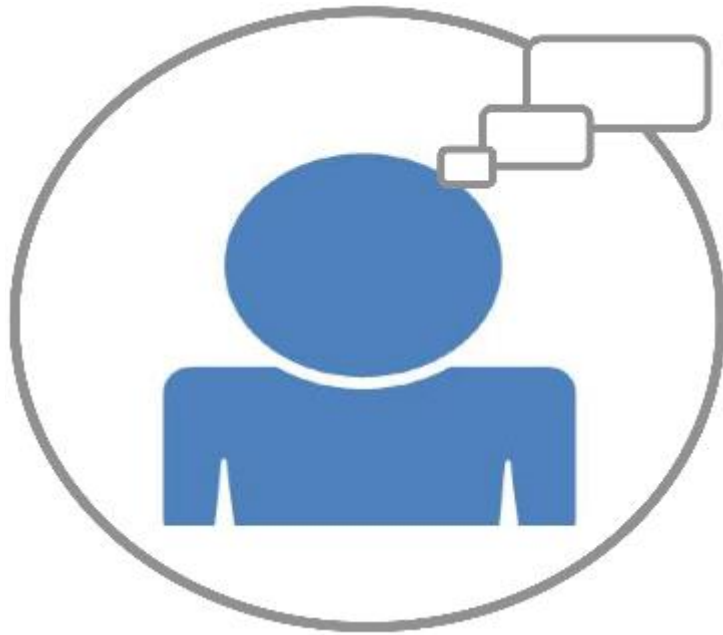


The product selection process creates



Consumer expectations of a best satisfying product

# During the product selection step customer predict expectation scenarios





A consumer would not enter an exchange if they expected a negative outcome.





Satisfaction is about reflecting & evaluating

A photograph of a fruit market stall. In the foreground, there are large piles of red apples, dark green avocados, and bright orange citrus fruits. Price tags are visible: one for \$2.50/kg for 'California Nectarines', another for \$2.50 each for 'each', and a third for \$1.20/kg for 'Australian Valencia Oranges'. In the background, other market stalls and people can be seen.

get\give\expect

- Qualities: are what we get [quality is the sum of qualities]
- Value: is what we get\what we give
- Satisfaction: is what we get\give\expectations