

The buyer decision process

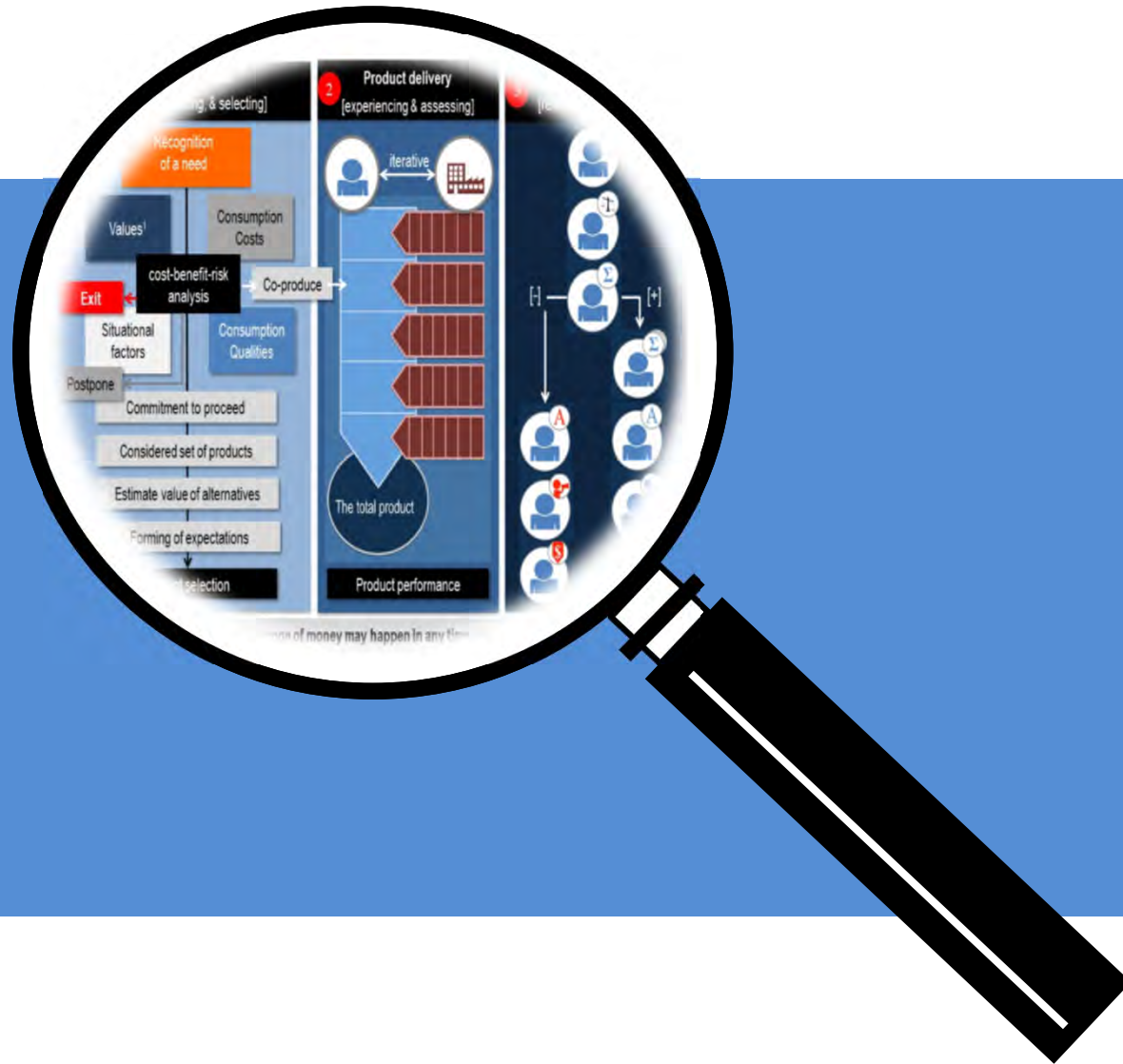


Directions

The buyer decision process

- Identify and discuss the 3 time-zones of the buyer decision process & the characteristics of each time-zone
- Discuss how the buyer decision process will influence the customer & the organisation.
- Discuss how the buyer decision process would vary according to COMP factors
- Briefly discuss risks





Exploring the buyer decision process

previously we discussed that

needs are part of being human

Maslow presents the view that needs can be arranged in a hierarchy

needs are different to wants



A want is the product that a consumer selects to **best satisfy** a need. Wants are the direction a consumer takes during the buyer decision process.

* Do not interpret this as wants are less important

previously we discussed that

quality is what is received in an exchange

what a consumer gets

consumers look for consumption qualities



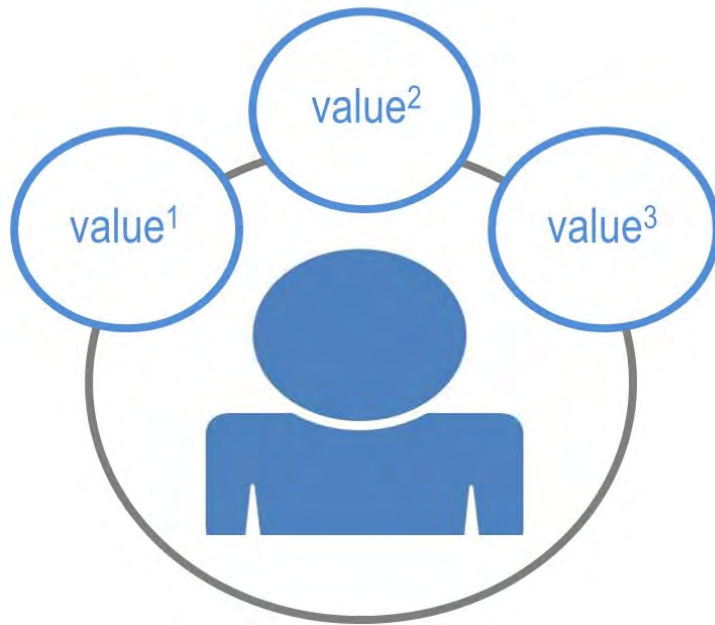
- Functional
- Social
- Emotional
- Epistemic
- Spiritual
- Physical
- Temporal
- Sensory

previously we discussed that

value is a preferred outcome

an outcome that is preferred to other available outcomes

consumers use 'value' in 3 ways



- Value¹ - as in *a value¹ or values¹*
- Value² - as in *value² for money*
- Value³ - as in *having a value³*
[i.e., an attribute that provides a benefit]

previously we discussed that

consuming requires 'being involved'

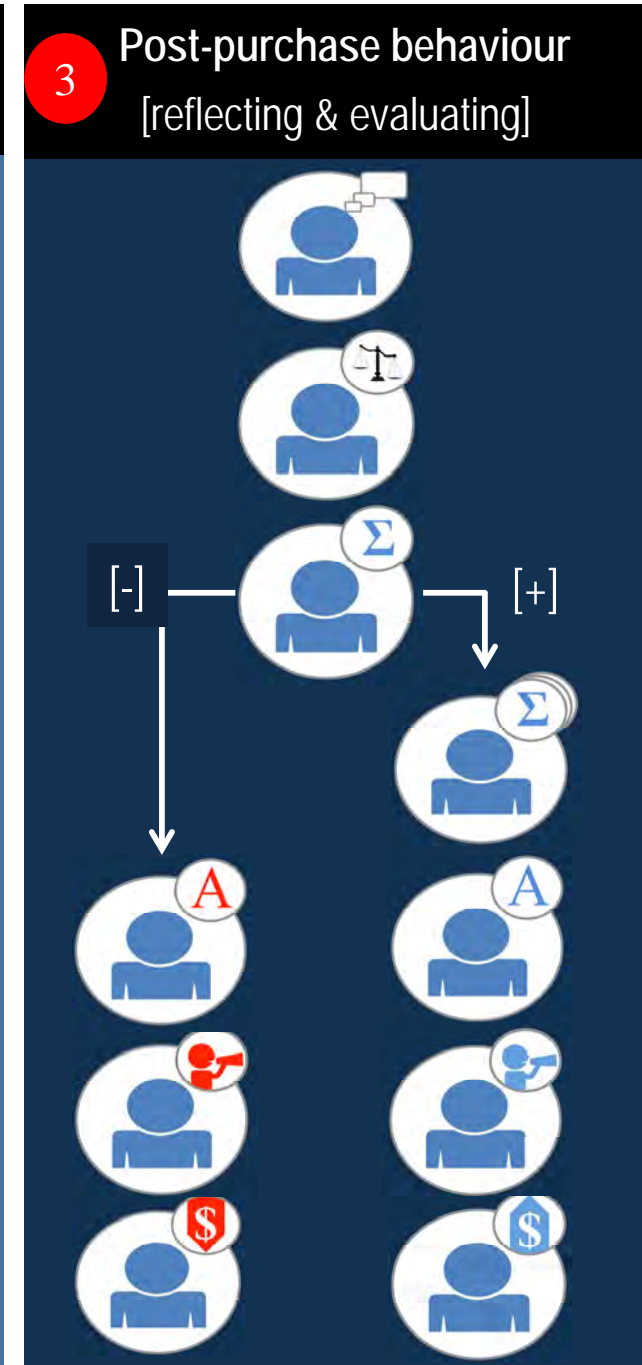
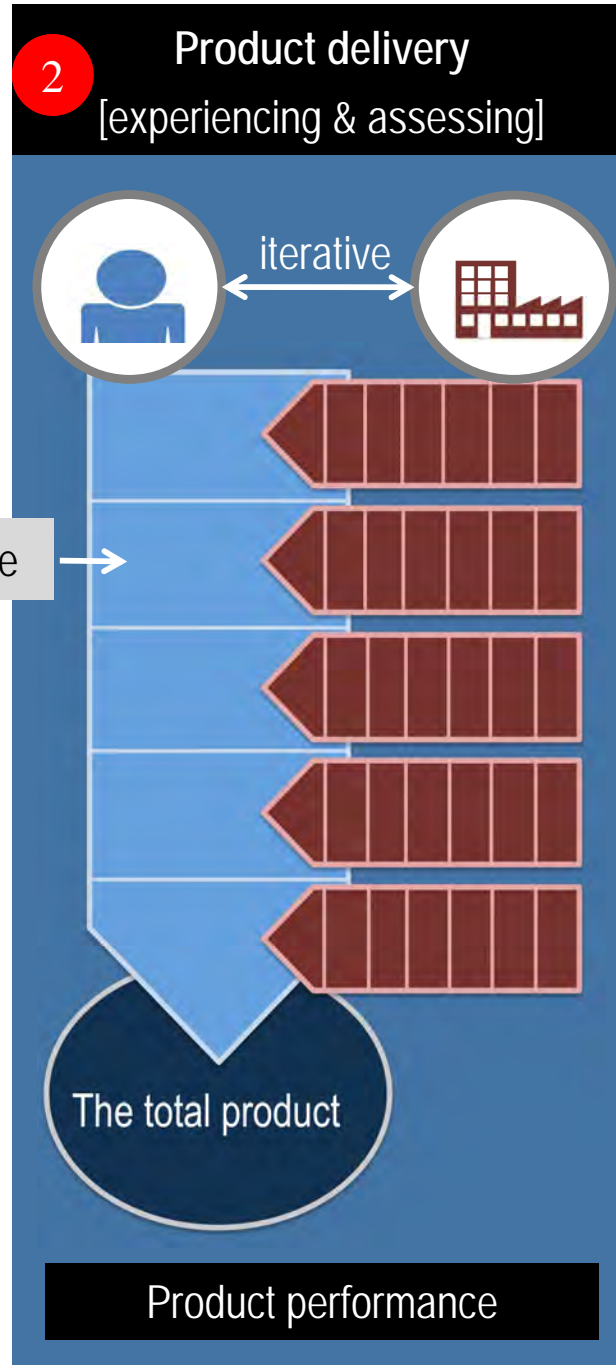
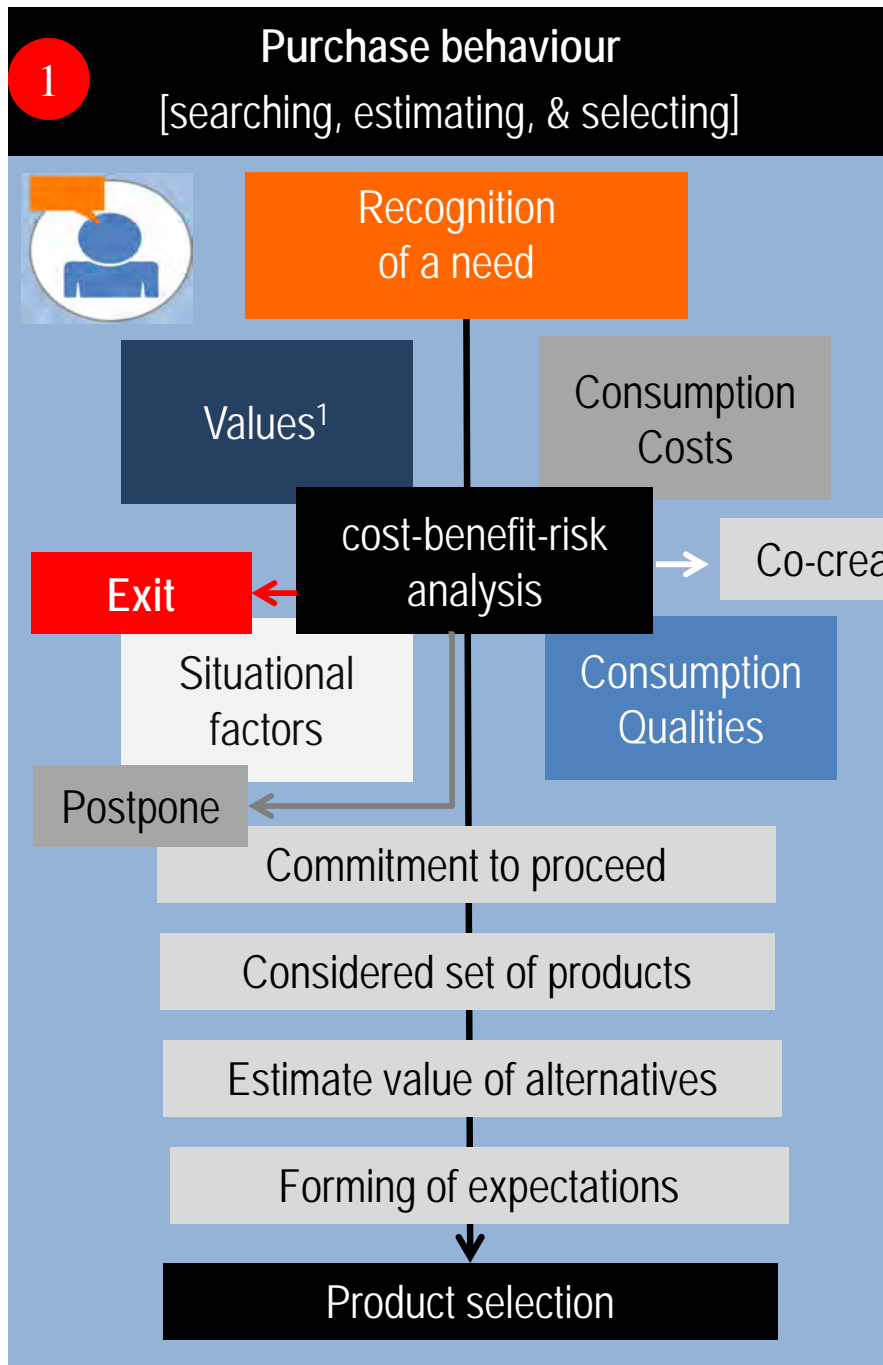
involvement varies according to the situation [COMP factors]

involvement & the 3 time zones



Involvement varies:

1. Product pre-purchase involvement
2. Product delivery involvement
3. Post-purchase involvement



Exchange of money may happen in any time-zone

Activity



All products
exist for a
reason



Form a considered set of products <> Estimate value of alternatives



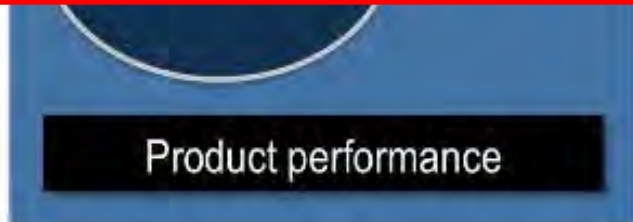
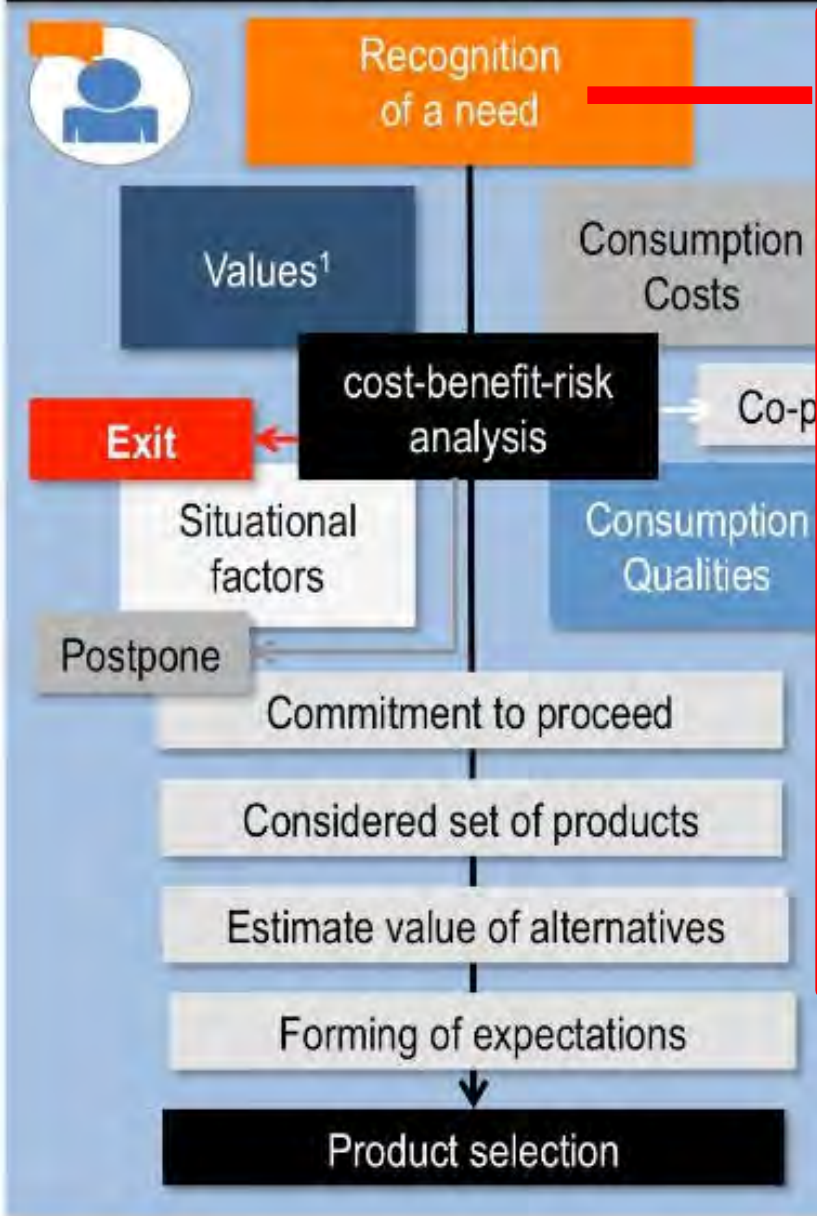
Forming expectations <> product selection



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

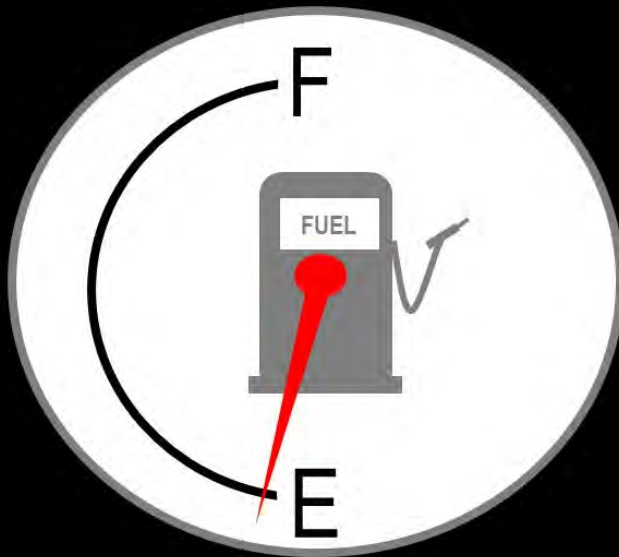
previously we discussed that

needs have strength & direction

sufficient strength to attend to the need – a sense of urgency

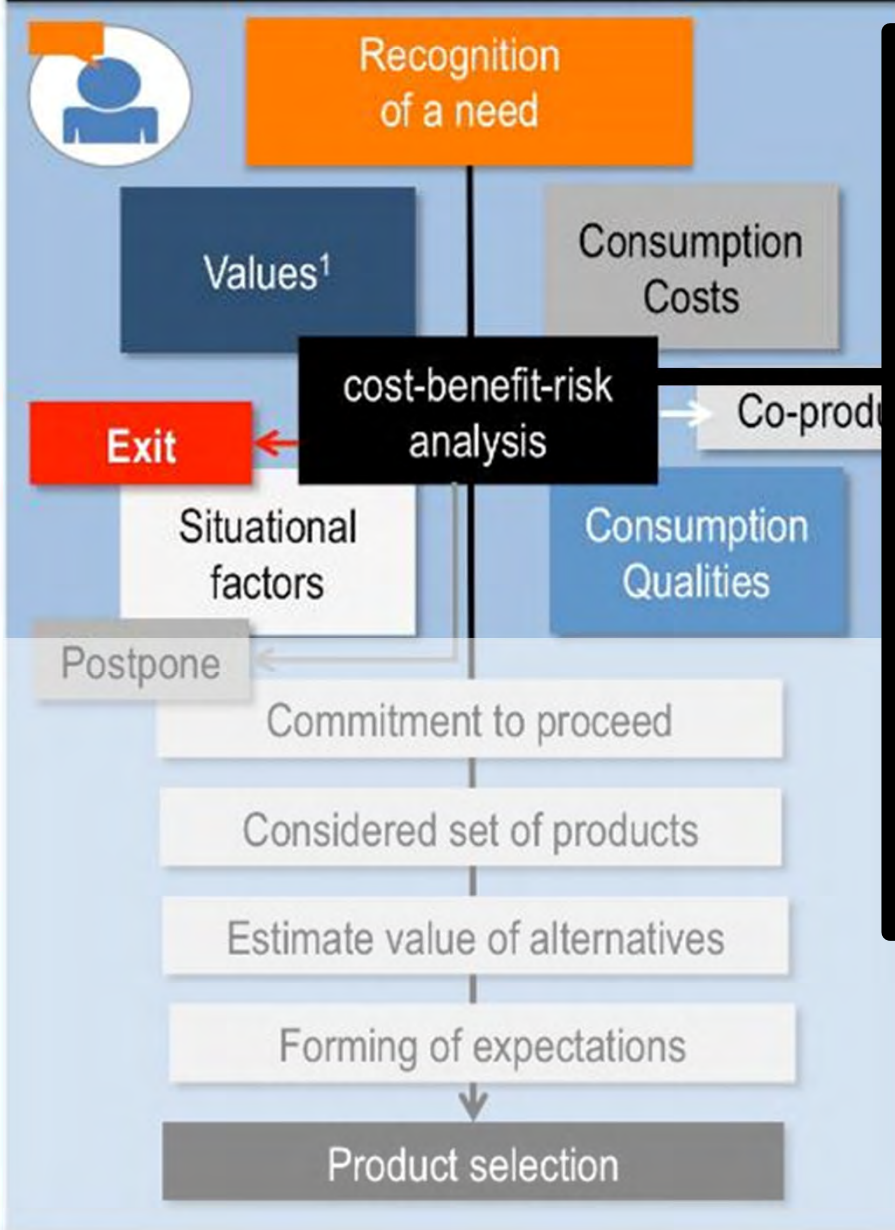
Consumers approach and/or avoid outcomes





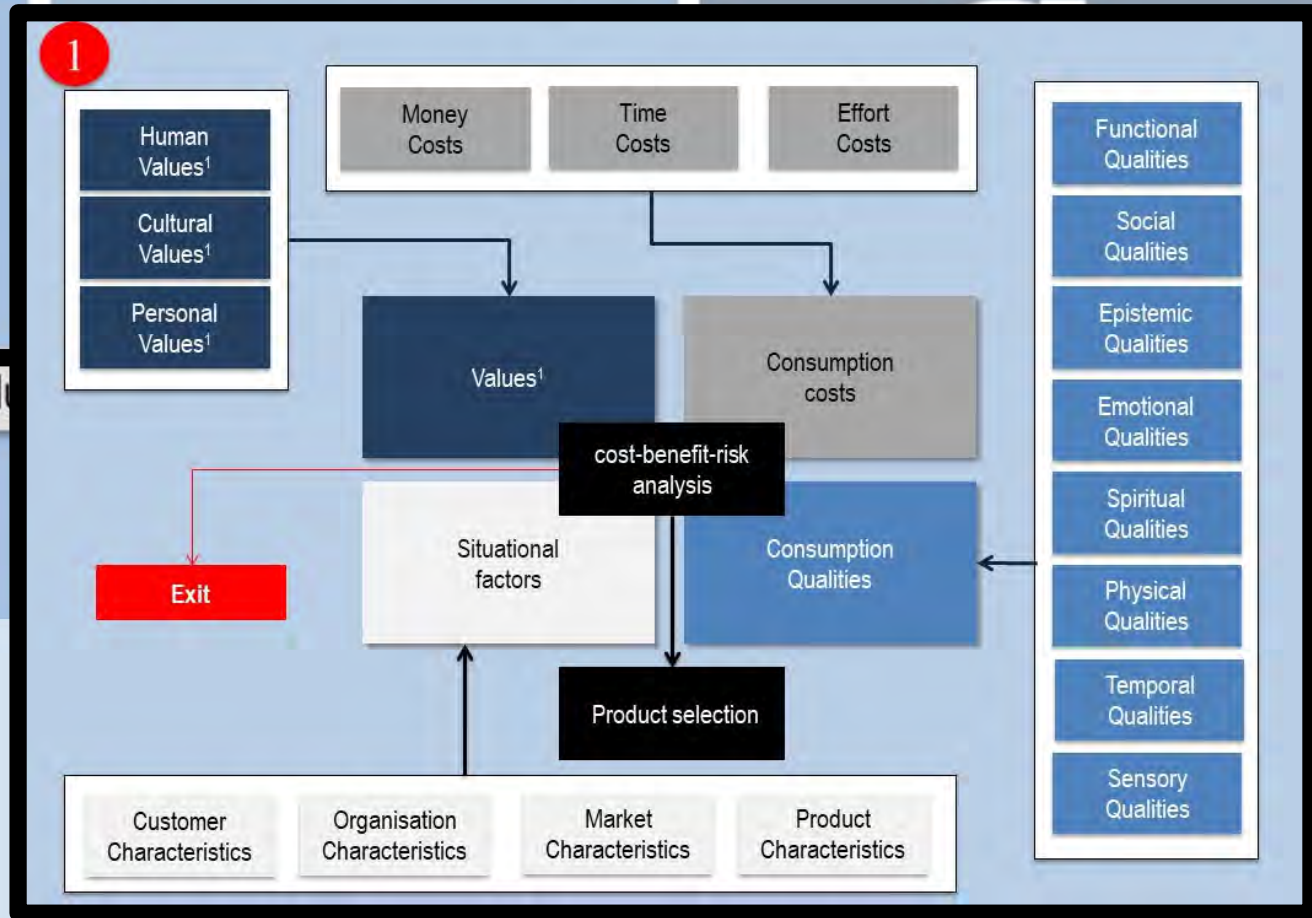
consumers are motivated to avoid an unpleasant experience

1 Purchase behaviour [searching, estimating, & selecting]



2 Product delivery [experiencing & assessing]

3 Post-purchase behaviour [reflecting & evaluating]



1

Human
Values¹

Cultural
Values¹

Personal
Values¹

Exit

a consumer's

values¹

human <> cultural <> personal

values¹

will influence

perceptions of the

value² of the product
qualities & costs

perceptions of the

value³ of the product
qualities & benefits

Product selection

Customer
Characteristics

Organisation
Characteristics

Market
Characteristics

Product
Characteristics

Temporal
Qualities

Sensory
Qualities



value¹

Human <> cultural <> personal

personality

Purchase behaviour is about estimating

value²
for money

[e.g., what you get & what you give]

www.themarketingconcept.com © Dr. Stephen Fanning

Purchase behaviour is about estimating

value³
qualities of value

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

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1

Human Values¹

Cultural Values

Personal Values

Money Costs

Time Costs

Effort Costs

Functional Qualities

Social Qualities

Epistemic Qualities

Emotional Qualities

Spiritual Qualities

Physical Qualities

Temporal Qualities

Sensory Qualities

every exchange has a costs benefits risk

analysis

money + time + effort



+ other factors

Customer Characteristics

Organisation Characteristics

Market Characteristics

Product Characteristics

1

Human Values¹

Cultural Values¹

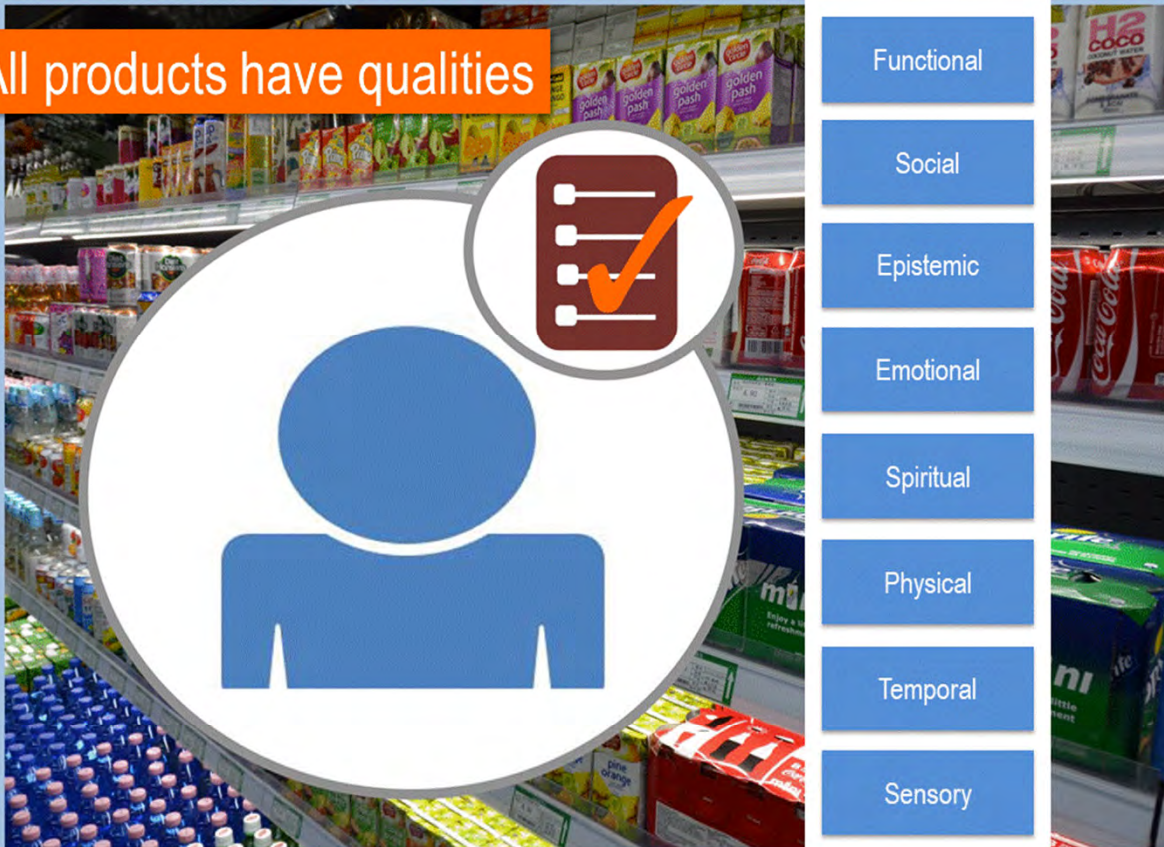
Personal Values¹

Money Costs

Time Costs

Effort Costs

All products have qualities



Functional Qualities

Social Qualities

Epistemic Qualities

Emotional Qualities

Spiritual Qualities

Physical Qualities

Temporal Qualities

Sensory Qualities

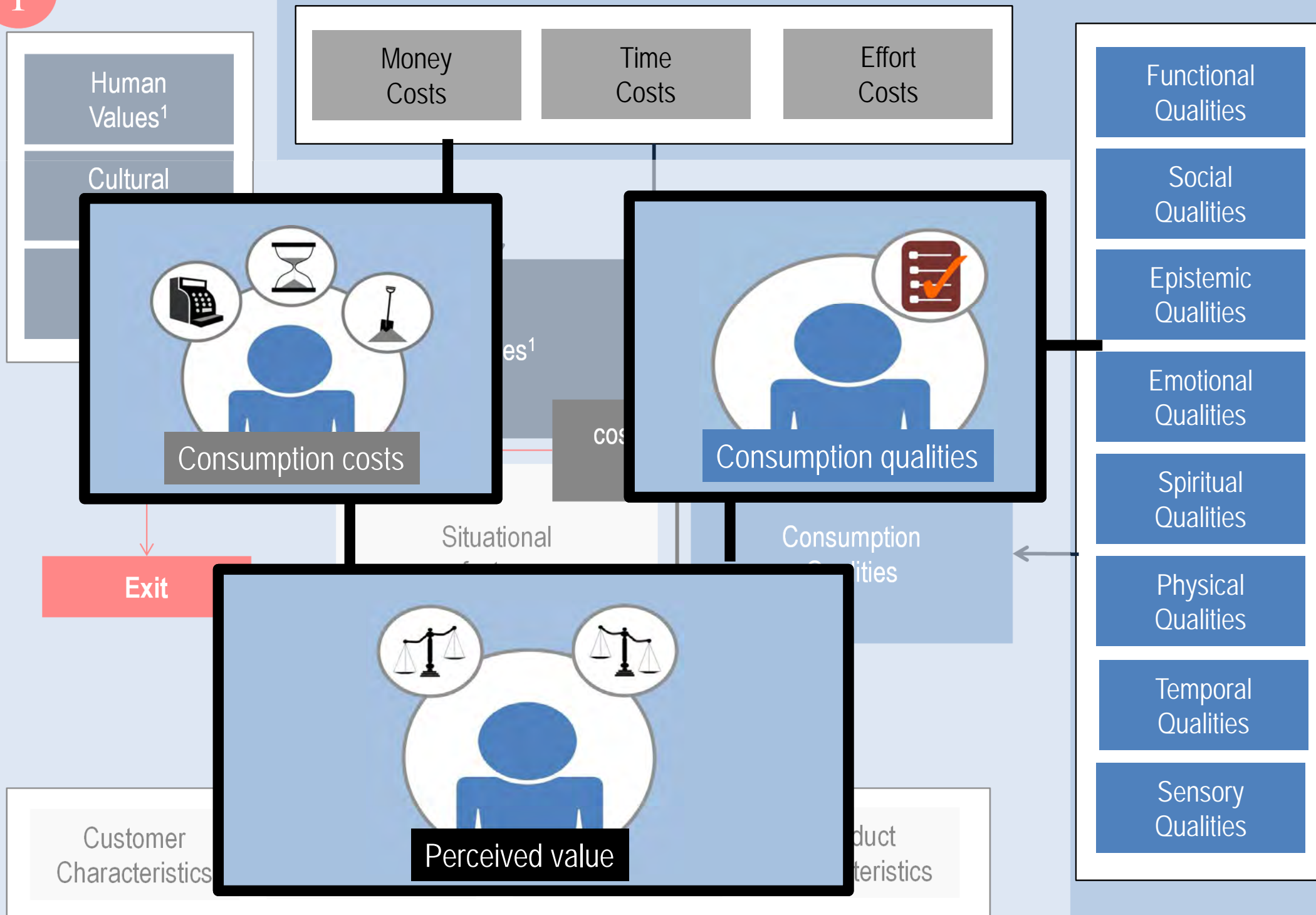
Customer Characteristics

Organisation Characteristics

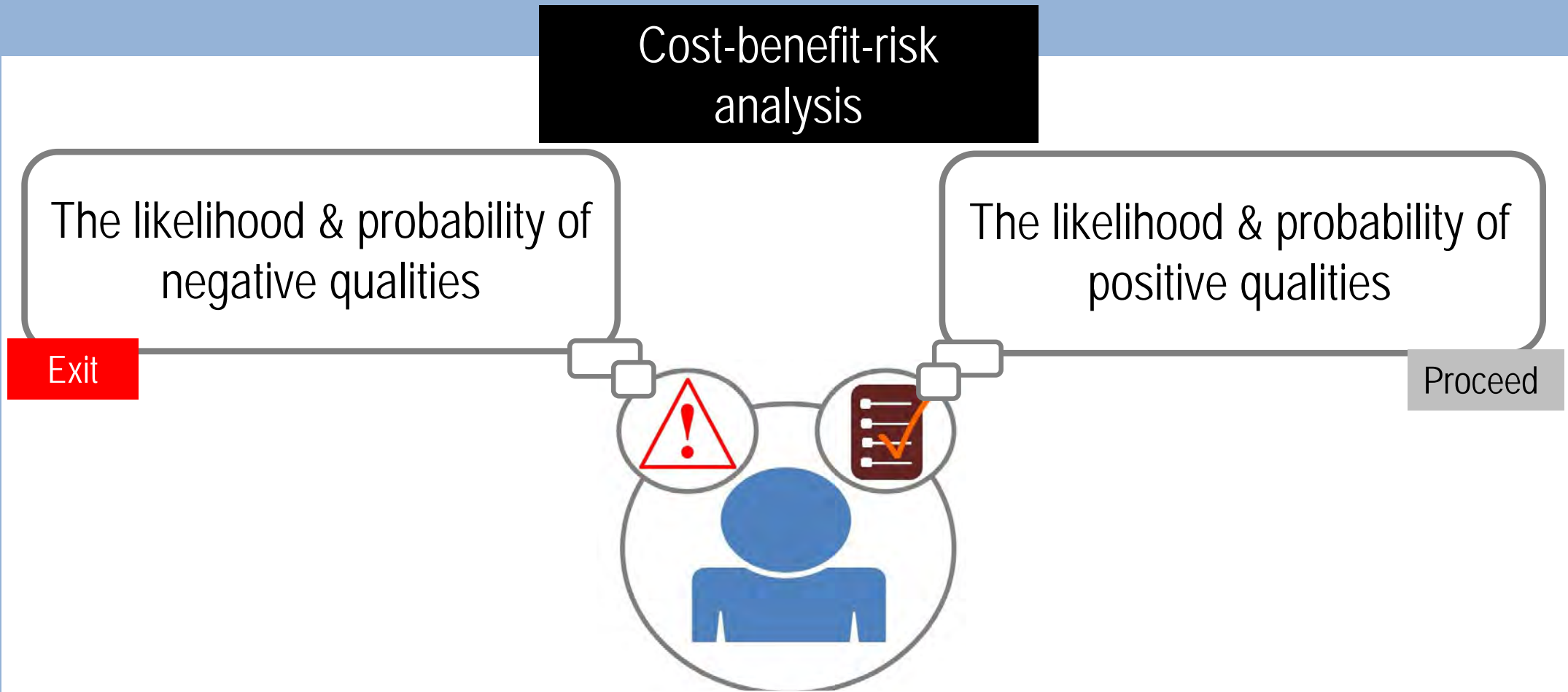
Market Characteristics

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



The topic of risk



Adam (22) has recently graduated from University.

He is keen to do some travelling before starting his career. He has decided to backpack through Europe [Euro rail].

His mother is anxious. To reduce the risks she offers to buy a Con-Tiki ticket.

- As Adam, what risks do you perceive?
- As his mum, what risks do you perceive?



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]

Pre-purchase risks become qualities



Functional

Social

Epistemic

Emotional

Spiritual

Physical

Temporal

Sensory

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

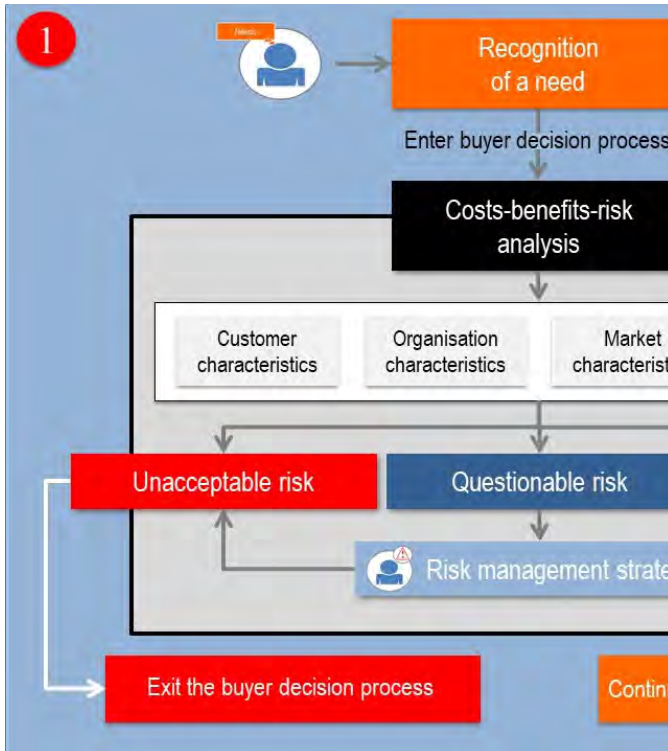
Acceptable risk



Risk management strategies

Exit the buyer decision process

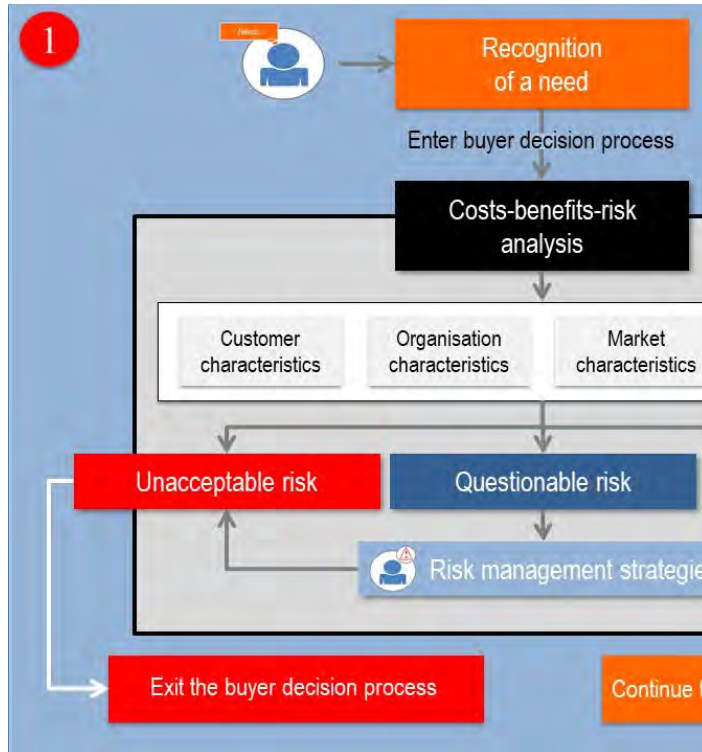
Continue the product selection process



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]

Adapted from Dowling (1999) and Lovelock (2011)

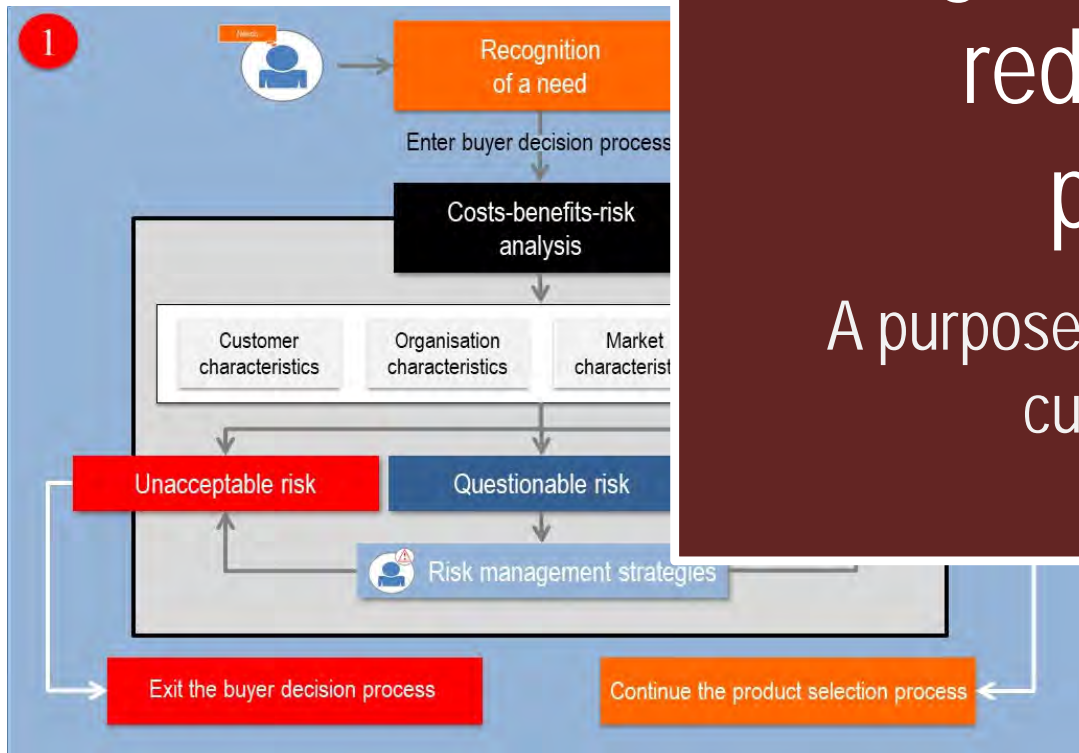


Risk management strategies

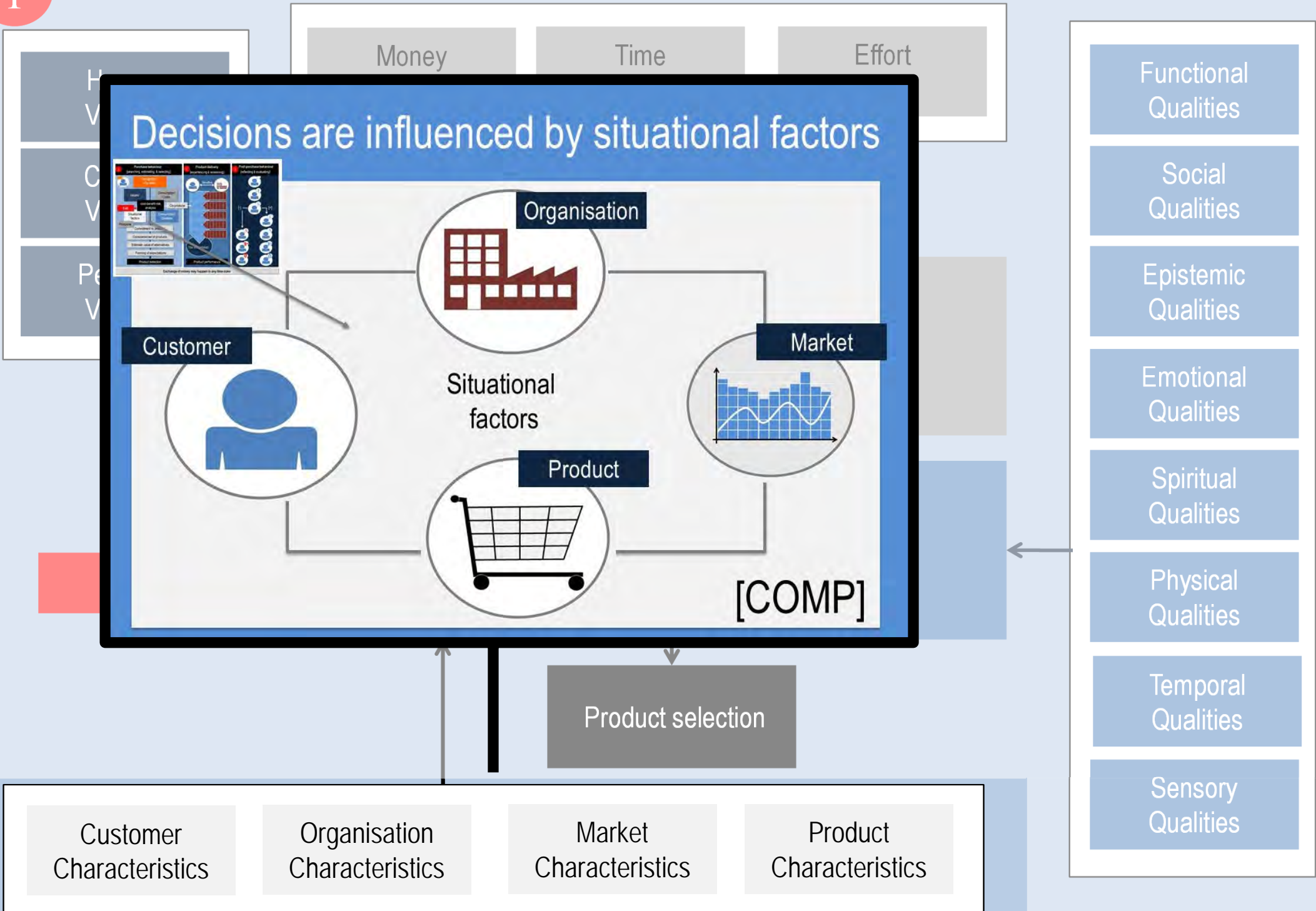
- Assess tangible cues (physical evidence)
- Seek information from **experienced** and **trusted** people
- Search www for comments
- Rely on the reputation of the firm
- Assess guarantees and warranties
- Assess competing products
- Seek a trial
- Stay with current provider [the devil you know....]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



1



Activity

Marketing practitioners must

understand the buying decision process



Discuss the likely steps each would make



all photographs sourced from istock

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
[compound COMP]



= autocratic decision



Consumer decision making



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



Effort
Costs

ption
ts

ption
ties

Functional
Qualities

Social
Qualities

Epistemic
Qualities

Emotional
Qualities

Spiritual
Qualities

Physical
Qualities

Temporal
Qualities

Sensory
Qualities

Product selection

Customer
Characteristics

Organisation
Characteristics

Market
Characteristics

Product
Characteristics

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

Functional
Qualities

Social
Qualities

Epistemic
Qualities

Emotional
Qualities

Spiritual
Qualities

Physical
Qualities

Temporal
Qualities

Sensory
Qualities

Product selection

Customer
Characteristics

Organisation
Characteristics

Market
Characteristics

Product
Characteristics

Exi

1

Human Values¹

Cultural Values¹

Personal Values¹

Money

Time

Effort

Functional
Qualities

Social
Qualities

Economic
Qualities

Functional
Qualities

Functional
Qualities

Functional
Qualities

Product selection

Temporal
Qualities

Sensory
Qualities

Customer
Characteristics

Organisation
Characteristics

Market
Characteristics

Product
Characteristics

Decisions are influenced by the nature of the product

investment
[money - time - effort]

[high involvement]

[high]

[new home]

[overseas holiday]

[appliances]

[clothing]

[groceries]



[low]

[snack bar]

impulse

routine

limited

extensive

decision-making types

Exit

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

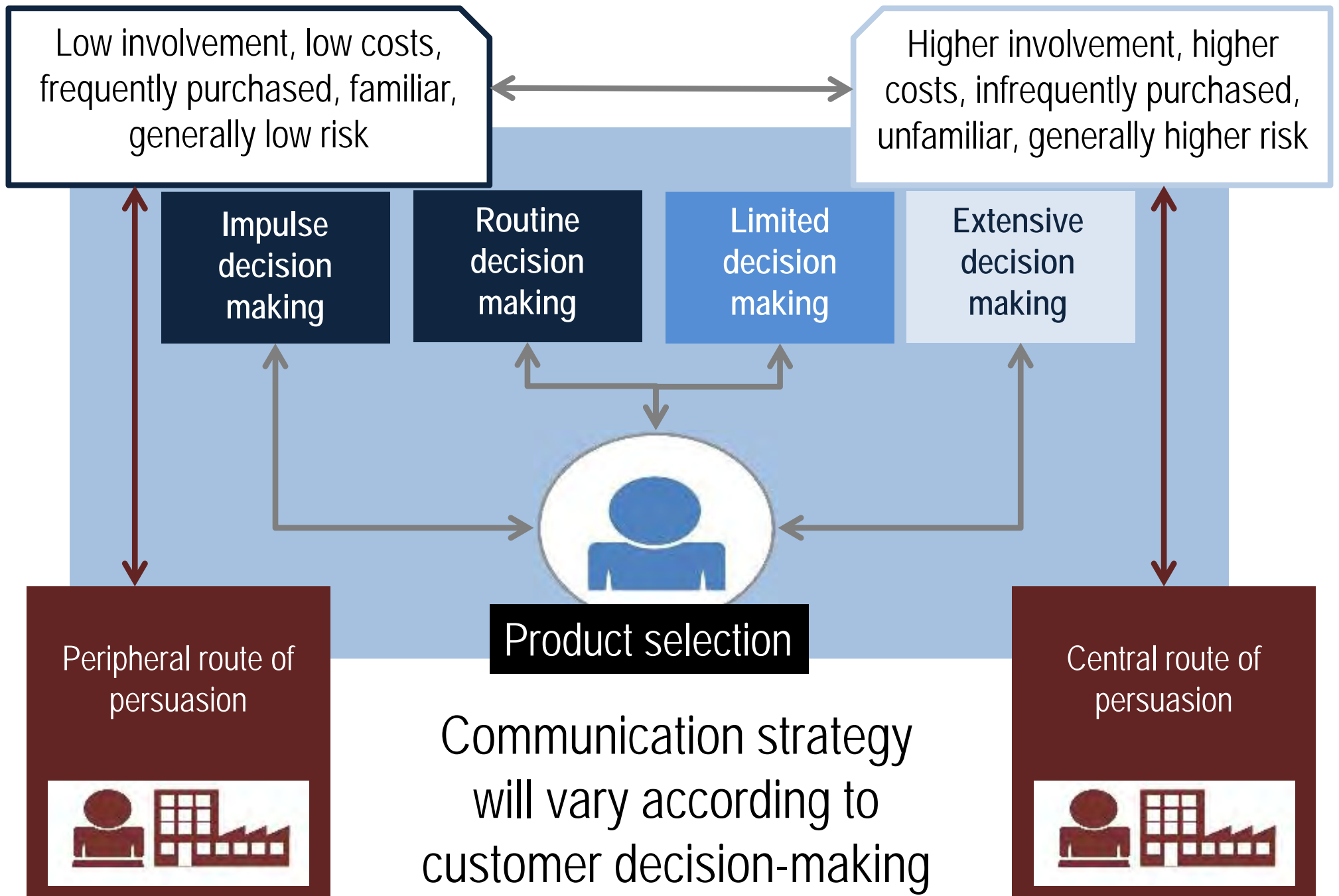
Emotional
Qualities

Spiritual
Qualities

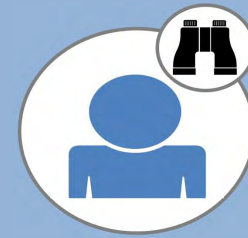
Physical
Qualities

Temporal
Qualities

Sensory
Qualities

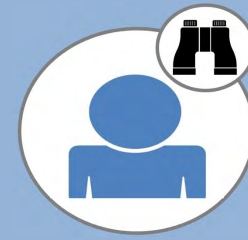


Consumers search for information to make



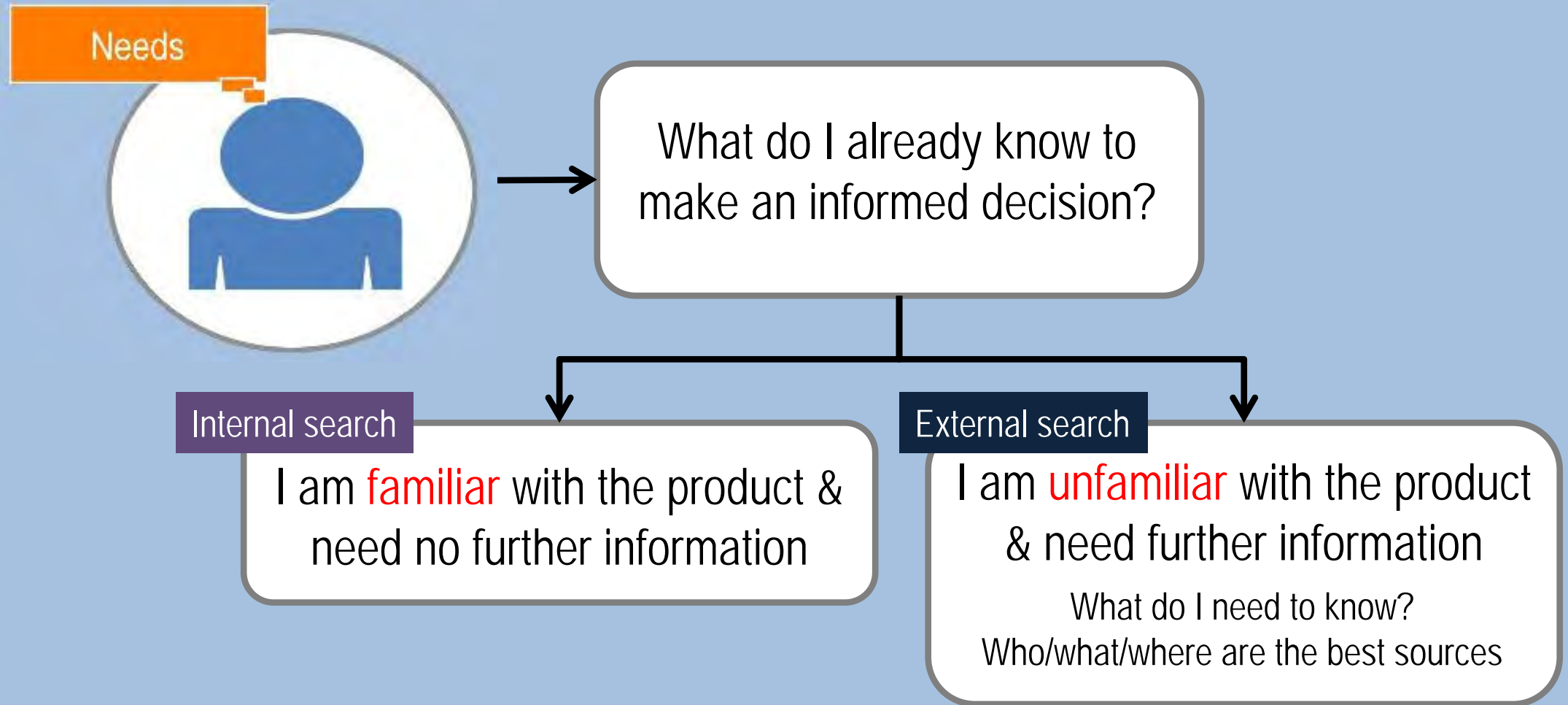
informed decisions

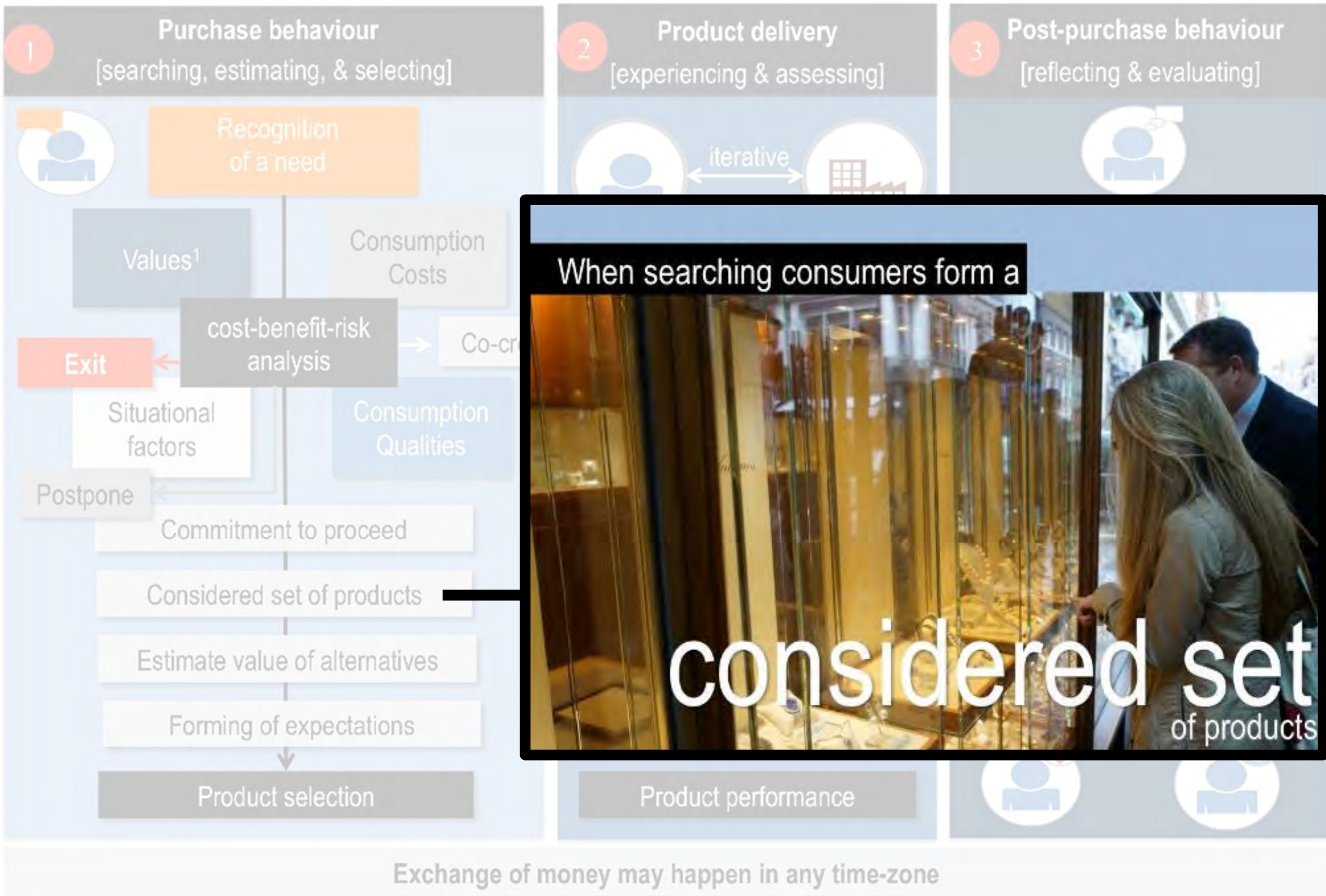
Consumers search for information to make





Searching for information



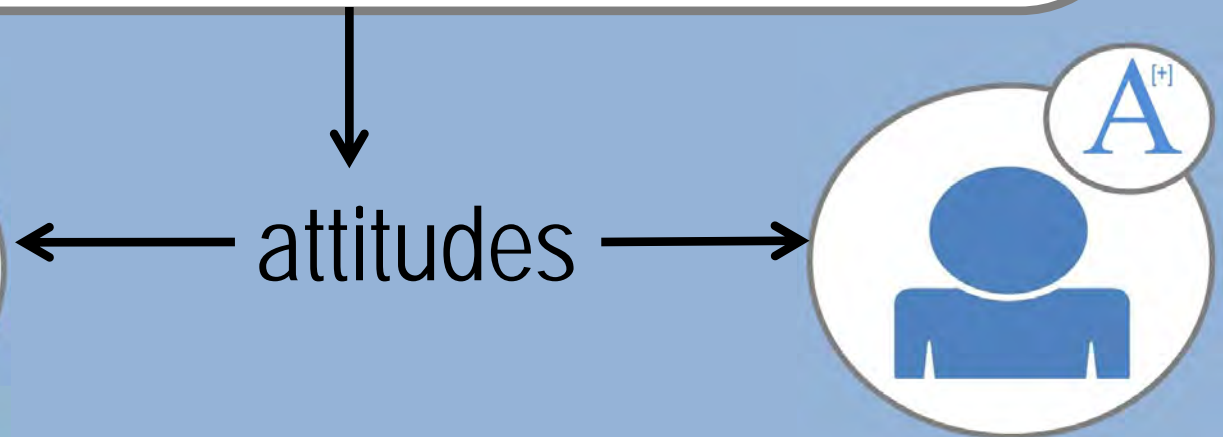


Searching previous experiences

Internal search

Retrieving familiar products/brands:

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

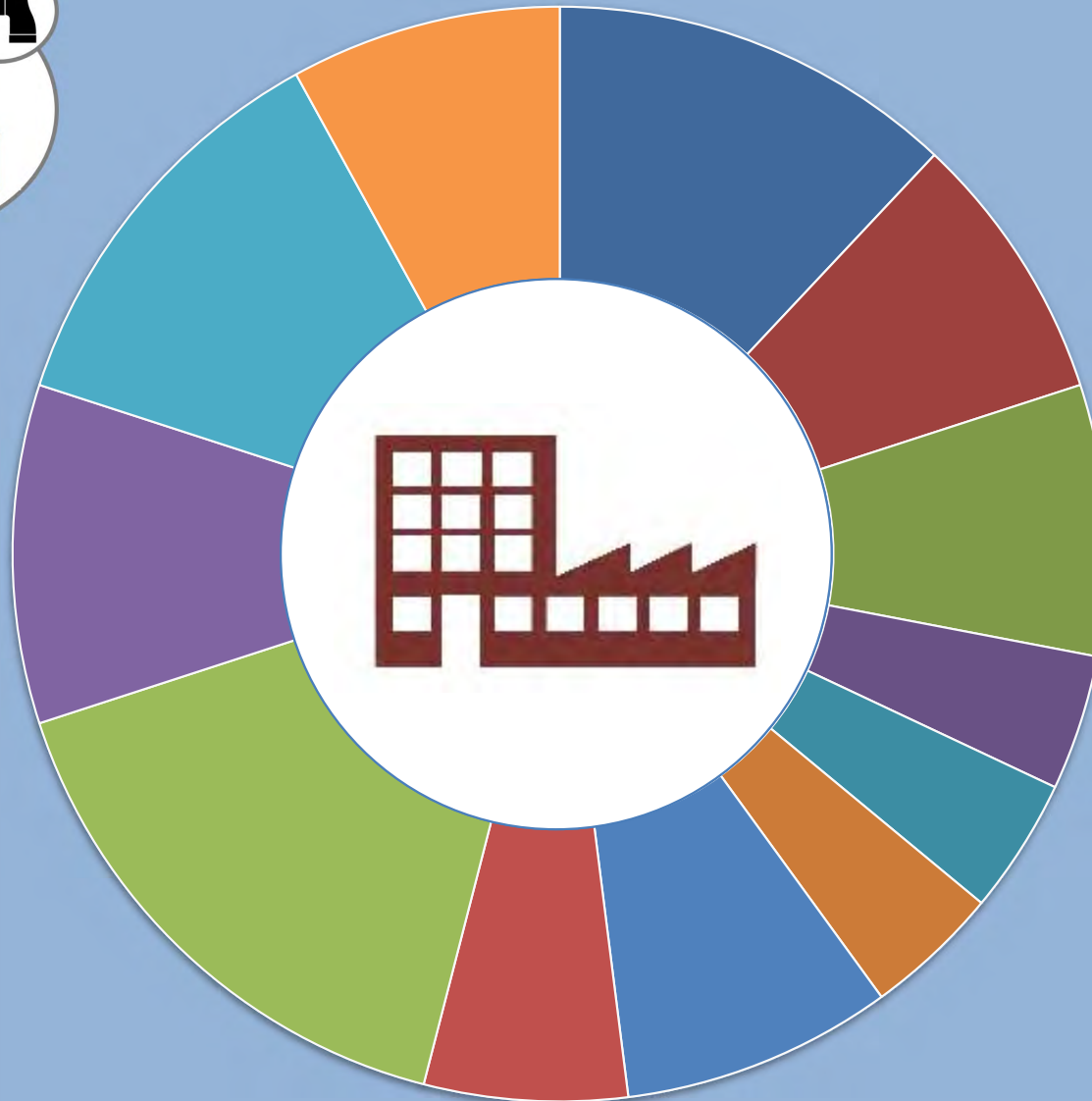


Considered set of products



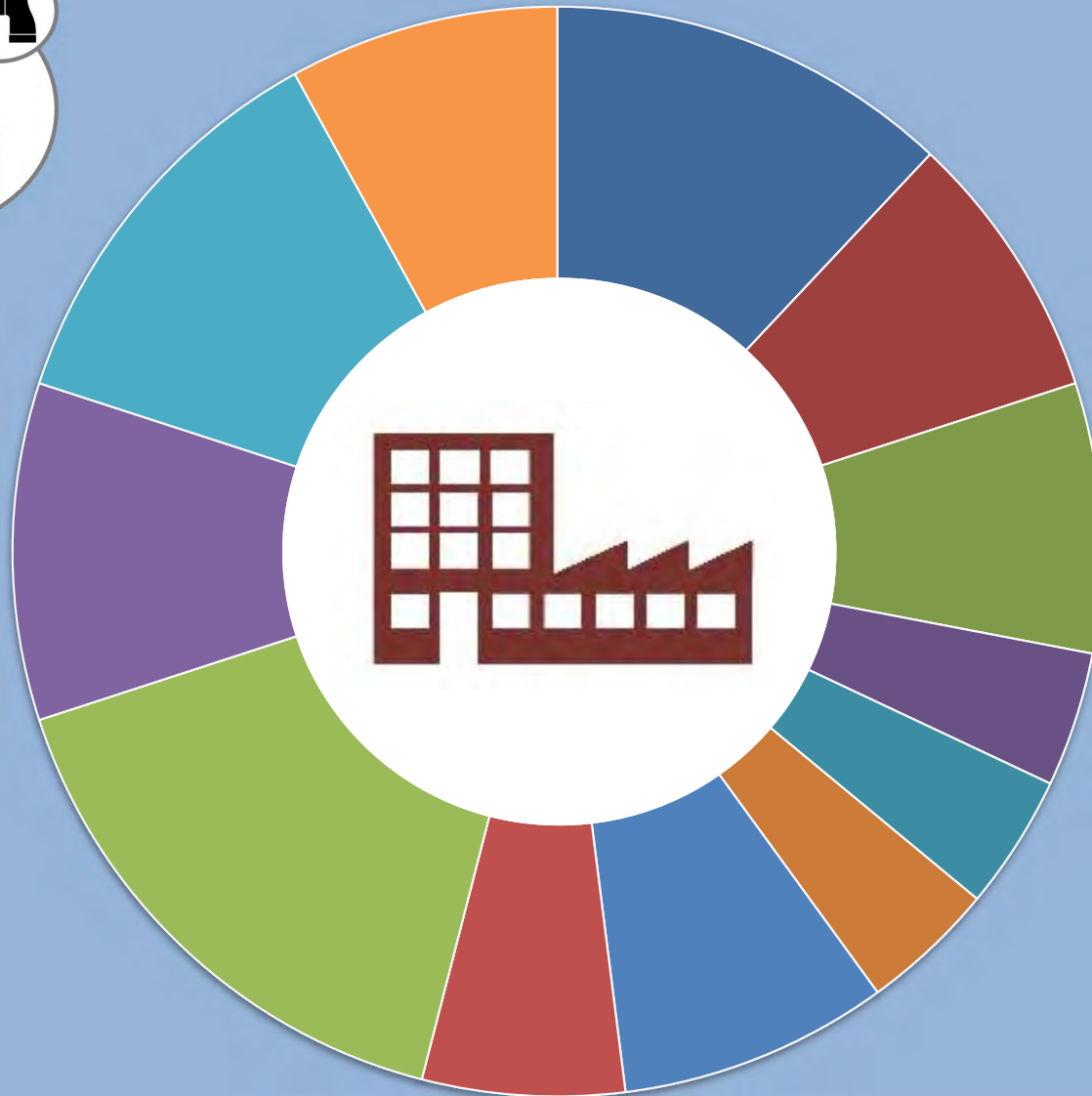
- Consumers identify products that are worth **further consideration**
- Unacceptable products/brands are then removed from 'the list'
- Acceptable products are included in the list of 'alternative products'

External search may include a wide spectrum of media



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

Audit of communication media



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

The organisational objective is to

Create brand awareness



Brand recall

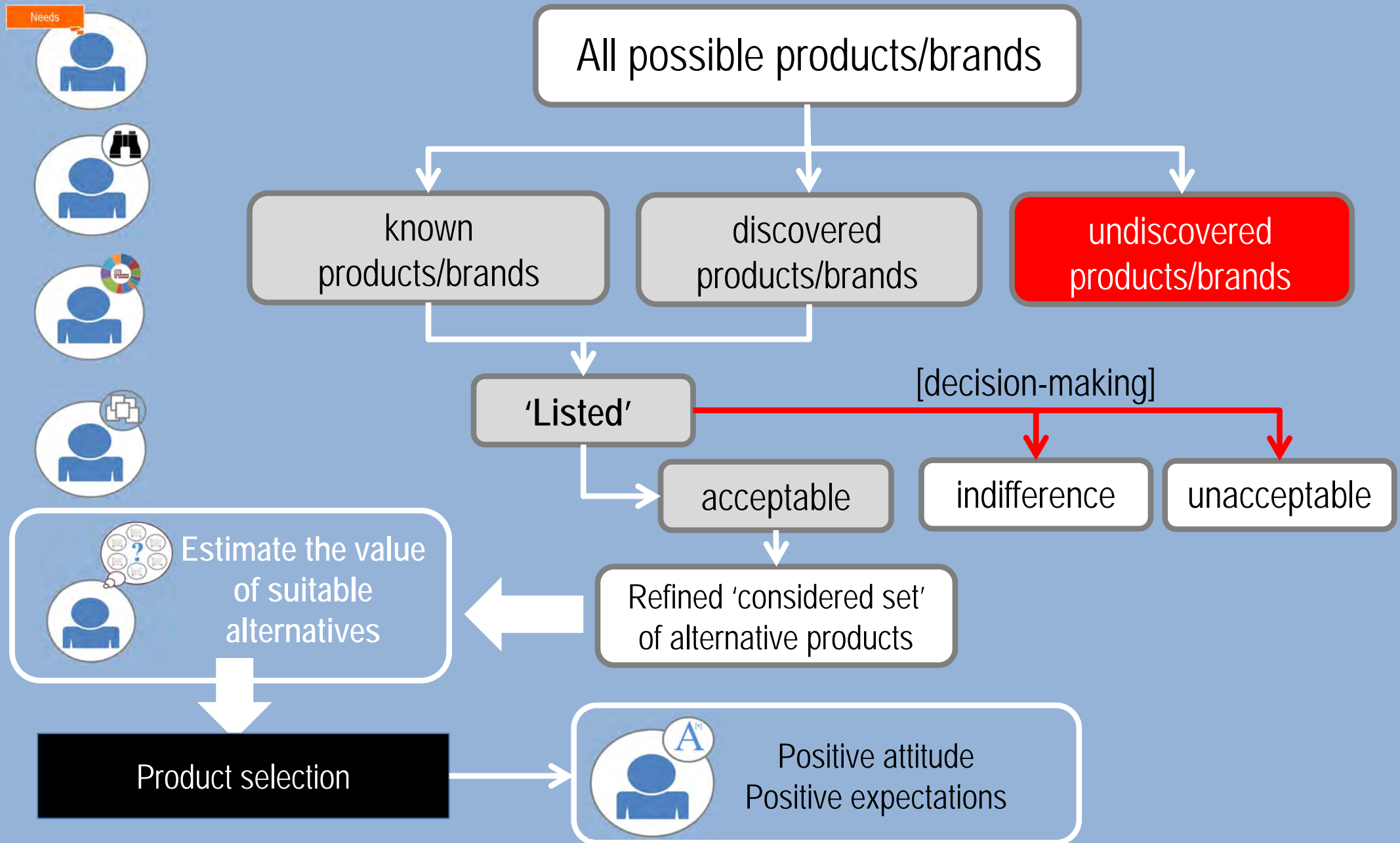
the ability of the consumer to link
their need to a product/brand
without obtaining further information



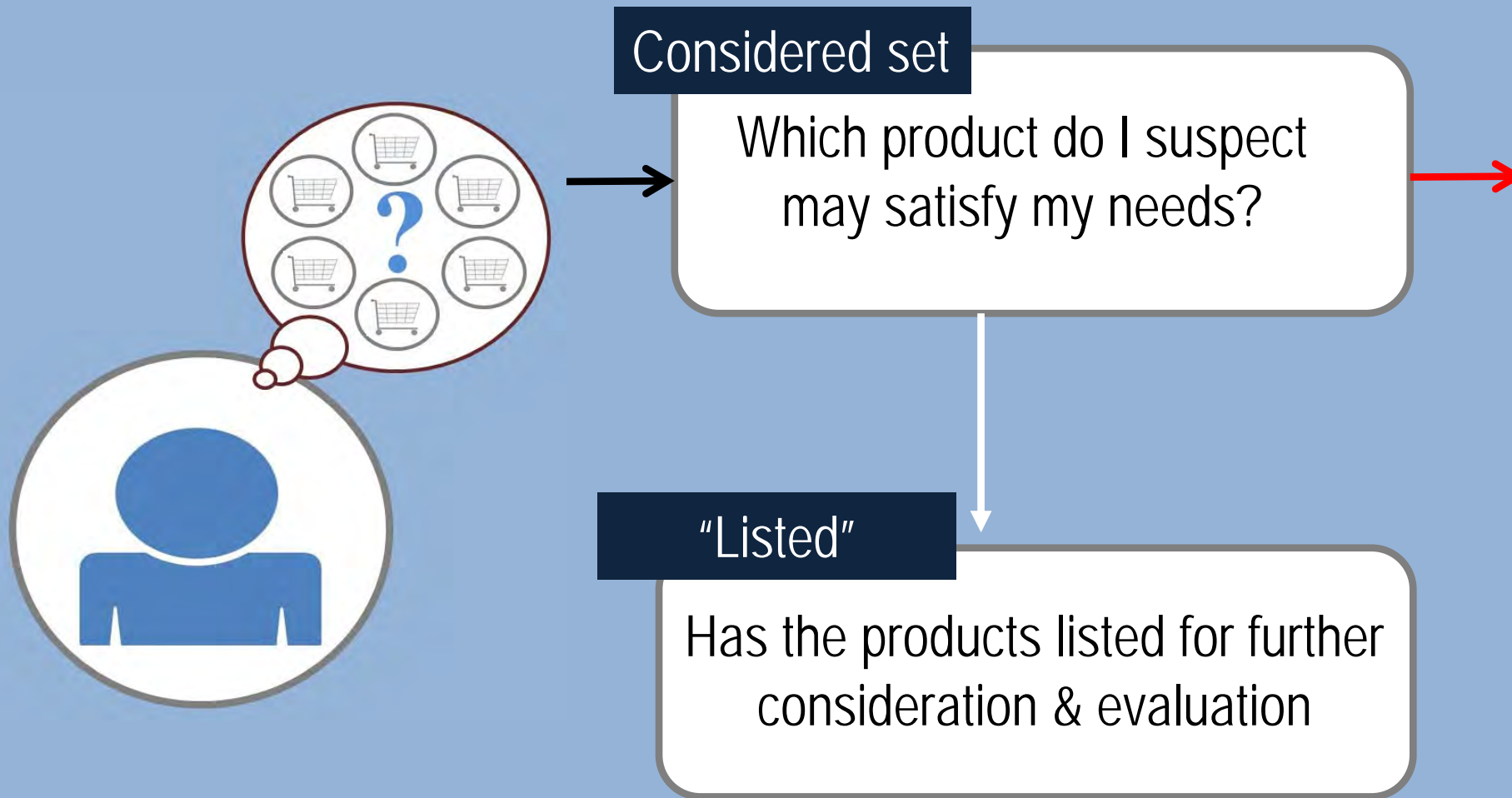
Brand recognition

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

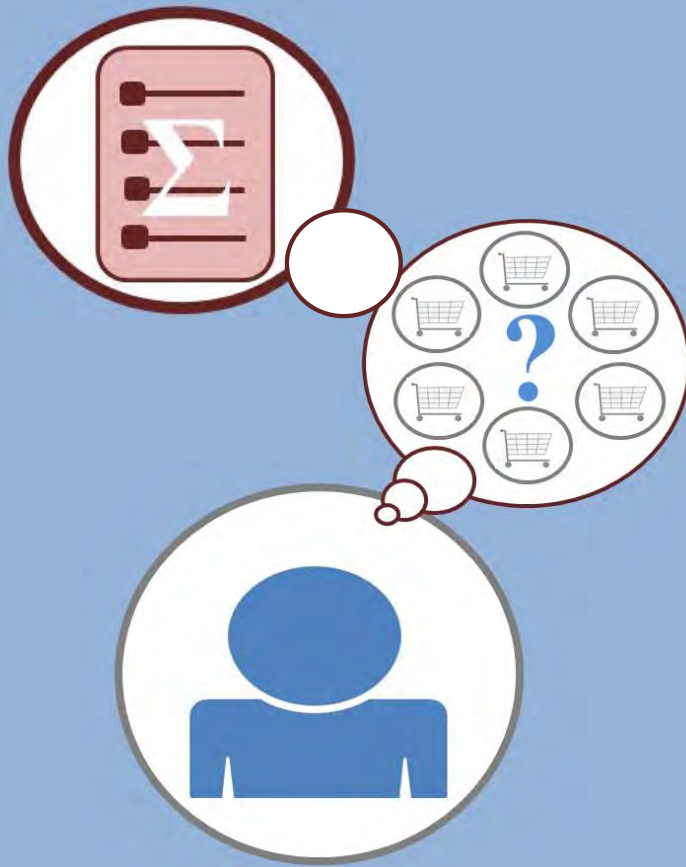
Searching & decision-making



The considered set of products



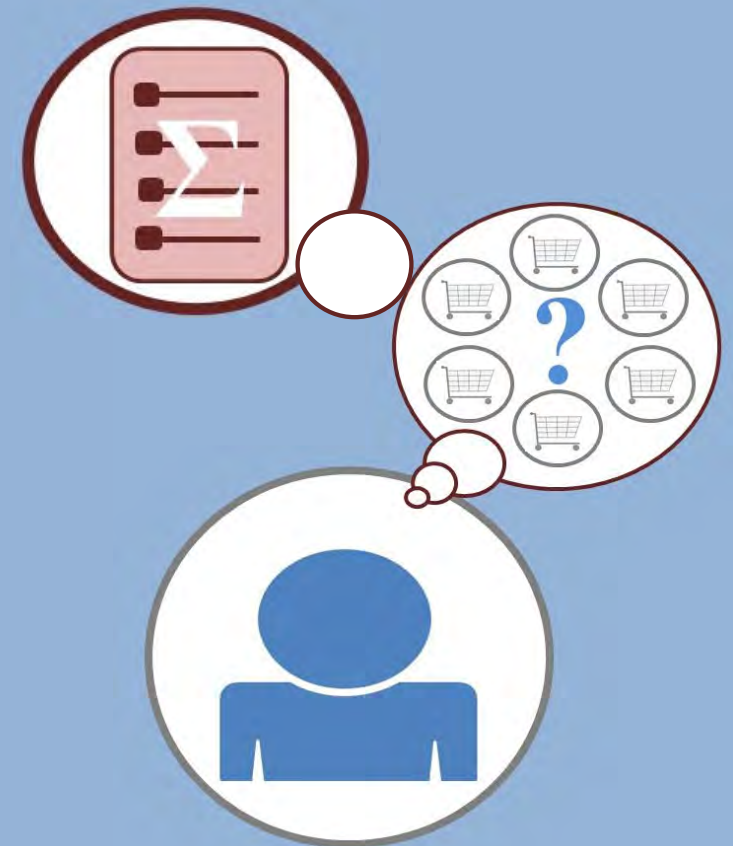
Multi-attribute attitude model



- **Attributes:** Product qualities that a consumer can identify as being embedded within the product
- **Beliefs:** consumer beliefs about the benefits of the product attributes^[+/-] 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.

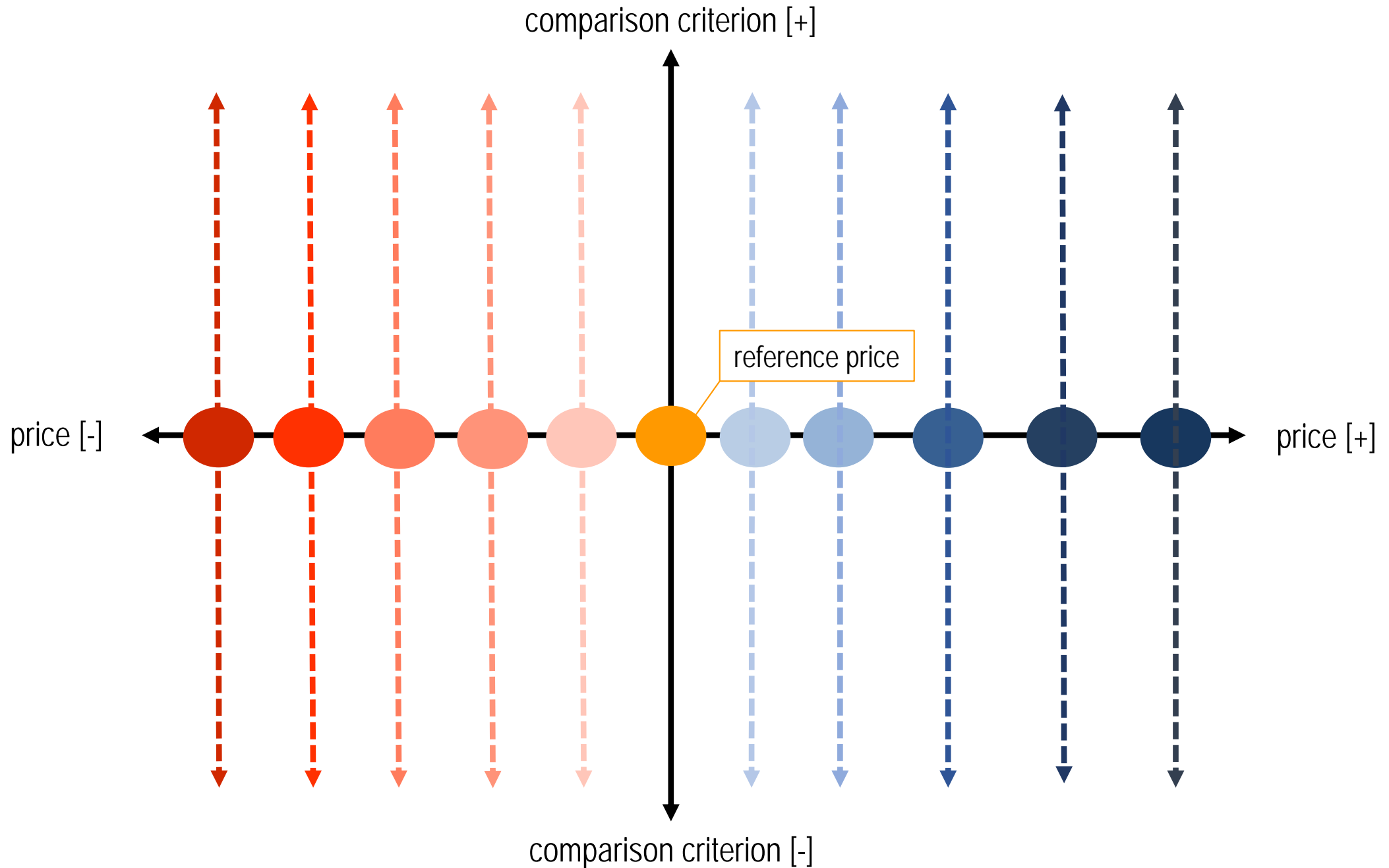
Decision-making rules

- Consumers are opportunistic & adapt their decision-making to suit the situation
- There are cognitive & emotional elements
- Influenced by their values¹ & perceptions of values^{2,3}

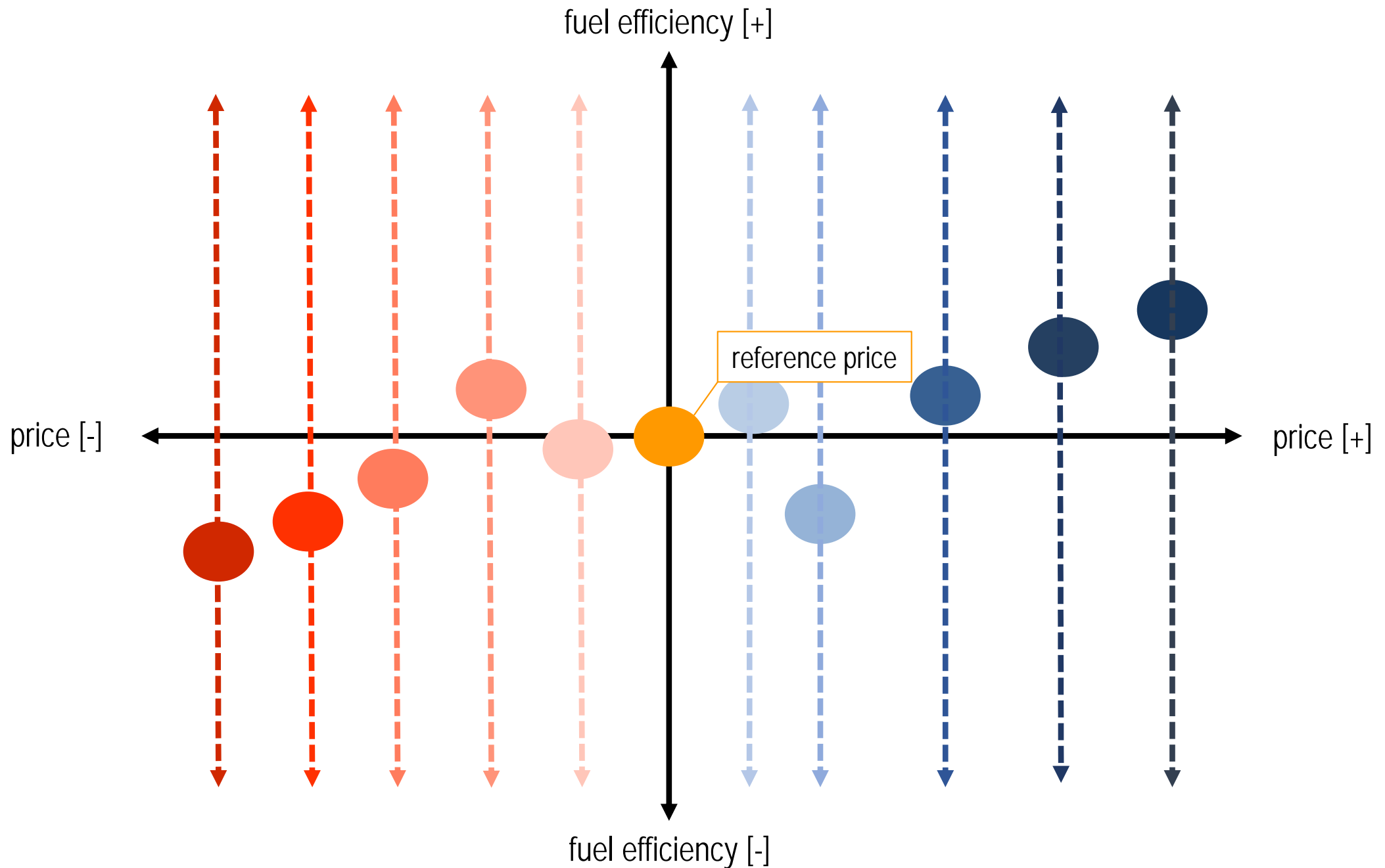




Employing a reference pricing to compare different products on selected criterion



Employing a reference pricing to compare different products on selected criterion



Consumers consider the benefits of the



alternative
products

Consumers consider the benefits of the



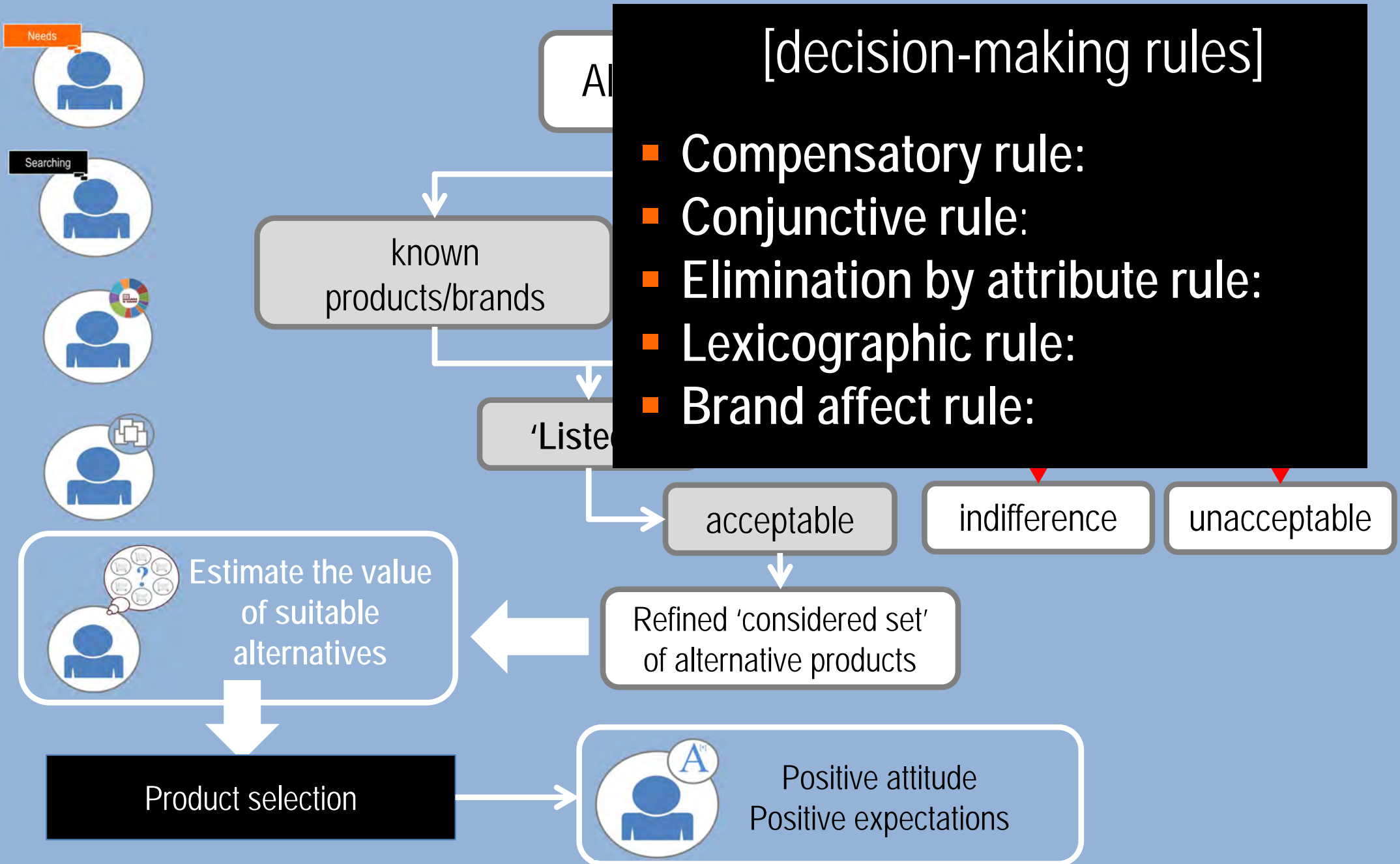
products

Consumers estimate the value of the

A photograph of a Paul bakery storefront. The awning is black with 'PAUL' in white letters. Below it, a sign reads 'PAINS RUSTIQUES & DE FANTAISIES PAUL PATISseries FINES & viennoiseries'. A long queue of people is standing outside the bakery. A young girl in a pink shirt is in the foreground on the left. The word 'alternative' is written in large white letters across the middle of the image, and 'products' is written in smaller white letters at the bottom right.

alternative products

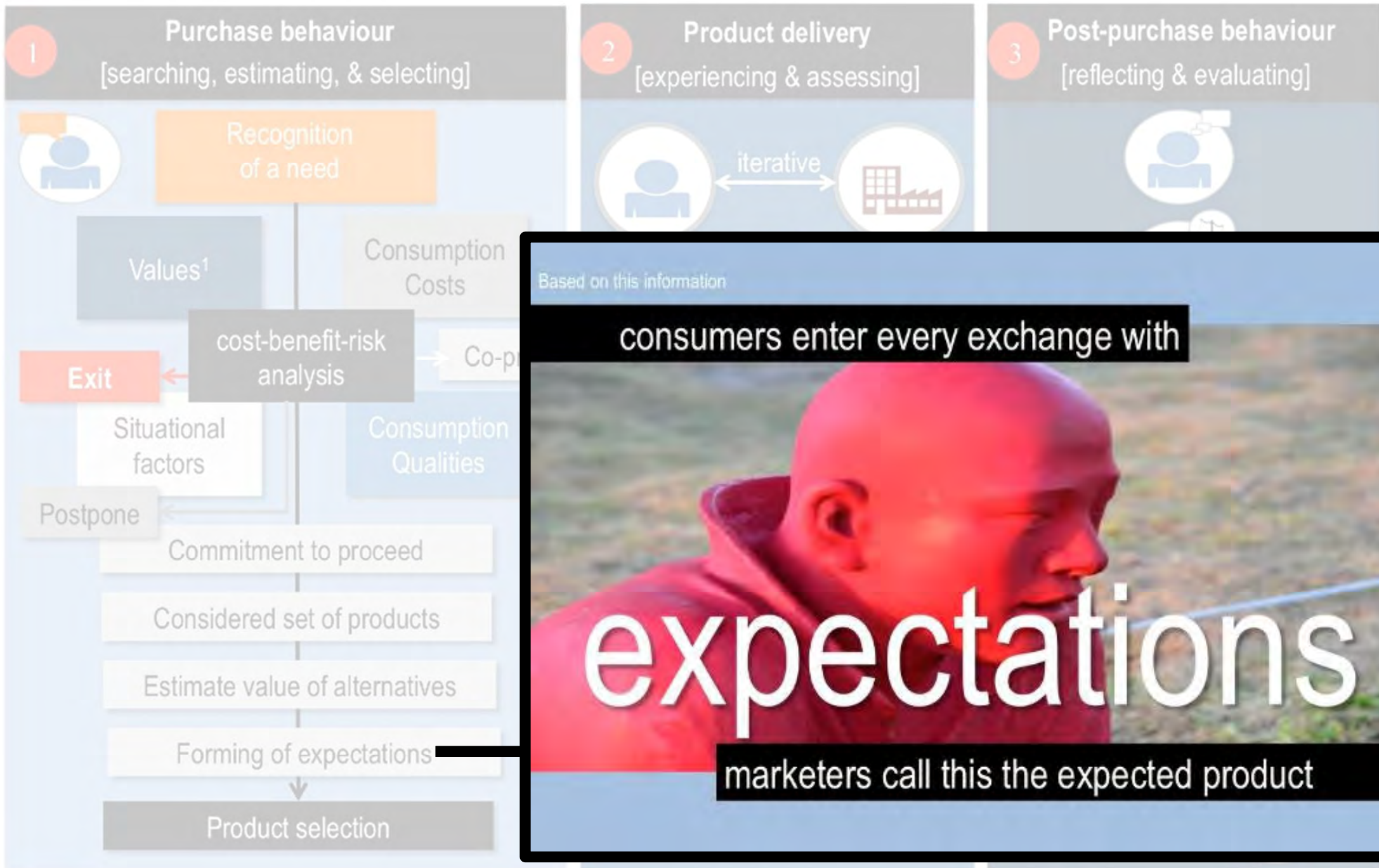
Searching & decision-making





[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



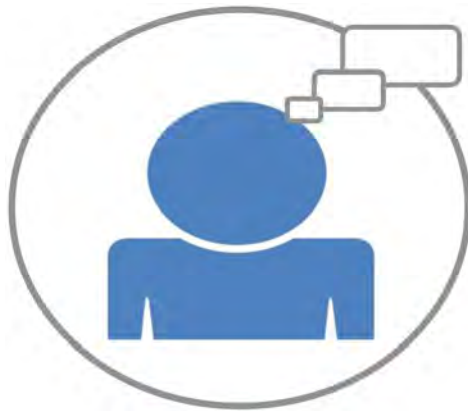
Exchange of money may happen in any time-zone



Product selection creates expectations



The product selection process creates



Consumer expectations of a best satisfying product

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

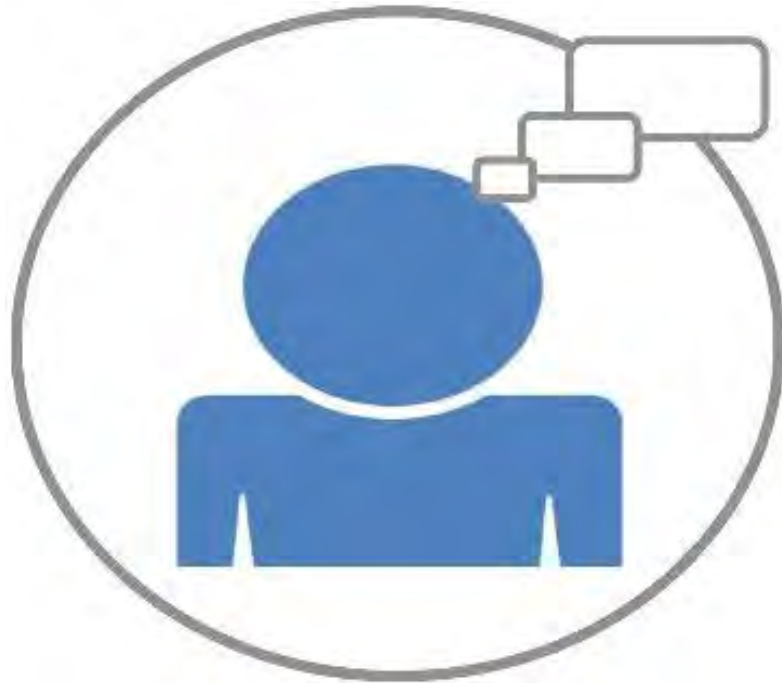


the marketer's & customer's objective

A photograph of a beach at sunset. The sun is low on the horizon, creating a warm, golden glow across the sky and reflecting on the water. Several people are silhouetted against the bright light, jumping and running in the shallow water. Their movements are captured in mid-air, conveying a sense of joy and freedom. The overall mood is one of happiness and satisfaction.

satisfaction

During the product selection step customer predict expectation scenarios



Ideal

Equitable

[augmented product]

Predictive

[expected product]

Adequate

[core product]



Unacceptable

No one would enter an exchange with an expected an overall negative outcome

Satisfaction is about reflecting & evaluating



getVgiveVexpect

- Qualities: are what we get [quality is the sum of qualities]
- Value: is what we getVwhat we give
- Satisfaction: is what we getVgiveV what we expected

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

1 Purchase
behaviour

Estimate

2

Product
delivery

Assess

3

Post
purchase

Evaluate

Exploded circle of satisfaction



Technology and the buyer decision process

Class discussion

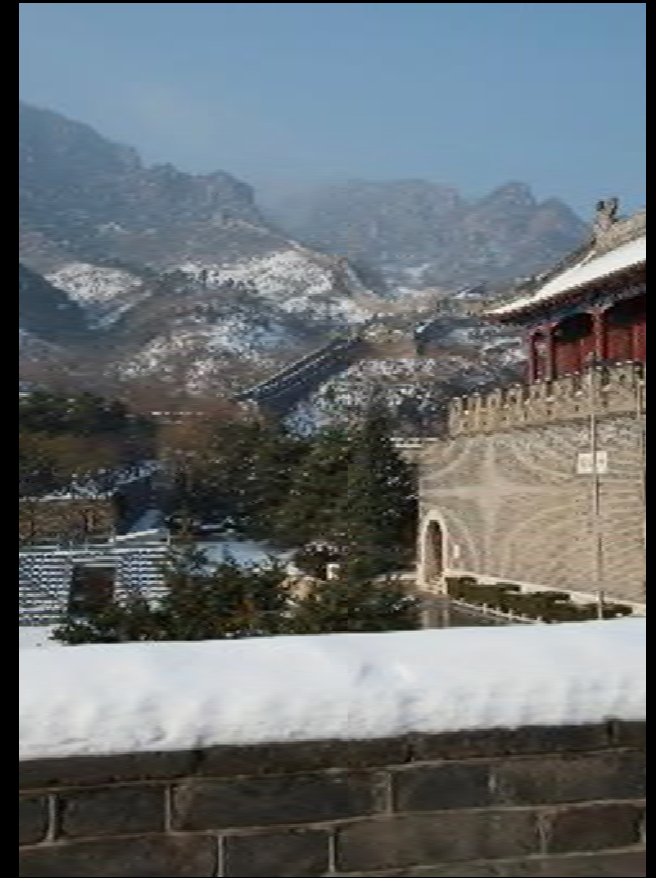
- Consider and discuss how technology has influenced your behaviour during the three time-zones.

A photograph of a street kiosk in Paris, likely near the Eiffel Tower, selling postcards. The kiosk has a black metal frame and a decorative dome on top. Several racks of postcards are visible, showing various Parisian scenes. A man in a white shirt and shorts is browsing the postcards, while another man in a dark jacket and jeans stands nearby. The background shows a Parisian building with a balcony and trees.

Products have 3 time zones

Each time zone requires
different & careful attention

for both the
buyer & the seller



Some product are reflected on many times
[was the experience worth the money, time, & effort?]

a 2nd life



One person's junk is another person's treasure

Vintage shops



Vintage cars



Recycled as art

