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UNIT 1

Introduction:

Consumer behaviour is a field of study that examines the decision-making processes and activities undertaken by individuals, groups, or organisations in relation to the acquisition, utilisation, and disposal of products, services, experiences, or ideas within the marketplace. The process entails comprehending the diverse elements that impact consumers' decisionmaking and actions, encompassing psychological drivers as well as external aspects such as cultural and social standards. It refers to the study and analysis of individuals, groups, or organisations and the processes they undergo when selecting, purchasing, using, and disposing of products, services, ideas, or experiences to satisfy their needs. Consumer behaviour refers to the systematic examination, analysis, and projection of the decision-making process undertaken by individuals or collectives when selecting products and services, with the various elements that impact their decision-making process. In this context, several examples of consumer behaviour may be identified.

These examples include:

1. **Psychological Factors:** Consider a consumer who exhibits a preference for purchasing organic food goods based on the belief that such items offer enhanced health benefits and contribute to environmental sustainability. The psychological aspect that influences individuals' conduct is their motivation to make choices that accord with their beliefs regarding health and sustainability.
2. **Social Factors:** Within specific cultural contexts, there may exist a pronounced emphasis on the act of gift-giving during periods of celebration. This cultural convention has an impact on consumers, compelling them to purchase gifts for their acquaintances and relatives, even in cases when such purchases may not have been contemplated otherwise.
3. **Situational Factors:** In the context of a flash sale, a consumer may encounter a promotional message highlighting a time-limited reduction in price for a product that has previously captured their interest. The sense of urgency generated by the sales situation may potentially drive individuals to expedite their purchasing decisions beyond their typical pace.
4. **Personal Factors:** Individuals with a higher wealth may want to purchase luxury brands as a means of signalling their social position and achievements. One personal component that motivates individuals' actions is their desire to conform to their self-perception and lifestyle.
5. **Reference groups:** Reference Groups have a significant role in influencing consumer behaviour. For instance, adolescents may opt to don a particular brand of trainers due to the endorsement of their beloved star. The consumer's choice is influenced by the reference group, specifically the celebrity.
6. **Online Shopping Behaviour:** The utilisation of customer behaviour data by e-commerce platforms is a common practise in order to offer personalised suggestions. For instance, in the context of online book purchasing, the platform might potentially offer recommendations pertaining to related genres or authors, drawing upon the consumer's previous purchase records and browsing activities.
7. **Brand Loyalty and Switching:** Brand loyalty and switching behaviour is a phenomenon when a consumer who has consistently purchased a specific brand of shampoo over an extended period of time decides to transition to a different brand. This shift in consumer behaviour may be attributed to various factors such as receiving a recommendation from a friend or being enticed by a compelling promotional offer.
8. **Product Perception on Consumer Decision-Making:** Consumers' evaluation of a brand of smartphones as reliable and high-quality can be shaped by good reviews and anecdotal experiences shared by others. The perception has a significant impact on their purchasing behaviour towards the brand in question.
9. **Post-Purchase Behaviour:** Following the acquisition of a smartphone, consumers may engage in activities such as sharing their experience on social media platforms or composing a review. Positive experiences have the potential to foster brand support, whilst negative encounters can result in discontent and the propagation of negative word-of-mouth.

Factors influencing consumer behaviour:**1. Cultural Factors:**

- Culture: The influence of cultural norms, values, beliefs, and rituals on consumer behaviour is substantial. Diverse cultural groups exhibit distinct perspectives regarding items, consumption behaviours, and preferences.
- Subculture: Subcultures, which emerge within broader cultural contexts, are shaped by several elements such as race, religion, nationality, and regional identity, and have the potential to impact consumer preferences and behaviours.
- Social Class: The purchasing behaviour, retail preferences, and brand perceptions of consumers can be influenced by their social class.

2. Social Factors:

- Reference Groups: Family, friends, coworkers, and opinion leaders exert influence on consumer behaviour through the provision of advice, opinions, and approval.
- Social Roles: The purchasing decisions of consumers are influenced by their social roles, such as being a parent, student, or professional. For example, the consumer preferences of a parent may differ from those of a college student.
- Social Norms: Social norms encompass the societal expectations and conventions that govern and determine acceptable behaviour and spending patterns. Consumers frequently conform to these conventions when making their selections.

3. Personal Factors:

- Age and Life Stage: Various life stages, including childhood, adolescence, maturity, and retirement, give rise to evolving wants and spending patterns.
- Occupation and Income: The occupation and income of individuals have a significant influence on their purchasing power and decision-making. There may be a divergence in product preferences between professionals and blue-collar workers.
- Personality and Self-Concept: Consumers exhibiting distinct personality traits may have a preference for particular products that are congruent with their self-concept and image.

4. Psychological Factors:

- Motivation and Needs: Psychological factors play a significant role in consumer behaviour, particularly in relation to motivation and requirements. The behaviour of consumers is driven by their individual needs and motivations. One example of a theoretical framework that elucidates the prioritisation of consumer needs is Maslow's hierarchy of needs. This framework posits that individuals prioritise various needs such as safety, belongingness, and self-esteem
 - Perception: The manner in which consumers see and understand information has a significant impact on their decision-making processes. The process of perception is subject to the effects of selective attention, interpretation, and retention of information.
- Attitudes and Beliefs: Consumer attitudes and beliefs have a significant role in shaping their choices and purchase intentions towards items, brands, and advertising.

5. Situational Factors:

- One important aspect to consider while analysing a particular situation is the influence of situational factors. These factors refer to the external circumstances and conditions that can impact individuals' behaviour and
- Purchasing Context: The rationale behind a purchase, such as whether it is intended as a gift or for personal use, can have an impact on the decision-making process.

- **Time and Place:** The temporal and spatial dimensions can have influence on consumer decision-making processes. The convenience and geographical accessibility of products and services are significant factors to consider.
- **Urgency:** The presence of urgency might elicit expedited decision-making among consumers, whereas situations with lower levels of urgency afford more opportunity for thoughtful deliberation. The interplay and mutual influence of these factors contribute to the intricate nature of consumer behaviour. Businesses and marketers engage in the analysis of these aspects in order to get a deeper understanding of consumer motivations and preferences. This understanding aids in the development of focused marketing strategies that effectively resonate with the intended target audience, ultimately leading to favourable outcomes within the market.

Importance of consumer behaviour:

1. Understanding Consumer Behaviour Helps Businesses:

- **Market Understanding:** Market understanding is crucial for businesses to effectively cater to client preferences, requirements, and wishes. Consumer behaviour insights play a significant role in providing businesses with a comprehensive grasp of these factors, enabling them to match their offers with the prevailing market demand.
- **Competitive Advantage:** Competitive advantage can be achieved by businesses that possess a comprehensive understanding of customer behaviour, enabling them to create distinctive products and services that differentiate themselves in the market and effectively target certain consumer categories.
- **Innovation:** The utilisation of insights into customer behaviour has the potential to foster innovation through the identification of unfulfilled demands and opportunities for enhancement within current product offerings.
- **Risk Mitigation:** Risk mitigation involves the reduction of possible losses for businesses through the comprehension of customer preferences. By gaining an understanding of the preferences of the target audience, businesses can minimise the risk associated with the launch of products that fail to resonate with consumers.

2. Creating Products That People Want: Consumer behaviour analysis plays a crucial role in identifying market gaps and revealing areas where demand exists but remains unfulfilled

- **Feature Alignment:** Enterprises have the ability to create products that are in line with the preferences, features, and benefits that are highly valued by the specific target demographic.
- **Tailored Offerings:** The comprehension of customer behaviour empowers firms to provide personalised and customised products, thereby responding to the unique demands and preferences of consumers.

3. Develop Effective Marketing Strategies: In order to enhance marketing efforts, it is imperative to develop strategies that are effective and yield positive results.

- **Segmentation and Targeting:** Segmentation and targeting strategies are employed by organisations to effectively divide the market into distinct segments based on several factors such as demographics, psychographics, and behavioural patterns, which are derived from consumer behaviour insights. This practise facilitates the customization of marketing messaging to effectively reach and engage certain demographic segments.
- **Message Resonance:** Marketers possess the ability to construct messages that align with the motivations, needs, and values of consumers, hence enhancing the efficacy of communication.
- **Channel Selection:** The process of channel selection is crucial in comprehending how customers get information, as it directly impacts the strategic decisions about advertising and promotion of items.

For example, online advertising has the potential to be more efficacious when targeting specific audiences.

4. Aiding Towards Building Better Relationships with Customers:

- Adopting a Customer-Centric Approach: By comprehending consumer behaviour, organisations may cultivate a customer-centric approach that prioritises providing value and resolving customers' challenges.
- Improved Customer happiness: By strategically addressing consumer preferences, organisations have the ability to offer products and experiences that result in elevated levels of customer happiness and foster long-term loyalty.
- The Utilisation of Feedback: The utilisation of feedback derived from consumer behaviour analysis enables firms to enhance their products, enhance their services, and adjust their strategy in order to more effectively cater to client wants.
- Long-Term Loyalty: Long-term client loyalty may be fostered through generating great experiences that are informed by consumer insights. This, in turn, can result in repeat purchases and favourable word-of-mouth recommendations. In conclusion, a comprehensive comprehension of customer behaviour is necessary for firms to flourish in a highly competitive market. This enables firms to generate goods that are pertinent and appealing, formulate tactics that efficiently convey value, and establish robust customer relationships. Consumer behaviour insights provide organisations with the necessary information to make well-informed decisions that are in line with customer preferences, ultimately resulting in heightened levels of customer happiness, enhanced brand loyalty, and overall business success.

CONSUMER INVOLVEMENT AND DECISION MAKING

Involvement is how much time, effort, and thought a customer puts into choosing a product or service and how much fun they have doing it. Like motivation, involvement is a customer's feeling on the inside. It makes a person think about and explain his or her choice. External sources and agencies can encourage customer involvement.

The involvement theory says there are two kinds of purchases: low and high. How involved a customer is in a purchase depends on how involved he or she is in the purchase.

For example, when people buy a loaf of bread, they don't feel like they're doing much. It's because the product doesn't last very long. Once it's been used up, it's gone. If the customer is unhappy with a certain brand of bread, he will buy a different one next time.

When a person buys something that will last a long time, like a laptop, refrigerator, couch, or two-wheeler, he or she has a lot of say in the decision. Customers choose to give it a lot of thought. The effects of these products last for a long time. Before they buy products with a high level of involvement, customers ask many questions. Based on the type of product or service, the table below shows different levels of involvement.

In this blog, Customer involvement will be defined along with its importance and types.

Definition of customer involvement

Customer involvement is the active involvement of customers in different parts of a company's business, such as product development, marketing, and customer service. It involves talking to

customers to learn about their needs, preferences, and expectations so that products and services can be made that better meet their needs.

Customer involvement can take many forms, such as giving feedback on products and services, participating in focus groups or surveys, or even co-creating or co-designing products with the company. By fostering a sense of partnership and ownership between the customer and the business, the main goal of customer involvement is to increase customer satisfaction and loyalty.

Through customer involvement, businesses can better understand their customers' needs, predict them, and make products and services that meet their expectations.

Importance of customer involvement

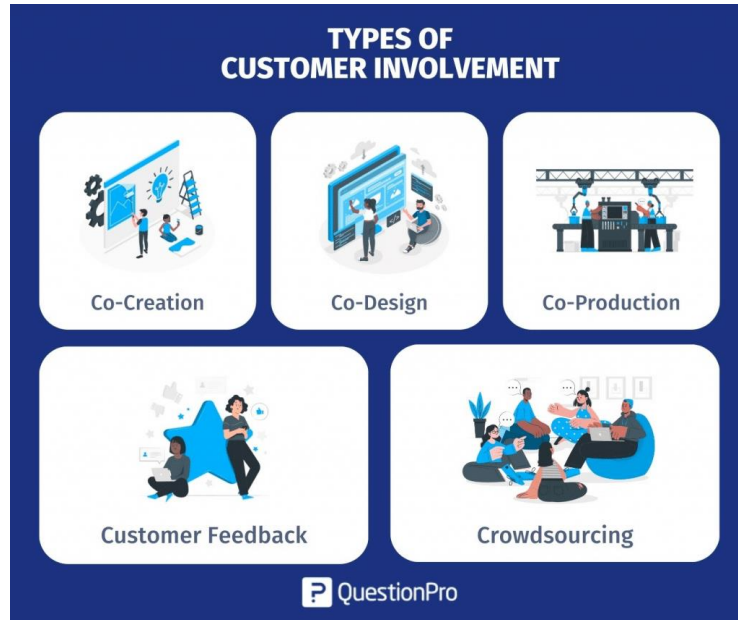
Customer participation is important for businesses in a number of ways. Here are some of the most important reasons why customer involvement is important:

- **Better understanding of customer needs:** Businesses can better understand their customers' needs and preferences by involving them in different parts of their operations. This can help businesses make products and services that better meet customer needs.
- **Improved customer satisfaction and loyalty:** Customers are likelier to be happy with the products and services they receive when they feel their opinions are being heard and valued. Increased loyalty and retention may result from this.
- **Increased innovation:** Customer involvement can spur innovation by giving businesses new ideas and insights they might not have thought of otherwise. This can lead to the customer development of new products and services that better meet the needs of customers.
- **Improved brand reputation:** Businesses that actively involve customers in their operations are often seen as more customer-centric and innovative, boosting their reputation and attracting new customers.
- **Reduced risk of product failure:** Companies can reduce the risk of product failures and expensive recalls by involving customers in product development and testing. In the long run, this can save businesses time and money.

If a business wants to stay competitive in today's market, it must involve its customers. By talking to customers and getting them involved in different parts of their business, companies can learn useful things, make customers happier, and come up with new products and services that better meet their needs.

Types of customer involvement

There are various forms of customer participation, including:



1. Co-creation:

Co-creation entails working with customers to create novel goods and services. This kind of customer participation is frequently used in sectors like technology, where customer feedback is crucial to developing novel products.

2. Co-design:

Customers are included in the design process to ensure the final product satisfies their requirements. This kind of customer involvement is frequently used in sectors like the fashion industry, where consumer feedback is crucial to developing fashionable and useful goods.

3. Co-production:

In order to increase the quality of the finished product, co-production entails involving customers in the manufacturing process. In industries like food service, where customers can offer insightful feedback on the flavor and quality of the food, this type of customer participation is frequently used.

4. Customer feedback:

Gather customer feedback on their interactions with goods and services in order to better future offerings. This kind of customer participation is frequently used in businesses like retail, where customer input can be used to enhance store layouts, product displays, and customer service.

5. Crowdsourcing:

Crowdsourcing is the practice of soliciting input and suggestions from a large number of people via online platforms. This kind of customer participation is frequently used in sectors like advertising and marketing, where businesses can use customer feedback to develop successful campaigns and promotions.

Depending on their sector, products, and customers, businesses may choose to use one or more types of customer involvement.

Conclusion

Consumer involvement is crucial for every company that wants to thrive in today's cutthroat economy. Involving customers in the product development process can result in the development of creative solutions that satisfy their wants and preferences.

Businesses can boost customer satisfaction and repeat business by including customers in decision-making. This fosters a sense of loyalty and trust among customers. Customer involvement can also produce insightful data that can be used to enhance product development, advertising campaigns, and customer support.

Businesses that put a high priority on customer engagement ultimately have a better chance of long-term success because they develop a solid brand reputation and cultivate customer loyalty.

Consumer Behavior Models

Customer behavior models help you understand your unique customer base and attract, engage, and retain them more effectively. Consumer behavior models are separated into two categories: traditional and contemporary.

TRADITIONAL CONSUMER BEHAVIOR MODELS	CONTEMPORARY CONSUMER BEHAVIOR MODELS
Learning Model	Engel-Kollat-Blackwell (EKB) Model
Psychoanalytical Model	Black Box Model
Sociological Model	Hawkins Stern Model
Economic Model	Howard Sheth Model
	Nicosia Model
	Webster and Wind Model

Traditional Behavior Models

Traditional behavior models were developed by economists hoping to understand what customers purchase based on their wants and needs. Traditional models include the following:

- Learning Model
- Psychoanalytical Model
- Sociological Model
- Economic Model

I'll take you through each.

6. *Learning Model of Consumer Behavior.*

The Learning Model of Consumer Behavior postulates that purchase decisions are driven by the desire to fulfill basic needs (food, shelter, clothing), followed by needs learned from lived experiences. I like to think of it as [Maslow's Hierarchy of Needs](#).

Basic needs like food and shelter are at the base of Maslow's pyramid. As we ascend, we encounter learned psychological needs from experiences, such as self-esteem and accomplishment.

For instance, when I'm hungry, I need to buy food. My basic need for food drives me to purchase food at a restaurant or grocery store. I can buy basic groceries like milk, eggs, and produce, or I can decide to dine at a trendy restaurant. Discretionary purchases like dining out at fancy restaurants fulfill a higher need, perhaps learned, to satisfy psychological needs of esteem and prestige.

Does this model apply to your business?

A business that offers products that meet various levels of needs will take advantage of the Learning Model of Consumer Behavior. For example, a grocery store greets you with essentials like fresh produce before leading you to premium and discretionary items. I fall victim to the Learned Model whenever I go to Whole Foods for veggies and then grab an adaptogenic reishi mushroom chocolate milk elixir at checkout.

2. *Psychoanalytical Model of Consumer Behavior*

The Psychoanalytical Model draws from Sigmund Freud's theories of psychoanalysis. This consumer behavior model suggests that individual consumers are driven by deeply rooted conscious and subconscious desires. According to this theory, consumers may be drawn to particular products or brands without fully understanding why.

If you're a '90s kid like me, you probably fondly remember [Altoids Sours](#). Well, I have good news — they're back, and I'll be picking up a tin. However, I'm not just buying them because they taste good. According to the psychoanalytical model, nostalgia products like Altoids Sours fulfill a psychological desire to return to the safety and simplicity of childhood. This subconscious longing drives my purchasing decision, even if I'm unaware of it.

Does this model apply to your business?

Businesses that sell an image or lifestyle might be suited to the psychoanalytical model. For example, luxury fashion brands aren't just selling clothes but fulfilling a deep-seated desire for status and prestige.

3. *Sociological Model*

The Sociological Model of Consumer Behavior explores how societal factors and group influences shape individual purchasing decisions. Unlike psychological models that focus on subtle internal motivations, the sociological model emphasizes the broader social context in which we operate, where the pressure to conform influences our decisions as consumers.

We belong to many groups at once, which can be demarcated by social roles, preferences, cultural trends, friends and family, age range, and more.

For instance, I am a:

- Millennial
- College Graduate
- Professional Bassist
- New Yorker

These are examples of social groups I belong to that marketers can target with messaging and strategies that resonate with me and others in those groups.

As a bassist, many of my favorite players played Fender basses. Pino Palladino, James Jamerson, and Flea, just to name a few. As you may have guessed, I'm a Fender bass guy. The sociological model of consumer behavior would postulate that the preferences of my favorite bassists influenced me in an aspirational attempt to belong to the same group, and well, I'd have to say that's accurate, which brings me to my next point:

Reference Groups

Reference groups are groups people look up to for guidance or aspire to belong to. Like I aspired to belong to the group of legendary Fender bassists, many of today's consumers look to [social media influencers](#) who set trends in fashion, tech, and beyond, driving billions of dollars of consumer spending.

Does this model apply to your business?

Probably, yes. In my view, almost any business can tap into the sociological model of consumer behavior to drive sales. The key is identifying your niche and positioning your product as a way for consumers to align themselves with a social group they value.

4. Economic Model of Consumer Behaviour

The Economic Model of Consumer Behavior is rooted in [rational choice theory](#), which assumes that consumers will make decisions to maximize utility (satisfaction) while minimizing costs (money, time, effort).

The economic model takes a logical approach to consumer behavior, which is valid but also neglects the emotional and psychological influences referenced in other traditional models.

The economic model of consumer behavior is predicated on a few assumptions:

1. **Rational Decision-Making.** Consumers are rational actors who evaluate the costs and benefits of each purchase.
2. **Budget Constraints.** Consumers have limited resources and will try to spend within their budget.
3. **Price Sensitivity.** Price is the primary factor influencing consumer decisions. If the price decreases, consumers will buy more, and vice versa.
4. **Perfect Information.** This model assumes consumers have full market knowledge regarding prices and alternatives.
5. **Income Effects.** Consumers will buy more as their income increases, and vice versa, save for [inferior goods](#) that increase in demand as consumer income decreases.
6. **Substitutions and Trade-Offs.** When faced with two products that satisfy the same need, consumers choose the best value for the money or seek cheaper alternatives if necessary.

Does this model apply to your business?

It depends. The economic model of consumer behavior is applicable, to an extent, to any business. I feel that using the economic model just means having a basic understanding of economics. However, certain products can benefit more from strictly applying economic principles.

For example, I just moved into a new apartment and needed to buy wire storage bins. With such a generic, unsexy product, I wasn't at all swayed by emotions to purchase one option over the other. Instead, I bought the option on Amazon that included the highest number of bins for the lowest price. In other words, I obeyed the economic model of consumer behavior and purchased the option that maximized my utility at the lowest cost.

If your company sells a basic or utilitarian product/service, the economic model of consumer behavior is worth investigating more deeply.

Contemporary Models

Contemporary models of consumer behavior focus on rational and deliberate decision-making processes rather than emotions or unconscious desires. The contemporary models include:

- Engel-Kollat-Blackwell (EKB) Model
- Black Box Model
- Hawkins Stern Model
- Howard Sheth Model
- Nicosia Model
- Webster and Wind Model

1. Engel-Kollat-Blackwell (EKB) Model

The Engel-Kollat-Blackwell model of consumer behavior outlines a five-stage decision process. Let's check out the stages:

1.Awareness

What is it? The beginning of the decision-making process when a consumer recognizes they have a need or problem that requires a solution.

Example. My new apartment has a back patio (a first for me in NYC), and I realized I wanted to furnish it with an outdoor sectional.

2.InformationProcessing

What is it? After recognizing the problem, the consumer begins gathering information about possible solutions. This can include internal searches (recalling from memory) and external searches (internet, reviews, friends).

Example. I called my parents and asked about their sectional (apparently, you have to cover it when it rains), browsed Pinterest for patio inspiration, and Googled "best outdoor sectional reddit" to see what the internet had to say about it.

3.Evaluation

What is it? Once the consumer has gathered enough information, they compare different options based on factors like price, features, and personal preferences.

Example. After intensive research, I narrowed it down to a rattan couch from Walmart and a teak one from Wayfair. The Walmart couch was larger, cheaper, and featured a lift-top coffee table, but the teak one better fit my vision for a Japanese Zen Garden theme — tough choice.

4.PurchasingDecision

What is it? The moment of truth when the consumer decides to buy the product or service. Factors like availability, advertising, brand loyalty, or word-of-mouth could influence the purchase decision.

Example. I bought the teak one from Wayfair. It was a little more expensive, but I preferred the aesthetic, and it was my girlfriend's favorite.

5.OutcomeAnalysis

What is it? Post-purchase, the customer evaluates their level of satisfaction with the product. If they are happy with the purchase, they may become brand loyalists and choose to make repeat purchases with the brand. If unsatisfied with the product, they might leave negative feedback and avoid the brand in the future.

Does this model apply to your business?

Do the steps of this model seem familiar? They should! The EKB model echoes the [Buyer's Journey](#), which outlines the buyer's process of becoming aware of a problem, considering the options, and deciding to purchase.

Awareness of the buyer's journey and EKB model can benefit any business when positioning its product in the market. Provide ample information and [reviews](#) to support the information processing and evaluation stages, and most importantly, try to [shift your mindset from selling products to helping people solve problems](#).

2. Black Box Model of Consumer Behavior

The Black Box Model of Consumer Behavior is a conceptual framework focusing on understanding the relationship between external stimuli and consumers' observable actions.

The model gets its name from the idea of a Black Box representing a consumer's mind, where internal thought processes aren't directly observable. Since we can never fully know what happens in the buyer's mind, the black box model seeks to infer the decision-making process by analyzing the consumer response (purchasing or not) in relation to observable external stimuli.

External stimuli that influence the decision-making process are separated into two categories: the marketing mix and environmental stimuli.

Marketing Mix

The marketing mix is external stimuli a company creates to influence a purchasing decision within the black box.

- **Product.** The features, quality, design, and packaging of the product.
- **Price.** How much the product costs, including discounts or promotions.
- **Place.** Where the product is available (online, in-store).
- **Promotion.** Advertising, social media, and all forms of direct marketing meant to inform the consumer.

Environmental Stimuli

Environmental stimuli result from the buyer's life circumstances and society and cannot be controlled by the company.

- **Economic.** Income, employment status, overall economic environment.
- **Technological.** Technological advancements that affect product innovation and information access.
- **Political.** Government regulations, taxes, and policies.
- **Cultural.** Cultural values and norms that influence preferences and behavior.
- **Demographic.** Age, gender, education, location, and more.
- **Situational.** Special occasions, time constraints, physical setting, and emotional state.

Inside the black box (the mind), the consumer weighs all external stimuli based on past experiences, preferences, beliefs, and values and produces an output (a purchase decision).

Example

Right now, I'm on tour with my band, driving from New York to Omaha, NE, for the first show of our tour. Naturally, I spend a lot of time at gas stations and rest stops on the road. This morning, I bought a Barebells protein bar as a healthy snack. The design of the packaging and quality of the bar (**Product**), the two-for-\$5 deal (**Price**), and the convenient availability at Love's Travel Stops (**Place**) played into my purchase decision.

These external stimuli entered my black box (mind), where I considered my past experiences with the protein bar. Specifically, I know the bar tastes good, and I've purchased it before at my gym. These external stimuli, combined with my preferences, experiences, and need for a quick, healthy snack, led me to purchase it.

This simple purchase illustrates the basics of the Black Box model, in which we're influenced by external stimuli but ultimately guided by our internal thoughts and experiences when making a purchase.

Does this model apply to your business?

The Black Box Model of Consumer Behavior offers a valuable framework for understanding and influencing consumer purchasing behavior. It can benefit lifestyle brands that gather detailed consumer information and target marketing messaging accordingly.

3. Hawkins Stern Impulse Buying Model

Unlike other models of consumer behavior, the Hawkins Stern Model suggests that not all purchases result from rational thought processes. Instead, many are impulse purchases driven by sudden, powerful urges to buy something immediately, often triggered by external stimuli. I've been there, and I'm sure you have, too.

This model categorizes impulse buying into four types:

1.Escape Purchase (Pure Impulse Buying)

What is it? A classic, unplanned purchase that breaks a typical buying pattern and is often driven by emotions.

Example. My girlfriend and I were walking around Williamsburg on the way to a dinner reservation when we passed [Bon-Bon](#), a specialty Swedish candy store. We weren't planning on having a candy appetizer, but we bought \$15 worth of gummies because they just looked so good!

2.Reminder Purchase

What is it? When consumers see a product and are reminded they need it.

Example. I was at the grocery store the other day when I saw the paper towels and remembered I needed to pick some up.

3.Suggested Purchase

What is it? An impulse purchase that occurs when a consumer is made aware of a product by an advertisement or in-store salesperson.

Example. I bought a water bottle at a bodega in Brooklyn the other day. The cashier was ringing me up when his daughter, standing to his right, asked me, "Do you want to try my homemade banana bread?" How could I say no? I bought the banana bread, too.

4.Planned Purchase

What is it? When a consumer goes shopping with a specific purchase in mind but is open to other items if there are good deals.

Example. This happens to me all the time when I shop for clothes. I'll go on a website looking to buy a pair of jeans, and the next thing I know, I've loaded up my shopping cart with four shirts on top of that because they were on sale. It's basically free! At least, that's what I tell myself.

Does this model apply to your business?

The Hawkins Stern Model applies to most businesses, especially in ecommerce and retail. Humans are emotional and visual creatures, and nearly any business can take advantage of that and create an impulse-buying scenario.

Tips for Leveraging the Hawkins Stern Impulse Buying Model

1. Strategic Product Placement

- Place impulse items near checkout areas and high-traffic zones.
- Showcase featured products with eye-catching displays (both in-store and on your site).

2. Limited Time Offers

- Create urgency with time-sensitive promotions.
- Offer flash sales or exclusive deals.

3. Product Bundling

- Offer discounts for bundles of related items.
- Suggest complementary products during checkout.

4. Personalized Recommendations

- Use data to suggest products based on browsing history.

4. Howard Sheth Model of Buying Behavior

The Howard Sheth Model of Buying Behavior can be thought of as the opposite of the Hawkins Stern Model. It is a framework for understanding high-involvement purchases, where customers invest significant time and effort in making informed, rational, and systematic decisions.

The Howard Sheth model postulates that purchase decisions can be categorized into three levels, differentiated by the amount of consumer knowledge:

1. Extensive Problem-Solving

- Consumers have **little to no prior knowledge or experience** with a product or brand.
- Consumers invest significant time and effort into gathering information and researching options.

Example

As I mentioned previously, I just moved into a new apartment. I live in Brooklyn, and if you don't know, the NYC rental market is CRAZY. I actually do have prior experience renting in NYC. However, my apartment hunt falls into the **extensive problem-solving** category due to the **significant time and effort** I invested in the process.

I searched StreetEasy and other apartment apps daily for nearly two months, researched multiple neighborhoods, and viewed upwards of 20 apartments before finally finding an acceptable place to rest my head.

The stakes are high when it comes to securing affordable and decent housing in NYC's competitive market, which necessitated a complex decision-making process that required a high level of involvement, significant risk, and comprehensive information gathering.

2. Limited Problem-Solving

- Consumers have **some prior knowledge or experience** with a product or brand.
- The purchase decision requires moderate time and effort.
- Consumers rely on both past experiences and new information gleaned from research.

Example

I'm a professional bassist in a touring band, and as is unfortunately, a rite of passage for many seasoned road warriors, someone broke into our van last summer and stole our gear, including my bass amp.

Faced with the need to replace my amp, I conducted a **moderate amount of research**. I've been playing bass for many years, so I know a decent amount about bass amps. However, I never had loyalty to one particular brand and didn't feel the need to mindlessly buy the same model that I lost.

I knew what kind of amp I was looking for, and I quickly narrowed it down to a few options by drawing on my past knowledge and experience. Ultimately, I settled on a new amp from an alternative brand that was more powerful than my old one and offered some nice additional features.

3. Habitual Response Behavior

- Consumers have **significant experience** with a product and are likely to show **brand loyalty**.
- The purchase decision is habitual and requires little effort and consideration.

Example

When I visit my parents in New Jersey, there's only one coffee shop I go to: Turnstile Coffee Roasters. Our family has significant experience with this coffee shop — and coffee in general. Since it opened, Turnstile beans are the only beans you'll find in our household. Whenever we need a refill, the decision to head to Turnstile is automatic.

We keep returning to Turnstile because the quality is exceptional, the beans are roasted in-house, and the staff is friendly. Over the years, we've built such strong trust in their brand that we don't even consider other options. At this point, buying beans from Turnstile is **habitual** and demonstrates our significant **brand loyalty**.

The Howard Sheth model combines these three decision-making stages with other components to explain consumer behavior:

- **Input Variables.** Marketing messaging and environmental influences from friends, family, and culture.

- **Perceptual and Learning Constructs.** The consumer's internal psychological variables influencing a purchase decision. Consumers' perceptions, attitudes, and learning modify how they receive and understand input variables.
- **Output Variables.** The consumer's response to input variables and perceptual and learning constructs, i.e., the purchase decision and post-purchase behavior.

Does this model apply to your business?

The Howard Sheth model of consumer behavior can be useful for understanding where customers are in the decision-making process and tailoring strategies accordingly.

Offering detailed content, such as blogs, whitepapers, and how-to guides, can assist consumers in the extensive problem-solving phase. You can target consumers in the limited problem-solving phase by simplifying their choices with comparison charts and quick guides and leveraging social proof with case studies, success stories, and user-generated content. Finally, you can maintain consumers' loyalty in the habitual response stage with loyalty programs, personalized outreach, and ongoing high-quality support.

5. Nicosia Model of Consumer Behavior

The Nicosia Model of Consumer Behavior is a framework for understanding purchasing decisions by focusing on the relationship between the company and the consumer. Unlike other models that emphasize consumers' internal thought processes and preferences, the Nicosia model favors the perspective of the business and the effectiveness of its marketing messages.

The model is divided into four **fields**, each representing a different stage of the interaction between the consumer and the business.

Field One: The Business' Characteristics and the Consumers' Characteristics

The first field represents the transfer of information from the business to the consumer. It is further divided into two subfields.

- **Subfield One.** The business develops its marketing messaging to influence the consumer.
- **Subfield Two.** The consumer receives the marketing information and begins to form an attitude towards the company and product based on this information and environmental/personality factors.

Example: I recently encountered an Instagram ad for an extra-grippy phone case. The ad featured an endorsement by famous tech reviewer MKBHD, which led me to form the attitude that it was a top-of-the-line product from a cutting-edge brand.

Field Two: Search and Evaluation

- Having formed an initial attitude towards a company, the consumer begins to search for more information on the brand and its products and evaluate them based on their needs and preferences.
- Consumers will also compare alternative options from other brands.

Example: I clicked through the ad and visited the company's website. I searched their available cases and found one that fit my iPhone 14 Pro. However, I wasn't a massive fan of the colors they offered, and I didn't think \$59.99 was a great deal for a phone case.

Field Three: Purchase Decision

- The consumer decides whether to purchase the product, influenced by the attitudes formed in field one and the evaluation of field two.

Example: I decided not to purchase the phone case because of the price and colors, which didn't align with my preferences.

Field Four: Feedback

- The company will evaluate the effectiveness of its marketing messaging and alter it accordingly.
- The consumer's experience with the newly purchased product impacts their attitude toward the brand, influencing future purchase decisions.

Example: I didn't buy the phone case, so that's likely the end of the feedback loop between me and the company. If I had purchased the case and enjoyed it, that would have strengthened my positive attitude about the brand and perhaps led to another purchase in the future.

Does this model apply to your business?

The Nicosia Model applies to your business if you rely on marketing communication to reach and influence potential customers. Recognizing that consumers form an attitude towards your brand based on marketing communication is essential. This necessitates researching your target audience's needs, values, and preferences and developing marketing messaging that aligns with them.

6. Webster and Wind Model of Organizational Buying Behavior

The Webster and Wind Model of Organizational Buying Behavior explains how companies buy products and services. B2B buying behavior differs from that of individual consumers in multiple ways. The main differences are as follows:

- **Multiple Decision Makers.** Multiple individuals and departments are involved in purchase decisions.
- **Formal Processes.** B2B purchases typically follow organized procedures and approval processes.
- **Rational Evaluation.** Purchases are assessed logically, and emotional factors are less likely to be considered.

The Webster and Wind model identifies four main categories of variables that affect B2B buying behavior:

1. Environmental Variables. These factors impact an organization's purchasing behavior but are outside its control.

- **Economic.** Market conditions and overall financial climate.
- **Technological.** Advances that could influence product needs.
- **Political and Legal.** Regulations, policies, and compliance.
- **Cultural and Social.** Societal expectations and industry norms.
- **Competitive.** Actions of competitors and industry trends.

2. Organizational Variables. Internal factors and goals that can influence purchasing behavior.

- **Goals.** Goals like cost reductions, innovation, or quality improvement.

- **Structure.** Organizational hierarchy and communication pathways.
- **Policies and Procedures.** Organizational guidelines for purchasing.
- **Resources.** Budget constraints and technological capabilities.

3. Buying Center Variables. All individuals and groups involved in a purchasing decision. Some of those roles include:

- **Initiators** recognize the need for a product or service.
- **Users** will use the product or service.
- **Deciders** are those with the authority to choose amongst options.
- **Buyers** handle the procurement process.
- **Approvers** authorize the actions of buyers and deciders.
- **Gatekeepers** control the flow of information.

4. Individual Variables. The personal characteristics of the individuals involved.

- **Motivations.** Goals, level of risk tolerance, and personal objectives.
- **Perceptions.** How they interpret information based on experience.
- **Preferences and Attitudes.** Bias towards certain brands or products.
- **Demographics.** Age, education, and professional background.

CONSUMER BEHAVIOUR AUDIT

Consumer Behaviour Audit The consumer behaviour audit is a fundamental part of the marketing planning process. It is conducted not only at the beginning of the process, but also at a series of points during the implementation of the plan. The consumer behaviour audit considers both internal and external influences on marketing planning, as well as a review of the plan itself. There are a number of tools and audits that can be used, for example SWOT analysis for the internal environment, as well as the external environment. Other examples include PEST and Five Forces Analyses, which focus solely on the external environment. In many ways the consumer behaviour audit clarifies opportunities and threats, and allows the marketing manager to make alterations to the plan if necessary. This portion tells you the basics of the consumer behaviour audit, and introduces a consumer behaviour audit checklist. The checklist is designed to answer the question, what is the current marketing situation? Let's consider the consumer behaviour audit under three key headings:

- I) The Internal Marketing Environment.
- II) The External Marketing Environment

III) A Review of Our Current Marketing Plan

- I. The Internal Marketing Environment In respect of internal marketing environment the following are the important elements of checklist;

-How is our marketing team organised?

→ How efficient is our marketing team?

→ How effective is our marketing team?

→ How does our marketing team interface with other

→ organisations and internal functions?

How effective are we at Customer Relationship

→ Management (CRM)?

What is the state of our marketing planning process?

→ Is our marketing planning information current and accurate?

→ What is the current state of New Product Development?

→ (Product) How profitable is our product portfolio? (Product)

→ Are we pricing in the right way? (Price)

→ How effective and efficient is distribution? (Place)

→ Are we getting our marketing communications right?

→ (Promotion) Do we have the right people facing our customers? (People)

→ How effective are our customer facing processes? (Process)

→ What is the state of our business's physical evidence?

→ (Physical Evidence)

II. The External Marketing Environment As a market orientated organisation, the important areas we must analyse are;

What is the nature of our 'customer?' Such as:

Their needs → and how we satisfy them. Their buyer decision process and consumer behaviour. Their perception of our brand, and loyalty to it. The nature of segmentation, targeting and positioning in our markets. What customers 'value' and how we provide that 'value? → What is the nature of competition in our target markets? → competitors' level of profitability. Their number/concentration. The relative strengths and weaknesses of competition. The marketing plans

and strategies of our competition. What is the cultural nature of the environment(s)? Beliefs— and religions. The standards and average levels of education. The evolving lifestyles of our target consumers. The nature of consumerism in our target markets. What is the demography of our consumers? Such as average— age, levels of population, gender make up, and so on. How does technology play a part? The level of adoption of — mobile and Internet technologies. The way in which goods are manufactured. Information systems. Marketing communications uses of technology and media. Is the political and legal landscape changing in any way?— Laws, for example, copyright and patents. Levels of regulation such as quotas or tariffs. Labour/labour laws such as minimum wage legislation.

III. Review of Our Current Marketing Plan Under this heading marketer analysis are sniffed into the following questions: What are our current objectives for marketing?

— What are our current marketing strategies?

— How do we apply the marketing mix? (Including factors covered above in

-- Is the marketing process being controlled effectively?

— Are we achieving our marketing budget?

— Are we realising our SMART objectives?

— Are our marketing team implementing the marketing plan effectively? Levels of staffing. Staff training and development Experience and learning.

Consumer behaviour audits are useful instruments in assessing all the features of decision making in marketing including positioning, segmentation and other elements of the marketing mix. Fundamentally, a consumer behaviour audit seeks to discover the attitudes of consumers concerning a certain product, any necessary improvements, as well as their usage of the specific products. The outline for auditing consumer behaviour has been simplified and generalized below, but the execution of the process can be invaluable for identifying challenges and opportunities for improving marketing strategy.

Case Study: Understanding Consumer Behaviour – The Success of Starbucks in India

Starbucks entered the Indian market in 2012 through a joint venture with Tata Global Beverages and faced the challenge of operating in a tea-dominated culture with established local competitors like Café Coffee Day. The company identified a growing middle-class segment with rising disposable incomes and aspirations for global experiences, which shaped its understanding of Indian consumer behaviour. Indian consumers viewed coffee shops as social hubs for meetings and relaxation rather than just places to drink coffee. To appeal to these preferences, Starbucks localized its menu with offerings such as *Tandoori Paneer Roll* and *Elaichi Mawa Croissant*, while sourcing milk and coffee beans locally through Tata to strengthen authenticity and trust. The brand positioned itself as a premium coffee destination targeting urban professionals and millennials who associated it with modern lifestyles and global sophistication. Starbucks focused on delivering a unique “third place” experience between home and work by providing a welcoming ambience, high-quality service, and digital engagement through loyalty programs and mobile applications. This strategy successfully resonated with Indian consumers’ lifestyle aspirations, emotional needs, and social habits, leading to strong brand loyalty and rapid expansion to over 390 stores by 2024. The Starbucks case demonstrates how effectively understanding and adapting to consumer behaviour — through cultural customization, lifestyle marketing, and experiential branding — can help a global company establish a strong foothold in a diverse and competitive market like India.

Case Study Questions

1. Identify and explain the key consumer behaviour factors that influenced Starbucks’ marketing strategy in India.
2. How did Starbucks adapt its global model to suit Indian consumer preferences?
3. Using the EKB model, map the Indian consumer’s decision-making process for choosing Starbucks.
4. What role did social class and lifestyle play in the success of Starbucks in India?
5. If Starbucks were to expand into tier-2 cities, what consumer behaviour challenges might it face?



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UNIT 2

INFORMATION SEARCH PROCESS

Information search is a pivotal stage in the consumer decision-making process. It's the phase when consumers actively seek information about products, services, or solutions to address their recognized needs or problems. Understanding the significance of information search is crucial for businesses looking to engage with consumers effectively. In this blog, we'll explore information search in consumer behavior, its importance, and how businesses can navigate this critical stage.

Defining Information Search

1. What is Information Search?

- Information search is the process in which consumers actively seek out and gather information to aid in their decision-making. It involves researching and evaluating options to make informed choices.

2. Sources of Information

- Consumers can gather information from various sources, including personal experiences, word-of-mouth, online reviews, expert opinions, advertisements, and product specifications.

The Significance of Information Search

1. Informed Decision-Making

- Information search equips consumers with the knowledge needed to make informed decisions. It helps them evaluate alternatives and select the most suitable option.

2. Reduced Uncertainty

- Making a purchase can be uncertain, especially for significant investments. Information search helps reduce uncertainty by providing clarity on product features, prices, and reviews.

3. Opportunities for Engagement

- The information search phase offers opportunities for businesses to engage with consumers. Effective marketing and communication can influence decision-making during this stage.

4. Influence on Purchase Intent

- The information consumers gather can significantly influence their purchase intent. Positive information can boost confidence, while negative information can deter them from a particular choice.

The Role of Business in Information Search

1. Providing Accessible Information

- Businesses should ensure that relevant information about their products or services is readily available and easily accessible through various channels.

2. Transparency and Accuracy

- Providing accurate and transparent information fosters trust with consumers. Misleading or inaccurate information can have the opposite effect.

3. Influence on Consumer Decision

- Effective marketing and communication strategies should be implemented to positively influence consumers during their information search, providing compelling reasons to choose their offerings.

4. Managing Online Presence

- In the digital age, managing online reviews, social media presence, and search engine optimization (SEO) is essential to ensure consumers find accurate and favorable information about your brand.

Conclusion

Information search is a critical stage in the consumer decision-making process. It empowers consumers to make informed choices, reduces uncertainty, and provides opportunities for businesses to engage and influence purchase decisions. Recognizing the importance of information search allows businesses to align their strategies, messaging, and online presence with the needs and expectations of consumers during this crucial phase.

EVALUATIVE CRITERIA AND DECISION RULES

Alternative Evaluation and Selection

It is important to understand consumers' desired product benefits (their evaluative criteria) and the way in which they choose between products with differing combinations of benefits. Choice is a complex process, and our simplifications, while useful in managing and predicting outcomes, are certainly not complete descriptions of the process. And our models may imply that consumers are more logical, structured, rational, and deliberate than they really are.

One way to look at choice is whether it is attribute-based or attitude based. **Attribute-based choice** requires the knowledge of specific attributes at the time the choice is made and involves attribute-by-attribute comparisons across brands. **Attitude-based choice** involves the use of general attitudes, summary impressions, intuitions, or heuristics, and no attribute-by-attribute comparisons are made at the time of choice.

Consider the following two processes a consumer might use to purchase an answering machine:

Process 1: The consumer remembers that the Casio his last roommate had seemed to work well and looked "good," his parents had a Toshiba that also worked well but was rather large and bulky, and his old Samsung had not performed as well as he had expected. He goes to a store and gathers price, recording time, and ease of remote access information on each of these brands. He mentally ranks each brand on these three attributes and his general impression of their quality. Based on these evaluations, he makes a choice.

Process 2: The consumer remembers that the Casio his last roommate had seemed to work well and looked "good," his parents had a Toshiba that also worked well but was rather large and bulky, and his old Samsung had not performed as well as he had expected. At the store, he sees that the Casio and Toshiba are about the same price and decides to buy the Casio.

Clearly, Process 1 is an attribute based choice process, and Process 2 is an attitude based choice process. When would an attribute-based choice process be more likely? If an individual is motivated to make an optimal decision, if attribute-specific information is readily available, and if time is available to

make comparisons, then attribute-based decisions are more likely. But there are lots of other reasons/situations that would affect whether attitude-based or attribute-based decisions would dominate. Thus, marketers must provide information and experiences that produce a strong attitude-based position (for consumers making an attitude-based choice) and they must provide performance levels and supporting information that will result in preference among those consumers making attribute-based choices.

Another general model is **affective choice**, where *the evaluation of products is more holistic and focuses on the way they will make the user feel as they are used*. Neither attribute- nor attitude-based approaches work in this case, since both imply some sort of objective rationality. Affective choice is based on feelings.

Speaking of rationality, we do need to consider the objectives of the decision maker as they ponder a choice. Rational choice models assume that the goal is to maximize the accuracy of the decision. However, sometimes the goal may be to minimize the cognitive effort required for the decision (these people will use simpler choice rules, consider fewer alternatives, and evaluate fewer attributes). Sometimes you may want to avoid negative emotions. Sometimes you may want to maximize the ease with which the decision can be justified.

Your book has a section on **evaluative criteria** - *the various dimensions, features, or benefits a consumer looks for in response to a specific problem*. The marketer must determine which evaluative criteria are used (projective techniques are useful here), determine consumer's judgments of brand performance on specific evaluative criteria (the semantic differential), and determine the relative importance of evaluative criteria (a constant sum scale can be used).

People aren't necessarily skilled at making judgments about product attributes. Some features are difficult to judge (sound quality, durability). Consumers sometimes use **surrogate indicators** that are *observable characteristics that are used as indicators of hidden attributes*. Such things as price, brand, or country of origin are often surrogate indicators of quality.

It is important for you to understand the decision rules used by consumers in attribute-based choice situations. Recall that attribute based decisions involve the comparison of brands on the relevant evaluative criteria.

Despite the fact that the choice rules we describe are not precise representations of consumer decisions, they do enhance our understanding of how consumers make decisions and provide guidance for marketing strategy.

Suppose you have evaluated a particular model of each of the six notebook computer brands in your evoked set on six evaluative criteria: price, weight, processor, battery life, after-sale support and display quality. Further, suppose that each brand excels on one attribute but falls short on one or more of the remaining attributes, as shown in Table 16-1 (on the following page).

Which brand would you select? The answer would depend on the decision rule you utilize. Consumers use five decision rules: conjunctive, disjunctive, elimination-by-aspects, lexicographic, and compensatory. Consumers frequently use more than one rule to make a single decision. The most common instance of this is using a relatively simple rule to reduce the number of alternatives considered and then to apply a more complex rule to choose among the remaining options. An example would be eliminating from consideration all those apartments that are too far from campus or that rent for more than \$700 per month (conjunctive decision rule). The choice from among the remaining apartments might involve carefully trading-off among features such as convenience of location, price, presence of a pool, size of rooms, and so forth (compensatory rule).

Table 16-1 Performance

Evaluative Criteria	Consumer Perceptions*					
	Gateway	HP	Compaq	Dell	IBM	Toshiba
Price	5	3	3	4	2	1
Weight	3	4	5	4	3	4
Processor	5	5	5	2	5	5
Battery life	1	3	1	3	1	5
After-sale support	3	3	4	3	5	3
Display quality	3	3	3	5	3	3

*1 = Very poor; 5 = Very good.

The first four rules we will describe are *noncompensatory* rules. This means that a high level of one attribute cannot offset a low level of another. In the apartment example, the consumer described would not consider an apartment that was right next to campus if it cost more than \$700 per month. An excellent location cannot compensate for an inappropriate price. In contrast, the last rule is a *compensatory* rule, in which consumers average across attribute levels. This allows a high level of one value to offset a low value of another.

Finally note that the conjunctive and disjunctive decision rules may produce a set of acceptable alternatives, while the remaining rules generally produce a single best alternative.

Conjunctive Decision Rule

The **conjunctive decision rule** establishes minimum required performance standards for each evaluative criterion and selects the first or all brands that surpass these minimum standards. In essence, you would say: "I'll consider all (or I'll buy the first) brands that are all right on the attributes I think are important." For example, assume that the following represent your minimum standards for a notebook computer:

Price	3
Weight	4
Processor	3
Battery life	1
After-sale support	2
Display quality	3

Any brand of computer falling below any of these minimum standards (cutoff points) would be eliminated from further consideration. Referring to Table 16-1, we can see that four computers are eliminated-IBM, Gateway, Dell, and Toshiba. These are the computers that failed to meet *all* the minimum standards. Under these circumstances, the two remaining brands may be equally satisfying. Or, the consumer may use another decision rule to select a single brand from these two alternatives. Because individuals have limited ability to process information, the conjunctive rule is frequently used to reduce the size of the information processing task to some manageable level. It first eliminates those alternatives that do not meet minimum standards. This is often done in the purchase of such products as homes, computers, and bicycles; in the rental of apartments; or the selection of vacation options. A conjunctive rule is used to eliminate alternatives that are out of a consumer's price range, outside the location preferred, or that do not offer other desired features. Once alternatives not providing these features are eliminated, another decision rule may be used to make a brand choice among those alternatives that satisfy these minimum standards.

The conjunctive decision rule is commonly used in many low-involvement purchases as well. In such a purchase, the consumer evaluates a set of brands one at a time and selects the first brand that meets all the minimum requirements.

If the conjunctive decision rule is used by a target market, it is critical to surpass the consumers' minimum requirement on each criteria. Since the first brand the consumer evaluates that does so is often purchased, extensive distribution and dominant shelf space are important. It is also necessary to understand how consumers "break ties" if the first satisfactory option is not chosen.

Disjunctive Decision Rule

The **disjunctive decision rule** establishes a minimum level of performance for each important attribute (often a fairly high level). All brands that surpass the performance level for *any* key attribute are considered acceptable. Using this rule, you would say: "I'll consider all (or buy the first) brands that perform really well on any attribute I consider to be important." Assume that you are using a disjunctive decision rule and the attribute cutoff points shown below:

Price	5
Weight	5
Processor	Not critical
Battery life	Not critical
After-sale support	Not critical
Display quality	5

You would find Gateway (price), Compaq (weight), and Dell (display quality) to warrant further consideration (see Table 16-1). As with the conjunctive decision rule, you might purchase the first brand you find acceptable, use another decision rule to choose among the three, or add additional criteria to your list.

When the disjunctive decision rule is used by a target market, it is critical to surpass the consumers' requirements on at least one of the key criteria. This should be stressed in advertising messages and on the product package. Since the first brand the consumer evaluates that exceeds one of the requirements is often purchased, again extensive distribution and dominant shelf space are important, as is understanding how consumers "break ties" if the first satisfactory option is not chosen.

Elimination-by-Aspects Decision Rule

The **elimination-by-aspects rule** requires the consumer to rank the evaluative criteria in terms of their importance and to establish a cutoff point for each criterion. All brands are first considered on the most important criterion. Those that do not surpass the cutoff point are dropped from consideration. If more than one brand passes the cutoff point, the process is repeated on those brands for the second most important criterion. This continues until only one brand remains. Thus, the consumer's logic is: "I want to buy the brand that has a high level of an important attribute that other brands do not have."

Consider the rank order and cutoff points shown below. What would you choose using the elimination-by-aspects rule?

	Rank	Cutoff Point
Price	1	3
Weight	2	4
Display quality	3	4
Processor	4	3
After-sale support	5	3
Battery life	6	3

Price would eliminate IBM and Toshiba (see Table 16-1). Of those remaining, Compaq, HP, and Dell surpass the weight hurdle (Gateway is eliminated). Notice that Toshiba also exceeded the minimum weight requirement but was not considered because it had been eliminated in the initial consideration of price. Only Dell exceeds the third requirement, display quality.

Using the elimination-by-aspects rule, we end up with a choice that has all the desired features of all the other alternatives, plus one more. In this case, Dell would be selected.

For a target market using the elimination-by-aspects rule, it is critical to surpass the consumers' requirements on one more (in order) of the criteria used than the competition. This competitive superiority should be stressed in advertising messages and on the product package. Firms can also attempt to alter the relative importance that consumers assign to the evaluative criteria.

Lexicographic Decision Rule

The **lexicographic decision rule** requires the consumer to rank the criteria in order of importance. The consumer then selects the brand that performs *best* on the most important attribute. If two or more brands tie on this attribute, they are evaluated on the second most important attribute. This continues through the attributes until one brand outperforms the others. The consumer's thinking is something like this: "I want to get the brand that does best on the attribute of most importance to me. If there is a tie, I'll break it by choosing the one that does best on my second most important criterion."

The lexicographic decision rule is very similar to the elimination-by-aspects rule. The difference is that the lexicographic rule seeks maximum performance at each stage while the elimination-by-aspects seeks satisfactory performance at each stage. Thus, using the lexicographic rule and the data from the elimination-by-aspects example above would result in the selection of Gateway, because it has the best performance on the most important attribute. Had Gateway been rated a 4 on price, it would be tied with Dell. Then, Dell would be chosen based on its superior weight rating.

When this rule is being used by a target market, the firm should try to be superior to the competition on the key attribute. This competitive superiority should be emphasized in advertising. It is essential that the product at least equal the performance of all other competitors on the most important criteria. Outstanding performance on lesser criteria will not matter if a competitor is superior on the most important attribute. If a competitive advantage is not possible on the most important feature, attention should be shifted to the second most important (assuming equal performance on the most important one). If it is not possible to meet or beat the competition on the key attribute, the firm must attempt to make another attribute more important.

Compensatory Decision Rule

The four previous rules are *non compensatory* decision rules, since very good performance on one evaluative criterion cannot compensate for poor performance on another evaluative criterion. On occasion, consumers may wish to average out some very good features with some less attractive features of a product in determining overall brand preference. Therefore, the **compensatory decision**

rule states that the brand that rates highest on the sum of the consumer's judgments of the relevant evaluative criteria will be chosen. This can be illustrated as:

$$R_b = \sum_{i=1}^n W_i B_{ib}$$

where

- R_b = Overall rating of brand b
- W_i = Importance or weight attached to evaluative criterion i
- B_{ib} = Evaluation of brand b on evaluative criterion i
- n = Number of evaluative criteria considered relevant

This is the same as the multi attribute attitude model described in Chapter 12. If you used the relative importance scores shown below, which brand would you choose using the compensatory rule?

	Importance Score
Price	30
Weight	25
Processor	10
Battery life	05
After-sale support	10
Display quality	20
Total	100

Using this rule, Dell has the highest preference (see Table 16-1). The calculations for Dell are as follows:

$$\begin{aligned} R_{\text{Dell}} &= 30(4) + 25(4) + 10(2) + 5(3) + 10(3) + 20(5) \\ &= 120 + 100 + 20 + 15 + 30 + 100 \\ &= 385 \end{aligned}$$

Products and services targeting consumers likely to use a compensatory rule can offset relatively low performance on some features with relatively high performance on others. However, it is important to have a performance level at or near the competition on the more important features since they receive more weight in the decision than do other attributes. Recall the description of the minivan purchase from the beginning of this section. This customer preferred most of the features of the Ford but bought the GM because Ford was very weak on one key attribute. However, the consumer did express a willingness to change the decision had the price differential been greater. Thus, for compensatory decisions, the total mix of the relevant attributes must be considered to be superior to those of the competition.

Marketing Applications of Decision Rules

As shown below, each decision rule yields a somewhat different choice. Therefore, marketers must understand which decision rules are being used by target buyers in order to position a product within this decision framework.

<i>Decision Rule</i>	<i>Brand Choice</i>
Conjunctive	HP, Compaq
Disjunctive	Dell, Compaq, Gateway
Elimination-by-aspects	Dell
Lexicographic	Gateway
Compensatory	Dell

We cannot specify with precision which rules are used by consumers in which situations. However, research clearly indicates that people do *use* the rules. Low-involvement purchases generally involve relatively simple decision rules (conjunctive, disjunctive, elimination-by-aspects, or lexicographic), since consumers will attempt to minimize the mental "cost" of such decisions. High-involvement decisions and purchases involving considerable perceived risk tend to increase evaluation efforts and often may involve not only more complex rules (compensatory) but stages of decision making, with different attributes being evaluated using different rules at each stage. Of course, individual, product, and situational characteristics also influence the type of decision rule used.

A marketing manager must determine, for the market segment under consideration, which is the most likely rule or combination of rules and then develop appropriate marketing strategy.

CONSUMER MOTIVATION

Consumer motivation is the reason behind why people make certain buying decisions. It's the driving force that pushes someone to choose one product or service over another. For businesses, especially those in the B2C space, understanding this motivation in consumer behaviour is highly important. It helps you connect with your customers on a deeper level, ensuring that your products or services align with their needs and desires.

Motivation in consumer behaviour can be influenced by many factors, including emotions, social influences, and even subtle nudges. For instance, a well-timed suggestion or in-app reminder in a website/ app can nudge a customer toward completing a purchase they were considering. By understanding what motivates your customers, you can create more targeted marketing strategies that resonate with them, ultimately leading to better engagement and higher retention.

Types of Motivation in Consumer Behaviour

To truly connect with your customers, it's important to understand what drives their decisions. There are two key types of motivation: intrinsic and extrinsic.

Intrinsic Motivation:

This type of motivation comes from within the consumer. It's about personal satisfaction, values, or emotions. For example, a customer might choose your product because it aligns with their lifestyle or beliefs. If your product is eco-friendly, it might appeal to customers who are motivated by environmental concerns. Understanding this can help you create marketing messages that resonate deeply with your audience, focusing on what truly matters to them.

Extrinsic Motivation:

This is driven by external rewards or incentives. Customers might be motivated to buy because of a discount, a special offer, or the chance to earn points through a loyalty program.

These external factors can be powerful tools to encourage purchasing behaviour, especially when customers are on the fence. For instance, offering a limited-time discount or a special deal for first-time buyers can prompt action.

To effectively reach your customers, it's essential to balance both intrinsic and extrinsic motivators. By appealing to their internal values and offering external rewards, you can create a compelling reason for them to choose your brand over others.

Psychological Factors Influencing Consumer Motivation

When it comes to consumer behaviour, psychology plays a significant role. Understanding the psychological factors that influence motivation can help you connect with your customers on a deeper level. Here are some key factors to consider:

Emotions:

Emotions are a powerful driver of consumer decisions. Whether it's joy, fear, or nostalgia, emotions can heavily influence what a customer buys. For example, a product that evokes positive feelings, such as happiness or comfort, is more likely to be chosen over one that doesn't. Brands that tap into emotional triggers in their messaging can create stronger connections with their audience.

Perception and Attitude:

How customers perceive your brand and products affects their motivation to buy. Perception is shaped by factors like branding, marketing messages, and past experiences. A positive perception can lead to a favourable attitude towards your brand, which in turn motivates customers to choose your products. On the other hand, negative perceptions can discourage purchases. Ensuring that your brand is consistently represented and positively perceived is crucial for maintaining customer motivation.

Social Influence:

People are often motivated by what others around them are doing. This could be through peer pressure, family influence, or cultural norms. For example, if a product is popular among a customer's peer group, they may feel motivated to purchase it to fit in or gain social acceptance. Understanding the social context of your customers can help you create marketing strategies that align with these influences.

By recognizing these psychological factors, you can craft messages and experiences that not only appeal to logical reasons for purchasing but also tap into the emotional and social motivations that drive consumer behaviour.

Measurement of Consumer Motivation

Understanding what drives your customers is one thing, but measuring that motivation is crucial for making informed business decisions. Here's how you can measure consumer motivation effectively:

Customer Feedback and Surveys: One of the most direct ways to gauge consumer motivation is by asking them. Regularly conducting surveys and gathering feedback can provide valuable insights into what drives your customer's decisions.

For example, you might ask customers why they chose your product over a competitor's or what factors influenced their buying decision. This feedback can help you identify the key motivators and adjust your strategies accordingly.

Purchase Patterns and Data Analysis: Analysing purchase data can reveal patterns that indicate consumer motivation. For instance, if you notice a spike in sales during a promotional period, it suggests that discounts or special offers are strong motivators for your customers. Tools that track

customer behaviour across different channels can also provide insights into what triggers purchases. By understanding these patterns, you can tailor your marketing efforts to align with what motivates your audience.

Engagement Metrics: Monitoring how customers interact with your brand—whether through social media, email campaigns, or your website—can also offer clues about their motivation. High engagement levels often indicate strong intrinsic motivation, as customers who are emotionally connected to your brand are more likely to interact with your content. Conversely, low engagement might suggest that your messaging isn't resonating with your audience's values or needs.

Loyalty Programs and Retention Rates: The effectiveness of [loyalty](#) programs can be a clear indicator of extrinsic motivation. If customers consistently engage with your loyalty program, it suggests that rewards and incentives are significant motivators. Tracking retention rates over time can also reveal how well you're meeting the needs and expectations of your customers, providing further insights into their motivation.

Understanding Unconscious Motivators

While conscious motivations are easier to identify and measure, nonconscious motivations also play an important role in consumer behaviour. These are the subtle, often hidden factors that influence decisions without the consumer being fully aware of them. Understanding these motivators can give your business an edge in creating strategies that resonate more deeply with your audience.

What Are Unconscious Motivators?

Nonconscious motivators are the underlying influences that guide a customer's behaviour without them realising it. These can include sensory inputs like colours, sounds, and even the design of your website or product packaging. For example, the colour red is often associated with urgency or excitement, which can prompt quicker decisions or impulse buys. Similarly, the layout of a website can subtly guide a customer's journey, making it easier or harder for them to find what they're looking for, which in turn affects their purchasing behaviour.

Think about how certain smells can evoke memories or how a well-organised store layout makes shopping feel more enjoyable. These are examples of nonconscious motivators at work. In the digital space, even the placement of a button or the wording of a call-to-action can influence whether a customer takes the next step or abandons the process. By paying attention to these details, you can create an environment that encourages positive behaviour without being overly pushy.

How Businesses Can Tap Into Unconscious Motivators?

To tap into unconscious motivators, start by focusing on the sensory experience you create for your customers. Think about how the colours, design, and sounds of your brand make them feel. For example, calming colours can encourage longer browsing, while a clean and simple design can make shopping easier.

Nudge theory is all about gently guiding people to take certain actions without them even noticing. Instead of being pushy, it subtly suggests what they might like or need. The Nudge is great at this. It offers tools that deliver these gentle [nudges](#), like suggesting a popular product or reminding someone to complete their purchase. These nudges blend seamlessly into your app or website, helping guide your customers naturally, which can lead to more engagement and sales.

The Role of Branding in Consumer Motivation

Branding is more than just a logo or a catchy tagline; it's a powerful tool that can significantly influence consumer motivation. A strong brand creates an emotional connection with customers, which can drive

their purchasing decisions and foster long-term loyalty. Here's how branding plays a crucial role in motivating consumers:

Brand

When customers feel connected to a brand, they're more likely to remain loyal to it. This loyalty often stems from consistent positive experiences and the emotional ties that a brand builds over time. For example, customers who trust a brand because it consistently delivers on its promises are motivated to choose that brand over others, even if a competitor offers a lower price. Loyalty programs, like those offered by [Nudge](#), can reinforce this connection by rewarding repeat customers and making them feel valued.

Loyalty:**Brand**

Your brand identity is how your customers perceive you, and it can be a powerful motivator. A clear and consistent brand identity that aligns with your customers' values can make your brand stand out. For instance, if your brand is associated with sustainability and environmental consciousness, it will attract customers who prioritise these values. When your brand identity resonates with your audience, it can motivate them to choose your products because they feel that your brand represents something important to them.

Identity:**Emotional**

Emotions are at the heart of consumer motivation, and emotional branding taps into this by creating a strong emotional connection between your brand and your customers. Brands that succeed in emotional branding often use storytelling, relatable messaging, and visual elements that evoke specific feelings. For example, a brand that tells a compelling story about how its products improve lives or contribute to a greater cause can inspire customers to feel a personal connection, driving their motivation to purchase.

Branding:**How Businesses Can Leverage Motivation**

Understanding motivation in consumer behaviour is just the first step; the real challenge is using this knowledge to influence your customer's behaviours in a way that benefits both them and your business. Here are some practical ways businesses can apply this understanding to boost engagement and retention:

Nudges:

Subtle prompts, or nudges, can be highly effective in guiding customer behaviour without being intrusive. For instance, a well-timed reminder about an abandoned cart can encourage a customer to complete their purchase. Nudges work by tapping into the customer's existing motivation and gently steering them toward a desired action. They are particularly useful in situations where a customer is interested but may need a small push to take the next step.

In-App Surveys:

Understanding your customer's motivations can be greatly enhanced by asking them directly. In-app surveys allow you to gather real-time insights into what your customers are thinking and feeling. For example, after a customer makes a purchase, a quick survey asking what influenced their decision can provide valuable data that you can use to refine your strategies. These surveys can also help identify areas where customers may feel unmotivated or disconnected, allowing you to address these issues promptly.

Gamification:

Gamification involves adding game-like elements to non-game contexts to increase engagement. By turning routine interactions into something fun and rewarding, you can motivate customers to interact more with your brand. For example, offering points or badges for completing certain actions—like making a purchase, writing a review, or sharing on social media—can encourage repeat engagement. This approach taps into the intrinsic motivation of customers who enjoy challenges and rewards, making their interactions with your brand more enjoyable and engaging.

By implementing these strategies, you can effectively tap into both intrinsic and extrinsic motivators, creating a comprehensive approach that not only attracts new customers but also keeps them coming back. The key is to understand what drives your customers and use that knowledge to design experiences that align with their motivations, ultimately leading to higher engagement and stronger retention.

Conclusion

Understanding and influencing motivation in consumer behaviour is key to driving engagement and loyalty in your business. By focusing on both intrinsic and extrinsic motivators—such as emotional branding, personalised loyalty programs, and well-timed nudges—you can build deeper connections with your customers.

To stay ahead, regularly measure and adjust your strategies to keep aligned with your customer's evolving needs. Implement these techniques to strengthen relationships and boost business outcomes. Ready to see how these strategies can work for you? [Book a demo](#) with Nudge today and discover how we can help you turn customer motivation into lasting loyalty and growth.

INFORMATION PROCESSING AND CONSUMER PERCEPTION

Information processing is a fundamental concept in understanding consumer behavior. It refers to the cognitive processes through which individuals acquire, organize, and evaluate information about products, services, and brands. In this blog, we'll explore the concept of information processing, its stages, and its implications for businesses aiming to connect with consumers effectively.

Understanding Information Processing

1. What is Information Processing?

- Information processing in consumer behavior involves how individuals receive, interpret, store, and use information to make decisions related to their purchases and consumption.

2. Stages of Information Processing

- Information processing can be broken down into several stages:
- Exposure:** Consumers are exposed to various stimuli, such as advertisements, product displays, or recommendations.
- Attention:** They selectively focus on specific stimuli, filtering out irrelevant information.
- Comprehension:** Consumers interpret and understand the information they've attended to.
- Acceptance/Yielding:** Depending on their comprehension, they may accept or reject the information presented.
- Retention:** Consumers store the accepted information for future use.
- The Imaginal Processing:** This stage involves mental visualization and imagination, often employed when considering hypothetical scenarios.

The Significance of Information Processing

1. Informed Decision-Making

- Effective information processing enables consumers to make informed decisions based on their understanding of product features, benefits, and value.

2. Selective Attention

- Consumers' selective attention means they prioritize certain information. Businesses must ensure their messages capture consumers' attention.

3. Perceived Value

- Information processing shapes consumers' perception of the value offered by a product or service, influencing their willingness to pay.

4. Brand Image and Loyalty

- The way consumers process information about a brand influences their perception and loyalty. Consistent positive experiences lead to brand loyalty.

Marketing Implications

1. Clear and Concise Messaging

- Businesses should communicate their offerings in a clear and concise manner, focusing on key benefits and value propositions.

2. Effective Storytelling

- Storytelling can engage consumers' imaginations and facilitate information processing. It allows consumers to visualize the benefits of a product or service.

3. Visual and Aesthetic Appeal

- Visual elements and aesthetics play a vital role in capturing attention and enhancing information processing.

4. Repetition and Consistency

- Repetition of key messages and maintaining consistency across marketing channels reinforces information processing and brand recall.

Conclusion

Information processing is the cognitive engine driving consumer behavior. It enables individuals to evaluate and make decisions about products and services. Recognizing the significance of information processing allows businesses to tailor their marketing strategies, messages, and presentation to engage effectively with consumers and influence their purchase decisions.

CONCEPT OF ABSOLUTE LIMIT, THRESHOLD LIMIT AND SUBLIMINAL PERCEPTION

Absolute Threshold

The absolute threshold is a fundamental concept in psychology that refers to the minimum level of stimulus intensity needed for our senses to detect a stimulus at least 50% of the time. Imagine being in a completely silent room and gradually increasing the volume of a sound until you just start to hear it.

That point where the sound becomes noticeable represents your absolute threshold. This concept is key in understanding how we interact with our environment, as it sets the baseline for sensory detection. Here are a few key points to remember:

- It's the minimal amount of stimulus needed for detection.
- It varies from person to person and can be influenced by factors such as age, fatigue, and attention.
- It's measured under controlled conditions for accuracy.

Difference Threshold

The difference threshold, also known as just noticeable difference (JND), is the smallest change in stimulus intensity that can be detected by the senses. This threshold helps us understand how sensitive we are to changes in our environment. For example, if you're holding a weight in each hand and you gradually add more weight to one hand, the point at which you notice the difference in weight between both hands is the difference threshold.

Some important aspects of difference threshold include:

- It's about detecting change, not the presence of a stimulus.
- It's calculated as the minimum change needed to be noticeable at least 50% of the time.
- It can differ based on the type of stimulus and individual sensitivity.

Subliminal Perception

Subliminal perception occurs when a stimulus is presented below the threshold of conscious awareness but still influences our thoughts, feelings, or actions. This means that the stimulus is not detectable by our conscious minds, but it can still have an impact on us. For instance, a fleeting image or sound that doesn't register consciously can still affect our mood or behavior.

Key points to keep in mind about subliminal perception:

- It operates below the absolute threshold.
- It can subtly influence attitudes and decisions without us being aware.
- It's a topic of debate and research in psychology regarding its effectiveness.

Case Study Discussion: Information Search Process in Starbucks India

When Starbucks entered the Indian market in 2012 through its joint venture with Tata Global Beverages, Indian consumers were immediately intrigued by the arrival of a globally renowned coffee brand. This curiosity marked the beginning of the **information search process**, a crucial stage in consumer decision-making where individuals seek knowledge to make informed choices. In the context of Starbucks, Indian consumers, especially urban professionals, students, and the middle-to-upper-income groups, wanted to learn what made Starbucks different from familiar local chains like Café Coffee Day or Barista.

Consumers engaged in both **internal** and **external information searches**. The **internal search** involved recalling past experiences or knowledge about coffee and international café culture, often influenced by exposure to Starbucks during travel abroad or through movies and advertisements. On the other hand, the **external search** included gathering information from various sources such as advertisements, digital media, online reviews, influencer content, and word-of-mouth recommendations. The media coverage of Starbucks' launch, featuring its partnership with Tata and focus on quality coffee beans, also served as a credible source of information that strengthened consumers' trust in the brand.

Starbucks strategically facilitated this information search process by using **integrated marketing communication**. The brand created buzz through its visually appealing store designs, localized menu promotions, and social media engagement. It emphasized its international image while adapting to local tastes by offering items like *Tandoori Paneer Roll* and *Elaichi Mawa Croissant*. This combination of global appeal and cultural relevance fueled consumer interest and encouraged them to actively seek more details about the Starbucks experience.

Moreover, **experiential information sources** played a major role. Many consumers visited Starbucks outlets out of curiosity, not just to purchase coffee but to experience the ambience, music, and personalized service firsthand. These sensory and emotional experiences became valuable information inputs that shaped their evaluation of the brand.

In summary, the **information search process** in the Starbucks India case illustrates how consumer curiosity, aspiration, and exposure drive the quest for information before making a purchase decision. By providing multiple channels of reliable, attractive, and experiential information, Starbucks successfully guided consumers through this stage — transforming initial curiosity into informed interest and ultimately into brand trial and loyalty.

Discussion Questions

- Q1. How did the information search process influence consumer decision-making in the case of Starbucks India?
- Q2. What types of information sources did Indian consumers rely on during their search process for Starbucks?
- Q3. How did Starbucks facilitate the consumer's information search process in India?
- Q4. What role did motivation play in consumers' information search behaviour for Starbucks?
- Q5. What marketing lessons can be learned from Starbucks' handling of the information search process in India?



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