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Consumer Behavior and the Buying Process

JOHN T. GOURVILLE
Harvard Business School

MICHAEL I. NORTON
Harvard Business School

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John T. Gourville, Albert J. Weatherhead, Jr. Professor of Business Administration, Harvard Business School, and Michael I. Norton, Harold M. Brierley Professor of Business Administration, Harvard Business School, developed this Core Reading with the assistance of writer Lauren Keller Johnson.

1 INTRODUCTION

Many years ago, Theodore Levitt made famous a piece of advice for marketers—to remember that "people don't want to buy a quarter-inch [drill] bit, they want a quarter-inch hole!"[1] This emphatic statement was a reminder to marketers that a deep understanding of consumers—their needs and their resulting behaviors—is the central ingredient in creating and marketing successful products and services.

It is a challenge for marketers (and, ultimately, for organizations) that consumers are a varied lot when it comes to deciding whether, when, how, and what to buy. The manner in which consumers make their buying decisions can vary by product category, by the buying context, and/or by consumers' personal idiosyncrasies. A purchase can occur based on a momentary whim or it can take months, or even years, to materialize. The consumer's decision to buy can be considered in isolation, or the decision can be influenced by a host of other individuals. Companies must understand and anticipate these and other factors in order to serve their chosen customers in a cost-effective manner.

Failing to meet these challenges can come at a high price. In the US consumer packaged goods industry, for instance, companies introduce about 30,000 new products every year, yet 70% to 90% are withdrawn from the market within 12 months because of disappointing sales. Although Segway scooters—the motorized two-wheel personal transporters—were meant to change the way people traveled city streets, they never sold in sufficient quantities to the broad consumer market and are now limited to niche applications such as shopping mall security and tourism. The US federal government has tried at least five times to introduce a dollar coin, with each new coin proving unpopular with a buying public still wedded to the paper dollar bill. And starting in the late 1990s, Webvan spent more than $1 billion to build its online grocery business, only to fold in 2001 after failing to attract enough customers. While grocery delivery services are now more common, it seems that the company did not appreciate how difficult it would be to change the entrenched behavior of the buying public at the time.

Why do organizations fail so often—and so spectacularly—to get some products and services off the ground? At least part of the problem is that they have not invested the time and effort to understand consumer behavior and the buying process. Adding insult to injury, in today's interconnected world, when an offering does fail to satisfy consumers—perhaps because of a product design flaw or a marketing misstep—people may very well broadcast that failure through social media such as Facebook and Twitter.

While marketplace failures are common, they need not be the rule. Consumer buying behavior, despite its variety and complexity, is not completely random, and organizations can use models to predict patterns of buying behavior. These patterns are driven by—at a minimum—the product under consideration, the context in which the buying takes place, and the people involved in the buying process. When marketers understand these patterns, they can anticipate consumers' behavior and tailor their selling efforts to better match consumers' buying processes. This understanding ultimately benefits both customers and organizations.

With these points in mind, the reading that follows lays out some fundamental concepts important for understanding consumers' behavior. We begin by exploring several frameworks that shed light on consumers' decision-making processes. Next we consider the phases through which customers progress as they make a purchase decision. Then we examine the people who take part in a purchase decision. To bring these concepts to life, we follow with an in-depth example of how one organization used its understanding of consumer behavior to develop and launch a successful product. Finally, in the Supplemental Reading, we discuss how key developments in technology and recent changes in the marketing toolkit, such as social media, are radically affecting consumer behavior and the buying process.

2 ESSENTIAL READING

2.1 Frameworks for Understanding How Consumers Make Decisions

Over the years, marketing practitioners and academics have developed numerous frameworks to make sense of consumers' decision-making processes. Each framework views the buying process through a different lens, offering valuable perspectives on the many factors that influence consumer behavior. Here we look at four frameworks that have stood the test of time and have proven useful for mapping out the process by which consumers make a purchase: cognitive versus emotional decision making; high-involvement decision making versus low-involvement decision making; optimizing versus "satisficing" decision making; and compensatory versus noncompensatory decision making.

Cognitive Versus Emotional Decision Making

Perhaps the most basic dimension in which consumer decision making varies is in whether a particular purchase hinges on cognition or on emotion. Not surprisingly, many purchases are primarily *cognitive* in nature, driven by the mind. Such purchase decisions entail a deliberative, information-based processing of relevant product characteristics. For most people, buying insurance is a cognitive purchase. People interested in purchasing an insurance policy tend to weigh factors such as the amount of coverage, the size of any deductible, and the cost of the policy in an attempt to arrive at an economically optimal and rational choice.

But other decisions are decidedly *emotional* in nature, driven by the heart and entailing a subjective liking for one option over another. When a person living in Hawaii falls in love with a wool-lined leather bomber jacket—in spite of its impracticality in a warm climate—emotions are at play. Rationally, purchasing the jacket makes little sense. Emotionally, however, the jacket may allow the consumer to recapture a youthful, carefree image of himself, and this feeling may drive the buying process. In such cases, rationality and reasoned consideration may take a back seat to personal emotion, in this case the feelings the jacket elicits.

Many purchases, of course, have both a cognitive and emotional component. Consider the purchase of a new smartphone. Cognitive considerations may include the base price of the phone, whether to purchase the phone by itself or as part of a bundle, the cost of the service plan, and whether to buy an extended warranty. Consumers can evaluate various makes and models of smartphones on these dimensions in an attempt to arrive at the best alternative. Emotional factors also may play a significant role, however. Such factors as whether a given make or model is considered "cool" among one's friends, whether it comes in the buyer's favorite color, and whether the phone can be personalized with a unique case may impact choice. In the end, both cognition and emotion may prove central to the eventual choice.

How, then, do marketers determine whether a person's buying process is largely cognitive, emotional, or some combination of the two? They can start by considering factors such as product type, context, and individual differences.

- **Product type:** Certain products or product categories lend themselves to cognitive processing, such as those that serve a *utilitarian* purpose. Lawnmowers, garbage disposals, income tax preparation software, house paint, and countless other products all serve a strong utilitarian purpose. For such products, buyers tend to objectively evaluate alternatives within these product categories based on how well they satisfy that purpose.

In contrast, products that serve an ego-expressive or hedonic (pleasure seeking behavior) purpose often elicit more emotional processing. Products purchased because the buyers think they say something about who they are or who they aspire to be encourage more emotional processing, as do those intended to make a statement to peers and social groups. Fashion goods such as clothing, shoes, jewelry, and accessories generally entail emotional processing for most people, as do fine wines, boutique coffees, and gourmet foods. And the purchase of artwork and home decorations are typically driven more by the heart than the mind.

A similar but distinct dimension that influences whether decision making is more likely to be cognitive or emotional is whether a product can be considered more of a *search* versus *experience* good.[2] Search goods generally have a wealth of researchable information available, so consumers can learn nearly everything they need to know about the product *before* deciding whether to buy. For instance, someone in the market for a new washing machine can readily learn about the different models available by visiting the websites of manufacturers and retailers, reading product reviews in buying guides, and reviewing testimonials from other buyers on Facebook or other social media sites. Such search goods generally lend themselves to cognitive processing.

In contrast, consumers can assess the characteristics of experience goods only *after* purchasing and using them. Many services fall into this category. For instance, in spite of rave reviews, a theatergoer will still need to sit through a performance to determine if it is to his or her liking. Similarly, foods, beverages, and summer vacations tend to be experience goods: Someone who buys a new wine vintage can't be certain that she will enjoy it until she uncorks the bottle and tastes the wine. Given these characteristics, experience goods tend to elicit more emotional processing.

- **Context:** Consider, too, the context in which the product or service will be used. For example, the extent to which the purchase of a pickup truck is driven by cognitive or emotional processes will hinge on how the buyer will use the truck. If the buyer wants to use the truck primarily to haul tools and supplies from one job site to another, the purchase will likely be far more cognitive, and utilitarian factors will dominate, such as its towing capacity, cargo space, or the length of its service warranty. If, however, the truck is intended to convey the sense that its owner is a rugged outdoorsman, there will be a strong emotional component, and ego-expressive factors will be quite important: Is the truck made in the buyer's home country? Is it trimmed in chrome? Does it come with oversized tires?

- **Individual differences:** Finally, marketers must consider the natural tendencies of the individual buyer. In popular jargon, the right brain/left brain dichotomy captures the sense that some people are governed more by emotions and others more by facts and figures. This distinction implies that the very same *product* in the very same *context* might elicit quite

> different decision processes based on an individual's natural tendencies. While certain people might analyze virtually every purchase decision as a set of objective trade-offs, others might decide on a whim based on what most moves them emotionally at the moment.

The cognition/emotion distinction is of concern for the marketer primarily because ***cognitive decision making*** often is slower, more systematic, and more exhaustive than ***emotional decision making***. Consumers seek out a number of options and compare and contrast those options on the product characteristics they deem most important. Purchase decisions supported by a review in *Consumer Reports* magazine is emblematic of cognitive decision making. In contrast, an emotional decision is often quicker, more idiosyncratic, and may entail just a single alternative. The "I'll-know-it-when-I-see-it" approach to shopping captures a buying process driven by emotions.

Depending on whether a particular customer's buying process is primarily cognitive or emotional, marketers must adapt their selling process accordingly. For instance, they should vary *product placement* in stores as a function of the cognitive/emotional distinction. When engaged in cognitive processing, consumers may be more likely to actively seek out a company's products, whether online or in brick-and-mortar stores, suggesting that placement on the website or within a store may not be critical. In contrast, to appeal to consumers engaged in hedonic processing, a seller may choose to place a product where it is most likely to be seen and therefore encourage impulse buying—such as placing it on the store's online homepage or in an end-of-aisle display at the front of the store.

Marketers can also tailor promotional efforts to cognitive or emotional purchase decisions. Advertising that describes the features of an offering, emphasizes a favorable price, documents the product's superiority to competing offerings, or provides instructions for learning more about the offering may constitute a cognitive appeal. Advertising that uses evocative imagery, symbols, and situations that tap into feelings such as happiness, fear, patriotism, or sexual desire may be more effective when decision making is driven by emotions. Exhibits 1–3 offer examples of advertisements using cognitive and emotional appeals or a blend of both: McCormick & Company's information-based push to replace old spice bottles (**Exhibit 1**); Chrysler's (Ram Trucks) sponsorship of the Texas state parks hunting and fishing guide, evoking the emotional beauty and functional ruggedness of the "Old West" (**Exhibit 2**); and a car manufacturer's humorous depiction of its "park assist" parking feature (**Exhibit 3**).

EXHIBIT 1 Primarily Cognitive Appeal: McCormick Spice Advertisement

Source: McCormick & Co., Inc. © 2006.

In 2004, McCormick began printing "best by" dates on its spices, herbs, extracts, and recipe mixes. In parallel, the company began an advertising campaign with a strong cognitive message. The advertisement seen in Exhibit 1 provides information that consumers can use to determine whether their spice container is past its prime and thus needs replacing in order to retain the spice's ability to enhance the smell, freshness, and flavor of food. The ad draws viewers' attention to the pertinent information and characteristics of the product packaging (rectangular shape and label text). The ad also directs consumers to the McCormick website, which provided a "decoder" for deciphering the date code printed on older glass spice bottles.

EXHIBIT 2 A Blend of Cognitive and Emotional Appeal: Ram Truck Advertisement

Source: "Horsepower National Park," Ram Trucks advertisement, reproduced by permission of Chrysler Group LLC.

The Ram Trucks advertisement in Exhibit 2, one of a four-part series introduced in 2013, has both a cognitive and an emotional element. Its cognitive characteristics include a listing at the top of features offered that appeal to hunting and fishing enthusiasts ("HEMI engine, locking axles, warn winch, and all-terrain tires") and an image depicting what the vehicle can do. The ad's emotional appeal stems from its retro design harkening back to the Wild West, imagery evoking the beauty and ruggedness of the landscape, and inspirational, fictional place names ("Horsepower National Park" in this ad; "Versatility Valley" and "Inspirational Canyon" in other ads in the series).[3]

Exhibit 3 shows a primarily humorous advertisement to introduce Volkswagen's automated Park Assist parking functionality by showing a porcupine with sharp quills deftly "parallel parked" between bags containing water and goldfish.

Finally, a company should consider the form of the decision making likely to be used by its target market. For example, teens often employ more emotional decision making than adults, which suggests that marketers targeting teenaged customers should focus more on emotional factors than they would with older customers. Consider the now-iconic iPod ads in which a silhouetted dark figure dances to popular music against a colored background, with the white earbuds of an iPod plainly visible. These ads, targeted to younger consumers, contained virtually no product information and emphasized the "coolness" of the product. In contrast, Verizon's classic "Can You Hear Me Now" 2002–2011 ad campaign, while humorously crafted, also delivered a strong cognitive message of cellular telephone reception, a message that almost assuredly resonated more with widely traveled adults than locally bound teenagers. In a nod to this iconic campaign, rival Sprint hired the original ad spokesman years later for its 2016 television ads. While the message still focused on price and network coverage, it also spoke again to a generation of consumers who would remember the classic ad.

EXHIBIT 3 "Precision Parking": Advertising with Primarily Emotional Appeal

Source: VW ad 2012, https://www.adsoftheworld.com/media/print/volkswagen_hedgehog_and_fish, accessed December 10, 2019.

High-Involvement Versus Low-Involvement Decision Making

Consumer buying decisions also vary in the level of involvement they engender. Certain purchases are characterized by highly involved and elaborate processing, while others are characterized by minimally involved or almost mindless processing. Complicating matters, both cognitive and emotional purchases can be either high- or low-involvement.

First consider ***high-involvement*** purchases—anything from a wedding gown or a dishwasher to a car or a house. The buyer is fully engaged, the decision making tends to be effortful, the time frame tends to be relatively long, and the consequences of making a good versus a bad choice tend to be significant and visible. For a purchase that is largely cognitive, such as buying a smart TV, a consumer may research the various makes and models on the market, visit several retailers to see which has the best prices, talk to friends to get their advice, post a request for recommendations on Facebook, and scan newspaper or online ads for temporary price promotions. The process may consume many hours over several weeks or months and involve winnowing down a list of choices to one or two alternatives. Similarly, for a purchase that is largely emotional, such as buying a dress for a high school prom, a consumer may also search on various online stores, visit a number of retailers, get feedback from friends and relatives, and make sure that the dress chosen is distinctive enough that it does not match another prom-goer's dress. In both these cases, and in many purchase decisions in general, high involvement stems from factors such as expense, the risk inherent in making a bad choice, and uncertainty around which alternative is best.

In contrast, ***low-involvement*** purchases tend to require far less effort; they often happen quickly, and they are perceived as having far lower risk. For most people, purchasing gum in a convenience store, buying a soda with lunch, or extending a monthly fitness club membership would entail low involvement. This low involvement could be due to any one of several factors. Perhaps it is due to cost—the price is so small that the purchase does not warrant careful and elaborate consideration. Or it could be routine—the consumer has already decided which paper towels were preferred or which gym best met his or her needs, and now the decision to repurchase is automatic. With auto-order options from online retailers, the repurchasing decision has become even more routine. Or maybe the available alternatives are largely similar—the person has come to believe that all gasoline is the same product and chooses a gas station based solely on price and convenience.

Interestingly, whether a purchase fosters high or low involvement can change over time. Consider the level of involvement when someone buys automobile insurance for the first time. The buyer may consider several vendors, wrestle with how large a deductible to accept, question how much coverage to take on, and compare prices of different insurers. For many people, the purchase is a highly involved, highly cognitive decision. Roll the clock forward one year, however, and consider the renewal of that insurance policy. Assuming no surprises occurred in the past year (such as an accident that greatly increased the policy's price), many buyers will simply renew the policy and be done with it—a decidedly low-involvement purchase. In fact, it usually takes a dramatic change—a move to a new state or the addition of a junior driver to the policy—for a customer to once again engage in an effortful assessment of insurance policies.

Similarly, the level of involvement can vary by consumer, even when the product type is held constant. An advertisement from several years ago depicted a 20-something woman laboring over the choice of a Valentine's Day card for her significant other, checking dozens of cards to find the perfect one that expressed her feelings precisely. Her not-so-perfect significant other, on the other hand, mindlessly grabbed a Valentine's Day card from a small rack at the checkout counter of a convenience store where he happened to be buying beer. Same product category, yet two very different levels of involvement.

As with cognitive versus emotional purchases, savvy marketers adapt their selling strategies to consumers' involvement levels. For high-involvement purchases, some companies tout their easy-return policies or offer guarantees to reduce the consumer's perceived risk of purchase. Other companies encourage consumers to "shop around" or provide consumers with comparisons between the company's product and that of the competition, as shown in the ad in **Exhibit 4**, which makes it easy for consumers to compare the features of their current rewards card against those of VentureOne.

EXHIBIT 4 Making Comparisons

Source: Capital One.

Some companies might even encourage consumers to make price comparisons. Think of Progressive Insurance's strategy of showing customers not only its own prices but also those of its competitors, *even when a competitor offers a* *lower price.* At first, this may seem counterproductive, until one realizes that insurance often is a high-involvement decision in which more than just price is considered. Progressive is betting that even when a competitor has a slightly lower price, Progressive's level of service and coverage will encourage consumers to choose it.

Strategies for low-involvement purchases, in contrast, may include making the offering readily available, as when stores place gum, candy, and magazines in checkout aisles or online retailers suggest "products you may also like" while a repeat consumer is logged in. Alternatively, low-involvement purchases may require a simple rationale for the purchase of the product. Think of Snuggie's "The Blanket with Sleeves" slogan, which implies that blankets without sleeves are somehow deeply flawed. Such purchases may also call for an attempt to differentiate the product from what might otherwise be an undifferentiated set of alternatives. The slogans "With flavor crystals!" used by Ice Breakers, and "The World's Most Refreshing Beer," used by Coors, are apt examples.

Optimizing Versus "Satisficing" Decision Making

A concept related to involvement, but also distinct from it, is whether the goal of the purchase is to optimize on choice or simply to "satisfice." While it is tempting to assume that consumers are always motivated to purchase the best alternative they can—that is, ***optimizing decision making***—the reality is that consumers sometimes choose to satisfice instead. "***Satisficing" decision making***, a term coined in the 1950s by the economist Herbert Simon, is the process whereby consumers settle for an alternative that is "good enough" or that passes some acceptable threshold. In such cases, there may be a more optimal alternative available that additional research *could* uncover. However, the decision maker feels that the added benefit does not warrant the added cost of the search.

Consider the difference between buying and renting a vacation home. Consumers buying a vacation home are more likely to try to optimize their decision making—the cost will be far more significant than if they were renting, and the satisfaction or dissatisfaction from a good or bad choice will extend much further into the future. As a result, they tend to take more time to make their decision, they seek out more advice, they do more research on housing prices in the area, and they may even spend time in the area to experience what life might be like there. The recommendation to "rent before you buy" captures the importance of the decision being made. Contrast that with renting a vacation place for a week. While consumers may still do a great deal of research—it is still relatively high-involvement decision making—they are more likely to end that search when they find an alternative that seems to meet their standards, rather than continuing to search every website for all possible alternatives. And while they will consider cost and location, there is less of a need to get the decision exactly right. In the end, satisficers are willing to expend the time and energy needed to make a *good* choice as opposed to the far greater time and energy needed to make the *best* choice.

Factors that influence whether a consumer uses an optimizing versus satisficing decision-making process are some of the same ones that drive whether a process entails high or low involvement. As a general rule, the greater the expense (a car, a house, an insurance plan), the more likely consumers will try to optimize. Similarly, the greater the variance in quality and price, the more likely they will seek to optimize, whereas when all alternatives are pretty much the same, the benefit of additional search efforts may be negligible. Finally, the length of product or service usage may be a factor. For instance, it's far more important to get one's choice of university exactly right than to choose the perfect week-long adult education class.

Interestingly, the optimizing versus satisficing distinction often varies from person to person. Independent of the product category or type of decision, some consumers are more likely to optimize and some more likely to satisfice, and they may do so across the bulk of their purchase decisions. Indeed, most of us can think of a friend or family member who overanalyzes seemingly simple purchases, as well as someone who settles on the choice of a product with far too little deliberation. Being on either extreme, however, can be detrimental to the buyer. The person who regularly brings an optimizing strategy to her choice of sandwich for lunch or her choice of a movie from Netflix is probably spending more time on these endeavors than they rationally warrant. Similarly, the person who employs a satisficing strategy to his choice of a house or a new car likely would benefit, both in terms of satisfaction experienced and value obtained, from a more exhaustive consideration of the available alternatives.

Again, the optimizer/satisficer distinction should affect a company's go-to-market strategies. When selling shampoo to target customers who believe that all shampoos are pretty much the same, companies can expect them to satisfice. As a result, a firm should make its product easy to find, give it a large amount of shelf space, design colorful packaging to make the item stand out from the offerings around it, and give it an affordable price. Those target customers who believe that there are large differences among shampoos, however, are more likely to try to choose the best. Therefore, marketers may wish to advertise heavily to convey their product's superiority, highlight the economic and social costs of a bad choice, and price the product at a point that suggests quality.

Compensatory Versus Noncompensatory Decision Making

Consumer decision making also can be categorized by the amount of relevant information used and the trade-offs made to arrive at consumers' choices. In some cases, consumers consider (or attempt to consider) all of the attributes that are relevant, making trade-offs between those attributes. This process is called ***compensatory decision making*** because a product's shortcomings on a particular attribute, such as a price that is high, can be compensated for by its strengths on another attribute, such as exceptional styling, which results in a product that consumers still find desirable. For some individuals, the purchase of the early Apple iPhone resulted from a compensatory decision-making process. Even though these consumers may have had concerns about various features of the product, including faulty WiFi connections, poor battery life, and a high purchase price, they were so delighted with the usability, sleekness, and novelty of the device that they were willing to buy it.

In other cases, consumers may consider some, but not all, of a product's attributes, ignoring potential tradeoffs between those attributes. This process is termed ***noncompensatory decision making*** because a product's failure to reach an acceptable threshold on one attribute cannot be compensated for by high performance on another attribute. For many individuals, the choice of an airline flight represents a noncompensatory decision. When flying from Boston to San Francisco, for instance, some travelers may only consider nonstop flights. Even if a flight with a stop in Detroit is $500 cheaper, the traveler may not consider it because it does not meet the threshold of being a nonstop flight. As a result, while there may be 30 flights between Boston and San Francisco on a given day, such consumers may consider only the four flights that meet the required nonstop criterion.

One factor that drives compensatory versus noncompensatory decision making is the size of the choice set. If there are a limited number of choices—such as three restaurants in a small town—it is not too difficult to consider all the alternatives on all the relevant attributes. However, if there are many choices—such as where to go on one's honeymoon—it becomes difficult and time-consuming to be exhaustive in one's decision making. As a result, the happy couple may reduce the number of alternatives under consideration by establishing some noncompensatory thresholds: The destination must be in a warm climate, on the water, and within a five-hour plane ride.

A second factor that drives the use of compensatory versus noncompensatory decision making is the importance of the various attributes to the consumer. If one attribute dominates all others, no form of compensatory decision making may produce a result that is superior to a noncompensatory process. To illustrate, if a traveler truly abhors missing flight connections, consideration of only nonstop flights may be a perfectly acceptable criterion that leads to the best decision for that traveler.

Finally, resource availability may play a role. If consumers have the time, patience, and access to product information, they may employ compensatory decision making. When deciding in April which Boston Red Sox baseball game to take their family of four to in August, parents may engage in a careful and complete assessment that takes into account the preferred day of the week, time of day, opposing team, seat location, and price. But if approached at 2 p.m. on August 15 by a work colleague who offers four Red Sox tickets for later that day, a person may consider far fewer tradeoffs, and the decision may hinge simply on whether he and his family are free then.

As with the other decision-making frameworks identified, the dominant process that consumers employ—compensatory versus noncompensatory—should drive a firm's marketing efforts. If consumers are engaged in compensatory decision making, while it is not necessary that a product score highly on every attribute, it must score well in the aggregate, when all attributes are factored in. As such, efforts to promote the "total package" may be most important and the company should strive to make all relevant information readily available. If the decision making is noncompensatory, however, a firm needs to do especially well only on the one or two criteria that dominate the consumers' decision making.

In addition, depending on whether a product benefits from compensatory or noncompensatory decision making, a firm may attempt to influence the type of decision-making process consumers use. For instance, an enterprise that dominates the competition on only one single attribute may seek to induce consumers to engage in noncompensatory decision making and encourage them to value that attribute over all others. Consider Volvo's efforts to position itself as the safest vehicle over the past decades. This encouraged consumers to ignore other attributes that might make Volvo appear less attractive in comparison to the other alternatives (such as price or fuel efficiency) and to rely solely on a "the safest car is the best car" strategy.

2.2 The Consumer Decision-Making Process

Having considered the different frameworks that illuminate consumer decision making, let's now turn to understanding the complete consumer decision-making process. When we consider the steps required for individuals to make a purchase decision, we often focus most of our attention on the actual moment of the transaction—such as the in-store experience, the encounter with the salesperson, or the final click to place an order on a merchant's website. Regardless of the type of transaction, however, the *decision-making process* (DMP) entails three distinct phases—*pre-purchase*, *purchase*, and *post-purchase*—through which consumers typically progress as they make buying decisions. Each phase has distinct characteristics that can powerfully influence buying behavior. Marketers therefore must understand the defining characteristics of each phase in order to develop successful selling strategies.

Phase 1: Pre-Purchase

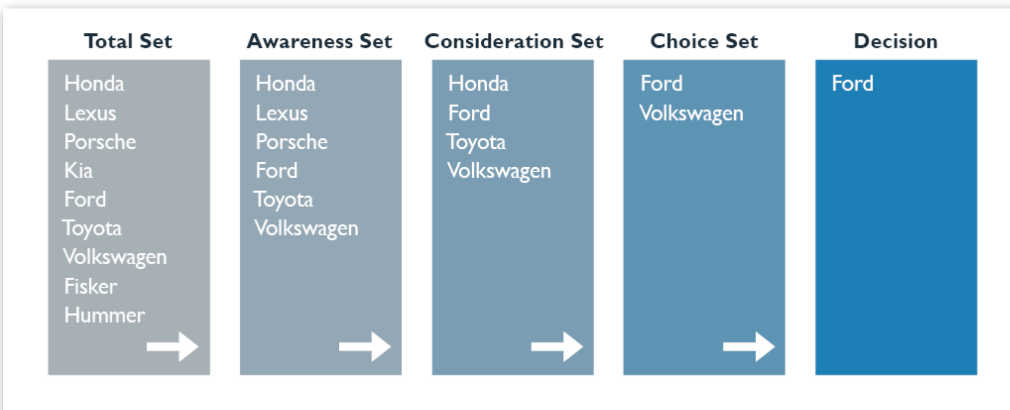
Before purchasing a product or service, consumers engage in a series of pre-purchase activities, including the recognition of a need, a search for viable alternatives to satisfy that need, and the collection of information about those alternatives. Depending on the nature of the purchase, these pre-purchase activities can take a short or long time. For instance, years may pass between a person's first inclination to buy a sailboat and the actual purchase of that boat. In contrast, the decision to go out to dinner on a given night may be triggered only hours or even minutes before actually entering a restaurant, based on factors such as having had a particularly good day ("Let's celebrate") or a particularly bad day ("I need some pampering").

Consider a consumer we'll call Anna, who decides to purchase a car. First, there needs to be a *trigger*—something that plants the thought in Anna's mind that she needs to buy a new car. Perhaps she learned that the latest repair on her current car would cost $5,000, more than the resale value of the car. Maybe she had trouble starting her car earlier that day. Perhaps one of Anna's friends recently purchased a new car and had offered her a ride, making Anna feel a bit envious. Or maybe she is turning 30 and wants to mark that milestone birthday by buying a new car. In short, something needs to trigger Anna's interest and move her from what marketers call a "cold" state ("My current car is fine") to a "warm" or "hot" state ("I really need a new car").

Next, Anna begins the *search and consideration* process. Initially, this process may be as casual as paying closer attention to other cars on the road as Anna starts determining which models she finds most appealing. Then the process may become more serious as she solicits advice about various options—through conversations, emails, or social networking sites—from family members, friends, neighbors, acquaintances, and even strangers. Anna may then begin reviewing ads, visiting product websites or searching online marketplaces, perusing car-buying guides, and visiting dealerships. As this process unfolds, she may start earmarking funds to pay for the new car—cutting back on discretionary spending, taking less expensive vacations, or eliminating some of her evenings out.

Anna next enters the *evaluation of alternatives* part of the pre-purchase phase. As she considers which car to buy, she conceivably could choose from the *total set* of alternatives in the marketplace: a selection of all possible options, no matter how obscure or ill-suited to her needs (such as a minivan designed to seat eight, when Anna is a single female). More realistically, however, she is likely to hone in on an *awareness set*—that subset of alternatives that she knows and has heard of. As she receives feedback from her friends, does her research, and takes into account her own preferences and liking for various vehicles, Anna pares the list down to a *consideration set*—offerings that meet her initial buying criteria and that she will consider in more detail. This eventually leads to a *choice set*—strong contenders for purchase—and ultimately to the decision to buy a specific car (see **Exhibit 5**).

EXHIBIT 5 Buying an Automobile: From Total Set to Decision



Note that as consumers proceed through these steps, any of the decision frameworks we have identified may come into play. Anna could use a highly cognitive decision process, based on objective attributes of each alternative, or she could decide much more emotionally, thinking about the impression she will make on her friends and family. She might adopt a highly compensatory decision strategy (trading off value and safety), or she could use a noncompensatory strategy, eliminating alternatives because they fail to meet her standards on key dimensions (e.g., the car must have a high-end sound system).

Similarly, the length of the pre-purchase phase can vary depending on a consumer's circumstances. For consumers whose cars have accrued many years and miles but are still fairly reliable, the pre-purchase phase can last for months or years. In contrast, for a consumer who has been in an accident where the car was totaled, the pre-purchase phase may be relatively short—another car is needed *now*.

Marketers must understand that there is a pre-purchase phase to almost all purchases and that they, as marketers, can play a role in the shape and length of this phase. For instance, many companies attempt to activate or trigger a customer's recognition of a need. Furniture retailers recommend that consumers replace their mattresses and box springs every 10 years. Oil-change shops place "change by" stickers on the windshields of customers' cars. Jewelry stores remind consumers several months before Christmas or Valentine's Day that only jewelry will earn them their partner's undying love.

Aside from providing triggers, companies must ensure that their products or services make it into buyers' *awareness sets* and then into their *consideration* and *choice sets*. A company that makes a line of hair care products—shampoo, conditioner, styling gel—will likely try to find retailers that stock all the line's products in one location on store shelves. That way, shoppers for whom that brand is in their consideration set will more likely select different products from the same line. When retailers stock all shampoos from various manufacturers on one shelf and all conditioners from various manufacturers on another shelf, shoppers have less awareness of the full range of hair care offerings from a particular company. As a result, they might select products from several different brands instead of sticking with one brand—thereby lowering the market share of any single company's brand.

Finally, companies can try to influence *how* consumers narrow down their set of options by explaining or magnifying the importance of attributes on which a product does well—or minimizing the importance of attributes on which it does poorly. Hyundai's claims to have the best warranties in the American automobile market aim to raise the importance of extended service in consumers' minds. And IKEA's efforts to downplay the idea that furniture should last forever sought to minimize what some thought of as a shortcoming of the company's offerings—namely, durability.

Phase 2: Purchase

Once a consumer makes the decision to buy any product or service, the *purchase phase* begins. This phase may entail making choices about which brand to buy, from whom to buy it (from a brick-and-mortar retailer or an online retailer), how many items of the offering to buy (one, or several if a volume discount is offered), when to buy (during a holiday sale or on a weekday when stores won't be crowded), and how to pay (by cash, check, credit, or financing).

Many factors can intervene, however, between the moment a consumer decides to buy and the moment of actual purchase. A shopper who has decided to buy a sofa at a high-end furniture store may become overwhelmed by the hundreds of different fabrics and trims available for that sofa—and walk out. Another consumer may enter a camera shop intending to buy a particular make and model of digital camera, only to select a different one based on a salesperson's recommendations. A third consumer may enter a car dealership with the intent to buy a new Ford Escape but discovers that her credit score is not sufficient to qualify for the necessary financing. These situations show why companies need to anticipate barriers to purchase and attempt to minimize them. The furniture store can train salespeople to recommend fabric and trim combinations, for example. The camera manufacturer could provide user-friendly product-education materials to encourage salespeople to pitch its cameras to customers over a competitor's brands. And the car dealership could offer alternative means of financing.

Note that, in many cases, a consumer may have decided to buy a product—say, a bottle of white wine—but has not yet decided which brand to buy. In such a case, the buyer is open to a host of cues that companies can influence, such as whether the product is displayed, how recognizable the brand name is, how attractive the label is, and how acceptable the price point is.

Phase 3: Post-Purchase

If a company has managed the pre-purchase and purchase phases well (and has a little luck), the consumer buys the product or service. But, quite often, the company's work is not done. In the *post-purchase* phase, a consumer's liking for the purchased product and loyalty to the company that sold it are by no means guaranteed. Buyers might be disappointed if the offering doesn't fulfill their expectations, or they might think they made a mistake if they hear other consumers rave about an alternative product. This dreaded condition, known as buyer's remorse, can arise particularly when people have spent a great deal of money for a product.

Marketers care about managing the post-purchase phase because consumers who are happy with their purchases are more likely to buy again and spread positive word-of-mouth to others. Those who aren't happy might return the product or cancel the service, complain to the company, or warn others against purchasing the product or service. Consider a product that requires after-purchase care to retain its appeal, such as a finely made sweater or a mahogany dining table. Often a firm will recommend the type of care required to get the most out of that product, such as how to best clean the sweater or how often and with what products to polish the dining table. By recommending (and sometimes even monitoring) types and levels of after-sale care, companies can increase consumers' satisfaction with their purchases. At other times, firms may want to ameliorate bad experiences. Generous return policies and lengthy warranty periods often engender consumer appreciation, and repair policies that offer a loaner product during the repair period alleviate a major concern for many consumers.

In the post-purchase phase, a business may also anticipate—and prompt—the next purchase of the same product. For instance, to encourage consumers to replace products or renew services, companies sometimes add special features that indicate when it's time to buy again. Some toothbrushes and razors include a color indicator that fades with every use, indicating when the item needs to be replaced. Publishers send renewal notices to readers months before their magazine subscriptions expire. Similarly, an enterprise may encourage purchase of its other product offerings. For example, an insurance firm may offer consumers a significant discount to induce them to consolidate their home, car, and boat insurance with that one provider.

Finally, companies must consider how consumers will eventually dispose of products in the post-purchase phase. This is especially important for products that can be difficult to dispose of, perhaps because they are big and bulky or because they can damage the environment. That is why mattress retailers typically offer to take away the mattress being replaced, while many car-battery retailers remove and dispose of the old battery. Hewlett-Packard, for example, has arranged for Staples and Best Buy to accept printer cartridges that consumers drop off for recycling, and it also provides mailing labels for a mail-in recycling program. By making it easier for consumers to dispose of products in a convenient or environmentally responsible way, companies can further encourage brand loyalty.

The specific dynamics within the pre-purchase, purchase, and post-purchase phases of the buying process vary widely across people, across products, across time, and across contexts. So while there is wide variance, these dynamics do exist in some form, and marketers must consider them if they hope to sell to their company's chosen customers. For example, the dynamics may vary depending on the type of shopper—whether they are habitual shoppers, consumers who seek high-value deals, customers who love variety, or shoppers who tend to use a high involvement decision-making process (see **Exhibit 6**). A deeper understanding of these dynamics can help companies better match their selling process to consumers' decision-making process. A failure at any phase in the process—whether at pre-purchase, purchase, or post-purchase—can result in the loss of sales and future sales.

EXHIBIT 6 Dynamics by Buyer Type Across Phases in the Purchase Process

Buyer Type	Purchase Process Phases				
	PHASE 1 Pre-Purchase			PHASE 2 Purchase	PHASE 3 Post-Purchase
	Trigger	Search and Consideration	Evaluation of Alternatives		
HABITUAL SHOPPER	Runs out of a product	Uses only information provided or easily available Discovers new products in passing	Falls back on long-held preferences Is brand loyal but susceptible to change	Is reminded Is both planned and unplanned Is inertia driven	Performs only moderate reevaluations, unless switching brands
HIGH VALUE DEAL SEEKER	Recognizes need based on life event (e.g., pay raise)	Trusts retailers Relies on sales help	Seeks friends' advice Uses brands to form judgments	Waits for the "right" time (e.g., limited-time sale) Is often driven by need	Performs significant reevaluations Is likely to have buyer's remorse
VARIETY LOVER	Shops as entertainment	Performs on-the-spot comparisons Looks for sales	Chooses spontaneously Must have minimum standards met Is willing to try product	Buys on impulse or suggestion	Evaluates self as astounded or disappointed
HIGH-INVOLVEMENT SHOPPER	Driven by life goals, longtime interests Motivated by events or influence	Evaluates search versus needs Considers many product attributes	Seeks expert advice	Thoughtfully selects time and location	Performs little immediate reevaluation

Source: Reprinted from "The Customer Has Escaped" by Paul F. Nunes and Frank V. Cespedes, *Harvard Business Review*, November 2003. Copyright © 2003 by the Harvard Business Publishing Corporation; all rights reserved.

2.3 The Consumer Decision-Making Unit

Paralleling the DMP is the concept of the ***decision-making unit (DMU)***—the set of individuals who affect, influence, and/or take part in a decision to buy. DMUs always consist of at least one person—the buyer—but often include many additional individuals, each of whom can push the buyer toward (or away from) the actual purchase decision.

Roles Within Decision-Making Units

Crucially for marketers, different members within a given DMU often play different roles. To sell a product or service, marketers must understand the unique role played by each member in the DMU. They must then tailor the marketing effort not only toward the eventual buyer but also toward each individual who influences the decision.

Let's return to Anna, who was shopping for a car. We have rolled the clock forward 20 years, and she is now married to Daniel and they have 16-year-old twins, Sam and Gloria. Anna is about to celebrate her 50th birthday, and she wants to do it in style—by buying a brand-new Ford Mustang GT. She loves the sporty styling of the coupe, the raw power of its 420-horse engine, and the throaty growl of its high-tech exhaust system. For the past decade, Anna has been driving a base-model (and, in her mind, boring) Honda Civic. She wants to sell the Civic to generate a down payment on the Mustang, whose sticker price will top out at over at $45,000 when all her desired options are included.

Anna plays the role of *buyer* in this purchase decision, but her family members are also part of the decision-making unit and therefore affect her process. For instance, Daniel plays the role of *influencer* when he talks Anna out of ordering the $7,000 supercharger that boosts the Mustang's horsepower to 520. He also plays the role of *gatekeeper* when he hides the Sunday newspaper advertisement from a local Ford dealer that lists even more options that Anna could add on to her dream car. Finally, Daniel plays the role of *approver,* because he and Anna have agreed that they both must approve any purchase of such an expensive item.

Meanwhile, despite their lack of purchasing power, the twins Sam and Gloria are also critical members of the DMU. Sam, for example, loudly advocates for the addition of two racing stripes to the car's paint job, while Gloria demands that Anna pick "Gotta Have It Green" as the paint color instead of "boring old silver."

The decision-making unit doesn't end with Anna's immediate family. Additional influencers come into play in the form of Anna's colleagues and friends who are excited by and envious of her situation. Each of them offers information that affects her thinking process. For example, one friend who has owned a series of high-powered sports cars tells Anna to listen to Daniel when it comes to the supercharger, because "420 horses is more than enough." Another friend says, "Don't have the manufacturer do the racing stripes; it's a lot cheaper if you bring it to an after-market body shop. Plus you'll have a lot more choices of colors and styles."

As the car-buying experience of Anna and her family makes clear, marketers must develop selling processes that persuade all members of a DMU, and not just the individual playing the role of buyer. This is true, however, in more than just the auto industry. A classic example is advertising, product packaging, and display strategies for children's cereal. For parents of young children, breakfast cereal often represents one of the first great battles of will they'll encounter. The parents hold the purchasing power and may want to offer kids a nutritious breakfast, while the kids want the sweet-tasting and entertaining breakfast they hear their friends talk about. Thus, advertisements for the cereal tout the vitamins and minerals the product includes, while also featuring cartoon characters and emphasizing the tasty shapes sprinkled throughout the product. Moreover, the cereal boxes themselves feature colorful imagery and are often positioned at a kid's-eye level on grocery store shelves. Once a child grabs the box, he and his mother become instantly bound in the grocery aisle as a decision-making unit, engaged in a joint decision-making process, however tearfully it might end.

As we have seen in this discussion, understanding the decision-making process and the decision-making unit for a particular product or service can prove much more complex than many managers might initially assume. An example from the pharmaceutical company Merck follows, offering a detailed illustration of the variables involved.

2.4 Merck and the Marketing of Propecia[4]

The story of Merck and its prescription drug Propecia illustrates how an effective marketing strategy hinges on understanding the complexities inherent in a consumer's decision-making process. Propecia is a once-a-day pill that Merck introduced originally to prevent hair loss. The company had two major instruments in its marketing toolkit: physician "detailing" (salespeople's visits to doctors in their offices) and direct-to-consumer (DTC) advertising. Launched in 1998, Propecia had a significant market opportunity, with as many as 40 million men in the United States experiencing male-pattern baldness. But the company also faced numerous challenges, including the following:

- Men tended to significantly underestimate their rate of hair loss.
- Of men who experienced baldness, about a third simply resigned themselves to the fact, while another third considered it a problem they needed to address sometime in the future.
- The remaining men experiencing baldness often first tried other remedies, including comb overs, baseball caps, short haircuts, and toupees, before they sought a medical solution—all of which delayed a visit to the doctor by months or years.
- Those who did eventually visit a doctor often found the doctor reluctant to prescribe a drug for what was considered a lifestyle or cosmetic condition. In addition, some doctors had previous negative experiences with Rogaine, a hair loss prescription drug that was only moderately effective. Finally, Propecia was known to have serious (but rare) sexual side effects.

- In clinical trials, Propecia took up to three months to show results, and the results were often modest. It proved far more effective in slowing down or stopping hair loss than in actually regrowing new hair. Moreover, it required consistent use over long periods of time, and it stopped working altogether if users stopped treatment.

Analyzing the Decision-Making Process and Decision-Making Unit

To begin grappling with these challenges, Merck analyzed the DMP of two key decision makers involved in the purchase and use of Propecia—physicians and consumers.

As Merck knew from years of experience, physicians typically go through several phases before they are willing to prescribe any new drug: "aware but skeptical," "comfortable," "confident," and "proactive prescriber."[5] Physicians who know little about a new drug are unlikely to prescribe it, but their comfort and confidence in the drug increases as they learn more from detailing and as they selectively prescribe the free samples provided by the drug firm. Further, their knowledge and understanding increases with conference presentations and peer-reviewed articles that report on the clinical testing of the drug. All the while, willingness to prescribe is affected as physicians advance through this process.

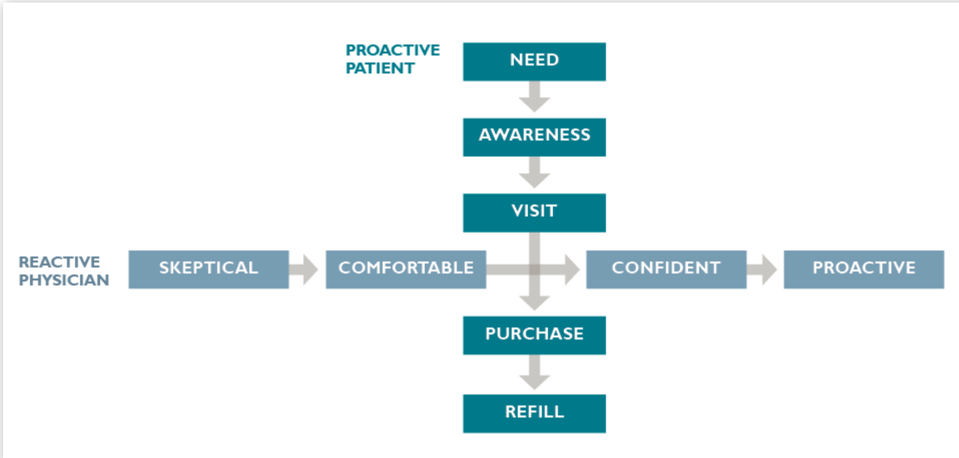
In the case of Propecia, Merck further realized that many physicians were less than enthusiastic about treating what they considered a nonmedical condition with a powerful drug that had significant potential side effects. Therefore, Merck detailers needed to overcome this lack of enthusiasm and encourage physicians to at least consider prescribing the drug. While most physicians might not become vocal advocates of Propecia, they at least needed to be open to the possibility of prescribing it, especially if asked to do so by their patients. In other words, Merck realized that the goal of detailing for Propecia was to turn physicians from being a likely roadblock or naysayer into a willing, even if somewhat reluctant, prescriber.

Merck also actively considered the potential for dermatologists to be involved in the decision-making for Propecia. Dermatologists, who were quite familiar with discussing and treating non-life-threatening cosmetic conditions, were likely to be more receptive to Merck's detailing efforts for Propecia. Their familiarity with hair loss also made it more likely that they would be comfortable prescribing the drug. But Merck also recognized that dermatologists were seldom the first point of contact for patients concerned about hair loss and that men, in particular, tended not to visit dermatologists on a regular basis. As such, while Merck viewed dermatologists as potential allies, the bulk of the company's detailing effort had to be focused on primary care physicians, who would be the first point of contact for most men seeking help for their hair loss.

When it came to consumers, Merck discovered that balding men also tended to go through a staged process before they considered Propecia as a viable solution to their problem. As noted earlier, few men took immediate action to halt or reverse their hair loss, some resigning themselves to the inevitable, some viewing it as a "future problem," and some seeking nonmedical means to hide or disguise their hair loss. Only after months or years of denial or disguising their condition did most men seek actual treatment to stem or reverse their hair loss. Because Propecia works best at maintaining rather than regrowing hair, Merck quickly realized that it needed to find a way to hasten consumers through their lengthy decision-making process. They needed to encourage potential users to act early when there was still hair to save, rather than later, when most of the hair loss had already occurred. Thus the company knew it would have to use persuasive advertising to foster a sense of urgency—to get consumers to visit a doctor and to ask for a prescription—before they lost too much hair for Propecia to work effectively.

For both the physicians and consumers, Merck realized that the purchase decision-making process for Propecia differed from that of many of the other drugs it marketed where physicians proactively prescribed a drug and patients passively accepted their advice. As **Exhibit 7** illustrates, in the case of Propecia, the key to the product's success is a proactive patient who actively seeks out a solution to his hair loss and a more passive physician who must consider the patient's request. In other words, patients experiencing baldness are heavily involved in the decision of whether to have their condition treated, leaving their doctors to decide the *form* of treatment—not whether treatment is needed.

EXHIBIT 7 The Decision-Making Process: Proactive Patients and Reactive Physicians



Executing the Marketing Strategy

Drawing on the analysis we have just briefly described of the decision-making process and decision-making units, Merck launched Propecia in January 1998. It began with a three-month detailing campaign aimed at raising awareness of the drug among physicians and preparing them for patient visits. Within one month of the launch, thanks to extensive media coverage of the new drug, Propecia reached consumer awareness levels that management hadn't expected to reach for twelve months. The company initiated a direct-to-consumer advertising campaign in April 1998 using advertisements that showed men in the early stages of hair loss. The ads aimed to signal that the drug was primarily for hair loss prevention rather than for regrowth. By year's end, Propecia achieved a remarkable 90% brand awareness in its target market, and first-year sales hit $72 million.

As the Merck example illustrates, the phases and interactions that comprise the consumer decision-making process can vary, often depending on the kind of product or service being offered. Moreover, throughout this reading we have mapped the phases of the consumer decision-making process and outlined the key players in the consumer decision-making unit. We have also outlined several prominent frameworks for understanding consumer behavior and the buying process in general.

Of course, this reading should not be considered as either complete or exhaustive. There are many frameworks that have been developed over the years to explain why and how consumers make the purchase decisions that they make. Instead, this reading is meant to highlight that while consumer decisions vary, they often do so in a systematic and predictable way. Consumers who employ a cognitive style of decision making will tend to behave in one fashion, while those who employ an emotional style will tend to behave in another. The decision-making process for those who are highly involved will differ from those who are minimally involved. And while there is no single, simple model for understanding consumer behavior, firms that strive to understand the "how" and "why" of consumer behavior can greatly increase the odds of building a sustainable and profitable business.

In the Supplemental Reading (including example videos) that follows, we explore how the technological landscape continues to evolve, affecting consumer behavior in critical ways.

3 SUPPLEMENTAL READING

3.1 Forces Changing Consumer Behavior and the Buying Process

Three developments in the marketing landscape—social media, co-creation and consumer involvement, and "conscience" marketing—are affecting consumer behavior and the buying process in the twenty-first century. While savvy marketers will still need to consider the basics as outlined in the Essential Reading, these more recent developments mean that marketers must engage with their customers in new and continually changing ways.

Social Media

Consumers' use of social media is exerting an enormous impact on the decision-making process of consumers and the decision-making unit. Whereas a buyer might consult a few friends or colleagues offline in the pre-purchase phase, Facebook or other social media platforms make it easy for consumers to consult their entire network of friends and acquaintances before making even the most trivial purchase ("Which iPhone case do all of you like better?"). Not surprisingly, firms have responded by upping their social media presence, including inducing consumers to "like" their brands on Facebook or follow their brands on Instagram as a means of advertising the popularity of their offerings to other members of their consumers' networks.

But perhaps nowhere is the effect of social media more apparent than in the post-purchase phase of the buying process. Before the Internet, consumers who were disappointed or dissatisfied with their purchases had limited and often ineffective recourse. They could complain to their friends, wait an interminable time "on hold" to speak to a customer service representative, or report their concerns to organizations whose mission it is to protect consumers' interests. In contrast, social media enables consumers to broadcast their dissatisfaction far and wide on Twitter or other platforms. In one well-known example, a musician named Dave Carroll had his guitar broken by United Airlines during a flight. After nine months of trying to receive compensation, he wrote a song about his ordeal and posted the track on YouTube[6] (see **Video 1**). The video garnered 150,000 views within one day—and United quickly contacted Carroll in a belated effort to address his claim. Despite the organization's efforts, however, the video continued to go viral, receiving some three million views within a week. Several additional "United Breaks Guitars" videos were made, and the story is now even available in book form.

VIDEO 1 United Breaks Guitars

Scan this QR code, click the icon, or use this link to access the video: bit.ly/hbsp2uoAz3v

Source: Video courtesy of Dave Carroll Music, Big Break Enterprises, Inc., and Curve Productions, Inc.

Such experiences have taught many organizations to devote increasing customer service staff to monitor Twitter feeds for signs of customer discontent—and then to contact dissatisfied customers quickly to minimize damage (see **Video 2**).

VIDEO 2 Use Social Media to Listen to Customers

Scan this QR code, click the icon, or use this link to access the video: bit.ly/hbsp2I7simA

To use social media effectively, a company must understand why consumers use such media. For instance, one study showed that businesses often misjudge what consumers want from them online and assume that consumers join an organization's social media site to belong to a community and so they feel connected to the brand. But consumers actually have little interest in forging a relationship with a company beyond merely engaging in transactions. The top reasons for connecting online are to get information and discounts and to buy products or services.[7]

Co-Creation and Consumer Involvement

An increasing number of companies are involving customers in the co-creation of products, services, and even marketing materials. For instance, for several years, Doritos crowdsourced its Super Bowl advertising, encouraging consumers to create advertisements that compete for up to $1 million in prize money. One of the better known finalists in 2013, “Goat for Sale,” featured a man’s tempestuous relationship with his recently purchased goat.

Other organizations involve consumers in the development, selection, and manufacture of products. At Threadless.com, an online T-shirt seller, consumers submit T-shirt designs, the community votes on its favorites, and the company manufactures the top-rated shirts.[8] (See **Video 3**.) An upstart automobile company, Local Motors, goes one step further. The company behind the 2009 Rally Fighter, the world’s first co-created production car, crowdsourced its model designs from the start, and continues to host challenges to improve its co-created self-driving shuttle vehicle.[9] Of course, co-creation comes with a host of challenges: Companies that crowdsource their marketing messages and products run the risk of diluting the cohesion of their brand message and/or the coherence of their product lines. As a result, smart organizations use co-creation strategically while at the same time maintaining sufficient control.

VIDEO 3 Harnessing Creativity

Scan this QR code, click the icon, or use this link to access the video: bit.ly/hbsp2I6QaXA

“Conscience” Marketing

Increasingly, consumers are concerned about buying socially and environmentally responsible products and services. In one study in the United States, for example, 9 in 10 people described themselves as “conscious consumers” and said they were more likely to buy from companies that they felt were good social and environmental stewards.[10] Moreover, more than three quarters of millennials—generally defined as people born between 1983 and 2000—reported being likely to switch to a brand associated with a good cause.[11]

Business efforts to cater to such consumers began to proliferate in the 1980s with cause-related marketing programs (in which for-profit and not-for-profit organizations team up for mutual benefit). Perhaps the earliest of such campaigns was the successful American Express Statue of Liberty promotion in which the company donated a percentage of its customers' credit card purchases to the restoration of the Statue of Liberty. Many major brands have followed suit. In 2009, for example, PepsiCo launched its "Pepsi Refresh Project"—an initiative in which Pepsi reallocated $20 million in Super Bowl advertising dollars toward causes near and dear to its customers' hearts.[12] In 2016, Patagonia took its long-time "1% for the Planet" pledge a step further, donating 100% of its one-day Black Friday sales to grassroots charities.[13]

Thanks to this trend, consumers are increasingly likely to consider in their purchasing decisions factors such as a company's carbon footprint, its raw-materials sourcing practices, its treatment of employees, factory and working conditions, and its contributions to the communities in which it has operations. In seeking to "buy green" or buy from companies that "do well by doing good," consumers may conduct more research on products and companies than they did in the past, and they may work harder to ensure that their purchases match their values. To appeal to them and other consumers who have the same values, companies must not only claim that they are socially and environmentally responsible in their business practices, they must prove it to consumers. Again, a company's willingness to allocate millions of dollars to customers' favorite causes can demonstrate that the company has real "skin in the game."

4 KEY TERMS

cognitive decision making Purchase decisions that entail a deliberative, information-based processing of relevant product characteristics

compensatory decision making Purchase decisions in which consumers consider (or attempt to consider) all of the attributes that are relevant, making trade-offs between and among those attributes

decision-making unit (DMU) The set of individuals who affect, influence, and take part in a decision to buy

emotional decision making Purchase decisions that entail a subjective liking for one option over another

high-involvement decision making Purchase decisions in which the buyer is fully engaged, the decision making tends to be effortful, the time frame tends to be relatively long, and the consequences of making a good versus a bad choice tend to be great and visible

low-involvement decision making Purchase decisions that require little effort, happen quickly, and are perceived by consumers as having low risk

noncompensatory decision making Purchase decisions in which consumers consider some, but not all, of a product's attributes, and ignore potential trade-offs between those attributes; a product's failure to reach an acceptable threshold on one attribute cannot be compensated for by high performance on other attributes

optimizing decision making Purchase decisions in which consumers are motivated to purchase the best alternative they can

"satisficing" decision making Purchase decisions in which consumers settle for an alternative that is "good enough" or that passes some acceptable threshold

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