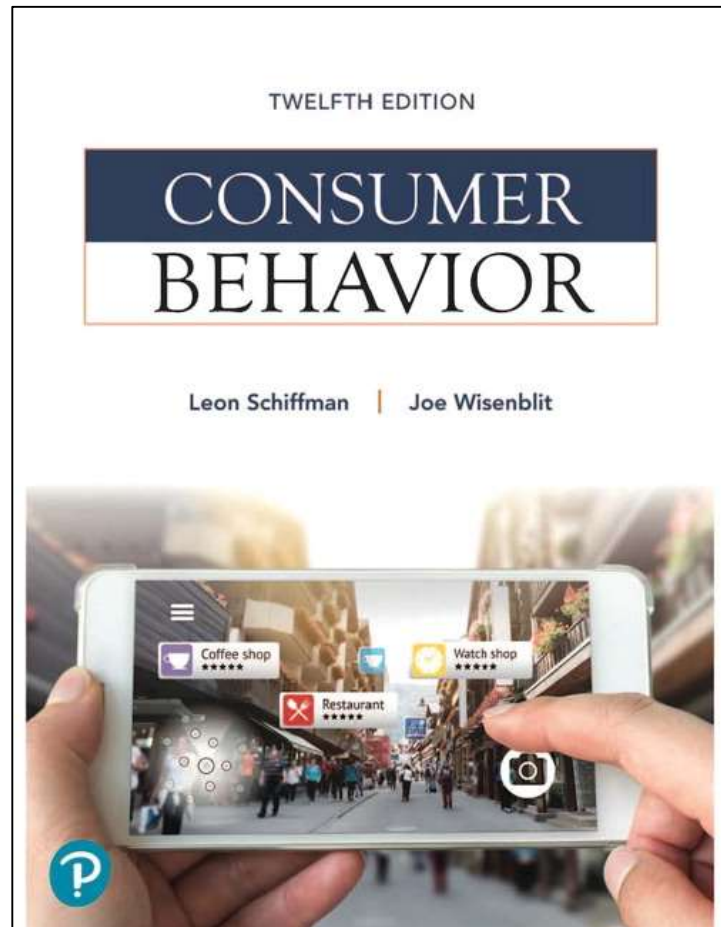


Consumer Behavior

Twelfth Edition



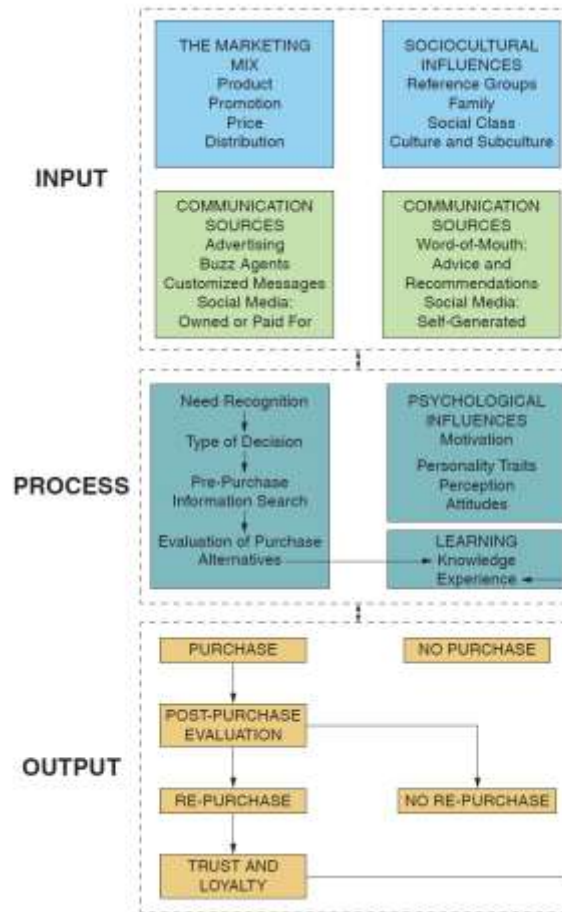
Chapter 14

Consumer Decision-Making
and Diffusion of Innovations

Learning Objectives

- 14.1** To understand the consumer decision-making process and consumer decision journey.
- 14.2** To understand the dynamics of buying gifts.
- 14.3** To understand how new products gain acceptance and how individuals decide whether or not to adopt them.

Consumer Decision Making



Consumer Journey

Defined

The consumer journey is the newest way of describing the stages consumers pass through as they develop relationships with brands before, during, and after purchase.

Learning Objective 14.1

14.1 To understand the consumer decision-making process and consumer decision journey.

Input: External Influences

- Marketing mix
- Sociocultural influences
 - Family
 - Peers
 - Social class
 - Reference groups
 - Culture/subculture
- Communications

Process: Need Recognition

- Actual state need recognition
- Desired state need recognition

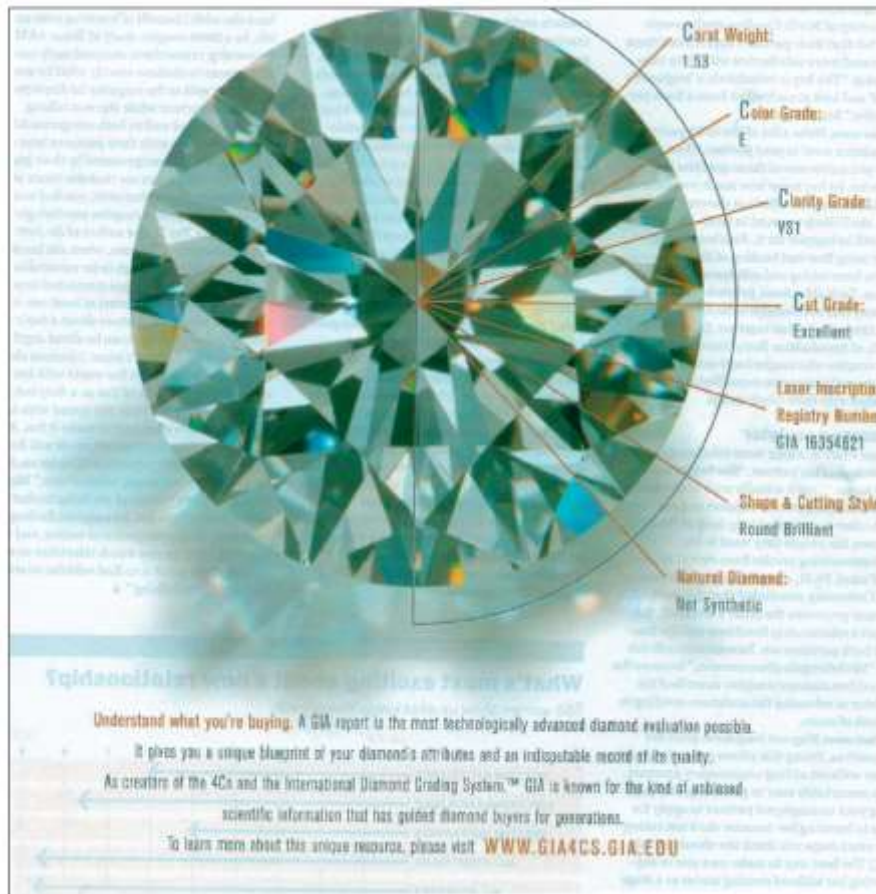
Discussion Question:

Provide an example of when you experienced actual state need recognition. Provide an example of when you experienced desired state need recognition. How did you respond to each need?

Decision Spectrum

- Extensive Problem Solving
 - A lot of information needed
 - Must establish a set of criteria for evaluation
- Limited Problem Solving
 - Criteria for evaluation established
 - Fine tuning with additional information
- Routinized Response Behavior
 - Usually make decisions based on what they already know
 - Frequent, low risk purchases

Extensive Problem Solving vs. Routinized Response Behavior



Source: Gemological Institute of America

Millions have trusted Advil® for over 25 years.

fact:  The medicine in Advil® is the #1 doctor recommendation for joint pain.*

fact:  Advil® Liquid-Gels are faster and stronger on tough pain than Tylenol® Rapid Release Gels.

fact:  When pain is keeping you up, Advil® PM gives you more time asleep and less time awake than Tylenol® PM.

fact:  Advil® Gold & Sine has a decongestant to reduce swelling caused by nasal inflammation, often the real problem when it comes to sinus pressure.

fact:  Children's Advil® relieves fever faster and keeps it down longer than Children's Tylenol®.**

For relief you can trust, reach for Advil.®
Go to Advil.com to learn the facts.

Source: Pfizer, Inc.

Consumer Involvement

Defined

The degree of personal relevance that the product or purchase holds for the consumer.

Pre-Purchase Search

- Personal experience and external information
- Memory Search
- Shopping provides external information
 - Men and women are different
 - Seek opinions of friends (e.g. shopping selfies)
- Search greatest when product category knowledge is low
- Cognitive challenge may limit search

Information Search: Contextual Factors

- Task complexity
- Information organization
- Time constraints

Consumers have limited information-processing capacity

Factors That Increase Search (1 of 2)

Product Factors

Long periods of time between successive purchases

Frequent changes in product styling

Frequent price changes

Volume purchasing (large number of units)

High price

Many alternative brands

Much variation in features

Factors That Increase Search (2 of 2)

Situational Factors

Experience: First-time purchase; no past experience because the product is new; unsatisfactory past experience within the product category

Social Acceptability: The purchase is for a gift; the product is socially visible

Value-Related Considerations: The purchase is discretionary rather than necessary; all alternatives have both desirable and undesirable consequences; family members disagree on product requirements or evaluation of alternatives; product usage deviates from important reference groups; the purchase involves ecological considerations; many sources of conflicting information.

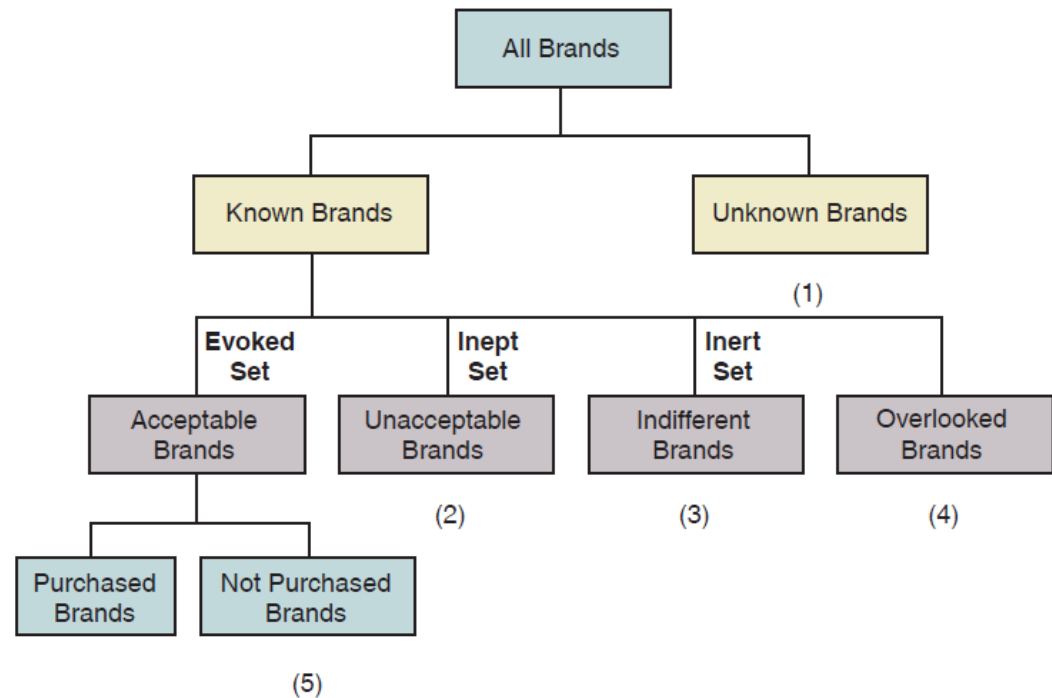
Consumer Factors

Demographics: Education, income, occupation, age, wealth, and marital status

Personality Traits: One's degree of dogmatism, willingness to accept risk, product involvement, and novelty seeking

Evaluation of Alternatives: Brand-Sets

- Evoked set
(consideration set)
- Inept set
- Inert set



Excluded Products Include

- Unknown brands or models
- Unacceptable brands of poor quality or inappropriate positioning
- Brands that are perceived as not having special benefits
- Overlooked brands that have not been clearly positioned
- Brands that do not satisfy perceived needs

Evaluation of Alternatives: Attributes

- Product attribute examples
 - Size
 - Weight
 - Sweetness
 - Color
 - Packaging
- Criteria to assess product may be advertised
- Price less important when products are “right”
- Brand credibility is affected by
 - Perceived quality
 - Information costs saved
 - Perceived risk

Decision Rules

Compensatory decision rules

- Each relevant attribute weighted
- Summated score for each brand

Noncompensatory decision rules

- Conjunctive
- Lexicographic
- Disjunctive

Affect Referral – no assessment of individual attributes

Recognition Heuristic

Defined

Consumers choose the most familiar product or brand

Application of Decision Rules

Table 14.1 Applying the Decision Rules to Downloading Smartphone Apps

Decision Rule	Rationale
Compensatory	"I selected the smartphone app that came out as the best when I balanced the good ratings against the bad ratings."
Conjunctive	"I selected the smartphone app that had no bad features."
Disjunctive	"I picked the smartphone app that excelled in at least one attribute."
Lexicographic	"I chose the smartphone app that scored the best on the attribute that I consider to be the most important."
Affect referral	"I bought the smartphone app with the highest overall rating."
Recognition	"I downloaded the smartphone app that seemed familiar."
Majority Vote	"I downloaded the smartphone app that had the most downloads."

Segmentation by Shopping Strategy

- Practical Loyalists
- Bottom-Line Price Shoppers
- Opportunistic Switchers
- Deal Hunters

Coping with Incomplete Information

- Delay the decision until information is obtained
- Ignore missing information
- Change the decision strategy to accommodate missing information
- “Construct” the missing information

Decision Making: Output

Three types of outputs:

- Trial
- Repeat purchase/brand loyalty
- Post-purchase evaluation
 - Positive/negative disconfirmation of expectations
 - Cognitive dissonance
- Discussion Question: **How do consumers cope with cognitive dissonance?**

Learning Objective 14.2

14.2 To understand the dynamics of buying gifts.

Gifts Behavior

Defined

A gift exchange that takes place between a giver and a recipient. The definition is broad in nature and embraces gifts given voluntarily, gifts that are an obligation, gifts given to (and received from) others and gifts to oneself (“self-gifts”).

Types of Gifting

- Intergroup Gifting
- Intercategory Gifting
- Intragroup Gifting
- Intrapersonal Gifting

Discussion Question:

- **What questions might one ask during the gifting process?**

Learning Objective 14.3

14.3 To understand how new products gain acceptance and how individuals decide whether or not to adopt them.

Diffusion of Innovations (1 of 2)

Defined

The framework for exploring the evolution of consumers' acceptance of new products throughout the social system.

Diffusion of Innovations (2 of 2)

The process includes four elements:

- The innovation
- The channels of communication
- The social system
- Time

Innovation Adoption Process

Defined

Focuses on the stages through which an individual consumer passes when deciding to accept or reject a new product.

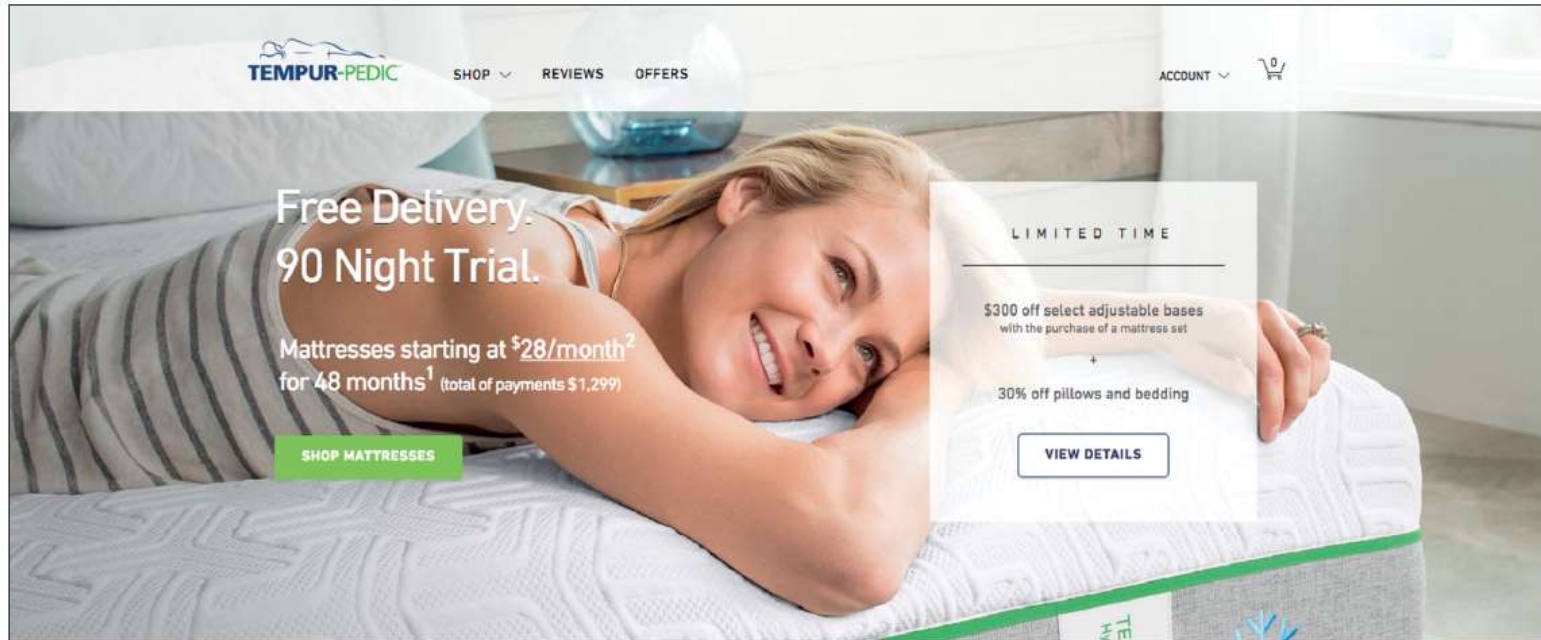
Types of Innovations

- Continuous innovation
- Dynamically continuous innovation
- Discontinuous innovation

Product Features That Affect Adoption

- Relative Advantage
- Compatibility
- Complexity
 - Technical fear most widespread concern of innovators
 - Rapid obsolescence, social rejection and physical harm are other fears
- Trial-ability
- Observability (communicability)

Encourages Trial



Source: Tempur Sealy International, Inc.

The Adoption Process

- Awareness
- Interest
- Evaluation
- Trial
- Adoption
- Discussion Question: **What is missing from the model of Consumer Adoption?**

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