



Consumer Decision-Making and Diffusion of Innovations



Consumer Behavior

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Chapter 14 Learning Objectives



14.1 To understand the consumer's decision-making process.

14.2 To understand the dynamics of buying gifts.

14.3 To understand how innovative offerings gain acceptance within market segments and how individual consumers adopt or reject new products and services.

Extensive Problem Solving vs. Routinized Response Behavior

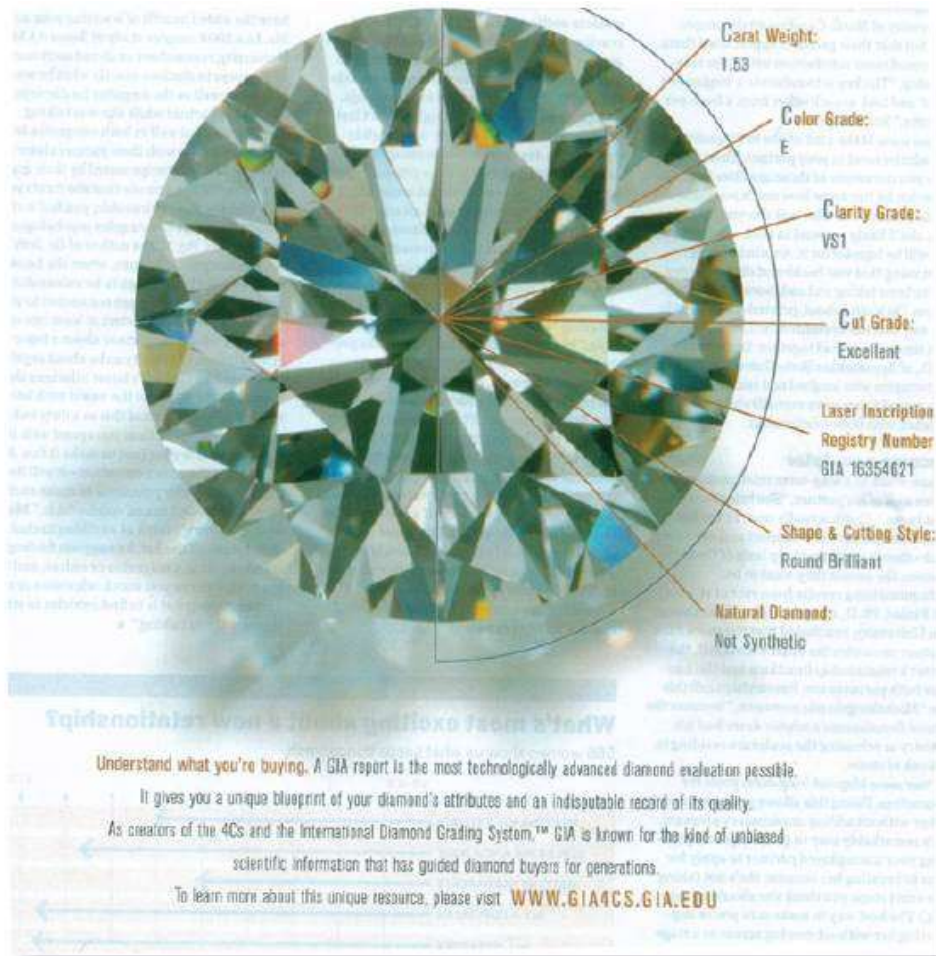


FIGURE 14.1 Purchase Decision: Extensive Problem Solving

**Millions
have trusted Advil®
for over 25 years.**

fact: 

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

fact: 

Advil® Liqui-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® Cold & Sinus 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.

FIGURE 14.2 Purchase Decision:
Routinized Response Behavior

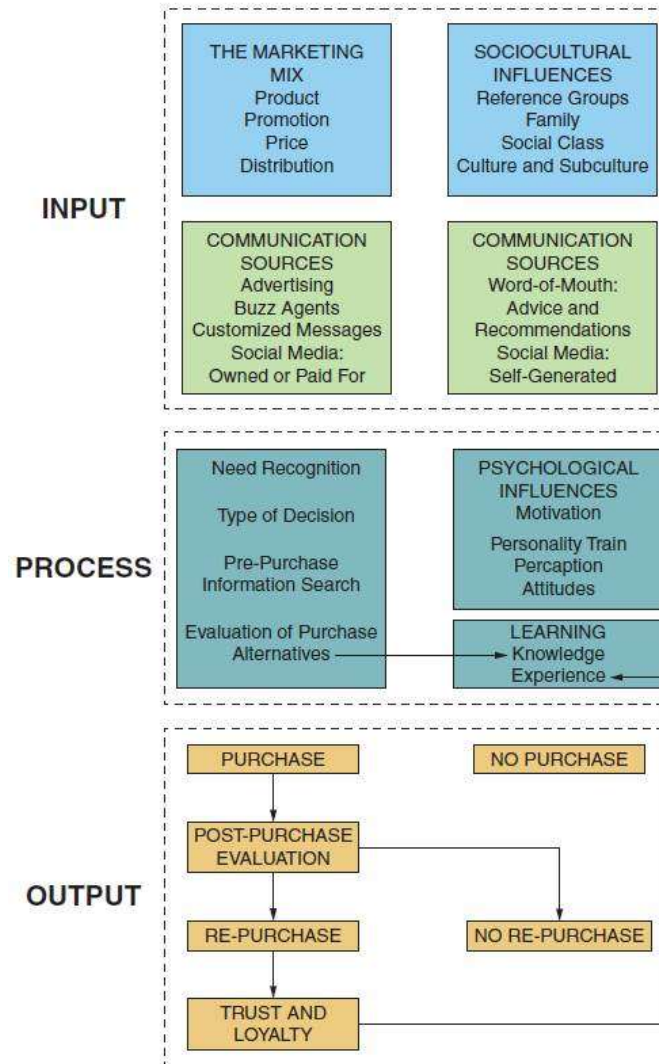
Levels of Consumer Decision Making

- 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

Learning Objective 14.1

14.1 To understand the consumer's decision-making process.

Decision-Making Model



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?

Process: Pre-Purchase Search

TABLE 14.1 Factors That Increase Pre-Purchase Information Search

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

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.

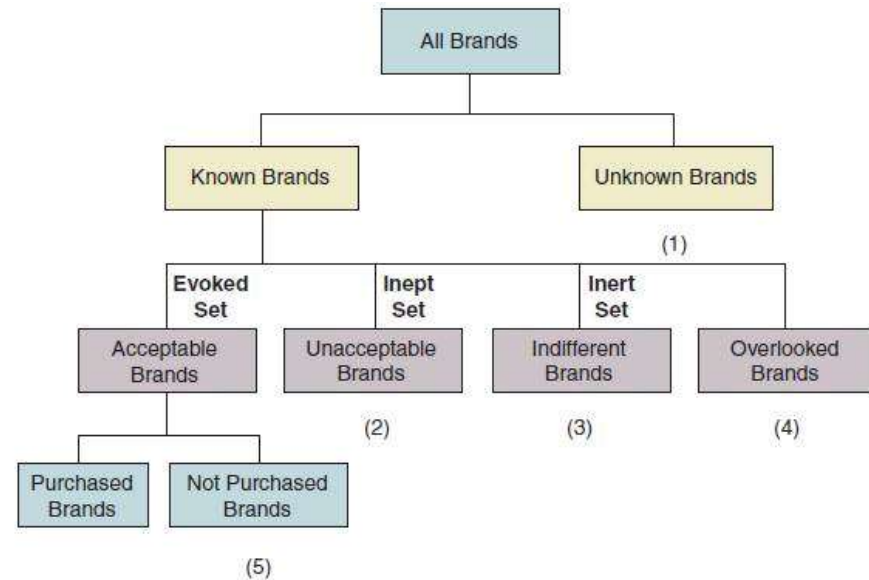
Information Search: Contextual Factors

- Task complexity
- Information organization
- Time constraints

Consumers have limited information-processing capacity

Evaluation of Alternatives: Brand-sets

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



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

Application of Decision Rules

TABLE 14.2 Applying the Decision Rules to Purchasing an eReader
(See examples in Figure 1.7)

DECISION RULE	RATIONALE
Compensatory	"I selected the eReader that came out as the best when I balanced the good ratings against the bad ratings."
Conjunctive	"I selected the eReader netbook that had no bad features."
Disjunctive	"I picked the eReader that excelled in at least one attribute."
Lexicographic	"I chose the eReader that scored the best on the attribute that I consider to be the most important."
Affect referral	"I bought the brand with the highest overall rating."

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.

Gifting Behavior

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 innovative offerings gain acceptance within market segments and how individual consumers adopt or reject new products and services.

Diffusion of Innovations

The macro process by which the acceptance of an innovation (i.e., a new product, new service, new idea, or new practice) takes place among members of a social system (or market segments), over time.

Diffusion of Innovations

The process includes four elements:

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

Innovation Adoption Process

A micro process that 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


Discussion Question:


What type of innovation is Advil Cold & Sinus?


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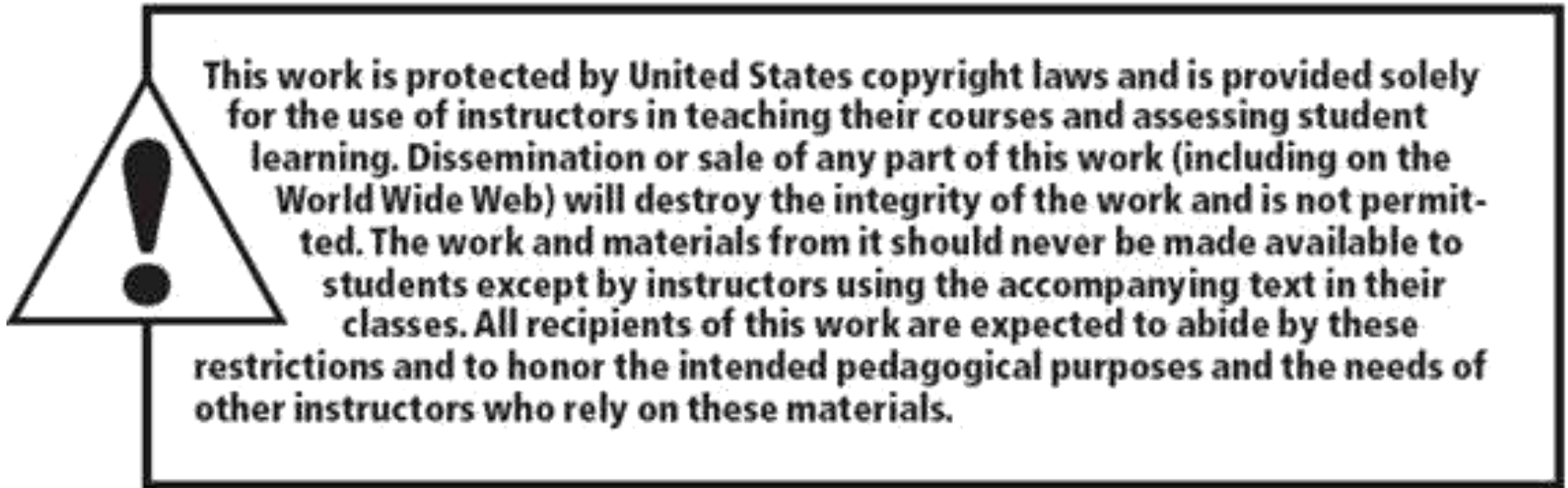
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Product Features That Affect Adoption

- 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)

The Adoption Process

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



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