

Alternative Evaluation and Choice

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Alternative Evaluation

- The process through which *we compare and contrast different solutions to the same marketplace problem*
- Usually occurring simultaneously with information searching, it involves comparing different
 - Products
 - Services
 - Retail outlets
 - Brands
- Habitual buying skips alternative evaluation

Consumer Benefits and Evaluative Criteria

- *Consideration sets* reduce the number of alternatives to a manageable size
- Consumers create consideration sets of *heterogeneous alternatives* when
 1. They don't want to *miss a viable choice*
 2. They see some *common benefits* to make comparison easier
 3. Different groups of potential choices offer a *benefits trade-off*

Two Types of Consumer Sets

- The *universal set* is made up of *all alternatives* to which the consumer has reasonable access, whether she or he is aware of them or not
- A *retrieval set* is the *subset* that consumers can bring up *from memory*
- The objective for marketers is to make sure that their products, services, outlets, or brands are *part of the retrieval set* and therefore remembered when it comes time to buy

Evaluative Criteria

- The means through which consumers *compare product classes, brands, vendors, and so on*
- *Tangible* benefits are associated with such characteristics as *price, color, size, shape, and performance*
- *Intangible* benefits criteria also may be considered, such as whether the *consumer's perceived image matches the image of the brand user or other feelings* associated with ownership or use

Number of Evaluative Criteria

- Consumers typically use *6 or fewer* evaluative criteria
- The *more important* the consumer considers the purchase and the *more experience* he or she has with the product category, the *greater the number of evaluative criteria* used
- Evaluative criteria are often *used in combination*, making it difficult to understand the influence of each on consumer choice
- Watch out for *feature fatigue*
- The *more important the decision* is to the consumer, *the fewer acceptable alternatives* there are

Salience of Evaluative Criteria

- Marketers determine the *salience* of each evaluative criterion and *identify those characteristics* most likely to *influence target consumers*
- Salience varies from consumer to consumer, product to product, and situation to situation
- Some consumers use *ethical considerations* as evaluative criteria

Trivial Attributes

- Consumers on occasion treat *unimportant attributes* as though they are *critically important*
 - Are unique to one of the options
 - Draw attention away from more important attributes
 - Dilute the effect of important attributes
- The trivial attribute might act as a “*heuristic cue*” that allows the consumer to forgo the more detailed evaluation process of more meaningful attributes

Determinant Attributes

- Salient (important) attributes that have a *direct influence on alternative evaluation and final choice*
- *Product quality risk* involves functional, performance, and physical risks to which the consumer may be exposed
- *Personal risk* is tied to the negative emotions felt by a consumer when the product fails

Price

- For most consumers, and in many buying situations, *price is the most significant influencer* in alternative evaluation
- Not used in isolation but one of a *mix of evaluative criteria*
- *Normative reference price* is a price that consumers consider “fair” or “just”
- *Dual entitlement principle* is where people expect manufacturers will abide by community standards of costs and profits
- *Initial Price vs Actual cost of ownership*

Brand Reputation

- Brand name is frequently perceived by consumers to be an *indicator of product or service quality*
- A high-quality position is important in establishing *brand power, also called “brand equity”*
- Brand-quality relationship most likely tied to *perceived risks* associated with a poor purchase decision

Country of Origin

- The nation where a particular *product or service primarily comes from*
- *Country of design and country of manufacture* are now part of the country of origin picture
- *Perceived capacity to manufacture the product* category is more important than the perceived capacity to design or conceive it
- However, *effect of design increases with product complexity*

Consumer Decision Rules

- Marketers encourage consumers to make purchase decisions that favor the marketers' brands
- A **noncompensatory consumer decision rule** is one in which *the weaknesses of a possible alternative are not offset by its strengths*
- A **compensatory consumer decision rule** allows *for trade-offs among strengths and weaknesses*
- If two alternatives are close in evaluation, *the one that takes more thought processing effort will be seen more negatively*

Non-compensatory Rules

- Disjunctive rule
 - Consumer *establishes a minimum “score”* or level of benefits to be delivered on each determinant criterion
- Conjunctive rule
 - Consumer *considers all criteria as determinant, and a minimum/ maximum acceptable* value or score is established for each one

Non-compensatory Rules

- Lexicographic rule
 - Consumer *compares the alternatives based on the most important evaluative criterion*
- Elimination-by-aspects rule
 - Consumer *ranks the evaluative criteria and also sets minimum scores* that must be met on each of them

Compensatory Rules

- Simple additive rule
 - Consumer scores each alternative on *each of the evaluative criteria and sums the individual evaluative criterion scores*
- Weighted additive rule
 - Consumer assigns a *relative weight to each evaluative criterion*. Then the score on each evaluative criterion is multiplied by the relative weight. These weighted scores are summed for each alternative being considered

Decision Heuristics

- *Price* can be perceived as an *indicator of quality*
- *Brand reputation* shows the *power of brand* names
- *Key product signals* imply *attractive attributes*
- **Mere-possession** can lead to *preference for that brand* or for that good or service

Initial Commitment by Consumers

- During alternative evaluation *consumers first commit to a product category* and then move toward selecting a *specific brand or retail outlet*
- Consumers are particularly *receptive to messages from marketers* during this stage
- The *amount of help* needed depends on the *extent to* which their purchases are *planned or unplanned*

Planned versus Unplanned Purchasing

- **Specifically planned purchase**
 - Consumer *decides on the item and even the brand* before visiting a store or investigating other outlet options
- **Generally planned purchase**
 - Before visiting an outlet, *consumer decides to purchase an item from a certain product category*; the specific item and the brand are not yet decided

Planned versus Unplanned Purchasing

- **Substitute purchase**

- Consumer *switches from a specifically or generally planned item* to an altogether different one

- **Unplanned purchase**

- No *conscious prior consideration* or need recognition

Planned Purchasing Behavior

- **Intervening variables** include *changes in financial status, employment situation, family or household size, social conditions or norms, and even weather conditions*
- The amount of time a consumer spends *deliberating about a choice decision* affects both the actual purchase and the timing of that purchase
- **Deshopping**: consumers *deliberately plan to return goods after the consumption experience* even though there are no actual faults with the items

Unplanned Purchasing Behavior

- When we enter the marketplace, we carry with us a *written or mental list* of places to go and things to buy
- When we buy items that are *not on either list*, the purchase is considered unplanned or impulse
- Unplanned purchases are *low-involvement products* and products we *do not routinely purchase*

Types of Unplanned Purchase

- *Pure impulse purchases* are those bought for the *sake of novelty*
- *Reminder impulse purchases* are usually *of routine products*
- A consumer responds to a *suggestion impulse* when a product, *seen for the first time*, stimulates immediate need recognition

Types of Unplanned Purchase

- In a *planned impulse purchase*, a consumer responds to a *special incentive to buy an item once considered but not selected*
- In **scrambled merchandising**, a *wide variety of unrelated product types are offered in close proximity* to one another in a single store

Encouraging Unplanned Purchases at Point of Sale

- Point-of-purchase displays
- Price reductions
- In-store coupons
- Multiple-item discounts
- Packaging
- In-store demonstrations
- Free samples
- Free items
- Store atmosphere
- Store layout
- Merchandise shelving display
- Salespeople

Choice: Outlet Selection

- Outside the home
 - Retail stores, strip malls, discount malls, huge indoor shopping centers, new “town centers,” flea markets, swap meets, auctions, or even garage sales
- Within the home
 - Catalogs, fax machine, telephone, watching television shopping channels, or a variety of sites on the Internet
- The challenge for marketers is to understand exactly what drives consumer choice

When Brand Choice Drives Outlet Choice

1. The consumer has no particular outlet preference or loyalty
2. Brand loyalty is strong
3. The consumer has sufficient product information to make the expertise of sales personnel or other outlet characteristics unimportant

When Outlet Choice Drives Brand Choice

1. Store loyalty or preference is high
2. Brand loyalty is low
3. The consumer has insufficient product information and therefore values the characteristics of the outlet—such as helpful sales staff

When Brand Choice and Outlet Choice Work Together

- The consumer seeks to buy a *preferred brand at an appropriate outlet*
- The marketer's best strategy is to be able to have, in the eyes of the target market, the *“best” brands and the “best” outlet*

Outlet Image

- **Retail outlet image:** How does it fit your self-image?
- *Functional attributes*
 - *Merchandise selection, price ranges, credit policies, store layout*
- *Psychological attributes*
 - *A sense of belonging, a feeling of warmth or friendliness, or a feeling of excitement*
- Consumers form an outlet image based simultaneously on functional and psychological attributes

Outlet Image

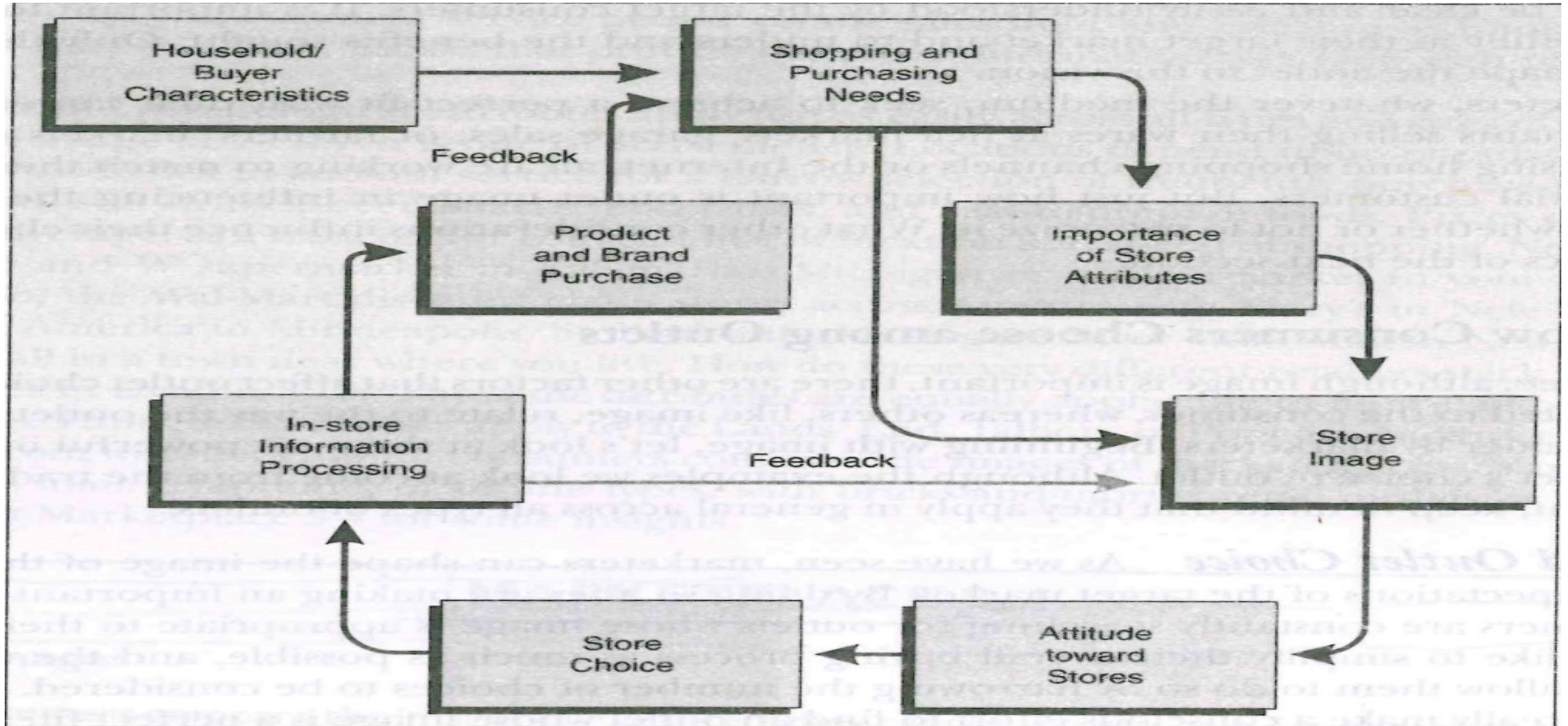
- **Attributes**

- Merchandise
- Service
- Clientele
- Physical facilities
- Convenience
- Promotion
- Store atmosphere
- Institutional factors
- Post-transaction satisfaction

- **Marketing**

- Retailers can adjust outlet image to attract target customers
- All marketers, whatever the medium, seek to achieve a perfect fit with their target customers

How Consumers Choose among Outlets



How Consumers Choose among Outlets

- Image
- Level of involvement
- Perceived risk
- Advertising
- Price
- Outlet size and location

Why Do We Shop? Personal Motives

- *The tendency of people within societies to role-play*
- *The sake of diversion*
- *A means of self-gratification*
- *To learn new trends*
- *The physical activity*
- *The sake of sensory stimulation*

Why Do We Shop? Social Motives

- The desire for *social experience outside the home*
- To *communicate* with others of similar interests
- *Peer group attraction*
- A desire for *status and authority*
- The *pleasure of bargaining*

Why Do We Shop? Hedonic Motives

- Advantage
- Gratification
- Role
- Value
- Idea
- Social

How Do We Shop?

- **Shopping orientation** is the style or way of shopping
- In-store economizers
- Economy planners
- Involved traditionals
- Homemakers
- Apathetic or mechanistic shoppers
- Convenience seekers

The Shopping Process

- A **surrogate shopper** is a *person, firm, or other entity paid by the consumer to make or facilitate a product or service selection decision on behalf of that consumer*
- Shopping behavior in different shopping venues
 - Shopping center traffic primarily consists of women
 - Both men and women go to the mall mainly to shop
 - Catalog shoppers rated retail service contact and unusual product source benefits higher than did shopping center shoppers

Choice Decisions during The Shopping Process

1. Which product type to buy
2. How many to buy
3. Which brand(s) to buy
4. The outlet at which to purchase
5. When to complete the transaction
6. How to pay
7. Other decisions