



A T M E
College of Engineering



MASTER OF BUSINESS ADMINISTRATION

Module 2

Course Code: MBAMMB13

III Semester MBA Consumer Decision Making

By

Divya P

Assistant Professor



Consumer Decision Making

The consumer decision making is a complex process with involves all the stages from problem recognition to post purchase activities.

All the consumers have their own needs in their daily lives and these needs make them make different decisions.

These decisions can be complex depending on the consumer's opinion about a particular product, evaluating and comparing, selecting and purchasing among the different types of product.

Therefore, understanding and realizing the core issue of the process of consumer decision making and utilize the theories in practice is becoming a common view point by many companies and people.

MASTER OF BUSINESS ADMINISTRATION





Consumer Decision Making Process

1. Problem/Need Recognition:

- Recognition of need or a problem is the first stage of the model.
- Recognition of a problem arises in the situation where an individual realizes the difference between the actual situation and desired situation.
- Recognition of a problem or need depend on different situations and circumstances such as personal or professional and this recognition results in creation of a purchasing idea.
- For instance, consumer may recognize the need to buy a laptop when there is need to carry it use it in different places which is convenient compared to a desktop computer.
- Consumer decision making process begins with an unsatisfied need or problem.
- Everyday we face multiple problems which individuals resolve by consuming products or services. Consumer problem can be routine or unplanned.
- For example – run out of milk or cooking oil, car indicating low level of fuel, are some of the routine problems that individuals face.
- Such problems are quickly recognized, defined, and resolved.
- Recognition of unplanned problem may take much longer time as it may evolve slowly over time. For example - need of a new refrigerator as existing one is not working properly.



- **2. Information Search**

- Information search is done to know about product or service, price, place and so on. In the process of decision making, the consumer engages in both internal and external information search.
- Search of information process itself can be divided into two parts namely **the Internal search and External search**.
- In **internal search**, the consumers compare the alternatives from their own experiences and memories depending on their own past experiences and knowledge.
- For example, searching for fast food can be an example for internal search because customers often use their knowledge and tastes to choose the right product they need rather than asking someone for an advice.
- On the other hand, **external search** tends to be for bigger purchases such as home appliances or gadgets.
- For instance, consumers who wish to buy new furniture or a mobile phone tend to ask friends' opinion and advices or search in the magazines and media before making a purchasing decision.
- The amount of efforts a buyer put in information search depends on various factors like market, competition, difference in brands, product characteristics, product importance, and so on.



3. Alternatives Evaluation

- At this step the buyer identifies and evaluates different alternatives to choose from.
- It is not possible to examine all the available alternatives. So, buyer develops evaluative criteria to narrow down the choices.
- Evaluative criteria are certain characteristics that are important to buyer such as price of the product, size, color, features, durability, etc.
- Some of these characteristics are more important than others.
- To narrow down the choices the buyer considers only the most important characteristics.



- **4. Purchase Decision**

- The earlier mentioned evaluation step helps the consumer in arriving at a purchase intention.
- In the decision evaluation stage, the consumer forms preferences among the brands in the choice set.
- The consumer may also form a purchase intention and lean towards buying the most preferred brand.
- However factors can intervene between the purchase intention and the purchase decision.
- A buyer who decides to execute a purchase intention will be making up to five purchase decisions:
 - a) Brand decision,
 - b) Vendor decision,
 - c) Quantity decision,
 - e) Timing decision and
 - d) Payment-method decision.



- **5. Post-purchase Use and Evaluation**

- Once the buyer makes a decision to purchase a product or service there can be several types of additional behavior associated with that decision such as decisions on product uses and decision on services related to the product purchased.
- The level of satisfaction experienced by the buyer after his purchase will depend on the relationship between his expectations about the product and performance of the product.
- If the buyer is satisfied, then he will exhibit a higher probability of repeat purchase of the product or service.
- The satisfied buyer will also tend to say good words about the product or service. Whereas a highly dissatisfied buyer will not buy the product or service again and spread negative words about service and company.



Levels of Consumer Decision Making

Three Levels

- I. Extensive Decision Making
- II. Limited Decision Making
- III. Routine or Habitual Decision Making



MASTER OF BUSINESS ADMINISTRATION

Extensive Decision Making:

- **Characteristics:**

Extensive decision-making is characterized by high involvement and a significant level of complexity. Consumers engage in thorough information search, comparison, and evaluation before making a decision. These decisions are typically infrequent and involve higher financial or personal risk.

- **Examples:**

Purchases such as a new car, a house, or high-end electronics often require extensive decision-making. Consumers invest time and effort in research and evaluation to make an informed choice.

- **Decision Process:**

Consumers at this level go through a comprehensive decision-making process, which includes problem recognition, information search, evaluation of alternatives, purchase, and post-purchase evaluation. They may seek detailed information, read reviews, and consider various factors.

- **Marketing Strategies:**

Marketers need to provide detailed product information, address potential concerns, and create a positive perception of their product. Building trust through testimonials, expert reviews, and guarantees becomes crucial.



MASTER OF BUSINESS ADMINISTRATION

Limited Decision Making:

- **Characteristics:**

Limited decision-making falls in the middle of the complexity spectrum. It involves moderate levels of involvement and some consideration before making a decision. Consumers may evaluate a few options before making a choice.

- **Examples:**

Purchases like a mid-priced smartphone, clothing items, or household appliances may involve limited decision-making. Consumers consider alternatives but may not extensively research or analyze each option.

- **Decision Process:**

Consumers in limited decision-making mode may engage in some information search and evaluation but not to the extent seen in extensive decision-making. They may rely on a mix of personal experience, word of mouth, and limited research.

- **Marketing Strategies:**

Marketers aim to provide relevant information, highlight key product features, and differentiate their products from competitors. Advertising may focus on the unique selling points and benefits to sway consumers.



MASTER OF BUSINESS ADMINISTRATION

Routine or Habitual Decision Making:

- **Characteristics:**

Routine decision-making is characterized by low involvement and low complexity. Consumers make these decisions frequently and without much thought or effort. These choices are habitual, and individuals often have well-established preferences.

- **Examples:**

Everyday items such as toothpaste, laundry detergent, or breakfast cereal often involve routine decision-making. Consumers may choose the same brand out of habit or convenience.

- **Decision Process:**

In this level, consumers typically follow a quick and straightforward decision process. They may rely on brand loyalty, past experiences, or external cues like price or packaging.

- **Marketing Strategies:**

Marketers focus on building brand loyalty, creating convenient packaging, and maintaining competitive prices to influence routine decision-making. Advertising often reinforces the familiarity and trust associated with the brand.



MASTER OF BUSINESS ADMINISTRATION

Factors Influencing Decision-Making Levels:

- **Product Involvement:**

The level of involvement depends on the importance of the product in the consumer's life. High-involvement products, such as a home or a car, often trigger extensive decision-making.

- **Perceived Risk:**

Consumers are more likely to engage in extensive decision-making when they perceive a higher level of risk associated with the purchase. Financial risk, performance risk, and social risk are factors that contribute to perceived risk.

- **Personal and Social Factors:**

Individual characteristics, such as personality, lifestyle, and values, play a role in decision-making levels. Social influences, including family, friends, and cultural norms, also impact the complexity of decisions.

- **Time Pressure:**

Time constraints can influence decision-making levels. In situations where consumers have limited time, they may opt for routine or limited decision-making to simplify the process.

- **Information Availability:**

The availability of information can influence decision-making levels. If information is readily accessible and clear, consumers may be more likely to engage in limited decision-making. In contrast, the lack of information may lead to more extensive decision-making.

- **Experience and Expertise:**

Consumer experience and expertise in a particular product category can affect decision-making. Individuals with more knowledge may feel more confident in making decisions with less effort, while novices may require more extensive decision-



Four Views of Consumer Decision Making

1. Economic Model/ Economic View

- Economic model is a rational model. As per this view, consumers make decisions in a rational manner, after considering everything about the product.
- Here, the consumer, examines and evaluates the benefits and defects of the product before making a buying decision.
- It assumes that consumer is aware of all product alternatives and he compares various products, evaluates benefits and defects and take a purchase decision on the basis of all these.
- There are some arguments against this view.
 - a) Man cannot always be rational in purchase decisions.
 - b) People are limited by skills, habits, values, perceptions and not always be rational and logical.
- Economic model is suitable for a market condition where there is perfect competition. Consumers live in a world of imperfect competition.
Therefore, Economic model is considered unrealistic.



MASTER OF BUSINESS ADMINISTRATION

Under economics, it is assumed that man is a rational being, who will evaluate all the alternatives in terms of cost and value received and select that product/service which gives him/her maximum satisfaction (utility).

Consumers are assumed to follow the principle of maximum utility based on the **law of diminishing marginal utility**.

It is assumed that with limited purchasing power, and a set of tastes and needs, a consumer will allocate his/her expenditure over different products at given price so as to maximise utility.

The law of **equimarginal** utility enables him to secure maximum utility from limited purchasing power.

Economic model of consumer behavior is one dimensional. This means that buying decisions of a person are governed by the concept of utility. Being a rational man one will make his purchase decision with the intention of maximising the utility/benefits.

Economic model is based on certain predictions of buying behavior.

Price effect

Substitution effect

Income effect



MASTER OF BUSINESS ADMINISTRATION

- The assumptions about the rational behavior of human being have been challenged by the behavioural scientists.
- They are of the opinion that while the predictions are useful, the model only explains how a consumer **ought to behave**. It does not throw light on how does the consumer **actually behave**.
- Behavioural scientists argue that the economic model is incomplete. Economics is assuming the market to be homogeneous, and that buyers will think and act alike. Buyers will only concentrate on one aspect of the product i.e., income.
- This model ignores all other aspects such as perception, motivation, learning, attitude, personality and socio cultural factors.
- It has always been agreed upon that man is a complex entity, a puzzle, a riddle. Hence it is very important to have a multi disciplinary approach to understand consumer behavior.
- Further, in today's environment, apart from the various psychological, socio cultural determinants of the consumer, it has been observed that the consumer also gets influenced by other marketing variables, namely- product, effective distribution network and marketing communications
- Thus consumer can't be to be rational person and price is not the only factor which influence his purchase decision.



Four Views of Consumer Decision Making

2. Passive Model/ Passive View

- As per this view, consumers are passive and basically submissive to the advertisements and other strategies of marketers.
- This means that, consumers respond directly to the sales and advertisement appeals and make decisions as a response to the promotional efforts of marketers.
- Passive model is opposite to the rational model. There are some arguments against this model also:
 - a) Consumers have the ability to collect information and take purchase decisions accordingly.
 - b) Consumers are capable of evaluating information about product alternatives and then can make wise purchases.
- We cannot say that the consumers are always buying things only because of the marketing efforts of the marketers.
- Therefore, the passive model is also considered unrealistic.



Four Views of Consumer Decision Making

3. Cognitive Model/Cognitive View

- Cognitive view portrays the consumer as a thinking man.
- This model states that the consumers make purchase decisions on the basis of their own interest and understanding of the market.
- In this model, consumers are taking decisions neither fully according to their own investigative thinking nor attracted completely by the promotional efforts of marketers; but they make decisions based on their own interest and the understanding of demand.
- As per this view, the consumer mainly considers the risks associated with the purchase; such as personal risk, financial risk, social risk etc.
- However, we cannot say that the consumer considers all RISKS and its consequences in detail.
- Practically consumers do not collect and evaluate all information and related risk factors.
- Thus, the cognitive decision becomes more practical.
- Therefore, cognitive view is considered the best of the four models, of consumer decision making.



Four Views of Consumer Decision Making

4. Emotional Model/Emotional View

- Emotional model says that when consumers make decisions, usually they become emotional with purchases or possessions and therefore make purchases impulsively.
- It means that consumers use less time to think about whether the product is necessary for them or not.
- As per this view, at the time of purchasing a luxury product, consumers make more impulsive purchases when they relate themselves with a product or service.
- A person who buys a Rolls-Royce car never think of its price but thinks about the purchase and possession of the car.
- The emotional view or model states that all consumers are emotional and act upon their emotions while making a purchase decision.
- They take less time to think whether the product is necessary for them or not but develop negative or positive emotions related with the product.
- Products that bring negative emotions are avoided and products that bring positive emotions are bought.

On-line Decision Making: Meaning

- Online decision making is the process of using the internet to make choices, which can range from a consumer researching and buying a product to a business using data to make strategic choices.
- This process often involves using online tools like search engines, reviews, and comparison sites to gather information, evaluate alternatives, and ultimately select a course of action, but also includes factors like data security concerns.



Online Research Behaviour of Indian Consumers

62%

Urban users researching products online

Majority of urban consumers look up product details on line before purchasing (online or offline).

60%

Using large e-commerce platforms for product inform-

Consumers rely on popular platforms like Amazon and Flipkart to compare features, prices, and reviews.

29%

Using social media for product research

Nearly one-third of consumers check social media (Instagram, YouTube, etc.) for reviews and influencer opinions.

50%

Offline shopping influenced by online research

Half of offline purchases are preceded by some form of online search or product comparison.



MASTER OF BUSINESS ADMINISTRATION

Category	Statistics / Insights
Overall Internet Users	55.9% of the Indian population uses the internet
Smartphone Ownership	85% of households own at least one smartphone
Internet Usage (Age 15–29)	Rural: 92.7%
Smartphone Ownership (Age 15–29 with a cell phone)	95.5%
Mobile Connections	Over 1 billion active SIM cards
Mobile Density	81 mobile connections for every 100 people



Online decision making is the process

1. **Need Recognition**: The consumer becomes aware of a difference between their actual and desired state, recognizing a need or problem that a purchase could solve.
 - Online triggers include seeing social media posts, viewing targeted ads, or realizing a current product is inadequate.

2. **Information Search**: The consumer actively looks for information about potential solutions online.
 - This involves using search engines, visiting brand websites, watching product videos on platforms like YouTube, and seeking advice from online reviews or forums.
 - However, at this stage, 17% of people drop out of the process, 9% because they can't find or identify the required information, and 8% because of lack of purchase information.



Online decision making is the process

- 4. Alternative Evaluation:** The consumer compares the different options they've found.
- They use online tools and information gathered in the previous stage to evaluate brands based on criteria like price, quality, features, and reviews from other customers.
 - However, this is also the stage that sees the greatest lead attrition.
 - Only 25% of the shoppers who began searching for information in the previous stage, reach the end of the evaluation phase.

- 5. Purchase Decision:** The consumer chooses a product and makes the purchase.
- Online, this is the final step of clicking "buy," adding items to a cart, and completing the transaction.
 - However, factors like security concerns or complicated checkout processes can cause "purchase intention" to not result in a completed purchase.
 - This step sees another 12% loss, as some people decide not to make the purchase.



Online decision making is the process

• 5 – Purchase Evaluation

- The final stage of the decision-making process occurs after the actual purchase, and that is the “purchase evaluation” stage.
- In this stage, the customer assesses whether the product or service has met their expectations.
- This process not only affects whether they will become repeat customers, but also, whether they will offer positive or negative advice to other potential customers.



Situational influences

- Situational influences are temporary factors in a specific time and place that affect a consumer's behavior, distinct from stable personal attributes.
- These influences include physical surroundings like store layout and music, social surroundings like the presence of other people, the temporal perspective (time constraints), the definition of the task (reason for purchase), and the consumer's antecedent state (mood and momentary conditions).
- Marketers use this understanding to tailor strategies for different situations, such as placing impulse items near the register or using a specific media context for ads.



MASTER OF BUSINESS ADMINISTRATION

- **Physical Surroundings:**

The physical environment where consumers make purchasing decisions can have a profound impact on their behavior. Factors such as store layout, ambient music, lighting, and scent can influence perceptions and emotions, affecting consumers' willingness to explore, purchase, and return to the store. For example, pleasant scents and soothing music can create a more enjoyable shopping experience, leading to increased dwell time and purchase likelihood.

- **Social Surroundings:**

Social influences play a significant role in consumer behavior. People often seek social validation or conform to social norms when making purchasing decisions. The presence of friends, family, or other shoppers can influence product choices, brand preferences, and purchase decisions. Additionally, peer pressure and social comparison can affect consumers' perceptions of products and brands.

- **Temporal Factors:**

Time-related factors, such as the time of day, day of the week, or season, can influence consumer behavior. For instance, consumers may be more inclined to make impulse purchases during weekends or holidays when they have more free time and are in a relaxed mood. Time constraints, such as deadlines or limited availability of products, can also prompt consumers to make quicker decisions or opt for convenience over deliberation.



MASTER OF BUSINESS ADMINISTRATION

- **Task Definition:**

The nature of the consumer's task or goal at hand can influence their purchasing behavior. Consumers may have different motivations when shopping for routine items versus making a special occasion purchase. Understanding the consumer's specific task or objective can help businesses tailor their marketing messages and offerings to meet consumers' needs effectively.

- **Antecedent States:**

Antecedent states refer to the consumer's momentary mood, emotions, or physiological conditions. Mood states, such as happiness, sadness, or stress, can impact decision-making processes and preferences. For example, a consumer in a positive mood may be more receptive to promotional messages and more likely to make impulsive purchases. Similarly, physiological factors like hunger or fatigue can influence product choices and impulse buying behavior.

- **Purchase Context:**

The context in which a purchase is made, including the location, occasion, and social setting, can affect consumer behavior. For instance, consumers may make different purchasing decisions when shopping online versus in-store or when buying gifts for special occasions. Understanding the purchase context allows businesses to tailor their marketing strategies and product offerings to align with consumers' needs and preferences.



MASTER OF BUSINESS ADMINISTRATION

- **Social Class and Cultural Influences:**

Social class and cultural factors can shape consumer behavior by influencing values, beliefs, and consumption patterns. Individuals from different social classes or cultural backgrounds may have distinct preferences, priorities, and attitudes towards brands and products. Businesses must consider these cultural and social influences when developing marketing strategies to effectively target diverse consumer segments.

- **Marketing Stimuli:**

Marketing stimuli, including advertising, promotions, packaging, and pricing strategies, can influence consumer behavior by shaping perceptions and attitudes towards products and brands. Effective marketing communication can create awareness, generate interest, and influence purchase decisions. Businesses must carefully design marketing stimuli to resonate with their target audience and differentiate their offerings from competitors.



MASTER OF BUSINESS ADMINISTRATION

- **Economic Factors:**

Economic conditions, such as income levels, employment rates, inflation, and consumer confidence, can impact purchasing behavior. During economic downturns, consumers may become more price-conscious and seek value-oriented products or discounts. Conversely, during periods of economic prosperity, consumers may be more willing to splurge on luxury items or experiences. Businesses must adapt their marketing strategies to align with prevailing economic conditions and consumer preferences.

- **Technology and Digital Influences:**

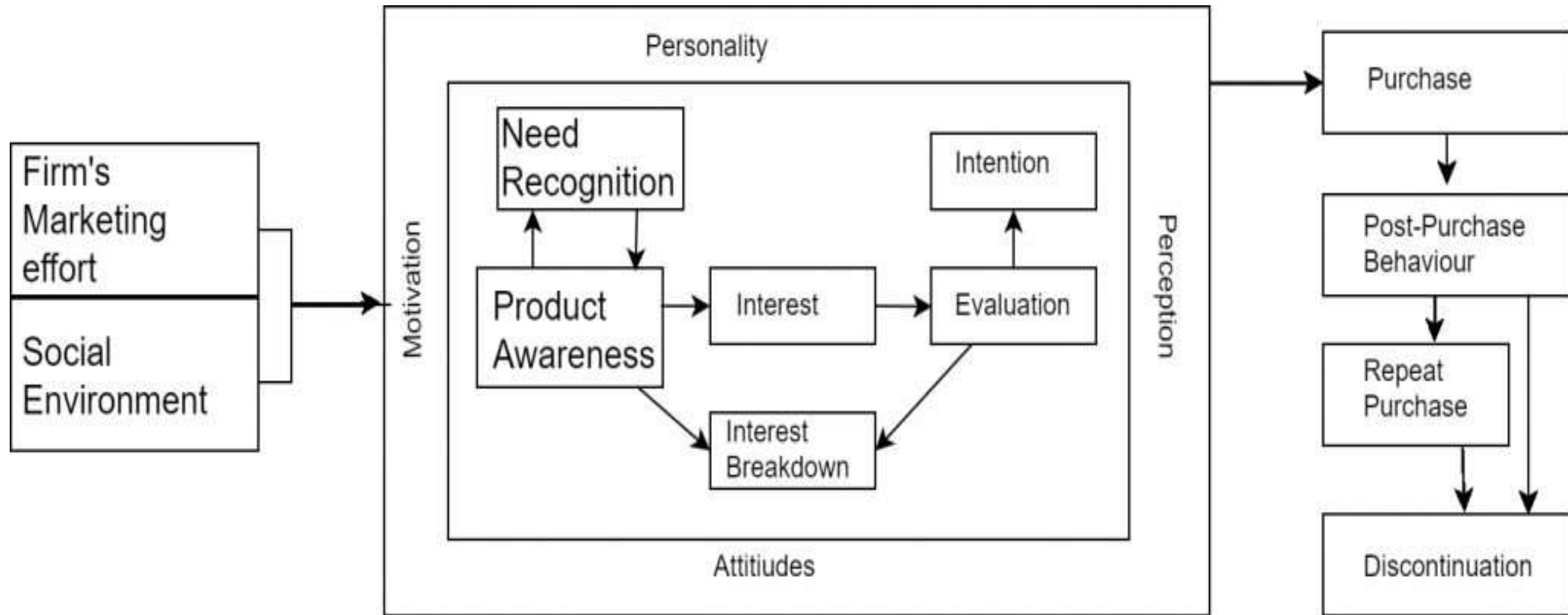
Advancements in technology and the proliferation of digital channels have transformed consumer behavior and shopping habits. Consumers now have access to a wide range of online platforms, social media, and mobile apps that influence product discovery, research, and purchasing decisions. Businesses must embrace digital marketing strategies and omnichannel approaches to engage consumers effectively across multiple touchpoints.



Situational characteristics

- Situational characteristics are external factors like the physical environment, time, and social setting that influence a consumer's purchase behavior, while consumption behavior is the process consumers go through when buying and using products.
- Key situational influences include the physical store environment, social surroundings (people present), the reason for the purchase, the time available, and the consumer's current mood.
- Marketers use these insights to create strategies that target specific situations and influence buying decisions, such as placing impulse items near checkouts or creating special offers for slower times of the day.

Input, Process, Output Model of Consumer behavior



Models of Consumer behavior



ATME
College of Engineering



MASTER OF BUSINESS ADMINISTRATION

Input, Process, Output Model of Consumer behavior :

- Input, Process, Output Model of Consumer behavior is the one that pays attention on product that is marketed, external forces and consumer's family background.
- Input and Output factor that are included in this model are: –
- **Input:** It comprises of forces like marketing efforts taken by company and environmental forces that influence the process of decision making of consumer.
- **Marketing forces** includes product, price, promotion and place.
- Whereas, **environmental forces** comprise of family, culture, reference group, social class etc.
- These are the important factors which consumer properly evaluates before making any purchase decision.



Input, Process, Output Model of Consumer behavior :

- **Process:**
- This stage represents the consumer's internal thought process as they evaluate the inputs.
- It involves psychological filters like motivation, perception, learning, and attitudes, which are influenced by the consumer's past experiences and stored information.
- The consumer identifies a need, searches for information, and evaluates the alternatives.



Input, Process, Output Model of Consumer behavior :

- **Output:** Output mean the way in which a consumers react to the marketing efforts of company. Some of the consumer response to marketing efforts are-
- Purchase Decision
- Selection of Product
- Selection of Brand
- Selection of store or dealer
- Amount and timing of purchase
- Behavior post purchase

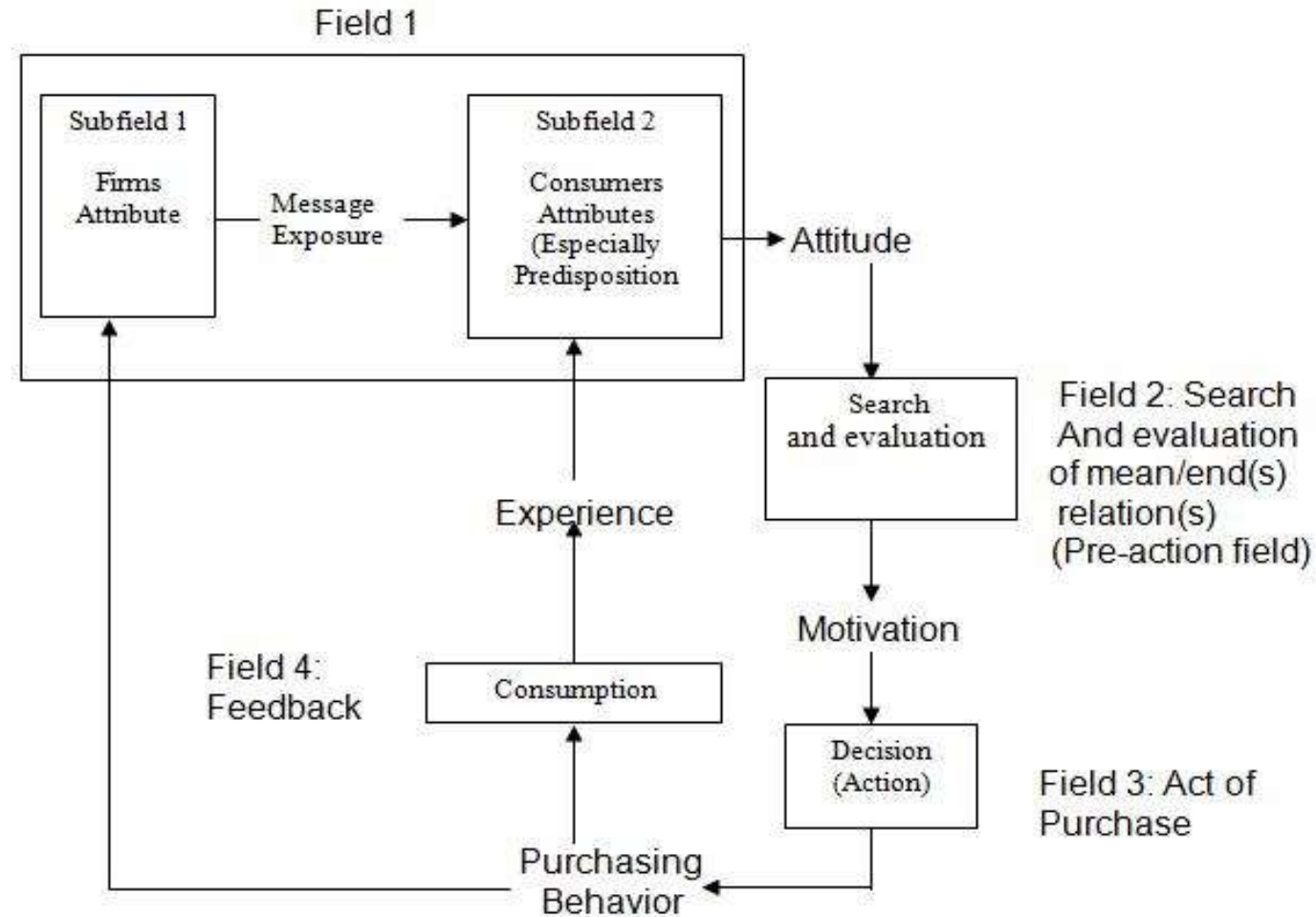


Nicosia Model of Consumer Behavior

- **Nicosia Model of Consumer Behavior** was developed in 1966, by Professor Francesco M. Nicosia, an expert in consumer motivation and behavior.
- This model focuses on the relationship between the firm and its potential consumers.
- The model suggests that messages from the firm (advertisements) first influences the predisposition of the consumer towards the product or service. Based on the situation, the consumer will have a certain attitude towards the product.
- This may result in a search for the product or an evaluation of the product attributes by the consumer.
- If the above step satisfies the consumer, it may result in a positive response, with a decision to buy the product otherwise the reverse may occur.
- Looking to the model we will find that the firm and the consumer relate to each other, the firm tries to influence the consumer, and the consumer is influencing the firm by his decision.

MASTER OF BUSINESS ADMINISTRATION

The **Nicosia model of Consumer Behavior** is divided into four major fields





- **Field 1: The firm's attributes and the consumer's attributes**
- The first field is divided into two subfields.
- The first subfield deals with the firm's marketing environment and communication efforts that affect consumer attitudes, the competitive environment, and characteristics of target market.
- This stage involves the firm's **advertising and messages** influencing the consumer's **initial predisposition** or **attitude** toward the product.
- Subfield two specifies the **consumer characteristics** e.g., experience, personality, and how he perceives the promotional idea toward the product in this stage the consumer forms his attitude toward the firm's product based on his interpretation of the message.
- The firm's message is the input, and the consumer's psychological attributes, such as their awareness and initial attitude, are the output.



- **Field 2: Search and Evaluation**

- The consumer actively searches for and evaluates information about the product and other alternatives.
- This process is driven by the motivation developed in Field 1 and can lead to a decision to purchase if the search is satisfactory.

- **Field 3: The Purchase Act**

- If the evaluation process in Field 2 leads to a motivation to buy, the consumer makes the purchase.
- This is the action-oriented stage where the consumer actually buys the product from a retailer.

- **Field 4: Feedback and Future Actions**

- This stage closes the loop by including the feedback that results from the consumer's experience with the product.
- This feedback is sent back to both the firm (influencing future marketing) and the consumer (influencing future attitudes and decisions).



A T M E
College of Engineering



MASTER OF BUSINESS ADMINISTRATION

- The Nicosia model of consumer behavior offers no detail explanation of the internal factors, which may affect the personality of the consumer, and how the consumer develops his attitude toward the product.



Howard Sheth Model of Consumer Behavior

- John Howard and Jagadish Sheth put forward the **Howard Sheth model of consumer behavior** in 1969, in their publication entitled, 'The Theory of buyer Behavior'.
- The **Howard Sheth model of consumer behavior** suggests three levels of decision making:
- The first level describes **extensive problem-solving**.
- At this level, the consumer does not have any basic information or knowledge about the brand, and he does not have any preferences for any product. In this situation, the consumer will seek information about all the different brands in the market before purchasing.
- The second level is **limited problem-solving**.
- This situation exists for consumers who have little knowledge about the market, or partial knowledge about what they want to purchase.
- In order to arrive at a brand preference, some comparative brand information is sought.



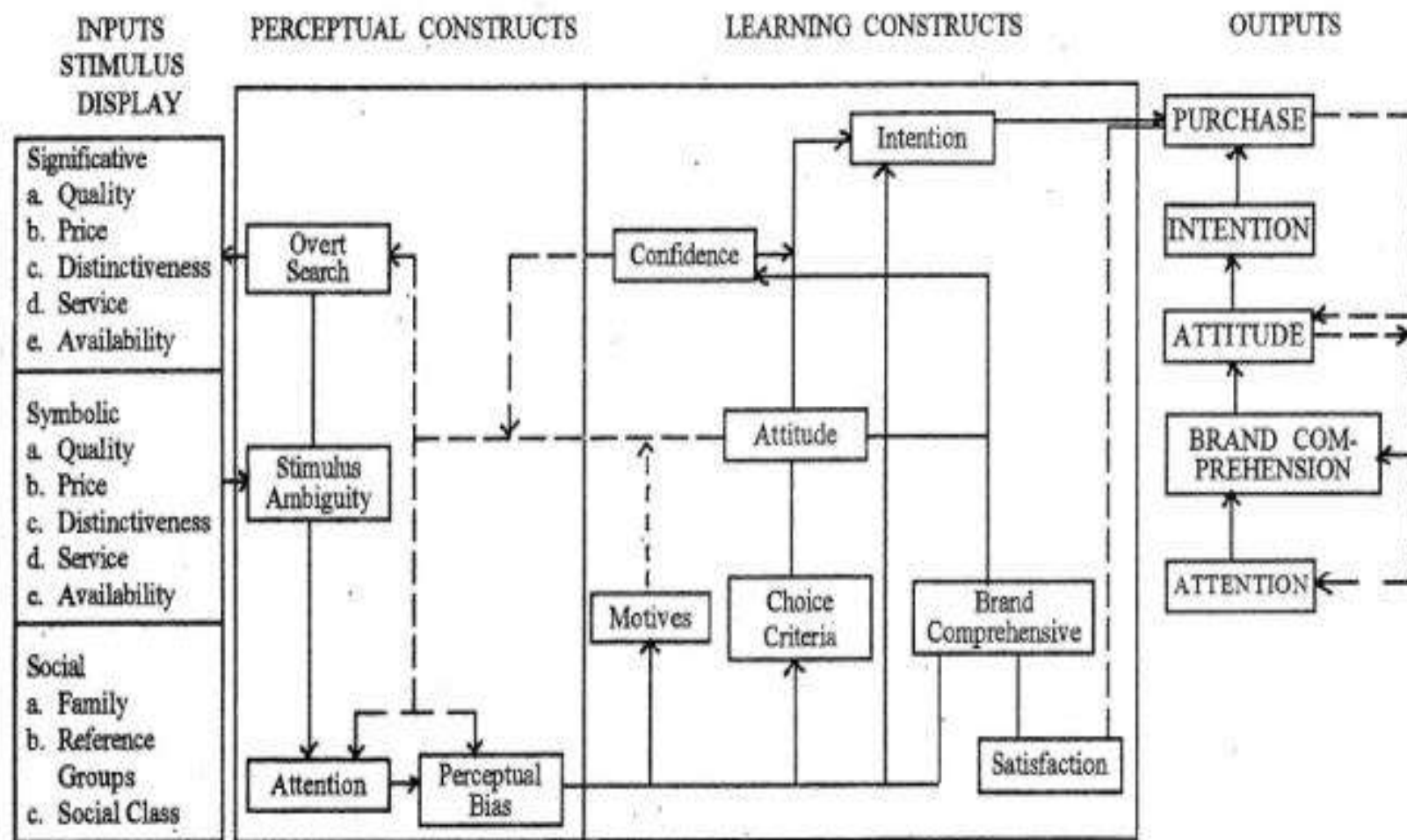
A T M E
College of Engineering



MASTER OF BUSINESS ADMINISTRATION

- The third level is **habitual response behavior**.
- At this level, the consumer knows very well about the different brands, and he can differentiate between the different characteristics of each product, and he already decides to purchase a particular product.

MASTER OF BUSINESS ADMINISTRATION



(Source: John A Howard, Jagdish Sheth. The Theory of Buyer Behaviour, John Wiley, 1969)



MASTER OF BUSINESS ADMINISTRATION

- According to the Howard Sheth model of consumer behavior, there are four major sets of variables; namely:
 - 1. Inputs:** These input variables consist of three distinct types of stimuli (information sources) in the consumer's environment.
 - **1. Inputs (Stimulus Display)**
 - These are the **factors that influence the buyer** before they decide.
 - **a. Significant Stimuli**
 - Direct information about the product itself:
 - **Example:** Car features, price, fuel efficiency, service quality, or availability in showrooms.
 - **b. Symbolic Stimuli**
 - Marketing communications — how the product is *presented* or *advertised*:
 - **Example:** Car advertisements showing status, comfort, or eco-friendliness.
 - **c. Social Stimuli**
 - Influences from people around the buyer:
 - **Example:** Family prefers a safe car, friends recommend a brand, or social class influences the choice.



- **2. Perceptual Constructs**

- How the buyer **perceives and processes** the information received.
- **a. Attention**
 - The buyer notices only some of the available information.
 - **Example:** You pay attention only to SUV ads because you have a big family.
- **b. Stimulus Ambiguity**
 - Sometimes the message is unclear or confusing.
 - **Example:** An ad says “best mileage in its class” — but doesn’t mention which class.
- **c. Perceptual Bias**
 - Your existing beliefs or preferences filter information.
 - **Example:** You already think “Brand X cars are unreliable,” so you ignore positive reviews about it.
- **d. Overt Search**
 - You actively seek more information.
 - **Example:** Checking online reviews, visiting showrooms, talking to friends.



- **3. Learning Constructs**

- This stage explains **how learning, attitude, and confidence** lead to a buying decision.

- **a. Motives**

- The reasons behind buying.
- **Example:** Wanting a fuel-efficient car to save money.

- **b. Choice Criteria**

- The factors you compare before buying.
- **Example:** Price, mileage, design, safety, after-sales service.

- **c. Attitude**

- Your positive or negative feeling toward a brand.
- **Example:** “I like Toyota because it’s reliable.”

- **d. Confidence**

- Your trust in your decision.
- **Example:** Feeling sure you chose the right model after research.



- **e. Brand Comprehension**

- Understanding what each brand offers.
- **Example:** Knowing Maruti = economical, Hyundai = stylish, Honda = quality.

- **f. Intention**

- Your plan to buy a specific product.
- **Example:** “I’ve decided to buy a Hyundai Creta next month.”

- **g. Satisfaction**

- Comes after the purchase if the product meets expectations.
- **Example:** You’re happy with your car’s mileage and comfort.



- **Outputs**
- These are the **final results of the decision process**.
- **Attention** → You noticed the brand.
- **Brand Comprehension** → You learned what the brand offers.
- **Attitude** → You developed a liking for it.
- **Intention** → You planned to buy it.
- **Purchase** → You bought it.
- **Example: For a Car Purchase:**

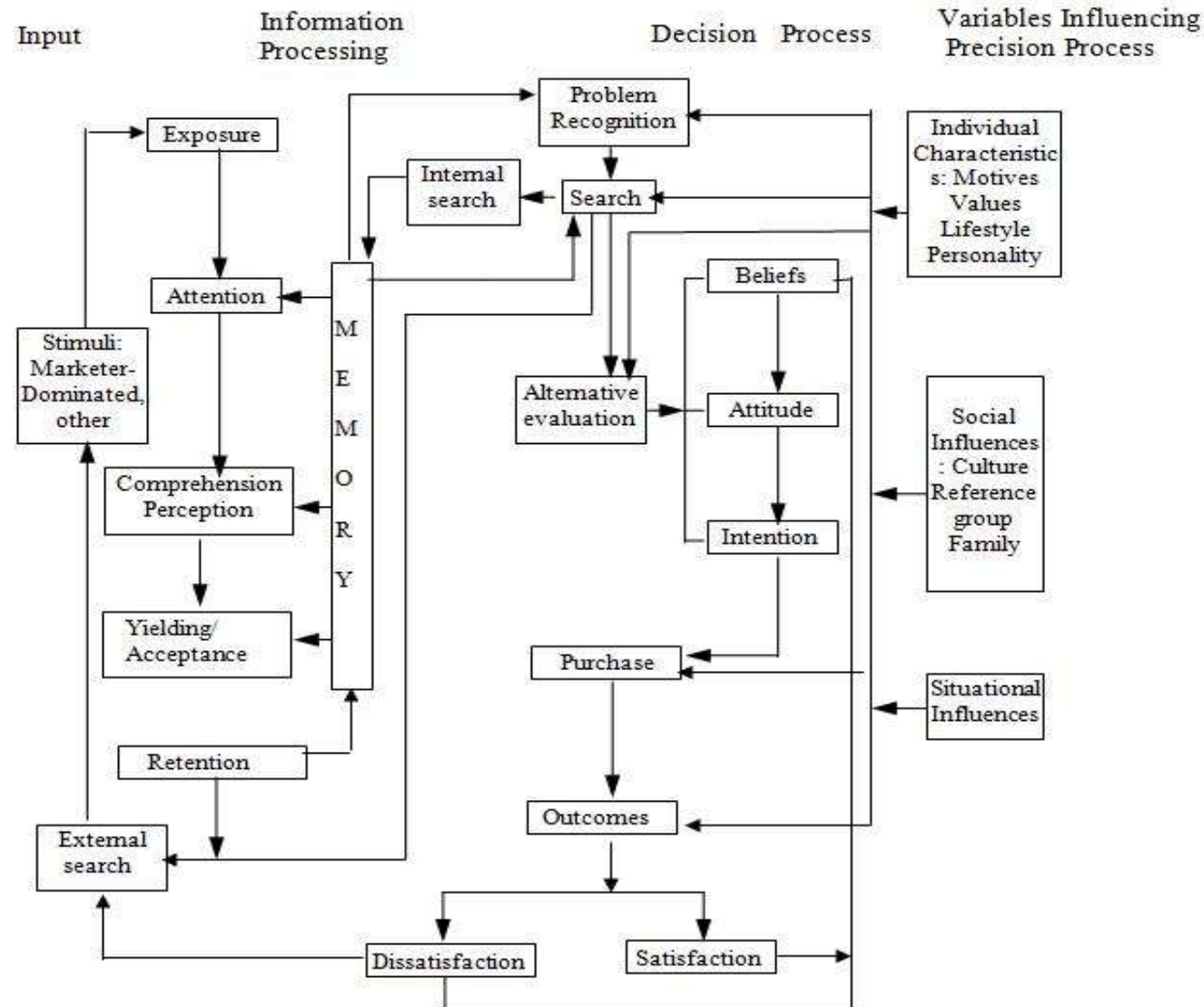
Stage	Example
Input Stimulus	See an ad (symbolic), visit a showroom (significative), get friend's opinion (social)
Perceptual	Pay attention to mileage, ignore flashy ads
Learning	Compare brands, form attitude, gain confidence
Output	Decide → Intend → Purchase → Feel satisfied



The Engel Kollat Blackwell (EKB) Model of Consumer Behavior

- This model, like in other models, has gone through many revisions to improve its descriptive ability of the basic relationships between components and sub-components.
- The Engel Kollat Blackwell model describes consumer behavior as a 4-step decision-making process involving problem recognition, information search, alternative evaluation, and purchase decision.
- The model also considers how external factors like culture, social class, and reference groups as well as internal factors like motivation, personality, and knowledge influence the consumer's decision journey.
- A key feature is distinguishing between high and low involvement purchases based on perceived risk.

MASTER OF BUSINESS ADMINISTRATION





MASTER OF BUSINESS ADMINISTRATION

- The Engel Kollat Blackwell Model of Consumer Behavior or consists of four distinct stages;
- **Information Input Stage:** At this stage the consumer gets information from marketing and non-marketing sources, which also influence the problem recognition stage of the decision-making process.
- **Information Processing Stage:** This stage consists of the consumer's exposure, attention, perception, acceptance, and retention of incoming information.
- **2. Information Processing**
- This stage explains **how your mind handles the information** you receive.
- **Steps:**
- **a) Exposure – You come across the information (e.g., see the ad).**
- **b) Attention – You pay attention if it interests you.**
- **c) Comprehension & Perception – You understand what the ad is saying.**
- **d) Acceptance/Yielding – You decide whether to accept the message.**
- **e) Retention (Memory) – You store the information in your memory.**
- **Example:** You see the smartphone ad → you notice its features → you understand it has a great camera → you believe the phone is good → you remember it later.



- **3. Decision Process**
- **Decision Process Stage:** The central focus of the EKB model is on five basic decision-process stages
- **Step 1: Problem Recognition**
- You realize you have a need.
- *Example:* Your current phone is slow → you feel the need to buy a new one.
- **Step 2: Search for Information**
- Two types:
- **Internal Search** – Recall from memory
Example: You remember seeing the Instagram ad.
- **External Search** – Look for more information
Example: You Google reviews, ask friends, visit a store.
- **Step 3: Alternative Evaluation**
- You compare different options.
- *Example:* You compare Samsung vs. iPhone vs. OnePlus based on price, camera, battery, etc.



- **Step 4: Purchase Decision**
- After comparing, you choose one.
- *Example:* You decide to buy the OnePlus phone.
- **Step 5: Post-Purchase Outcomes**
- After buying, you evaluate your satisfaction.
- **Satisfaction** → you are happy with the phone
- **Dissatisfaction** → you regret buying it



4. Variables Influencing the Decision Process: This stage consists of individual and environmental influences that affect all five stages of the decision process.

- **Variables That Influence the Decision**

- These are factors that affect the whole process.

- **A) Individual Characteristics**

- Personality
- Values
- Lifestyle
- Motivation

- **B) Social Influences**

- Culture
- Family
- Friends/Reference Groups

- **C) Situational Influences**

- Time available
- Money available
- Store atmosphere
- Special discounts

- **Example:**

You buy the phone during a **Diwali sale** to save money.