

Consumer Decision Making Process Models and their Applications to Market Strategy

Diksha Panwar, Swati Anand, Farmaan Ali, and Kanika Singal

Uttaranchal University Dehradun, Dehradun, Uttarakhand, India

[Abstract] Marketers strive to understand various steps in the whole process of consumer decision making for final purchase of the products of their choices. The marketers may improve their marketing strategies by understanding aspects, which are most common in the different consumer decision model developed by earlier researchers of marketing. Market models assume that the consumer's purchase decision process consists of various steps through which the buyer passes in purchasing a product or service. However, this might not be the case. It is not necessary for every consumer to pass through all these stages when making a decision to purchase, and, in fact, some of the stages can be skipped, depending on the type of purchases. This paper analyses the reasons for the study of the consumer's decision-making process with using models, which help organizations to improve their marketing strategies to convince the customers more effectively.

[Keywords] decision making, service industry, consumer behavior models, strategy

Introduction

The term consumer behavior is defined as the behavior that consumers display in searching for purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. The study of consumer behavior focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items (Schiffman, & Lazar, 2007).

The field of consumer behavior covers a lot of ground. According to Solomon (1996), consumer behavior is a study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas or experiences to satisfy needs and desires.

The official definition of consumer behavior given by Belch (1978) is "the process and activities people engage in when searching for, selecting, purchasing, using, evaluating and disposing of products and services so as to satisfy their needs and desires." Behavior occurs either for the individual or in the context of a group, or an organization. Consumer behavior involves the use and disposal of products, as well as the study of how they are purchased. Product use is often of great interest to the marketer because this may influence how a product is best positioned or how we can encourage increased consumption.

Anderson (1965) proposed one of the oldest models of consumer behavior. This model is shown in *Figure 1: Anderson Model of Decision*. The model recognizes the importance of information in the consumer decision-making process. It also emphasizes the importance of consumer attitudes, although it fails to consider attitudes in relation to repeat purchase behavior.

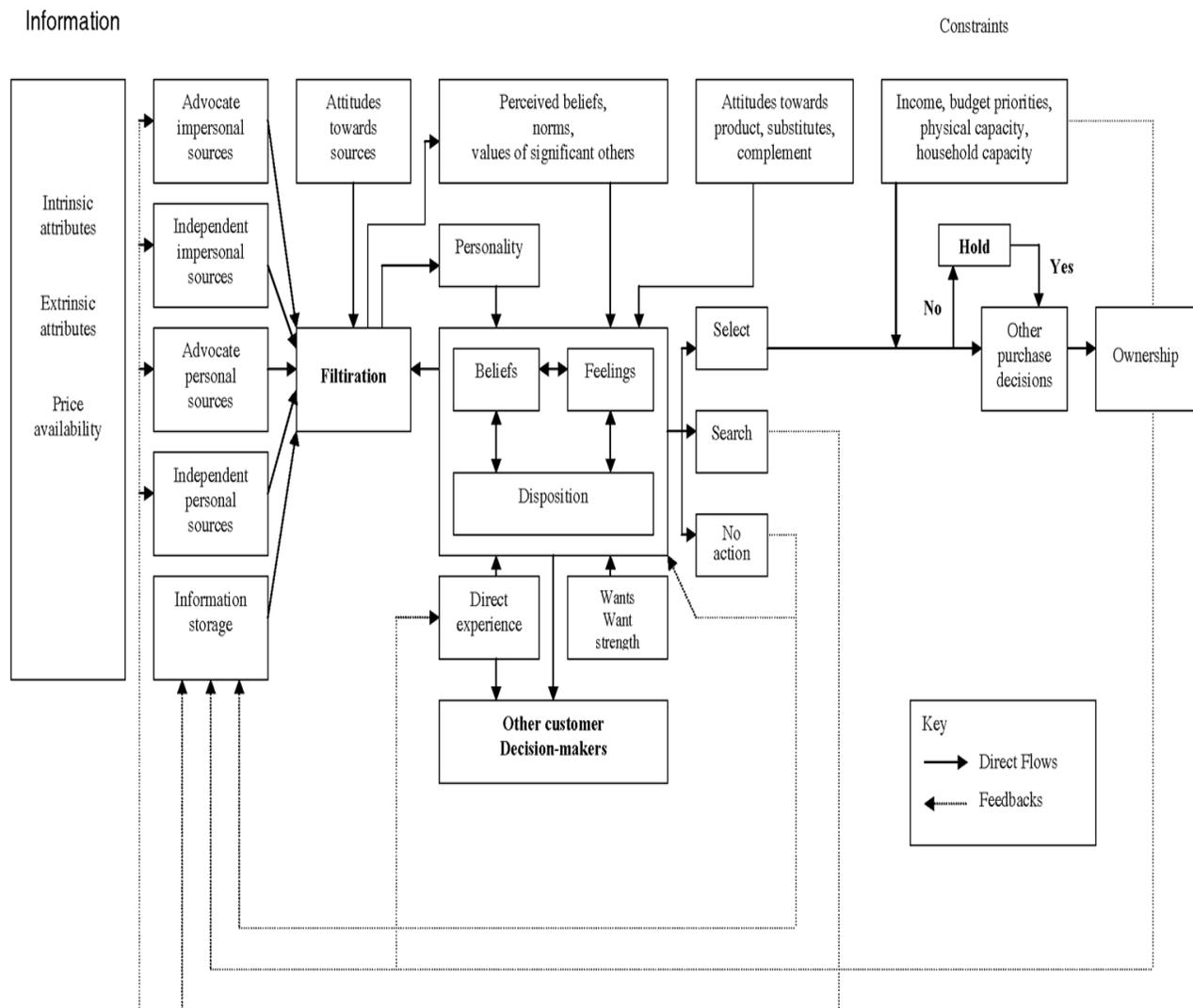


Figure 1. Anderson Model of Decision

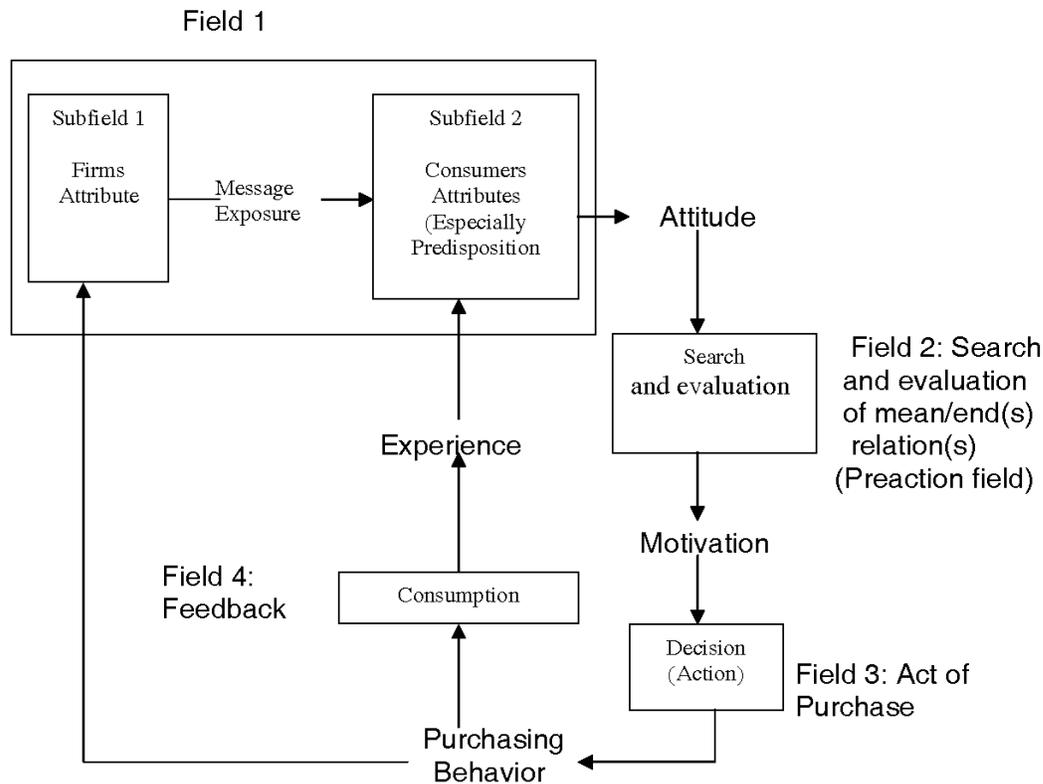


Figure 2. Nicosia Model of Decision Process

Nicosia and Mayer (1976) proposed the Nicosia model, which concentrates on the buying decision for a new product. This model is shown in Figure 2. This model focuses on the relationship between the firm and its potential consumers. The firm communicates with consumers through its marketing messages (advertising), and the consumers react to these messages by purchasing response. Looking to the model, we will find that the firm and the consumer are connected with each other, the firm tries to influence the consumer, and the consumer influences the firm by his decision. The model concentrates on the firm's attempts to communicate with the consumer and the consumers' predisposition to act in a certain way. These two features are referred to as Field 1.

The second stage involves the consumer in a search evaluation process, which is influenced by attitudes. This stage is referred to as Field 2. The actual purchase process is referred to as Field 3, and the post-purchase feedback process is referred to as Field 4. The Nicosia model offers no detailed explanation of the internal factors, which may affect the personality of the consumer and how the consumer develops his attitude toward the product. For example, the consumer may find the firm's message very interesting, but virtually he cannot buy the firm's brand because it contains something prohibited according to his beliefs. Apparently, it is very essential to include such factors in the model, which gives more interpretation about the attributes affecting the decision process.

In marketing and consumer buying theory, many models strive to explain behavior by consumers. However, they vary one from another greatly. However, since the consumer's buying-decision behavior in different product markets behave inversely, it is important to understand the various behavior models that

arise, and some of the problems that arise – the number of situations in which inappropriate behavior models are chosen for practical usage significantly increases. Thus, the aim of this paper is identifying and evaluating most typical consumer behavior models to understand how they differ from one another, to explain them better, and to provide more practice in the use of different models.

The authors crafted various tasks rigorously for the study, such as identifying the essence and content of most popular consumer behavior models, assessing strengths and weaknesses of each model as reflected by the survey respondents, and to determine application and opportunities for each identified model. The results show that the classic five-stage model is the most popular model in both theory and practice. Many attempts have been made to provide improved versions of the model, yet they all are incomplete. The authors found that some critical and useful suggestions for alternative models are useful when dealing with specific products and markets. Such specific models are created for specific, identified situations. These models, though, do not explain customer behavior in other markets. The classic, five-stage model found to be the most appropriate to practically use in the market.

Literature Review

Stankevich (2017) explained critically the consumer decision-making process in his research investigation of consumer behavior; his research showed how their decision-making process has advanced and become an important topic in the marketing society. In the paper, the author well presented the critical review of the study of the buying decision-making process in marketing and its market status. The paper presented the latest trends and themes that emerged there. From the study of selected related materials, models and theories were studied and evaluated. The consumer decision-making process and influential factors were elaborated upon to determine the possibility of influencing consumer behavior in ways that would favor a company's varieties of promotions. Finally, recommendations for marketers were suggested for deeper understanding of the consumers' behaviors and consumers' buying strategies to empower marketing campaigns to successfully market products. Earlier, a black box was used to obtain marketing information after sales were made or services performed. Even today, this method is unsatisfactory; presently, consumer behavior is being investigated and well presented. In the past, it was a "black box" for marketers between the information search and post-purchase behavior in the buying process. Even today, the response is unsatisfactory, but it is possible to follow the tendencies and shed light on some processes. Current trends in the field of consumer behavior are explored and well presented. Many theories and models discussed by the researchers, but primarily the traditional model of the five-stage decision process was used as the basis for a modern concept, as did the McKinsey model.

Though it was criticized by the respondents, the traditional model framework influences stakeholders. Using it as a foundation, the traditional model, a framework of influences among "moments that matter" in the decision-making process and other factors, was developed and demonstrated. This could really help build further research that will consider the hypothesis in terms of relationships. The study used methodology gaps in selectively reviewed articles, but it was pointed that there should be more samples in the research because, nowadays, people demand more and more for personalization. It would be very helpful to find out common characteristics and interrelations. Moreover, in contrast, the impact of globalization on cultural differences, depending on context, are stronger or weaker. Conversely, previous studies proved different countries' consumers behave differently, such as in the European and Asian markets. This means that not all marketing

mechanisms are effective and implemented. In this study, the authors paid more attentions to services than durable and non-durable products.

Erasmus (2001) critically studied consumer decision-making models in the consumer science behavior in the sixties. Initial theories based on the economics theory presumed that consumers act rationally to maximize satisfaction in their purchase of goods and services, as did the study by Schiffman and Kanuk. The consumer decision models and theories developed in the early years are still being used to structure research in the field of consumer behavior and consumer sciences in spite of evidence that consumer decision-making is a more complex phenomenon and that it cannot be generalized over the wider spectrum of consumer goods. Enabling consumers assumes an understanding of the consumer as a prerequisite. Researchers within the field of consumer science are interested in contributing to understanding consumer behavior theory that focuses on consumption behavior, which includes the complexities of emotions, situational factors, and personal influences under specific circumstances rather than buyer behavior.

Related literatures were used while traditional models of consumer behavior should not be regarded the norm for organizing research and the interpretation of research findings. This study emphasized consumer decision-making and related theory to provide exciting opportunities for future research by professionals in the consumer science discipline. Adding to what has been done in the field of marketing sciences, consumer researchers could contribute their product-specific knowledge and experience to a more holistic understanding of consumer behavior; in the long, and this run will contribute to the theory construction, which will give value to all.

Gross (2014) examined the factors that influence the virtual, online consumer decision-making model by interpreting relevant decision-making models. The study suggested that consumers purchase when mediated by virtual websites, a process that is influenced by interactivity and information overload built into the overarching concept of consumer decision-making. Therefore, the researcher outlines many decision-making models. The researcher proposed the assumption that decision-making models are geared to either the consumers' cognition or information flow. Clearly mentioned in the study, the e-tail merchant can move the flow and ample amounts of information, mitigate the online purchasing risk, and finally allow for interactivity between the online site and the consumer in the millennial service industry.

Jha (2014) identified that the major indications for purchase decision-making with the theories/models of consumers' buying behaviors are alike in their outcome; this varies on the basis of consumers' urgencies and the intensity of needs and wants for a particular product. However, products have their own relevance in a consumer's buying decision-making process, depending on its utilities and urgencies to consumers apart from various consideration of price, quality, etc., and attitudes, perceptions and self-concepts.

Model of Consumer Decision-Making Framework

Gilbert (1991) suggested a model for consumer decision-making that is shown in Figure 3. This model suggests there are two levels of factors that have an effect on the consumer. The first level of influences is close to the person and includes psychological influences, such as perception and learning. The second level of influences includes those that have been developed during the socialization process and include reference groups and family influences. All models that have been adapted for tourism offer some insights into the consumer behavior process involved during the purchase/post-purchase decision stages.

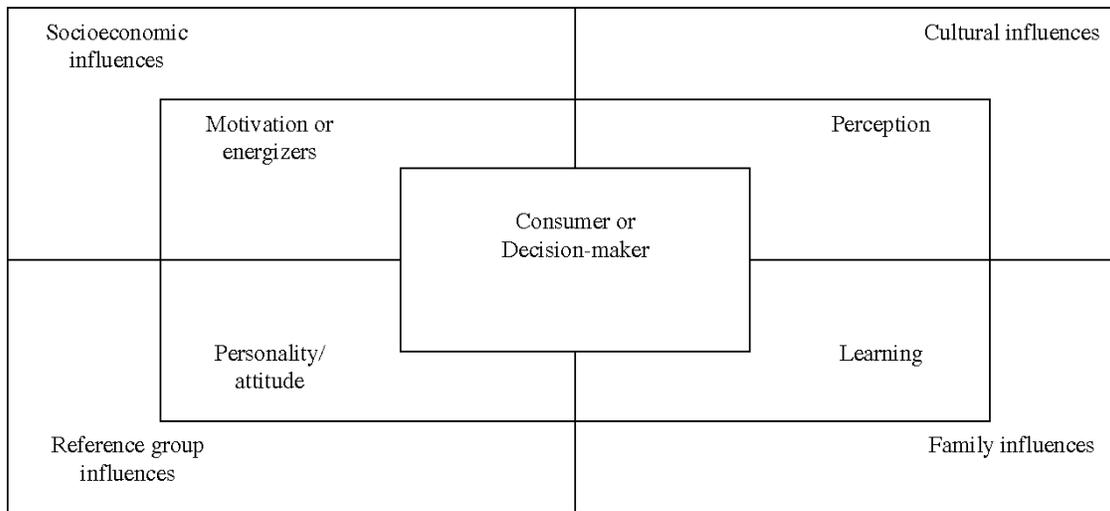


Figure 3. Consumer Decision Making Framework

Stimulus-Response Model of Buyer Behavior

Middleton et al. (2009) presented an adapted model of consumer behavior tourism for the service industry, which was termed the stimulus-response model of buyer behavior. The model is shown in Figure 4. The stimulus response of buying behavior is based on four interactive components; the central components are identified as buyer’s characteristics and decision process.

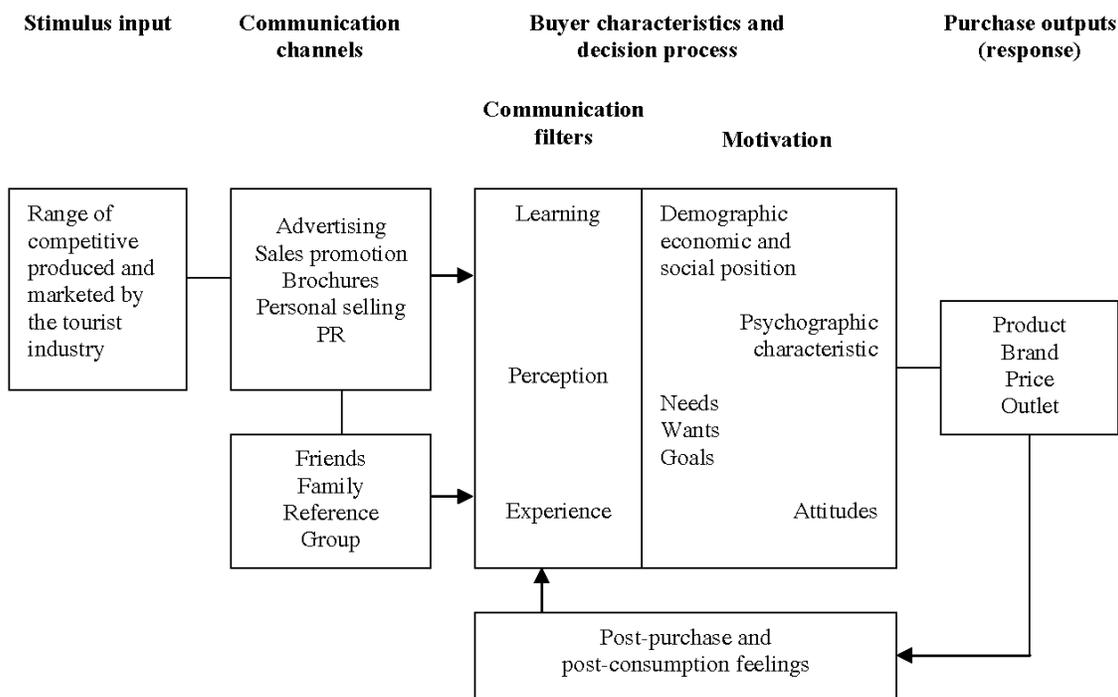


Figure 4. Stimulus Response Model of Buying Behavior

The model separates out motivators and determinants in consumer buying behavior and also emphasizes the important effects that an organization can have on the consumer buying process by the use of communication channels. After analysis of various models, we observed and proposed the model that consumers go through a five-stage decision-making process in any purchase/ post purchase.

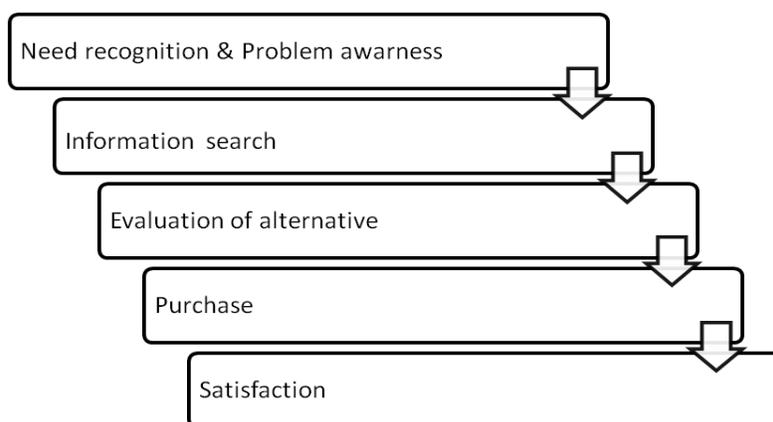


Figure 4. Five Stage Decision Making Model (Proposed Model).

This model is important for anyone making marketing decisions. It forces the marketer to consider the whole buying process rather than just the purchase decision (when it may be too late for a business to influence the choice). The model implies that customers pass through all stages in every purchase. However, in more routine purchases, customers often skip or reverse some of the stages. For example, a college student buying a favorite soft drink would recognize the need (thirst) and go right to the purchase decision, skipping information search and evaluation. However, the model is very useful when it comes to understanding any purchase that requires some thought and deliberation.

The buying process starts with need recognition. At this stage, the buyer recognizes a problem or need. An “aroused” customer then needs to decide how much information (if any) is required. If the need is strong and there is a product or service that meets the need close at hand, then a purchase decision is likely to be made there and then. If not, then the process of information search begins. Most importantly, customers can get information from different sources, such as personal public and experiential sources.

The usefulness and influence of these sources of information will vary by product and by customer. It has been observed that customers value and respect personal sources more than commercial sources. The challenge for the organizations is to identify which information sources are most influential in their target markets to satisfy the customer in the competitive environment.

Discussion

In the world of marketing, different models of consumer behavior describe satisfaction as the final output of the decision processor and incorporates it in the feedback mechanism linking completed experiences to future behavior in markets. For example, Nicosia and Mayer (1976) attributes the state of CS/D to the dominant interest in the "final act" of consumers, which is the purchase of product. In their consumer behavior models, satisfaction is shown as the final output in the framework of purchase decisions.

These buyer behavior models postulate that if the actual outcome of a product is judged to be better than or equal to the expected, the buyer will feel more satisfied. If, on the other hand, actual outcome is judged not to be better than expected, the buyer will be dissatisfied. The theory of self-concept advances the notion that every self-image has a value association, which determines the degree of positive or negative effect felt when that self-image is activated.

This value component associated with a particular self-image replaces the traditional constructs of ideal self-image, ideal social-image, etc. Correspondingly, every product image has also a value component reflective of the affective intensity associated with attribute. A specific value-laden self-image interacts with a corresponding value-laden product image and the result occurs in the form of positive self-congruity (a match between a positive product image and a positive self-image), positive self-incongruity (a match between a positive product image and negative self-image), negative self-incongruity (a match between a negative product image and a positive self-image), or negative self-congruity (a match between a negative product image and negative self-image). Sirgy et al. (1991) added further by stating that tourists "perception of the destination (type and quality of resorts, prices, hotel ambiance, atmosphere, etc.) is likely to influence the formation and change of the destination visitor image."

Given that self-concept is multidimensional in nature (such as actual, ideal, social, and ideal social self), at issue is the particular dimension of the self-concept evoked in the psychological process of self-congruity. For instance, this demonstrated in the service industry in the matching of the tourist's self-concept with the destination visitor image. In addition to evaluating a destination by focusing on the symbolic (person-like) attributes of the destination, tourists may also evaluate destinations based on the destination's functional or utilitarian attributes. The match between the destination's level of a utilitarian attribute and the tourist's expectation of the attribute is referred to as functional congruity in the process of decision-making; this can affect destination travel and may be related to self-congruity during consumer decision-making process.

Conclusion

This paper covers selected models of consumer behavior used in the process of decision-making. Satisfaction is described as the final output of the decision process, or satisfaction is incorporated into the feedback mechanism, linking completed experiences to future behavior, such as in the Nicosia model that attributes the state of consumer decision to the dominant interest in the "final act" of consumers, which is the purchase of a product. In this paper, the proposed five-stage decision-making process model in any purchase/post purchase can be effective for buying and makes for good market strategy in the future. The five-stage decision-making model (the proposed model) is suggested. These buyer behavior models postulate that if the actual outcome of a product is judged better than or equal to the expected, the buyer will feel more satisfied and will generate a new catalyst for an effective market strategy.

References

- Belch G. (1975) Belief system and differential role of the self-concept. *Advertising and Consumer Research*, (5) 320-325. Retrieved from <http://acrwebsite.org/volumes/9443/volumes/v05/NA-05>
- Erasmus, A., & Rousseau, G. (2014) Consumer decision-making models within the discipline of consumer science: a critical approach, *Journal of Family Ecology and Consumer Sciences*, (29), 82-90. Retrieved from <https://www.ajol.info/index.php/jfec/article/viewFile/52799/41403>

- Gilbert, D.C. (1991). *An examination of the consumer behavior process related to tourism. In progress in tourism, recreation and hospitality management*, edited by C.P. Cooper, Belhaven, London
- Gross, R. (2014) A theoretical consumer decision making model: The influence of interactivity and information overload on consumer's intent to purchase online, *International Journal of Business Management and Economic Research*, 5(4),64-70. Retrieved from <http://www.ijbmer.com/docs/volumes/vol5issue4/ijbmer2014050401.pdf>
- Jha, K., & Prasad, R. (2014) Consumer buying decisions models: A descriptive study, *International Journal of Innovation and Applied Studies*, 6(3)335-351. Retrieved from <http://www.ijias.issr-journals.org/abstract.php?article=IJIAS-14-129-05>
- Nicosia, M., & Mayer, R. (1976) toward sociology of consumption, *Journal of Consumer Research*, 3(2) 65-75. <https://doi.org/10.1086/208653>
- Schiffman, J., & Lazar, K. (2007). *Consumer Behaviour*. 6th Edition. Prentice Hall, New York, USA.
- Solomon, M. (1995) *Consumer Behavior*, 3rd Edition. Prentice Hall, New Jersey, USA.
- Sirgy, M., & Claiborne, C. (1991). Self-congruity versus functional congruity: Predictors of consumer behavior. *Journal of Academy and Marketing Science*, 19,363-375. Retrieved from <http://www.springerlink.com/content/x1mnw7t631u8000g>
- Stankevich, A. (2017). Explaining the consumer decision-making process: Critical Literature review. *Journal of International Business Research and Marketing*, 2(6), 7-14. <http://dx.doi.org/10.18775/jibrm.1849-8558.2015.26.3001>
- Viksne, K., Salkovska, J.C., & Gait, E. (2016). Comparative analysis of customer behavior models. Proceedings of the 2016 International conference on Economic Science for Rural Development (pp.231-231). Jelgava.