

**Consumer Behaviour**  
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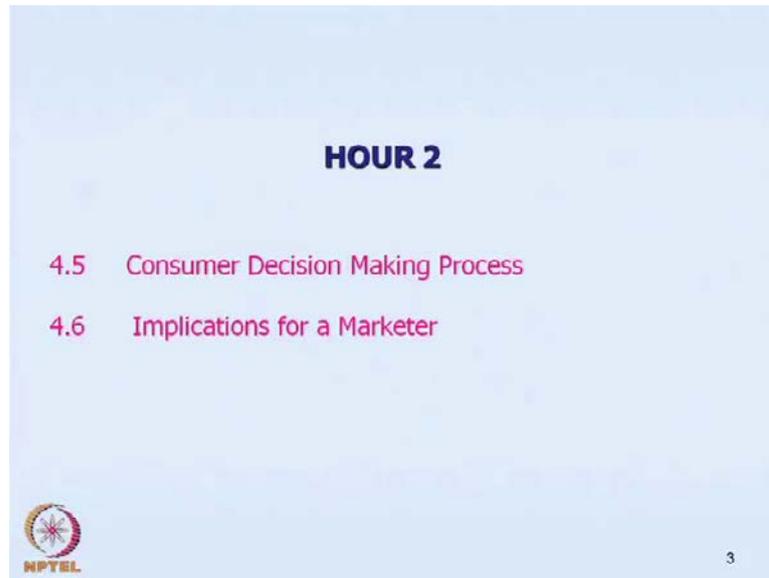
**Lecture - 8**  
**The Consumer Decision Making Process (Contd.)**

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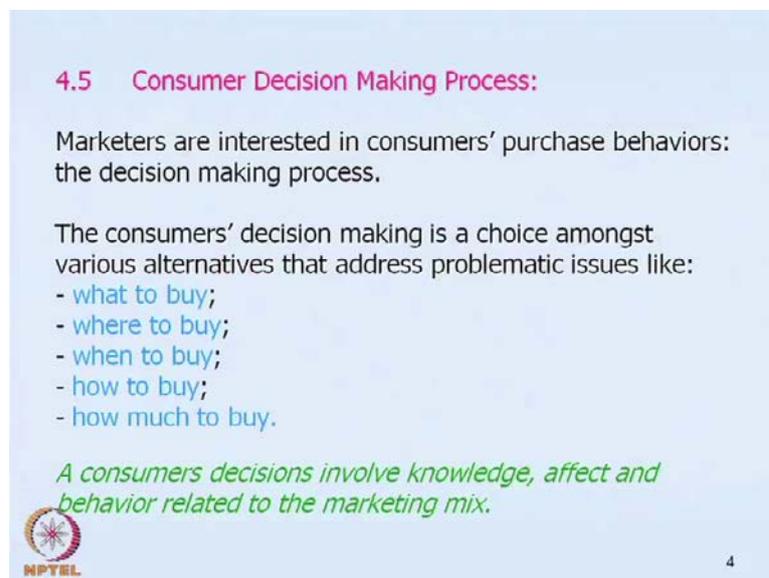
Today, we shall be continuing with module four and here we shall, we are doing the session two in module 4. So, if we recall the contents of module 4, where in terms of decision making, consumer decision making, levels of consumer decision making, buying roles, consumer decision making process and implications for marketer. Yesterday we have completed the first four components of this particular module, which was in terms of decision making, consumer decision making, levels of consumer decision making and buying roles.

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Today we shall be moving further and covering two topics in this particular module, which is consumer decision making process and the various implications to be drawn by a marketer.

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So, let us start with the consumer decision making process. Yesterday in the previous session, we have spoken about what a decision is. It is choosing the best amongst the various alternative, we also spoken about consumer decision making in terms of the process, which the consumer undergoes. When decides to select the best out of the

various alternative products and all brands available; we discussed that, while he follows a process, wherein he gathers information, evaluates information and then selects one particular alternative, this process may not be very complex all the time. It may not be very long all the time and the amount of physical effort as well as cognitive effort, taken by a consumer to complete the decision making process; will vary from product category and situation to situation. So, we discussed the in terms of three levels of consumer decision making, the extensive problem solving; the limited problem solving and routinized problem solving. We also discuss the various buying roles, which applied in terms of the initiator, the influencer, the decider, the buyer and the user.

Today we shall be moving further and speaking about the process, which consumers undergo when they go through this, the purchase mechanism or the physical act of purchase. As we said earlier this physical act of purchases is one part of the decision making process. This is not, what happens within the consumers mind, within the black box and we shall be discussing this in terms of the five stage decision making process, but before we start, let us have a quick look at why marketers should be interested in consumers purchase behaviours. This is because not to understand them, to predict the behaviour, to control them; also to you know design a mix or a marketing mix, which will be kind of best you know for a customer. It is very essential that, he understands this consumer decision making process.

The consumer decision making process is basically a choice as we discussed earlier. You know that, address problematic issues like what to buy; where to buy; when to buy; how to buy; how much to buy and basically his decisions involve a mix of cognition effect and behaviour, which is related to the marketing mix. So, the primary questions, which a consumer needs to, which consumer faces and marketers need to drop on learning's are with respect to what does a consumer buy; why does he buy; when does he buy; how often does he buy; how much does he buy.

So, let us go into details with the entire process. Now, we will discuss the consumer decision making process in terms of five stages. We will start with need recognition or problem recognition and then we will move to pre-purchase information search; evaluation of alternatives; purchase; decision and post-purchase outcome and post-purchase reaction. So, will be starting this entire decision making process in five stages,

to gain with (( )) recognition; information search; evaluation of alternatives; purchase decision and post-purchase reactions and outcomes.

Let us start with the first stage, when we talk about a problem or when we talk about a need, of course yesterday we have discussed that we save there is a need, so corollary of that is, there is problem to be solved. So, when does a need arise; when does a you know problem get recognized; a problem gets recognized in the following circumstances. The consumer realises that, there is a problem. The consumer also realises that, there is an imbalance; there is a gap between the desired state and the actual state. So, if we speak, if we discuss this little longer; we will see that, you know there is either a case where a problem has occurred and it needs a solution. So, you need to act and you need act very fast.

There is another you know situation, where there is not any problem may search, but consumer realizes that, what he has is much less or giving a much less benefit, than something else which he ought to have; which will give him more benefit; which will give him more utility. So, in either these cases, when there is a problem or when there is gap or imbalance between the desire and the actual state, in both of these cases problem could be recognized. Now, when we talk about problem recognition, it could be simple problem recognition or complex problem recognition. Simple problem recognitions are very you know similar to programmed decisions or they are very similar to structured problems, they are occur very frequently; they are very regular and because they are occur very frequently and they are very normal in day to day life's. These problems can be met very automatically, without much an effort. So, what we are trying to say is that, if there is a problem with respect to you know for example, tooth paste having got finished; it is a problem which is very normal could happened every month or every two months and the automatically, just have go to the market and just buy it and automatically your problem gets solved.

So, these are problem which occur very frequently and automata (( )) and they can be dealt upon automatically without any level of physical effort, much level of physical effort or cognitive effort. They just required a physical activity (( )), consumer as to go to shop keeper and purchase this, purchase the kind of a product he, other kind of the brand that he wants.

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**i) Need recognition/Problem recognition:**

A need arises when the consumer realizes:

- i) there is a problem.
- ii) there is an imbalance between the actual state and the desired state.

Need or problem recognition could be **Simple** or **Complex**.

- a) **Simple:** Similar to Structured Problems; They occur frequently as a routine and can be dealt with automatically without much effort;
- b) **Complex:** Similar to Unstructured Problems; They occur infrequently as unique and non-routine and need considerable effort to be solved.



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There is another kind of need recognition, which is the complex need recognition and when we talk to about complex need recognition, they are very similar to unstructured problems or non-programmed decisions. They are very infrequent in nature; they are unique in nature; they are novel and there is no mechanism that exists as a matter of rule that, which can be applied and the problem could be solved immediately. This requires considerable amount of effort, both in terms of physical effort, gathering information and in terms of cognitive effort; which is you know deliberating and thinking and then finally arriving at a decision.

So, problem or need recognition could be of two kinds, simple and complex. Simple is very similar to programmed decisions and complex is similar to non-programmed decisions.

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A need or problem recognition could result when:

- a) the **Actual State** changes (AS type):
  - the product is failing, or the consumer is running short of it;
  - there is a *problem* that exists.
  - consumers who react in such situations are called AS Types.
- b) the **Desired State** changing (DS type):
  - there is an *imbalance between the actual state and the desired state*.
  - another product seems better and superior to the one that is being currently used;
  - consumers who react in such situations are called DS Types.

*Which of the particular styles operates' depends on the product or service in question as well as the situation.*

Whether a problem is an AS or DS Type also gets affected by an *individual and his personality*.



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Now, let's go a little deeper and speak about the actual state and the desired state. We just said that a problem arises, when you know when a person realizes that you know the product is stock at home is finished or the product is not working and in actual case a problem has actually happened. So, it is in terms of problem has been recognized, which needs to be rectified. I just said that in another case, they may not be any problem, but consumer just wants to move from one brand to another; because he feels a one product to another, because he feels that the other one is going to give a more value; more benefit; more utility. So, there is a gap between the actual and the desired state. So, if we speak about actual and desired state, we can deliberate a little further on them and say that a need or a problem recognition could result in terms of the AS type and the DS type.

We have also made mention of AS type and the DS type in the sessions earlier, but we will now go moved into a detail and explain these with the help of some examples. Now when does an actual state happen? (( )) the actual state changes. When does the actual state change? The actual state changes, when the product is failing or the consumer is running short of it, his talks are depleted or there is a problem that is occurred and it basically warrants and immediate reaction. This type of state is called as actual state. Now, consumers who react in such situations are called AS types. So, you have one scenario, where the actual state is changing either because of depletion of stocks or because of failing of product or because there is another problem, there is a scare city

and you need to immediately act and going for a purchase to solve that particular problem. Consumers who react in such states or in such situations are called the AS types.

There is another scenario which we say, where the desired types state changes. So, this is called the DS type. Now in the DS type, there is an imbalance between the actual and the desired state, to a consumer another product or another brand seems to be more superior; seems to be better in performance; better in features; better in utility to the one that he is currently using. So, he wants to actually upgrade himself in terms of the purchase; he wants to buy a better product or modified product, which will give a more utility or more value. So, consumers would basically reactance such situations are called the DS type. Now, which of the particular style will operate, will depends upon two things; 1) it will depends upon the product and service in question, 2) it will also depend upon the situation involved and this also has as impacted by the individual and his personality type. So, whether a problem will be a AS type or DS type will depend upon; 1) the product or service category, 2) the situation in the hand and 3) the individual and his personality type. Now let us discuss some examples with respect to the AS type and the DS type.

First start with the AS type, a person wounds the refrigerator and refrigerator stops functioning; it is a hot summer you know afternoon and he just realises that, he has to immediately act he wants to, he has to get a replacement. So, what he now wants is a refrigerator? For example, Samsung refrigerator, a one door standard refrigerator; to basically replace the earlier one, which has stop functioning or which cannot be repaired and so he wants to, he as to act now, so thus able to solve the problem. So, this is an AS type, he as to purchase because the product that he has stop a functioning and he as go and purchase another one, to replace the existing one. So, this is an actual state type.

There is another called DS type, the product here is functioning perfectly. Let us say the same refrigerator is (( )) you know working perfectly and the consumer happy with it, but he wants better one; he wants to upgrade himself to a better model; he wants some better model; instead of the normal one door Samsung standard refrigerator, probably he wants one which is more features, which is more modern and he (( )) to posses Samsung two door fast free deluxe model refrigerator. So, here we see that the, he still has one refrigerator which is functioning very well. He does not actually need to go out and

purchase on the immediate, but still he wants or still he desires one, which is better than his existing one.

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**Examples of AS types and DS Tyes:**

**a) AS types:**  
A product stops functioning and the customer needs a replacement; eg. A refrigerator; Samsung One door: Standard;

**b) DS Types:**  
The product is functioning properly; but the consumer wants to buy an upgraded model;  
eg., The refrigerator is functioning properly; However, the customer wants to buy another one which has more features and is more modern; Samsung Two doors: Deluxe: Frost free;  
Whether a problem is an AS or DS Type also gets affected by an *individual and his personality*.

**Some consumers are AS Types, who realize that there is a problem after it has arisen, and so they go in for a purchase; They are reactive;**  
Eg. React after the refrigerator breaks down.

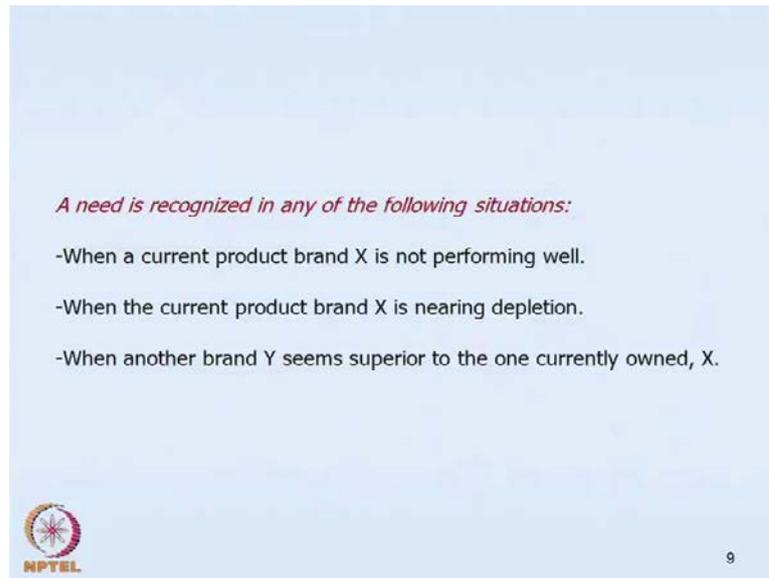
**Others are the DS Types, who want to upgrade to better/newer products; They are proactive;**  
Eg. Want to purchase a newer model of the refrigerator.



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Now some I just said some consumers are you know whether sorry, whether a problem is a AS type or DS type will also depend upon you know individual and his personality. Some individuals are AS types, they react when they realize problem has already happened and as a corrective action plan, they go in for a purchase so they are more reactive in nature. On the other hand, there are consumers who are DS types; who are desired state types; they are more proactive, they do not wait for a problem to happen, they do not wait for things to go wrong, but they just want something better, something superior and they want to upgrade themselves to the better products or newer products. So, here we have an example, where consumer reacts after the refrigerator breaks down so he is the AS type and another person who wants to buy a refrigerator, because he wants to upgrade himself to another model. So, here we have the DS type.

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Now, three issues which a marketer needs to understand, a need is recognized in any of the following circumstances. When a product brand, when a current product brand X is not performing well; when the current product brand X is nearing depletion; when another brand Y seems to be superior to the one currently owned brand X. So, if you see, what we talking off is actually the AS and the DS. You know When the product brand X is not performing well, when it is nearing depletion we actually speaking of the AS type problem recognition. On the other hand, when we see that there is another brand Y which seems more superior, then brand X which a person currently owns, we actually speaking of the DS type of problem recognition. So, this is what we mean by the first, this is you know the first stage which is problem recognition or need recognition.

Come to the second stage in the decision making process, which is information search. Now, when we talk about information search, we will basically speaking about the pre-purchase information search. So, after a particular need is recognized, the consumer goes in for information search. Now again here, I would like to remind you that, you know this may not be require at all in the case of a reutilised problem solving. It may be you know moderate searching in case of a limited problem solving, but definitely in the case of extensive problem solving, this stage is going to be elaborate one very extensive and an intensive one.

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ii) Pre-purchase information search:

- After a need is recognized, the consumer goes for an information search, so as to be able to make the right purchase decision.
- He gathers information about the:
  - (a) product category and the variations
  - (b) various alternatives
  - (c) various brands.
- the amount of information a consumer will gather depends on the following:
  - a) **the consumer**: demographics (age, gender, education), psychographics (learning, attitudes, involvement, personality type)
  - b) **product category**: differentiation and alternatives available, risk, price.
  - c) **situation**: time available at hand, quantity of information required, availability of information.



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After a need is recognised the consumer goes in for a information search. So, that he is able to collect all the data, all information and is able to make the decision. What does he do? He gathers the information about the product category; he gathers the information about the various alternatives; he also carries gathers information about various brands.

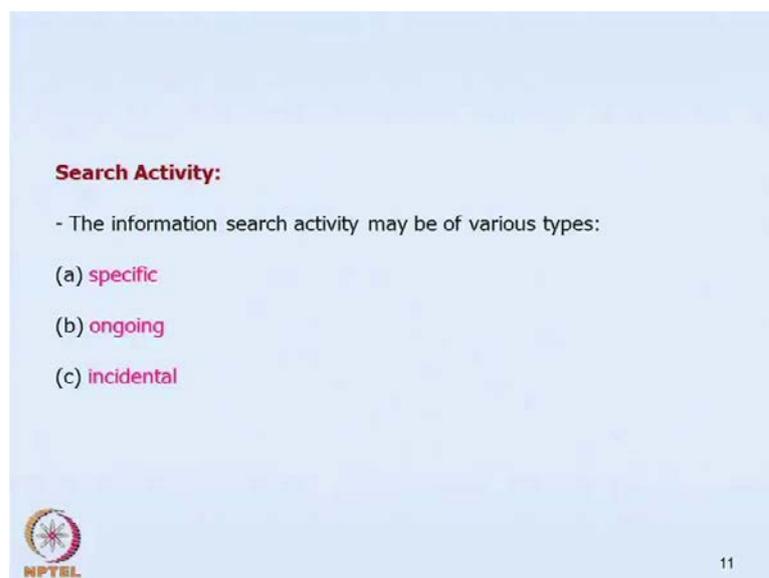
Now, the amount of information that, the consumer will actually gather will depend upon the three things, 1) it will depend upon the consumer himself so the demographics and the psychographics of the consumer basically come into play. Demographics in terms of his age, gender, education, psychographics in terms of his motivation and need his involvement, his perception, his risk taking ability, his personality type; all of these will basically having an impact upon the amount of information, that he is going to gather. The second factor, which influences the information search and the amount of information you will actually gather, will be the product category.

So, the level of differentiation amongst alternatives, the different alternatives available, the different prices etcetera; the risk perceived, risk associated with product category, all of these will also have an impact upon the amount of information, that a person actually gathers and finally, the amount of information that a person will gather will also depends upon the time, he has an hand in case, in sometimes he has act very quickly. You know there is urgency or an emergency, in that case he may not be in a position to spend a lot

of time gathering information and he will have to act immediately. So, other cases he would have a lot of time available with him to think and fond and take a decision.

So, the time available in hand the amount of information, that is required and the availability of the information. So, three of these also have going to have an impact on the amount of information, that a consumer, that a consumer will gather. So, the amount of information to be gathered, as well as the amount effort you will put in to gather information, depends upon 1) the consumer himself, his demographics, his psychographics to the product or service category, the different alternatives, the perceive dress and the price and 3) the situation. The situation in terms of time available the quantity of information required and the availability of information. So, all of these is going to have an impact upon the amount of information, that a person will actually gather.

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**Search Activity:**

- The information search activity may be of various types:
- (a) **specific**
- (b) **ongoing**
- (c) **incidental**

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Now, when we talk about this information search, this information search activity may be of various types, it could be specific; it could be ongoing and it could be incidental. So, let us discuss three of them with an example; in specific search activity, the consumer actively searches for information. This is very specific to the problem and or to the immediate purchase, the process starts when a particular need arises and the consumer acts very you know behaves very actively in search for information. So, what we trying to say is that, this particular search activity is directly related and directly

related to the need it is spurred as the need arises and it is very, very specific to the purchase as well, as a whole. So, the consumer actively seeks information you know and he goes in for an active search of information, specific to the purchase decision, specific to the product category and tries to collect information from various sources. So, the basically you know specific as they said is very specific and to the problem itself and consumers actively search information, so let us discuss with an example. For example, student enters college and needs a laptop, so that he can work on as assignments. So, just he has entered a new college or new place and he does not possess laptop, he wants one so that he can work on as assignments and you know do some good work so goes in for the specific search, why it is specific? Because it is specific to a need which is, which needs to be so satisfied immediately and this particular activity is spurred by the need itself and it is going to be directly linked to the act of purchase.

The second type of search activity is on ongoing search activity. Now, ongoing search activity is not specific to the moment or to the act of purchase, but it is a gradual process, that could span over a long time. The person here for example, the same student has been thinking of purchasing a laptop, since the past 5 years and over the past 5 years or 6 years he has been gathering information about that laptop as a product category and also the different brands available. So, it is been an ongoing search. So, unlike situation very enters college, then searches begins to search for information about laptops; here what he has done is 5 or 6 years before he entered college, he has started this activity. So, probably when he was in class 8 or class 9, he started you know planning, that he would actually be buying a laptop; once he reaches college and so over these 5 to 6 years, he is being gathering information about the product category and about the various brands, the various models that are available. So, it is a ongoing search activity.

A search activity could also be incidental in nature, when we talk about incidental search activity; it is by product of another search activity or another experience. So, a consumer basically absorbs some kinds of information from his day to day experiences or from his routine activities. Let us say the same student went to a mall, he went with his mother to buy a Microwave Oven and there in that store he attended to a demonstration of a new laptop, that was being introduced into the market. So, he got interested in the product category and you know in the demo and he tries to learn something about the product as well as about the brand. So, he absorbed information as a by product of another shopping

activity, which was the purchase of a Microwave Oven. So, this is what we call as a incidental search activity. So, information search activity could be specific, it could be ongoing and it could be incidental.

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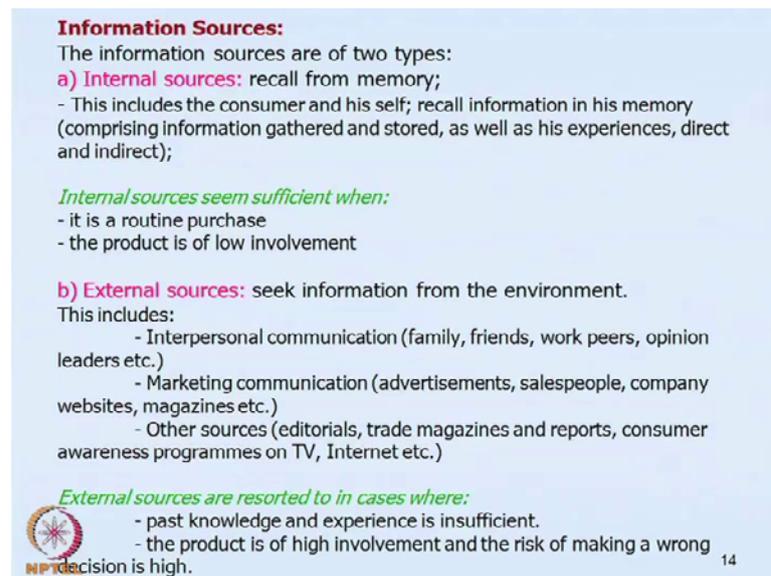


Now, let us come to the information sources, when we talk about information sources there are two types, internal sources and external sources. Let us speak about two of them little bit in detail; when we talk about internal sources, we actually speaking about own memory over you know over time, over years, over months; we gain a lot of information from others. There is word of mouth from other consumers, we learn you know we hear to get lot of stories about products, about brands, about you know purchase experiences from our friends, from our family members, from our neighbours, from our relatives, from work peers, colleagues; all of this information goes and gets stored in a memory. We also read a lot probably in the news papers or in trade journals you know or in through the internet. We get a lot of information also through the (( )) all these goes and get stored as a part of the memory; he has basically when the consumer gathers information from his own self, in terms of recalling from his own memory; you know we call it an internal source of information.

So, internal source of information basically are recalled from memory, it includes the consumer and his self he (( )) information that is gathered and stored; it also includes experiences, which could have been direct on his own self experiences and direct or

which could be indirect in the form of experiences of others. Now, internal source seems sufficient, when the purchase is a routine purchase and when the product is of the low involvement category. On the other hand in the cases where we feel that, you know the product is you know high involving or some perceive level of risk is high or when we move in (( )) situation of LPS or EPS; there we also rely a lot on external sources of information.

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**Information Sources:**  
The information sources are of two types:

**a) Internal sources:** recall from memory;  
- This includes the consumer and his self; recall information in his memory (comprising information gathered and stored, as well as his experiences, direct and indirect);

*Internal sources seem sufficient when:*  
- it is a routine purchase  
- the product is of low involvement

**b) External sources:** seek information from the environment.  
This includes:  
- Interpersonal communication (family, friends, work peers, opinion leaders etc.)  
- Marketing communication (advertisements, salespeople, company websites, magazines etc.)  
- Other sources (editorials, trade magazines and reports, consumer awareness programmes on TV, Internet etc.)

*External sources are resorted to in cases where:*  
- past knowledge and experience is insufficient.  
- the product is of high involvement and the risk of making a wrong decision is high.

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So, what are external sources of information? When we talk about external sources of information, we mean information that we have gathered from the environment. External source of information include interpersonal communication with family, friends, work peers, opinion leaders etcetera; marketing communication in terms of advertisements; sales people; company websites; magazines and other sources, which could be trade magazines; reports; consumer awareness programs; internet; editorials etcetera. So, external sources are generally resorted, when the past knowledge or experience about a product category or about branches insufficient; the product is a high involvement product and risk of making around decision is very, very high. Now, you know there is a difference here very slight difference in terms of internal and external sources, when we speak about the social influences.

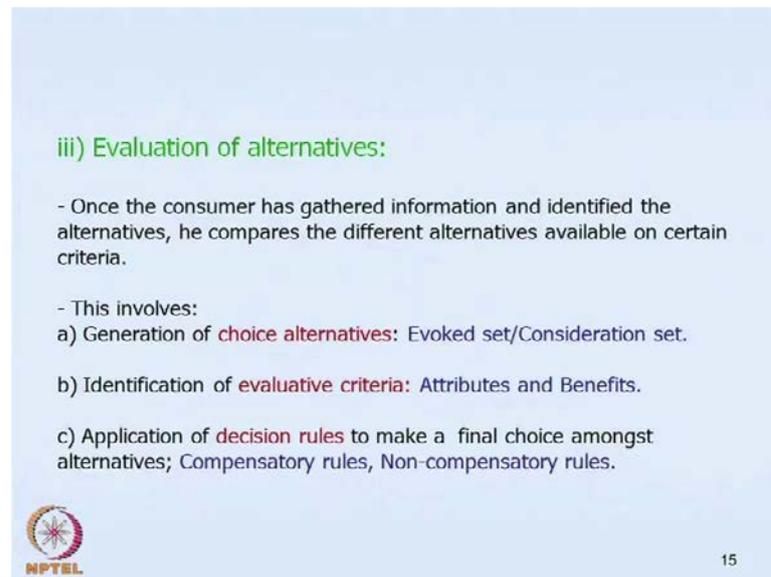
Now, lets us speak a little bit about the information sources, information sources could be of two types, internal sources and external sources. When we talk about internal

sources, we are basically referring to our memory; this will include the consumer and self it basically involve a process, where a consumer recalls information from his memory and this information is something which he is gathered; which he is stored; either through his experiences, interactions with others or through his experiences, which could be direct or indirect; direct meaning, his own experiences; indirect meaning, experiences of others.

Now, internal sources seems sufficient, when the product is a routine purchase or when the level of involvement is low; however, they may not always be sufficient and in cases where we know the you know situation is a LPS or VPS or in the situation, where product is high involving product, level of risk is high or the consumer has no experience with the product category you know or experience is very product category are the brand has been very insufficient; in those cases a consumer resorts to external sources of information.

Now, when we talk about external sources of information, they could be a few sources which we actually relay on and here what happens is the consumer basically seeks information from the external environment. Talking about the external environment, it include interpersonal communication with family, friends, work, colleagues, peers, opinion leader's etcetera. It could also be in the form of marketing communication, through advertisements, salespeople, dealers, company websites, magazines and external sources would also include other sources like editorials, you know trade magazines, reports, consumer awareness programs on television, internet etcetera. So, consumer could rely on both internal, external sources of information; internal sources of information include you know recall, include mechanism, where he basically recalls information from his memory or he tries and retrieves information from his memory; this information is something, which we have gathered on his own and may be a part of his day to day experiences or the other experiences. On the other hand, external sources of information include marketing sources, interpersonal sources and the other sources.

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iii) Evaluation of alternatives:

- Once the consumer has gathered information and identified the alternatives, he compares the different alternatives available on certain criteria.
- This involves:
  - a) Generation of **choice alternatives**: Evoked set/Consideration set.
  - b) Identification of **evaluative criteria**: Attributes and Benefits.
  - c) Application of **decision rules** to make a final choice amongst alternatives; Compensatory rules, Non-compensatory rules.

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Now, let us come now to the third stage, which is evaluation of alternatives. Now, once the consumer has gathered information about the various alternatives; he tries to compare the different alternatives on certain criteria. Now this stage which is the evaluation of alternatives basically involves three issues; 1) generation of choice alternatives, we have going to speak about the evoked set and or the consideration set; second is the identification of evaluative criteria, what are going to be the attributes or benefits or features, which are going to be used as standards or comparison and 3) the application of decision rules to make a final choice amongst alternatives. So, when we speak about decision rules, they could be in the form of compensatory and non-compensatory rules. Now, again I would like emphasis here, that in case of the RPS there is going to be no evaluation of alternative at all, but in the case of LPS, this is something which will happen and in case of EPS, it is definitely going to be an important stage in the decision making process.

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a) Generation of choice alternatives:

**Evoked set/Consideration set:**

- the set of alternatives that he actively considers while making a purchase decision;
- these exist either in his memory or feature prominently in the environment.
- he perceives them to be acceptable.

**Inept set:**

- those alternatives from the awareness set that the consumer excludes from further consideration, as he perceives them to be inferior and unacceptable.

**Inert set:**

- those alternatives from the awareness set that the consumer excludes from further consideration, as he is indifferent towards them and perceives them as ones without much advantages or benefits.

**Choice set:**

- the final one or two brands from which he finally decides.



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Let us first start with the choice set and speak about the evoked set and the consideration set. Now, the total number of brands that could exist in the market; basically comprise the total set. At the particular point of time, the consumer may not be aware of whole or may not be able to recall all of these brands.

Now, the total brands the number of brands, which form a part of his awareness; that is which he can recall easily form a part of his you know awareness set. As I said, total set is the total number of brands available, large set. Few of these consumer may not be able to recall or may not be able, may not be aware of them. So those he can easily recall or those he is aware of form of part of his awareness set. Now amongst this awareness set he will think strongly about of few brands, which he will considered buying theses are called, this is called evoked set or the consideration set. So, the set of alternatives, which are consumers are actively considers while making a purchase decisions will be part of the evoked set.

Now these brands will be such that 1) the existence the memory, 2) the feature very prominently in the environment and so he is able to recall them easily and these will be brands, which will be consider to be acceptable and worth purchasing. This will form a part of its evoked set or the consideration set. Now, within the consideration set, he will find certain brands or he will sign certain alternatives, which he will eliminate or exclude from further consideration because he finds them to be inferior or he has finds them to

have a negative features or he finds them to be unacceptable; this is called the inept set. Again from the awareness set, he will find out you know identifies certain alternatives or certain brands, which he feels he can you know which deals do not have anything great to offer or he is very indifferent towards them or he is very neutral towards them. I mean in other words, they do not offer too many advantages or too many benefits, they are just, he is indifferent towards them.

So, these brands will be called the inert set; now, after having you know removed the inert set and the inept set, that is those towards his indifferent and those towards which he feels you know inferior; after having removed those, what left, what gets left is the choice set and then finally, you know he decides to purchase one of the few brands, that are left in the choice set.

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**b) Identification of evaluative criteria: Attributes and Benefits.**

- these are those criteria that the consumer regards as important.
- these are parameters on the basis of which the consumer will evaluate the different alternatives and make a final choice.
- they are used as standards to discriminate among the various alternatives.
- the various alternatives are evaluated on **objective** or functional/utilitarian aspects (benefits, attributes, features), as well as **subjective or emotional/hedonic aspects** (emotions, prestige etc.).

The major evaluative criteria are:

**Economic:** Price, Value (Product Attributes, Brand image, Evaluation of Quality, Price, & Features).

**Behavioral:** Need/motivation, Personality, self-concept and self-image, Lifestyle etc.

**Social influences:** Group influences, environmental issues etc.



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So, this is what we mean by choice alternatives. The second thing is identification of evaluative criteria; now, it is very important for a consumer to evaluate the different alternatives and he has to do so keeping in mind; you know those features, those attributes, those benefits or those parameters which he feels or of value to him. So, basically when we talk of evaluate criteria, we actually speaking about criteria; which the consumer regards as important, which he perceives to be valuable. It is on the basis of these standards, this is on the basis of these parameters or these criteria, that he will evaluate the different brands and make a final choice. So, when we talk of evaluative

criteria, these are the standards which are the consumer uses to distance discriminate or differentiate amongst the different brands. Now, the various alternatives may be either evaluative on objective features or you know subjective features. Objective features include the functional or the utilitarian aspects in terms of features, attributes, benefits, anything which relates to the performance of the product.

On the other hand subjective features relate to the more of the emotional or the hedonic aspects in terms of emotions, prestige etcetera. So, the major evaluative criteria could be economic or behavioural or social. So, economic are in terms of the price, the value; behavioural is in terms of need, motivation, personality, life style and social are in form of group influences or environmental influences. As we said that, you know the evaluative criteria primarily could be either in the form of functional aspects or can be in the form of emotional, hedonic or social aspects.

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**c) Application of decision rules to make a final choice amongst alternatives; Compensatory rules, Non-compensatory rules.**

- decision rules help a consumer simplify the decision process.
- the various evaluative criteria are structured and integrated so as to simplify the evaluation process.

2 kinds of rules:

- Compensatory rules
- Non-compensatory rules

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Now, this brings to the third issue which is decision rules; now basic here, the consumer applies certain decision rules to make a final choice, amongst the various alternatives. Now, because the evaluation of alternatives is a complex task, is a cumbersome task, it includes you know evaluating many alternatives on various criteria. The process could become very, very cumbersome for a consumer. So, he basically applies subconsciously and of course consciously he applies certain decision rules to help him, you know simplify the decision process, the various criteria are structured and integrated to

simplify the process and this is done through what we call as decision rules. Now decision rules are two types, compensatory rules and non-compensatory rules.

Let us dwell upon these a little further; as the name or as the term suggests compensatory rules are rules, where lower rating on attribute can be offset by higher rating on the other. you know Say for example, the process thoughts like this, evaluative criteria are listed as attributes, these attributes are scored and rated and the process is done for the various brands, a lower rating on a attribute may be offset by higher rating on another attribute; that means, higher rating on one attribute can basically compensate a lower rating on the other. Based on the final scores, the brands are ranked and the particular brand which scores the highest is regarded the best and will be chosen. The consumer will select that particular brand, which scores the highest and amongst the various alternatives that have been evaluated.

Now, compensatory rules can basically assume two forms, a simple and a weighted; in the simple summated you know format, the attributes are rated for each brand on a scale of 1 to 10 and the scores are totalled; on the other hand, in the case of weighted the attributes are first given weights based on the level of importance or the level of value they have in the minds of the consumer, there after attributes are rated on a scale of 1 to 10 and finally, they are scored after multiplication with the weights. So weighted scores are then totalled; based on the final scores the brands are ranked, the one with the highest score being the best. So, in the case of compensatory rules, what we speak of is that we first identify the criteria will list them down, we evaluate each of the brands on a scale of 1 to 10, on all of these criteria and it could so happen and we basically come up with the total.

Now, a lower score on an attribute for a particular brand may be offset by a higher score, on another attribute for a same brand. So, one lower rating compensates, sorry higher rating compensates for a lower score. So, what we talking of that, you know ultimately it does not matter, whether a particular attribute gets 3 out of 10 as long as he gets 10 of 10 on another attribute and they could end up being the highest in terms of the score.

That is why we call them compensatory rules, where a high score on an attribute can compensate for a lower score on another attribute for the same brand. They could be of

two forms, simple and simple summated and weighed; in the case of simple summated, the brands are just weighted on a scale of 1 to 10; in case of weighted format, they are first the various criteria are assigned weights, based on the level of importance or perceived value in the eyes of the customer, then they are rated on the scale 1 to 10. The weights are multiplied with the scores and they are totalled and we finally get the brand with the highest score is the one, which is going to regard is the best and is going to be chosen. So, this is what we mean by compensatory rules.

Now, let us come to non-compensatory rules; now, in the case of non-compensatory rules, a negative evaluation on one attribute, eliminate the brand from the further consideration. So, a lower rating on an attribute cannot be offset by a higher rating on another; that means, a higher rating all will not be able to compensate for a low rating on another attribute for the same brand. Now, consumer will then select the brand, which consists highest score; now, non-compensatory rules could basically assume three forms; conjunctive, disjunctive and lexicographic. Conjunctive is a minimally acceptable point is you know cut off point is established for each attribute, the brands which fall below this cut off are eliminated from the further consideration. The disjunctive rule is a mirror image of the first, where the cut off is established for each attribute and the brands that actually fall about the cut off are selected and for further consideration and in the case of lexicographic rule, the various attributes are first ranked in the order of importance; the brands are evaluated on the attribute, that is considered to be most important and if a particular brand scores high, then others on the particular attribute it is selected.

So, basically you know when we speak about non-compensatory rules, here they totally opposite to compensatory rules, negative are lower rating on one of the attributes is not offset by positive rating or higher rating on another attributes. So, in other words a higher score an attribute does not compensate for a lower attribute. So, lower score on another attribute for the same brand in the as for formats are concerned, they could be conjunctive, disjunctive and lexicographic. In conjunctive, a minimum cut off point is established, brands forming below the cut off are eliminated in the (( )) disjunctive, it is a mirror image, where a cut off is again established and those brands falling above the cut off are selected and in the case of lexicographic, the brands are (( )) criteria are identified and they are you know arranged in the level of importance and the brand is evaluated on the attribute, which is considered to be the most important. All the brands are evaluated

on this attribute and if a brand scores constable high on this attribute, it is selected. So, if we speak, if we study this in terms of an example, this is what we basically get.

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DECISION RULE	EXAMPLE
<b>Compensatory rule:</b>	The consumer chooses that laptop which he judges as the best when he balances the good and bad ratings with each other.
<b>Non Compensatory rules:</b>	
<b>Conjunctive rule</b>	The consumer chooses that laptop that has no bad features.
<b>Disjunctive rule</b>	The consumer chooses that laptop that has at least one good feature.
<b>Lexicographic rule</b>	The consumer chooses that laptop that is the best on the most important of all features.



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So, here we have a decision rule, which is a compensatory rule and let us take an example of laptops. So the consumer will choose a laptop, which he judges as the best. When he balances the good and bad ratings with each other, but in the case of non-compensatory rule; let say conjunctive rule, the consumer chooses a laptop that is no bad features; in disjunctive, the consumer chooses a laptop that is at least one good feature and lexicographic, the consumer chooses the laptop that is the best on the most important of all the features, of all the attributes. So, this is what a decision rule is and this is how the decision rules are used to simplify the decision making process, in the mind of a consumer. Now, I would like to state here that, in this entire activity may not always be done concisely on paper you know with a pen; it is many times done cognitively in our subconscious and we try and compare the different brands on varying attributes and these kind of rate them on these attributes in our minds. We do this exercise very, very cognitively.

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iv) Purchase decision:

- After the consumer has evaluated the various alternatives, he selects a particular brand.
- He may further have to make decisions on:
  - a) **where** to buy from? (Place: Real/brick and mortar or virtual/online);
  - b) **whom** to buy from? (Which store: depends on reputation of seller, past experience, etc.)
  - b) **when** to buy? (Time: Emergency or Routine; During season, off season, sale etc.)



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Now, let us come to fourth stage, which is purchase decision; after the consumer is evaluated, the different brands he selects a particular brand; he may have to make decisions with respect to where should I buy from? Whom should I buy from? When should I buy? So, these are issues, but when we speak of purchases in actual, these could be of two kinds, they could be either in the form of trials or first purchases or it could be in the form of repeat purchases.

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Consumer purchases may be:

- a) **Trials/First purchase:**
  - trials could be elicited through market testing, or through promotional tactics such as free samples, coupons, etc.
- b) **Repeat purchases:**
  - if the consumer is satisfied, he would buy the brand again;
  - repeat purchases lead to brand loyalty.

It is noteworthy that a *purchase intention* (desire to buy the most preferred brand) *may not always result in a purchase decision* in favor of the brand; it could get moderated by (i) Attitudes of others; and (2) Unexpected situational factors.

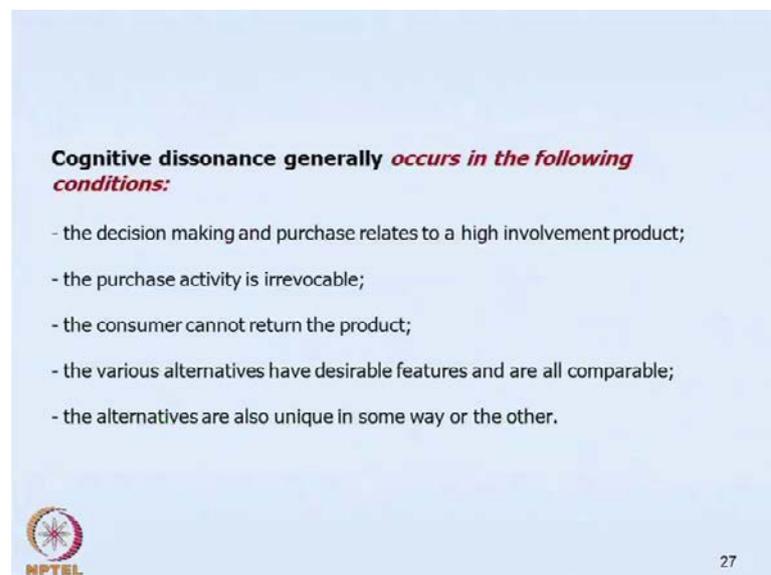


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So, consumer purchases are broadly classified as trials of first purchases and as repeat purchases and trials could be encourage through market testing or through promotional tactics; like sales, you know free samples, coupons or other sales promotion schemes. Repeat purchase is in terms of the consumer buying a product or a brand again because he satisfied with a previous purchase. So, it is these repeat purchases, which actually lead to brand loyalty.

Now, it is very important to note that a purchase intention or desire to buy the most preferred brand may not always result in a purchase decision, in favour of the brand. It could always get moderated by attitudes of others, opinions of others, values in believes of others, as well as unexpected situational factors; for example, suddenly you realize you do not have the money or suddenly you feel that, this is not the right time to buy and we should wait for you know discount period or you realize that, stocks are depleted and the brand is not available. So, what you basically intend to buy, may not always be bought because this could be moderated by what others have to say or by you know the stock not being available there or you not possessing the money at that time or you trying to postpone your purchase for future.

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**Cognitive dissonance generally *occurs in the following conditions:***

- the decision making and purchase relates to a high involvement product;
- the purchase activity is irrevocable;
- the consumer cannot return the product;
- the various alternatives have desirable features and are all comparable;
- the alternatives are also unique in some way or the other.

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Now, along with the purchase comes something else which we have mentioned yesterday in the previous session very briefly, which was in terms of cognitive dissonance.

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v) Post-purchase outcome and reactions:

2 Stages:  
**Stage I:** Post purchase Cognitive Dissonance  
**Stage II:** Product usage and reaction.

Stage I: Post purchase Cognitive Dissonance:

- This is a feeling of **tension and anxiety** that a consumer experiences after the purchase of a product.
- The consumer begins to have a **feeling of uncertainty** with respect the performance of the product and begins to question himself if he has made the right purchase decision.
- the consumer begins to ask himself the following **questions:**
  - a) Have I made the right choice?
  - b) Have I purchased the right brand?
  - c) Have I got value for money?



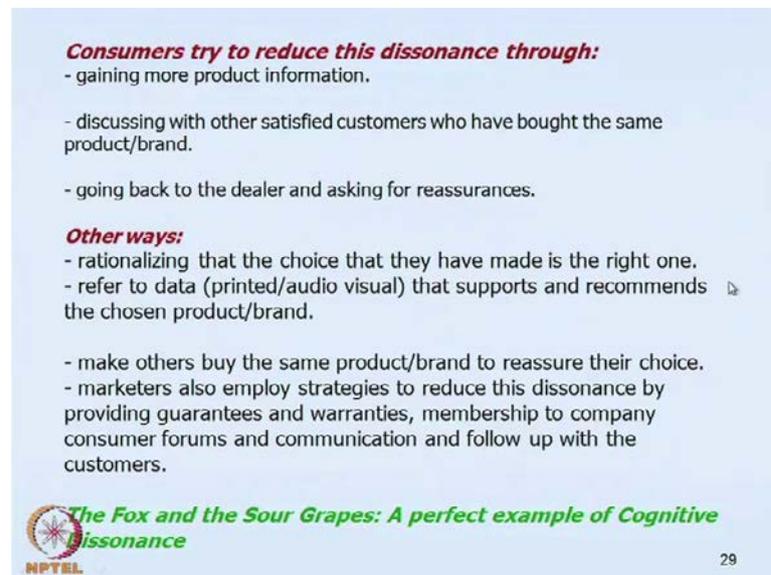
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So, when we talk about cognitive dissonance, the next stage in the purchase decision process is post purchase outcome and reaction. So, once a consumer has actually bought the product, they could be two stages; which happen one is post purchase cognitive dissonance and the other is product usage and reaction, let us first speak about post purchase cognitive dissonance. I have already mentioned of cognitive dissonance in the previous session and I have defined as a feeling of tension and excite, which a person experiences immediately after the purchase of the product. The consumer begins to have this feeling of tension of excite and begins to question himself, as he made the right choose, has he made the right decision. So, the kind of questions the consumer ask themselves is have I made the right choice? Have I purchased the right brand? Have I got my value for money?

Now, when we talk about this kind of dissonance, it endly occurs in certain conditions; one the decision process and the purchase relates to a very high involvement product category. The product is expensive, it is irregularly purchase, very infrequently purchased, the action is revocable, you know he cannot go and return the product and also very important you know this could happen with, it happens with every one of us that we realize that, whatever we have left behind in this store was much better. So, what we are trying to says that, all other alternatives have equally attractive you know features, benefits or they are unique in some way and when we see that various alternatives have desirable features, (( )) desirable attributes and they all very important.

So, in this particular case, the cognitive dissonance is even higher so whether it is high involvement, whether it is you know all the comparable alternatives be equally attractive in any or either of these cases, consumer could suffer cognitive dissonance.

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**Consumers try to reduce this dissonance through:**

- gaining more product information.
- discussing with other satisfied customers who have bought the same product/brand.
- going back to the dealer and asking for reassurances.

**Other ways:**

- rationalizing that the choice that they have made is the right one.
- refer to data (printed/audio visual) that supports and recommends the chosen product/brand.
- make others buy the same product/brand to reassure their choice.
- marketers also employ strategies to reduce this dissonance by providing guarantees and warranties, membership to company consumer forums and communication and follow up with the customers.

 **The Fox and the Sour Grapes: A perfect example of Cognitive Dissonance**

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Now, consumers try to reduce this cognitive dissonance by gaining more product information by discussing it with other (( )) consumers, who have bought the brand or also asking the dealer for going back to him asking for reassurances. Sometimes they rationalize their choice, they refer to data either you know printed data or audio visual data, which basically supports their decision, that they have chosen the right brand; they also sometimes make others buy the same product, you know they make their friends to buy the same product to reassure their choice. Marketers also employ strategies to reduce this level of cognitive dissonance by providing you know warranty guarantee schemes, members to consumer forums and communication and follow up with the consumers; in fact the fox and the sour grapes is a perfect example of cognitive dissonance. The stage two is with respect to product usage and reaction after the purchase, the consumer begins try to compare the performance of the product; (( )) expectation.

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**Stage II: Product usage and reaction:**  
After the purchase, the consumer uses the product and re evaluates the chosen alternative in light of its performance viz. a viz. the expectations.

- This phase is significant as:

- it acts as an experience and gets stored in the memory.
- it affects future purchase decisions.
- it is a feedback.

**3 situations:**

- Performance meets expectations:**  
-**Neutral feeling;** Customer may think of more suitable alternatives next time.
- Performance exceeds expectations:**  
-**Positive feeling;** Customer is satisfied; He would repeat purchase, and it would lead to brand loyalty; and, positive word of mouth.
- Performance falls short of expectations:**  
-**Negative feeling;** Customer is dissatisfied; he would search for other alternatives; and express grievances, negative word of mouth and may even resort to legal action.



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So, this stage is very important because whatever is going to be experience is going to get stored in his memory is going to affect future purchase decisions and it is going to act as a feedback. Now they could be three situations which occurred, performance meets expectations. So, it is very neutral feeling consumers are indifferent, they are neutral, they are neither happy, neither satisfied nor dissatisfied; only thing is that the next time they wish to purchase, they may think of other alternative or better alternative. Another scenario is well performance exceeds expectations, you know it is a positive feeling; consumer is satisfied he would repeat purchase, he would become brand loyal and they would be positive word of mouth and then there is third scenario which is performance for short of expectation; it is a negative feeling, the consumer is dissatisfied; he would search for other alternatives, he would express his grievances, they would be negative word of mouth and he could even resort to some kind of a legal action.

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**Note:**

- The five staged decision making process **may not always follow a linear order.**
- The process is not so simple; it is **complex.**
- The decision making process is an **interplay of reactions** amongst a consumer and his cognition, affect and behavior on the one hand, as well as the environmental forces on the other hand.
- Further, the procedure **may not always follow a linear order**, and the decision making **may not always proceed through all the five stages**; it would vary across:
  - (i) the nature of the product (high and low involvement);
  - (ii) the purchase situation (emergency or planned or routine);
  - (iii) the personal characteristics of the consumer; and
  - (iv) the type of problem solving (EPS, LPS and RPS).



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Now, let us speak a little bit about the process. The first thing is that five stage decision making process may not always follow a linear order; the process is not so simple, it is very complex; it involves the interplay of reaction amongst the consumer and his cognition effect and behaviour on the one hand; as well as the environmental forces on other. Also as we just said the process may not always follow a linear order, it is always proceed; you know consumer may not always proceed through five stages, it will vary across the nature of the product, whether it is high involvement or the low involvement product, whether the purchase situation is an emergency or planned or routine purchase; also depends upon the personal characteristics of the individual and the type of problem solving, which could be EPS LPS or RPS.

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**IMPLICATIONS FOR A MARKETER:**

**1. Need/Problem recognition:**

- A marketer can **create an imbalance** between the actual and desired state; it would trigger of the purchase decision process.
- He can **launch newer models**; marketing communication has a big role to play.
- He can **focus on both functional (utilitarian) and emotional (hedonic) benefits** that the product purchase could offer.
- He can **activate a need through communication** (advertisements, sales promotion, point-of-purchase stimuli, opinion leaders and reference groups).



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Now, let us quickly draw upon the implications for a marketer for this process, marketer has to understand that, whenever you know start with let us speak off the first stage; what are the implications for a marketer, marketer can create an imbalance between the AS and DS. It would immediately trigger of a purchase process, he can launch newer models. Here marketing communication can have a big role to play, marketers can trigger off the need process, the need recognition; marketers could focus on functional aspects of the product on subjective and emotional aspects, benefits that a product could offer and he could basically activate a need recognition or a problem recognition through communication, either through advertisement or point of purchase stimuli or through reference groups or through opinion leaders.

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**2. Pre-purchase information search:**

- Marketing communication has an important role at this stage.
- The marketer can **identify the sources of information** that the people generally access and use these to present information about his product and service offering.
- The marketer can also **identify the functional or hedonic utility and use appeals accordingly.**
- This would help **create the right kind of cognitive and emotional touch point so as to elicit a favorable behavior (purchase).**
- The marketer should be able to provide the right kind of information at the right place and at the right time.
- The marketer must make sure that his product and service offering forms a part of the **evoked / consideration set.**

For high involvement products: the marketer should ensure that information is available.  
For low involvement products: he should use emotional appeals, POP stimuli etc.

In with respect to pre-purchase information search, marketers can identify sources of information that consumers generally access and use this source to present their product and information about the product and service offerings in a favourable manner, they can identify the functional or the hedonic utility and use appeals accordingly and marketer should able to provide the right kind of information are at the right place, at the right time. He should also make sure that his product or his brand falls vary well in the as a part of the awareness set and as a part of the evoked and consideration set. For high involvement product marketers must assure that, the information is available for low involvement products, they must basically you know use emotional appeals or point of purchased stimuli to immediately trigger of the need, you know need recognition or problem recognition.

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**3. Evaluation of alternatives:**

The marketer should be careful that:

- his product is **positioned and promoted** well.
- his product is **readily available and displayed** well.
- his product **features prominently in the evoked/consideration set**.
- he **highlights those attributes and benefits that are regarded as most important to the consumers**, and which they are most likely to evaluate while selecting an alternative.

The marketer **should inform and educate the customer about the various criteria to use for evaluation of alternatives**.

While doing so an intelligent marketer should **focus on those attributes, where his product is better and/superior**.



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Is for (( )) as evaluation of alternatives are concerned marketers should be very careful, that are products positioned well, promoted well, readily available; they feature prominently in the evoked in the consideration set, they highlight those attributes and features which they regard, which are regarded as most important to the consumer. They should you inform the consumers about the various attributes or the various criteria to use for evaluation and while doing so him as an intelligent marketer, he must focus on attributes and features where he is strong.

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**iv) Purchase decision:**

- The marketer should be careful to stock the product at the **right place at the right time** so that the consumer who has made a decision in favour of the brand can have access to the product; Else the consumer may have to change his decision at the last moment.
- As far as **trial and first time purchases** are concerned, the marketer should encourage trials through market testing, or through promotional tactics such as free samples, coupons, etc.
- For **repeat purchases**:
  - i) the marketer should make sure that he has satisfied the customer at the first time.
  - ii) that his offering is a part of the evoked/consideration set.

**He should aim towards creation of brand loyalty.**



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Coming to the fourth stage which is purchase decision, it is very important that, the marketer stocks his product are the right place, are the right time. So there the consumer has easy access to the product, else he would have to change his decision at the last moment; marketers should for trial and first time purchases, marketer should encourage trials for repeat purchases, they should make sure that they satisfy the customer the first time. So, that they come to him next time and so repeat purchase and brand loyalty could develop. It should also make sure that, there brand is a part of the awareness and the consideration set.

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**v) Post-purchase outcome and reactions:**

- The marketer can play an important role in reducing the dissonance that the consumer faces and reassuring him that the choice he made was the right one.
- a) The marketer can communicate with the customer about the various attributes/features and benefits that the product has to offer in comparison with other alternatives.
- b) He can follow up with the customer and address queries and concerns if any (eg. follow up calls)
- c) Marketers' assurances with respect to warranties, guarantees and exchange can also pacify the cognitive dissonance state.
- d) Company websites with FAQs (frequently asked questions); satisfied customers' comments and blogs; and customer care information (eg. toll free numbers etc) can also prove to be helpful.



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In terms of post purchase outcome and reactions a marketer should communicate you know with the customer about the attributes and benefits, that he as offer in comparisons to others. So, he could in this way reduce the consumer dissonance, he should follow up with a customer and address queries and concerns; they should provide assurances with respect to warranties, guarantees, exchange you know policies and company websites with blogs, frequently asked questions, customer care information, toll free numbers should could also very useful for a marketer, you know for a consumer. Now this brings us to the end of this particular session and the end of module four.

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Let us come to references Kotler and Keller marketing management; Loudon D.L and Bitta consumer behaviour, Tata McGraw-Hill; Peter and Olson, consumer behaviour and marketing strategy; Schiffman and Kanuk consumer behaviour, Prentice Hall and Wells and Prensky consumer behaviour, John Wiley.

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**FAQs (Frequently asked Questions):**

- Ques 1 Compare and contrast the various Decision rules.
- Ques 2 Write a short note on the Internal and External sources of Information.
- Ques 3 What is cognitive dissonance? How can a marketer help reduce cognitive dissonance?

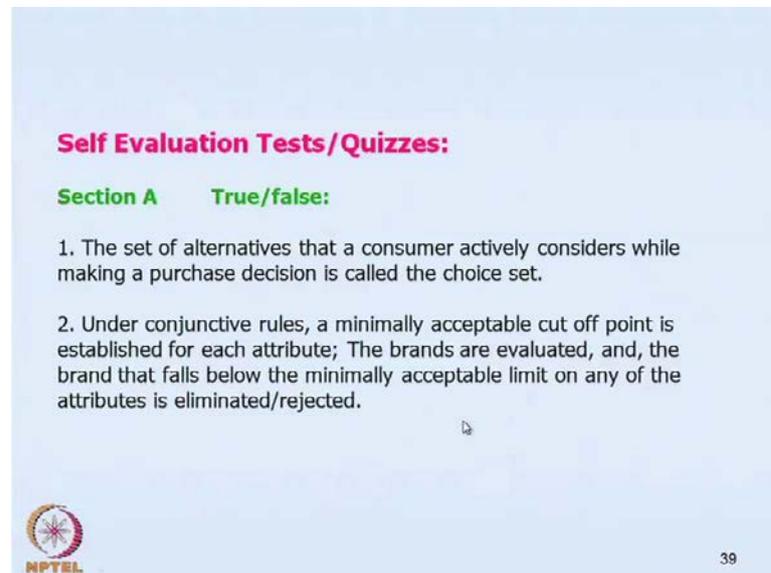


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What could be frequently asked questions, compare and contrast. The different decision rules where we will speak off compensatory and non-compensatory rules; write a short

note on internal and external sources of information and third question, what is dissonance? How can a marketer help reduce cognitive dissonance?

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**Self Evaluation Tests/Quizzes:**

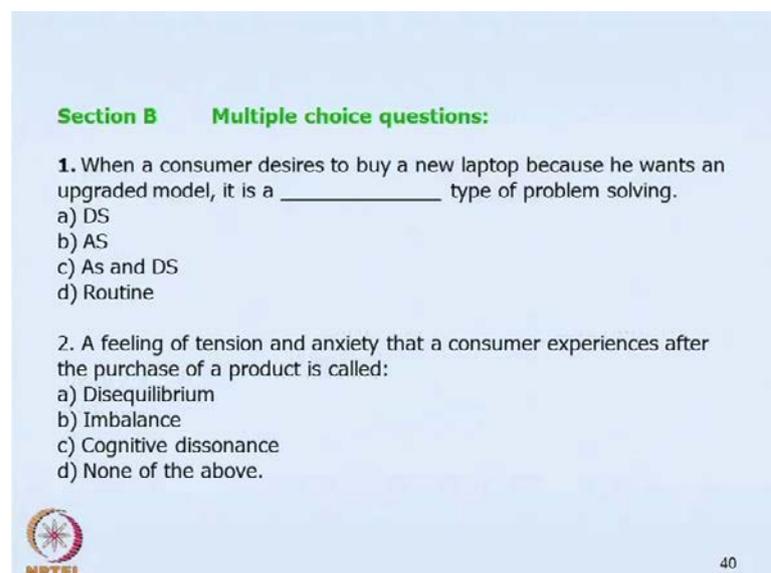
**Section A True/false:**

1. The set of alternatives that a consumer actively considers while making a purchase decision is called the choice set.
2. Under conjunctive rules, a minimally acceptable cut off point is established for each attribute; The brands are evaluated, and, the brand that falls below the minimally acceptable limit on any of the attributes is eliminated/rejected.

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Quick quizzes true and false, the set of alternatives that a consumer actively considers while making a purchase decision is called the choice set. This is not the choice, set this is false; this is going to be the consideration set and a conjunctive rules, a minimally acceptable point is establish for each attribute. The brands are evaluated and the brand that falls below the minimal acceptable limit is rejected, this is true.

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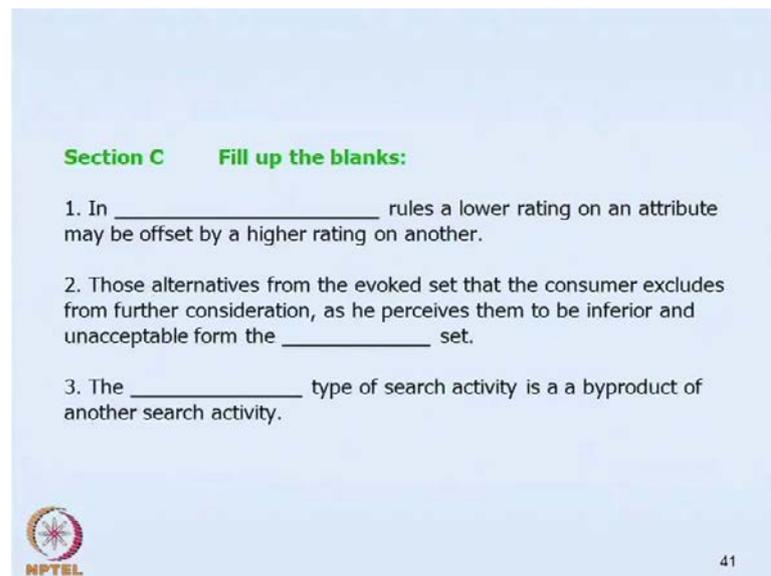
**Section B Multiple choice questions:**

1. When a consumer desires to buy a new laptop because he wants an upgraded model, it is a \_\_\_\_\_ type of problem solving.  
a) DS  
b) AS  
c) As and DS  
d) Routine
2. A feeling of tension and anxiety that a consumer experiences after the purchase of a product is called:  
a) Disequilibrium  
b) Imbalance  
c) Cognitive dissonance  
d) None of the above.

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When a consumer decides to buy a new laptop because he wants an upgraded model, it is a DS, AS, AS and DS, routine type of problem solving. The answer is DS a), desired state. Second a feeling of tension and anxiety that a consumer experiences after the purchase of a product is called: Disequilibrium, Imbalance, Cognitive dissonance, none of the above. So, this is going to be c), cognitive dissonance.

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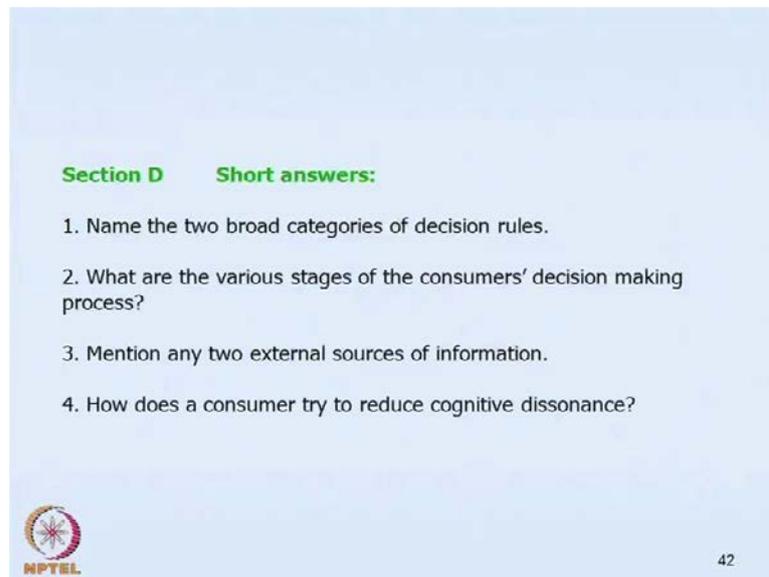
**Section C Fill up the blanks:**

1. In \_\_\_\_\_ rules a lower rating on an attribute may be offset by a higher rating on another.
2. Those alternatives from the evoked set that the consumer excludes from further consideration, as he perceives them to be inferior and unacceptable form the \_\_\_\_\_ set.
3. The \_\_\_\_\_ type of search activity is a byproduct of another search activity.

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In dash rules a lower rating on an attribute may offset by a higher rating on another; this is compensatory rules. Those alternatives form the evoked set that the consumer excludes from further consideration, as he perceives them to be inferior and unacceptable form the dash set; from the inept set, and The dash type of search activity is a byproduct of another search activity the incidental type of search activity is a byproduct of another activity.

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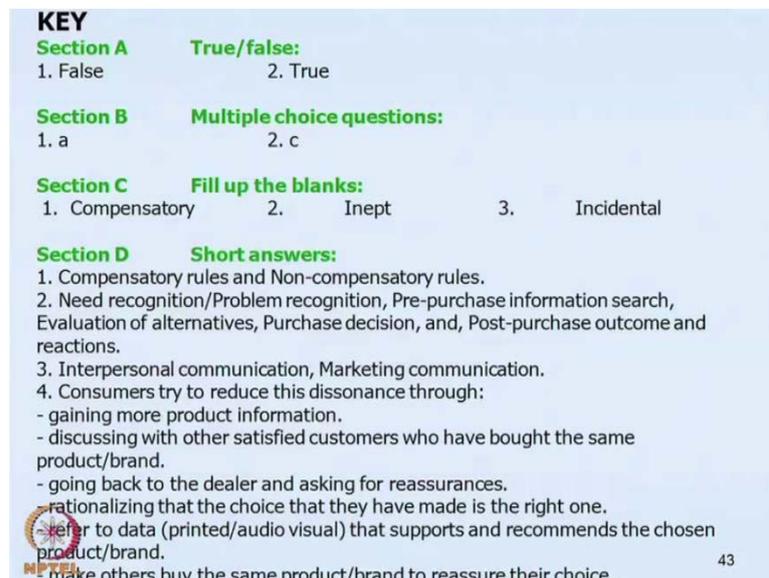
**Section D Short answers:**

1. Name the two broad categories of decision rules.
2. What are the various stages of the consumers' decision making process?
3. Mention any two external sources of information.
4. How does a consumer try to reduce cognitive dissonance?

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So, short questions name the two broad categories of decision rules, this will be compensatory and non-compensatory. What are the various stages of the consumers' decision making process? So you mention the five stages. Two external sources of information and how does a consumer try to reduce cognitive dissonance?

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**KEY**

**Section A True/false:**

1. False
2. True

**Section B Multiple choice questions:**

1. a
2. c

**Section C Fill up the blanks:**

1. Compensatory
2. Inept
3. Incidental

**Section D Short answers:**

1. Compensatory rules and Non-compensatory rules.
2. Need recognition/Problem recognition, Pre-purchase information search, Evaluation of alternatives, Purchase decision, and, Post-purchase outcome and reactions.
3. Interpersonal communication, Marketing communication.
4. Consumers try to reduce this dissonance through:
  - gaining more product information.
  - discussing with other satisfied customers who have bought the same product/brand.
  - going back to the dealer and asking for reassurances.
  - rationalizing that the choice that they have made is the right one.
  - refer to data (printed/audio visual) that supports and recommends the chosen product/brand.
  - make others buy the same product/brand to reassure their choice.

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So, you have the answers here, now this brings us to the conclusion of session two of module five. I hope, I have been able to address the topic you know and justices do it and

you been able to gain some benefit out of it and we shall continue with the next module in the next class.

Thank you.