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UNDERSTANDING THE CONSUMERS PURCHASING DECISION PROCESS

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A key factor in successfully marketing new/existing products or implementing a product extension is a thorough understanding of the motivation, learning, memory, and decision processes that influence consumers purchasing behavior. Consumer purchasing behavior theories have found their way into managerial decision making to help companies more effectively develop and launch new products, segment the market, determine market entrance and in brand management.

Therefore, a better understanding of how consumers decide what to purchase is critical to the success of a product. There are numerous theories and models describing the consumer purchasing decision process. The basic concept behind these theories and models are similar. Five steps describing the consumer purchase decision below followed by a brief description.

1. Problem Recognition
2. Information Search
3. Evaluation of Criteria
4. Purchase Decision
5. Post Purchase Evaluation

Problem recognition is simply the awareness of a need. The need may be perceived or real. The problem recognition process occurs every time consumers decide they need something whether it be toilet paper or a new home. This is the first and most basic step in the purchase decision process. Marketers can effectively initiate consumers' awareness of a need with the right advertising campaign. For instance, the concession advertising prior to the start of a feature movie is geared toward making movie goers aware that they "need" a drink and a snack.

Information search is the process where consumers gather information on a prospective product. Consumers may rely on their past experiences, information recall, friends and family, publications, the media and the company to provide them with information on the product being considered. The extent of the information search is typically related to the cost of the product and the consumer's prior knowledge and experience with the product and/or product category. This is the process where the consumer will develop their purchase set, or group of products that they will consider purchasing. If a consumer is considering the purchase of a pick-up truck, at this stage they will collect information and research automobile manufacturers and their trucks. However, the information search may be less extensive when the consumer considers purchasing less-expensive or daily-use items.

Marketers can significantly impact the decision process by providing product information. Detailed product information, available product features/attributes and benefits may satisfy potential consumers need for information. Marketing at this step allows companies to "toot their own horn" to a degree and explain the advantages of their product. In some instances, companies compare their product to competing products to help the consumer realize that their product is clearly superior to its competitors. One consideration is that comparison information may be misinterpreted or may confuse potential consumers. If this happens, the potential consumer might mistake the competing product as having the advantage over the product being marketed.

Evaluation of criteria is the process where consumers determine what features they would prefer. Consumers evaluate and assign a value to various product features and attributes. Think about purchasing an automobile. There are numerous features that can be added or removed from an automobile. The consumer decides on what features they desire. Because there is generally a cost associated with the various features, consumers have to rank the features and decide which ones are most important to them. If the consumer is not satisfied with the selection or the evaluation of the product criteria, they will revert back to the information search process. Again, marketers have an opportunity to supply information and tout the advantages of its product's features and attributes. Detailed feature and attribute descriptions and benefits allow consumers to thoroughly evaluate the product as well as allow the consumer to think about trade-off between competing products.

Purchase decision occurs when the consumer actually makes the purchase. It includes the product, method of payment, package, location of purchase and all other factors that are associated with purchasing the product. This step is directly influenced by marketers. If the marketing campaign was effective, consumers purchase the product. Marketers have an impact on this portion of the process by their interaction with consumers. Advertising directly impacts the purchase decision by stimulating consumers' awareness of a need, providing relevant product information and helping them evaluate the product and derive that this is their best purchase option.

The following lists provides the four types of purchasing behavior which are ranked according to the amount of research or information required in the purchase decision.

- Impulse purchasing generally occurs spontaneously without conscious planning. Retail establishments estimate that approximately 60%¹ of all sales are impulse purchases. Impulse purchases generally only involve the first step of the purchasing behavior process - problem recognition or a “need..” Consumers realize they have some real or perceived need for a product and make a purchase.
- Routine purchases involve purchasing frequently-bought items (i.e., paper towels, soft drinks, milk) and are purchased almost automatically. These products are generally considered to be low-cost items and require very little research and decision effort. Routine purchases do not require lots of thought or research and involve the first, and to a degree, the second step of the purchasing behavior process. Again, these purchases are almost automatic and require little thought.
- Limited decision making purchases are thought of as items that are purchased occasionally. The purchase of these items may require a limited amount of research if the purchase involves an unfamiliar brand or product category. These types of purchases may require a moderate amount of research and information gathering prior to making a purchase decision - steps one through three.
- Extensive decision making purchases require large amounts of information gathering and research. The purchase of a “big-ticket item” like electronic products, automobiles or homes would be and extensive decision making purchase. Consumers involved in an extensive decision making purchase go through all five of the aforementioned purchasing behavior steps.

Post purchase evaluation refers to the consumers purchase decision afterthoughts. At this stage, the consumer determines their level of satisfaction with the product and questions themselves as to whether they have made the right purchase decision. Marketeers can lessen their anxieties by offering warranties, money-back guarantees, after-sales support and generous return policies.

Understanding the principles of the consumer decision process allows marketeers to gain insight into the process a consumer undertakes when purchasing their products. It is also important to understand that the actual purchasing behavior process may not necessarily include all five steps depending on the product being purchased.

¹ Where did this come from?/?????/

Additional Factors Influencing Consumers Purchase Decision

It is not enough to understand how consumers arrive at their purchase decision because there are personal, psychological and social factors that influence the purchase decision. A thorough understanding of these factors is essential to effectively market products.

1. **Personal factors** (demographic variables) significantly impact the consumer purchasing process. Men and women have needs for different products that may or may not cross gender lines. Teenagers may purchase a product for different reasons than older people. Also, it is important to determine who buys the product and who is actually going to be the end user. One household member may be responsible for purchasing household items. However, a different member of the household may be the only person actually using the product.
2. **Psychological factors.** There are four psychological factors impacting the purchasing decision. These are motivation, perception, learning beliefs and attitudes. First, it is important to determine the motive for making the purchase. Motives are based on Maslow's hierarchy of needs starting with physiological and ending with self actualization. Is the product being bought to satisfy a basic need like nourishment or is it being purchased to show one's level of success. Motives are often subconsciously driven and therefore measuring them is difficult.
3. Secondly, consumers' perception impacts their purchasing decision. Perception has a significant role on consumers information search and how the information is interpreted. Consumers choose what information they perceive as important/relevant and discard the remaining. Therefore, they are more likely to remember information that supports their existing beliefs and disregard information that does not.

Attitudes are derived through experiences, interactions, personality and lifestyles. Consumer personalities are quite varied, no two people are the same. Personalities are thought of as internal traits derived from hereditary and personal experience that make individuals unique. Marketers try to match their products image to the personalities (or perceived personalities) of their target market. Thus, creating a means of allowing consumers to identify with the product.

4. **Social factors** play an important role in consumers purchasing decisions. Opinion leaders (i.e., sport stars, musicians, politicians), families, reference groups, social class and culture all impact a consumers purchasing decision. Consumers may try to emulate famous people through purchasing certain products. Reference groups can be thought of as any group that have an influence, positive or negative, on an individual. Social class impacts purchasing decision directly and indirectly. Annual household income is used to define social status and also places limits on household spending. Culture impacts the purchasing decision process in that the

values, ideas and attitudes of people are shaped by the culture in which they reside.

Conclusion

Companies are better able to market their products to consumers if they have a good understanding of the consumers and the basic purchase decision process. By understanding the consumer and the type of purchasing behavior associated with different products, marketers are more likely to create a marketing campaign that positively impacts the consumer's purchasing decision.