

Consumer Decision-Making

CHAPTER

10

Ana Carrapichano

Introduction

In this chapter, we cover the basics of consumer decision-making. While decision-making is a component of many disciplines, consumer marketing is fundamentally underpinned by consumer behaviour and their decision-making processes. The chapter discusses various models of decision-making and the role that understanding plays in consumer marketing. The chapter also covers fundamental decision-making models and some different types of consumer buying decisions. The chapter then discusses the emerging concept of micro-moments and neuromarketing advances in the discipline of decision-making science.

Fundamental decision-making models

Decision-making is a fundamental part of human behaviour. We all make decisions daily that influence our health, well-being, finances and future prospects among many other things. Decision-making in marketing is about understanding what consumers buy, when, where and how they buy; and how much they are prepared to spend. Most importantly, it is about why they buy. Understanding why they buy involves knowing the social and mental processes within that decision. This is a difficult thing to do, which is why companies invest so much in research and development around their offerings.

Every marketers' aim is to figure out how a consumer makes a decision and how they can influence that process in order to have their product or service considered and ultimately purchased. Campaigns are designed to drive consumers through the decision-making process (often depicted as a marketing funnel or a purchase decision journey), providing the correct information at the right time, depending on the stage the consumer is at.

The Five-Stage Decision-Making Process

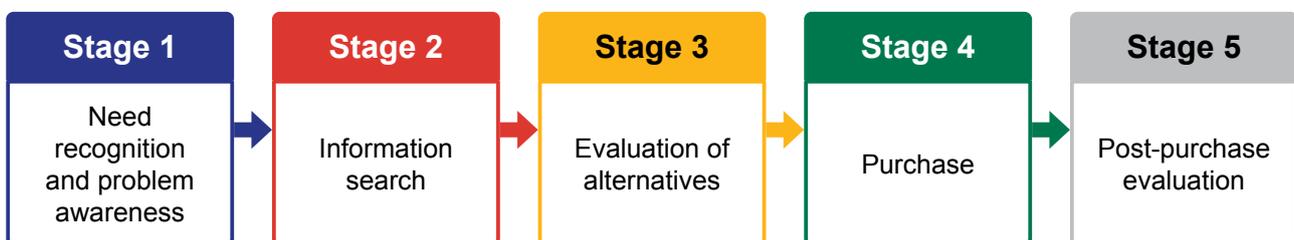
Most marketers recognise that consumers have choices. The study of consumer behaviour includes the attempt to understand how people decide what to buy, so that you can make objective and informed decisions about key marketing variables. Thus, understanding the relative importance of each component of a decision-making process can help consumer marketers to offer products and services with more utility (functional or emotional) than competitors' products and services (see Chapter 1 on value propositions).

The Five-Stage Decision-Making Process model is a hierarchical model, implying that consumers move through steps or stages when they make purchase decisions. This kind of model is sequential and built on an assumption that consumers move through a series of cognitive (thinking) and affective (feeling) steps, culminating in a behaviour for example, purchase or trial. When consumers plan to buy a certain product, many of them will generally (although not always in a linear fashion) follow the five-stage purchase decision-making process (Figure 10.1), which includes:

- Problem recognition (unsatisfied need)
- Information search
- Evaluation of expected outcome
- Purchase
- Post-purchase behaviour

This process is an outline of the way consumers make decisions. Of course, it can have different outcomes - consumers can abandon the whole idea at any stage and they do not necessarily always continue with the process that leads to a purchase. This is not necessarily a bad thing. The objective of some communication is simply to ensure that the brand is added onto a mental shopping list, for a time when the need arises. The stages of the buyer decision process were first introduced by John Dewey in 1910¹, and have since been expanded upon.

Figure 10.1: The five-stage purchase decision-making process



The Purchasing Decision-Making Model (also sometimes called the consumer buying process) helps marketers identify how consumers complete the journey from knowing about a product to making the purchase decision. Each stage is discussed below.

Stage 1: Need recognition and problem awareness

The first stage of the consumer decision-making process is recognition of a problem, which in turn creates a need or a want that must be satisfied. As marketers, we must determine what our customers' problems are and make them aware of the solution. It is important to understand when our audience segments' needs or wants arise, so that we can find ideal times or moments to advertise to them.

In today's information age, we have 'micro moments' (small momentary instances when we are influenced) in which preferences are quickly shaped. These moments generally occur when people reflexively turn to a connected device, such as a cellphone, to further research and gather information. These micro-moments play an important role throughout all the stages of the decision-making process.

Many advertising campaigns start off by trying to generate high awareness levels within their core audience segments in order to entice potential consumers into the next step of decision-making, thus driving customers down the funnel towards making a purchase.

Stage 2: Information search

This stage is when the consumer will do a certain amount of research, although this will vary depending on whether the intended purchase is a high or low-involvement product. A high-involvement product includes more mental engagement and often more pre-purchase research, such as buying a car. A low-involvement product is often a high-frequency purchase, such as buying milk. This stage is forever evolving and encompasses everything from visiting a store and chatting to a salesperson, to online investigation and sourcing reviews. Many factors are considered to ensure the right choice is being made, minimising risk throughout the process.

Social media and online reviews are an extremely influential factor within this step of the decision-making process. Consumers may not call their friends for a recommendation; instead, they post questions on their social networks and crowdsource unconstrained responses from family, friends and strangers. The following insights were established in 2017² by using various research studies. While not representative of the whole South African consumer landscape, they do show the growing importance of connectivity and how social media content influences the decision-making process:

- 81% of consumers' purchasing decisions are influenced by their friends' social media posts.³
- Facebook accounts for 50% of total social referrals and 64% of total social revenue.⁴
- 31% of consumers say they are using social media channels to browse for new items to purchase.⁵
- Conversions from interest to purchase increase by 133% when mobile shoppers see positive reviews before buying.⁶

Social factors have always played a part in consumer buying habits, but the prevalence of smartphones and social networks have taken word-of-mouth referrals to new levels.

The role of memory in the search process should not be overlooked. The mind stores a great deal of information and often a consumer will recall a previous experience with the brand, a memory of someone else's experience with the brand and even previous advertisements for the brand. This too aids in the search process. Brand building over time contributes to these memory structures and enables the brand to be top of mind.

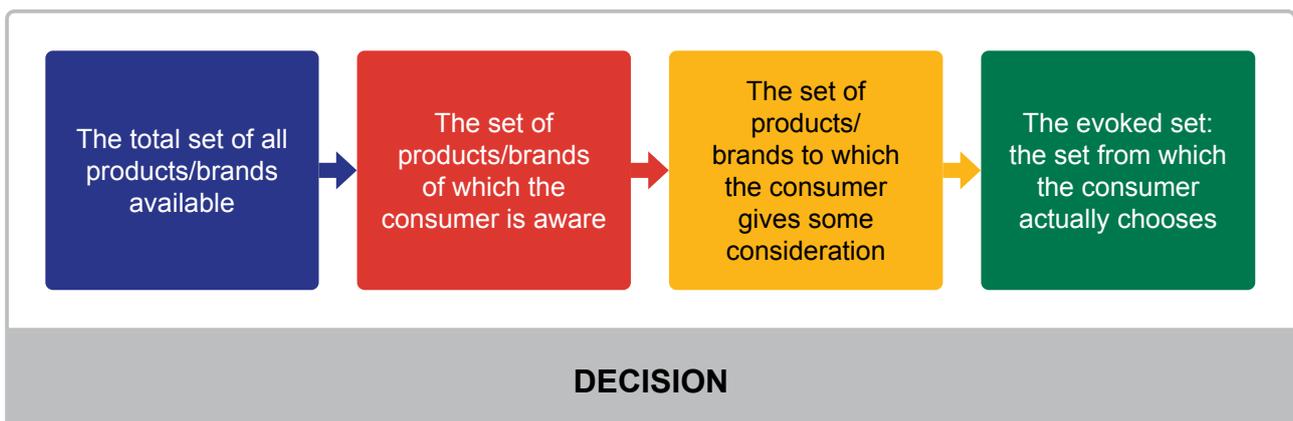
Stage 3: Evaluation of alternatives

In this stage, the consumer begins to ask questions about whether it is the right product or if they need something different to satisfy their recognised problem. Stages 2 and 3 happen in conjunction with one another and the consumer can transition several times between them before moving on to the next stage. In evaluating alternatives, consumers will read various reviews comparing benefits, price and the best or easiest place to purchase the product.

Once a consumer has decided what they require, they begin a search for the best deal based on all their influential external and internal factors to satisfy their desired parameters (the mental list of viable alternatives is called an *evoked set*). Inherent in this phase of the decision-making process is the element of elimination. Once your brand has been eliminated, it is incredibly difficult and expensive to re-penetrate the consumer's decision-making process so that your product can be considered.

Figure 10.2 shows a process of elimination from all possible alternatives to the final evoked set and possible decision.

Figure 10.2: Moving from all possible alternatives to the final decision



The process moves from a set of all products or brands down to those that the consumer is aware of. Then the set is further reduced to those that the consumer is considering and finally to the evoked set from which they might actually make a final decision.

Stage 4: Purchase decision

Based on Stages 2 and 3, the consumer decides what and where to purchase the desired product. At this stage, a customer has weighed up all the factors and come to a reasonable conclusion based on a combination of both functional and emotional experiences, coupled with the influence of some sort of advertising at some point in time (whether it be a television ad or a webpage found via an online search).

The entire sale can be undone at this stage if the customer's experience does not match or exceed their expectations. The experience we are referring to is that point when the customer hands over money for the desired product, whether it be in-store or online. This moment aids in contributing to a positive experience, reinforcing the consumer's purchase decision, and contributes towards building brand loyalty for repeat purchases as well as promoting your product to new potential customers.

Post-purchase behaviour/evaluation

Once the consumer has made a purchase, certain outcomes are expected. The level of satisfaction that consumers experience depends largely on how many of their expectations are met. The term *cognitive dissonance* is used to describe this stage. The standard definition of cognitive dissonance is: 'The state of having inconsistent thoughts, beliefs, or attitudes, as relating to behavioural decisions and attitude change.'⁷ In marketing terms, this means that consumers seek to justify their purchase afterwards, and might even continue to consume advertising for the product to confirm their choice. This is especially so in the case of high-involvement purchase decisions for expensive items like cars and expensive technology products, when people try to justify to themselves that they have made the right decision.

When the experience is negative, a psychological process called *cognitive dissonance* creates a feeling of emotional discomfort, caused by feelings of inconsistency in the person's beliefs, attitudes or actions. These vary in intensity based on the importance of the issue and how inconsistent it actually is with those beliefs, attitudes or actions. The need to reduce dissonance is then created (sometimes called a *drive state*), when you try and bring the purchasing action in line with your beliefs and attitudes.

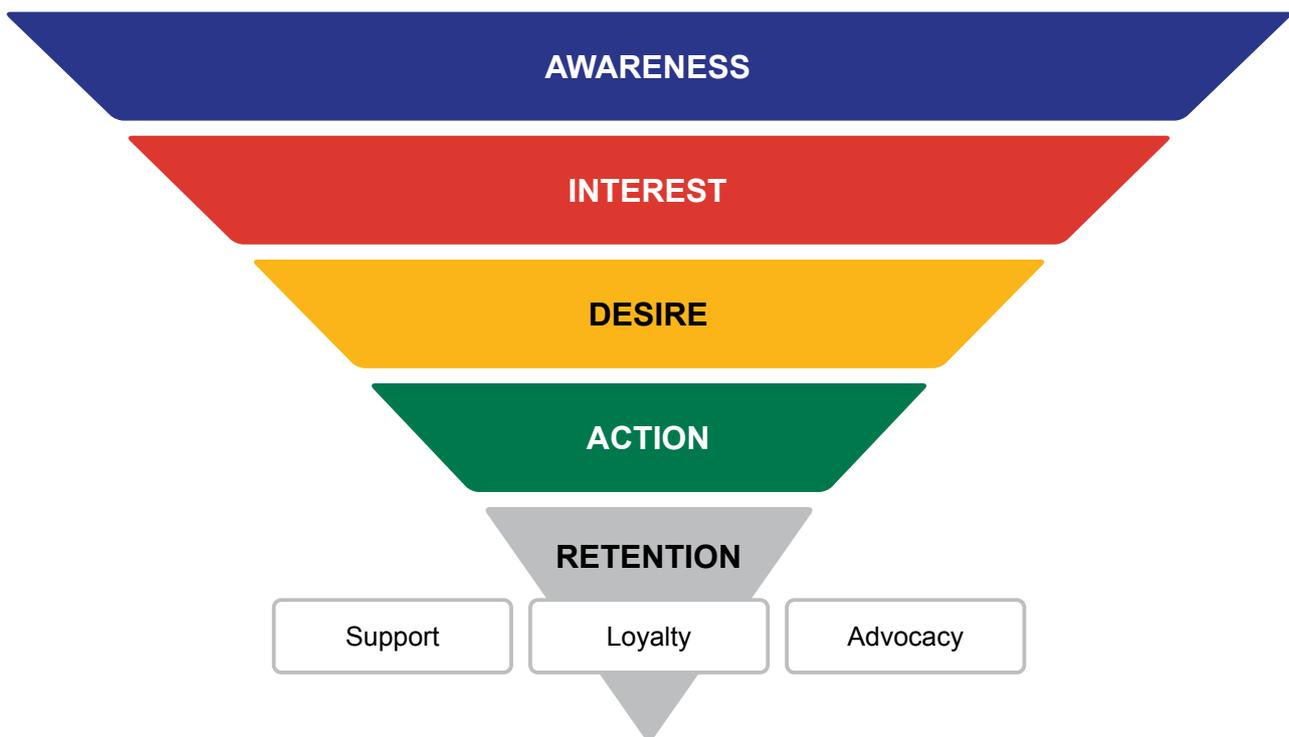
Throughout this process, both external and internal factors influence the decision being made (see Chapter 9). Factors such as price or promotion, place of purchase, brand positioning, customer's life stage and social standing all play a part in influencing the outcome. The consumer then makes the decision and acts, by purchasing the now desired product. This is a crucial time in the process, as this experience can entrench brand affinity or create tension, when a part of the process does not deliver as expected, all of which play a role in ultimately moving the brand forward or not. Post-purchase evaluation also continuously takes place as new offers come and go, influencing consumers to make new choices.

The following section describes a related process used to complement the five-stage decision-making model and help with marketing strategy.

Attention-Interest-Desire-Action-Retention (AIDAR)

The Attention-Interest-Desire-Action-Retention (AIDAR) model (shown in Figure 10.3) is also widely used to understand consumer decision-making and includes the following five stages: awareness (knowing that the offering exists), interest (acknowledgement that the offer might be wanted), desire (feeling of want for the offering), action (making a purchase) and retention (keeping a consumer in a cycle of repeat purchases).⁸

Figure 10.3: The AIDAR model

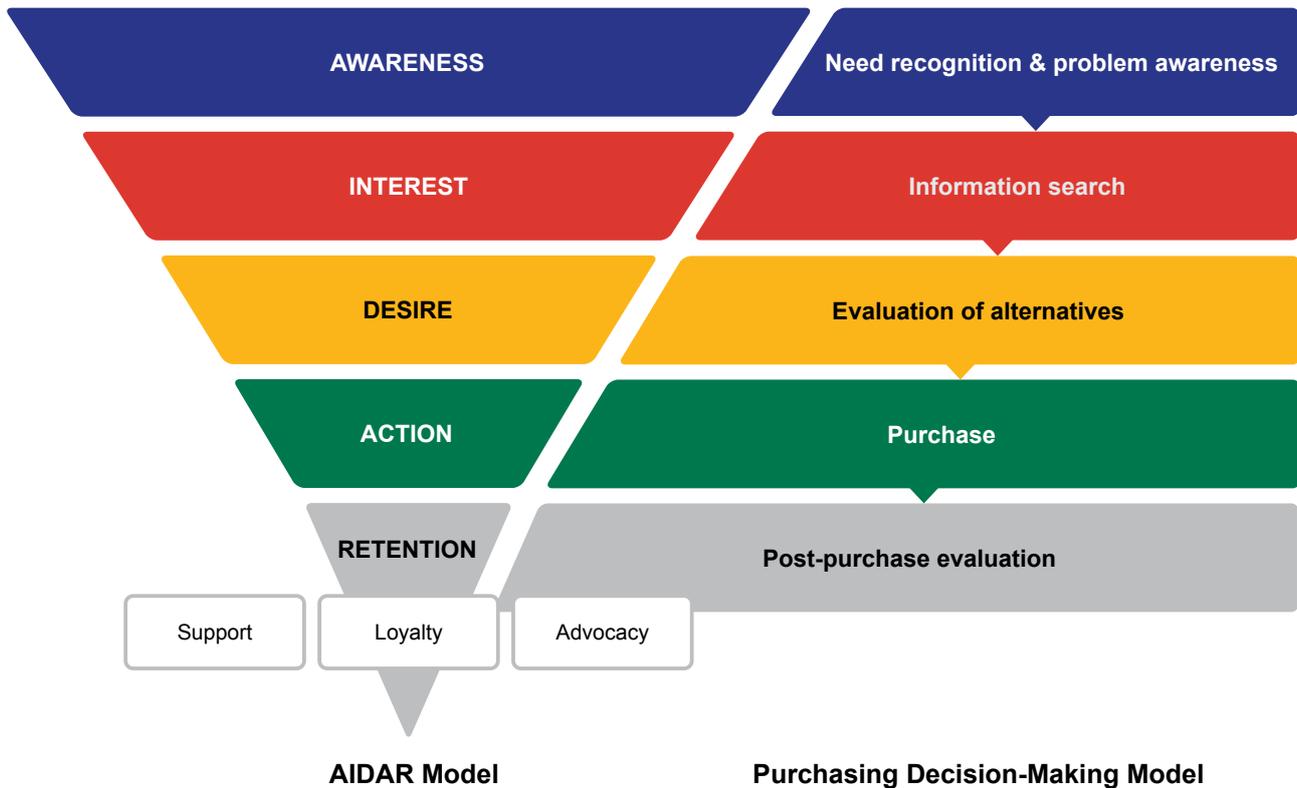


When it comes to retention, aspects like ongoing support, building long-term loyalty and promoting advocacy (telling others) are sub-components that consumer marketers will be aware of and use to build their brands.

The AIDAR model and the purchase decision-making process should always be aligned to ensure that communications have the correct messaging in order to keep consumers within the offering's ecosystem. Figure 10.4 depicts the relationship between the AIDAR model and the basic purchase decision-making model.

For example, a brand could generate awareness utilising advertisements that recognise a problem for the defined target market (for example, instant meals for people always in a rush). A potential consumer within this market segment may see this advertisement and realise that they have a problem that the offering is promising to solve (skipping meals due to lack of time). The consumer is now interested in the offering and seeks out further information via various platforms (for example, online reviews) in order to assist them in making the decision to address their newly established need state. Alternatives are evaluated and the desire for a specific product begins to form.

Figure 10.4: The basic AIDAR model and purchase decision-making process (adapted by the author)



Consumer marketers need to understand this complexity and be aware that many decisions are made unconsciously. In Malcolm Gladwell's book *Blink: The Power of Thinking Without Thinking*,⁹ the author explains how intuition is involved in our decision-making and describes what he refers to as 'thin slicing' - the ability to make snap decisions based on a few aspects of perceived reality. This perceived reality is influenced by our environment, which consists of multiple factors of varying degrees of importance over a consumer's lifetime. The various models proposed in this chapter are helpful tools to understand this complex process, but can never fully explain why consumers make the choices that they do.

Involvement and the Feel-Think-Do model

In order to successfully influence a decision, marketers must understand how much effort and time consumers put into making their decisions. This concept is called **involvement**. Consumers can research and review multiple offers before making the purchase decision or they can purchase a product on impulse, based on their current emotional or functional need.

The Feel-Think-Do model is a common approach marketers use to identify the primary driver in the decision-making process and is often determined by how much mental involvement is needed in a purchase. Often this involvement is connected to cost of purchase (for example, a house) and cost of making a mistake (for example, getting the correct birthday gift). This model places the emphasis on the key driver, whether it be cognitive (think), emotional (feel) or active (do). Understanding this model can help marketers to tailor their communication accordingly, 'think' being a more rational and logical driver, 'feel' being more emotive, and 'do' being action focused.¹⁰

Involvement in the decision has an impact on the order of the decision-making process. An array of thought goes into making the simplest purchase decisions. Another way to think about types of decisions is to categorise them as nominal, limited or extended.

- **Nominal decisions** are made on low-involvement products. These kinds of decisions are involved in frequent purchases of familiar brands and products, used often. This is the **'do-think-feel'** approach.
- **Limited decisions** are made on products not bought regularly, but which are neither high-cost nor high-involvement products. Customers will take some time to consider their memory of the product and make decisions based on logic. Limited decisions generally come from a lack of brand loyalty within the category, the novelty of purchasing something new and different, or boredom with a previous shopping habit. This is the **feel-do-think** approach.
- **Extended decisions** are made on high-involvement products that are not purchased often (such as a car). These decisions require MUCH consideration and research, often around unfamiliar brands or products. These purchases generally come with more risk, so more in-depth analysis needs to take place. This typically involves reading reviews, speaking with friends and family, and comparing specifications. This is the **think-feel-do** approach.

Micro-moments in the decision-making process

Life is lived in moments, and it is these moments that create needs or desires. Today's technology-enabled world gives us access to increasing amounts of information and potential to experience brand-related micro-moments. Think with Google describes micro-moments as intent-rich moments when needs or wants are recognised and preferences are shaped for a decision that is made within seconds. They are critical touchpoints within today's consumer journey, which, when strung together, ultimately influence how that journey ends. The experience is leveraged off the need or want to learn something, do something, discover something, watch something or buy something.¹¹

According to *Think with Google*, there are four key moments that influence the decision-making process, as depicted in Figure 10.5. These are:¹²

- **"I want to know" moments.** These moments occur when someone is exploring or researching, but is not necessarily in purchase mode.

- **"I want to go" moments.** These moments occur when someone is looking for a local business or is considering buying a product at a nearby store.
- **"I want to do" moments.** These moments occur when someone wants help completing a task or trying something new.
- **"I want to buy" moments.** These moments occur when someone is ready to make a purchase and may need help deciding what to buy or how to buy it.

It is in these different moments that consumers may be drawn to brands that help meet their immediate needs.

Figure 10.5: Think with Google's four key micro-moments that influence key decision-making stages



In order to use micro-moment theory effectively, brands must be aware of the following three factors when influencing the decision-making process at micro-moment levels:

- **Be there.** Anticipate what these moments may be so that you are there to respond to target audience queries with the answers they are looking for.
- **Be useful.** Provide an experience that is relevant to your consumers' needs at that moment so that you become a brand that is a part of the consumer evaluation process.
- **Be accountable.** The journey must be seamless across all touchpoints, ensuring that the customer fully understands what your offering is about. Do not over-complicate the experience.

Before developing a strategy that influences a consumer's decision, it is critical to understand the key micro-moments in their journey. This will enable you to ensure that the correct message is delivered at the most relevant moment, drawing consumers into your brand's consumer journey and, hopefully, convincing them at every step to becoming a loyal customer.

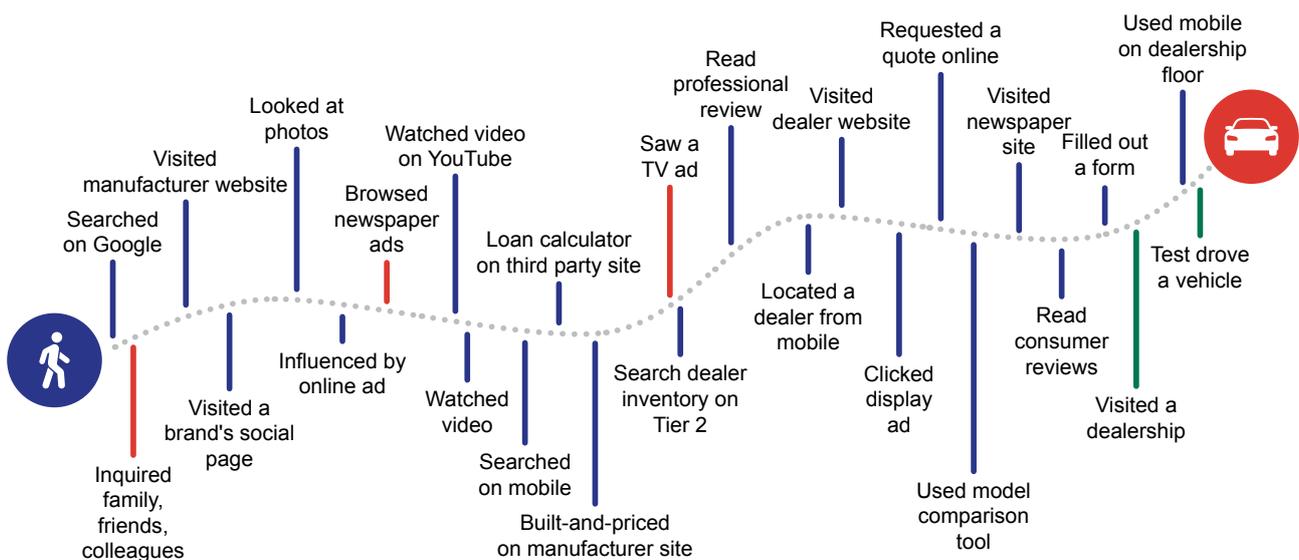
There are five simple steps a company can take to better reach consumers in these micro-moments:

1. Anticipate the micro-moments that are relevant to your target audience.
2. Create content to directly address the needs of those micro-moments.
3. Make sure your content is optimised and tailor-made for mobile device access.
4. Make a strategic effort to connect with micro-moment searchers.
5. Use search engine optimisation to rise to the top.

Let's consider targeting micro-moments through the decision-making process of buying a car. How many micro-moments and questions need answering when buying a car, and at which point is each of the moments relevant within someone's day?

Figure 10.6 shows an illustrated **consumer journey**. A consumer journey is a sum of experiences that consumers go through when interacting with a company and brand. Instead of looking at just a transaction, consumer marketers like to map and document the full experience of being a consumer. The illustration shows 26 touch points (points of physical or emotional contact between consumer and brand) as a consumer goes on a hypothetical journey to purchase a used car. Note that in this example, 21 out of the 26 **touch points** in the car-buying journey are digital (therefore having a higher-than-average relevance). This means that consumer marketers need to create content and ease of access to potential customers at all of those points.

Figure 10.6: Of the 26 average touch points, 21 are digital (in blue)



Through specific keyword targeting and understanding the types of questions being asked throughout all those moments, one can create and serve content that is highly targeted and extremely relevant. Understand that the content must be served and received in many ways. From simple search to expert video reviews to social media influencing, each platform needs to work to its strengths and serve readily available information in order to positively influence the purchase decision. Those thinking moments and searched for terms could be:

- **"Which car is the best?" moments**

Search:

- Best car brands of year (X)?
- Most fuel-efficient sedans?
- Safest family car?

- **"Is it right for me?" moments**

Search:

1. What are the specific models?
2. What are their specifications?
3. Fuel efficiency / luggage capacity / safety ratings / 4x4 capabilities?

- **"Can I afford it?" moments**

Search:

- How much does this car cost?
- Does it have financing available?
- What are the warranty and service plans like?

- **"Am I getting a deal?" moments**

Search:

- Are there any deals on this specific model?
- What incentives do they offer?
- What is the resale value?

- **"Where should I buy?" moments**

Search:

- Is there a dealership close to me and does it have stock?
- What has its' service been like?
- What has my experience been like?

Those are just a few of the top searches car buyers undertake when looking for information and evaluating alternatives. The key is to find out what your customer is searching for throughout their decision-making process and then help them along by serving valuable, relevant content. This will help to make your brand a brand they continually engage with in their decision-making process.¹⁴

Before concluding the chapter, the following section will briefly explain some of the neuromarketing advances in understanding decision-making.

Neuromarketing advances

New research is being conducted in a field of neuroscience known as *neuromarketing*. It uses similar methods and procedures to that of psychology, economics, statistics, behavioural theory, decision theory and other cognitive sciences and disciplines. The term neuromarketing was introduced in 2002 by Dutch marketing professor Ale Smidts, but research in the field dates back to the 1990s.¹⁵

Neuroscience looks at the structure, function and development of the nervous system and brain. Cognitive neuroscience studies show how behaviour and the nervous system work together. Neuromarketing, therefore, seeks to reveal insights on neural functioning associated with consumers' behaviour and to answer questions about decision-making, choice, preference, risk and happiness.¹⁶

In neuromarketing, brain imaging techniques such as functional magnetic resonance imaging (fMRI) and other brain activity measurement technology tools are used to measure a subject's response to specific products, packaging, advertising and other marketing elements. These techniques are used to reveal how humans use the neural substrates of the brain to process and evaluate decisions, weigh risk and reward, and learn to trust others during transactions. In some cases, the brain responses measured by these techniques may not be consciously apparent to the subject; this research can therefore be more revealing than self-reporting on questionnaires.¹⁷

Neuroscience has helped marketers gain a better understanding of how consumers use their minds when responding to ads and how this influences their decision-making.¹⁸

Neuromarketing has multiple benefits for marketers, such as:

- **Fresh viewpoints.** This new perspective on marketing provides new explanatory frameworks that shine light onto consumers' cognitive processes.
- **Increased insight into consumer behaviour.** Looking at the gap between customers' minds and their actions reveals many inconsistencies between what they think and what they say.
- **Insight into emotional and non-conscious responses.** Uncover triggers to the emotional responses which a consumer survey cannot always do.
- **Consumer feelings measurement.** Any level of emotional attachment is difficult to measure.
- **Measurement of priming effects.** To measure the feelings that an ad or brand logo may trigger.

As neuromarketing helps marketers better understand the mechanisms of decision-making, marketers can use the mechanisms as cues to influence consumers to purchase their product. It is important to keep in mind that while neuromarketing is a valuable tool in understanding human behaviour, it is not universally used. There has been some scepticism in the marketing community regarding whether this approach can deliver insights beyond traditional market research methods.

Conclusion

Making a purchase decision is often a short-listing process, rather than being about arriving at a final decision or outcome (at least in the initial phases). If you look at a brand's transition through the marketing funnel, the aim is essentially to survive elimination and to be a contender in the final purchase decision.

Influencing a buyer's decisions as a marketer and a business can be an extremely difficult process, but it is one that is of utmost importance in impacting and enhancing your bottom line. The key thing to remember is the more you understand who your customers are, and what prompts them to purchase your products, the more of an impact you can have on their buying journey.

It is critical to understand and target key consideration moments throughout the consumer journey and know which platforms (online or in-store) they go to, to get them answered. Marketers need to focus on the entire buying process, which starts well before the actual purchase is made and continues long after. It is about understanding who your core audience is, how internal and external differences affect your consumers' buying behaviour, and how you as a marketer can influence that process.

Acknowledgements

Special thanks to Michael Pearce and Sue Rooney for their contributions to this chapter.

- ¹ Astute, n.d. Buyer Decision Process: What John Dewey Can Teach You About Marketing, viewed 11 July 2020 from <https://astute.co/buyer-decision-process/>
- ² DeGruttola, M., 2017, '12 Stats That Prove Social Content Influences Consumer Buying Behavior', *Stackla* viewed 11 July 2020 from <https://stackla.com/resources/blog/12-stats-prove-social-content-influences-consumer-buying-behavior/>
- ³ Olenski, S., 2012, Are Brands Wielding More Influence in Social Media than We Thought?, *Forbes*, viewed 11 July 2020 from <https://www.forbes.com/sites/marketshare/2012/05/07/are-brands-wielding-more-influence-in-social-media-than-we-thought/#4641cb0471e1>
- ⁴ Smith, C., 2015, 'It's Time For Retailers To Start Paying Close Attention To Social Media', in *Business Insider*, viewed 11 July 2020
- ⁵ DeGruttola, M., 2017, '12 Stats That Prove Social Content Influences Consumer Buying Behavior', *Stackla* viewed 11 July 2020 from <https://stackla.com/resources/blog/12-stats-prove-social-content-influences-consumer-buying-behavior/>
- ⁶ DeGruttola, M., 2017, '12 Stats That Prove Social Content Influences Consumer Buying Behavior', *Stackla* viewed 11 July 2020 from <https://stackla.com/resources/blog/12-stats-prove-social-content-influences-consumer-buying-behavior/>
- ⁷ Mills, A.J., Helms Mills, J. C., Forshaw, C., & Bratton, J., 2006, *Organizational Behaviour in a Global Context*, University of Toronto Press, Higher Education Division
- ⁸ <https://www.communicationtheory.org/aida-model/>
- ⁹ Gladwell, M., 2007, *Blink: The Power of Thinking Without Thinking*, Back Bay Books, New York
- ¹⁰ Carter, R. 2017, 'Understanding the 3 Types of Consumer Buying Decisions', *Zoovu*, viewed 11 July 2020 from <https://zoovu.com/blog/types-buying-behavior/>
- ¹¹ Think With Google, 2015, *Your Guide to Winning the Shift to Mobile*, viewed 11 July 2020 from <https://www.thinkwithgoogle.com/marketing-resources/micro-moments/micromoments-guide-pdf-download/> (page 3)
- ¹² Think With Google, 2016, The Basics of Micro-Moments, viewed 11 July 2020 from <https://www.thinkwithgoogle.com/marketing-resources/micro-moments/micro-moments-understand-new-consumer-behavior/>
- ¹³ Think With Google, 2016, The Basics of Micro-Moments, viewed 11 July 2020 from <https://www.thinkwithgoogle.com/marketing-resources/micro-moments/micro-moments-understand-new-consumer-behavior/>
- ¹⁴ This case study was provided by Mediology
- ¹⁵ Kumar, H. & Singh, P., 2015, 'Neuromarketing: An Emerging Tool of Market Research', *International Journal of Engineering and Management Research* 5(6), 530 -535
- ¹⁶ Yorke Communications, n.d. *Neuromarketing – How Do Marketers Benefit from Neuromarketing?* Viewed 11 July 2020 from <http://www.yorkecommunications.com/neuromarketing-marketers-benefit-neuromarketing/>
- ¹⁷ EminentSEO, 2017, What Is Neuromarketing and Is It Better Than Traditional Marketing? Viewed 11 July 2020
- ¹⁸ Bridger, D., 2015, 'The 7 Main Benefits of Neuromarketing', in *KoganPage*, viewed 11 July 2020 from <https://www.koganpage.com/article/the-7-main-benefits-of-neuromarketing>