



Chapter 6

Customer decision-making

Customers make product purchase-related decisions in different ways. Understanding the ways in which buyers make decisions and the factors that impact upon the decision process can affect the effectiveness of marketing communications. In particular, it can influence message structure, content and scheduling.

Aims and learning objectives

The aim of this chapter is to consider some of the different processes consumers and organisational buyers use to make purchase decisions and relate these to marketing communications.

The learning objectives of this chapter are to:

1. explain the general process through which purchase decisions are made;
2. examine the sequence and methods used by consumers to make decisions;
3. explore the components of perceived risk;
4. introduce and explain involvement theory and relate it to planned communication activities;
5. consider the different types of individual who contribute to purchase decisions made by organisations;
6. understand the stages that organisations use to make purchase decisions;
7. appreciate the differences in the approaches and content of marketing communications between consumer and organisational buying.

For an applied interpretation see Poonam V. Kumar and Prasad Narasimhan's MiniCase entitled *Understanding consumers' needs: the success of the Apache motorcycle in India* at the end of this chapter.

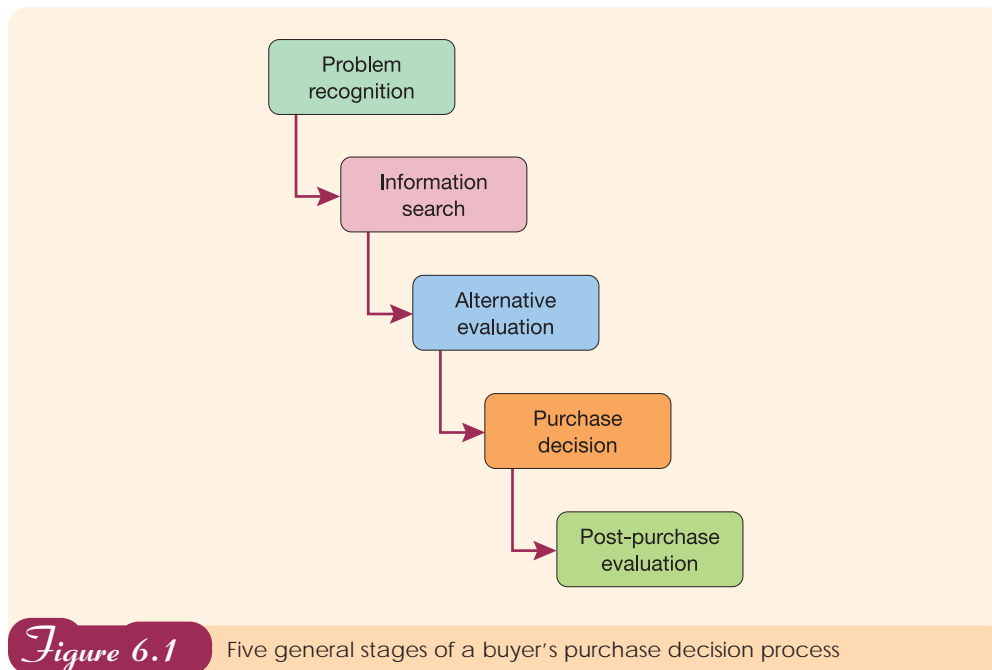
Introduction

An understanding of the contextual elements that impact upon individual purchase decision-making and the overall process through which individuals behave and ultimately make decisions is an important first stage in the development of any marketing communications plan. Knowledge of a buyer's decision-making processes is vital if the correct type of information is to be communicated at the right time and in the right or appropriate manner. There are two broad types of buyer: consumers and organisational buyers. First, consideration will be given to a general decision-making process and then an insight into the characteristics of the decision-making processes for consumers and organisational buyers will be presented. The chapter concludes with a consideration of the differences between the two main approaches.

Knowledge of a buyer's decision-making processes is vital if the correct type of information is to be communicated at the right time.

A general buying decision-making process

Figure 6.1 shows that there are five stages to the general process whereby buyers make purchase decisions and implement them. Marketing communications can impact upon any or all of these stages with varying levels of potential effectiveness.



Problem recognition

Problem recognition occurs when there is a perceived difference between an individual's ideal state and reality. Advertisers often induce 'problem recognition' by suggesting that the current state is not desirable or by demonstrating how consumers can tell whether they have a similar problem (e.g. 'Is your hair dull and lifeless?'). The

Problem recognition occurs when there is a perceived difference between an individual's ideal state and reality.

difficulty in getting buyers to recognise that they have a problem invites the question, do they actually have a problem? If there is no identified need, then it is not marketing but selling that is being practised.

Information search

Having identified a problem a prospective buyer will search for information in an attempt to resolve it. There are two main areas of search activity: the internal search involves a memory scan to recall experiences and knowledge, utilising the perceptual processes to see whether there is an 'off-the-shelf' solution. If there is no 'off-the-shelf' solution, the prospective buyer will resort to an external search. This will involve family and friends, the web, reference sources and commercial guides and advertising.

Alternative evaluation

Potential solutions need to be evaluated in order that the optimum choice be made. Products considered feasible constitute the *preference set*, and it is from these seven or eight products that a smaller group of products is normally assembled. This is referred to as the *evoked set* (or repertoire) and it is from this that consumers make a choice. Attributes used to determine the sets are referred to as evaluative criteria. Very often these attributes are both objective and subjective in nature.

Purchase decision

Having evaluated various solutions, the buyer may develop a predisposition to make a purchase. This will involve matching motives and evaluative criteria with product attributes. This necessitates the use of the processes of learning and attitude formation, discussed in Chapter 5.

Post-purchase evaluation

Direct experience of the product is an important part of the decision process. Feedback from use helps learning and attitude development and is the main contributor to long-run behaviour. Communication activity must continue to provide satisfaction and prevent the onset of cognitive dissonance. This is a state where, after the purchase decision has been made, a buyer might feel tension about a past decision either because the product fails to reach expectations or because the consumer becomes aware of a superior alternative.

Marketing communications, at this stage, should be aimed at reinforcing past decisions by stressing the positive features of the product or by providing more information to assist its use and application.

Marketing communications, at this stage, should be aimed at reinforcing past decisions by stressing the positive features of the product or by providing more information to assist its use and application. For example, much of the advertising undertaken by car manufacturers seeks to prevent the onset of tension and purchase dissatisfaction.

Types of consumer decision-making

Buyers do not follow the general decision sequence at all times. The procedure may vary depending upon the time available, levels of perceived risk and the degree of involvement a buyer has with the type of product. Perceived risk and involvement are issues that will be covered later. At this point three types of problem solving behaviour (extended problem solving, limited problem solving and routinised response) will be considered.

Extended problem solving (EPS)

Consumers considering the purchase of a car or house undertake a great deal of external search activity and spend a lot of time reaching a solution that satisfies, as closely as possible, the evaluative criteria previously set. This activity is usually associated with products that are unfamiliar, where direct experience and hence knowledge are weak, and where there is considerable financial risk.

Marketing communications should aim to provide a lot of information to assist the decision process. The provision of information through sales literature, such as brochures and leaflets, web sites for determining product and purchase criteria in product categories where there is little experience, access to salespersons and demonstrations and advertisements are just some of the ways in which information can be provided.

Marketing communications should aim to provide a lot of information to assist the decision process.

Limited problem solving (LPS)

Having experience of a product means that greater use can be made of internal memory-based search routines, and the external search can be limited to obtaining up-to-date information or ensuring that the finer points of the decision have been investigated.

Marketing communications should attempt to provide information about any product modification or new attributes and convey messages which highlight those key attributes known to be important to buyers. By differentiating the product, marketing communications provide the buyer with a reason to select that particular product.

ViewPoint 6.1

Boots deep into magazines

One of the advantages of publishing an own brand magazine, as proclaimed by the customer publishing industry, is that customers spend on average 25 minutes (not seconds) reading a magazine. They are often used to prevent brand switching and as part of a coordinated marketing communications strategy, they serve to engage readers and keep them interested in the brand. They provide opportunities to present new products, a reason to visit the web site or store and can be perceived as a thank you for previous custom.

Boots publish Health & Beauty, six times a year, targeted at women 25–55 who hold the brand's Advantage Card. They claim that the magazine is used to meet three key objectives. These are to communicate brand values, reward its most valuable customers and drive sales, not necessarily in that order.

The magazine has produced some remarkable results. Over £10 million in incremental sales, 65 per cent of readers say it makes them more interested in visiting the store while products featured in the magazine experience an average sales increase of 35 per cent.

Source: Fry (2006).

Question

To what extent do you think customer magazines help extended or limited decision making?

Task

Get a copy of two customer magazines for brands competing in the same market. How do they compare and which do you prefer?

Routinised response behaviour (RRB)

For a great number of products the decision process will consist only of an internal search. This is primarily because the buyer has made a number of purchases and has accumulated a great deal of experience. Therefore, only an internal search is necessary, so little time or effort will

be spent on external search activities. Low-value items which are frequently purchased fall into this category, for example toothpaste, soap, tinned foods and confectionery.

Some outlets are perceived as suitable for what are regarded as distress purchases. Tesco Express and many petrol stations position themselves as convenience stores for distress purchases (for example, a pint of milk at 10 p.m.). Many garages have positioned themselves as convenience stores suitable for meeting the needs of RRB purchases. In doing so they are moving themselves away from the perception of being only a distress purchase outlet.

Communicators should focus on keeping the product within the evoked set.

Communicators should focus on keeping the product within the evoked set or getting it into the set. Learning can be enhanced through repetition of messages, but repetition can also be used to maintain attention and awareness.

Perceived risk

Risk concerns the uncertainty of a proposed purchase and the outcomes that will result from a decision to purchase a product.

An important factor associated with the purchase decision process is the level of risk perceived by the buyer. This risk concerns the uncertainty of a proposed purchase and the outcomes that will result from a decision to purchase a product.

Risk is perceived because the buyer has little or no experience of the performance of the product or the decision process associated with the purchase. Buyers may lack the ability to make what they see as the right decision and they may be forced to trade the decision to purchase one product in lieu of another because resources, such as time and money, are restricted. Risk is related to not only brand-based decisions but also to product categories, an especially important aspect when launching new technology products, for example. The level of risk an individual experiences varies through time and across products, and is often a reflection of an individual's propensity to manage risk. Risk is related to involvement, trust and other buyer behaviour concepts.

There are five main forms of risk.

Settle and Alreck (1989) suggest that there are five main forms of risk that can be identified; the purchase of a hi-fi unit demonstrates each element. These are set out in Table 6.1 with respect to the purchase of a hi-fi system.

A sixth element, time, is also considered to be a risk factor (Stone and Gronhaug, 1993). Using the hi-fi example, will purchase of the unit lead to an inefficient use of my time? Or can I afford the time to search for a good hi-fi so that I will not waste my money?

Table 6.1 Types of perceived risk

Type of perceived risk	Explanation
Performance	Will the unit reproduce my music clearly?
Financial	Can I afford that much or should I buy a less expensive version?
Physical	Will the unit damage my other systems or endanger me in any way?
Social	Will my friends and colleagues be impressed?
Ego	Will I feel as good as I want to feel when listening to or talking about my unit?

What constitutes risk is a function of the contextual characteristics of each situation, the individuals involved and the product under consideration:

1. Each situation varies according to perceptions of the shopping experience, the time the purchase is to be made in the context of the other activities that need to be completed (last chance to buy a birthday present, only 15 minutes left before meeting my partner), and the image different stores have and the risk that is associated with the products offered by the store.
2. Each individual has a propensity to higher or lower levels of risk. These levels may vary according to their experience of purchasing particular products, demographic factors such as age, level of education and religion, and various personality factors.
3. The product may, if only for price, convey a level of risk to the purchaser. For example, the purchase of a car is not only a large financial commitment for most people, but is also a highly emotive decision that has significant ego and social risks attached to it.

What constitutes risk is a function of the contextual characteristics of each situation, the individuals involved and the product under consideration.

Perceived risk need not be constant throughout the decision process. Mitchell and Boustani (1994) suggest that the level of perceived risk may vary as depicted in Figure 6.2, although more work is required to determine the validity of their initial findings.

The main question is, how can buyers be helped to alleviate high levels of risk during the pre- and post-purchase stages in the decision process? The main method used by buyers is the acquisition of information. Information through the mass media, through word-of-mouth communications and through personal selling (usually sales representatives) is used to set out the likely outcomes and so reduce the levels of risk. Brand loyalty can also be instrumental in reducing risk when launching new products. The use of guarantees, third-party endorsements, money-back offers (some car manufacturers offer the opportunity to return a car within 30 days or exchange it for a different model) and trial samples (as used by many hair care products) are well-used devices to reduce risk.

ViewPoint 6.2

Back page risk reducers

Many print-based direct response advertisements use a variety of ways to reduce the risk inherent in buying 'off the back page'. Holiday companies, direct wine and book clubs use a variety of sales channels but web-based companies and direct response magazine advertisements provide a rich source of business.

Magazine advertisements, often to be found on or near the back of magazines and Sunday newspaper supplements, allow for a large amount of text as well as the eye-catching visual work. The text is often used to reduce functional risk by explaining the features and extolling the benefits of the product or service. Social and ego risks are reduced by setting the right visual scene and depicting people using the product who may be seen as either aspirational or represent the target market.

Financial risk is reduced through opportunities to buy now at a reduced or discounted price (credit card) and promises of warranties and money back guarantees further reduce the uncertainty of this form of exchange. Finally, time risk is reduced through buy now opportunities and delivery to the door, negating the need to travel, park, browse, compare, decide and carry home the purchase.

Question

With so many different forms of risk, can advertising be used to eliminate them all?

Task

Get a copy of a magazine that accompanies many weekend newspapers, look at the direct response ads and identify the ways in which perceived risk is reduced.

THE SUNDAY TIMES
WINE Club

The Perfect Festive Dozen – plus 3 Rioja FREE!



SAVE £21

100% Money Back GUARANTEE
The Club's guarantee is total. If you don't like a wine, for any reason, we'll refund you. No problems.

The Perfect Festive Dozen
~~£49.99~~ **SAVE £21.89**
call 0870 444 7200
www.sundaytimeswinedub.co.uk/ZK31
Quote: ZK31 Weekdays 8am–11pm Weekends 8am–9pm

LIMITED STOCKS – ORDER TODAY

Yes, please send me The Perfect Festive Dozen for JUST £29.99 (+ £3.99 delivery)
Phone 0870 444 7200 or order online at www.sundaytimeswinedub.co.uk/ZK31 to complete this form and return it with your payment to: The Sunday Times Wine Club, Republic, 155 City Road, London, EC1Y 1AE. For stamp requests.

Name: _____
Title: _____ Initial: _____ Surname: _____
Address: _____
Postcode: _____
Country: _____
Social address: _____
E-mail: _____ Telephone: _____

Please send 1 year with no further special offers from The Sunday Times Wine Club as usual

I wish a return for £25.00 (09/09 – £2.50 delivery) made payable to 'The Sunday Times Wine Club'
 Please charge £25.00 (09/09 – £2.50 delivery) to my (MC / AMERICAN / AMEX / DISCOVER / CLAY / MASTERCARD)

Valid from date: _____ Expiry date: _____ Months issue number: _____
Ref: ZK31

90% of purchases are subject to the terms and conditions of the promotion. See the website for full details.
Signature: _____ Date: _____
(Must not be over 18 years of age)

As the festive season approaches, we've picked 12 stunning wines (with a £21.89 saving!) for you to savour with friends and family over the indulgent dinners ahead ...

The Club's Perfect Festive Dozen is yours for JUST £49.99 and comes with three magnificent Rioja FREE. What's more, in-depth tasting notes are also included to help you savour each wine to the full – and impress your dinner party guests!

The case opens with tongue-tingling Sauvignon Blanc from Chile that makes a mouthwatering aperitif. Crisp Italian Pinot Grigio is simply superb with smoked salmon and your lively Chardonnay, made by a master of French winemaking, is a worthy accompaniment to your Christmas turkey. For a rich main course you have luxurious claret from the extraordinary 2005 vintage. Then there's powerful,

spicy Shiraz from a hothor Aussie winemaker for sipping by the bedside, plus plummy Chateau Merlot that was recommended by Decanter magazine and goes surprisingly well with dark chocolate!

Don't forget your three bottles of Rioja (worth £19.95). They come from a respected family-run winery and are free with your Perfect Festive Dozen.

Hurry! You must order by December 17th for guaranteed Christmas delivery – Don't delay!

Exhibit 6.1

Sunday Times Direct Wine
This offer went out on 8 December 2007 in the Saturday Times Magazine. The circulation was approximately 750k and the ad generated a response that was 60 per cent ahead of forecast with a total of 216 new customers applying for the offer.
Direct Wines Ltd.

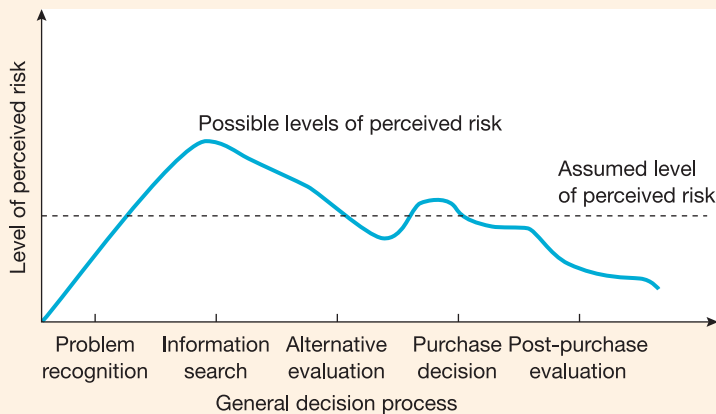


Figure 6.2

Varying levels of perceived risk through the purchase decision process
 Source: Adapted from Mitchell and Boustani (1994). © Emerald Group Publishing Limited. All rights reserved.

Appreciating the level and types of risk buyers perceive is important for many marketing activities. As Mitchell (1999) points out, new product development, segmentation, targeting, positioning and marketing communications can all be influenced by understanding perceived risk. Services, he points out, have been shown to carry higher levels of risk, mainly because of their characteristics of heterogeneity, perishability, inseparability and intangibility which serve to undermine buyer confidence. For example, Ashford *et al.* (2000) refer to the perceived risk associated with dental care and mention fear and anxiety, the internal environment of the practice, dentists' social and communication skills and patient satisfaction as important elements that may interrelate and influence attitudes and behavioural intentions.

Many direct marketing advertisements in magazines seek to reduce a number of different types of risk (see Exhibit 6.1). Companies offering wine for direct home delivery, for example, try to reduce performance risk by providing information about each wine being offered. Financial risk is reduced by comparing their 'special' prices with those in the High Street, social risk is approached by developing the brand name associations trying to improve credibility, and time risk is reduced through the convenience of home delivery.

Many direct marketing advertisements in magazines seek to reduce a number of different types of risk.

Involvement theory

A central framework, critical to understanding consumer decision-making behaviour and associated communications, is involvement theory. Purchase decisions made by consumers vary considerably, and one of the factors thought to be key to brand choice decisions is the level of involvement (in terms of importance and relevance) a consumer has with either the product or the purchase process.

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The term 'involvement' has become an important concept in the consumer behaviour literature. The concept has its roots in social psychology, but its current form and interpretation by researchers is both interesting and revealing. There is no consensus on a definition of involvement. Kapferer and Laurent (1985) argue that involvement has five different facets. These are interest, risk importance, risk probability, sign value and hedonic value. Their

approach tends to be all-consuming, whereas Ratchford (1987), quoting Zaichkowsky (1985) and others, does not perceive involvement as such a broad matter. The majority of researchers do not recognise the importance of hedonic and sign value elements in this context. To some, involvement is about the ego, perceived risk and purchase importance – a cognitive perspective. To those who favour a behavioural perspective, the search for and evaluation of product-oriented information is pertinent (Schiffman and Kanuk, 1991).

Involvement: characteristics

The various characteristics associated with the involvement concept can be considered in three phases.

The various characteristics associated with the involvement concept can be considered in three phases. These are depicted at Figure 6.3. Phase 1 considers the degree of involvement that will vary on a situational basis and will be affected by contextual elements such as the nature of the individual and their experiences,

values and expectations. The situation itself concerning the purpose of the purchase (e.g. gift or own consumption) will also affect the level of involvement. The product or service will also be a factor taking account of whether the individual has direct or indirect experience of the object. In addition, the nature of the stimulus to purchase will also be an important factor, whether this be an advertisement, friend or general need.

Phase 2 is characterised by three main factors. The intensity of involvement reflects the level or degree of personal relevance and is normally seen as either high or low involvement. The focus of the involvement refers to whether the object or the communications surrounding the product are of primary importance. The third factor concerns the duration of the involvement. Essentially this may be temporary (e.g. if motivated by an advertisement seen for the first time, or buying a gift) or it may be longer lasting or enduring, reflecting some form of loyalty, commitment or interest in the object or product category.

Phase 3 concerns the outcomes or responses individuals give as a consequence of the involvement they experience. The manner and speed at which information is processed (as a result of the level of involvement) leads primarily to either attitudes being formed prior to behaviour (high involvement) or attitudes being formed after product experience or behaviour (low involvement).

The implications for those responsible for marketing communications are many and varied. However, where high involvement is present messages should stress attributes and

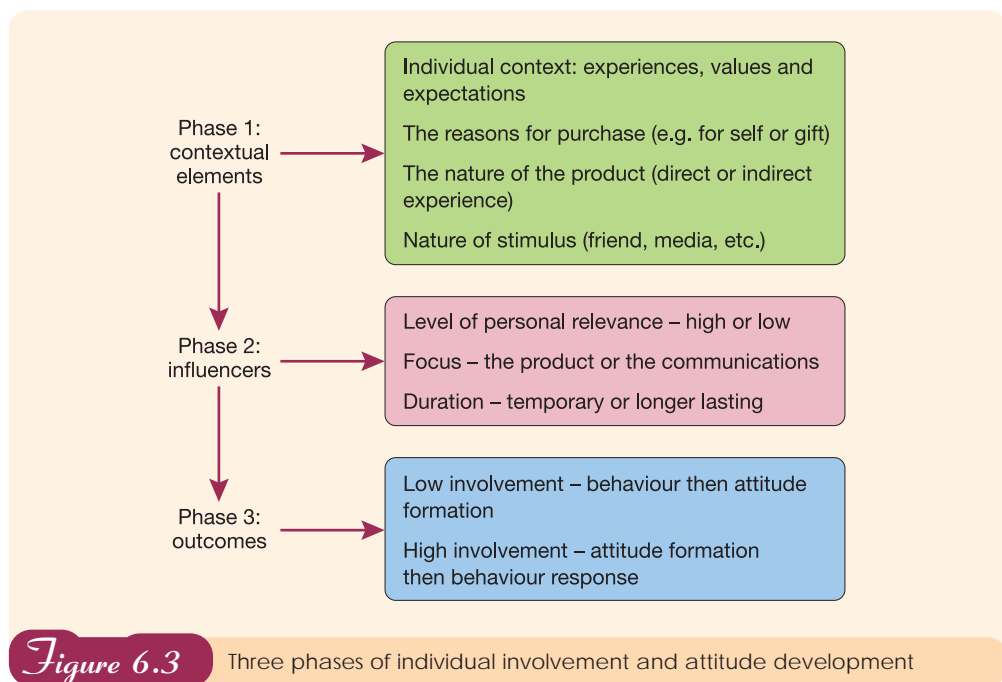


Figure 6.3

Three phases of individual involvement and attitude development

benefits (functional) so that they feed the more rational, considered information processing style that accompanies this position. Where there is low involvement it is better to use more emotional (expressive) messages simply because individuals do not expend any considered or conscious effort in processing the information.

Following this analysis of the involvement process, it is interesting to consider Laaksonen's (1994) interpretation where he draws upon three perspectives of involvement from the literature. These are the cognitive, predisposition to act and response-based interpretations.

He proposes that the *cognitive view* of involvement regards the perceived personal relevance of an object to an individual as of paramount importance. This approach refers to the strength or extent of the cognitive/attitude structure towards an object. The strength of the psychological linkage between an individual and a stimulus object determines the intensity of involvement. How important is it to purchase a Wii? This intensity of attitude is seen to have originated from social judgement theory, where involvement is seen as a variable affected by how others might interpret a purchase; that is, their predisposition to respond to a Wii.

The second perspective regards involvement as an individual state or *predisposition to act*. Here, involvement focuses on the mental state of an individual, evoked by a stimulus. It is the degree of perceived importance, the interest or level of emotional attachment, arousal, drive or motivation that defines the intensity of involvement, either present in an individual or present in any given situation. Using the previous analogy, how motivated is the individual to purchase a Wii? Therefore, involvement refers to the motivational state of an individual in a specific situation. The goals and their importance (hierarchy) defined by individuals determine the direction (towards an object/advertisement or perhaps the act of purchasing) and the level (high, medium, low) of involvement. Again, involvement is regarded as a mediating variable in information processing and a predisposition to act.

Involvement is regarded as a mediating variable in information processing and a predisposition to act.

The third perspective is the *response view*. Here involvement is regarded as a reaction to an external stimulus or stimuli such as marketing communications. These responses are typically characterised by the form of cognitive and behavioural processing (learn–feel–do) directed to accomplishing a task. So the response view of involvement is based on the reaction of an individual to a stimulus, which will affect the learn–feel–do sequence and the depth to which processing occurs. Therefore, the impact of promotional messages for the Wii is likely to be most important in determining the direction and purchase intentions of potential game station purchasers. Here, involvement is considered as a cognitive response to the marketing communication messages (Batra and Ray, 1983). These views do not see involvement as a mediating variable, simply because involvement is regarded as 'an actualised response in itself' (Laaksonen, 1994).

Of these three, no one view can be determined as a correct interpretation. In a way all are wrong and all are right simultaneously. There is agreement among many researchers that involvement should be seen in the context of three main states. These are high, low and zero involvement. The last of these is self-explanatory and requires no additional comment. The other two states are portrayed as two discrete ends of a continuum. Consumers are thought to move along this continuum, from high to low, as purchase experience increases, perceived risk is reduced and levels of overall knowledge improve.

The approach taken here is that involvement is about the degree of personal relevance and risk perceived by members of the target market in a particular purchase situation (Rossiter *et al.*, 1991). This implies that the level of involvement may vary through time as each member of the target market becomes more (or less) familiar with the purchase and associated communications. At the point of decision-making, involvement is either high or low, not some point on a sliding scale or a point on a continuum between two extremes. Involvement is a cognitively bound concept, the strength and depth of which varies among and between individuals.

Involvement is about the degree of personal relevance and risk perceived by members of the target market in a particular purchase situation.

High involvement

High involvement occurs when a consumer perceives an expected purchase that is not only of high personal relevance but also represents a high level of perceived risk. Cars, washing machines, houses and insurance policies are seen as 'big ticket' items, infrequent purchases that promote a great deal of involvement. The risk described is financial, but, as noted earlier, risk can take other forms. Therefore, the choice of perfume, suit, dress or jewellery may also represent high involvement, with social risk dominating the purchase decision. Consumers therefore, devote a great deal of time to researching the intended purchase and collecting as much information as possible in order to reduce, as far as possible, levels of perceived risk.

Low involvement

A *low-involvement* state of mind regarding a purchase suggests little threat or risk to the consumer. Low-priced items such as washing powder, baked beans and breakfast cereals are bought frequently, and past experience of the product class and the brand cues the consumer into a purchase that requires little information or support. Items such as alcoholic and soft drinks, cigarettes and chocolate are also normally seen as low involvement, but they induce a strong sense of ego risk associated with the self-gratification that is attached to the consumption of these products.

ViewPoint 6.3

Using sporting heroes to groom men

Men's grooming products have traditionally been regarded as evoking low involvement but the sector has started to change in recent years, especially within the younger male age groups.

Early in 2007 Gillette announced that Tiger Woods, Thierry Henry and Roger Federer had been appointed as their new brand ambassadors. All three have been used across global print and broadcast advertising, consumer promotions, point-of-sale materials, online and public relations in support of Gillette premium shaving products. The choice of these particular ambassadors is said to complement the brand values, as they were selected not only for their outstanding sporting accomplishments, but also for their behaviour away from sport in terms of their charitable actions, support of social causes and for their reputations upholding sporting values. In January 2008 Gillette launched their first TV campaign featuring the three champions supported by a web site, magazine and outdoor work.

Encouraged by these types of key sporting and celebrity endorsers men are becoming more overtly involved with their appearance, health and fitness. As a result some parts of the sector are now becoming more involved with the products and the category.

In a sector where brands such as Nivea, King of Shaves, Easy4men and the recently launched Gillette Fusion have grown to satisfy this new market opportunity, care over the presentation of these products is important. Care over the packaging, naming and merchandising of these products is necessary in order to communicate effectively with those men who prefer to be 'involved' with grooming products. It is necessary to use male vocabulary and to avoid effeminate or softer suggestive words. The focus should be on the functionality and performance of the product and to convey masculinity through acronyms such as DDS (for Dual Delivery Systems) rather than phrases such as natural herbs, essence or plant extracts. Brand names such as Perfector, Enhancer, Defender and Improver are more likely to resonate well with modern man. LabSeries Skincare for Men for example, uses the line 'High-tec, high performance, high results' on its web site.

Sources: Gray (2004); Davidson (2008); Tungate (2008). www.pg.com/news/gillette_champions.jhtml.

Question

Why do many men appear reluctant to involve themselves in grooming products?

Task

David Beckham used to endorse Gillette. Which brands does he support now?

Hedonic consumption

There is a range of products and services that can evoke high levels of involvement based on the emotional impact that consumption provides the buyer. This is referred to as hedonic consumption, and Hirschmann and Holbrook (1982) describe this approach as 'those facets of consumer behaviour that relate to the multi sensory, fantasy and emotive aspects of one's experience with products'. With its roots partly in the motivation research and partly in the cognitive processing schools, this interpretation of consumer behaviour seeks to explain how and why buyers experience emotional responses to the act of purchase and consumption of particular products. *Historical imagery* occurs when, for example, the colour of a dress, the scent of a perfume or cologne, or the aroma of a restaurant or food

There is a range of products and services that can evoke high levels of involvement based on the emotional impact that consumption provides the buyer.



Exhibit 6.2

Romance by Ralph Lauren
An example of romantic fantasy used for fragrance advertising.
Courtesy of Ralph Lauren Fragrances.

can trigger an individual's memory to replay an event. In contrast, *fantasy imagery* occurs when a buyer constructs an event, drawing together various colours, sounds and shapes to compose a mental experience of an event that has not occurred previously. Consumers imagine a reality in which they derive sensory pleasure. Some smokers were encouraged to imagine themselves as 'Marlboro Men': not just masculine, but as idealised cowboys (Hirschmann and Holbrook, 1982).

The advertising of fragrances and luxury brands is often based on images that encourage individuals to project themselves into a desirable or pleasurable environment or situation.

The advertising of fragrances and luxury brands is often based on images that encourage individuals to project themselves into a desirable or pleasurable environment or situation, for example, those which foster romantic associations. Some people form strong associations with particular fragrances and use this to develop and maintain specific images. Advertising is used to create and support these images and in doing so enhance the emotional benefits derived from fragrance brand associations. As Retiveau (2007)

indicates, hedonics are closely related and influence the simultaneous perception of fragrances. The Ralph Lauren *Romance* ad (Exhibit 6.2) is an excellent example of a romantic/fantasy message. The visual depicts strong sensory and masculinity properties designed to appeal to a particular female target market. The ad evokes a sense of nostalgia contemporised by the choice of rugged footwear.

There are a number of challenges with this approach, namely measurement factors of reliability and validity, but, nevertheless, appreciating the dreams, ideals and desires of the target audience can be an important contribution to the creation of promotional messages.

Consumer decision-making processes

From this understanding of general decision-making processes, perceived risk and involvement theory, it is possible to identify two main approaches to consumer decision-making.

High-involvement decision-making

If an individual is highly involved with the initial purchase of a product, EPS is the appropriate decision sequence, as information is processed in a rational, logical order. Individuals who are highly involved in a purchase are thought to move through the process shown in Figure 6.4. When high-involvement decision-making is present, individuals perceive a high level of risk and are concerned about the intended purchase. The essential element in this sequence is that a great deal of information is sought initially and an attitude is developed before a commitment or intention to trial is determined.

Information search is an important part of the high-involvement decision-making process.

Information search is an important part of the high-involvement decision-making process. Because individuals are highly motivated, information is actively sought, processed and evaluated. Many media sources are explored, including the mass media, word-of-mouth communications and point-of-sale communications. As individuals require a lot of information, print media are more appropriate as a large volume of detailed information can be transmitted and this allows the receiver to digest the information at a speed which they can control.

Evaluation of the information and of the alternatives that have been derived from the information search needs to be undertaken. By comparing and implicitly scoring the different attributes of each alternative, a belief about the overall competitiveness of each alternative can be established. In Chapter 5 a compensatory model was examined. In this approach, individuals do not reject products because an attribute scores low; rather, a weakness is offset or compensated for by the strength and high scores accredited to other attributes. An individual's

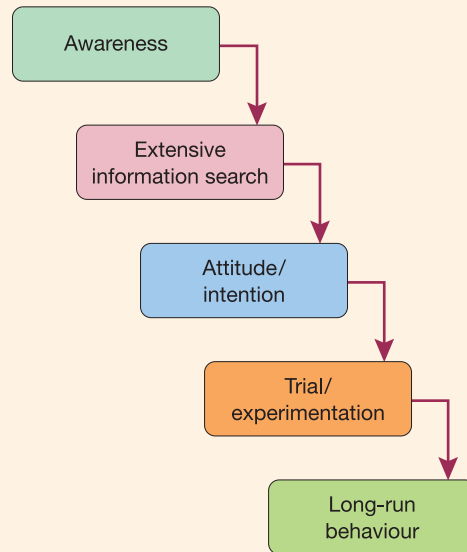


Figure 6.4

High-involvement decision-making process

attitude to a purchase is the sum of the scores given to the range of evaluative criteria used in the decision-making process. As observed in Chapter 5, Fishbein states that an attitude towards the act of purchasing and the subjective norm (the perceived attitude of others to the act being considered) combine to form an *intention* to act in a particular way. This part of the process is facilitated by the use of credible sources of information. Therefore, personal selling is important to bring individuals closer to the product, in order that it may be demonstrated and allow intense learning to occur.

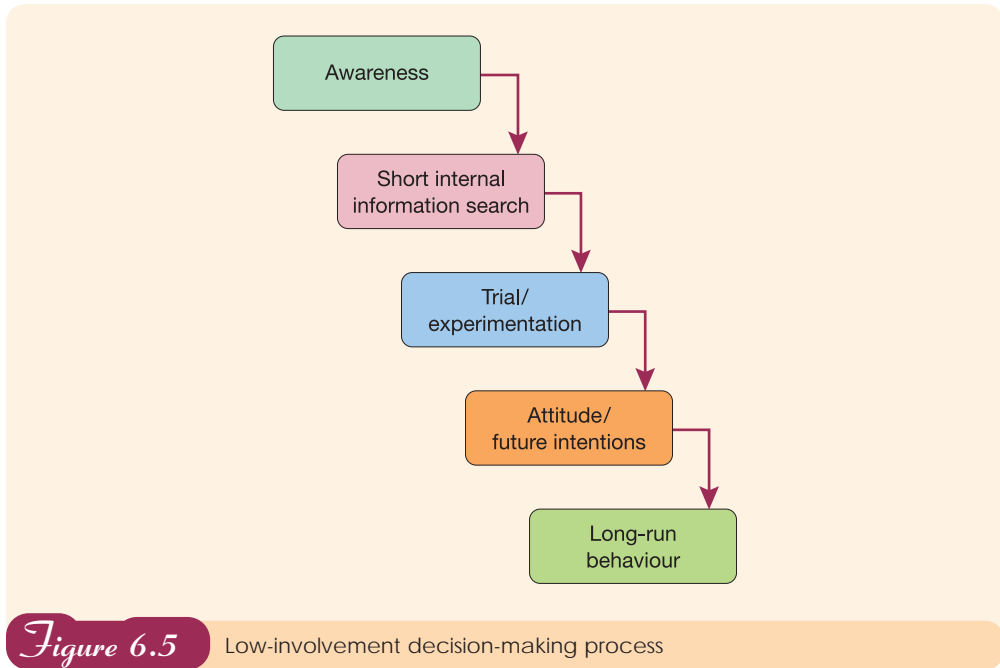
Trial behaviour will follow if the perceived quality of the product is satisfactory and sufficient triggers, from internal searches, stimulate experimentation. Likewise, long-run behaviour, the goal of all marketing activities, will be determined if the guarantees and product quality combine to meet the expectations of the individual, generated by the information search.

Low-involvement decision-making

If an individual has little involvement with an initial purchase of a product, LPS is the appropriate decision process. Information is processed cognitively but in a passive, involuntary way. Information is processed using right-brain thinking so information is stored as it is received, in sections, and this means that information is stored as a brand association (Heath, 2000). An advertisement for Andrex toilet tissue featuring the puppy is stored as the ‘Andrex Puppy’ without any overt thinking or reasoning. Because of the low personal relevance and perceived risk associated with this type of processing, message repetition is necessary to define brands and create meaningful brand associations. Individuals who have a low involvement with a purchase decision choose not to search for information and are thought to move through the process shown in Figure 6.5.

Message repetition is necessary to define brands and create meaningful brand associations.

Communications can assist the development of awareness in the low-involvement decision-making process. However, as individuals assume a passive problem-solving role, messages need to be shorter than in the high-involvement process and should contain less information. Broadcast media are preferred as they complement the passive learning posture adopted by the



individual. Repetition is important because the receiver has little or no motivation to retain information, and their perceptual selection processes filter out unimportant information. Learning develops through exposure to repeated messages, but attitudes do not develop at this part of the process (Harris, 1987).

Where low involvement is present, each individual relies upon internal, rather than external, search mechanisms, often prompted by point-of-purchase displays. Using non-compensatory decision rules (Chapter 5), where product weaknesses are not offset by strengths, individuals make decisions, often at the point of purchase, to try established or new brands.

Price can be a very important factor by which individuals can discriminate between low-involvement purchase decisions. In high-involvement decisions there is a wide variety of attributes that individuals can use to discriminate between purchase decisions. In low-involvement purchases, price, packaging, point-of-purchase displays and promotions work together to cue and stimulate an individual into trying a product.

As a direct result of trying a product (or experimenting) and hence product experience, an attitude develops. By judging the quality of the experience, an attitude is formed which acts as the basis for future decisions. Long-run behaviour is a function of promotional messages, product quality and the degree of loyalty that can be sustained towards the brand.

Subsequent purchase activity

The initial purchase decision process frames all subsequent decisions in the product category. If a high-involvement decision process ends satisfactorily, then levels of brand loyalty are normally high, which means that subsequent decisions can be processed much more quickly. Routinised response behaviour occurs safely, as any risk associated with a purchase can be dispelled through the security associated with a brand. Brand loyalty is the normal outcome of a successful high-involvement decision-making process.

Brand loyalty is the normal outcome of a successful high-involvement decision-making process.

If the high-involvement process ends in partial satisfaction, then, depending upon the nature and extent of the outstanding risk, the next decision may also be EPS. For example, if

the purchase of a first savings or investment product results in total dissatisfaction, any second purchase of a similar or financially related product will require a review of the critical attributes to provide up-to-date product and provider information, but not necessarily to inform about what a savings/investment policy is.

If the initial decision was motivated by a low level of involvement and the outcome was satisfactory, then subsequent decisions will be based upon a state of brand ambivalence. This means that individuals relegate these decisions to a habitual process but will consider a number of different brands, and will switch to one of them if they perceive that the circumstances in which the decision is being made are changing. For example, a typical habitual decision concerns the purchase of tinned tomatoes. Most consumers will decide upon their usual brand until they notice a price promotion, special offer or incentive to purchase a different brand. A switch may also be actuated by different merchandising and positioning within the store, different personal requirements (e.g. dietary changes) and levels of brand awareness.

Repeat purchase decisions are often unstable on the grounds that buyers are content to switch between products in their evoked set unless there is a high level of brand loyalty. Manufacturers of products that are associated with low-involvement decision-making are required to engage in promotional activities that keep the awareness of the brand at the top of each individual's mind-set. Otherwise there is a danger that a competitor may change the circumstances in which an individual makes a decision and trigger a motivation to try its offering.

Impact on marketing communications

Involvement is a theory central to our understanding of the way in which information is processed and the way in which consumers make decisions about product purchases. It was established that there are two main types of involvement: high and low. This concept of involvement leads to two orderings of the hierarchy of effects. In decisions where there is high involvement, attitude precedes trial behaviour. In low-involvement cases this position is reversed. In the former a positive and specific position is assumed by the consumer, whereas in the latter attitudes to the product (not the product class) develop after product use.

In decisions where there is high involvement, attitude precedes trial behaviour.

As discussed earlier, where there is high involvement, consumers seek out information because they are concerned about the decision processes and outcomes. Because they have these concerns, consumers develop an attitude prior to behaviour. Products that evoke high-involvement decision processes tend to be high cost, to be bought relatively infrequently, to be complex, to elicit feelings of risk and to be visible to others.

Where there is low involvement, consumers are content to select any one of a number of acceptable products and often rely on those that are in the individual's evoked set. Low involvement is thought to be a comfortable state, because there are too many other decisions in life to have to make decisions about each one of them, so an opportunity not to have to seek information and make other decisions is welcome.

This suggests that high and low positions are neither static nor permanent. Involvement is said by some (Vaughn, 1980; Ratchford, 1987) to be a continuum where consumers can move from a high- to a low-involvement position, as their experience of a product increases and their perceived risk is reduced. Figure 6.6 indicates the advertising and promotion strategies best suited for each level within both involvement spectra.

High and low positions are neither static nor permanent.

Involvement impacts therefore on what is said, how it is said and when it is said. Readers are advised that other material relating to involvement and the strategic implications for marketing communications can be found in Chapters 11 and 16.

Involvement impacts on what is said, how it is said and when it is said.

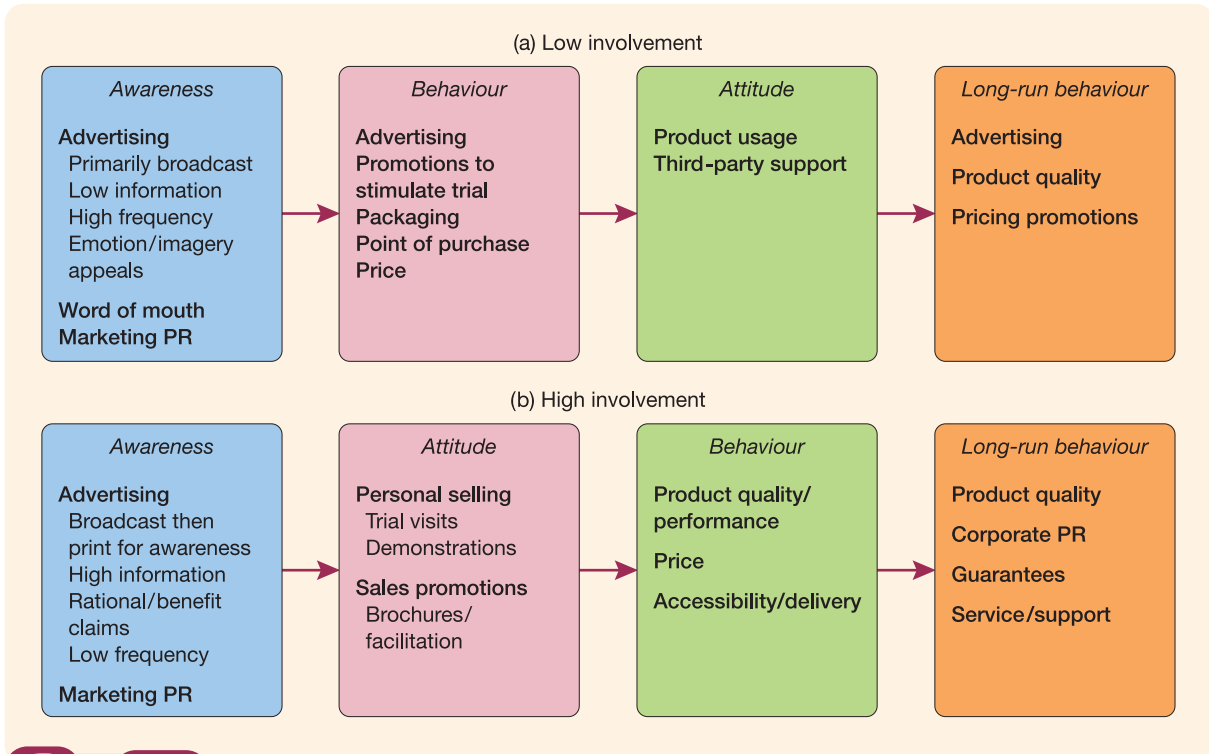


Figure 6.6

Promotional strategies for different levels of involvement

Organisational buying decision processes

Organisations have so far been viewed in the context of sellers, but in order to function they need to buy materials, parts, general supplies and services from a range of other organisations. Some texts refer to this as industrial marketing or, in the more current terminology, business-to-business marketing, reflecting the growth and importance of the public sector and the increasing use of the services sector within mature economies. However, the term ‘organisational marketing’ is used here to reflect the wide range of organisations involved with such activities.

Organisational buying processes need to be understood, just as consumer buying processes do, in order that appropriate and effective communication plans can be developed to complement and support the marketing mix.

Organisational buying, according to Webster and Wind (1972), is ‘the decision making process by which formal organisations establish the need for purchased products and services and identify, evaluate and choose among alternative brands and suppliers’. Of particular significance is the relationship that develops between organisations that enter market exchange transactions. As mentioned previously, the various networks that organisations belong to will influence the purchase decisions that other organisations in the network make. However, before exploring these issues, it is necessary to review the context in which organisational decisions are made.

There are far fewer buyers in the organisational context than in the consumer market.

One way of examining the context is to compare organisational decisions with those made in consumer markets. There are far fewer buyers in the organisational context than in the consumer market, although there can be a number of people associated with a buying decision in an organisation. Orders are invariably larger and the frequency with which they are

placed is much lower. It is quite common for agreements to be made between organisations for the supply of materials over a number of years. Similarly, depending upon the complexity of the product (photocopying paper or a one-off satellite), the negotiation process may also take a long time.

ViewPoint 6.4

Hospital buying decisions

The purchase of medical supplies and equipment by hospitals is an important decision, if only because of the implications of the decisions made with regard to patient welfare. However, the wide variety of people involved in the process can lead to buying decisions becoming overly complex, sometimes over budget and delayed. For example, purchasing decisions regarding infusion pumps are influenced by various stakeholder groups: medical experts (such as doctors and consultants), administrators (such as general managers and purchasing administrators), those with financial responsibilities, purchasing agents and of course certain direct government representatives, Primary Care Trusts and other influential stakeholders.

Question

What are the implications for manufacturers and suppliers in order that they communicate effectively with this range of influencers?

Task

Draw up a list of communication tools and media that you might use to communicate your infusion pumps. Prioritise them and justify your decisions.

Many of the characteristics associated with consumer decision-making processes can be observed in the organisational context. However, organisational buyers make decisions which ultimately contribute to the achievement of corporate objectives. To make the necessary decisions, a high volume of pertinent information is often required. This information needs to be relatively detailed and is normally presented in a rational and logical style. The needs of the buyers are many and complex, and some may be personal. Goals, such as promotion and career advancement within the organisation, coupled with ego and employee satisfaction combine to make organisational buying an important task, one that requires professional training and the development of expertise if the role is to be performed optimally.

Organisational buyers make decisions that vary with each buying situation and buyclass. Buyclasses, according to Robinson *et al.* (1967), comprise three types: new task, modified rebuy and straight rebuy (Table 6.2):

Table 6.2

Main characteristics of the buyclasses

Buyclass	Degree of familiarity with the problem	Information requirements	Alternative solutions
New buy	The problem is fresh to the decision-makers	A great deal of information is required	Alternative solutions are unknown, all are considered new
Modified rebuy	The requirement is not new but is different from previous situations	More information is required but past experience is of use	Buying decision needs new solutions
Rebuy	The problem is identical to previous experiences	Little or no information is required	Alternative solutions not sought or required

1. *New buy*

As the name implies, the organisation is faced with a first-time buying situation. Risk is inevitably large at this point, and partly as a consequence there are a large number of decision participants. Each participant requires a lot of information and a relatively long period of time is required for the information to be assimilated and a decision to be made.

2. *Modified rebuy*

Having purchased a product, the organisation may request through its buyer that certain modifications be made to future purchases, for example, adjustments to the specification of the product, further negotiation on price levels or perhaps the arrangement for alternative delivery patterns. Fewer people are involved in the decision process than in the new task situation.

3. *Straight rebuy*

In this situation, the purchasing department reorders on a routine basis, very often working from an approved list of suppliers. No other people are involved with the exercise until different suppliers attempt to change the environment in which the decision is made. For example, they may interrupt the procedure with a potentially better offer.

These phases bear a strong resemblance to the extended, limited and routinised response identified earlier with respect to the consumer market.

Reference has been made on a number of occasions to organisational buyers, as if these people are the only representatives of an organisation to be involved with the purchase decision process. This is not the case, as very often a large number of people are involved in the purchase decision. This group is referred to as either the decision-making unit (DMU) or the buying centre.

Buying centres vary in size and composition in accordance with the nature of each individual task.

Buying centres vary in size and composition in accordance with the nature of each individual task. Webster and Wind (1972) identified a number of people who make up the buying centre.

Users are people who not only initiate the purchase process but also use the product, once it has been acquired, and evaluate its performance. *Influencers* very often help set the technical specifications for the proposed purchase and assist the evaluation of alternative offerings by potential suppliers. *Deciders* are those who make purchasing decisions. In repeat buying activities the buyer may well also be the decider. However, it is normal practice to require that expenditure decisions involving sums over a certain financial limit be authorised by other, often senior, managers. *Buyers* (purchasing managers) select suppliers and manage the process whereby the required products are procured. As identified previously, buyers may not decide which product is to be purchased but they influence the framework within which the decision is made.

Gatekeepers have the potential to control the type and flow of information to the organisation and the members of the buying centre. These gatekeepers may be technical personnel, secretaries or telephone switchboard operators.

The size and form of the buying centre is not static. It can vary according to the complexity of the product being considered and the degree of risk each decision is perceived to carry for the organisation. Different roles are required and adopted as the nature of the buying task changes with each new purchase situation (Bonoma, 1982). It is vital for seller organisations to identify members of the buying centre and to target and refine their messages to meet the needs of each member of the centre.

The task of the marketing communications manager and the corresponding sales team is to decide which key participants have to be reached, with which type of message, with what frequency, and to what depth should contact be made. Just like individual consumers, each member of the buying centre is an active problem solver and processes information so that personal and organisational goals are achieved.

Each member of the buying centre is an active problem solver and processes information so that personal and organisational goals are achieved.

Table 6.3

Major influences on organisational buying behaviour

Stakeholder influences	Organisational influences	Individual influences
Economic conditions	Corporate strategy	Personality
Legislation	Organisational culture and values	Age
Competitor strategies	Resources and costs	Status
Industry regulations	Purchasing policies and procedures	Reward structure and systems
Technological developments	Interpersonal relationships	
Social and cultural values		
Interorganisation relationships		

Source: Based on Webster and Wind (1972).

Influences on the buying centre

Three major influences on organisational buyer behaviour can be identified as stakeholders, the organisational environment and those aspects which the individual brings to the situation. (see Table 6.3).

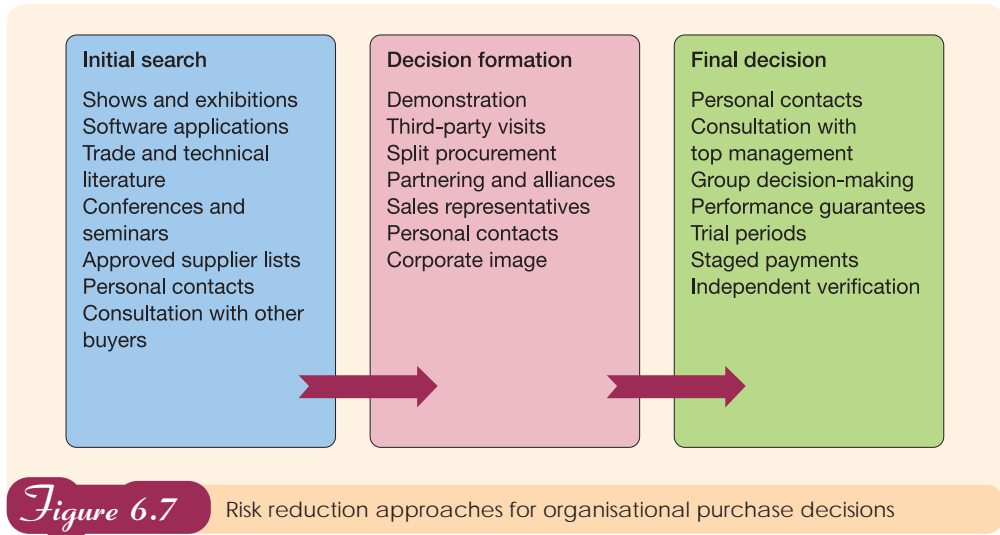
Stakeholders develop relationships between the focus organisation and other stakeholders in the network. The nature of the exchange relationship and the style of communications will influence buying decisions. If the relationship between organisations is trusting, mutually supportive and based on a longer-term perspective (a relational structure) then the behaviour of the buying centre may be seen to be cooperative and constructive. If the relationship is formal, regular, unsupportive and based on short-term convenience (a market, structure-based relationship) then the purchase behaviour may be observed as courteous yet distant.

Without doubt the major determinant of the organisational environment is the cost associated with switching from one supplier to another (Bowersox and Cooper, 1992). When an organisation chooses to enter into a buying relationship with another organisation, an investment is made in time, people, assets and systems. Should the relationship with the new supplier fail to work satisfactorily, then a cost is incurred in switching to another supplier. It is these switching costs that heavily influence buying decisions. The higher the potential switching costs, the greater the loss in flexibility and the greater the need to make the relationship appropriate at the outset.

Behaviour within the buying centre is also largely determined by the interpersonal relationships of the members of the centre. Participation in the buying centre has been shown to be highly influenced by individuals' perceptions of the personal consequences of their contribution to each stage in the process. The more that individuals think they will be blamed for a bad decision or praised for a good decision, the greater their participation, influence and visible DMU-related activity (McQuiston and Dickson, 1991). The nature and dispersal of power within the unit can influence the decisions that are made. Power is increasingly viewed from the perspective of an individual's ability to control the flow of information and the deployment of resources (Spekman and Gronhaug, 1986). This approach reflects a network approach to, in this case, intraorganisational communications.

Behaviour within the buying centre is largely determined by the interpersonal relationships of the members of the centre.

From a communications perspective there is strong evidence that the provision/collection of information is a major contributor to risk reduction (Mitchell, 1995). Figure 6.7 sets out some of the more common approaches used by organisations to reduce risk.



Buyphases

The organisational buying decision process consists of several stages or buyphases (Robinson *et al.*, 1967). The following sequence of six phases or events is particular to the new task buyclass. Many of these buyphases are ignored or compressed when either of the other two buyclasses is encountered.

Need/problem recognition

Products or services are purchased because of two main events (Cravens and Woodruff, 1986). Difficulties may be encountered first as a result of a need to solve problems, such as a stock-out or new government regulations, and, second, as a response to opportunities to improve performance or enter new markets. Essentially, the need/recognition phase is the identification of a gap. This is the gap between the benefits an organisation has now and the benefits it would like to have. For example, when a photocopier breaks down or fails to meet the needs of the organisation, the communication benefits it offers are missed by the users. This gap can be bridged by using a different machine on a temporary basis or by buying a new machine that provides the range of benefits required.

Product specification

As a result of identifying a problem and the size of the gap, influencers and users can determine the desired characteristics of the product needed to resolve the problem.

As a result of identifying a problem and the size of the gap, influencers and users can determine the desired characteristics of the product needed to resolve the problem. This may take the form of a general description or may require a much more detailed analysis and the creation of a specification for a particular product. What sort of photocopier is required? What is it expected to achieve? How many documents should it copy per minute? Is a collator or tray required? This is an important part of the process, because if it is executed properly it will narrow the supplier search and save on the costs associated with evaluation prior to a final decision.

Supplier and product search

At this stage the buyer actively seeks organisations that can supply the necessary product. There are two main issues at this point. Will the product reach the required performance standards

and will it match the specification? Second, will the potential supplier meet the other organisational requirements? In most circumstances organisations review the market and their internal sources of information and arrive at a decision that is based on rational criteria.

Organisations, as we have seen before, work wherever possible to reduce uncertainty and risk. By working with others who are known, of whom the organisation has direct experience and who can be trusted, risk and uncertainty can be reduced substantially. This highlights another reason why many organisations seek relational exchanges and operate within established networks and seek to support each other.

The quest for suppliers and products may be a short task for the buyer; however, if the established network cannot provide a solution, the buying organisation has to seek new suppliers, and hence new networks, to be able to identify and short-list appropriate supplier organisations.

Evaluation of proposals

Depending upon the complexity and value of the potential order(s), the proposal is a vital part of the communication plan and should be prepared professionally. The proposals of the short-listed organisations are reviewed in the context of two main criteria: the product specification and the evaluation of the supplying organisation. If the organisation is already a part of the network, little search and review time need be allocated. If the proposed supplier is new to the organisation, a review may be necessary to establish whether it will be appropriate (in terms of price, delivery and service) and whether there is the potential for a long-term relationship or whether this is a single purchase that is unlikely to be repeated.

Once again, therefore, is the relationship going to be a market exchange or a relational exchange? The actions of both organisations, and of some of the other organisations in the network to the new entrant, are going to be critical in determining the form and nature of future relationships.

Supplier selection

The buying centre will undertake a supplier analysis and use a variety of criteria depending upon the particular type of item sought. This selection process takes place in the light of the comments made in the previous section. A further useful perspective is to view supplier organisations as a continuum, from reliance on a single source to the use of a wide variety of suppliers of the same product.

The buying centre will undertake a supplier analysis.

Jackson (1985) proposed that organisations might buy a product from a range of different suppliers, in other words a range of multiple sources are maintained (a practice of many government departments). She labelled this approach 'always a share', as several suppliers are given the opportunity to share the business available to the buying centre. The major disadvantage is that this approach fails to drive cost as low as possible, as the discounts derived from volume sales are not achieved. The advantage to the buying centre is that only a relatively small investment is required and little risk is entailed in following such a strategy.

At the other end of the continuum are organisations that only use a single-source supplier. All purchases are made from the single source until circumstances change to such a degree that the buyer's needs are no longer being satisfied. Jackson referred to these organisations as 'lost for good', because once a relationship with a new organisation has been developed, they are lost for good to the original supplier. An increasing number of organisations are choosing to enter alliances with a limited number of, or even single-source, suppliers. The objective is to build a long-term relationship, work together to build quality and help each other achieve their goals.

Outsourcing manufacturing activities for non-core activities has increased, and this has moved the focus of communications from an internal to an external perspective.

Evaluation

The order is written against the selected supplier and immediately the supplier is monitored and performance is evaluated against such diverse criteria as responsiveness to enquiries and modifications to the specification and timing of delivery. When the product is delivered it may reach the stated specification but fail to satisfy the original need. This is a case where the specification needs to be rewritten before any future orders are placed.

Organisational buying has shifted from a one-to-one dyadic encounter, salesperson to buyer, to a position where a buying team meets a selling team. The skills associated with this process are different and are becoming much more sophisticated, and the demands on both buyers and sellers are more pronounced. The processes of buying and selling are complex and interactive.

Developments in the environment can impact on a consumer or organisation buyer and change both the way decisions are made and their nature. For example, the decision to purchase new plant and machinery requires consideration of the future cash flows generated by the capital item. Many people will be involved in the decision, and the time necessary for consultation may mean that other parts of the decision-making process are completed simultaneously.

ViewPoint 6.5

Influences on pump buying

There are a large number of influences that impact on purchasing decisions. These can be classified as macro and micro, or external and internal. However, in certain purchasing situations, and in certain sectors, there are a variety of ongoing costs that also need to be considered.

In Viewpoint 6.4, infusion pumps were considered as a focus for hospital buying. In addition to the various political, social and technological influences that affect the various decision-makers and members of the DMU, there are economic factors associated with running these pumps. For example, the Royal United Hospital Bath NHS Trust disclosed that they saved £35,000 on consumables by adopting a lifecycle costing approach when deciding on the supplier of their next pump order. In a sense this saving represents added value, especially in a purchasing environment that is increasingly subject to tighter controls, stricter procedures and a culture that stresses value for money. The pump supplier who lost the hospital's business would do well to consider the influences, benefits and value that they need to offer in future.

Question

In this situation, do you believe that marketing communications should be strictly about the functionality and performance of infusion pumps or is there scope to incorporate more emotional messages?

Task

List the different influences that might affect the decision to buy medical equipment.

There are a number of other issues concerned with the manner in which the members of a buying centre interact and make choices. An interesting new approach to strategic management considers the subjective, cognitive thoughts of the strategist to be more important than has been considered previously. Porter (1980), Ansoff and McDonnell (1990) and others in what is referred to as the design school of thought, assume that strategic decisions result from rational, logical analysis and interpretation of the environment.

An alternative view is that as environments are too complex and dynamic for objective analysis to be any practical use (Simon, 1976), then strategy or choices are fashioned from individuals' interpretations of their environment. Projections of historical data in uncertain, highly unpredictable environments mean that strategists, or members of the buying centre in this case, will rely more on knowledge and experience as the main platform for decision-making.

Unifying models of buyer decision-making

The models of decision-making presented here and in the literature are important because they focus attention on key issues and bring out the priorities. They help the development of marketing communications by segregating audiences according to their situational needs. However, two points of contention concern the implied rationality of decision-making, particularly in organisational contexts and the assumption that consumer decision-making is different from organisational decision-making.

For example, there is immediate similarity between the EPS, LPS and RRB consumer-related purchase states and the new task, modified rebuy and rebuy states associated with organisational buying. Risk and involvement are relevant to both categories and, although the antecedents may vary, the marketing communications used to alleviate or reduce these conditions are essentially the same, just deployed in different ways. Wilson (2000) explores the issues related to rationality and implied differences. For example, consumers make product-related purchase decisions based on a wide array of inputs from other people and not just those in the immediate family environment. This is akin to group buying dynamics associated with the DMU. He argues that the rationality normally associated with organisational decision-making is misplaced, suggesting that in some circumstances the protracted nature of decision-making is more a reflection of organisational culture and the need to follow bureaucratic procedures and to show due diligence. In addition, issues concerning established behaviour patterns, difficulties and reluctance to break with established (purchasing) practices, intra- and interorganisational politics and relationships, and the costs associated with supplier switching all contribute to a more interpretive understanding of organisational decision-making. Further support for this view is given by Mason and Gray (1999), who refer to the characteristics of decision-making in the air business passenger travel market and note some strong similarities between the two main groups.

The protracted nature of decision-making is more a reflection of organisational culture and the need to follow bureaucratic procedures and to show due diligence.

What needs to be considered is that many of the characteristics of both consumer and organisational decision-making show greater similarities than normally assumed (or taught). The implication for marketing communications is that a richer deeper understanding of these processes and characteristics may encourage the development of more effective communications.

Summary

In order to help consolidate your understanding of customer decision-making, here are the key points summarised against each of the learning objectives:

1. Explain the general process through which purchase decisions are made.

There are five stages to the general process whereby buyers make purchase decisions and implement them. These are problem recognition, information search, alternative evaluation, purchase decision and post-purchase evaluation. Organisations use marketing communications in different ways in order to influence these different stages.

2. Examine the sequence and methods used by consumers to make decisions.

Buyers do not follow the general purchase decision sequence at all times and three types of problem solving behaviour are experienced by consumers. These are extended problem

solving, limited problem solving and routinised response. The procedure may vary depending upon the time available, levels of perceived risk and the degree of involvement a buyer has with the type of product.

3. Explore the components of perceived risk.

Consumers experience risk when making purchasing decisions. This risk is perceived and concerns the uncertainty of the proposed purchase and the outcomes that will result from a decision to purchase a product. The level of risk an individual experiences varies through time, across products and is often a reflection of an individual's propensity to manage risk. Risk is related to involvement, trust and other buyer behaviour concepts. Five types of perceived risk can be identified. These are ego, social, physical, financial and performance risks.

4. Introduce and explain involvement theory and relate it to planned communication activities.

Involvement is about the degree of personal relevance and risk perceived by individuals in a particular purchase situation. Individuals experience involvement with products or services to be purchased. The products and services themselves should not be classified as high or low involvement. The level of involvement may vary through time as each member of the target market becomes more (or less) familiar with the purchase and associated communications. At the point of decision-making, involvement is either high or low.

5. Consider the different types of individual who contribute to purchase decisions made by organisations.

There are a wide variety of individuals involved in organisational purchase decisions. There are *Users*, *Influencers*, *Deciders*, *Buyers* and *Gatekeepers*. All fulfil different functions, all have varying degrees of impact on purchase decisions and all require different marketing communications in order to influence their decision-making.

6. Understand the stages that organisations use to make purchase decisions.

The organisational buying decision process consists of six main stages or buyphases. These are need/problem recognition, product specification, supplier and product search, the evaluation of proposals, supplier selection and evaluation.

7. Appreciate the differences in approaches and content of marketing communications between consumer and organisational buying.

There are several points of similarity and differentiation between the way consumers and organisations make purchasing decisions. All affect the way marketing communications should be used. However, two points of contention concern the implied rationality of decision-making, particularly in organisational contexts and the assumption that consumer decision-making is different from organisational decision-making.

Review questions

1. Describe the general decision-making process.
2. What are EPS, LPS and RRB?
3. Select a product and a service which you have used recently and relate the six elements of perceived risk to both of them. How do the elements of risk differ?

4. Explain the three broad interpretations of involvement. How does involvement differ from perceived risk?
5. Describe the high- and low-involvement decision-making processes.
6. Highlight the differences between consumer and organisational buying.
7. What are buyclasses and buying centres?
8. How might a salesperson successfully utilise knowledge about the buying centre?
9. Explain the components of the various buyphases.
10. What are the main communication differences between consumer-oriented and business-to-business-oriented marketing communications?

MiniCase

Understanding consumers' needs: the success of the Apache motorcycle in India

Poonam V. Kumar: TNS – Asia Pacific & Middle East
 Prasad Narasimhan: TVS Motor Company India
 Adapted by
 Clive Nancarrow: University of the West of England

Introduction

The motorcycle market in India was originally a sellers' market with enormous waiting lists of buyers, but it has now become much more competitive. The focus had been on producing technically better machines – better fuel efficiency being the key differentiation. Segmentation was based on price and branding limited to reassurances about quality and after sales service – all of this based on the assumption that consumer motives were largely rational.

Changing lanes

The TVS motor company took the decision to look beyond improving functional performance for a solution. TVS decided to attempt a better understanding of what the market needed through consumer research. With the best technical and design consultants in the world, they were confident that once market gaps were identified and understood, creating a suitable product would not be difficult.

The research tool box

The research consisted of several stages. The first was a qualitative exploratory phase to uncover the need structure of the market. This was followed by quantitative need-based segmentation to validate the need structure and measure the sizes of the need segments. Mapping and measuring of existing brands on the

needs landscape helped to identify where the opportunity lay. Concepts were developed and tested and then finally the technical design team given the direction to develop/identify a suitable product that expressed the desired brand positioning. This represented a complete paradigm shift in the method of client working and thinking, where most of the earlier launches (the successful ones as well as not so successful) had emerged from the engineering and draftsman drawing boards.

NeedScope®, TNS' proprietary system, was identified as the most suitable solution.

The TNS NeedScope® system

Two concepts form the theoretical basis of NeedScope – a marketing model and an archetypal framework. The marketing model describes how brands and needs are two sides of an equation and should fit together. The outer, most easily accessible, layer of consumer needs is the rational layer and is satisfied by the functional benefits the product delivers. The only route to competitive advantage seemed to be engineering innovation, leading to long new product development cycles, high risk launches without any means to secure long-term advantage as all the big three had equal access to international state-of-the-art technology.

The second layer has to do with social psychology – the need to identify with particular groups in society. These needs are met by the social values or character of the brand – a brand for young people, for women, upscale, etc.

And finally, at the heart of the model are the emotive needs. These are the core drivers of brand choice, the engine that powers the consumer's relationship with the brand.

The marketing model is therefore not just an emotive model. It recognises that consumers have needs at all levels, and that the rational or functional level serves as a screener, the first stop, which if not satisfied, will keep the brand out of the consumer's consideration set. However, this is not the layer at which loyalty can be built and it is necessary to go below the surface. Starting with the rational, the model systematically uncovers the inner need layers. There is also no hierarchy – no layer is considered more important than the other. The needs are interlinked and only when cohesively met across all three layers, will a powerful connection be struck with the consumer.

The second concept is the NeedScope archetypal framework (see Figure 6.8). Two axes are the fundamental anchors of the framework. The horizontal is the 'I' versus 'We' axis. The right side represents the drive for individualism and self-assertion. The left side is about the fundamental sense of belonging – the need for acceptance, togetherness, friendship and warmth. The vertical dimension divides the model into the extroverted and introverted poles. The top is about energy directed outwards – release, stimulation, freedom. The bottom is about energy that is inwards – more contained and controlled and therefore less visible. While these are opposites, there are no hierarchies or negatives. Consumers are multi-faceted and have multiple needs, depending on the context of the category and occasion.

We can identify six basic archetypes. Archetypes are the unchanging constant in human beings that hold over time, across different geographies and cultures. For example, everyone recognises and connects with the nurturing care of the Mother, the appealing purity of the Innocent or the determined courage of the Winning Hero beating odds and with the irresistible sensuality of the Seductress. Over millennia, powerful stories have been told and written about them. They take different faces and names, but they still strike the same deep chord within all human beings. They are reflected in our gods and goddesses, in our mythologies and it does not matter if one is Greek or Indian, Chinese or Nordic. Uncannily, cultures that have evolved thousands of miles from each other and with no real contact, developed the same stories. These archetypes are found in culture after culture, they anchor our worlds and our belief systems. Carl Jung calls this the collective unconscious.

The quantitative stage of research involved segmentation based on needs. There were six need states identified and each need state was detailed on all layers of needs as well as other demographic and behavioural parameters to enable targeting (see Figure 6.9).

The size of the need states indicates the dynamic shift of the market towards more modernity and individualism.

Brands were then mapped on the needs landscape based on how consumers perceived them. Pulsar, the big success in the market, was in Potency. The TVS brands were *all* clustered in the lower part of the affiliative section of the map. Clearly, all of them

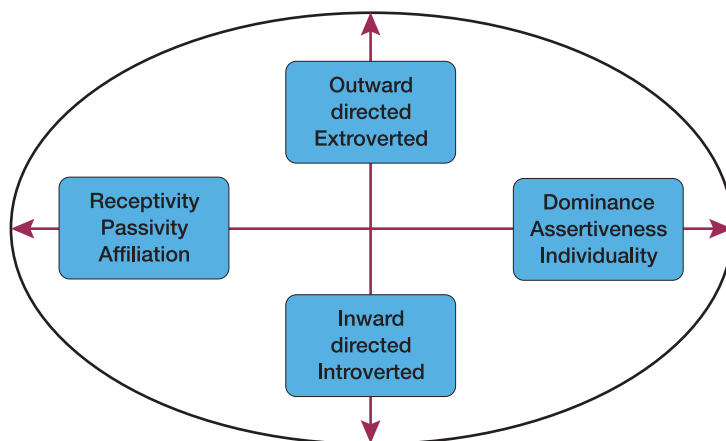


Figure 6.8

The NeedScope® archetypal framework
Source: NeedScope®.

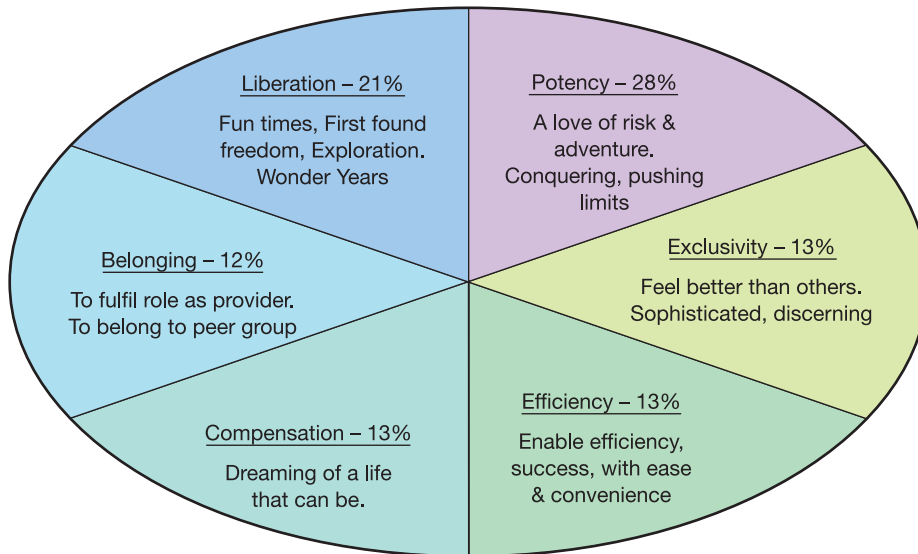


Figure 6.9

Six need segments
Source: NeedScope®.

were drawing imagery and symbology from the affiliative, reliable image of the corporate brand. The position of the TVS brands indicated sub-optimal utilisation of the portfolio and the absence from the more dynamic and growing part of the market was a cause for concern. TVS clearly had to get back into the action.

From the analysis Potency and Liberation were identified as the opportunity. An in-depth need state-brand fit analysis showed that Liberation, rather than Potency was a more optimal target for several reasons:

- Potency, while larger and exciting, already had a formidable competitor in Pulsar. There was a high risk of becoming a me-too launch unless something dramatically different was created.
- While the need to create a new brand rather than a new TVS model was recognised, it was also clear that the auto being a high-ticket buy, the signature of an established company would be needed for market acceptance and consequently there would be some company brand influence. The Potency need state with its macho, rugged individualism was just too distant to be targeted credibly with TVS's affiliative imagery.
- Liberation had a younger skew, which opened up the opportunity to target a new social group – the first-time bike buyer. With the market size growing, the profile of the buyer was getting younger and this segment was expected to grow even further as the

older, middle-class consumers had begun to shift towards four-wheelers.

Liberation – Life, Here I come!!!

The first step was to understand Liberation on all levels of need.

- Emotively, Liberation represents the wonder years in a man's life. The first taste of freedom, the first venture into adulthood. A time of freedom, fun, exploration of the world and experiences before responsibility and the realities of life take over. The bike in this need state symbolises a rite of passage – the boy becomes a man – and is the ideal partner to explore spaces, both physically and emotively. In the physical sense it is about mobility. Emotionally it is about reaching places you have never been.
- Liberation evokes the heady kick and excitement of youth, the exciting discovery of adulthood and the bike is integral as a source of pleasure.
- There was a definite younger demographic skew, but the need also extended to the 'young at heart'. For the young man, the motorbike is a symbol to flaunt his adult status. With older men it is about recapturing moments gone by, the longing for eternal youth.
- The social values of the need state are reflected in younger men in the golden period between boys and

adult men. The need for affiliation is typically strong at this stage and so the bike is used to represent togetherness – a buddy to share the fun with.

- With every brand boasting an international collaboration, this was not a differentiating, nor for that matter a motivating, proposition. International technology is obviously desirable, but there is also an emerging pride and comfort, especially among the youth, about being Indian and ‘Indianness’.
- Functional delivery needs to live up to the vibrant need for a trendy, cool experience – a combination of speed, power, pick up and trendy looks. Advanced technology to reflect the fast-paced lifestyles of the emerging Indian youth.

Two concepts were developed and tested on the same frame of reference.

Source: Based on a paper given at ESOMAR Annual Congress, Berlin, September 2007 by Poonam Kumar, Motivational Research, APAC Region, TNS Asia, India; Prasad Narsimhan TVS Motor Company, India (ESOMAR Copyright)

Note: The full paper is available on www.pearsoned.co.uk/fill.

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MiniCase questions

1. What is the value of the TNS NeedScope® system to a marketer?
2. What is the value of NeedScope to the creative department of an advertising agency.
3. Why is research, and this type of research in particular, so important?

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