

# ***ALTERNATIVE EVALUATION***

# THE CONSUMER DECISION PROCESS



Problem Recognition



Information Search



Alternative Evaluation



Choice



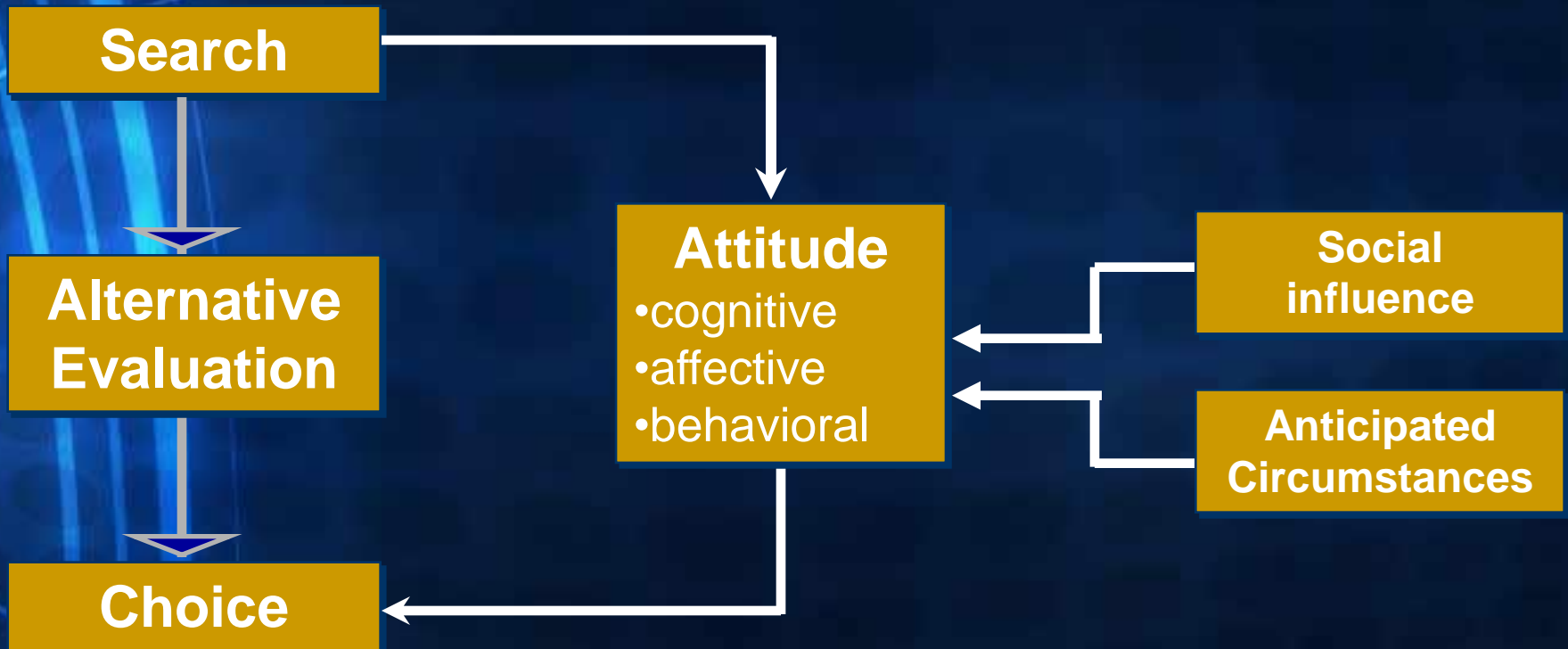
Outcomes



# ***What is Alternative Evaluation?***

***Alternative evaluation is the process of considering several alternative problem solutions and developing a purchase intention toward one.***

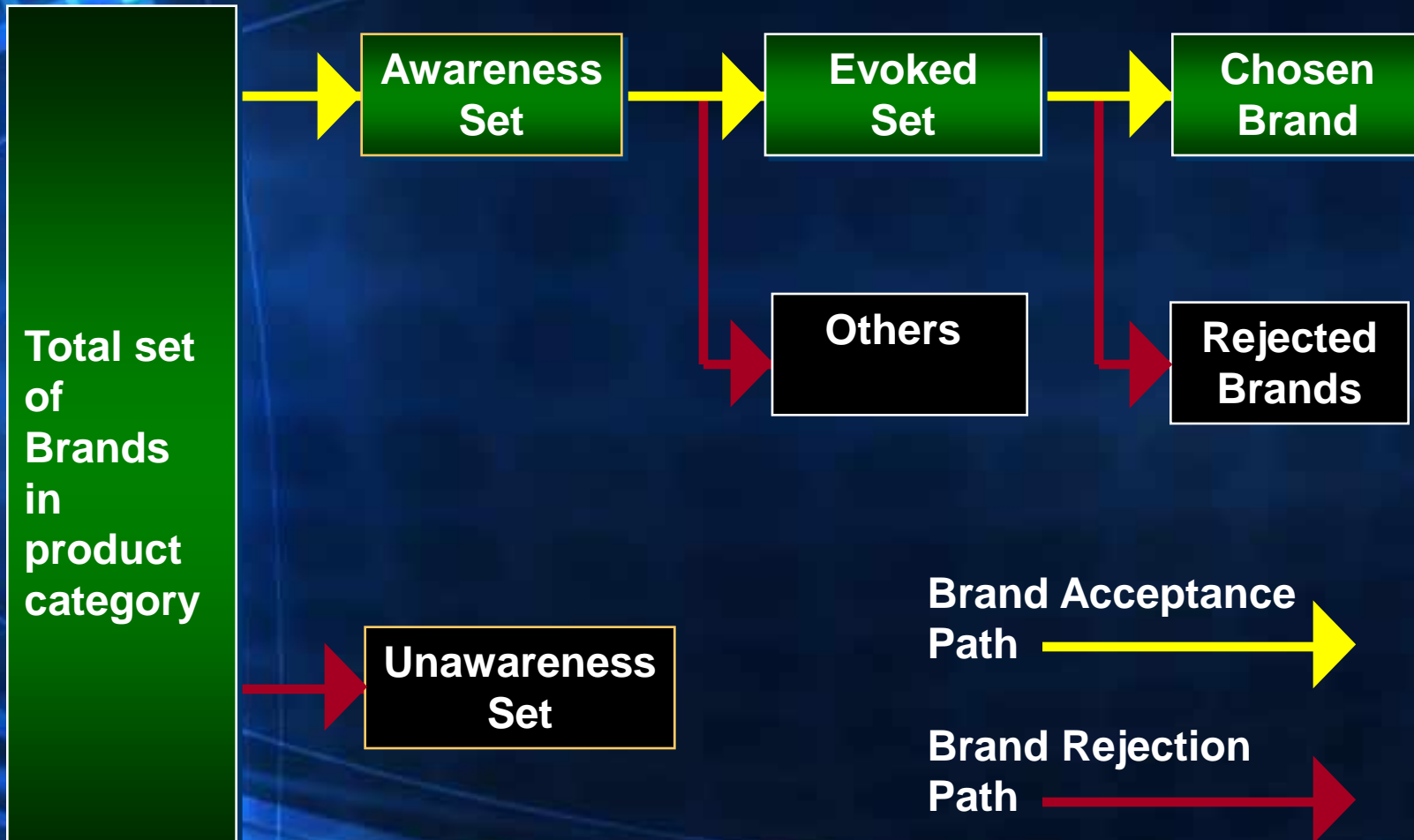
# Alternative Evaluation



# ***Evoked Set***

- Consumers don't typically know about all solutions.
- Further, of the ones they know about, all are not acceptable.
- The ***evoked set*** is the limited group of problem solutions (brands) from which the consumer will select one.

# Evoked Set



# ***Evaluative Criteria***

*Evaluative criteria represent the various product attributes or characteristics used to compare the brand alternatives.*

# ***The Nature of Evaluative Criteria***

- Evaluative criteria can be objective or subjective.
- The number of criteria used in decision making are relatively limited, usually less than six.
- Also, not all criteria are equally important.
- The criteria used to make a decision change depending on the consumer, the product, and the situation.

# ***Examples of Evaluative Criteria***

- **Product:** performance, status, color, durability, design, etc.
- **Price:** shipping, handling, tax, credit availability, cost for parts, etc.
- **Place:** travel time, ease of parking, store atmosphere, store employees, etc.
- **Promotion:** Major brand image, likeable ads, coupons, sale, premiums, rebates, etc.

# ***Decision Heuristics***

- Heuristics are rules of thumb, mental short-cuts.
- Heuristics vs. Models
- There are two main types:
  - Cognitive (attribute-based)
    - Compensatory heuristics
    - Noncompensatory heuristics
  - Affective (non-attribute-based)

# ***Cognitive heuristics***

## **Compensatory heuristics**

- **If a consumer uses a compensatory heuristic, a perceived weakness on one criterion can be compensated for by strengths on other criteria.**
- **Advantages can off-set disadvantages and the consumer could decide to buy that brand.**
- **An example is the Expectancy-Value model.**




# ***The Expectancy-Value Model***

- An attitude is developed toward each brand in the evoked set.
- An attitude is the sum of the weighted beliefs (cognitions).
- The consumer is expected to choose the brand toward which the attitude score is highest.

# Example of Choice Heuristics

Evaluative Criteria

Evoked Set

Car	Price	MPG	Style*	Handling*
1 	\$35,000	20	10	10
2 	\$29,000	30	8	9
3 	\$26,000	18	5	5
4 	\$26,000	30	3	7

\* Subjective evaluative criteria

Beliefs

# Example of Choice Heuristics\*

Car	Price	MPG	Style	Handling
1 	3	5	10	10
2 	6	7	8	9
3 	8	4	5	5
4 	8	7	3	7

\* Beliefs from the last slide are converted to a 1 to 10 (bad to good) scale.

# Example of the Expectancy-Value Model

- Formula:

$$A_{jk} = \sum_{i=1}^n W_{ik} B_{ijk}$$

where consumer =  $k$ , brand =  $j$ , &  
criterion =  $i$

- $A_1 = 4(3) + 3(5) + 2(10) + 1(10) = 57$
- $A_2 = 4(6) + 3(7) + 2(8) + 1(9) = 70$
- $A_3 = 4(8) + 3(4) + 2(5) + 1(5) = 59$
- $A_4 = 4(8) + 3(7) + 2(3) + 1(7) = 66$

# ***Cognitive heuristics***

## **Noncompensatory heuristics**

- When a noncompensatory heuristic is used a product's good performance on one criterion can not offset a poor performance on another criterion.
- Things just don't average out; each belief stands on its own.
- An example is the Lexicographic model.

# ***The Lexicographic Model***

- The consumer compares the brands on the most important criterion.
- The brand that performs best is the one that's probably selected.
- If there is a tie then it is broken by comparing just the tying brands on the next most important criterion.

# ***Example of a Lexicographic Model***

- Assume the most important criterion is price, then mpg, then style, then handling.
- Cars 3 & 4 are the best on price; cars 1 & 2 are eliminated.
- Only cars 3 & 4 are compared on mpg. Since car 4 is superior, it is the one that is probably selected.

# ***Other points about cognitive heuristics:***

- **Other possibilities:**
  - **Effect of cognitive involvement**
    - **Noncompensatory may be used in low-involvement decisions vs. compensatory in high-involvement decisions.**
    - **Consumers may use a combination of heuristics, especially in high-involvement decision-making.**
  - **Impact of missing information.**
    - **Consumers appear to prefer a brand that is superior on those criteria for which the performance of each brand is known**

# ***Affective Heuristic***

- Alternatives are not decomposed into their attributes but are evaluated holistically.
- The decision is based on how you feel about a brand or how you think using a product will make you feel.
- It may be hard to explain the choice since it is based on feelings and subjective criteria.

# ***Behavioral Intentions***

- While it is highly likely that consumers will intend to buy the brand towards which they have the most positive beliefs and feelings, that isn't always the case.
- Behavioral intentions are affected by factors besides cognition and affect:
  - Social Influence (normative compliance)
  - Anticipated circumstances

# ***Summary & Conclusions***

- **Consumers don't seriously consider buying every brand that's available; they focus on a few.**
  - **What portion of your target market has your brand in their evoked sets?**
  - **If it is too low, is it a problem of low awareness, poor brand positioning, or rejection?**

# ***Summary & Conclusions***

- **Consumers don't use every criterion to compare brands; they focus on a few.**
- **The criteria vary in importance.**
  - **How does your brand perform on the most important criteria?**
  - **Promote product benefits rather than the criteria/performance unless the benefits are obvious, especially for high-complexity products.**

# ***Summary & Conclusions***

- **Consumers don't typically compare brands in great detail; they use heuristics.**
  - **The heuristics they use make a difference how your brand is viewed next to the competition.**
- **Even if consumers have positive affect and cognitions towards a brand they may not intend to buy it.**
  - **Don't just measure beliefs and feelings, measure behavioral intentions as well.**