



**SEARCH**

# THE CONSUMER DECISION PROCESS



Problem Recognition



Information Search



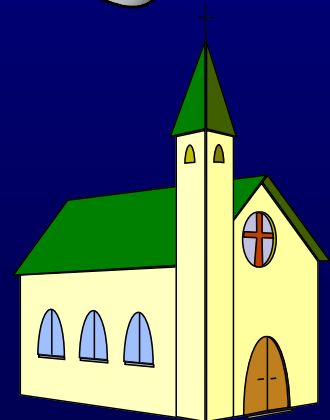
Alternative Evaluation



Choice



Outcomes



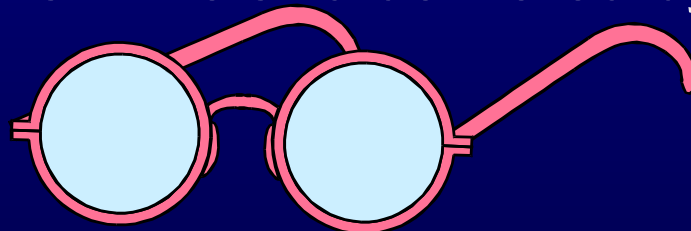


# Definitions

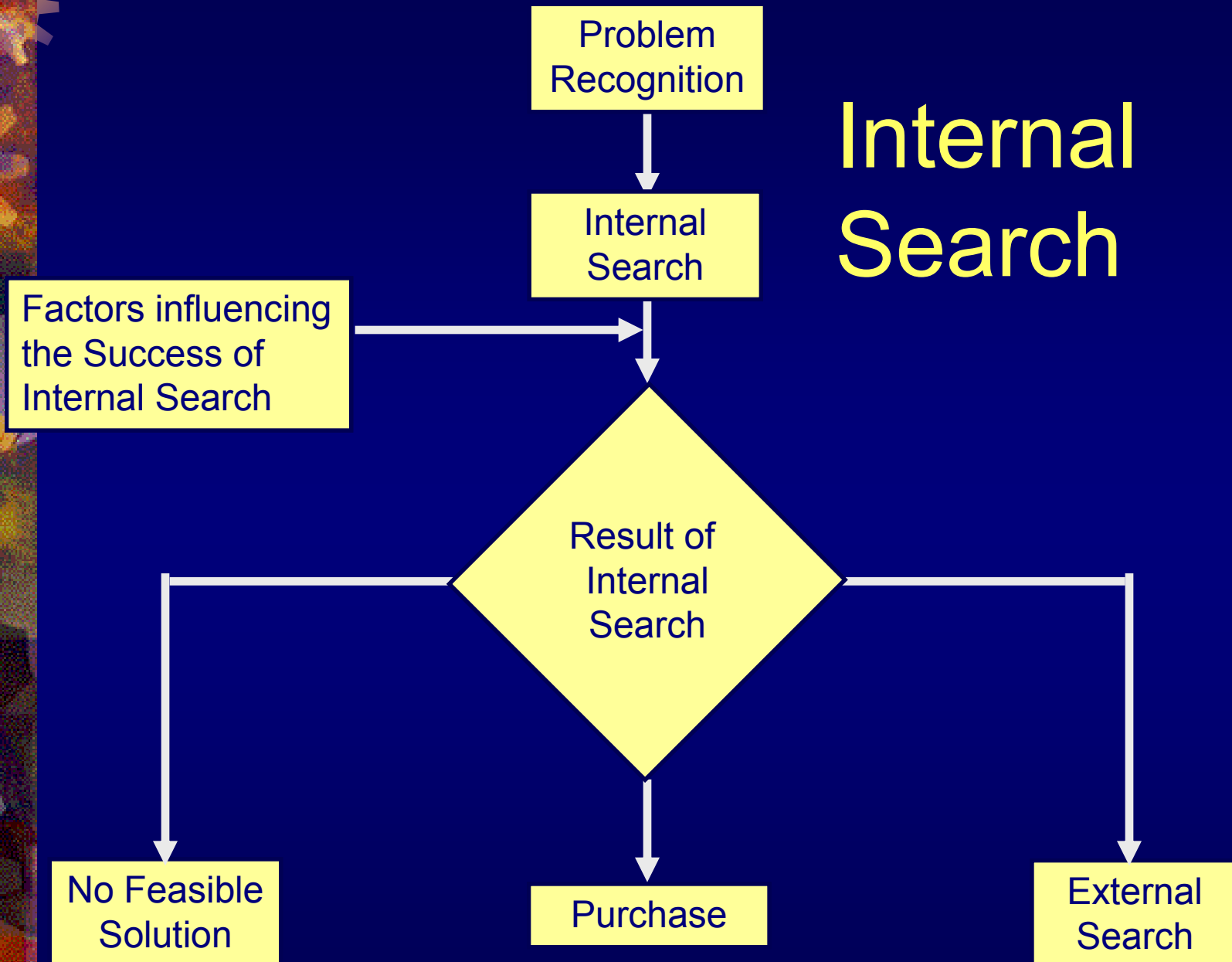
- ★ *Search refers to gathering information related to solving some perceived or potential problem.*
- ★ **Types of Search**
  - *Internal Search is a mental review of what has been experienced and remembered.*
  - *External Search is the act of seeking information from an outside source.*
  - *Prepurchase Search occurs when a consumer gathers information with an intent to buy something.*
  - *Ongoing Search occurs when information is gathered for possible future use or because it is pleasurable.*


# Description of Search

- ★ If a person doesn't put a problem on "hold" then the next step is to search for ways to solve it.
  - The consumer is convinced there is a problem and is trying to figure out how to solve it.
- ★ The practical implications for the search stage are clearer.
  - The marketer has to learn what information to have for whom at what time and delivered by what medium.



# Internal Search





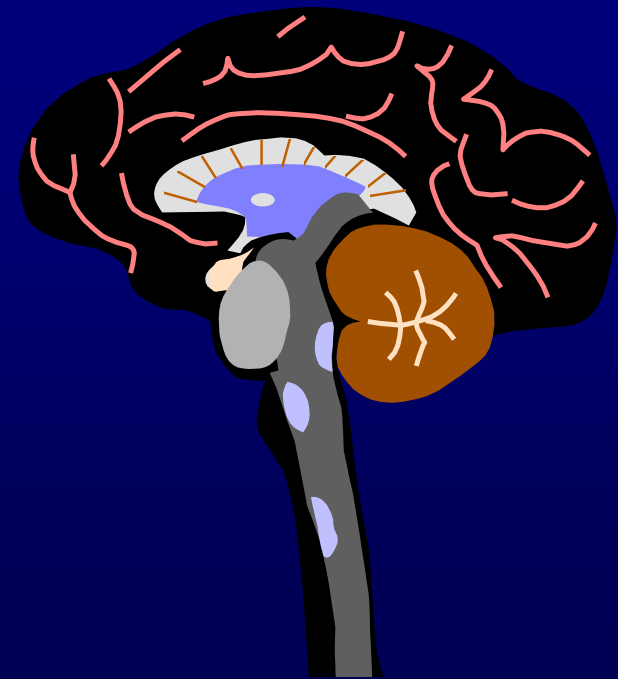
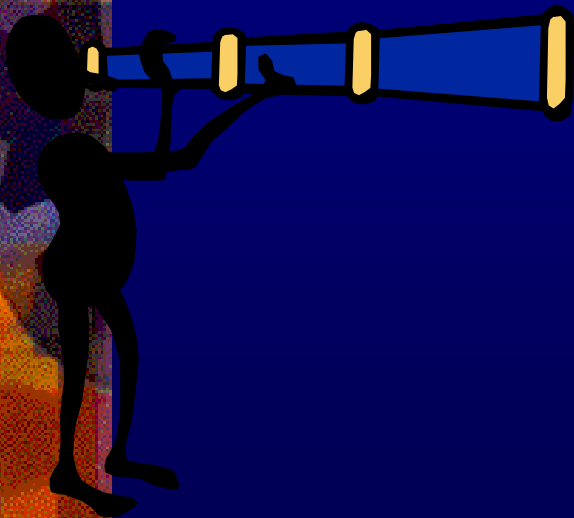
# Factors Influencing Internal Search

- ✦ Previous experience with the problem
- ✦ Ability to recall information
- ✦ Age of information



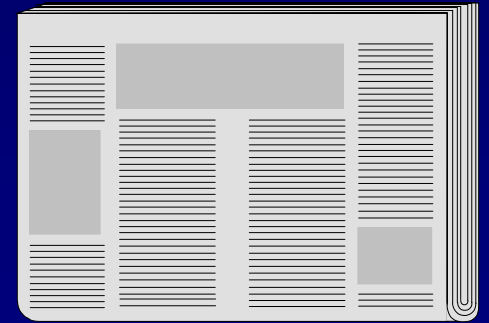
# Outcomes of Internal Search

- ✦ An acceptable solution is found
- ✦ A need for more information is realized
- ✦ Person determines that there is no feasible solution



# External Search Topics

- ✦ Types of Information
- ✦ Perceived Risk
- ✦ Costs of External Search
- ✦ Individual differences
- ✦ Sources of information





# Types of Information Gathered in External Search

## ☀ Cognitive

- What are the alternatives?
- What are the evaluative criteria?
- How does each alternative perform on each criterion?
- What do others think/feel about the alternatives?

## ☀ Affective

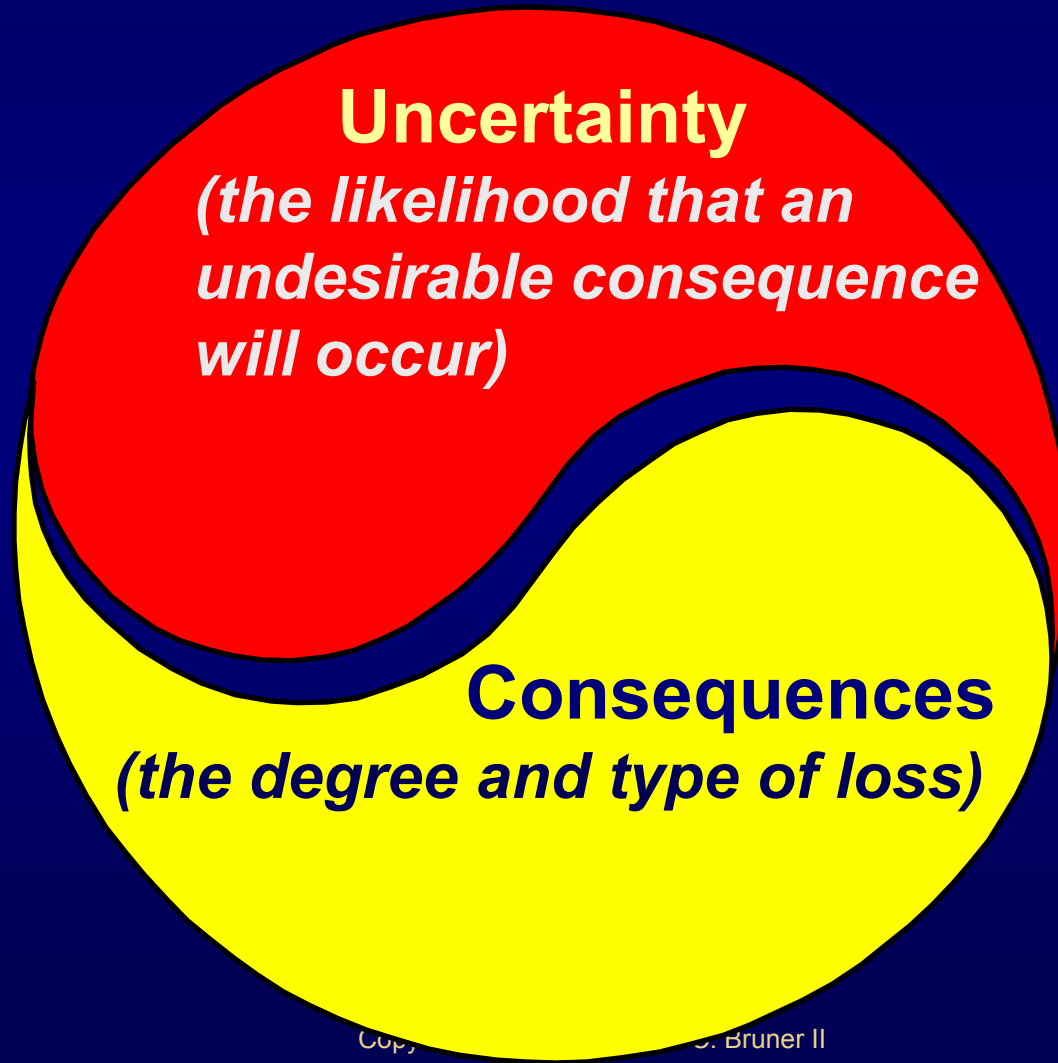
- How do you feel about the alternatives?



# Perceived Risk

- ★ The 17th century mathematician and Christian philosopher Pascal said ***"If we must not act save on a certainty . . . then we must do nothing at all, for nothing is certain."***
- ★ Risk refers to *the degree of uncertainty in a decision and seriousness of the consequences if something undesirable occurs.*

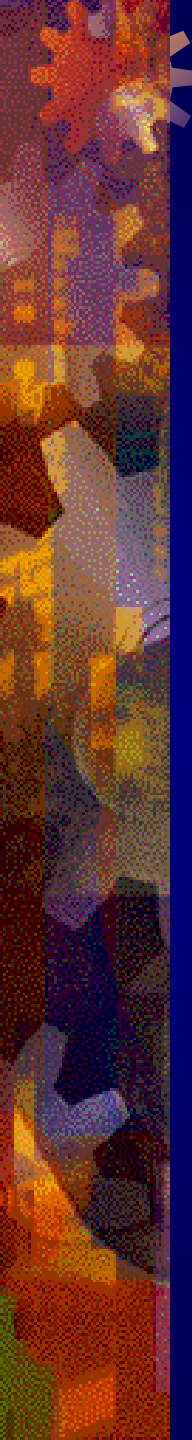
# Perceived risk has two main components:





# Perceived Risk

- ★ The focal point of consumer behavior is the choice decision.
- ★ But, the outcome of any decision can only be known in the future.
- ★ So, the consumer is always forced to deal with perceived risk.
- ★ As a general rule, a person will not engage in a behavior unless the perceived risk is at an acceptable level.



# There are several types of losses one could experience if a product is not satisfying:

- ✱ Time loss
- ✱ Physical loss
- ✱ Social loss
- ✱ Psychological loss
- ✱ Financial loss
- ✱ Functional loss

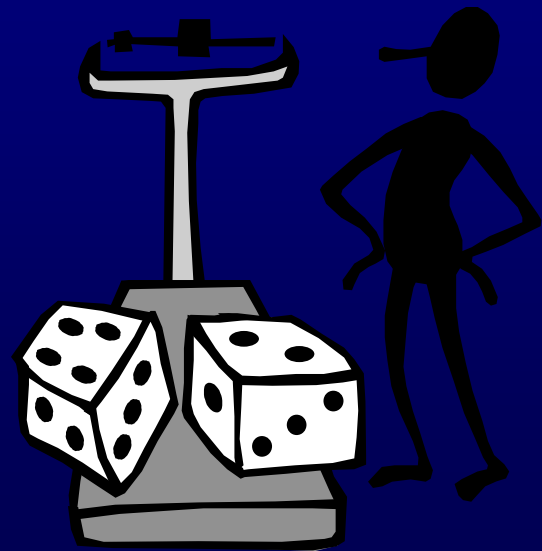
# Typical Consumer Risk Reducers

- ✓ brand loyalty
- ✓ sampling/demos
- ✓ major brand image
- ✓ endorsements
- ✓ third party testing
- ✓ store/site image

- ✓ sales person advice
- ✓ buy most expensive brand
- ✓ buy least expensive brand
- ✓ buy brand with guarantee

# Costs of External Search

- ★ Theoretically, a consumer will engage in external search as long as the benefits are perceived to outweigh the costs.
- ★ However, research shows that consumers are not willing to spend very much in typical searches.





# Types of costs associated with External Search:

- ☀ Time costs
- ☀ Money costs
- ☀ Information Overload
- ☀ Miscellaneous Psychological Costs



# Individual Differences in External Search

- ✱ Personality/Lifestyle
- ✱ Shopping Enjoyment
- ✱ Gender (females more than males)
- ✱ Involvement (positive relationship)
- ✱ Perceived risk (positive relationship)
- ✱ Education (positive relationship)
- ✱ Age (negative relationship for adults)
- ✱ Product Knowledge (curvilinear relationship)



# Sources of Information

- ★ There are several important dimensions of consumer information sources:
  - Personal vs. nonpersonal
  - Commercial vs. noncommercial
  - Believability vs. not believable
  - High effort vs. low effort
- ★ Matrices using these dimensions can be produced and consumer information sources placed into the cells.

# Information Source Matrix #1

	<b>Personal</b>	<b>Nonpersonal</b>
<b>Commercial</b>	Salespersons, employees, managers	Ads, packaging
<b>Noncommercial</b>	Experience, friends/co-worker suggestions	News, articles, publicity

# Information Source Matrix #2

	<b>Low Effort</b>	<b>High Effort</b>
<b>Low Believability</b>	Salespersons, Advertising	
<b>High Believability</b>	Friends/co-workers News articles	Consumer groups, Experience

# Sources of Information

- ★ Different people may prefer different sources of information.
- ★ Consumers might prefer sources that are highly credible yet require low effort but those sources may not have the currency and detail that is needed.
- ★ Advertising appears to be generally better in communicating information about objective product attributes, e.g., color, price, calories.
- ★ Experience is better at communicating about subjective product attributes, e.g., taste, comfort, quality.



# Summary & Conclusions

- ✦ Search can be internal or external, prepurchase or on-going.
- ✦ Marketers may be able to reduce perceived risk with the right information as well as reduce search costs.
- ✦ Marketers need to know what information a consumer wants, when it is needed, and what medium to send it in.