

# UNIT 5

## CONSUMER DECISION MAKING PROCESS

Consumer Decision-Making Process.

The consumer decision-making process consists of five steps, which are

1. Need recognition,
2. Information search,
3. Evaluations of alternatives,
4. Purchase and
5. Post-purchase behavior.

These steps can be a guide for marketers to understand and communicate effectively to consumers. The consumer decision making is a complex process with involves all the stages from problem recognition to post purchase activities. All the consumers have their own needs in their daily lives and these needs make them make different decisions. These decisions can be complex depending on the consumer's opinion about a particular product, evaluating and comparing, selecting and purchasing among the different types of product. Therefore, understanding and realizing the core issue of the process of consumer decision making and utilize the theories in practice is becoming a common view point by many companies and people.

There is a common consensus among many researchers and academics that consumer purchasing theory involves a number of different stages. Depending on the different factors and findings, numerous researchers and academics developed their own theories and models over the past years.

However, according to Tyagi and Kumar (2004), although these theories vary slightly from each other, they all lead to almost the same theory about the consumer purchasing theory which states that it involves the stages of search and purchase of product or service and the process of evaluation the product or service in the post-purchase product.

Five Stage Model initially proposed by Cox et al. (1983) is considered to be one of the most common models of consumer decision making process and it involves five various stages. These stages are:

- Recognition of need or problem,
- Information search,
- Comparing the alternatives,
- Purchase and
- Post-purchase evaluation.

**This simple model clearly illustrates and explains how the consumers make a purchasing decision.**

Furthermore, Blackwell et al (2006) highlights the argument why this model is more precise and clear compared to the other similar models is that because this model's core focus is on motivational factors which help the user to understand the reasons. behind the purchasing decision easier.



## Problem recognition(Need Recognition)

The first step of the consumer decision-making process is recognizing the need for a service or product. Need recognition, whether prompted internally or externally, results in the same response: a want. Once consumers recognize a want, they need to gather information to understand how they can fulfill that want, which leads to step two.

Internal stimulus comes from within and includes basic impulses like hunger or a change in lifestyle, focus your sales and marketing efforts on external stimulus.

Develop a comprehensive brand campaign to build brand awareness and recognition—you want consumers to know you and trust you. Most importantly, you want them to feel like they have a problem only you can solve.

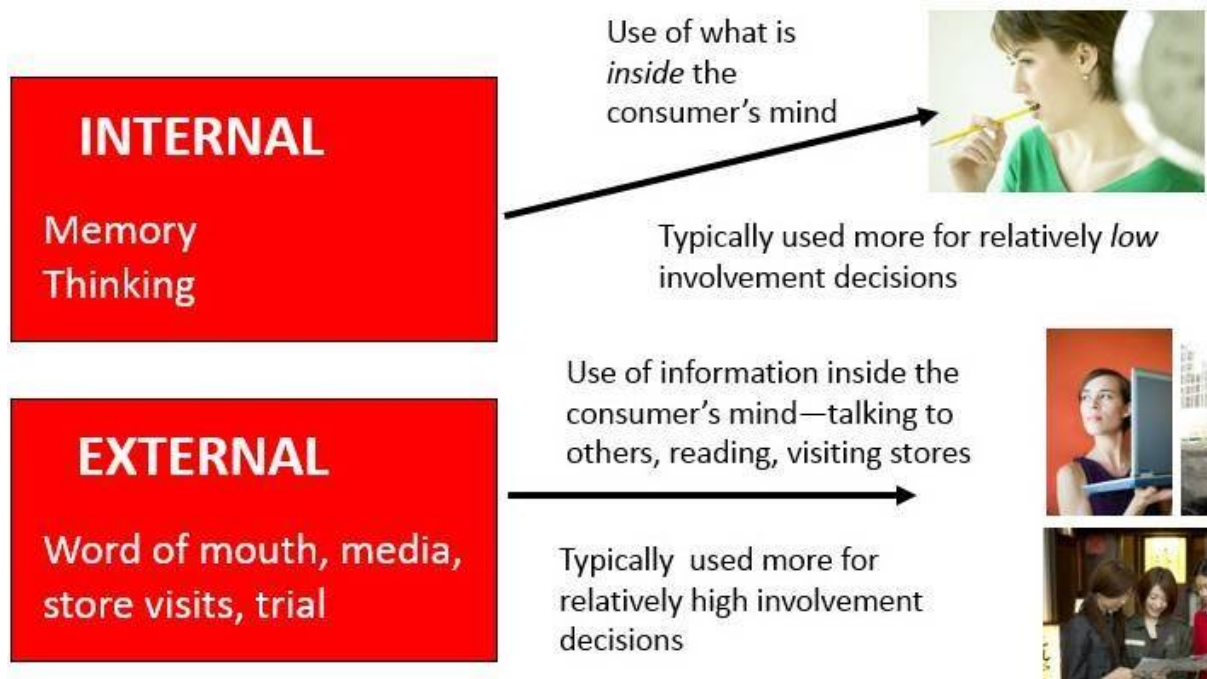
*Example: Winter is coming. This particular customer has several light jackets, but she'll need a heavy-duty winter coat if she's going to survive the snow and lower temperatures.*

## INFORMATION SEARCH

**Information search and decision making.** Consumers engage in both *internal* and *external* information search.

*Internal* search involves the consumer identifying alternatives from his or her memory. For certain low involvement products, it is very important that marketing programs achieve “top of mind” awareness. For example, few people will search the *Yellow Pages* for fast food restaurants; thus, the consumer must be able to retrieve one's restaurant from memory before it will be considered. For high involvement products, consumers are more likely to use an *external* search. Before buying a car, for example, the consumer may ask friends' opinions, read reviews in *Consumer Reports*, consult several web sites, and visit several dealerships.

Thus, firms that make products that are selected predominantly through external search must invest in having information available to the consumer in need—e.g., brochures, web sites, or news coverage.



The information search stage in the buyer decision process tends to change continually as consumers require obtaining more and more information about products which can satisfy their needs. Information can also be obtained through recommendations from people having previous experiences with products.

At this level, consumers tend to consider risk management and prepare a list of the features of a particular brand. This is done so because most people do not want to regret their buying decision. Information for products and services can be obtained through several sources like:

- **Commercial sources:** advertisements, promotional campaigns, sales people or packaging of a particular product.
- **Personal sources:** The needs are discussed with family and friends who provided product recommendations.
- **Public sources:** Radio, newspaper and magazines.

- **Experiential sources:** The own experience of a customer of using a particular brand.

### **Evaluation of Alternatives**

This step involves evaluating different alternatives that are available in the market along with the **product lifecycle**. Once it has been determined by the customer what can satisfy their need, they will start seeking out the best option available. **This evaluation can be based upon different factors like quality, price or any other factor which are important for customers. They may compare prices or read reviews and then select a product which satisfies their parameters the most.**

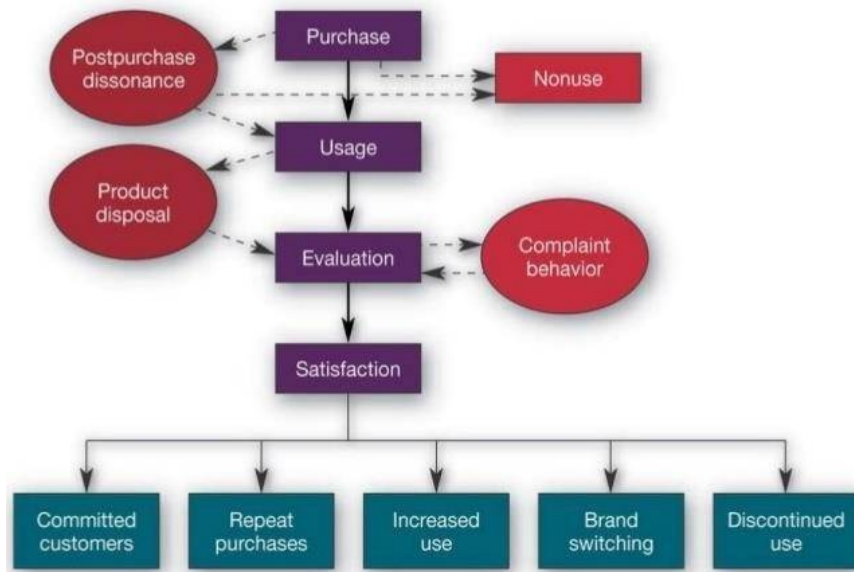
### **Purchase Decision**

When all the above stages have been passed, the customer has now finally decided to make a purchasing decision. At this stage, the consumer has evaluated all facts and has arrived at a logical conclusion which is either based upon the influence from marketing campaigns or upon emotional connections or personal experiences or a combination of both.

### **POST PURCHASE BEHAVIOR:**

These statements are even more important to reckon with in the last stage of the Buyer Decision Process: Post-Purchase Behavior. Simply defined, Post-Purchase Behavior is the stage of the Buyer Decision Process when a consumer will take additional action, based purely on their satisfaction or dissatisfaction

## Post-Purchase Consumer Behavior



### What is the meaning of post purchase dissonance?

Buyer's remorse. From Wikipedia, the free encyclopedia Buyer's remorse is thought to stem from cognitive dissonance, specifically post-decision dissonance, that arises when a person must make a difficult decision, such as a heavily invested purchase between two similarly appealing alternatives.

**Post-Purchase Behavior:** All the activities and experiences that follow purchase are included in the post purchase behavior. Usually, after making a purchase, consumers experience post-purchase dissonance. They sometimes regret their decisions made. It mainly occurs due to a large number of alternatives available, good performance of alternatives or attractiveness of alternatives, etc. The marketers sometimes need to assure the consumer that the choice made by them is the right one. The seller can mention or even highlight the important features or attributes and benefits of the product to address and solve their concerns if any.

A high level of post-purchase dissonance is negatively related to the level of satisfaction which the consumer draws out of product usage. To reduce post-purchase dissonance, consumers may sometimes even return or exchange the product.

## LEVELS AND DECISION RULES

### Consumer Decision Rules

(1) **Compensatory Decision Rule** – In such a decision rule the consumer evaluates each brand in terms of each relevant attribute and then selects the brand with the highest score.

Result: Consumer selects a product after carefully evaluating all product attributes and balancing the pros and cons of each attribute.

(2) **Non-compensatory Decision Rule** – According to this decision rule, a positive evaluation of a brand or product attribute does not compensate for negative evaluation of the same brand or product on some other attribute i.e. a positive attribute of the product does not make the consumer overlook the negative attributes of the product.

**Conjunctive Decision Rule** – Consumers establish a minimum cut-off point for each product attribute and brands that fall below the cut-off point on any one attribute are not considered.

Result: Consumer selects a product which has no negative attributes or bad features.

**Disjunctive Decision Rule** – Consumers establish minimum cut-off points for only those product attributes that are relevant to him.

Result: Consumer selects a product that excels in at least one attribute.

**Lexicographic Rule** – Consumers first rank the product attributes in terms of importance and then compares the important attributes.

Result: Consumer selects the product that excels in the attribute that is important to the consumer.

(3) **Affect Referral Decision Rule** – A type of consumer decision rule in which a consumer makes a product choice on the basis of his previously established experience and rating of the product/brand rather than on specific attributes.

Result: Consumers buy a brand with the highest overall rating.

## Levels of Consumer Decision Making

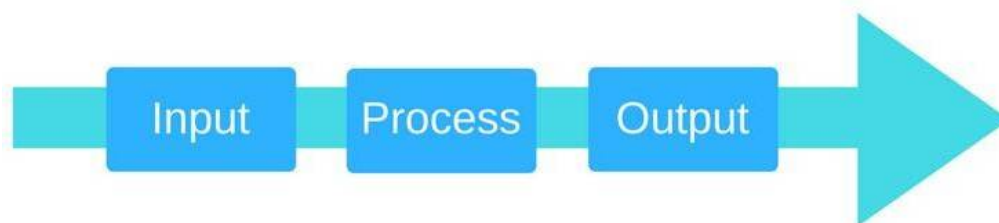
Three levels of consumer decision-making:

- **Extensive problem-solving**
  - Consumers have not yet established a criteria for evaluating the product
  - They haven't narrowed the number of brands to be considered
- **Limited problem-solving**



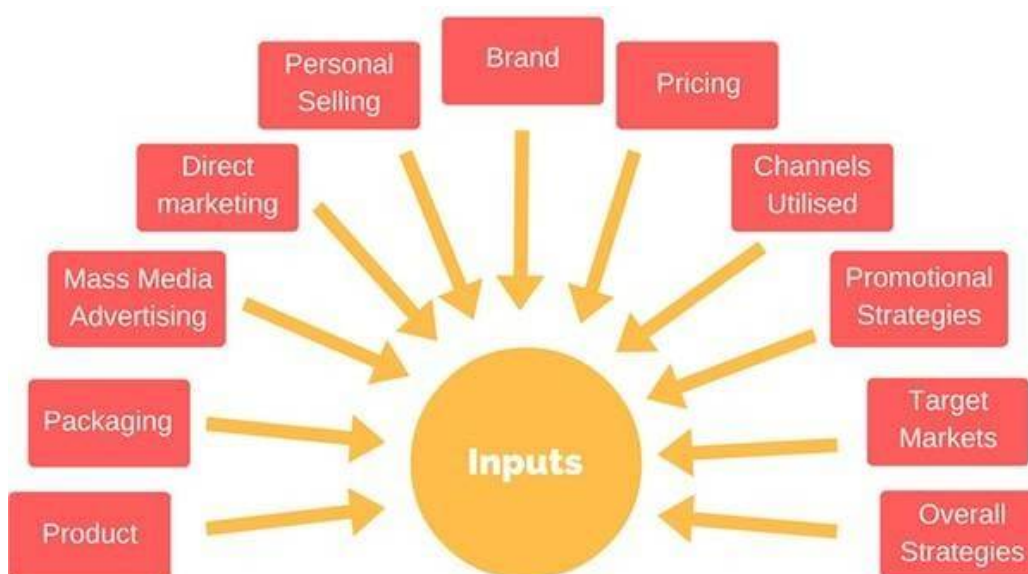
- Consumers have established a basic criteria for product evaluation
- They haven't fully established brand preferences
- **Routinised-response behaviour**
  - Consumers have some experience with the product category
  - They have a well established set of criteria for product evaluation
  - They may search for a small amount of information or may purchase out of habit

## A simple model of consumer decision-making:

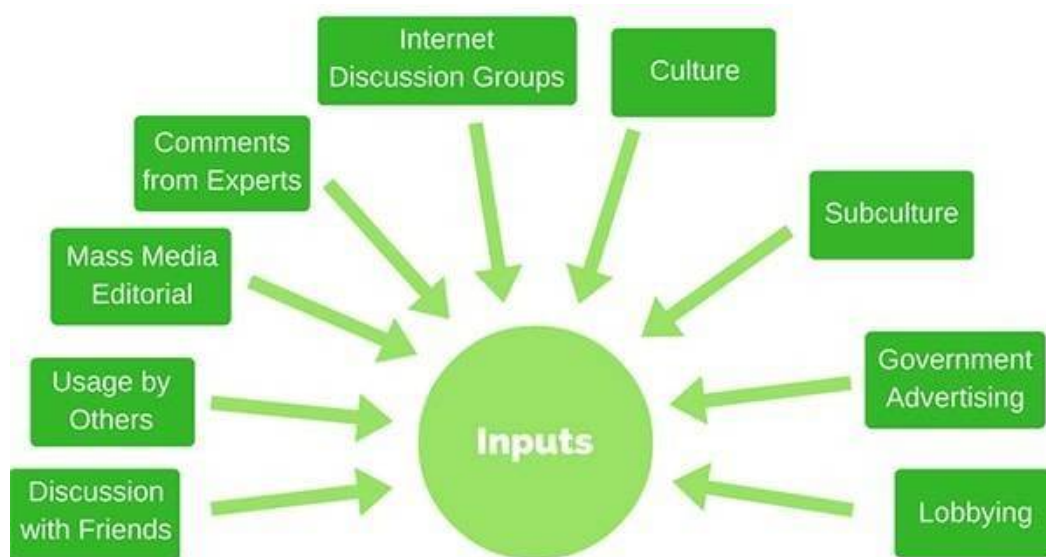


### 1. Input

#### Firms' marketing strategies



## Sociocultural environment



## 2. Process

### Need recognition

The consumer does or does not understand what the certain needs they have that they need to be fulfilled.

### Pre-purchase search

Consumers rely on past experiences as an internal source of information, but if this is insufficient, then consumers undertake an external search of information, which can include: Internet, in-store, brochures, product reviews, salespeople, friends and family, packaging, advertising, and direct marketing.

### Evaluation of alternatives

Consumers have a small number of brands that they prefer to choose from, and a certain criteria that they use to base their decision upon. The set of brands are most

usually categorised into acceptable/unacceptable and the criteria is usually based on important product attributes.

### 3. Output

- **The Purchase**

Consumers will (obviously) eventually decide whether or not to purchase a particular product. There are a few behaviours that we can learn from their ultimate decision:

- Trial purchases — some consumers purchase just to try a p
  - Repeat purchases — other consumers will find that the product is satisfactory and repurchases
  - Long-term commitment purchases — some products require commitment, where a trial purchase is not possible; i.e. fridges, stoves, etc.
- **Post-purchase evaluation**

From prior expectations to the actual product performance, consumers track their journey and their perception is critical in evaluating the product — whether they're satisfied, neutral, or dissatisfied.

## Then, now and how: the evolution of the Indian consumer

**HOW INDIAN START-UPS HAVE TRANSFORMED OUR LIVES IN THE PAST DECADE**

2010 - 2020

**Buying fruits and vegetables was only possible through the local thelewala**  
Daily groceries are delivered right to our doorstep  
**big basket**

**We bought fine jewellery only for special occasions and as an investment option and stored it in our lockers**  
Fine jewellery is lightweight, trendy and affordable making it apt for everyday use  
**MELORRA**

**Buying medicines, getting lab tests and seeking advice from doctors all required a physical presence consultation**  
E-health is one of the fastest growing sectors in our country  
**MED LIFE**

**House construction meant a year-long wait as a traditional thekedar would sublet the work to other vendors**  
Homes can be built in as less as 144 days through the use of technology  
**housejoy**

**Chronic patients spent months in the hospital**  
Critical care can be provided at the comfort of your home  
**PORTEA**

**Conversations on topics such as periods, mental health, sex and personal hygiene were held behind closed doors**  
People are talking about the need for sustainability through the use of biodegradable sanitary napkins and menstrual cups  
**PEE SAFE**

**Tests such as ECGs, and anemia monitoring could only be done at a diagnostic center by an expert**  
Through the use of affordable, accurate pocket-sized devices we can conduct these tests from wherever we are  
**AGATSA**

**Tea was enjoyed in its traditional form - as either black tea or tea with milk**  
Tea has various forms and flavors and is enjoyed both hot and cold and sometimes even used as a cocktail mix  
**WILLCRAFT**

**Buying expensive and bulky furniture was our only option when doing up our homes**  
Furniture and home living solutions are available on a subscription basis and allow for free transportation and maintenance  
**FURLENCO**

### The evolution of online groceries: bigbasket

It was a decade of e-commerce explosion. As [bigbasket](https://www.bigbasket.com/) started out in 2011, it left shoppers feeling amazed by the wonderful online world that was capable of delivering everything from monthly stocks like groceries to perishables like milk and vegetables. The world began to shrink as smartphones began flooding with online shopping apps that came as a great saviour for working couples struggling to balance work and family life. Growing out of the infancy phase between 2011 and 2014, [bigbasket](https://www.bigbasket.com/) took India's online grocery experience to a \$1 billion strong market which is estimated to cross the \$10 billion mark by 2023. Soon this trend caught on with other segments as well, as India's online footprint began to increase.

### **Bringing healthcare home: Portea**

India's online population is growing at a tremendous pace as 7 out of 10 customers take this route to [shopping](#). With India's online market expected to reach a whopping \$90 billion in the coming year, there is a strong feeling among e-tailers that healthcare is set to become the next big ticket in the online ecosystem. This growth in demand for online healthcare services has been largely driven by the rapid increase in the senior citizen population in the country along with increased awareness about health and wellbeing. A generation before us believed in visiting a doctor only in sickness and lived by the mantra- 'Ignorance is bliss'. While family physicians were all our parents needed, the millennials understand that good health is a culture in itself. For Portea, which brings medical professionals to the patient's doorstep, it was about addressing the multitude of challenges the country's healthcare sector was facing including the lack of quality and affordable homecare for elders left behind alone at home. Since its inception in 2013, Portea has been able to successfully create an industry in a space that was void and is taking India's healthcare to the next level using world-class technology.

### **A powerful customer-centric health brand: Medlife**

With early startups like Portea redefining the home healthcare space, many new players are bringing in disruption to the traditional healthcare model. While everything from clothes to gadgets is available, people would have never imagined that buying medicines online was a near possibility. Staying with the customer-friendly theme of online shopping, Medlife is part of a league of e-commerce platforms that has made it possible to shop online for prescription medicines and healthcare products. The platform is designed to serve as a one-stop destination for all your health needs, including lab tests and doctor consultations.

### **Simplifying cardiac care for all: Agatsa**

With technology invading our lives in every possible way, the home healthcare segment is finally ready to adopt cutting-edge technology solutions that have the power to transform lives. While other established players have done some commendable work in this space, Agatsa is carving a niche for itself by making essential medical devices affordable and accessible to all. With an aim to plug into primary health missions in the country, Agatsa's low-cost cardiac care solutions are truly transformational. SanketLife, their flagship product, is a miniaturized ECG monitoring device that allows you to monitor heart conditions with a single touch of a button. After taking this innovation to remote locations such as oil rigs, exploration sites and BSF base camps, the startup is looking for a "complete fulfilment plan" which can bring a host of lifestyle ailments including hypertension and diabetes under a single online platform that can also transmit data to your healthcare providers in case of life-threatening emergencies.

### **Bringing the 'ladies' problem' out of the bushes: [Pee Safe](#)**

Amidst all the healthcare problems in the country lies a deep-rooted problem that stems from the cultural taboo it is shrouded in. While the country awakens to many healthcare issues, it is time that the topic of menstruation and female hygiene also receives the attention it deserves. Even the country moves towards a better healthcare scenario, holistic improvement cannot be achieved by ignoring almost half of the entire population. More than 400 million women in the country don't have access to clean toilets. Even though 78% of urban women used standard menstrual hygiene products, only 48% of rural women used proper sanitary products during menstruation. Pee Safe, a flagbearer of women's hygiene issues, believes that making sanitary solutions available alone does not solve this problem. While they have a wide range of eco-friendly, female hygiene products including organic biodegradable menstrual pads and tampons, menstrual cups and their hard-hitting social media campaigns ensure that personal hygiene is being talked about openly.



They have also transcended to the men's personal hygiene segment apart from other products such as anti-pollution masks.

### **From chai to tea cocktails: The Hillcart Tales**

Even though the millennial population is health-conscious, it does not mean the end of the party. The hardworking millennial crowd also believes in partying harder and living life in style –one that resonates with the healthy habits trending now. Amidst all the talk about how caffeine is bad for health and how beer gives you a belly, arises a tea culture that is not only transcendental but also trendy. Ever heard of a tea cocktail party? Tea with milk and sugar, an Indian tradition as stiff as the posture of the royal soldiers at Buckingham Palace, is getting a nudge from the new-found culture that comes in all colours and flavours! While the kulhad chai still holds its place, gourmet teas are brewing a popular culture that is not only exotic but also healthy and uniquely flavourful. The variants include wine, chocolate, floral elements and dessert indulgences. With disposable incomes increasing exponentially over the decade, this is an innovation that may not hurt the millennial pockets after all.

### **Feeding the growth of the sharing economy: Furlenco**

By now it is clear that millennials very well know where to put their money. We have come to a point where the phrase 'happy-go-lucky' applies to this generation of consumers in every sense. As a thrifty spender, the new-age consumer knows that ownership has lost its charm. Buying things has become an age-old concept that chains you down under the burden of heavy debts. With the rise of a sharing economy, people are now opting to rent just about anything under the sun. So, whether it is office space, homes, cars or furniture, the smart millennial is ready to share and startups like Furlenco are fuelling this change. This not only throws open

the doors to a better lifestyle with stylish products but also lets you free to move around from one city to another without having to tow excess baggage.

### **The changing colour of gold: [Melorra](#)**

While shopping has been a forte for women, over this past decade they too have learnt the art of spending in style. While the beginning of this millennium saw women moving away from gold jewellery and towards cheaper alternatives, the birth of lightweight gold jewellery is changing the way they accessorize altogether. Innovative gold jewellery brand Melorra is transforming fashion by designing gold in ways that can be worn everyday, even with contemporary outfits and formal wear. And to take things to a whole new dimension, the jewellery house is carving out gold taking inspiration from international fashion trends. With an aim to #unbore gold and #untradition festivals, Melorra's new-age design trends include everyday fashion inspirations like Polka, checks, neons, feathers and frills.

### **Technology that builds better homes: Housejoy**

Despite its scale and size, the construction industry was highly fragmented until recently. Some key problem areas included labour and skilled workers which led to operational inefficiencies and project delays, not to mention overshooting budgets. However, this decade, the construction industry will be in the midst of a boom thanks to new and cutting-edge players like Housejoy. Technology is slowly but surely transforming the \$10 trillion industry. It is embracing newer ways of delivering project output and everything from strategy to business development, operations, and functions are being digitized. Sensors are driving work pipelines, algorithms are being used to design estimates, and big data is powering scheduling. The result is a more profitable, resilient and agile industry, and better output.

### **In conclusion**



As someone famous once said: ‘Those who disrupt their industries change consumer behaviour, alter economics and transform lives.’ As millennials age and mature, they assume greater spending powers. This coupled with a wiser head points towards an ever-evolving, ever-explorative mindset that will expedite more and more innovation from businesses who would try harder to stay relevant in the years to come.

## Opinion leadership

An opinion leader is someone who has mastered a specific market or industry and has established trust within a community as an industry insider or decision-maker. They have an audience or following that trust them as a source of information for their interests

### What is Opinion Leadership?

The most important thing for the marketer is to understand about the role of ‘opinion leadership’ in marketing of goods and services. Opinion leadership which is otherwise known as **word of mouth communication** is an important personal influence on consumers. With the proliferation of cell phone usage and e-mail, many people are always available to friends, family and business associates. Message spreads like virus among people. **Opinion leaders** offer advice or information about a product, service and how a particular product may be used. Words of mouth takes place through personal or face to face communication.



## Image: *Opinion Leadership – Meaning, Definition, Characteristics*

### Definition of Opinion Leadership

Opinion leadership is defined as the process in which one person influences the attitudes or actions of other person informally, who may be identified as opinion leader. They offer informal advice about the product or service. Opinion leaders are part of the social groups. They have social communication network. The communication is informal and interpersonal in nature which happens between those who are not associated with the commercial selling source directly.

### Examples of Opinion Leadership

The role of opinion leadership could be seen in the following examples.

1. During casual talk, a friend talks about the car he recently bought. He recommends buying it.
2. A person shows a friend photographs of his recent tour abroad. He suggests that by using a particular make of camera, better pictures could be shot.
3. A family wants to have a swimming pool in their spacious house. The family head asks neighbors which pool construction company they should call.
4. A parent wants admission for his child in a particular school. He contacts other parents sending their children to the same school.

### Characteristics of Opinion Leaders

Opinion leadership is a dynamic process. It is the most powerful consumer force. As informal communication sources, it effectively influences consumers in their product related decisions. The dynamics of the opinion leadership may be discussed under the following headings:

1. Credible source of information,
2. Provision of both positive and negative product information,
3. Source of information and advice,
4. Two-way street,
5. Specific characteristics.

### 1. Credible Source

Opinion leaders are knowledgeable. Their advice about a product or service is considered reliable. As **opinion leaders are informal sources of information**, it is perceived that they give advice in the best interest of opinion seekers. The first hand information received from opinion leaders helps in reducing perceived risks. It properly tackles the anxiety in buying new products as the opinion is based on the first hand experience.

### 2. Provision of Both Positive and Negative Product Information

Marketers provide information which is invariably favorable to the products they are marketing. But **opinion leaders are not directly associated with marketers**. They provide both favorable and unfavorable information about the product. So, opinion seekers have faith in opinion leaders. They are confident that they are receiving both positive and negative information in an accurate way.

### 3. Sources of Information and Advice

Opinion leaders are the source of both information and advice. They simply share their experience about a product or service. Their talk is related to what they know about a product. In their more aggressive talks, they advise others to buy or avoid a specific product. They base their advice on proper reasons.

### 4. Two-way Street

Opinion leaders in one product related situation become opinion receivers in another situation even for the same product. For example, a new homeowner thinking of

buying a lawn mover seeks information and advice from other people about which brand to select. After purchasing the lawn mover, he may be satisfied with the product (in the post purchase experience). Now he has a compelling need to talk favorably about the purchase to other people to confirm the correctness of his choice. In the first instance, he is an **opinion receiver** and in the second he is an **opinion leader**.

Sometimes, an opinion leader is influenced by an opinion receiver. For example, a person may recommend a favorite hotel to his friend. In response the opinion receiver gives his own comments on that hotel. Finally, the opinion leader may come to realize that the hotel is too small, too isolated and offers fewer amenities than other hotels.

### 5. Specific Characteristics

Opinion leaders possess **distinct personality traits**. These include self confidence and gregariousness. They are socially inclined, outspoken and are knowledgeable.

## DIFFUSION AND ADOPTION PROCESS

It is worth noting that adoption is the process by which a user begins and continues to use a product; diffusion is a measure of the rate of adoption. It considers the relationship not just between any given user and a product but the relationship between all users, each other and the product

### **Diffusion process - macro process Spread of a new product Adoption process**

Micro process – focus individual consumer accept or reject

How innovation spread New product, service, idea, practice spread by communication (mass media, salespeople)

To member (target market ).Consumer Behaviour, Consumer Influence and the Process of Diffusion

### **What is Opinion Leadership?**

Opinion Leadership is the process by which the opinion leader informally influences the actions or attitudes of others, who may be opinion seekers or merely opinion recipients. Opinion receivers perceive the opinion leader as a highly credible, objective source of product information who can help reduce their search and analysis time and perceived risk.

Opinion leaders are motivated to give information or advice to others, in part doing so enhances their own status and self image and because such advice tends to reduce any post purchase dissonance that they may have. Other motives include product involvement, message involvement or any other involvement.

Market researchers identify opinion leaders by such methods as self designation, key informants, the sociometric method and the objective method.

Studies of opinion leadership indicate that this phenomenon tends to be product category specific, generally one of their interest. An opinion leader of one product range can be an opinion receiver for another product category.

Generally, opinion leaders are gregarious, self confident, innovative people who like to talk. Additionally, they may feel differentiated from others and choose to act differently (or public individuation). They acquire information about their areas of interest through avid readership of special interest magazines and ezines and by means of new product trials. Their interests may often overlap into adjacent areas and thus their opinion leadership may also extend into those areas.

### **Who is a market maven ?**

The market maven is an intense case of a opinion leader kind of person. These consumers possess a wide range of information about many different types of products, retail outlets, and other dimensions of markets.

They both initiate discussions with other consumers and respond to requests for market information over a wide range of products and services.

Market mavens are also distinguished from other opinion leaders because their influence stems not so much from product experience but from a more general knowledge or market expertise that leads them to an early awareness of a wide array of new products and services.

The opinion leadership process usually take place among friends, neighbours and work associates who have frequent physical proximity and thus have ample opportunity to hold informal product related conversations. These conversations usually occur naturally in the context of the product-category usage.

The two – step flow of communication theory highlights the role of interpersonal influence in the transmission of information from the mass media to the populations at large. This theory provides the foundation for a revised multi step flow of communication model, which takes into account the fact that information and influence often are 2 way processes and that the opinion leaders both influence and are influenced by opinion receivers.

It is important for the marketers to segment their audiences into opinion leaders and opinion receivers for their respective product categories. When marketers can direct their promotional efforts to the more influential segments of these markets, these opinion leaders will transmit the information to those who seek product advice.

Marketers try to simulate and stimulate opinion leadership. They have also found that they can create opinion leaders for their products by taking socially involved or influential people and deliberately increasing their enthusiasm for a product category.

The diffusion process and the adoption process are 2 closely related concepts concerned with the acceptance of new products by customers.

The diffusion process is a macro process that focuses on the spread of an innovation from its source to the consuming public.

The adoption process is a micro process that examines the stages through which an individual consumer passes when making a decision to accept or reject a new product.

The definition of the term innovation can be

1. Firm oriented (new to the firm),
2. Product oriented (a continuous innovation, a dynamically continuous innovation, or A discontinuous innovation),
3. Market oriented (how long the product has been on the market or an arbitrary percentage of the potential target market that has purchased it), or
4. Consumer oriented (new to the customer).

Market-oriented definitions of innovation are most useful to consumer researchers in the study of the diffusion and adoption of new products.

**Five Product Characteristics influence the consumers acceptance of a new product:**

Relative Advantage

Compatibility

Complexity

Trialability

Observability

**Diffusion researchers are concerned with 2 aspects of communication** – the channels through which word about a new product or service is spread to the public and the types of messages that influence the adoption or rejection of new products or services.

**Diffusion is always examined in the context of a specific social system, such as a target market, a community, a region or even a nation.**

Time is an integral consideration in the diffusion process. Researchers are concerned with the amount of purchase time required for an individual customer to adopt or

reject a new product/service, with the rate of adoptions and with the identification of sequential adopters.

**The 5 adopter categories are innovators, early adopters, early majority, late majority and laggards.**

Marketing Strategists try to control the rate of adoption through their new product pricing policies. Companies who wish to penetrate the market to achieve market leaderships try to acquire wide adoption as quickly as possible by using low prices. Those who wish to recoup their developmental costs quickly use a skimming pricing policy but lengthen the adoption process.

The traditional adoption process model describes 5 stages through which an **individual consumer passes to arrive at the decision to adopt or reject a new product:**

**Awareness,**

**Interest,**

**Evaluation**

**Trial**

**Adoption**

To make it more realistic, an enhanced model is recommended as one that considers the possibility of a pre existing need or problem, the likelihood that some form of evaluation might occur through the entire process, and that even after adoption there will be post adoption or purchase evaluation that might either strengthen the commitment or alternatively lead to discontinuation of the product/service.

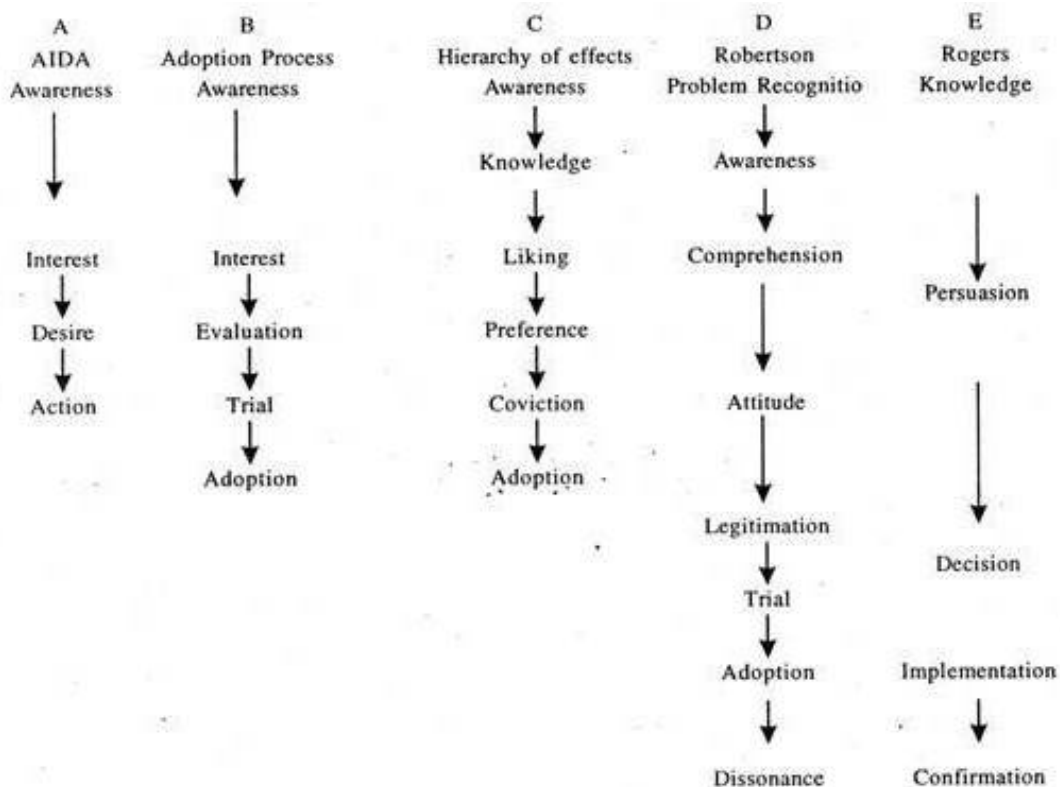
Companies marketing new products are vitally concerned with identifying the consumer innovator so that they may direct their promotional campaigns to the people who are most like to try new products, adopts them and influences others.

Consumer Research has identified a number of consumer related characteristics, including product interest, opinion leadership, personality factors, purchase and



consumption traits, media habits, social characteristics, and demographic variables that distinguish consumer innovators from later adopters. These serve as useful variables in the segmentation of markets for new product introductions.

### BASIC ELEMENTS OF DIFFUSION PROCESS



**Fig 10.5. Models of Adoption /Diffusion Process**

The main focus of this process is the stages through which an individual consumer passes before arriving at a decision to try or not to try, to continue using or to discontinue using a new product. Therefore, this can also be called as Adoption – Decision ones a time. To know why many new products fail, marketers need to understand the time and process required for adoption to occur.

Most of the organizations believe that if they just develop a new product that fits an important need recognized by consumers and promote, price and distribute it well, sales will take place. But this does not work always various models have been given by marketing analysts after examining the process of both adoption and diffusion. The first was called AIDA (Awareness, Interest, Desire, Action), other alternative Models were also conceptualized but with different terminology and with same process

Let us study the most **widely adopted model** i.e., ex:Rogers.

**The process shows that explained stage wise as follows:**

*(1) Knowledge:*

Consumer is exposed to the innovations existence and gains some understanding of how it functions. In this stage, consumers are aware of the product but have made no judgment concerning the relevance of the product to a problem or recognized need. Knowledge of a new product is considered to be result selective perception and is more likely to occur through the mass media than in late stages which are more influenced by opinion leaders.

*(2) Persuasion:*

In this stage, usually attitude formation takes place that is consumer forms favorable or unfavorable attitudes toward the innovation. Consumer may mentally imagine

how satisfactory new product might be in use, i.e., “vicarious trial” of the product in consumer’s mind.

It is also considered as the evaluation of consequences of using the product. This means consumers weigh the potential gains from adopting the product against the potential losses of switching from the product now used.

A person may seek out new stories, pay particular attention to advertising for the product, subscribe to product rating services, talk to experts in that product category etc. This is basically done to reduce perceived risk in adopting new products. Each of the above information search and evaluation strategies has an economic and/or psychological cost.

Many persuasion methods are used by marketers. One of the common and effective method is catalogues, specially used for new products because this provides more information than the typical retail setting. For example – marketer can show the advantages and present solutions of hair problems.

### *(3) Decision:*

Consumer engages in activities that lead to a choice to adopt or reject the innovation (i.e., adoption or rejection). Adoption can be defined as a decision to make full use of an innovation as the best course of action. This means continued use of the product unless situational variables (lack of availability, or money etc.) prevent usage. Rejection means not to adopt an innovation.

There may be some persons who first consider adopting an innovation or at least give a trial, but then deciding not to adopt it. This is called an active rejection. Others never consider the use of the innovation, known as passive rejection.

#### *(4) Implementation:*

Implementation means consumer, puts the innovation into use. Until this stage, the process is a mental exercise, but in this stage behavioral change is required. Marketing plan is the determinant of whether a good product has been communicated effectively (i.e., actual sales). Marketing mix planned should be such that purchase is made easy. This means proper coordination of the channels of distribution with new products and their communication process.

#### *(5) Confirmation:*

Consumer seeks approval/reinforcement for the innovation decision, but may reverse this decision if exposed to conflicting messages about the product. This stage is also influenced by communication sources and consumers evaluate their purchase experiences. After evaluating, they try to support their behaviour and later decide to continue or discontinue using the product.

Marketers consider studying discontinuance to be equally important as the rate of adoption. They study so that marketing strategies can be tailor made with respect to the reasons for the same. It is seen that people who adopt the product later than early adopters, are more likely to discontinue. Therefore, marketers try to upgrade follow – up service and feedback as sales of a new product expands.

## **I, THE INNOVATION :**

### **1 ,Firm oriented def :**

- Product from the company
- New to market place (competitors or consumers )

It has considered merit when object is examine

- **ii.Product innovation:**

1.continuous innovation :

It involves the introduction of a modified rather than new product.

Eg: Microsoft window Mobile phone chocolate Car

2.A dynamically continuous innovation :

It may involve the creation of a new product or services change of an product..

Eg: Digital camera Digital video recorder MP3 players Disposable diapers

3.A discontinuous innovation:

### **Consumers adopt to new behavior patterns**

Eg:Radios,Tv,fax,Internet

- **III. Market oriented def:**

Newness of a product is terms of consumers expectation.

-Two market – oriented definitions of products innovation.

-New product is purchased by relatively small percentage of the market (How much product in market )

-New product is purchased by short period of time(How long period in market)

4.Consumer oriented def:

- ✓ Newness – consumer protection of the product
- ✓ Purchase innovativeness ( cost , quality)
- ✓ Use innovativeness (about product features)

### Product Characteristics that influence Diffusion

S.No	Characteristics	Definition	Example
1.	Relative Advantage	New product as Superior to the existing one	Lcd tv, Laptop
2	Compatibility	New Product with Present needs and Values	Mobile, camera, alarm clock etc
3.	Complexity	New product is Different to understand	Cold coffee, soap.
4.	Trialability	Tried on Limited basis	Free samples, downloads etc.