

Module - 5

CONSUMER BEHAVIOR

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LESSON – 11 Models of Consumer Behavior III

Instructional Objectives:

After completion of this lesson, the student shall know about:

5.4 Models of Consumer Behavior: Specific Models I

5.4 MODELS OF CONSUMER BEHAVIOR: SPECIFIC MODELS I

The consumer models refer to varying orientations and perspectives with which consumers approach the marketplace and how/why they behave as they do. They refer to how the varying orientations impact the buying decision process and overall buyer behavior. Various models have been proposed by researchers; these models can be classified as (a) General models (b) Specific models. The previous session dealt with the General Models. This session deals with two Specific Models. The rest of the Specific Models are dealt with in the next section.

SPECIFIC MODELS: The models that have been explained in this session are Howard and Sheth's model and Nicosia's model.

i) The Howard Sheth model (1969):

Howard and Sheth used the term buying behavior and not consumer behavior as the industrial buyers and consumers are similar in most aspects. While the model was proposed in the 1960s, for industrial buying, the term "buyer" is used to connote both industrial consumers and personal consumers. Through the model, Howard and Sheth, tried to explain buyer rationality while making purchase decisions even in conditions of incomplete information. While they differentiated between three levels of decision making, EPS, LPS and RPS, the model focuses on repeat buying/purchase.

The model has four major components, viz., stimulus inputs (input variables), hypothetical constructs, response outputs (output variables), and, exogenous variables.

a) Stimulus inputs (Input variables): The input variables refer to the stimuli in the environment; they take the form of informative cues about the product/service offering; these information cues could relate to quality, price, distinctiveness, service and availability.

The informational cues could be Significant, Symbolic, (both of which are commercial and can be controlled by the marketer) and Social (non-commercial and uncontrollable by the marketer; family, reference groups and social class). All these three types of stimuli provide inputs concerning the product/brand to a consumer.

- Significant stimuli: The product/brand information that the marketer provides, comprises the significant component; it deals essentially with the brand characteristics.

- Symbolic stimuli: this is the psychological form with which a buyer perceives the product and service offering (brand); it is figurative (verbal and visual product characteristics) and perceptual and depends on how the offering has been positioned; it emanates from advertising and promotion efforts.

- Social stimuli: this is the information about the product or service offering that comes from the social environment viz. family, groups, society and culture at large.

b) Hypothetical constructs: Howard and Sheth classified the hypothetical constructs into two major groups, viz., perceptual constructs and learning constructs. These constitute the central part of the model and deal with the psychological variables which operate when the consumer is undergoing the decision making process.

- Perceptual constructs: The perceptual constructs deal with how a consumer obtains and processes information received from the input variables. Once the buyer is exposed to any information, there is an attention; this attention towards the stimuli depends on the buyers' sensitivity to information in terms of his urge and receptivity towards such information. Not all information would be processed and the intake of information is subject to perceived uncertainty and lack of meaningfulness of information; this is referred to as stimulus ambiguity. This reflects the degree to which the buyer regulates the stimulus information flow. Stimulus ambiguity occurs when a consumer does not

understand the message from the environment; it could trigger off a need for a specific and active search for information and thus lead to an overt search for information. The information that is gathered and processed may suffer from perceptual bias if the consumer distorts the information received so as to fit his/her established needs/beliefs/values/experiences etc.

- Learning constructs: The learning constructs relate to buyer learning, formation of attitudes and opinions, and the final decision. The learning constructs are seven in number, and range from a buyer's motive for a purchase to the final satisfaction from a purchase; the interplay of these constructs ultimately leads to a response output or a purchase. The motives refer to the goals that a buyer seeks to achieve through a purchase and the corresponding urge towards action or the purchase activity. The brand comprehension is the knowledge and information that the buyer has about the various brands in his evoked set. The buyer forms an order of preference for the various brands; this order of preference is based on the choice criteria (decision mediators). The decision mediators are the evaluative criteria and the application of decisions rules by the buyer to the various purchase alternatives.

Based on the choice criteria, the attitudes are formed for the varying brands. The attitudes reflect the predisposition of the buyer; preference toward alternative brands; and, feelings of like/dislike towards the offerings. The brand potential of the evoked set determines the buyer's perception and confidence level of the brands that he is considering to purchase. The purchase intention is a cumulative outcome of the interaction of buyer motives, choice criteria, brand comprehension, resultant brand attitude and the confidence associated with the purchase. Satisfaction, another learning construct, involves the post purchase evaluation (whether expectation from an offering matches the performance) and resultant impact (positive/negative) on brand comprehension.

c) Response outputs (output variables): The output variables refer to the buyer's action or response to stimulus inputs. According to Howard and Sheth, the response outputs comprise five constituents, viz., attention, comprehension, attitude, intention and purchase. These could be arranged in a hierarchy, starting from attention and ending up with purchase.

- Attention refers to the degree or level of information that a buyer accepts when exposed to a stimulus. It reflects the magnitude of the buyer's information intake.
- Comprehension is the amount of information that he actually processes and stores; here, it refers to brand comprehension which is buyers' knowledge about the product/service category and brand.
- The attitude is the composite of cognition, affect and behavior towards the offering; the attitude reflects his evaluation of the brand and the like/dislike based on the brand potential.
- Intention refers to the buyer's intention to buy or not to buy a particular offering.
- Purchase behavior refers to the actual act of buying. The purchase behavior is a cumulative result of the other four constituents.

d) Exogenous variables: The Howard and Sheth model also comprises certain constant exogenous variables that influence some or all of the constructs explained above, and thereby impact the final output variables. These are explained as Inhibitors or environmental forces that restrain the purchase of a favored brand; eg., importance of the purchase, price, financial status of the buyer, time at the disposal of the buyer, personality traits, social pressures etc.

Working relationships between Constructs and the Model:

Through their model, Howard and Sheth explain the buying decision process that a buyer undergoes, and the factors that affect his choice decision towards a brand. The process starts when the buyer is exposed to a stimulus. As a result of the exposure, stimulus ambiguity occurs, which leads to an overt search for information. The information that is received is contingent upon the interplay between the attitudes and the motives. In other words, the search for information and the conclusions drawn would be filtered by perceptual bias (that would be a result of attitude, confidence, search and motives). It may alter the existing patterns of motives and choice criteria, thereby leading to a change in the attitude towards the brand, brand comprehension, motives, purchase intention and/or action. The final purchase decision is based on the interaction between brand comprehension, strength of attitudes towards the brand, confidence in the purchase decision and purchase intention. The actual purchase is influenced by the buyer's intentions and inhibitors, which he confronts. The entire process is impacted by various exogenous variables like the importance of purchase, price, time available to make the purchase, social and cultural influences etc. After the purchase, the buyer experiences satisfaction if the performance matches and exceeds expectation; this satisfaction would strengthen brand comprehension, reinforce the confidence associated with the buying situations, and strengthen the intention to repeat purchase of the brand. With a satisfying purchase decision, the buyer learns about buying in similar situations and the behavior tends to get routinized. The purchase feedback thus influences the consumers' attitudes and intention.

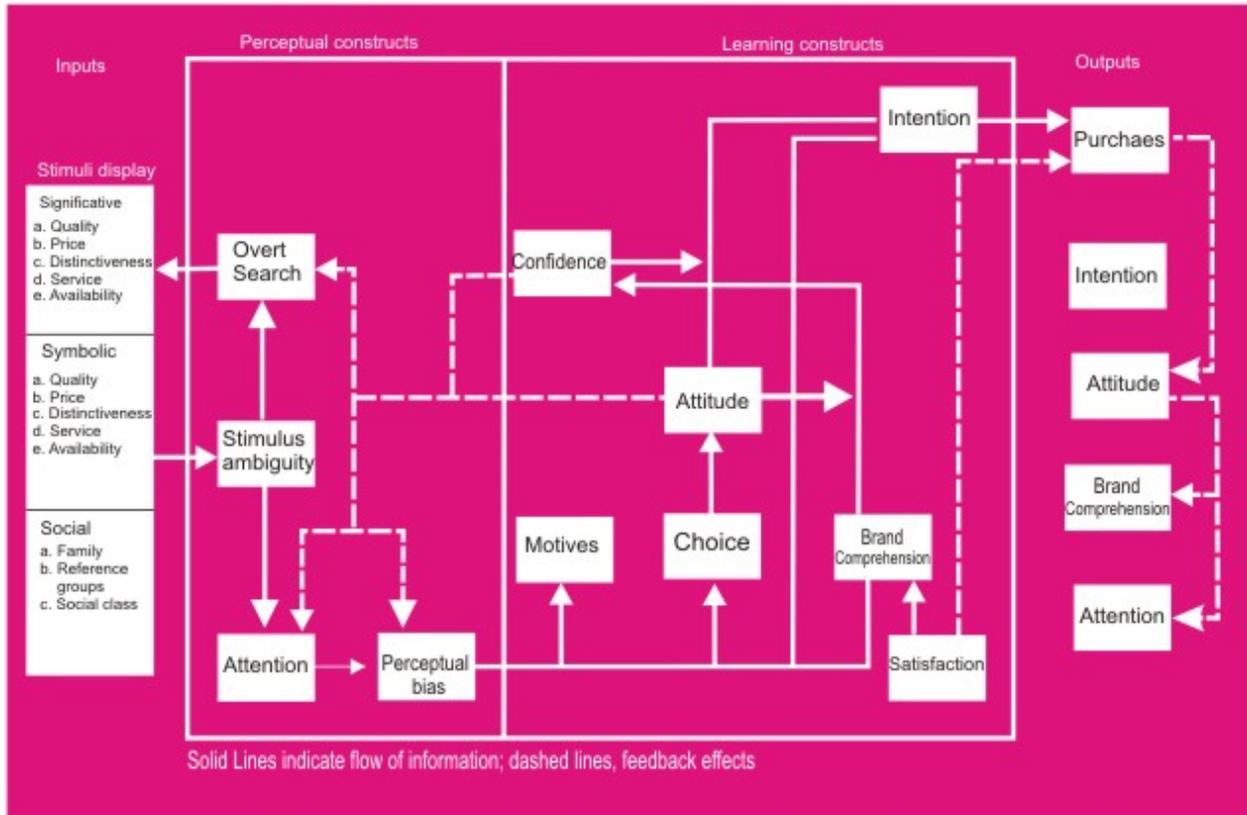


Figure: Howard-Sheth Model of Buyer Behavior
 Source: Howard, J.A. and Sheth, J.N., The Theory of Buyer Behavior, New York, Wiley, 1969, 30.
 In Schiffman, L.G. and Kanuk, L.L., Consumer Behavior, 3rd Edition, Prentice Hall

An Assessment of the Model:

The model is an integrative model that incorporates many of the aspects of consumer behavior; it links together the various constructs/variables which may influence the decision making process and explains their relationship that leads to a purchase decision. It highlights the importance of inputs to the consumer buying process. It was one of the first models to divulge as to what constitutes loyalty towards a specific product. It helped gain insights in to the processes as to how consumers' process information. The model is user friendly and is one of the few models which has been used most commonly and tested in depth. However, the limitation lies in the fact that the various constructs cannot be realistically tested; some of the constructs are inadequately defined, and thus do not lend to reliable measurements.

ii) Nicosia's model of Consumer Decision Process (1966):

The model proposed by Francesco Nicosia in the 1970s, was one of the first models of consumer behavior to explain the complex decision process that consumers engage in during purchase of new products. Instead of following a traditional approach where the focus lay on the act of purchase, Nicosia tried to explain the dynamics involved in decision making. Presenting his model as a flow-chart, he illustrated the decision making steps that the consumers adopt before buying goods or services; decision aiming was presented as a series of decisions, which follow one another. The various components of the model are seen as interacting with each other, with none being essentially dependent or independent; they are all connected through direct loops as well as feedback loops. Thus, the model describes a flow of influences where each component acts as an input to the next. The consumer decision process focuses on the relationship between the marketing organization and its consumers; the marketing organization through its marketing program affects its customers; the customers through their response to the marketer's action, affects the subsequent decisions of the marketer; the cycle continues.

The various components that are further distinguished into main fields and subfields of the model are marketer's communication affecting consumer's attitude, consumer's search and evaluation, purchase action, consumption experience and feedback. The first field ranges from the marketer (source of message) to the consumer (attitude); the second from the search for to the evaluation of means/end(s) relation(s) which forms the preaction field; the third field relates to the act of purchase; and the fourth to feedback. The output from one field acts as the input for the next. These are explained as follows:

1. Marketer's communication affecting consumers' attitude: This comprises Field 1 (i.e. "from the source of a message to the consumers' attitude"). The consumer is exposed to the firm's attributes through the marketing communication; this marketing communication could take place impersonally via mass media (TV, newspaper, websites, etc) as well as personally. The information could relate to the firm attributes as well as the product, price and distribution. This message relating to the firm's attributes affects the consumers' perception, predisposition and attitude toward the firm and its offering. Of course, the impact on perception and attitude is also dependent upon the consumer's personal characteristics, values, experiences, culture, social influences etc. Thus, the marketer's communication affects the consumers' attitude.

2. Consumer's search and evaluation: After an attitude is formed, the consumer moves to Field 2 of the model, i.e. the consumer's search for and evaluation of means/end(s) relation(s) which forms the preaction field. The consumer searches for information about the product category and the varying alternatives, and thereafter evaluates the various brands on criteria like attributes, benefits, features etc. These criteria could be based on his learning and past experiences as well as the marketer's inputs. This step creates a motive in the mind of the consumer to purchase the product.

3. Purchase action: The motivated state leads to Field 3 of the model, i.e. the decision making on the part of the consumer and the act of purchase. The consumer finally gets into action and buys the product from a chosen retailer.

4. Consumption experience and feedback: The purchase action leads a consumer to Field 4 of the model which is consumption experience and feedback. After purchasing the product, and the resultant consumption, the consumer may have two kinds of experiences. A positive experience in terms of customer satisfaction may reinforce his predisposition with the product/brand and make him loyal towards it. A negative experience on the other hand, implying consumer dissatisfaction would affect his attitude negatively, lower down evaluations about the product/brand and even block his future purchases. This Field provides feedback to the marketer, who can modify its mix accordingly.

In the first field, the marketer communicates with the customer and promotes an unfamiliar product to him; depending upon the existing predispositions and his evaluation, the consumer develops an attitude. In the second field, the consumer searches for information and evaluates it based on his attitudes; thereafter, he develops a motivation to act. In the third field, he makes and purchase and in the fourth field, he would provide feedback and also memorize his experience and learning for future use. Thus, the firm communicates with consumers through its marketing messages and the consumers react through an act of purchase. Both the firm and the consumer influence each other.

An Assessment of the Model:

Nicosia's model is an integrative model that tries to integrate the body of knowledge that existed at the time of its formulation in the area of consumer behavior. It was a pioneering attempt to focus on the conscious decision-making behavior of consumers, where the act of purchase was only one stage in the entire ongoing decision process of consumers. The flowcharting approach proposed by Nicosia, simplifies and systemizes the variables that affect consumer decision making. It contributes to the step by step "funnel approach" which views consumers' movement from general product knowledge toward specific brand knowledge and from a passive position to an active state which is motivated toward a particular brand.

However, the model suffers from limitations in the sense that the model proposes assumptions, boundaries and constraints that need not be realistic. It has been argued that attitude, motivation and experience may not occur in the same sequence. Variables in the model have not been clearly defined. Factors internal to the consumer have not been defined and dealt with completely. The mathematical testing of the model and its validity are questionable.

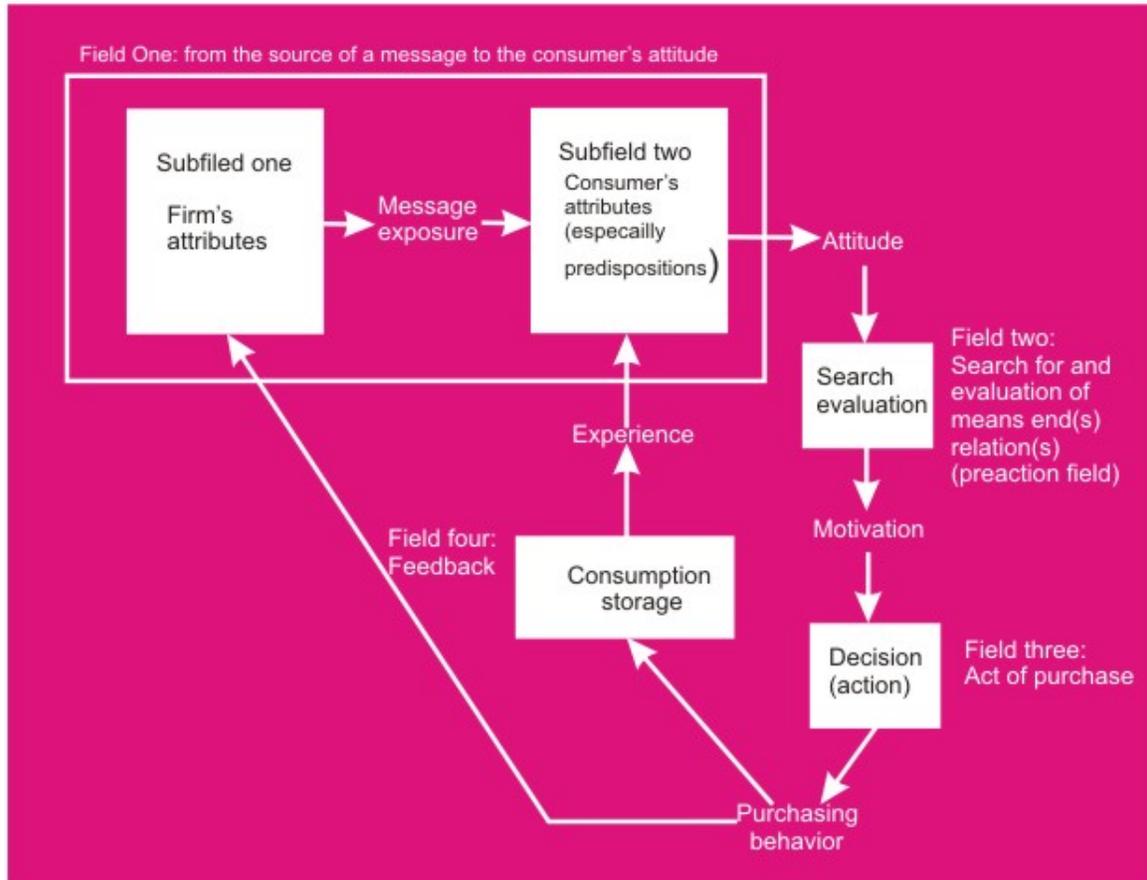


Figure: Nicosia Model of Consumer Decision Processes

Source: Nicosia, Francesco M., Consumer Decision Processes, Engelwood Cliffs, N.J., Prentice Hall, 1966, 156.

In Schiffman, L.G. and Kanuk, L.L., Consumer Behavior, 3rd Edition, Prentice Hall

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FAQS (FREQUENTLY ASKED QUESTIONS):

Ques 1 Briefly explain and assess the Howard and Sheth Model of Consumer Behavior.

Ans 1 The Howard and Sheth model was proposed in the 1960s, for industrial buying situations. Today, the term “buyer” is used to connote both industrial consumers and personal consumers. Through the model, Howard and Sheth, tried to explain buyer rationality while making purchase decisions even in conditions of incomplete information. While they differentiated between three levels of decision making, EPS, LPS and RPS, the model focuses on repeat buying/purchase.

The model has four major components, viz., stimulus inputs (input variables), hypothetical constructs, response outputs (output variables), and, exogenous variables.

Through their model, Howard and Sheth explain the buying decision process that a buyer undergoes, and the factors that affect his choice decision towards a brand. The process starts when the buyer is exposed to a stimulus. As a result of the exposure, stimulus ambiguity occurs, which leads to an overt search for information. The information that is received is contingent upon the interplay between the attitudes and the motives. In other words, the search for information and the conclusions drawn would be filtered by perceptual bias (that would be a result of attitude, confidence, search and motives). It may alter the existing patterns of motives and choice criteria, thereby leading to a change in the attitude towards the brand, brand comprehension, motives, purchase intention and/or action. The final purchase decision is based on the interaction between brand comprehension, strength of attitudes towards the brand, confidence in the purchase decision and purchase intention. The actual purchase is influenced by the buyer's intentions and inhibitors, which he confronts. The entire process is impacted by various exogenous variables like the importance of purchase, price, time available to make the purchase, social and cultural influences etc. After the purchase, the buyer experiences satisfaction if the performance matches and exceeds expectation; this satisfaction would strengthen brand comprehension, reinforce the confidence associated with the buying situations, and strengthen the intention to repeat purchase of the brand. With a satisfying

purchase decision, the buyer learns about buying in similar situations and the behavior tends to get routinized. The purchase feedback thus influences the consumers' attitudes and intention.

The model is an integrative model that incorporates many of the aspects of consumer behavior; it links together the various constructs/variables which may influence the decision making process and explains their relationship that leads to a purchase decision. It was one of the first models to divulge as to what constitutes loyalty towards a specific product. It helped gain insights in to the processes as to how consumers' process information. The model is user friendly and is one of the few models which has been used most commonly and tested in depth. However, the limitation lies in the fact that the various constructs cannot be realistically tested; some of the constructs are inadequately defined, and thus do not lend to reliable measurements.

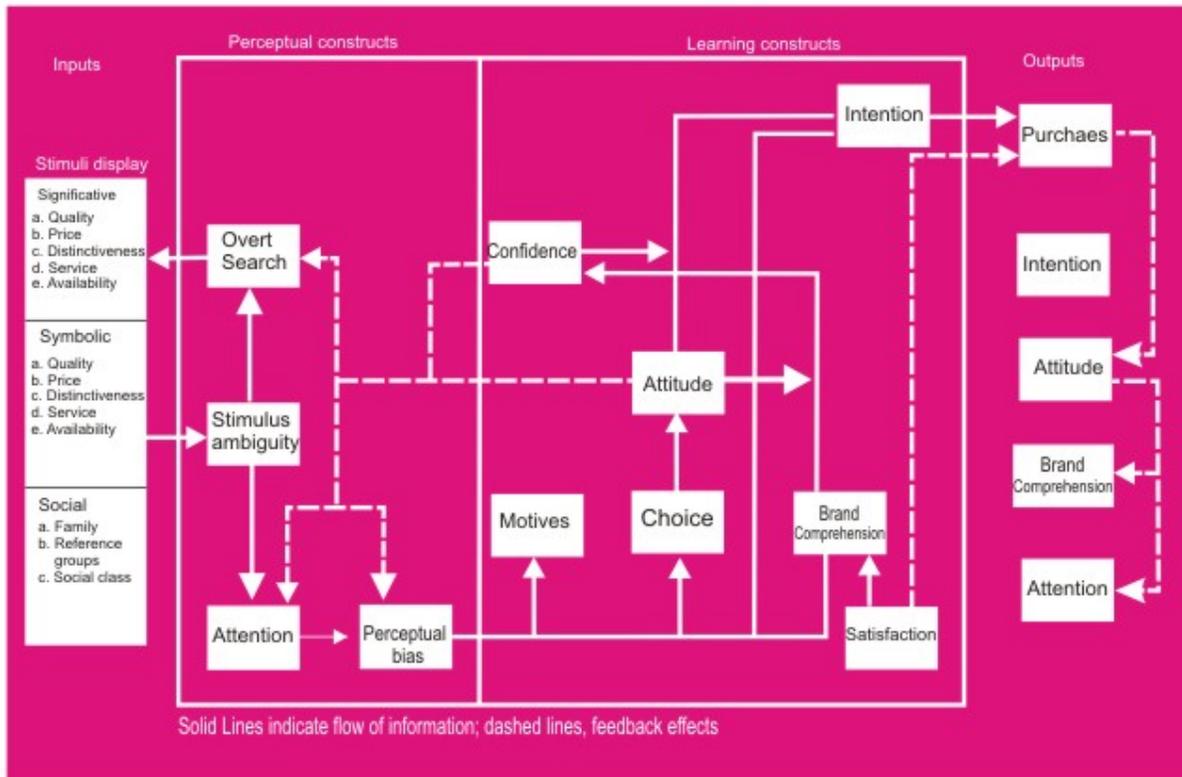


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Ques 2 Critically assess Nicosia's model of Consumer Behavior

Ans Nicosia's model of Consumer Behavior:

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Thus, the firm communicates with consumers through its marketing messages and the consumers react through an act of purchase. Both the firm and the consumer influence each other.

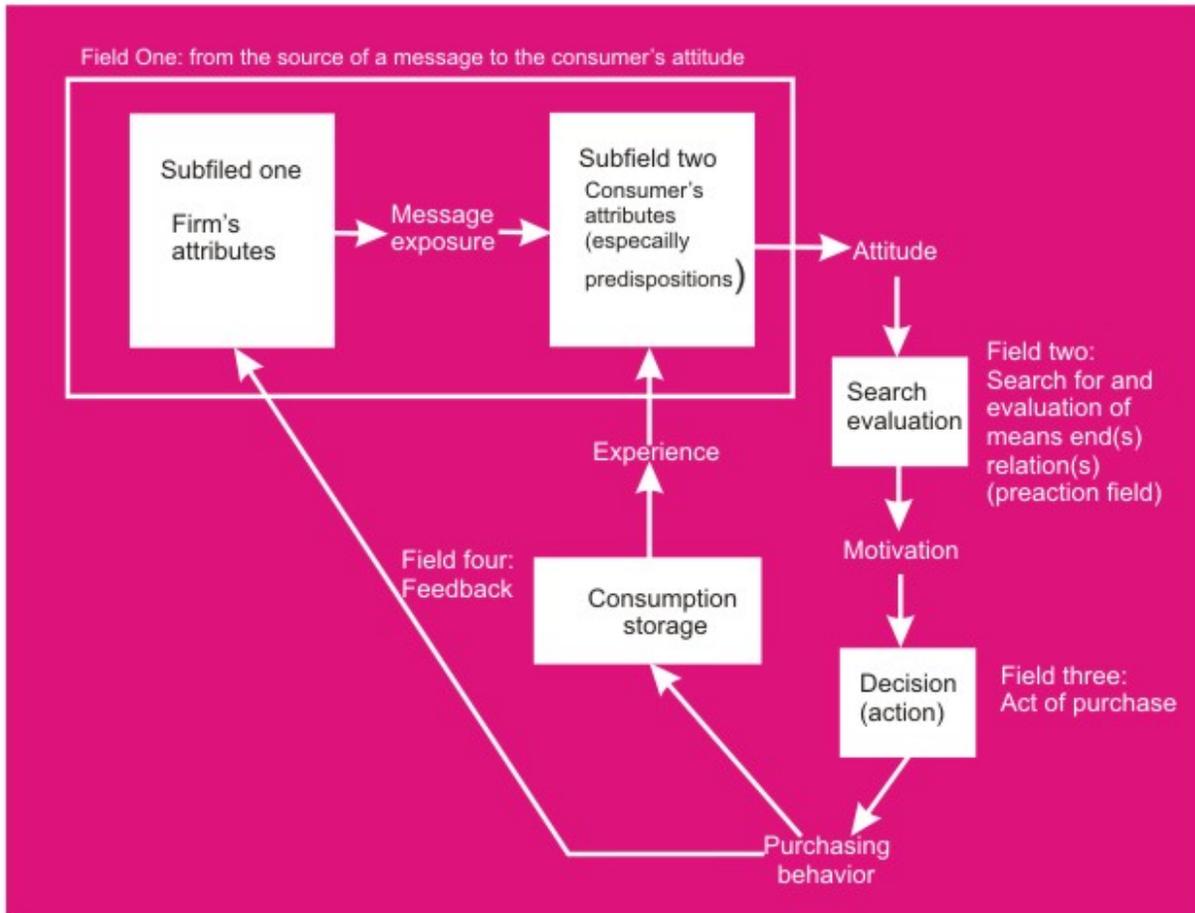


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However, the model suffers from limitations in the sense that the model proposes assumptions, boundaries and constraints that need not be realistic. It has been argued that attitude, motivation and experience may not occur in the same sequence. Variables in the model have not been clearly defined. Factors internal to the consumer have not been defined and dealt with completely. The mathematical testing of the model and its validity are questionable.

SELF EVALUATION TESTS/QUIZZES:

Section A True/false:

1. Originally the Howard and Sheth Model was proposed for industrial buying.
2. The flowcharting approach proposed by Nicosia, complicates the process that affects consumer decision making.

Section B Fill up the blanks:

1. The Howard Sheth model has four major components, viz., stimulus inputs, _____, response outputs and exogenous variables.
2. _____ presented his model in the form of a flow-chart.

Section C Multiple choice questions:

1. According to Howard and Sheth, the response outputs comprise five constituents, which could be arranged in a hierarchy. Which of the following is the right hierarchical sequence?
 - a) attention, comprehension, attitude, intention and purchase.
 - b) attention, attitude, comprehension, intention and purchase.
 - c) attention, intention, comprehension, attitude, and purchase.
 - d) attention, intention, comprehension, purchase and attitude.

Section D Short answers:

1. Howard and Sheth classified the hypothetical constructs into two major groups. Mention them.
2. Mention the various components of Nicosia's model.

KEY

Section A True/false:

1. True
2. False

Section B Fill up the blanks:

1. Hypothetical constructs
2. Nicosia

Section C Multiple choice questions:

1. a

Section D Short Answers:

1. Perceptual constructs Learning constructs.
 2. Marketer's communication affecting consumer's attitude; Consumer's search and evaluation, Purchase action, Consumption experience and feedback.
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