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# UNIT 12 – PROBLEM RECOGNITION AND INFORMATION SEARCH BEHAVIOUR

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## Objectives

By the time, you have completed this unit, you should be able to:

- describe the importance of problem recognition in the overall framework of consumer decision making;
- explain the various issues in problem-recognition;
- map the process of information search in solving the problem (need) so recognized;
- distinguish factors and compulsions forcing a choice between or a combination of internal and external search;
- formulate marketers' response in managing various sources of information used by the consumers; and
- integrate the two stages of decision-making, viz., problem recognition and information search.

## Structure

- 12.1 Introduction
- 12.2 Importance of Problem Recognition
- 12.3 An Overview of Problem Recognition
- 12.4 Threshold level in Problem Recognition
- 12.5 Problem Recognition in the Industrial Buying Process
- 12.6 Information Search
- 12.7 Summary
- 12.8 Key Words
- 12.9 Self-Assessment Test Questions
- 12.10 Project Assignments
- 12.11 Further Readings

*"Akai Television in the Mid 1996, decided to offer a trade-in scheme by which all colour television set owners in India could exchange their set, irrespective of the brand or, the age of their television set, for Rs. 10, 000/for a remote controlled TV set or, Rs. 9, 000 for the others, provide they bought any Akai TV set. The offer and the promotion attracted an unusually large number of customers to visit the AKAI shops and avail the facility even though their TV set were working without alright.*

*What could account for this rush decision of the consumers?"*

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## 12.1 INTRODUCTION

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You would recall from Block 3 entitled "Understanding Consumers" in the course MS-6, Marketing for Managers, how consumers move from one stage of decision making to another in order to complete their decision-making for purchases. These stages are: Problem Recognition; Information Search; Evaluation of Alternatives; Purchase Action and finally, Post-purchase Behaviour. These stages are followed sequentially, i.e. one follows the other in a given order, in most consumption situations.

No decision-making occurs in isolation as a consumer is influenced by his or her personality as well as society (Refer to Block 2 and 3 of this course). In this first unit of this block, we focus on the first two stages of consumer decision-making.

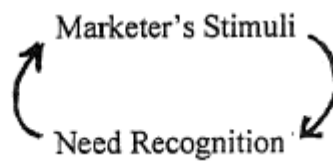


## 12.2 IMPORTANCE OF PROBLEM RECOGNITION

In several text books on consumer or buyer behaviour, multiple terms have been used to describe the concept of Problem Recognition. They are Need Recognition, Need Identification, wants or desires.

Problem Recognition is the very first stage of the long process of consumer decision making and is important for several reasons. Firstly, it provides an initial clue as to why a buyer buys what he or she intends to. Secondly, it gives a definite direction to his or her subsequent purchase behaviour stages like information search and evaluation of alternatives: Finally, it provides marketers with an immense scope for using their influence in how the buyers may or may not recognize their needs. Thus a 'virtuous circle' exists between problem recognition by consumers and marketers stimuli or cues that prompt consumers to react in a desired manner. Figure 12.1 exemplifies this circular relationship.

**Figure 12.1 : Problem Recognition — A Consumer-Marketer Nexus**



### Activity 1

Recall any purchase that you made recently (tooth brush, a pair of trousers, cigarette, sport shirt or a soft drink etc.). You now describe as to:

- a) When did you first recognize the need of that product? and

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- b) When were the marketers' efforts(stimuli or cues) in the form of advertisements, sales promotion, product offering or even pricing in order to help you recognize your need.

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Even there is also a scope for classifying consumers on the basis of their different problem recognition styles. The first category of consumers are those who presume that they have a problem when their product fails to perform satisfactorily. For example, a wrist watch bought by a consumer no longer keeps accurate time. The second type of customers are those who recognize the need or problem not because the existing product has failed to perform but because of their desire of possessing something new. This partly explains why Titan watches found a ready market even though the HMT wrist watches more or less were quality performance products.

## 12.3 AN OVERVIEW OF PROBLEM RECOGNITION

Need or problem recognition can be both simple and complex configurations, subject to associated conditions. Simple problem recognition refers to needs that occur frequently and



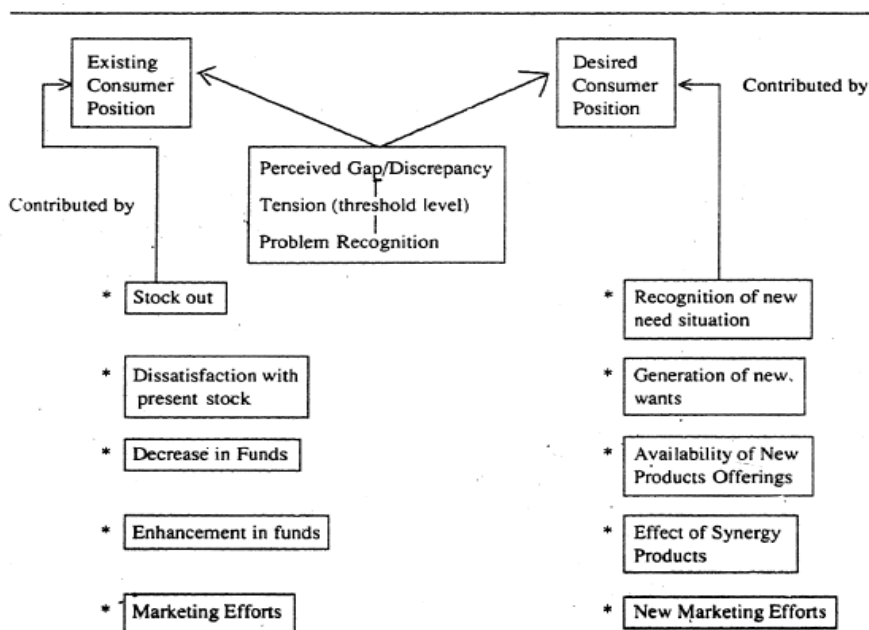
can be dealt with almost automatically. For instance, while shopping with your friends in the market, you sighted a soft-drink stall and decided to buy a cold drink. This could also be to reduce the boredom of waiting out your friends to rejoin at a place.

Complex problem recognition however, is that state in which a problem recognition develops slowly but distinctly over a long time. At a certain time, the desired state of consumer mind is distinctly apart from the actual state. This causes him to recognize the need. For example, after several years of using a car, the car-owner begins to consider trading it in for a new one. The reason could be any ranging from mounting repair bills to the availability of several new models.

Notice the difficulty in the complex problem recognition. In the simple problem recognition, a consumer will definitely recall exactly the time when and why he felt the need of the product. In the complex types, however, even a very careful consumer may fail. Such difference in recalling or failing to recall the needs recognition, is caused by a varying degree of involvement. The more involved the purchase situation is, the higher is the likelihood that you would recall exactly what had happened before you considered the buying of that product and service and vice versa.

Furthermore, many purchases needs are recognized and concluded on the point of shopping themselves. These purchases are termed impulse purchase. Figure 12.2 explains the process of problem recognition and the factors that contribute to the process.

Figure 12.2 : The Process and Factors of Problem Recognition



It is clear from Figure 12.2 that a problem can be defined as the "perceived gap or discrepancy between the existing and the desired consumer positions for a given product and service". The existing consumer position reflects how a consumer feels presently about his consumption or non-consumption of a given product. The desired consumer situation refer to his expectations and anticipations from the, consumption or non-consumption of a given product and service. Most often, the perceived gap/discrepancy between these two stages fashions the needs of the consumer. Thus, as consumers grow up physically, financially and psychologically, there will be a perceived gap between their current and desired situations. A growing child will desire first a tricycle, then a bicycle and then, perhaps, a moped or motor cycle. Similarly, a housewife will plan her shopping once she notices a stock-out situation in her kitchen or in other household supplies.

However, natural factors such as the stock-out or the organic growth or financial-growth cause the difference between the two sates of mind rather slowly. Hence, on most occasions, the gaps between the current and desired states of mind are accelerated or heightened by various marketing stimuli or efforts. These marketing efforts influence either the current state of mind or the desired state or both.



**Activity 2**

Select a product out of the following and explain whether you will influence the 'existing' or 'desired' state of mind of consumers. Also explain why?

- ❖ Toothpaste
- ❖ Bicycles
- ❖ Mopeds
- ❖ Saree
- ❖ Television

**Answer:** I will influence Existing / Desired (chosed one) state of mind of consumers because \_\_\_\_\_

At the current state of mind, marketers may 'induce' dissatisfaction in the consumers for the current stock of products and services. The marketers may also convince the buyers how obsolete the products have become (Example, entry of the precisely angled tooth-brushes, iodized salt, pure spices, etc., are examples of this trend). Mostly, this dissatisfaction is pointed towards 'obsolete' functioning, style and technology. The efforts of markets in respect of existing or current state of consumption are however, quite limited. They are somewhat negative in nature too. Hence, most efforts are made by the marketers to condition the 'desired' state of mind of consumers.

The desired consumer position is achieved by advertising newer uses of the current products, or, by introducing newer features in the products. These marketing stimuli usually promise a higher level of satisfaction to the consumers. Not only this, the marketer use stronger appeals and incentives to accentuate the gap between the existing and desired consumption situations and thus, accelerate problem recognition. Introduction of 3-door fridge, 40 channel TVs, geared bicycles and consumer financing or availability of easy credit facility are some of the many tools that have been used by the marketers in India in the recent time in this direction.

**Activity 3**

Identify at least two latest brands in washing machines by the multinational companies now operating in India and compare the marketing messages of these companies by which they persuade the consumers to buy their brands.

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**12.4 THRESHOLD LEVEL IN PROBLEM RECOGNITION**

As explained, problem recognition represents the perceived gap between the existing and desired state of mind of consumers, which is influenced considerably by marketers' stimuli, However, it should be noted here that every 'gap' between these states of mind for a product or service will not result automatically in its 'need', The perceived gap must cross a threshold level if a need for the product were to become a felt need thus ignite the buying process.

The threshold level refers to "the minimum amount of tension, energy or intensity which is necessary for the feeling to occur".

Thus, marketing efforts are directed not only towards creating a gap between the current and desired states of mind of consumers but they are also towards increasing the tension level where need recognition is ensured. Examples of such marketing efforts include easy repayment or credit facilities for various durable and non-durable products offered by the manufacturers themselves or collaboration with others like a lease Finance company or a

bank. Many times, marketers increase the tension among consumer just by comparing consumers with whom that have bought their product. The tension increases leading to need recognition.



**Activity 4**

a) Did you ever buy a colour television or were involved in the purchase of one? If yes, recall the 'tension' that you had felt before you recognized the need of the colour television.

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b) If not, assess how marketers are adding to the tension of not having the latest model of the colour TV?

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## **12.5 PROBLEM RECOGNITION IN THE INDUSTRIAL BUYING PROCESS**

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The buying process begins when someone in the company recognizes a problem or need that can be met by acquiring a good or a service.

Problem Recognition can occur as a result of internal and external stimuli. Internally, the most common events leading to problem recognition are the following:

1. The company decides to develop anew product and needs new equipment and materials to produce this product.
2. A machine breaks down and requires replacement or parts.
3. Some purchased material turns out to be unsatisfactory and the company searches for
4. Purchase manager an identifies opportunity to obtain lower prices or better quality.
5. Simple stockout situations.

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## **12.6 INFORMATION SEARCH**

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The search for information commences the moment consumers complete recognition of their need for a product or service. Be it also noted here that this search process is quite deliberate and long-drawn for most consumer durables and always directed towards the satisfaction of the needs recognized as explained earlier. Thus, when a person has -recognized the need of a colour television or refrigerator, his search for information will be directed towards a colour television or refrigerator. Search behaviour is always purposive and a deliberate attempt to gain appropriate knowledge about products, its brands and its important characteristics, and the stores from where to purchase.

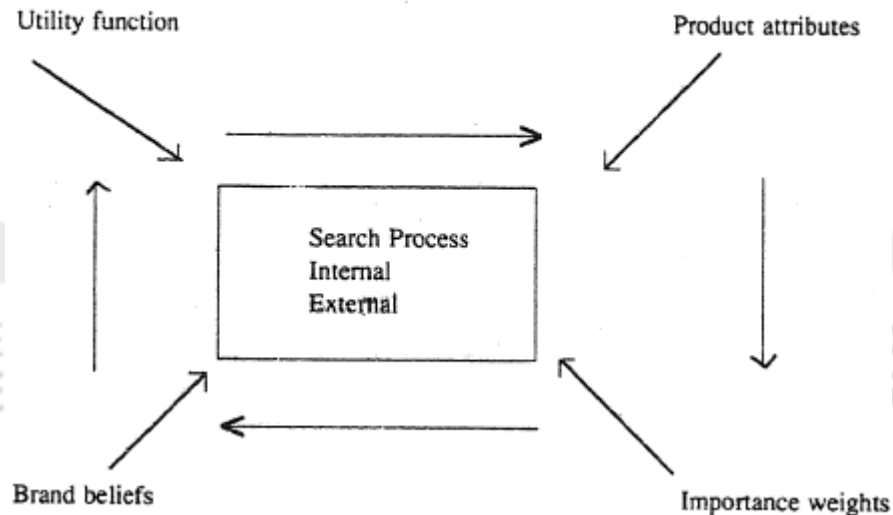
In his search for appropriate knowledge, about the consumer's information search behaviour the marketer will face the following questions:

- ❖ What are the types of information search and what are their determinants?
- ❖ What is the appropriate information load that can be handled by consumers?

- ❖ Which sources of information are used by customers; and
- ❖ How marketers help facilitate the information search?

Figure 12.3 outlines the types of information search in a rational decision-making process for a high involvement consumer durable.

**Figure 12.3: Types of Information Sought**



### 12.6.1 Types of Information Search

As per the illustration, in order to satisfy the recognized needs, a consumer resorts to both external and internal search. Internal search for information will be sufficient in case of loyalty decisions - where the consumer has a strong favourable experience and brand preferences. It is equally sufficient for impulsive purchases - where such external stimuli as attractive packaging, unusually low price or vantage display of products stimulate consumers to recognize the need of the product. The remaining information search is internal and limited in nature. You may recall the routinised response behaviour and limited problem solving behaviour covered in MS-6, which are both characterized by internal search for information. External search, on the other hand, is a mediated, planned, and rational pursuit of information. In high involvement purchase decisions, external search is inevitable.

Table 12.1: explains the factors that may determine higher or lower levels of external information search.

**Table 12.1: Factors that are likely to Increase Search**

#### I Product Factors

- Long enter/purchase time (a long lasting or infrequently used product)
- Frequent changes in product styling
- Frequent price changes
- Volume purchasing (large number of units)
- High Price
- Many brands
- Much variation in features

#### II Situational Factors

- Experience
  - \* First time purchase
  - \* No past experience because the product is new
  - \* Unsatisfactory past experience within the product category
- Social Acceptability
  - \* The purchase is for a gift
  - \* The product is socially visible



- Value Related Consideration:
  - \* Purchase is discretionary rather than necessary
  - \* All alternatives have both desirable and undesirable consequences
  - \* Family members disagree on product requirements or evaluation of alternatives
  - \* Product usage from important reference group
  - \* The purchase involves ecological consideration
  - \* Many sources of conflicting information

**III Consumer Factors**

- Demographic characteristics of consumer:
  - \* Well educated
  - \* High income
  - \* White collar occupation
  - \* Under 35 years of age
- Personality
  - \* Low (open minded)
  - \* Low risk perceiver (broad categories)
  - \* Other personal factors, such as high product involvement and enjoyment of shopping and search

**12.6.2 How Much Information Load?**

It is the desire of every marketer to provide the 'best' amount of information to its customers for arriving at an optimum decision. This desire has given rise to a phenomenon called 'information overload' in consumer search behaviour. Originally, raised by Jacob Jacoby and his associates, the concept of information overload cautions marketers against the popular assumption that: 'if some information is good, then more information must be better.' The marketers are advised, therefore, not to overload the consumers lest the consumers become confused and make even poorer decisions than the ones that would have been made without the 'extra' information. Jacoby's studies proved that while consumer do feel more satisfied and less confused, they actually made poorer purchase decisions with more information. Further, increasing the load of package-information affects adversely the consumers' ability to select the best brand.

**Activity 5**

Review the information provided by the leading manufacturers of 100 cc motorcycles. Would you call it an information overload? Why? Why not?

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**12.6.3 Sources of Information**

The area of determining the optimum load of information is relevant to government, policy makers and consumer activities and organizations too. They need to ensure that consumers are fully informed; that they have impartial knowledge to make the best choice. In addition, the consumers need to ensure that they are aware of the cost of searching for right information and that they have a freedom of trade-offs between one types of information and their combinations with a focus on the cost-benefit relationship in search behaviour.

A consumer has access to a variety of sources of information. Some of these sources are controlled by marketers while others are outside the zone of marketers' control. Personal friends, independent consumer reports, news articles, shopping columns and the like represent the latter category of information sources. Further, some of these sources of, information are face-to-face while others are non-personal in nature. For instance, word-of-mouth, salesmen message exemplify the face-to-face sources, while advertisement and publicity represent non-personal information sources. From the purchase evaluation viewpoint, the most important sources of information are given in Table 12.2.

**Table 12.2: Sources of Information**

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1. Internet
  2. Advertising
  3. In-store promotion
  4. Dealer Information
  5. Package information
  6. Sales personnel
  7. Samples and demonstrations
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Internet has appeared as the latest information source. Most marketers have now shown interest in putting information about them through this medium either on request or through having site or a page on the net. The power of this medium is very exciting.

Advertising is the first major source of information. This has remained so in spite of the risks of overexposure and cluttering of advertising messages. The receptivity to advertisement pertaining to desired product category, goes up considerably once the customer has recognized his need problem for the product/service. Though varying in importance from case to case, advertising has been reported to have provided 35 to 50% of the information sought by the consumers in different purchase considerations.

In-store material include, display-prices, brochures, danglers, technical report summaries. The material is useful for both soft-item purchases and the complex ones. Information on availability of dealers and distribution support and service is given either exclusively or as a part of advertisement. 'Yellow Pages' directory introduced in this country recently in metropolitan towns may emerge in near future a veritable source of information in this regard.

Package information is used mainly to inform customers on the product ingredients and the mode of using it. However, the markets may use packaging colour and design to convey a favourable brand personality.

Sales personnel have a major role to play as a source of information for consumer durables like appliances, furniture, electronics and clothing etc., and in almost all industrial products. Being both expensive and uncertain in its effectiveness, this source of information is provided with immense care and caution by the marketers.

Finally samples and demonstrations are one of the most effective source of information to consumers. Besides being custom-built, the product demonstrations have now been standardized and used on a mass-media like television. Use of samples provides a risk-free source of information and may create a favourable impact for marketers.

**Activity 6**

a) Identify some product that you believe require reasonably intensive prepurchase search by a consumer. What characteristics do such products have in order to draw general lessons in this regard?

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b) For each of the products that you listed, identify the perceived risks that a consumer is likely to experience prior to purchase. Discuss how the marketers of these products can reduce these perceived risks.

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#### 12.6.4 Marketers' Influence on Information Search

The marketing implications of the search behaviour are broad ranging. For one thing, it makes marketers aware of how customers search for relevant information and for another, it helps them facilitate the search process in favour of their marketing stimuli. Broadly, the marketers influence the search process through the areas of advertising, product and packaging policies and pricing.

Advertising poses a complex problem to marketers because consumers have a tendency of selective reception and perception. This adversely affects the marketers efforts in advertising and forces them to continuously monitor the effectiveness of advertising. With passage of time, audience-erosion occurs in the receptivity of advertisements. Further, interpretation of stimuli may convey to consumers a picture much different than what the markets had intended. 'Review' is the key word, therefore, in this context. Marketers may also vary the contents of products periodically and its packaging design. It not only averts the potential boredom among consumers but also conveys an image of moving with time and preference changes by the marketers. The introduction of words like 'new' 'improved' 'better' or 'power packed' are just the examples of this strategy followed by Indian marketers in recent times. Changes in packaging design and colour can further stimulate the consumers search process and push information process through the threshold level of attention.

In pricing, the marketers may convey a desired price quality perception among the buyers by effectively reviewing pricing permutations and combinations. Consumers may look at price-tags to acquire information about the quality variations and perceptions and to determine their own level of confidence in these matters.

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### 12.7 SUMMARY

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Problem or need recognition is the first stage of the programmed buying decision process in most purchase situations. The problem recognition refers to consumer attention to the gap between the ideal or desired state and existing state of mind. Buying motives are the chief contributions to this gap and it normally determines the content and direction of the rest of the decision making process. Search for information takes place after the recognition of need. The search could be external or internal or both. Varying from one purchase situation to another, it covers issues like the nature of information search; the optimum amount of information searched; the sources used for search and the marketers influence on each of them. Typically, it refers to a process whereby consumers seek information to learn about the advantages and disadvantages of various alternatives like product, brands and their salient attributes for evaluation purpose, in a decision making process.

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### 12.8 KEY WORDS

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1. **Audience Erosion:** A gradual weakening of the impact of advertisement with the audience.
2. **External Search:** The act of deliberately collecting and using information for a given purchase decision.
3. **Internal Search:** The act of retrieving information from stored memory.
4. **Information Overload:** The 'excess' information that brings no benefits and may lead to poor decision making.
5. **Information Search:** The act of acquiring, processing and using relevant information for a consumption decision.
6. **Impulse Purchases:** It refers to the unplanned purchases made at the point of purchase.
7. **Involvement:** The level of perceived importance and importance evoked by a stimulus within a given situation.
8. **Obsolescence:** The perceived or real feeling of outdatedness.



9. **Problem Recognition:** The realization by the consumer that there -is a difference between 'what is' and 'what should be'.
10. **Stimuli:** The cues or actions that evoke/stimulate a reaction from the receiver.
11. **Threshold Level:** The lowest level at which an individual can experience a sensation.

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## 12.9 SELF-ASSESSMENT QUESTIONS

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1. How does the problem recognition stage vary between a low involvement and a high involvement purchase? How can the marketers benefit from these variations?
2. Why is information search behaviour so important to the marketers? Discuss the media available to marketers in helping external search.
3. How will an urban consumer differ from a rural consumer in similar purchase needs? Is the difference really substantial?
4. How can marketers increase consumers need for socially relevant products like having regular medical check-ups at health centers or buying highly nutritious and health-foods in India?

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## 12.10 PROJECT ASSIGNMENTS

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1. Go shopping with a friend or your family member or any other relative for any consumer product. (a) Observe his or her information search behaviour in the market place without informing in advance. (b) Encourage your companion to express his thoughts and reactions as you both move along. (c) Supplement your observation report by asking questions before and/or after the purchase was concluded. (d) Analyze which marketing stimuli he/she missed and why?
2. Conduct a survey of five dealers of television/refrigerators in your town, and report on the mistakes that in their view buyers of these products make at the stage of need recognition. Also explore how these dealers benefit from them.

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## 12.11 FURTHER READINGS

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