
UNIT 14 ALTERNATIVE EVALUATION IN BUYING DECISIONS

Learning Outcomes

After going through this unit, you should be able to:

- link alternative evaluation with the other stages of buying process;
- discuss the genesis and the' process of evaluation of alternatives;
- explain the choice heuristics; and their managerial implications;
- identify the most relevant marketing approaches to influence the general choice making behaviour.

Structure

- 14.1 Introduction
- 14.2 Alternative Evaluation: The Four Components
- 14.3 Formation of Brand Sets for Alternative Evaluation
- 14.4 The Choice-Making Rules
- 14.5 The Basic Choice Heuristics
- 14.6 The Marketing Response to the Choice Heuristics
- 14.7 Summary
- 14.8 Self-assessment Questions
- 14.9 Project Questions
- 14.10 Further Readings

Indian Railway Catering and Tourism Corporation (IRCTC) pioneered internet-based rail ticket booking through its website accounted for 79.63% of the total reserved tickets booked online on Indian Railways in 2020-21(<https://irctc.com/internet-ticketing.html>). Passengers can book their train tickets by providing the desired origin and destination of their journey (train number), travel class, and the date for which ticket is to be booked. Various alternatives are available for ticket booking in three-tier air-conditioned coach (3AC), two tier air-conditioned coach (2AC), and sleeper coach (SL) depending on availability in the desired train. If the confirmed seats in the desired train are not available, there are two more options for booking tickets: Reservation Against Cancellation (RAC) and Waitlisted (WL). Furthermore, the IRCTC website provides information on alternate trains available for the desired route on alternate dates of travel, and option for Air-ticket booking. These developments created a new input for the consumers' choice making and evaluation of rail travel.

14.1 INTRODUCTION

How do consumers choose one brand from among the brand alternatives? Do consumers use any identifiable and visible choice rule for evaluation? Do consumers select the best alternative and reject the bad ones? How do they find their way in a maze of brand alternatives with significant attribute differences?

Although answers to each of the above-posed questions are of primary importance to marketers, there is hardly any simple or single answer. For one thing, consumers use different evaluative criteria in different buying situations despite the product being the same. For another, a plethora of evaluation processes are used in this respect. Thus, a buyer of personal computer will find many computer attributes to consider and many ways to do it. Again, whether he is taking this decision as a planned activity with sufficient time at his disposal or has to make an urgent replacement decision in emergency because of a computer breakdown situation.

This unit will attempt to de-mystify these very complexities of the attribute evaluation process. What is important however to note here is that the process is influenced by a number of principles and links up psychological processes that are described in this entire course.

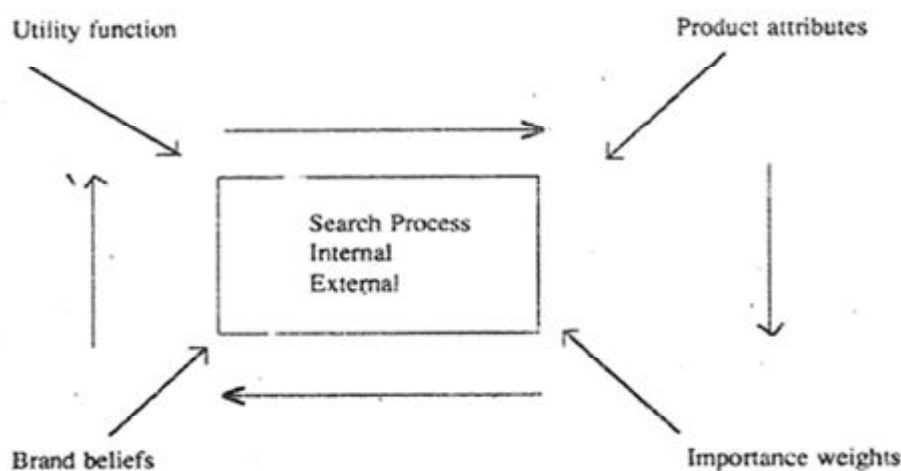
14.2 ALTERNATIVE EVALUATION: THE FOUR COMPONENTS

Alternatives emerge for a consumer after having made an attempt to gather information about the intended purchase. As a result of information search, consumers will have found the following with reference to his product needs:

- Product Attributes of different alternatives
- Utility function of each attribute
- Importance Weights of attributes that the consumer wants to apply
- Set of brand beliefs that prevail about the different alternatives

Figure 14.1 illustrates the information sought in the search behaviour which is of importance to the stage of alternative evaluation. Given below is a description of each of these four constituents of alternative evaluation:

Figure 14.1: Types of information Sought



14.2.1 Product Attributes

We have noted in our introductory course on marketing MMPC-006 as to how a product is best described as a “bundle of benefits expressed through its attributes desired by its target consumer”. Thus, during information search, consumers may

identify several attributes of their needed products. For instance, a person intending to buy a family car may find styling, low maintenance cost, fuel efficiency and price as the attributes of the car. Similarly, a female buyer of lipstick may conclude after information search that range of shades, packaging, price and prestige factor are the desired attributes. The product attributes vary with consumers. Further, they are always determined by consumer needs.

14.2.2 Utility Function

Attribute so identified has a utility function. However, the utility may not be functional all the time. It could be emotional. For instance, the attribute of fuel economy in the car has an obvious functional utility as well as the feeling that a person is aware of the macro need of saving precious fuel. Similarly, in the example of lipsticks, both functional and emotional utility play a role in respect of price of a lipstick. The treatment is wider than an economist would like to us to believe.

14.2.3 Importance Weights of Attributes

All attributes identified by a consumer are not likely to be of equal importance to them or others. Different buyers of similar products differ in their perception. Thus, for instance, a middle-class car buyer may discover during information search that fuel-economy is more important than styling, while the reverse may be thought so by a high-income buyer. Similarly, a rural lipstick buyer may reach the conclusion that price is more important than prestige factor while the reverse may be held by her urban counterpart. Be that as it may, the importance weights help consumers reach a balanced evaluation.

14.2.4 Brand Beliefs Based on Consumer Perception

During information search, consumers come to know about different claims and standings of the brands-more commonly known as brand-image, on its salient attributes. The brand image helps consumers in believing which brand is more likely to have a particular attribute. It should be noted here that these brand beliefs are based on consumer perception and may sometimes be at variance with reality. Thus, the potential car buyer may believe that Maruti Swift car has a style while it may not be actually true (its style quotient may actually be lower than a competing brand). By the same token, the potential lipstick buyer may believe that Lakme brand has the attribute of economy - quite at variance with reality.

The alternative evaluation process is the interplay of these four factors. After having ascertained that the brands under consideration possesses all the desired attributes, consumers will identify how their satisfaction (utility) will vary in response to changing levels of performance in those attributes. Thus, the potential car buyer will decide how much will it mean to him in utility terms if brand "X" of car possesses 4/10 level of performance in fuel-efficiency, instead of, say, 6/10 level of style. The same could be argued in the case of the female lipstick buyer. The advantage of utility function is that by combining the performance levels of salient attributes, consumers can make up what is called an 'ideal' brand for this purpose.

Activity 1

Using the above format, please identify three brands, four attributes, their respective weights and their utility function in respect of a laptop/personal computer.

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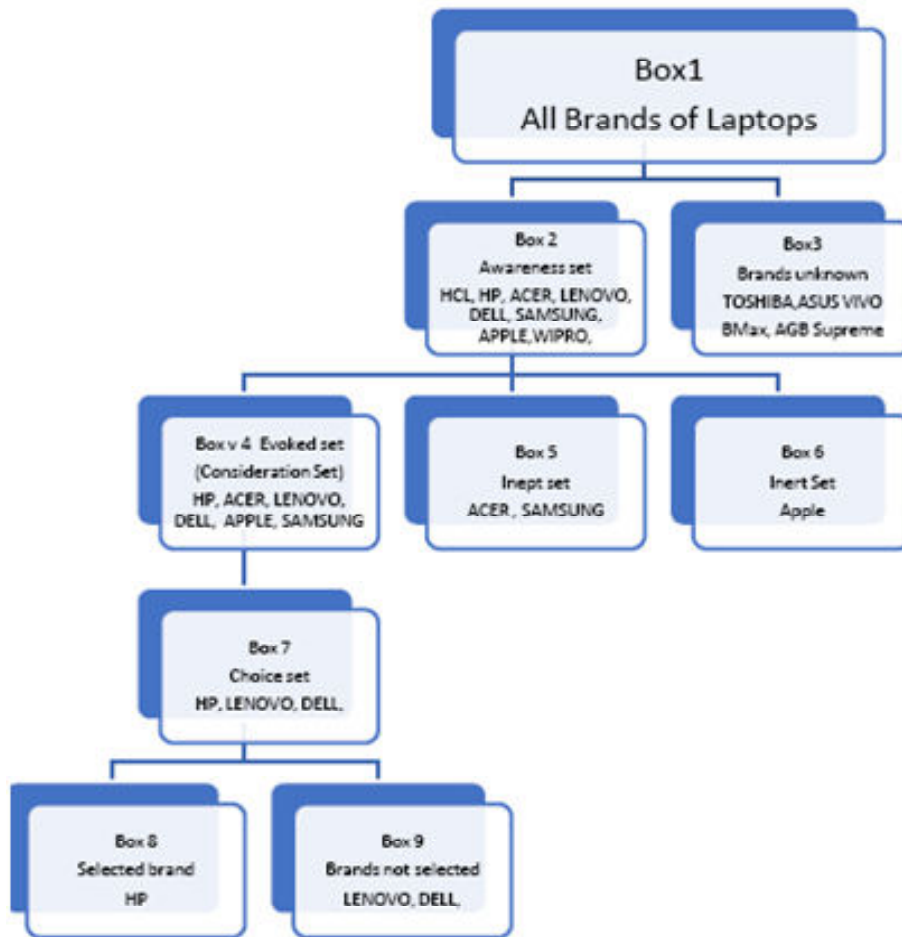
14.3 FORMATION OF BRAND SETS FOR ALTERNATIVE EVALUATION

A crucial aspect of alternative evaluation is a decision on how many brands as alternatives will engage the consideration of consumers. As stated before, during information search, whether internal or external, a consumer would come to know the existence of various brands available in the market. For instance, a potential buyer of a laptop would find that a large number of brands of laptop are available in India. Box 1 in Figure 14.2 lists these brands. These brands constitute the **‘total set’** to a particular buyer. However, the potential buyer may be ‘aware’ of only few of these brands, called as the **‘Awareness set’**. Box 2 lists this set of brands. Box 3 contains brands that are unknown to buyers. Box 4 contains the set of brands that meet the initial expectations and evaluative criteria of the consumer. This set of brands is known as the **‘consideration-set**. Further, many of the brands in the Awareness set may have to be summarily dropped out of the consideration for reasons of their non-suitability to the consumer or their non-availability in the city he or she lives. Such remaining brands are clubbed under a set termed as the **‘Inept-set’**, as illustrated in Box 5 of the figure. Some brands though they are in the awareness set may not be in active consideration on account of a different operating system used with which the buyer is not familiar. This would constitute the **Inert set** as shown in Box 6. After having given these brands due consideration, the number of brand alternatives will further go down and will constitute the **‘choice set’** (Box 7), indicating the existence of only those brands that are under strong and intensive consideration and are in the contention for the final choice. The Box 8 will contain the ultimate brand of laptop that has been chosen or decided upon by the consumer, in this process of brand consideration, elimination and choice. Box 9 consists of brands actively evaluated but not chosen.

It is important for you to note that these sets as shown in the figure, do not remain static at all. Consumers brand choice is a dynamic process that changes over time. As the buyer’s awareness of different alternatives changes, or new brands get introduced, the components of Boxes, 1, 2, 3 will change.

Brands in the Boxes 5, 6 and 7 also undergo change as the buyer’s experience and choice criteria undergo a change on account of his exposure to the newly introduced Brands, new features introduced in competing Brands and so on. His choice set and the brand chosen ultimately in the next round of purchase may therefore also change.

Figure 14.2: How many brands to consider?



Activity 2

Recall a purchase of any durable consumer product (Refrigerator, Car/ Motorcycle, Washing Machine, Wrist Watch etc.) that you may have made recently. Identify the successive sets of brands as illustrated in Figure 14.2. In case you experience any difficulty in listing these sets of brands, you may refer to any source of information for assistance.

Answer:

a) Total set of brands consisted of

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b) Awareness set of brands consisted of

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c) Inept set of brands consisted of

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d) Consideration set of brands consisted of Information Processing

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e) Choice set of brands consisted of

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f) Choice fell upon the brand named

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The marketing gains of knowing the successive brands under consideration of consumers are many. Firstly, marketers may find where their brands rank in terms of consumer knowledge. Secondly, it indicates the limits of consumer awareness and recall for the number of brands. Thirdly, marketers may know how to reinforce their efforts to push their brands further in the consideration and choice set if required or which efforts would be required to move their Brands from the inert set or inept set to the consideration set.

Finally, marketers may endeavour to keep their brands from falling into the set of unknown Brands, and provide information so as to meet the preliminary expectations that consumers may have for the brands.

14.4 THE CHOICE-MAKING RULES

To an un-initiated person, it may appear that the consumers follow neither procedure nor rules in respect of evaluating the alternatives. As the subsequent descriptions will show, this is not always true. Consumers use a set of rules for evaluation.

At the stage of choice rule, consumers after having recognized the need for a particular product and service and also having completed information search for relevant criteria, combine and integrate the information in such a way that facilitates choice making for that product or service. Consumers make a variety of choices over time with reference to various products and brands. These are made on the basis of certain criteria known as choice rules or heuristics. Such heuristics allow consumers to make complex decisions reasonably and effectively.

In spite of the research evidence that for most purchases, consumers engage in a rather unsophisticated choice processes, particularly in the matters of low and medium involvement products, marketers need to know about the choice heuristics. In particular, they need to know as to what criteria are available to consumers; which among them may be used and why; and which marketers' actions can help influence and benefit from the process of applying choice rules in purchase situations.

14.4.1 The Benefits of Choice Heuristics

To consumers, the use of choice rules or rules of thumb offer many advantages in simplifying complex decision processes. They, for instance,

- provide with guidance while making decisions;
- offer a short cut to a long-drawn-out decision process;
- allow them to integrate and arrange information in such a way that decisions may be made quickly and easily; and
- enable them in faster information processing by focusing on only salient criteria.

14.4.2 The Use of Choice Rules

As noted in the earlier Units, purchase decisions may be simple or complex. Three types of buying decision situations have been extended. To recapitulate, the most complicated buying decision behaviour is known as Extended Problem Solving (EPS). It is seen mostly for high involvement products. The second type is the Limited Problem Solving (LPS). It is mid-range decision making with the consumer has some prior experience of the buying situation. The most common and routine process is called Routine Response Behaviour (RRB) with the consumer has been making the decisions very often for similar products one and is aware of his choices. The last one is most evident in respect of low involvement, frequently bought products.

14.4.3 The Choice Rules and the Multi-Attribute Choice Models

Multi-attribute choice models explain how consumers combine their beliefs about product attributes to form their attitudes about various brand alternatives. These models assume that the brand which receives the best attitude will be chosen. They further assume that consumers will go through the standard Hierarchy of Effects sequence (Awareness - Interest - Desire - Action). For a detailed understanding, refer to the Unit 6 in Block 2.

Activity 3

Visit a leading refrigerator shop (in-store/ online) of your town and interview one or two buyers about which attributes they use in evaluating Frost free double door refrigerators. Try to fit it with the ATO model for analysing their information:

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14.4.4 The Choice Rules and the Ideal Brand Model

This model prescribes that a consumer will compare actual brands to his ideal brand. The closer an actual brand comes to this ideal, the more it will be preferred. For instance, assume that the consumer does not rate the attribute of style in a car beyond a certain point. This may be because he has no particular fascination for it and it adds to his concern for upkeep. Let us further assume that the consumer also has a certain price in mind. Now whether the consumer will be satisfied or not with the available cars, will be determined by the following:

$$D_{jk} = \sum_{i=1}^n W_{ik} (B_{ijk} - I_{ik})$$

where D_{jk} = consumer's dissatisfaction with brand J

I_{ik} = consumer's ideal level of attribute i

W_{ik} = importance weight assigned by consumer k to attribute i

B_{ijk} = consumer k's belief as to the amount of attribute i offered by brand j

n = the number of important attributes in the selection of the given brand.

The lower the value of D, the more favourable consumer in k's attitude toward brand j. For example, if brand was ideal the term $(B_{ijk} - I_{ik})$ would disappear and the dissatisfaction would be zero.

Activity 4

Illustrate the ideal brand model equation by taking hypothetical values in respect of a banking services of SBI and HDFC.

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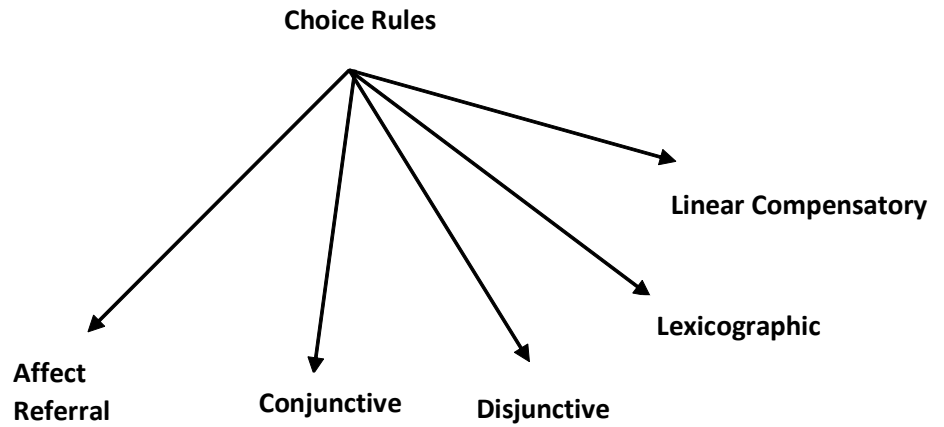
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14.5 THE BASIC CHOICE HEURISTICS

At the end of the day, whatever may be the complexity or confusion in the mind of the customer, a decision is to be made. The following choice rules could come very handy to the consumers. It has been observed in most buying decisions, that most consumers try to 'satisfice' their purchase goals instead of maximizing them. Often it becomes imperative in view of the complexities involved. Also, since majority of products engage only mild to low degree of purchase involvement, a complex treatment is not really required for buyers of these products. The section, therefore, explains some basic choice heuristics for the Limited Problem Solving (LPS) and Routine Response Behaviour (RRB) purchase situations. Figure 14.3 provides a visual summary of these rules.

Figure 14.3: Basic Choice Heuristics



14.5.1 The After-Referral Heuristic

In this choice rule is considered to be the simplest of all. Here the consumers obtain information from their earlier experiences stored in their own memory regarding the brand alternatives tried in the past. Thus, instead of evaluating brand attributes individually, a holistic approach is used by consumers based on their most positive feelings about a given product. In the case of RRB’ and habitual purchases, this rule is most likely to be applied. Thus, for example, in the purchase evaluation of such daily consumption items as salt, tea, toothpaste etc., consumers will elicit the brand alternative from their memory and past experiences in an order of their positive feelings for them. The brand that was purchased last and fulfilled most of its promise, is most likely to be chosen this time also.

14.5.2 The Conjunctive Heuristic

In a situation where many brand alternatives are available with distinct attributes, even though it is an LPS purchase situation, the conjunctive heuristic helps consumers in screening the brands. Over here, consumers set the minimum cut-offs on each attribute which every brand alternative under consideration must possess. Otherwise; the brand alternative is rejected. Table 14.1, illustrates the point. Thus, if a buyer of refrigerator is considering three major brand alternatives, he may set a minimum cut-off score of 3 out of maximum 10 marks on all the three attributes.

Brand **B** fridge will be dropped as it scores only 2 out of 10 on the Economy attribute. Though the conjunctive choice heuristic aids in screening brand alternatives, it weighs negative information more than the positive information in the evaluation.

Table 14.1: Alternative Evaluation Matrix.

Attributes (1)	Weight (2)	Brand A (3)		Brand B (4)		Brand C (5)	
		3.1 Rank Max.10	3.2	4.1Rank Max. 10	4.2	5.1Rank Max. 10	5.2
	a	B	axB	B	aXB	B	aXB
Styling	30%	3	9.0	7	21.0	5	15.0
Economy	25%	5	12.5	2	5.0	7	17.5
Low Maintenance Cost	45%	5	22.5	4	18.5	3	13.5
	100%		44.0		44.5		46.0

14.5.3 The Lexicographic Heuristic

This choice rule is more positive in nature than the conjunctive heuristic. This heuristic aims, instead of rejecting the bad ones, at selecting the best brand alternatives out of the given alternatives. In order to apply this heuristic, buyers first rate the importance of attributes in the brands alternatives (column 2 of Table 14.1). Thereafter, the brand alternatives are rated on these attributes (columns 3.1, 4.1 and 5.1 of Table 14.1). The brand alternative that scores the highest on the most important attribute is chosen, regardless of other attribute values. If all the brand alternatives score equally on this attribute, then their scores on the second most important attribute is considered and the highest scoring brand is chosen. The process goes on till the differential performance scores settle the superiority of a brand alternative over the rest.

Interpreting Table 14.1, as per the Lexicographic heuristic, brand **A** will be selected as it scores 5 out of 10 - higher than the other two brand alternatives, on the most important attribute, i.e., low maintenance cost.

14.5.4 Linear Compensatory Heuristic

In this rule, consumers permit the strength of a particular brand attribute to compensate for the weakness of another attribute(s). The choice criterion again is 'choose the best' because in the rule the effect of both positive and negative information is considered, which can balance, offset or compensate each other. Thus, in Table 14.1, brand **C** will be chosen among the given alternative fridge brands, if the compensatory heuristic applied. Even though the chosen brand alternative is weaker on the attribute of low maintenance cost than others, the strength of other attributes has compensated for its weakness.

14.5.5 The Disjunctive Heuristic.

The disjunctive heuristic, used quite infrequently, also sets the minimum cut-off points for every brand attribute. The difference, however, lies in the fact that this, heuristic stresses only the 'salient' brand attributes (on the basis of weights) and accepts a brand alternative if its performance exceeds the minimum cut-off performance on these dominant attributes. Thus, in table 14.1, brand **A** will be accepted by the consumer if the minimum cut-off for the dominant attribute of low maintenance cost is 5. It will be in spite of the fact that the overall performance of brand **A** is lower than that of the other two brand alternatives.

Activity 5

Apply the different choice making rules in the decision process to your decision regarding a job. How would the knowledge of these rules influence the employer's marketing strategy for marketing the job?

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14.6 THE MARKETING RESPONSE TO THE CHOICE HEURISTICS

Several questions arise for marketers to consider, after having made an analysis of the choice heuristics for alternative evaluation. They are: what inferences can be drawn? What actions are useful in benefitting from them? Marketer use a variety of methods for negotiating with the phenomenon of choice rules as well as their complexity. They are as follows:

a) Relying on a product signal

This frequently used short cut is to nudge the consumers and draw attention to the hidden dimensions of the product from the observable attributes of the product.

b) Market beliefs as heuristics

Consumers often form specific beliefs about the market relationships. These beliefs then help them as shortcuts to solve a decision issue. Thus, the largeness of the store can help the consumer decide a product solely on the basis of it.

c) Price as a heuristics

For many, price is the most verifiable way of making the right or wrong decision on a product.

d) Brand name as a heuristic

Sometime the brand equity created in the market is so strong that the product choice is dictated by the brand name itself. To sum up, marketers have an unenviable task on their hands while consumers are at the stage of brand evaluation. The acid test of marketing effectiveness in this regard is whether consumers are led to the actual purchase action or not. The answer in either way will pronounce judgment on the adequacy of marketing response.

Activity 6

Identify one example of each of the suggestions described above for influencing the brand evaluation process. - Also state how far have the marketers succeeded in their attempts?

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14.7 SUMMARY

The unit forms an important part of the course as it ties together many concepts studied before and links them to the ultimate choice made by the consumer and therefore has a direct relevance to the markets. Also, the linkage of alternative evaluation with attitude has been established. Thereafter, a thought was given as to how many brands a buyer may have in his various brand evaluation sets. It was argued that the consumer follows a process of elimination to arrive at the final brand from among the array of brands. As consumer attitude serves as a major indication of buyer's mind, the same has been dealt with also albeit briefly. Furthermore, choice heuristics-both multi-attribute and basics have been dealt with extensively in the unit. Further, what are the marketing implications and responses to this stage, have also been discussed.

14.8 KEY WORDS

- Choice heuristics** : General decision-making strategies people use that are based on little information, yet very often correct.
- Multi-attribute Choice Models** : Explain how consumers combine their belief about product attributes to form their attitudes about various brand alternatives.

14.9 SELF-ASSESSMENT QUESTIONS

1. Define the criteria of evaluating the brands of Smartphone using the inputs shared in this unit.
2. Distinguish between various sets of brand alternatives. How is the classification important?
3. What is meant by choice heuristics? What rules are followed commonly by the urban consumers vis a vis rural consumer?

14.10 PROJECT QUESTIONS

1. Devise a questionnaire to find out the number of brands in each set of alternatives in respect of (a) smart televisions, (b) designer home furniture, (c) health foods.
2. List as many attributes as you can for a personal computer for an executive that you would like to see in a laptop.
3. Use two of the choice heuristics mentioned in the Unit and compare the results. Comment upon the possible marketers' responses to both choice heuristics.

14.11 FURTHER READINGS

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5. Gardner, M.P(1985): “Mood States and Consumer Behaviour”, Journal of Consumer Research, 12, pp.281-300.