

# Chapter 9 (Judgement and Decision Making based on Low Effort)

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- **Representativeness Heuristic:** Making a judgement by simply comparing a stimulus with the category prototype or exemplar.
  - o Position offerings close to a prototype
- **Availability heuristic:** Basing judgements on events that are easier to recall
  - o Capitalize or overcome the availability bias. Capitalize with vivid imagery or positive word of mouth.  
Overcome by providing base rate information about the general population
- Judgements are biased because we tend to ignore base-rate information
- **Base rate information:** how often an event really occurs on average
- **Law of small numbers:** The expectation that information obtained in a small number of people represents the larger population. SAMPLE SIZE

## Unconscious Low effort Decision Making

- 50% of all shopping decisions are made spontaneously and unconsciously
- Based on environmental stimuli, visual aroma, sound

## Conscious Low effort Decision Making

- **Traditional hierarchy of effects:** Sequential steps used in decision making involving thinking, then feeling, then behaviour. Not applicable to all situations
- **Low-effort hierarchy of effects:** Sequence of thinking behaving feeling

## Using Simplifying strategies when consumer effort is low

- Low-effort purchases represent the most frequent type of decisions that consumers make
- How a marketing message is framed will influence how consumers react in low motivation.
- Negatively framed marketing is more effecting than positive framed message low MAO
- The goal in low MAO decisions isn't to find the best brand, called optimizing, it is to satisfice, to find a brand that is good enough
- Low-elaboration decisions may have consumers rely on previous information and judgements of satisfaction from past consumption
- Operant conditioning: The view that behaviour is a function of reinforcements and punishments received in the past
- **Choice tactics:** Simple rule of thumb used to make low-effort decisions
  - o Reinforcement: Comes from a feeling of satisfaction when we think our needs have been met. E.g. buyer rewards can increase reinforcement
  - o Punishment: Consumers can have a bad experience and form a negative evaluation of it and never buy it again
  - o Repeat purchase: When the same act is repeatedly reinforced or punished over time
  - o Choice tactics depend on the product:
  - o Performance related tactics: Based on benefits, features, or evaluations of the brand. Can be used as a simplifying strategy.
- **Habit:** Doing the same thing repeatedly. Can be used in a simplifying strategy
- **Brand loyalty as a simplifying strategy**
  - o Brand loyalty buying the same brand repeatedly because of a strong preference
  - o Multibrand loyalty: ^ but more than one
  - o Low decision making using this strategy as consumers already know the brand
- **Price as a simplifying strategy:**
  - o Price related tactics: Decisions based on price
    - Buying the cheapest brand, buying on sale, using a coupon
  - o Zone of acceptance: the acceptable range of prices for any decision
  - o Price perceptions
    - Price affects how we react to a product. e.g. 15.99 perceived cheaper than 16
  - o Deal-Prone consumer: a consumer who is more likely to be influenced by price. E.g. more receptive to a coupon

- Deal and deal sites: Offering own private app or site online to stop consumers from price comparing
- Importance of value
- Special pricing: Don't make deals too often or brand loyalty is damaged since consumers become too deal oriented
- Price consciousness is not static

- **Normative influences as a simplifying strategy**

- Low elaboration decision making that is based on other's opinions

**Low effort feeling-based decision making**

- **Feelings as a simplifying strategy**

- Affect: low level feelings
- Consumers may buy a brand because they like it, this relies on very basic, low-level feelings, or affect
- **Affect-related tactics:** Tactics based on feelings
- **Affect referral:** Simple type of tactic where we simply remember our feelings for the product or service

- **Brand familiarity:** Easy recognition of a well-known brand

- Co-branding: Two brands form a partnership to benefit from the power together

- **Decision making based on variety-seeking needs**

- Variety seeking: trying something different
- Markets can reduce boredom (which causes consumers to seek different products) by providing more variety in a product category
- Optimal stimulation level (**OSL**): the level of arousal that is most comfortable for an individual
- **Sensation seeker:** A consumer actively seeking variety
- **Vicarious seeker:** Seeking information simply for stimulation

- **Impulse purchase:** An unexpected purchase based on a strong feeling. Characterized in:

- Overwhelming feeling of buying now
- Disregard for negative consequences
- Feelings of euphoria
- Conflict between control and indulgence

- Using eye-catching displays and packaging can stimulate an impulse buy