INTERNAL INFLUENCES AFFECTING THE CONSUMER PURCHASE DECISION MAKING PROCESS

Submitted by: Ken Chambers

Date: Friday December 13, 2012
Everyday Canadians are faced with making purchase decisions. At times they are simple purchases involving very little thought, and then there are purchases that involve a great deal of thinking. The purpose of this concept paper is to explore commonly discovered influences that affect the purchase decision making process. There are internal and external factors that influence a consumer when making a purchase decision, and with each decision carry its own perceived risk. Looking at influences such as the knowledge of the consumer, personal motivations, technology, and other influences we will understand what it takes for a business to eliminate internal influences of risk.

One personal motivator that was discovered was the consumer’s perceived value of money, the effect it has on the purchase decision and the element of risk attached. In the situation of having to make a purchase decision quickly with little information early enough to save money, or waiting for more information and having to pay more for the product, the consumer faces a possibility of experiencing a situation of buyer’s remorse (Diecidue, Rudi, & Wenjie, 2012).

The consumer’s value of money is extremely important to address, as it focuses on the consumers post purchase attitude. There is high risk attached that could prevent the consumer from making a purchase decision and walking away from the product. Ensuring that the consumer’s perceived value of the product exceeds that of the option to wait, will then reduce risk and lead to another step in the purchase decision. One option that would reduce this risk is employing the mental accounting theory (Sumeet & Hee-Woong, 2010), where bundling items together and offering it as a sale provides more perceived value to the customer. This ensures that the perceived value exceeds the customers alternative value to wait. (Kuvaite, Dovaliene, & Nivickiene, 2009)

When looking towards the e-commerce market a new perceived element of risk is also created. The rise of cybercrime has caused consumers to be very cautious when sharing their personal information on the internet (Smith, 2011). Fear of this has made consumers careful, causing the business to go through extra care to provide trust to the consumer. Services such as VeriSign, and
BBBOnLine provide confidence to the consumer. Popular anti-virus sponsorships also provide added trust that the site is safe, secure, and that the company can be trusted. (Norton, 2012). This is an effective tool that can be used for marketing and is essential in the online world of shopping. Providing knowledge to the consumer that a website is safe and secure is another tool that reduces the perception of risk. Providing the customer with this will create a greater possibility of a purchase decision (Comegys, Hannula, & Vaisanen, 2009).

Another influence on the consumer purchase decision making process is packaging of a product, information that is being displayed and branding. This focuses more on post purchase behaviours of the customer as they are expecting that when they purchase the product, it will provide them with the satisfaction that they were looking for when buying the product in the first place. In most cases though the consumer does not know what they want when it comes to the desired level of satisfaction, and packaging makes it possible to effectively convey the benefits of the product. Having a brand also encourages the customer that it is from a company that makes good products, and unfortunately it will be the same if a company makes poorer quality products. The consumer is now able to decide what level of satisfaction they wish to achieve. (Sorina-Raula, Liviu, & Georgeta-Madalina, 2008)

Branding has its own particular influence on the purchase decision making process especially when it comes to children. In a study done by Rod Harradine and Jill Ross of the University of Teesside, they found that “children have a growing ability to receive information about brands and are able to use this knowledge to inform the growing influence that they exert in the buying process” (Harradine & Ross, 2007). Children have an exceptional influence on their parents in the decision making process. Many brands are also specific for children and are branded as well as directly marketed to them. They know that children have a higher influence in selling a product, so they market to the children, rather than their parents. Keeping this in mind, the consumer will have lower risk perception towards the product if the company ensures that the product satisfies the needs of the child.
Finally the influence of information and knowledge is extremely important when considering the consumer purchase decision making process. In Canada alone there are 27.76 million people who use the internet, representing 81.34% of the entire population. (WolframAlpha, 2012). This means that millions of customers have the ability to shop online, to research, and to find the best products and prices. This can cause a great deal of competition and it is essential that companies who sell online focus on providing the user with as much information as possible on their product to boost their confidence and reduce their perception of risk.

A very popular trend is emerging on the internet and it can create great opportunity or disaster for a company. Reviews, comments, and other forms of community based discussion have changed the face of how companies used to communicate to the consumer. This is a direct pathway to the consumer, but companies have capitalized on this opportunity, and created search engines that find hotels and restaurants. Users who have been to these places can rank the property, make comments, post pictures and communicate their experience with the property to the connected world. In a study, these reviews had a significant impact on the purchase decision making process in which the consumer decided not to purchase. Ensuring that the customer is always satisfied prevents bad reviews and the ability to dispute negative claims, ensures that trolling is kept to a minimum.

Trolling is an internet slang term defined as the act of deliberately making people angry online, starting fights with other users, and making a statement flaming the company or others. This has an effect on the perception of risk towards your business. If an independent artist who shares content on the internet whether it be a blog, comic, photography site, etc. and enable comments it possibly leads to trolling if the site is popular enough. The last thing someone needs on their website is people arguing where the customers can see and if this happens the reputation of your website will go down and your e-commerce opportunities will go down as well.
Through the use of strict measures to monitor trolling of your product reviews, you are effectively maintaining your professional image. Additional sources of information such as the manufacturer website (Barber & Dodd, 2009), and other types of information such as pictures, product demo’s, and movies will satisfy the particular need for details when it comes to the product. Providing the user with images, and information enhances the advantage towards an e-commerce store, compared to brick and mortar stores as it offers the consumer the same luxury of looking at a product and seeing what it can do with the comfort of being at home.

Extra measures are taken to ensure that the customer is getting value with their purchase and that they will be satisfied. Warranty’s on a product that gives the consumer confidence that the product will last or that they can get a new one. Free shipping, so that they can get their product right away to ensure that it is what they need without costing too much and return policy’s so that the customer is confident they will get their money back if they are not completely satisfied so that there is a lesser perception of risk when buying the product.

When it comes to internal motivators of the consumer purchase decision making process there are many factors that influence the consumer. This paper looked at only internal motivational factors of risk and how it affects the decision making process. Risk plays a large factor when it comes to the decision making process, and it is up to the company to ensure that all elements of risk associated with the purchase decision are eliminated or it could lead to the loss of a potential purchase. It seems that risk is gauged differently, on the frequency of a purchase. Items that are purchased everyday are seen to be low risk items, and items that are not bought frequently such as televisions or cars are seen to be high risk. (Simcock, Sudbury, & Wright, 2006).
In Conclusion, it can now be seen influences that are present when making a consumer purchase decision. These decisions are complex and require a lot of attention as to ensure that a customer will go through with making a positive purchase decision with confidence. Understanding the role of risk and the influences that affect the consumer’s perception of risk both for pre-purchase and post purchase decisions is essential. This is applicable in the e-commerce setting as well as a brick and mortar store. Addressing these risks will result in more sales and a higher degree of confidence when people are purchasing a product.
References


