

**Analytical model of the  
basis of consumer decision  
on purchase of goods**

## ANALYTICAL MODEL OF THE BASIS OF CONSUMER DECISION ON PURCHASE OF GOODS

### MODELO ANALÍTICO DE LA BASE DE DECISIÓN DEL CONSUMIDOR EN LA COMPRA DE BIENES.

#### ABSTRACT

In daily life, an average consumer has many different alternatives when choosing a product at the customer buying process. Whether it is a choice of a product line from the shelves of supermarkets, a selection of an automobile from a car dealer or buying of an apartment of the desired plan in the required area. In turn, the companies selling goods have to more and more “attack” consumers to the end that the choice of a buyer turns precisely to their goods. Various advertising and PR campaigns are in progress, marketing approaches are put to use. However, it does not have the result the companies want to achieve. In the modern world, the consumer is already taught how to resist the many tricks of marketers. In this regard, other factors of influence on the choice of the consumer start to come to the fore. One of these factors is the study of a deeper analytical understanding of the basis on which and how the buyer decides on the product / brand choice. The article concerns a modern analytical model that makes it possible to understand what systems inside the human consciousness are responsible for making a purchasing decision, and with the help of which one can influence this choice when conducting marketing talks.

**KEYWORDS:** marketing, buyer decision process, autopilot, pilot, framing effect, marketing radar, neuroeconomics.

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#### RESUMEN

En la vida diaria, un consumidor promedio tiene muchas alternativas diferentes al elegir un producto en el proceso de compra del cliente. Ya sea una opción de una línea de productos de los estantes de los supermercados, una selección de un automóvil de un concesionario de automóviles o la compra de un apartamento del plan deseado en el área requerida. A su vez, las empresas que venden productos tienen que “atacar” cada vez más a los consumidores para que la elección del comprador se centre precisamente en sus productos. Varias campañas de publicidad y relaciones públicas están en progreso, los enfoques de marketing se ponen en uso. Sin embargo, no tiene el resultado que las empresas quieren lograr. En el mundo moderno, al consumidor ya se le enseña cómo resistir los muchos trucos de los mercadólogos. En este sentido, otros factores de influencia en la elección del consumidor comienzan a destacar. Uno de estos factores es el estudio de una comprensión analítica más profunda de la base sobre la cual y el comprador decide sobre la elección del producto / marca. El artículo se refiere a un modelo analítico moderno que hace posible comprender qué sistemas dentro de la conciencia humana son responsables de tomar una decisión de compra, y con la ayuda de los cuales se puede influir en esta elección cuando se llevan a cabo conversaciones de marketing.

**PALABRAS CLAVE:** mercadeo, proceso de decisión del comprador, piloto automático, piloto, efecto de encuadre, radar de mercadeo, neuroeconomía.

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## INTRODUCTION

Marketing managers are well aware that the buyer decision process is influenced not only by a rational type of thinking, but also something hidden, which even the buyers themselves do not suspect of. Launching a new product, analyzing the marketing situation, studying the weaknesses and strengths of one's own brand – all this is accompanied by a large number of studies by companies, analytic centers. Most often, the main methods of marketing research are used. These are focus group method, interviews, in-depth interviews (Golubkov, 2008). But these methods of research do not make it possible to understand how the consumer buying decision is made and what influences it. Since very often in such research methods, the respondents of focus groups do not give open answers, model the behavior of an image that is valued in society, or they themselves do not realize the factor that instigate them to buy, for example, Starbucks coffee, rather than some other. Deciding between the products, for example, a smartphone, the buyer will reasonably explain why he made this choice, but the reasons will be only those that are not hard to plumb. Of course, the arguments will be true, but they do not describe the complete picture of the choice to be made. And this is not due to the fact that the consumers do not want to share. There is a subtle factor that the consumer takes in but does not have any idea that it has influenced his decision to buy (Thaler, 2016). Creating a specific analytical model that will comprise knowledge about how our brain works and which systems are responsible for buyer decision process can make a much greater awareness of advertising campaigns and marketing activities. Moreover, this approach, created by the specialists in neuroeconomics and neuromarketing, will enable to communicate and promote the products that will not be noticed by the “marketing radar” of consumers, which is configured in such a way as to immediately recognize

“marketing tricks”, advertising campaigns and block them so that they “do not be kept” in consciousness (Dan, 2.10; Van Prae, 2014; Bond and Kirshenbaum, 1998).

## METHODS

The article uses the works by German neuroeconomist Peter Kenning and his team, the works by the Nobel Prize winner in economics Daniel Kahneman as the main empirical materials. Also the article presents the scientific approach to marketing, proposed by one of the most successful marketers of the present – Phil Barden (Stoll et al, 2008; Kahneman, 2013). The methods of analysis and synthesis, descriptive methods are the methodological basis of the study.

## RESULTS

A major contribution to the development of the science of decision-making was made by the investigation by the neuroeconomist Peter Kenning and his group (Stoll et al, 2008). In the course of the research, a number of experiments were carried out, the essence of which was to analyze how the regions of the human brain function in the process of product or service decision. First, the members of the experimental group were interviewed, the data on preferences in the choice of the brand were collected. Afterwards, the subjects were offered the photographs of pairs of brands, and, concurrently, the brain activity was measured with the help of tomography. The list of proposed brands comprised both the preferred brands of the participants of the experiment, and the rest of the same segment of goods. The results revealed a number of interesting discoveries.

If a person saw a favorite brand, the choice of the goods was made in a moment, and the region of the brain that is responsible for critical analysis and logical judgments was not involved, this phenomenon is termed by the specialists as “inhibition of the cortical focus”. When one sees a favorite brand, the area which is responsible for making intuitive decisions is activated in the brain. This infers that if a brand competently positions itself and its values are taken in correctly by the consumers, then the buyer makes an instant product decision concerning certain brand, without hesitating.

Another feature of the investigation is the fact that the flash-like purchase decision-making occurs only in the case of a brand that takes unconditionally first place in the mind of the consumer. Even at the sight of the second number from the list of the preferred brands, an instant intuitive reaction does not occur. This phenomenon was called "an effect of the most favorite brand". The findings should modify the approach of marketers, according to which they try to get into the list of brands that the buyer intends to buy. Instead, the brand needs to be №1 in its segment in the consumer's consciousness (Barden, 2013).

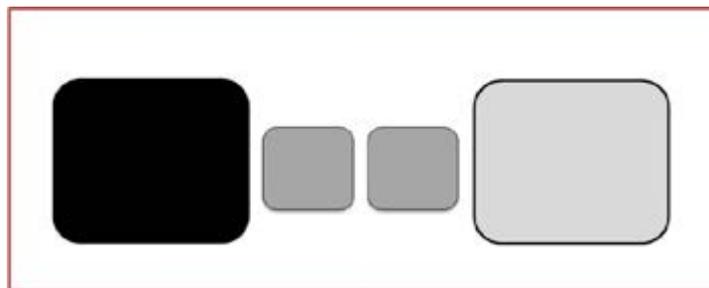
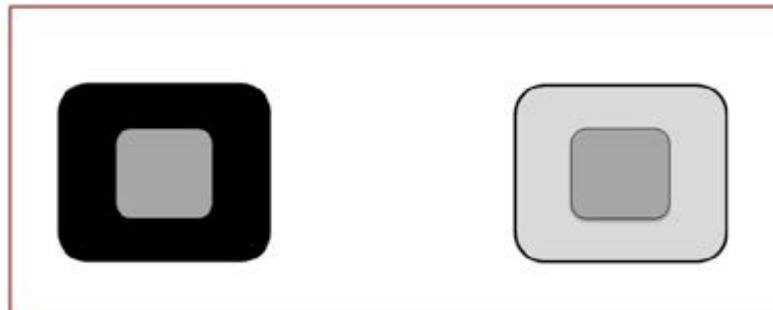
The main conclusion of the investigation is that many product decisions are made by the consumer intuitively and for just a split second. But the key question arises in the fact how during buyer decision process the human mind works and what is needed for the companies to develop in the marketing strategy in order to influence this process.

A serious basis for understanding how the customer's mind works in the process of buyer decision was laid by Daniel Kahneman's theory (Kahneman, 2013). According to the theory, each person has two systems that deal with decision-making. Phil Barden in his works via metaphors gave them names that allow for better understanding their essence. System 1 is an autopilot, system 2 is a pilot. We begin the analysis with the second system [8].

The pilot handles the solution of a problem that requires concentration, flexible thinking, proficiency – by analogy with the pilot of the aircraft, which controls the process of take-off, landing or

solving non-standard situations during the flight. Autopilot is used where the situation is common, when it does not require intervention. The characteristic features of system 1 of "autopilot" is a constant movement, when incoming signals are processed. It is very slowly taught and changes its habits by analogy with the difficulty of changing its own routine habits. System 2 of "pilot" is responsible for taking deliberate decisions, it needs more time to make decisions and it is much more energy-consuming. But at the same time more flexible to changes than autopilot (Barden, 2013).

In order to better understand the specifics of the operation of the two systems, we will analyze it by means of an example. As an illustration for a comparative analysis of two systems, let us take a beginner and an experienced driver. An expert driver makes all the necessary maneuvers in autopilot mode, knows when to decelerate into turns, select low gear, accelerate, he does not the actions on his mind, but simply fulfills them (this corresponds to system 1 – autopilot). In case of a novice driver, he has to use the pilot system, since it becomes necessary to be very focused on signs, traffic lights, foot-passengers, outside tips, since these actions are not practiced for second-nature. When one accumulates the experience of driving, the pilot system is turned off in ordinary situations and only the autopilot works. The pilot system only sometimes is turned on when the situation on the



road can be non-trivial.

An example of marketing practice, which illustrates the operation of the two systems during the decision-making process, is an outing to the supermarket. The buyer goes up to the cashier's desk, and his favorite brand of the chewing gum is "Mentos", for example. As soon as he sees it, he throws it without hesitating into the basket with food. This is the way the autopilot works. But if he does not see his favorite brand, he begins to explore other brand variants by deciding between "Orbit", "Dirol" or "Stimorol". Then he thinks over the taste of a chewing gum he wants to buy – and here it is the pilot system which is responsible for all these processes. Of course, the buyers often use the system of autopilot during products run, otherwise the trip to the supermarket would last for hours, if to decide each time what to buy.

This example, as well as Peter Kenning's experiment, shows that favorite brands cause inhibition of the cortical focus of critical thinking, and thereby, illustrate that potent brands are taken in via "autopilot" system. Other brands that do not occupy a leading position in the consumers' minds are included into system 2, that is, the buyer is thinking over the purchase of their goods or services. Thus, one of the tasks of marketers is to hit into system 1, and "to blunt" the vigilance of system 2, so that people do not think about the choice of buying a product.

When deciding, a person uses both systems, it is extremely important for the marketer to understand how they are arranged to be able to influence the target audience.

The joint work of the two systems can be traced through the example given by Phil Barden. The cosmetic company administered a test of creams in several cities with the help of focus groups. In one of the cities the difference between a leader cream and the rest ones was great. Then the experts began to look into the reasons for this difference in the choice of the participants of focus group. It turned out that all the creams did not have the same packages, and one of the creams was placed in a jar of a different shape, being different from all the others. As a result, this factor has influenced the perceiving of the cream by a potential audience. The point is that the autopilot works on an implicit level, that is, hidden, while the pilot acts on an explicit level, open. That is why the participants of the fo-

cus group believed that the choice was made solely on the basis of the qualities and characteristics of the cream, but, in fact, the autopilot at the subconscious level recognized the difference in the form of jars and facilitated the decision (Barden, 2013).

In science, the factor that influences the perceiving and subsequently decision-making is called "framing effect". In his Nobel speech, Daniel Kahneman used optical illusion to illustrate the long and short of it (Kahneman, 2002).

If you look at the two small gray squares, it seems to us that these are different shades of gray. However, this is not the case. A background of large squares adds the difference in perception between them.

The background affects us imperceptibly, even if to know that it is the same shade of gray, it seems to us that they are different. The brain is not aware of the effect of the background, but this effect still indirectly affects the perception and subsequently the decision. Thus, both systems (autopilot and pilot) interact and together form the perception of goods, which affects the decision at the moment of buying.

Framing can be comprehended in absolutely different hypostases: in the context of the situation, the form of the product, the flavor of newly-baked bread, the music that accompanies the advertisement, in the interface or in absolutely any other form. Any technology of the companies in the production or the use of certain characteristics can be repeated. And then, in general, the quality of goods will be almost identical and the very goods will be almost not differentiated. Therefore, when the product is introduced into the market, it is necessary to use "framing effect" – which will create the value of the goods in the eyes of consumers, will be captured by the autopilot and influence the purchase decision.

As an illustration, let us examine the case proposed by Phil Barden in his book. The current companies that produce shower gels have approximately the same characteristics of their products, that is, it is difficult to surprise the buyer with some unique technology of their offer. And the only variant in which the product will be successfully sold is a variant with "framing effect", which will add

value to the product before the competitors. Adidas company producing a new its own branded shower gel, which has all the standard features of a shower gel, uses the following "framing effect". The employees of the company "Adidas" created a shower gel for men that is similar to the form of packaging of machine oil. The very body resembles the engine oil, including the click of the opening, which really caught fancy of the target audience. Moreover, this shower gel range was called "dynamic pulse", and added more parameters for perception. It fully embodied the supply of energy. As a result, the autopilot processed all these signals and in the consumers' minds the Adidas goods received an additional benefit in comparison with similar products of competitors in the same segment.

### CONCLUSIONS

Thus, the autopilot together with "framing effect" through implicit settings creates the value of the goods in the minds of consumers, and this subsequently determines the choice of the product. Thanks to the discoveries of leading neuroeconomists, neuromarketers (Lewis, 2013), in particular Peter Kenning, Daniel Kahneman and Phil Barden, there is an understanding of how people make a decision. But most importantly, under the conditions of severe competition, the marketers again have the opportunity to influence the behavior of consumers and bring their goods to the leading positions. This analytical model absorbed knowledge about decision-making, systematized them and "opened the way" to their application in marketing practice. Moreover, in a world where the consumers have already studied many of the techniques of advertising, marketing tricks and are no longer subject to their influence – the knowledge of how to influence the autopilot opens up new possibilities. The main advantage is that the autopilot does not allow the consumer to realize that "framing effect" has influence on him at the moment of making the decision. Accordingly, the buyer does not establish barriers for the perception of "the marketing ploy" and this already allows to influence his behavior at the moment of purchase. This model was tested in practice by Phil Barden at T-Mobile. And as one can judge by the results (the sales volume has grown by 49% and the cost of attracting customers has decreased by half) the model proved to be quite successful.

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