# Consumer Decision Process and Problem Recognition

**LO1** Describe the impact of purchase involvement on the decision process.

**LO2** Explain problem recognition and how it fits into the consumer decision process.

**LO3** Summarize the uncontrollable determinants of problem recognition.

**LO4** Discuss the role of consumer problems and problem recognition in marketing strategy.

The plug to the lamp is one of the eight cords in the power strip, but which one? You are going to have to trace the cord from the lamp to the power strip, which is underneath the desk. You rummage through your desk drawer looking for a rubber band. You know you have rubber bands somewhere among the scattering of paper clips, pens, ties, and odds and ends. It's a mess. These are a few examples of common problems we all have. They are a bit irritating and annoying, but not really of any great importance and not likely to occur with frequency. So we just work around them. These *work-around problems* fall in the category of "nominal decision making," a type of decision making that in effect involves no decision per se.

Prior to social media, the doyenne of solutions to work-around problems was Heloise, who offered her Helpful Hints.[1] Now with social media as part of our daily lives, and most notably with the popularity of Pinterest, Heloise-like "life hacks" have sprung up, offering help for problems you never knew you had, like using recycled bread tags to label and identify cords in the power strip and using old tins to organize your messy desk drawers. These enthusiastically, freely offered solutions parallel the product strategy to increase sales by suggesting other ways to use the products besides the obvious. For example, Arm and Hammer Baking Soda offers many other versatile uses of its baking soda besides baking—as a deodorizer for rugs and refrigerators and as an ingredient to build a model of an active volcano.

For consumers engaged in nominal decision making, store signage and display may remind them to make purchases that they might otherwise forget. Some stores print coupons of the consumer's previously purchased products on the back of the customer's receipts to serve as reminders.

It's very likely that most households in the United States have cleaning products—detergents, dishwashing liquids, cleanser, bleach—that clean "well enough." Consumers are likely not actively involved in looking for alternatives. However, if you are Proctor and Gamble, faced with increasingly shorter product life cycles, you are forced to innovate and continuously improve solutions currently on the market. Enter P&G's Swiffer line of cleaning products that promises to make sweeping, dusting, vacuuming better and easier. Vacuum cleaners are a common household appliance that perform well enough and are infrequently replaced. Then Dyson introduced improvements—bagless vacuum cleaners with "cyclone" efficiency, wheels that eliminated annoying run-ins with furniture—solving problems that you didn't know you had.

With the rise of crowd sourcing—Quirky, Kickstarter—the ability to develop and market

solutions to "problems you didn't know you had" can now extend beyond the Procter and Gambles of the world to individual consumers. Examples include Quirky Bandits, rubber bands with hooks to "keep pens and drawing supplies together, fasten sunglasses to the rearview mirror," and Cordies, to organize the cords on desks by "reining in all these loose chords to reduce tangling."

The consumer decision process begins with problem recognition. Nominal problems are those that involve little to no thought. For nominal problems, consumers follow habit and buy the same brand. They perform the same behavior to *work around* the problem. But solutions offered may be so clever that they knock consumers into awareness of the existence of problems they didn't know they had.

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This chapter examines the nature of the consumer decision process and analyzes the first step in that process: problem recognition. Within problem recognition, we focus on (1) the process of problem recognition, (2) the uncontrollable determinants of problem recognition, and (3) marketing strategies based on the problem recognition process.

## TYPES OF CONSUMER DECISIONS

**L01**

The term *consumer decision* produces an image of an individual carefully evaluating the attributes of a set of products, brands, or services and rationally selecting the one that solves a clearly recognized need for the least cost. It has a rational, functional connotation. Consumers do make many decisions in this manner; however, many other decisions involve little conscious effort. Further, many consumer decisions focus not on brand attributes but rather on the feelings or emotions associated with acquiring or using the brand or with the situation in which the product is purchased or used. Thus, a brand may be selected not because of an attribute (price, style, functional characteristics) but because "it makes me feel good" or "my friends will like it."[2]
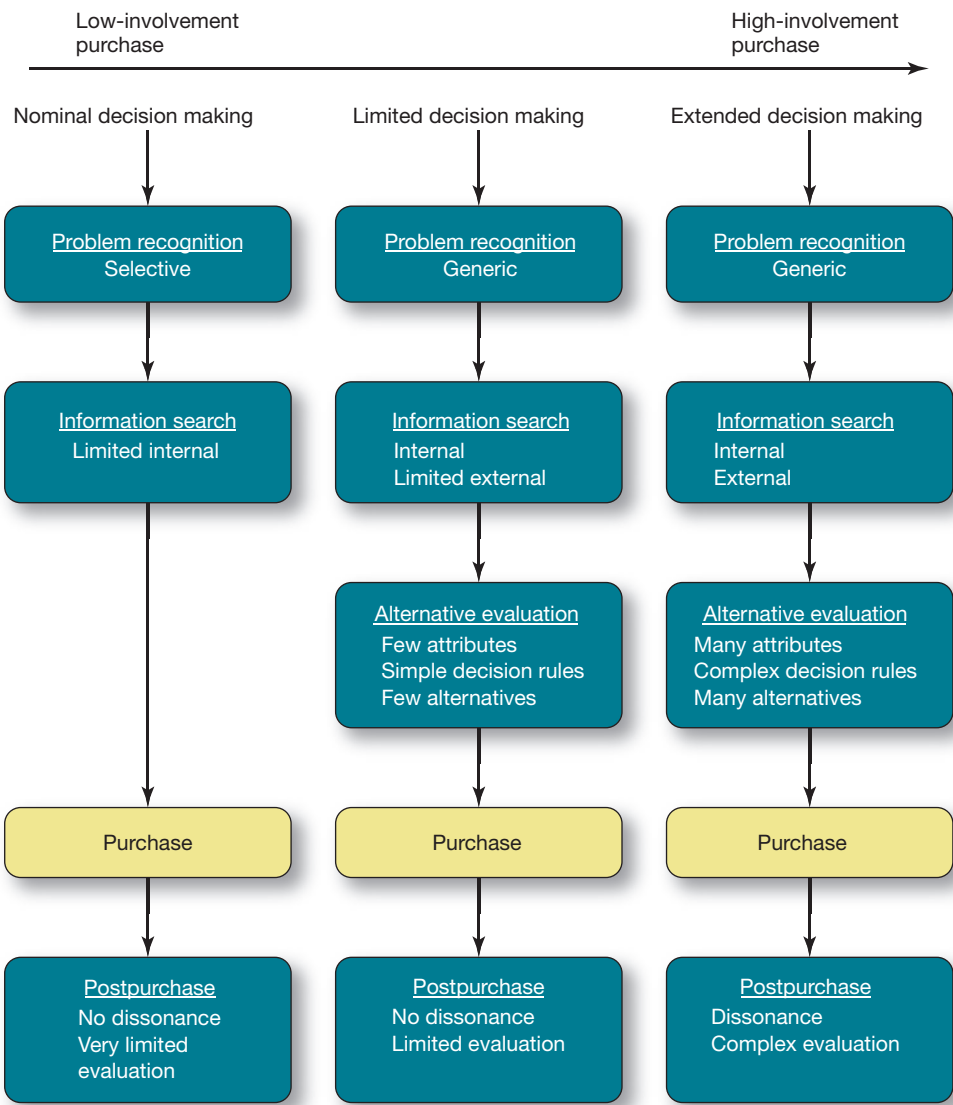
Although purchases and related consumption behavior driven by emotional or situational needs have characteristics distinct from the traditional attribute-based model, the decision process model provides useful insights into all types of consumer purchases. As we describe the process of consumer decision making in this and the next four chapters, we will indicate how it helps us understand emotion-, situation-, and attribute-based decisions.

Consumer decisions are frequently the result of a single problem, for example, running low on gasoline. At other times, they result from the convergence of several problems, such as an aging automobile and a growing feeling of inadequacy or low self-esteem. Furthermore, once the decision process begins, it may evolve and become more complex with multiple goals. A consumer noticing a simple need for gas may want to minimize the price paid, avoid one or more brands because of their environmental record, and decide to find a station with food service attached. This consumer may wind up choosing between a station with a lower price and its own food service, or another station with a higher price but with a preferred food outlet such as Taco Bell attached, or perhaps spending the extra time to buy gas at one and food at the other.[3]

As Figure 14–1 indicates, there are various types of consumer decision processes.[4] As the consumer moves from a very low level of involvement *with the purchase* to a high level of involvement, decision making becomes increasingly complex. While purchase involvement is a continuum, it is useful to consider nominal, limited, and extended decision making as general descriptions of the types of processes that occur along various points on the continuum. Keep in mind that the types of decision processes are not distinct but rather blend into each other.

Before describing each type of decision process, we must clarify the concept of purchase involvement. We define **purchase involvement** as *the level of concern for, or*

| | FIGURE 14-1 |
|---|---|
| **Involvement and Types of Decision Making** | |

Low-involvement purchase → High-involvement purchase

| Nominal decision making | Limited decision making | Extended decision making |
|---|---|---|
| **Problem recognition**<br>Selective | **Problem recognition**<br>Generic | **Problem recognition**<br>Generic |
| **Information search**<br>Limited internal | **Information search**<br>Internal<br>Limited external | **Information search**<br>Internal<br>External |
| | **Alternative evaluation**<br>Few attributes<br>Simple decision rules<br>Few alternatives | **Alternative evaluation**<br>Many attributes<br>Complex decision rules<br>Many alternatives |
| Purchase | Purchase | Purchase |
| **Postpurchase**<br>No dissonance<br>Very limited evaluation | **Postpurchase**<br>No dissonance<br>Limited evaluation | **Postpurchase**<br>Dissonance<br>Complex evaluation |

*interest in, the purchase process triggered by the need to consider a particular purchase.* Thus, purchase involvement is a *temporary state* of an individual or household. It is influenced by the interaction of individual, product, and situational characteristics.

Note that purchase involvement is *not* the same as **product involvement** or enduring involvement. A consumer may be very involved with a brand (Starbucks or Dodge) or a product category (coffee or cars) and yet have a very low level of involvement with a particular purchase of that product because of brand loyalty, time pressures, or other reasons. For example, think of your favorite brand of soft drink or other beverage. You may be quite loyal to that brand, think it is superior to other brands, and have strong, favorable feelings about it. However, when you want a soft drink, you probably just buy your preferred brand without much thought.

Or a consumer may have a rather low level of involvement with a product (school supplies or automobile tires) but have a high level of purchase involvement because he or she desires to set an example for a child, impress a friend who is on the shopping trip, or save money.

The following sections provide a brief description of how the purchasing process changes as purchase involvement increases.

## Nominal Decision Making

**Nominal decision making,** sometimes referred to as *habitual decision making,* in effect *involves no decision per se.* As Figure 14–1 indicates, a problem is recognized, internal search (long-term memory) provides a single preferred solution (brand), that brand is purchased, and an evaluation occurs only if the brand fails to perform as expected. Nominal decisions occur when there is very low involvement with the purchase.

A completely nominal decision does not even include consideration of the "do not purchase" alternative. For example, you might notice that you are nearly out of Aim toothpaste and resolve to purchase some the next time you are at the store. You don't even consider not replacing the toothpaste or purchasing another brand. At the store, you scan the shelf for Aim and pick it up without considering alternative brands, its price, or other potentially relevant factors.

Nominal decisions can be broken into two distinct categories: brand loyal decisions and repeat purchase decisions. These two categories are described briefly below and examined in detail in Chapter 18.

**Brand Loyal Purchases**   At one time, you may have been highly involved in selecting a brand of toothpaste and, in response, used an extensive decision-making process. Having selected Aim as a result of this process, you may now purchase it without further consideration, even though using the best available toothpaste is still important to you. Thus, you are committed to Aim because you believe it best meets your overall needs and you have formed an emotional attachment to it (you like it). You are brand loyal. It will be very difficult for a competitor to gain your patronage.

In this example, you have a fairly high degree of product involvement but a low degree of purchase involvement because of your brand loyalty. Should you encounter a challenge to the superiority of Aim, perhaps through a news article, you would most likely engage in a high-involvement decision process before changing brands.

**Repeat Purchases**   In contrast, you may believe that all ketchup is about the same and you may not attach much importance to the product category or purchase. Having tried Del Monte and found it satisfactory, you now purchase it whenever you need ketchup. Thus, you are a repeat purchaser of Del Monte ketchup, but you are not committed to it.

Should you encounter a challenge to the wisdom of buying Del Monte the next time you need ketchup, perhaps because of a point-of-sale price discount, you would probably engage in only a limited decision process before deciding on which brand to purchase.

## Limited Decision Making

**Limited decision making** involves internal and limited external search, few alternatives, simple decision rules on a few attributes, and little postpurchase evaluation. It covers the middle ground between nominal decision making and extended decision making. In its simplest form (lowest level of purchase involvement), limited decision making is similar to nominal decision making. For example, while in a store you may notice a point-of-purchase display for Jell-O and pick up two boxes without seeking information beyond your memory that "Jell-O tastes good" or "Gee, I haven't had Jell-O in a long time." In addition, you

may have considered no other alternative except possibly a very limited examination of a "do not buy" option. Or you may have a decision rule that you buy the cheapest brand of instant coffee available. When you run low on coffee (problem recognition), you simply examine coffee prices the next time you are in the store and select the cheapest brand.

Limited decision making also occurs in response to some emotional or situational needs. For example, you may decide to purchase a new brand or product because you are bored with the current, otherwise satisfactory, brand. This decision might involve evaluating only the newness or novelty of the available alternatives.[5] Or you might evaluate a purchase in terms of the actual or anticipated behavior of others. For example, you might order or refrain from ordering wine with a meal depending on the observed or expected orders of your dinner companions.

In general, limited decision making involves recognizing a problem for which there are several possible solutions. There is internal and a limited amount of external search. A few alternatives are evaluated on a few dimensions using simple selection rules. The purchase and use of the product are given very little evaluation afterward, unless there is a service problem or product failure.

## Extended Decision Making

As Figure 14–1 indicates, **extended decision making** involves an extensive internal and external information search followed by a complex evaluation of multiple alternatives and significant postpurchase evaluation. It is the response to a high level of purchase involvement. After the purchase, doubt about its correctness is likely and a thorough evaluation of the purchase takes place. Relatively few consumer decisions reach this level of complexity. However, products such as homes, personal computers, and complex recreational items such as home theatre systems are frequently purchased via extended decision making.

Even decisions that are heavily emotional may involve substantial cognitive effort. For example, a consumer may agonize over a decision to take a ski trip or visit parents even though the needs being met and the criteria being evaluated are largely emotions or feelings rather than attributes per se, and are therefore typically fewer in number with less external information available.

As Figure 14–1 illustrates, problem recognition is the first stage of the decision process. We will describe this stage and discuss the marketing applications associated with it in the remainder of this chapter. We devote the next four chapters to the remaining four stages of the consumer decision process and discuss the relevant marketing applications in those chapters.

Our discussion of the decision process is based primarily on studies conducted in America. Where appropriate throughout this section of the text, we will point out some of the similarities and differences in decision making across cultures. As just one example relating to family decision making (Chapter 6), researchers found that in China, the more patriarchal social structure leads to more husband-dominated decisions and fewer joint husband-wife decisions than in the United States.[6] Given shifting values, particularly among the youth in Southeast Asia as discussed in Chapter 2, this result is likely to also be a function of the age of the couples in question.

## THE PROCESS OF PROBLEM RECOGNITION

**L02**

A day rarely passes in which a person does not face multiple problems that are resolved by consuming products and services. Routine problems of depletion, such as the need to get gasoline as the gauge approaches empty or the need to replace a frequently used food item, are readily recognized, defined, and resolved. The unexpected breakdown of a major appliance such as a refrigerator creates an unplanned problem that is also easily recognized but is often more difficult to

A FACE SO CUTE
IT COULD MELT
YOUR HEART.

BREATH SO BAD
IT COULD MELT
YOUR NOSE HAIRS.

OFFICIAL BAD BREATH SCALE FOR PETS

PEW    ICK    ARGH    GAG    CRY    SOS

BEWARE OF DOG BREATH    Stinky breath isn't natural. It's a wake-up smell to see your veterinarian. You see, persistent bad breath can be a warning sign of serious medical issues, including periodontal disease. If you've sniffed out an oral disease in your pet, talk with your veterinarian about an oral health program that includes C.E.T. Home Dental Care. 3 easy options make it super simple to help care for your pet's teeth every day. On a scale of PEW to SOS, it's one of the easiest things you can do to keep your pet's mouth healthy. And your nose happy.

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resolve. Recognition of other problems, such as the need for a camera phone or a GPS system in the car, may take longer, as they may be subtle and evolve slowly over time.

Feelings, such as boredom, anxiety, or the "blues," may arise quickly or slowly over time. Such feelings are often recognized as problems subject to solution by purchasing behavior (I'm sad; I think I'll go to the mall/to a movie/to a restaurant). At other times, such feelings may trigger consumption behaviors without deliberate decision making. A person feeling restless may eat snack food without really thinking about it. In this case, the problem remains unrecognized (at the conscious level) and the solutions tried are often inappropriate (eating may not reduce restlessness).

Marketers develop products to help consumers solve problems. They also attempt to help consumers recognize problems, sometimes well in advance of their occurrence (see Illustration 14–1).

## The Nature of Problem Recognition

Problem recognition is the first stage in the consumer decision process. **Problem recognition** is the result of a discrepancy between a desired state and an actual state that is sufficient to arouse and activate the decision process.[7] An **actual state** is *the way an individual perceives his or her feelings and situation to be at the present time.* A **desired state** is *the way an individual* wants *to feel or be at the present time.* For example, you probably don't want to be bored on Friday night. If you find yourself alone and becoming bored, you would treat this as a problem because your actual state (being bored) and your desired state (being pleasantly occupied) are different. You could then choose to watch a television program, rent a video, call a friend, go out, or take a wide array of other actions.
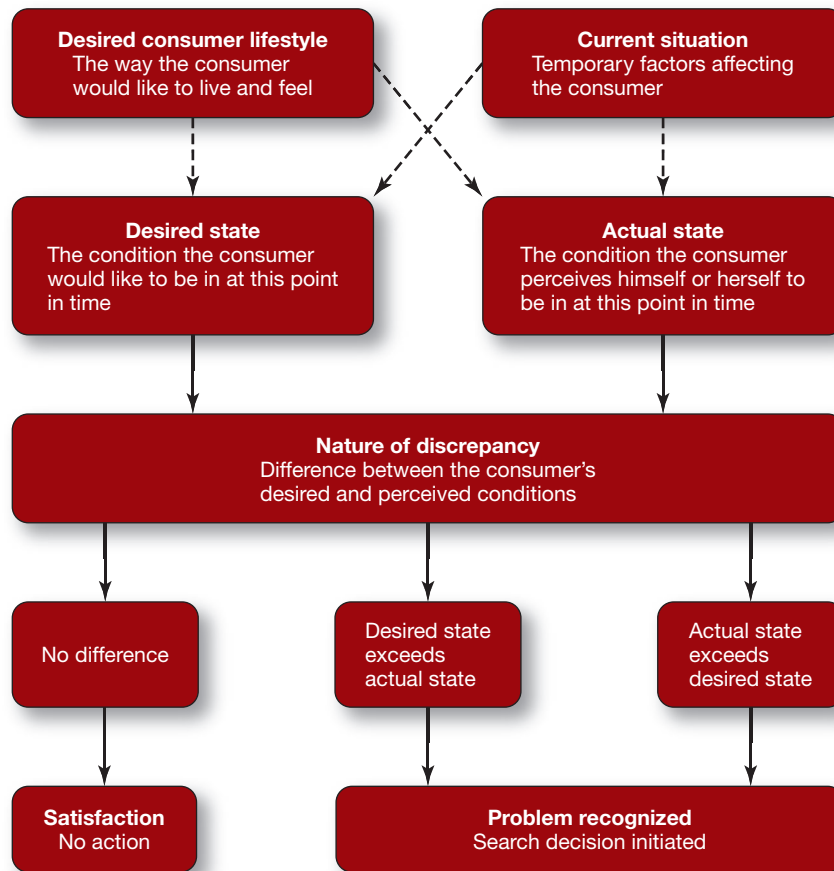
The kind of action taken by consumers in response to a recognized problem relates directly to the problem's importance to the consumer, the situation, and the dissatisfaction or inconvenience created by the problem.

Without recognition of a problem, there is no need for a decision. This condition is shown in Figure 14–2, when there is no discrepancy between the consumer's desired state (what the consumer would like) and the actual state (what the consumer perceives as already existing). Thus, if Friday night arrives and you find yourself engrossed in a novel, your desire to be pleasantly occupied (desired state) and your condition of enjoying a novel would be consistent, and you would have no reason to search for other activities.

On the other hand, when there is a discrepancy between a consumer desire and the perceived actual state, recognition of a problem occurs. Figure 14–2 indicates that any time the desired state is perceived as being greater than or less than the actual state, a problem exists. For example, being pleasantly occupied (desired state) would generally exceed being bored (actual state) and result in problem recognition. However, if your roommate suddenly showed up with a rowdy party, you might find yourself with more stimulation (actual state) than the medium level you actually desire. This too would result in problem recognition.

**The Process of Problem Recognition**                                             **FIGURE** 14-2

| Desired consumer lifestyle |
| The way the consumer would like to live and feel |

| Current situation |
| Temporary factors affecting the consumer |

| Desired state |
| The condition the consumer would like to be in at this point in time |

| Actual state |
| The condition the consumer perceives himself or herself to be in at this point in time |

| Nature of discrepancy |
| Difference between the consumer's desired and perceived conditions |

| No difference |

| Desired state exceeds actual state |

| Actual state exceeds desired state |

| Satisfaction |
| No action |

| Problem recognized |
| Search decision initiated |

In Figure 14–2, consumer desires are shown to be the result of the desired lifestyle of the consumer (as described in Chapter 12) and the current situation (time pressures, physical surroundings, and so forth, as described in Chapter 13). Thus, a consumer whose self-concept and desired lifestyle focus on outdoor activities will desire frequent participation in such activities. A current situation of new snow in the mountains or warm weather at the beach would tend to increase that person's desire to be engaged in outdoor sports.

Perceptions of the actual state are also determined by a consumer's lifestyle and current situation. Consumers' lifestyles are a major determinant of their actual state because that is how they choose to live given the constraints imposed by their resources. Thus, a consumer who has chosen to raise a family, have significant material possessions, and pursue a demanding career is likely to have little free time for outdoor activities (actual state). The current situation—a day off work, a big project due, or a sick child—also has a major impact on how consumers perceive the actual situation.

It is important to note that it is the consumer's *perception* of the actual state that drives problem recognition, not some objective reality. Consumers who smoke cigars may believe that this activity is not harming their health because they do not inhale. These consumers do not recognize a problem with this behavior despite the reality that it is harmful.

**The Desire to Resolve Recognized Problems**    The level of one's desire to resolve a particular problem depends on two factors: (1) *the magnitude of the discrepancy between the desired and actual states* and (2) *the relative importance of the problem.* An individual could desire to have a car that averages at least 25 miles per gallon while still meeting certain size and power desires. If his or her current car obtains an average of 22 miles per gallon, a discrepancy exists, but it may not be large enough to motivate the consumer to proceed to the next step in the decision process.

On the other hand, a large discrepancy may exist and the consumer may not proceed to information search because the *relative importance* of the problem is small. A consumer may desire a new Honda and own a 15-year-old Toyota. The discrepancy is large. However, the relative importance of this particular discrepancy may be small compared with other consumption problems such as those related to housing, utilities, and food. Relative importance is a critical concept because all consumers have budget constraints, time constraints, or both. Only the relatively more important problems are likely to be solved. In general, importance is determined by how critical the problem is to the maintenance of the consumer's desired lifestyle.

## Types of Consumer Problems

Consumer problems may be either active or inactive. An **active problem** is *one the consumer is aware of or will become aware of in the normal course of events.* An **inactive problem** is *one of which the consumer is not aware.* (This concept is very similar to the concept of felt need discussed in the "Diffusion of Innovations" section of Chapter 7.) The following is a *classic marketing example* that should clarify the distinction between active and inactive problems.

Timberlane Lumber Co. acquired a source of supply of Honduran pitch pine. This natural product lights at the touch of a match even when damp and burns for 15 to 20 minutes. It will not flare up and is therefore relatively safe. It can be procured in sticks 15 to 18 inches long and 1 inch in diameter. These sticks can be used to ignite fireplace fires, or they can be shredded and used to ignite charcoal grills.

Prior to marketing the product, Timberlane commissioned a marketing study to estimate demand and guide in developing marketing strategy. Two large samples of potential consumers were interviewed. The first sample was asked how they lit their fireplace fires and what problems they had with this procedure. Almost all the respondents used newspaper, kindling, or both, and very few experienced any problems. The new product was then described, and the respondents were asked to express the likelihood that they would purchase such a product. Only a small percentage expressed any interest. However, a sample of consumers that were paid to use the new product for several weeks felt it was a substantial improvement over existing methods and expressed a strong desire to continue using the product. Thus, the problem was there (because the new product was strongly preferred over the old by those who tried it), but most consumers were not aware of it. This is an *inactive problem.* Before the product can be successfully sold, the firm must activate problem recognition.

In contrast, a substantial percentage of those interviewed about lighting charcoal fires expressed a strong concern about the safety of liquid charcoal lighter. These individuals expressed great interest in purchasing a safer product. This is an *active problem.* Timberlane need not worry about problem recognition in this case. Instead, it can concentrate on illustrating how its product solves the problem that the consumers already know exists.

As this example indicates, active and inactive problems require different marketing strategies. Active problems require the marketer only to convince consumers that its brand is the
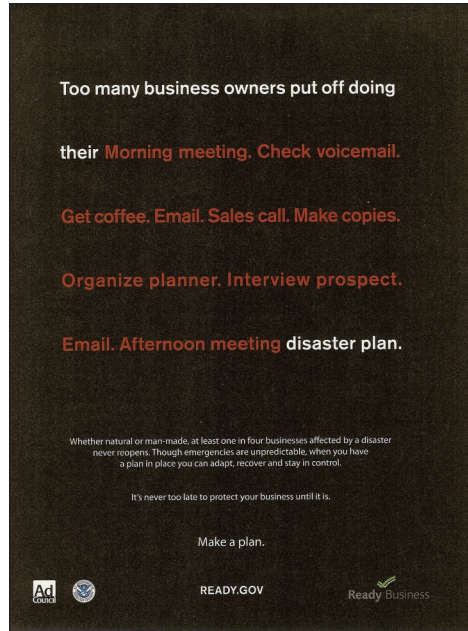
Often, marketers need to trigger problem recognition in market segments as with Ready.gov relating to disaster planning. However, at other times, the market is well aware of the problem and the communication can focus on the brand's ability to solve the problem as with Febreze.

superior solution. Consumers are already aware of the problem. In contrast, inactive problems require the marketer to convince consumers that they *have* the problem *and* that the marketer's brand is a superior solution to the problem. This is a much more difficult task.

Illustration 14–2 shows two ads, one for Febreze relating to an active problem and one for Ready.gov pertaining to an inactive problem. The ad on the left first must make consumers aware of a problem (inactive) they likely didn't know of. The ad on the right assumes consumers are aware of the problem (active) and simply focuses on its unique ability to solve it.
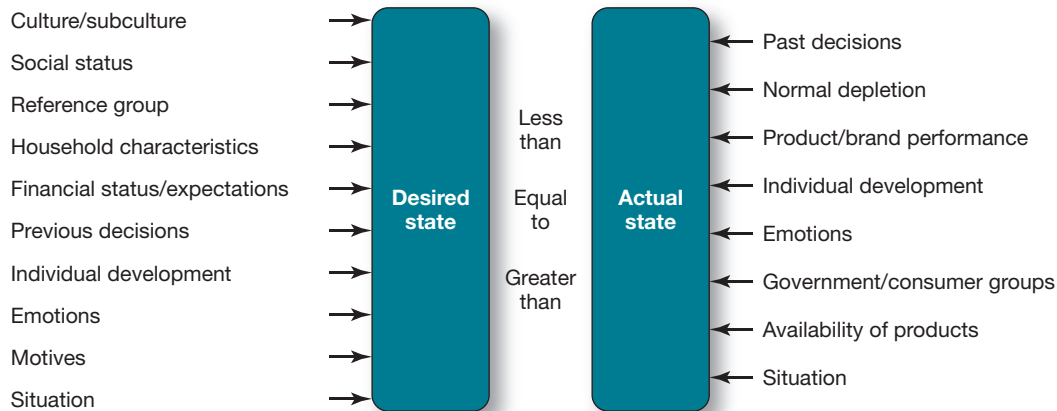
# UNCONTROLLABLE DETERMINANTS OF PROBLEM RECOGNITION

**L03**

A discrepancy between what is desired by a consumer and what the consumer has is the necessary condition for problem recognition. A discrepancy can be the result of a variety of factors that influence consumer desires, perceptions of the existing state, or both. These factors are often beyond the direct influence of the marketing manager, such as a change in family composition. Figure 14–3 summarizes the major nonmarketing factors that influence problem recognition. The marketing factors influencing problem recognition are discussed in the next section of this chapter.

Most of the nonmarketing factors that affect problem recognition are fairly obvious and logical. Most were described in some detail in prior chapters. For example, as we discussed in Chapter 2, a person's culture affects almost all aspects of his or her desired state. Thus, the desire to be recognized as an independent, unique person with distinctive behaviors and possessions differs sharply between American and Japanese consumers because of cultural influences.

Previous decisions and individual development were not discussed in earlier chapters. A previous decision to buy a bike or skis could lead to a current desire to have a car rack

## FIGURE 14-3    Nonmarketing Factors Affecting Problem Recognition

| Factors → Desired state | | Actual state ← Factors |
|---|---|---|
| Culture/subculture | | Past decisions |
| Social status | | Normal depletion |
| Reference group | Less than | Product/brand performance |
| Household characteristics | | Individual development |
| Financial status/expectations | Equal to | Emotions |
| Previous decisions | | Government/consumer groups |
| Individual development | Greater than | Availability of products |
| Emotions | | Situation |
| Motives | | |
| Situation | | |

to carry them. A decision to become a homeowner may trigger desires for numerous home and garden items. Past decisions may also deplete purchasing power with the result that fewer problems are recognized or are assigned sufficient importance to trigger action.[8] Prior decisions can influence future decisions even within the same category. One study finds that consumers get tired of food items such as cereal and pretzels, not because they don't like the brand, but because, from a sensory (taste) standpoint, they become bored. Consumers solve this "problem" by variety seeking—that is, they switch to other products. The good news for marketers is that the boredom relates to taste and not the brand itself. So if the brand can offer variety to consumers, they will switch to different *options* but stay loyal to the *brand.* Kellogg's and other food marketers offer huge variety to accommodate this uncontrollable element. Just a few of Kellogg's cereals, for example, are their Corn Flakes, Froot Loops, and Special K.[9]

Individual development causes many changes in desired and actual states. For example, as individuals gain skills, their desires related to those skills change. Beginning skiers, musicians, and gardeners typically desire products and capabilities that will no longer be appropriate as their skills increase. Emotional and psychological development (or lack thereof) can also be related to the need to trigger problem recognition. Recent concerns over cyber bullying have led Facebook to develop a campaign called "mean stinks" in an effort to get young girls to realize the seriousness of hateful words about others on social media.

Government agencies and various consumer groups also actively attempt to trigger problem recognition, often in relation to the consumption of various products. Warning labels on alcohol and cigarettes are two examples of these types of efforts, as are antismoking campaigns and campaigns that stress the dangers of drinking and driving. The NYC. gov ad is geared toward triggering problem recognition, illustrating the negative effects of smoking, as shown in Illustration 14–3.

## MARKETING STRATEGY AND PROBLEM RECOGNITION

**L04**

Marketing managers have four concerns related to problem recognition. First, they need to know the problems consumers are facing. Second, they must know how to develop the marketing mix to solve consumer problems. Third, managers occasionally want to cause

**8 HOURS**
after you quit smoking,
your blood oxygen level returns
to normal.

But right now, you're one cigarette closer to CANCER.

Quit smoking today.
For help, call 311 or go to nyc.gov/nycquits.

NYC Health      Michael R. Bloomberg
Mayor
Thomas Farley, M.D., M.P.H.
Commissioner

**ILLUSTRATION 14-3**

Government agencies and socially conscious groups and corporations often attempt to generate problem recognition in consumers. This is often done in an attempt to change behaviors that are harmful to the individual or society. The NYC.gov ad is an example of an attempt to generate problem recognition and the negative effects of smoking.

consumers to recognize problems. Finally, there are times when they desire to suppress problem recognition among consumers. The remainder of this chapter discusses these issues.

## Discovering Consumer Problems

Simple *intuition* is perhaps the most common approach to discovering consumer problems. Its benefits are that it is relatively inexpensive, fast, and easy. Its drawbacks are that the intuition, because it tends to be generated by an individual, may be wrong or not apply to a wide range of consumers, thus increasing the likelihood of failure for new product introductions. Thus, marketing research is often conducted as a substitute for, or as a complement to, intuition as a means for increasing the success rate of new products. Numerous research approaches exist for uncovering consumer problems. A number of the relatively well-established approaches are discussed next. In addition, Consumer Insight 14–1 discusses a new online approach based on monitoring consumer online and social media.

**Activity and Product Analysis**      *Activity analysis* focuses on a particular activity, such as preparing dinner, maintaining the lawn, or swimming. Then, surveys or focus groups (see Appendix A) attempt to determine what problems consumers encounter during the performance of the activity. For example, a shampoo company could use

# Identifying Consumer Problems Using Online and Social Media

Traditional methods of discovering consumer problems have tended toward direct questioning of consumers. Today's online environment, however, can be seen as a potential goldmine for identifying consumer problems at both the category and brand level by monitoring the "conversations" happening online. Sometimes those conversations will be happening on a brand's own online and social media outlets, as when a consumer tweets a company about a recent product failure. Sometimes these conversations will be happening in the broader social media environment, as when bloggers discuss product failures or general needs in a specific product area. Consider the following statements from Radian6, a leader in the field of social media measurement:[10]

> Problems, needs, and wish lists from your potential customers or your competitor's customers are being tossed out to the social web all the time. From product reviews to casual statements about what's not working right, consumers are giving you loads of intelligence about what problems they need you to solve.

Tracking is not enough—responding to problems and concerns is a critical part of the whole package. That is, it is not enough to know, via postings on your brand's Facebook fan page that there are problems with your newest software release. It is critical that those problems be solved in a timely and appropriate manner. Radian6's comments are informative here as well:

> [It's] about understanding how your business solves problems for people, and then connecting with them in a meaningful, helpful way when they need you

most. It's not about a sales pitch. It's about creating a solution for someone that they're asking for.

Sounds simple right? Think again. Online and social media outlets (both the company's and general) are extensive. Imagine trying to monitor all of the conversations or "chatter" happening in cyberspace at any given time and filtering that down to usable information. One study by Forrester Research notes numerous such venues including customer forums, blogs, Facebook, and Twitter. And that's before you consider the company's website and e-mail. These options are a growing source of potential consumer feedback and input. The challenge is how to track, consolidate, interpret, and react to all of the online chatter. The interpretation part can be difficult particularly for non-brand-specific problems. It's easy to know when a customer is complaining that your software has a specific flaw; it's much harder to recognize those broader consumer needs that lead to truly breakthrough innovations. Though tracking specific types of key words can help, the interpretation process is still difficult and as yet not well understood. Companies such as Radian6 offer proprietary solutions to help companies through these and the many challenges associated with this form of consumer problem discovery.

## Critical Thinking Questions

1. What are some advantages of online and social media tracking compared to traditional methods?

2. In what ways might the viral nature of a given topic be important to marketers in assessing the importance of a given problem?

3. Do you see any ethical concerns related to this approach? Explain.

such an approach to develop products specifically for the hair-related problems associated with swimming in chlorinated pools. *Product analysis* is similar to activity analysis but examines the purchase or use of a particular product or brand. Thus, consumers may be asked about problems associated with using their mountain bikes or laptop computers.

**Problem Analysis**    Problem analysis is different in that it *starts* with a problem and asks respondents to indicate which activities, products, or brands are associated with (or perhaps could eliminate) those problems. For example, a study dealing with packaging problems could include questions such as:

_____ packages are hard to open.

Packages of _____ are hard to reseal.

Packages of _____ don't fit on the shelf.

Packages of _____ waste too many resources.

**Human Factors Research**    Human factors research attempts to determine human capabilities in areas such as vision, strength, response time, flexibility, and fatigue and the effect on these capabilities of lighting, temperature, and sound. Many methods can be employed in human factors research. However, observational techniques such as slow-motion and time-lapse photography, video recording, and event recorders are particularly useful. This type of research can sometimes identify functional problems that consumers are unaware of. For example, it can be used in the design of such products as lawnmowers, kitchen utensils, smartphone keyboards, and computers to minimize user fatigue.

**Emotion Research**    Marketers are increasingly conducting research on the role of emotions in problem recognition and resolution. Common approaches are surveys, focus group research, and personal interviews that examine the emotions associated with certain problems (see Table 10–4 for specific survey measures for emotions). For example, researchers are beginning to examine how consumers cope with the negative emotions associated with product or service failures. Findings suggest that certain emotions (e.g., anger) are associated with certain coping strategies (e.g., confrontation). This type of research is critical to marketers in helping them anticipate consumer reactions to problems and train their customer service personnel to respond appropriately.[11] For subtle or sensitive problems and emotions, projective techniques (see Appendix A, Table A–1) may be necessary.[12]

# Responding to Consumer Problems

Once a consumer problem is identified, the manager may structure the marketing mix to solve the problem. This can involve developing a new product or altering an existing one, modifying channels of distribution, changing pricing policy, or revising advertising strategy. For example, in Illustration 14–4 the product is being positioned as a unique solution to a problem.

As you approach graduation, you will be presented with opportunities to purchase insurance, acquire credit cards, and solve other problems associated with the onset of financial independence and a major change in lifestyle. These opportunities reflect various firms' knowledge that many individuals in your situation face problems that their products will help solve.

Weekend and night store hours and, in part, the rapid growth of Internet stores are a response of retailers to the consumer problem of limited weekday shopping opportunities. Solving this problem has become particularly important to families with both spouses employed.

The examples described above represent only a small sample of the ways marketers react to consumer problem recognition. Each firm must be aware of the consumer problems it can solve, which consumers have these problems, and the situations in which the problems arise.

## Helping Consumers Recognize Problems

There are occasions when the manager will want to cause problem recognition rather than react to it. In the earlier example, Timberlane faced having to activate problem recognition in order to sell its product as a fireplace starter. Toy marketers are attempting to reduce their dependence on the Christmas season by activating problem recognition at other times of the year. For example, Fisher-Price has had "rainy day" and "sunny day" promotions in the spring and summer months. Illustrations 14–1 and 14–2, presented earlier, show attempts to activate problem recognition.

**Generic versus Selective Problem Recognition**    Two basic approaches to causing problem recognition are *generic problem recognition* and *selective problem recognition.* These are analogous to the economic concepts of generic and selective demand.
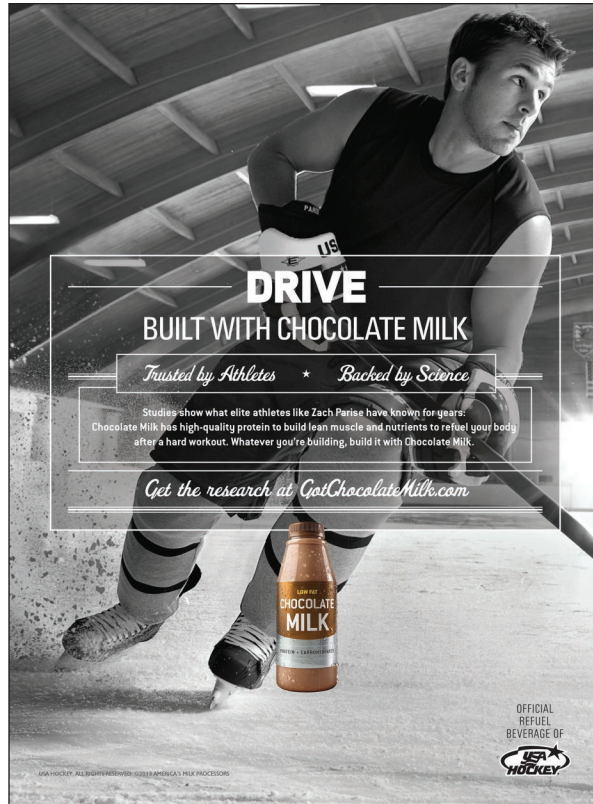
**Generic problem recognition** involves a *discrepancy that a variety of brands within a product category can reduce.* Generally, a firm will attempt to influence generic problem recognition when the problem is latent or of low importance and one of the following conditions exists:

- It is early in the product life cycle.
- The firm has a high percentage of the market.
- External search after problem recognition is apt to be limited.
- It is an industrywide cooperative effort.

Telephone sales programs often attempt to arouse problem recognition, in part because the salesperson can then limit external search to one brand. Advertising for food-related cooperatives such as milk, beef, and pork frequently focuses on generic problem recognition. Illustration 14–5 is an example of one of the most notable ongoing campaigns of this type. Note that the ad does not promote a specific brand.

Firms with large market shares in a product category often focus on generic problem recognition because any sales increase will probably come to their brands. However, a smaller firm that generates generic problem recognition for its product category may be generating more sales for its competitors than for itself. But even firms with large market share can lose share if generic problem recognition campaigns are not done carefully. In the early 1990s, Borden increased marketing efforts for its popular Creamette pasta brand substantially and promoted recipes using pasta. Its sales increased only 1.6 percent, compared with the industry's growth of 5.5 percent.[13] Its efforts apparently helped the sales of its competitors more than its own sales.

**Selective problem recognition** involves *a discrepancy that only one brand can solve.* The ad shown in Illustration 14–6 is focused on creating selective problem recognition. Firms attempt to cause selective problem recognition to gain or maintain market share, whereas increasing generic problem recognition generally results in an expansion of the total market.

Seeing the difference between two of 14,232 shades of green can make all the difference.

Maui Jim's patented polarized technology provides higher contrast and depth perception.

Maui Jim
Like you've never seen.

©2014 Maui Jim, Inc.

**Approaches to Activating Problem Recognition**   How can a firm influence problem recognition? Recall that problem recognition is a function of the (1) *importance* and (2) *magnitude* of a discrepancy between the desired state and an existing state. Thus, a firm can attempt to influence the size of the discrepancy by altering the desired state or perceptions of the existing state. Or the firm can attempt to influence perceptions of the importance of an existing discrepancy.

Many marketing efforts attempt to *influence the desired state;* that is, marketers often advertise the benefits their products will provide, hoping that these benefits will become desired by consumers. The Maui Jim ad in Illustration 14–7 attempts to influence the desired state by showing just how good the product can make you look. Do you feel Maui Jim is effective in influencing consumers to buy its products?

It is also possible to *influence perceptions of the existing state* through advertisements. Many personal care and social products take this approach. "Even your best friend won't tell you . . ." or "Kim is a great worker but this coffee . . ." are examples of messages designed to generate concern about an existing state. The desired states are assumed to be fresh breath and good coffee. These messages are designed to cause individuals to question if their existing state coincides with this desired state.

Illustration 14–8 is designed to target an undesirable actual state that the product is designed to correct.

Critics frequently question the ethics of activating problem recognition. This is particularly true for problems related to status or social acceptance. This debate is generally discussed in terms of marketers' "creating needs," which we discussed in Chapter 10.

**The Timing of Problem Recognition**   Consumers often recognize problems at times when purchasing a solution is difficult or impossible, as the following examples demonstrate:

- We decide we need snow chains when caught in a blizzard.
- We become aware of a need for insurance *after* an accident.
- We desire a flower bed full of tulips in the spring but forgot to plant bulbs in the fall.
- We want cold medicine when we are sick but don't feel like driving to the store.

In some instances, marketers attempt to help consumers solve such problems after they arise. For example, some pharmacies will make home deliveries. However, the more common strategy is to trigger problem recognition in advance of the actual problem (see Illustration 14–1). That is, it is often to the consumer's and marketer's advantage for the consumer to recognize and solve potential problems *before* they become actual problems.

Some companies, particularly insurance companies, attempt to initiate problem recognition through mass media advertising; others rely more on point-of-purchase displays and other in-store influences (see Chapter 17). Retailers, as well as manufacturers, are

involved in this activity. For example, prior to snow season, the following sign was placed on a large rack of snow shovels in the main aisle of a large hardware store:

> REMEMBER LAST WINTER
> WHEN YOU *NEEDED*
> A SNOW SHOVEL?
> THIS YEAR BE PREPARED!

## Suppressing Problem Recognition

As we have seen, competition, consumer organizations, and governmental agencies occasionally introduce information in the marketplace that triggers problem recognition that particular marketers would prefer to avoid. The American tobacco industry has made strenuous attempts to minimize consumer recognition of the health problems associated with cigarette smoking. For example, a Newport cigarette advertisement showed a happy, laughing couple under the headline "Alive with pleasure." This could easily be interpreted as an attempt to minimize any problem recognition caused by the mandatory warning at the bottom of the advertisement: "Warning: The Surgeon General has determined that cigarette smoking is dangerous to your health."

Obviously, marketers do not want their current customers to recognize problems with their brands. Effective quality control and distribution (limited out-of-stock situations) are important in this effort. Packages and package inserts that assure the consumer of the wisdom of his or her purchase are also common.

## SUMMARY

### LO1: Describe the impact of purchase involvement on the decision process

Consumer decision making becomes more extensive and complex as *purchase involvement* increases. The lowest level of purchase involvement is represented by *nominal decisions:* A problem is recognized, long-term memory provides a single preferred brand, that brand is purchased, and only limited postpurchase evaluation occurs. As one moves from *limited decision making* toward *extended decision making,* information search increases, alternative evaluation becomes more extensive and complex, and postpurchase evaluation becomes more thorough.

### LO2: Explain problem recognition and how it fits into the consumer decision process

*Problem recognition* involves the existence of a discrepancy between the consumer's desired state (what the consumer would like) and the actual state (what the consumer perceives as already existing). Both the desired state and the actual state are influenced by the consumer's lifestyle and current situation. If the discrepancy between these two states is sufficiently large and important, the consumer will begin to search for a solution to the problem.

### LO3: Summarize the uncontrollable determinants of problem recognition

A number of factors beyond the control of the marketing manager can affect problem recognition. The desired state is commonly influenced by (1) culture/subculture, (2) social status, (3) reference groups, (4) household characteristics, (5) financial status/expectations, (6) previous decisions, (7) individual development, (8) emotions, (9) motives, and (10) the current situation. The actual state is influenced by (1) past decisions, (2) normal depletion, (3) product/brand performance, (4) individual development, (5) emotions, (6) government/consumer groups, (7) availability of products, and (8) the current situation.

### LO4: Discuss the role of consumer problems and problem recognition in marketing strategy

Before marketing managers can respond to problem recognition generated by outside factors, they must be able to *identify* consumer problems. Surveys and focus groups using *activity, product,* or *problem analysis* are commonly used. *Human factors research* approaches the same task from an observational perspective. *Emotion research* focuses on the role of emotions in problem recognition and resolution. And, as Consumer Insight 14–1 points out, tracking of online and social media is proving to be an increasingly powerful tool as well.

Once managers are aware of problem recognition patterns among their target market, they can react by designing the marketing mix to solve the recognized problem. This may involve product development or repositioning, a change in store hours, a different price, or a host of other marketing strategies.

Marketing managers often want to influence problem recognition rather than react to it. They may desire to generate *generic problem recognition,* a discrepancy that a variety of brands within a product category can reduce, or to induce *selective problem recognition,* a discrepancy that only one brand in the product category can solve.

Attempts to *activate problem recognition* generally do so by focusing on the desired state. However, attempts to make consumers aware of negative aspects of the existing state are also common. In addition, marketers attempt to influence the timing of problem recognition by making consumers aware of potential problems before they arise.

Finally, managers may attempt to minimize or suppress problem recognition by current users of their brands.

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## KEY TERMS

Active problem  504
Actual state  502
Desired state  502
Extended decision making  501

Generic problem recognition  510
Inactive problem  504
Limited decision making  500
Nominal decision making  500

Problem recognition  502
Product involvement  499
Purchase involvement  498
Selective problem recognition  510