Decision Waves: How 'Multi' Is Multi-Phased Decision Making?

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Developing representative consumer decision models has eluded marketing modellers, making choice prediction problematic. Single and two-phase decisions are empirically supported with three-phases mooted. Further empirical research, beyond two phases, has been hindered by a lack of clarity of decision phase boundaries. This paper presents a methodology to capture decision phase boundaries and reports initial empirical results revealing that current consumer decision models exclude almost half (49%) of consumer decision processes. We propose a new ‘decision waves’ model of consumer decision-making that is inclusive of multiple decision phases.

[to cite]:

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EXTENDED ABSTRACT

We are living in an increasingly complex and information-rich world. Complexity and variations within consumer decision processes has forced researchers to constrain decision alternatives to yield statistically valid results in empirical decision research. These constraints have limited the representativeness of decision models and the ability of these models to predict consumer decision outcomes. The extant consumer decision research literature is predominantly outcome focussed, utility-estimated (Klein and Yadav, 1989; Hauser and Wernerfelt, 1990; Harlam and Lodish, 1995; Fader and Hardle, 1996), attribute-driven quantitative analysed (Klein and Yadav, 1989; Huber and Klein, 1991; Bröder and Schiffer, 2003), with constraints. The primary focus on quantitative analysis of attributes and outcomes in consumer decision theory has led to research with simplified decision rules (Andrews and Manrai, 1998), assumed rational decision makers with defined preferences (Bettman, Luce and Payne, 1998) and homogeneity in decision process (Gensch, 1987; Kalwani et al, 1994). Traditional consumer decision research is based on a single-phase model (Savage, 1954; Bettman, Luce and Payne, 1998) and understanding the relationship between attributes and decision outcomes (Malhotra, 1982; Kivetz and Simonson, 2000). Expanding product choice and a proliferation of information has increased decision complexity leading to the empirical validation of two-stage decision processes (Payne, 1976; Svenson, 1979; Bettman and Park, 1980; Andrews and Srinivasan, 1995). More recently Klein and Yadav (1989) and Russo and Leclerc (1994) have empirically verified an elimination and a choice process, with both suggesting three phases based on their underlying assumptions for data interpretation.

There is no empirical literature specifically supporting a three-phase consumer decision process. “The simulation results therefore seem to underscore a need to develop decision models that more accurately capture the process underlying consumer decisions” (Johnson et al, 1989, p. 268). “Eliminations are clearly done in more than one phase” (Klein and Yadav, 1989, p. 418). Researchers have been unable to clearly identify decision phase boundaries and there are currently questions as to whether boundaries exist (Russo and Leclere, 1994).

The primary focus of this research is to identify those phase boundaries and the number of decision waves within a decision process. In this research we utilise the information processing approach to consumer decision making, capturing data through process tracing methodologies. The computerised data capture is supplemented with neutral ‘think aloud’ verbal protocols (Williamson, Ranyard and Cuthbert, 2000). This method has several advantages over its predecessors in that the computerised data capture is objective in the manner it gathers data through ‘mouse clicks’, data collection is automated and time stamped, and the data capture equipment (laptop) is transportable to the respondent.

The research scenario is a consumer durable purchase, in this instance an air conditioner, with the respondent requested to decide between 9 alternatives based on data for 6 attributes. The air conditioner is to be selected based on an 18 m² room, with information available on the appropriateness of the models for a room of that size. The product attributes were determined through a qualitative purchase decision attribute analysis of a convenience sample in the same market as the primary research. A convenience sample of 262 Chinese adults from two major cities in the Special Economic Zone of the People’s Republic of China participated in this research. Respondents were drawn from the professions, including teaching, the police force, government and medical. Professionals were deemed to represent the Chinese consumers who would be economically capable of purchasing an air conditioner.

The raw data logs were summarised into respondent summary sheets with elimination and choice decisions clearly identified. These sheets were then analysed for the specific decisions made by the respondent. Implied decisions were not included in the results and the results may be considered conservative as more decisions may have been made that were not ‘positively’ identified by the data capture approach. Our analysis reveals that consumers made up to 11 decisions within the decision process to choose an air conditioner. Approximately one third of respondents (37%) used a single decision phase, while one in seven (14%) made two decisions and almost half (49%) used a multi-stage process. Interestingly, more than one-third of respondents (37%) engaged in between three and six decision phases in their decision process.

It is interesting that that four in ten (37%) of respondents engaged in three to six decision waves, which is similar to the number of single-phase decision makers. This may suggest that as many as four out of every ten decision are not catered for in the one and two-phase models currently incorporated in our decision research. The results of this research suggest that the inclusion of screening in consumer decision-making models will enhance the explanatory potential of consumer decision-making models because many consumer decisions involve multiple phases. Our empirical support for almost half the decision processes being outside our existing decision models presents a strong argument for a review of our decision models and a broadening of data capture constraints to ensure representativeness with consumers’ decisions.

These results also raise interesting practical implications for marketers. Products must survive the multiple screening decisions to be considered for selection and our promotional approach my require modification to meet these requirements. The result that two-thirds of respondents chose sub-optimal alternatives is encouraging for those with products that are not optimal, however it also means that those marketing the optimal product must educate their customers and communicate the advantage of their product more clearly to increase market share.

REFERENCES


