

CHAPTER 3

CONSUMER DECISION MAKING

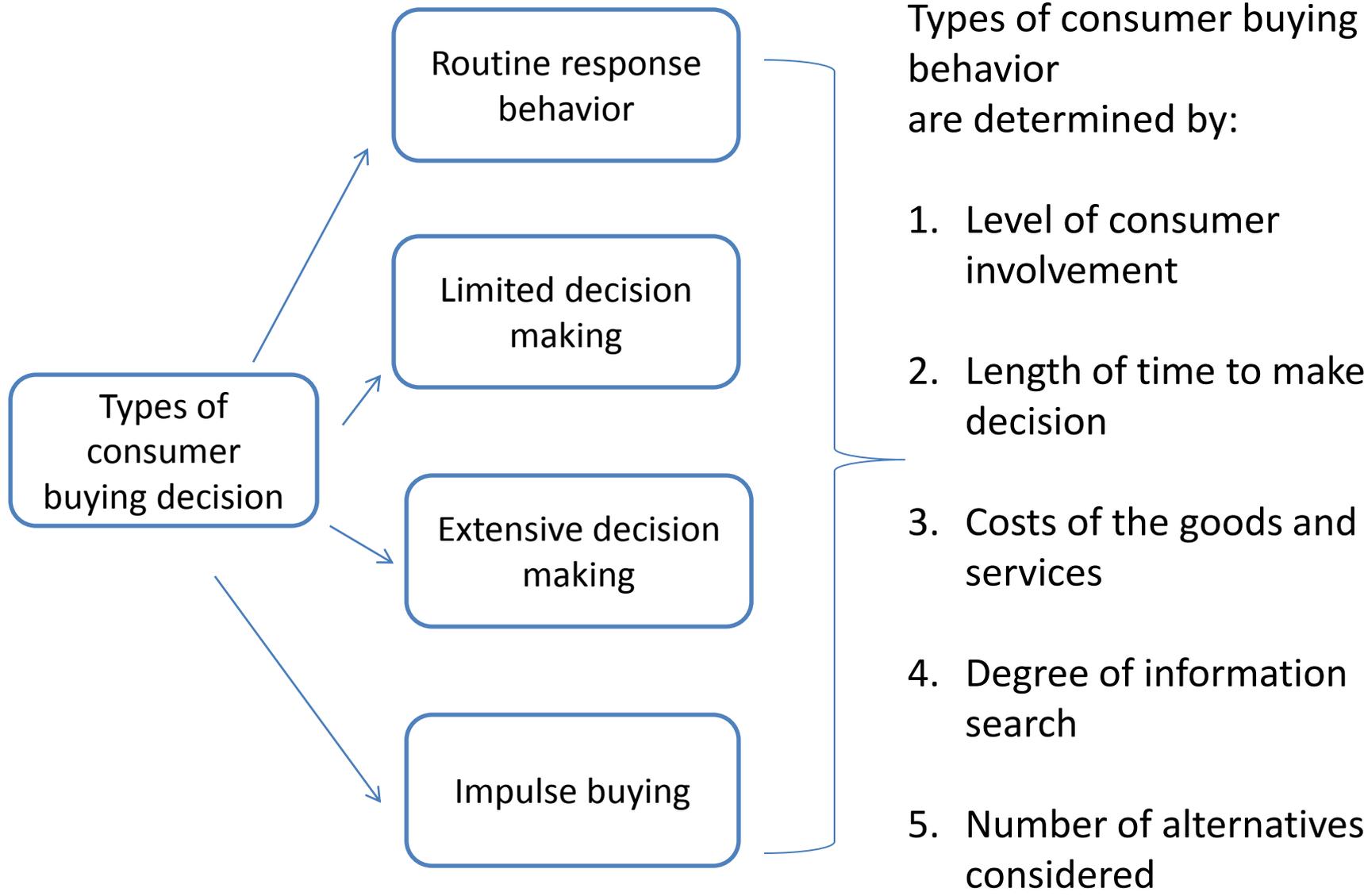
Objectives:

After completing this chapter, student should be able to understand:

1. The importance of understanding consumer behavior
2. Types of consumer buying decision and consumers involvement
3. The consumers decision making process

THE IMPORTANCE OF UNDERSTANDING CONSUMER BEHAVIOUR

- Consumers' product and service preferences are constantly changing.
- Manager must have thorough knowledge of consumer behavior.
- Consumer behavior describe how consumers make purchase decisions and how they use and dispose of the purchased goods or services.
- It also describes the factor that influence the purchase decision and product use.



Types of consumer buying decision

Routine response behavior

Limited decision making

Extensive decision making

Impulse buying

Types of consumer buying behavior are determined by:

1. Level of consumer involvement
2. Length of time to make decision
3. Costs of the goods and services
4. Degree of information search
5. Number of alternatives considered

CONSUMER DECISION MAKING PROCESS



NEED RECOGNITION

- Need recognition occur when consumers are faced with an imbalance between actual and desired states.
- The need can be triggered by internal stimuli and external stimuli.
- At this stage, marketer should do some research on consumer to identify the factors that most often trigger interest in the product.

INFORMATION SEARCH

- Consumer search for information after recognizing the need or want.
- The information search can occur internally, externally or both.
- Internal information: From your previous experienced
- External information can be divide into two; marketing controlled information source and non-marketing controlled information source

EVALUATION OF ALTERNATIVES

- Certain basic concepts help explain consumer evaluation process.
- First, assume that each consumer sees a product as a bundle of product attributes.
- Second, the consumer will attach different degrees of importance to different attributes according to his or her unique needs and wants.

EVALUTION OF ALTERNATIVES

- Third, the consumer is likely to develop a set of brands belief about where each brands stands on each attributes.
- Fourth, the consumer expected total product satisfaction will vary with levels of different attributes.
- Fifth, the consumers arrives at attitudes towards the different brands through some evaluation process.

PURCHASE DECISION

- There are two factors can influenced the purchase decision:
 - Attitudes from others.
 - Unexpected situational factors.

POST-PURCHASE BEHAVIOR

- Is the process where consumers take further action after purchase based on their satisfaction and dissatisfaction.
- Whether the consumers satisfied or dissatisfied with the product are based on how the consumers expectation meet the product performance.

TO REDUCE DISSONANCE

Consumer can:

- Justify decision
- Seek new information
- Avoid contradictory information
- Return product

COGNITIVE
DISSONANCE



SATISFIED CUSTOMER

Marketers can:

- Effective communication
- Send post purchase thank you or letter
- Display product superiority in ads
- Offer guarantees