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 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

INFORMATION SEARCH

EVALUATION OF ALTERNATIVES

PURCHASE DECISION

POST PURCHASE BEHAVIOR
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.
EVALUATION 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 that can influence 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

Marketers can:
• Effective communication
• Send post purchase thank you or letter
• Display product superiority in ads
• Offer guarantees

COGNITIVE DISSONANCE

SATISFIED CUSTOMER