

# Chapter 6

## **Consumer Behavior**

- Understand the steps involved in the **consumer decision process**
- Describe factors influencing the consumer decision process

You must understand how this process works in your specific industry ...



... because this process affects:

- How, when and **where** you advertise
- How you **position** your product vs. the competition
- How you **communicate** with consumers
- How you **price** your **products**
- How you address consumers' fears and hesitation
- How you relate to consumers' post-purchase

# 1. Need Recognition



First generation iPhones were released in June 2007. Was there an “obvious” and immediate need for them? Not exactly, but consumers certainly wanted them, and now consider them indispensable in most cases.

Original ads from 2007 featured all the functions of the iPhone to communicate this “need” to consumers:

<http://www.youtube.com/watch?v=6lZMr-ZfoE4>

Understanding this “step” in the consumer decision process **will affect how you advertise.**



# 1. Need Recognition

- Two types of needs
  - **Functional** needs
    - Product or service functionally and performance
  - **Psychological** needs
    - Personal gratification



## Internal vs external search



Find Restaurants Near Los Angeles, CA

**Pusan Jobang Nak Gop Sae** Claimed

35 reviews | \$3 - Korean

3216 W 8th St, Los Angeles, CA 90005

Today 10:00 am - 11:00 pm

Price range \$11-30

1 free soda per person

Hours: Mon 10:00 am - 11:00 pm, Tue 10:00 am - 11:00 pm, Wed 10:00 am - 11:00 pm, Thur 10:00 am - 11:00 pm

United States > Texas (TX) > Zapata > Zapata Hotels

**Best Western Inn By The Lake**

55 Reviews | #1 of 5 Hotels in Zapata

1596 S US Highway 83, Zapata, TX 78076-4061 | +1 877-959-4344

Best prices for your stay

Provider	Price	Action
Booking.com	\$70	View Deal
Expedia	\$70	View Deal
Hotels.com	\$70	View Deal
BestWestern.com	\$70*	View all 11 deals
Orbitz.com	\$70*	
Hotwire.com	\$70*	

Prices are the average nightly price provided by our partners.

Overview Rooms Reviews About Nearby Q&A Room Tips

### Factors affecting search processes

Perceived  
benefits



Perceived costs  
(not just  
price!)

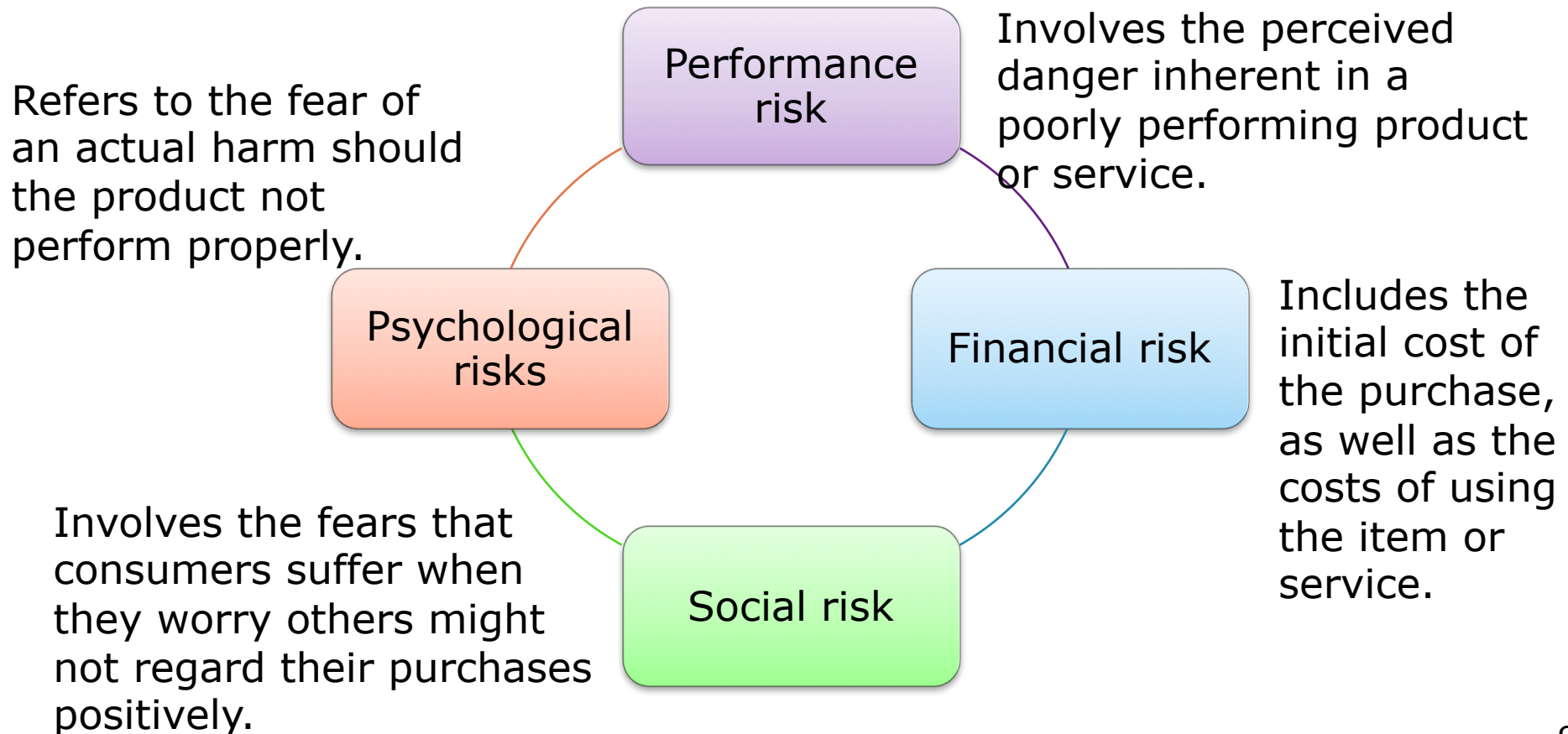
### Factors affecting search processes

Actual and perceived risks



### Factors affecting search processes

#### Actual and perceived risks




- Some key concepts (not all!)
  - **Attribute sets**
    - Universal → **all** choices (too many!)
    - Retrieval → from memory
    - Evoked → considered
  - **Determinant attributes**
    - Features that are important

## 4. Purchase and consumption

- Conversion rate
  - How well they have converted purchase intentions to purchase
- Reasons for not purchase
  - Product not in store/ out of stock
  - Try different store or channel
    - I see it in store but I buy it online

## 5. Post purchase

**Satisfied customers become loyal,  
purchase again , and spread positive  
word of mouth**



Encourage feedback  
Provide money back guarantee  
Demonstrate correct product use  
Build realistic expectations



- Undesirable output
  - Negative word of mouth
    - Offline and **Online**

★☆☆☆☆ **BULLIES!!!!**

Do you like bad products? Do you like give bad reviews for bad products? Do you like being THREATENED OF BEING SUED because of the bad reviews of the bad products? [Read more](#)

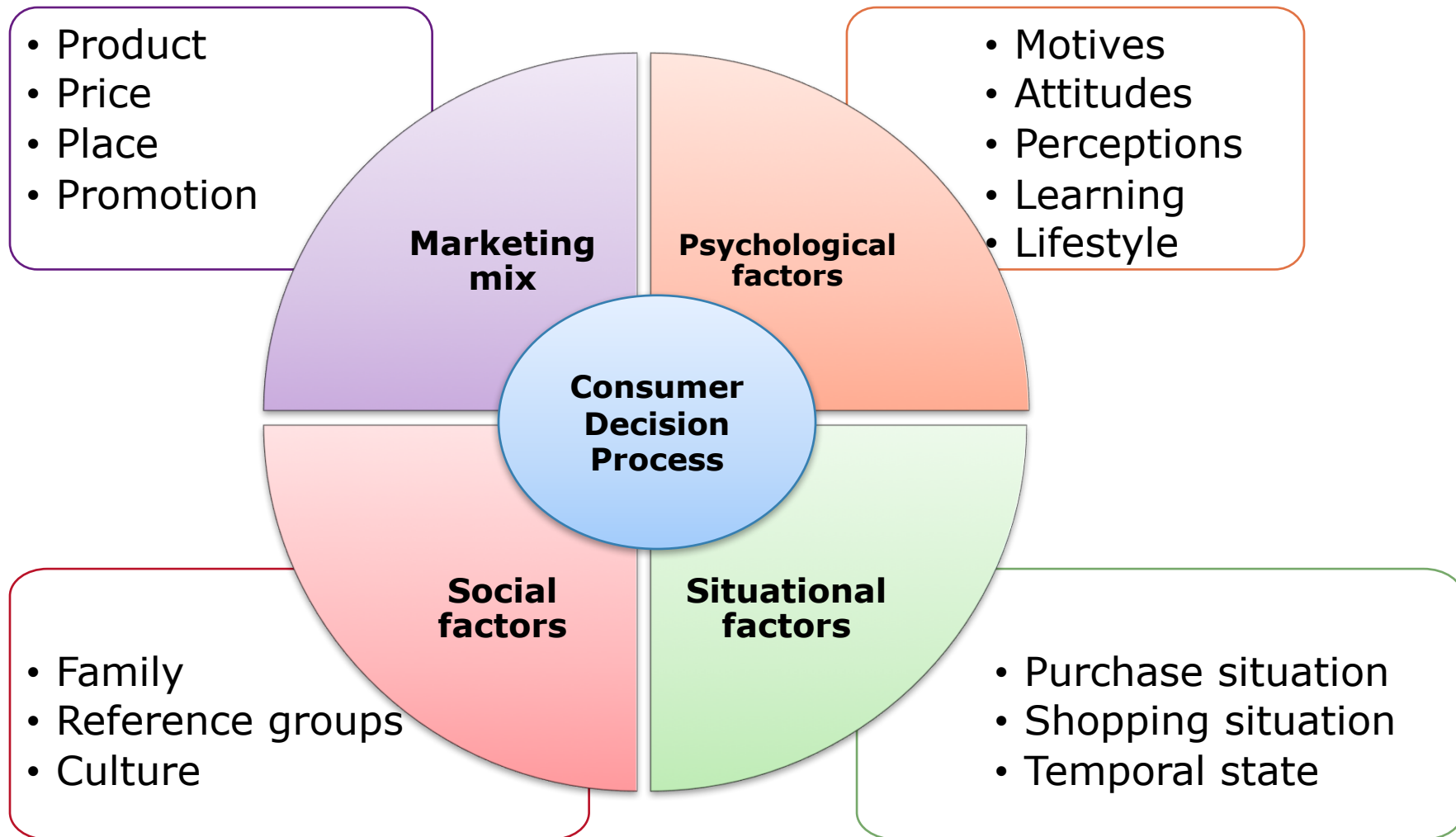
Published 37 minutes ago by Davide

★☆☆☆☆ **Is this router even safe to use?**

Google "backdoor found in chinese tenda wireless routers" and you'll find some information on backdoors that have been found in Medialink/Tenda routers which may allow an... [Read more](#)

Published 41 minutes ago by Dnison Penndragon

# Factors Influencing the Consumer Decision Process



- Consumer decision process
  - 5 steps: recognition, search, alternatives, purchase, and post-purchase
- Factors influencing the consumer decision process
  - Many including 4ps, groups, etc.