

Chapter 6

Consumer Behavior

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

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...

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

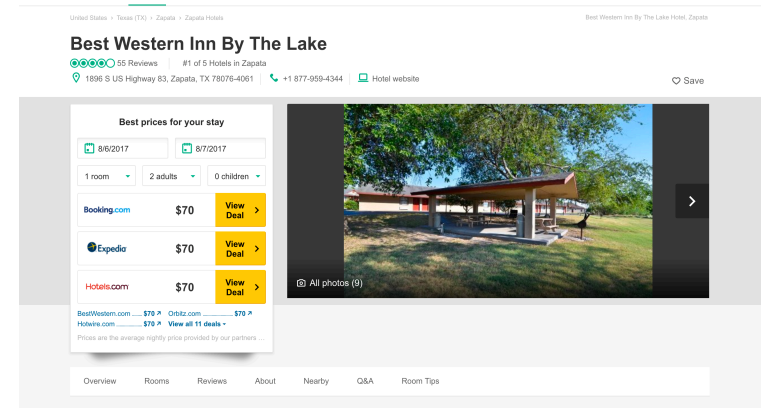
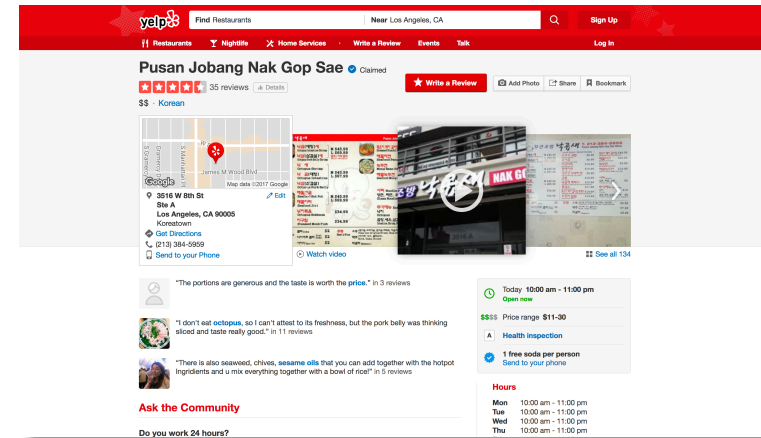


2. Search for information

Internal vs external search



VS



2. Search for information

Factors affecting search processes

Perceived
benefits



Perceived costs
(not just
price!)

2. Search for information

Factors affecting search processes

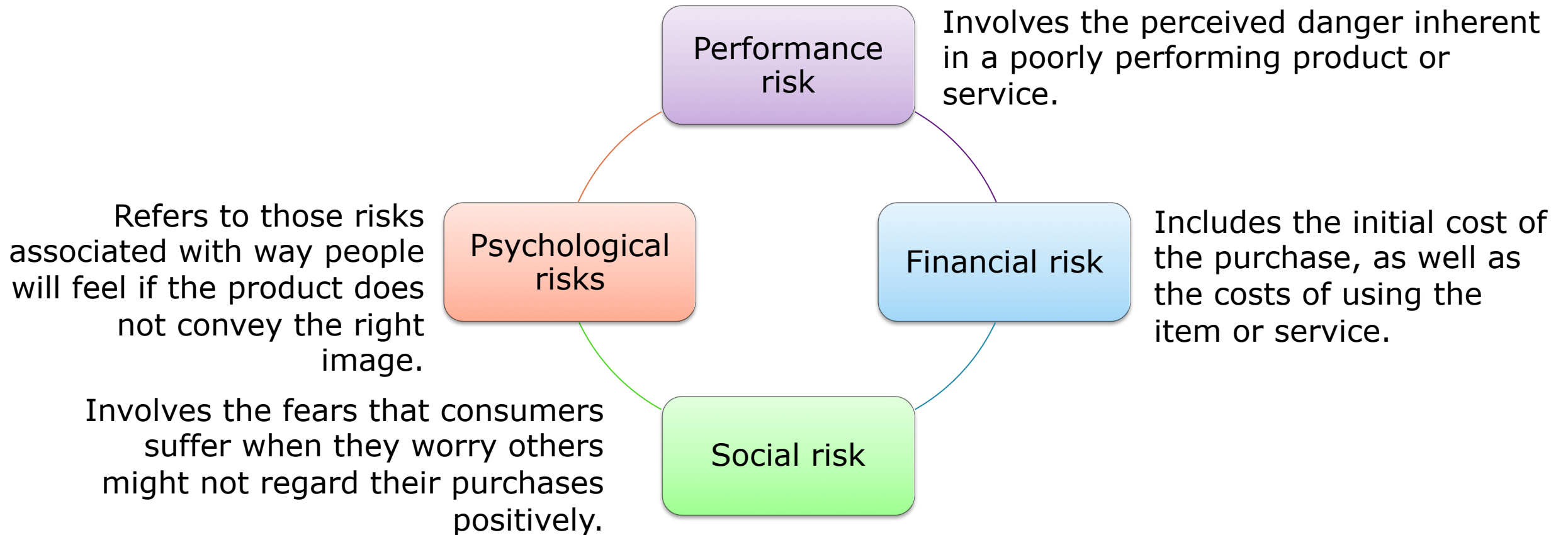
Actual and perceived risks



2. Search for information

Factors affecting search processes

Actual and perceived risks



3. Evaluation of alternatives

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

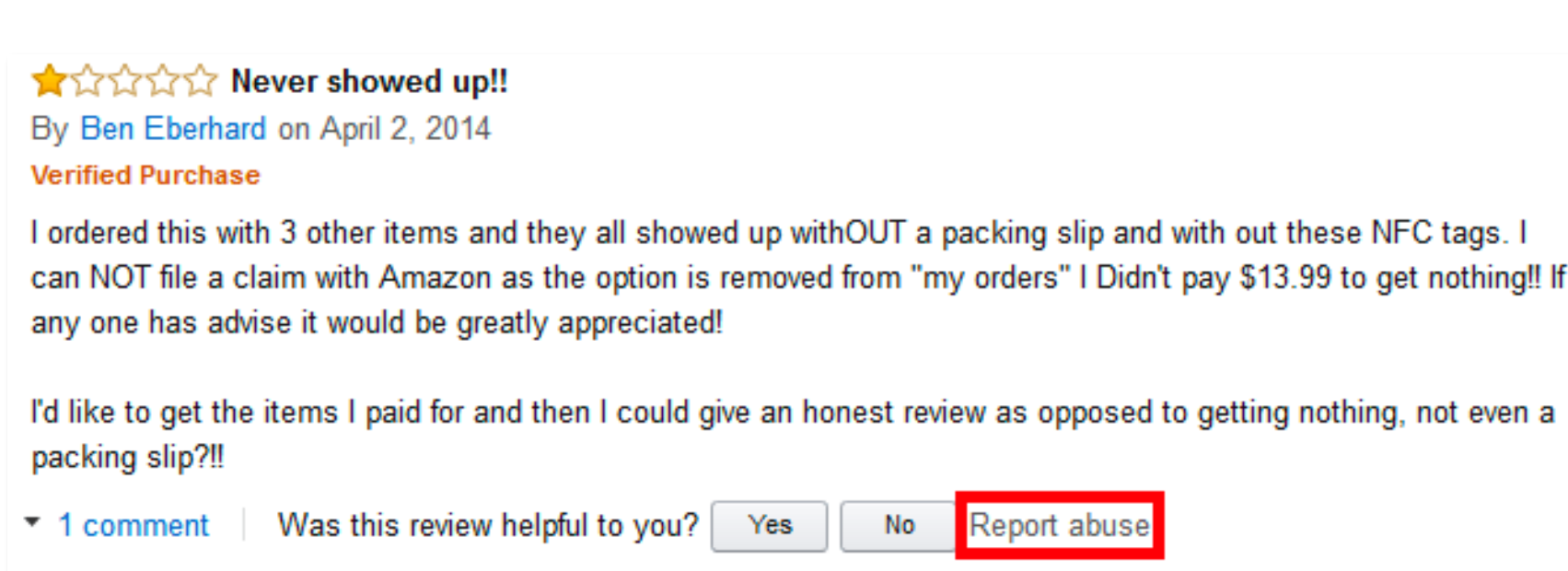
**Satisfied customers become loyal,
purchase again , and spread positive
word of mouth**



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

Undesirable output

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



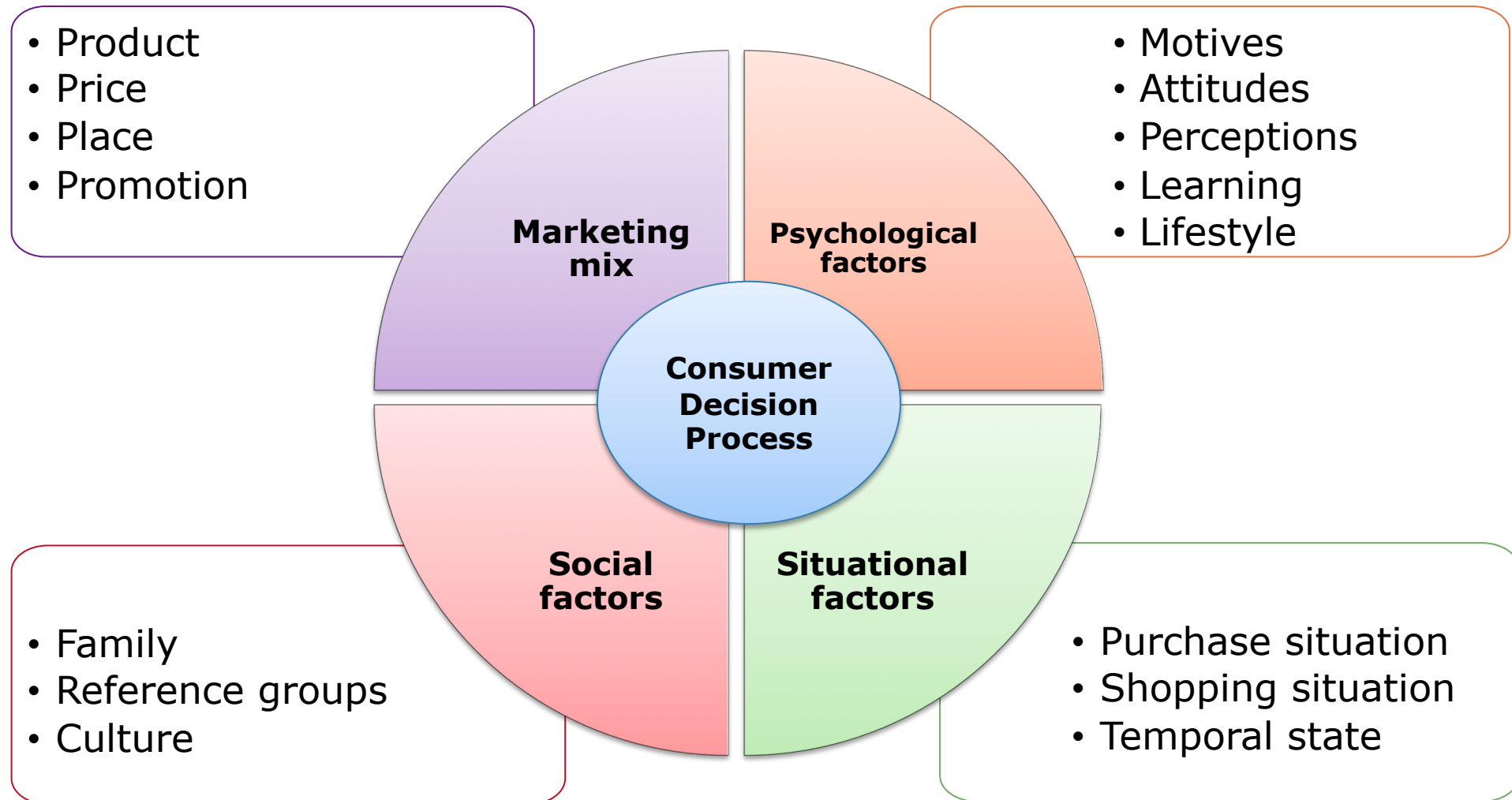
★☆☆☆☆ Never showed up!!
By Ben Eberhard on April 2, 2014
Verified Purchase

I ordered this with 3 other items and they all showed up withOUT a packing slip and with out these NFC tags. I can NOT file a claim with Amazon as the option is removed from "my orders" I Didn't pay \$13.99 to get nothing!! If any one has advise it would be greatly appreciated!

I'd like to get the items I paid for and then I could give an honest review as opposed to getting nothing, not even a packing slip?!!

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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.