

MNM1505: Introduction to Consumer Behaviour

Lecturer:

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Learning Unit 2: The consumer decision-making process

- The consumer decision-making process



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- **Step 1: Problem/need recognition**

- Identifying a need or a problem an individual wishes to fulfil or overcome
- A problem generally arises due to an imbalance between an individual's actual state of affairs and the desired state of affairs
- Problem/need recognition can be either internal or external



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- **Step 1: Problem/need recognition (cont.)**
 - Problems that can occur and affect the recognition of a problem or a need:
 - Assortment inadequacies
 - New information
 - Expanded desire
 - Extended or reduced means



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- **Step 2: Information search**

- Once an individual realises they have a need, they start looking for information about the product
- Prospective customers are expected to search for information once they have identified a problem, need or desire (*consumer search*)
 - Internal search
 - External search



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- **Step 3: Evaluation of alternatives**
 - Compare the characteristics of different products and services and measure them according to pre-established criteria
 - Criteria can include brand preference, product specifications, reviews from other customers, price and availability



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- **Step 3: Evaluation of alternatives (cont.)**
 - Type of customers:
 - *Economic customer*
 - Purchase products and services rationally to maximise the benefits derived from a product or service
 - *Passive customer*
 - Are submissive to the self-serving interest and promotional efforts of marketers
 - Would not be swayed by appealing marketing campaigns or take action
 - They would rather avoid the marketing initiatives

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- Type of customers (cont.):
 - *Emotional customer*
 - Base their decisions entirely on personal and irrational needs and emotions
 - *Cognitive customer*
 - Defined as a thinker and problem solver
 - Can be persuaded to change the product they buy if the organisation communicates the benefits in doing so
 - Customers base their decision on information from the environment, on social influences, personal needs, attitudes, perceptions and experiences

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- **Step 4: Purchase**

- Levels of consumer decision making:

- *Habitual decision making*

- Individuals, who are generally satisfied with a product, become brand loyal and eventually, the purchase becomes habitual
 - These are purchases that are made routinely with little or no conscious effort from the individual

- *Limited decision making*

- Very straightforward and simple as there is no real motivation to search for information and rigorously evaluate alternatives
 - Used when an individual purchases products or services that they are familiar with, but still needs to gather information about which brand or model will best fit their needs

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- Levels of consumer decision making (cont.):
 - *Real or extended decision making*
 - Entails a high level of involvement from the individual to search for internal and external information to make an informed purchasing decision
 - Involves the complex evaluation of information and alternatives
 - Has to do with a response to a high level of buying involvement
 - *Impulsive decision making*
 - When customers instinctively or automatically make a purchase without thinking it through
 - Makes a purchase with little to no thought and prior planning involved

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- **Step 5: Post-purchase evaluation**
 - The consumer evaluates the performance of the product or service and, in doing so, establishes whether the initial problem or need has been resolved or met



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- **Step 5: Post-purchase evaluation (cont.)**
 - Post-purchase evaluations can lead to one of the following responses:
 - Post-purchase satisfaction
 - Post-purchase dissatisfaction
 - Neutral or indifferent behavioural response
 - Post-purchase conflict
 - Post-purchase dissonance
 - Cognitive dissonance

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- Consumer decision-making process roles (group decision making):
 - Initiators
 - Gatekeepers
 - Influencers
 - Decider/decision maker
 - Buyer
 - User
 - Maintainer
 - Disposer



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- Consumer dimensions, which have an influence on the roles of individuals in the household and consumers' decision making:
 - **Connected consumer** - constantly linked with the internet and regularly check their e-mails
 - **Social consumer** - use social media to connect with friends, family, colleagues and businesses
 - **Co-productive consumer** - provide feedback and co-design products for businesses
 - **Individual consumer** - prefer to customise offerings to their uniqueness and personality
 - **Experiential consumer** - seek non-digital experiences such as events and travelling

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- Consumer dimensions, which have an influence on the roles of individuals in the household and consumers' decision making (cont.):
 - **Resourceful consumer** - engage in online auctions, selling to online communities and buying used products online
 - **Disconnected consumer** - are those who are disengaged from the digital world
 - **Communal consumer** - value social causes
 - **Conscientious consumer** - make their own things, buy locally, consider the environment and give away products they do not need to the underprivileged
 - **Minimalist consumer** - reuse products, purchase second-hand products and participate in car-pooling

Learning Unit 2 Outcomes:

- You should be able to explain and practically apply each step on the consumer decision-making process.
- Know what assortment inadequacies are.
- Understand the various types of customers and be able to give a practical example of each.
- Understand the different levels of consumer decision-making and be able to practically apply each based on an example.
- Know what is meant with inertia, post-purchase dissonance and cognitive dissonance.
- Be able to identify the different consumer roles and be able to give a practical example.
- Know the 10 different consumer dimensions.