

CONSUMER BEHAVIOR INFORMATION PROCESSING METHODS AND DECISION-MAKING METHODS PRESENT IN THE MARKET: CONSIDER ON PERSONAL COURSE

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Abstrak

Untuk kegiatan pemasaran yang efektif, penting untuk memahami berbagai macam pelanggan yang menjadi sasaran pemasaran. Memahami perilaku konsumen sangat penting bagi bisnis untuk menciptakan strategi pemasaran yang efektif yang dapat memengaruhi proses pengambilan keputusan konsumen. Perilaku konsumen juga dapat didefinisikan sebagai tindakan konsumen yang terlibat langsung dalam memperoleh penggunaan dan pembuangan barang dan jasa ekonomi. Ini memadukan unsur-unsur dari faktor psikologi, sosiologi dan ekonomi yang mempengaruhi pengambilan keputusan konsumen berdasarkan model kognitif psikologi yang merupakan dasar dari perilaku konsumen. Esai ini didasarkan pada kursus pribadi yang bertujuan untuk memajukan pemahaman psikologis tentang perilaku konsumen yang diperlukan untuk mengembangkan dan memahami perilaku konsumen yang diperlukan dari strategi pemasaran yang efektif.

Kata Kunci: Perilaku Konsumen, Pengambilan Keputusan, Strategi Pemasaran.

Abstract

For effective marketing activities, it is important to understand the various kinds of customers who are the target of marketing. Understanding consumer behavior is crucial for businesses to create effective marketing strategies that can influence consumer's decision-making processes. Consumer behavior can also be defined as those acts of consumers directly involved in obtaining using and disposing of economic goods and services. It blends elements from psychology, sociology, and economics factors that influence consumer decision-making based on the cognitive model of psychology that is the basis of consumer behavior. This essay is based on a personal course that aims to advance a psychological understanding of consumer behavior needed to develop an understanding of consumer behavior necessary for effective marketing strategies.

Keyword: Consumer Behavior, Decision Making, Marketing Strategies.

1. INTRODUCTION

Consumer behavior is defined as “the study of individuals, groups, or organizations and the process they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and impacts that these processes have on the consume and society” (Hawkins, Mothersbaugh, & Best, 2007:6). Although this definition is very broad, it will allow room to explore influences and consequences on consumer decisions. Nowadays, the range of goods and services for consumption is exceedingly large, and the consumer’s choice depends primarily on the needs, tastes, habits, traditions, and preferences.

At this time the understanding of consumer behavior plays an important role because without this understanding regarding the economics of management in business development, especially in decision-making for marketers it will be irregular. For example, Kodak and its

problems in acknowledging the advent of digital photography. Kodak did the necessary research, but it chose to try and save money instead of listening to what the camera market research revealed. Marketers try to understand consumer buying behavior so that they can offer greater satisfaction to consumers, which is called total utility, which is what consumers get when they consume a product. But somehow consumer dissatisfaction to a certain degree will still exist. Some marketers have not applied the concept of consumer behavior, so they are not customer-oriented and do not view customer satisfaction as their main goal. Furthermore, because the tools for analyzing consumer behavior are uncertain, marketers may not be able to determine accurately what exactly will satisfy buyers.

Without a doubt, consumers are the most valuable asset for any business. Without their support, a business could not exist. On the other hand, if our business is successful in providing the best service, consumers will not only help our business grow. More than that, they will usually make recommendations to their friends and relatives.

2. METHOD

In the realm of consumer behavior and marketing, the understanding of various methods and influences on decision-making processes is paramount. Market research stands as a cornerstone, employing techniques like surveys, focus groups, and data analysis to glean insights into consumers' preferences and habits. These insights drive tailored marketing strategies that resonate with target audiences, meeting their needs and desires effectively.

Delving deeper, psychological factors such as motivation, perception, and attitude formation significantly influence consumer decision-making. By tapping into these underlying drivers, marketers can craft messaging and promotions that strike a chord with consumers, fostering stronger connections and driving purchasing behavior.

Additionally, social and cultural influences shape consumer behavior profoundly. Marketers leverage societal norms, peer pressure, and cultural values to create campaigns that resonate with specific identities or trends, fostering a sense of belonging and loyalty among consumers (Ali et al, 2021).

Technology further revolutionizes consumer behavior and marketing methods, offering unprecedented access to information and choices. Through digital platforms and data analytics, marketers track consumer interactions, personalize messages, and deliver targeted campaigns, maximizing engagement and sales.

In conclusion, navigating the complexities of consumer behavior requires a multifaceted approach. By leveraging market research, psychological insights, social and cultural

influences, and technology, marketers can craft compelling strategies that drive consumer engagement, loyalty, and ultimately, business success. In the ever-evolving landscape of pricing strategy marketing, understanding these principles is essential for establishing meaningful connections and driving impactful outcomes with consumers.

3. RESULT AND DISCUSSION

3.1 General

This chapter will discuss about STP Marketing, Marketing Mix, Personal/ Psychological, Communication Models, and Judgement and Decision-Making which are the contemporary approaches to understanding consumer behavior. Consumer behavior defines what channels the consumer will go through on their way to making a buying decision. What is so important - and interesting - about consumer behavior is that everyone arrives at decisions in their own unique way. But it's not so unique that it can't be studied and predicted. It puts the onus on product and service providers to do the research and understand their target market and their respective consumer behaviors.

3.2 Consumer-focused strategy: STP Marketing

The STP marketing model is useful for organizations in identifying the most valuable types of consumers because through it organizations can customize products and marketing messages to suit consumer needs. Furthermore, this model allows engagement between organizations and various customer groups so they can sell their products (Claiborne, & Sirgy, 2015). Thus, a customer group cannot use the same strategy to reach customers because not all consumers will have the same preferences and demands. STP marketing is an acronym for Segmentation, Targeting, and Positioning, a three-step model that examines your products or services as well as the way you communicate their benefits to specific customer segments. Segmentation is to know what consumers really need and want. Targeting is when companies must choose a specific consumer group to invest in their marketing efforts. Then, positioning is businesses that need to inform target consumer groups how their products differentiate themselves from competing products.

Using the (segmentation targeting and positioning) STP model, businesses can identify their most valuable customer segments and create products and marketing communications that target those customers. This helps to create engaging, personalized marketing campaigns that convert visitors to customers at a high rate.

3.3 Marketing Mix: 4P

Consumer behavior has several marketing mixes. Besides STP, the 4P marketing mix is also important to learn about the process to actually implement your strategy. Marketing mix is one of the most significant and fundamental developments in the area of marketing. The term ‘**Marketing Mix**’ is a foundation model for businesses (Neil Borden 1949). It includes everything the company can do to influence the demand for its product. Marketing mix as the set of controllable marketing variables that the firm blends to produce the response it wants in the target market (Kotler & Armstrong). A Marketing Mix has four types:

3.3.1 Product

Product is an important element in a marketing program. Product strategy may affect other marketing strategies. Purchasing a product is not just to have the product, but also to meet the needs and desires of consumers.

3.3.2 Price

In economic theory, the notions of price, value, and utility are interrelated concepts. What is meant by utility is the attribute attached to a good, which allows the good to meet needs, and wants, and satisfy consumers.

3.3.3 Place

Location is a location to serve consumers, it can also be interpreted as a location to display their merchandise. Consumers can see directly the goods that are produced or sold, both the type, quantity, and price.

3.3.4 Promotion

Promotion is one type of communication that is often used by marketers. As one of the elements of the promotion mix, sales promotion is an important element in product promotion activities. Promotion is also a media and non-media marketing effort to stimulate trial and error from consumers, increase demand from consumers, or improve product quality.

It can be concluded that the marketing mix is a group of marketing components consisting of 4P: product, price, place, and promotion which are interrelated with each other, to meet consumer needs and satisfaction and achieve company goals.

3.4 Personal/Psychological

Interestingly, human psychology is an integral factor that influences consumer behavior although these factors are not exactly easy to measure. A few integral psychological factors driving the behavior of consumers are :

3.4.1 Perception

The process of receiving, selecting, and interpreting environmental stimuli through the five senses of consumers. There are sight, hearing, touch, smell, and taste.

3.4.2 Learning

Consumers first make purchases to satisfy their basic needs and then move on to meet learned needs.

3.4.3 Memory

Psychologists distinguish among three distinct types of memory systems, each of which plays a role in processing brand-related information:

- 1) Sensory Memory permits storage of the information we receive from our senses.
- 2) Short-term memory (STM) also stores information for a limited period of time, and it has limited capacity.
- 3) Long-term memory (LTM) is the system that allows us to retain information for a long period of time.

3.4.4 Attitude

A learned propensity to behave in a consistently favorable or unfavorable way toward an object. There is a function of attitude:

- 1) Utility function: Functions as a means of obtaining practical benefits
 - 2) Self-defense function: Functions as a means to protect your self-image
 - 3) Value expression function: Function as a means of revealing self-identity or value
 - 4) Knowledge function: Function as a means of understanding the world
- Target attitude model is an individual's attitude model that shows an individual's belief in the attribute that the subject has and its appearance as a function of the individual's evaluation of these attributes.

3.4.5 Personality

Characteristic patterns of behavior and thinking that determine the individual's adaptation to the environment. Characteristics of personality are consistent, behavior distinguishes between a specific person and others, situation, and interaction. Also, personality is used for brand too that a human character is attributed to a mark, a set of human characteristics possessed by a mark.

3.4.6 Motivation

The force within the individual that activates, directs, and sustains action toward a goal. The global theory of needs that becomes the benchmark for learning is Maslow's Hierarchy of Needs and McClelland's learned needs. Maslow (1943, 1954) suggested that people are

motivated to achieve certain needs and that some needs take precedence over others. Our most basic need is physical survival, and this need will be the first thing that will motivate our behavior.

Once that level is met, we will move on to the next level of needs that motivate our behavior, and so on. McClelland's theory of needs explains how the need for achievement, affiliation, and power influences individual action. These three needs underline why someone is motivated. Some are dominant in the need for affiliates to explain their motivation. Others may be more dominant in other needs.

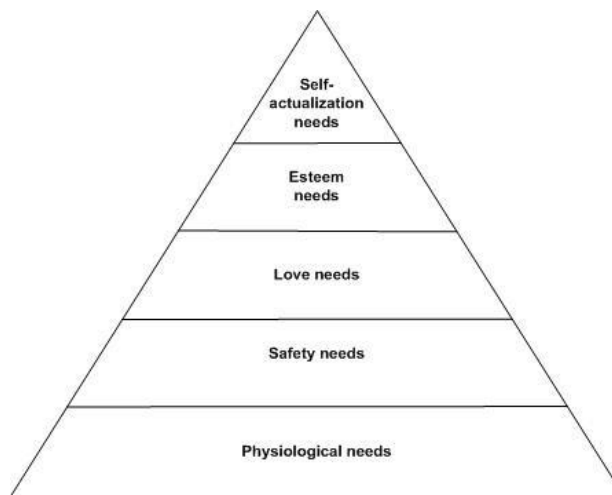


Figure 1. Maslow's Hierarchy (source: Motivasi Guru: Kebutuhan Hierarchy 2012)



Figure 2. Mcclland's Hierarchy (source: An Introduction to McClelland's Theory by Norlyn Opinaldo 2022)

3.5 Communication Models

The traditional communications model was a one-way street. The *source* (such as an advertising agency) created a *message* (the advertisement) and selected the *medium* (newspaper, TV, outdoor, etc.) that carried it to the *receiver* (the consumer). The consumer may have given feedback to the source about the message (typically only indirectly, namely

by buying the advertised product or service or not) and of course, she may have ignored it, just as people often do today but the line of communication was drawn. The producer called the shots and the message was *univocal* (one voice).

3.6 Judgement and Decision-Making

Judging and deciding what to do can involve seemingly simple tasks in some circumstances, such as continuing to read this article or choosing what to eat but also can involve larger life choices. Judgment can be characterized as the thought, opinion, or evaluation of a stimulus, and the decision is the behavior of choosing among alternative options. In the traditional view, the decision-making process is complex given that one must analyze alternative options, estimate the consequences of choosing each option, and deal with conditions of uncertainty (von Neumann & Morgenstern, 1994). A few of JDM (Judgement and Decision-Making) theories, will be discussed about Prospect Theory and Decision Model.

3.6.1 Prospect Theory

Prospect theory (Kahneman & Tversky, 1979) has been one of the most influential theories of decision-making. It explains how people make choices among alternatives (prospects) by comparing them to reference points. Prospect theory assumes that losses and gains are valued differently, and thus individuals make decisions based on perceived gains instead of perceived losses. Investors need to understand their biases, where losses tend to cause greater emotional impact than the equivalent gain. The prospect theory helps describe how decisions are made by investors.

3.6.2 Decision Model

Consider all the features or qualities and accordingly use the compensatory model, sometimes it just wants one feature or more. A few features to a certain degree, but it doesn't necessarily want them all. If there was one particular feature that one wanted, and if an alternative didn't have that feature, then it would be out, no matter what other features it had, those other features wouldn't compensate. There are non-compensatory models:

- 1) The Conjunctive Model In the conjunctive model, the consumer uses certain minimum cutoffs on all salient attributes.
- 2) The Disjunctive Model The disjunctive model entails trade-offs between aspects of choice alternatives.
- 3) The Lexicographic Model In the lexicographic model, the consumer rank-orders product attributes in terms of importance.
- 4) Elimination by Aspect the elimination by aspect (EBA) model is similar to the lexicographic model but with one important difference.

3.7 Post-purchase Dissonance

The customer's state of mind and perception is quite uneasy after purchasing the product or service offering of the brand. This results in the customer either regretting the brand or returning the product from where he purchased it.

3.7.1 Product Disposal

The last stage in the Consumer Decision Making Process is disposal. Disposable products are another way in which firms have managed to reduce the amount of time between purchases.

3.7.2 Customer Satisfaction and Repurchasing

Tsai, Huang, Jaw, and Chen (2006, p.453) reported that longitudinal and cross-sectional studies have demonstrated that satisfied consumers are more likely to continue their relationship with a particular organization than dissatisfied ones. CSAT, CES, and NPS are the most commonly used customer satisfaction metrics. This is mostly because they are rather straightforward, simple in their implementation, and very easy to be understood by all staff categories as compared to complex indexes.

- 1) Customer Satisfaction Score (CSAT) measures customer satisfaction with a business, purchase, or interaction. It's one of the most straightforward ways to measure customer satisfaction, and it's obtained by asking a simple question, such as 'How satisfied were you with your experience?' To answer, there's a corresponding survey scale, which can be 1 – 3, 1 – 5, or 1 – 10.
- 2) Customer Effort Score (CES) is a service metric that measures how much effort customers put in to interact with your business. These interactions can be something like how much effort it takes to use your product or service or how easy it was for them to have a problem solved by your service reps.
- 3) Net Promoter Score (NPS) is a customer satisfaction benchmark that measures how likely your customers are to recommend your business to a friend. NPS is a typical benchmark that companies use to measure, evaluate, and improve customer loyalty. NPS is different from other benchmarks, such as customer satisfaction score or customer effort score, in that it measures a customer's overall sentiment about a brand.

4 CLOSING

In conclusion, this marketer cannot control the consumer's needs through the process of efficient marketing methods. However, marketers can successfully market products by considering the process of demographics and psychographics, while this will profitably market

their products to the intended consumers hence increasing the demand or need. Using the STP (segmentation and positioning targeting) model, businesses can identify their most valuable customer segments and create products and marketing communications targeting those customers. It helps to create attractive and personalized marketing campaigns that convert visitors into high-level customers. The main goal of 4Ps is to pinpoint customer needs and apply them to market products. This is the main reason why teenagers are in tune with the 4 P's strategy, which is to put the customer's interests first and then implement those ideas.

The final stage of the consumer decision-making process is not a purchase, but a post-purchase evaluation. After a consumer has consumed a particular product, he or she proceeds to judge the utility or performance of the product according to the satisfaction of their needs. It has examined some of the key marketing concepts and terminology and discussed contemporary approaches to understanding customer behavior and how that behavior can be interpreted or used to generate certain responses, increasing customer relationship value. It also highlights some of the differences between consumer and business-to-business marketing in terms of relationships and decision-making.

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