

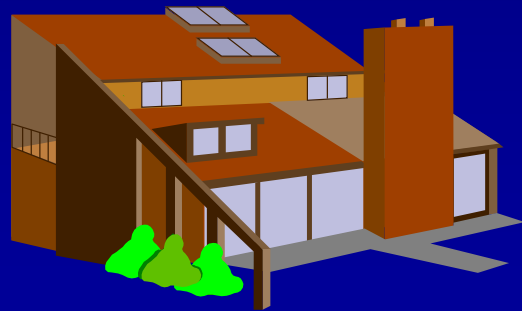
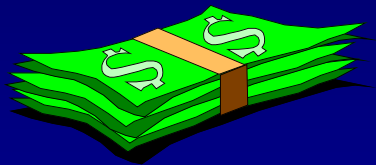
OUTCOMES

The end is near!

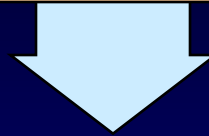
refers to those events that occur as a result of some decision and may influence one's satisfaction and future decision-making.



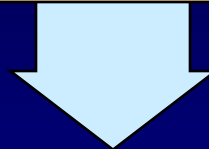
THE CONSUMER DECISION PROCESS



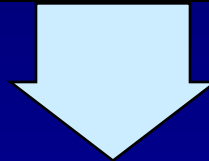
Problem Recognition



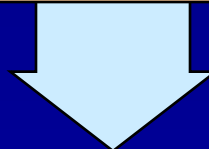
Information Search



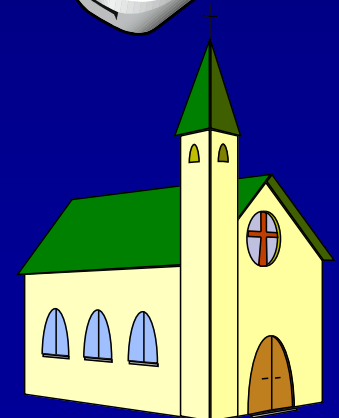
Alternative Evaluation



Choice



Outcomes



Outcomes

- Before the purchase the consumer had some **expected** level of product performance (beliefs).
- After the purchase the consumer has knowledge of **actual** product performance (perceptions).
- A comparison is made between what was expected & what actually occurred.

There are four possible outcomes:

- Satisfaction occurs when perceptions of performance match expectations.*
- Dissatisfaction occurs when perceptions of performance fail to match expectations.*
- Nonsatisfaction occurs when expectations are low and match performance.*
- Delight occurs when perceptions of performance significantly exceed expectations.*

Possible Decision Outcomes

Consistency Between Pre- &
Post-Choice Attitudes

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	LOW	HIGH
Negative (feel bad)	dissatisfaction (inconsistent)	nonsatisfaction (consistent)
Positive (feel good)	delight (inconsistent)	satisfaction (consistent)

Satisfaction



Personal effects of satisfaction:

- beliefs (makes them stronger)
- attitudes (makes them harder to change)
- intentions (makes them more likely)
- perceived risk (reduces uncertainty)
- choice heuristic (makes it simpler)



Financial effects of satisfaction:

retention



Customer Lifetime Value



Firm's value and profitability



Brand loyalty

- Definition: *when a consumer has a high degree of repeat purchasing as well as psychological commitment to a brand.*
- Brand loyalty is product specific.
 - It's uncommon to be “loyalty-prone.”
- Blind brand loyalty is less likely as the market becomes better educated.

Brand Loyalty (con't)

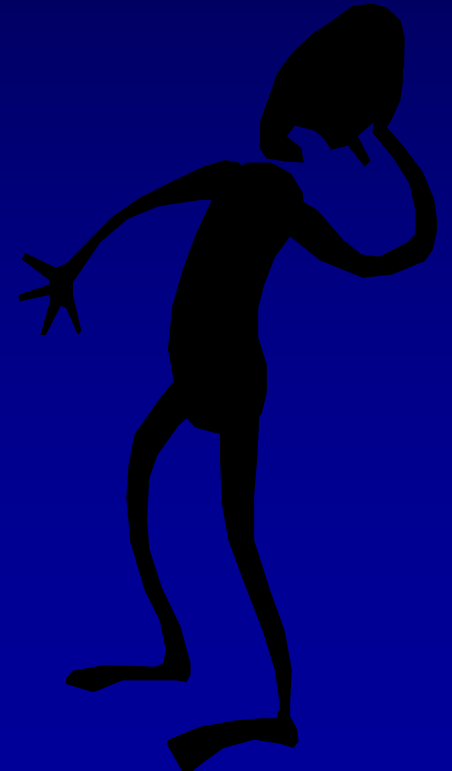
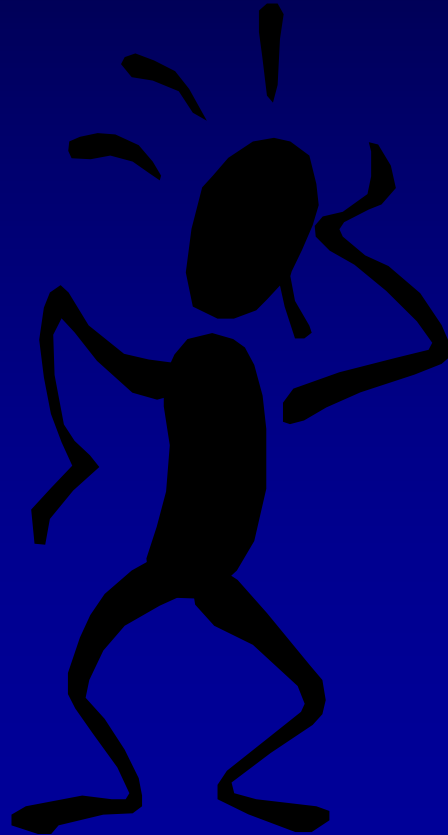
➤ Contributors to loyalty:

- Consistently meets quality expectations
- Brand distinct from competition
- Part of person's self-concept
- Part of a shared "community"

➤ Detractors from loyalty:

- Opposite of above
- Consumer price sensitivity
- Consumer variety seeking

Dissatisfaction



The effect of dissatisfaction on:

- beliefs (weakens or changes them)
- attitudes (weakens or changes them)
- intentions (weakens or changes them)
- perceived risk (increases uncertainty)
- choice heuristic (does not make it simpler)



Post-Purchase Dissonance

- Many times after purchasing a product we question whether we made the correct decision.
- This is called post-purchase dissonance and means *the consumer is experiencing doubt that the right product/brand was selected.*



Post-Purchase Dissonance (con't)

- ↳ It's based on a psychological phenomenon known as cognitive dissonance: *a state of psychological tension that occurs when two thoughts are not consistent.*
- ↳ This is an uncomfortable feeling humans work at reducing.


Post Purchase Dissonance is a function of:

- ✎ Degree of difference between expected and perceived performance.
- ✎ Degree of commitment or irrevocability of the decision.
- ✎ Importance of the decision to the consumer.
- ✎ Difficulty of choosing among alternatives (due to their number and favorability).
- ✎ Individual's tendency to experience anxiety.

Complaining

- *Complaining occurs when dissatisfaction is expressed to others.*
- It can take four main forms:
 - direct responses
 - private responses
 - third-party responses
 - public responses
- Complaining is more likely for some people and products.

Complaining (con't)

- ✎ Most consumers don't complain at all or only express it privately.
- ✎ Further, complaining about a product occurs more to retailers that carry the product than to the manufacturers who made it.
- ✎ There need to be easy ways for consumers to express level of satisfaction to firms.
- ✎ Marketers need to understand that
Market Satisfaction  100% - % complainers.

Estimating Market Satisfaction

- Of those who are dissatisfied, how many complain?
- To estimate satisfaction levels, take the percent who complained, increase it to account for all those who are dissatisfied, and then subtract that amount from 100%.

Estimating Market Satisfaction

- ✎ Last year your company received complaints from about 5% (Y) of its customers.
- ✎ Based on research in your industry, about 20% (X) of dissatisfied customers complain.
- ✎ Adjust that to account for those who were dissatisfied but did not complain:
 - $(Y/X) \rightarrow (5\%/20\%) \rightarrow (.05/.20) = 25\%$
- ✎ Satisfaction level is around:
 $100\% - 25\% = 75\%$, not 95%

Marketing Implications:

- ✎ We should care whether our products are considered to be satisfying because that affects what consumers do in the future.
- ✎ When consumers are dissatisfied the marketer loses more than just future sales to them.
- ✎ Dissatisfied customers could affect what others do (WOM, blogs), cause bad publicity, boycott, sue, and vandalize.
- ✎ How a company deals with dissatisfied customers greatly affects their future business with the company.

Practical Suggestions:

- ✎ Create realistic expectations.
 - Catchy ads and hard-sales tactics may stimulate one sale but lead to dissatisfaction and loss of future sales.
- ✎ Design product & package with consumers' lifestyle in mind.
 - Test the product/package with real consumers in real situations to help anticipate and prepare for problems that could be encountered during actual use and storage.

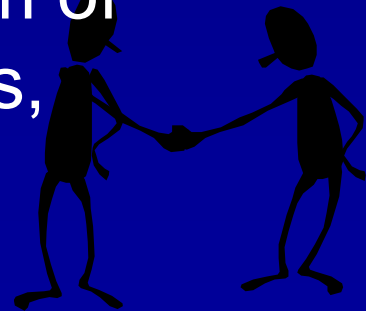
Practical Suggestions (con't):

- Provide means for consumer to communicate with company.
 - Dissatisfied customers who are allowed to complain are more likely to buy from the company again in the future than those who are not allowed to complain.
 - When people complain, the company has an opportunity to solve the problem.
 - It costs more to turn a non-customer into a customer than it does to deal with a dissatisfied customer and get them to buy again.

Practical Suggestions (con't):

➤ Aim some promotion at customers after the sale.

- They deserve to be thanked.
- They might be experiencing some post-purchase dissonance and post-sale reinforcement could help reduce it.
- This promotion could come in the form of phone calls, e-mail, letters, post-cards, visits, or mass-advertising.



Practical Suggestions (con't):

- Make parts and service easy to obtain.
 - Sometimes a product can be quite satisfactory but if routine parts/service are needed and can't be found then that could lead to dissatisfaction.
- Continually engage in problem research.
 - You should determine through research how to make your products more satisfying.
 - If you don't come up with a more satisfying product, your competition will!

Product Disposal



Product Disposal

➤ Store it

- We need attics, basements, closets, and garages to hold all of our old products.
- Storage containers and spaces are likely to grow in demand.

➤ Throw it away

- Our landfills are filling up, no one wants a dump in their neighborhood, and environmental laws are more strict.
- With attitudes and behavior changing, we are looking for other ways to dispose of products.

Product Disposal

☞ Donate it

- There are charities and causes which are glad to receive all sorts of used products.
- In the U.S., doing this can reduce taxable income.

☞ Recycle it

- This involves industry and/or government as well as the role played by consumers.
- We might prefer “green products” and be active in recycling activities.

Product Disposal (con't)

➤ Sell it

- Selling used possessions has probably been going on as long as humans have been around.
- But, it appears to have increased because we buy more products than ever and they are in good shape when we are done with them.
- We have developed many more ways of “**remarketing**” (when the same product is sold more than one time).
- Examples are flea markets, yard sales, second hand stores, classified ads, and auctions.



Product Disposal

Marketing Implications

- There could be legal issues involved.
- How a product can be disposed of might be a criterion used by the consumer in making a purchase decision.
- Consumers may not be able to buy until they get rid of the old product.
- Develop channels of reclamation

Summary & Conclusions:

