



**Business/Marketing Virtual Learning**

# **11-12 grade College Business**

**April 27, 2020**



Lesson: [April 27, 2020]

## **Objective/Learning Target:**

Explain how consumers and businesses use each of the three types of decision making.

# Let's Get Started

Watch this Video:

[Types of Consumer Decisions](#)



# Types of Decision Making

Consumers spend varying amounts of time and consider different factors when making decisions. It takes different decision making skills to buy toothpaste than it does to borrow money to buy a house. The three types of decision making skills are:

- 1) **Routine Decision Making** - Used for purchases that are made frequently and do not require much thought. For these purchases the customer is familiar with the products available, often chooses the same brand, or can make an easy substitution if the usual choice is not available.
  - a) Final Consumers - Food, snacks, personal supplies, basic necessities.
  - b) Business Consumers - Operating supplies and standardized raw materials.
  
- 2) **Limited Decision Making** - Takes more time than routine decisions and is often, but not always, associated with a product that is more expensive or is purchased less frequently. Involves spending more time comparing similar items to buy.
  - a) Final Consumers - Casual clothes, food menu choices, what movie to go see, video games.
  - b) Business Consumers - Office equipment, office furniture, parcel(delivery) service.

# Types of Decision Making (continued)

- 3) **Extensive Decision Making** - The consumer methodically goes through all five steps of the decision-making process discussed in the last lesson. Normally, customers use extensive decision making for expensive purchases and do not make the decision lightly. They spend time and effort evaluating alternatives and arriving at a decision. They carefully review their needs and match them with the best choice possible. Differences among choices may not be evident or may involve a number of factors that consumers need to carefully analyze in order for them to be comfortable with the decision. In business, extensive decision making is used for first-time purchases or those that involve a large investment.
- a) Final Consumers - Automobile, home, college, family vacation.
  - b) Business Consumers - New computer system, new conveyor system, fleet of delivery trucks.

# Marketers' Role in Decision Making

Marketers want to match their products and services to the needs and expectations of customers. They want to be able to provide the information customers want in order to make the best choice. If consumers choose a product using routine decision making, they do not want to be overwhelmed with information. On the other hand, if they are making a difficult choice using extensive decision making, they will want more information related to the factors they view as important.

Marketers want the opportunity to explain the benefits of their products and services and to demonstrate how they can satisfy consumer needs. By studying consumers, businesses should be able to develop products and services that match the needs and expectations of their customers. When those customers are taking the time to consider alternatives, marketers have the opportunity to explain their products through appropriate communication channels. If not prepared, businesses may miss this opportunity to communicate and the customer will go elsewhere. But for routine purchases, marketers just need to make sure the product is available and remind customers of the value of their product.

## ACTIVITY #16

- 1) Rank the types of decision making according to the time and research consumers typically devote to each type.
- 2) What kind of decision making do consumers use when they are familiar with the products available, often choose the same brand, or can make an easy substitution if the usual choice is not available?
- 3) With what kind of decision making do marketers have the best opportunity to explain the benefits of their products and services and how they can satisfy consumer needs?