Analysis of cdp model essay

Abstract A large number of authors had put their view and tried to create the most logical and un-confusing consumer decision process model.

In this report the author choose three from the many models of consumer decision-making and critically analyze the models. Attempt to gives readers a deeper understanding of each model and be able to apply the right model to the right industry. The author had chosen three models with different level of complexity to create a clear comparison and to demonstrate that every consumer decision making models has a value, it is all depends on how and where a marketer use one particular model. Find that some models are too complicated to be understood and some are too simple and uncomprehending, the author finally proposes a modified consumer decision-making models that the author believed to be all encompassing and relatively easy to understand. The author also believe the report had meet the aim of the author to a satisfactory level. Table of Contents ABSTRACTII TABLE OF CONTENTSIII TABLE OF FIGURESIII 1.

Alternative 14 Figure 6: EMB Model 17 Figure 7: Model Created By The Author 20 1. Introduction What is the different between Customer and Consumer? Oxford dictionary's definition of customer is " A person or organization that buys goods or services from a store or business", and consumer is " A person or thing that eats or uses something". Consumer Behavior as define by Perner (2008) is: " The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society.

" In his study of consumer behavior Kotler et al. 2006) identify the relationship between stimuli create by the marketers and the response posses by the consumer, this is explain by the Consumer's Black Box Model (Figure 1). The model suggest that there are stimuli control by the marketers and other stimuli that is out of marketers control (PEST-Political, Economic, Technological, and social Cultural), this stimuli enter the costumer's black box and processed by the characteristic of costumer and through the decision-making process before turn out as responses. The decision of a costumer is highly influenced by four factors (Kotler et al. 2006), which are: Cultural, Social (Pernel 2008), Personal (McNeal 2007) and Psychological (Hellman 2004).

Human nature is the most complex subject to be study; there is no definite truth and rules (Underhill, 2000), hence, there is also no definite solution on how and what advertising work (Munoz, 2002). Munoz (2002) is convinced that the hierarchy of effects directs marketers to create a more effective advertising. The hierarchy of effect state that there are several stages in

forming consumers' decision from unawareness of product to the actual action or purchase, and is believe to be the root of today's consumers decision process (CDP) (Hansen, 2003). The theories related to how a customer make a purchase decision can be track back to as far as the 19th century (1898), this is the year when a salesman named Elias Saint Elmo Lewis developed the first model of Hierarchy of Effects. This model is called AID- Attract Attention, Maintain Interest, and Create Desire, then after about twelve years St. Elmo Lewis completed the model with Get Action, which make AIDA, the better known model in today marketing.

This was a breakthrough because marketers at the time still consider advertising as one level, which is purchase (Barry, 1987). Hierarchy of effects has travel a long way and went through a lot of critiques and challenges, together with the critiques and challenges new models were developed. The development of hierarchy of effects can be break down to three phases the early development phase (1898-1960), the modern development phase (1961-1975) and challenges and defenses phase (1976-1986). The most notable models in the modern development phase are the Lavidge and Steiner's seven steps model and Andrew Ehrenberg's ATR model. In the challenges and defenses phase is Michael Ray who review the relationship between Cognition (Think) – Affective (Feel) – Behavioral (DO) (Barry, 1987, Jeong, 1999).

Why we buy what we buy? Perhaps are the most asked questions by marketers around the world, Underhill (2000) may has very well answered the questions with his science of shopping, but unfortunately Underhill's study only restricted to product marketing and not service marketing.

Service has characteristics that distinguished from product; service is intangible, inseparable, perishable and variable (Kotler et al. 2006). Consumer behavior toward service are dissimilar toward product, since it is intangible the consumer cannot see, touch or feel the service before the purchase, sometimes even after purchase (Cubillo J.

M. 006), therefore the risk that come with a purchase of a service is higher, purchasing a service is similar to purchasing a promise (Beckwith, 1997). Because of the inseparable characteristic of service; the consumer must has contact (visual or audio) with the provider that's why when a service provider fail to deliver up to expectation it is often consider by consumer as personal (Beckwith, 1997), and brand loyalty is not that often because every single service encounter is different and unique (the same place with the same employee can deliver a totally different experience), Stafford et al. 1996) emphasize that brand loyalty happen more on low involvement and low price product such as soap, tooth paste, etc.

and not so much for product with high involvement, high risk and not consume regularly. Decision process for product and service is different (Turley & LeBlanc, 1993 cited in Stafford et al. 1996), it is also differ with different type of services (Hill & Neeley, 1988 cited in Stafford et al. 1996), and the level of involvement also different respective to the variation of service and the stages of decision (Davis, 1976 cited in Stafford et al.

996). This research reviews the development of CDP models from the Hierarchy of Effects to EMB (Engel, Miniard, Blackwell) model and critically analyzes each model. Three models are chosen to be analyze in this

research, the three model chosen are of different level of complexity, so to be able to compare the models to each other and determine which will fit better in the industry of focus of the research which is the hospitality industry especially F & B management. The AIDA from the hierarchy of effects (Munoz, 2002, Barry, 1987), Decision Process From Kotler et al.

(2006), and the EMB model (Blackwell et al. 2001) are the models that will be compare and analyze in this research, the models represent 2 different era and 3 different level of complexity, this characteristic of the models will show the evolution of the models from time to time and the fact that different model can be use in different industry. The AIDA model represents the earlier year of the model development and it is chosen because of it simplicity and authenticity, this model is based on awareness, and belief if there is no awareness then there will be no sell (Homa, 2002). The Kotler et al. (2006) model is the latter model but almost equally simple although it has a different view. The EMB model is in the same time frame with Kotler's but is the complex and arguable more complete version.

These two latter models are based on problem solving, they view consumer as problem bearer who is seeking solution from the provider (Hansen, 2003). Hellman (2004) produce a continuum of costumer learning curve (CLC), the continuum of costumer deciding to buy, buy, and use the product or service, the CLC combine the earlier and the latter model of costumer decision process. This research purpose to give a complete understanding of consumer decision-making process, and investigate the three models and determine if they are vague or not, then to determine how and to which industry they fit in the most. The finding will answer the question; is it

possible to achieve an all encompassing model? What is a good model? How do we measure it? As explained above, the consumer decision making model give direction to marketers to more effectively conduct marketing campaign, agreeing to this statement, Blackwell (2001: p. 71) quote that CDP model is " a roadmap of consumers' minds that marketers and managers can use to help guide product mix, communication, and sales strategies.

Contrasting to the statement Beckwith (1997) proved that there are ways to break the process. Consumers, surprisingly, are not as sophisticated as the marketers' thought, and do not always think in a logical way, another fact is that consumer almost always choose the option that is more familiar to the consumer, especially on this ' time is not enough' era, consumer has thousand things to be done and are face with decision making for a purchase, so a short cut is taken (Beckwith, 1997). Branding is the answer for the short cut, it cut the interest stage and jump direct in to desire and not rarely to purchase (Hellman 2004), when a consumer is in no time and have to purchase for example: a radio, the first option will most probably be the brand that the consumer is more aware about (Beckwith, 1997). More over Beckwith (1997) suggest that positioning of a company will also be able to break the stages, take example: Federal Express, McDonald and Dominos Pizza.

Federal Express position itself as overnight delivery service, when a consumer need to deliver an overnight package, the option will shrink to 2-3 company with the same positioning, the same case with McDonald and Dominos Pizza, they are position, respectively, as family and children friendly fast food restaurant (McNeal, 2007) and fastest pizza delivery (Beckwith,

1997). The postmodern nature of costumer behavior nowadays also disagreeing with the idea that consumer can be generalize and have a quiet similar way of thinking, which is show in the models of costumer decision-making, idea of decision-making model represent Modernism. According to postmodernism, many of the fundamental modernist idea(l)s regarding the individual, self, freedom, agency, and structure are arbitrary and ephemeral rather than essential and fixed. " (Firat 1994: p. 40) With the same tone, a well known professor for postmodernism Stephen Brown (1996, Cited in November 2000: p. 867) quote: "… Postmodernism is characterized by the celebration of skepticism, irony, anarchy, playfulness, paradox…and, above all, by a hostility towards generalizations… Postmodernists reject attempts to impose order and coherence upon the chaos and fragmentation of reality.

Instead they argue, we should accept that knowledge is bounded, that our capacity to establish meaningful generalizations is limited and, rather than seeking the impossibility of universal truths, we should rejoice in the ephemerality, contingency and diversity of the physical and human world as we experience them, be comfortable in the absence of certainty, learn to live without definite explanation…modernism stands for the scientific virtues of objectivity, rigor, detachment, precision, logic, and rationality, postmodernism champions the artistic attributes of intuition, creativity, spontaneity, speculation, emotion and involvement. If segmentation doesn't exist anymore, certainly it is arguable that marketers are marketing their product/service to the individual consumer's preference. " Globalization refers to the rapidly developing and ever-densening network of interconnections and interdependences that characterize modern social life.

" (Tomlinson 1999: p. 2) Globalization shaped culture and the new culture will change consumer behavior, in this global time marketer need to take into consideration this issue. The section follow state the aim to be achieve from this research and the objectives in order to reach the aim.

2. Aim and Objectives Aim: To critically analyze the consumer decision process (CDP) model within the hospitality industry. Objectives: -To analyze a wide range of theories related to consumer behaviors that are available. -To analyze the 3 (Three) chosen models of CDP and justify the reason behind the decision. -To analyze the compatibility of the 3 (Three) chosen models when apply to Hospitality industry in F&B operation.

In the next section, Methodology, the author will explain the method and resources used to complete this research. 3. Methodology This section is created to guide the readers through the method the author used to find the theories, choose the models and analyze the models. After knowing what to achieve, this is the how to achieve. Follow up to what had briefly been mentioned in the abstract and introduction, in conducting this report, the author will choose three CDP models that has a clear distinguish in term of complexity. The three models are Blackwell, Miniard and Engel (2001) model, Kotler (2006) model of buyer decision process and AIDA model from the hierarchy of effects.

The main resources for this report are the library and Internet. This report is based on only secondary research, primary research has been write out of this report because of the limitation, the limitation to time available, the limitation to primary information and limitation of finance, the other reason

is because this report is based on the author understanding and view of consumer behavior and the CDP model. Secondary resources used including books, journals, and articles. Mainly accessed through library and Internet. The journal that were used are journal of service marketing, journal of education management, journal of information systems evaluation, studies reports from graduates of various universities including Georgetown University, University of Florida, and West Massachusetts University. In the following section the illustration of the model will be shown, and the model will be explain again in detail together with the finding of the research.

. Findings and Analysis Attempt to explain the models with illustration and example of the industry focus. The chosen models are the AIDA model, The Kotler's 5 Steps model and the EMB model. This section will break down and explain each model by it own and then compare the three together.

4. 1 AIDA model (Hierarchy of Effects) Created by: Elias St. Elmo Lewis Is the early model of consumer decision process; consist of 4 steps as shown n figure 2. It is a complete version of the earlier model of only AID without action. This model is very limited and every step has to be fulfilled in order for purchase to happen. It suggest that the very first step costumer will create attention or awareness to a product or service, and without this there will be no interest, with the absence of interest desire will not form and eventually there will be no action or purchase (Barry 1987).

This model has failed to incorporate the aftermath of the action taken, there is no continuity in this model, which suggest that the marketing process terminated as soon as product/service is purchased. Attention is not the first

step of a decision process; first need has to be present (Kotler 2006, Blackwell 2001), without need, even if a company or product achieve 100% awareness purchase will not happen (Hellman 2004). 4. 2 Kotler et al. 's 5 Steps Model Created by: Kotler, Bowen, Makens Kotler create a model of consumer decision-making that is simple and to the point. Kotler (2006) realize that for certain situation, for example: a routinely purchased product, consumer may jump over some stages and make a faster decision, he named this the automatic response loop, but even though that's the hope, unfortunately not all product especially not service can generate an automatic response.

Kotler (2006) identify Need Recognition as the first step of the model, he insist that every purchase is made to solve a problem/need, and need is form if there is gap between consumer actual state and the desired state. Consumer not always realize what they need, sometimes marketers have to help consumer to learn that they need something (e. g. suggestive selling) (Hellman 2004).

After the need is recognize consumer may and may not search for information, depend on the strength of the need, and whether a known product is within reach. Kotler et al. (2006) classify three sources of information; public, personal and advertisement source, and state that for hospitality industry personal and public source are more reliable because service is intangible and consumer need a credential source to convince that it is a right choice. After these stage consumer should aware of the choices available, and awareness is not limited to knowing something exist, but in order to move from this stage to purchase consumer needs to learn why

they should buy this product (Hellman 2004). Consumer arrive in the 3rd stage, the evaluation of alternative, with a final bunch of alternative that is filtered from previous stages, consumer will normally view a product as having a number of attributes with different importance attached to it, with this, consumer can figure out which alternative offer a more important attributes that satisfy the needs (Kotler et al. 006).

In this stage also brand and positioning of a product influence the consumer (Beckwith 1997). After narrow the alternative down to one product, now the consumer have the purchase intention, and it's marketers' job to make sure this will change to purchase (Hansen 2003). Kotler et al. (2006) view two factors that can seal or terminate the purchase, that are the attitudes of other and the unexpected situational factors. Example for attitudes of others can be a husband attitude toward wife's choice and depend on the product importance the influence of the significant other is differ (Stafford et al.

996), or children influence to their parents, this is normally more sizeable since children don't take no for an answer (McNeal 2007), as example, the wife choose an Indian restaurant to dine in but the husband doesn't eat hot food. Unexpected situation occur when something doesn't go according to plan or routine, for instance, when a consumer decide to go to a restaurant for a dinner, but the transportation system break down that night (Kotler et al. 2006). Service industry has an advantage to ensure customers satisfaction, unlike product the purchase act for service is longer, and the provider have the control of the outcome (e. .

employee of a restaurant have opportunity to satisfy consumer as long as they are there, and even if he/she make a mistake it is still curable) (Kotler et al. 2006, Beckwith 1997), and research from Underhill (2000) emphasize by showing that the higher the employee and consumer contact the higher the sales level. Purchase does not state that the marketers' job is done. After purchase consumer may feel either satisfied or dissatisfied, this is measured by the gap between expectation and the actual experience, if expectation is higher this create dissatisfaction, and vice versa (Kotler et al. 006). Big purchases will most likely cause cognitive dissonance, which simply mean post-purchase regret; hotels normally handle this by sending a thank you or evaluation letter.

4. 3 EMB Model Created by: Engel, Miniard, Blackwell This model has developed from the standard consumer decision process of 7 steps and brings into consideration more factors. The model put a lot of focus in the search part, but listing all the factors that influences search. The model also starts with need recognition; Blackwell et al.

(2001) have the same argument with Kotler et al. (2006), except that Blackwell et al. ealize that human doesn't know what they are without until they got it, and suggest that instead of finding out consumer's need and meet it, marketers can create consumer's need (e. g. by introducing new product with new feature and convince consumer that they need it) (Blackwell et al.

2001). The model show that according to Blackwell et al. need recognition is influenced by environment, individual differences, and existing memory,

which comes from stimuli from both marketer and non-marketer dominated (Blackwell et al. 2001).

Search is influenced by the environment factor and there is only internal search through memory. Then move to Pre-purchase evaluation of alternative, it is influenced by environment factors and is the point where satisfied consumer will start the next purchase process (Blackwell et al. 2001). Purchase is influenced by individual differences and after purchase there is stage of consumption that is also influenced by the individual differences (Blackwell et al. 2001).

After consumption, consumer evaluates the experience and decides if they are satisfied or not about the experience, also there is a post-purchase divestment, this represent the disposal of the used product (Blackwell et al. 001). The dissatisfied consumer ironically do an external research which lead to stimuli and than memory and back to need recognition, this demonstrate that this model is a circular model. While the satisfied consumer will make a short cut and settle in pre-purchase evaluation of alternative.

After reviewing the three models, it is clear that the first model (AIDA) is too vague and incomplete; it didn't take into consideration consumer's need recognition and it stop as soon as purchase is booked. After all, it is a very old version and at that time it was a marketing miracle. This model is only suitable to be used in low-involvement product, hence not very suitable for service and hospitality industry. The second model from Kotler et al.

has a job well done, it is simple and to the point, it view only the steps and nothing else, the model will give reader a rough knowledge of how consumer

decide, although without further reading marketer will not be able to used it to effectively attract consumer and increase sales. The third model, appeal to the author the most, it is consider to smartly include all the factors influencing consumer decision, even though a lot of flaws are found in the model. Defining a good model, a lecturer in SHMS once said the word good in its nature is relative; there is no ultimate truth of how is good? Defining a good consumer decision-making is like evaluating alternative of product, consumer must decide which attributes appeal the most and what will it be use for (e. g. is the user of the model appeal more to simplicity or complexity), it can be argue that to decide a good decision making model consumer need to follow the decision making stages.

The author believe that it is possible to achieve an all encompassing model although at the same time it is impossible to create one general model that apply for every business, as the world is entering era of postmodernism in which establishing of a meaningful generalization is limited (Brown 1996, Cited in November 2000: p. 867). 4. 4 Recommendation The author attempt to create an all-encompassing model has resulted to: The model is created on reference to the EMB model with changes to the defected part. Start with need recognition, which is influenced by environmental, individual factors and memory from past experiences and stimuli (from both marketer and non-marketer). Search instead of just searching internally, external search to the stimuli is included.

Evaluation of alternative and purchase is influenced by environment and individual factors. For purchase the environmental factors include attitudes of others and unexpected situation. Consumption is placed at the side

because purchaser is not necessarily the end user, or for some service that is paid in advance (e. g. uaranteed room reservation), in this case the customer still has post-purchase evaluation, even before the consumption.

Divestment is placed next to consumption instead of below post-purchase, because disposal always happen after consumption, not after purchase. In Post-Purchase evaluation, consumer evaluate the experience and decide if they are satisfied or not, but neither satisfaction nor dissatisfaction mean continuity or discontinuity of purchase (Hellman 2004), hence the two boxes below post-purchase evaluation. The evaluation create new experience, or new memory, that will be add to the past memory collection. After evaluation, if consumer decides to continue purchasing for next time, the circle will be shorter, and depend and the strength of the relationship it can start from either pre-purchase evaluation or direct to purchase. This model will fit perfectly for hospitality industry with the divestment box taken out, because in service, the disposal of product is taken care by the provider. And the model is actually 4 parts, and can be simplify by taking out the red (influencing factors), purple (Consumption) and green (Stimuli) part.

5. ConclusionThe global world of postmodernism has made it even harder to create an all-encompassing model of consumer decision. Model of consumer behavior has developed significantly over time, however researcher has yet to create a general model that may be apply to all industry. The model by Kotler et al.

is arguable applicable to both service and product, but the model is a simple straight-line model and has fail to acknowledge the other factors influencing

consumer behavior. EMB model leave too many defects and created based on consumer behavior toward high-involvement product. While the AIDA model is vague and fail to incorporate after purchase. This research, as stated in the aim, is focusing on the hospitality industry; consumer behavior toward business selling service is distinguished from the behavior toward product, take into consideration the 4 service characteristic (Intangibility, Inseparability, Heterogeneity, and Imperishability). The paper has given an overall review to the emerging theories of consumer behavior and the effect to the industry, but since actual research on consumer decision making in hospitality industry is not to popular, the author has insert some of his assumption based on his observation and xperience as a hospitality student. This paper is limited in size (Word constrain) but has a wide area of study, consumer behavior.

Further study should investigate a model of consumer decision making that is create especially for hospitality industry. Service industry needs a different set of decision-making model from product-based industry. Models need to be developed for every different industry in order to achieve an all-encompassing level. 6. References •Bannister, F. , Remenyi, D.

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