

Buyer decision process and three time zones marketing essay



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Communication is not only important in our day to day life. It is very important in business situations as well. Marketing communication is an essential method when building relationships with customers. With the globalisation and many factors competition has increased. Therefore in order to attract customers communication or marketing communication is becoming one of key method and it is becoming a more important factor when deciding the success in businesses in the modern world.

When analysing the provided business situation it can be clearly seen that this organisation has been considering more on communication mix strategies and decreasing the customer satisfaction or providing less attention to the satisfaction of customers for some time.

Communication mix is a method which is used by all the 3 dominant business philosophies that is production philosophy, selling philosophy and marketing philosophy in order to communicate with customers. There are many methods/tools in the communication mix including, advertising, personal selling, sales promotions, publicity, instructional materials, etc.

There are many objectives of external communications (generated inside the organisation), building awareness, communicating product benefits and advantages, providing information to assist in the decision making process of the customers, differentiate products and influence the purchase decision.

But now he has realized that only concentrating on communication mix strategies is not enough. If the customers are not happy or satisfied the negative word of mouth that can spread through them not only can erode effectiveness of the communication mix but also decrease the future sales.

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Therefore it can be clearly seen that he has identified the communications generated outside the organisation those can be either word of mouth or other communications which can be spread using various Medias including recent electronic variations can have an influence over marketing mix strategies. Further it has mentioned that although majority of customers are satisfied, negative word of mouth generated by dissatisfied customers can damage the effectiveness of both communication mix and positive word of mouth.

When customers are buying products once or twice in their life time then the word of mouth communication is more important because although the repeat purchase is negligible they tend to spread good or bad about your products and especially when they had received poor experience from specific products or service they tend to alert and warn their associates about those products.

Another important factor here is the target market of this home building organisation is first home buyers. Therefore in this business situation when someone builds their house for the first time due to this is high involvement decision (high financial risk, social risk, etc.) customers tend to take advices from their peers. Further they may expect more from their first home because it is a big investment in their life time whereas building another house is a rare situation.

Today with the development of technologies the power of the word of mouth communication has increased more. Various electronic media have immerged supporting the spread of word of mouth. For an example with

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through Skype anyone having an internet connection can get free video or voice calls freely. With social networks like Facebook, MySpace people are always sharing and connected to each other. Another emerging communication through internet is web blogs or forums. Through those kinds of methods people share their knowledge and experiences with all most all the people connected through internet. Therefore if someone wants to get information about particular thing they can do it immediately and without time and space barriers.

With the emergence of those kinds of communication methods or recent electronic variations including Facebook, web blogs, etc, and especially with the factors explained earlier (high involvement product, first time buyers) communication generated outside the organisation is having more influence upon the success of the business.

This positive or negative word of mouth is clearly depends upon the customer's evaluation of their past experience and whether they have satisfied or not and their relationship with the customer that is their loyalty. Thus it can be said that customer satisfaction and building loyalty toward organisation is important in this specific organisation.

- communication mix and word of mouth is important since no or few repeat purchases.

there is very little repeat purchases only occurs if they decide to build another house which is a very rare situation

Therefore customer satisfaction is a very important factor for future positive referrals and increase sales

Organisation was more focussed on selling philosophy. Now it is about to change to a marketing philosophy. (Managing customer relationships)

Objective of marketing philosophy is to reduce an organisation's reliance on price, promotions...

It is been recognized that using communication mix as an one way process that is sending information to the customers is not enough in business situations where customer involvement is higher and customers are actively involved in the 3 stages of the buyer decision process.

Because in this industry where search qualities are low customers tend to search for customers who have purchased before and asks about their experience.

Organisations that have adopted marketing philosophy recognize the importance of satisfying customer needs and want in order to fulfil organisation's objectives like profits.

Marketing organisations recognise two categories of communications that is communications generated by organisation and generated outside the organisation.

Marketing philosophy recognises that the long term success of organisation can be attained trough customer satisfaction.

Creating loyal customers is a core objective of any customer relationship management program. It is important to this business situation because loyal customers tend to behave differently than normal customers. They tend to forgive more than others if few things go wrong and most importantly spread the positive word of mouth. This is more important regardless whether customer loyalty results in repeat purchases or not.

Loyalty generated through customer satisfaction - cumulative satisfaction.

Building loyal customers is important in order to lowering the cost of doing business and increase the organisations revenue.

Having a good relationship with the community also important because there are many past customers in the general community and they tend to spread their opinions based upon the experience to other people and that can affect the organisation.

Customers tend to remember their past experience with an organisation. Also they remember the messages they receive through communication mix (generated by an organisation) and word of mouth of other customers. Collection of these factors results in the cumulative satisfaction and ultimately they form attitudes toward organisation by combining all the information they gather.

Communication is about building trust

Communication is important when product intangibility is high.

Outline the relationship between

What an organisation says it will do (in the pre-purchase time zone)

What the organisation does (in the product delivery and post-purchase time zone)

What customers say and how they behave in the post-purchase time zone

Customers go through six stages as follows when they do a purchase. These stages are often grouped in to three stages by many marketing researchers for convenience as follows.

Need Recognition

Info. Search

Post Purchase evaluation

Purchase Decision

Evaluate Alternatives

Delivery Experience

Pre-purchase

Product delivery

Post-purchase

Buyer Decision Process and Three Time Zones

For high involved products customers tend to take more time evaluating alternatives and searching information.

Since building a house is a high involvement decision customer may spend more time in the pre-purchase stage. In house situation the post-purchase stage is quite long when comparing to other situations. Thus there's a enduring involvement with the house.

Another thing is tangibility. Usually in the construction industry there is more intangible components. Although after building a house that may be tangible for evaluation but prior to purchase or build in the pre-purchase it is completely intangible.

Quality is an important aspect in customer satisfaction. Before deciding to enter into any exchange customers expect certain type of quality, value and satisfaction. They only approach to exchanges which have overall positive expectation of value. Customers expect certain type of quality at different levels of prices. Therefore it is very important for any organisation to identify the required quality level at each price level. Because ultimately customer is the decider what is appropriate quality for the given price/value.

Marketing is satisfying needs and wants. Therefore in the marketing philosophy and the consumer relationship management, customer satisfaction is important.

Under selling philosophy sellers operate with the misunderstanding that customers do not have memory. But customers tend to remember their past experiences with a particular organisation and information they receive

through various medias and they already have formed an attitude toward organisation prior to take the decision to enter into exchange.

In the pre purchase time zone, customers enter into a decision to enter into an exchange with holding certain expectations. These are based on expectation of receiving values.

In the delivery stage customer experience the performance of the product.

In the post-purchase stage customers evaluate the actual performance they receive with their pre purchase expectations.

As a result of this evaluation process, in the customer's mind one of following three emotional stages emerges.

Customers would be satisfied if their pre-purchase expectations were exceeded.

If the expectations were met but not exceeded they would be indifferent.

Customers would be dissatisfied if their expectations were not met.

In order to satisfy customer in his/her post-purchase evaluation stage his pre-purchase expectations or needs should have been met and exceeded. Therefore to assure customer satisfaction organisation must be sensitive and properly understand actual customer needs in his pre-purchase stage And low order needs should be first satisfied in the Maslow's hierarchy of needs and should try to meet more than one in the lower level needs.

What strategies and tactics would you as the marketing manager employ to minimize the gaps between customer expectations and organisational performance?

Internal marketing - unsatisfied employees can't satisfy customers.

Ref. KIVI experience (case in text)

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Because customers' relationship with their homes are ongoing there is having multiple episodes. Therefore when customers evaluate the quality and value they have paid and received, it should be definitely fallen into cumulative satisfaction category rather than transactional satisfaction.

***Satisfaction, Quality, Value, Trust Loyalty

***Total product

To address the intangibility nature of construction, the company can use models to show their customers and more tangible their product.

Zone of tolerance p. 124

When customers overall satisfaction or cumulative satisfaction become high customers tend to trust the organisation and ultimately that would result in being loyal to that particular organisation.