Uncovering How Consumers Really Make Decisions

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Outline

- Managerial Motivation
- Two-stage heuristic processes
- Practical solution to an extremely hard problem
- Simulation experiments to establish tool validity
- Empirical tests to see if model describes consumers
- A tool to study consumer decision making in various contexts with managerial recommendations
Motivation

- General Motors
  - 300+ make-models; consumers consider 8-10
  - management believes product better than expected, major initiatives on consideration sets
  - e.g. auto show in motion, auto choice advisor, directed CRM

- PDAs/Smartphones
  - GovConnection (MIT's approved supplier) has 97
  - 21 at Circuit City, 25 at Staples
  - 27 at Microcenter, 30 at CompUSA
  - many sites encourage sorting

- Rich literatures in marketing, consumer behavior, psychology