

Empirical Study on
Consumer Decision
Making for
Consumer Products

By

Dr. S. Ramesh Kumar and
Dr. Nagasimha Balakrishna Kanagal

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Please address all correspondence to:

S. Ramesh Kumar
Associate Professor
Indian Institute of Management Bangalore
Bannerghatta Road
Bangalore 560 076
Phone : 080 – 6993184 (O) / 6993234
Fax : 080 – 6584050
e-mail : rkumar@iimb.ernet.in

Abstract

An empirical study has been undertaken to understand the consumer decision-making processes in the consumer packaged goods category. The study seeks to understand the consumer decision making process by buy stage – need, awareness, search, purchase, post purchase. The study also seeks to apply the empirical study to a theoretical framework of consumer decision making with reference to consumer packaged goods.

Empirical Study on Consumer Decision Making for Consumer Products

Brief overview of theoretical framework of consumer decision making:

The model of behavioral processes in consumer decision making serves to identify the independent factors and dependent factors influencing consumer buying behavior and come up with the interlinkages.

The behavioral process of consumer decision making is seen as an interaction of three aspects of individual buyer behavior.

1. **Communication sensitivity :** sensitivity of the consumer to the market communication
2. **Acculturated individuality:** individuality for purchase decision making that develops after strong exposure to a particular culture.
3. **Rational and economic decision making:** consumers are rational in their decision making of products for consumption and seek to maximize utility.

The model examines key consumer buyer behavior concepts and classifies them as independent factors and dependent factors that influence consumer decision making. For example: in the acculturated individuality module – personal factors such as age, life cycle, occupation are independent factors that influence a dependent factor such as lifestyle. All the dependent factors so identified from the ‘communication sensitivity’

submodule and 'acculturated individuality' submodule will impinge upon 'rational and economic decision making'. The outcome decisions of the submodule on 'rational and economic decision making' include sub-decisions as purchase quantity, brand choice and purchase timing.

2. Objectives

1. To understand the consumer decision making process for consumer packaged goods by buy stage through an empirical study.
2. To apply the theoretical framework of consumer decision making (Kanagal, 2000) in the Indian market.
3. To use inferences for classroom teaching in marketing.

4. Methodology and Sampling

- A preliminary questionnaire was developed based on requirements of understanding consumer decision-making processes. Hypotheses were developed to test out linkages in the theoretical framework of consumer decision making.
- The preliminary questionnaire was pretested.
- Two areas were chosen – Indiranagar and Rajajinagar that represented both upper income areas and middle income areas together.
- A total sample of 100 consumer households were chosen, 50 in each area with an annual income above one lakh rupees. The method was convenience sampling.
- Field administrators (Bangalore University MBA students) administered the questionnaire as per guidelines given.

- Data tabulation, analysis, hypotheses testing was performed and implications drawn.

5. Analysis and Findings

An empirical study has been undertaken to understand consumer decision making of consumer nondurables with reference to soaps. Hypotheses with respect to the decision-making stages in the consumer buy process have been tested out. In addition specific hypotheses about extended stimulus response model in consumer buying behavior has been checked out. The study has been carried out on a sample of 100 consumers in the city of Bangalore, India in the middle class and above categories with annual incomes above Rs. One lakh.

Statistical tests used

The checks of hypotheses have been conducted using means, variances , t-tests and factor analysis.

Consumer Decision Making by Buy Stage

1. Though a significant number of consumers (40% of sample) have come into the market for premium soaps recently (<5 years), consumers have been using premium soaps for long (5-25 years).
2. Consumers get initiated into usage of soaps because of a variety of reasons that includes friends and family.
3. Premium soaps are regarded as better than other soaps.
4. Consumers look around for variety in soaps, though reasons for variety seeking are simply seeking variety or trying some other fragrance.
5. Variety seeking need not necessarily be induced by price discounts.
6. Television is the most popular medium to know about variety in soaps and fragrances. POPs in retail outlets and Press Ads follow in order.

7. **Consumers mostly get to know about specific brands they buy from retail stores.**
8. **Consumers can recall more than two brands.**
9. **Advertisements do help to retain and remember the brands consumers purchase.**
10. **Consumers have habit of switching to alternate brands for reasons that includes feature seeking. variety seeking**
11. **One of the most important reasons why consumers' switch brands is to resolve specific problem consumers may have. For example, a consumer may switch from Lux to Dettol for the specific antibacterial effect that Dettol may provide.**
12. **Price need not necessarily influence the decision to switch to alternate brands.**
13. **Consumers may not necessarily be particular about the manufacturer of a particular brand during switching brands. Solution of problem at hand may take precedence.**
14. **Images of celebrities are not necessarily influential in choice of a brand.**
15. **Consumers at times feel two brands are equally appealing. However, their purchase behavior with respect to equally appealing brands may not be systematic.**
16. **Decisions on certain products are sometimes made in retail outlets. Many times they are reminded about certain products only when need arises.**
17. **Word of Mouth on brand purchases exists among consumers**

18. When a particular brand is not available in the store, consumers can either buy another brand in the same retail outlet or can go to another outlet to purchase the same brand.
19. Consumers buy multiple units of soaps. In any case, they normally buy one brand at a time.

Theoretical Framework of Consumer Decision Making

1. Negative word-of-mouth is very likely to restrain consumers from furthering their decision making process. In an empirical study done for this paper on 100 consumers, it was inferred that while consumers are sensitive to word of mouth in their purchase of consumer packaged goods, it cannot be said that negative word of mouth is likely to restrain purchases of the chosen brand.
2. From the empirical check on data obtained from 100 consumers, it can be surmised that gratification on need use in the communication process is likely to have a positive influence on selectivity and involvement rather than persuasion.
3. Such an influence of brand building also influences the dependent factors of selectivity, involvement and persuasion. It has been checked through the empirical study done for this paper, that brand building has a positive influence on selectivity, rather than on involvement and persuasion. From among the media vehicles in the market, television is most important. The other vehicles in order of importance are POP, English magazines, Press Ads, Hoarding, Cinema Ads, Vernacular Magazines, Kiosks.

The empirical study suggests the following in the area of acculturated individuality for packaged goods like soaps. Acculturated individuality refers to individuality for purchase decision making that develops after strong exposure to a particular culture.

4. The consumer does not consider himself an excessive spender on consumer packaged goods.
5. The monthly groceries of consumers have a high proportion (> 50%) of packaged goods.
6. It cannot be said that consumer is motivated to buy packaged goods once he / she is aware that there are promotion schemes running.
7. Once a packaged goods purchaser for a product item, the consumer is mostly a packaged goods purchaser in the future.

The following values were displayed by the respondent 100 consumers in the empirical study with respect to consumer decision making.

8. 'Disposing old' is not as bad as the consumer thought it to be.
9. The hypotheses that 'Dove premium soap is a waste of money' cannot be accepted.
10. The hypotheses that 'premium goods is a waste of money' cannot be accepted
11. Decision on store to shop is not a habit.
12. The dependent factors of the consumer decision making process are eleven. They are selectivity, involvement, persuasion, personality and life concept, lifestyle, motivation, beliefs/ values, attitudes, individual constraints, situational constraints, budget constraints. The important combination factors of the above dimensions (as seen by a factor analysis on 40 consumers are (1) involvement and persuasion (2) lifestyle and personality (3) individual and situational constraints.
13. With regards to the communication sensitivity to rational and economic decision making, it is seen from the empirical study that with the increase in media information, the consumer processes more information to make

decisions than before. Further the consumer perceives he is spending more on buying goods on account of increased spending in marketing activity by the firms.

14. Consumers like to buy a basket of goods with maximum brand choice on each good with significant discounts due to the bundle (say 25%). The quantum of each good is variable and upto the decision-maker.

6. Recommendations for a specific category-Soaps

There is a strong desire on the part of consumers to try out premium soaps. Though consumers depend on advertisements to recall brands, they are also disposed towards word of mouth. Besides, consumers are not price sensitive and would like to try out new brands if variety is offered. There is also likelihood that consumers would buy multiple units of the same brand if satisfied. This indicates presence of loyalty to a certain extent in a category that has a number of brands that market themselves through a clutter of marketing communication. Problem-solving nature of the brand seem to be having a significant impact on the decision making process. Given this background it can be assumed that

- i) Consumers would be motivated to buy a brand if it offers a strong functional benefit
- ii) If trial purchase could be triggered, it could lead to positive word of mouth and repeat purchase (if the consumer is satisfied)
- iii) Consumers look for variety while shopping for soaps.

The modified model on low involvement is appropriate for marketers of premium soap brands. The model consists of three phases (in the given sequence). The first phase is the awareness phase in which the consumer becomes aware of the

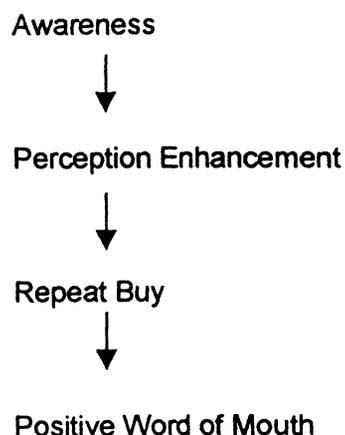
brand and its proposition. As consumers are likely to be familiar with a number of brands, a manufacturer could launch a premium brand with a unique benefit. This functional attribute is likely to be the differentiator for the brand. Essensual is a brand from Modicare and it carries a premium pricing. As consumers will have to experience the positive aspects of the brand, it is recommended that the brand should be marketed through a network of multi-level distribution apart from being made available in selective outlets. (Essensual is exclusively marketed through multi-level networks). Making the brand available in selective outlets would preserve the exclusivity of the brand (given the premiums) and also help in limited trials.

The second phase in the process is the "perception enhancement" stage. From becoming aware of the brand, a consumer would be able to get involved with the proposition of the brand (if the brand is positioned to the respective target segment with effective positioning strategies). For instance the brand Essensual contains a mixture of honey and glycerine which is a unique product feature in the given competitive scenario. Trial purchases or free samples provided (wherever possible) would work towards enhancing the perception of consumers with regard to the premium brand. Trials reinforce the brand benefits and the consumer is likely to experience the proposition of the brand of soap. It could be fragrance, skin-care or freshness. It should be emphasized at this stage a brand may trigger negative word of mouth if it fails to live up to its claims. Perception enhancement at this stage is very effective because a number of consumers (apart from those who have bought the brand at the retail outlet) would have bought the brand based on the interaction arising out of multilevel marketing. A distinguishing feature of this system of marketing is that it could open up a niche market for a premium brand of soap and secondly the benefits of a superior brand are better explained through inter-personal dialogue. This is likely to be more effective as it is

attempted along with advertising that is restricted to creation of awareness on the brand and its proposition.

The third phase is the repeat buy phase that is outcome of the previous experiential phase. The consumer develops a positive feeling towards the brand (based on its functional utility) and uses the brand frequently. It should be noted that the feeling about the brand (which may be an emotional one) is created based on the rational attribute (and hence the benefit) of the brand. The brand could also introduce variants to retain brand loyalty.

The repeat buy could lead to positive word of mouth as shown in Diag-1 and in a competitive context this form of promotion is likely to be more effective than mass media advertisements.



Diag-1

***Recommended Buying Behavior Model
For Premium Soaps***

The recommendation has been made for the category of soaps. While personality and lifestyle factors could also be used for a product like soaps to focus on a specific segment, it is felt that there should be further research on specific packaged brands, so that appropriate suggestions could be made.

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