CONSUMERS' DECISION MAKING: A LITERATURE REVIEW

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ABSTRACT (ENGLISH)

Consumer behaviour is a challenging job for researchers. It includes buying behaviour of end consumer and the factors that affect consumer in their brand choice. The purpose of this study was to investigate those constructs which governs consumers’ buying decisions and their potential underlying factors. International as well as national apparel marketers are always uncertain about factors influencing consumer buying behaviour in apparels. The paper attempts to study how consumers make judgments when picking between apparel product alternatives. Furthermore, based on an extensive literature review, few constructs are identified i.e, demographic, psychographic and internal characteristics of buyers that influences consumer behaviour. The findings from this study gives valuable insights to academic practitioners and clothing marketers about consumers’ decision making practices in terms of ready to wear apparels. In addition, they also provide basis for academic practitioners for investigating consumer decision making styles in a more comprehensive manner.

Keywords: Consumer Behavior, Consumer Decision Making, Apparels, Retailing, Shopping Behavior.

INTRODUCTION

Research in organized retail market specifically apparel retail market has mainly focused on European and western countries. Further, India is an emerging market of the future and offers tremendous research potential given its uniqueness and diversity in terms of economic, social, demographic and cultural issues. In India, most of the studies are focused on food and grocery items. Hence, there was an extensive scope to conduct study in apparel
The findings of the study are projected to benefit retailers as well as manufacturers in formulating diverse marketing strategies related to apparel category. This study will help retailers and manufacturers to have better idea of the consumers thus, would help to develop better marketing strategies, once they recognize the buying behaviour of their consumers.

LITERATURE REVIEW

CONSUMER PREFERENCES

Consumer preferences are defined as the individual tastes measured by utility of various bundles of goods. They permit the consumer to rank these bundles of goods according to the levels of utility they give the consumer. It is found that preferences are independent of income and prices, ability to purchase goods does not determine a consumer's likes or dislikes. This is used primarily to mean an option that has the greatest anticipated value among a number of options. Preference and acceptance can in certain circumstances mean the same thing but it is useful to keep the distinction in mind with preference tending to indicate choices among neutral or more valued options with acceptance indicating a willingness to tolerate the status quo or some less desirable option.

Kotler (2004), explained consumer preference as that-when the product preferred by him was not available with one dealer, made him to walk to other dealer for the same product. Once the customer likes the product there are more chances of purchasing it again. Consumer choices are key players in the shopping preferences and they can be divided into two main parts: positive and negative preferences. To tackle both parts we cannot omit the demographic factors and the psychographic factors that alter consumer decisions and purchasing habits.

Hornby (2005) explained preferences as one product is of greater interest, is more desirable or is better liked than another product. Furthermore Bronnenberg and Dhar (2007) explained that preferences may be a reflection of perceptions of brands as opposed to physical characteristics of the goods. According to Schiffman and Kanuk (2010) preferences are formed when consumers process available information which ultimately leads to purchase intentions. Therefore, it is important to distinguish between private and national brand products and factors that influence brand preferences.

Factors that influence consumers' brand preferences are demographic, psychographics, retailers' marketing mix activities, the sociocultural environment, perception and internal characteristics of brand.

DEMOGRAPHIC

Gender: Males and females are attracted to different product categories, each in their domain of interest. Gender exemplifies how males and females view products differently, assess them differently, have different purchasing habits and consumption patterns. Both males and females could be triggered to make their buying choice based on social status.

Age: Different age groups buy dissimilar products.

Income: Higher incomes can afford high price products as opposed to lower income customers. Researcher doesn't know how income effects; therefore further analysis is needed to study consumer preferences effect of income in different income class.

Marital status: Men's wear is used by all types of individuals whether single, married or divorced. So maritals
status may not impact consumer preferences in apparels.

Educational Background: Consumers with higher educational levels approach products with a greater intensity for details (detail analysis) than those of lower educational backgrounds. It was also noticeable that university level individuals were more familiar with the term "Private Label" than those who are of secondary and lower educational levels. Individuals with lower education would probably view Private Labels as yet another; extra brand in the market.

Occupation: Different jobs, occupations and ranks require different shopping habits, buying patterns, and the choice of dissimilar products as well.

Family size: In the case of family size, logically, larger families are known to have larger quantities and therefore, they shop more frequently. On the other hand families with fewer members purchase less apparel.

PSYCHOGRAPHIC

According to Solomon (2011) Psychographic research refers to detailed information regarding consumers’ activities, interest, perceptions and preferences towards brands. It also attempts to differentiate consumers in terms of their brand or product preferences. Psychological, sociological and anthropological factors are used to segment markets. These are more subjective variables to categorize consumers in addition to demographics. Individuals differ in several ways which affect their purchase preferences and the use of psychographics might enable marketers to segment consumers according to these preferences.

According to Du Plessis (2003) in predicting consumer behaviour, psychographics go beyond demographic and social-class measurements. It explores the thoughts, feelings, lifestyles, attitudes, values and belief systems of people within the context of a particular consumer decision-making process. It is possible to identify similarities among consumers on different continents by using psychographics and consumers may be grouped according to their psychographic characteristics, while demographics will distinguish differences among consumers in different countries. Therefore, demographics will not be able to characterize consumers according to their preferences for private and national brand products, while psychographics will be. According to Baltas (1997) traditional brand apparel research which focuses on demographic and socio-economic characteristics of consumers does not provide a clear indication of consumers’ purchase behaviour. Ailawadi et al. (2001) found that private and national brands attract consumers with distinctly different psychographic characteristics. Modern psychographic research attempts to group consumers according to a combination of three categories of variables, namely activities, interests and opinions.

Whelan and Davies (2006) found that private brand purchasers cannot be segmented into a single segment by using demographic or attitudinal variables. Psychographic categorization of consumers was therefore, suggested in literature since demographic categorizing alone was not able to significantly determine characteristics of consumers.

Pathak and Tripathi (2009) explored psychographic factors that influence in the mind of consumer during purchase decision making. The study recognised the most important factor during decision making as cultural factors, value for money, conformist followed by suggestion from the side of colleagues, friends, family. Lalitha et.al. (2008) studied on the various factors affecting customers buying behavior for branded apparels.

Psychographic factors that might be able to distinguish consumers’ preferences for private and national brand
apparels include:.

Lifestyle or Social Factors: consumers who live in a high society standard i.e., "posh" have to maintain that image in their shopping habits and products bought. While consumers that lead a mediocre or fair lifestyle have less regard for "where to shop" and "what brand to buy". It comprises social engagement, fun and enjoyment, sense of belonging, recreation and thrill seeking etc.

Values: Values may also entail likes and dislikes, ethics and emotions, self-respect, social opinions, self-worth and self-fulfillment. A good example of ethics is recycling. Consumers who believe in maintaining a pollution free environment and minimizing waste will definitely be drawn to products that encourage recycling or are environmental friendly.

Beliefs: An acceptance by the mind that something is true or real, often underpinned by an emotional or spiritual sense of certainty. In terms of marketing, certain products are created to comply with consumers' beliefs. Good examples of that would be "Halal" meat products for the Islamic Public.

Attitudes: These are the behaviors and mannerisms displayed consciously and unconsciously towards a person or thing or in our study a product. "Peer Pressure" plays a major role in deciphering some of these attitudes especially in the "teens" age group. When targeting the psyche of consumers, hitting the right nerve and capturing their strongest sensations helps the store, market the brand better.

Although demographics is not effective for direct prediction of consumer behaviour regarding deal buying, demographics has a significant association with psychographic characteristics and is therefore useful in segmentation (Ailawadi et al., 2001). Therefore, a combination of demographics and psychographics should be used to determine consumers brand preferences.

It is critical to remember that not only the inside factors (psychographics) and background factors (demographics) affect the buying process, but consumers are also affected by outside factors that store provides and product attributes also. Together, inside and outside factors influence the overall decision in "what to buy", "where to buy" and "how many to buy".

MARKETING MIX ACTIVITIES

Sheth and Mittal (2004) studied that marketing mix activities of organisations refer to the way in which companies’ product, promotion, price and channels of distribution (stores) are approached within broader marketing strategies to communicate the benefits of their products and services to potential consumers. This is done because consumers differ and different stimuli will affect individual consumers differently. For the purpose of this review, the following marketing mix activities will be discussed in more detail: product, promotion, price and channels of distribution.

Product as a Marketing Mix Activity

Hoch and Banerji (1993) said that private brands work with low budgets, they have difficulties when competing against multiple national brand manufacturers that invest significantly into media advertising. Batra and Sinha (2000) explained that private brand purchases tend to increase when consumers who have actually purchased and tried them, discover that they are satisfied with the products, Further explained that when a category's benefits require trial or experimentation instead of searching through package label information, consumers tend not to
choose private brands. Therefore, private brands will be preferred in categories where experience of the product is not necessary, where there are limited national brands which are not widely advertised. A way in which consumers may become aware of a product is through promotions.

Promotion as a Marketing Mix Activity

Ailawadi et al. (2001) found that National brands use discounts, while private brands are usually offered as products with everyday low prices. Private brand promotions attract consumers with psychographic characteristics related to economic benefits and costs. Brito and Davies (2001) said that national brand products use advertising and promotions to reach the consumer, private brands are able to cut costs by minimizing these expenses.

According to Martinez and Montaner (2006), national brand promotions attract consumers with psychographic characteristics related to hedonic benefits and costs. Both private and national brand consumers are therefore attracted by promotions’ cost-related psychographic characteristics. Whether consumers prefer private or national brand products, they will respond differently to different types of promotions. Casielles (2008) further explained that discounts can modify consumers’ preferences, depending on the product category and consumers’ loyalty towards the brand. Therefore, the effectiveness of promotional actions depends on the type of product, the type of incentive and the loyalty developed by the consumer to the category of product.

Price as a Marketing Mix Activity

A private brand may cost a retailer 25 percent less than a national brand KPMG (2004). This difference is because the national brand has expenses for research and development, as well as marketing. One of the biggest benefits of private brands is that these products are more affordable than many alternatives on the shelves. Álvarez and Casielles (2008) suggested that the influence of price is very important when a consumer decides which brand to choose. Private brands are more vulnerable to price fluctuations than national brands.

Channels of Distribution as a Marketing Mix Activity

Retailers or stores are the channels of distribution. Stores and the brands they sell may influence whether consumers purchase their products from one store or from another.

SOCIAL CULTURAL ENVIRONMENT

Schiffman and Kanuk (2010) suggested that influences such as social class, subcultures and culture are included in the socio-cultural environment. These influences can be explained by using descriptive characteristics of a population that would provide characteristics to describe its profile, the influences of social class and culture will be discussed further.

Social Class

Schiffman and Kanuk, (2010) said that social class can be measured using demographic variables such as education, occupation and income, where individuals with similar values, product preferences and purchase behaviour are hierarchically grouped together.

Culture
Veloutsou et al. (2004) suggested that purchase behaviour of consumers differs in various countries due to differing cultural norms and values. Consumers living in different regions have dissimilar experiences with and expectations about private brand products. Bronnenberg and Dhar (2007) recommended that differences in market shares across geographic areas could reflect differences in consumer preferences. Further, Schiffman and Kanuk (2010) said that values, beliefs and customs are shared by consumers from the same culture.

PERCEPTION

Assael (1998) found that perception is the process by which consumers select, organise and interpret stimuli through their senses (visual, auditory, taste, smell) to make sense of them. It is the way consumers are aware of and interpret reality. Consumers are more likely to perceive stimuli when the stimuli conform to consumers’ past experiences, (because consumers would then be able to recognise the stimuli and to associate it with something they have already experienced) and current beliefs about a brand, providing they are not too complex, are believable, relate to a set of current needs and do not produce excessive fears and anxieties. Risk perception, quality perception and price perception influence consumers brand preferences.

INTERNAL CHARACTERISTICS OF PRIVATE BRAND PURCHASERS

Consumers who usually purchase a branded product are more likely to switch to another brand than to a private brand if the usual brand’s price is raised Baltas et al. (1997). Therefore, manufacturers cannot assume that private brand products are cheap alternatives bought by consumers who cannot afford national brands. Baltas and Doyle (1998) further explained that Private brand consumers are described as being price sensitive, price conscious and store loyal but not promotion sensitive. Researcher also explained that consumers who purchase private brands are likely to compare prices at the store and will purchase a product since they need it and not because it is on promotion. Martinez and Montaner (2008) found that variety seekers are private brand prone, but also deal prone and partial planners who will make a brand choice at the store. Variety seeking consumers will purchase private brands because of the price and since it is different from the usual product, but not because it is a private brand. Researchers have found that Private brand purchasers tend to be variety seeking market mavens with little free time and little space for stockpiling extra products, who attach little importance to quality, are not brand loyal and who are generally younger and better educated. Private brands appeal more to consumers who are risk takers or who are open to experimentation. Solomon (2011) explained that a person who likes to transmit marketplace information of all types is called a market maven. Market mavens will, for example, read about products, experiment and compare products and then tell other consumers about it.

INTERNAL CHARACTERISTICS OF NATIONAL BRAND PURCHASERS

Baltas (1997) explained that consumers who decided which brand to purchase before they shop and those who look for price promotions usually purchase national brands. Furthermore, consumers with special category requirements, high involvement and strong preferences towards specific brands are more likely to purchase national brand therefore national brand loyal consumers are not likely to purchase private brands. Baltas and Doyle (1998) explained that demanding consumers are likely to remain loyal to a preferred national brand, since they perceive quality variations between private and national brands. Ailawadi et al. (2001) suggested that brand-loyal consumers are more likely to purchase national brands using out-of-store promotions. Assael (2004) stated when a consumer has a favourable attitude towards a brand, which results in consistent purchase of the brand over time, the consumer is brand loyal. Whelan and Davies (2006) explained that National brands tend to appeal to extroverts who are seeking high image products. Furthermore, Baltas and Argouslidis (2007) explain this behaviour...
was due to consumer being too attached to the reassurance of well-established brand names. Baltas and Argouslidis (2007) defined that consumers who attach a high value to branded products and are brand conscious are not likely to purchase or switch to private brand products.

Furthermore, research on preferences to private and national brand has been largely examined in general, even though there is some evidence to suggest that preference to specific label/brand is more important than generalized attitudes. Few studies have examined preference to specific label/brand in the grocery market and various product categories and the evidence from those few studies is mixed.

Traditionally researchers use demographic characteristics of consumers to categories consumers according to their brand preferences. This leads to contradicting results between different countries. By using a combination of demographic and psychographic variables, a better characterisation of private and national brand consumers is possible.

The review of past researches will help in developing conceptual framework for determining those factors which effect consumer behaviour in their brand choice with respect to apparel category. Earlier researcher used demographic characteristics namely age, gender, level of education, employment status, marital status, household size and income to know influence on consumer buying behaviour. Selected psychographic characteristics, namely quality conscious, brand loyalty; conformists; price conscious; time and financial constraints; and variety seeking were also found to have influence on consumer buying behaviour. By using a combination of demographic, psychographic and other internal characteristics of consumer behaviour a better understanding of consumer behaviour is possible.

CONCLUSION

On the basis of literature review, researcher acknowledged gap across time and geography is that psychographic and demographic alignment leading to preferences of specific brand is yet to be analysed in apparels. Consequently the research problems to be addressed are determination of brand choice through a study of the psychographic and demographic characteristics. Internal characteristics of consumers that effect their buying decisions specifically in apparel retail are not included in the previous study. Furthermore, isolation of one dimension was there and linkages among variables were missing in earlier studies. With the combination of more variables and alignment of variables the finding may vary from previous studies that work conducted in India.

The review found that several dimensions and characteristics of consumer will revealed when relationship is established among demographic, psychographic and situational behaviour of consumer. The findings will also helps in creating conceptual framework for consumer in their decision making buying behaviour and retailers and manufacturers can avoid mere assumption.

The study leaves wider scope for its extension to various other products upon which the findings of the apparel trade cannot be generalized. The characteristics of apparels are different from the characteristics of many other products like grocery and other food products in which taste and efficacy matter most as against attributes like fashionableness.

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