

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Chapter one has provided a brief overview of this research. Chapter two presents a review of the literature concerning consumer decision-making, in particular, consumer decision-making styles. The content is divided into three sections. The first section provides an interdisciplinary perspective for explaining consumer decision making (Section 2.2). The second section examines consumer decision-making in terms of consumer decision-making styles (Section 2.3). There are two sub-sections in section two that review on Sproules and Kendall's conceptualization of consumer decision-making styles (Section 2.3.1) and also a review on previous studies on consumer decision-making styles (Section 2.3.2). The third section (Section 2.4) discuss about culture and its implication on consumer decision-making styles.

2.2 Interdisciplinary Perspectives for Explaining Consumer Decision-making

Consumers' decision-making is concerned with how consumers make judgements when choosing among alternatives (Peter and Olson, 1999). A considerable amount of effort has been devoted to understanding the processes by which consumers arrive at some type of decision (usually a purchase) (Hoyer, 1984). In order to gain a better understanding of consumer decision-making, an

interdisciplinary perspectives for explaining consumer decision-making styles have been reviewed.

Three different perspectives, including economic, psychological and behavioural viewpoints have been suggested by earlier researchers when explaining consumer-decision making (Kahn and Sarin, 1988, Klein and Yadav, 1989). Researchers have also developed models borrowed from these three areas to understand decision making processes in situations which elicit a considerable degree of cognitive effort and commitment (Hoyer, 1984).

From an economic perspective, consumers are primarily facing imperfect competition and is often characterised as a rationalist who makes rational decisions (Maynes, 1976). It is assumed that consumers are aware of all product alternatives and they are competent in prioritising them in terms of benefits and disadvantages, then identifying the best alternative in their purchases (Tversky, 1996). Beginning about 300 years ago, Bernoulli developed the first formal explanation of consumer decision making. It was later extended by von Neumann and Morgenstern and called the Utility Theory (Richarme, 2001). This utility theory provides the foundation of standard economic models of how people make choices. Implicit in this theory is the assumption that individuals have stable and coherent preferences; they know what they want and their preference for a particular option does not depend on the context. Individuals who face a choice will go through all available alternatives before selecting the one that they

judge to be the best (Hedesström, 2006). However, in most consumer choices, the number of alternatives (brands and product characteristics or attributes to consider) is high and the amount of relevant objective information is often modest. The costs of searching for and locating relevant information, in terms of time and money spent, can be high and the consumer may lack motivation to search fully. Once found, information may be irrelevant to the decision or may contain imagery or puffery rather than facts, many consumers may not be able to estimate the exact payoff (utility) of each alternative. Thus, many consumers have difficulty in deriving accurate payoffs, and inaccurate judgments or random errors may adversely affect their decisions (Sproles, 1983).

The psychological perspective is absolutely opposite to economic perspective. From a psychological perspective, consumers are viewed as irrational, impulsive and passive decision makers that are open and vulnerable to external influences in their decision-making (Zaichkowsky, 1991). According to Newell and Simon (1972), decision makers are not perfectly rational as what the economic perspective above portrays, but they are “rationally bounded”. This means, it is impossible for decision makers to evaluate all pieces of information available in the environment. Decision makers rely on heuristics to choose the most salient information (Evans, 1990). Further, Wright (1975) stated that certain decision strategies require a considerable degree of cognitive effort which the consumer

may be unwilling to expend. Thus, he proposed that one must question whether traditional models of consumer choice adequately explain processing when such situation occurs. The psychological perspective is too extreme in implying that consumers are irrational and impulsive when making purchase decisions, as such, the sole reliance on using this model to study consumer decision-making has diminished since the 1970s (Zaichkowsky, 1991).

The third perspective is related to emotional view and it is related to perceiving consumers' decision making based on their emotional association or feeling about some products and services. The so-called "rational" consumer became the subject for several critical analyses which postulated that consumers engage in both cognitive and emotional information processing prior to a purchase (Schiffman & Kanuk, 2000). Cognitive information processing refers to active, effortful planning and goal directed consumer behaviour that involves meditated intellectual activity, while emotional processing refers to the evaluation of product alternatives within more abstract parameters (Erasmus, Boshoff and Rousseau, 2001). Ratchford and Vaughn (1989) are concern that one could easily, from the design of traditional consumer decision-making models, overemphasize the role and importance of external factors during consumer decision-making while neglecting or minimizing emotional aspects. Lofman (1991), Hudson & Murray (1986) emphasized that emotional desire often overrides utilitarian motives even for highly function commodities such as household appliances. As such, Hudson & Murray (1986) suggested that a subjectivist approach be used to focus on

consumption behaviour rather than purchase / decision-making / buyer behaviour in order to accommodate the influence of emotional and non-rational aspects on consumer behaviour.

Based on these theories, different types of consumer decision-making styles were identified and they have provided important clues for the subsequent study of consumer decision-making by adopting an approach that takes into account different consumer decision-making styles.

2.3 Consumer Decision-Making Styles

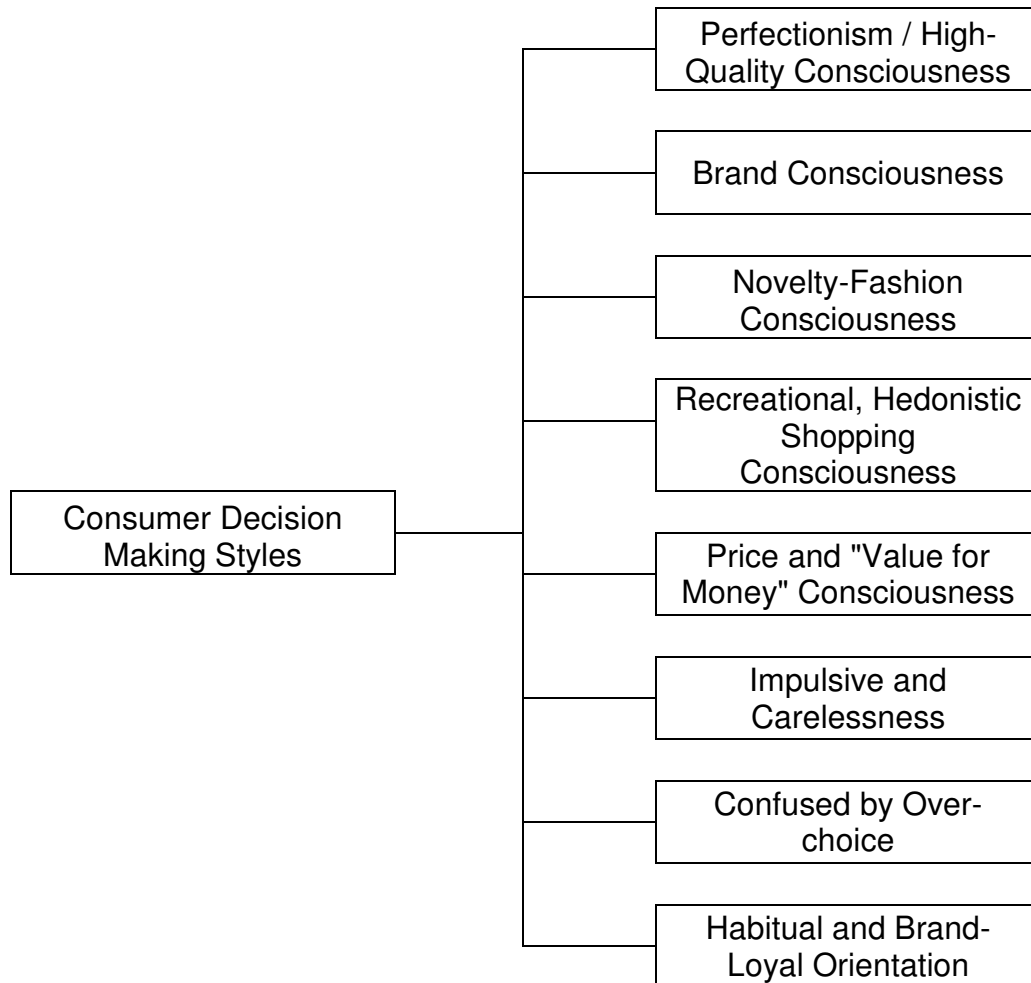
The interdisciplinary theories of consumer decision-making commonly suggest the existence of different mental orientations for consumers when making buying decision. The advent of global markets has resulted in a plethora of product choice, retail channels and promotional activity, which make consumers' decision making increasingly complex. Most studies in consumer behaviour literature assume that all consumers approach shopping with certain decision-making traits that combine to form a consumer's decision-making style (Walsh, Mitchell and Thureau, 2001). In supporting the assumption of the consumer behaviour literature, Sproles and Kendall (1986) postulated that particular decision-making styles can be identified in consumers when they make purchasing decisions.

2.3.1 Sproles and Kendall's Conceptualization of Consumer Decision-Making Styles

According to Sproles (1985), consumer decision-making styles are patterned, mental, cognitive orientations that consistently dominate a consumer's approach to making choices toward shopping and purchasing. Sproles and Kendall (1986) further defined a consumer decision-making style as a mental orientation characterizing a consumer's approach to making choices. It has cognitive and affective characteristics (for example, quality consciousness and fashion consciousness) and can be summarized as a basic consumer personality, analogous to the concept of personality in psychology. Most of the consumer's product choices are influenced by one or more specific decision-making styles and ultimately affects an individual's decision making.

In conceptualizing the consumer decision-making styles, Sproles and Kendall (1986) developed a parsimonious scale called the Consumer Style Inventory (CSI) that consists 40 items. The 40 items were categorized into eight mental characteristics of consumer decision-making styles namely: (1) Perfectionism / high-quality consciousness; (2) Brand Consciousness; (3) Novelty–Fashion Consciousness; (4) Recreational, hedonistic shopping consciousness; (5) Price and “Value for Money” Consciousness; (6) Impulsive and carelessness; (7) Confused by over-choice and (8) Habitual and brand-loyal orientation. These mental characteristics are summarized in Figure 2.1.

Figure 2.1: Sproles and Kendall's (1986) Eight-Factor Model of Consumer Decision-Making Styles



Perfectionism and high quality consciousness measures consumers' intention to search for the very best quality products. Consumers with perfectionist characteristics are also expected to shop more carefully and rationally.

In contrast with perfectionist, impulsive and careless oriented shoppers do not plan their shopping. They appear unconcerned to the price they spend or worry about value for money. Often, they do not take the time to shop carefully for best buys. Thus, they are more likely to succumb to regrets after making purchases since they make buying decisions quickly and impulsively.

Brand consciousness on the other hand is an orientation towards buying expensive and reputable brands. Consumers with this style have the perception that higher price represents better quality and have the tendency to buy best-selling, advertised brands. They also appear to prefer shopping in departmental and specialty stores.

Unlike perfectionism and brand conscious consumers, price and value conscious consumers are generally looking for lower price. Those scoring high in this factor have the tendency to look for sale prices and appear conscious of lower prices in general. They are more likely to be comparison shoppers and often aim to get the best value for money.

Consumers who score high on the novelty-fashion conscious factor are more concerned about the fashion and novelty aspect. They view keeping up-to-date with styles and being in style as important to them. They also gain excitement and pleasure from purchasing a large variety of new things.

As opposed to novelty-fashion conscious consumers, habitual and brand-loyal oriented consumers are more likely to be non-variety seekers as they have already formed habits of buying a few favourite brands from the same stores. They have a strong tendency to stick with the same brands and stores when shopping.

Consumers with “confused by over-choice” characteristics experience overload of market information. They have difficulties making their buying decisions since they are not able to manage a large number of brand and product information and the variety of choices available in the market.

Consumer with the recreational, hedonistic characteristics, the last consumer decision-making style proposed by Sproles and Kendall (1986) take pleasure in shopping. They find shopping pleasant and also enjoy the stimulation of looking for and choosing products. Other studies suggested consumers with this characteristic appear to be time-savers and shop just for fun (Sproles, 1985, Sproles and Kendall, 1986, Mitchell and Bates, 1998, Blackwell and Mitchell, 2003).

2.3.2 Previous Studies on Consumer Decision-Making Styles

Since the development of the Sproles and Kendall (1986) Consumer Style Inventory (CSI), it has been tested and validated in several countries. The CSI has been applied to different cultures in different countries and some of them are

the United States (Sproles and Kendall, 1986, Lysonski, Durvasula and Zotos, 1996), New Zealand (Durvasula, Lysonski and Andrews, 1993; Lysonski et al. 1996), Greece (Lysonski et al. 1996), South Korea (Hafstrom, Chae and Chung, 1992), India (Lysonski et al., 1996; Canabal, 2002), Germany (Walsh et al. 2001), China (Fan and Xiao, 1998; Hui, Siu, Wang and Chang, 2001) and United Kingdom (Mitchell and Bates, 1998; Bakewell and Mitchell, 2003). Researchers in South Africa (Radder, Li and Pietersen, 2006) as well as Turkey (Gonen and Ozmete, 2006; Kavas and Yesilada, 2007) also attempted to adopt the CSI to profile decision-making styles of consumers in the respective country.

Durvasula et al. (1993) confirmed a high level of reliability and validity of the scale by using a sample of 210 university student samples in New Zealand. Lysonski et al. (1996) further investigated the decision-making profiles of consumers in four diverse countries namely New Zealand, Greece, United States and India) at the same time examine the cross-cultural applicability of the CSI. However, the price and “value for money” style was not included in the study. Lysonski et al. (1996) indentified three consumer decision-making styles commonly found in two developed countries (United States and New Zealand) and two developing countries (Greece and India). They were brand consciousness, novelty-fashion consciousness and habitual and brand-loyal orientation. From this research done by Lysonski et al. (1996), they derived at a conclusion that while the CSI inventory received some support from samples in the four countries, the researchers noticed that the CSI appears to be more

applicable to the economically developed countries (United States and New Zealand) than to the economically developing countries (India and Greece).

Mitchell and Bates (1998) and Walsh et al. (2001) also applied the CSI in their studies with United Kingdom and German consumers respectively. Mitchell and Bates' (1998) study on 401 United Kingdom undergraduate students showed that a ten factor solution offered a better understanding of the United Kingdom consumers' decision-making style. The researchers suggested two additional decision-making styles (Time-energy conserving and store-loyal shoppers) in addition to Sproles and Kendall's (1986) eight style structure. As for the German consumers all decision-making styles except price and "value for money" consciousness and habitual and brand-loyal orientation were identified in the study. "Variety Seeking" an additional decision-making style was identified in the Walsh et al. (2001) study.

Other than the Western Consumers, the CSI was also administered to consumers in some Asian countries like India, South Korea and China. Hafstrom et al. (1992) used the CSI to examine the decision making style of Korean students. The study confirmed seven of the eight factors using Sproles and Kendall's analytical methods and conceptual framework. The only factor that was not confirmed was novelty –fashion consciousness.

Fan and Xiao (1998) used a modified CSI and tested it on 271 university students in China. The researchers found that a five factor solution namely

novelty-fashion consciousness, time consciousness, quality consciousness, price and value consciousness and information utilisation suited the Chinese consumers best. According to the researchers, there might be two main obstacles against generalizability of the inventory across countries. The first is that questions might be interpreted differently by consumers in different countries and secondly, different stages of economic development imply different levels of consumer purchasing power. These differences are reflected in the consumer decision making styles.

Different results were found in the Hui et al. (2000) study. Results were varied probably because different samples were used in the study. Fan and Xiao's (1998) study utilised student samples while Hui et al. (2000) study employed adult samples. The results from these studies cannot be regarded as representative of the whole of China as the subjects of studies were taken from one city, Guangzhou only.

Radder et al.'s (2006) study examines the decision-making styles of Chinese, Motswana and Caucasian students in South Africa. Canabal (2002) on the other hand employed CSI to investigate the decision-making styles of young Indian consumers. His findings disagreed with the Lysonski et al. (1996) study that brand loyal orientation style and novelty-fashion consciousness were not identified in India. Five out of eight decision-making styles suggested by Sproles and Kendall (1986) were found among young Indian consumers.

2.4 Culture

Culture is the most complex and powerful influence on consumer behaviour. Marketeers increasingly recognize culture as the most powerful determinant of consumer attitudes, lifestyles and behaviours (Cleveland and Chang, 2009). Culture, in the sense of the cultural values of a society, has been shown to be an important environmental characteristic affecting consumer decision-making (Asp, 1999, Bao et al., 2003). Unlike personal values which relate to individual behaviour, cultural values reflect the core of an entire culture's mindset shared by societies (McGregor, 2000). Cultural values serves as the standard its members use to determine the appropriateness of behaviour, guide self-presentation and justify their choices. The concept of culture has gained its popularity and strength. One of the strength cited by Tayeb (1994) is the fact that different cultural groups behave differently under similar circumstances because of the differences in their underlying values and attitudes.

Hofstede (1994) suggests in his many words that membership of a particular culture of a nation is usually permanent. When related to nationality, culture becomes the shared values among individuals within a certain national environment (Anwar and Chaker, 2003). There are a number of studies carried out on culture based on the understanding that the cultures of people from various ethnic backgrounds or groups bear some differences (e.g. Sharda and Miller, 2001, Anwar and Chaker, 2003, Ryckman and Houston, 2003). Malaysia, being a multicultural country with three major ethnic groups, each with their own

language and religious practices has different cultural background thus, different decision making styles. Cultural beliefs run deep where consumer goods are concerned, particularly in the case of non-durable consumer goods such as food and clothing, the different taste, habits and customs imparted by their culture prevent consumers from universally preferring the same product attributes, advertising messages, packaging and presentation (Abdul and Kamarulzaman, 2009).

From the above, it is established that consumer decision-making styles varies according to ethnic groups, each with their own cultural background. A number of researchers have suggested that consumers follow different styles in making decision when confronted with choices in the marketplace, and most have indicated that culture may act as an external factor in influencing the way consumers develop their decision-making styles (Sproles, 1985, Sproles and Kendall, 1986, Hafstorm et al., 1992, Lysonski et al., 1996, Fan and Xiao, 1998, Mitchell and Bates, 1998). According to Kacen and Lee (2002) cultural influences consumers' clothing decision-making orientations. In Forsythe et al. (1999) study, Korean consumers were found to emphasize on quality and design to a greater extent than Chinese consumers did, while Chinese consumers appeared to emphasize price more than Korean consumers in apparel product evaluation. Kacen and Lee's (2002) study also demonstrated cultural influences on consumers' decision-making styles toward clothing purchase such as impulsiveness.

2.5 Summary

This chapter has gathered the literatures that are related to this research. From the literature review, it is noted that most of the previous research on Consumer decision-making style were conducted using student samples. There were few studies who studied the other population, particularly working adults. Sproles and Kendall (1986) while using student samples when they conducted the research recommended using the inventory with different population groups to determine the generality of its applicability. As there was no research conducted to determine consumer decision-making styles of adults with earning power across different ethnic groups with different cultural values within a national boundary, this research will use this CSI model to examine the consumer decision-making styles of working adults of the three major races in Malaysia.

The research methodology will be presented in the next chapter.