

CHAPTER TWO

REVIEW OF LITERATURE

This chapter consists of the of review of literature and is divided into Consumer purchasing behavior, The four elements of buying decision, Consumer purchasing decision process, Concepts of attitudes, Factors influencing the consumer purchasing decision process, and Related research.

2.1 CONSUMER PURCHASING BEHAVIOR

Purchasing behavior is the study of what people buy, how they buy, when they buy and why they buy. Purchasing behavior first occurs when some stimuli stimulates consumers' feeling so that they want or need to purchase a particular product. Finally, consumers will gather information to make a purchasing decision in order to respond to their need or want.

2.1.1 **Stimulus** means the things that stimulate consumers to purchase products. Stimuli can be divided into two types: a inside stimulus and an outside stimulus. Outside stimulus is a stimulus that is emphasized by marketers and it can also be classified into two types: a marketing stimulus and other stimuli.

- A marketing stimulus is related to the marketing mix or 4Ps. Marketers will use this stimulus to awaken consumers needs and wants. A marketing stimulus will be as follows:
 - Product: attraction of product
 - Price: reasonable price
 - Place: distribution and convenience
 - Promotion: good advertising

According to Philip Kotler (1994, pp. 99-100), the first marketing-mix tool is product which includes product quality, design, features, branding, and packaging. The second marketing-mix tool is price which is the amount of money that consumers have to pay for product. The third marketing-mix tool is place. The companies will make the products accessible and available to consumers. The last marketing –mix tool is promotion which refers to various activities that companies do to communicate and promote their products to consumers.

- Other stimuli are the environment events which are out of a company's control but which can affect the purchasing decision.
 - Economics
 - Technology
 - Politics
 - Culture

2.1.2 **Black Box** is a feeling of need or want, and the decision process inside consumers' minds which producers or sellers cannot know. A consumers' black box can be influenced by the character of consumers themselves in the purchasing decision process. Therefore, studying the factors influencing consumers purchasing decisions and the consumer purchasing decision process is an advantage for producers and sellers.

2.1.3 A Response is a behavior exhibited after consumers are stimulated. In some cases response means a consumer purchasing decision which includes:

- Product choice

Consumers will select products which match with their wants and needs.

- Brand choice

When consumers have already determined what products they want, they will select the brand which suits their wants or needs.

- Dealer choice

Consumers will choose where to buy products, with the reasons may being convenience or trustworthiness.

- Purchase timing

Consumers will buy at the time that they want or maybe for future use.

- Purchase amount

Purchase amount depends on consumers. Some consumers purchase in bulk because they want cheaper price. Some purchase in smaller quantities.

Figure 1 Model of (buyer) consumer behavior

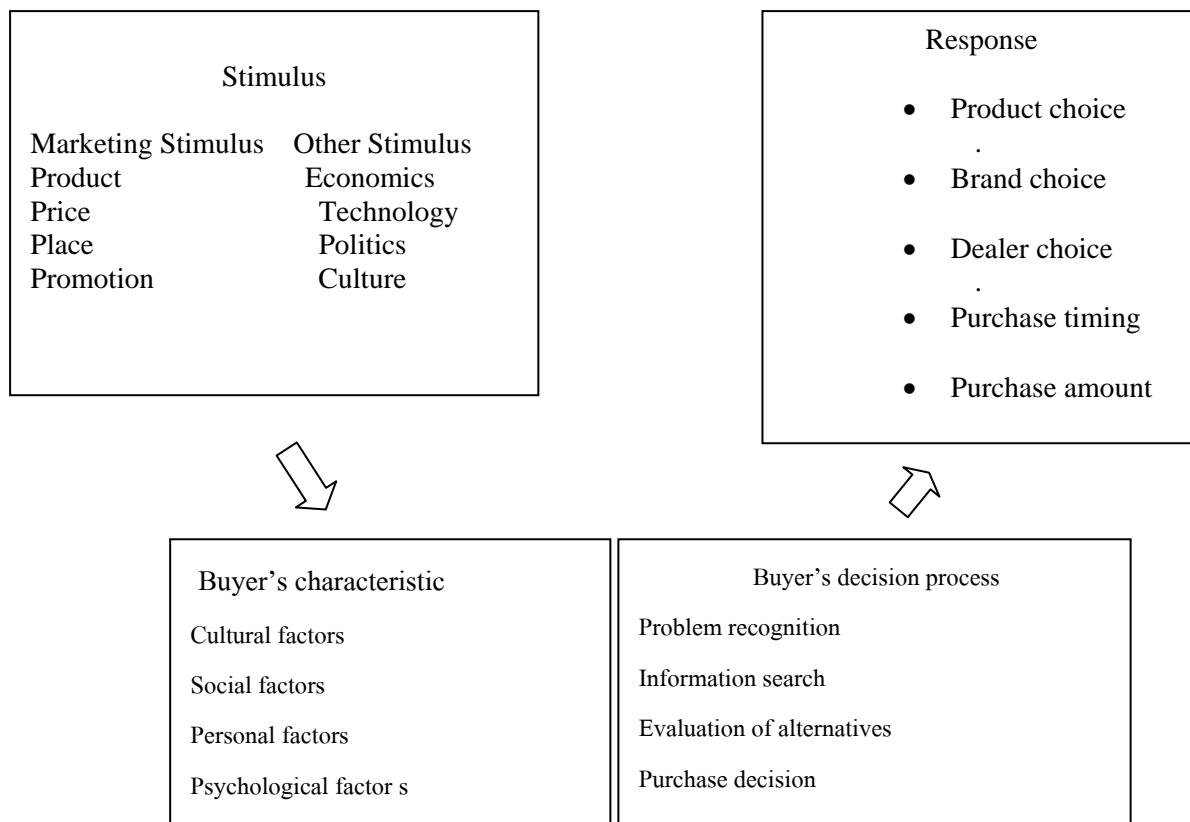
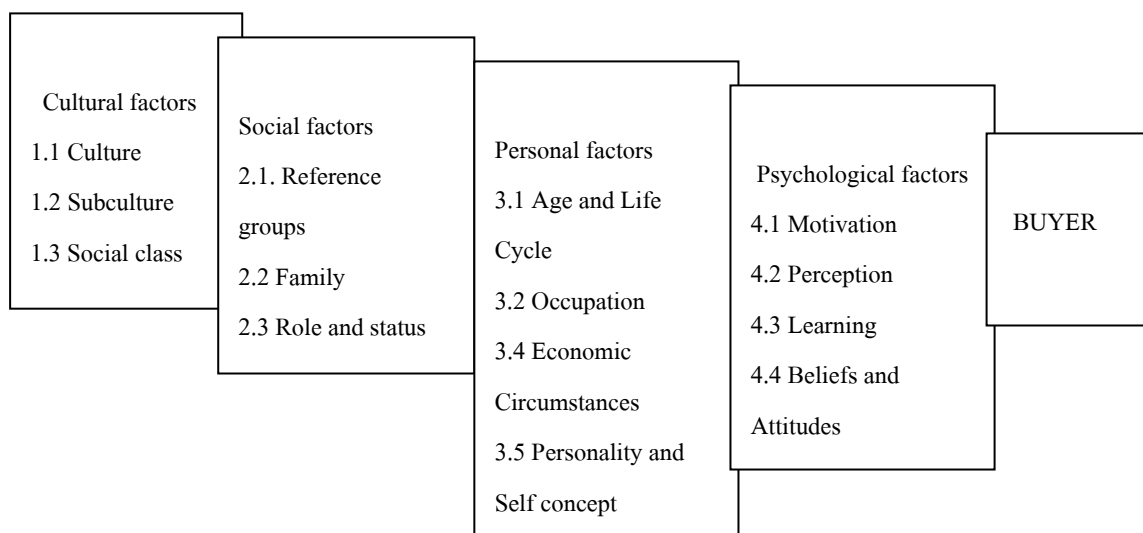


Figure 2 Detailed Model of Factors Influencing Behavior



From: *Marketing Management: Analysis, planning, implementation, control.* (8th ed., p.174), by P. Kotler, 1994, Englewood Cliffs, New Jersey: Prentier Hall.

2.2 THE FOUR ELEMENTS OF A BUYING DECISION

Before consumers purchase or consume anything, there are at least four things that they have to think about. These are Action, Course, Resources, and Source (Stinnett, 2004, pp.150-153).

2.2.1 **Action:** “Do We Have to Buy Something Now?”

People often buy things when they feel that they want those things, but this is not the case with companies. Companies buy things when they consider it necessary because of the reality of limited resources and unlimited opportunities.

2.2.2 **Course:** “What Should We Buy?”

When a consumer chooses to take action, the following question would be “What course of action should I take?” If there is more than one person involved in the decision on a course of action, there might be conflict in narrowing it down to only two or three options.

2.2.3 **Resources:** “Do We Have the Resources to Buy?”

Before consumers can buy anything, they have to have money first. This is also the case in companies; a good business manager always thinks carefully about whether they have enough resources before they purchase things.

2.2.4 **Source:** “Who Should We Buy From?”

If a company determines that they have to buy something now, next they make a decision what to buy, if they have enough resources, and finally where to buy it from.

These four decisions are related to each other, like the pieces of a jigsaw puzzle. So in order to understand the whole process of consumer purchasing decision behavior, we must to understand them all.

2.3 THE CONSUMER PURCHASING DECISION PROCESS

Understanding how consumers decide to purchase products means a better success rate for sellers and producers (Kent Wolfe, 2001). According to Kent Wolfe, there are many theories and models about the consumer purchasing decision process; but, in fact they are all the same.

There are five steps for describing the consumer purchasing decision;

1. Problem Recognition
2. Information Search
3. Evaluation of Criteria
4. Purchase Decision
5. Post Purchase Evaluation

Problem Recognition is the most basic step in the purchase decision process. This occurs when consumers realize that they need or want to buy something. Problem recognition is consumers' awareness of a need; it may be a real or only perceived need.

Information Search is the step when consumers search for information about products that they need or want to purchase. Consumers may use their past experiences, or ask friends and families or find new information. The information search depends on consumers' past experiences, knowledge about products and the cost of the information search. In this step, consumers also develop their purchase; set for the products that they will purchase, for example, if a consumer wants to buy a computer, he/she will collect information and do research about computer producers or computer models.

Evaluation of Criteria is the process where consumers decide which characteristics or features of products they prefer. There may be several features of products so consumers will determine which one they want more than others. In the example of buying a computer, some computers are basic and some are luxury. Consumers will select the one which features that are the most important to them. However, if consumers not happy with these features, they will research again to find new information.

Purchase Decision is the action of consumers making a purchase. The purchasing decision includes the product itself, method of payment, package, location of purchase and all other factors that are involved in the purchasing process.

Post Purchase Evaluation is the process where consumers think about their purchase decision again. It also called the consumers purchase decision afterthoughts. Consumers will evaluate whether that they made the right purchase decision or not.

2.4 CONCEPTIONS OF ATTITUDES

Harry C. Triandis (1971) defined definitions of attitude as: “(a) an attitude is a predisposition to respond and (b) an attitude is represented by consistencies in the responses of individuals to social situations” (pp.6-7). Attitude is one way to measure one’s opinion because it is a part of a situation that affects the way that one thinks about a particular situation; for example, the degree of positive or negative effect.

Milton J. Rosenberg, Carl I. Hovland, William J. McGuire, Robert P. Alberson and Jack W. Brehm (1960) defined the meaning of attitudes in *Attitudes Organization and Change* as “a predisposition to respond in a particular way toward a specified class of objects” (p. 1). Attitudes are measured or observed indirectly, from how one thinks or reacts to a particular situation (stimuli). When someone has an unfavorable attitude toward foreigners, we will assume that this person may have negative feelings toward foreigners and may try not to associate with them. The common tools that used as “indices” of attitudes can be divided into three categories: cognitive, affective, and behavioral.

In *Beliefs Attitudes and Values*, Rokeach (1976) the definition of attitude is “a relatively enduring belief around an object or situation predisposing one to respond in some preferential manner.” Firstly, “an attitude is relatively enduring” (p.112). It is said that attitudes are learnt from past experiences and continue to exist. Secondly, “an attitude is an organization of beliefs” (p.12). An attitude is shown in relationship of relative elements. The definition of belief is an idea that one thinks which is interpreted from what that person says or does. There are three kinds of beliefs: descriptive or existential beliefs, evaluative beliefs, and prescriptive or exhortatory beliefs. Moreover, Rokeach (1976) also mentions that “all beliefs are predispositions to action, and an attitude is thus a set of interrelated predispositions to action organized around an object or situation” (p. 113).

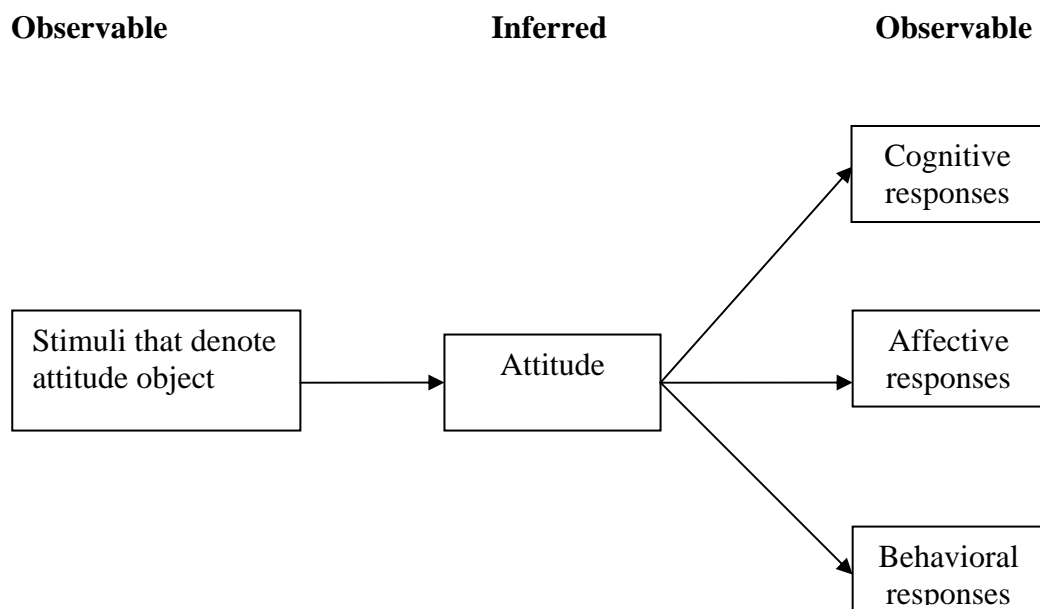
Alice H. Eagly and Shelly C. also describe an attitude as “an inferred state, with evaluative responses divided into three classes (cognitive, affective, and behavioral)” (p.10).

-The cognitive category is the group of thoughts or ideas that people have toward the attitude object.

-The affective category is the feeling or emotion that people have toward the attitude object.

-The behavioral category is people's actions toward the attitude object.

Figure 3. Attitudes as an as “an inferred state, with evaluative responses divided into three classes (cognitive, affective, and behavioral)



From: *The Psychology of Attitudes*. (p. 10) by E. Alice & C. Shelly, 1993, USA: Harcourt Brace Jovanovich

2.5 FACTORS INFLUENCING CONSUMER THE PURCHASE DECISION PROCESS

Studying consumer purchasing decision to find out what consumers need and want will be useful for marketers in stimulating consumers appropriately. According to Noel Capon and James M. Hulbert in *Marketing Management in The 21st Century*, there are two major sets of influences: environmental and individual factors.

4.3.1 Environmental influences

These consist of culture, social class, personal influence, family/organization and situation.

Culture is learnt from the earliest stages of life through family, schools and religious institutions, so it is hard to change. Individuals develop norms that are also highly resistant to change. Consumer purchasing behavior is linked to both norms and their culture and subcultures and also other cultures and subcultures that they want to imitate.

Social class All societies are ranked according to groups or social class. Economic factors like wealth and incomes are the important to rank social class, although the other factors like occupation, education, residential location are also important as well. Therefore, social class can impact people's values and interests. Moreover, people's interests can change throughout a lifetime if people move from one social class to another.

Social class in America

Category	Description
Upper- class Americans	
Upper-upper (0.3%)	Inherited wealth, aristocratic names
Lower-upper (1.2%)	Newer social elite, corporate leadership
Upper-middle (12.5%)	Managers and professionals
Middle-class Americans	
Middle class (32%)	Average pay white-collar workers
Working class (38%)	Average pay blue-collar workers
Lower-class Americans	
Lower (9%)	Working, living standards just above poverty
Real lower-lower (7%)	On welfare, poverty-stricken, usually out of work

Personal influence Consumers are always influenced by other people. Reference group can be divided into two groups: primary and secondary groups. Primary groups are the groups that consumers usually have the face-to-face

communication with such as family members in consumer marketing and work groups in business-to-business marketing. Secondary groups are those who met in clubs or churches. Influence can be transmitted through group norms and pressures for conformity. Most people working in the advertising field always seek opportunities from these influences to generate purchase behavior.

Family There are two main types of families: nuclear and extended families. Nuclear families consist of a father, mother and children. Extended families include grandparents, aunts, uncles, cousins, and in-laws. Nowadays, most families are nuclear families, purchasing decisions depend on the father, mother, both the father and mother, or even sometimes the children. Sometimes, purchasing decisions can also depend on products; for instance the father usually makes decisions about financial products.

Situation factors Critical influence on consumer behavior is the situational condition of purchase and use. The amount and presentation of information, time availability, and aesthetic of purchase location are an important dimension of the purchase situation.

4.3.2 Individual influences factors

These include economic resources (income and wealth) and access to credit, time availability, and cognitive resources.

Economic resources are a major factor to people's ability to purchase as well as gain access to credit.

Time availability impacts consumers' ability for search for information and make decisions on purchases. This affects the types of products and services that consumers want to purchase.

Cognitive resources effects consumers' ability to process information in making a purchase decision. The critical issues are the direction and intensity of attention. There is a great deal of information available for consumers' so direction is very important. Intensity is the extent of information that is obtained.

Moreover, life-cycle stages and lifestyles also have an affect on consumer purchasing decisions. People in different life-cycle stages have different interest. Lifestyles impact the way people live and spend their time.

2.6 RELATED RESEARCH

There a lot of related research about consumer purchasing decisions and consumer purchasing behavior

Mayuree (2002) concludes that the most important factors influencing purchasing behavior in term of foreign brand name products are attitudes towards the attributes of foreign fashion brand name products, media exposure and income. The research also showed that there was no difference in the purchasing behavior between male and female consumers.

Somarat (2005) concludes that the 5 marketing factors that have an influence on young consumer's decision to buy western style snacks and bakery products are service, people, price, distribution and marketing strategies. Product brand and logo are not the main influences, taste. Moreover, young consumers prefer low cost products and using discount coupons which are found some magazines.

Chutima (2005) concludes that the factor that influenced consumers not to buy Watson's skincare products was inferior quality, although price was a factor that influenced consumers to buy Watson's skincare products.

Sukanya (2007) concluded that family played an important role in the purchasing behavior of teenagers towards modern technology. However the allowance did not affect consumer purchasing decisions. Additionally, media and low prices also affected the purchasing behavior of teenagers.

Kanokthip (2007) concludes that consumers gave importance to product quality, reasonable price and fragrance respectively when they purchased hair-care products. Package design and the advertising channel also had an impact on purchasing decisions. The information of package design on the label and television media in term of advertising channels played next most important role for consumers when they made a purchasing decision.

As seen in previous study about consumer purchasing decision, the factors influencing purchasing decisions can be vary from product to product.