

# **CHAPTER-1**

## **INTRODUCTION**

### **1.1 Background**

World market is constantly developing and being complicated these days. From the side of businessman, marketing is only the key factor for growth and development of business house and nation as well. Similarly that marketing is considered as best one, which is completely based on customer satisfaction, and for it the relationship marketing is vigorously used these days. So it is the reason there is a saying, “customers are always right.” In no contradiction, the success and failure of any business entirely depends upon customer's behavior. Customer's behaviors are also affected by firm's marketing mix or strategies. The behavior of the customer, at the time of making the purchase decision plays the great role in marketing. The success of marketing can uplift regional and national economy. It is that independent phenomena which have multiple responses in self-employment to seller, source of tax for local and state government and product diversification for speculators and agencies. But these opportunities can be cashed only when, if the firm's marketing mix or strategies are designed in such a way that satisfy the needs wants and fashion of customers during a span of time. Yet even understanding customer behavior is very complex the organization should not leave the study of customer behavior. From the side of customer, there are various alternatives of a certain type of commodity and extension of market; we customers are facing towards purely competitive market structure. Moreover, the advancement in the field of communication and Information Technology (IT) has made it possible for a customer to purchase goods from markets that are far away from him/ her.

Along with this rapid progress in the market structure and expansion in consumers' choices, trade and commerce is flourishing and studies/research on customer behavior are being carried out. Customers' behavior or their treatment to different goods and purchasing patterns, vary highly as they are influenced by a host of things. Such influencing elements may be subjective as well as objective. The most important aspect that affects the customer is the type of commodity itself. The word 'type' here indicates classification of goods on the basis of durability, price(s), intensity of want satisfying quality and prestige and satisfaction got from the ownership of goods. It is not a matter of concern to present all such classifications here. To meet the purpose of this research, commodities can be classified into low involvement and high involvement product in the course of purchasing. Low involvement goods are somewhat cheaper, non-durable goods to which, the customers are not so sensitive in relation to high involvement products in course of purchasing. High involvement goods, in general are those goods, which are relatively expensive, durable and prestigious to some extent. Customers go through a complicated psychological process, and pass through different stages, which are affected by so many factors to reach the purchase stage. That purchasing of high involvement products is a complicated process. It is this process, which makes very important place in the study of marketing and requirement to promote trade and commerce.

Various studies have been made in this regard in the western markets. As a result, sample literature is found on this field. However, fairly sincere, thorough and fruitful studies have seldom been made in Nepalese markets. The western studies, due to the uniformity of customers' behavior and market context, are of relatively less relevance and

applicability in our markets. The present study is an attempt to study the customers, decision-making process in course of purchase of high involvement product, which is centered on computer purchase. It will contain different aspects and stages that appear alongside the process. The study will be centered in Parsa district.

## **1.2 Focus of the study**

Generally speaking, customer decision process is the selection of an option from two or more alternative choices. In other words, to make a decision for a customer, a choice of alternatives must be available. Not all customer decision-making situations require the same degree of information search.

Customers face a host of problems in their daily lives. They buy a product or take service as a response to a problem. They buy a wide assortment of product to solve different problem. In this process, they face different level of complexities.

Some buying decisions are simpler than others. The complexity of the buying process is affected by whether the product is of high involvement or low involvement. In high involvement purchase, the consumer is prepared to spend more time, resource, and effort. In this situation, the consumer lacks full information about the product, the amount of money required is large, the product has high social importance and it is expected to give long run benefits. On the contrary, the customer does not exert much time, resources, and effort in low involvement purchase situation. In this situation, the customer is comfortable with the amount of information he or she has about the product, the amount of money involved is small, the product has low social importance, and it gives short-term benefits.

Marketing experts have developed a five-stage model of customer decision process. The process begins with 'problem recognition' and passes through information search, evaluation of alternatives, purchase decision and ends at post purchase behavior. This is the usual process in the case of high involvement product. In case of low involvement products, however, the customer is inclined to skip the information search and evaluation process (pre-purchase and post purchase evaluations).

The initial stage of customers' buying process is the, 'problem recognition' and it occurs whenever a customer finds a significant difference between his/ her current state of affairs and some desired or ideal state. Once customer have recognized the existence of a problem, and assuming there are no constraints preventing further behavior, they move to 'search for information' regarding availability of brands, product features, sellers characteristics, process and other relevant aspects. Duration and intensity of search efforts depend on buyers' experiences in purchasing and nature of the product to be purchased. During this stage, in general, decision process includes determination of the evaluation criteria reducing the range of alternatives and evaluative alternative. If the evaluation yields one or more brands that the customer is willing to buy, customer is ready to move on to the next stage, i.e. the purchase stage. During the purchase stage, customer selects not only product or brand but also selects seller or store from which he or she will buy the product. The actual act of purchase occurs during this stage. But, not all decision process lead to purchase; the individual may terminate the process prior to purchase. After purchase, a buyer starts to evaluate the product known as post purchase evaluation. The outcome of the post purchase evaluation is

either satisfaction or dissatisfaction, which provides feedback to other stages of the decision process and influences subsequent purchase.

Though the customer's buying decision process consists of 5 stages, all customers decision does not always go through all these 5 stages, the individual may terminate the process during any stage. This depends on the experience of customer involved in purchasing and nature of the products he or she wants to purchase. Persons, in high involvement product decision process, usually employ all the stage of the decision process whereas those engaged in low involvement product decision process may omit some of these stages. Whatever be the buying process, the basic objective of any marketing program is to persuade customers to choose a particular option over many other alternatives available in the market. In order to achieve this objective, it is very important to know about customer's decision-making process involving pre purchase information seeking and integration of information to arrive at final purchase decision. The development of effective marketing plans and strategies for many markets rests on a proper knowledge of how customers go about making purchase decision. Realizing this fact, business enterprise of advanced countries have carried out a series of researches on customer behavior but are rare in our country.

In order to understand the customer's decision - making process for high involvement goods, several theoretical models have been developed in western countries namely Nicosia Model, Howard Seth Model, Engel Kollat-Blackwell model, Seth's family decision-making model, Bettman's Information Processing Model and Sheth Newman Gross Model.

In Nepal, especially in urban areas, the adoption of many high involvement goods such as automobiles (Cars and motorcycles),

computer land and building and other valuable items seems to be growing. Although no data are available about their adoption rates, the increasing number of official uses, increasing number of cyber and growing number of advanced level computer i.e. lap top are some indicatives of increasing adoption of some products. Unlike in the past, customers have some options to choose from resulting in competition among retailers. As a result, the knowledge of marketing in general and customer decision making process for high involvement goods in particular, is gradually becoming essential to meet the challenges of growing competition in the market.

Here, an attempt has been made to study how customer makes the decision process while purchasing computer- a high involvement purchase item. Computer can be considered as a product involving a great amount of risk (financial or psychological) and in this product; customers are likely to be more careful in framing their purchase decision.

### **1.3 Statement of the Problem**

Just as customers are different, the customers' decision process is also different in nature. In order to understand the consumers' decision making (evaluation) process, several theoretical models have been developed. But the applicability of these models of consumer decision-making behavior developed in western countries in the context of Nepal is an important question. The applicability of these models in Nepalese marketing environment has some restrictions because product or markets in Nepal are characterized by scarcity and uncertainty of supply of produces. Nepalese marketing environment is very different from those of western countries.

Although there may be a few proprietary market research studies conducted to solve specific problems of individual agriculture, the results of such research are not available in public. Besides, these researches may have very little to do with the customer decision process in general. Taking all these issues into account, this study will attempt to solve above these problems in case of high involvement products. As it is difficult to handle the study of different high involvement products at a time, the research will focus mainly on one of such category, the computer. The main theme of the research are:

1. What kinds of sources of information do the customers contact before the purchase of high involvement products?
2. What are the most frequently used sources of information for the decision process?
3. What are the decisions making criteria adopted by the customers in order to identify and evaluate the alternative?
4. What are the decisions making factors considered by the customers while purchasing a durable product?

#### **1.4 Objectives of the study**

The prime objective of the study is to examine how customers go through the decision process of HIP (computer). The specific objectives of the study are:

1. To examine the sources of information of the customers under high involvement product (computer).
2. To examine the factors those cause/make the customer feel the need of high involvement purchase situation.
3. To examine the major evaluation criteria used by customer while purchasing computer.
4. To observe the post purchase behaviour of the customers.

### **1.5 Significance of the study**

Marketing trend in Nepal is rapidly developing. Fierce competition in low as well as high involvement products is increasing day by day due to the presence of availability of many alternatives in the market. For instance dozen of brands of Computer are found in market and in this context, it is of course of due importance to understand the customers' decision process from different sides. At the same time, the study will focus on which the customers take features of such products is as the most significant so that they are inclined to choose one brand against the other which will be of much psychological importance as well.

Besides, the study is expected to be of high importance for the following groups or people:

1. For the marketers: Marketers are concerned with the development of effective marketing policy and strategy so as to persuade the potential buyers to choose particular products or brands. This kind of study will be very useful for the marketers to formulate better plans and policies.
2. For the academicians and researchers: Academicians and researchers are basically concerned with understanding how consumers make buying decision. This kind of study is likely to be the foundation for basic research on consumer buying behavior for high involvement product in Nepal.
3. For public policy makers: - Public policy makers are concerned with protection of consumers' interests in the market. In Nepal, this study will be even more important than in the developed countries



due to low level of consumer's knowledge of market and absence of independent agencies that provide objective information.

### **1.6 Limitations of the study**

1. This study is confined to Parsa district. Since all the respondent of this study are from Parsa district, the results obtained from this study may or may not be generalized.
2. The sample size selected for this study is very small in comparison with population.
3. This study will focus on computer-a high involvement product. Therefore, the findings may or may not be applicable to other high involvement products.
4. Some customers do not necessarily follow the steps of the decision process. The conclusion of the study may not be applicable to them.

### **1.7 Organization of the Study**

This study will be divided in to five chapters, namely Introduction, Review of Literature, Research Methodology, Data Presentation and Analysis and Summary and Recommendations.

The first chapter, i.e. Introduction will focus on the explanation of customers' evaluation process regarding high involvement goods. It will introduce the research problems and objectives as well as the significance of the study.

The second chapter Review of literature will include the study of various literatures relevant to this study and review previous' studies.

Research Methodology will be the third chapter of this study. In this chapter, research design used to conduct this study, population, sampling and data collection methods will be described.

Similarly, Data Presentation and Analysis, as the fourth chapter, will involve presentation, tabulation, analysis, and interpretation of primary and secondary data collected in order to attain this objective of the study.

Finally, the fifth chapter will summarize .the whole study, derive conclusions there from and will provide recommendations as well as pointing out gaps for further research.

## **CHAPTER-2 REVIEW OF LITERATURE**

Review of literature is an essential part of all studies. It is a way to discover what other research in the area of our problem has uncovered. It is generally placed as the second chapter in organized study reports or research.

Customer decision process has remained an important area of theoretical and empirical research for long. The understanding of why customers behave as they do and the reasons there of has tremendous implications for both the marketers and the public policy makers while this understanding is likely to help marketers match their marketing mix with the needs of different consumer segments, it can also enable public policy makers to formulate such customer programs and mandatory regulations for business. The research in the area of customer behavior receives added significance in a product-market environment like that of Nepal characterized by low level of education, lack of buying alternatives and biased sources of information. Thus, customer behavior studies the consumption attitudes of individual, groups and organization and attempts to satisfy their needs and desires.

"Customer behavior studies the consumption attitudes of individual, groups and organization and attempts to satisfy their needs and desires."<sup>1</sup>

"Customer behavior is the study of the decision making units and the processes involved in acquiring, consuming and disposing of goods services, experiences and ideas"

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<sup>1</sup> Mowen John C., Consumer Behavior , Macmillan Publication Company, New York Second Edition 1990. Pg-5

Present study is an attempt in this direction aimed at examining the consumer behavior with respect to decision-making process of computer (high involvement goods) purchase in Katmandu city. In order to provide a framework for this study, available literature on different components of consumer decision process has been reviewed and presented in subsequent headings in this chapter.

## **2.1 Consumer Behavior Models**

With a view to describe how customers make decisions for high involvement goods general theoretical models have been developed. There are six comprehensive models of consumers' behaviors namely Nicosia Model, Howard- Sheth Model, Engel Kollat-Blackwell Model, Sheth Family Decision-Making Model, Bettman's Information Processing Model and Sheth Newman Gross Model. These models of consumer decision - making process postulate that for high involvement goods, consumers in general are likely to engage in extensive repurchase information seeking, develop choice set out of the several alternatives available in the market, and evaluate alternatives in choice set by using rational decision criteria and rules. These models are based on the assumptions that consumers possess some prior knowledge about the product markets as a result of on going search. These models are discussed as follows: -

### **2.1.1 Nicosia Model**

Francesco M. Nicosia developed comprehensive model of consumer behavior. He was one of the first modelers to shift focus the act of purchase itself to the more complete decision process that consumers engage in about products and services. The Nicosia model focuses on

relationship between the firm and its potential consumers. It is interactive in design; the firm tries to influence consumers and the consumers by their actions (or inactions) influence the firm. The model highlights on the firm's communication to consumers through marketing messages (advertising) and consumers communication with the firm through purchase responses. The model is divided in to the four major fields: The inter relationship of the fields are shown in fig. no. 1.

### **Field1: From source of message to consumers**

**Attitude:** This field-1 shows the flow of message from the firm to the consumers. This field indicated that consumers, attitude is influenced by the firm's message. This field is divided in to subfield:

Subfield 1: The first subfield constitutes of the firm's attributes that include aspects of the firm's marketing environment and communication efforts directed at the consumer. The communication efforts are directed to influence consumer attitudes.

subfield2: The second subfield constitutes of consumers attributes that includes maturation, personality, past experience and perception. The output of the field first is an attitude toward the product based on the consumer's interpretation of the firm's message.

### **Field-2 Search and evaluation**

This field consists of search for relevant information and evaluation and evaluation of the firm's product in comparison to other brands available in the market. The consumer will search actively from internal and external sources. Internal sources lies in the internal memory system of the consumer. External sources lay in environment in the form a product

display, advertisement, the Internet etc. The output of this field is motivation to purchase the firm's brand.

### **Field-3: Act of purchase**

In this field; the consumer takes decision to purchase the firm's brand and actually purchase it. The output of this field results in the purchasing behavior.

### **Field-4: Feedback**

The fourth field of the model consists of two important feedbacks from the purchase experience. One feedback is in the form of sales data, which goes back to the firm, and another feedback results in the form of experiences, which enters consumer's attributes in field and affects future evaluation of the firm's communication in future.

Nicosia model is based on some assumptions, which are as follows:-

1. Customer seeks to fulfill specific goals but initially there is no history between the company and the consumers.
2. Variable interacts either dependently or independently but the one variable provides input to the next.
3. There is no positive and negative pre disposition towards the firm in the mind of customers.

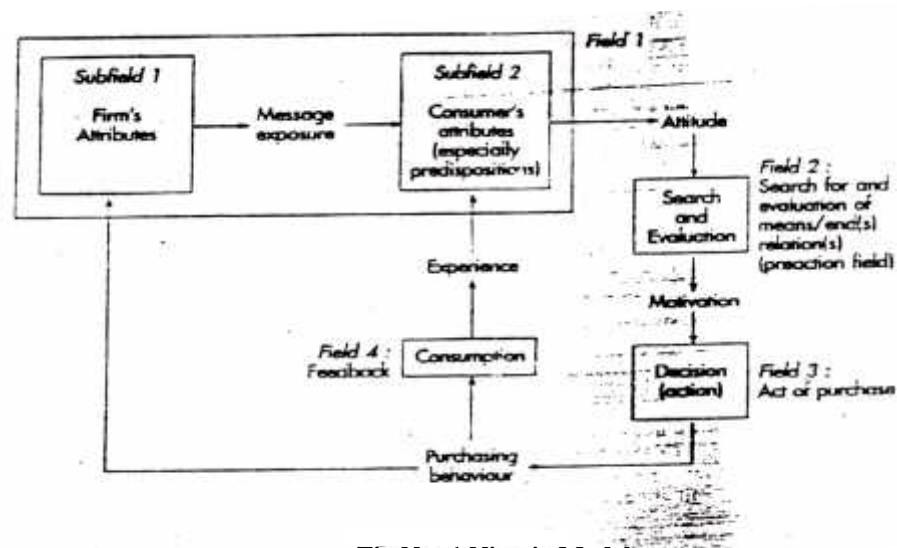


Fig No- 1 Nicosia Model

### **2.1.2. Howard Sheth Model:**

John A. Howard and Jagdish N. Sheth propounded this model of buying behavior in 1969. It is a major revision of an earlier systematic effort to develop a comprehensive theory of consumer decision-making. It covers both industrial and ultimate uses. This model gives emphasis on rational brand choice under condition of incomplete information and limited activities and it distinguishes three stages of decision making.

- ) **Extensive problem solving:** A stage where a buyer lacks information on the product category and brand or in this stage, the buyer is undivided about what product to choose or what brand to purchase.
  
- ) **Limited problem solving:** A stage where a buyer lacks information about the product category and brands. In this stage, the buyer is undivided about what product to choose or what brand to purchase.
  
- ) **Reutilized response behavior:** A stage where a buyer lacks information on the product category and brands. In this stage, the buyer has well defined brand choice criteria and also predisposition toward one brand. Here buyer has no confusion and ready to purchase a brand.

These three stages of decision-making are characterized by great, moderate and little amount of information needed prior to purchase and slow, moderate and fast speed of decision respectively. This model consists of four major sets of variables as seen in fig no. 2. Those set of variables are as below:

## I. Input variables:

This variables includes the Physical brand characteristics (significant stimuli). Verbal or visual product characteristics (symbolic stimuli). Customer's social environment (family, reference groups, social class etc.)

## II. Perceptual and learning constructs:

This variables consists the perception and knowledge of the customer about a product. This factor effects a lot for the buying process.

## III. Outputs:

Either may be purchase behavior or anything like attitudes or brand comprehension . The result of this model includes purchase behaviour, brand awareness and comprehension. This helps to increase the positive feelings of customers towards the products.

## IV. Exogenous variables:

Such as importance of the purchase, consumer personality traits, time pressure and financial status. This is the last variable which includes the monetary terms as well as personality and time factor.

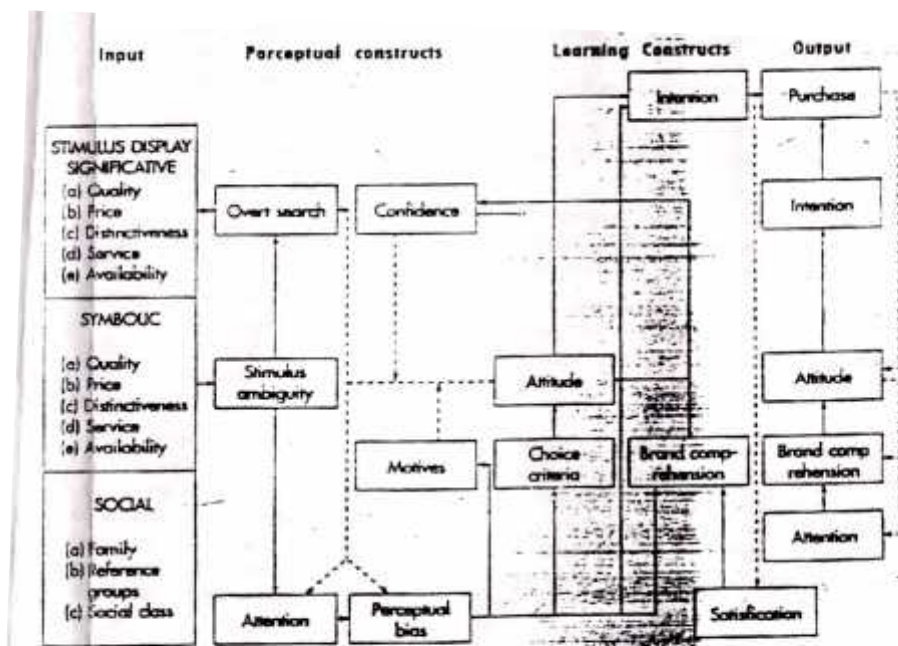


Fig.No. 2. Howard Sheth Model of buyer behaviour



### **2.1.3. Engel Kollat Blackwell Model:**

It is also known as the Engel-Blackwell Miniard model of consumer behavior, Engel Blackwell and Kollat developed this model in 1968. It has gone through numerous revisions from time to time. Later it was revised by the greatest contribution of Miniard. This model was originally designed to serve as a framework for organizing the fast growing body of knowledge concerning customer behavior. Like Howard Sheth model, it's latest version consists of four sections, these are as follows.

- I. **Stimuli inputs:-** The response to stimuli factor has greatly effected the choice of a customer while purchasing a product.
- II. **Information process:-** The process of getting information about a product also effects the choice of a product. The role of media is really meaningful here.
- III. **Decision process stages:-** The various stages of decision process are also the factors to determine the choice of a product. The stages are problem recognition, information search, alternative evaluation, purchase and outcomes.
- IV. **Environmental and individual variables:-** The environmental and individual factors or variables also effect the customers for the choice of the product according to the Engel Kollat Model. This model is shown in fig no.3

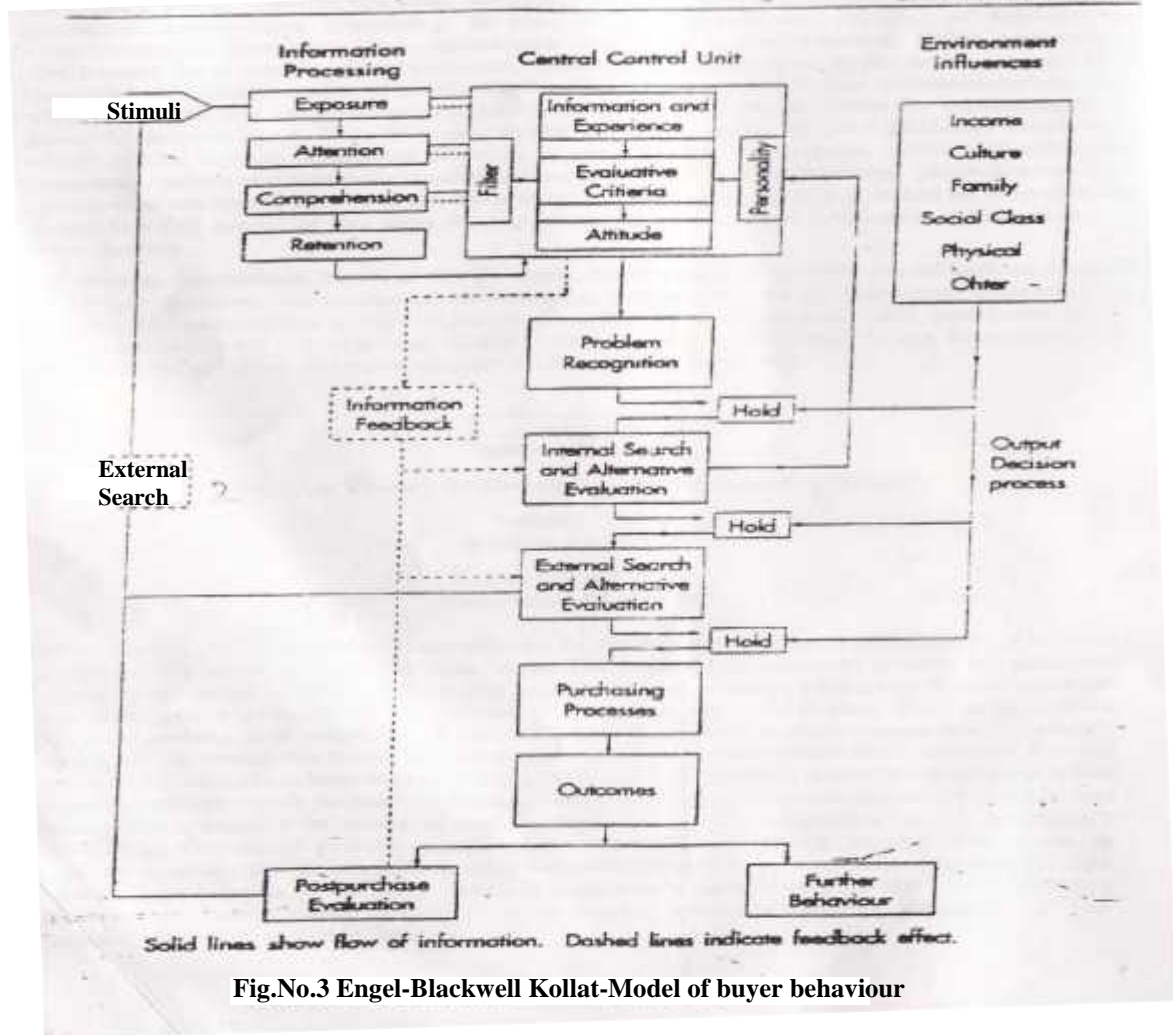


Fig.No.3 Engel-Blackwell Kollat-Model of buyer behaviour

#### 2.1.4. Sheth Family Decision Making Model:

The Sheth- Family Decision Making Model considered the family as the appropriate consumer decision making unit and it suggest that joint decision making tends to prevails in families that are middle class newly married and close- knit with few prescribed family roles. In terms of product specific factors, it suggests that joint decision-making is more prevalent in situation of high-perceived risk of uncertainly, when he purchase decision is considered to be important and when there is ample time to make a decision.

### **2.1.5 Bettman's Information processing model:**

Bettman's model of consumer choice portrays the consumer as possessing a limited capacity for processing information. According to this model, the consumer rarely (if ever) undertakes very complex analysis of available alternatives and employs simple decision strategies when faced with a choice. Bettman's Information processing Model has seven basic components they are as follows:

- I. **Processing capacity:-** The information about a product should well to make the choice of a product according to this model.
- II. **Attention and perceptual encoding:-** The attention towards a particular product and the perception about it effects the choice of a product.
- III. **Information acquisition and evaluation:-** The search for the information and its evaluation about a product helps to choose a product according to this model.
- IV. **Motivation:-** The motivation towards a product helps a lot for the choice of a product.
- V. **Memory:-** The person's memory power to remember product helps him to select a product in every stage of life according to Bettman's model.
- VI. **Decision process:-** The process of making decision about a product greatly affects the choice of a brand.
- VII. **Consumption and learning process:-** The process of learning about a product helps an individual to choose a product according to this model.

This model is shown in fig. no. 4.

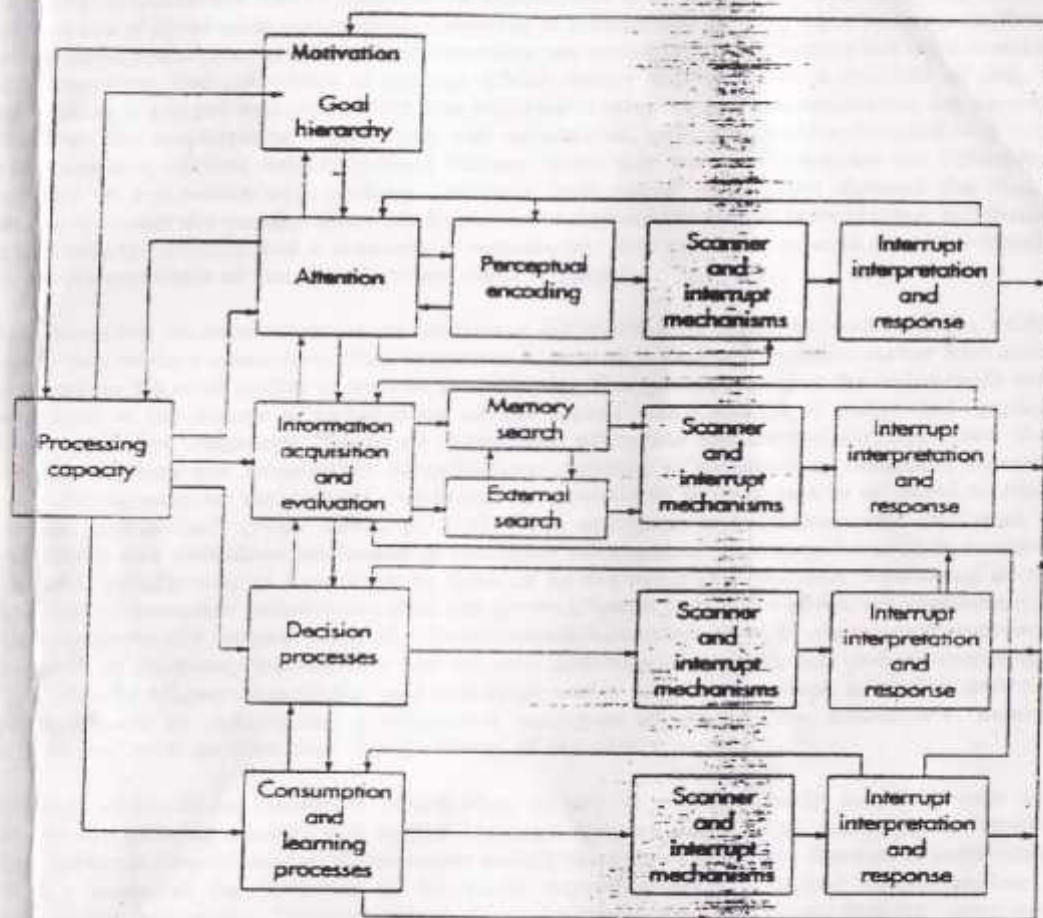


Fig. no. 4 Bettman information processing model

### 2.1.6 Sheth Newman Gross Model:

The Sheth Newman Gross Model consumption values recently developed to explain any consumers make the choice they do. This model concentrates on accessing consumption relevant values that explain why consumer chosen one product over another and to consumer choices involving a full range of product types (consumer's nondurable, durables industrial goods and services). The Sheth- Newman Gross Model is rooted in three central prepositions.

1. Consumer choice is a function of a small number of consumption values.
2. Specific consumption values make differential contribution in any given choice situation.
3. Different consumption values are independent.

This model of consumer choice behavior identifies the five consumer values, namely :

1. Functional value.
2. Social value.
3. Emotional value.
4. Epistemic value.
5. Conditional value.

The first 3 models (Nicosia model, Howard - Sheth model and Engel Kollat Blackwell model) focus on customer decision making, on how individual consumer arrive at brand choices. The fourth model is sheth family decision model which suggests that joint decision-making is more prevalent in situation of high-perceived risk of uncertainty. The fifth model (Bettman's information processing model) focuses on cognitive aspects of information search and processing and indicates how consumers employ information to arrive at various types of buying decisions. The sixth and final model of consumer behavior is concerned with consumption values, especially why consumer choose to buy or not to buy a specific type of product or a specific brand.

## 2.2 Literature Review on Customer Decision Process

One of the important and rational areas of study in customer behavior has been the consumer decision - making process leading to product service purchase. The study of customer decision - making involves the analysis of how people choose between two or more alternative acquisitions and of the processes that take place before and after the choice the most complex level customer decision making process consists of a series of five stages shown in figure below:

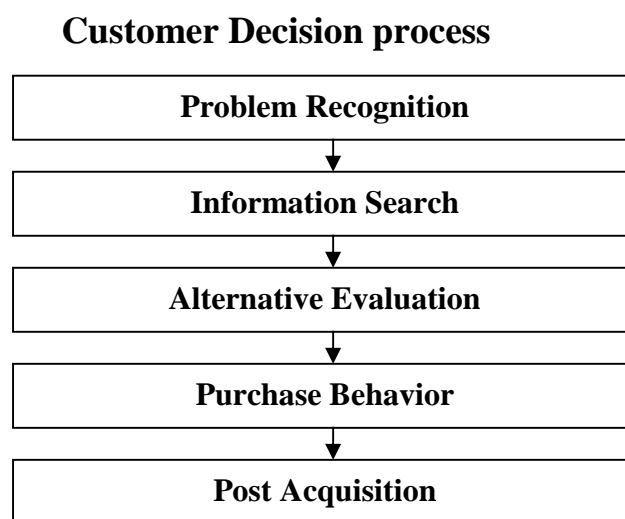


Fig. no. 5. Customer Decision Process

### 2.2.1 Problem Recognition:

In reality, problem recognition occurs when a discrepancy develops between an actual and desire state. Problem recognition between what is perceived recognizes a difference of sufficient magnitude between what is perceives as the desired state of affair and what is the actual state of affairs, enough to arouse and activate the decision process. The actual state refers to the way in which need is already being met and the desire state is the way a person would like for the need to be satisfied. Problem recognition must also result in the problem being sufficiently defined if the consumer is to engage in meaningful behavior aimed at solving it. Sufficient problem definition occurs for the consumers to be able to act

on it in many problem recognition situations. Other situation exists, however, in which the consumers may not have a clear definition of the problem, even though problem recognition has occurred.<sup>2</sup>

When a customer perceives a difference in two states he/she perceive that there is a problem to be solved. Such problem may be big or small, simple or complex. Problem recognition occurs whenever a consumer finds a significant different between his/her current state. A problem can be arise in one of the two ways:-

- ✓ when the actual state move down wards, and
- ✓ when the ideal state more upwards.

The existence of a problem or need triggers of a series of activities that end up with a choice made by the buyers need for a product or product class may be aroused either by internal stimuli resulting from customer's interaction with the external environment for example, raining may cause customer consider the purchase of rain coat or an umbrella.

### **2.2.1.1 Types of Problem Recognition**

Rather than viewing problem recognition as occurring in only one way, it is useful to understand that there may be different types of problem recognition process. One approach has been to develop a classification system of situations based on the. Factors of immediately of required solution and whether or not the problem was expected. There are four

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<sup>2</sup> Loudo, Devid L. Della Bitta Albert J., Consumer Behaviour, Mac Graw Hill International Edition, Fourth Edition 1993 Pg-487

types of problem consisting of routine, emergency, planning and evolving situations.

### Types of Problem Recognition

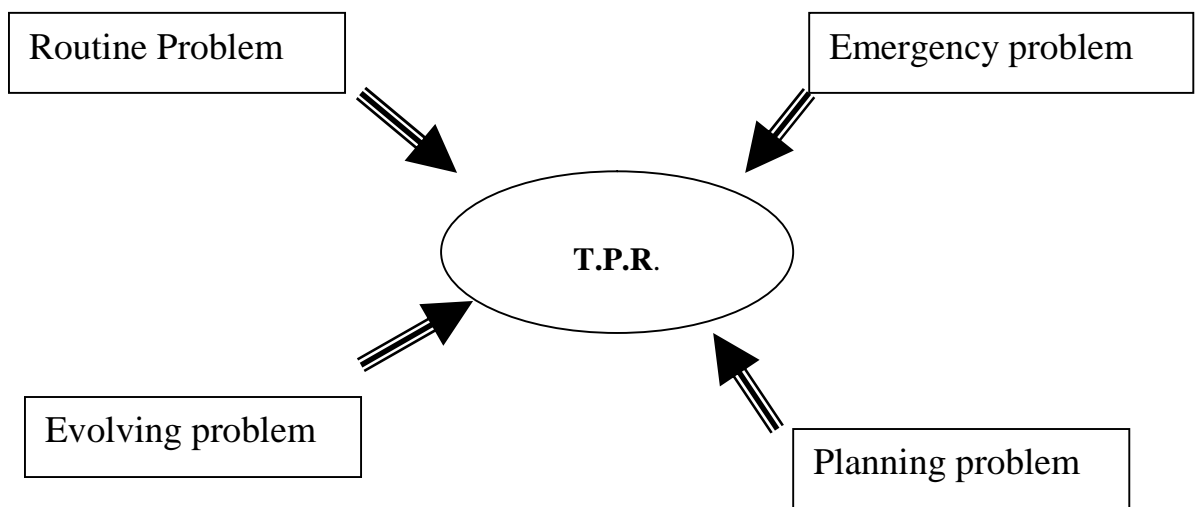


Fig no 6: Types of problem recognition

#### I. Emergency problem:

Emergency problem are those that are unexpected in which immediate solutions are necessary, for instance, sickness and accidents.

#### II. Evolving problem:

Evolving situations occur when the problem is un- expected but no immediate solution is required. The fashion adoption process illustrates this case. Fashion adoption ordinarily occurs over a lengthy period of time for many consumers. Example of an evolving problem could be related to adoption of fashion that constantly evolve and changes over time creating new problems.



### **III. Routine problem:**

Routine problems are those in which the difference between actual and desired states. Routine problem is expected to occur and an immediate solution is required. Typically convenience goods are associated with this type of problem recognition, such as most grocery purchase made by customers. In these, items are ordinarily used up and must be replaced.

### **IV. Planning problem:**

Planning problems occur when the problem occurrence is expected but an immediate solution is not necessary. For instance, a customer who expects that his car will only last one additional year may begin to engage in window shopping for autos, have discussions with friends about various brands, and pay closer attention to Automotive advertisements.

#### **2.2.2 Information search:**

The investigation of the consumer search process is highly important to marketers. In particular, it influences a company's promotion and distribution strategies.

After a consumer identifies a problem of sufficient magnitude to propel him or her to action, a search process is begun to acquire information about products or services that may eliminate the problem.

If an aroused need is strong and the gratification objects readily available the consumer is likely to gratify the need immediately. In most case the aroused need is not gratified immediately. The need enters into the human memory system as an object for future gratification. Customers, in this stage, are engaged in information search about products that can best satisfy their need.<sup>3</sup>

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<sup>3</sup> Koirala Kundan Datta, Marketing Management, M.K. Publishers and Distributors, Edition 2057 B.S Pg.8

Mainly, researchers have found that two types of consumer search process exist-internal search and external search. Internal search involves the consumer attempting to retrieve from long-term memory information of products or services that will help to solve a problem. In contrast, external search involves the acquisition of information from outside sources, such as friends, advertisements, packaging, and sales personal and so forth. Besides that we found different types of search activities.

### 2.2.2.1 Type of customer search activities

Search may be categorized as repurchase or ongoing (based on the purpose of search) and as internal or external (based on its sources).

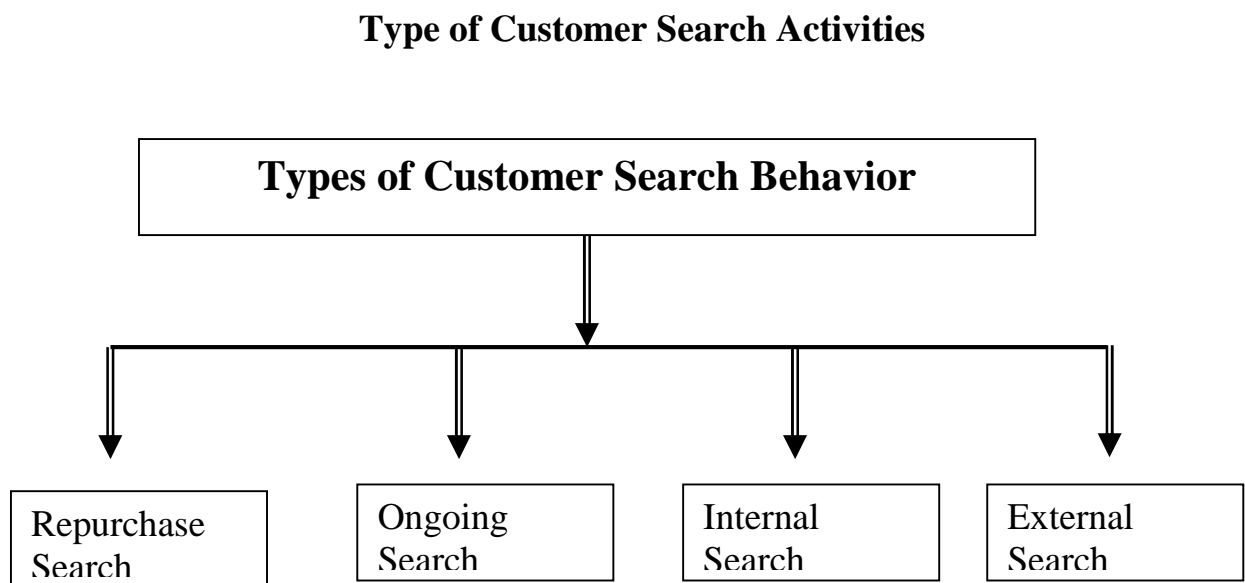


Figure No.:7 Types of customer search activities

#### I. Ongoing search:

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This is characterized as search activities independent of specific need or decisions, that is, it does not occur in order to solve a recognized and immediate purchase problem. Thus, if a consumer were searching with an interest in a product but with no demand for the product, the search would be ongoing rather than pre-purchase.

## **II. Pre-purchase search:**

This is the typical form of search we associate with in the purchasing context. If the consumer has recognized a problem then pre purchase search would be engaged in.

## **III. External search:**

During external search consumers solicit information from outside sources or it is defined as the "degree of attention, perception and effort directed toward obtaining environmental data or information related to the specific purchase under consideration".

## **IV. Internal search:**

This usually happens in the cases of low-involvement products purchased in routine response behavior situations. Often consumers need information to clarify his/ her memory system about products that can best solve the problem and satisfy the need. The consumer realizes on post information and experience to develop brand attitudes and preferences.

**2.2.2.2 Sources of Information:** A great variety of information of potential interest to consumer exists in the external environment they are:-

- ✓ Personal sources: family members, friends, neighbors, acquaintances etc.
- ✓ Public sources: newspaper, magazines, radio and television, Internet etc.
- ✓ Experiential sources: handling, examining and using the product.
- ✓ Marketing sources: "advertisement, salespersons. packaging, displays etc.

### **2.2.3 Alternative Evaluation:**

In the evaluation stage of the action process, the consumer compares the brand identified as potentially capable of solving the problem that initiated the decision process. When the brands are compared, the consumer may beliefs, attitudes and intentions about the alternatives under consideration. Thus, alternative evaluation and the development of beliefs, attitudes and intentions are closely related. The result of alternative evaluation of high-involvement goods is generally lengthy in comparative to low-involvement goods. To evaluate the alternative, consumers always use two type of information i.e.

- ✓ Evoked set i.e. a list of brands from which consumers plan to make their selection.
- ✓ The criteria consumers will use to evaluate each brand.

#### **I) Evoked set:**

Within the context of consumer decision making, the evoked set refers to the specific brands a consumer consider in making a purchase

within a particular product category. A consumer's evoked set is distinguished from his or her inept set, which consists of brands the consumer excludes from purchase consideration because they are felt to be unacceptable, and from inert set, which consists of brands the consumer is indifferent toward because they are perceived as not having any particular advantage. Regardless of the total no of brands in a product category, a consumer's evoked set tends to be quite small on average, often consisting of only three to five brands. However, research indicates that a consumer's consideration set increase in size as experience with a product category grows.

## **II) Criteria used for Evaluating Brands:**

The criteria consumers use to evaluate the brands that constitute their evoked sets usually are expressed in terms of important product attributes. In general consumers tend to evaluate alternatives in term of product class attributes, brand beliefs and utility function attributes.

**a) Product class attributes:** Normally consumers view a product as multi attributes object having a number of characteristics such as features, name, price, quality, service, warranty etc. During the evaluation stage, consumers are interested to find out how each product stands in term of the various attributes. Generally, all consumers are not interested in all the attributes of a product, but one interested only on those, which are important to them. Consumers compare the product's major attributes with the attributes importance to them.

**b) Brand beliefs:** Consumers are likely to develop brand beliefs and brand image during the evaluation stage. In this stage consumers use they're past experience to develop positive or negative feelings towards the brands of a product class. Opinions of other people such as family

members, friends, and other reference group members also contribute to shape a consumer's brand beliefs.

**c) Utility function attributes:** Consumers are likely to have a utility function for each product attribute. The utility function is the expected total satisfaction from various attributes of the different brands of a product. Consumers arrive at some attitude, judgment and preference towards those brand alternatives through an evaluation process. The evaluation process, however greatly varies from individuals to individual and in the same individual from one purchase situation to the other.

#### 2.2.4 Purchase Behavior

This is the next most important step to decide product among alternatives. Customers have different types of choices but they can choose among alternative brands or services and they can make choices among stores. However, choices are also made at a more general level, with a person choosing between non-comparable alternatives.

Generally customer three types of purchase. They are as follows:

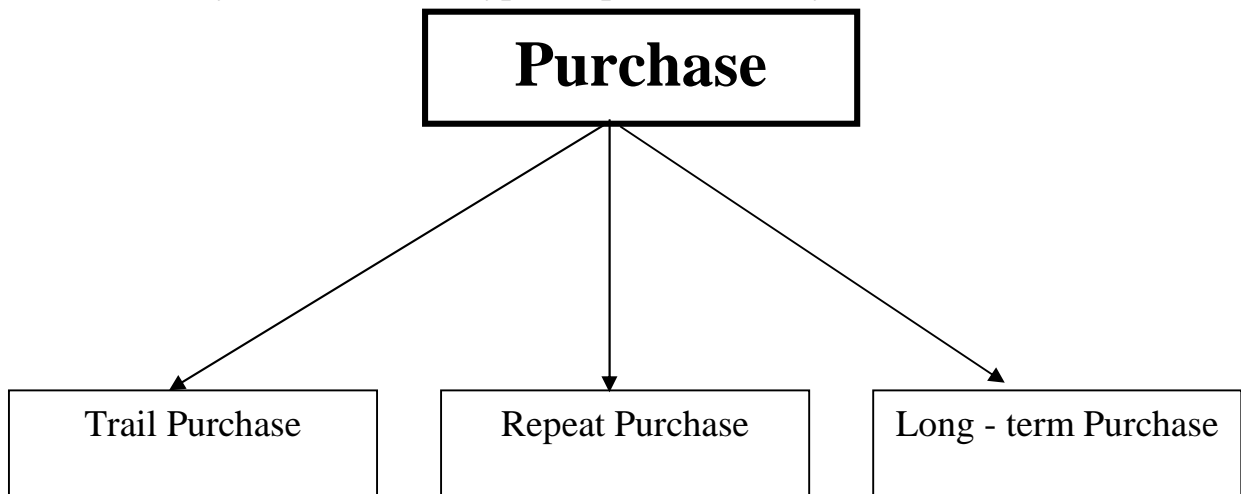


Fig.no. 8 Types of Purchase

**I) Trial purchase:** When a consumer purchases a product for the first time and buys a smaller quantity than usual this purchase would be considered a trial. Thus, a trial is the exploratory phase of purchase behavior in which consumers attempt to evaluate a product through direct use.

**II) Repeat purchase:** When a new brand in an established product category is found by trial to be more satisfactory, or better than other brands, consumers are likely to repeat the purchase. Repeat purchase behavior is closely related to the concept of brand loyalty, which most firms try to encourage, because it contributes to greater stability in market place.

**III) Long-term commitment purchase:** Of course, trial purchase is not always feasible. For instance, with most durable goods such as television, computer, motorcycle or electric ranges a consumer usually moves directly from evaluation to a long term commitment without the opportunity for an actual trial.

- Selection of best alternatives
- Terms and conditions of making payments
- Discount and allowances
- Installation and maintenance
- Transportation
- Goodwill of suppliers
- Services after sales activities

**High Involvement choice (compensatory models):**

In high involvement conditions, evidence exist that consumers use compensatory, models. In compensatory models of choice, consumers are viewed as analyzing each alternative in a board evaluative fashion. All of

the information on the attributes of a brand is combined into an overall judgment of the preference for the brand. Such an evaluation is made for each of the brand alternatives. According to the compensatory model, the brand that has the highest overall preference is then chosen. In this model, an alternative is not necessary to reject because it has a low rating on any particular attribute. The quality of having high ratings on some attributes compensate for low rating on other attributes is the basis for calling these models compensatory.

### **2.2.5 Post purchase evaluation/ post acquisition process:**

The post acquisition phase of the consumer buying process consists of four stages acquisition consumption usage, the formation of post acquisition. Purchase satisfaction or dissatisfaction, consumer complaint behavior and product position. The post acquisition phase has a major impact on whether consumers will repurchase the product or service. In addition, expectations of how they will be treated in the post acquisition phase may influence actual buying decision.

Next popular writer describe about it such a way that. There are three possible outcomes after using product. They are as follows:

- ✓ Actual performances match expectations. leading to natural feelings.
- ✓ Performance exceeds expectations, causing what is known as positive disconfirmation of expectation which leads to satisfaction
- ✓ Performance is below expectations causing negative disconfirmation of expectations and dissatisfaction.

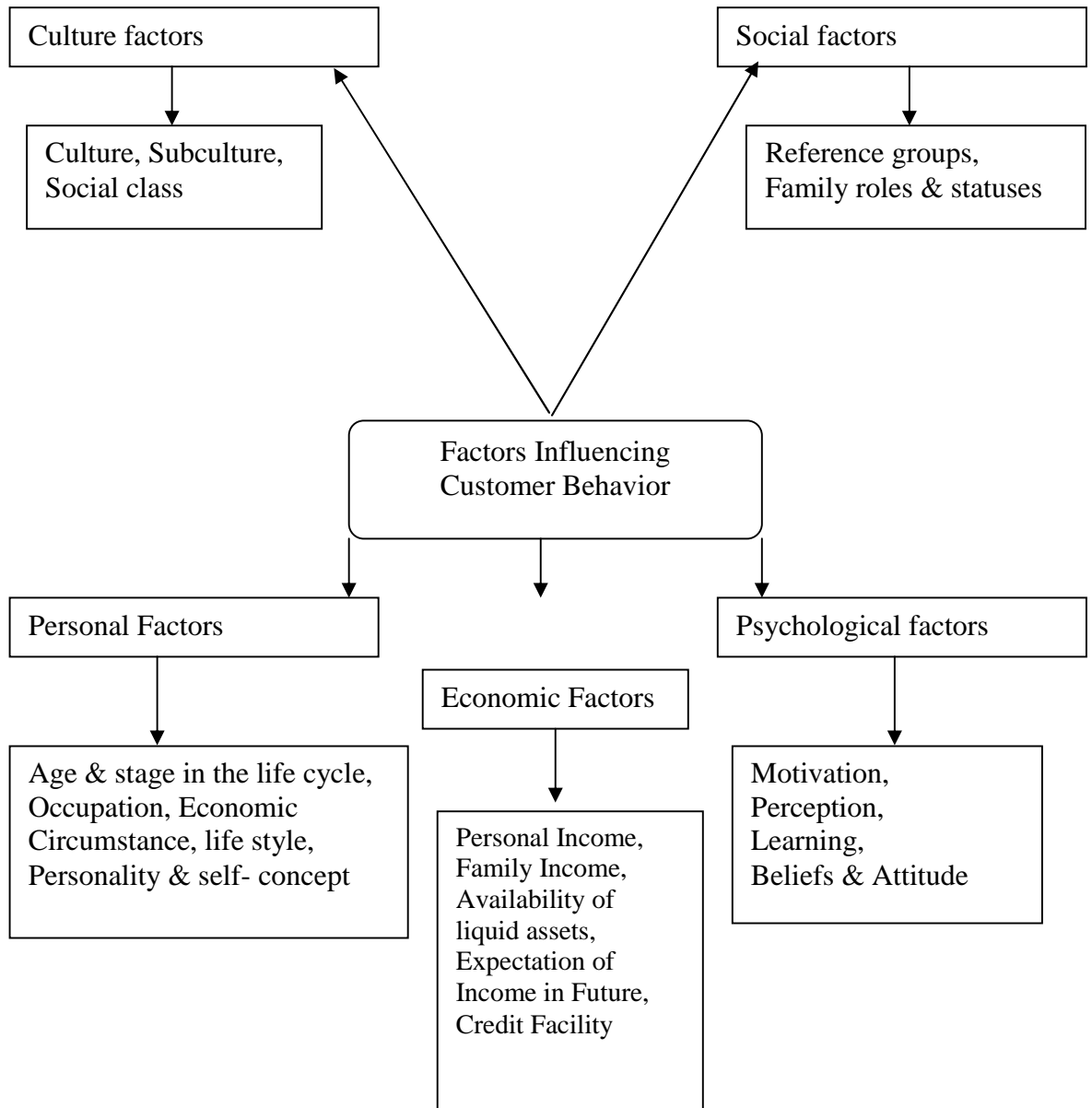


For each of these three of outcomes, customers' exceptions and satisfaction are closely linked that is, consumers tend to judge their experience against their expectations when performing a post purchase evaluation. An important of past purchase evaluation is the reduction of any uncertainty or doubt that the customer might have had about the selection. As part of their post purchase analysis, customers try to reassure themselves that their choice was a wise one that is they attempt to reduce post purchase cognitive dissonance.

The degree of post purchase analysis that customer undertake depends on the importance of the product decision and the experience acquired in using the product. When the product lives up to expectations, they probably will buy it again. When the product's performance is disappointing or does not meet experience, however, they will search for more suitable alternatives. Thus, the customer's post purchase evaluation- feeds back as experience to the customer's psychological field and serves to influence future related decision.

### **2.3 Factors Influencing Customer Behavior: -**

A customer's buying behavior is influenced by cultural, social, personal and Psychological factors. Research into all these factors can provide clues to reach and serve consumers more effectively.



**Figure No. 9 - factors influencing customer behaviour**

### **2.3.1 Cultural Factor:**

Culture, subculture and social class are particularly important in buying behavior.

#### **A. Culture:**

Culture is the fundamental determinant of a person's wants and behavior. The growing child acquires a set of values, perceptions, preferences and behavior through his or her family and other key institutions. Each culture consists of smaller Subcultures that provide more specific identification and socialization for their members.

#### **B. Subculture:**

Subcultures include nationalities, religions, racial groups and geographic regions. When subcultures grow large and affluent enough, companies often design specialized marketing programs to serve them.

#### **C. Social class:**

Social classes reflect not only income, but other indicators such as occupation, education and area of residence. These members share similar values, interests and behavior. Social classes differ in dress, speech patterns, recreational preferences and many other characteristics. Social classes show distinct product and brand. Preferences in many areas, including clothing, home furnishings, leisure activities and automobiles.

### **2.3.2 Social Factors:**

In addition to cultural factors, a consumer's behavior is influenced by such social factors as reference groups, family and social roles and statuses.

**A. Reference groups:** A person's reference groups consist of all the groups that have a direct or indirect influence on the person's attitudes or behavior. Groups having a direct influence on a person are called membership groups. Some membership groups are primary groups, such as family, friends, neighbors and co-workers with whom the person interacts continuously and informally. People also belong to secondary groups, such as religious, professional and trade union groups, which tend to be more formal and require less continuous interaction.

**B. Family:** The family is the most important consumer-buying organization in society and family members constitute the most influential primary reference group. The family has been researched extensively. We can distinguish between two families in the buyer's life. The family of orientation consists of parents and siblings. From parents a person acquires an orientation toward religion, politics and economics and a sense of personal ambition, self-worth and love. Even if the buyer no longer interacts very much with his or her parents, their influence on the buyer's behavior can be significant.

**C. Roles and Status:** A person participates in many groups- family, clubs, and organizations. The person's position in each group can be defined in terms of role and status. A role consists of the activities a person is expected to perform. Each role carries a status.

### **2.3.3 Personal Factors:**

A buyer's decisions are also influenced by personal characteristics. These include the buyer's age and stage in the life cycle, occupation, economic circumstances, lifestyle and personality and self-concept.

**A. Age:** People buy different goods and services over a lifetime. They eat baby goods in the early years, most foods in the growing and mature years and special diets in the later years. Taste in clothes, furniture and recreation is also age related. Marketers often choose life-cycle groups as their target markets.

**B. Family Size:** The Size of a family which includes the number of people effects the choice of a product.

**C. Family Life Cycle:** This includes single, married with children, married without children effects the choice of a product.

**D. Occupation:** Occupation also influences consumption patterns. A blue- collar worker will buy work clothes, work shoes and lunch boxes. A company president will buy expensive suits, air travel and country club membership. Marketers try to identify the occupational groups that have above- average interest in their products and services.

**E. Economics:** Circumstances: Product choice is greatly affected by economic circumstances such as spends able incomes, savings and assets, debts, borrowing power and attitudes towards spending and saving. Marketers of income sensitive goods continuously monitor trends in personal income, saving and interest rates.

**F. Lifestyle:** People from the same subculture, social class and occupation may lead quite different life style. A lifestyle is a person's pattern of living in the world as expressed in activities, interests and opinions. Lifestyle portrays the "whole person" interacting with his or her environment. Marketers search for relationships between their products and lifestyle groups.

**G. Personality and self-concept:** Each person has personality characteristics that influence his or her buying behavior. By personality, we mean a set of distinguishing human psychological traits that lead to relatively consistent and enduring responses to environmental stimuli. Personality is often described in terms of such traits as self confidence, dominance, autonomy, deference, sociability, defensiveness and adaptability. Personality can be a useful variable in analyzing consumer brand choices. The idea is that brands also have personality can be a useful variable in analyzing consumer brand choices. The idea is that brands also have personalities match their own.

#### **2.3.4 Psychological Factors:**

A person's buying choices are influenced by four major psychological factors motivation, perception, learning and belief and attitudes.

**A. Motivation:** A person has needs at any given time. Some needs arise from physiological states tension such as hunger, thirst or discomfort. Other needs arise from psychological states of tension such as the needs of recognition, esteem or belonging. A need becomes a motive when it is aroused to a sufficient level of intensity. A motive is a need that is sufficiently pressing to drive the person to act.

**B. Perception:** A motivated person is ready to act. How the motivated person actually acts is influenced by his or her perception of the situation. Perception is the process by which an individual selects, organizes and interprets information inputs to create a meaningful picture of the world. Perceptions can vary widely among individuals exposed to the same reality.

**C. Beliefs and Attitudes:** Through doing and learning, people acquire beliefs and attitudes. These in turn influence buying .behavior. A belief is a descriptive thought that a person holds about something. People's belief about a product or brand influences their buying decisions. Marketers are interested in the beliefs people carry in their heads about their products and brands. Brand beliefs exist in customer's memory.

Attitudes lead people to behave in a consistent way toward similar objects. Customer's attitude towards a firm and products strongly influence the success or failure of that organization's marketing strategy. When consumers have strong negative attitudes about one or more aspects of a firm's marketing practices, they not only stop using the product but also may stop their relatives and friends from using it. Since attitude can play such an important part in determining consumer

behavior, marketer should measure customer attitudes toward such dimension as prices, package designs, brand name, advertisement, etc.

### 2.3.5 Economic Factor:

A person's buying choices are influenced by five major Economic Factors Such as Personal Income, Family Income, Availability of Liquid Assets, Expectation of Income in Future & Credit Facility.

A research was conducted on 110 people of Parsa district and the result was shown in the bar diagram as below:-

BAR DIAGRAM No. 1

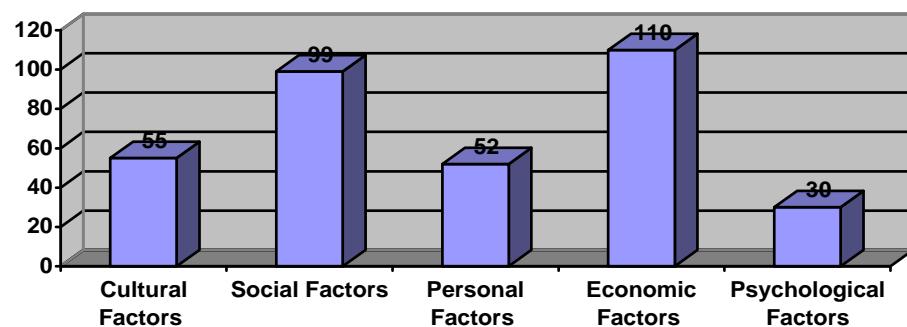


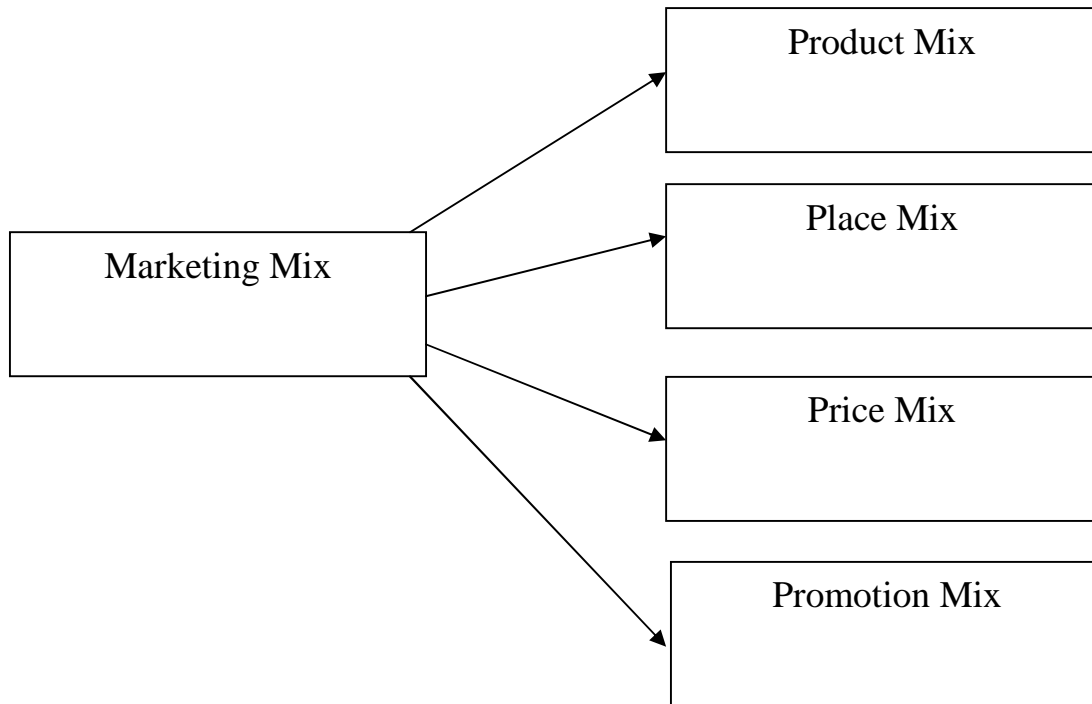
Fig No.10 Economic Factor

## 2.4 Marketing Mix and Customer Buying Behavior

Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market. Organization and marketers must create and manage an effective marketing mix that satisfies customer's need in target market. Marketing mix should be customer oriented to satisfy. The marketing mix includes generally four components they are as following:

### Maketing Mix





**Figure No:11 Marketing mix**

**A) Product mix:**

Product is any offering that can satisfy customer's need. Components of product mix can be product variety quality, design, features, brand, packaging, service and warranties.

- ❖ Product lines items offered determine product variety
- ❖ Product quality is defined by standardization and grading of product as high quality and low quality.
- ❖ Features of product include size, style and function.
- ❖ Branding involves name, mark, sign and symbol of product
- ❖ Packaging contains or wrapper of product to inform and safe the quality of producer.
- ❖ Services include presales and after sale services offered by marketers.

- ❖ Warranties refer to free repair and maintenance services.

Better product mix sweetens the customer may shift from one product to other at time of decision making.

### **B) Price mix:**

Price is the total money paid actually to seller at the time of purchase.

Price mix also includes different aspects.

- List price is one price to all customers. But sometime list price for certain customer groups can be set.
- Discount and allowances include price of quantity discount to attract customers. Allowance can be said as the flexibility of setting price by negotiation.
- Terms of sale include payment procedure, credit proceed and so no. The term 2/10 net 30 explains one who pays until 10 days gets discount of 2% on involve and should pay credit purchase by not late 30 days.

Price mix is the most important factors in marketing mix, which can influence buyer behavior. Customer is always active and sensitive toward product price than product.

**C) Place mix:** Place mix includes various activities undertaken to make the product accessible and available to target customers. It has the components of:

- Channels: The distribution channel may be direct or using of middlemen like agent, wholesaler, retailer etc. Long channel also consists of high distribution list and vice versa.

- Physical distribution: It consists of how products are sold one place to others in the easiest way. So is the reason it includes order processing, warehousing, material handling, inventory management and transportation scheme and strategies.
- Better place mix attracts customer by increase of easy availability and less formal purchase with continuous delivery.

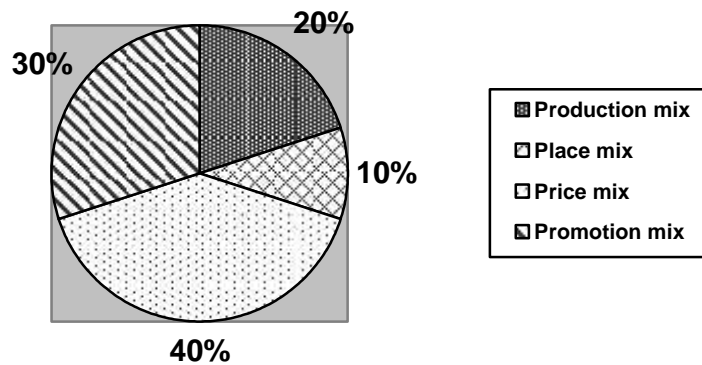
**D) Promotion mix:**

Promotion mix includes all activities undertaken to communicate and promote products to reach target market. The component can be:

- Advertising: It includes non-personal communication. The Medias can be print electronic, radio, television, hoardings and satellite.
- Sales promotion: It is short-term incentives to promote sales like Dashain bumper, New Year bonus, Scratch Card, Coupon,
- Public Relation: It includes the programs to promote company image, through publicity.
- Personal Selling: It includes the way by which company meets personally with consumers.

A research was conducted on 110 respondents of Parsa district and the result was summarized in following pie charts:

PIE CHART



**Fig No:12 Marketing Mix in Pie Chart**

The mixed just discussed are some important marketing mixed which can heavy effect on buyer's decision. Therefore origination can change price and promotion mix in short run. However, product and place mix can only be changed in medium term. Similarly, organizations should have various sets of marketing mixed for different target markets.

## **2.5 Research on Customer Behavior in Nepal**

A very few researches have been completed on customer behavior in Nepal. The researches that have been completed on consumer behavior in Nepal are as follows:-

**2.5.1** A study on “patterns of consumer decision making process while purchasing high involvement goods in Nepal” was conducted by Mukund P. Dahal in 1994. The objectives of this study are as follows:

- Patterns of decision making strategies consumers utilize making purchase of durable goods.
- The level of pre purchase information seeking and their correlates.

- Size of the choice set.
- Decision making criteria and rules employed in evaluation of alternatives.

The study was based strictly on primary data. All the required information was collected from 300 respondents of Kathmandu district with the help of a structured questionnaire. The analytical tools included the factor analysis, cluster analysis, discriminate analysis and path analysis. The major findings of the study were:

- ✓ Though not very extensive, the Nepalese buyers undertake information search with grater emphasis upon dealer and interpersonal sources of information.
- ✓ Sources of information available to Nepalese buyers have five dimension brochures, test-drive, advertisements, interpersonal source and dealer visit.
- ✓ Nepalese buyers have rather small-evoked set size. Total search effort was positively related with education, but it was negatively related with prior preference for manufacturer and model.

**2.5.2.** A study on “buyer’s behavior of Indian Gorkhas and local people” was conducted by Jagat Timilsina in 1999. The basis objective of this study was to find out brand preference, purchase frequency, shop awareness and purchase criteria used by Indian Gorkhas and local peoples while purchasing clothing apparels. This study is also based on primary

data and was collected from 170 samples and random sampling method was used in this study: The major findings of his study are as follows:

- The purchasing tendency of foreign brands of clothing apparels by the Indian Gorkhas and local peoples is lower in comparison to other brands.
- The majority of Indian Gorkhas purchasers were male and other use apparel on the yearly basis. Female, children and domestic use apparel were purchased on the basis of half yearly. Similarly, the majority of local people purchasers' were female and apparels were purchased on yearly basis.
- The awareness level of the Indian Gorkhas regarding to the shop is found low whereas the local people's awareness level was high in comparison to the Indian Gorkhas.
- The Indian Gorkhas liked to purchase the clothing apparels mostly from an integrated shop (store) but the local people preferred go to the clothing shop.
- The price was the major factor of consideration before making any decision by both segments.

**2.5.3)** A study on “personal computer buyer behavior” was conducted by Ram Palungwa (2003). The main objectives of this study were as follows:

- To analyze the level of buyer awareness about PC
- To ascertain brand preference of buyers.
- To ascertain brand preference of buyers.
- To analyze the purpose of buying personal computer.
- To provide suitable suggestions.
- To analyze the level of expenditure that a buyer is ready to spend on personal computer.

The data were collected through a self-administered questionnaire survey with 50 respondents in Kathmandu valley. The major findings of this study were as follows:

- The respondents from Kathmandu preferred assembled personal computer than branded personal computer.
- The respondents had their priority for personal and family use of personal computer.
- The buyers were ready to spend more than thirty five thousand rupees on a personal computer and were highly conscious of quality of the product.
- People with higher income and education were the prominent buyer of the personal computer.
- One of the important findings was that time efficiency was basic motivating factor for personal computer user.
- Respondents were price sensitive; they are dependent on process of purchasing personal computer.

**2.5.4** Mr. Dev Raj Mishra has carried out a research entitled "An Examination of the Role of Purchase in Consumer Buying Decisions for Saree and Suit" in 1992. The basic objectives of this study were to

identify the role of purchase pals in consumer decision making for Saree and Suit. For this purpose, primary data were collected from 96 buyers and 49 purchase pals with the help of a structured questionnaire. Besides, Saree and Suit shop were also observed. From analysis and interpretation of the data, he concluded that 83.33 percent of buyers used purchase pals and the role of purchase pals is quite important in the reduction of post purchase dissonance as to price. Their role in choice of style and colors is found comparatively less important.

**2.5.5** A research on "Motivation behind acquisition of time saving electrical appliances of Nepalese household was done by Minakshi Khetan in 1992. The basic objective of this study was to examine the motives behind acquisition of electrical appliances among Nepalese households. This study was based on primary data and all the required data were collected from the help of a structured questionnaire. Major finding of her study were:

- Most determining motive of acquiring or using appliances is convenience.
- The interpersonal sources or social network is the most effective media of consumer awareness and probably an important for motivation too.
- The main reason for not using the appliance is high price and higher operating costs, operating difficulties due to lack of facilities needed for operation and also their less operational usefulness for Nepalese environment.
- Time to saving is not main motive for acquisition of time saving electrical.



**2.5.6** A study of “Consumer Behavior in Computer Market of Rupandehi” was conducted by Mr. Shankar Panthi in 2003. The main objective of this study was to examine the preference of computer in term of brand and non-brand computer and the attitude of the students and the professionals towards bargaining. Primary data were collected from 100 consumers with the help of questionnaire. The major findings of his study

- Majority of respondents used non-brand computer. The main reasons for selecting the non-brand were cheap price, served same purpose and easily availability.
- Most of the students choose assembled computer, which was their desire in comparison to the professionals.
- So far as the criteria used to choose a product was concerned, memory capacity, reparability, size, price model seemed to be the most prominent decision criteria for product choice.
- Both respondents were not purchasing the branded computers by some reasons, high cost, and not available parts of branded computer.
- Very few percent had brand loyalty.

**2.5.7** “Consumer Behavior with respect to Decision Making of Cosmetic Product Purchase in Kathmandu city” was conducted by Pooja Kuikel in 2006. The objective of this study is to analyze the buyer's behavior. The major finding of her study as follows:

- ❖ Most of the respondents prefer lipstick, as it is a part of total make up. This is because Kathmandu has become modern and fashion conscious city in last few years.

- ❖ Customer's behaviors are also affected by firm's marketing mix or strategies. Only internationally branded lipsticks supply the demand of Kathmandu. Among them Indian product dominates others. There is big competition between its brands therefore marketers have to bear complete competition.
- ❖ The respondent purchase lipsticks as general material for make up. But it is also purchased for gift to others; it means the gift culture has also made the market of cosmetics in Nepal and especially in Katmandu valley. Further, purchases are conscious about color to match their entire dress up especially saree and salwar; it might be the result of beauty parlor culture in town.
- ❖ Large number of consumer is moderately influenced by advertisement while selecting certain lipstick, it means that people are some how aware of the product and wants more information of the product they want to purchase.

## **CHAPTER-3**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

Research is essentially a systematic inquiry about the facts through objectives verifiable method in order to discover the relationship among them and to reduce from them brand principal or laws. It is a fact finding activity and research methodology is a method of critical thinking by defining and redefining problems, formulating hypothesis or suggested solution, collecting, organizing and evaluating data, making deductions and making conclusions to determine whether they fix the formulated hypothesis. Kerlinger defines that the scientific research is systematic, controlled, empirical and critical investigation of hypothetical proportions about the presumed relations among natural phenomenon.

Research methodology may differ according to the research question or the field of research. That means the content of the methodology may be chosen as accordance with the problem under investigation. This study, which is centered in the decision process of a high involvement product, i.e. computer, has employed the following research method.

The methodology that has been in this study consists of research design, nature and sources of data, product sample and sampling method, data gathering procedure and data analysis method.

#### **3.2 Research Design**

The research design refers to the systematic framework under which the research is conducted. It is planned structure and is the strategy for investigation. Research design involves selecting the most appropriate method or techniques to solve the particular problems under

investigation. The design may be a specific presentation of various steps in the research process. These steps includes the selection of research problem, presentation of the problem, formulation of hypothesis conceptual clarity, methodology, survey of literature and documentation, bibliography, data collection, testing hypothesis, interpretation, presentation and report writing.

The research design of this study is case study and is descriptive as well as analytical research under high involvement product. This study examines the customer's decision process under high involvement situation. The data collected here is directly taken from the sample chosen. It is a fact-finding study; therefore survey research design is applied here. In this process the direct responses of the respondents have been taken. As lack of sufficient empirical work in this area in Nepal that increases the researchers, familiarity with problem, this study is explorative in nature.

### **3.3 Nature and Source of Data:**

For the reliability and effectiveness of the research work, true and fact information are necessary because information are the lifeblood for any research. Information is the most important element of any types of research.

The source of data in this study is basically primary in nature. Primary data collected through questionnaire, unstructured interviews and personal observations, which are useful in collecting data effectively in analyzing the fact. The main source of data is those respondents who have purchased computer.

### **3.4 Sampling Method:**

The population of this study consists of the people of Parsa district. It includes those who had already owned computers and potential customers. There is no accurate size of the population; however 110 units (individuals) have been taken in the sample. Convenience sampling technique has been used because of difficulties to specify the population units. It is because not any records are systematically kept either by the sellers or the Government.

The distribution of sampling is heterogeneous since friends, relatives, neighbors and others are used as linked person identifying such person in their respective localities where they bought computers.

### **3.5 Sampling Unit**

Sampling unit for this study constitutes members from the household of Parsa district. As they required to have a computer or should be a potential buyer in recent future they are mainly of medium or high-income level.

### **3.6 Sample Size**

The sample size of this research is 110. A total of 110 people of Parsa district are taken as sample.

### **3.7 Product Sample**

Computer is most useful product in the world and it is more risky than other product. It is high expenses and risky product so customer analyze about the product before installation. So computer is chosen as a sample product in the study thinking that it is the most risky and more involving product.

### **3.8 Contact Methods**

Informally the correspondents are reached through various methods like personal contact, chatting, interview, telephone calls etc. However only interview method is given in this research.

### **3.9 Data Collection Procedure**

The data have been collected with the help of self-administered questionnaire to the respondents at mutually convenient time and place. Information from interview is also included according to necessity to necessity. The questionnaire was developed on the basis of literature review, guides instruction and the components of decision process. Which included questions related to the pattern of decision making strategies involving various stags of decision process and situational variables likely to affect the decision process. Questionnaire is included in the appendix section.

### **3.10 Data Analysis Method:**

To analyze the facts, information obtained from the respondents collected data are carefully checked, edited and presented in appropriate tables. Both descriptive and inferential analyses have been carried out according to the requirement. Hypotheses have been developed and chi-square tests are employed. Hypotheses have been developed and chi-square tests are employed. To test their validity at 5% levels of significance tools applied here are simple arithmetic mean, weighted average etc.

#### **3.10.1 Chi-Square Test.**

Chi-Square test evaluates whether the difference between the observed and expected frequently under some null hypothesis can be attributed to chance or actual population different. It is the most popular non-

parametric test of significance that is widely used in social researches. It can be used to make science to compare between two more nominal variables. The chi-square value is obtained by using the following formula, which is compared against the tabulated value to obtain the conclusion.

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where

O= Observed frequency

E= Expected frequency

= O/N

**Null Hypothesis.**  $H_0$ , the number of parts demanded does not depend on the day of the week. In other words, the demand for the parts is uniformly distributed over the six days of the week.

**Alternative Hypothesis.**  $H_1$ , : The number of parts demanded depends on the day of the week. In other words, the demands of the parts is not uniformly distributed over the six days of the week.

Under the null hypothesis, the expected frequency each day is:

$$E = \frac{O}{n} = \frac{6720}{6} = 1120$$

Calculation of  $\chi^2$

Days	O	E	O-E	(O-E) <sup>2</sup>	$\frac{(O - E)^2}{E}$
Mon	1124	1120	4	16	0.014
Tues	1125	1120	5	25	0.022
Wed	1110	1120	-10	100	0.089
Thurs	1120	1120	0	0	0
Fri	1126	1120	6	36	0.032
Sat	1115	1120	-5	25	0.022

	O X6720	E X6720			$\frac{(OZE)^2}{E} \times 0.179$
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Test Statistic,

$$\dots t^2 = \frac{(OZE)^2}{E} \times 0.179$$

Where, O = observed frequency

E = expected frequency

Degree of freedom = n-1=6-1=5

Level of significance,  $\alpha = 5\% = 0.05$

**Critical value:** The tabulated value of  $t^2$  at 5% level of significance for 5 d.f. is 11.07.

Decision : Since the calculated value of  $t^2$  is less than tabulated value of  $t^2$ , the null hypothesis  $H_0$  is accepted. Therefore, we conclude that the number of parts demanded does not depend on the day of the week.

### 3.10.2 Simple average method

It assumes that all the items under consideration are of equal importance in the distribution. But in many cases, the relative importance of the items in the distribution is not same. In such a situation, the relative importance is considered as weights of the variable and the weighted average is to be computed. Weighted average mean is calculated by using the following formula.

$$\text{Weight Average mean } (\bar{X}_W) = \frac{X_1W_1 + X_2W_2 + \dots + X_nW_n}{W_1 + W_2 + \dots + W_n}$$

$$\frac{X_n W_n}{W}$$

Examples

Solution

Here ,  $N_1 = 90$  and  $\bar{X}_1 = 9.5$

$N_2 = 60$  and  $\bar{X}_2 = 13.5$



$$\text{Combined mean } \bar{X} = \frac{N_1 \bar{X}_1 + N_2 \bar{X}_2}{N_1 + N_2}$$

$$= \frac{90 \times 9.5 + 60 \times 13.5}{90 + 60}$$

$$= \frac{855 + 810}{150} = 11.1$$

So, the average age of the students of the school is 11.1 years.

## **CHAPTER-4**

### **DATA PRESENTATION AND ANALYSIS**

In this chapter, the data collected from the respondents are presented, analyzed interpreted as to meet the objectives of the study. The first section of this chapter incorporates the respondent's profile and remaining section contains analysis and interpretation of data relating to consumers decision process under high involvement purchase situation.

#### **4.1 Respondent Profile**

The demographic characteristics of the respondents as obtained by means of administering questionnaires are presented in the following tables.

##### **4.1.1 Age Category**

Marketing is affected by the customers' age. Different type of ages customers like different type of product. So, the marketers must be considering with different type of ages customers. That is way, different type of ages customers viewed are presented as below.

**Table No.1: Age Category**

Age group	Number	%
Below 20	9	8.18
20-30	50	45.5
30-40	34	30.90
Above-40	17	15.45
Total	110	100

The table No. 1 shows the age group of respondents. Out of total No of samples, 8.18% (i.e. 9 respondents) fall into the age group of below 20

years, 45.5% (i.e. 50 respondents) fall into 20-30 years, 30.90% (i.e. 34 respondents) from 30-40 years and the rest of 15.45% fall in to age group above 40 years. Further it can be concluded that the age group of 20-30 years is the most active buying age group of total 110 respondents in this research.

#### 4.1.2 Education

Education develops the persons thinking. So, well educated person thinking is so high and he seeks the high quality product than low level educated person. Seeing the different type of educated person, marketers should make strategies and researcher should involve to the different type of educated persons' viewed.

**Table No. 2 Education**

Educational Level	Number	%
Under S.L.C.	6	5.45
S.L.C.	18	16.36
Intermediate	24	21.82
Graduate	41	37.28
Post Graduate	21	19.02
Total	110	100

The table No. 2 reveals the educational background of the sample surveyed (i.e. buyer). As the table indicates that 5.45% (i.e. 6) respondents belong to below S.L.C. level, 16.36% (i.e. 18) respondents having S.L.C. level 21.82% (i.e. 24) Intermediate level, 37.28% (i.e. 41) from Graduate level and the remaining 19.09% (i.e. 21) with post Graduate and the above More than 50% respondents are observed having educational qualification of above Graduate level.

### 4.1.3. Marital Status

We can divide married and unmarried person in marital status. Almost married person consider their families intension whereas unmarried person think own self desire. That is way; we must take viewed of them likewise as below.

**Table No. 3: Marital Status**

Marital status	Number	%
Married	63	57.27
Unmarried	47	42.47
Total	110	100

Table N.3 reveals the marital status of total respondents. Out of them, the majority of the sample surveyed 57.27% (i.e. 63) are married and remaining 42.73% (i.e. 47) are unmarried.

### 4.1.4 Sex

Gender's view is the most crucial view in any research to reach the decision because male and female thinking are so differs to each other. There is certain that female is so fashionable than male. Different viewed of genders are presented as below.

**Table No. 4: Sex**

Sex Group	Number	%
Male	76	69.10
Female	34	30.90
Total	110	100

The above table shows the sex group of the respondents. Out of total 110, 69.10% (i.e.76) are male respondents and remaining 30.90% (i.e.43) are female respondents.

#### **4.1.5 Family Size**

Household size or family size affects the choices of product. Almost joint family and single family intension are differ to each other because big sizes, high qualitative or high prices products may choose the joint family whereas low qualitative, small sizes or low pieces products may choose the single family. The collecting data of household size are as follows.

**Table No. 5: Family size**

Family size	Number	%
1 or 2	23	20.90
3 or 4	52	47.28
5 or above	35	31.82
Total	110	100

The above table no. 5 concerns the size of respondents, family size. It is shown in the table that 20.90% (i.e. 23) of respondents have 1 or 2 family

members 47.28% (i.e. 52) respondents have 3 or 4 family members and remaining 31.82% (i.e. 35) have 5 or more family members. Most of the respondents in this research are from the household having 3 or 4 family members.

#### 4.1.6 Occupation

Different types of person are involved in occupational status. Whereas students use the high involvement product especially computer to learn specific course but businessman, government and private sectors person use the computer by professionally. They take more advantages than the students. Seeing such type of uses they have different thinking towards these products. So, the researcher should collect the different type of viewed.

**Table No.6: Occupation**

Occupation	Number	%
Student	27	24.55
Businessman	34	30.90
Government Service	36	32.73
Private Service	6	5.45
Not mentioned	7	6.37
Total	110	100

Table NO.6 presents occupational status of the total sample 110, out of which 6.37% (i.e. 7) respondents did not mention their occupation. 24.55% (i.e. 27) respondents are students, 30.90 (i.e.34) are businessman 32.73% (i.e. 36) are government/Private officials (Government 61.11% (i.e. 22) and Private 38.89%, (i.e.14) and the rest 5.45% (i.e.6) respondents are private services.

#### 4.1.7 Monthly Income

Income level affects the person to purchase the products. If high level persons get chance to purchase the product, they will buy the high quality and high cost products than low level persons. So, we have to analyze the different level of persons to interpretation the research and to make the research study reliable.

**Table No. 7: Monthly Income**

<b>Income level</b>	<b>Number</b>	<b>%</b>
Below 5000	18	16.36
5000-10,000	41	37.27
10,000-15,000	38	34.55
Above 15000	7	6.36
Not shown	6	5.46
Total	110	100

The above table is related to the respondents, family monthly income level. Out of them 16.36% (i.e. 18) have below 5000 income level, 37.27 percent have income Rs. (5,000-10,000), 34.55percent (i.e.38) respondents having income Rs. (10,000-15,000) and 6.36% having income above Rs.15, 000. 6.46%, i.e. 6 respondents did not show their monthly income in this research. So, the main income level is Rs. (5,000-10,000) among respondents.

#### 4.1.8 Family Life Cycle:

Family life cycle includes bachelor, married with children, married without children, married with joint family, married with separate family.

**Table no. 8 Family life cycle**

<b>Life cycle</b>	<b>Number</b>	<b>%</b>
Bachelor	15	13.63
Married with children	19	17.27
Married without children	40	36.36
Married with joint family	20	18.18
Married with separate family	16	14.54
Total	110	100

**4.1.9. Social class:**

The social class includes the people of high class, medium class and low class.

**Table no. 9 Social class**

<b>Social class</b>	<b>Number</b>	<b>%</b>
High class	60	54.54
Medium class	30	27.27
Low class	20	18.18
Total	110	100

**4.1.10 Religion:**

This category includes Hinduism, Muslim and Christians.

**Table no.10 Religion**

<b>Religion</b>	<b>Number</b>	<b>%</b>
Hindu	50	45.45
Muslim	40	36.36
Christians	20	18.18
Total	110	100



#### 4.1.11 Buying motives

This category includes the buying motives like entertainment, fear and status.

**Table no.11 Buying motives**

Motives	Number	%
Entertainment	33	30
Fear	50	45.45
Status	27	24.54
Total	110	100

#### 4.2 Need Recognition

Need recognition is the first step of customer decision process. Customers realize the need of product through their own awareness and from need recognizer. Similarly, different sources make them aware to recognize the source for need recognition. In the same process, consumer recognizes about the name of brand they want to buy or that they have bought. The tables presented below (Table No. 12) show the need recognizers, sources for need recognition and sources of brand awareness.

##### 4.2.1 Sources for Need Recognition

**Table No.12: Sources for Need Recognition**

Need Recognition	Number	%
Neighbour	18	13.04
Peer group/ colleagues	44	31.89
Own experience	33	23.86
Advertisement	21	15.22
Word of mouth	9	6.52
Others	13	9.42
Total	138	100

The above table shows that the total number of respondents differs from the total number of responses (i.e. from 110 TO 138). It is because some of the respondents used more than single source.

As the above table shows, 13.04% (i.e. 18) respondents recognized the computer buying need through neighbors, 31.89% (i.e. 44) respondents recognized need through peer groups/ colleagues, 23.91 % (i.e. 33) respondents recognized need through own experiences or inner motive and 15.22% (i.e. 21) respondents through advertisement. Similarly 6.52% (i.e. 9) respondents recognized need through word of mouth and remaining 9.42 % ( i.e. 13) respondents express their views from other sources for need recognition of buying computers.

Table No. 12 also explicitly mentions that among different sources, peer groups / colleagues and own experience are the most important, and some consumers use one or more source for need recognition as seen in this research.

### **Hypothesis No. 1**

H<sub>0</sub>: Regarding need recognition the customers are equally influenced by the given sources.

H<sub>1</sub>: Regarding need recognition, the customers are not equally influenced by the given source.

Computation:  $\chi^2 = \sum \frac{(O-E)^2}{E}$

Where,

O= Observed frequency

E= Expected frequency

=  $O/n$

### Calculation $t^2$

0	E	0-E	$(0-E)^2$	$\frac{(0-E)^2}{E}$
18	23	-5	25	1.08
44	23	21	441	19.17
33	23	10	100	4.35
21	23	-2	4	0.17
9	23	-14	196	8.52
13	23	-10	100	4.35
138				36.56

Calculated  $t^2 = 10.07$

Degree of (d.f.) =  $(n-1) = (5-1) = 4$  at 5% level

Tabulated  $t^2 .05 (4) 9 = 4.9$

According to  $t^2$  test, 5% level of significance at 5 degree of freedom, the calculated value of  $t^2$  is 36.56 and tabulated value of  $t^2$  is 11.07. So, calculated  $t^2$  is greater than tabulated value of  $t^2$ , so,  $H_0$  is rejected and  $H_1$  is accepted i.e. need recognition, the customer are not equally influenced by the sources.

#### 4.2.2 Need Recognition

**Table No.13: Need Recognition**

Need Recognizer	Number	%
Itself	46	41.82
Son	24	21.82
Daughter	19	17.2
Spouse(Husband/wife)	14	12.72
Others	7	6.37
Total	110	100

The above table presents the need reorganization of total respondents. As shown, 41.82% (i.e. 46) respondents recognized the need of buying computer by themselves, 21.82% (i.e. 24) respondents recognized by their son, 17.27% (i.e. 19) recognized by their daughter, 12.73% (i.e. 14) recognized by their spouse (husband/wife) and remaining 6.37% (i.e. no. 7) recognized the need from others. So, we can say that most of the people recognize their need by themselves, according to this research.

#### 4.2.3 Source of Brand Awareness

**Table no.14**

<b>Awareness Source</b>	<b>Number</b>	<b>%</b>
My friend told me	29	26.36
My family/ relative told me	44	40.00
I saw/heard its advertisement.	23	20.91
Others	14	12.37
Total	110	100

The above table shows that among 110 respondents, 26.36% (i.e. 29) respondents are aware from their friend, 40% (i.e. 44) are awarded about the brand from their family/relatives, 20.91 % (i.e. 23) have sources of brand aware by seeing or hearing the computer's advertisement and the rest 12.73% (i.e. 14) respondents are aware from other sources.

#### 4.3 Information Sources

When consumers realize the existence of a problem, they need adequate information to solve it. Thus, information search is the process by which consumer collects information on the products, brands; stores process e consumers are continuously searching internally, about products when they problem recognition. Afterwards, they search many external sources

and make them one or more sources that seems reliable to their mind. Table No. 15 shows various source and frequency of consumers, search activities.

**Table No 15: Information Sources**

<b>Types of Sources</b>	<b>Number</b>	<b>%</b>
Radio, advertisement	19	10.92
Television advertisement	30	17.24
Printed advertisement	11	6.32
Visit to dealers	19	10.98
Talking to sales Person	17	9.78
Friend/ family members	56	32.18
Others	22	12.64
Total	174	100

The above table No. 11 shows that the total no of respondents differs from the total no. of responded (i.e. from 110 to 174) because as per the surveyed data, most of the responds use one or more sources of information in order to purchase high involvement product, computer.

As the above table's shows, 10.92% (i.e. 19) responses are obtained by those respondents who have used radio advertisement as sources of information, 17.24% (i.e.30) responses are obtained through television advertisement, 32.18% (i.e. 56) respondents consulted with their friends and family members for the sources of information before purchase. 10.92% (i.e.19) responses are obtained by visit of different brands dealers, 6.32% (i.e. 11) are depended on printed advertisement for the

sources of information. And remaining 12.64% (i.e. 22) respondents searched other sources of information before the evaluation of brand.

As observed in the above tables, friends, family members and advertisement are used by the buyers as the important among the available sources of information.

### **Hypothesis No. -2**

H<sub>0</sub>: The customers give equal emphasis on the external and interpersonal sources of information before purchasing computer.

H<sub>1</sub>: The customers do not give equal emphasis on the external and interpersonal sources of information before purchasing computer.

$$\text{Computation } \chi^2 = \sum \frac{(O - E)^2}{E}$$

Where,

O=Observed frequency

E=Expected frequency

$$= O/N$$

## Calculation $t^2$

0	E	0-E	$(0-E)^2$	$\frac{(0-E)^2}{E}$
19	24.86	-5.86	34.34	1.38
30	24.86	5.14	2.12	1.06
11	24.86	-13.86	192.09	7.73
19	24.86	-5.86	34.34	1.38
17	24.86	-7.86	51.78	2.48
56	24.86	31.14	969.7	39.00
22	24.86	-2.86	8.17	0.32
174				53.35

Calculated  $t^2 = 53.35$

Degree of freedom = (d.f.) = (n-1) (7-1) = 6 at a 5 % levels

Tabulated  $t^2_{05(6)} = 12.59$

According to  $t^2$  test, the tabulated value of  $t^2$  at 5% level of significant for 6 degree of freedom is 12.59. But the calculated value of  $t^2$  is 53.35. We can see that calculated  $t^2$  is more than tabulated value of  $t^2$  so, Null hypothesis  $H_0$  is rejected and alternative hypothesis  $H_1$  is accepted. So, i.e. customers do not give equal emphasis on the external and interpersonal before computing computer.

### 4.4 Purchase Friend

A purchase friend is one who accompanies a buyer while searching or shopping any one (friend spouse, family members, colleges etc.). Helping

a buyer in his search for information or choice making can be termed as a purchase friend who plays the main role in selecting a particular brand. Consumers often take the help of purchase friend while doing information search and during final purchase of product for different reasons.

In order to find out the information about the purchase friends in this research, different kind of questions were asked to the purchase friend users, reasons about for using purchase friends and types of purchase friends. The following tables from No. 12 to 14 show the involvement of purchase friend, their types and the reasons for using purchase friend.

#### 4.4.1 Purchase friend users

**Table No. 16: Purchase Friend Users**

<b>Purchase Friend users</b>	<b>No.</b>	<b>%</b>
Alone	37	33.64
With someone	73	66.36
Total	110	100

The above table shows that 33.64 % ( i.e. 37 respondents) of the total sample went alone to purchase computer and remaining 66.36% (i.e. 73 respondents) were accompanied by someone else to purchase computer. The research shows that the majority of respondents take help of purchase friends to make their purchase decision.

#### **Hypothesis No. -3**

H<sub>0</sub>: The customers go alone in final purchase of the computer.

H<sub>1</sub>: The customers go with someone else in final purchase of computer.



$$\text{Computation } \chi^2 = \sum \frac{(O - E)^2}{E}$$

### Calculation $\chi^2$

O	E	O-E	(O-E) <sup>2</sup>	$\frac{(O - E)^2}{E}$
37	55	-18	324	5.89
73	55	18	324	5.89
110				11.78

Calculated  $\chi^2 = 11.78$

Degree of freedom = (d.f.) = (n-1) = (2-1) = 1 at a 5% level

Tabulated  $\chi^2_{0.05(1)} = 3.84$

According to chi-square test, at level of 5% significance for 1 degree of freedom, the calculated value of  $\chi^2$  is 11.78 and tabulated value 3.84. Calculated  $\chi^2$  is more than tabulated value of  $\chi^2$ , so,  $H_0$  is rejected,  $H_1$  accepted, i.e. the consumers go with some one else in final purchase of computer.

#### 4.4.2 Types of Purchase Friends Used

**Table No. 17: Types of Purchase Friends use**

Types of Purchase Friend	No.	%
Friends	25	32.87
Relatives	10	13.70
Mechanics	12	16.44
Spouse (husband/ wife)	18	24.65
Others	9	12.33
Total	73	100

The table No.13 provides descriptive statistics concerning the different types of purchase friends used by the respondents. Among total number, 32.87% went with their friends and 13.71% (i.e.10) respondents went with their relatives. Similarly, 16.44% (i.e.12) respondents went with mechanics, 24.65% (i.e.18) went with their spouse (husband / wife) and 12.33% (i.e. 9) respondents went with others to make purchase decision. According to the above-observed table, most buyers, above 55%, commonly used friends and spouse (husband / wife) in their purchase decision.

#### **Hypothesis NO.-4**

H<sub>0</sub>: The customers equally use the given types of purchase friends in order to make final purchase of computer.

H<sub>1</sub>: The customers do not equally use the given types of purchase friends in order to make final purchase of computer.

$$\text{Computation } \chi^2 = \sum \frac{(O - E)^2}{E}$$

Where,

O=Observed frequency

E=Expected frequency

$$= O / N$$

## Calculation $\chi^2$

0	E	O-E	(O-E) <sup>2</sup>	$\frac{(O-E)^2}{E}$
24	14.6	9.4	88.36	6.05
10	14.6	-2.6	6.67	1.45
12	14.6	-2.6	6.67	0.46
9	14.6	4.4	19.36	1.32
18	14.6	3.4	11.56	0.79
73				10.07

Calculated  $\chi^2 = 10.07$

Degree of freedom = (d.f.) = (n-1) = (5-6) = 4 at a 5 % levels

Tabulated  $\chi^2_{0.05(4)} = 9.49$

According to  $\chi^2$  test, the tabulated value of  $\chi^2$  at 5% level of significance or 4 degree of freedom is 9.49. But the calculated value of is 10.07. So, calculated  $\chi^2$  is more than tabulated value of  $\chi^2$  So that  $H_1$  is accepted and  $H_0$  is rejected. Therefore we can say that customers do not equally use the given types of purchase friends in order to make final purchase of computer.

#### 4.4.3 Reasons for Using Purchase friends

**Table No. 18: Reasons for Using Purchase Friends**

Reasons	No.	%
Helps to decide with one from different brand	21	28.77
Bargain with the dealers	33	45.20
Know he/she feels about my choice	8	10.96
Get his/she help in inspecting different brands	2	2.47
To make sure I would select right	9	12.33
Total	73	100

Purchase friends can be used for various reasons. The above table shows the various reasons for using purchase friends. 28.77 % ( i.e.21) respondents used them to help to decide which one to buy from different brands. 10.96% (i.e.8) respondents used to know what he/she feels about their choice, 2.74% (i.e.2) respondents used purchase friends to his/her help in inspecting different brands. Likewise, 12.33% (i.e. 9) respondents used purchase friends to make sure they would select right computer and remaining 45.20% (i.e.33), or most of the responds used purchase friends to bargain with the dealers or computer seller.

#### **Hypothesis No-5**

H<sub>0</sub>: The customer use purchase friends for some reasons while making their final choice.

H<sub>1</sub>: The customers use purchase friends for various reasons while making their final choice.

$$\text{Computation } \chi^2 = \sum \frac{(O - E)^2}{E}$$

Where,

O=Observed frequency

E=Expected frequency

$$= \sum \frac{O^2}{N}$$

**Calculation  $\chi^2$**

O	E	O-E	(O-E) <sup>2</sup>	$\frac{(O-E)^2}{E}$
21	14.6	6.4	40.96	2.8
33	14.6	18.4	338.56	23.19
8	14.6	-6.6	43.56	2.89
2	14.6	-12.6	156.76	10.87
9	14.6	-5.6	31.36	2.14
73				41.98

Calculated  $\chi^2 = 41.98$

Degree of freedom = (d.f.) = (n-1) = (5-1) = 4 at a 5 % levels

Tabulated  $\chi^2_{0.05(4)} = 9.49$

According to  $\chi^2$  test the tabulated value of  $\chi^2$  at 5% level of significant 4 d. f. is 9.49, but the calculated value of  $\chi^2$  is 41.98 and calculated value is less than tabulated value. So  $H_0$  is rejected and  $H_1$  is accepted. i. e. the customers use purchase friends for various reasons while making their final choice.

## 4.5 Evaluation

Evaluation of alternatives is the third step of customer, decision process. In this stage, a customer uses the information to classify the various alternatives and their relative attractiveness. Each individual has his/her own system of evaluations. Generally, all customers are not interested in all the attributes of a product but only those, which are important to them (Agrawal, 2057:P64).<sup>4</sup> Customers evaluate many brands and models before they purchase and they order to analyze, proper weighted age (as ratings) have been given to various criteria. The following tables show customers evaluated brands and models and the rating of various criteria.

### 4.5.1 Evaluated Brands and Models

**Table no.19**

Evaluated no:	Brands	%	Models	%
1	25	22.73	21	19.09
2	51	46.36	33	30.33
3	27	24.55	12	10.91
4	7	6.36	0	0
Not Mentioned			44	40.00
Total	110	100	110	100

Table No. 19 presents the customer's total evaluated brands and models before purchase decision. Among total number 110 respondents' 22.73% (i.e. 25) respondents evaluated only one brand before purchase 46.36% (i.e. 51) respondents evaluated 2 brands for evaluation before purchase, 24.55 (i.e. 27) respondents evaluated 3 brands and remaining 6.36% (i.e. 7) of the total sample evaluated 4 brands before they purchase certain brand. On the other hand, among total respondents only 66 respondents

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<sup>4</sup> Agrawal, Govinda Ram, Marketing Management in Nepal, M.K. Publishers and Distributors, Edition, 2057 B.S. Pg.8

inform about the evaluation of models. The remaining 44 respondents did not inform about their evaluated models. Out of 66 respondents, 19.09% (i.e. 21 respondents) evaluated only one model, 30.33% (i.e. 33) respondents evaluated two models, 10.91 % (i.e. 12) of total respondents' evaluated 3 models before purchasing computer.

According to this research, most of the respondents evaluated 2 brands and 2 models, before purchase. It also shows that the respondents have normal brand evaluation awareness but they have the least awareness in the selection of models in Nepalese computer market, especially in Parsa district.

#### 4.5.2 Evaluative Criteria

**Table No.20: Evaluative Criteria**

Criteria Rating	Price		Country of origin		Warranty		Operation System		Brand Image		Reputation		Total No.
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
1	51	46.36	15	13.64	17	15.45	11	10	9	8.18	7	6.36	110
2	27	24.55	26	23.64	29	26.36	14	12.73	8	7.27	6	5.46	110
3	18	16.36	32	29.09	27	24.55	14	12.73	12	10.91	7	6.36	110
4	7	6.36	19	17.27	28	25.45	44	40	8	7.27	4	3.64	110
5	5	4.55	12	10.91	6	5.45	18	16.36	47	42.73	22	20	110
6	2	1.82	6	5.45	3	2.74	9	8.18	26	23.64	64	58.18	110
Total	110	100	110	100	110	100	110	100	110	100	110	100	

According to above table, 46.36% (i.e.51) respondents rated price as most important criterion for evaluation of different alternative, 24.55% (i.e. 27) respondents, price as second important criterion, 16.36% (i.e. 18) respondents rated price as third important criterion 6.36% (i.e. 7) respondents rated price as fourth important criterion. Similarly, 4.55%

(i.e. 5) respondents rated price as fifth important criterion among the 6 criteria and only 1.82% of respondents rated price as the sixth or the least important criterion.

Another evaluative criteria, 13.64% (i.e. 15) respondents emphasized it as the most important criterion and rated first, 23.64 % (i.e. 26) respondents rated country of origin as second important criteria, 29.09% (i.e. 32) respondents evaluated different alternatives by rating country of origin as third important criterion. Similarly, 17.27% (i.e.19) respondents rated it as the fourth criterion, 10.91 % (i.e. 12) respondents rated it as the fifth important evaluative criterion and remaining 5.45% (i.e. 6) respondents considered country of origin as the sixth or the least important evaluation criteria, among the six criterion.

On the other hand, among total 110 respondents 15.45% (i.e. 17) respondents considered warranty rated warranty as the most important criterion, the majority 26.36% (i.e. 29) respondents rated it as second important criterion, 24.55% (i.e. 27) respondents rated warranty as third important criterion, 25.45% (i.e. 28) respondents rated it as the fourth important criterion. Similarly, 5.45% (i.e. 6) respondents rated as fifth important criterion and the rest 2.74% (i.e. 3) respondents rated it as the sixth or least important evaluative criterion.

Likewise, only 10% (i.e. 11) of the respondents evaluated the different brands of computer by considering operating system as the most important criterion while 12.73% of total respondents (i.e. 14) rated it as second important criterion. Similarly, 12.73 % (i.e. 14) respondents rated as third important criterion. The large majority 40% (i.e. 44) respondents considered it as fourth important criterion, 16.36% (i.e. 18) sampled respondents considered operating system as fifth important criterion for



evaluation and remaining 8.18% ( i.e. 9) respondents gave it least importance.

As regards to the brand image, only 8.18% (i.e. 9) of the respondents rated it most important evaluative criterion among total 110 respondents, 7.27% (i.e. 8) respondents rated brand image as second important criterion, 10.91 % and 7.21 % (i.e. 12 and 8) respondents rated as the third and fourth important evaluative criterion respectively. Likewise, the majority, 42.73% (i.e. 47) of the respondents considering brand image rated as fifth important criterion, and other remaining 23.64% (i.e. 26) respondents rated as sixth or the least important evaluation criterion.

Similarly, of only 6.36% (i.e.7) of the respondents rated reputation of dealers as the most important criteria, 5.46% (i.e. 6) respondents rated. as second important criterion, 6.36% (i.e. 7) respondents rates third important criterion, 3.64% (i.e. 4) respondents considered reputation of dealers as fourth important criterion, 20% (i.e. 22) respondents rated as fifth important criterion and the majority of respondents, i.e. remaining 58.18% (i.e.64) rated reputation of dealers as sixth important or the least important criterion.

As described in the above table, almost 46.36% respondents considered price and second majority, 15.45% respondents considered warranty to be the important criteria for evaluation of different brands of computer.

## **Hypothesis - 6**

Hypothesis of weighted Average Mean

H0 : The given criteria are equally important regarding evaluation of alternatives.

H1 : The customers do not give equal importance regarding evaluation of alternative.

Calculation of weighted Average Mean.

$$\frac{W_1x_1 \Gamma w_2x_2 \dots \dots \dots W_nx_n}{w_1 \Gamma \dots \dots \dots W_n} X \frac{Wx}{W}$$

Price                    51x1 +27 X 2 + 18 x3 + 7 x 4 + 5 x5 + 2 x6

1+2+3+4+5+6

= 10.67

Country of origin    15x1+26x2+32x3+19x4+12x5+6x6

1+2+3+4+5+6

= 15.95

Warranty            17x1+29x2+27x3+28x4+6x5+3x6

21

= 15.05

Operation system    11x1+14x2+14x3+44x4+18x5+9x6

21

=19.09

Brand image            9x1+8x2+12x3+4x4+47x5+26x6

21

= 22.29

Reputation of dealer 7x1+6x2+7x3+4x4+22x5+64x6

21

=26.19

On the basis of calculation of weighted average mean, the weighted average shows that price is the most important criterion considered by the sampled respondents for evaluation their alternatives which has the smallest weighted average of 10.67. Therefore,  $H_0$  is rejected i.e., the customers do not give equal importance to the given criteria regarding the evaluation of alternatives.

#### **4.6 Purchasing Factors**

After engaging in evaluation of alternatives the customers, next step in the decision process is to make choice and purchase from among alternatives, customers make a variety of choice on the basis of different factors but sometimes consumer may of choose or purchase between non compensable alternatives as well. However, the following table describes the different purchasing factors on the basis of total sample and factors they emphasize most.

##### **4.6.1 Purchasing Factor**

**Table No.21: Purchasing Factor**

Purchasing Factors	No.	%
Guarantee/ Warranty	24	21.82
Discount	28	25.45
Installments of payment	19	17.27
After sales services	26	23.64
Others	13	11.82
Total	110	100

The above table shows that, among 110 respondents, 21.82% (i.e. 24) gave the highest most emphasis on purchasing factor guarantee/ warranty. 25.45% (i.e. 28) respondents mostly emphasizing discount of computer,

17.27% (i.e. 19) respondents made purchase decision emphasizing installments or modes of payment, 23.64% (i.e. 26) respondents made their purchase decision by emphasizing after sales services. Similarly, there are 13 respondents amounting to 11.82% of total sample of respondents who made purchase decision by emphasizing other factors which may be gift offers, store loyalty, reputation of dealers etc.

### Hypothesis No.7

Ho: The customers give equal emphasis to the given factors while making their final purchase decision.

H<sub>1</sub> the given factors are unequal emphasis by customers while making their final purchase decision.

$$\text{Computation } \chi^2 = \sum \frac{(O - E)^2}{E}$$

Where,

O= Observed frequency

E= Expected frequency

$$= O / N$$

### Computation $\chi^2$

O	E	O-E	(O-E) <sup>2</sup>	$\frac{(O-E)^2}{E}$
24	22	2	4	.18
28	22	6	36	1.64
19	22	-3	9	.41
26	22	4	16	.73
13	22	-9	81	3.68
110				6.64

Calculated  $\chi^2 = 6.64$

Degree of freedom = (n-1) = (5-1) = 4 at a = 5 % level

Tabulated  $\chi^2_{0.05}(4) = 9.49$

According to  $\chi^2$  test, the tabulated value at 5% level of significance for 4 degree of freedom is 9.49, but the calculated value of  $\chi^2$  is 6.64. So, calculated value is less than tabulated value of  $\chi^2$  thus, HO is accepted and HI is rejected, i.e. the consumers give equal emphases while making final purchase decision

#### **4.7 Brand and Model Purchase by Oneself or by Recommendation**

If a customer has sufficient knowledge of information seeking and evaluation and he has gone alone to buy computer, at that time the brand and model will be chosen by him. But sometimes, despite of proper information seeking and evaluation, customers often get confused to decide which one to buy from different brands and models. In these types of circumstances, consumers make purchase decision on the basis of recommendations they get. Such recommendations may be from friends, family members, relatives, salespersons etc. The following table shows computers chosen by customers themselves or recommendations of the total sampled.

**Table No. 22 : Brand and Model Recommendation**

Recommend	No.	%
Chosen by itself	47	42.73
Recommendation by someone	63	57.27
Total	110	100

As found in the above table, 42.73% (i.e. 47) respondents, purchase those brands and models by own decision or themselves. The majority 57.27 % (i.e. 63) respondents purchase those brands and models, which are recommended by their friends, family members, relatives, sales persons etc. So, we conclude that someone, recommendation in the context of

high involvement product, computer, in this research, influences mostly consumers' purchase decisions.

Hypothesis No-8

H<sub>0</sub>: The customer's choice the brand and model is recommended by someone.

H<sub>1</sub>: The customers choose the model and brand by themselves.

$$\text{Computation } \chi^2 = \sum \frac{(O - E)^2}{E}$$

Where,

O= Observed frequency

E= Expected frequency

$$= O / N$$

Computation  $\chi^2$

O	E	O-E	(O-E) <sup>2</sup>	$\frac{(O - E)^2}{E}$
47	55	-8	64	1.16
63	55	8	64	1.16
110				<b>2.32</b>

Calculated  $\chi^2 = 2.32$

Degree of freedom = (n-1) = (2-1) = 1 at a =5% level Tabulated.

$$\chi^2_{.05(1)} = 3.84$$

On the basis of  $\lambda^2$  test at 5% level on significance for 1 degree of freedom, the tabulated value is 3.84%, which is more than calculated value 2.32. So, calculated value of  $\lambda^2$  is less than tabulated value of  $\lambda^2$ . So,  $H_0$  is accepted, i.e. the consumers choose the brand and model recommend by someone.

#### 4.8 Influence of Purchase Decision

The evaluation process leads a customer to make a choice among several alternatives. In purchase decision stage, consumers are normally influenced by three types of choices, the brand choices in high involvement purchase situation consumers are found to use the compensatory decision rule. Under this rule, consumers use favorable attributes of a brand to overcome the unfavorable attributes when consumers find a particular store acceptable to overcome the unfavorable attributes. When consumers find a particular store acceptable over a period of time they tend to develop a store loyalty and they choose and are influenced by the same store.

The following table shows the influence while purchasing computer.

**Table No. 23: Influence of Purchase Decision**

Influenced by	No.	1%
Brand	93	84.55
Store	17	15.45
Total	110	100

According to the total respondents of above table, almost 84.55% (i.e. 93) respondents give priority of brand which they have evaluated before and remaining 15.45% (i.e. 17) respondents show store loyalty or most

influenced by store. So, this research shows very low percent of consumer are influenced by store.

### Hypothesis no-9

H<sub>0</sub>: The customers are equal influence by brand and store.

H<sub>1</sub>: The customers are not equal influence by brand and store.

$$\text{Computation } \chi^2 = \sum \frac{(O - E)^2}{E}$$

Where,

O=Observed frequency

E=Expected frequency

$$= O / N$$

O	E	O-E	(O-E) <sup>2</sup>	$\frac{(O - E)^2}{E}$
93	55	38	1444	26.25
17	55	-38	1444	26.25
110				$\frac{(O - E)^2}{E} \times 52.50$

Calculated  $\chi^2 = 52.50$

Degree of freedom = (n-1) = (2-1) = 1 at a – 5 % levels

Tabulated  $\chi^2_{0.05(1)} = 3.84$



According to  $\chi^2$  test at 5% level of significance, with 1 degree of freedom the tabulated value is 3.84 and the calculated value of  $\chi^2$  is 52.50. Calculated value of  $\chi^2$  is more than tabulated value. So,  $H_0$  is rejected, i.e. the customers are not equally influenced by brand and store.

#### 4.9 Post Purchase Behavior

Post purchase behavior is very important from the viewpoint of customer's satisfaction with the product. Satisfied customer not only become brand loyal but also works as brand ambassadors. Dissatisfied customers not only show strong complain behavior but also spread negative image of the brand and the company. If customers find the performance higher than their expectations, they are satisfied and if they find the performance lower than their expectations, they are dissatisfied. In high involvement products, like computer the opportunity cost is high and consumers tend to constantly evaluate their purchase decision. The post purchase behavior of customers (satisfaction and dissatisfaction) of the computer market, especially of Parsa district, is shown in the following table.

**Table no. 24: Reaction of Customers**

<b>Reaction of Customers</b>	<b>No.</b>	<b>%</b>
Satisfaction	92	83.63
Dissatisfaction	18	16.37
Total	110	100

Among 110 respondents, 83.63% (i.e. 92) respondent, post purchase behavior shows satisfaction as well as partial satisfaction and the rest 16.37% (i.e.18) respondents after purchase behavior shows dissatisfaction. According to this research, majority of the buyers, post

purchase behavior is satisfactory, i.e. they are satisfied with the computer they purchased.

#### **4.10 Customer Complaint Behavior:**

Customer complaint behavior is the direct result of dissatisfaction with a product or services. Dissatisfied customer's neither may not purchase again and they express their dissatisfaction through various sources. The following table shows the dissatisfied customers' expression.

**Table No.25: Complaint Behavior**

Express of Customers Dissatisfaction	No.	%
Did not complain with any one	4	22.22
Private response	6	33.33
Complained with the seller	8	44.45
Expressed their dissatisfaction to the media	0	0
Total	18	100

Among the 18 dissatisfied customers, 22.22% (i.e. 4) respondents did not complain their dissatisfaction with anyone, 33.33% (i.e. 6) respondents expressed their own private respondents; these private respondents expressed their dissatisfaction to their friends, neighbors and colleagues. The majority 44.45% (i.e.8) respondents expressed complaining behavior directly to the seller or manufactures and none expressed their dissatisfaction to the media.

#### 4.11 Suggestion Behavior

If the customer is fully aware of the brands of various models of computer, she/he can suggest others to buy the particular computer, to them who are interested to buy, even through the customer who gives suggestions have still not bought the computer.

**Table No. 26: Suggestion Behavior**

Suggestion Before	No.	%
Yes	22	20
No	88	80
Total	110	100

The above table shows that out of total 110 respondents, 20% (i.e. 22) respondents have already suggested buying the same brand of computer to others as they have bought now. So, we can say that 22 respondent have already got information about particular brand of computer. The remaining 80% (i.e. 88) respondents, though now have bought computer, suggested no-one.

## **CHAPTER-5**

### **SUMMARY, MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Summary**

The field of customer behavior is to study how individuals, groups and organizations buy products to satisfy their needs and desires. Buying behavior is the decision process and act of people involved in buying and using products.

In the market concept, customer behavior is rooted when marketers began to realize that they could sell more goods more easily, if they produced only those goods they had already determined that consumers buy instead of trying to get customers to buy what the firm has already produced, marketing oriented firms found that it was easier to produce only products they had first confirmed through research that customers wanted. The study of consumer behavior focused on how individuals make decisions to spend their available resources (time, money, efforts) on consumption related items in high involvement purchases, the post purchase evaluation is done and customers arrive at a stage of satisfaction or dissatisfaction with the purchase decision.

In addition to studying the customer behavior, an attempt has been made to study the buying behavior of Nepalese computer buyers. The main objective of this study is to examine how customers go through the decision process of high involvement products, i.e. computer, in Parsa district. This research addresses the following objectives.

- 1) To examine the sources of information of the customers about high involvement products.
- 2) To examine the factors that cause make the customer feel the need of high involvement purchase situation.
- 3) To examine major evaluation criteria used by customers while purchasing computer.
- 4) To observe the post- purchase behavior of the customers.
- 5) To ascertain the dominant criteria used by Nepalese customers.

Customer decision process of high involvement product consists of five steps beginning from problem recognition thought information search. Evaluation of alternatives, to purchase and post purchase behavior. In order to understand the customer behavior, six comprehensive models were developed namely Nicosia model, Howard-Sheth model, Engel Kollat- Blackwell model, Bettman's Information processing model, Sheth Newman Gross model and Sheth Family decision Making model. Some patterns of search strategies and few researches have been completed on customer's behavior in Nepal. These are also reported in review of literature chapter.

In this study primary data were collected through personal interviews with computer buyers. A detailed questionnaire was administered covering different parts of consumer decision process. The data collected from 110 respondents were analyzed, presented, and hypothesis were developed and tested by using statistical tools like chi-square, percentage and weighted average mean.

## 5.2 Major Findings

According to the research of Nepalese computer buyers, especially of Parsa district in between 110 respondents following findings are made in the context of customer decision process.

1. The demographic profile shows 30-40 years age group, graduates male and married respondents, with households size of 3 or 4, businessman, whose income group is Rs. 5000 to Rs. 10'000, is the most active buyers of the computer.
2. Among the various sources of need recognition, peer group/colleagues, own experience and advertisement are the main sources through which majority of respondents recognized the computer buying need.
3. Most of the need recognizers of the Nepalese computer buyers are buyers themselves.
4. The consumers, family/relatives and friends are the sources of brand awareness
5. Among six sources of information, namely radio advertisement, television advertisement, printed advertisement, visit to dealers, talking to salesperson and friends/family members, greater emphasis is given to friends and family members and television advertisement and most of the consumers depend on more than one sources.
6. Two groups of buyers exist, one going to purchase with someone and the other going alone. The majority of respondents i.e. 66.36% are found to make their final purchase decision of computer with the help of someone else.
7. Among the different types of purchase friends, friends and spouse (husband/wife) are most commonly used by computer buyers.

8. Most of the Nepalese computer buyers use purchase friends to bargain with the dealers.
9. According to this research, most of the buyers of computer evaluate two brands and two models, but they are weak in evaluation of models.
10. Among the criteria used for the evaluation of different brands of computer found that consumers considered the price as the most important criterion.
11. As regards to the choice behavior of the computer buyers the majority of respondents made purchase decision by considering discount and after sales service factors.
12. Concerning the brand and model recommendation the majority i.e. 57.27% respondents purchased those brands and models, which were recommended by someone.
13. Out of influential two influenced factors i.e. brand and store, very low percent customer have store loyalty. It means maximum numbers of customers are influenced with brand loyalty.
14. The post purchase behavior of total computer buyers 83.63% expressed their reaction towards the satisfaction and partial satisfaction.
15. Among the dissatisfied customers, 16.37% (i.e. 8) expressed their complaint behavior with the seller.
16. Among total respondents, only 20% have suggested others being aware about the models and brands of computer.

### **5.3 Conclusion**

The research is depicted towards the study about the customer's decision process of high involvement products, i.e. computer. In this research it is found that the Nepalese marketing academician and other are forced to use and assume the models of customer is quite different from them. Since Nepalese customer's socioeconomic status, product market situation, brand awareness, available of brands and models are not actually analogous to them. Therefore it is doubtful, how far these models are able to address the behavior of the customers of Nepal.

Thus, the present study in the area of customer behavior receives added significance in a product market environment like that of Nepal where low-level of education, lack of buying various alternatives and lack of source of information still exists. The present study of decision process of source of information still exists. The present study of decision process of buyers of high involvements goods showed different results. The computer buyer decision process is mostly influenced by friends, family and more than one sources of information the consumers used before evaluation. They take help of purchase friends for buying process and the recommendation of those purchase friends are mostly accepted by them. Most of the customers are satisfied with their post purchase decision.



## 5.4 Recommendation

In this study, on the basis of findings, following recommendations are drawn.

1. In order to understand the decision process of Nepalese buyers more efficiently, it is better to conduct similar kind of research by using large samples than what researcher has used in the present study
2. Among various source of need recognition, peer group/colleagues are **most** important. So, marketers should advertise to aware them.
3. The majority of customer use friends/family member as the frequent source of brand awareness. So marketers are suggested to provide greater emphasis upon friends/family.
4. The Nepalese computer buyers have normal level of awareness of brands and models. So, marketers are suggested to provide different variety of brands and models and provide information.
5. In the process of evaluation of alternatives, the Nepalese computer buyers consider price as the most important criteria. So, the marketers are suggested to sell quality products at a reasonable price.
6. Since the computer buyers made purchase decision by considering discount, the marketers are suggested to provide reliable discount.
7. Consumers want change with their age, income group, and education. So marketers are suggested to fix up the suitable marketing mix, which can captivate the attention and motivation of customers.
8. Most of the consumers were in flavor of bargaining. So, marketers are suggested to fix up the price by over looking the degree of bargaining tendency.

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# APPENDIX

**APPENDIX-A**  
**QUESTIONNAIRE**

(A Survey of Computer Buyers)

*Please, tick in the box beside correct information about you*

- a. **Age category:** - Below 20      20 -40      Above 40
- b. **Education:** Under SLC      SLC      Intermediate
- c. **Martial Status :-**
- Married                      Unmarried
- d. **Sex M**
- Male                      Female
- e. **Household size :**
- 1 or 3                      3 or 4                      5 or above
- f. **Occupation :**
- Student                      Businessman
- Government/ Private Service                      others
- g. **Total monthly income of your household:**
- Below 5000                      5000-10,000                      10,000 – 15000                      above
- Others

2. How did you happen to know first about the brand computer you bought?

Neighbor                      Peer/group/Colleagues  
Own experience      Advertisement              Word of – Month

3. Who recognized the need for buying the computer in your household?

Friend                      Relative  
Other

4. Did you go alone or with some one to buy a computer?

Alone                      With someone

5. Which of the following is your information source?

Radio advertisement                      Television advertisement  
Printed advertisement                      Visit to dealers  
Talking to sales person                      Friends/family member  
Other any .....

6. Who was/ were take the person that went with you?

a) Friends                      b) Relatives  
c) Mechanics                      e) Spouse (Husband/Wife)  
e) Others (Please specify)

7. Why did you take the purchase friend with you?

(The Person identified above)

a) To help to decide which one to buy form different brand  
b) To bargains with the dealers  
c) To know he/she feels about my choice  
d) To get his/her help in inspecting different models  
e) To makes sure I would select the right compute?



8.How many brands and models did you evaluate before purchase?

- a. .... Brands
- b. .... Modes

9.Please rank the following criteria (1,2,3 ..... ) you used while evaluation deferent brands of computer ?

- i) Price
- ii) Country of origin
- iii) Warranty
- iv) Operation System
- v) Brand image
- vi) Reputation of dealers

10.While purchasing the evaluated brand which of the following factors did you emphasize most?

- i) Guarantee/ Warranty
- ii) Discount
- iii) installments of Payment
- iv) After sales service
- v) Any other (please specify) .....

11.The Brand and model of computer you bought was:

- a) Chosen by yourself
- b) Recommended by someone else

12.Purchasing your computer was most influence by:

- i) Brand
- ii) Store

13.Are you fully satisfied with the computer you purchased ?

- i) Satisfied
- ii) Dissatisfied

14.If not satisfied, how did you express your dissatisfaction

- i) Did not complain with any one
- ii) Private Response
- iii) Complained with the seller
- iv) Expressed your dissatisfaction to the media

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