

# CHAPTER-1

## INTRODUCTION

### 1.1 Background

Possibly the most challenging concept in the marketing is to deal with understanding the buyer behavior. Consumer Buying Behavior refers to the buying behaviors of the final customers, and households who buy goods and services for personal consumption. It is fascinating but different area to research and this is particularly relevant in the tourism field, where the decision to purchase by a consumer is of emotional significance.

Consumers vary tremendously in age, income, education level and tastes and they buy an incredible variety of goods and services. Today market place has become very competitive. During the last 20 years hundreds of hotel companies developed new restaurants and hotels around the globe. In addition hospitality and tourism industry have undergone globalization which has increased the competitors within the industry. So to attract the customers, the company that really understands how consumers will respond to different product features, price and advertising appeal has a great advantage over its competitors. Consumer behavior is affected by many uncontrollable factors and their purchases are strongly influenced by cultural, social, personal and psychological factors. These factors cannot be control by marketers but must be taken into account before launching product or advertising the product. Factors affecting consumer buying behavior Consumer decision making is essentially a problem solving process. Mostly customers, either individual customers or organizational buyers, go through similar mental processes in deciding which products and brands to buy. The more marketers know about the factors affecting their customers buying behavior the greater their ability to design attractive product or service offerings to define and target meaningful market segments, and to develop marketing programs to fit the concerns and desires of those segments.

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 Birgunj sub-metropolitan city.

## **1.2 High Involvement and Low Involvement:**

Consumer decision-making varies with the level of involvement in the purchase decision.

### **Low Involvement**

When a consumer buys a low cost frequently purchased item that they are very familiar with, purchase decisions are usually routinized. This type of purchase is what is known as a Low Involvement purchase

Good examples of low involvement purchases might be buying bread, milk, soft drinks, yoghurt or many other 'everyday' grocery purchases.

### **High Involvement**

When a consumer buys more expensive less frequently purchased products in an unfamiliar category, purchase decisions are more about problem solving. This type of purchase is what is known as a High Involvement purchase.

Good examples, in the food and beverage sector, may be an expensive bottle of wine or spirits.

## **1.3 Consumer Buying Process for New Products:**

The decision process consumers go through for a new product is also often referred to as the product adoption process.

Product adoption is concerned with the way new consumers learn about new product and decide to become its regular user.

It is a psychological process to come to a decision of using certain new product regularly. There are mainly five steps in the product adoption process. They are:

- 1. Product Awareness** - The first step of the product adoption is to be aware of product. Consumers become aware of product introduction in the market via various means of communication, such as advertising, in-store visibility and word of mouth.

**2. Product Interest** - If the awareness or information of the product existence, the consumer may start to collect the information related to the product.

**3. Product Evaluation** - After the collection of the information about the product, the information gathered is evaluated by the consumers. Consumers check whether the product quality, benefits and price of the product satisfactory or not.

**4. Product Trial** – Once the consumer has evaluated the new product they may move to purchase in small quantities.

**5. Product Adoption** – Finally, after the trial of the product if the consumer is satisfied he/she will decide to adopt the product and use the product regularly even in the future.

## **1.4 Low-Involvement versus High-Involvement Buying Decisions**

Consumers don't necessarily go through all the buying stages when they're considering purchasing product. You have probably thought about many products you want or need but never did much more than that. At other times, you've probably looked at dozens of products, compared them, and then decided not to purchase any one of them. At yet other times, you skip stages 1 through 3 and buy products on impulse. As Nike would put, you "just do it." Perhaps you see a magazine with Angelina Jolie and Brad Pitt on the cover and buy it on the spot simply because you want it. Purchasing a product with no planning or forethought is called impulse buying.

Impulse buying brings up a concept called level of involvement—that is, how personally important or interested you are in consuming a product. For example, you might see a roll of tape at a check-out stand and remember you need one. Or you might see a bag of chips and realize you're hungry. These are items you need, but they are low-involvement products. Low-involvement products aren't necessarily purchased on impulse, although they can be. Low-involvement products are, however, inexpensive and pose a low risk to the buyer if she makes a mistake by purchasing them.

Consumers often engage in routine response behavior when they buy low-involvement products—that is, they make automatic purchase decisions based on limited information or information they have gathered in the past. For example, if you always order a Diet Coke at lunch, you're engaging in routine response behavior. You may not even think about other drink options at lunch because your routine is to order a Diet Coke, and you simply do it. If you're served a Diet Coke at lunchtime, and it's flat, oh well. It's not the end of the world.

By contrast, high-involvement products carry a high risk to buyers if they fail, are complex, or have high price tags. A car, a house, and an insurance policy are examples. These items are not purchased often. Buyers don't engage in routine response behavior when purchasing high-involvement products. Instead,

consumers engage in what's called extended problem solving, where they spend a lot of time comparing the features of the products, prices, warranties, and so forth.

High-involvement products can cause buyers a great deal of post purchase dissonance if they are unsure about their purchases. Companies that sell high-involvement products are aware of that post purchase dissonance can be a problem. Frequently they try to offer consumers a lot of information about their products, including why they are superior to competing brands and how they won't let the consumer down. Salespeople are typically utilized to do a lot of customer "hand-holding."

### **1.5 Focus of the study**

Generally, customer decision making process is the selection of one from and among different alternatives. Here different alternatives are necessary so as to go through one best alternative. The same degree of information search is not required for all kinds of customer for decision making process. Now a day's customers are facing several problems in their daily lives regarding the decision making for the higher involvement product. 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.

Buying decision might be similar in some context. The main complexity of the buying process is affected by both product high involvement and low involvement.

In high involvement buying process, the customer 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 all around the world. 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 produces, however, the customer is inclined to

skip the information search and evaluation process (pre-purchase and post purchase evaluations).

The first process 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 these 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 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 has carried out a series of researches on customer behavior but is rare in our country.

To know 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 the context of Nepal, mostly the 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.

## **1.6 Statement of the Problem**

Decision making process are different customer are also different by nature. Therefore to understand the customer decision making process, several decision making models have been developed. Mostly these consumer behavior models are applied in the western countries here in context of Nepal in it is not essential. In Nepal the application of these model is restricted because of market in Nepal are characterize by scarcity and uncertainty of supply of producers. 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 much varied 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 problems of the research are as follows:

1. What types of information does the customer search before the purchase of high involvement products?
2. Which sources of information frequently used for the decision process?
3. What are the decisions making bases undertaken by the customers in order to recognize and evaluate the alternative?
4. What are the decisions making factors considered by the customers while purchasing a durable product?

### **1.7 Objectives of the study**

Following are the objectives that determine how customers go through the decision process of HIP (computer).

1. To examine the sources of information about 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 behavior of the customers.

### **1.8 Significance of the study**

What is involvement level and how does it affect buyer decision making? Learn a comprehensive definition for involvement level and if higher or lower involvement is better. We also discuss involvement in relation to consumer purchasing behavior.

#### **What is Involvement Level?**

When consumers decide to buy a product based on the interest and importance of the product to them, this is defined as involvement level. In other words, it measures how personally, socially and economically involved the customer is with the product in order to buy it. If a consumer seeks out, researches and feels drawn to the product, there is an involvement level.



What is involvement level and how does it affect buyer decision making for large and small purchases? Involvement level divides into two categories: high involvement and low involvement. High involvement purchases are higher priced items such as luxury products. With these purchases, the consumer will research to eliminate the risk. For example, a luxury car is a high involvement purchase. It is risky because the consumer will pay a high amount of money toward the purchase. To spend this much money without research and possibly buy a lemon is risky behavior. Thus, consumers research high involvement purchases such as luxury cars, motorcycles, boats, etc. Also, with high involvement purchases, there is brand loyalty i.e. if you paid for your Porsche and love your Porsche, the next car you will buy is a Porsche.

With low involvement purchases, there is little risk if any at all. Examples of low involvement items are toothpaste, bar soap, snack foods, etc. Consumers do not research or put forth a major decision making effort when buying these products. In other words, they automatically buy the product and there is little involvement.

#### **Important to know how Involvement Level Affects Consumer Buying**

Buyers become psychologically involved when making the decision to buy a product. However, there are levels that determine the involvement. For example, if I'm out running errands and I'm thirsty, I will run into a convenience store and grab a bottle of water. Usually, I will grab any cold bottle of water and purchase it. It is a quick purchase that will probably last under a minute. Thus, my involvement level is low when buying my bottle of water.

However, my involvement level rises when I start to notice that I like one particular brand of water. So every time I run errands, I stop in the convenience store and search for that particular brand and purchase it. This is limited decision making involvement.

Now, let's say I'm tired of spending money on bottled water every time I run errands. I want to purchase a water distiller, which is an expensive purchase of \$350. I decide to research water distillers online, reading through consumer reviews, product reviews and comparing and contrasting each distiller. After a few days of researching online, I finally make my choice. That is a high involvement level because I've invested a lot of time and energy on my decision to buy.

Now that you understand what involvement level is and how does it affect buyer decision making, you can tailor your business's product to the level of involvement

you'd like. Are you creating and producing items of high or low involvement? Attracting the consumer through involvement is a positive way to build brand name, recognition and loyalty. Once you have a loyal customer base, the financial prosperity will come.

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

## **1.9 Limitations of the study:**

Following are the limitation buying process on high involvement product

1. This study is certainly done in Birgunj Sub-metropolitan city. Since all the respondent of this study are from Birgunj city, the results obtained from this study mayor may or not be generalized.
2. The study in include less sample size in the comparison of population of Birgunj sub-metropolitan city.
3. This study is completely focused on computer-a high involvement product. Therefore, the major findings may or may not be applicable for any other for high involvement products.
4. Mostly customers does not follow the steps of the decision making process. The conclusion of the study may not be applicable to them.

## **1.10 Organization of the Study**

This research work has been divided into five chapters, namely introduction, review of literature, research methodology, data presentation and analysis and finally summary, conclusion and recommendation.

**First Chapter:** The first chapter includes various aspects of this study like background of the study, focus of the study, statement of the problem, objective of the study, significance of the study and limitation of the study.

**Second Chapter:** The second chapter incorporates review of theoretical and related literature regarding the subject matter.

**Third Chapter:** The third chapter deals with the research methodology, which consist of research design, sources of data, population and sample along with different statistical and financial tools used in the study.

**Fourth Chapter:** The forth chapter includes presentation and analysis of data using different statistical tools and major findings.

**Fifth Chapter:** The final and fifth chapter includes summary conclusion and recommendation regarding the subject matter.

After the completion of the introductory chapter, some relevant literature in the form of books, policies, directives, journals articles, and previous thesis are going to be reviewed in the next chapter.

## **CHAPTER-2**

### **REVIEW OF LITERATURE**

#### **2.1 WHAT IS A LITERATURE REVIEW?**

Not to be confused with a book review, a literature review surveys scholarly articles, books and other sources (e.g. dissertations, conference proceedings) relevant to a particular issue, area of research, or theory, providing a description, summary, and critical evaluation of each work. The purpose is to offer an overview of significant literature published on a topic.

Many students are instructed, as part of their research program, to perform a literature review, without always understanding what a literature review is.

Most are aware that it is a process of gathering information from other sources and documenting it, but few have any idea of how to evaluate the information, or how to present it.

A literature review can be a precursor in the introduction of a research paper, or it can be an entire paper in itself, often the first stage of large research projects, allowing the supervisor to ascertain that the student is on the correct path.

A literature review is a critical and in depth evaluation of previous research. It is a summary and synopsis of a particular area of research, allowing anybody reading the paper to establish why you are pursuing this particular research program. A good literature review expands upon the reasons behind selecting a particular research question.

#### **2.2WHAT IS A LITERATURE REVIEW NOT?**

It is not a chronological catalog of all of the sources, but an evaluation, integrating the previous research together, and also explaining how it integrates into the proposed research program. All sides of an argument must be clearly explained, to avoid bias, and areas of agreement and disagreement should be highlighted. It is not a collection of quotes and paraphrasing from other sources. A good literature review should also have some evaluation of the quality and findings of the research.

A good literature review should avoid the temptation of impressing the importance of a particular research program. The fact that a researcher is undertaking the research program speaks for its importance, and an educated reader may well be insulted that they are not allowed to judge the importance for themselves. They want to be re-assured that it is a serious paper, not a pseudo-scientific sales advertisement.

Whilst some literature reviews can be presented in a chronological order, it is best avoided.

For example, a review of Victorian Age Physics, could present J.J. Thomson's famous experiments in a chronological order. Otherwise, this is usually perceived as being a little lazy, and it is better to organize the review around ideas and individual points.

As a general rule, certainly for a longer review, each paragraph should address one point, and present and evaluate all of the evidence, from all of the differing points of view.

### **2.3 Components of Literature Review**

Similar to primary research, development of the literature review requires four stages:

Problem formulation—which topic or field is being examined and what are its component issues?

Literature search—finding materials relevant to the subject being explored

Data evaluation—determining which literature makes a significant contribution to the understanding of the topic

Analysis and interpretation—discussing the findings and conclusions of pertinent literature

#### **Literature reviews should comprise the following elements:**

An overview of the subject, issue or theory under consideration, along with the objectives of the literature review

Division of works under review into categories (e.g. those in support of a particular position, those against, and those offering alternative theses entirely)

Explanation of how each work is similar to and how it varies from the others

Conclusions as to which pieces are best considered in their argument, are most convincing of their opinions, and make the greatest contribution to the understanding and development of their area of research

In assessing each piece, consideration should be given to:

Provenance—what are the author's credentials? Are the author's arguments supported by evidence (e.g. primary historical material, case studies, narratives, statistics, and recent scientific findings)?

Objectivity—is the author's perspective even-handed or prejudicial? Is contrary data considered or is certain pertinent information ignored to prove the author's point?

Persuasiveness—which of the author's theses are most/least convincing?

Value—Are the author's arguments and conclusions convincing? Does the work ultimately contribute in any significant way to an understanding of the subject?

## 2.4 SOME MODELS OF CONSUMER BEHAVIOUR

Following are the models of consumer behavior

**2.4.1 The psychoanalytical model:** The psychoanalytical model draws from Freudian psychology. According to this model, the individual consumer has a complex set of deep seated motives which drive him towards certain buying decisions. The buyer has a private world with all his hidden fears, suppressed desires and totally subjective longings. His buying action can be influenced by appealing to those desires and longings.

According to Mr. Freud, human personality has three parts namely,

1. The “ID”, the source of all mental energy which drives one to an action.
2. The “Super Ego”, the internal representation of what is socially approved— one’s conscience.
3. The “Ego”, the conscious director of ‘ID’ impulses for finding satisfaction in socially acceptable manner.

In other words, ‘ID’ represents one’s animal or basic impulses, ‘instincts’ and cravings for immediate and total satisfaction. These instincts might be even anti-social. The Super Ego or conscience reflects one’s idealized or mended behavior pattern a via media between the extremes that is the, conflict between “ID” and “Super Ego” is resolved by Ego. The Ego is the intermediary which mediates and processes the dispute action as a rational control centre between the conflicting extreme sides of ID and Super Ego. It is Ego that directs ones behavior to satisfy both the “ID” and “Super Ego”. Thus a person is interested in buying say KV-L34MFI SONY TV with characteristics of Hi-black Trinitron Screen—super drum sound system, 100system memory, 1 tuner digital picture in picture, A/V Stereo, LD compatibility casting say Rs.1,05,000 with remote control. Here his ‘ID’ demands the use of consumer credit liberally to buy that costly T.V. set. The Super Ego dissuades him from heavy borrowing as credit beyond certain limits is not acceptable. Here the Ego acts like a mediator and comes with a fine compromise of installment system without away strains and drain on his financial position. Here self image of a consumer is a great motivating force inducing him to buy certain products. This model can be presented as follows

**2.4.2 Learning model:** All theories of buyer behavior have been basically based on learning model namely, Stimulation- Response or more popularly known as SR model. SR learning theory is very useful to modern marketing and marketers. Learning is the centrifugal point in the entire study to human behavior. Learning, as noted earlier, refers to a change in the behavior which occurs as a result of practice. It is a change in the behavior that results from previous experience and behavior in similar situations. What is important, learning is a product of reasoning, thinking, information processing and, of course, perception. Therefore, behavior is deeply affected by the learning experiences of the buyers.

Of all the psychologists, Pavlovian stimulus or learning of buyer behavior is widely accepted. He says that buyer behavior is capable of being manipulated by human drives, stimuli, and responses of the buyer. This model banks on man's ability to learn, forget and discriminate. Learning process involves three steps namely, Drive—a strong internal stimulus which impels action. When it is directed towards a drive-reducing object, it becomes a motive. A drive- need- thus motivates a person for action to satisfy the need. Here, the objectives are the stimuli which the drives Cues are weak stimuli. Cues determine when the buyer will respond. Say, we have cues such as a product advertisement relevant to the situation and existing in our environment. Response is the final stage which is needed to fulfill the drive or as a need which was acting as a strong stimulus. Thus, the thirst can be quenched by an ad. These sequential components of learning link stimulus cue and response finally resulting in a habit. In marketing, it is better known as a learning brand loyalty brand images and store patronage. Repeated reinforcement leads to a habit formation and the decision process for an individual becomes a matter of routine. It is worth emphasizing here that we learn through trial and error and changes in our behavior are brought about by practice as experience. The SR model of Pavlovian learning is made clear by given figure:

**2.4.3 Sociological model:** According to sociological model, the individual buyer behaviour is influenced by society—by intimate groups as well as social classes. That is, his buying decisions are not totally determined by the concept of utility. That is his buying decisions are governed by social compulsions. As a part of sociological model—two important variations can be considered namely, one that of Nicosia and another Howard & Sheth.

The marketing scholars have tried to build buyers-behaviour models purely from stand point view of marketing man. Here F. Nicosia model of 1966 and H. Sheth model of 1969 are of this category. These models are systems models where human being analysed as a system with stimuli as INPUT and behaviour as an output

**2.4.4 Nicosia model:** As well known consumer motivation and behavior expert Mr. Nicosia presented his buyer model in 1966 which attempts to establish linkages between the marketing firm and its consumer. The essence is how the activities of the firm influence the consumer and result in his direction to buy. According to his model the messages from the firm first influence the predisposition of the consumer towards the product, he develops a certain attitude towards the product depending on the situation. It leads to a search for the product or on evaluation of the product. In case, these steps have a positive impact on him it may result in decision to buy. This is the sum and substances of the explanation. His model lumps these activities into four basic fields.

Field One has two sub-fields namely, the firms attribute and the consumer attributes. An ad message from the firm reaches consumer's attributes. Depending on the way the messages received by the consumer, a certain attribute may develop and this becomes the input for the field Two. Field Two is the area of search and

evaluation of the advertised product and other alternatives. If this process results in a motivation to buy, it becomes the input for field three. Field Three consist of the act of purchase. The field Four consists of use of the purchased item. There is an output from field four --- feed back of sales results to the firm

### **# Presentation of Nicosia model of consumer behavior**

Nicosia Model of Consumer Behavior Contact: Anupam Kumar Reader, SMS Varanasi Email: anupamkr@gmail.com

**Nicosia Model:** This Model concerns with the Inter-relationship between: The firms marketing communications The attributes of the consumer, The consumers decision process including Search and evaluation process Actual decision process The feedback of the consumers response to the firm This is a Dynamic Model.

#### **Nicosia Model – Field 1:**

Nicosia Model – Field 1 Represents the output of a commercial message from the firm in the form of advertising or other forms of promotion and its effect on consumer Sub Field 1 Product Attribute Company's Communications to the Targeted Audience. Sub Field 2 Consumer Attribute what the consumer makes out of the Communications and other Inputs Field 1 Message Exposure Sub Field 1 Product Attribute Sub Field 2 Consumer Attribute

#### **Nicosia Model – Field 2:**

If the process results in motivation to buy, it becomes the input for Field 3 Nicosia Model – Field 2 Company's Input (Field 1) creates certain Attitude Evaluation of the advertised product and other alternatives takes place Field 2 Search & Evaluation (of Means, Ends, Relations) {Pre- Action Field}

#### **Nicosia Model – Field 3:**

Nicosia Model – Field 3 Field 3 represents the act of purchase Transformation of the motivation into the act of buying Act of Purchase (or Non Purchase) leads to certain purchasing behavior Evaluation of Options leading to Motivation would result in Action Field 3 Decision (Act of Purchase) {Action}

#### **Nicosia Model – Field 4:**

Use of Purchased Item including Use and Storage of the Product by the Consumer Act of Purchase Nicosia Model – Field 4 Retention of the experience by the consumer as an influence on future purchase Feedback of sales to firm Field 4 Feedback Consumption

Nicosia Model:

Purchasing Behavior Nicosia Model Field 2 Search & Evaluation (of Means, Ends, Relations) {Pre- Action Field} Field 3 Decision (Act of Purchase) {Action} Field 4 Feedback Consumption Attitude Motivation Experience Field 1 Message



### **# Arguments against Nicosia Model:**

Arguments Against Nicosia Model Incomplete in a number of aspects, including the influences and inter-relationships among the consumer attributes A number of assumptions have been made that question the validity of this model, for instance: What type of consumer are we talking about? The company and the consumer have an existing relationship? What type? Is this for a new product? Is this the first exchange the consumer has had with the producer?

### **2.4.5 HOWARD SHETH MODEL**

John Howard and Jagdish Sheth presented their buyer model in 1969. its an integrated model. It assumes problem solving approach in buying and adopts input-output or system approach in buying. Howard introduced learning process in buying. Satisfaction leads brand loyalty. Discontentments create brand switching by the buyers. In other words, the logic of this model that there are inputs in the form of stimuli. There are output beginning with attention to a given stimulus and ending the purchase. In between these inputs and outputs, there are variable affecting perception and learning. These variables are “hypothetical” as they can not be directly measured at the time of occurrence.

### **2.4.6 Gap Model of Service Mkt.**

This model offers an integrated view of the consumer-company relationship. It is based on substantial research amongst a number of service providers. In common with the Grönroos model it shows the perception gap (Gap 5) and outlines contributory factors. In this case expected service is a function of word of mouth communication, personal need and past experience, and perceived service is a product of service delivery and external communications to consumers. Parasuraman et al. GAP model (Zeithaml 1996) However the GAP model goes further in its analysis of these key contributory factors. It not only provides a more rigorous description of the contributory Gaps, it lists key drivers for each gap and generic breakdown of each of these drivers. These are illustrated below in summary form below.

#### **Gap 1 Inadequate market research orientation**

- Lack of upward communication
- Insufficient relationship focus

#### **Gap 2 Absence of customer driven standards**

- Inadequate service leadership
- Poor service design

### **Gap 3 Deficiencies of human resource policies**

- Failure to match supply and demand
- Customers not fulfilling roles

### **Gap 4 Ineffective management of customer expectations**

- Over promising
- Inadequate horizontal communications
- Key factors in the GAP model (Zeithaml 1990)

This level of detail allows powerful analysis of the contributory factors to a perception gap at a practical level. The model shows the importance of marketing, business leadership quality and HR systems in the management of the expectation gap.

### **2.4.7 Bettman's information-processing model**

It is one of the several models of consumer behavior, which subscribes to a distinctly cognitive and information-processing point of view. In this model, the consumer is portrayed as possessing a limited capacity for processing information. When faced with a choice, the consumer rarely undertakes very complex analyses of available alternatives. Instead, the consumer typically employs simple decision strategies or heuristics. These simplifying decision rules assist the consumer in arriving at a choice by providing a means for sidestepping the overly overburden task of assessing all the information available about all the alternatives.

## **2.5 Buyer Decision Process**

Now that we have looked at the influences that affect buyers, we are ready to look at how consumers make buying decisions. Figure shows that the buyer decision process consists of five stages: need recognition, information search, evaluation of alternatives, purchase decision, *and* post purchase behavior. Clearly, the buying process starts long before actual purchase and continues long after.

Marketers need to focus on the entire buying process rather than on just the purchase decision. The figure implies that consumers pass through all five stages with every purchase. But in more routine purchases, consumers often skip or reverse some of these stages. A woman buying her regular brand of toothpaste would recognize the need and go right to the purchase decision, skipping information search and evaluation. However, we use the model in Figure because it shows all the considerations that arise when a consumer faces a new and complex purchase situation.

### **• Need Recognition**

The buying process starts with need recognition—the buyer recognizes a problem or need. The buyer senses a difference between his or her *actual* state and some desired state. The need can be triggered by internal stimuli when one of the person's normal needs—hunger, thirst—rises to a level high enough to become a

drive. A need can also be triggered by external stimuli. At this stage, the marketer should research consumers to find out what kinds of needs or problems arise, what brought them about, and how they led the consumer to this particular product. By gathering such information, the marketer can identify the factors that most often trigger interest in the product and can develop marketing programs that involve these factors.

### • **Information Search**

An aroused consumer may or may not search for more information. If the consumer's drive is strong and a satisfying product is near at hand, the consumer is likely to buy it then. If not, the consumer may store the need in memory or undertake an information search related to the need. At one level, the consumer may simply enter heightened attention. The consumer can obtain information from any of several sources. These include personal sources (family, friends, neighbors, acquaintances), commercial sources (advertising, salespeople, dealers, packaging, displays, Web sites), public sources (mass media, consumer-rating organizations), and experiential sources (handling, examining, using the product). The relative influence of these information sources varies with the product and the buyer. Generally, the consumer receives the most information about a product from commercial sources—those controlled by the marketer. The most effective sources, however, tend to be personal. Commercial sources normally inform the buyer, but personal sources legitimize or evaluate products for the buyer.

People often ask others—friends, relatives, acquaintances, professionals—for recommendations concerning a product or service. Thus, companies have a strong interest in building such word-of-mouth sources. These sources have two chief advantages. First, they are convincing: Word of mouth is the only promotion method that is *of* consumers, *by* consumers, and *for* consumers. Having loyal, satisfied customers that brag about doing business with you is the dream of every business owner. Not only are satisfied customers repeating buyers, but they are also walking, talking billboards for your business. Second, the costs are low. Keeping in touch with satisfied customers and turning them into word-of-mouth advocates costs the business relatively little. As more information is obtained, the consumer's awareness and knowledge of the available brands and features increases. The information also helped her drop certain brands from consideration. A company must design its marketing mix to make prospects aware of and knowledgeable about its brand. It should carefully identify consumers' sources of information and the importance of each source. Consumers should be asked how they first heard about the brand, what information they received, and what importance they placed on different information sources.

### • **Evaluation of Alternatives**

We have seen how the consumer uses information to arrive at a set of final brand choices. How does the consumer choose among the alternative brands? The

marketer needs to know about alternatives evaluation—that is, how the consumer processes information to arrive at brand choices. Unfortunately, consumers do not use a simple and single evaluation process in all buying situations. Instead, several evaluation processes are at work.

The consumer arrives at attitudes toward different brands through some evaluation procedure. How consumers go about evaluating purchase alternatives depends on the individual consumer and the specific buying situation. In some cases, consumers use careful calculations and logical thinking. At other times, the same consumers do little or no evaluating; instead they buy on impulse and rely on intuition. Sometimes consumers make buying decisions on their own; sometimes they turn to friends, consumer guides, or salespeople for buying advice. Marketers should study buyers to find out how they actually evaluate brand alternatives. If they know what evaluative processes go on, marketers can take steps to influence the buyer's decision.

#### • **Purchase Decision**

In the evaluation stage, the consumer ranks brands and forms purchase intentions. Generally, the consumer's purchase decision will be to buy the most preferred brand, but two factors can come between the purchase intention and the purchase decision. The first factor is the attitudes of others. The second factor is unexpected situational factors. The consumer may form a purchase intention based on factors such as expected income, expected price, and expected product benefits. However, unexpected events may change the purchase intention. Thus, preferences and even purchase intentions do not always result in actual purchase choice.

#### • **Post purchase Behavior**

The marketer's job does not end when the product is bought. After purchasing the product, the consumer will be satisfied or dissatisfied and will engage in post purchase behavior of interest to the marketer. What determines whether the buyer is satisfied or dissatisfied with a purchase? The answer lies in the relationship between the consumer's expectations and the product's perceived performance. If the product falls short of expectations, the consumer is disappointed; if it meets expectations, the consumer is satisfied; if it exceeds expectations, the consumer is delighted. The larger the gap between expectations and performance, the greater the consumer's dissatisfaction. This suggests that sellers should make product claims that faithfully represent the product's performance so that buyers are satisfied. Some sellers might even understate performance levels to boost consumer satisfaction with the product. For example, Boeing's salespeople tend to be conservative when they estimate the potential benefits of their aircraft. They almost always underestimate fuel efficiency—they promise a 5 percent savings that turns out to be 8 percent. Customers are delighted with better-than-expected

performance; they buy again and tell other potential customers that Boeing lives up to its promises.

Almost all major purchases result in cognitive dissonance, or discomfort caused by post purchase conflict. After the purchase, consumers are satisfied with the benefits of the chosen brand and are glad to avoid the drawbacks of the brands not bought. However, every purchase involves compromise. Consumers feel uneasy about acquiring the drawbacks of the chosen brand and about losing the benefits of the brands not purchased. Thus, consumers feel at least some post purchase dissonance for every purchase.

Why is it so important to satisfy the customer? Such satisfaction is important because a company's sales come from two basic groups—new customers and retained customers. It usually costs more to attract new customers than to retain current ones, and the best way to retain current customers is to keep them satisfied. Customer satisfaction is a key to making lasting connections with consumers—to keeping and growing consumers and reaping their customer lifetime value. Satisfied customers buy a product again, talk favorably to others about the product, pay less attention to competing brands and advertising, and buy other products from the company. Many marketers go beyond merely meeting the expectations of customers—they aim to delight the customer. A delighted customer is even more likely to purchase again and to talk favorably about the product and company.

A dissatisfied consumer responds differently. Whereas, on average, a satisfied customer tells 3 people about a good product experience, a dissatisfied customer gripes to 11 people. In fact, one study showed that 13 percent of the people who had a problem with an organization complained about the company to more than 20 people. Clearly, bad word of mouth travels farther and faster than good word of mouth and can quickly damage consumer attitudes about a company and its products. Therefore, a company would be wise to measure customer satisfaction regularly. It cannot simply rely on dissatisfied customers to volunteer their complaints when they are dissatisfied. Some 96 percent of unhappy customers never tell the company about their problem. Companies should set up systems that encourage customers to complain. In this way, the company can learn how well it is doing and how it can improve. The 3M Company claims that over two-thirds of its new-product ideas come from listening to customer complaints. But listening is not enough—the company also must respond constructively to the complaints it receives.

## **2.6 The Buyer Decision Process for New Products**

We have looked at the stages buyers go through in trying to satisfy a need. Buyers may pass quickly or slowly through these stages, and some of the stages may even be reversed. Much depends on the nature of the buyer, the product, and the buying situation. We now look at how buyers approach the purchase of new products. A new product is a good, service, or idea that is perceived by some potential customers as new. It may have been around for a while, but our interest is in how consumers learn about products for the first time and make decisions on whether to adopt them. We define the adoption process as "the mental process through which an individual passes from first learning about an innovation to final adoption, and adoption as the decision by an individual to become a regular user of the product.

## **2.7 Factors influencing consumer behavior**

Markets have to be understood before marketing strategies can be developed. People using consumer markets buy goods and services for personal consumption. Consumers vary tremendously in age, income, education, tastes, and other factors. Consumer behavior is influenced by the buyer's characteristics and by the buyer's decision process. Buyer characteristics include four major factors: cultural, social, personal, and psychological. We can say that following factors can influence the Buying decision of the buyer:

1. Cultural
2. Social
3. Personal
4. Psychological

### **2.7.1 Cultural Factors**

Cultural factors exert the broadest and deepest influence on consumer behavior. The marketer needs to understand the role played by the buyer's culture, subculture, and social class.

#### **I. Culture**

Culture is the most basic cause of a person's wants and behavior. Human behavior is largely learned. Growing up in a society, a child learns basic values, perceptions, wants, and behaviors from the family and other important institutions. A person normally learns or is exposed to the following values: achievement and success,

activity and involvement, efficiency and practicality, progress, material comfort, individualism, freedom, humanitarianism, youthfulness, and fitness and health.

Every group or society has a culture, and cultural influences on buying behavior may vary greatly from country to country. Failure to adjust to these differences can result in ineffective marketing or embarrassing mistakes. For example, business representatives of a U.S. community trying to market itself in Taiwan found this out the hard way. Seeking more foreign trade, they arrived in Taiwan bearing gifts of green baseball caps. It turned out that the trip was scheduled a month before Taiwan elections, and that green was the color of the political opposition party. Worse yet, the visitors learned after the fact that according to Taiwan culture, a man wears green to signify that his wife has been unfaithful. The head of the community delegation later noted, "I don't know whatever happened to those green hats, but the trip gave us an understanding of the extreme differences in our cultures." International marketers must understand the culture in each international market and adapt their marketing strategies accordingly.

## **II. Subculture**

Each culture contains smaller subcultures or groups of people with shared value systems based on common life experiences and situations. Subcultures include nationalities, religions, racial groups, and geographic regions. Many subcultures make up important market segments, and marketers often design products and marketing programs tailored to their needs. Here are examples of four such important subculture groups.

## **III. Social Class**

Almost every society has some form of social class structure. Social Classes are society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviors. Social class is not determined by a single factor, such as income, but is measured as a combination of occupation, income, education, wealth, and other variables. In some social systems, members of different classes are reared for certain roles and cannot change their social positions. Marketers are interested in social class because people within a given social class tend to exhibit similar buying behavior. Social classes show distinct product and brand preferences in areas such as clothing, home furnishings, leisure activity, and automobiles.

### **2.7.2 Social Factors**

A consumer's behavior also is influenced by social factors, such as the consumer's small groups, family, and social roles and status.

## **I. Groups**

Many small groups influence a person's behavior. Groups that have a direct influence and to which a person belongs are called membership groups. In contrast, reference groups serve as direct (face-to-face) or indirect points of comparison or reference in forming a person's attitudes or behavior. Reference groups to which they do not belong often influence people. Marketers try to identify the reference groups of their target markets. Reference groups expose a person to new behaviors and lifestyles, influence the person's attitudes and self-concept, and create pressures to conform that may affect the person's product and brand choices.

The importance of group influence varies across products and brands. It tends to be strongest when the product is visible to others whom the buyer respects. Manufacturers of products and brands subjected to strong group influence must figure out how to reach opinion leaders—people within a reference group who, because of special skills, knowledge, personality, or other characteristics, exert influence on others.

Many marketers try to identify opinion leaders for their products and direct marketing efforts toward them. In other cases, advertisements can simulate opinion leadership, thereby reducing the need for consumers to seek advice from others.

The importance of group influence varies across products and brands. It tends to be strongest when the product is visible to others whom the buyer respects. Purchases of products that are bought and used privately are not much affected by group influences because neither the product nor the brand will be noticed by others.

## **II. Family**

Family members can strongly influence buyer behavior. The family is the most important consumer buying organization in society, and it has been researched extensively. Marketers are interested in the roles and influence of the husband, wife, and children on the purchase of different products and services.

Husband-wife involvement varies widely by product category and by stage in the buying process. Buying roles change with evolving consumer lifestyles.

Such changes suggest that marketers who've typically sold their products to only women or only men are now courting the opposite sex. For example, with research revealing that women now account for nearly half of all hardware store purchases, home improvement retailers such as Home

Depot and Builders Square have turned what once were intimidating warehouses into female friendly retail outlets. The new Builders Square II outlets feature decorator design centers at the front of the store. To attract more women, Builders



Square runs ads targeting women in Home, House Beautiful, Woman's Day, and Better Homes and Gardens. Home Depot even offers bridal registries.

Similarly, after research indicated that women now make up 34 percent of the luxury car market, Cadillac has started paying more attention to this important segment. Male car designers at Cadillac are going about their work with paper clips on their fingers to simulate what it feels like to operate buttons, knobs, and other interior features with longer fingernails. The Cadillac Catera features an air-conditioned glove box to preserve such items as lipstick and film. Under the hood, yellow markings highlight where fluid fills go.

Children may also have a strong influence on family buying decisions. For example, it ran ads to woo these "back-seat consumers" in Sports Illustrated for Kids, which attracts mostly 8- to 14- year-old boys. "We're kidding ourselves when we think kids aren't aware of brands," says Venture's brand manager, adding that even she was surprised at how often parents told her that kids played a tie-breaking role in deciding which car to buy. In the case of expensive products and services, husbands and wives often make joint decisions.

### **III. Roles and Status**

A person belongs to many groups—family, clubs, organizations. The person's position in each group can be defined in terms of both role and status. A role consists of the activities people are expected to perform according to the persons around them.

In last Lesson we discussed the Consumer Buying behavior its model and characteristics that can influence the decision for buying process. Today we will be continuing the same topic and will discuss the remaining factors that influence the buying process and decision of consumers. So our today's topic is:

#### **2.7.3 Personal Factors**

A buyer's decisions also are influenced by personal characteristics such as the buyer's age and lifecycle stage, occupation, economic situation, lifestyle, and personality and self-concept.

##### **I. Age and Life-Cycle Stage**

People change the goods and services they buy over their lifetimes. Tastes in food, clothes, furniture, and recreation are often age related. Buying is also shaped by the stage of the family life cycle—the stages through which families might pass as they mature over time. Marketers often define their target markets in terms of life-cycle stage and develop appropriate products and marketing plans for each stage. Traditional family life-cycle stages include young singles and married couples with children.

## **II. Occupation**

A person's occupation affects the goods and services bought. Blue-collar workers tend to buy more rugged work clothes, whereas white-collar workers buy more business suits. Marketers try to identify the occupational groups that have an above-average interest in their products and services.

A company can even specialize in making products needed by a given occupational group. Thus, computer software companies will design different products for brand managers, accountants, engineers, lawyers, and doctors.

## **III. Economic Situation**

A person's economic situation will affect product choice. Marketers of income-sensitive goods watch trends in personal income, savings, and interest rates. If economic indicators point to a recession, marketers can take steps to redesign, reposition, and re-price their products closely.

## **IV. Lifestyle**

People coming from the same subculture, social class, and occupation may have quite different lifestyles. Life style is a person's pattern of living as expressed in his or her psychographics. It involves measuring consumers' major *AIO* dimensions—activities (work, hobbies, shopping, sports, social events), interests (food, fashion, family, recreation), and opinions (about themselves, social issues, business, products). Lifestyle captures something more than the person's social class or personality. It profiles a person's whole pattern of acting and interacting in the world.

Several research firms have developed lifestyle classifications. It divides consumers into eight groups based on two major dimensions: self-orientation and resources. Self-orientation groups include principle-oriented consumers who buy based on their views of the world; status-oriented buyers who base their purchases on the actions and opinions of others; and action-oriented buyers who are driven by their desire for activity, variety, and risk taking. Consumers within each orientation are further classified into those with abundant resources and those with minimal resources, depending on whether they have high or low levels of income, education, health, self-confidence, energy, and other factors. Consumers with either very high or very low levels of resources are classified without regard to their self-orientations (actualizes, strugglers). Actualizes are people with so many resources that they can indulge in any or all self-orientations. In contrast, strugglers are people with too few resources to be included in any consumer orientation.

## V. Personality and Self-Concept

Each person's distinct personality influences his or her buying behavior. Personality refers to the unique psychological characteristics that lead to relatively consistent and lasting responses to one's own environment. Personality is usually described in terms of traits such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability, and aggressiveness. Personality can be useful in analyzing consumer behavior for certain product or brand choices. For example, coffee marketers have discovered that heavy coffee drinkers tend to be high on sociability. Thus, to attract customers, Starbucks and other coffeehouses create environments in which people can relax and socialize over a cup of steaming coffee.

Many marketers use a concept related to personality—a person's self-concept (also called self-image). The basic self-concept premise is that people's possessions contribute to and reflect their identities; that is, "we are what we have." Thus, in order to understand consumer behavior, the marketer must first understand the relationship between consumer self-concept and possessions. For example, the founder and chief executive of Barnes & Noble, the nation's leading bookseller, notes that people buy books to support their self-images:

### 2.7.4 Psychological Factors

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

#### I. Motivation

A person has many needs at any given time. Some are biological, arising from states of tension such as hunger, thirst, or discomfort. Others are psychological, arising from the need for recognition, esteem, or belonging. Most of these needs will not be strong enough to motivate the person to act at a given point in time. A need becomes a motive when it is aroused to a sufficient level of intensity. A motive (or drive) is a need that is sufficiently pressing to direct the person to seek satisfaction. Psychologists have developed theories of human motivation. Two of the most popular—the theories of Sigmund Freud and Abraham Maslow—have quite different meanings for consumer analysis and marketing.

#### II. Maslow's Theory of Motivation

Abraham Maslow sought to explain why people are driven by particular needs at particular times. Why does one person spend much time and energy on personal safety and another on gaining the esteem of others? Maslow's answer is that human needs are arranged in a hierarchy, from the most pressing to the least pressing. Maslow's hierarchy of needs is shown in Figure. In order of importance, they are physiological needs, *safety* needs, social needs, esteem needs, and self-

actualization needs. A person tries to satisfy the most important need first. When that need is satisfied, it will stop being a motivator and the person will then try to satisfy the next most important need. For example, starving people (physiological need) will not take an interest in the latest happenings in the art world (self-actualization needs), nor in how they are seen or esteemed by others (social or esteem needs), nor even in whether they are breathing clean air (safety needs). But as each important need is satisfied, the next most important need will come into play.

### **III. Perception**

A motivated person is ready to act. How the person acts is influenced by his or her own perception of the situation. All of us learn by the flow of information through our five senses: sight, hearing, smell, touch, and taste. However, each of us receives, organizes, and interprets this sensory information in an individual way. Perception is the process by which people select, organize, and interpret information to form a meaningful picture of the world.

People can form different perceptions of the same stimulus because of three perceptual processes: selective attention, selective distortion, and selective retention. People are exposed to a great amount of stimuli every day. For example, the average person may be exposed to more than 1,500 ads in a single day. It is impossible for a person to pay attention to all these stimuli. Selective attention—the tendency for people to screen out most of the information to which they are exposed—means that marketers have to work especially hard to attract the consumer's attention.

Even noted stimuli do not always come across in the intended way. Each person fits incoming information into an existing mind-set. Selective distortion describes the tendency of people to interpret information in a way that will support what they already believe. Selective distortion means that marketers must try to understand the mind-sets of consumers and how these will affect interpretations of advertising and sales information.

### **IV. Learning**

When people act, they learn. Learning describes changes in an individual's behavior arising from experience. Learning theorists say that most human behavior is learned. Learning occurs through the interplay of drives, stimuli, cues, responses, and reinforcement.

### **V. Beliefs and Attitudes**

Through doing and learning, people acquire beliefs and attitudes. These, in turn, influence their buying behavior. A belief is a descriptive thought that a person has about something. Buying behavior differs greatly for a tube of toothpaste, a tennis racket, an expensive camera, and a new car. More complex decisions usually

involve more buying participants and more buyer deliberation. Figure shows types of consumer buying behavior based on the degree of buyer involvement and the degree of differences among brands.

## **2.8 Types Buying Behaviors**

### **• Complex Buying Behavior**

Consumers undertake complex buying behavior when they are highly involved in a purchase and perceive significant differences among brands. Consumers may be highly involved when the product is expensive, risky, purchased infrequently, and highly self-expressive. Typically, the consumer has much to learn about the product category. For example, a personal computer buyer may not know what attributes to consider. Many product features carry no real meaning: a "Pentium Pro chip," "super VGA resolution," or "megs of RAM." This buyer will pass through a learning process, first developing beliefs about the product, then attitudes, and then making a thoughtful purchase choice. Marketers of high-involvement products must understand the information-gathering and evaluation behavior of high-involvement consumers. They need to help buyers learn about product-class attributes and their relative importance, and about what the company's brand offers on the important attributes. Marketers need to differentiate their brand's features, perhaps by describing the brand's benefits using print media with long copy. They must motivate store salespeople and the buyer's acquaintances to influence the final brand choice.

### **• Dissonance-Reducing Buying Behavior**

Dissonance reducing buying behavior occurs when consumers are highly involved with an expensive, infrequent, or risky purchase, but see little difference among brands. For example, consumers buying carpeting may face a high-involvement decision because carpeting is expensive and self-expressive. Yet buyers may consider most carpet brands in a given price range to be the same. In this case, because perceived brand differences are not large, buyers may shop around to learn what is available, but buy relatively quickly. They may respond primarily to a good price or to purchase convenience.

After the purchase, consumers might experience post purchase dissonance (after-sale discomfort) when they notice certain disadvantages of the purchased carpet brand or hear favorable things about brands not purchased. To counter such dissonance, the marketer's after-sale communications should provide evidence and support to help consumers feel good about their brand choices.

### **• Habitual Buying Behavior**

Habitual buying behavior occurs under conditions of low consumer involvement and little significant brand difference. For example, take salt. Consumers have little involvement in this product category—they simply go to the store and reach

for a brand. If they keep reaching for the same brand, it is out of habit rather than strong brand loyalty. Consumers appear to have low involvement with most low-cost, frequently purchased products.

In such cases, consumer behavior does not pass through the usual belief-attitude-behavior sequence. Consumers do not search extensively for information about the brands, evaluate brand characteristics, and make weighty decisions about which brands to buy. Instead, they passively receive information as they watch television or read magazines. Ad repetition creates brand familiarity rather than brand conviction. Consumers do not form strong attitudes toward a brand; they select the brand because it is familiar. Because they are not highly involved with the product, consumers may not evaluate the choice even after purchase. Thus, the buying process involves brand beliefs formed by passive learning, followed by purchase behavior, which may or may not be followed by evaluation. Because buyers are not highly committed to any brands, marketers of low-involvement products with few brand differences often use price and sales promotions to stimulate product trial. In advertising for a low-involvement product, ad copy should stress only a few key points. Visual symbols and imagery are important because they can be remembered easily and associated with the brand. Ad campaigns should include high repetition of short-duration messages. Television is usually more effective than print media because it is a low-involvement medium suitable for passive learning. Advertising planning should be based on classical conditioning theory, in which buyers learn to identify a certain product by a symbol repeatedly attached to it.

Marketers can try to convert low-involvement products into higher-involvement ones by linking them to some involving issue. Procter & Gamble does this when it links Crest toothpaste to avoiding cavities. At best, these strategies can raise consumer involvement from a low to a moderate level. However, they are not likely to propel the consumer into highly involved buying behavior.

## **2.9 Variety-Seeking Buying Behavior**

Consumers undertake variety seeking buying behavior in situations characterized by low consumer involvement but significant perceived brand differences. In such cases, consumers often do a lot of brand switching. For example, when buying cookies, a consumer may hold some beliefs, choose a cookie brand without much evaluation, then evaluate that brand during consumption. But the next time, the consumer might pick another brand out of boredom or simply to try something different. Brand switching occurs for the sake of variety rather than because of dissatisfaction.

In such product categories, the marketing strategy may differ for the market leader and minor brands. The market leader will try to encourage habitual buying behavior by dominating shelf space, keeping shelves fully stocked, and running frequent reminder advertising. Challenger firms will encourage variety seeking by

offering lower prices, special deals, coupons, free samples, and advertising that presents reasons for trying something new.

## **2.10 BEHAVIOR BUSINESS MARKETS**

The business market includes firms that buy goods and services in order to produce products and services to sell to others. It also includes retailing and wholesaling firms that buy goods in order to act resell them at a profit. Because aspects of business-to-business marketing applies to institutional markets and government markets, we group these together. The business marketer needs to know the following: Who are the major participants? In what decisions do they exercise influence? What is their relative degree of influence? What evaluation criteria does each decision participant use? The business marketer also needs to understand the major environmental, interpersonal, and individual influences on the buying process.

### **2.10.1 What is a Business Market?**

The business market comprises all the organizations that buy goods and services for use in the production of other products and services that are sold, rented, or supplied to others. It also includes retailing and wholesaling firms that acquire goods for the purpose of reselling or renting them to others at a profit. In the business buying process business buyers determine which products and services their organizations need to purchase, and then find, evaluate, and choose among alternative suppliers and brands. Companies that sell to other business organizations must do their best to understand business markets and business buyer behavior.

### **2.10.2 Characteristics of Business Markets**

In some ways, business markets are similar to consumer markets. Both involve people who assume buying roles and make purchase decisions to satisfy needs. However, business markets differ in many ways from consumer markets. The main differences are in the market structure and demand, the nature of the buying unit, and the types of decisions and the decision process involved. Business markets also have their own characteristics. In some ways, they are similar to consumer markets, but in other ways they are very different. The main differences include:

#### **1. Market structure and demand.**

Business markets typically deal with far fewer but far larger buyers. They are more geographically concentrated. Business markets have *derived* demand (business demand that ultimately comes from or derives from the demand

for consumer goods). Many business markets have inelastic demand; that is, total demand for many business products is not affected much by price changes, especially in the short run.

A drop in the price of leather will not cause shoe manufacturers to buy much more leather unless it results in lower shoe prices that, in turn, will increase consumer demand for shoes. Finally, business markets have more fluctuating demand. The demand for many business goods and services tends to change more—and more quickly—than the demand for consumer goods and services does. A small percentage increase in consumer demand can cause large increases in business demand. Sometimes a rise of only 10 percent in consumer demand can cause as much as a 200 percent rise in business demand during the next period.

## **2. Nature of the Buying Unit:**

Compared with consumer purchases, a business purchase usually involves more decision participants and a more professional purchasing effort. Often, business buying is done by trained purchasing agents who spend their working lives learning how to make better buying decisions. Buying committees made up of technical experts and top management are common in the buying of major goods. Companies are putting their best and brightest people on procurement patrol. Therefore, business marketers must have well-trained salespeople to deal with well-trained buyers.

## **3. Types of Decisions and the Decision Process**

Business buyers usually face more complex buying decisions than do consumer buyers. Purchases often involve large sums of money, complex technical and economic considerations, and interactions among many people at many levels of the buyer's organization. Because the purchases are more complex, business buyers may take longer to make their decisions. The business buying process tends to be more formalized than the consumer buying process. Large business purchases usually call for detailed product specifications, written purchase orders, careful supplier searches, and formal approval.

The buying firm might even prepare policy manuals that detail the purchase process. Finally, in the business buying process, buyer and seller are often much more dependent on each other. Consumer marketers are often at a distance from their customers. In contrast, business marketers may roll up their sleeves and work closely with their customers during all stages of the buying process—from helping customers define problems, to finding solutions, to supporting after-sale operation. They often customize their offerings to individual customer needs. In the short run, sales go to suppliers who meet buyers' immediate product and service needs.



## 2.11. Business Buyer Behavior

The model in Figure suggests four questions about business buyer behavior: What buying decisions do business buyers make? Who participates in the buying process? What are the major influences on buyers? How do business buyers make their buying decisions?

### 2.11.1 A Model of Business Buyer Behavior

At the most basic level, marketers want to know how business buyers will respond to various marketing stimuli. Figure shows a model of business buyer behavior. In this model, marketing and other stimuli affect the buying organization and produce certain buyer responses. As with consumer buying, the marketing stimuli for business buying consist of the four Ps: product, price, place, and promotion. Other stimuli include major forces in the environment: economic, technological, political, cultural, and competitive.

These stimuli enter the organization and are turned into buyer responses: product or service choice; supplier choice; order quantities; and delivery, service, and payment terms. In order to design good marketing mix strategies, the marketer must understand what happens within the organization to turn stimuli into purchase responses. Within the organization, buying activity consists of two major parts: the buying center, made up of all the people involved in the buying decision, and the buying decision process. The model shows that the buying center and the buying decision process are influenced by internal organizational, interpersonal, and individual factors as well as by external environmental factors.

### 2.11.2 Major Types of Buying Situations

There are three major types of buying situations. At one extreme is the straight re-buy, which is a fairly routine decision. At the other extreme is the *new task*, which may call for thorough research. In the middle is the *modified* re-buy, which requires some research. In a **straight re-buy** the buyer reorders something without any modifications. It is usually handled on a routine basis by the purchasing department. Based on past buying satisfaction, the buyer simply chooses from the various suppliers on its list. "In" suppliers try to maintain product and service quality. In a **modified re-buy**, the buyer wants to modify product specifications, prices, terms, or suppliers. The modified re-buy usually involves more decision participants than the straight re-buy. The in suppliers may become nervous and feel pressured to put their best foot forward to protect an account. Out suppliers may see the modified re-buy situation as an opportunity to make a better offer and gain new business. A company buying a product or service for the first time faces a **new-task** situation.

In such cases, the greater the cost or risk, the larger the number of decision participants and the greater their efforts to collect information will be. The new-

task situation is the marketer's greatest opportunity and challenge. The marketer not only tries to reach as many key buying influences as possible but also provides help and information. The buyer makes the fewest decisions in the straight re-buy and the most in the new-task decision. In the new-task situation, the buyer must decide on product specifications, suppliers, price limits, payment terms, order quantities, delivery times, and service terms. The order of these decisions varies with each situation, and different decision participants influence each choice.

### 2.11.3 Participants in the Business Buying Process

The decision-making unit of a buying organization is called its buying center: all the individuals and units that participate in the business decision-making process. The buying center includes all members of the organization who play any of five roles in the purchase decision process.

- **Users** are members of the organization who will use the product or service. In many cases, users initiate the buying proposal and help define product specifications.
- **Influencers** often help define specifications and also provide information for evaluating alternatives. Technical personnel are particularly important influencers.
- **Buyers** have formal authority to select the supplier and arrange terms of purchase. Buyers may help shape product specifications, but their major role is in selecting vendors and negotiating. In more complex purchases, buyers might include high-level officers participating in the negotiations.
- **Deciders** have formal or informal power to select or approve the final suppliers. In routine buying, the buyers are often the deciders, or at least the approvers.
- **Gatekeepers** control the flow of information to others. For example, purchasing agents often have authority to prevent salespersons from seeing users or deciders. Other gatekeepers include technical personnel and even personal secretaries. The buying center is not a fixed and formally identified unit within the buying organization.

It is a set of buying roles assumed by different people for different purchases. Within the organization, the size and makeup of the buying center will vary for different products and for different buying situations. Business marketers working in global markets may face even greater levels of buying center influence. The buying center concept presents a major marketing challenge. The business marketer must learn who participates in the decision, each participant's relative influence, and what evaluation criteria each decision participant uses. The buying center usually includes some obvious participants who are involved formally in the buying decision.

## **2.11.4 Major Influences on Business Buyers**

Business buyers are subject to many influences when they make their buying decisions. Some marketers assume that the major influences are economic. They think buyers will favor the supplier who offers the lowest price or the best product or the most service. They concentrate on offering strong economic benefits to buyers. However, business buyers actually respond to both economic and personal factors. Far from being cold, calculating, and impersonal, business buyers are human and social as well.

They react to both reason and emotion. Today, most business-to-business marketers recognize that emotion plays an important role in business buying decisions. When suppliers' offers are very similar, business buyers have little basis for strictly rational choice. Because they can meet organizational goals with any supplier, buyers can allow personal factors to play a larger role in their decisions. However, when competing products differ greatly, business buyers are more accountable for their choice and tend to pay more attention to economic factors. Figure lists various groups of influences on business buyers— environmental, organizational, interpersonal, and individual.

## **2.11.5 Major Influences on Business Buyers**

### **• Environmental Factors**

Business buyers are influenced heavily by factors in the current and expected economic environment, such as the level of primary demand, the economic outlook, and the cost of money. As economic uncertainty rises, business buyers cut back on new investments and attempt to reduce their inventories. An increasingly important environmental factor is shortages in key materials. Many companies now are more willing to buy and hold larger inventories of scarce materials to ensure adequate supply.

Business buyers also are affected by technological, political, and competitive developments in the environment. Culture and customs can strongly influence business buyer reactions to the marketer's behavior and strategies, especially in the international marketing environment. The business marketer must watch these factors, determine how they will affect the buyer, and try to turn these challenges into opportunities.

### **• Organizational Factors**

Each buying organization has its own objectives, policies, procedures, structure, and systems. The business marketer must know these organizational factors as thoroughly as possible. Questions such as these arise: How many people are involved in the buying decision? Who are they? What are their evaluative criteria? What are the company's policies and limits on its buyers?

## • **Interpersonal Factors**

The buying center usually includes many participants who influence each other. The business marketer often finds it difficult to determine what kinds of interpersonal factors and group dynamics enter into the buying process. Participants may have influence in the buying decision because they control rewards and punishments, are well liked, have special expertise, or have a special relationship with other important participants. Interpersonal factors are often very subtle. Whenever possible, business marketers must try to understand these factors and design strategies that take them into account.

## **Individual Factors**

Each participant in the business buying decision process brings in personal motives, perceptions, and preferences. These individual factors are affected by personal characteristics such as age, income, education, professional identification, personality, and attitudes toward risk. Also, buyers have different buying styles. Some may be technical types who make in-depth analyses of competitive proposals before choosing a supplier. Other buyers may be intuitive negotiators who are adept at pitting the sellers against one another for the best deal.

### **2.11.6 The Business Buying Process**

There are eight stages of the business buying process. Buyers who face a new-task buying situation usually go through all stages of the buying process. Buyers making modified or straight re-buys may skip some of the stages. We will examine these steps for the typical new-task buying situation.

#### **a. Problem Recognition**

The buying process begins when someone in the company recognizes a problem or need that can be met by acquiring a specific product or service. Problem recognition can result from internal or external stimuli. Internally, the company may decide to launch a new product that requires new production equipment and materials. Or a machine may break down and need new parts. Perhaps a purchasing manager is unhappy with a current supplier's product quality, service, or prices. Externally, the buyer may get some new ideas at a trade show, see an ad, or receive a call from a salesperson who offers a better product or a lower price. In fact, in their advertising, business marketers often alert customers to potential problems and then show how their products provide solutions.

#### **b. General Need Description**

Having recognized a need, the buyer next prepares a general need description that describes the characteristics and quantity of the needed item. For standard items, this process presents few problems. For complex items, however, the buyer may

have to work with others—engineers, users, consultants—to define the item. The team may want to rank the importance of reliability, durability, price, and other attributes desired in the item. In this phase, the alert business marketer can help the buyers define their needs and provide information about the value of different product characteristics.

### **c. Product Specification**

The buying organization next develops the item's technical product specifications, often with the help of a value analysis engineering team. Value analysis is an approach to cost reduction in which components are studied carefully to determine if they can be redesigned, standardized, or made by less costly methods of production. The team decides on the best product characteristics and specifies them accordingly. Sellers, too, can use value analysis as a tool to help secure a new account. By showing buyers a better way to make an object, outside sellers can turn straight re-buy situations into new-task situations that give them a chance to obtain new business.

### **d. Supplier Search**

The buyer now conducts a supplier search to find the best vendors. The buyer can compile a small list of qualified suppliers by reviewing trade directories, doing a computer search, or phoning other companies for recommendations. Today, more and more companies are turning to the Internet to find suppliers. For marketers, this has leveled the playing field—smaller suppliers have the same advantages as larger ones and can be listed in the same online catalogs for a nominal fee: The newer the buying task, and the more complex and costly the item, the greater the amount of time the buyer will spend searching for suppliers. The supplier's task is to get listed in major directories and build a good reputation in the marketplace. Salespeople should watch for companies in the process of searching for suppliers and make certain that their firm is considered.

### **e. Proposal Solicitation**

In the proposal solicitation stage of the business buying process, the buyer invites qualified suppliers to submit proposals. In response, some suppliers will send only a catalog or a salesperson. However, when the item is complex or expensive, the buyer will usually require detailed written proposals or formal presentations from each potential supplier. Business marketers must be skilled in researching, writing, and presenting proposals in response to buyer proposal solicitations. Proposals should be marketing documents, not just technical documents. Presentations should inspire confidence and should make the marketer's company stand out from the competition.

## **f. Supplier Selection**

The members of the buying center now review the proposals and select a supplier or suppliers. During supplier selection, the buying center often will draw up a list of the desired supplier attributes and their relative importance. In one survey, purchasing executives listed the following attributes as most important in influencing the relationship between supplier and customer: quality products and services, on-time delivery, ethical corporate behavior, honest communication, and competitive prices. Other important factors include repair and servicing capabilities, technical aid and advice, geographic location, performance history, and reputation. The members of the buying center will rate suppliers against these attributes and identify the best suppliers. As part of the buyer selection process, buying centers must decide how many suppliers to use. In the past, many companies preferred a large supplier base to ensure adequate supplies and to obtain price concessions. These companies would insist on annual negotiations for contract renewal and would often shift the amount of business they gave to each supplier from year to year. Increasingly, however, companies are reducing the number of suppliers.

There is even a trend toward single sourcing, using one supplier. With single sourcing there is only one supplier to handle and it is easier to control newsprint inventories. Using one source not only can translate into more consistent product performance, but it also allows press rooms to configure themselves for one particular kind of newsprint rather than changing presses for papers with different attributes. Many companies, however, are still reluctant to use single sourcing. They fear that they may become too dependent on the single supplier or that the single-source supplier may become too comfortable in the relationship and lose its competitive edge. Some marketers have developed programs that address these concerns.

## **g. Order-Routine Specification**

The buyer now prepares an order-routine specification. It includes the final order with the chosen supplier or suppliers and lists items such as technical specifications, quantity needed, expected time of delivery, return policies, and warranties. In the case of maintenance, repair, and operating items.

## **h. Performance Review**

In this stage, the buyer reviews supplier performance. The buyer may contact users and ask them to rate their satisfaction. The performance review may lead the buyer to continue, modify, or drop the arrangement. The seller's job is to monitor the same factors used by the buyer to make sure that the seller is giving the expected satisfaction. We have described the stages that typically would occur in a new-task buying situation. The eight stage model provides a simple view of the business

buying decision process. The actual process is usually much more complex.

In the modified re-buy or straight re-buy situation, some of these stages would be compressed or bypassed. Each organization buys in its own way, and each buying situation has unique requirements. Different buying center participants may be involved at different stages of the process. Although certain buying process steps usually do occur, buyers do not always follow them in the same order, and they may add other steps. Often, buyers will repeat certain stages of the process.

## **E. Institutional and Government Markets**

So far, our discussion of organizational buying has focused largely on the buying behavior of business buyers. Much of this discussion also applies to the buying practices of institutional and government organizations(IGO). However, these two non-business markets have additional characteristics and needs. In this final section, we address the special features of institutional and government markets.

### **a. Institutional Markets**

The institutional market consists of schools, hospitals, nursing homes, prisons, and other institutions that provide goods and services to people in their care. Institutions differ from one another in their sponsors and in their objectives. Many institutional markets are characterized by low budgets and captive patrons. For example, hospital patients have little choice but to eat whatever food the hospital supplies. A hospital-purchasing agent has to decide on the quality of food to buy for patients. Because the food is provided as a part of a total service package, the buying objective is not profit. Nor is strict cost minimization the goal—patients receiving poor quality food will complain to others and damage the hospital's reputation. Thus, the hospital purchasing agent must search for institutional-food vendors whose quality meets or exceeds a certain minimum standard and whose prices are low. Many marketers set up separate divisions to meet the special characteristics and needs of institutional buyers.

### **b. Government Markets**

The government market offers large opportunities for many companies, both big and small. In most countries, government organizations are major buyers of goods and services. Government buying and business buying are similar in many ways. But there are also differences that must be understood by companies that wish to sell products and services to governments. To succeed in the government market, sellers must locate key decision makers, identify the factors that affect buyer behavior, and understand the buying decision process. Government organizations typically require suppliers to submit bids, and normally they award the contract to the lowest bidder. In some cases, the government unit will make allowance for the supplier's superior quality or reputation for completing contracts on time. Many companies that sell to the government have not been marketing oriented for a

number of reasons. Total government spending is determined by elected officials rather than by any marketing effort to develop this market. Government buying has emphasized price, making suppliers invest their effort in technology to bring costs down. When the product's characteristics are specified carefully, product differentiation is not a marketing factor. Nor do advertising or personal selling matter much in winning bids on an open-bid basis.

## 2.12 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:

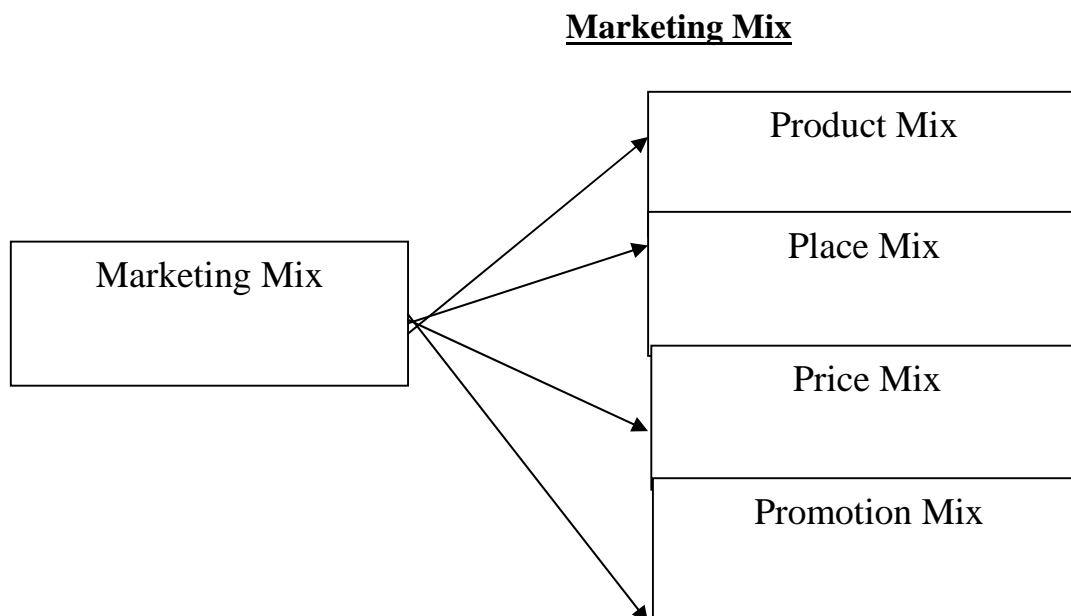


Figure No:11 Marketing mix

### 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 sweeteners 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 Birgunj district and the result was summarized in following pie charts:

PIE CHART

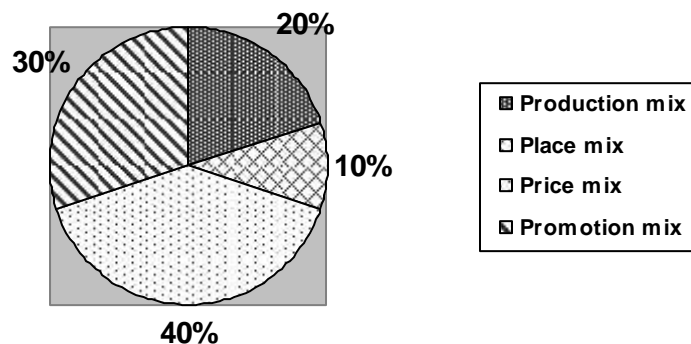


Fig No:12 Marketing Mix in Pie Chart

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.

## **2.13 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:-

**2.13.1** 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.

**2.13.2.** 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.

**2.13.3)** 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.

**2.13.4** 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.

**2.13.5** 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.

**2.13.6** 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.

**2.13.7** “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.

### **2.13.8 The family decision-making process:**

The family decision-making process: a review of significant consumer satisfaction/dissatisfaction models. Publication: Academy of Marketing Studies Journal Publication Date: 01-JAN-04 Format: Online Delivery: Immediate Online Access

This paper discusses various models and theories in the family decision-making process concerning consumer satisfaction/dissatisfaction. This is of great importance because it is very possible that there may be some form of interaction between the satisfaction process and the decision-making context. The literature on family decision-making is also reviewed.

#### **2.13.8.1 Introduction**

Decision-making is a critical part of modern family life (Scanzoni & Szinovacz, 1980). It is also a central construct in models of consumer behavior (Engel, Kollat & Blackwell, 1968; Sheth, 1974; Howard & Sheth, 1969). Engel and Blackwell (1982) note that A problem exists for consumer researchers because although most purchase decisions are family decisions, most research about consumer behavior has been conducted with individuals. It hardly should be expected that an individual's attitudes, intentions, and other variables will always coincide or even be correlated very highly with those of the family. Yet most of the research literature implicitly makes such an assumption

Despite its apparent importance, couple decision-making has remained a relatively under-researched area in the marketing literature. In the area of decision-making, researchers concentrate mainly on individual decision-making (Davis, 1976). A major reason for this emphasis on individual rather than on family decision-making may be the belief that the family is generally a poor decision-making unit (Wright, 1974; Aldous, 1971; French & Raven, 1959).

Researchers have advanced many reasons to explain why the family tends to be a poor decision-making unit. Wright (1974), for example, noted that families tend to have lower decision-making ability than other types of organizations because, when compared to the environment that exists in other types of organizations,

family decisions tend to take place in less than ideal environmental conditions. Aldous (1971) suggests that families tend to make poor decisions because they try to avoid submitting the problem to rigorous analysis or getting involved in discussions which will result in tension-evoking situations. In other cases, poor quality decisions may result from basing family roles on cultural norms rather than expertise (French & Raven, 1959). While these arguments seem plausible, some researchers have argued that these same characteristics enhance family decision-making (Kelly, 1979). In this respect, the maintenance needs of the family encourage cooperative behavior. Davis (1976) notes that the conclusion that the family is a poor decision-making unit may be the result of family studies which tend to focus on isolated problems instead of treating a problem as one of several interrelated problems that the family faces at the same time.

The interrelatedness of several problems can cause ineffective decision-making because the husband's and wife's definition or perception of a problem can be very different when the problem of concern happens to be related to other problems (Davis, 1976). A poor family decision or no decision at all, may result because the spouses do not view the problem from the same perspective. Further, the solution advanced by one spouse may have some effect upon the other spouse. Davis (1976) found that family members usually have very different perceptions of the same problem and solutions to those problems.

### **2.13.8.2 Perspective in Family Decision Making**

Four major theoretical models guide most of the research into the family decision-making process: 1. resource theory, 2. social exchange theory, 3. role theory, and 4. the process-oriented model.

**1. Resource theory.** The beginning of formal research into family decision-making can be traced to the work of Herbst (1952). Much of the early research in family decision-making, however, relied on the resource theory model advanced by Blood and Wolfe (1960). Resource theory posits that the relative power which a spouse wields in the family decision-making process varies directly with the socio-economic resources contributed by that spouse, rather than being based on traditional patriarchal ideas. While a number of studies have supported this view (Kandel & Lesser, 1972; Weeks, 1973), some researchers have found that increases in the economic resources of husbands resulted either in no increase in his power or in a decrease in his power (Scanzoni, 1979a).

In attempting to understand the relationship between resource contribution and power within the family, Rodman (1967, 1972) formulated the normative resource theory as an extension of the resource theory. In his model, Rodman (1972) asserts that marital power is affected not only by the resource contribution of the parties in the marital dyad, but also by cultural norms which define marital power. A study by Burr et al. (1977), however, contradicts Rodman's hypothesis. This study



indicates that resources are strongly related to power when norms related to authority are more patriarchal than egalitarian.

Hill (1981) notes that there are three major domains of power which are relevant to organizing concepts related to family relationships. The first domain is related to the resource that an individual contributes since that affects the ability to exercise power in a given decision-making situation. The second domain is related to the power processes and focuses on the interaction of family members at various stages in the decision-making process. The third domain is related to power outcomes and focuses upon who makes the final decisions and who wins the discussion or the argument.

McDonald (1980) asserts that power relationships have implications for the presence or absence of conflict in families. He argues that differences in power may suppress conflict situations and so may help shape the family system. From this perspective, Arnett (1987) argues that there is a relationship between power and the marital patterns and roles that the spouses adopt. Deal (1984) asserts that differences in the power wielded by the partners may result in the stronger party taking advantage of the weaker party. This in turn affects the degree to which family decisions can be negotiated.

**2. Social exchange theory.** McDonald (1980) asserts that the social exchange theory has become the framework most often used to assess family power and decision-making. Scanzoni and Szinovacz (1980) argue that decision-making may be viewed as problem solving or conflict resolution. Exchange theory assumes that people are actors as well as reactors who make decisions and initiate action rather than being passive reactors to environmental stimuli. Further, people act in a manner which will maximize rewards and minimize costs. Scanzoni (1979b) notes that the concept of maximum joint profit is relevant to family decision-making because the actors are usually willing to negotiate in order to arrive at decisions that are for the good of the group.

Scanzoni (1979a) observes that reciprocity, as it relates to decision-making, is also an important aspect of exchange theory. Since complete repayment is not possible in social exchanges, members look to feelings of gratitude in contributing to the maintenance and stability of the family unit. This trust, or the confidence that some form of reward will be forthcoming from others, is an important aspect of the family decision-making process. Kingsbury (1983) notes that trust can lead to the emergence of non-legitimate power if a family member uses force to get others to act in a certain manner.

**3. Role theory.** Role theory has also been used to explain family decision-making processes. Scanzoni and Szinovacz (1980) note that traditionally based family decision-making tends to be structured. There are accepted roles in the family and family members know and accept these roles. Because everyone within the family

knows what is expected of them there is little or no need for negotiation in the decision-making process.

Scanzoni (1979a) asserts that gender roles may be measured along a continuum from traditional to modern. With traditional roles, the interest of the husband is of greatest importance; children come second, and the interest of the wife is left for last. Within this framework, husbands hold legitimate power and decision-making is mainly husband dominated. With modern roles, the lines of family power are not as clearly defined and family decisions are negotiable. Scanzoni (1983) notes that in families where both the husband and the wife have a preference for modern gender roles, all decisions are negotiable.

**4. The process-oriented model.** Arguing for the inclusion of interactive observational procedures and self-reporting or behavioral measures for examining the complex family decision-making process, researchers have developed a social psychological or process-oriented model of family decision-making which is useful in studying family power relationships because it does not focus only on decision outcomes (Scanzoni & Polonko, 1980; Scanzoni & Szinovacz, 1980; Scanzoni, 1983). This model analyzes the family decision-making process and also examines the changing nature of sex roles and its inherent effect upon family decision-making. Unlike previous models, this model focuses upon joint decision-making and considers the husband-wife dyad as the unit of analysis. However, individual data is used to determine if the "within couples" or the "within individual" data contribute more toward the prediction of the decision-making process and its outcomes.

The process-oriented model or the social psychological approach to decision-making was an outgrowth of the subjective utility theory developed by Blalock and Wilkin (1979). Subjective utility theory brings together the important elements from symbolic interaction, social exchange, and social conflict theories. The approach holds that social arrangements are a function of subjective preferences and the decision-making processes. In joint decision-making, the parties are aware that individual preferences cannot be satisfied without simultaneously taking the other person's preferences into account (Scanzoni & Szinovacz, 1980).

Strauss (1978) notes that this perspective is influenced by three elements: the context, the process, and the outcome. The context is the tangible and intangible resources, attitudes, and history which couples bring to the decision-making process. The process phase of the approach is the interaction or give-and-take which occurs between the couple. Scanzoni and Polonko (1980) note that the contextual factors exert an ongoing influence that affects the decision outcome. The outcome represents the behavior of the organization or dyad (Scanzoni, 1983).

In summarizing the major steps in the model, Kingsbury (1983) states

... first the cyclic and developmental sequences of the process of decision-making are dissected and identified into units. Second, the units are scrutinized to determine connected events. The third step is to view the units in developmental terms. A fourth step involves the unity of the developmental and cyclical processes. The identification of outcome flowing from process represents a fifth step. The sixth and final step integrates past decision making history with current processes and outcomes (p. 37).

Hill and Scanzoni (1982) assert that the process-oriented model is applicable to a wide range of topics related to family decision-making. For example, Hill (1981) used the model to study the decision-making behaviors of couples who received training in communication skills and couples who had not had such training. Kingsbury (1983) used the model to assess the decision-making and power relationships of dual-career families. In a refinement of the model, Scanzoni (1983) examined the degree to which sex role preferences are changing and the relative effect which such changes are having on the decision-making process. Similar studies have also been conducted by Arnett (1987) and Scanzoni and Arnett (1987).

Although no data about the reliability and validity of the model have been reported, Hill (1981) claims that the model is conceptually and theoretically valid because it is formulated from several respected theoretical perspectives such as systems theory, symbolic interaction theory, and social exchange theory. The model has also received some empirical support in various studies (Arnett, 1987; Scanzoni & Arnett, 1987; Kingsbury, 1983; Hill & Scanzoni, 1982; Hill, 1981).

### **2.13.8.3 Power and Family Decision Making**

Defining family power is complicated because researchers have not agreed on a common definition of power. Olson and Cromwell (1975) note that power is viewed as being similar to terms such as influence, control, authority, assertiveness, and dominance. In the realm of family decision-making, power relations are very ambiguous and the exertion of power takes place in very subtle ways. Much of the ambiguity in defining power stems from the multi-dimensional nature of the construct.

Olson and Cromwell (1975) discussed three domains of family power. The first domain, the basis of family power, consists mainly of the resources which a family member contributes to the association. This is thought to increase that member's ability to exercise control within the relationship. French and Raven (1959) also identified referent power, expert power, informational power, reward power, and coercive power as five other bases from which a person can derive power.

The second domain, family power processes, focuses on the interaction between and among the family members. It includes processes occurring during family

discussions and involves the degree to which individuals attempt to influence or control decision outcomes through assertiveness. The third domain, family power outcomes, focuses on who actually makes the decision or who wins the argument. While the domain of family power has been widely researched, the family power process has been relatively neglected because researchers find it easier to collect data on decision outcomes than on decision processes (Min, 1983).

#### **2.13.8.4 Role specialization and Role convergence in family Decisions**

The welfare and survival of the family, as a group, depends upon the degree to which it is able to perform the tasks that make it possible to cope with the external environment and maintain the social relationship among group members (Thibaut & Kelley, 1959). In the area of family study, Parsons and Bales (1955) suggest that the "husband-father" generally fills the role of task specialist while the "wife-mother" fills the role of the social and emotional specialist.

This traditional characterization of family roles has been widely criticized. For example, Leik (1963) argues that unlike in secondary groups, people are likely to converge their roles in their family life. The role specialization found in ad hoc groups cannot be applied to the family (Levinger, 1964). Within the family, both spouses are in the habit of filling both roles at different points...

## **CHAPTER-3**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

Research in common parlance refers to a search for knowledge. One can also define research as a scientific and systematic search for pertinent information on a specific topic. In fact, research is an art of scientific investigation.

The Advanced Learner's Dictionary of Current English lays down the meaning of research as "a careful investigation or inquiry especially through search for new facts in any branch of knowledge."<sup>1</sup>

Redman and Mory define research as a "systematized effort to gain new knowledge."<sup>2</sup> Some people consider research as a movement, a movement from the known to the unknown. It is actually a voyage of discovery. We all possess the vital instinct of inquisitiveness for, when the unknown confronts us, we wonder and our inquisitiveness makes us probe and attain full and fuller understanding of the unknown. This inquisitiveness is the mother of all knowledge and the method, which man employs for obtaining the knowledge of whatever the unknown, can be termed as research. Research is an academic activity and as such the term should be used in a technical sense. According to Clifford Woody research comprises defining and redefining problems, formulating hypothesis or suggested solutions; collecting, organizing and evaluating data; making deductions and reaching conclusions; and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis. D. Slesinger and M. Stephenson in the Encyclopedia of Social Sciences define research as "the manipulation of things, concepts or symbols for the purpose of generalizing to extend, correct or verify knowledge, whether that knowledge aids in construction of theory or in the practice of an art."<sup>3</sup> Research is, thus, an original contribution to the existing stock of knowledge making for its advancement. It is the pursuit of truth with the help of study, observation, comparison and experiment. In short, the search for knowledge through objective and systematic method of finding and the formulation of a theory is also research. As such the term 'research' refers to the systematic method consisting of enunciating the problem, formulating a hypothesis, collecting the facts or data, analyzing the facts and reaching certain conclusions either in the form of solutions(s) towards the concerned problem or in certain generalizations for some theoretical formulation.

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"

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.

### **3.1.1 Purpose of Research Methodology**

The purpose of research is to discover answers to questions through the application of scientific procedures. The main aim of research is to find out the truth which is hidden and which has not been discovered as yet. Though each research study has its own specific purpose, we may think of research objectives as falling into a number of following broad groupings:

1. To gain familiarity with a phenomenon or to achieve new insights into it (studies with this object in view are termed as exploratory or formulate research studies);
2. To portray accurately the characteristics of a particular individual, situation or a group (studies with this object in view are known as descriptive research studies);
3. To determine the frequency with which something occurs or with which it is associated with something else (studies with this object in view are known as diagnostic research studies);
4. To test a hypothesis of a causal relationship between variables (such studies are known as hypothesis-testing research studies).

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

### 3.1.2 Types of Research

The basic types of research are as follows:

**(i) Descriptive vs. Analytical:** Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. In social science and business research we quite often use the term Ex post facto research for descriptive research studies. The main characteristic of this method is that the researcher has no control over the variables; he can only report what has happened or what is happening. Most ex post facto research projects are used for descriptive studies in which the researcher seeks to measure such items as, for example, frequency of shopping, preferences of people, or similar data. Ex post facto studies also include attempts by researchers to discover causes even when they cannot control the variables. The methods of research utilized in descriptive research are survey methods of all kinds, including comparative and correlation methods. In analytical research, on the other hand, the researcher has to use facts or information already available, and analyze these to make a critical evaluation of the material.

**(ii) Applied vs. Fundamental:** Research can either be applied (or action) research or fundamental (to basic or pure) research. Applied research aims at finding a solution for an immediate problem facing a society or an industrial/business organization, whereas fundamental research is mainly concerned with generalizations and with the formulation of a theory.” Gathering knowledge for knowledge’s sake is termed ‘pure’ or ‘basic’ research.”<sup>4</sup> Research concerning some natural phenomenon or relating to pure mathematics are examples of fundamental research. Similarly, research studies, concerning human behavior carried on with a view to make generalizations about human behavior, are also examples of fundamental research, but research aimed at certain conclusions (say, a solution) facing concrete social or business problem is an example of applied research. Research to identify social, economic or political trends that may affect a particular institution or the copy research (research to find out whether certain communications will be read and understood) or the marketing research or evaluation research are examples of applied research. Thus, the central aim of applied research is to discover a solution for some pressing practical problem, whereas basic research is directed towards finding information that has a broad base of applications and thus, adds to the already existing organized body of scientific knowledge.

**(iii) Quantitative vs. Qualitative:** Quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity. Qualitative research, on the other hand, is concerned with qualitative phenomenon, i.e., phenomena relating to or involving quality or kind. For instance, when we are interested in investigating the reasons for human behavior (i.e., why people think or do certain things), we quite often talk of ‘Motivation Research’, an important type of qualitative research. This type of research aims to discover the underlying motives and desires, by the method of

interview. Other techniques of such research are word association tests, sentence completion tests, story completion tests and similar other projective techniques. Attitude or opinion research i.e., research designed to find out how people feel or what they think about a particular subject or institution is also qualitative research. Qualitative research is especially important in the behavioral sciences where the aim is to discover the underlying motives of human behavior. Through such research we can analyze the various factors which motivate people to behave in a particular manner or which make people like or dislike a particular thing. It may be stated, however, that to apply qualitative research in practice is relatively a difficult job and therefore, while doing such research, one should seek guidance from experimental psychologists.

**(iv) Conceptual vs. Empirical:** Conceptual research is that related to some abstract idea(s) or theory. It is generally used by philosophers and thinkers to develop new concepts or to interpret existing ones. On the other hand, empirical research relies on experience or observation alone, often without due regard for system and theory. It is data-based research, coming up with conclusions which are capable of being verified by observation or experiment. We can also call it as experimental type of research. In such a research it is necessary to get at facts firsthand, at their source, and actively to go about doing certain things to stimulate the production of desired information. In such a research, the researcher must first provide him with a working hypothesis or guess as to the probable results. He then works to get enough facts (data) to prove or disprove his hypothesis. He then sets up experimental designs which he thinks will manipulate the persons or the materials concerned so as to bring forth the desired information. Such research is thus characterized by the experimenter's control over the variables under study and his deliberate manipulation of one of them to study its effects. Empirical research is appropriate when proof is sought that certain variables affect other variables in some way. Evidence gathered through experiments or empirical studies is today considered to be the most powerful support possible for a given hypothesis.

**(v) Some Other Types of Research:** All other types of research are variations of one or more of the above stated approaches, based on either the purpose of research, or the time required to accomplish research, on the environment in which research is done, or on the basis of some other similar factor. From the point of view of time; we can think have research either as one-time research or longitudinal research. In the former case the research is confined to a single time-period, whereas in the latter case the research is carried on over several time-periods. Research can be field-setting research or laboratory research or simulation research, depending upon the environment in which it is to be carried out. Research can as well be understood as clinical or diagnostic research. Such research follows case-study methods or in depth approaches to reach the basic causal relations. Such studies usually go deep into the causes of things or events that interest us, using very small samples and very deep probing data gathering devices. The research may be exploratory or it may be formalized. The objective of exploratory research is the development of hypotheses rather than their testing,



whereas formalized research studies are those with substantial structure and with specific hypotheses to be tested. Historical research is that which utilizes historical sources like documents, remains, etc. to study events or ideas of the past, including the philosophy of persons and groups at any remote point of time. Research can also be classified as conclusion-oriented and decision-oriented. While doing conclusion oriented research, a researcher is free to pick up a problem, redesign the enquiry as he proceeds and is prepared to conceptualize as he wishes. Decision-oriented research is always for the need of a decision maker and the researcher in this case is not free to embark upon research according to his own inclination. Operations research is an example of decision oriented research since it is a scientific method of providing executive departments with a quantitative basis for decisions regarding operations under their control.

### **3.2 Research Design**

Research design refers to the systematic framework under which the research is marched. 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:**

The reliability and effectiveness of this research work is completely depend upon, true and fact information which is very necessary and act as lifeblood of the research work. True and honest information is very much essential for the research work.

The data involved in this research work are completely primary in nature. This data is 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 research work include of the people of Birgunj sub-metropolitan city. It includes only those who owned the computers and potential customer. Population accuracy is not certain here; however 130 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 Birgunj Sub-metropolitan city. 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 work is 130. A total of 130 people of Birgunj Sub-metropolitan city are taken as sample.

### **3.7 Product Sample**

Computer is most useful and sensible product in and around the world. To buy this product a firstly the purchaser analyze about the product because of its high expensiveness and high risk. So computer is selected 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 relevant data are collected with the help of questionnaire methods to the respondents at mutually convenient time and place. Information from interview is also included according 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 stages 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 is applied to such frequency of occurrence as against the expected ones without reference to population parameters, which were being done earlier in significance testing. 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

$$= \sum O/N$$

**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:

Calculation of  $t^2$

O	E	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
1224	1220	4	16.00	0.01
1225	1220	5	25.00	0.02
1210	1220	-10	100.00	0.08
1220	1220	0	-	-
1226	1220	6	36.00	0.03
1215	1220	-5	25.00	0.02
7320	E=7320		(O-E) <sup>2</sup> =201.33	(O-E) <sup>2</sup> /E=0.17

Test Statistic,

$$\therefore t^2 = \sum \frac{(O-E)^2}{E} = 0.179$$

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.

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

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

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**

Analysis of data is a process of inspecting, cleaning, transforming, and modeling data with the goal of highlighting useful information, suggesting conclusions, and supporting decision making. Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, in different business, science, and social science domains.

Data mining is a particular data analysis technique that focuses on modeling and knowledge discovery for predictive rather than purely descriptive purposes. Business intelligence covers data analysis that relies heavily on aggregation, focusing on business information. In statistical applications, some people divide data analysis into descriptive statistics, exploratory data analysis (EDA), and confirmatory data analysis (CDA). EDA focuses on discovering new features in the data and CDA on confirming or falsifying existing hypotheses. Predictive analytics focuses on application of statistical or structural models for predictive forecasting or classification, while text analytics applies statistical, linguistic, and structural techniques to extract and classify information from textual sources, a species of unstructured data. All are varieties of data analysis.

Data integration is a precursor to data analysis, and data analysis is closely linked to data visualization and data dissemination. The term data analysis is sometimes used as a synonym for data modeling.

This chapter has collected data 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**

<b>Age Group</b>	<b>Number</b>	<b>%</b>
below 20	12	9.23
20-30	56	43.08
30-40	38	29.23
Above 40	24	18.46
<b>Total</b>	<b>130</b>	<b>100.00</b>

The table No. 1 shows the age group of respondents. Out of total No of samples, 9.23% (i.e. 12 respondents) fall into the age group of below 20 years, 43.08% (i.e. 56 respondents) fall into 20-30 years, 29.23% (i.e. 38 respondents) from 30-40 years and the rest of 18.46% 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**

<b>Educational .level</b>	<b>Number</b>	<b>%</b>
Under SLC	9	6.16
SLC	20	13.70
Intermediate	26	17.81
Graduate	47	32.19
Post Graduate	28	19.18
<b>Total</b>	<b>130</b>	<b>89.04</b>

The table No. 2 reveals the educational background of the sample surveyed (i.e. buyer). As the table indicates that 6.16% (i.e. 9) respondents belong to below S.L.C. level, 13.70% (i.e. 20) respondents having S.L.C. level 21.8217.81% (i.e. 26) Intermediate level, 32.19% (i.e.47) from Graduate level and the remaining

19.18% (i.e. 28) 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**

<b>Sex Group</b>	<b>Number</b>	<b>%</b>
Male	93	71.53
Female	37	28.47
<b>Total</b>	<b>130</b>	<b>100.00</b>

Table N.3 reveals the marital status of total respondents. Out of them, the majority of the sample surveyed 59.38% (i.e. 76) are married and remaining 42.19% (i.e. 54) 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**

<b>Marital Status</b>	<b>Number</b>	<b>%</b>
Married	76	59.38
Unmarried	54	42.19
<b>Total</b>	<b>130</b>	<b>101.56</b>

The above table shows the sex group of the respondents. Out of total 130, 71.53% (i.e.93) are male respondents and remaining 28.47% (i.e.37) 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**

<b>Family Size</b>	<b>Number</b>	<b>%</b>
1 or 2	28	21.54
3 or 4	60	46.15
5 or above	42	32.31
<b>Total</b>	<b>130</b>	<b>100.00</b>

The above table no. 5 concerns the size of respondents, family size. It is shown in the table that 21.54% (i.e. 28) of respondents have 1 or 2 family members 46.15% (i.e. 60) respondents have 3 or 4 family members and remaining 32.31% (i.e. 42) 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**

<b>Occupation</b>	<b>Number</b>	<b>%</b>
Student	28	21.54
Business	36	27.69
Govt. Service	44	33.85
Private Service	10	7.69
Not Mentioned	12	9.23
<b>Total</b>	<b>130</b>	<b>100.00</b>

Table NO.6 presents occupational status of the total sample 130, out of which 9.23% (i.e.12) respondents did not mention their occupation. 21.54% (i.e. 28) respondents are students, 27.69 (i.e.36) are businessman, 33.85% (i.e. 44) are government and Private officials uses 7.69% (i.e. 10).

#### 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	20	15.38
5000-10,000	47	36.15
10,000-15,000	41	31.54
and 15000 above	12	9.23
Not Shown	10	7.69
<b>Total</b>	<b>130</b>	<b>100.00</b>

The above table is related to the respondents, family monthly income level. Out of them 15.38% (i.e. 20) have below 5000 income level, 36.15 % (47) have income Rs. (5,000-10,000), 31.54% (i.e.41) respondents having income Rs. (10,000-15,000) and 9.23(i.e. 12)% having income above Rs.15, 000. 6.467.69%, (i.e. 10) 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	20	15.38
Married with Children	23	17.69
Marr without Children	46	35.38
Married With Joint Family	23	17.69
Married with separate Family	18	13.85
<b>Total</b>	<b>130</b>	<b>100.00</b>

**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	70	53.85
Medium Class	35	26.92
Low Class	25	19.23
<b>Total</b>	<b>130</b>	<b>100.00</b>

**4.1.10 Religion:**

This category includes Hinduism, Muslim and Christians.

**Table no.10 Religion**

<b>Religion</b>	<b>Number</b>	<b>%</b>
Hinduism	60	46.15
Muslim	45	34.62
Christians	25	19.23
<b>Total</b>	<b>130</b>	<b>100.00</b>

#### 4.1.11 Buying motives

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

**Table no.11 Buying motives**

<b>Motives</b>	<b>Number</b>	<b>%</b>
Entertainment	38	29.23
Fear	60	46.15
Status	32	24.62
<b>Total</b>	<b>130</b>	<b>100.00</b>

#### 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**

<b>Need Recognition</b>	<b>Number</b>	<b>%</b>
Neighbor	21	13.82
Peer group/colleagues	47	30.92
own experience	34	22.37
Advertisement	23	15.13
Word of mouth	11	7.24
Others	16	10.53
<b>Total</b>	<b>152</b>	<b>100.00</b>

The above table shows that the total number of respondents differs from the total number of responses (i.e. from 130 TO 138). It is because some of the respondents used more than single source.

As the above table shows, 13.82% (i.e. 21) respondents recognized the computer buying need through neighbors, 30.92% (i.e. 47) respondents recognized need through peer groups/ colleagues, 22.67 % (i.e. 34) respondents recognized need through own experiences or inner motive and 15.13% (i.e. 23) respondents through advertisement. Similarly 7.24% (i.e.11) respondents recognized need through word

of mouth and remaining 10.53 % ( i.e. 16) 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

Null Hypothesis  $H_0$ : Regarding need recognition the customers are equally influenced by the given sources.

Alternative Hypothesis  $H_1$ : Regarding need recognition, the customers are not equally influenced by the given source.

$$E = O/n = 152/6 = 25.33$$

#### Calculation $\chi^2$

<b>O</b>	<b>E</b>	<b>(O-E)</b>	<b>(O-E)<sup>2</sup></b>	<b>(O-E)<sup>2</sup>/E</b>
21	25.33	-4.33	18.75	0.74
47	25.33	21.67	469.59	18.54
34	25.33	8.67	75.17	2.97
23	25.33	-2.33	5.43	0.21
11	25.33	-14.33	205.35	8.11
16	25.33	-9.33	87.05	3.44
<b>O=152</b>	<b>E=152</b>		<b>(O-E)<sup>2</sup>=861.33</b>	<b>(O-E)<sup>2</sup>/E=34.01</b>

**Test static,**  $\chi^2 = \frac{\sum(O-E)^2}{E} = 34.01$  (from above table)

Where, O= Observed frequency

E= Expected frequency

**Degree of Freedom (d.f)** = (6-1) = (6-1) = 5

**Critical Value:** the tabulated value of  $\chi^2$  is 11.05 and calculated value of  $\chi^2$  is 34.01 at 5% level of significance for 5 d.f.

**Decision:** since the calculated value of  $\chi^2$  is greater than the tabulated value therefore null hypothesis is rejected and alternative hypothesis is accepted i.e. need recognition, the customers are not equally influenced by the sources.

#### 4.2.2 Need Recognition

**Table No.13: Need Recognition**

<b>Need Recognizer</b>	<b>Number</b>	<b>%</b>
Itself	56	43.08
Son	27	20.77
Daughter	21	16.15
Spouse(Husband/Wife)	17	13.08
Others	9	6.92
<b>Total</b>	<b>130</b>	<b>100.00</b>

The above table presents the need reorganization of total respondents. As shown, 43.08% (i.e. 56) respondents recognized the need of buying computer by themselves, 20.77% (i.e. 24) respondents recognized by their son, 16.15% (i.e. 21) recognized by their daughter, 13.08% (i.e. 17) recognized by their spouse (husband/wife) and remaining 6.92% (i.e. no. 9) 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	35	26.92
My Family/relative told me	52	40.00
I saw/heard it's advertised.	27	20.77
Others	16	12.31
<b>Total</b>	<b>130</b>	<b>100.00</b>

The above table shows that among 130 respondents, 26.92% (i.e. 35) respondents are aware from their friend, 40% (i.e. 52) are awarded about the brand from their family/relatives, 20.77 % (i.e. 27) have sources of brand aware by seeing or hearing the computer's advertisement and the rest 12.31% (i.e. 16) 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	23	11.68
TV Advertisement	33	16.75
Printed Advertisement	13	6.60
Visit to dealers	23	11.68
Talking to sales person	21	10.66
Friend / Family member	61	30.96
Others	23	11.68
<b>Total</b>	<b>197</b>	<b>100.00</b>

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, 11.68% (i.e. 23) responses are obtained by those respondents who have used radio advertisement as sources of information, 16.25% (i.e.33) responses are obtained through television advertisement, 30.96% (i.e. 61) respondents consulted with their friends and family members for the sources of information before purchase. 11.68% (i.e.23) responses are obtained by visit of different brands dealers, 6.60% (i.e. 13) are depended on printed advertisement for the sources of information. And remaining 11.68% (i.e. 23) 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

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

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

$$E = O/n = 197/7 = 28.14$$

### Calculation $\chi^2$

O	E	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
23	28.14	-5.14	26.42	0.94
33	28.14	4.86	23.62	0.84
13	28.14	-15.14	229.22	8.15
23	28.14	-5.14	26.42	0.94
21	28.14	-7.14	50.98	1.81
61	28.14	32.86	1,079.78	38.37
23	28.14	-5.14	26.42	0.94
<b>O=197</b>	<b>E=197</b>		<b>(O-E)<sup>2</sup>=1462.86</b>	<b>(O-E)<sup>2</sup>/E=51.98</b>

**Test static's,**  $\chi^2 = \frac{\sum(O-E)^2}{E} = 51.98$  from above table

Where, O=Observed frequency

E=Expected frequency

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

**Critical Value:** The tabulated value of  $\chi^2$  is 12.59 and calculated value of  $\chi^2$  is 51.98 at 5% level of significance for 6 d.f.

**Decision:** since the calculated value of  $\chi^2$  is greater than the tabulated value therefore null hypothesis is rejected and alternative hypothesis is accepted i.e. customer does not give equal emphasis on the external and interpersonal before 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 User</b>	<b>Number</b>	<b>%</b>
Alone	47	36.15
With someone	83	63.85
<b>Total</b>	<b>130</b>	<b>100.00</b>

The above table shows that 36.15 % (i.e. 47 respondents) of the total sample went alone to purchase computer and remaining 63.85% (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

**Null Hypothesis  $H_0$ :** The customers go alone in final purchase of the computer.

**Alternative Hypothesis  $H_1$ :** The customers go with someone else in final purchase of computer.

$$E = O/n = 130/2 = 65$$

#### Calculation $t^2$

<b>O</b>	<b>E</b>	<b>(O-E)</b>	<b>(O-E)<sup>2</sup></b>	<b>(O-E)<sup>2</sup>/E</b>
47	65	-18	324	4.98
83	65	18	324	4.98
<b>O=130</b>	<b>E=130</b>		<b>(O-E)<sup>2</sup>=648</b>	<b>(O-E)<sup>2</sup>/E=9.97</b>

**Test static's,**  $t^2 = \frac{\sum (O - E)^2}{E} = 9.97$  Calculated above

Where, O=Observed frequency

E=Expected frequency

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

**Critical Value:** The tabulated value of  $t^2$  is 3.84 and calculated value of  $t^2$  is 9.97 at 5% level of significance for 1 degree of freedom..

**Decision:** since the calculated value of  $t^2$  is greater than the tabulated value therefore null hypothesis is rejected and alternative hypothesis is 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	Number	%
Friends	28	33.72
Relatives	12	14.46
Mechanics	13	15.66
Wife/Husbands	19	22.89
Others	11	13.26
Total	83	100.00

The table No.13 provides descriptive statistics concerning the different types of purchase friends used by the respondents. Among total number, 33.72% went with their friends and 14.46 % (i.e.12) respondents went with their relatives. Similarly, 15.66% (i.e.13) respondents went with mechanics, 22.89% (i.e.19) went with their spouse (husband / wife) and 13.25% (i.e. 11) 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**

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

**Alternative Hypothesis  $H_1$ :** The customers do not equally use the given types of purchase friends in order to make final purchase of computer.

$$E = O/n = 83/5 = 16.66$$

**Calculation  $\chi^2$**

O	E	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
28	16.6	11.4	129.96	7.83
12	16.6	-4.6	21.16	1.27
13	16.6	-3.6	12.96	0.78
19	16.6	2.4	5.76	0.35
11	16.6	-5.6	31.36	1.89
<b>O=83</b>	<b>E=83</b>		<b>(O-E)<sup>2</sup>=201.12</b>	<b>(O-E)<sup>2</sup>/E=12.12</b>

**Test static's,**  $\chi^2 = \frac{\sum(O-E)^2}{E} = 12.12$  as calculated above.

Where,

O=Observed frequency

E=Expected frequency

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

**Critical Value:** The tabulated value of  $\chi^2$  is 9.49 and calculated value of  $\chi^2$  is 12.12 at 5% level of significance for 4 degree of freedom.

**Decision:** since the calculated value of  $\chi^2$  is greater than the tabulated value therefore null hypothesis is rejected and alternative hypothesis is accepted i.e. 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**

<b>Types of Purchase friend</b>	<b>Number</b>	<b>%</b>
Helps to decide with one	23	27.71
Bargain with the dealers	35	42.17
Know he/she feels about	10	12.05
Get his/her help in ins...	4	4.82
To make sure I would...	11	13.25
<b>Total</b>	<b>83</b>	<b>100.00</b>

Purchase friends can be used for various reasons. The above table shows the various reasons for using purchase friends. 27.71 % (i.e.23) respondents used them to help to decide which one to buy from different brands. 12.05% (i.e.10) respondents used to know what he/she feels about their choice, 4.82% (i.e.4) respondents used purchase friends to his/her help in inspecting different brands. Likewise, 13.25% (i.e.11) respondents used purchase friends to make sure they would select right computer and remaining 42.17% (i.e.35), or most of the responds used purchase friends to bargain with the dealers or computer seller.

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

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

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

$$E = O/n = 83/5 = 16.6$$

#### **Calculation t<sup>2</sup>**

O	E	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
23	16.6	6.4	40.96	2.47
35	16.6	18.4	338.56	20.40
10	16.6	-6.6	43.56	2.62
4	16.6	-12.6	158.76	9.56
11	16.6	-5.6	31.36	1.89
O=83	E=83		(O-E) <sup>2</sup> =613.20	(O-E) <sup>2</sup> /E=36.94

**Test static's, t<sup>2</sup> =  $\frac{\sum (O - E)^2}{E} = 36.94$**

Where,

O=Observed frequency

E=Expected frequency

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

**Critical Value:** The tabulated value of  $t^2$  is 9.49 and calculated value of  $t^2$  is 36.94 at 5% level of significance for 4 d.f

**Decision:** since the calculated value of  $t^2$  is greater than the tabulated value therefore null hypothesis is rejected and alternative hypothesis is accepted because the customer 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>2</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**

<b>Evaluated No.</b>	<b>Number</b>	<b>%</b>	<b>Models</b>	<b>%</b>
1	29	22.31	25	19.23
2	61	46.92	43	33.08
3	30	23.08	15	11.54
4	9	6.92	1	0.77
Not Mentioned	1	0.77	46	35.38
<b>Total</b>	<b>130</b>	<b>100.00</b>	<b>130</b>	<b>100.00</b>

Table No. 19 presents the customer's total evaluated brands and models before purchase decision. Among total number 130 respondents' 22.31% (i.e. 29)

<sup>2</sup> Agrawal, Govinda Ram, Marketing Management in Nepal, M.K. Publishers and Distributors, Edition, 2057 B.S. Pg.8

respondents evaluated only one brand before purchase 46.92% (i.e. 61) respondents evaluated 2 brands for evaluation before purchase, 23.08 (i.e. 30) respondents evaluated 3 brands and remaining 6.92% (i.e. 9) and 0.77 (i.e.1)of the total sample evaluated 5 brands before they purchase certain brand. On the other hand, among total respondents only 66 respondents inform about the evaluation of models. The remaining 44 respondents did not inform about their evaluated models. Out of 84 respondents, 19.23% (i.e. 25 respondents) evaluated only one model, 30.3% (i.e. 43) respondents evaluated two models, 11.54 % (i.e. 15) and 0.77(i.e. 1) of total respondents' evaluated 4 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 Birgunj Sub-metropolitan city..

#### 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	61	46.92	17	13.07	19	14.61	13	10.00	11	8.46	9	6.92	130
2	29	22.30	28	21.53	32	24.61	17	13.07	14	10.76	10	7.69	130
3	20	15.38	41	31.53	28	21.53	16	12.30	15	11.53	10	7.69	130
4	9	6.92	22	16.92	31	23.84	48	36.92	11	8.46	9	6.92	130
5	7	5.38	14	10.76	11	8.46	22	16.92	52	40.00	24	18.46	130
6	4	3.07	8	6.15	9	6.92	14	10.76	27	20.76	68	52.30	130
Total	130	100	130	100	130	100	130	100	130	100	130	100	

In the above table, 46.92% (i.e.61) respondents rated price as most important criterion for evaluation of different alternative, 22.30% (i.e. 29) respondents, price as second important criterion, 15.38% (i.e. 20) respondents rated price as third important criterion 6.92% (i.e. 9) respondents rated price as fourth important criterion. Similarly, 5.38% (i.e. 7) respondents rated price as fifth important criterion among the 6 criteria and only 3.07 % of respondents rated price as the sixth or the least important criterion.

Another evaluative criteria, 13.07% (i.e. 17) respondents emphasized it as the most important criterion and rated first, 21.53% (i.e. 28) respondents rated country of origin as second important criteria,31.53% (i.e. 41) respondents evaluated different alternatives by rating country of origin as third important criterion.

Similarly, 16.92% (i.e.22) respondents rated it as the fourth criterion, 10.76 % (i.e. 14) respondents rated it as the fifth important evaluative criterion and remaining 6.15% (i.e. 8) respondents considered country of origin as the sixth or the least important evaluation criteria, among the six criterion.

On the other hand, among total 130 respondents 14.61% (i.e. 19) respondents considered warranty rated warranty as the most important criterion, the majority 24.61% (i.e. 32) respondents rated it as second important criterion, 2.53% (i.e. 3) respondents rated warranty as third important criterion, 23.84% (i.e. 31) respondents rated it as the fourth important criterion. Similarly, 8.46% (i.e. 11) respondents rated as fifth important criterion and the rest 6.92% (i.e. 9) respondents rated it as the sixth or least important evaluative criterion.

Likewise, only 10% (i.e. 13) of the respondents evaluated the different brands of computer by considering operating system as the most important criterion while 13.07% of total respondents (i.e. 17) rated it as second important criterion. Similarly, 12.30 % (i.e. 16) respondents rated as third important criterion. The large majority 36.92% (i.e. 48) respondents considered it as fourth important criterion, 16.92% (i.e. 22) sampled respondents considered operating system as fifth important criterion for evaluation and remaining 10.76%( i.e. 14) respondents gave it least importance.

As regards to the brand image, only 8.46% (i.e. 11) of the respondents rated it most important evaluative criterion among total 110 respondents, 10.76% (i.e. 14) respondents rated brand image as second important criterion, 11.53 % and 8.46 % (i.e. 15 and 11) respondents rated as the third and fourth important evaluative criterion respectively. Likewise, the majority, 40.00% (i.e. 52) of the respondents considering brand image rated as fifth important criterion, and other remaining 20.76% (i.e. 27) respondents rated as sixth or the least important evaluation criterion.

Similarly, of only 6.92% (i.e.9) of the respondents rated reputation of dealers as the most important criteria, 7.69% (i.e. 10) respondents rated. as second important criterion, 7.69% (i.e. 10) respondents rates third important criterion, 6.92% (i.e. 9) respondents considered reputation of dealers as fourth important criterion,18.46% (i.e. 24) respondents rated as fifth important criterion and the majority of respondents, i.e. remaining 52.30% (i.e.68) rated reputation of dealers as sixth important or the least important criterion.

As described in the above table, almost 46.92% respondents considered price and second majority, 14.61% respondents considered warranty to be the important criteria for evaluation of different brands of computer.

### Hypothesis - 6

Hypothesis of weighted Average Mean

**Null Hypothesis H<sub>0</sub>:** The given criteria are equally important regarding evaluation of alternatives.

**Alternative Hypothesis H<sub>1</sub>:** The customers do not give equal importance regarding evaluation of alternative.

Calculation of Weighted Average Mean.

$$\frac{W_1x_1 + w_2x_2 \dots \dots \dots W_nx_n}{w_1 + \dots \dots \dots W_n} = \frac{\sum Wx}{\sum W}$$

Price  $\frac{61x1 + 29x2 + 20x3 + 9x4 + 7x5 + 4x6}{1+2+3+4+5+6}$   
 $= 13.04$

Country of origin  $\frac{17x1+28x2+41x3+22x4+14x5+8x6}{1+2+3+4+5+6}$   
 $= 19.14$

Warranty  $\frac{19x1+32x2+28x3+31x4+11x5+9x6}{21}$   
 $= 19.04$

Operation system  $\frac{13x1+17x2+16x3+48x4+22x5+14x6}{21}$   
 $= 22.90$

Brand image  $\frac{11x1+14x2+15x3+11x4+52x5+27x6}{21}$   
 $= 22.29$

Reputation of dealer  $\frac{9x1+10x2+10x3+9x4+24x5+68x6}{21}$   
 $= 26.19$

**Decision:** 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 13.04. Therefore, H<sub>0</sub> 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**

<b>Purchasing Factors</b>	<b>Number</b>	<b>%</b>
Guarantee/ Warranty	28	21.54
Discount	36	27.69
Installment of Payment	22	16.92
After Sales Service	28	21.54
Others	16	12.31
<b>Total</b>	<b>130</b>	<b>100.00</b>

In the above table, among 130 respondents, 21.54% (i.e. 28) gave the highest most emphasis on purchasing factor guarantee/ warranty. 27.69% (i.e. 36) respondents mostly emphasizing discount of computer, 16.92% (i.e. 22) respondents made purchase decision emphasizing installments or modes of payment, 21.54% (i.e. 28) respondents made their purchase decision by emphasizing after sales services. Similarly, there are 16 respondents amounting to 12.31% 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**

**Null Hypothesis H<sub>0</sub>:** The customers give equal emphasis to the given factors while making their final purchase decision.

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

$$E = O/n = 130/5 = 26$$

### Computation $\chi^2$

O	E	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
28	26	2	4	0.15
36	26	10	100	3.85
22	26	-4	16	0.62
28	26	2	4	0.15
16	26	-10	100	3.85
O=130	E=130		(O-E) <sup>2</sup> =224	(O-E) <sup>2</sup> /E=8.62

**Computation of Test static's,**  $\chi^2 = \frac{\sum(O - E)^2}{E} = 8.62$

Where,

O= Observed frequency

E= Expected frequency

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

**Critical Value:** the calculated value of  $\chi^2$  (Chi square) test is 8.62 and tabulated value is 9.49 for 4 degree of freedom.

**Decision:** since the tabulated value of chi square test 9.49 is greater than the calculated value 8.62. Therefore null hypothesis is accepted and alternative hypothesis refused here. 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**

Recommended	Number	%
Chosen by itself	57	43.85
Recommended by someone	73	56.15
Total	130	100.00

As found in the above table, 43.85% (i.e. 57) respondents, purchase those brands and models by own decision or themselves. The majority 56.15 % (i.e. 73) 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

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

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

$$E = O/n = 130/2 = 65$$

#### Computation t<sup>2</sup>

O	E	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
57	65	-8	64	0.98
73	65	8	64	0.98
O=130	E=130		(O-E) <sup>2</sup> =128	(O-E) <sup>2</sup> /E=1.97

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

Where,

O= Observed frequency

E= Expected frequency

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

**Critical Value:** the tabulated value of chi square test is 3.84 and the calculated value of chi square test for 1 d.f is 1.97

**Decision:** since the calculated value chi square test is 1.97 and the tabulated value for chi square test for 1 d.f is 3.84 therefore null hypothesis is accepted and alternative is refused here. The customer chooses the brand and model recommended 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	Number	%
Brand	103	79.23
Store	27	20.77
<b>Total</b>	<b>130</b>	<b>100.00</b>

According to the total respondents of above table, almost 79.23% (i.e. 103) respondents give priority of brand which they have evaluated before and remaining 20.77% (i.e. 27) 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

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

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

$$E = O/n = 130/2 = 65$$

## Calculation of $\chi^2$

O	E	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
103	65	38	1444	22.22
27	65	-38	1444	22.22
O=130	E=130		(O-E) <sup>2</sup> =128	(O-E) <sup>2</sup> /E=44.44

$$\text{Test statistic's } \chi^2 = \frac{\sum (O - E)^2}{E} = 44.44$$

Where,

O=Observed frequency

E=Expected frequency

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

**Critical value:** the tabulated value chi square test is 3.84 and calculated value of chi square test is 44.44 for 1 degree of freedom at 5 % level of significance

**Decision:** since the calculated value of chi square test is greater than the tabulated value therefore null hypothesis is rejected and alternative hypothesis is accepted here 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' 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 Birgunj sub-metropolitan city, is shown in the following table.

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

<b>Influenced by</b>	<b>Number</b>	<b>%</b>
Satisfaction	102	78.46
Dissatisfaction	28	21.54
<b>Total</b>	<b>130</b>	<b>100.00</b>

Among 130 respondents, 78.46% (i.e. 102) respondent, post purchase behavior shows satisfaction as well as partial satisfaction and the rest 21.54% (i.e.28) 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**

<b>Express of Customer Dissatisfaction</b>	<b>Number</b>	<b>%</b>
Did not complain with anyone	6	24.00
Private response	8	32.00
Complain with seller	10	40.00
Express their dissatisfaction to the media	1	4.00
<b>Total</b>	<b>25</b>	<b>100.00</b>

Among the 18 dissatisfied customers, 24.00% (i.e. 6) respondents did not complain their dissatisfaction with anyone, 32% (i.e. 8) respondents expressed their own private respondents; these private respondents expressed their dissatisfaction to their friends, neighbors and colleagues. The majority 40% (i.e.10) 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**

<b>Suggestion</b>	<b>Number</b>	<b>%</b>
Yes	32	24.62
No	98	75.38
<b>Total</b>	<b>130</b>	<b>100.00</b>

The above table shows that out of total 130 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.

#### **4.12 Major Findings**

According to the research of Nepalese computer buyers, especially of Birgunj sub-metropolitan city in between 130 respondents following findings are made in the context of customer decision process.

1. The demographic profile shows 20-30 years age group, graduates, male and married respondents, with household's size of 3 or 4, businessman, whose income group is Rs. 5000 to Rs. 10'000, is the most active buyers of the computer. See table no.1-5, & 7 respectively.
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. See table no.12
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. See table no.14.
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. See table no.15
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. Table no:16
7. Among the different types of purchase friends, friends and spouse (husband/wife) are most commonly used by computer buyers. See table no.17

8. Most of the Nepalese computer buyers use purchase friends to bargain with the dealers. See table no:18
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. See table no.19
10. Among the criteria used for the evaluation of different brands of computer found that consumers considered the price as the most important criterion..  
Table no:20
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. 56.15% 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. see table 23
14. The post purchase behavior of total computer buyers 78.46% expressed their reaction towards the satisfaction and partial satisfaction.
15. Among the dissatisfied customers, 21.54% 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.



## **CHAPTER-5**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **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 customer 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 customer wanted. The study of consumer behavior focused on how individual make decisions to spend their available resources (time, money, efforts) on consumption related items in high involvement purchase, the post purchase evaluation is done and customer 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 product, i.e. computer, in Birgunj Sub-metropolitan city. 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 130 respondents were analyzed, presented, and hypothesis were developed and tested by using statistical tools like chi-square, percentage and weighted average mean.

## **5.2 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 socio-economic 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.

## **5.3 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*

- 1.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 taking 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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