



Consumer decision making styles in developed and developing markets: A cross-country comparison



Ritu Mehta^{a,*}, Gagan Dixit^b

^a Marketing Group, Indian Institute of Management Calcutta, Kolkata 700104, India

^b McKinsey & Company, Mumbai, India

ARTICLE INFO

Article history:

Received 6 June 2016

Received in revised form

26 August 2016

Accepted 4 September 2016

Keywords:

Decision-making styles

Developing countries

Retailing

Cross-country studies

ABSTRACT

There is limited empirical research investigating consumer decision-making styles in more than one country. This study contributes to the cross-cultural research in the area of consumer decision-making by comparing decision-making styles of consumers in two countries, India and Germany, which represent different socio-economic and cultural environment. It also investigates the applicability of Consumer Style Inventory (CSI) developed by Sproles and Kendall (1986) in the present Indian context and assesses the change in decision-making styles of Indian consumers over the last two decades of economic development. Data were collected through self-administered questionnaire from 558 Indian students and 185 German students. The results highlight that even though India's economy is undergoing fast structural transformation and getting more and more similar to developed economies, there are still differences in how consumers approach market places. In spite of the significant retail developments in India, the CSI still seems more appropriate for more developed countries like Germany than for countries like India. Additionally, some changes were observed in decision-making styles of young Indian consumers over the last two decades. Implications for managers and research are discussed.

© 2016 Elsevier Ltd. All rights reserved.

1. Introduction

Consumers today face an increasing amount of choice in terms of products, brands, and distribution channels. They are overloaded with information on products, prices, and promotions. For example, according to the Food Marketing Institute, an average American supermarket carried approximately 50,000 items in 2010, more than five times the number in 1975 (*The Tyranny of Choice*, 2010). In this scenario, understanding why a customer purchased a specific mobile phone or a bottle of jam is not only one of the toughest questions for marketers to answer, but also most important. Although a number of factors affect consumer decision-making, extant literature in consumer decision-making suggests that consumers employ certain basic styles to cope with the complex decision-making. For instance, consumers may approach the marketplace with traits as recreational orientation (Maynes, 1976), store loyalty (Jacoby and Chestnut, 1978; Stephenson and Willett, 1969), or information seeking (Thorelli et al., 1975). Though different studies revealed certain specific consumer traits, no systematic investigation was undertaken to identify consumers' decision-making styles prior to Sproles and Kendall's

(1986) study. Sproles and Kendall (1986) developed a comprehensive instrument termed as Consumer Styles Inventory (CSI) and confirmed eight decision-making styles using data collected from a sample of US students. Till date, the CSI has been the most widely accepted and applied tool to identify different decision-making styles. Despite some concerns about generalizability of CSI, the scale was found to be broadly applicable in different cultures and contexts (Durvasula et al., 1993; Siu and Hui, 2001).

Although the CSI has been investigated in countries other than the US, very few studies (e.g., Lysonski et al., 1996) have tested and compared the results in more than one country. Lysonski et al. (1996) tested the instrument in four countries: Greece, India, New Zealand, and the USA. For Indian and Greek samples, the eight-factor solution of original CSI was not easily interpretable. The findings led the researchers to believe that the CSI is more appropriate to apply in developed countries than in developing countries. Almost two decades have elapsed since Lysonski et al.'s (1996) study. In the last two decades, the Indian retail landscape has changed dramatically. Since 1991, India has increasingly adopted economic reforms, including liberalization of its economy to international trade. These reforms led to strong economic growth with per capita income growing and India becoming the third-largest economy based on the latest purchasing power estimates. Furthermore, with a population of over 1.2 billion people, more than half of who are younger than thirty years, India

* Corresponding author.

E-mail address: ritumehta@iimcal.ac.in (R. Mehta).

Table 1
Findings of studies on decision making styles of young consumers in different countries using Consumer Style Inventory (CSI).

Study	Country	Sample	Main findings
Sproles and Kendall (1986)	US	482 high school students	Developed Consumer Style Inventory (CSI) that comprised eight traits: perfectionism, brand consciousness, novelty consciousness, recreational, price-value consciousness, impulsiveness, confused by over-choice, and brand loyalty
Hafstrom et al. (1992)	South Korea	310 college students	Other than novelty consciousness, all other traits comprising CSI got confirmed. Time consciousness was a new trait identified in the study
Durvasula et al. (1993) Lysonski et al. (1996)	New Zealand USA, New Zealand, Greece, India	210 under-graduates 108, 210, 95, and 73 under-graduates from respective countries	General support for applicability of the eight-factor CSI was found. Barring price-value consciousness, other seven decision making styles were identified across samples from US, New Zealand, Greek, and India. The factor solution indicated that the inventory fit the more developed countries (USA and New Zealand) better than the developing countries (Greece and India)
Mitchell and Bates (1998)	UK	401 under- graduates	Ten decision making styles confirming the eight original dimensions, with additional traits of store loyalty and time-energy conserving were revealed
Fan and Xaio (1998)	China	271 university students	The dimensions of fashion consciousness, impulsiveness, and habitual-brand loyal were not identified, but the other five dimensions were very similar to the ones identified in original CSI
Siu and Hui (2001) Zhou et al. (2010)	China China	357 under-graduate students 195 and 245 students from coastal and inland region, respectively	Results supported the eight traits comprising the CSI The eight factor structure of CSI was identified for both coastal and inland sample. However, there were differences in hedonic shopping styles of the two samples.
Lysonski and Durvasula (2013)	India	120 young consumers	The original eight styles were identified. The Indian consumers were found to have increased on brand, novelty, and recreation consciousness as compared to Lysonski et al.'s (1996) study, but had decreased on perfectionist-quality consciousness.

provides a strong case for long-term investment appeal for multi-national firms. Foreign direct investment (FDI) in many sectors including retail witnessed tremendous growth. In 2012, the government of India allowed 100% FDI in single brand retail that was earlier restricted to 51% ownership. Moreover, it allowed 51% FDI in multi-brand retail. With these developments over the years, competition in the retail sector has intensified. Large domestic and multi-national firms are expanding their presence in India. Indian consumers now have greater access to varieties of products and global brands. Technology and e-commerce growth have also led to an increase in the amount of information and choices available to them. In this scenario, it is quite likely that the decision-making style of an Indian consumer today is different than that of a consumer twenty years ago. Also, there is a growing sentiment amongst marketers that consumer needs and desires are becoming similar across geographies (Chan et al., 2007). Thus, there is a likelihood that the behavior of consumers in India has not just changed over the years, but has become more homogenous to their counterparts in relatively more developed markets like the Germany and the US, and that the CSI is more applicable today.

Therefore, the objectives of this research include: (1) understanding the decision-making styles of Indian consumers through the application of CSI and assessing the applicability of CSI in the current Indian retail context; (2) analyzing the decision-making styles of German consumers using CSI, and examining whether CSI is more applicable to developed context (like Germany) than to developing context (like India); (3) comparing the decision making styles of Indian consumers with that of Germans; and (4) determining the changes, if any, in the decision making styles of Indians over the last two decades by comparing the results of this study with that of Lysonski et al. (1996) and verifying if CSI is more applicable in India's current retail scenario than it was two decades ago.

2. Background and relevant literature

Sproles and Kendall (1986) defined consumer decision-making style as "a mental orientation characterizing a consumer's approach to making choices". The decision-making style is a consumer's basic orientation toward shopping. It contains both

cognitive and affective elements. It is similar to the concept of personality in psychology and is relatively stable over time (Sproles and Kendall, 1986).

Based on an extensive review of consumer literature, Sproles and Kendall (1986) proposed that consumers have eight different characteristics of decision-making and identified items to measure these characteristics. They argued that the eight characteristics are most basic, relatively independent, and most frequently occurring in consumer literature. Based on factor analytical approach on data collected from US high-school students, they developed Consumer Styles Inventory (CSI), an instrument to measure the eight dimensions of decision-making. These dimensions of decision making include: perfectionism, brand consciousness, novelty consciousness, recreational, price-value consciousness, impulsiveness, confused by over-choice, and brand loyalty. The trait, perfectionism, measures high-quality, perfection-conscious characteristic of a consumer. Perfection-conscious customers want exactly what they are looking for and they make extra effort to get one. Brand-consciousness measures customers' propensity to buy expensive, reputed national brands with the belief that such brands offer good quality. Novelty-conscious customers are concerned with fashion and style. They find excitement in buying new things, and keep their wardrobe up-to-date. Recreational consumers, on the other hand, find intrinsic pleasure in shopping. For them, shopping is by no means a waste of time. Price-consciousness refers to the tendency of buying at sale prices and seeking products that provide great value for money. Impulsive, careless consumers do not carefully plan out their purchases. Out of impulsiveness, they often make purchases for which they repent later. Confused by over-choice refers to the characteristic of considering many brands and stores and in the process, not being able to make up the mind. Lastly, the loyalty trait measures consumers' propensity to stick to a brand or a product or a store. Loyal customers tend to have a favorite brand or product that they prefer to buy again and again.

Multiple authors have studied the generalizability of CSI instrument to other countries with student sample to aid comparability (see Table 1). Hafstrom et al. (1992) applied CSI to Korea and found most of the decision-making styles of young Koreans to be similar to the US consumers. The authors opined "there is reason for cautious optimism that the CSI has elements of

Download English Version:

<https://daneshyari.com/en/article/7433808>

Download Persian Version:

<https://daneshyari.com/article/7433808>

[Daneshyari.com](https://daneshyari.com)