

## DISCUSSION: FACTORS AFFECTING CONSUMER DECISION-MAKING

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We have just heard three papers all concerned with factors affecting consumer decisions. The first paper was broader than the second two in scope, dealing with segmenting the consumer market in order to better target consumer information and education. The second dealt with incorporating the "black-box" variable status into an economic demand model, and the third looked at how the intervening variable, time pressure, affects decisions about following recommended dietary practices. I'll discuss the papers in their order of presentation.

Market segmentation is not a novel idea. Indeed, the researchers note that segmentation is a very important strategy for successful marketing and advertising of products and services. However, using segmentation strategies normally used by the selling side of the market to develop consumer profiles appropriate to target consumer information is welcome. We see this type of segmentation occurring more in the media with increases in public service announcements about drugs, health related issues, literacy, and the like.

This research actually lays out a segmentation matrix of consumers and identifies types of media or groups that best serve the interests of the consumers in each group. I especially liked the distinction between consumer information--facts and figures, and consumer education--a more general idea of teaching consumers how to make better decisions.

As I read about the different consumer decision making segments: influentials, actives, dependent, and non-decision makers, I couldn't help but draw analogies between those categories and the VALS (Values and Lifestyles) typologies developed through psychographic research. I see relationships between the four broad consumer segments and the two VALS categories of inner and outer directed consumers. I also see analogies between the further breakdown of consumer decision makers into six categories, and the nine VALS typologies ranging from survivors to the integrated individuals. VALS has been very useful in segmenting the market by lifestyle rather than simple demographics, and I can see the same possible success for these consumer categories. In general, the study is very useful in doing what market segmentation is all about: choosing targets, media, types of messages, and even timing of appropriate messages to different groups of consumers.

This paper was clearly based on an earlier study which developed the hierarchy. I had a chance to look at the study, presented at ACCI in 1988, and

have some comments about the development of the segments on which the authors base their conclusions. It appears that the researchers developed the scales using age and education as principle demographic characteristics, as well as characteristics defining the level of knowledge about telecommunications. From questions an index of decision making was developed. I am very unclear as to how the index was developed, even after going back to one of the sources cited. In addition, since there are quite a few similarities between typical VALS segments and the consumer decision making segments, it might be a good idea to use more variables in the analysis. Demographic characteristics such as income and family size are also important descriptors, as are values and attitudes. Perhaps the ability to segment consumers will be enhanced if these characteristics are included in the consumer profiles.

Overall, this paper shows how a market segmentation technique, usually used by the selling side of the market, can be used to help consumers. It strengthens the idea that a firm knowledge of both the consumption and production sides of the marketplace are important for those who want to make consumers better off.

The second paper dealt with the effect of status seeking on the demand for apparel in the United States. This was the most difficult paper for me to evaluate. It stimulated my intellectual curiosity and raised many questions in my mind.

Soberon--Ferrer lays out an economic model in which relative deprivation is included through a measure of social status. The lower the social status, the higher the relative deprivation. The higher the relative deprivation, the higher clothing expenditures should be as clothing is a "positional good", that sends signals of status. What is particularly commendable about this research is it attempts to incorporate into economic theory a traditionally black-box variable, status. Thus, status is not simply incorporated into "tastes and preferences" but explicitly included in a utility function as a satisfaction yielding element. This implies that clothing plus the status provided by clothing yield utility.

Results indicate that calculated income elasticities are a bit higher for lower status persons. Thus, the null-hypothesis that relative deprivation does not affect the income elasticity of demand for clothing is rejected. The second hypothesis, that lower status individuals spend more on clothing is not testable, however, given the empirical specification. The coefficients in the regression equation are interpreted directly as elasticities. Since, the status terms are

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entered into the equation as interaction terms with income, we only know what a percentage change in expenditures will be given a percentage change in income, given social class. The social class variables would have to be entered independent of income to test the second hypothesis.

The interpretation of the independent variables are plausible, though not the only ones, given the empirical specification. The poor are known to pay higher prices, and to the extent they do, expenditures on clothing may be increased, without any conscious knowledge of the effect of its purchase on status. In addition, specification of the equation as the budget share of total expenditure allocated to clothing and estimating a system of equations may identify the tradeoffs between clothing and other expenditures.

I also wonder if there is a problem with multicollinearity and whether the author examined this possibility. Family size and number of children are probably collinear. So is being above median income and the income measure. It could be that the income measure and social class measures are collinear given the definition of how social class is defined--by occupation implying command of human and economic resources, etc. There are many different measures of social class. A next step in the research process might be to use another measure of social class that may not be so collinear with income (if you can find one) and to repeat the study.

As an aside, I urge the author to stay away from potentially sexist remarks such as those found in the explanation of clothing expenditures and female headed households and the reliance on Becker's theory of marriage to explain some of the results. I'm not so sure that there is much empirical evidence supporting this theory.

Overall, the paper was an excellent step at expanding economic theory to include variables usually excluded due to their fuzziness.

The third paper dealt with how time pressure affects decision making about food choices. I laud the authors for trying to account for another one of those "black-box variables." Basically, the researchers postulate that time pressured persons may elicit different decision making strategies than those that are not so pressured. These include simplifying, setting priorities, being selective about information, and reducing alternatives from which to choose. They posit that the relationship between perceptions, cognitions, and behavior, is stronger for time pressured persons. In general, the researchers conclude that this is the case. However, the relationship works in only one direction only. If time pressured people do not have strong perceptions and knowledge about nutrition they are less likely to elicit behavior that includes eating well. If they do have strong perceptions and knowledge that proper nutrition is a good thing, there isn't much difference in the behavior of the time pressured

versus non-time pressured group. The authors conclude that it may be difficult to change the behavior of the time pressured group who are not concerned with nutrition.

While this may be a plausible explanation, I can't help but think that it may not be the antecedents of behavior that are affecting behavior, but the availability of nutritious choices for the time pressured group. Could it be the case that non-time pressured persons have more time to prepare meals rather than eat convenience foods that are less nutritious in general? Or, the time pressured group may just grab what is available from vending machines and the like, also less likely to be nutritious choices. Instead of trying to alter the antecedents of behavior, maybe a better route to go is to offer more quick, nutritious choices. Get at the behavior itself, instead of trying to change something that will be difficult. For example, in the building I work in, the soda machines were replaced with juice machines (after much to do). People in a rush now purchase the juice, a more nutritious choice. I think the research needs to go more in depth and examine food choices, rather than just asking about nutrition in general.

A few other general points--the response rate was 48 percent. We keep urging researchers to take a look at non-respondents to better validate findings. Few do it. It appears that factor analysis was used to generate the indices, am I correct? I would like to see some of the results. Perhaps you did address some of the more disaggregated food behaviors I mentioned, but this isn't clear since you don't present them anywhere. How were your variables measured? No descriptive statistics were included in the paper.

With the above mentioned limitations aside, the paper does address an important and growing concern in our society. Time pressure does not seem to be going away. How do we address the problems of getting information to consumers who are forced to make decisions in pressured situations?