

Beyond Control? Understanding Consumer Behavior Using a Measure for Consumer Locus of Control

Does a consumer always have the control over purchase decisions assumed by traditional economic theory? We discuss research in which a psychological construct, "locus of control", is applied specifically to consumer decisions. A Consumer Locus of Control Scale is constructed and its predictive power tested using a set of interview questions regarding personal shopping habits. Scores on the Consumer scale are related to important differences in shopping behaviors.

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"Our faults as spenders are not wholly due to wantonness, but largely due to broad conditions over which as individuals we have slight control." (Mitchell 1912, p. 269). At the turn of the century, Wesley Clair Mitchell recognized the challenge faced by consumers wishing to buy goods and services. The small scale of purchasing and the lack of reliable resources at the consumer's command led Mitchell to observe that effective decision-making could be beyond the consumer's control. Some of the crucial public goods which Mitchell felt were missing (pure food laws, for example) have since been provided in many countries. Even so, the number of technical demands on the consumer has increased while the scale of the consumer's specialization has remained as small as the family unit. This has added importance in nascent consumer markets of developing countries and even in today's most developed countries - many consumers may feel they cannot exert much control over the quality, safety and satisfaction afforded by the goods available for purchase. Personal control over economic outcomes may not be a reasonable assumption for all consumers.

Some economic theory has placed a focus on the way that uncertainty and cognitive limitations (Thaler, 1980; Tversky and Kahneman, 1974) reduce one's ability to make reliable decisions. Further, consumers may lack the economic understanding and problem-solving abilities that would allow them to act in ways in which economic theory would posit as optimal (Morgan 1968; 1988). For example, shoppers may not know how to make use of available information even for products that they purchase regularly (Russo 1988). A growing body of economic research (Hoch and Ha 1986; Kahneman and Tversky

1979; Knetsch 1989) documents how human behavior might be better described by moving beyond the assumptions of traditional rational choice models which ignore characteristics of individuals within populations and fail to consider that all people do not conduct economic behavior according to the same sets of rules. Katona (1975) has argued that the effects of intra personal variables that intervene between economic stimuli and economic response are not predictable from economic variables alone.

This paper examines individual differences in consumer behaviour between those who are and those who are not strategic shoppers (making purposive and deliberate decisions) based on the extent to which they believe they can personally influence the successes and failures in their lives. Mitchell's description suggested conditions that were actually beyond the consumer's control in 1912. Our research suggests that personal differences in *perceived* control make the essence of Mitchell's concern relevant today.

The Locus of Control Construct

The personality construct locus of control (LOC; Rotter 1966; Lefcourt 1982) has held an important position in personality research since its introduction in the mid-1960's. Locus of control comprises beliefs about one's role in determining personal life outcomes. It is considered a generalized expectancy regarding the contingency between personal actions and their outcomes (Lefcourt 1982). People are described as holding 'internal' locus of control beliefs when they perceive themselves as active and effective agents who determine their own life outcomes. Others are described as 'external' if they believe that what

happens in their lives to be determined by forces beyond themselves such as luck, chance, fate, or powerful others.

Rotter first introduced a general locus of control scale (I-E Scale) into the psychological literature in the late 1950s and several thousand studies have reported upon its use (Lefcourt 1991). Control beliefs may be assessed for general life events as well as in specific belief areas, but LOC measures have been shown to be most useful when designed to measure expectations in particular goal areas (Lefcourt 1982). Furnham (1986) has developed an economic LOC scale dealing with beliefs about personal control over outcomes related to saving and investment and attitudes towards poverty and wealth. Though broadly related to our concerns with consumer behavior, it does not directly query beliefs about shopping outcomes. In this paper we discuss the recent development of a LOC measure that specifically targets consumer behaviour (Busseri, Lefcourt and Kerton 1996).

In certain belief areas, internal control beliefs have been found to be associated with more active attention to and assimilation of information pertinent to those outcomes, with purposive decision-making, and confidence in the ability to succeed at valued tasks (Lefcourt, 1982; Lefcourt and Davidson-Katz 1991). In the pursuit of goals, internals have been found to make more discriminating use of resources and social support than do externals; other studies have shown that internals are more resistant to social influences while externals are more attentive and yielding to social cues (Lefcourt 1982).

Externals may be less likely to seek the help of knowledgeable others or to search out information about a product before buying it. Externally oriented people might also allow other sources (television ads or pushy salespeople) to influence their decisions. We can also surmise that beliefs about control of consumer experiences would be useful for predicting the amount of effort expended and awareness of methods that can minimize uncertainty in shopping. Shoppers found to be internal for consumer-related LOC beliefs should report higher degrees of product knowledge and shopping skills, and should be more likely to engage in budgeting, bargain-hunting etc., than their external counterparts who may consider such actions to be pointless.

A small number of studies have attempted to link general LOC beliefs to economic behaviour. Internals have been found to be more interested than externals in a subset of consumer goods that offered

small risk of personal dissatisfaction (Rudnick and Deni 1980). Internals were less likely to experience financial difficulties and to act impulsively, were more likely to plan ahead, to act according to a plan and to be well informed (Dessart and Kuylen, 1986), to be more regular savers (Lunt and Livingstone 1991), have fewer problems with personal debt (Livingstone and Lunt 1992), and more likely to use consumer credit successfully (Tokunga, 1993).

Related Research

Decisions of internal shoppers may closely approximate the classical economic notion of maximizing behavior. The logical approach to shopping for them may include an analysis of the costs and benefits of each unit of market search. These costs and payoffs may depend, in part, on the legal and institutional support available. This support differs substantially among countries (rich and poor) and among markets. Kerton (1992) has discussed the perceived difficulty of consumer choices as a ratio between the size of the challenge and the resources available to meet that challenge such as education, market experience, and consumer protection legislation. Kerton (1980) had earlier proposed the concept of Consumer Search Capital (CSK) as one's collective stock of specific and general decision-making principles which increases the effectiveness of consumer decisions. One's CSK grows with personal experience and as a function of the creation of public goods like a food and drug administration, weights and measures laws, and truth in sales provisions.

Russo (1988) extended the consumer search approach where expected benefits must exceed expected costs if product information is to be sought and used. Tangible, well-recognized economic benefits and costs (such as utility, time and money) are included in combination with "intangibles". Intangible benefits include personal satisfaction and a positive buying experience; intangible costs include potentially negative shopping experiences. From our perspective, we might expect internals to anticipate high benefits (tangible and intangible) given their belief in personal effectiveness. Externals, however, may anticipate that their efforts would produce few benefits coupled with daunting intangible costs, such as the inability to justify one's decision process privately or publicly. This again leads us to predict relatively greater effort and information acquisition from internals in contrast with externally oriented shoppers who may view shopping as more difficult. Persons who hold internal

control expectations for consumer experience may have greater CSK, bringing more personal resources to bear upon their decision-making which may result in further accumulation of product knowledge, shopping skills, and experience with information gathering. In contrast, consumers characterized by a lack of perceived control may view shopping as overwhelming and therefore, something to be done quickly or avoided altogether. Consequently, they may not increase their CSK in a deliberate and purposive manner, despite continuous shopping experiences.

Busseri, Lefcourt and Kerton (1996)

We constructed and tested a measure of locus of control that could be used to predict consumer behavior. Our approach to this task was to develop a scale pertinent to consumer experiences and to assess its relationship with shopping behaviors that ranged from seemingly impulsive and thoughtless, to strategic and knowledgeable ways of making purchases. Two studies document the development of the Consumer Locus of Control scale (or CLOC) and its incremental value as a predictor of consumer behaviour.

In Study One the development of the CLOC is described along with the assessment of its internal consistency and its pattern of relationships with two other locus of control scales - the Economic Locus of Control scale (ELOC; Furnham, 1986) and the General Locus of Control scale (GLOC; Rotter, 1966). The tests revealed that the 14-item CLOC scale was internally consistent, producing one factor comprising all internal and external items. As predicted, CLOC scores were moderately related to scores on the other two LOC scales. Results replicated in two large and distinct undergraduate samples.

Given the reliability of the 14-item CLOC measure, we assessed its validity as a predictor of consumer behavior in Study Two. Detailed, semi-guided interviews concerning personal shopping histories and anticipated shopping activities were conducted to assess the ways in which persons went about the task of purchasing consumer goods. Interviews were independently scored; ratings were assigned for evidence of product knowledge, shopping effort expended, and thought invested before the purchase. We expected that scores on the CLOC scale, itself tailored specifically to consumer beliefs, would provide a stronger prediction of consumer behavior than either ELOC or GLOC scores. Further, we expected that the more internal one's beliefs for consumer LOC, the more likely

Table 1
Factor Loadings and Reliability Tests of the 14-item Consumer Locus of Control Scale.

		Item Loadings by Sample	
CLOC item		A (n=229)	B (n=130)
External	2	.36	.31
	6	.32	.42
	9	.55	.58
	12	.55	.51
	15	.59	.43
	18	.67	.68
	19	.36	.56
Internal	20	.61	.66
	1	.56	.69
	4	.44	.37
	5	.42	.19
	7	.61	.39
	8	.42	.51
	13	.59	.48
Eigen value		3.7	3.5
Variance accounted for		27%	25%
Cronbach alpha		.77	.76

Table 2
Correlations among Locus of Control Scales.

Scale	Sample	GLOC	ELOC
CLOC	A	.17 **	.28***
	B	.21 **	.14*
GLOC	A		.25***
	B		.44***

Note. * p < .05, ** p < .01, *** p < .001

Table 3
Correlations between Consumer Behavior Scores and Locus of Control Scales.

Score	CLOC	ELOC	GLOC
Total	-.48 ***	-.03	-.20
Thought	-.28 *	-.12	-.19
Effort	-.39 **	.09	-.07
Knowledge	-.46 ***	.03	-.15

Note. N = 52; higher scale scores indicate greater external beliefs. * p < .05, ** p < .01, *** p < .001

they were to be planful and purposive shoppers, compared to more externally oriented consumers.

Indeed, the more internal a shopper was with regard to consumer locus of control beliefs, the greater

their thoughtfulness regarding what was involved in buying the good, the greater the effort expended in seeking out purchasing information, and the greater their knowledge about the product at time of purchase. In contrast, subjects found to hold relatively more external CLOC beliefs showed evidence of less shopping and greater impulsivity. Evidence of the CLOC scale's incremental validity was shown by a stronger relationship between CLOC scores and consumer behavior, than between consumer behavior and either GLOC or ELOC scores. In fact, CLOC scores were the only significant predictor for reports of consumer behavior.

Results from both reported studies provide evidence for the relevance of locus of control beliefs in the consumer domain. Differences in shopping behavior can be predicted through consideration of shoppers' beliefs about their ability to effect personal shopping outcomes.

Implications

At the turn of the century, Mitchell (1912) recognized challenges faced by consumers over which they would likely have had little control. Today, despite the complexity of some product markets, it does seem that some people are able to shop successfully - perhaps even in a way characterizable as optimal. Others, however, are inclined to believe that there is little they can do to influence their purchase outcomes, and their behaviour would seem impulsive.

Success with CLOC scores in predicting differences in consumer behavior points to the CLOC scale as a potentially valuable instrument for understanding behavioral differences in other areas of consumer interest. Other researchers have reported only modest success with using LOC beliefs as predictors for consumer behavior. For example, "inconclusive" results are reported in earlier work exploring the relationship between LOC and consumer satisfaction / complaining behavior (Mayer, 1982). We argue that this might be attributed to the use of *general* locus of control beliefs to predict consumer behavior instead of more appropriate domain-specific beliefs, such as those assessed by the CLOC scale.

It would be of great interest to test if internally oriented shoppers are more satisfied consumers whose choices differ from those made by less informed and less purposive shoppers. Further, Maynes and Assum (1982) have demonstrated that many consumers have seriously inaccurate perceptions about price dispersion and are unaware of the low (or negative) correlations

between price and quality of products (Bodell, Kerton and Schuster 1986; Geistfeld 1988; Scitovsky 1944-45). External shoppers, seeing no reward for deliberate search, may be most likely to fall prey to such misconceptions and to be vulnerable consumers who repeatedly buy "duds".

While policies aimed at eliminating these problems might serve to improve the availability of market information, many externally oriented shoppers may not even benefit from such improvements due to their limited research into both price and quality. People who differ in CLOC beliefs respond to consumer challenges in different ways. This points to a need for responsible government policies which reflect the implications of reduced consumer protection for different kinds of shoppers. Morgan (1996; personal correspondence) has noted, "crucial policies are currently made based on untested assumptions about whether people have choices, and whether they understand the implications of those choices, and even what matters to them."

We might further speculate about the potential role for LOC in explaining other areas of economic research. As an example, Salop (1977) suggests that a "noisy monopolist" can benefit from splitting the market by offering the same good at two different prices and charging a higher price to less efficient shoppers. Externally-oriented shoppers, having less information and less awareness of substitutes for the noisy monopolist's product may pay the higher prices in contrast to the informed internal consumer. In addition, the CLOC measure may be able to sharpen our focus for environmental policy given that some research has indicated that perceived control is a promising variable for waste-reduction and recycling behaviors (Olander and Thogerson 1995).

Further, locus of control expectations have much to offer in explaining the "Discouraged Worker Effect" in labor markets where, at times of high unemployment, some workers may come to believe that it is impossible to locate a job due to a host of reasons perceived to be beyond personal influence. For people with such externally oriented beliefs it may seem entirely sensible to withdraw completely from the labour force by ceasing to look for work.

Finally, there indeed may be some framework institutions (like weights and measure laws, or truth in exchange provisions) which comprise basic social capital that allow markets to function (Kerton 1980; Sen 1981). If so, these institutions affect the degree of control that consumers have over market decisions. Research on consumer control points to a profound

up-weighting of the importance of pro-competition policies in developed and less developed economies alike. While it is true that a market can be workably competitive even when some participants lack the degree of perceived control normally taken for granted, there may well be a need for a critical mass of "deliberate" decision-makers if markets are to function at all.

In summary, our research highlights a role for consumer locus of control beliefs in the determination of consumer behaviour and broadens the notion of 'representative consumers' into those who believe they can personally affect success as consumers and those who feel that such outcomes are beyond their influence.

Appendix

Consumer Locus of Control Scale

Below are some statements regarding different shopping issues. For the purpose of this questionnaire, a "bad" purchase is any item that you have bought that turned out to be unsatisfactory (overpriced, poor quality, or not needed after it was bought). Similarly, a "good" purchase would be any item that you bought that ended up being satisfactory (good performance, fulfills a need, competitively priced). Some people agree with these items and others disagree, but there are no right or wrong answers. Please give us your opinion by circling a number below each item that best reflects your feeling about the statement.

The choice of numbers ranges from one to five where:
1 - means you strongly disagree 2 - disagree 3 - neutral 4 - agree 5 - strongly agree

1. If it happens that I buy an unsatisfactory item, I try to do something about it.
2. Sometimes when I don't know much about a product, I might as well decide which brand to buy just by flipping a coin.
3. There are times when I see something and I can't help but buy it. *
4. Usually, when I plan to buy something I can find the best deal.
5. Making good buys depends on how hard I look.
6. There have been times when I just could not resist the pressure of a good salesperson.
7. Being able to wait for sales and looking for information about the item has really helped me get good deals.
8. I have often found it useful to complain about unsatisfactory products.
9. It's hard for me to know whether or not something is

a good buy.

10. Getting a good buy depends mainly on my being in the right place at the right time. *
 11. If I get ripped-off it's usually my own fault. *
 12. To me, there's not much point in trying too hard to discover differences in quality between products.
 13. Usually I make an effort to be sure that I don't end up with a "lemon" when I go shopping.
 14. When I've gotten ripped-off it's because I was just plain unlucky. *
 15. I find that there's no point to shopping around because prices are nearly the same everywhere.
 16. In my experience, getting poor service comes from not knowing how to get good service. *
 17. I have been helped a great deal when I have used product testing magazines. *
 18. When I buy something unsatisfactory, I usually keep it because complaining doesn't help.
 19. Sometimes I can't understand how I end up buying the kinds of things that I do.
 20. I am vulnerable to rip-offs, no matter how hard I try to prevent them.
- (* indicates items excluded from final scale analyses.)

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