

Full Length Research Paper

Studying some of the factors that have effect on consumer propensity to observe, using Nokia cell phone as a case

Seyed Alireza Mosavi^{1*}, Elham Rajabi² and Mahnoosh Ghaedi¹

¹Department of Business Administration, Firoozabad, Branch, Islamic Azad University, Firoozabad, Iran.

²Department of Accounting, Firoozabad Branch, Islamic Azad University, Firoozabad, Iran.

Accepted 5 January, 2012

The purpose of this research is to determine the variables that affect consumer propensity to observe. It was performed in Iran-Shiraz and the effects of these factors on consumers of Nokia cell phone have been studied. 384 consumers participated in the research by integrating questions including measurement of favorite items. Index of observation in decision making for Iranian's consumers was used for measurement of propensity to observe. Effective noticeable factors of propensity to observe include propensity to minimize risk, need for cognition, choosing brand, self-confidence of consumer, and propensity to conform to norms of groups. Additionally, it shows that propensity increases when some presumptions have effect on each other. The result of this research proposes that observation in making decision is a significant controversy and most consumers and retailers should consider consumer propensity to observe when marketing and merchandising products. This research was designed by creating and validating the measurement of propensity to observe and another designing factor of this research is a situation where consumers observe the behavior of other consumers in buying some things before deciding to choose the products they want to buy.

Key words: Behavior of consumer, consumer propensity to observe, need for cognition, choosing a brand, consumers' self-confidence, propensity to conform, consumers' risk.

INTRODUCTION

Propensity of consumer to observe and adopt the behavior of others are affected by the following factors: propensity of consumers to accept or deny decision risk for purchasing, that is the propensity to analyze and have deep thought in choosing a brand, self-confidence of consumers in having satisfaction, decision ability and tendency to imitate others (Simpson, 2008). Some researches show that consumers postpone choosing a brand or product (Dhar, 1997; Tversky and Shafir, 1992). Where a consumer is not able to postpone his/her decision in choosing products, consumer may experience the worst anxious mood but might choose the best product by simply making a decision (Swait and Adamowicz, 2001). Consumers who look for special

product or persons who infer from important behavior of others look for information about what others buy (Park and Lessig, 1977). Propensity to observe is the will of/ or quality of consumers who notice purchasing behavior of determinate and indeterminate consumers, and at the time of decision making use these observations (Park and Lessig, 1977). All of consumers notice and consider the purchases of others. However, individual differences of persons, that is different traits, different time of making decision for purchase and lack of knowledge cause differences in extension of behavior. There are few researches that have examined consumer propensity to observe (Kivetz and Simonson, 2000).

This study suffuses the empty space in literature by

*Corresponding author. E-mail: ali_mosavi75@yahoo.com.

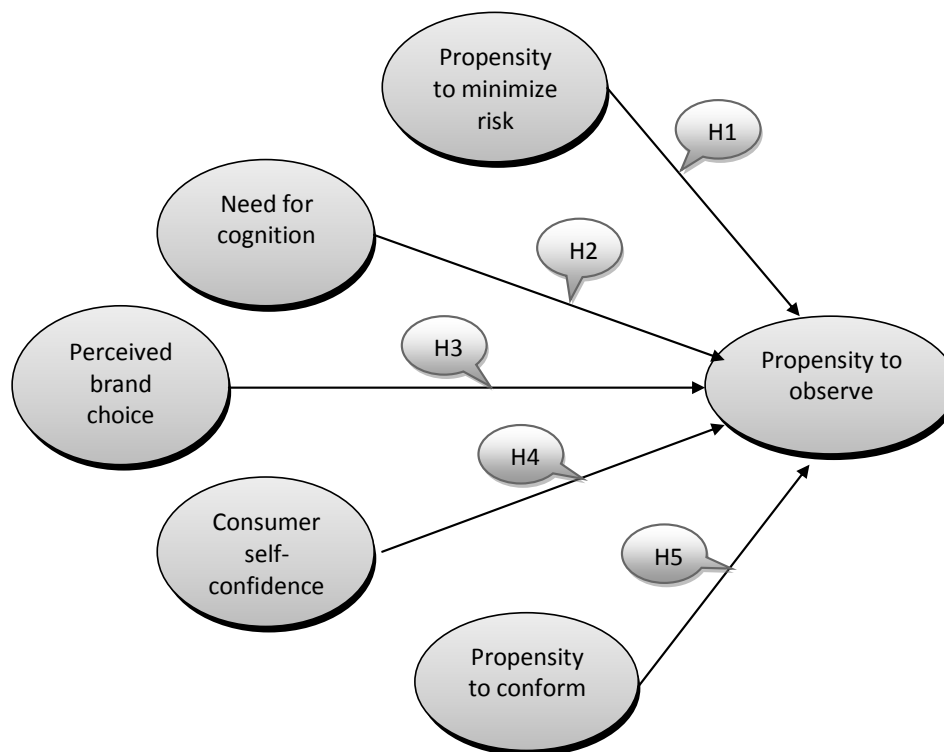


Figure 1. Conceptual framework.

making valid measurement. Development of these primary sights on consumer propensity to observe may finally assemble reasons that enable retailers to obtain advantage of marketing and traits acquired from the invented aspect of consumers' behavior.

Theoretical basis and conceptual model

Previous researches show that when the opinions of others are easily accessible, consumers have less motivation for processing information, so they follow groups' opinions (Axsom et al., 1987; Maheswaran and Chaiken, 1991). Whenever the self confidence of a consumer is more than his/her information and beliefs, the more will be the possibility of him/her to make decision without searching for information (Bearden et al., 2001). Conceptual and social theories constitute a basis for recognizing propensity to observe others at the time we choose. These theories propose importance of specific personal traits that affect consumer propensity to observe (Bettman, 1979). Particularly, conceptual-learning theories propose that the followings are the main appropriate factors: Consumer propensity to think and have analytic cognition (need for cognition), propensity to consider precisely all aspects of consumptions decision (risk aversion) and the amount of accessible correlative information for purposing selection. Social theory proposes that consumers provide context for confirming the

behaviours of others and those who have low self-confidence may use observation as an instrument for enriching their appropriate social choice. Tendency to observe can be so effective, to the extent of affecting consumers' behavior in all situations. But consumers in their own daily choice situation have less confidence in other people's observation (Simpson, 2008). This conceptual framework is shown in Figure 1.

Propensity to minimize risk

Propensity to minimize risk (or risk aversion) involves the behavior of individuals when they feel danger due to ambiguous and new situation, and therefore they would want to minimize uncertainty and/ or potential negative products (Bao et al., 2003; Delvecchio and Smith, 2005). Buying and using product that has never been used is a situation that may cause uncertainty and negative result (Delvecchio and Smith, 2005; Steenkamp et al., 1999). Seeing other consumers buy a commodity may provide valuable information of purchase choice for those who abhor risk. This is in contrast with consumers who have no problem with risk; and so have less need for collecting information on decision-making because when they are buying new products they feel more excited (Boa et al 2003). So, existent research shows that consumers who hate risk want to minimize purchase, pay more attention to observation and imitate the purchasing behavior of

others. This leads to the following hypothesis:

H₁: There is positive relation between amount of consumers' risk and propensity to observe.

Need for cognition

An attitude for recognizing persuasion process, that is, interpretative probability model that explains the path of decision making towards changing belief, attitude and behavior. Interpretative probability model is a base for perceiving cognition that explains innate motivation and pleasure of consumers to think and/or avoid thought (Cacioppo and Petty, 1982; Cacioppo et al., 1984; Haugtvedt et al., 1992). Kivetz and Simonson (2000), in an incomplete information framework, perceive that it is probable that hard thought consumers consider more of the individual features of a product than its common features. Chatterjee et al. (2000) perceived that consumers with a low needs for cognition probably rely more on price, not basic message, which is a signal for quality of product. Finally, Areni et al. (2000) reported that consumers with high need for cognition maintain their attitude, even if they object to public thoughts, and they will agree to change their attitude, just when relevant reason is presented. Hence, amount of need for thought and cognition is different in individuals; it includes personal traits. This research shows that consumers who have high motivation for thought consider carefully cognitions evidence such as features of product, while consumers who have a little motivation for thought look for clear, ready and easy signs as well as reconnaissance controversy. Based on this, the following hypothesis is drawn about consumer propensity:

H₂. There is negative relation between amount of consumers' cognition and propensity to observe.

Perceived brand choice

In most companies, emphasis on development of product and relevant universal environment leads to increase of different products and brands. During decision making for selection of product, some consumers may be more satisfied by their choice (Money, 2001), while others may be confused because of multiplicity of selective brands (Schwartz, 2004). Sproles and Kendall (1986), in fact, expressed that the confusion is due to multiplicity of choice, which is the procedure for consumer's decision making. Such consumers face too many markets and brand and must have a choice among them (Sproles and Kendall, 1986). Making choice or decision in some situations may cause anxiety, stress and even depression in Consumers' behavior (Schwartz, 2004). Consumers can decide to purchase brands that others have bought. That

means that consumer is forced to choose. Or it may be argued that others buy specific brand because they know that is a good choice. So we suggest:

H₃. There is a positive relation between amount of consumers' trade mark choice and tendency to observe.

Consumers' self-confidence

Consumers' self-confidence is the range within which each individual considers his/her decision, market behavior, feeling ability and confidence (Bearden et al., 2001). Consumers with low self-confidence in their own ability to make satisfactory purchase decisions are likely to employ other resources, including other consumers, as additional sources of information. More than that they seek substitution for their self-confidence; their aims are to avoid social shame and/ or weak decision risk for purchase (Locander and Hermann, 1979). Moreover, when intricate and extraordinary products are ambiguous, they watch references of others (Park and Lessig, 1977). Generally, consumers with high self-confidence catch less of personal effect of consumers (Bearden et al., 2001) and rely on their experience for acquiring information on selecting location of purchase, brand choice and decision results; and do not feel that have to search the same level of information with others (Locander and Hermann, 1979). This leads to the following hypothesis:

H₄. There is negative relation between amount of consumers' self – confidence and tendency to observe.

Propensity to confirm

Consumers often confirm their purchase with other consumers in variant situations. They also try to orchestrate themselves with consumers that accept adjustment more than others. This behavior of theirs is known as consideration of social similarity (Bearden and rose, 1990; Lennox and Wolfe, 1984). This tendency to comply with group's norms (Burnkrant and Cousineau, 1975) necessitates the monitoring or observation of social acceptable signs of others (Bearden and Rose, 1990; Lennox and Wolfe, 1984). Bearden and Rose (1990) believe consumers who have more tendencies to conformity proceed according to social signs. This signs occur when decision is made for purchase or consumption. Bearden and Rose (1990) show that such consumers adjust themselves to others' decision and consider the physical presence and absence of those consumers. Therefore, we present the following hypothesis:

H₅. There is positive relation between the amount of consumer propensity to adjust and propensity to observe.

METHODOLOGY

Sample

The geographical location and confine of this research is Shiraz. And also statistical society involves all individuals that use Nokia cell phone in the city. Out of 384 people, 213 are women and 177 are men; those who answered the researchers' questionnaire are equivalent to 55% for women and 45% for men. Nearly two thirds of respondents were under 31(64%). Regarding this, the return rate of the questionnaires is low; so for the coefficient of task certainty to increase, 770 questionnaires were dispensed (384 questionnaires were completed and massed during 37 days).

Instrument for collecting information

Questionnaires involving 37 questions were used. All questions were of standard and in the form of 5-choice range of Likert design. Generally, in this research, the questions in the questionnaires were distributed in 6 selections and each selection was on traits (research variable).

Descriptive statistics

Measurement attributes of conceptual framework are shown in Table 1. In this research, the first necessary pre-processing was done and then purpose was quantified. Finally, we used the regression analysis method of step for determination of the type of relations among variables, and also meaningfulness among them was examined using Pearson correlation coefficients method. In this research, descriptive statistics including frequency table and crosstabs adaptive table were used. Also deductive statistics was used for examination of hypothesis. Correlation analysis is statistical instrument used for the determination of type and degree of relation among variables; and correlation coefficient is one of the criteria that was applied to determine correlation among two variables. Correlation coefficient shows intensity of relation and also its type (direct and reverse). The amount of this coefficient is between +1, -1 and providing lack of relation among variable is equal to zero. Correlation coefficient has different types. The correlation coefficient that has been used in this study is Pearson correlation, used in the following formula.

$$\text{Pearson Correlation Coefficient : } r = \frac{\sum xy - n\bar{x}\bar{y}}{\sqrt{(\sum x^2 - n\bar{x}^2)(\sum y^2 - n\bar{y}^2)}}$$

Significant sense in correlation is that either gain between two variables can be known by chance or show that there is correlation between two variables.

Pearson correlation test is as follows:

$$\begin{cases} H_0 : \rho = 0 \\ H_1 : \rho \neq 0 \end{cases}$$

H_0 : There is no significant correlation between two variables. H_1 : There is significant correlation between two variables. We use p-value or significant level. We consider test level equal to $\alpha = 0.05$; we will deny H_0 (lack of relation) if $\text{sig} < 0.05$. It means correlation between two variables is significant (meaningful). We use test regression line equation to compute the coefficients as shown in Table 1.

DISCUSSION AND CONCLUSION

As seen in the first hypothesis and its results, there is to some extent acceptable meaningful relation of amount of positive type of independent variable of consumers' risk and dependent variable of consumer propensity to observe. The amount of Pearson correlation coefficient is 0.761, which expresses in this subject that if amount of consumer's risk is high in the Nokia cell phone, it influences consumer propensity to observe this cellphone.

The second hypothesis and its results determined that there is to some extent acceptable meaningful relation of negative type between amount of independent variable of consumer cognition and consumer propensity to observe. The amount of Pearson correlation coefficient is -0.848, expressing that increase in the amount of consumer cognition to Nokia cellphone will decrease consumer propensity to observe this cellphone.

The third hypothesis and its results determined that there is to some extent acceptable meaningful relation of negative type between independent variable of consumers' brand choice and dependent variable of consumer propensity to observe. The amount of Pearson correlation coefficient is 0.829, expressing that increase of consumer's brand choice of Nokia cellphone will influence consumer propensity to observe this cellphone.

The fourth hypothesis and its results determined that there is to some extent acceptable meaningful relation of negative type between amount of independent variable of consumer self-confidence and dependent variable of consumer propensity to observe. The amount of Pearson correlation coefficient is -0.932, which expresses that there is increase in the amount of consumer propensity to this cellphone.

The fifth hypothesis and its results determined that there is to some extent acceptable meaningful relation of negative type between amount of independent variable of consumer propensity to conform and independent variable of consumer propensity to observe. The amount of Pearson correlation coefficient is 0.984, expressing that increase in amount of consumer propensity to conform to Nokia cellphone will decrease consumer propensity to observe this cell phone.

RESEARCH LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

As seen in the result of the research, considering consumer propensity to observe can be a criterion for evaluation and judgment, and it is suggested that Nokia company act at this context. The study just includes statistical society of Shiraz and results may be different in variant ethnic categorizations; so, it is suggested that statistical society be generalized to metropolis of the whole country. It is suggested that this model uses Industries like automobile that have high mental involvement. Questions were not answered accurately by the naive

Table 1. Measurement attributes of conceptual framework.

	Sig	t	beta	B	Std error	Pearson correlation
Consumer propensity to observe	0.000	9.656	-	11.747	1.217	1
I like to observe what other unknown consumers are buying before I make a purchase.						
Other consumers who buy a brand must know more about the brand than I do.						
I am usually happy with brands that I buy that I have seen others buy.						
Watching what other shoppers buy often helps me to decide which brand to buy.						
Propensity to conform	Sig	t	beta	B	Std error	Pearson correlation
	0.000	10.093	0.424	0.455	0.045	0.984
It is my feeling that if everyone else in a group is behaving in a certain manner, this must be the proper way to behave.						
I try to pay attention to the reactions of others to my behavior in order to avoid being out of place.						
I find that I tend to pick up slang expressions from others and use them as a part of my own vocabulary						
It's important to me to fit into the group I'm with.						
Consumer self-confidence	Sig	t	beta	B	std error	Pearson correlation
	0.000	-6.584	-0.272	-0.109	0.017	-0.932
I know where to find the information I need prior to making a purchase.						
I know where to look to find the product information I need.						
I have the skills required to obtain needed information before making important purchases.						
I am confident in my ability to recognize a brand worth considering.						
I know which stores to shop.						
I can focus easily on a few good brands when making a decision.						
I often have doubts about the purchase decisions I make.						
I frequently agonize over what to buy.						
I often wonder if I've made the right purchase selection.						
I impress people with the purchases I make.						
I have the ability to give good presents.						
I get compliments from others on my purchase decisions						
I know when an offer is "too good to be true".						
I know when a marketer is pressuring me to buy.						
I can separate fact from fantasy in advertising.						
I have a hard time saying no to a salesperson.						
I am too timid when problems arise when shopping.						
I am hesitant to complain when shopping.						
Need for cognition	Sig	t	beta	B	std error	Pearson correlation
	0.000	-4.830	-0.199	-0.162	0.034	-0.848
I like tasks that require little thought once I've learned them.						
I would rather do something that requires little thought than something that is sure to challenge my thinking abilities.						
I prefer my life to be filled with puzzles that I must solve.						
It's enough for me that something gets the job done, I don't care how or why it works.						
Perceived brand choice	Sig	t	beta	B	Std error	Pearson correlation
	0.000	3.267	0.138	0.143	0.044	0.829
There are so many brands I don't really have the time and energy to consider.						
I feel I have to select brands hastily and maybe less carefully in order to select anything						
I often wish that I had fewer choices to make when I buy products.						
I have trouble making decisions about which brand to buy when I don't know anything about the product.						
Propensity to minimize risk	Sig	t	beta	B	Std error	Pearson correlation
	0.000	1.554	0.064	0.101	0.065	0.761
I am very cautious in trying new/different products.						
I would rather stick with a brand I usually buy than try something I am not very sure of.						
I enjoy taking chances in buying unfamiliar brands just to get some variety in my purchases.						

individuals used in this study, thereby influencing it. The samples used are younger than the general population; most of them were below 31. As a result, future research should concentrate on consumption behaviors of older people.

REFERENCES

- Axson D, Yates S, Chaiken S (1987). Audience response as a heuristic cue in persuasion. *J. Personal. Soc. Psychol.* 9:162-166.
- Areni CS, Ferrell ME, Wilcox JB (2000). "The persuasive impact of reported group opinions on individuals low vs high in need for cognition : rationalization vs biased elaboration. *Psychol. Mark.* 17(10):855-875.
- Bao Y, Zhou KZ, Su C (2003). "Face consciousness and risk aversion: do they affect consumer decision making. *Psychol. Mark.* 20(8):733-755.
- Bearden WO, Rose RL (1990). Attention to social comparison information: an individual difference factors affecting consumer conformity. *J. Consum. Res.* 16(4):461-471.
- Bearden WO, Hardesty, DM Rose RL (2001). Consumer self-confidence: refinements in conceptualization and measurement. *J. Consum. Res.* 28:121-134.
- Bettman JR (1979). An information processing theory of consumer choice. AddisonWesley Publication Co. Reading, MA. 402 p.
- Burnkrant RE, Cousineau A (1975). Informational and normative social influence in buyer behavior. *J. Consum. Res.* 2:206-315.
- Cacioppo JT, Petty RE (1982). The need for cognition". *J. Pers. Soc. Psychol.* 42: 116-131.
- Cacioppo JT, Petty RE, Kao CF (1984). The efficient assessment of need for cognition. *J. Pers. Asses.* 48(3):306-607.
- Chatterjee S, Heath TB, Mishra DP (2002). Communicating quality through signals and substantive messages: The effects of supporting information and need for cognition in Broniarczyk S, Nakamoto K (Eds). *Advances in Consumer Research.* 29, Association for Consumer Research, Provo, UT: pp.228-229.
- DelVecchio D, Smith DC (2005). Brand-extension price premiums: the effects of perceived fit and extension product category risk. *J. Acad. Mark. Sci.* 33(2):184-96.
- Dhar R (1997). Consumer preference for a no-choice option. *J. Consum. Res.* 24:215-231.
- Haugtvedt C, Petty RE, Cacioppo JT (1992). "Need for cognition and advertising: understanding the role of personality variables in consumer behavior". *J. Consum. Psychol.* 1(3):239-60.
- Kivetz R, Simonson I (2000). The effects of incomplete information on consumer choice. *J. Mark. Res.* 37:427-448.
- Lennox RD, Wolfe RN (1984). Revision of the self monitoring scale. *J. Pers. Soc. Psychol.* 46:1349-1364.
- Locander WB, Hermann PW (1979). The effect of self-confidence and anxiety on information seeking in consumer risk reduction. *J. Mark. Res.* 16:268-274.
- Maheswaran D, Chaiken S (1991). Promoting systematic processing in low-motivation settings: Effect of incongruent information on processing and judgment. *J. Personal. Soc. Psychol.*, 61(1):13-25.
- Money (2001). The best of the new. 30(10):138-139.
- Park CW, Lessig VP (1977). Students and housewives: differences in susceptibility to reference group influence. *J. Consum. Res.* 4:102-110.
- Schwartz B (2004). *The Paradox of Choice: Why More is Less*, HarperCollins Publishers, Inc., New York, NY.
- Simpson P (2008). Understanding the consumer propensity to observe. *Eur. J. Mark.* 42(1/2).
- Sproles GB, Kendall EL (1986). A methodology for profiling consumers' decision-making styles. *J. Consum. Aff.* 20(2):267-279.
- Steenkamp JEM, Hofstede F, Wedel M (1999). A cross-national investigation into the individual and national cultural antecedents of consumer innovativeness. *J. Mark.* 63(2):55-69.
- Swait J, Adamowicz W (2001). "The influence of task complexity on consumer choice:a latent class model of decision strategy switching. *J. Consum. Res.* 28:135-148.
- Tversky A, Shafir E (1992). "Choice under conflict: the dynamics of deferred decision. *Psychol. Sci.* 3(6):358-361.

APPENDIX

Measurement items

Propensity to minimize risk

1. I am very cautious in trying new/different products.
2. I would rather stick with a brand I usually buy than try something I am not very sure of.
3. I enjoy taking chances in buying unfamiliar brands just to get some variety in my purchases.

Consumer self-confidence

4. I know where to find the information I need prior to making a purchase.
5. I know where to look to find the product information I need.
6. I have the skills required to obtain needed information before making important purchases.
7. I am confident in my ability to recognize a brand worth considering.
8. I know which stores to shop.
9. I can focus easily on a few good brands when making a decision.
10. I often have doubts about the purchase decisions I make.
11. I frequently agonize over what to buy.
12. I often wonder if I've made the right purchase selection.
13. I impress people with the purchases I make.
14. I have the ability to give good presents.
15. I get compliments from others on my purchase decisions.
16. I know when an offer is "too good to be true".
17. I know when a marketer is pressuring me to buy.
18. I can separate fact from fantasy in advertising.
19. I have a hard time saying no to a salesperson.
20. I am too timid when problems arise when shopping.
21. I am hesitant to complain when shopping.

Consumer propensity to observe

22. I like to observe what other unknown consumers are buying before I make a purchase.
23. Other consumers who buy a brand must know more about the brand than I do.
24. I am usually happy with brands that I buy that I have seen others buy.
25. Watching what other shoppers buy often helps me to decide which brand to buy.

Propensity to conform

26. It is my feeling that if everyone else in a group is behaving in a certain manner, this must be the proper way to behave.
27. I try to pay attention to the reactions of others to my behavior in order to avoid being out of place.
28. I find that I tend to pick up slang expressions from others and use them as a part of my own vocabulary
29. It's important to me to fit into the group I'm with.

Need for cognition

30. I like tasks that require little thought once I've learned them.
31. I would rather do something that requires little thought than something that is sure to challenge my thinking abilities.
32. I prefer my life to be filled with puzzles that I must solve.
33. It's enough for me that something gets the job done, I don't care how or why it works.

Perceived brand choice

34. There are so many brands I don't really have the time and energy to consider.
35. I feel I have to select brands hastily and maybe less carefully in order to select anything
36. I often wish that I had fewer choices to make when I buy products.
37. I have trouble making decisions about which brand to buy when I don't know anything about the product.