An Examination of a Strategic Household Purchase: Consumer Home Buying Behavior

Mateja Kos Koklic, Faculty of Economics, University of Ljubljana
Irena Vida, Faculty of Economics, University of Ljubljana

The purpose of this study is to apply the existing knowledge in the field of consumer decision-making to the consumer home buying behavior with the ultimate aim to provide guidance for consumers on how to make wiser purchases. The results of our qualitative research suggest that cognitive and rational factors do not offer sufficient explanation of consumer behavior in the case of a high-involvement product such as a house. In addition to the idiosyncratic characteristics of the customer, his/her personal situation and environmental factors, the role of feelings, experience, subconscious factors, needs and goals should be taken into account.

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In the past few years, a criticism has been directed towards publication in the consumer behavior field, claiming that it is biased toward a marketing perspective and that it neglects consumer well-being and difficulties consumers face when making buying decisions for a strategic product. Existing literature lacks empirical studies of consumer decision making for “big” or “strategic decisions” (Bazerman, 2001; Gronhaug, Kleppe, and Haukedal 1987). According to Wells (1993), investigating purchasing decisions that can change lives of consumers, such as a car or a house purchase, can make an essential contribution to consumer behavior knowledge.

In view of the dearth of literature exploring consumer decision making when purchasing high-involvement and emotionally charged products, the purpose of this research was twofold: a) to develop a conceptual model of consumer decision-making process for a prefabricated house purchase; and b) to gain knowledge of factors impacting this process from the empirical standpoint. The product selected in this study was a custom-made prefabricated house. House is the most important durable good in the household and it requires high involvement as well as complex decision making. The strongest parallel can be made with a car purchase, and many studies of consumer decision making indicate there are similarities in the buying processes of different durable goods (Punj, 1987). Hence, the empirical literature in this area and the real estate literature provided a basis for conceptual and empirical work.

After a thorough review of the existing empirical work, a conceptual model of a consumer buying process in case of a home purchase was developed. This model consists of three main groups of variables: the buying process, the external and the internal factors. It suggests that an individual’s lifestyle and the meaning a person wants to derive from owning a house influence his/her needs and desires concerning the house. We posit that a house will reflect its owners’ individuality and personal style. For a complex product such as a house, the information stemming solely from a buyer’s memory is generally inadequate (Gibler and Nelson 2003). Therefore, consumers continuously gather new information and adapt their desires and goals accordingly. The buyer usually does not get to know all the alternatives simultaneously. Rather, new alternatives are gradually added.

The second stage of this research involved empirical testing of the presented conceptual model. A number of factors prompted us to utilize qualitative research methods, i.e., in-depth personal interviews with consumers: a deeper understanding of consumer behavior, a complicated nature of the buying process, and potential useful directions for further quantitative research. In this research, six semi-structured in-depth interviews were carried out: three with recent owners of the prefabricated house, and another three with potential buyers of the same product. Due to a very limited population, the sample was selected on a non-random basis. Interviews were carried out in participants’ households. At least one decision maker in the household participated in the interview which lasted from 45 to 90 minutes and it was audio-taped. Topics of discussion followed the established interviewing protocol.

In the analytic stage of our research, we followed the procedure for analyzing qualitative data by Miles and Huberman (1984). These guidelines enable investigators to produce compelling analytic conclusions and enhance the internal validity of the study. The analyses involved three types of activities: data reduction, data display and conclusion drawing. Audio tapes with interviews were transcribed and reviewed several times by the researchers. The conclusion drawing was based on the cross-case comparisons, reference to previously reviewed empirical studies and to the theoretical framework. Noting patterns, themes and regularities supported final conclusions.

One of the major contributions of this study was an extensive review of the literature dealing with consumer decision making processes and behavior in relation to strategic purchases. Using qualitative research design, we empirically examined the conceptual model and carefully compared the theoretical and empirical findings. Similar to Erasmus, Boshoff, and Rousseau (2001) and Loewenstein (2001) our results suggest that cognitive and rational factors alone do not offer a sufficient explanation of consumer behavior in the case of high-involvement products such as a prefabricated house. In addition to the idiosyncratic characteristics of the customer, his/her personal situation and environmental factors, the role of feelings, experience, subconscious factors, needs and goals should be taken into account. Along with the emotionally charged internal factors, other factors identified in our qualitative analysis include consumer’s experience with and prior knowledge of a house buying process. Significant external factors in this qualitative study included recommendations from people buyers trust, the seller/company’s behavior and marketing communication activities in the housing market.

As households may have serious problems in making wise strategic purchase decisions (Gronhaug, Kleppe, and Haukedal 1987), we offer several implications for consumers. Since house buying is a decision with long-term consequences, we recommend to consumers that they first explicitly define their needs and objectives concerning the purchase. Next, we propose consumers gain information about available alternatives and specific criteria relevant to them. Clearly, external information search is a way to increase knowledge, and reduce perceptions of risk and uncertainty (Dowling and Staelin 1994). Respondents in our study seem to have had limited knowledge about houses and the buying process itself. We emphasize that gaining additional knowledge about this topic is of critical importance. We recommend to the home buyers that they make attempts to experience the house independently of its producer. The findings of this study indicate that an individual’s experience with company’s representatives plays an important role in the consideration set formation and
decision making regarding the house purchase. Decision should be made based on direct comparison of evaluated alternatives consistent with a person’s goals and needs. Taking into consideration the specifics of the selected product, it is hoped that this study contributes to a better understanding of the strategic buying process and provides some useful guidelines for consumers.

References

Community and Connectivity: Examining the Motives Underlying the Adoption of a Lifestyle of Voluntary Simplicity
Suzanne Miller, University of Delaware
Jennifer Gregan-Paxton, University of Delaware

Duane Elgin’s book Voluntary Simplicity resonated with those seeking an alternative to America’s “commodity culture,” a culture in which people are “primed to want and desire commodities even though they cannot afford to have them” (Elgin, 1981, O’Sullivan, 2003). While “voluntary simplicity” is not a new concept, recently there has been a growing ripple of individuals adding steam to this longstanding “anti-consumerism” movement (Etzioni, 1988). In the popular culture, many books, such as Circle of Simplicity and Choosing Simplicity, and organizations, such as Adbusters and Seeds of Simplicity, have emerged to give validity to this lifestyle and provide a forum for exploring ideas and gaining support (Andrews, 1997; Pierce, 1999).

Prior to this past decade, there was little academic interest in the voluntary simplicity movement. However, as the movement gains momentum in the popular culture, researchers are beginning to focus on understanding the attitudes, values and motivations of voluntary simplifiers, as well as those engaged in other anti-consumerism lifestyles (Cherrier and Murray, 2002; Zavestoski, 2002). This limited body of research suggests that voluntary simplicity can be viewed as a lifestyle choice since it pervades all aspects of behavior and is not necessarily correlated with what may otherwise appear to be highly related personality traits, such as frugality (Lastovichka 1999, Todd 2002). In fact, many who currently practice voluntary simplicity experienced a transformative learning process that that led them to simplify their lives. In Choosing Simplicity, a book that explores the different ways in which individuals have chosen to implement the principles of voluntary simplicity, several adherents stated that they were not content just going along with the “norm” and sought something more meaningful in their lives (Pierce, 1999). Interestingly, though implementing the voluntary simplicity lifestyle in quite divergent ways, those interviewed for the book shared the conviction that the “good life” is not based upon material possession or image.

Because research on this topic is still in its infancy, we currently lack answers to even the most basic questions about the voluntary simplicity lifestyle, such as what a lifestyle of voluntary simplicity entails, what factors prompt an individual to simplify their life and how voluntary simplifiers participate in the traditional marketplace. One of the earliest accounts of voluntary simplicity states that:

“Voluntary simplicity involves both inner and outer condition. It means singleness of purpose, sincerity and honesty within, as well as avoidance of exterior clutter, of many possessions irrelevant to the chief purpose of life. It means an ordering and guiding of our energy and our desires, a partial restraint in some directions in order to secure greater abundance of life in other directions. It involves a deliberate organization of life for a purpose” (Gregg 1936).

In another work, Elgin and Mitchell categorize simplicity according to five basic values: material simplicity, self-determination, ecological awareness, human scale, and personal growth. However, based on a review of the definitions appearing in the popular press and selective articles in the marketing field, Johnston and Burton (2002) reports that Elgin and Mitchell’s taxonomy of values fails to provide a complete account of the values and motivations underlying an individual’s decision to adopt this lifestyle. Johnston and Burton’s review represents a step forward, in that it attempts to provide a more clearly articulated conceptualization for future academic research on the topic.

Other attempts to bring coherence to the definition and motivations underlying this lifestyle have focused on clarifying what voluntary simplicity is not. This work shows that, contrary to the common misconception, voluntary simplicity does not advocate giving up all material possessions, but instead promotes the notion of mindful consumption.