

## IMPACT OF OCCUPATIONS OF CONSUMERS ON INFORMATION SEARCH: A STUDY WITH REFERENCE TO CAR

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### **ABSTRACT**

*Demography is the study of the vital and measurable statistics of a population. The demographic variables are age, gender, marital status, family size, family life cycle, income, occupation, education, religion, race, generation, nationality and social class. Demographics are used to describe a population in terms of its size, distribution and structure. Size means the number of individuals in a population while structure describes the population in terms of age, income, education and occupation. Distribution of the population describes the location of individuals in terms of geographical regions and rural, urban or suburban locations. Each of these factors influences the behaviour of the consumer and contributes to the overall demand for various products and services. This paper, with a strong backing of literature, analyses the impact of occupation of consumers on searching of information about cars.*

**Key words: Demographic Variables, Occupation, Consumer Purchase Decision, Information Search.**

### **1.INTRODUCTION**

The demographic variables have much significance in marketing. They are used as bases for segmenting the market and their role in consumer's buying decision is notable and vital. The important demographic variables are Age, Family size, Family life Cycle, Gender, Income, Occupation, Education, Religion, Race, Generation, Nationality, and Social class. Even when the target market is described in non-demographic terms (say, a personality type), the link back to demographic characteristics is needed in order to estimate the size of the target market and the media that should be used to reach it efficiently. So, identifying the demographic profile of the target consumers is very important for the marketers.

Demographic variables are the most popular bases for segmenting the customer groups. One reason is that consumer needs, wants, preferences and usage rates are often highly associated with demographic variables. Another is that demographic variables are easier to measure than the most of other type variables (Kotler, Philip and Gary Armstrong, 1996). Marketers are keenly interested in the size and growth rate of population in different cities, regions, nations; age distribution; educational levels; household patterns; and regional characteristics and movements (Kotler, Philip, 1997). This is because marketers have to formulate their marketing strategies in order to fulfill the needs, wants and preferences of consumers on the bases. Moreover, demographic variables make known the ongoing trends, such as shifts in age, sex and income distribution that signal new business opportunities to the marketers (Schiffman, Leon G. and Leslie Lazer Kanuk, 1991). Demographic trends are highly reliable for the short and intermediate run (Kotler, Philip, 1997).

### **2. CONCEPTUAL FRAMEWORK**

Like psychological and social variables, demographic variables are also considered as the personal buying decision variables (Adcock, Bradfield, Halbord and Ross 1998). Barry (1986) defines demography as the study of population characteristics. These characteristics describe people – who are there, where they live, and where they are moving. Evans and Berman (1984) state demographics are easily identifiable and measurable statistics that are used to describe the population. Trends in population size indicate future potential and thus, influence market plans. The size of the population indicates the potential market demand for consumer products and services. Oldroyd (1989) notes demography is an important demand condition, helping the marketer to predict both size and change in target markets. Demographic factors have a bearing on the types of product which individuals want where they shop and how they evaluate possible purchases (Lancaster and Massingham 1998).

Marketers combine demographic, social and psychological data and study consumer decision making in order to better understand the consumers. These dimensions help to explain consumer life styles; the ways the people live.

By understanding consumers, a firm is able to determine the most appropriate audience whom to appeal and the combination of a marketing factors that will satisfy this audience. So, it is imperative for marketers to use demographic data in conjunction with and part of social, psychological and consumer decision-making analyses. Evans and Berman (1984) claim that a person's demographic background has a strong influence in the life style or in the way of living adopted. The demographic information helps to locate a target market whose motives and behavior can then be explained and predicted using psychological or social cultural investigation. Demographic information identifies potential for sales and consumption of product although it does not identify why or by whom a particular brand is used. It is also relatively accessible and cost-effective to gather. Further, the demographic variables reveal trends relevant to marketers such as shifts in age and income distributions, etc. They can establish consumer profiles that may present attractive market opportunities. These are the causes why marketers, in growing numbers, are using demographic statistics for developing marketing strategies and programmes.

Consumer behavior is not just making a purchase decision or the act of purchasing; it includes the full range of experiences associated with using or consuming products and services. It also includes a sense of pleasure and satisfaction derived from possessing or collecting 'things'. The outputs of consumption are changes in feelings, moods, or attitudes; reinforcement in lifestyles; an enhanced sense of self; satisfaction of a consumer-related need; belonging to groups; and expressing and entertaining oneself. A consumer's decision to purchase or not to purchase a product or service is an important moment for most marketers. It can signify whether a marketing strategy has been wise, insightful, and effective, or whether it was poorly planned and missed the mark. Thus, marketers are particularly interested in the consumer's decision-making process. For a consumer to make a decision, more than one alternative must be available. In executing a purchase intention, the consumer may make up to five purchase sub decisions: a brand decision, vendor decision, quantity decision, timing decision and payment – method decision (Kotler, Philip 2003).

### **2.1 Information Search**

After recognizing a consumption related need, a consumer may or may not search for additional information. That decision depends on the strength of the drive, prior knowledge or experience with the product and the value of more information relative to the cost of obtaining it. The consumer usually searches his or her memory before seeking external sources of information regarding a given need. Past experience is considered as an internal source of information. The greater the relevant past experience, lesser the external information the consumer is likely to need to reach a decision. Many consumer decisions are based on a combination of past experience (internal sources) and marketing and non-commercial information (external sources). Baker (2000) states that, if there is a sufficiently high level of involvement or engagement with the problem, the consumers are likely to engage in complex and extensive information search and if the involvement level is low, they are likely to use very simple or limited information search.

Kotler (2003) points out that through gathering information, the consumer learns about competing brands and their features. There may be plenty of brands (total set) available to the consumer in a product category. But, the consumer knows only some of these brands (awareness set). Among these brands, some brands will meet the consumer's initial buying criteria (consideration set). As the consumer gathers more information, only a few will remain as strong contenders (choice set). All the brands in the choice set might be acceptable. The consumer makes a final choice from this set. The marketers must identify the consumer's information sources, evaluate their relative importance and they have to evolve marketing strategies accordingly.

### **2.2 Occupation**

Occupation may be a more meaningful criterion than income in segmenting some markets. Truck drivers and auto mechanics may earn as much as young retailing executives or college professors. But, the buying patterns of the first two are likely to be different from the second two because of attitudes and interests (Stanton, Etzel and Walker 1994). Education, occupation and income tend to be closely correlated in almost a cause-effect relationship. High-level occupations that produce high incomes usually require advanced educational training

(Schiffman & Kanuk 2004). Bass, Tigert and Lonsdale (1968) conducted an extensive study and found that light and heavy users of ten product categories were different with respect to their income, educational level, marital status, occupation and number of children.

### 3. LITERATURE REVIEW

Bettman (1979) studied both the idiosyncratic structure of individual consumer's decision-making processes and also how their beliefs change as they learn more about the behavior concerned. Bettman's theory has clear implications for how the information strategies should be mathematically designed. Lilien, Kotler and Moorthy (1999) found that the decision to buy within a product category (need arousal) leads customers to a state of heightened awareness about products and their attributes in such a product category. If the need is particularly acute, they undertake a process of active search. Punj and Stealin (1983) conducted studies to find out the amount of search that consumer undertakes when he is in the purchase decision process. They used confirmatory factors analysis to show that high cost of searching and good brand knowledge were associated with less search activity for new automobiles. High search activity, in turn, led to large savings off the sticker price of the car.

Midgley (1983) identified five types of information seeking the symbolic product of fashion clothing: a) peer assisted, b) spouse assisted, c) extensive search, and d) minimal search (deliberate and decisive). Urbany, Dickson and Wilkie (1989) found that the amount of search is related to two dimensions of customer uncertainty: a) uncertainty about what alternatives exist and b) uncertainty about which alternative to choose. Lilien, Kotler and Moorthy (1999) make known that the consumers do not search and evaluate (consider) all the brands, which they are aware. The consideration set may be defined to be all those brands that the consumer will evaluate or search for a given purchase. Study of the composition of the consideration set is important for two reasons. First, lack of consideration may be important in its own right. Second, consideration may be important as a part of the overall study of the consumption process.

Hauser and Wernerfelt (1990) distinguished between the cost of search and the cost of evaluating between brands. They prove that low search cost brands are more likely to be considered. Lilien, Kotler and Moorthy (1999) note that research has been conducted both into whether more search should be conducted and where, as well as how the information during search should be integrated into consumers' perceptions because, information integration is very important for making a right decision. McAlister and Pessemiar (1982) distinguish between several types of behavior by individuals that relate to multiple needs, the acquisition of information and the alternating purchase of familiar products (variety seeking). They hypothesize that consumers have an ideal point of satiation level for the products attributes that leads to its decreasing utility after a period of sustained consumption. Thus, if a person drinks six colas there is a good chance that on his next consumption occasion he might wish a lemon soda just for a change, that is variety seeking.

Nedungadi (1990) notes that the information once remembered will not necessarily be recalled and he also stresses the salience of brands and stimuli. Malhotra (1982) states that the information overload also affects choice. It is necessary to know how consumers react when there is incomplete information or when there is too much information. Lamb, Hair and McDaniel (1992) indicate that the trouble and time consumers take to find the data about the product are less than the cost of buying a wrong product in a complex decision making process. Johnson and Leven (1985) note that the more consumers know the more efficiently they search: that is, they seek less information about inappropriate alternatives. They not only have plenty of stored information about the product and also feel self-assured about making the right decision. People lacking this confidence will continue information search even when they are extremely knowledgeable.

Klein (1998) through his study found out that there is a vast difference between men and women in terms of their response to shopping. Whereas most men do not like to shop, most women claim to like the experience of shopping; and although the majority of women found shopping to be relaxing and enjoyable, the majority of men did not have the same response. Generally, the act of shopping is an important form of external information. In addition to gender differences, the study reveals that price considerations can also play a role in determining the

extent of the search process. Beatty and Smith (1987) conducted a study for examining the external search effort associated with the purchase of different product categories and found that as the amount of total search effort increased, consumer's attitude towards shopping become more positive and more time was made available for shopping. Not surprisingly, external search effort was greatest for consumers who had the least amount of product category knowledge. Spreng, Divine and Page (2001) indicate that consumers high in subjective knowledge (a self-assessment of how much they know about the product category) rely more on their own evaluations than on dealer recommendations.

#### 4. RESEARCH METHODOLOGY

This study is descriptive in nature. The purpose of this study is to find out whether the occupations of consumers influence their information search in the process of purchase decision. For this purpose, primary data have been collected from 405 car owners who bought their car during the year 2011-12 in Chennai city. Simple random sampling method has been adopted for identifying samples from the population. A specific questionnaire was developed for the study and the same was used to collect data from the respondents. SPSS package has been used for analyzing the data using both one way ANOVA for establishing relationship between the occupations of consumers and their information search on cars.

##### 4.1 Ranking of the sources of information

Weighted average method is used for ranking the various sources of information from which respondents collect information about the car. By identifying the significant sources, the car marketers can give higher priority to those sources than the others in order to position their brands effectively in the minds of consumers. The weighted average score and the assigned ranks for the various sources of information are given table 4.1:

The Table 4.1 indicates the weighted average score for the various sources of information from which the respondents gather information about the car. As far as the small car is concerned, the highest weighted average score is 75.13 for self interest which is ranked first followed by friends (62.73), advertisements (62), colleagues (61.13), spouse (59.73), etc. and the least weighted average score is 51.67 for 'sales persons / dealers'. With regard to mid segment, self interest has got the highest weighted average score 28.07, and is ranked first followed by test driving the car (24.60), friends (24.0), displays (23), company's manual (22.93), etc., and the least weighted average score is 18.40 for consumer rating organisations. In the premium segment, the highest weighted average mean score is 13.73 for 'self interest' which is ranked first followed by test driving the car (13.33), children (13.33), spouse (12.93), company's manual (12.87) etc. and the least weighted average score is 10.47 for car mechanics.

**Table : 4.1 Weighted Average Score for Ranking the Sources of Information**

Sources	Small Segment		Mid Segment		Premium Segment	
	Weighted Average	Assigned Rank	Weighted Average	Assigned Rank	Weighted Average	Assigned Rank
Advertisement	62.00	3	21.47	10	11.47	11
Salespersons/dealers	51.67	17	19.73	15	11.60	9
Displays	57.07	9	23.00	4	12.73	6
Exhibitions	51.87	16	20.00	14	10.67	16
Spouse	59.73	5	22.47	7	12.93	4
Children	56.67	10	22.13	8	13.33	2
Friends	62.73	2	24.00	3	12.60	7
Neighbours	54.73	13	20.93	11	11.13	14
Acquaintances	54.00	15	20.73	12	11.47	11
Mass Media	54.13	14	19.67	16	11.47	11
Consumer Rating Organisations	54.80	12	18.40	17	10.87	15

Test Driving the Car	59.20	6	24.60	2	13.33	2
Relatives	59.20	6	22.07	9	12.47	8
Self Interest	75.13	1	28.07	1	13.73	1
Company's Manual	58.33	8	22.93	5	12.87	5
Colleagues	61.13	4	22.47	6	11.53	10
Car Mechanics	55.60	11	20.33	13	10.47	17

Source: Primary Data

#### 4.2 The role of the occupations of the respondents in Information Search

One way analysis of variance is used to test the following the hypothesis:

*Ho: There is no significant difference among the various occupations of respondents with regard to the level of information search.* It is inferred from the Table 4.2 that there is a significant difference among the various occupation levels of small car owners with regard to the level of information search and *Ho* is rejected. Further, the mean score reveals that the small car owners who are working as non gazetted officers/non executives are found to be more inclined towards information search. There is no significant difference among the various occupations of mid-sized and premium car owners with regard to the level of information search and *Ho* is accepted. Hence, it is concluded that whatever may be of the occupation of these respondents, the level of information search seems to be common to all.

**Table 4.2: One Way Analysis of Variance among the Various Occupations of Respondents With Regard to Information Search**

S. No.	Segments	Df	SS	MS	$\bar{X}$	Statistical Inference
1	<b>Small Segment</b> Between Groups	4	1954.675	488.669	G1=57.12 G2=57.73 G3=59.39 G4=59.57	F= 4.696 P < 0.01 Significant
	Within Groups	261	27160.005	104.061	G5=48.71	
2	<b>Mid Segment</b> Between Groups	3	1382.895	460.965	G1=60.48 G2=64.85 G3=60.36	F = 2.670 P > 0.05 Not Significant
	Within Groups	89	15364.911	172.693	G4=39.00	
3	<b>Premium Segment</b> Between Groups	3	811.477	270.492	G1=70.71 G2=65.12 G3=58.85	F = 2.027 P > 0.05 Not Significant
	Within Groups	42	5605.393	133.462	G4=65.50	

G1=Business

G2=Professional

G3=Gazeted /Executive

G4=Non Gazeted / Non Executive

G5=Retired / Others

Source: Primary Data

#### 5. CONCLUSION

Demographics are uncontrollable variables in the external environment. Hence, studying the population in terms of its demographic structure is very significant for marketing managers in the prevailing competitive scenario. The relationship established between occupations and information search of consumers would further help the marketers understand the target group and evolve marketing strategies to make them buy their brands.

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