

# **A Review of Key Decision-Making Paradigms and the Conceptual Ethnic Consumer Purchase Intent Model**

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# **A Review of Key Decision-Making Paradigms and the Conceptual Ethnic Consumer Purchase Intent Model**

## **ABSTRACT**

Little research has been done in the area of purchase intent decision-making of subcultural consumer groups. Therefore, academic theories about these minority groups are very scarce in the marketing and the consumer research discipline. However, past studies, broad and general in nature as they may be, will provide some framework for the development of the conceptual Ethnic Consumer Purchase Intent Model (ECPIM) in this paper.

Therefore, a brief overview of past decision-making models will be presented followed by a broad comparison of the proposed Ethnic Consumer Purchase Intent Model (ECPIM). An examination of the Nicosia (1966), Howard and Sheth (1969), Bettman (1979), Engel, Blackwell and Kollat (1986), Sheth Newman & Gross (1991) and finally, the Fishbein model will be discussed in this portion of the book. Note that a very detailed comparison is not presented because of the nature and complexity of the models. However, a comparison of crucial elements in the decision-making process as it relates to a better understanding of subcultural consumers will be discussed. The seven above named models will be discussed based on the following three criteria: (1) the role and impact that cultural and subcultural influences play in the decision-making process, (2) the role that values have in the decision-making process and finally (3) the overall model's conceptualization of the consumer behavior process. Other elements will be evaluated that fall under these three important criteria.

It is important to note that most of the past research and decision models described in this overview will be based on mainstream Euro-American culture. It is very important that the definition of the term decision first be explored in this paper. Schiffman and Kanuk (1991) define decision as the selection of an action from two or more alternative choices. More simply stated, in order for a person to make a decision, there must be a choice of alternatives. This definition seems to be clear enough for us to begin examining various decision-making models and how they can help a marketer develop viable campaigns that identify with consumer thought schemes.

In order to be able to analytically examine the various models, the book provides a brief overview for pedagogical reasons. The first model that will be discussed is the Nicosia Model. (See the illustration below for a graphical representation of the model). It focuses on the

relationship between a marketer and a potential customer. It is an elaborate computer flowchart of the consumer decision-making process. Nicosia (1966) proposes that there are four major fields in the model. They include: (1) the consumer's attitude based on message exposure, (2) the consumer's product search and evaluation, (3) the act of purchase and (4) feedback in the form of consumer experience to both the firm and consumer. The first field consists of the consumer's attitude based on the firm's messages. The first field is further divided into two subfields. Subfield one includes aspects of the firm's marketing environment and communication efforts that affect consumer attitudes. Subfield two includes various consumer characteristics that mediate reception of the firm's promotional messages. In summary, field one consists of an attitude toward the product based on the consumer's interpretation message. Field two consists of the relevant search information and evaluation of a firm's brand in comparison with alternative brands. This field produces a motivation to purchase a firm's brand. Field three, the previous motivation towards the brand, results in an actual purchase of the brand at a specific outlet. The final stage (field four) consists of two important types of feedback as a result of the purchase experience: one to the firm in the form of sales data and the other to the consumer in the form of being satisfied or not experienced.

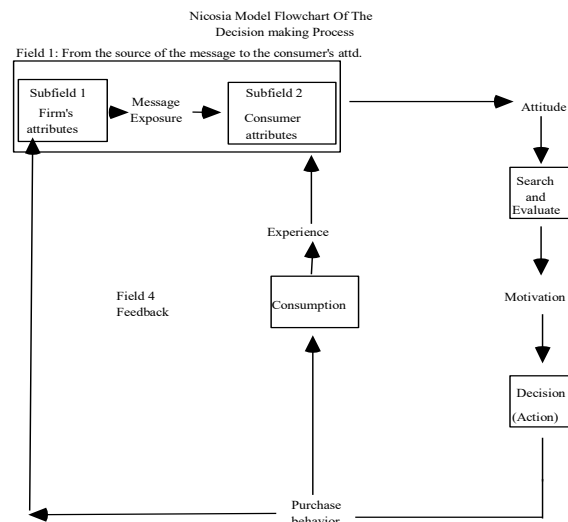


Illustration 1 Source: Fransesco M. Nicosia (1966)

We can see that the Nicosia model is interactive, in that, the firm tries to influence consumers and their actions or lack of action, influence the firm. The Nicosia model is very broad

and doesn't look at other intrinsic actions that take place in the decision-making process. However, it explains broadly how an interaction between the consumer and the firm occurs during the decision process. Interestingly, researchers soon directed their attention towards a more comprehensive and robust theory of decision-making models.

Howard and Sheth (1969) developed a much needed comprehensive model and theory of consumer decision-making. They proposed three levels of learning that take place in the decision-making process. The three levels include (1) an extensive problem solving stage (the consumer's knowledge and beliefs about brands are limited or nonexistent, no specific brand preferences exist and active searches for information concerning alternative brands occur), (2) limited problem solving (knowledge and beliefs about brands are only partially established and it is difficult to assess brand differences) and (3) routinized response behavior (knowledge and beliefs about brands and its alternatives are well established and the consumer is predisposed to purchase one brand). The table below takes a comparative look at the different stages of the decision-making process. The amount of information needed prior to purchase and speed of decision that takes place.

**Table 3**

**Characteristics of the Three Stages  
in Decision-making**

<u>Stage</u>	<u>Info. Needed Prior To Purchase</u>	<u>Speed Of Decision</u>
Extensive Problem Solving	Great	Slow
Limited Problem Solving	Moderate	Moderate
Routinized Response Behavior	Little	Fast
<b>Source: John A. Howard (1977)</b>		

We can further see that the more extensive or complex the problem solving is, the more information is needed to solve the problem of which product to purchase, and the longer it takes to make a decision (Howard 1977). Howard and Sheth's model are broken down into four basic components including inputs, perceptual and learning constructs, outputs and exogenous variables. Inputs make up three types of stimuli (information sources) in the consumer's environment. The various stimuli include: (1) significative stimuli (physical brand characteristics), (2) symbolic

stimuli (verbal or visual product characteristics) and (3) social (family, social class and reference groups).

**Table 4**

<b>INPUTS (THREE VARIOUS STIMULI)</b>		
<b><u>Significative</u></b>	<b><u>Symbolic</u></b>	<b><u>Social</u></b>
1. Quality	Quality	Family
2. Price	Price	Reference Groups
3. Distinctiveness	Distinctiveness	Social Class
4. Service	Service	
5. Availability	Availability	
<b>Source: John A. Howard and Jagdish N. Sheth (1969)</b>		

As we can see, the first two stimuli have the same characteristics. This is due to the fact that the marketer controls these characteristics. These internal attributes will be picked up by the consumer in the form of advertisements, promotions or other information getting activities. Notably, the social stimuli are internal to the consumer and external to the marketer. Here is where the consumers will begin to form opinions and beliefs about a brand based on other sources that directly impact their thought processes. The next step in the Howard-Sheth model is the perceptual and learning stage.

This is the central most important component of the entire model. This is in addition to psychological barriers that are assumably existent when a decision is being made. The variables are perceptual in nature and focus mainly on how the consumer receives and processes information acquired from the input stimuli and other parts of the interactive model. If a consumer is unclear about the meaning of information being received from the input stage, stimulus ambiguity has occurred. Consequently, perceptual bias may occur if the consumer distorts the information so that it fits an established need or experience. Therefore, learning constructs serve the function of concept formation. These constructs are goals, information about brands in the evoked set, criteria

for evaluating alternatives, preferences and buying intentions. It is this linkage between perceptual, and other learning variables that give the Howard-Sheth model its distinctiveness.

There is a series of outputs that connect to some type of perceptual and learning construct variable in addition to the actual purchase. Thus, we can see the interaction and interconnection of the model that gives it the distinctiveness of being able to trace reasons for certain behavior or learning processes that have taken place. The exogenous variables are not directly a part of the decision-making process. The exogenous variables would include importance of the purchase, consumer personality traits, time pressure and financial status.

There was a serious need to apply these so-called exogenous variables in the decision-making model in order to develop a better understanding of key information about consumers. Personality trait research and other psychographic input in the process would prove to be important in the decision-making models. Thus, the Engel-Kollat-Blackwell (1968) model of consumer behavior became new theory to consumer behavioral studies. The central focus of the model is on five basic decision-making stages: problem recognition, search, alternative evaluation, purchase and outcomes. Interestingly, this model was the first of its kind to offer situational circumstances to be included. For example, the relative amounts of attention given to each stage are functions of how extensive the problem-solving task is. For extended problem-solving behavior, consumers presumably don't require external search and alternative evaluation, thus they would by-pass this stage in the model because they simply know what they want. This model allowed the decision-making process to capture dynamic elements in the decision-making process.

In the input section, information from marketing and non-marketing sources feed into the information-processing section of the model. After the information is filtered through memory, the information has influenced the problem recognition stage. From here, search for additional information is activated, if required, in order to make a choice about a product. However, if the selected product is not satisfactory to expectations, dissonance occurs.

The information processing section of the model consists of exposure, attention, comprehension - perception, yielding - acceptance and retention of incoming information. Exposure must occur in order for a message to be used. Allocation of the information processing capacity, interpreting the stimulus, persuasion and retention must also occur. This retention will allow the message to enter into long term memory. The message must pass through sensory memory (analyze the input in terms of its physical properties) and short-term memory (the message

stimulus is analyzed for meaning). The final section of the model consists of individual and environmental influences that affect all five stages of the process. Characteristics like motives, values, lifestyles and personality are included in this stage. Notably, personality will look specifically at culture, reference groups and family. It is important to remember that situational influences have a significant impact on the decision-making process. For example, a consumer's financial condition (doesn't have a lot of money) could seriously have an impact on the ability to choose the product he really wants. He may now have to choose based on needs and not wants. He would be more satisfied by taking care of basic needs and not other higher motivating tensions that he may be experiencing.

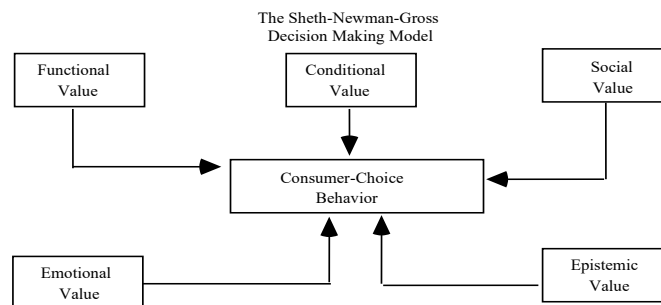
All of these models have illustrated the evolution of what has led to a new “Values Consumption Model.” As time and consumer behavior change, the development of comprehensive and less ambiguous models must be presented to the field. This latest values model by Sheth, Newman and Gross have stirred up a lot of controversy that has propelled the field to new heights and help better define the dynamic marketplace and consumer.

The Fishbein Model (Fishbein 1967) offers a different orientation of how purchase intent is undertaken. The Fishbein model is well known to consumer researchers where  $B \sim BI = A_{act} + SN$  where  $A_{act} = \sum B_i E_i$  and  $SN = \sum N B M C$ . The theory of reasoned action posits that behavior is determined by behavioral intention which gets its strength from attitude (personal component) and subjective norms (normative component). While attitude and subjective norms are primary determinants of behavior, they work together not separately in the determination of behavioral intent. However, one construct may be more influential than the other. At the base of the model, beliefs and evaluations are formed to create an overall attitude. Whereas, normative beliefs and the motivation to comply with referents are primary constructs that form subjective norms in this model.

In previous sections, the importance of understanding values and how they relate to behavior suggested that further review be presented. Therefore, values can also be applied to decision-making models in order to better understand what makes a person choose a particular product. Most models to date have concentrated on **how** the decision was made. Never before until now, did any models concentrate on **why** a particular product decision was made. Sheth, Newman and Gross (1991) have created such a model. The model is called the Gross Model of Consumption Values.

This model has fewer component parts and stresses a series of specific measurement approaches to secure the necessary consumer input required to test and apply the model. Therefore, the Sheth-Newman model is particularly useful for marketers because it allows them to have a tool in order to better understand and segment markets. Racial subcultural numbers will increase and sensitivity towards the development of certain products will become more salient. As a result, this model will become a guiding force in product development. This will also help marketers in their promotional efforts.

The model focuses on assessing consumption-relevant values that explain why consumers choose to buy or not buy a specific product. There are three central propositions: (1) consumer choice is a function of a small number of consumption values, (2) consumption values make different contributions in any situation and (3) different consumption values are independent.



*Source: Jagdish N. Sheth, Bruce L. Newman and Mary Gross  
Journal Of Business Research)*

The functional value of a consumer choice is the perceived functional, utilitarian or physical performance utility received from the choice's attributes. At the core of the functional value construct are such consumer relevant attributes as reliability, durability and price.

The social value of a selection is the perceived utility acquired because of the association between one or more specific social groups and a consumer's choice. The actual choice gains social value because of the linking with positive or negative stereotyped demographic, socioeconomic and cultural-ethnic groups. An example of this would be the brand choice of sneakers, jewelry, perfume and clothes that are too often driven solely by social values. We can see that this model will uncover a lot of hidden information that the marketer could never before understand about why a purchase takes place and why one specific product was chosen versus another.



The emotional value of a particular choice is the perceived utility acquired from its capacity to stimulate emotions and feelings (affect). A good example of this would be the purchase choice based on the great feeling of a car or the joy felt watching a rap concert.

The epistemic value of a choice is the perceived utility that comes from the choice's ability to foster curiosity, provide novelty and satisfy a desire for knowledge. A good example of this would be the innovative buyer that tries a new high-tech video transmitting device.

The conditional value of a choice is the perceived utility acquired by a choice as an outcome of some particular situation or circumstance. There are some product choices that are associated with time or event situations. For example, beer is associated with late afternoon or evening hours. Others could be associated with climate or location benefits, once in a lifetime event or emergency situations (booster cables to jump start a dead battery at night, on a pitch-black road). Notably, the model has considered the conceptual composition and validity and measurability over different product choice classes. This model is truly a revolutionary device that will guide practitioners into 21st century strategy developments. As segmentation becomes increasingly important, this model will unlock many mysteries that marketers only conjectured. This development will further bring back life in the field that was at a standstill for many years.

These models that have been presented offer a framework for what will be considered sound explanation for purchase intent. However, the latter model lacks robust methodology for statistical significance in causal research. Therefore, the ECPIM will fill that void and bridge the gap by providing sound methodology with new-age psychographic data.

A brief overview of past research is presented here, but for a more detailed review of past literature, please see the paper entitled, "Subcultural Influences: A Review Of The Related Literature on Decision-making Differences Among Blacks, Hispanics & Asians" (Pleasant 1992). The present overview begins with a retrospective look at previous decision-making models based on 'how' consumers make choices of products. While the past models concentrate on a process methodology that leads towards purchase intent, Sheth Newman & Gross (1991) make an attempt to show that underlying values form an opinion towards a product that will cause the consumer to consider purchase.

A comparison of the six models previously mentioned based on (1) the role that cultural and subcultural influences play in understanding the decision-making process, (2) the role that values play in understanding choice intent and (3) the conceptualization of the consumer behavior

process has been presented in detail. There are notable differences and short falls among the six models. Additionally, the proposed ECPIM is offered as a unique model that can provide marketers with new measurement tools for understanding purchase intent behavior among ethnic consumer groups.

### **Influences in Decision-making Models**

The proposed model (ECPIM) offers the opportunity for the researcher to capture the influence of cultural differences and similarities among consumers. Schiffman & Kanuk (1991) agree that cultures have a strong impact in the determinants of product purchases. Triandis (1994) offers a hybrid definition of culture based on behavioral and cognitive viewpoints. He states that culture is a set of human made objective and subjective elements. In the past, they have increased the probability of survival and resulted in satisfactions for the participants in an ecological niche. Thus, became shared among those who could communicate with each other because they had a common language and they lived in the same time and place. Triandis (1994) further contends that culture can be studied more in depth by examining its emics (culture-specific unique elements) and etics (universal cultural elements). While this formal psychological definition is very helpful and a contribution to examine culture, it lacks the elements that help marketers understand how culture influences the purchasing process. Therefore, we examine Schiffman and Kanuk's (1994) definition of culture. They define culture as the sum total of learned beliefs, values, and customs that serve to direct the consumption behavior of members of a particular society. The use of "values" and "beliefs" in their definition drives the underlying thinking and processing that goes on in the purchase process. There is no doubt that values and beliefs are formed and shaped significantly by culture (Hofstede 1980). Assael (1994) stresses the importance of culture and how it can affect values. He further states that it is a set of socially acquired values that society accepts as a whole and transmits to its members through language and symbols. He further contends that culture is linked so closely to cultural norms that there is an influence in the purchase and consumption patterns of its members. Schiffman and Kanuk (1994) add to the fact that the impact of culture is so natural and automatic that its influence on behavior is usually taken for granted. They further share that when consumers are asked why they do certain things certain ways, the most frequent response is, "Because it is the right thing to do." This response shows the impact

that culture has on shaping the behavior of a consumer. The ability to understand how and why the aforementioned are shaped is pinnacle in further advancing the field in understanding the purchase process of subcultural consumers. The proposed ECPIM suggests the ability to look at the “how” and “why” processing that take place in the decision-making process overall. Culture therefore is a very salient force in determining the values and beliefs that will eventually lead to the purchase behavior of a subcultural consumer (Assael 1994). With the above stated definitions of culture, the foundation for further exploring subculture and the role it plays in the decision-making process can take place. It must be noted that a person's culture can also determine how he or she processes certain learning schemes when it comes to the decision-making process (Engel, Blackwell & Miniard). The proposed ECPIM explicitly includes this important construct in detail while other models have not done so. The Nicosia model (1966) is very general in nature and does not focus on the cultural or subcultural aspects of the decision-making process. The model simply examines the interaction (relationship) between the marketer and the response of the consumer. These very broad and general components of the Nicosia model (1966) don't allow for the exploration of the unique, diverse, cultural and subcultural consumer. The ECPIM focuses on the interaction between the marketer and consumer in addition to the micro level of the differences and similarities of cultural and subcultural consumers. The Howard-Sheth Model (1969) was a major revision of previous systematic decision-making models. The model offered an "inputs" section that provided insight into the social elements that are important and have an influence in the decision-making process. Again, as the field progressed to including more individual characteristics that are involved in the decision-making process, the neglect for subcultural components on a microscopic level as a means for segmentation were overlooked. The proposed ECPIM has the potential to look at the level of influence that subculture and culture have in the decision-making process. With the advent of the 70's, came the development of Bettman's *"Information Processing Model of Consumer Choice"*. While the model offered valuable insights to understanding how consumers process information on simple levels by using heuristics, it did not show how individual consumer groups differ or simulate in the decision-making process. Bettman (1979) further neglects to look at the importance of ethnically inclined consumers and their influence in the marketplace. His model only examines the impact that social class, lifestyle and role orientation have on the family buying process. While the family buying process is important, it is suggested that many purchase decisions are now made on individual levels (Shao

1989). The proposed ECPIM will examine the influence of these similarities and differences in the way an individual consumer as well as family influence the purchasing process of products. As the field progressed towards understanding the purchase decision-making process on a consumer behavioral level, Engel, Kollat & Blackwell (1986) developed a model that would identify individual consumer differences on a previous untouched behavioral level. Their introduction of the individual characteristics and social influences provided valuable insight to understanding the decision-making process on a personal level. However, as "person specific" as the model was, there was no way to measure or look at cultural and subcultural influences on a microscopic consumption level with considerations for African, Hispanic and Asian Americans. The proposed ECPIM offers the marketer and researcher the ability to examine and better understand these diverse cultural and subcultural consumers. The 90s took the field to a new exploration of decision-making that would help marketers understand and segment markets. Sheth, Newman & Gross (1991) proposed a "*Gross Model of Consumption Values*" that stimulated the field into looking at why people make decisions. The model's ability to guide marketers into segmentation and an understanding of markets psychographically was revolutionary (Pleasant 1992). Despite these great breakthroughs in decision-making theory, a void has been left unattended in the aspect of the ability to segment based on ethnic and cultural differences. Importantly, subcultures are not monolithic (Braun 1991) and marketers must be able to identify and capture similarities and differences within a given subculture (Shao 1989). The proposed ECPIM will allow the marketer the opportunity to understand a subculture and segment it according to similarities and differences within a subculture.

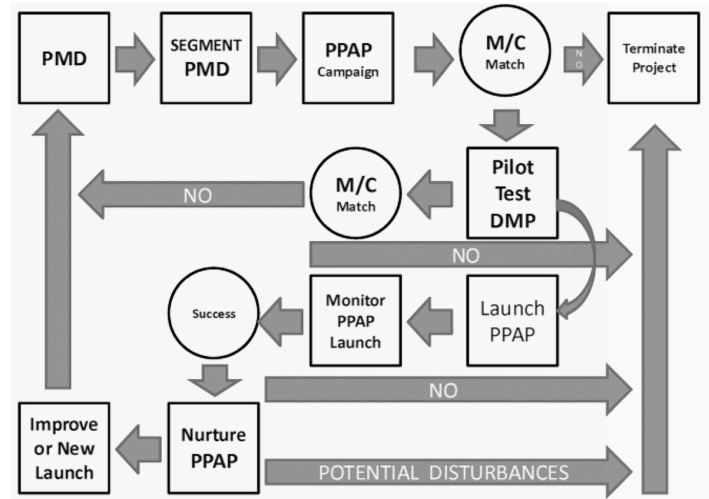
A verbal and graphical representation of The Ethnic Consumer Purchase Intent Model (ECPIM) has been developed to better illustrate the viability of marketing segmentation strategies in order to reduce advertising blunders. The model starts with psychographic, motivation and demographic (PMD) research with ethnic consumers. Once this type of research has been done, the marketer can then segment the market by the psychographic, motivation and demographic (PMD) results. It is important to note how the micro-marketing approach is being utilized. This is different from past strategies that started with large data sources (race, geographic, etc.,) followed by the segmenting of psychographic and other behavioral strategies. Next, the marketer would

conduct focus groups (qualitative research) to determine if there is a match between the Possible Product Advertisement or Promotion launch (PPAP) and the consumer segment it is targeting. If there is a Marketer/Consumer (M/C) match, the next step would be to implement a pilot test to further find out if they have properly developed their (PPAP) with the consumer's Psychographic, Motivational and Demographic (PMD) makeup. However, if there is no (M/C) match, the marketer can either terminate the project or start at the beginning research stage again.

If there is a (M/C) match, the marketer can proceed to conduct a pilot test in the areas of psychographic and behavioral research. At the pilot test level, a strategic segmentation launch should be implemented if a (M/C) match is achieved. At this stage, the marketer will launch the (PPAP) with confidence of properly reaching his/her targeted segment. The Marketer must constantly monitor the targeted segment to see if the (PPAP) is successful. In other words, marketers should set goals that will measure the success of an ad such as the ability to obtain a certain desired level of market share, sales and profit. If the set goals and objectives are not met, they should terminate the project. If the targeted segment has been monitored and proven successful, the marketer should immediately begin to nurture that target segment. Marketers should then further nurture that particular targeted segment to have proactive strategies if needed to eliminate sudden or unexpected disturbances. These disturbances could be in the area of racist advertisement portrayals and negative imaging on the packaging of products to African Americans, etc. However, the nurturing of the (PPAP) will allow the marketer to pro-act within the targeted segment over time. It is important to note that when marketers nurture the targeted segment, they will be able to proactively improve or develop a new product or advertisement because the consumers' constant input will guide the marketer to understanding the changing (PMD) needs found during research sessions. As a result, a potential disaster can triumphantly be turned into renewed consumer confidence towards the marketer's company or brand if this model is fully implemented strategically and critically.

# The Ethnic Consumer Purchase

## Intent Model (ECPIM)



## CONCLUSION

This paper offers a unique method of successfully targeting and marketing consumers especially regarding the segmentation and targeting of ethnic consumers. Market segmentation has constantly been defined as the process of dividing a total market into market groups consisting of people who have relatively similar product needs (Engel, F. and R.D. Blackwell 1983). However, researchers must go beyond market segmentation strategies and old decision-making paradigms that start with macro marketing techniques. Marketers must refocus their research efforts that start from a micro-marketing base that will become even smaller and precise as segmentation evolves.

The days of employing target market strategies, where one hits a specified market segment and moves on to other ones when the opportunity arises are gone. As the field is moving from the conventional "Marketing Era" where the consumer is king, towards the "Relationship Marketing Era", where building long lasting exchange relationships is the key to marketing success (Kotler 1991). Marketers must be prepared to develop and maintain close contact with the consumer. The ECPIM offers marketers the ability to successfully identify, target and reach their desired consumer while minimizing errors that can damage their brands.

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