

The Influence of Consumer Decision-making Styles towards Purchasing Behavior: A Case Study of Online Shopping in Jakarta, Indonesia

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Abstract

Financial crisis previously happened in the West makes many Asian countries, including Indonesia, hit by its ripple effect. Indonesia, especially, sees its stock markets suffer and currency values face a downward trend which is resulting on the growth of Indonesia GDP per capita also suffers from the effect. Despite the economic downturn, Indonesia internet using has increased and e-commerce business of product and service offerings have evolved significantly in recent years. This research is to study this phenomenon by using consumers decision-making styles model with its dimensions: quality-conscious consumer (X_1), brand-conscious consumer (X_2), recreational consumer (X_3), price-conscious consumer (X_4), and habitual consumer (X_5) towards Purchasing Behavior (Y) as the variables with A total of 100 of people who live in Jakarta and ever purchased through online store were chosen as the respondents for this study. The researcher is using multiple regressions as statistical method and coefficient of determination (R^2). Based on the result, quality-conscious consumer (X_1), price-conscious consumer (X_4), and habitual consumer (X_5) are found to have partial significant influence towards purchasing behavior of online shopping. Research also found that quality-conscious consumer, brand-conscious consumer, recreational consumer, price-conscious consumer, and habitual consumer have simultaneously significant influence towards purchasing behavior (Y).

Keywords: Consumer Decision-making Styles, Online Shopping, Purchasing Behavior.

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Introduction

The Asia countries are increasingly worried about what is happening in the West in 2008. US sub-prime mortgage market and the reversal of the housing boom in other industrialized economies took place, it much caused a ripple not only in the US but also all countries around the world (Shah, 2013). As part of interconnected world, Asia has had more exposure to problems stemming from the West since everything happens in other parts of the world will always have knock-on effects to the other parts (Shah, 2013).

Numerous Asian nations, including Indonesia, likewise have seen their securities exchanges endure and coin values going on a descending pattern which is coming about on the stoppage of development of GDP per capita. A stoppage in well off nations implies expanded chances for Indonesia to encounter the log jam and expanding of occupation misfortunes rate and other related issues. In spite of the fact that the monetary showed signs of improvement in 2009, Indonesia Economic Growth has seen a diminishing pattern through 2008 until 2014, with number hit just 5.0% of development by December 2014 (World Development Indicators Database, 2015).

Despite the economic downturn, Indonesia e-commerce retailers of product and service offerings have evolved significantly in recent years. This is happening alongside with the increasing of online shopping popularity. Along with the increasing number of people having connected devices, the Indonesian consumers experience much joyful online shopping experience (Lubis, 2014). A good example is when it comes to traveling, Indonesian people choose online shopping as a convenient way of doing transaction (Lubis, 2014). Indonesian shoppers are going online and they are intrigued to look for online channels to discover new information and purchase the items they need and want. In 2013, there were 4.6 million Indonesians people that purchased products or services through online shopping platform. This is expected to increase to 8.7 million people by 2016 (eMarketer, 2014).

Indonesian consumers with the creating development of innovation make a full utilization of it, can be seen by the expanding pattern of web shopping. Indonesian shoppers, who are encompassed with data over-burden and assortment of decisions, complete this multifaceted nature by demonstrating specific basic leadership styles to go to certain acquiring procedures. Customer basic leadership styles were characterized and assessed as consumer's fundamental identity, practically identical to the brain science idea of identity (Sproles and Kendal, 1986; Niu, 2014). Advertisers concur that understanding the consumer making-decision style is imperative since it will offer impact to buy conduct and by characterizing consumers along these lines will offer opportunity to advertisers to change their offerings (Mitchell and Bates 1998; Niu, 2014). Customer decision making styles decide and shape buyer decisions, and by this the styles can be anticipated (Park and Gretzel, 2010; Zhou et al., 2010; Chang and Wu, 2012; Cankurt et al., 2013; Niu, 2013). In this exploration, the model of shopper basic leadership styles is utilized as a part of to discover customers' experience when the do web shopping and to investigate the impacts of consumer decision-making styles on the utilization of buying behavior of online shopping.

The significant reason for this study is to talk about the connection between the consumer decision-making styles and their purchasing behavior. Along these lines, Indonesian customer decision-making styles were examined to decide their impact on obtaining conduct of online shopping in Indonesia.

Literature review

Consumer decision-making

Consumer decision-making is a process of a person who has specific needs then took after with steps taken to satisfy those requirements. This procedure including when the individual understands a specific need until it is satisfied and assessed during the process. The decision-making process is isolated into five phases (Cant et al., 2006; Blythe, 2008): First is issue acknowledgment, comes when a customer has a specific need, however the opportunity to be fulfilled is still 50:50. After a consumer understands that a need must be satisfied, the buyer begins gathering data on the most proficient method to fulfill that need. At the point when choices on the best way to satisfy the need are found, consumer will score the accessible choices which will include distinguishing another option answers for an issue and measuring the positive and negative angles for each of the alternative. During this stage, the prices and quality of the diverse alternatives will comes into the record. At that point in the stage three and four, which are the assessment of options and selecting the most attractive decision, there will be impact from the buyer's decision-making styles.

With regards to pick and assess the alternatives, distinctive individual will show diverse sort of decision-making styles. This relies on upon the individual's standard in the entire basic decision-making process when judging the option items or services. While selecting the most attractive option, which includes settling on a choice, the consumer now has two choices: to purchase or not to purchase the item or services.

Consumer Decision-making Styles

Sproles and Kendall (1985) expressed that consumer decision-making styles can be characterized as a mental introduction describing a consumer's way to deal with settling on decisions. They were the primary scientists that created consumer decision making styles. They trusted every buyer will show diverse sort of decision-making styles which for the most part will be the overwhelming variable with regards to acquiring or not to buy an item or services. In this hypothesis, basic leadership styles can be broke down to anticipate buyers' identity attributes or mental components (Park and Gretzel, 2010; Zhou et al., 2010; Cankurt et al., 2013; Chang and Wu, 2012; Niu, 2014;). Niu (2014) in her study refered to that analysts frequently discover consumer decision-making styles are identified with socialization components and buying behavior(Hafstrom, Chae and Chung ,1992; Shim and Gehrt, 1996; Cankurt et al., 2013; Park and Gretzel, 2010; Zhou, 2010; Chang and Wu, 2012; Niu, 2014).

The decision-making styles then by some researchers, Chang and Wu (2012) and Niu (2014), are used to understand the purchasing behavior by consumers when they purchase products or services. Eight different consumer decision-making styles were found

(Sproles and Kendall, 1985; Niu, 2013; Niu, 2014) including: quality-conscious consumer, brand-conscious consumer, novelty-and fashion-conscious consumer, recreational consumer, price-conscious consumer, impulsive consumer, confused by excessive choice consumer, and habitual consumer. As Indonesia and India are almost similar in terms of type of country, market environment, economic environment and market structure, then the researcher decided to adapt the model of decision-making styles by Sproles and Kendall (1986) and Niu (2014) which has been narrowed down based on Lysonki (1996) and Yan (2006) model when they tried to conduct their research about the influence of decision-making styles towards purchasing behavior in India. Five different consumer decision-making styles were chosen to be analyzed in this research including; quality-conscious consumer, brand-conscious consumer, recreational consumer, price-conscious consumer, and habitual consumer.

1. Quality-conscious consumer, otherwise called perfectionist, measures a consumer who is quest for the best quality in products. A buyer higher in compulsiveness additionally shops all the more painstakingly, all the more efficiently, and all the more looking at products (Sproles and Kendall, 1986; Niu, 2014). Perfectionist consumers look for the absolute best quality products, have elevated requirements for consumer goods, and are worried with the usefulness and quality of products. Quality conscious consumer are not fulfilled by things that are adequate. They have to locate the best quality products that are accessible.
2. Brand-conscious consumer measures a consumer's orientation toward buying more expensive and well-known national brands. A consumer higher in brand consciousness is also likely to believe that a higher price means higher quality, and prefers best-selling, well-advertised brands (Sproles and Kendall, 1986; Niu, 2013; Niu, 2014). A consumer's tendency to buy well-known brand name products (national brands) rather than those owned by distributors (store brands).
3. Recreational consumer, or also known as hedonist consumer, measures a consumer's tendency to find shopping pleasant and to shop just for fun of it (Sproles and Kendall, 1986; Niu, 2014). Consumers scoring high on this factor view shopping a pleasant activity and shop just for the fun of it.
4. Price-conscious consumer measures consumer's concern with getting the best value for money (Sproles and Kendall, 1986; Niu, 2014). A consumer higher in price and appears conscious of low prices, and is likely to become a comparison shopper (Sproles and Kendall, 1986; Niu, 2013; Niu, 2014). Consumers are focusing more on price while making buying decisions in stores and online.
5. Habitual consumer measures the characteristic of having favorite brands and stores. A consumer higher in brand loyalty forms habits in choosing products (Sproles and Kendall, 1986; Niu, 2013; Niu, 2014). But for habitual consumer, many products are bought under conditions of low consumer involvement and the absence of significant brand differences. Consumer often found going to the store and reach for the brand, choosing it out of habit, not strong brand loyalty.

Purchasing Behavior

As the era of globalization has gone for decades and technology has advanced, it becomes easier for consumers to find the commodities they desire. Since there are commodities offered, it makes the purchasing decision become more complex than it was.

Niu (2013) stated in her study that 54% of consumers make largely unplanned purchases when shopping. Online shopping, which maintains privacy and is free from the limitations of tie and location, makes consumers more susceptible to unplanned purchases by creating conditions for impulse purchases (Koufaris, 2002; Niu, 2013). Niu (2013) mentioned 2 dimensions of purchasing behavior:

1. Planned Purchases

Consumers' careful consideration of what products to buy before entering a shop, and on all selections of products before making the best decision. However, once consumer step into a shop, they are likely to be affected by the environment, atmosphere and promotional activities in the shop, which can lead to unexpected purchases.

2. Unplanned Purchases

Purchasing behavior of consumers who purchase products they did not plan to buy before they entered the shop. Unplanned purchasing behavior on the Web can be interesting and complex (Koufaris, 2002; Niu, 2014).

Niu (2013) cited Engel, Blackwell and Miniard (2001) that lifestyle affects consumer decision-making styles. Sproles (1985) Argued that consumer decision-making styles refer to the orientation of psychological emotions and acknowledgement when shopping, which could reliably overwhelm consumers' decisions, contending that consumers are influenced by one or more decision-making styles when selecting products or services. In Sproles (1985), view these styles fundamentally control consumers' decisions. Therefore, researcher hypothesizes:

H1: There is a significant influence between quality-conscious consumer and purchasing behavior.

H2: There is a significant influence between brand-conscious consumer and purchasing behavior.

H3: There is a significant influence between recreational consumer and purchasing behavior.

H4: There is a significant influence between price-conscious consumer and purchasing behavior.

H5: There is a significant influence between habitual consumer and purchasing behavior.

H6: There is a simultaneously significant influence between quality-conscious consumer, brand-conscious consumer, recreational consumer, price-conscious consumer, and habitual consumer and purchasing behavior.

Methodology

Participants and sampling

The respondents in this research are people who live in Jakarta area which have the experience of online shopping. Adapting the theory from Hair et al., (2009) stated that the sample size for infinite amount of population respondents should be at least 10 times the number of variables. Then the minimum numbers of sample for this research is 60 respondents. This research is using unknown population numbers due to the unpredictable numbers of consumers in Jakarta who purchased products through online. By using the MoE formulation, researcher round the respondents become 100 based on calculation above and spread it just in case there are questionnaires lost or left unfinished as those will not be counted. The number of 100 is very easy applicable according to Sekaran (2013) in which they stated that number of samples should be among 30 to 500 elements. Based on that explanation, the samples in this study were selected as many as 100 respondents and eligible to be processed there as much as 100 respondents.

Researcher applied probability sampling, specifically applied simple random sampling technique, which simple random sampling technique will take the sample randomly in which every element in the population has equal chances to be selected. Simple random sampling has a high accuracy that will reduce bias in selecting sample in a population. The researcher distributes the questionnaire via online survey questionnaire platform (www.google.com/forms) to 100 people as the respondents who live in Jakarta and have purchased products through online at least once in a life.

Questionnaire

The questionnaire that researcher made consist of two parts. The first part is general information related to the respondents which are: age, gender, and income per month. The second part consist of 25 questions which are related to consumers decision-making styles and consumers purchasing behavior, constructed based on five variables of consumers decision-making styles scale of Sproles and Kendall (1986) was adopted (quality-conscious consumer, brand-conscious consumer, recreational consumer, price-conscious consumer, and habitual consumer) and one variable for purchasing behavior which was divided into planned purchases and unplanned purchases. Regarding the construct of planned purchases proposed by Bearden, Netemeyer and Teel (1989) and was applied while the construct of unplanned purchases proposed by Sneath, Lacey and Kennet-Hensel (2009) was covered. The questions are adapted from previous research by Sproles and Kendall (1986) and Niu (2013).

The Questions were arranged such as: question 1-4 focused on quality-conscious consumer; question 5-9 focused on brand-conscious consumer; question 10-13 focused on recreational consumer; question 14-16 focused on price-conscious consumer; question 17-20 focused on habitual consumer; question 21-25 focused on purchasing behavior.

In this research, the researcher used instrument which will be used to measure the researched variable. The researcher used 5-Point Likert Type Scale on this research. This is tool to measure the degree of agreement from the respondent and variable value to be shown in form of number so it can be analyzed accurately, efficiently, and more communicative (Sugiyono, 2007). In this study, a 5-point Likert Scale ranging from 1 (strongly disagree), to 5 (strongly agree) was adopted.

Results

Sample profile

36 respondents out of 100 respondents were male (36%) and 64 respondents out of 100 respondents were female (64%). Therefore, the majority respondents were female. 3 respondents (3%) were below 20 years old, 81 respondents (81%) were between 20 – 30 years old, 4 respondents out of 100 respondents were between 31 – 40 years old (4%), 2 respondents (2%) were 41-50 years old and 0 respondents with age above 50. Therefore, the respondents in a group age between 20 – 30 years old were dominating for this research. 27 respondents out of 100 respondents (27%) have below Rp500,000 Money Spent on Online Shopping, 23 respondents out of 100 respondents (23%) have Money Spent on Online Shopping between Rp500,000 and Rp1,000,000, 18 respondents out of 100 respondents (18%) have Money Spent on Online Shopping between Rp1,000,001 and Rp1,500,000, and 32 respondents out of 100 respondents (32%) have Money Spent on Online Shopping more than Rp1,500,000. Therefore, the respondents in a group more than Rp1,500,000 of Money Spent on Online Shopping were dominating for this research.

Consumer Decision-making Styles towards Purchasing Behavior

In this study, consumer decision-making styles were treated as independent variables and their effects on dependent variable, purchasing behavior, were tested. Regression analysis and coefficient of determination (R^2) were performed by considering five constructs of consumer decision-making styles. The results from the analysis of each variable of consumer decision-making styles towards purchasing behavior are shown in Table 1 and the results for the variables of consumer decision-making styles as a whole towards purchasing behavior are shown in Table 2.

Table 1. Regression analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	1.334	0.381		3.498	0.001
	Quality Cosncious	0.306	0.098	0.338	3.127	0.002
	Brand Conscious	0.169	0.098	0.173	1.725	0.088
	Recreational	0.052	0.060	0.052	0.865	0.389
	Price Conscious	0.266	0.071	0.307	3.759	0.000
	Habitual	-0.183	0.062	-0.180	-2.925	0.004

a. Dependent Variable: Purchasing Behavior

Table 2 Anova

ANOVA ^b						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	82.065	5	16.413	46.262	0.000 ^a
	Residual	33.350	94	0.355		
	Total	115.416	99			

a. Predictors: (Constant), Recreational, Price Conscious, Brand Conscious, Quality Conscious

b. Dependent Variable: Purchasing Behavior

It was found that there is partially significant influence between quality-conscious consumer, price-conscious consumer, habitual consumer, and purchasing behavior; On the other hand, it was also found that there is no partially significant influence between brand-conscious consumer, recreational consumer, and purchasing behavior. In addition, according to Table 2, it was found that there is simultaneously significant influence between quality-conscious consumer, brand-conscious consumer, recreational consumer, price-conscious consumer, and habitual consumer and purchasing behavior. Consequently, Hypothesis 1, Hypothesis 4, Hypothesis 5, and Hypothesis 6 were supported; While Hypothesis 2 and Hypothesis 3 were rejected.

Table 3. Coefficient of Determination (R^2)

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.843 ^a	0.711	0.696	0.59564	2.144

a. Predictors: (Constant), Average_HC, Average_RC, Average_PC, Average_BC, Average_QC

b. Dependent Variable: Average_PB

Based on the table above, it was found that the value of R square obtained is 0.711 or 71.1%. This number represents that purchasing behavior which can be explained by the variation of quality-conscious consumer (X_1), brand-conscious consumer (X_2), recreational consumer (X_3), price-conscious consumer (X_4), and habitual consumer (X_5) or all independent variables contributed as many as 71.1% to purchasing behavior. The rest 28.9% of purchasing behavior is influenced by other factors which are not examined in this research.

Conclusion

Indonesian consumers valued quality and prices. These perfectionist attitudes regarding the best quality and most valued for money show consumers actually try and make effort and energy for getting the best quality products while they also try to find deals while they shop, whether they are staying up to date on sales or using coupons. They are active recipients of information who evaluate the choice and they are highly involved with the product. But when Indonesian consumers get really comfortable with one brand or product, repeated purchases will occur and the loyalty towards the brand is created

which refers to habitual consumer. The beliefs about favorite products were built and consumers may do not make any actual effort and behavior for gathering this type of products anymore.

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