

# The Effect of Personality on Purchase Decisions Based on New Freud's Theories and Behavioral Theory in Mashhad

Mostafa Rezaei Bahrabad

Department of Business Management, Neyshabur Branch, Islamic Azad University, Neyshabur, Iran

Sahel Farrokhian<sup>1</sup>

Department of Business Management, Neyshabur Branch, Islamic Azad University, Neyshabur, Iran

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## Abstract

This research is conducted to study the effect of personality on purchase decision of domestic and foreign consumers in order to predict the consumer's purchase decision. This is a survey studied the relationship between variables through statistical tests and structural equations method. Data were collected by the standard questionnaire of 'measuring the behavior of buyers and consumers' including 36 items; the questionnaire validity and reliability was verified. Research variables are the standard questionnaire items in two questionnaires and 9 classes of variables. Research statistical population included all buyers visiting Proma Hypermarket and Padide shopping center in Mashhad in 2015. The research used a two-stage cluster sampling method. 280 buyers visiting the shopping centers were systematically and randomly selected as research sample at the given time period. Results of structural equations showed that components of Ethnocentrism, dogmatism, social character, uniqueness, personal innovativeness, compatibility, detachedness, and hegemonism significantly contribute in purchase decision model; while, dogmatism are insignificant.

**Keywords:** Personality characteristics, purchase behavior, New Freud's Theories, behavioral theory, structural equations, Mashhad City.

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<sup>1</sup> Corresponding author's email: [sahel.farrokhian@yahoo.com](mailto:sahel.farrokhian@yahoo.com)

## Introduction

Personality is of the critical notions in consumer's purchase behavior. The personality results from interactions of the individual, community, and living context. It may be stated that personality summarizes the inherited features. An individual is distinguished in terms of physical and personality aspects. This is exactly the individual characteristics influencing its market behavior. What it purchases, when it purchases, and how it purchases, all are under the influence of its character type. That is why markets are interested in recognizing individuals' personality and behavior so that they properly realize effective factors of consumer's purchase behavior. Usually, a consumer daily faces many purchase decisions. Most companies researching on consumers' purchase behavior try to find proper answers on what consumers purchase, shopping method and quantity, shopping place, and shopping reason. Marketers may conduct some studies to find the answers to the questions of what to buy, to what extent and where to buy; however, being aware of behavioral cause of the buyer or consumer is not much simple as responses are often in the consumer's mind. Driver-response model is the starting point of these studies. The consumer behavior is formed by importing stimulating and motivational factors, as well as marketing stimuli (marketing mix) in the consumer black box and the consumer shows certain responses. This research intended to study personality effective factors in the consumers' purchase decision (Williams et al, 2000).

## Statement of the problem

Human being has complex requirements such as physical, social, and personal needs. In developed nations, enterprises and public look for meeting these requirements by production, marketing, and sale; whereas, in developing countries, optimal resource allocations for proper production and real supplying are avoided due to managerial difficulties and lack of proper planning in problem identification and prioritization; hence, customers are reluctant to the purchase and purchase demand is declined. The demand for purchase and customers' behavior are of human needs formed under the influence of culture and character; they are changed respecting the community and cause development. It should be noted that people often choose the commodities providing satisfaction (Shirkavand, 2014).

Transition of traditional economy and intensive competition in innovative dimensions turned the customer into the key to all enterprise activities such that survival of the organizations, in competitive perspective, depends on identifying and attracting new customers and maintaining current customers. The major concern in any firm is to analyze customer's personality traits and its effect on consumer's behavior. On the other side, it necessarily may not worth to keep all customers. Some customers are inconsistent with firm's approaches as the customer's needs and requirements underwent changes. Therefore, according to analyses, most company-customer relationships may not be beneficial it costs more to maintain these relationships rather than the income.

In recent years, Iran also focused on the issues of customer-orientation and customer appreciation in people-companies and public-government relationships, as well as meeting the customers' requirements (Elahi, 2005).

Consumers are not just looking to buy a product; rather, they also intend to satisfy the needs or to solve the difficulties. Thus, a perfume buyer seeks for sensory pleasures, romance, as well as some psychological, emotional, and social advantages in addition to purchase. Therefore, the managers must identify consumers' motivations met through goods and trade names and establish marketing mixes.

Consumers play the main role in economic health. The decisions taken on demand for raw materials, transportation, technical works, as well as staff recruitment, establishment and allocation of the resources may influence the success and failure of the industries. Thus, the consumer's behavior is a comprehensive factor in depressing or boosting commercial activities. Understanding the consumer's behavior is the key to marketing strategy success in scientific, local, and global terms. It is applied for commercial companies, non-profit organizations, as well as governmental organizations formulating market regulations. However, regarding cultural diversities, it is critically significant to understand the consumer behavior and to evaluate consumer performance in different communities. Organizations and firms, at this time point referred as age of knowledge, meta-industrial age, the age of informatics, and the age of globalization, must acquire competitive advantage by studying and identifying the consumer behavior (Shirkavand, 2014).

### **Research hypotheses**

1. Ethnocentrism influences individual purchase decision.
2. Compulsiveness influences individual purchase decisions.
3. Dogmatism influences individual purchase decisions.
4. Social character influences individual purchase decisions.
5. The need for uniqueness influences individual purchase decision.
6. Consumer innovativeness influences individual purchase decisions.
7. Compatibility influences individual purchase decisions.
8. Detachedness influences individual purchase decisions.
9. Hegemonism influences individual purchase decisions.

### **Research questions**

1. How character influences individual purchase decision by comparing New Freud theory and behavioral theory?
2. How ethnocentrism influences individual purchase decision?
3. How compulsiveness influences individual purchase decision?

4. How dogmatism influences individual purchase decision?
5. How social character influences individual purchase decision?
6. How need for uniqueness influences individual purchase decision?
7. How consumer innovativeness influences individual purchase decision?
8. How compliance influences individual purchase decision?
9. How detachedness influences individual purchase decision?
10. How Hegemonism motivation influences individual purchase decision?

### **Research background**

Junglas and Spitzmüller, in a study “personality characteristics and perceptions of privacy: an experimental study in location-based services”, investigated 5 character types of compliant, extroverted, empiricist, logical, and emotionally stable in consumers. This research shows that there is a direct relationship between various personality types, service functions, and interests in typical service styles (Junglasand et al, 2006).

Murat (2011), in a study focused on mobile industry, predicted individual purchase decision making behavior and simultaneously investigated the effect of mobile brand on this factor. He concluded that there is a significant relationship between individual purchase decision and mobile brand.

A similar study, “the relationship between personality characters and online users”, conducted by Lian in international University of Illiant, San Diego, America examined and compared personality characters of online users and its effect on purchase behavior in the U.S.A and Taiwan. This study reveals that demographic and geographical characteristics also influence purchase decision of consumers in addition to personality characteristics (Lian et al, 2008).

Rezvani, Dehkordi et al (2012) conceptually studied the effect of origins of goods on purchase motivation and declared that ethnocentrism in good and service purchase is rooted in how the individuals view the producer country.

Awa (2010) analyzed the effect of cultural factors on consumer behavior and consumption model. He deduced that there is a significant relationship between effective cultural factors of consumer behavior and individual purchase decision-making.

Cyders (2007) investigated consumer purchase behavior and positive purchase behavioral effects and concluded that positive mental states may largely contribute in individual purchase behavior.

Soga, Shimai, and Otake (200), in a study naming “relationship between dogmatic and personality behaviors”, scrutinized the effect of these variables on consumer behavior and concluded a significant relationship.

Kaplan and Zarrilli (2000), in a research entitled “the role of individual character in consumer behavior”, figured out that a multi-dimensional personality may influence individual decision behavior choosing a mix of products.

### **Research methodology**

This is a survey study in term of methodology investigated variables’ relationships by statistical tests and structural equations. Data were collected using the standard 36-item questionnaire of “measuring the behaviors of consumers and buyers”. The validity and reliability of the questionnaire was verified. Research variables are the standard questionnaire items in the form of two questionnaires and 9 classes of variables. Research statistical population included all buyers of Proma and Padide shopping centers in Tehran in February 2016. 280 individuals were randomly and systematically selected as research sample using a two-step clustering method. It is worth to notify that Microsoft Excel was used for data processing and descriptive diagrams. Data were inferentially analyzed through using SPSS 17 and STATISTICA 7.0.

### **Evaluation of measurement model using confirmatory factor analysis**

Observed variables in humanities are often measured through questionnaire items. Hence, the relationships between observed variables and latent variables, as well as the relationship model are evaluated using structural equation analysis. In other word, structural modeling is a robust statistical technique integrating measurement model and structural model with a simultaneous statistical test. By these techniques, scholars are enabled to reject or maintain data consistency of hypothetical structures (of the models).

Respecting purchase decision, it includes 9 components of ethnocentrism, compulsiveness, dogmatism, social character, uniqueness, personal innovativeness, compatibility, detachedness, and hegemonism each containing sub-items. In the following, First-order Measurement Model and Second-order Measurement Model are studied.

#### *First-order measurement model*

Purchase decision measurement model is assessed at this section. In general, measurement model embraces observed and latent variables and is used to study the effect of latent variables on observed variables; in addition, it also investigates how observed variables measure and explain latent variables. First-order measurement model consists of first-order latent and indicator variables. First-order measurement model includes 9 components of ethnocentrism, compulsiveness, dogmatism, social character, uniqueness, personal innovativeness, compatibility, detachedness, and hegemonism as latent variables and questionnaire items are observed variables.

Table 1: First-order measurement model results

Variables		Standard coefficient	SD	P-value
Ethnocentrism	1. Ethnocentrism	0.70	-	-
	2. Ethnocentrism	0.82	0.11	0.000
	3. Ethnocentrism	0.70	0.11	0.000
	4. Ethnocentrism	0.60	0.08	0.000
	5. Ethnocentrism	0.76	0.11	0.000
Compulsiveness	1. Compulsiveness	0.80	-	-
	2. Compulsiveness	0.72	0.07	0.000
	3. Compulsiveness	0.86	0.07	0.000
	4. Compulsiveness	0.35	0.07	0.000
	5. Compulsiveness	0.28	0.07	0.000
Dogmatism	Dogmatism 1	0.29	-	-
	Dogmatism 2	0.82	0.60	0.000
	Dogmatism 3	0.54	0.37	0.000
	Dogmatism 4	0.35	0.26	0.000
Social Character	Social Character 1	0.44	-	-
	Social Character 2	0.74	0.28	0.000
	Social Character 3	0.70	0.26	0.000
	Social Character 4	0.68	0.27	0.000
Uniqueness	Uniqueness 1	0.07	-	-
	Uniqueness 2	0.03	0.14	0.014
Personal innovativeness	Personal innovativeness	0.29	-	-
	Personal innovativeness	0.50	0.43	0.000
	Personal innovativeness	0.81	0.68	0.000
	Personal innovativeness	0.60	0.55	0.000
	Personal innovativeness	0.23	0.28	0.005
Compatibility	Compatibility 1	0.77	-	-
	Compatibility 2	0.65	0.08	0.000
Detachedness	Detachedness 1	0.45	-	-
	Detachedness 2	0.75	0.27	0.000
	Detachedness 3	0.75	0.26	0.000
Hegemonism	Hegemonism 1	0.71	-	-
	Hegemonism 2	0.47	0.09	0.000
	Hegemonism 3	0.68	0.12	0.000
	Hegemonism 4	0.52	0.11	0.000
	Hegemonism 5	0.32	0.12	0.000

Implementing the model showed that the third item of social character component is insignificant; hence, it was removed. Further, the software also proposed some recommendations for model improving such as release of error covariance between  $e_9$  and  $e_{10}$ .

Table 1 represents estimated regression coefficients, significance level, and other statistical factors. According to the table, all coefficients are significant at 95% for all regression coefficients (P-value <0.05).

Table 2 presents fitness indices of the model. If fitness indices are in the desired range, it clearly shows that the model is fitted for the collected data.

Comparative fitness index (CFI)	Tucker-Lewis index (TLI)	(RMSEA) Root-mean square error approximation	(SRMSR) Standardized root mean square residual	$\chi^2 / df$
0.93	0.92	0.066	0.085	2.22
Desired values: $k^2 / df \leq 3$ ; TLI, CFI $\geq 0.9$ ; RMSEA $\leq 0.9$ ; SRMSR $\leq 0.1$				
df = 523 and $X^2 = 1163.22$				

As seen in the table, all indices are in the desired range. Therefore, research first-order measurement model data fitness is maintained. Thus, in next step, second-order measurement model data is fitted.

### *Second-order measurement model*

The first-order measurement model was studied and maintained in the previous section. Therefore, second-order measurement model is assessed in this section. Second-order measurement model includes observed variables, first-order and second-order latent variables. Second-order latent variable is measured based on the first-order latent variables.

Table 3 shows fitness indices of second-order measurement model.

Table 3: Research second-order measurement model fitness indices

Comparative fitness index (CFI)	Tucker-Lewis index (TLI)	(RMSEA) Root-mean square error approximation	(SRMSR) Standardized root mean square residual	$\chi^2 / df$
0.93	0.92	0.077	0.086	2.65
Desired values: $k^2 / df \leq 3$ ; TLI, CFI $\geq 0.9$ ; RMSEA $\leq 0.9$ ; SRMSR $\leq 0.1$				
df = 550 and $X^2 = 1459.68$				

According to the table, all indices are within the desired range. Thus, research data fitness of second-order measurement model is maintained. Then, significance coefficients of research components of second-order measurement model are reported. It is necessary to mention that all indices are significant at 95%.

Table 4: Research second-order measurement model component results

Purchase decision components	Standardized coefficient	Standard deviation	P-value
Ethnocentrism	0.40	-	-
Compulsiveness	0.25	0.27	0.003
Dogmatism	0.14	0.09	0.119
Social character	0.91	0.31	0.000
Uniqueness	0.37	0.31	0.000
Personal innovativeness	0.34	0.13	0.003
Compatibility	0.93	0.48	0.000
Detachedness	0.88	0.30	0.000
Hegemonism	0.22	0.21	0.009

According to Table 4 and regarding P-value= 0.119 >0.05 for compulsiveness component, it is insignificant. Respecting to other components, P-value <0.05 shows that other components are significant. In other word, ethnocentrism, dogmatism, social character, uniqueness, personal innovativeness, compatibility, detachedness, and hegemonism components are significant in purchase decision model; whereas, compulsiveness is insignificant. In this regard, the compatibly component shows the largest standardized coefficient (0.93); thus, it significantly contributes in explaining purchase decision. Social character component is the second component (0.91); while, hegemonism (0.22) is the smallest coefficient.

### Research hypotheses

In result and discussion section, research hypotheses are tested and inferred using one-sample t-student test. The results are summarized as follows.

**First hypothesis:** Ethnocentrism influences individual purchase decision.

The results reveal that ethnocentrism mean effect on increased purchase decision in Padide and Proma shopping centers is 3.19. According to t-student test statistics, null hypothesis is rejected at significance level of 5%. According to test result, it concluded that there is a significant relationship between individual ethnocentrism and purchase decision in Proma and Padide shopping centers. Regarding to the conducted studies (Junglas et al, 2006; Murat, 2011; Lian et al, 2008; and Rezvani, Dehkordi, et al, 2012), ethnocentrism variable and other similar variables influence purchase decision.

**Second hypothesis:** Compulsiveness influences purchase decision.

Test results demonstrate that the calculated significance probability is larger than test significance level; as a result, null hypothesis is maintained at significance level of 5%. Therefore, according to test result, it is concluded that compulsiveness may insignificantly influence purchase decision. This result is consistent with Awa (2010).

**Third hypothesis:** Dogmatism influences purchase decision.

Results show that the measured significance probability value is smaller than test significance level; thus, null hypothesis is strongly rejected at 5%. Therefore, regarding to test result, it is concluded that dogmatism may influence individual purchase decision. This result is consistent with Murat (2011) and Cydres (2007).

**Fourth hypothesis:** Social character influences individual purchase decision.

According to the obtained results, the value of measured significance probability is smaller than test significance level. As a result, null hypothesis is strongly rejected at 5%. Therefore, according to test result confidence level of 95%, it is concluded that social character may influence individual purchase decision. Muwan et al (2003), Lian et al (2008), Soga, Shimai, and Otake (2002) also provided the effect of social character on individual purchase decision.

**Fifth hypothesis:** Uniqueness influences individual purchase decision.

According to the results, measured significance probability is larger than test significance level; as a result, null hypothesis is maintained at 5%. According to test result, it is concluded that uniqueness may not influence individual purchase decision at 95%.

**Fifth hypothesis:** Personal innovativeness influences individual purchase decision.

According to the results, measured significance probability is smaller than test significance level; thus, null hypothesis is strongly rejected at the significance level of 5%. Therefore, regarding test result at 95%, it is concluded that personal innovativeness may influence individual purchase decision. This result is consistent with Murat (2011), Junglas et al (2006), Kaplan and Zarrilli (2000).

**Seventh hypothesis:** Compatibility influences individual purchase decision.

As the measured significance probability is smaller than test significance level, research null hypothesis is strongly rejected at 5%. Thus, according to test result, it is deduced that compatibility may influence individual purchase decision at 95%. This result is consistent with the results of Muwan et al (2003) and Awa (2010).

**Eights hypothesis:** Detachedness influences individual purchase decision.

As measured significance probability is larger than test significance level; hence, null hypothesis is maintained at 5%. As a result, according to test result, it is concluded that detachedness may not influence individual purchase decision at the confidence level of 95%.

**Ninth hypothesis:** Hegemonism influences individual purchase decision.

As measured significance probability is smaller than test significance level, null hypothesis is strongly rejected at 5%. Thus, regarding to test result at the confidence level of 95%, it is concluded that hegemonism may influence individual purchase decision. Results of Murat (2011) and Junglas et al (2006) also indicated the significant relationship between hegemonism and individual purchase decision.

In the next section, research model is evaluated through confirmatory factor analysis. Research components and dimensions were investigated using first-order and second-order measurement models.

First-order measurement model includes first-order latent and indicator variables. First-order measurement model embraces 9 components of ethnocentrism, compulsiveness, dogmatism, social character, uniqueness, personal innovativeness, compatibility, detachedness, and hegemonism as latent variables; and indices of the components (questionnaire items) are observed variables. Model implementation revealed that the third item of social character component is insignificant; thus, it was removed. In addition, some recommendations were proposed by software to improve the model such as error covariance release of  $e_9$  and  $e_{10}$ . The model obtained P-value  $<0.05$  for all regression coefficients; hence, all coefficients are significant at 95%. Moreover, all indices are within desired range. Thus, research first-order measurement model goodness of fit is maintained. Then, in next step, second-order measurement model is fitted for data.

Second-order measurement model contains observed variables, first-order latent and second-order latent variables. Second-order latent variables are measured based on first-order measurement model. Second-order measurement model results demonstrate that all indices are placed within the desired range. Therefore, regarding to the collected data, research second-order measurement model fitness is maintained. All indices are significant at 95%.

As the P-value obtained  $0.119 > 0.05$  for compulsiveness component; thus, it is insignificant; whereas, other components are significant regarding P-value  $<0.05$ . In a better word, components of ethnocentrism, dogmatism, social character, uniqueness, personal innovativeness, compatibility, detachedness, and hegemonism play significant role in individual purchase decision; while, compulsiveness is insignificant. In this regard, it is seen that compatibility component shows the largest standardized coefficient (0.93); hence, it critically contributes in explaining purchase decision. Social character (91%) is ranked second. However, hegemonism (0.22) ranked the last with the smallest coefficient.

**Recommendations**

Regarding to the results of research hypotheses, the following are recommended.

1. Respecting to the hypothesis of “ethnocentrism influences individual purchase decision”, research results showed that the buyers of Prooma and Padide shopping centers believe that ethnocentrism influences individual purchase decision. This indicates the

preference of buyers for domestic products. Thus, it is recommended that the preference is considered in policy making and trade legislation. In addition, importing of foreign products is prevented in addition to taxation and higher custom duty for importing products. And, the products with no domestic competitor are allowed to import.

2. Respecting to the hypothesis of “compulsiveness influences purchase decision”, compulsiveness influences individual purchase decision. According to research results and regarding that people consider intrinsic and personal intentions in purchase rather than the comments of friends; therefore, it is recommended that brands and producers must adopt marketing strategies focused on direct relationship between the buyer-seller.

3. Respecting to “dogmatism influences purchase decision”, research results indicate that dogmatism influences individual purchase decision at Padide and Proma shopping centers. Thus, it is recommended that the brands and producers provide various goods disregarding fashion so that various demands of different personality traits are responded.

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