

CONVENIENCE GOODS PURCHASING:

NEEDED RESEARCH

Businessmen and social scientists met in November, 1957 at Ann Arbor, Michigan to discuss the factors underlying the purchase of convenience goods and to define problems needing additional research. This is the report of that meeting.

The Foundation for Research on Human Behavior

Convenience Goods Purchasing

Introduction

On November 21 and 22, 1957, businessmen and researchers met together to explore why people buy convenience goods.* They discussed what is now known about decisions to buy convenience goods, and they suggested the areas where more research needs to be done.

This meeting was sponsored by the Foundation for Research on Human Behavior, as part of its program to stimulate research useful to businessmen, to arrange financing for such research, to report results to business and to encourage application of useful findings.

The group examined many areas where research needs to be done. They selected six which they felt should receive priority attention:

1. Brand Loyalty
2. New Products (what determines their acceptance)
3. Groups (how they affect purchasing decisions)
4. Advertising (how it can be evaluated)
5. Product Dimensions
6. Theoretical Model of Convenience Purchasing

This report indicates some of the research problems included under each of these major headings.

The report is being circulated to research organizations as well as to businessmen, in the hope that it will stimulate interest and action along research lines which will shed light on these questions.

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* Participants are listed on pages 18 and 19.

Convenience Goods

A large part of the consumer's dollar - some forty percent - goes to buy "convenience goods". These are goods with the following characteristics:

they don't cost much

they are purchased frequently

they are available in many stores

the purchase is often made soon after it enters the mind

the purchase doesn't often require family consultation

Groceries, drug items, soap, tobacco, gasoline, paper products and light bulbs are examples of the kinds of products usually classified as "convenience goods".

Purchase Decisions:

Each purchase decision depends upon many factors. These factors need to be identified, measured and studied in combinations, if progress is to be made in predicting and influencing such decisions.

The following chart may be used as a roadmap of major factors influencing purchasing decisions. The factors listed are by no means inclusive, but they suggest the multiplicity of variables which are involved in even the simplest purchase decision.

FACTORS IN A PURCHASE DECISION

(Note - Many of these factors refer not to a single product in a single store, but to a whole range of competing goods in a range of competing outlets.)

Before Entering the Store Plus

In the Store → Action

Past Experience --- Underlies --- Present State



Personal and family history

Intelligence and personality variables
Position in family
Education
Cultural background

Economic and social history

Employment history
Income history, especially recent changes in income
Residential mobility

Experience with products

Past use of various products
Past associations with users of products
Hearsay about products
Product promotion

Experience with producers

Past use of any products of different producers
Past associations with customers of various producers
Hearsay about producers
Institutional promotion

Shopping experience and established procedures

Family consultation
Budgeting
Shopping lists
Available time
Once-a-week shopping
Past patronage at different stores
Use of "expert" advice

Personal and family needs and goals

Basic drives
Age and sex
Family composition
Stage in life cycle
Aspirations-upward mobility
Venturesomeness
Influence of individuals
Group identifications

Economic and social status

Present occupation
Present and expected income
Present residence

Images of products

Information about attributes
Beliefs about attributes
Information and beliefs about users of products
Attitudes toward products

Images of producers

Information about producers
Beliefs about producers
Information and beliefs about customers of various producers
Attitudes toward producers

Purchasing habits

Susceptibility to change
Tendency to impulse buying
Search patterns (start with what stores, go to how many stores, etc.)
'Importance' of purchase
Reliance on "expert" advice

Location of retail outlet

Location of product in store

Promotional materials at point of purchase

Sales people and sales efforts

Product attributes

Packaging attributes

Price

Purchase

Research Needs:

The variety of factors in the chart suggests a great number of areas where research could be done. The scientists and businessmen who attended this meeting reviewed these areas and agreed on certain priorities among them, using the following three yardsticks:

- a. Research which would be appropriate to the goals of this Foundation; it should be basic research, using empirical methods to establish basic principles or generalizations.
- b. Research which would not be possible for a single business to undertake; it would lend itself to joint business support.
- c. Research which would provide material which would be of prospective value to businessmen.

On the basis of these yardsticks, the "in-the-store" factors (column 3) were eliminated as priority questions. These factors seem most appropriate for direct research by market research departments of business itself, or by advertising agencies or commercial research firms. The variables in columns 1 and 2 involve basic questions of human behavior. It is in these areas that the Foundation will concentrate its attention.

The following sections outline the six priority research areas selected. Each area contains many specific questions to which research might be directed. Very few suggestions are made about the methods which might be used to explore these questions. This is something researchers will wish to develop themselves.

Researchers interested in research in these fields are being sent this report and are being informed of the Foundation's interest in supporting such research.

I. New Products: What determines their acceptance or non-acceptance?

(The Problem of Innovation)

A. How new is "new"? The extent of "newness" needs to be defined in generalizing about innovation. A "new product" may, for example, be

1. entirely new, not simply an improved product, and thus result in additional spending rather than substitution; or
2. an improved product, with sufficient change and variation to be considered new (or much better) by consumers; or
3. a new product for a company, even if not for the consumer.

B. Why produce the "new" product? The purposes of the company producing the new product may include:

1. additional sales to new customers;
2. retaining or increasing the company's share of an existing market (essentially the same group of customers);
3. diversification of market, to reduce dependence on one or a few groups of customers;
4. strengthening sales of existing products by offering more complete product line;
5. taking advantage of existing productive or marketing facilities.

C. What can be learned from unsuccessful attempts to introduce new products?

1. Case studies of products not developed beyond the designing stage - why were they stopped?

2. Case studies of products which turned out to be quasi-failures, total failures, or "sleepers" - what characteristics of these products were shown by market testing and what was not revealed?
 3. Is there such a thing as "ripeness" of the consumer environment for a new product? If so, what are its characteristics and how can it be measured?
 4. Is "market saturation" significant for convenience goods?
- D. What kinds of people accept new products?
1. Are these the same people for a wide variety of products, or only for particular products? In other words, is willingness to innovate a general characteristic of some people?
 2. How is early use of new products related to:
Income, age, stage in life cycle, education, etc.?
Personality variables - venturesomeness, wanting to be first, feelings of personal security, etc.?
Attitudes toward labor-saving shortcuts, variety vs. conservatism, etc.?
Acquisition and supply of other new products by the individual.
- E. What is the adoption process for a new product?
1. How is first use by innovators and by early adopters related to adoption by others - the "influentials", the majority, the late adopters? What characterizes these other groups?
 2. What sources of information and influence do each of these groups rely on most heavily? How is type of product related to the extent of reliance and the source relied upon?

3. How do the normal stages of the adoption process -- awareness, information, evaluation, trial, adoption -- apply to convenience goods?
 4. Are the same stages and sequence of adopting groups involved when up-grading and product variation are used to create psychological obsolescence and maintain demand?
- F. How can consumer acceptance of new products be gauged in advance?
1. How can pre-testing of new products be more accurately related to prospective sale volume?
 2. Can market testing be eliminated by preference tests? How is preference related to actual purchase?
 3. What other techniques can be developed to determine, in advance of actual use, the acceptability of particular new products? Can the crucial factors in a real-life situation be replicated in a laboratory situation; in panels of consumers; in methods of competitive choice with varying stimuli?

II Brand Loyalty:

A. Store loyalty.

1. To what extent and for what types of products is retail store loyalty a substitute for brand loyalty, giving the purchaser confidence in any product sold by that store?
2. How is loyalty at particular retail stores related to the headquarters company? To what extent is it transferred from store to store?
3. How are brand loyalty, store loyalty and company loyalty related to each other?

B. Brand loyalty and product.

1. To what extent are consumers aware of existence of brands of particular product classes? For what products is there little awareness, and what factors affect this?
2. For what kinds of products (e.g., gasoline) does brand seem to make very little difference? What general principles indicate where brand is important?
3. Does the need (and opportunity) for establishing brand loyalty increase as differences between products diminish in their physical attributes, price and availability?
4. Are limits on variety important in brand loyalty? How is brand loyalty affected by variations in product attributes, packaging, price?

C. Brand loyalty and advertising.

1. Other things being equal, does brand loyalty increase with advertising and promotion? How can this be tested?
2. What kinds of advertising do most to build brand loyalty?

3. How can advertising be classified in terms of its objectives and methods for achieving brand loyalty?
4. Does advertising which is rewarding (tension-reducing) to consumers do more than advertising which is non-rewarding (threatening or tension building)?
5. For what types of product is advertising more effective in building brand loyalty for the product itself, and for what types of product is brand loyalty primarily associated with company?
6. Are certain kinds of advertising and promotion more "consistent" with brand loyalty image? Do some appeals reinforce and others conflict with the image of what is appropriate? How can this be tested?

D. Strength of brand loyalty

1. How can the strength of brand loyalty be measured, and what factors are involved (i.e., ego-identification)? How can these factors be reinforced or undermined? Can such information be uncovered in laboratory experiments? How do changes in product, in product image and in advertising affect strength of brand loyalty?
2. Can "brand-loyalty-prone" people be identified, and do they constitute significant groups of purchasers? Are they the same or different people for different products, for different media?

III Groups: How do they influence purchasing decisions?

- A. What kinds of groups are significantly related to purchase of particular classes of products? Why do these relationships obtain?
- B. How do group standards affect purchasing?
 - 1. How are group standards formed? What standards of what groups appear to be related to purchases of what products? How important are they as influences on the behavior of group members?
 - 2. Who are the opinion leaders?
 - a. How do they get their information?
 - b. How do they form their opinions? Are they more or less susceptible to advertising?
 - c. Do they have distinct personality characteristics?
 - d. Do some appeals work better with them than others do?
 - e. Are the same people the opinion leaders for different classes of purchases?
 - f. What is the extent of their influence on other members, for particular classes of purchases?
 - 3. Who are the followers?
 - a. Do they have distinct personality or socio-economic characteristics?
 - b. Do some appeals work better with them than others do?
 - c. To what extent are they influenced by other group members, by opinion leaders?

4. Are some people leaders of one group and followers in another?
 - a. How do groups over-lap?
 - b. How are they formed?
 - c. Does the kind of group it is determine the kind of influence it has?
- C. How do family groups affect purchasing?
 1. What is the effect of stage in the family cycle on purchasing?
 - a. What happens to purchasing when children leave home?
 2. Do children carry over the buying habits of parents?
 - a. Girls or boys more likely to?
 - b. Who are the opinion leaders, children or parents?
 - c. What effect do they have on other family members?
- D. How do products vary in the importance group influence plays?
 1. Are some convenience goods more sensitive to group influence than others?
 - a. Which products?
 - b. How can the effect be measured?
 2. How can manufacturers use group influence to introduce or promote products?

IV Evaluating Advertising: How can the effectiveness of advertising and promotion (i.e., all non-personal selling) be tested and evaluated more systematically?

- A. Can categories of products be developed depending on the type of decision which is involved in their purchase - impulse, habitual, or in response to recent advertising?
- B. Communication with potential purchasers via advertising.
 - 1. The cognitive process, learning, information and communication theory - how can what is known in psychological theory be applied to testing and evaluating advertising?
 - 2. How can advertising itself utilize more basic principles to increase its efficiency by taking into account such factors as images of potential purchasers held by marketers, causes of message distortion and filtering, etc.?
- C. Testing the effectiveness of mass media advertising.
 - 1. How can the effectiveness of various mass media - newspapers, magazines, TV, radio - be tested at various stages of the adoption process (awareness, information, evaluation, trial, adoption). What pretesting and post-testing techniques are available and effective?
 - 2. What are the relationships between mass media advertising and inter-personal influence at these stages?
 - 3. What is the effectiveness of repeat advertising of the same advertisement in print or broadcast? How can the effects of varying degrees of advertising frequency be measured?

4. Saturation in advertising - Are there diminishing returns for an individual company, or for all together competing for the attention of readers and listeners? When and how does this occur?
- D. What does advertising contribute to the total economy - more effective communication and increasing total production, sales, and the standard of living as well as better balance of existing income between saving and consumption?

V. Common Dimensions of Convenience Goods:

A. Is it possible to simplify the task of studying the purchase of thousands of convenience goods, by identifying a limited number of product dimensions which are the significant elements in any purchase decision? Dimensions which may turn out to be of general significance for this purpose include:

1. Physical attributes (satisfying taste, appearance etc.)
2. Services associated with the product
3. Personal contact involved in sale
4. Cost-size of purchase
5. Price stability, and range of prices of competing products.
6. Style stability
7. Frequency of purchase
8. Dispersion through market (extent to which used)
9. Saturation (do people have all they want)
10. Price elasticity of demand
11. Visibility of product (during use)

and from the point of view of the consumer, such dimensions as:

12. Level of information about the product
13. Consciousness of price, sensitivity to price and attitude to price change and to fluctuation
14. Newness of product (degree of innovation)
15. Significance given to style
16. Identification of product with particular groups; "product image". (e.g., See Section II of No. 22 in Bibliography)
17. Identification of brand or product with particular kind of manufacturer, store or promotional medium - congruence of images

18. Significance of brand loyalty (e.g., See Cunningham Article, No. 13 in Bibliography)
 19. Importance in satisfying personal needs (including psychological)
 20. Expertness required to judge attributes
 21. Degree of tension involved in purchase - the risk or extent of security feeling (how important is an error)
 22. Guilt feelings associated with purchase (extravagance, loss of creative role, etc.)
 23. Extent of family involvement in deciding on purchase
 24. Presence or absence of purchase habits
- B. Can measurements along each of these dimensions be developed?
- C. Can general and preferably quantitative relationships of the following sort then be developed:
1. The higher the visibility of use of a convenience good, the more stable will be present brand loyalty; or
 2. The newer the convenience good, the greater the reliance on expert advice.
- D. Can the extent to which advertising and other non-personal promotion influence these dimensional measurements or these relationships be measured?

VI Theoretical Model:

- A. Can a theoretical model applicable to purchasing decisions in general be constructed, which embraces the significant variables and dimensions outlined above?
- B. Can predictions of purchasing behavior and of the effectiveness of actions (e.g. advertising of specified kinds and amounts) taken to influence purchasing behavior then be successfully made by using multiple regression equations based on the relationships developed above and utilizing the dimensional measurements of a particular convenience good?

Bibliography

The following references were either made in the meeting or were used as advance bibliography. This does not represent a complete listing of materials available on this subject, nor does it include all the references made in the meeting. Many of the available research findings are scattered in published and in unpublished form. One of the first steps needed is a systematic searching of the literature for pertinent information.

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