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THE PERCEPTION AND USE OF CONSUMER INFORMATION SOURCES

1984-5

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The Perception and Use of Consumer Information Sources*

INTRODUCTION

The Federal Office of Consumers' Education (OCE) released, in 1982, an updated definition of consumer education which states that consumer education develops skills, knowledge, and understandings that will help consumers make better purchase decisions.

Who is today's consumer? The consumer is a part-time amateur buyer facing, in the marketplace, a whole series of full-time professional sellers. [2] This definition describes the consumer's situation in today's dynamic and complex market. Since the early 1970's, a growing awareness of consumer rights and needs has occurred in the marketplace. This awareness involves the resources necessary for the consumer to cope within the environment.

These rights and needs are not to be confused with the demands made by many consumerist groups. Consumerism has been broadly defined as a "social movement seeking to augment the rights and powers of buyers in addition to sellers." [8] In the 1960's, consumerism was revitalized for the third time in this century. This revitalization was a direct result of a complex combination of circumstances, which included the increasingly strained relations between business practices and

* This paper resulted from a comprehensive study, "An Assessment of Consumer Education and Consumer Information within the Commonwealth of Virginia," sponsored by the Governor's Committee on Consumer Education.

consumer interests. [8] Since then, the consumer movement has changed drastically. An enlightened consumer philosophy now holds that consumers and businesses must cooperate in order to benefit both interests.

Purpose

This paper is part of a much broader study commissioned by the [Virginia] Governor's Committee on Consumer Education. The goals of the broader study were to:

- (a) identify the providers of consumer education in Virginia;
- (b) determine what type and quality of information and service are being provided;
- (c) determine how consumers obtain information;
- (d) determine what consumer needs are not being met;
- (e) develop a plan of action for improving consumer education delivery; and
- (f) develop a model for other states to implement.

The specific purpose of this paper is to report on consumers' use and perception of information sources.

CONSUMER INFORMATION PROGRAMS

Current Perspective

Thus far, the main thrust of "consumer care" has developed through consumer education. "Consumer education is defined as the educational and informational investments in the human agents' capabilities for performing those roles associated with directing economic activity, satisfying public and private wants and improving economic performance in the marketplace." [9] More specifically, consumer education's goal is to provide a means for the consumer to make more sound purchase decisions. But, educational programs have been unsuccessful because the information provider lacks an understanding of consumer behavior. [2] Progress cannot be made in consumer education until it is determined

what information is needed and how to effectively communicate this information to the consumers. [2]

The consumer wants to make more efficient and effective purchase decisions. The first step in an effective consumer information program is to convince the consumer of the value of information in the decision-making process. As consumers are provided with increasing amounts of information relevant to a specific purchase decision, they will make more efficient choices among the available alternatives. [22]

Affluence, urbanization, and the technical complexity of products all play a role in the step-up of information search. These factors have formed an unholy trinity that condemns consumers to increasingly ill-informed purchase decisions and to less informationally perfect consumer markets unless the delivery of consumer information is made more effective. [13] "The quality of information", the informational contents provided, will affect the quality of the consumer's decision. [23]

Unfortunately, the existing institutions in modern society have not effectively dealt with the problems of the consumer seeking to improve decision-making ability. [2] The mere existence of market information will not create informed consumers since information has to be communicated to decision-making consumers. [24]

The assumption of the naive planner may be that if information is available, the consumer will readily identify it, understand it, and use it effectively when making purchase decisions.

Revised Perspective

The goal of an effective consumer information program is to convince more consumers of the value of this assistance in the marketplace.

There are definite patterns to the consumer information search. For instance, different types of information sources are expected to be used for high perceived risk product situations than used for medium or low perceived risk situations. Consumers who perceive high risk in a product category that interests them seek information to reduce their risk. [26] Also, shoppers possessing various shopping orientations tend: to use different sources to find out about new products; to possess different preferences for sources and kinds of information; and to use differing amounts and types of media. [14] The perceived need for information and the ability to seek and to use it also influence the number of sources consulted. [16] These behavior patterns must be considered by the provider when designing a consumer education program.

These studies indicate that if more information sources are consulted, and the consumers are well-informed and aware of specialized information sources, then the sources will be used more extensively. Knowledge of information seeking is fundamental to understanding buyer behavior and planning marketing communications. [17] The guidelines for policy planners or regulators of consumer information must include specific informational strategies that have been used by the most efficient consumers.

Another major challenge for policymakers is devising effective methods to meet the rising levels of consumer expectations while sustaining healthy competition, innovation, and economic growth in a complex marketplace. [3] One possible goal of a consumer information program would be to educate business to this position. The marketplace will, in the future, reward those businesses who provide relevant and accurate information to the consumer. [20]

Goal of the Provider

The consumer information provider's goal is to create an efficient consumer; that is, the degree to which a consumer obtains the greatest possible utility or satisfaction from a consumption decision, given a fixed set of resources allocated to the decision. [23] As increases in the quality and quantity of information can lead to better purchasing decisions, more attention should be focused on the types of specific information seeking strategies which lead to effective decision-making.

This, of course, would reduce the number of consumer problems at all levels, since the educated consumer has the ability to identify information sources and use the information to insure maximum satisfaction from a purchase. In this way, both businesses and consumers will be a part of a more satisfied marketplace. [22]

Consumer Information Search Model

A useful model to aid the provider in understanding consumer information search is presented in Figure 1. This model demonstrates the steps in the consumer's development of an information base for effective purchase decision-making.

Information Search: The consumer may not search at all and may proceed directly to a purchase. This can happen if the consumer feels he/she has sufficient stored information or the decision is considered low-risk/low-involvement. Otherwise information is sought.

Availability: The consumer may not find information to be available. This is particularly a problem with passive systems of consumer education wherein the consumer must seek out the information from one or more sources. This system, paradoxically enough, works most against those who might have the greatest need but the least investigative skills. It can also result from the information not being in the right place, the right form, or available at the right time.

FIGURE 1
CONSUMER INFORMATION SEARCH MODEL

Problem Definition
[Need of good or service]

| | |
|--------------------|----|
| Information Search | No |
| Yes | |

| | |
|--------------|----|
| Availability | No |
| Yes | |

| | |
|-------------------------------------|----|
| Can Identify Information Sources | No |
| Yes | |

| | |
|------------------------------------|----|
| Understand Information Gathered | No |
| Yes | |

| | |
|--|----|
| Use Information When Making Purchase Decision | No |
|--|----|

| | |
|-----|----|
| Yes | No |
|-----|----|

| | |
|-----------------------|-----|
| Stored Information | Yes |
|-----------------------|-----|

Purchase
Decision

Consumer
Satisfaction

No

Consumer
Complaint Resolution

If these conditions do not hold, the consumer identifies the sources consistent with need.

Source Identity: There are four basic divisions of consumer information. Graphically,

| | Bias | Non-Bias |
|--------------|--------------|--|
| Personal | Sales Person | Family, friends observation |
| Non-Personal | Advertising | Gov't agencies, consumer groups, BBB, Chambers of Commerce, testing services |

The biased information sources, both personal and non-personal, are those likely to be identified because they are readily available and actively offered. The non-biased personal sources are erratically available due to the need for these sources to have had prior experience with the product or service. The non-biased, non-personal sources are least likely to be consulted due to the generally passive nature of their availability. In any case, the consumer will use what sources can be identified.

Understanding: The consumer may or may not understand the information gathered. A lack of understanding can be the result of the technical nature of the information itself or a lack of appreciation of the relevance of the information. In this situation, the consumer decides to buy or not to buy without being able to fully use the information gathered.

Even if the gathered information is understood, the consumer still has to act on it.

Use Information: At this point, the consumer may use the information to some degree when making the purchase decision. It is still possible that the consumer may ignore or reject the information and make the purchase decision based on personal buying motives.

Purchase Decision: The consumer, after search and use of information gathering processes, may decide to buy or not to buy. If the purchase is not made, then the information is stored for future use. If the purchase is made, the consumer evaluates the product or service.

Consumer Satisfaction: If the consumer is satisfied with his/her purchase, this information becomes part of the consumer's own stored information. This is henceforth an internal source. If the consumer is not satisfied, some form of complaint resolution may ensue.

Complaint Resolution: If some complaint resolution takes place, the consumer is once again confronted with a process of information search.

It should be noted that this Consumer Information Search Model describes a process that could be either continuous or iterative. It could be conscious or unconscious, relatively instantaneous or time-consuming. Whatever form it takes, it is a process and not a series of discrete steps.

As we stated earlier, our purpose in this part of the research is to report on consumers' use and perception of information sources. Our focus, as pertains to the Consumer Information Search Model, is on the use of information when making a purchase decision. We looked at what sources consumers have used for a variety of products, what sources they might use, and how helpful they feel non-biased sources in particular would be.

RESEARCH METHOD

For this specific part of the overall consumer information study, data were obtained from a stratified random sample of Virginia consumers from throughout the state. Data were gathered concerning sources and uses of, and satisfaction with, various types of available consumer information. In addition, standard demographic/socio-economic data were gathered for classification and comparison.

The data were submitted to several Chi-square analyses to investigate potential differences in use and perception of the information sources

Table 1

Information Sources for Actual Purchases

| Product/Service | No. | Past Exper. | Salesperson | Family/ Friends | Advertising | BBB Cons. Affairs Office, etc. |
|-------------------------------|-----|----------------|-------------|--------------------|-------------|-----------------------------------|
| Small Appliance | 86 | 50.0%* | 12.8% | 24.4% | 38.4% | 4.7% |
| Home Repair Serv. | 36 | 61.1 | 5.6 | 33.3 | 13.9 | 8.3 |
| Lawn & Garden Equipment | 41 | 56.1 | 19.5 | 22.0 | 31.7 | 4.9 |
| Insurance Policy | 54 | 53.7 | 37.0 | 25.9 | 9.3 | 3.7 |
| Eyeglasses/ Contact Lenses | 60 | 50.0 | 5.0 | 36.7 | 20.0 | 1.7 |

* Each row may add up to greater than 100% because of multiple responses.

by different demographic groups. These differences, where they exist, will be reported in the results section.

RESULTS

Actual Behavior

As seen in Table 1, the prime source of information used for products actually purchased was previous experience. This is consistent with the model wherein all information and experience is stored for future use. The strength of this internal source is seen in that the lowest mention was still fully one-half of the sample that had purchased the product. In the majority of the products tested, the second most used source of information is the combined force of biased information, whether personal or impersonal. This is again consistent with our information search model in that the active providers are more likely to be used.

In the case of standardized, highly-branded products, such as small appliances and lawn and garden equipment, the impersonal source of advertising is dominant in the communications blend of the marketer. Therefore, this is the source which is most likely to be accessed by the consumer. We see a reversal of this concept in the case of an intangible, highly technical, complex product like insurance.

The non-biased, personal source of family/friends, while still second to prior experience, is most used for products which involve some physiological risk, like contact lenses, or which are very central to the person, such as home repair services. In these cases, it seems that where the consumer doesn't have enough prior experience to trust his own judgment, he will turn to personal sources that he feels he can trust.

The whole category of non-biased, impersonal information sources, which are traditionally passive providers, has relatively and absolutely very little use. The single exception to this lack of use, while still very limited, is in home repair services (a product area characterized by the "aluminum siding salesman"). Even there, the biased impersonal source is more used than the non-biased impersonal source.

These results are consistent over all demographic groups. Chi-square analysis showed no significant differences in use based on sex, income, education, household size, or age of respondent.

Hypothetical Behavior

In Table 2, we present the results of our analysis of potential information sources for hypothetical purchase decisions. No attempt was made to screen for prior experience for any of these product categories.

With the exception of the insulation category, to be discussed later, we find an interesting pattern in the use of prior experience. For the first two product categories investigated, weight loss clinics and child care centers, there was relatively little previous experience among the respondents. The respondents were, therefore, forced to hypothesize where they would seek information about such relatively important, personal services. The non-biased sources, personal or impersonal, were considered by the respondents to be the most likely to be used. Of these, personal would be the most important, but the impersonal sources show a marked increase in expected use over what has been shown to be actual practice.

We see with this kind of personal service decision that the biased information sources have less likelihood of use. These results are congruous with the previous results of actual information search

Table 2

Information Sources for Hypothetical Purchases

| Product/Service | No. | Past Exper. | Salesperson | Family/ Friends | Advertising | BBB Cons. Aff. Offices, etc. |
|-----------------------|-----|----------------|-------------|--------------------|-------------|---------------------------------|
| Weight Loss Clinic | 181 | 11.0%* | 3.3% | 48.6% | 22.7% | 22.1% |
| Child Care Center | 181 | 16.0 | 1.7 | 64.6 | 9.9 | 16.6 |
| Paint | 181 | 59.7 | 32.0 | 15.5 | 33.7 | 6.6 |
| Furniture | 181 | 54.7 | 23.2 | 22.1 | 44.2 | 3.3 |
| Insulation | 181 | 29.8 | 22.7 | 28.2 | 37.0 | 19.3 |

* Each row may add up to greater than 100% because of multiple responses.

relative to personal products, that is, eyeglasses/contact lenses. In that case, as well as with these services, the impersonal biased sources were more likely to be used than personal biased sources. This would seem to be a result of the pervasive nature of advertising.

For the paint and furniture categories, we find a very high level of previous experience among the respondents. In these two cases, the respondents hypothesize that they would behave totally congruously with their actual behavior as seen in Table 1. That is, they are more confident with using their own previously stored experience and information. They would also make very heavy use of biased information sources. The non-biased, particularly impersonal, sources are not nearly as likely to be consulted.

Insulation as a product category shows a fairly even pattern of expected use among the various sources of information. This is not a commonly purchased product, so previous experience is somewhat limited. This is, however, a well-promoted category, so the biased information sources are considered to be quite viable. The technical nature of the product category - type, application, and effectiveness - may also lead to the need for information from advertisers and salespeople.

The actual behavior of the respondents in making a relatively high use of non-biased sources in purchase decisions of home repair services is seen again in this case. Once more, the respondents feel that the non-biased sources, both personal and impersonal, would be useful. It should be noted that even as highly rated as the impersonal, non-biased sources are, they still rank below all the other sources of information. The passive nature of this category of information sources probably

Table 3

Perceived Usefulness of Non-Biased Information Sources for Hypothetical Purchases

| <u>Product/Service</u> | <u>Number</u> | <u>(1) No Help</u> | <u>(2) Maybe Helpful</u> | <u>(3) Very Helpful</u> |
|------------------------|---------------|--------------------|--------------------------|-------------------------|
| Clothes | 164 | 51.8 | 22.0 | 26.2 |
| Power Tools | 162 | 12.3 | 14.2 | 73.5 |
| Audio Equip. | 163 | 8.6 | 13.5 | 77.9 |
| Funeral Arrangements | 162 | 24.7 | 13.6 | 61.7 |
| Credit | 162 | 20.4 | 15.4 | 64.2 |
| Toys | 162 | 42.0 | 27.2 | 30.9 |
| Carpet Cleaners | 164 | 19.5 | 22.0 | 58.5 |
| Large Appliances | 163 | 9.8 | 7.4 | 82.8 |
| Moving Van Lines | 162 | 11.1 | 13.0 | 75.9 |

contributes to a lack of awareness of its ready availability and, therefore, reduces its potential expected use.

As with the actual behavior studied, the respondents did not vary with their expected use of the various sources. Chi-square analysis indicated no differences among the various demographic classifications.

Perceived Utility of Non-Biased Information Sources

Table 3 contains the results of our investigation of the perceived utility of non-biased information sources. We found the respondents' attention specifically on non-biased information sources for a set of hypothetical purchase decisions. The product decisions that would not seem to benefit much from these sources are toys and clothes. These are both product categories that involve a high degree of previous experience.

The product decisions that would benefit the most - power tools, audio equipment, large appliances, and moving vans - have some factors in common. They all are somewhat technical, have relatively high degrees of perceived risk associated with purchase and use, and are not frequently purchased.

This almost universal declaration of expected utility of these sources is somewhat revealing. It varies dramatically from what we have discovered to be the actual and expected use of non-biased information sources in general. This speaks to the need for increasing levels of awareness of these information sources among consumers by actively communicating their availability.

While we found no demographic differences in actual or expected use of information sources, we did find such differences in the perceived utility of non-biased sources. Those respondents of higher educational and income status are more likely to find these sources to be of benefit.

This parallels previous research results (such as open-code dating or unit pricing of products, among others) that those with the most need seem to make the least use of consumer information.

We also found that these same groups have in the past been more likely to have used these information sources. They have made more use particularly of Better Business Bureaus and Consumer Affairs Offices.

CONCLUSIONS AND IMPLICATIONS

The goal of the consumer information provider has been held to be: the creation of an efficient consumer; an increase in the quality and quantity of information; the focusing of attention on this information; a reduction of problems and an increase in satisfaction for the consumer; and, finally, a more satisfactory marketplace. The biased providers have done a relatively good job of getting their story across to the consumer. The non-biased providers have not.

Non-biased providers of consumer information are advised to study the Consumer Information Search Model. These people, these agencies, these groups must take a more active role in consumer information provision. It is not enough to passively provide information. The consumer must be made aware of it. He must find it accessible; he must be shown how to use it; he must be taught the value of this information to an efficient, effective consumer.

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