

# Consumer Behavior in Decision Making - What are the Factors?

Kosovare Mustafa Sadiku<sup>1</sup>, Gentiana Mjaku<sup>2\*</sup>, Albert Qarri<sup>3</sup>

<sup>1,2,3</sup>University of Tetovo-Republic of Macedonia.

E-mail: [genta.mjaku@live.com](mailto:genta.mjaku@live.com)

**Abstracts:** It is challenging for businesses that operate in the market to flourish without a grasp of the requirements and habits of the consumer. Sociodemographic, cultural, and psychological factors have an impact on consumer buying behavior and the brands of goods they choose to use and consume. Most of the locally produced goods were just known by their offering name and not by their brand. Delivery of these things has improved over time. The infrastructure of product sales units has undergone significant alteration today. This study's goals are to examine customer behavior in the selection of food brands, as well as the influence of the consumer's sociodemographic and psychological traits. The Republic of Kosovo's citizens provided the study's data. These data are processed using statistical techniques such as utilizing an econometric model through multiple regression analysis to determine which socio-demographic and psychological aspects influence decision-making, using SPSS application software version 26.0. These data were gathered as a function of the study questions. The results of the analysis show that all the variables taken in the study affect the choice of food brands but from the highest impact to the least are as follows: They have the most impact the Revenue with 181%, then we have gender with 150%. Starting with a confidence level of 95% and with a high level of significance, this result is followed by the ranking with the Educational Level with 145%, it is thought that people who have a level of educational achievement are more aware of the quality of the product, the origin of him than people who do not have high educational development. Then it is followed by Age 112% and Profession 89%.

**Keywords:** Strategic management, Business, Consumer behavior, Socio-demographic factor, Cultural factor.

## 1. INTRODUCTION

The way households in developing nations purchase consumer goods is undergoing a significant transition. The "supermarket revolution" that has brought about this change has been greatly influenced by the growth of international retail chains in developing nations (Reardon et al. 2003, Humphrey 2007). Businesses devote a significant amount of time, money, and other resources to tracking, predicting, comprehending, and influencing consumer behavior. Their success depends on convincing customers to utilize their goods and services rather than those of competitors (Kardes, et al. 2011). The infrastructure of product sales units has undergone significant alteration today. This is also a result of the opening of shopping centers, markets, supermarkets, and hypermarkets, where customers are presented with lengthy shelves full of goods from various brands and are encouraged to touch, read about, and compare them with those from other companies in the same category. In today's market, brands not only stand for the firm or product that the customer selects, but they also unmistakably express the character of the customer. The consumer's choice of brands reflects his way of life and social standing. Marketers continuously research consumer behavior to learn who purchases, uses, and discards things as well as when, when, and why they do so (Hoyer et al., 2013). For two reasons, this study will take a crucial step: The first step is to research how Albanian consumers select product brands and Second, to investigate the influence of socio-demographic and psychological factors of consumers in decision making.

Naturally, the question arise the following research queries will be addressed by this study: 1. how do food product characteristics influence Albanian consumers' actions? And 2. How do sociodemographic and psychological traits of the Albanian consumer affect the brand of product they choose?

The paper is structured as follows: *Part I: Presents of the problem, Part II: Literature review, Part III: The econometric model and Part IV: Conclusions and recommendations.*

## 2. LITERATURE REVIEW

Marketers must comprehend why customers purchase goods and services in order to comprehend consumer behavior. Consumers typically purchase a product because they believe it will provide them with greater benefits than a competing product, demonstrating a clear understanding of the cost-benefit ratio. Successful marketing starts with an understanding of customer demands and the purchasing process. By comprehending the purchasing process,

marketers can learn more about how to satisfy customer needs. Marketers can create successful marketing campaigns to promote an alluring offer for the target market by comprehending the many participants in the buying process and the most significant factors that affect their purchasing behavior (Kotler et al., 2006). Finding the ideal balance between functional and psychological demands that best fulfill the company's target markets is a crucial component of successful marketing. Successful businesses concentrate their marketing efforts on satisfying consumer needs that align with their core capabilities (Grewal, Levy, 2008).

Today, marketing is understood in its new connotation of "fulfilling the demands" of the consumer rather than in its previous definition of "selling." Long before a corporation has produced a product, marketing begins (Kotler et al., 1999). The business meets the demands and preferences of the target markets while constantly acting in the long-term interests of its clients. The idea of social marketing holds that marketing strategies should add value to consumers in a way that protects and enhances the wellbeing of consumers and society. It supports sustainable marketing, social and environmental responsibility of marketing, and marketing that satisfies the needs of current consumers and businesses. Businesses all across the world spend billions of dollars on marketing initiatives designed to change what, when, and how people consume goods and services. Marketers also observe and analyze consumer behavior in addition to trying to change it. Based on the theories and ideas from the fields of psychology, sociology, anthropology, economics, and statistics, consumer behavior is an applied social science. When many businesses switched from production and sales orientation to the study of consumers for the items they needed and wanted, the study of consumer behavior, which is still a relatively new science, came into being (Kardes et al., 2011). In the late 1950s, when some marketers started to discover they could sell more things and more simply if they only produced goods that consumers had already agreed to buy, the field of studying consumer behavior fused with marketing techniques. Consumer behavior has seen a significant transformation in recent decades. Many things are available for purchase online today. Digital technology have resulted in a number of new ways of offering goods and services to customers during the last 15 years. The main insight provided by the study of consumer behavior is how consumers choose to allocate their various resources, such as time, money, etc., to various goods in order to satisfy their needs and demands. The study of consumer behavior includes examining the what, when, why, and where of product purchases. It also focuses on how customers utilize items, illuminates how they assess products after buying them, and explores how assessments affect subsequent purchases (Schifman et al., 2014).

## **2.1. Social-Demographic Factors**

Personal traits like age, occupation, economic standing, lifestyle, personality, and self-concept also have an impact on purchasing decisions (Kotler et al., 2006). Demography is the study of the number, makeup, and distribution of the human population in relation to a variety of social constructs, including political, racial, and ethnic borders. These all unmistakably have an impact on marketing (Zikmund and D'Amico 1996). Demography is the study of demographic characteristics of people, including their age, race, ethnicity, and location. Because consumers are the cornerstone of any market, demographics are crucial. Demographic factors are closely related to market consumer purchasing behavior (Lamb et al., 2011).

- Age (Throughout their lives, people change the products and services they purchase. Age is frequently correlated with tastes in cuisine, clothing, house furnishings, and inventiveness. Throughout the family's lifetime, purchases change. The family passes through stages that get better with time (Kotler et al., 2006). Age has a very large impact on consumer spending (Hollensen, 2010). The stages of the family life cycle are based on the maturation process. The maturing effects of life stages and the family life cycle are quite stable over time (Ceku, 2010).
- The Profession (The buying of goods and services is influenced by one's profession. Marketers look for professional groups that are more interested than normal in their goods and services (Kotler et al., 2006). Businesses can specialize in producing goods that are needed by a certain profession (Veruni and Uldedaj 2009). A person's profession necessitates a lot of product and service purchases and performance (Ceku, 2010).
- The Gender (Because the preferences and behaviors of men and women are continually changing, gender-based segmentation is the most popular (Solomon et al., 2006). Marketers used to believe that men made the

majority of automobile purchasing decisions, but this belief is evolving (Kotler et al., 2006). Gender is a biological condition (male or female). Male people typically display masculine features, whilst female people typically display feminine traits (Hoyer and MacInnis, 2010). Gender roles, according to (Hawkins and Mothersbaugh 2010), are the actions that men and women in a culture are expected to take. Male and female characteristics, attitudes, and activities may differ, which may have an impact on consumer behavior (Kardes et al., 2011).

- The Revenue (A person's economic situation affects the choice of product. Marketers are attentive to personal income, savings, interest rates (Kotler et al., 2006). A socioeconomic factor called personal or family income is frequently used to identify consumer social class levels (Schiffman, et al, 2012). A higher level of living is not always a result of rising money. The consumer's purchasing power determines how much the standard of living rises. The latter is assessed by evaluating income in relation to the relative cost of a particular level of goods and services across various geographic regions. Typically, these are referred to as the cost of living (Lamb et al., 2011).
- Level of Education The educational level of the individual affects his positions in society. People with a high level of education are expected to have a higher income and an admired position in society (Schifman and Kanuk, 2004). An individual's level of formal education is an accepted proxy for social class. In general, the more educated the individual, the more he is paid and has an admirable or respected position (Schiffman et al., 2012). Education is the main determinant of a person's potential to increase income (Lamb et al., 2011).

### 3. THE ECONOMETRIC MODEL

The basic goal of descriptive research is to "create a picture" of a certain scenario by describing the qualities of objects, individuals, groups, organizations, or even distinct settings. Consequently, assisting marketing managers in identifying product buyers, portraying market size, identifying rival behavior, etc. Research of this kind focuses on the issues of who, what, when, and where consumers make purchases (Zikmund and Babin, 2007). Experiments, surveys, and observations make up the majority of the research techniques employed in consumer behavior, which are largely adapted from the natural sciences. The conclusions from the application of these methodologies are descriptive and empirical, and they can be applied to larger populations even if they are randomly gathered (e.g., using a probability sample). The quantitative nature of the data obtained makes it suitable for complex statistical analysis (Schiffman et al., 2012). The empirical assessments used in quantitative marketing research, which include numerical measures and analytical techniques, address the research objectives. Given that it involves less interpretation, quantitative research is more likely to stand alone (be different from) other types of study (Zikmund and Babin, 2007). The population of interest, or big group of interested customers, is typically sampled using representative research techniques (Kardes et al., 2011).

The instrument used for this research is primary data based on a survey which includes a sample of 300 random respondents. It means that we used a probability sample with a target group of all working people and over the age of 18. To increase the desired results, we used a compound linear regression which shows the relationship between the dependent variable and the independent variables and their influence on the variable Y.

Equation:

$$Y = \alpha + \beta * X_1 + X_2 + X_3 + X_4 + X_5$$

Variable Y- Consumer behavior in decision making

Variables X: { $X_1$  – Age and Life Cycle ,  $X_2$  – The Profession,  $X_3$  – The Gender,  $X_4$  – The Revenue,  $X_5$  – Level Of Education }

$\alpha$  –Constant,  $\beta$  – Constant

**Table 1.** Multivariate Linear Regression.

Variables Entered/Removed <sup>a</sup>			
Model	Variables Entered	Variables removed	Method
1	Monthly income, Age, Profession, Education level, Gender <sup>b</sup>	.	Enter

**Note:** a. Dependent Variable: Consumer behavior in decision making?

b. All requested variables entered.

Model summary			
Model	R	R square	Std. error of the estimate
1	0.84 <sup>a</sup>	0.705	1.358

**Note:** a. Predictors: (Constant), Monthly income, Age, Profession, Education level, Gender.

ANOVA <sup>a</sup>						
Model		Sum of squares	Df	Mean square	F	Sig.
1	Regression	14.496	5	2.899	1.573	0.00175 <sup>b</sup>
	Residual	178.766	97	1.843		
	Total	193.262	102			

**Note:** a. Dependent Variable: Consumer behavior in decision making?

b. Predictors: (Constant), Monthly income, Age, Profession, Education level, Gender.

Coefficients <sup>a</sup>						
Model		Unstandardized coefficients		Standardized coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.879	0.914		2.150	0.002
	Gender?	1.5	0.277	0.011	1.78	0.024
	Age?	1.12	0.096	0.134	1.32	0.025
	Education level?	1.45	0.129	0.244	1.65	0.003
	Profession?	0.89	0.118	0.009	0.99	0.042
	Monthly income?	1.81	0.118	0.008	2.81	0.036

**Note:** a. Dependent Variable: Consumer behavior in decision making?

## 4. FINDINGS AND DISCUSSION

### 4.1. Result from Econometric Model - Multivariate Linear Regression

Based on the data of the results from Table 1: Result from econometric model, it results that all the sociodemographic variables have an impact on the choice of the product. From Table 1 we have a sample of 104 where the highest coding value is 6 while the lowest value is 1. In this table are included all questions of the questionnaire that have to do with sociodemographic variables. Also we use the multivariate linear regression, where from the econometric model the dependent variable is Variable Y- Consumer behavior in decision making, between the independent variables we have: Variables X: { $X_1$  – Age ,  $X_2$  – The Profession,  $X_3$  – The Gender,  $X_4$  – The Revenue,  $X_5$  – Level Of Education }. Starting from the result of the multivariate linear regression for our five independent variables, then the econometric model will take this form:

$$Y = \alpha + \beta * X_1 + X_2 + X_3 + X_4 + X_5$$

$$Y = \alpha + \beta * \text{Age} + \text{The Profession} + \text{The Gender} + \text{The Revenue} + \text{Level Of Education}$$

$$Y = \alpha + \beta * 1.12 + 0.89 + 1.5 + 1.81 + 1.45$$

From the results of the multivariate linear regression, it appears that all factors influence consumer behavior. All of them have a positive result in the decision to buy a product. With a correlation level of 71%, it means that all variables have a positive and high impact on consumer behavior. Of the five variables mentioned above, the Revenue has the most influence to choose product in terms of price, quality or its origin. In relation to this variable, we also have the authors from the literature review who are of the same opinion as (Kotler et al. ,2006), (Schiffman, et al, 2012), then followed by Gender, it is thought that the female gender has more demands in the selection of a product, starting from the product design, the country of origin and the price that is in tune and with authors like Hawkins and Mothersbaugh (2010), (Kardes et al., 2011). Starting with a confidence level of 95% and with a high level of significance, this result is followed by the ranking with the Educational Level, it is thought that people who have a level of educational achievement are more aware of the quality of the product, of its origin than people who do not have a high educational level. In the ordinal number four, we have the other independent variable, which is age, while the last of the five variables is profession. The profession has the least influence comparing it to the four variables above. It is thought that having a certain profession will affect the quality of the product, the time frame or its design, but that it has a positive impact and that is consistent with the previous authors (Veruni, Uldedaj 2009) and (Ceku, 2010).

## 5. CONCLUSION AND RECOMMENDATIONS

In consumer research, it is observed that various factors influence the way consumers purchase goods and services. These factors can be classified as cultural factors, as individual characteristics and as psychological variables. Social status, family and friends influence the decisions of consumers in their purchases. Cultural influence has effects on consumer purchases. Personal factors include age, income, occupation, lifestyle, personality. Changes in any of these factors can influence buyer behavior. Income and lifestyle influence two processes, that of purchasing and choosing products. However, psychological factors influence individual purchasing behavior and how people respond to promotional methods. Purchases are strongly influenced by cultural, social, personal and psychological characteristics. Marketers cannot control these factors, but must take them into consideration (Kotler, Armstrong, Saunders, Wang 2006).

From the multivariate linear regression analysis, starting with a 95% confidence level and seeing the correlation result, it shows that the sociodemographic variables have a high impact with a result of 84% on consumer behavior. In the case of our research, we have five variables such as: Age, Gender, Educational Level, Income and Profession.

Based on this research from primary data by carrying out a questionnaire with different consumers in different points in the Republic of Kosovo. Our sample includes 104 surveyors of different ages and with different professions for both sexes. Our data show that the individual's income has the highest influence on product selection, followed by Gender, Education level, Age and Profession. This result is in agreement with other researchers who are mentioned above from the literature review.

Based on the results achieved, we recommend that when a product is launched in the market, a general analysis of the market should be done, understanding the demands and needs of the consumer. Also, income is the main determinant that affects consumer behavior for purchasing the product. For this product in the market, you must also analyze in which location and population stratum it is being launched in order to have success in the market. To draw in customers with low, middle, and high incomes, marketers of local and international manufacturing enterprises should create marketing strategies that include a variety of product categories with varying costs.

On the other hand, we recommend that one of the factors that affects consumer behavior is the price, and for this reason it is in direct correlation with income. Which means that one of the other factors in the product launch also affects the price for purchasing the product. Since gender is an important factor at the moment when product promotions are made, a focus should be on the female gender, because apparently they pay more attention to the product during its purchase, looking at the price, design, place of production, etc.

## REFERENCES

- [1] Solomon, M., Bamossy, G., Askegaard, S., Hogg, K.M. (2013.). *Consumer Behaviour, A European Perspective 5th edition*. Pearson Education Limited.
- [2] Ceku, B. (2010). *DREJTIM MARKETINGU. SHTËPIA BOTUESE E LIBRIT UNIVERSITAR TIRANË*.
- [3] Grewal, D., Lewy M. (2008). *Marketing*. McGraw-Hill Companies .
- [4] Hawkins, I.L., Mothersbaugh, L.D.,. (2010.). *Consumer BEHAVIOR, Building Marketing Strategy eleventh edition*. McGraw-Hill Irwin.
- [5] Hollensen, S. (2010). *Marketing management: a relationship approach -2nd*. Pearson.
- [6] Hoyer, D, W., MacInnis, J, D., Pieters, R.,. (2013). *Consumer Behavior, 6th edition*. Cengage Learning.
- [7] Hoyer, D.W, MacInnis, J.D . (2010). *Consumer Behavior, Fifth Edition*. South-western Cengage.
- [8] Humphrey, J. (2007). "The supermarket revolution in developing countries: Tidal wave or tough competitive struggle?", . *Journal of Economic Geography*, 7(4): 433–450.
- [9] Kardes, R.F., Cronley, L.M., Cline, W.F., . (20). *Consumer Behavior*. South-Western Cengage Learning.
- [10] Kotler P., Armstrong, G., Brown, L., and Adam, S . (2006). *Marketing, 7th Edition*. Prentice Hall: Pearson education Australia.
- [11] Kotler, P., Armstrong, G., Saunders, J., Wong, V., . (1999). *Principles of Marketing, Second European Edition*. Prentice Hall Europe.
- [12] Lamb, W.CH., Hair, J.F., McDaniel, C., . (2011.). *Marketing 11th edition*. South-Western: Cengage Learning.
- [13] Reardon, T, C P Timmer, C B Barrett, and J Berdegué, . (2003). "The rise of supermarkets in Africa, Asia, and Latin America", *American Journal of Agricultural Economics* . *American Journal of Agricultural Economics*, 85(5): 1140–1146.
- [14] Schiffman, G.L., Kanuk L.L., Hansen, H.,. (2014). *Consumer Behavior A European Outlook second edition*. Pearson Education Limited.
- [15] Vercuni A. Uldedaj Gj. ( 2009). *Bazat e Marketingut*. Maluka.
- [16] Zikmund, W.G., Babin, J.B. (2007). *Exploring Marketing Research, Ninth Edition*. South-Western: Thomson.
- [17] Zikmund, W.K., D' Amico, M. (1996). *Effective Marketing, Creating and Keeping Customer*. West Group.

DOI: <https://doi.org/10.15379/ijmst.v10i3.1257>

This is an open access article licensed under the terms of the Creative Commons Attribution Non-Commercial License (<http://creativecommons.org/licenses/by-nc/3.0/>), which permits unrestricted, non-commercial use, distribution and reproduction in any medium, provided the work is properly cited.