Understanding home improvement consumers’ purchasing strategies: an examination of consumers’ consideration sets

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Understanding Home Improvement Consumers’ Purchasing Strategies: an examination of consumers’ consideration sets

A research thesis submitted to the SCU Business School,
In partial fulfilment of the requirements for the degree of
Doctor of Business Administration

Southern Cross University, NSW, Australia

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Submitted: February 2013
Statement of Original Authorship

I certify that the work presented in this thesis is, to the best of my knowledge and belief, original, except as acknowledged in the text, and that the material has not been submitted, either in whole or in part, for a degree at this or any other university. I acknowledge that I have read and understood the University’s rules, requirements, procedures and policy relating to my higher degree research award and to my thesis. I certify that I have complied with the rules, requirements, procedures and policy of the University (as they may be from time to time).

Signed ………………………………………………………

Herbert. G. J. M. Hermens

February 2013
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Abstract

Do-it-yourself (DIY) home improvement in Australia is a common endeavour. DIY home-improvers often need to make products and/or service purchases for tasks in which they have little or no prior experience. In making these purchases they need to deal with the perceived risk, to their home implicit in such decisions. DIY consumers have been found to respond to this perceived risk, which is their subjective belief about the characteristics and severity of a risk to their home, by applying consideration sets. A consideration set is a cognitive reduction strategy that reduces the size of these available options in making retail, product or service decisions by reducing them to a more manageable number. Little research has been devoted to understanding the order in which the consideration of products and/or services and the retailers occurs in this reduction process.

The basic sequences consumers can apply in constructing a consideration set are: retail store first, product brand second or product brand first, retail store second. The first sequence implies a retailer preference and the second suggests a product preference.

The purpose of this paper is to investigate the order of the consumer’s consideration set formation. A qualitative research design, ex-post facto, was employed, exploiting a grounded methodology in three focus group interviews and the Delphi method in two expert panels used to review the data obtained from the focus groups to provide more robustness to the conclusions.

The study focused on the participants’ main concerns in their decision-making, and how they tried to resolve them. This study suggests that decision risk was reduced by the home-improvement consumers forming consideration sets populated in part or in whole by retailer brands as an experiential short-cut. The data demonstrates that trust, perceived risk, involvement and brand are the antecedents’ to this formation. Brands are seen by the home improvement consumer as a bundle of attributes with the ability to deliver problem solving benefits. Brand loyalty is the proxy in the decision process. The use of this proxy as a heuristic reduced the perceived risk of the home improvement consumers. This enables the customer, at least in part, to sidestep the final decision about which product or service to purchase by choosing from amongst the options presented by the retailer.
Retailer preference arises from a desire to reduce the risk inherent in the purchase decision driven by the potential negative impact on the home-improver’s primary asset, their home, not by risk in a general sense or the probability of a negative outcome. The existence of retailer preference means that retailers can exercise greater control over the consumer exchange relationship by selecting the products and or services to offer their customers, with manufacturers needing to ensure their branding activities are targeted at their preferred customers, whilst also maintaining and enhancing alignment with retailers.
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Chapter One – Thesis Overview

1.1 Introduction

The 21st century has seen growing consumerism in the First World. As a result, retailing has developed, and as consumerism has grown the ‘big box’ retailers have emerged. Concurrently the growth of the home improvement market has created a new type of consumer. This consumer is often not a qualified builder but a do-it-yourself (DIY) home-improver. This consumer must be considered in light of what is understood about consumer decision-making.

Australian consumers connect with thousands of retailers who hold more than one million stock keeping units (SKUs). In 2010 Australian shoppers browsed in more than 200,000 retail outlets operated by 77,000 retailers and spent over $724.43 billion on household consumption, excluding their expenditure on their dwellings (Australian Bureau of Statistics, 2010b, 2010a). During this process consumers can examine 20,000 SKUs in supermarkets and 40,000 SKUs in department stores (Department of Sustainability and Environment, 2006). However they may swiftly screen out over 99% of these SKUs as not appropriate for satisfying their needs and wants, leaving as few as 150 options from which to make their final selections (Trout & Rivkin, 2000). Consumers already have abundant choice, and the growth of private labels offered by retailers and retail options, such as big box stores and the internet, is adding to the difficulty of consumer decision-making (Lye, Shao, Rundle-Thiele, & Fausnaugh, 2005) by increasing the number of these choices.

Choosing between myriad purchasing options and other demands on consumers’ time and energy can result in decision-making that is not fully informed (Goodman, 2007). As a consequence, consumers engage in a constrained information process (Simon et al., 1986; Ranyard, Crozier, & Svenson, 1997; Gigerenzer & Todd, 1999) that seeks to minimise risk (Sheth & Venkatesan, 1968; Dash, Schiffman, & Berenson, 1976; Kardes, Gurumurthy, Chandrashekar, & Dornoff, 1993; Kardes, Sanbonmatsu, Cronley, & Houghton, 2002) rather than that maximise utility (Mitchell, 1998; Crozier & Ranyard, 2001; Lye, et al., 2005; White, 2006). Consumer behaviour is strongly influenced by perceived risk, which relates to uncertainty about the consequences of a decision (Bauer, 1976; Aaker, 1990; Ranyard, et al., 1997; Punj & Brookes, 2001; Aggarwal & Mazambar, 2008) particularly where experience is lacking (Cox & Rich, 1967). Perceived risk as
an originator of trust (Choffee & McLeod, 1973) suggest trust is a key relationship variable that reduces uncertainty (Gulati & Garguilo, 1999). Trust building is a strategy used to mitigate perceived risk (Mitchell, 1998). As trust builds, the perception of risk decreases. Trust is also a key element of brand loyalty (Bainbridge, 1997; Lau & Lee, 1999; Smith, 2001; Matzler, Grabner-Kräuter, & Bidmon, 2008).

Empirical research suggests that consumers have a high level of confidence that businesses will not mislead or cheat them (Sweeney Research, 2011). This level of confidence may explain the expediential growth of private and/or exclusive product brands and big box retailers in many consumer market segments, such as those found in the hardware, food, furniture and electronics trades.

A consumer response to burden and complexity of choice is using a consideration set when making their decisions. A consideration set is a cognitive reduction strategy that simplifies retail, product or service decisions by reducing the number of choices. This experiential short-cut is a process which reduces the available options to a limited number of alternatives. The order in which items are arranged in the consumer’s consideration set is the focus of this thesis. This study addresses the question: ‘in which order do consumers choose; first the retailer and then the product, or first the product and then the retailer, or both simultaneously?’

Consideration sets are not restricted to product or service brands; consumers use this strategy to reduce the number of available retailers. Lack of consumer experience is particularly evident in the DIY market (Williams, 2004; Campbell, 2005) a market in which home owners strive to enhance the value of the home through personal effort (Wolf & McQuitty, 2011). In Australia this market is projected to grow at an average of 5% per year to 2017 (IBIS World, 2012). These consumers are of particular interest to marketers and retailers alike.

Whilst the aim of this thesis is to understand consumers’ consideration set formations, the choice to focus on the Australian home improvement segment rather than all consumer market segments is a practical one based on the ability to manage the proposed research and the growth of this market segment driven by the big box retailers (Besley, 2002; Trewartha, 2006). The application of the knowledge gained in this segment can be expected to lead to an enhanced understanding of the consumers’ consideration set formation in the broader retail market.
In a professional doctorate, such as this, certain parameters are set. The premise investigated here is that there are consideration sets. As with all research there is a founding premise or belief that guides it, as such the notion of consideration sets was not specifically debated. On this basis consumer behaviour was explored to investigate which consideration set is formed first. If consumers choose product brands first they are forming a consideration set with a product preference. If they choose a retailer brand first they are said to form a consideration set with have a retailer preference. Then the purpose of this Thesis is to establish the order of brand population of the consideration set.

1.2. The consumer marketplace

In Australia, as in the US and Canada, DIY home improvement activity is increasingly common (Trewartha, 2006 p 24; Wolf & McQuitty, 2011). The retail home improvement industry in the US has grown steadily, with 2012 US sales forecast at $269 billion and expected to reach $346 billion by 2017 (Hiscock, 2011). Australia’s per capita hardware consumption, which feeds the DIY market, is one of the highest in the world (IBIS World, 2012) with high levels of home ownership, large garden sizes, and dry weather conditions underpinning demand (Besley, 2002; Australian Bureau of Statistics, 2007).

DIY home improvers frequently purchase products with which they have little or no experience (Campbell, 2005; Wolf & McQuitty, 2011). In making their purchases they need to deal with the perceived risk implied in such decisions. They can ameliorate this risk by placing their trust in others (Anderson & Narus, 1990). Risk is also seen as precursor of consumer involvement, which is the time, thought, energy and other resources devoted to the purchase process, and as with trust it can be taken into account at the product or brand level (Choffee & McLeod, 1973). The link between risk reductions and involvement has been defined in the literature as brand loyalty, a major risk reducer (Roselius, 1971). Involvement is also seen as a critical forerunner to brand loyalty (Douglas, 2006).

DIY activity is not a new phenomenon. Dating back to the systems in which the individual as the unprofessional was a counter to the professional and later to industrial mass production. The Greeks in the 6th Century sent temple-like structures into southern Italy that came with detailed assembly directions. Workings at Torre Satriano near Potenza unearthed a sloping roof with red
and black decorations, with male and female elements inscribed with detailed directions on how they fitted together (Owen, 2010). DIY was the process used to develop production through most of history. Modern societies transformed this principle of self-reliance with mass-production and the consumer economy. Physical things could be procured. Professionals could be hired. Artists could be employed to decorate or customize (Kuznetsov & Paulos, 2010).

The Ideal Homes Exhibition in existence in the UK since 1908 was a promoter of the notion of DIY between the wars (Atkinson, 2006). Do-It-Yourself as a model appeared in advertising as early as 1912 in US and became popular in the US media in the 1950’s (Gebler, 1997). The term DIY, the shortening of Do-It-Yourself, emerged in the UK in the late 20th century, describing homeowners who took on duties to solve the problem of the flagging condition of the British housing stock (Watson & Shove, 2005). In 2006, 60 per cent of the UK adult population participated in DIY projects (Mintel, 2006). The DIY term has been suggested as referring to accomplishing home maintenance or modification tasks without the paid services of a professional (Watson & Shove, 2005). Mintel (2005) definition is broader, suggesting it was the repairs or additions to the home or garden, including installing a new bathroom or kitchen, central heating, putting up shelves, fixing a fence, building a barbecue, etc. DIYers is a term that covers a vast array of DIY projects, such as car maintenance and repairs, education/home schooling, photography, including home improvers, broadening the DIYer concept as people providing for themselves [goods and] services, which they could otherwise pay a professional to do (Watson & Shove, 2005).

The phenomenon of DIYers is complex concept, involving an array of motivations by the DIYer to undertake a particular project, the tools required and the level of expertise brought by the DIYer to the project. Gebler (1997) emphasised the role of tools, skill and the ambiguity of DIYers as at once leisure and work. Two types of DIYers have emerged. In the first group are those consumers who take part in DIY projects largely for pleasure or to seek self-identity (Williams, 2004), through this creating their profile and individualise themselves (Kimmelman, 2010). These DIYers construct self-identity and self-esteem, pursuing aesthetic rationality and distinction from and for themselves (Watson & Shove, 2005).

The second group of DIYers engages in DIY projects for mainly for economic reasons, or lack of suppliers for a given product or service. DIY is thus a survival methodology adopted by
consumers to take on endeavours rather than paying others (Buehn, Karmann, & Schneider, 2009; Brown & Washton, 2010). Eighty per cent of consumers who engage in DIY projects do so to save money, while less than 25 per cent do it because they enjoy doing this type of work. Economic motives thus play a significant role in the context of DIY undertakings (Buehn, et al., 2009). For the first group DIY is a form of time-out, while for the latter, it is a form of drudgery (Watson & Shove, 2005).

Atkinson (2006) model proposed four DIYers, not necessarily distinct types, Pro-active DIY, Reactive DIY, Essential DIY and Lifestyle DIY. Wolf and McQuity (2011) in their model described three DIY motivations, economic benefit, and product quality and availability. The proposed economic benefit going beyond its economic value, including higher order tenets such as better life, a sense of control in life, fun and excitement and a sense of self-improvement.

The growth of the DIYer in Australia is reflected in the attention given to it by the media. Consider the plethora of prime-time television programmes, creating drama in everything from bidding at an auction to scraping paint off an old wardrobe, amplified by the variety of house and garden magazines and the lifestyle sections of newspapers. The internet has an abundance of house-related information, a testament to the interest by and in DIYers, some as modest as a technology-savvy handyman passing on precautionary tales to other do-it-yourselfers. Increasing life expectancy means that people have more leisure time and opportunity to become involved in DIY activities. Wholesalers are marketing professional products directly to consumers, and retailers are attracting trade business. Consumers can now compare consumer and professional products in stores.

The central tenent in these concepts of DIY is the notion of the relatively inexperienced undertaking the role of those experienced. By extension this suggests a sense of risk-taking. Research has observed that brand (see also 1.6.1 and 2.7) name is one of the most important extrinsic cues, which are product-related attributes not involved with the product’s physical or functional aspects, that consumers use to evaluate products (Richardson, Dick, & Jain, 1994). Consumers tend to employ extrinsic cues when they do not have much knowledge about the product category (Dean, 1999) as is the case with DIYers. A study conducted by Dawar and Parker (1994) found that brand name is the most important cue across cultures when consumers face uncertainty about products, a common occurrence faced by DIYers. Also, Richardson and
Dick (1994) discerned that products having a well-known national brand are evaluated more favourably than private label brands. Brand name can help DIY consumers reduce search cost and cognitive effort when making product evaluations and can reduce their perception of risk about product quality (Low & Fullerton, 1994; D'Alessandro & Owens, 2001; Del Vecchio & Smith, 2005; Keller & Lehmann, 2005). Previous studies show that consumers have a higher purchase probability for a well-respected brand than for a less well respected brand because awareness of the brand name can significantly reduce the perceived risk (Erdem, 1998). “Much brand loyalty is a device for reducing the risks of consumer decisions” (Bauer, 1960, p. 25).

Marketers have become increasingly good at supporting the inexperienced by providing information, products and services to assist the inexperienced. DIY stores are helping consumers to understand the relationship between products and providing DIY training classes. DIY outlets are increasing the expertise and availability of staff, not least to be able to advise on the constituent parts of a project. In providing such information, DIY stores are also making available, to some extent, other essential components of a DIY project, seeking to instil on consumers some of the basic competence and confidence to take it on.

The distinguishing character of DIY makes it a distinctively useful field of social action in which to explore and test theories of practice to account for the role of integrative and transformative work, and the active practical role of objects and materials, in understanding consumer decision-making. In order to decrease perceived risks consumers use several strategies, such as brand loyalty, store image or word-of-mouth, either to confirm their buying decision or reduce the uncertainty they feel about the decision (Schiffman, 2001; Kumar, 2004; Schiffman, Bednall, O'Cass, Palandino, & Kanuk, 2005; Webb, 2005; Blackwell, 2006; Quester & Neal, 2007; Solomon, 2007). The concept of DIY implies risk taking and limited experience; this thesis in seeking to investigate whether the retailer or the product brand is selected first. This is an exploratory project investigating the order of construction of considerations set by home improvers as a set of DIYers; future research possibilities exist to investigate segments within the DIYers.

1.3. The basis aim for this research

Understanding the decision-making processes of consumers plays a vital role in developing appropriate marketing mix strategies to sell products and services for marketers, retailers,
manufacturers, and managers. The research described in this thesis is designed to explore these decision-making processes in the context of consumers of home improvement products. The aim is to understand the order in which home improvement consumers’ consideration sets are organised. One possibility is for the consumer to organise their set according to retailer brands; that is, by the name, term, design, symbol, or any other feature which identifies one retailer as distinct from another. A second possibility is for the consumer to organise their set according to product brands; that is, the name, term, design, symbol, or any other feature that identifies one manufacturer’s or merchant’s goods or services as distinct from another’s. A third possibility is a combination of both of these two.

1.4 The emergence of retailer self-labelling as a problem for consumers

The twentieth century was arguably the epoch of manufacturer brands. Using all of the contrivances at their disposal, manufacturers persuaded consumers to buy their brands (Alreck & Settle, 1999; Kumar & Steenkamp, 2007). Retailers were at the mercy of these manufacturing companies who controlled distribution in order to build and develop connections with the consumer. This situation changed in the 1970s. Retailers expanded, becoming national and international contestants (Kumar & Steenkamp, 2006, 2007) so that names such as Bunnings, Masters, Mitre10, Walmart, Target, and IKEA became brands in their own right. Many retailers now offer their own multi-tier ranges of exclusive or private label brands alongside manufacturers’ brands. These products range from lower price, lower quality products to those of a premium standard that rival national manufacturers’ brands. The private-label and/or the exclusive brands are now considered brand weapons allowing retailers to optimise the balance between consumers’ needs and their own profit motives (Davies, 1998; Grewal, Levy, & Lehmann, 2004; Wang, Anderson, & Hansen, 2007).

Retailers are the final link in the distribution chain, between the manufacturer and the consumer. The word retail is derived from the French word retailer, meaning to divide bulk selling products in small lots to sell to customers. Retailing is more than an exchange; it is a set of actions used to sell a product or a service to consumers, and it includes all activities directly or indirectly related to the sale of goods or services (LeBlanc & Turley, 1994; Davies, 1998; Berman & Evans, 2004). Wholesaling, usually undertaken by the product manufacturers, on the other hand, is a distribution function in which one organisation buys products from supplying firms with the
primary intention of redistributing them to other organisations but typically not to the final consumer (LeBlanc & Turley, 1994; Berman & Evans, 2004).

The US, Canada, and Australia have deep retail density. In the US, large retailers such as Walmart and Home Depot make up 10% of food and general merchandise firms and account for over 40% of all retail sales. While in 1963, large retailers accounted for less than 20% of US retail sales; in 2002, that figure neared 60% (Petrovic & Hamilton, 2011). The increasing dominance of large retail stores is a phenomenon around the globe, and the ten largest retailers in the world had combined sales of well over US$1 trillion in 2007 (Petrovic & Hamilton, 2011).

Home Depot is the largest retailer of home improvement goods in the world, operating 2,248 stores in the US, Mexico, Canada, and China with revenues in 2011–12 of $70.4 billion (The Home Depot Inc, 2012). Home Depot has a range of private labels such as Ridgid, PowerCell, Ecosmart, Vigoro, Husky, Millstead, Glacier Bay, and Traffic Master, and exclusive brands such as Ryobi, Hampton Bay, Thomasville, BEHR, Anderson, Milwaukee, and Honda, that account for a substantial proportion of its sales (Kumar & Steenkamp, 2006). Approximately half of the electric fans sold in the US are the Hampton Bay brand, one of Home Depot’s private label brands (Kumar, 1997). Aldi, in Germany, Lidl in France and Sainsbury in the UK are high-growth or significant retailers whose product offerings are dominated by private brands. These private brands constitute 95%, 80% and 60% of their sales respectively (Bergés-Sennou, Bontems, & Requillart, 2005).

This development of private or exclusive brands is mirrored in the growth of big box retailers which are typified by their substantial floor space, extensive selection of products and services, and location in suburban areas. These stores are also known as supercentres, superstores, and mega-centres. In Australia these retailers include Bunnings, with exclusive brands such as Ryobi, Homelite and Ozito; Mitre10 with exclusive brands such Warrior and Rockwell; and the newly launched Masters stores and Big W. In the US and Canada they include Home Depot, Walmart, Sears, Target, and Walgreens (Spector, 2005). Such retailers dominate their retail market segments, overwhelming smaller neighbourhood retailers whose trade is typically based on local and national brands. The big box retail business model is all about self-labelling, building a brand around themselves, rather than the local and national product and service brands of the corner stores (Kumar, 1997; Nirmalya, 1997; Kumar, 2004; Kumar & Steenkamp, 2006).
The success of retailers in building their generic, private labels and or exclusive brands as part of their product mix is reflected in the list of the 50 most valuable US retail brands in 2011; these retailers had a combined growth of 5.4% in 2010. The US retailer Publix is a relative newcomer to this group. Publix has reinvented the traditional supermarket by using product introductions that build relationships with customers, such as in-house health clinics and offers of free antibiotics. Dollar Tree another American retailer that invests in customer research to continually refine its offering for its consumers (Frampton, 2011). American arts and crafts giant Michaels is a store that cultivates an atmosphere of inspiration, where people can come and share their creativity in order to build its brand (Frampton, 2011). Tesco continues to defend its position in the UK by a focusing on service and price, an approach which has enabled it to expand into new sectors such as telecommunications and banking. Tesco’s domestic successes with ‘Clubcard’ double points, online offerings, and innovative mobile applications have also created a flexible and responsive position, supported by powerful brand marketing. The Tesco brand continues to grow outside the UK, especially in Asia, with 33% its of group retail space now in Asian markets (Frampton, 2011).

This retailer brand building is also observed in companies such as Boots which is the UK’s leading pharmacy chain. The company is a trusted brand, known for good service and knowledgeable staff. It develops its own private labels, such as the No 7 cosmetics and makeup line as well as country-specific brands, such as their Boots Apotek in Norway. Boots surveys 25,000 people each week to gain a better understanding of its customer needs. In contrast, Sainsbury’s emphasis is on price without compromising on quality, underpinned by a strong private label brand that responds to consumers’ needs. OBI, the leading German home improvements business, builds its brand by being an innovator in ranging, store formats, and shopping experience. With more than 330 stores in Germany, 98% brand awareness and over 200 outlets in 13 Central and Eastern European countries, OBI is expanding into Russia, Poland, Italy, the Czech Republic, Hungary, and the Balkans (Frampton, 2011). Carrefour, a French big box retailer, began its private label program in 1976 and by 1993 it offered almost 4,300 lines of its own branded products (Holtreman, 2000). In a number of countries there are only Carrefour products in some categories. The quality of these products is seen by their customers as equivalent to national brand products with prices between 15 to 35 per cent lower than that of their national counterpart brands.
Retailing in the last half of the twentieth century changed dramatically. In the US in 1954, there were just 500 shopping centres. By 1964 this figure had grown to 7,600 and these centres accounted for 30 per cent of US retail sales (Srull & Wyer, 1989, p. 1108). By 2006 the number of shopping centres in the US had reached nearly 50,000 (Hamilton, Senauer, & Petrovic, 2010, p. 1). This expansion has occurred in many markets around the world. Underpinning this development is the dominance of large retailers, many of whom are big box businesses. In 1963, large retailers, those operating a hundred or more stores, accounted for 20 per cent of US retail sales; in 2002, this was almost 60 per cent (US Bureau of the Census cited in Hamilton, et al., 2010, p. 2). The pervasiveness of chain stores and their market share dominance is a global trend.

The ten largest retailers in the world had combined sales of well over US$1 trillion, around 10 per cent of the world’s total, in 2007 (Deloitte, 2011). Key to this development are: firstly, changes in technology, which allowed retailers to better understand, relate to and service their customers; secondly, the sourcing of goods from low-cost manufacturing bases, typically outside the retailers’ host country; thirdly, the changes in consumer behaviour driven by such things as increased consumption and available time; and fourthly, the blurring of boundaries between manufacturers’ brands and retailers’ brands, as manufacturers and retailers developed their marketing prowess with the retailers seemingly winning.

Retailers have created new consumer markets (Hamilton, Senauer, & Petrovic, 2011). For example they now offer to deliver a new way of life for people who may then come to see themselves in a new light (Petrovic & Hamilton, 2011). They build a brand around themselves and reassure their customers of their support, in essence entering into a relationship with their customers. In doing so, they have also been able standardise retail formats, product assortments, shopping experience (Petrovic & Hamilton, 2011) and trust building.

1.4.1 Brand loyalty is changed forever

The Private Label Manufacturers Association suggests that the popularity of retailer brands has a ‘halo’ effect on home/office, household, and DIY products, suggesting that the qualities of one brand are attributed to another (Aaker & Jones, 1971; Aaker, 1990; Tadelis, 1999; Aaker & Joachimsthaler, 2000; Aaker, 2004; Thal, 2006). That is, the consumer accepts that the retailer’s product offerings have the retailer’s imprimatur. Private label, exclusive or generic brands are
characteristically a limited number of brands that comply with a retailer’s own list of requirements. Aldi, for example, offers its customers one coffee brand, one toothpaste label and one nappy brand. The company has acknowledged this gives it an important strategic advantage over its competitors, reducing cost and benefitting its customers through lower prices and reduced stress over product choice (LeBlanc & Turley, 1994; Davies, 1998; D’Alessandro & Owens, 2001; Berman & Evans, 2004; Del Vecchio & Smith, 2005). In Australia and New Zealand, Bunnings is a great example of this point of difference advantage. Its Nippon paint and Ryobi power tool ranges show the power of an exclusive range in building up a retailer brand and encouraging customer loyalty.

The halo effect is driven by brand loyalty; a bias is shown towards certain brands because of a favourable experience with that brand. Customers are favourably predisposed toward this brand, lowering their price sensitivity and the stress of decision making as well as reducing perceived risk (Zentes, Morschett, & Schramm-Klein, 2011).

1.5 Emergence of retailer brands in Australia

Aldi has become one of the world’s biggest grocery chains, with more than 9,500 stores worldwide. It focuses on food, beverages, toilet paper, sanitary articles and other inexpensive household items. As previously discussed, many of its products are private, exclusive or generic brand-labelled. The numbers of product brands are very limited, with no more than two different brands for any one kind of product and often only one. In 2009 Aldi launched a $1 billion expansion in Australia that will see it build at least 25 stores a year over the next three years, with just 750 product lines, compared to 25,000 in a Coles or Woolworths store (Thomson, 2009). The company has managed to establish itself in the Australian market as a strictly no-frills brand.

Bunnings is leading the way in the Australian home improvements market, with revenue of $6.8b in 2011, 23% of the home improvement market. It has 194 warehouses, 59 smaller format stores, 36 trade centres and seven frame and truss operating stores across Australia and New Zealand (Wesfarmers LTD, 2011). Employing more than 31,000 people as at 31 December 2011, Bunnings is financially strong, well liked and well positioned. It offers a broad range of brands, products and services and has a no-nonsense pricing and marketing approach (Wesfarmers LTD,
2011) seemingly adding and deleting brands at will (Greenblat, 2012). In 2008, Bunnings de-
ranged the GMC power tool brand, at a the time when this brand was the largest-selling DIY
power tool product in the market with sales exceeding $100 million through Bunnings stores
(Evans, 2008). This occurred because Bunnings was expanding its product offering into the
kitchen sector, and needed to rationalise its brands. GMC was replaced by Ryobi which offered
Bunnings exclusivity and soon afterwards GMC went into receivership. Bunnings power tool
sales did not appear to falter. This points to consumers using retailer brand, Bunnings, as part of
a heuristic that involves past experiences with, and knowledge of, the retailer brand to make a
purchase decision and thereby reduce the risk associated with purchasing (Low & Fullerton,
1994; Del Vecchio & Smith, 2005; Sloan, 2008).

The ‘Best Retail Brands Report’ which combines a variety of measures including brand strength
and financial performance, valued the Woolworths brand at US$4.2 billion in 2012 (Marketing,
2012). The Woolworth’s brand value is themed beyond a customer’s need for function and
identity demonstrated in part by their slogan “Woolworth the Fresh Food People”. According to
the ‘Best Retail Brands Report’ Harvey Norman, Myers and David Jones had brand values of
US$873 million, US$599 million and US$562 million respectively (Frampton, 2011). The US,
company Walmart’s brand was valued at an astounding $139 billion in 2012, Target $23 billion,
Home Depot $22 billion, the UK, company Tesco at $ 11 billion, with Boots and Marks and
Spencer valued at $6 and $3 billion respectively (Marketing, 2012). The retailer brand is more
than a receptacle for merchandise and carrying out trade; it delivers experiences that result in
significant retailer brand value.

Australian retailers are reducing their costs through improved sourcing and smarter operations,
which includes reducing the range of brands offered. Furthermore, focusing their efforts on
increasing the range of private and or exclusive brands offered to their customers helps to
increase sales increase volumes and offset any potential attack on their cash profit by rivals
(Felgner, 1989; Parsons, 2007).

1.6 Brand as a retailer’s identity

Brands exist with two marketplace constraints. First, consumers have limited information about
retailers and/or products, and second, retailers’ shelf space is limited (Aaker & Jones, 1971;
Hagel, 2005). For consumers, brand image fills the void between knowledge and experience (Lindstrom, 2005; Keller, 2010). Before the Industrial Revolution, brands were attached to the retailer. From the mid-1700s onwards however, product brands emerged as an indicator of quality (Ulrich & Smallwood, 2007). As more and more products entered the market, shelf space became a scarce commodity and the decision about which product brands were displayed shifted back to the retailers, the owners of that space (Hagel & Singer, 1999; Ulrich & Smallwood, 2007).

The retailer’s imprimatur was attached to those limited products available in the store. This imprimatur is a consequence of the retailer having made part of the decision for the consumer by reducing the total number of products they had to choose from. Thus the retailer has taken responsibility for this part of the decision. It is then only an extension that this imprimatur is seen as the retailer’s endorsement. However, before brand owners can ratify a relationship through a sale, consumers need to complete the decision-making process. Retailer preference ascribes the consumer’s perceived valuation of the retailer to the products offered by the retailer, enabling consumers to apply their valuation in their decision processes to a particular product or service. The consumer–brand relationship, then, is between the retailer brand and the consumer rather than a manufacturer’s product brand and the consumer.

1.6.1 Brand as a heuristic

As introduced above, there is a shift taking place in the balance of power between manufacturer and retailer. Consumers are making product decisions based on the retailer’s brand, rather than on the product’s brand. Hagel (2005, p. 1) argues that marketers are missing an important development in the consumer choice model:

...one of the most profound shifts in brand power that has been playing out over the past several decades. We have witnessed a broad-based shift in brand power from product brands to retailer brands. Retailers like Walmart, Tesco, Best Buy, Home Depot, Nordstrom’s and CompUSA have been steadily amassing brand power at the expense of more traditional product brands.

A survey of Australian power tool sales by BIS Shrapnel lends weight to this argument, finding that 65% of consumers did not have a product brand in mind prior to going to the store and that 77% only decided which product to purchase once in the store (Giles & Hill, 2007).
Consumers may be using retail brand as a heuristic. That is, prior experience and knowledge about the brand fosters trust, reducing the perceived risk of decision making (Hagel & Singer, 1999; Hagel, 2005). This thesis, therefore, seeks to investigate consideration set orders in home improvement consumption and whether the retailer or the product is selected first.

1.6.2 Consideration sets as a heuristic

One consumer response to complexity of choice is the notion of a consideration set. This is a cognitive reduction strategy (Shoker, Ben-Akiva, Boccarra, & Nedungadi, 1991) that simplifies a retail, product or service decision (Spiggle & Sewall, 1987) by reducing the number of choices (Howard, 1963; Wright, 1975; Alba & Chattopadhyay, 1985; Simon, et al., 1986; Abougomaah, Schlacter, & Gaidis, 1987). Consideration sets are not restricted to product or service brands; consumers use this same reduction strategy to reduce the number of available retailers (Spiggle & Sewall, 1987). This is an important concept as it provides an insight into how consumers can avoid being overwhelmed with choices by allowing the retailer to make part or all of the product selection for their purchase decision.

1.7 Research focus

Previous models of retailer preference included choice, patronage patterns, preferences, intra-type competition, intertype competition and competing shopping centres or districts (Spiggle & Sewall, 1987; LeBlanc & Turley, 1994). Other studies consider retail influence on the product consideration set (LeBlanc & Turley, 1994) including set size (Brand & Cronin, 1997) and type of retailer (Kumar, 1997; Kumar, 2004). However, there is still little published material about the order in which consumer decision processes occur. If the research shows that consumers decide to populate consideration sets with retailer products, this may substantiate Hagel’s (2005) view that a shift is taking place from product brand to retailer brand.

In Australia the importance of the home improvement market particularly to suburban Australians, underpins the selection of this market segment for this research project. Home improvement, decorating and renovation are quintessential pursuits of Australians suburbanites, sustaining a considerable industry and an immense consumer market. In a press release Woolworths suggests ‘The Australian love of property and high levels of home ownership mean
that maintaining and improving homes is an important part of everyday life’ (Ahearn, 2008, p. 1).

Spending in the Australian home improvement market is equal to some 75% of the value of new dwelling commencements (Trewartha, 2006). In 1992, Australians commenced 2.84 million separate and substantial home improvement projects. By 1997 this had risen to 4.5 million (Trewartha, 2006). According to building approval figures reported by the Australian Bureau of Statistics, the value of residential building alterations and additions rose 2.3 per cent in September 2009 and had risen for the previous nine months (Australian Bureau of Statistics, 2010b).

Forty per cent of Australian households take on at least one significant home improvement project each year. These are not just small decoration and repair jobs, but substantial projects such as re-cladding, re-guttering, additions or renovations, with an average cost of $25 000 (Besley, 2002, p. 42). The home improvement market continues to be an increasingly important sector of the Australian building industry; in 2010 the volume of sales of many building materials used in home improvements overshadowed their use on new dwelling construction (Australian Bureau of Statistics, 2010b).

1.8 Aims and research questions

The broad aim of this research is to discover new insights into the order of preference in Australian home-improvement consumers’ decision-making. Specifically, this research aims to establish whether Australian home improvement consumers choose the retailer brand before the product brand, or the product brand before the retailer brand.

Research into consideration sets to date suggest that choice of retailer, the nature of the need, culture, internet search engines and the time and knowledge available to the consumer all have an influence on the construct (Narayana & Markin, 1975; Park, 1978; Abougomaah, et al., 1987; Hauser & Wernerfelt, 1990; Roberts & Lattin, 1991; Kardes, et al., 1993; Lehmann & Pan, 1994; Siddarth, Bucklin, & Morrison, 1995; Bronnenberg & Vanhonacker, 1996; Brand & Cronin, 1997; Laroche, Kim, & Matsui, 2003; Ballantyne, Warren, & Nobbs, 2006; Sinn, Milberg, Epstein, & Goodstein, 2007; Solomon, 2007; Sayan, Sreenivas, & Kamesh, 2011; Wooyang Kima, Di Benedettob, & Hunta, 2012). Previous models on retailer preference, which is in effect
a consideration set populated by retailer brands, have looked at choice, patronage patterns, preferences, intra-type competition, inter-type competition and competing shopping centres or districts (Spiggle & Sewall, 1987; LeBlanc & Turley, 1994). Other studies have the considered retailers’ influence on the product consideration set (LeBlanc & Turley, 1994) including set size (Brand & Cronin, 1997) and type of retailer (Kumar & Leone, 1988; Kumar, 1997; Kumar, 2004; Kumar & Steenkamp, 2006). Yet little is known about the order in which the process of consideration set formation occurs; that is, little is known about whether, and in what order, retailer brands and product brands are included in these sets.

If the consumer decides to populate their consideration set with retailer brands before they populate it with product brands, then that would suggest that there has been a shift from manufacturers’ product brands to retailers’ brands. If this is the case, the consumer is using the retailer brand as a proxy, a heuristic, where prior experience and knowledge about the brand fosters trust in that brand, reducing perceived risk (Hagel & Singer, 1999; Hagel, 2005). This thesis therefore seeks to investigate whether the retailer or the product brand is selected first. In doing so, consideration set formation is examined.

The research question is therefore:

**In the formation of home improvement consumers’ considerations sets, in what order do retailer preference and product preference come?**

1.9 Justification for the research

As already noted, home improvement is a very significant market in Australia, with sales of approximately $42 billion per annum (Mitchell, 2012). Home improvement product consumers can choose from a vast range of merchandise including building products, decorator products, garden and nursery products, outdoor leisure products, home hardware, tools, electrical products and lighting products. It is a fragmented market; the biggest retailer, Bunnings (part of the Wesfarmers group) has 18% market share, followed by Reece at 8%, Trade Link at 4.6%, Danks at 3.6% and the others at 59.9% (Woolworths Ltd, 2010). Woolworths has recently entered this market with its Masters home improvement brand, bringing Australia’s two largest retailers, Wesfarmers, the owners of Bunnings stores and Woolworths head to head in their marketing
strategies, pitting their stores against each other in the retail, trade and garden segments of the home improvement market.

Woolworths, through its Big W stores, has traditionally traded on the notion that manufactured brands are known and trusted (Berman & Evans, 2004). In contrast, Bunnings has focused brands around itself. Embedded in the concept of ‘retailer preference’ are the notions of perceived risk, involvement and trust. Perceived risk is the level of risk a consumer believes is involved in the purchase of a specific product. Involvement is taken to mean the level of concern for the purchase. Trust refers to the customer’s belief in an entity represented by the brand. When the customer trusts a brand, that brand increases their confidence in the decisions they make. Consumers use this knowledge of and experience with retailer brands as a proxy for information on a product, thus reducing perceived risk. As retailers such as Woolworths and Bunnings continue to grow and extend their grip on the home improvement market, one can ponder which type of brand will dominate, the product brand or the retail brand. Brand domination is a major concern in the global retail world, particularly with respect to the positioning of manufacturer-branded products versus private-store labels (Petrovic & Hamilton, 2011).

With brand domination in mind, whose brand is chosen first is a key indicator for which brand will ultimately dominate. Thus understanding the order in which consumer consideration set formation occurs will increase our understanding of the consumer decision process. As alluded to earlier, if the formation of a retailer preference precedes that of product preference in the consideration set, it is possible that the products offered by this retailer are more likely to populate the product consideration set (Deleersnyder, Dekimpe, Steenkamp, & Koll, 2005).

1.10 Overview of research design and methodology

Qualitative research involves collecting and/or working with text, images, or sounds. It allows for the inclusion of many different kinds of data collection and analysis techniques, as well as the diversity of theoretical and epistemological frameworks that are associated with qualitative research (Creswell, 1998; Marriam, 1998; Gummesson, 2000; Bernard, 2002; Terre Blanche, Durrheim, & Painter, 2006). The thesis as ex-post facto design is not constrained to positivist research only; it is a research design that investigates on the premise of after the fact (Terre Blanche, et al., 2006). The majority of social research, in contexts in which it is not possible or
acceptable to manipulate the characteristics of participants, as is the case in this research study, is based on ex post facto research designs (Neuman, 2006; Cohen, Manion, & Morrison, 2007). The method can give a sense of direction and provide a fruitful source of hypotheses that can subsequently be tested by the more rigorous experimental method (Nykiel, 2007).

Qualitative research is referred to as interpretive research by Erickson (1986) Denzin and Lincoln (1994) explained that qualitative research can be viewed as a set of interpretive practices where no single practice has privilege over any other.

Walsham’s (1993, p. 5) description of interpretivist posits that the interpretive methods of research start from the position that our knowledge of reality, including the domain of human action, is a social construction by human actors and that this applies equally to researchers. Thus there is no objective reality which can be discovered by researchers and replicated by others, in contrast to the assumptions of positivist science. As such, the interpretive perspective of this thesis is based on the idea that qualitative research efforts should be concerned with revealing multiple realities as opposed to searching for one objective reality. Denzin (2010, p. 271) suggested ‘In depth understanding, the use of multiple validities, not a single validity, a commitment to dialogue is sought in any interpretive study.’

The interpretive–positivist debate affects the data analysis process more so than the data collection process (Terre Blanche, et al., 2006). At the heart of the debate is the ontological difference between the views of reality as observer-independent versus observer-dependent. From an interpretive view, the focus is more on depth of inquire, particularly personal and shared meaning and more leeway is given for how data are interpreted and presented (Neuman, 2006; Bryman, 2008).

The research design employed in this project is ex-post facto, as it is exploratory and conducted after the fact (Patton, 1990; Guba & Lincoln, 1994; Myers, 2000; McMurray, 2006). This study used a qualitative method of data collection, namely focus groups (McMurray, 2006) and expert panels. These methods were chosen in the belief that group discussion would uncover and explain issues and reactions not essentially expected or able to surface during quantitative surveys (Charmaz, 1983; McMurray, 2006). The focus group discussions sought rich and insightful information and data while the expert panel provided quality feedback. Examining
issues in-depth, rather than more broadly as would be the case in a quantitative survey, was considered to be a critical component of this exploratory research (Neuman, 2006) and thus the work will act as a foundation stone for further research on this topic.

The focus group sessions were underpinned by a grounded theory approach that affords a stage for developing the foundation of a theory (Charmaz, 1983). To reduce the risk of a critical issue being overlooked in the focus groups, data from two expert panels – one representing retailers, the other manufacturers – was used to validate the results obtained from the focus group discussions. The two expert panels’ views were aggregated using the Delphi method (Cengage, 2000).

1.11 Outline of the report

This study follows the five chapter model presented by Perry (1998). Chapter 1, the introduction, lays out the contextual foundations of the research and introduces the research questions. It presents the problem and provides the background, aims and justification for the research. Chapter 2 presents and evaluates the extant research literature on the formation of consideration sets, and it investigates the issues within the parent discipline of decision-making and the derived disciplines of risk, trust, involvement, brand and brand loyalty.

Chapter 3 outlines the ontology that frames the researcher’s position. It describes the methodological approach used in the study and justifies the use of qualitative research methods, particularly the use of focus groups, expert panels and grounded theory. Chapter 4 presents and analyses the results of the study. Chapter 5, the conclusion, discusses the contributions to knowledge made by the research and its implications for practitioners, with links to the already published literature.

1.12 Definitions of terminology

Definitions adopted in the literature are often not universally consistent, so key and potentially contentious terms are defined below to establish the positions taken in this DBA research. It should be noted that where references are not cited in the list of definitions, these references have been specifically developed through and for this thesis. “For the purposes of this thesis spelling is kept as presented in the original text by the author, and therefore could at times be inconsistent
with the overall text of the thesis, as the referenced spelling reflected American and English interpretation where that spelling was the published spelling. Retaining this spelling will see a word, such as behaviour/behavior spelt differently where there is a direct quote or in the citations within the bibliography.

Big box retailer:
A big box retailer, also called a supercentre, superstore or mega-centre, is a retail store that occupies a large amount of physical space and offers a variety of products to its customers, achieving economies of scale through large sales volumes (Algar, 2011).

Brand:
“A brand is not a product. It is the product’s (service’s) essence, its meaning, and its direction, and it defines its identity in time and space.” (Kapferer, 1992, p. 19) The brand is the individual’s experience existing at where promise and expectation meet. (Schulz, 2012)

Brand loyalty:
Brand loyalty refers to the positive qualities in a brand which give rise to the perceptions of trust. This trust allows the consumer to delegate part or all of the decision-making to the brand owner.

Consideration set:

Do-it-yourself:
Do-it-yourself is the activity of a home owner who undertakes the purchase or acquisition of goods or services without professional training or experience to enrich value to the home through their personal endeavours.

Generic brand:
A generic brand is a name, term, design, symbol, or any other feature that distinguishes one good or services from another. Generic brand products are not associated with a private, exclusive or a national product brand name, and are generally made for a specific retailer.

Heuristic:
An experience-based technique for problem solving that is not based on scientific method (Gilovich, Griffin, & Kahneman, 2001; Shah & Oppenheimer, 2008).

Home improvement:
Home improvement is the addition to or alteration, conversion, improvement, modernisation, remodelling, repair, or replacement of a building or part of a building that is used or designed to be used as a residence or dwelling place or a structure adjacent to that building or an improvement to land adjacent to the building (Department of Labour and Licensing, 2012).

Imprimatur:
An imprimatur is a retailer’s backing, sanction, approbation, accreditation, support and commitment to products and or services offered by that retailer to their customers.

Involvement:
Involvement refers to the importance of a decision to the individual, and is determined by the degree to which the product or activity is related to the individual’s primary asset, their home.

Perceived risk:
Perceived risk refers to the decision-maker’s uncertainty about the consequences of a decision.

Private or exclusive brand:
A private or exclusive brand is a name, term, design, symbol, or any other feature that identifies goods or services as distinct from others: these products are not generally available in a competing retailer.

Product brand:
A product brand is a name, term, design, symbol, or any other feature that identifies one manufacturer’s or merchant’s goods or services as distinct from those of another (Keller & Lehmann, 2005).

Product preference:
Consumers demonstrate or form a product preference when the product brand is chosen before the retailer; when they exhibit product preference the consumer forms a consideration set of product brands prior to retailer preference.

Prosumer:
A subset of the DIY segment, a prosumer is as a producer of one’s own goods and services (Kotler, 1986). The term depicts a consumer who wants to acquire goods of improved quality but cannot afford or want professional items (a term for goods of this intermediate quality is ‘semi-professional’). The term prosumer is a blend of professional and consumer.

Proxy:
A proxy is a retailer who can be relied upon to act on the consumer’s behalf.

Retail density:
The ratio of aggregate retail area of retail centres in square meters divided by the total population for the specified area (Hirschman, 1981).

Retailer:
Retailer refers to the retailer, merchant or vendor who sells goods and services in a retail outlet. The function of retailers is to deliver products and distribution services (Barber & Tietje, 2004).

Retailer brand:
A retailer brand is a name, term, design, symbol, or any other feature which identifies one retailer as distinct from another (Keller & Lehmann, 2005).

Retailer preference:
Consumers demonstrate or form a retailer preference when the retailer is chosen before or at the same time as the product brand; thus, when they exhibit retailer preference the consumer forms a consideration set of retailers prior to or in conjunction with product brands.

Risk:
Risk refers to the expectation of decision failure and the consequences to the home.

Self-labelling:
Self-labelling refers to the process that builds a retailer’s own brand. In the process of self-labelling a retailer links its brand name with a unique set of services such as product assortments, atmospherics, location as a differentiation strategy (Ailawadi & Keller, 2004).

Stock keeping units:
A product, or a particular size or model of a product, that a retailer has available for sale (Berman & Evans, 2004).

Trust:
Trust is the belief in another entity, a composite of reliability and dependability (Silver, 1985; Cook, 2001; Poortinga & Pidgeon, 2005; Kim, Ferrin, & Raghav Rao, 2008; Tullberg, 2008).

1.13 Abbreviations

Throughout this thesis the following abbreviations are used:

DIY – do-it-yourself

SKU – stock keeping units

1.14 Limitations

The chosen research method is one of many that might have been employed to explore the concept of retailer preference. This research only seeks to investigate the preferences of consumers purchasing home improvement products. The focus on the Australian home improvement sector rather than all consumers was a pragmatic decision based on the ability to manage the proposed research. Nevertheless, the home improvement sector is a significant part of the retail market in Australia.

Prosumer, those DIYers with more professional knowledge or experience, are not specifically part of this thesis as such no conclusions about prosumers are drawn. Consideration sets are assumed to exist for the purposes of this thesis. A number of questions that served as a guide for
the focus group discussions could be seen to be directive, whilst not every question was asked, the nature of these questions may have caused some responses to be limited in their value.

1.15 Delimitations of scope

This project is not a national survey. Although it is limited to focus groups formed in regional Victoria, it is supported by expert panels drawn from leading suppliers; that is, manufacturers and retailers in Australia.

1.16 Chapter 1 conclusion

This introductory chapter described the foundations of the research, outlining the problem, background and research questions. It showed how consumers with limited resources faced with complex choices and time restraints use heuristics to assist in the decision-making process.

Two such heuristics are brand and consideration sets. The chapter also proposed a power shift may be taking place from product brand to retailer brand. The increasing competitive strength of retailer brands reflects a shift in influence from manufacturers to retailers, as well as a growing trust and loyalty among consumers for today’s novel and high-quality retailer brands. This thesis thus sheds light on the decision-making process of a group that shares similar characteristics and requirements, those of home improvement consumers. The methodology was briefly outlined and the research limitations acknowledged.

Chapter two focuses on the research literature to date. It will show what is already known and confirm the existence of a gap in our knowledge in consumer behaviour and as a result the research question is confirmed.
Chapter Two – Literature Review

2.1 Introduction

Chapter one introduced this research project, outlining a project that seeks to develop a broader understanding of the consumer decision-making process by investigating the order in which home improvement consumers populate consideration sets. Presented in this chapter is a review of literature within the parent discipline of decision-making and concepts relevant to consideration sets.

Consideration sets are not directly visible, but they are central to an appreciation of consumer decision-making (Howard & Sheth, 1969; Nedungadi, 1990; Alba, Hutchinson, & Lynch, 1991; Ratneshwar & Shocker, 1991). An understanding of consumer sets makes possible an understanding of consumer choice strategies, brand loyalty, and changes in market share that are free of brand evaluation (Nedungadi, 1990; Kardes, et al., 1993). It is this intrinsic variability of the constituents of a consumer’s consideration set that fashions prospects for brand managers to increase a brand’s market share (Hutchinson, Raman, & Mantrala, 1994; Desai & Hoyer, 2000). The aim of learning about and analysing consideration sets is to understand consumer behaviours. Distinctive groups of consumers predictably exhibit different purchase behaviours, while people within groups could share similar characteristics.

This chapter investigates consideration sets: what they are, what is known about this concept, and by extension what is yet to be understood. This will be followed by an examination of the context in which home improvement consumers use this approach rather than a rational decision model, a model which is founded on the notion of bounded rationality, a process in which the employment of heuristics in decision-making provides the opportunity to utilise a consideration set. The influences of consumer involvement, risk, trust and brand on consideration sets, and the behavioural consequence of consideration sets, that is, brand loyalty are also explored.

2.2 Cognitive reduction strategy – the use of consideration sets

Narayana and Markin (1975) discuss a complex interrelated model of a consideration set as a consumer decision-making process which moves the consumer from all possible solutions, found in the total set, through the awareness sets, which they referred to as the known set, and then to the consideration set (Roberts & Lattin, 1991). This is a process equally recognised in decision-
making texts (Betsch & Haberstroh, 2005) and marketing texts (Kotler, 1988; Roberts & Lattin, 1997; Parra & Ruiz, 2009). The process can be demonstrated by looking at Carsales.com.au which is an Australian internet site that brings together car buyers and sellers. In April 2012, consumers wishing to purchase a new car could select from a fleet of over 1000 vehicles – the total set. A price range of $20,000–$30,000 reduced the options to just 282; further refinement of the search criteria to four-door cars shrank the number down to 210, the awareness set, and selecting only vehicles with an engine capacity below two litres reduced it to 185, the consideration set.

The notion of the consideration set appears to enter the social science literature when Howard (1963) describes the concept, suggesting that consumers do not consider every brand in a particular product category before making a purchase decision. This notion fits well within the paradigm of bounded rationality suggested by Herbert A. Simon (1955, 1979) who had proposed in 1955 that decision makers should be viewed as boundedly rational and had offered a model in which utility maximisation was replaced by satisficing (Edwards & Tversky, 1967; Simon, et al., 1986; Von Winterfeldt & Edwards, 1986; Scott & Bruce, 1995; Ranyard, et al., 1997; Lee, Newman, & Price, 1999; Crozier & Ranyard, 2001; Punj & Brookes, 2001; Lye, et al., 2005; Botti & Iyengar, 2006; White, 2006; Aggarwal & Mazambar, 2008) when considering a consumer’s limited cognitive abilities. In light of economic research, which argues that consumers do not have the resources at their disposal to interrogate all available options (Stigler, 1961), Howard (1963) suggests that the typical consumer will choose from a limited number of brands in a consideration set. In his dissertation, Campbell (1969) defines a consideration set as the number of brands in a product category considered by the consumer when choosing a specific brand. Howard and Sheth build on this notion (1969, p. 26 & 212) when they suggest that “a brand would be an element of [the] buyer’s consideration set if he [sic] would consider it as an alternative if [the] purchase decision were made now”. Spiggle and Sewall (1987) investigated the concept of consideration sets of retailer brands and conclude that consumers categorise retailer brands into consideration sets, suggesting the construction by consumers of consideration sets of retailer brands. This concept is further supported by Black’s (1990) research review which concludes that the consideration set reduction of retailer brands mimics that of product/service reduction.
In the literature, a consideration set is generally conceptualised as “those brands that the consumer considers seriously when making a purchase and/or consumption decision” (Hauser & Wernerfelt, 1990, p. 393). Consideration set formation and shape have attracted wide-ranging research attention in the consumer decision-making literature (Hauser & Wernerfelt, 1990; Shoker, et al., 1991). The importance of the consideration set for home improvement marketers and researchers lies in the assumption that unless home-improvement consumers are aware of a brand and include it in their deliberation, then this brand cannot be chosen for consumption. The consideration set can be entirely tactile-based when products or services are presented for direct comparative evaluation, or memory-based when prior experience is processed, or a mixture of both stimuli when the home-improvement consumer relies on memory and the analysis of the salient features of the product or service at the home-improvement retailer’s outlet (Bailey, 2001).

The process of reducing the available options is an attempt by consumers to both optimise and simplify the process of choice (Howard, 1963; Wright, 1975; Alba & Chattopadhyay, 1985; Simon, et al., 1986; Abougomaah, et al., 1987; Howard, 1989, 1994). This is a two-stage process (Howard & Sheth, 1969; Payne, 1976; Park, 1978; Abougomaah, et al., 1987; Runyon & Stewart, 1987; Hauser & Wernerfelt, 1990; Schiffman, et al., 2005) of reducing the available options to a smaller set, and then from this set, choosing the alternative that is the most acceptable (Park, 1978). The reduced alternatives from the total set comprise the consideration set which is defined as those brands that are given actual purchase consideration (Narayana & Markin, 1975; Abougomaah, et al., 1987; Hauser & Wernerfelt, 1990; Nedungadi, 1990). This concept is important for marketers to grasp.

The consideration set is variously called the evoked set (Howard, 1963) the relevant set (Hauser & Wernerfelt, 1989) and the choice set (Spiggle & Sewall, 1987; Hauser & Wernerfelt, 1990; Bronnenberg & Vanhonacker, 1996) with slightly different operational definitions. These definitions include the set of brands acceptable for purchase, the brands the consumer would consider for a specific consumption situation, and the brands brought to mind (Ballantyne, et al., 2006). The consideration set evolves (Shoker, et al., 1991) and is dynamic, adjusting to context and usage (Ratneshwar, Mick, & Huffman, 2003). A product’s or brand’s membership of the consideration set may not necessarily be in the same nominal product or service class. Rather, a
brand need only to be able to satisfy the perceived need (Shoker, et al., 1991). This implies that retail and product competition is not necessarily limited to purveyors of a nominal product or service class.

As suggested above, home-improvement consumer choice is a multi-stage process, beginning with a set of brands, perhaps evoked by the past encounters of the consumer. From amid the brands evoked, consumers form a consideration set, and from amongst the brands in the consideration set, a choice may be made (Kumar & Steenkamp, 2006). What is not clear thus far is whether the product brand and/or the retailer brand are included and in what order these brands are included in this consideration set.

The choice reduction concept has attracted its critics. For example it has been suggested that burgeoning product or brand choice and price focus is not conducive to even short-term consumer product or brand recall, which forms the basis of a consideration set (Petrof & Daghfous, 1995). This brand choice and price focus is relevant in the home improvement sector where new retailer brands such as Masters, TTi, and Izzibuild and product brands such as Starmix have characterised the development of this industry. The hypothesised two-step formation process of the consideration set has also been questioned by proponents of one-stage compensatory choice-only models (Horowitz & Jordan, 1995). There is, however, strong empirical support for the merits of a two-stage process that defines the consideration set concept. Studies in short and long-term memory differentiation in psychology lend even more weight to the concept (Shoker, et al., 1991) particularly in certain decision models which characterise two-stage processes (Gensch, 1987).

The highly respected and distinguished Professor Philip Kotler in an interview for the magazine Canadian Business suggested that there “is a general trend away from a definite preference structure to an evoked set [consideration set] of acceptable brands” (Litchfield, 1994, p. 31). The concept of a consideration set has nonetheless been questioned, particularly when applied to situations where there is limited choice, such as a choice of one. However, the notion of consideration sets accommodates limited choice that reflects the choice of the market or a routine purchase (Brand & Cronin, 1997) or brand recall (Nedungadi, 1990). This can make it appear as a one-step process at times. Horowitz and Jordan (1995) in their criticism of a multi-stage stage process, concede that a two-stage process reduces all options to a set from which a choice is
made adds further importance to a reduction strategy, as a logical outcome of economic and psychology theories (Hauser & Wernerfelt, 1990; Roberts & Lattin, 1991). Siddartha’s (1995) research using scanner data indicates that the incorporation of a consideration set explained the consumer decision-making process.

In an early attempt at understanding choice reduction strategies, Park (1978) investigated women’s microwave purchasing. Park considered product familiarity as a process of reducing options. Although the results are limited in their application, the study shows that a subset of alternatives was considered and this finding prompted further research. The considered set membership has since been shown to be variable, changing in response to such factors as the prevailing circumstances of the consumer, product type or service, technological development (Brand & Cronin, 1997; Laroche, et al., 2003) new product introductions (Kardes, et al., 1993) and newly available information (Roberts & Lattin, 1991). Furthermore, the considered set of services tends to be smaller than that of products (Turley & LeBlanc, 1993).

Heuristics is experience-derived knowledge and changes as the consumer moves through the process of decision-making. This may result in the factors used to eliminate products from the considered set being different to those used to make purchase choices (LeBlanc & Turley, 1994). The retailer’s influence exerted on the consumers’ considered set appears to be focussed in one primary strategic area: the range of products offered (LeBlanc & Turley, 1994). Thus, home improvement marketing practitioners need to consider the significant power the retailer has in managing the product brands offered to the consumer. The influence of retailers has been shown to be present at consideration set formation and to a lesser degree at the moment of choice (LeBlanc & Turley, 1994). This pattern has been observed in industrial markets as well as in saturated and growing markets (Kardes, et al., 1993).

Laroche et al. (2003) have suggested that consumers make the decision on considered set membership by applying a threshold test, that is, a set of tangible or intangible benefits a brand must offer in order for it to be considered for purchase. Others suggest that brand image is an important but not critical determinant in consideration set inclusion (Ballantyne, et al., 2006). However, it would appear that consumer behaviour is not rational.
It has been suggested that the decision process of the consumer should not focus on the salient attributes prevailing, such as experience and available time. This suggestion must be treated with some caution. Some recent research does support the view that brand equity is a relevant focus for marketing effort. Sinn et al. (2007) suggest that where no product knowledge is available to consumers they tend to use brand familiarity as a heuristic which may go some way to explaining the concept of retailer preference in which a retailer brand is chosen before or at the same time as the product brand.

Promotional efforts can bring a brand into the consideration set (Siddarth, et al., 1995) while other research suggests that brands will only be included if on promotion (Bronnenberg & Vanhonacker, 1996). Price appears to have a variable impact on the consideration set. Its effect is limited if the product is of low value or subject to routine decision-making, in which case, unless the product is brought to the consumers attention, such as through end-of-aisle display, little impact can be seen (Bronnenberg & Vanhonacker, 1996).

As previously noted the concept of consideration sets is not limited to a product or service brand (Hawkins, Best, & Coney, 1992). The concept caters for the idea that consumers use the reduction strategy to reduce the number of retailer brands (stores) they consider, constructing a consideration set of retailers as a function of the particular purchase task (Spiggle & Sewall, 1987). This idea is supported by the work of Spiggle and Sewall (1987) who investigated the concept of consideration sets of retailers. They conclude that consumers categorise retailers into consideration sets “indicative of their market performance” (Spiggle & Sewall, 1987, p. 109). They argue that the construction of a consumer’s consideration set includes the retailers of like product brands or service brands.

Extending Narayana and Markin’s (1975) conceptualisation of consideration sets, Spiggle and Sewall (1987) recognised retailers known to the buyer are included in the consideration set. The consideration set then comprises those retailers actually considered to be viable alternatives in a specific purchase situation. Those stores visited prior to a purchase decision, including the selected store, define the action set. The interaction set includes those retailers whose salespeople or other employees interact with the consumer, usually verbally. The chosen set is defined as comprising stores from which a purchase has been made. Given this, there are three basic
patterns consumers can apply in making retailer, product and service decisions. They are shown in Figure 2.1:

Figure 2.1: Basic patterns of consideration set construction

(Infographic showing decision flow)

Whilst Hawkins et al. (1992) outline the three basic decision patterns a consumer can use to make a retail brand or product brand decision, other studies probe the influence of the retailer’s actions on the consumer product consideration set (Balasubramanian, Raghunathan, & Mahajan, 2005; Goodman, 2007). There is little research data to indicate the order in which the decision process occurs or the variations, if any, in the decision process caused by the type of product being purchased, be they convenience, shopping or specialty. With regard to specialty products the decision to purchase a particular product brand is not made until the consumer is in the store (Giles & Hill, 2007). However, it is not known whether the consumer develops a consideration set of product brands before entering the store (LeBlanc & Turley, 1994; Kumar, 2004).

The decision-making processes of consumers are now examined, discussing the descriptive model of decision-making, as opposed to the prescriptive model of decision-making. This discussion will consider if the descriptive behaviour model is better than the prescriptive model at clarifying the heuristics employed by home-improvement consumers in their decision-making process.
2.3 Consumer decision-making

The word decision is derived from the Latin *decido*, which is said to have two meanings: to decide and to fall off. Bierce an American novelist and journalist, (1842–c1914) asserted that to decide on something was “to succumb to the preponderance of one set of influences over another set”. He went on to say “However your choice may chance to fall” (cited in The Cynic's Word Book, 2012, p. D) warning us that decisions are risky, influenced by external forces and could result in an outcome that may not be the one desired. Thus, decision-making is more than an internalised process; it is one which is affected by peripheral influences, such as what others may think, as well as the idea of failure.

Cognitive psychologists use the term decision-making to refer to the mental activities that take place in choosing among alternatives. Every decision-making process produces a choice as a final outcome, even if that choice is to take no action. Consumer behaviour is defined by some as the acquisition, consumption, and disposition of goods, services, time and ideas (Holbrook, 1987; Runyon & Stewart, 1987) and by others as problem-solving behaviour (Webb, 2005). Regardless, the common element in the definitions is the need to choose (Schiffman, et al., 2005).

Decisions by home-improvement consumers are largely made under conditions of uncertainty, deficient knowledge, imperfect resources, and within a set of given alternatives (Galotti, 1989, 2002; Baron, 2008). Decision-making is in its nature future oriented, but it is directed by, and anchored in, past learning (Elster & Loewenstein, 1992; Payne, Bettman, & Johnson, 1993; Gärling, Karlsson, Romanus, & Selart, 1997). Gärling et al. (1997) demonstrates that the past in the form of outcomes of prior decisions directly influences consumers’ choices (Thaler & Johnson, 1990); these influences were described as the effects of, or the integration of, prior outcomes, sunk cost effects, multi-stage betting and escalation. Research supports the contention that once people have made a judgment, and this judgment is stored in memory, it is later recalled and used as a basis for judgments and decisions independently of the information on which it was originally based (Sherman, Ahlm, Berman, & Lynn, 1978; Carlston, 1980; Higgins & Lurie, 1983; Wyer & Srull, 1989). This implies that a prior acceptable or good outcome would result in the consumer making the same decision again at some time in the future.
Decisions are made through cognitive and emotional processes which are influenced by biases, reason, emotions, and memories, some of which occur intentionally and some of which occur intuitively (Edwards & Tversky, 1967; Simon, et al., 1986; Von Winterfeldt & Edwards, 1986; Scott & Bruce, 1995; Ranyard, et al., 1997; Lee, et al., 1999; Crozier & Ranyard, 2001; Punj & Brookes, 2001; Lye, et al., 2005; White, 2006; Aggarwal & Mazambar, 2008). Decision-making is the activity of appropriately moderating uncertainty and doubt about alternatives to allow a reasonable choice to be made (White, 2006). The definition of decision-making can be simplified by stating that it is evaluating alternatives and coming to the best conclusion for a problem or situation. The processes required in consumer decision-making are described as systematic or heuristic, or some combination of these (Simon, et al., 1986; Scott & Bruce, 1995; Lee, et al., 1999; Crozier & Ranyard, 2001; White, 2006). Decision-making is a nonlinear, recursive process. Most decisions are made by moving between the characteristics we want our choice to have and the possibilities we can choose from. The alternatives available influence the criteria applied and the criteria established that influence the alternatives considered.

2.3.1 Consumer rational decision-making

Rational choice defines the problem, identifies the decision criteria, weights those criteria to generate alternatives, and rates each alternative for each criterion, eventually calculating the optimal decision. This prescriptive theory of rational decision-making characterises the conditions of perfect utility maximisation (Luce & Suppes, 1965; Tversky & Kahneman, 1986; Tversky & Simonson, 1993). This process of decision-making is said to be rational as a consequence of its objectively devolved outcomes. However, critics of the model (Simon, 1955; Tversky & Kahneman, 1986) argue that, while the process may seem rational it is impractical. Furthermore, Simon et al. point out that this model does not recognise the concept of dissonance: “The classical theory of perfect rationality leaves no room for regrets, second thoughts, or weakness of will” (1986: p23). This theory has been criticised for not taking into account adaptations to environmental impacts, such as experience, culture, urgency or importance (Edwards & Tversky, 1967; Simon, et al., 1986; Ranyard, et al., 1997; Punj & Brookes, 2001; Botti & Iyengar, 2006; Aggarwal & Mazambar, 2008).

The cognitive limitations that underpin consumer behaviour were explained by Simon’s (1997) concept of bounded rationality. Traditional theory as discussed above, assumed perfect
rationality. However, Simon (1997) argues that the world was far too complex and that rationality has to be bounded. Therefore, people are only partly rational, and are emotional or irrational in parts of their actions. According to Simon, “boundedly rational agents experience limits in formulating and solving complex problems and in processing information” (1955 cited in Buehn, et al., 2009, p. 553).

2.3.2 Consumer-bounded rational decision-making

The critical inaccuracy of the rational ‘man’ model has minimised the capacity of the prescriptive theory to generate useful insights in many areas of decision-making. In this context, Simon (1955) first proposed the normative principle of satisficing as bounded rationality. This model implies choices or judgments that are good enough, but are not optimal. Bounded rationality introduces the concept of adaptation (Payne, et al., 1993) that is, the concept of finding a solution of best fit (Simon, 1955) which takes into account the decision-makers’ prior learning. Satisficing concedes that the best solution is the good enough choice and it accepts that the real world imposes the constraints of time, certainty and values on true optimisation (Reber, 1993). This model can be applied to home-improvement consumer limitations, in particular excessively large numbers of options and lack of experience.

Home-improvement consumer decision-making is a process that needs to accommodate a host of variants such as limited experience, fear of failure, and time. Simon (1979, p. 510) suggests that:

Human behaviour, even rational human behaviour, is not to be accounted for by a handful of invariants … Its base mechanisms may be relatively simple … but that simplicity operates in interaction with extremely complex boundary conditions imposed by the environment. With all of these qualifications … Man [sic], faced with complexity beyond his ken, uses his information processing capacities to seek out alternatives, to resolve uncertainties, and thereby sometimes, not always, to find ways of action that are sufficient unto the day, that satisfice.

There is a desire and need on the part of the decision-maker to reduce problems down to size (Lye, et al., 2005) and to satisfice by applying heuristic techniques to handle complexity (Payne, Bettman, & Johnson, 1988; Swait & Wiktor, 2001). Consumers are fundamentally restrained and parsimonious (Shugan, 2005) and they reduce their intellectual effort in the decision-making process to a minimum, accepting imperfect accuracy in return for a discount in effort (Johnson &
Payne, 1985; Bettman, Johnson, & Payne, 1990). This is a practice when choices are abundant and/or difficult to compare (Payne, et al., 1993) as is the case with home improvement options, and it is consistent with the notion of bounded rationality (Simon, 1955).

This descriptive theory, as opposed to the prescriptive model, describes problem solving and decision-making that is essentially concerned with people reducing problems down to size rather than behaving rationally, and with how they apply approximate, heuristic techniques to handle complexity. An example of one such technique is preference formation in a consideration set (Schiffman, et al., 2005). This consideration set comprises a limited number of alternative brands or options, derived through experience, the advice of others or research (Schiffman, et al., 2005; Webb, 2005; Blackwell, 2006) to reduce the anxiety and complexity of the decision.

2.3.3 Decision making – heuristic strategies

Edwards and Tversky (1967) argue that people tend to deviate systematically through heuristic searches rather than use rational norms when they make decisions. The heuristic search operates by rule of thumb, taking conceptual short cuts that lessen the decision burden, and the effort and time required by a systematic approach (Einhorn & Hogarth, 1981; Ratneshwar, et al., 2003; Schiffman, et al., 2005). Consumers have acknowledged limited knowledge, experience, time and energy constraints. These restrictions, coupled with the general complexity of decision-making as well as tensions, mean that consumers tend to rely on heuristic strategies rather than rational strategies espoused by prescriptive proponents (Ratneshwar, et al., 2003).

Goldstein and Gigerenzer (2002) argue that decision-makers possess a toolbox containing a variety of tools for different tasks. Furthermore their minds create heuristics appropriate to certain tasks, such as choosing between alternatives. Cognitive research supports the view that decision-makers employ heuristic strategies when making decisions (Whitehead, 1978; Payne, et al., 1993). These strategies fit within one or more of the following concepts: retrospectivity, which recalls past experience; introspectivity, which is an examination of assumptions and belief systems; and prospectivity, which focuses on the future state and its possible consequences (Chen & Lee, 2003). Isabel Briggs Myers proposes that the decision-making process depends to a significant degree on a person’s cognitive style (Myers & Myers, 1995). The choice of a particular strategy is influenced by the weight of the decision and/or by the habits or preferences
of the individual. Thus a decision-maker will be flexible in their approach and will vary this process after considering the effort to be expended on the problem and the requirement for an accurate decision (Payne, et al., 1993).

Routine cognitive processes such as memory, reasoning and concept formation play primary roles in decision-making. Athay and Darley (1981) proposes that the development of routines allows individuals to maintain mastery of the decision-making process. When a solution to a decision problem has been learned, individuals can use this knowledge when they face the same kind of problem again. This can explain why consumers consistently make the same choice to satisfy their wants and reduce risk. Routinisation, then, enables individuals to quickly arrive at a decision, even under situational and process constraints. Research has also shown that the loss-sensitivity principle is a viable motivational explanation for this behaviour, based on the assumption that consumers attempt to avoid negative outcomes rather than to maximise value (Romanus, Hassing, & Gärling, 1996). Additional empirical research supports the view that decision-makers seek to reduce risk and the effort involved in solving problems by employing selective, heuristic searches (Edwards & Tversky, 1967).

The Greeks use the word *heuriskein* to imply discovery. Colloquially, heuristic describes a process of guesswork instead of a systematic formula, a ‘seat of the pants’ or ‘trial and error’ cognitive processing of problems (Hoyer, 1984; Grieshop, Stiles, & Bone, 1992). As a consequence of information deprivation, limited cognitive agility and time, heuristics have been and continue to be, an integral aspect of human problem solving (Miller, 1956; Newell & Simon, 1972; Gilovich, et al., 2001; Aggarwal & Mazambar, 2008). Monin (2004) suggests that heuristics are employed when people lack enough data to make well informed choices. According to this view, heuristics are based on the previously noted accuracy–effort trade-off (Bettman, 1979; Payne, et al., 1993). This is a view that assumes consumers will make a trade-off between the cognitive effort and the accuracy of their decisions. Consumers, in this context, make satisficing decisions rather than optimal ones (Simon, 1955; Grieshop, et al., 1992).

Kahneman, Slovic, and Tversky (1982, p. 48) establish that:
…in making predictions and judgments under uncertainty, people do not appear to follow the calculus of chance or statistical theory of prediction. They rely on heuristics which from time to time produce reasonable judgments and at other times lead to severe and systematic error.

Individuals and organisations simplify the world in order to achieve satisfactory, if not optimal outcomes (Simon, 1955; Narayana & Markin, 1975; Simon, et al., 1986; Hawkins, et al., 1992; Blackwell, 2006). As a consequence, rationality is bounded by the heuristics people engage in.

Decision-makers reduce the burden of decision-making by reducing alternatives (Lehmann & Pan, 1994; Hsee, Loewenstein, Blount, & Bazerman, 1999). Heuristics is a credible theory explaining the ability to make good decisions when there are time and cognitive restraints (Gigerenzer & Selten, 2001; Gigerenzer & Todd, 2001). One heuristic that is available is preference formation into a consideration set of given alternatives (Kardes, et al., 1993; Schiffman, et al., 2005; Webb, 2005; Blackwell, 2006). This limited number of alternatives in a consideration set implies that perfect utility is unlikely. It is selective decision-making attributing learned values, such as in a brand, to reduce the decision burden. The outcome of such a decision is the best choice with the least risk and effort (Edwards & Tversky, 1967).

Ratneshwar and Mick (2004) suggested that the social aspect of consumption are overlooked and undervalued, suggesting that brands are proxies for communities, where individual societies unite and can find reassurance. Brands have become a ubiquitous structure of common difference in consumer culture. Their cognitive salience and ability to arouse passion is irrefutable (Foster, 2008). Brands are more than the summed physical attributes, they are a complex bundles of meanings, integrated with emotional form and function (Kardes, et al., 1993; D’Alessandro & Owens, 2001; Lindstrom, 2005).

Brands are not trivial to consumer decision-making (Keller & Lehmann, 2005). As brands build community (Cobb-Walgren, Ruble, & Donthu, 1995; Erdem, Swait, & Swait, 2004; Keller, 2010). These communities behave like forms of identity which is essentially a human phenomenon (Ratneshwar & Shocker, 1991; Ratneshwar, et al., 2003; Ratneshwar & Mick, 2004). Societies need for trust (Cook, 2001) and security (Bauman, 2001) have rarely been more profound as resource are limitation such as time and capability and need for self-esteem morph into the modern consumer (Wright, 1975; Kumar, 2004; Webb, 2005; Quester & Neal, 2007;
Solomon, 2007; Walsh, Hennig-Thurau, & Mitchell, 2007). For the consumer brands are not just names but part of the societal fabric and centre of social organisation in which trust can be developed (Silver, 1985; Cook, 2001; Poortinga & Pidgeon, 2005; Kim, et al., 2008).

Brands thus wield extraordinary influence, both positive and negative, on society's well-being. They are a set of interconnected economic and cultural influences complicit in an individual’s demand to reduce risk. Thus Brands are a short cut in the cognitive burden of decision-making.

2.4 Consumer involvement

The degree of tension experienced in decision-making depends on the importance of the decision (Ranyard, et al., 1997) the options that are available and the level of uncertainty that can be tolerated by the consumer (Kahneman, et al., 1982). This need to choose, and the uncertainty, may be formidable, particularly where knowledge or experience is lacking or information is difficult to discern or experience is lacking (Von Winterfeldt & Edwards, 1986; Punj & Brookes, 2001; Aggarwal & Mazambar, 2008). Consumers relate to the marketplace, products and services with differing degrees of consequence (Krugman, 1965). Consumer involvement influences consumer decision-making (Gensch, 1987; Gensch & Javalgi, 1987) contingent on the degree of significance that accompanies a particular choice (Beatty, Kahle, & Horner, 1988; Ranyard, et al., 1997; Aggarwal & Mazambar, 2008).

The concept of consumer involvement is rooted in social justice theory (Australian Bureau of Statistics, 2010a) which deals with the judgement process. Involvement has long been a topic of interest in consumer behaviour research (Brizoux & Cheron, 1990; Simon, 1997; Sweeney Research, 2011). Originally introduced in the social science literature (Australian Bureau of Statistics, 2010a) the construct of involvement has been employed in the fields of marketing and consumer behaviour. This social construct argues that involvement exists when a social object is related by the individual to the domain of the ego (Australian Bureau of Statistics, 2010a). As a concept, involvement is a motivating variable or a causal variable. It is an important construct as a result of its likely effect on consumers’ attitudes toward a product or service, their response to promotional stimuli (Oliver, 1980) and their behaviour with respect to the product or service (Oliver, 1997).
Consumer involvement theory suggests that consumers are involved in different aspects and differing levels of immersion in the consumption process, which heightens or lowers the state of anxiety. This motivates them to search and think about product information prior to purchase (Zaichkowsky, 1985; Oliver, 1999; Kumar & Steenkamp, 2007). The construct of involvement includes the element of personal relevance (Alba, et al., 1991). Laurent and Kapfer (1985) define involvement as a four-dimensional construct comprising importance, risk, pleasure and its symbolic value. The extension to this is that all consumers do not essentially display the same level of involvement. Depending on the degree of the involvement, consumers will exhibit varying levels of intensity in the information search, the information processing, the purchase decision and the post-purchase evaluation (Ratneshwar & Shocker, 1991). As a result, involvement is difficult to measure or predict effectively (Laurent & Kapferer, 1985).

The changing dynamics influencing consumer involvement may explain the growing acceptance of store brands (Zaichkowsky, 1985). Consumers with a low level of involvement appear to accept store brands more readily than customers with a high level of involvement (Gensch & Javalgi, 1987; Belonax & Javalgi, 1989). Miqual, Captliure and Aldas-Manzano (2002) argue that involvement has not been proven to have a direct effect in the growing acceptance of store brands but rather an indirect effect through prior knowledge of relative attributes which point to the notion of brand loyalty. This brand loyalty, whether to the retailer or product brand, inspires this thesis in relation to the growth in big box retailers in the home improvement space.

The social judgment theory hypothesises that high-involvement consumers form small consideration sets because their increased concern makes them less accepting of alternatives that do not meet all their criteria (Richard & Page Jr, 1994). Belonax and Javalgi (1989) argue that the level of involvement and the variability of product class quality affect the size of the consumer’s choice set. As the variability in product class quality increases, consumers reduce the number of brands they will consider purchasing and increase the number of brands they will not consider, indicating that high-involvement groups form smaller consideration sets than low-involvement groups. Divine and Page (1994) examined the relationship between involvement and consideration set size for a product category featuring wide variability in the price and quality of choice alternatives. He suggests that in such a choice context, the total effect of involvement on consideration set size is positive. This is because high-involvement subjects have
a broader acceptance of price variance and are therefore likely to consider the more expensive models in the choice range.

Furthermore, social judgment theories support the concept of a negative relationship between high involvement and consideration set size. This model argues that people with high involvement have narrower latitudes of acceptance regarding attitudinal issues, suggesting that high-involvement consumers are more exacting and, therefore, find fewer alternatives that merit inclusion in their consideration sets (Granovetter, 1985; Hutchinson, et al., 1994). Further justification for a negative relationship is founded on information processing theory. This suggests that high-involvement consumers evaluate consideration set options across a larger number of attributes because their heightened concern motivates them to make more thorough product evaluations. They consider more attributes, requiring greater processing capacity, on a per brand basis, thus limiting the number of brands they may be capable of considering (Blau, 1964). High involvement consumers are believed to simplify the processing task by reducing the number of alternatives rather than the number of attributes, thereby reducing the number of assessments that must be made (Blau, 1964).

Some researchers hold the view that involvement only has a negative effect on consideration set size. They point out that the research results and theory that support this negative effect only considered situational involvement (Divine & Page, 1994). Using research from the area of motivational orientation, a case can be made that the size of the consideration set can be positively rather than negatively related to involvement (Elliott & Warfield, 1993). The contradictory empirical results of these studies suggest that the nature of the relationship between involvement and consideration set size may be a function of the type of involvement that is being addressed. Gronhaug (1974) examined the contribution of involvement to the size and the range of the consideration set. Whilst this review did find that some studies pointed to a positive relationship between consideration set size and involvement (Gronhaug, 1974) other studies suggest a negative relation (Brizoux & Cheron, 1990; LeBlanc & Turley, 1994). Such inconsistencies are likely due to the diverse decision contexts, involvement constructs and research methods employed in these studies. Traylor (1981) offered an explanation for this apparent contradiction in the literature by suggesting that involvement and loyalty, rather than a product related construct, is a consumer-defined phenomenon. Thus, it is the degree of
importance that the consumer brings to the decision and subsequent purchase process that matters (Mittal, 1989).

This discussion points to on-going inconsistencies in research carried out into the impact of involvement in the decision-making process and influence on consideration sets. However, there are links between involvement and risk and involvement and trust which are thought to act as moderators of the relationship between product value, trust, brand and brand loyalty (Aaker & Joachimsthaler, 2000; Aaker, 2004; Tülin & Swait, 2004; Matzler, et al., 2008; Keller, 2010). The concept of involvement is well established within the theory of consumer behaviour. The issue is where the degree of involvement for DIY home-improvement consumers lays as the purchase is often relatively small however the likely impact on their home suggests that they may have a high involvement. Therefore the significance of this concept for home-improvement consumers may well rest in the relationship between risk, trust, brand and brand loyalty.

The reference to Social Judgement theory is important in this thesis because as a persuasion theory (Sherif, 1935) Social Judgment Theory demonstrates perception and evaluation by comparing an idea such as involvement with more current attitudes towards involvement (Sherif, Sherif, & Nebergall, 1965; O'Keefe, 1990).

The social judgement theory is an example of the contention that the effect of consumer involvement is viewed contrarily between and within in various theories.

2.5 Perceived risk in the purchase

Risk is defined as the consumer’s perception of uncertainty and of the adverse consequences of buying a product or service (Dunn, Murphy, & Skelly, 1986; Dowling & Staelin, 1994). It is a subjectively determined expectation of loss; the larger the probability of loss, the larger the risk believed to exist for an individual (Burrows & Kendall, 1997). As noted above, the degree of involvement is an accretion of factors including the perceived risk associated with the product purchase (Laurent & Kapferer, 1985) such as the perceived importance of negative consequences in the case of poor choice and the perceived probability of making that poor choice. The consequences of a poor choice may be of particular concern for home-improvement consumers in situations where decision-making involves a key asset, their home.
The conception of risk, introduced in economics in the 1920s, has been successfully used in theories of decision-making in economics, finance, and the decision sciences (Dowling & Staelin, 1994). The more likely an individual believes an impending loss to be, the greater the perceived risk is for that individual (Custer, Scarcella, & Stewart, 1999). Bauer (1960) introduced the concept of perceived risk to the marketing literature (Beauchamp & Childress, 1994; McNamara, 1999). According to Bauer (1976, p. 24) a consumer’s behaviour involves risk because his purchasing actions “will produce consequences which he cannot anticipate with anything approximating certainty, and some of which at the least are likely to be unpleasant”. Perceived risk is a common thread in almost all aspects of consumer decision-making including post-purchase behaviour.

Underpinning perceived risk is the related notion of uncertainty, which arises from the consumer’s knowledge of their own needs, purchase goals, acceptance levels and goal importance (Fortune 500, 2012). Consumers’ uncertainty centres around defining the range of decision alternatives, the predictive validity of the attributes of the situation which can be assessed beforehand, and the consumers’ own perceived ability to accurately judge the outcome levels they have experienced (retailbiz.com, 2011). Consumers that lack experience find it difficult to make overall brand evaluations (Cox & Rich, 1967) due to the uncertainty surrounding the alternatives (Speedy, 2012). Mitchell, Walsh, and Yamin (2005) suggests that purchase decisions are more likely to be motivated by a desire to avoid mistakes rather than to maximise utility.

The level of perceived risk is a crucial factor in consumer behaviour when uncertainty is high, perceptions of risk increase and consumers engage in different types of risk-reduction activities (Dowling & Staelin, 1994). Perceived risk is a convincing explanation of consumers’ behaviour, principally as a consequence of the consumers’ eagerness to avoid mistakes rather than to maximise utility in purchasing. The magnitude of the perceived risk depends on situational and consumer traits (Dowling & Staelin, 1994). Situational characteristics such as whether the purchase is for own use or a gift (Evans, 2012) the use of the product and the urgency of purchase have a role in determining risk. The product itself and the channel in which the purchase is made also contributes to risk (Dowling & Staelin, 1994) as may the consumers’ characteristics such as income, education, status and experience (Srinivasan, 2004).
Perceived risk has two components: product-category risk and product-specific risk. Product-category risk reflects a consumer’s perception of risk inherent in purchasing any particular product in a specific category. Product-specific risk is the perception of risk associated with a particular product within the product class (Fortune 500, 2012; Statistic Brain, 2012). Perceived risk is conceptualised with consequences and uncertainty and as such it is a multi-dimensional phenomenon. Bettman, Luce and Payne (1998) classed its components as the inherent risk of the uncertainty aroused in a product class and the handled risk of the uncertainty the consumer experiences in choosing a particular brand.

Risk is an antecedent of involvement (Choffee & McLeod, 1973) and is a fundamental part of the involvement construct. Laurent and Kapferer’s (1985) conceptualisation of involvement includes four components: the product’s pleasure value, symbolic value, risk importance and probability of purchase error. Two of these components are related to risk. Risk is also related to the concept of trust (Hawes, 1994; Morgan & Hunt, 1994; Berry, 1995; Dion, Easterling, & Miller, 1995; Doney & Cannon, 1997; Smeltzer, 1997). Industrial marketing considers the most salient source of a buyer’s trust in the merchant organisation is the salesperson; trust in the salesperson is dependent on the salesperson’s expertise, likability and similarity to the customer (Doney & Cannon, 1997). In the merchant/store context, the retailer mediates the relationship between the consumer and the product. Sales organisations create trust in the customer by demonstrating that they consider their customers’ interests and are willing to make short-term sacrifices. These sacrifices convey that the merchant is not merely driven by a short-term profit motive (Lund, 2005). In essence, they are building trust between their organisation and the consumer. Risk reduction linked to involvement with a single brand is commonly known as brand loyalty which is a key risk reducer (Roselius, 1971).

Risk reduction at its heart is about information gathering. By seeking more information consumers actively seek to reduce risk (Simon, 1979; Dowling & Staelin, 1994). The degree to which they will seek information will depend on the perceived risk and the cost of the search. Bettman (1973, pp. 184-185) suggests that the dimensionality, consequences and dangers of perceived risk could be substituted by the notion of importance of the decision to the decision-maker because:

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…the risk inherent in a brand choice situation within a product class will depend upon the degree to which a buyer believes he can construct a reasonable decision rule for making a brand choice, and the importance to him of making a satisfactory choice within that product class.

Empirical research results support the view that perceived risk is typically determined by the probability of harm (Sjöberg, 2000, 2008). Risk reduction demands are related to the expected consequences of harm rather than the risk or probability of harm (Sheth & Venkatesan, 1968; Dash, et al., 1976; Matzler, et al., 2008). Consumers frequently reduce uncertainty through the trust they have in a well-known product and/or retail brand (Vijayasarathy & Jones, 2000).

Risk and trust have an important relationship (McAlexander, Schouten, & Koenig, 2002). Risk plays a key role in the formation of trust (Chen & Dhillon, 2003; Gigerenzer & Gaissmaier, 2011). Conversely, trust has been shown to reduce perceptions of risk (Gigerenzer & Gaissmaier, 2011). Trust is essential in situations where risk, uncertainty and interdependence exist (Mayer, Schoorman, & Davis, 1995; Myers & Myers, 1995) such as the relationship between a consumer and retailer. The consumer’s perceived risk underpins the need for trust when participating in a consumption activity that has uncertain outcomes (Chen & Dhillon, 2003; Yousafzai, Pallister, & Foxall, 2003). An important risk dimension is the trust the consumer can place in the entity/intermediary such as the retailer in a purchase transaction (McAlexander, et al., 2002). The consumer’s assessment that such an entity in a transaction will perform well is inversely related to trust in that transaction entity (Jarvenpaa, Tractinsky, & Vitale, 2000). Fundamentally, the higher the trust one has in a transaction entity, the less the perceived risk.

The post-purchase evaluation processes is directly influenced by the decision-making process (Gensch & Javalgi, 1987). Directly relevant here is the level of purchase involvement of the consumer, it determines how extensively the consumer searches for information in making a purchase decision and the doubt and anxiety generated post-purchase referred to as cognitive dissonance (Beatty, et al., 1988). Where the dissonance is not reduced, anxiety may transform into dissatisfaction and reduce the probability for the unsatisfactory brand to be re-selected and/or repurchased (Edwards & Tversky, 1967; Simon, et al., 1986; Scott & Bruce, 1995; Ranyard, et al., 1997; Lee, et al., 1999; Crozier & Ranyard, 2001; Punj & Brookes, 2001; Lye, et al., 2005; White, 2006; Aggarwal & Mazambar, 2008). The probability of feeling this kind of dissonance and the extent of it is a function the importance of the decision and the difficulty of
choosing among the alternatives. The consumer seeking to reduce dissonance increases the benefit of the brand purchased (Barwise, 1993; Low & Fullerton, 1994; Cobb-Walgren, et al., 1995; Leuthesser, Kohli, & Harich, 1995; Aaker & Joachimsthaler, 2000; D'Alessandro & Owens, 2001; Del Vecchio & Smith, 2005; Keller & Lehmann, 2005; Keller, 2010).

2.6 Consumer trust

Trust and risk are treated as linked factors in the literature. It is understood that risk gives rise to the need for trust when engaging in an activity where actions cannot be undertaken with complete certainty (Yousafzai, et al., 2003; Chen & Chang, 2005). Trust is, therefore, a crucial factor in shaping people’s perceptions of risk (Chen & Dhillon, 2003) and provides the basis for the economic system under which most economies operate. Trust reduces uncertainty; an increase in trust proportionally increases the possibility of action (Luhmann, 1979). In effect, trust increases mutual benefits (Silver, 1985) for retailers and consumers. Mayer, Schoorman and Davis (1995) propose that trust is important in all exchange relationships, that it is a key of social capital and that it is related to such things as a firm’s performance, satisfaction and competitive advantage amongst others.

These intertwined concepts show that risk is an essential antecedent to trust. An outcome of trust is a reduction in the perceived risk of the transaction or relationship (Hawes, 1994; Morgan & Hunt, 1994; Berry, 1995; Dion, et al., 1995; Doney & Cannon, 1997; Smeltzer, 1997). A risk-based view of trust suggests that the parties involved hedge against the unclear states of nature, adverse selection and ethical hazards through guarantees, insurance mechanisms and laws (Mitchell, Davies, Moutinho, & Vassos, 1999). Doney and Cannon (1997) provide empirical evidence for a model which incorporates suppliers’ reputation and size, their willingness to customise their product offering and keep confidential shared information, and the length of the relationship. Each of these components can substantially affect the amount of risk involved in choosing a merchant.

The literature identifies trust as an important factor in marketing, behavioural science and electronic commerce, particularly due to its benefits in reducing transaction costs (Bettman, et al., 1998; Miquel, et al., 2002) and search costs (Gulati, 1995). Trust makes online commerce possible (Bettman, 1973). At high levels of perceived risk, trust becomes necessary for a
purchase to occur; the process of purchasing involves emotional judgments rather than
cognitions, and a suspension of the fear of the unknown.

Trust is a belief that is focused on specific appropriate boundaries and limitations. Lewis and
Weigert (1997) suggest that trust is not simply certainty, but a promise in the expression of
reduced risk; that is, a commitment by the other party in the exchange to honour the implied or
real undertaking. A brand is a promise to consumers; it tells them what they can expect from
their services or products, often acting as a differentiator of quality. Trust between a retailer
brand and a consumer decreases the consumer’s perceived risk of using the retailer’s service or
product. Sheth and Venkatesan (1994, p. 307) state, “Generally, the consumer cannot change the
consequences of using a brand. He can however, change his uncertainty about these
consequences”. Morgan and Hunt (1994) argue that by building brand trust over time, customers
become committed to the relationship and will subsequently reciprocate with continued business.
It has been suggested that the critical ambition of marketing is to generate an intense relationship
between the consumer and the brand, and the main ingredient of this relationship is trust
(Hiscock, 2011). Boon and Holmes (1990, p. 194) define trust as a condition linking optimism
about another’s intention regarding oneself to a risky state of affairs. A consumers’ trust in a
brand is an important marketing variable and valuable to the trusted brand owner (Sherif, et al.,
1965; Morgan & Hunt, 1994; Schmidt, 1997).

In situations where risk, uncertainty and interdependence exist, trust is crucial (Mayer, et al.,
1995). Risk gives rise to the need for trust when engaging in an activity where actions cannot be
taken with complete certainty (Chen & Dhillon, 2003; Yousafzai, et al., 2003). Simmel and
Luhmann (1985, cited in Möllering, 2001, p. 410) suggest that:

    Trust is a functional alternative to rational prediction for the reduction of complexity. Indeed, trust
succeeds where rational prediction alone would fail, because to trust is to live as if certain
rationally possible futures will not occur. Thus, trust reduces complexity far more quickly,
economically, and thoroughly than does prediction.

Trust is an expectation that the state reached at the end of the trust process will be propitious.
The decision-maker’s past favourable experiences are the basis for such trust and the cognitive
leap to the expectation of a positive outcome representing the defining nature of trust. Trust
evolves slowly, through repeated interactions of increasing satisfaction (Bernard, 2002). It is
grounded on competency, goodwill and behaviour. Creed and Miles (2012) suggest that individuals retain the memory of previous trust-related behaviours. As one of the parties in an emerging relationship the consumer has to evaluate trustworthiness, and the consumer’s goal is to see whether the other party acts opportunistically or for mutual good. Trial is an important part of the consumer decision-making process, and it reduces a consumer’s risk. When home-improvement consumers lack experience with a particular product, their experience with a retailer brand is a moderator of the perceived risk.

As noted previously, sociologists and anthropologists have long held trust to be an essential ingredient in any kind of exchange (Granovetter, 1985). Blau (1964) also argues that creating trust is of central importance to social or economic exchanges. In the home improvement market, trust in the brand, products or services are critical issues, a consequence of the consumers perceived risk. Chaudhari and Holbrook (2001) and Kennedy et al. (2000) find a positive relationship between trust and commitment for consumer products.

2.7 Brand

In years gone by, brands were used by producers to indicate their ownership of products; over time, the meaning of brands expanded to indicate authentication and quality. More recently brands have come to be perceived differently, with the consumers, not the producers, having the greater negotiating power. Brands have evolved from symbols used to distinguish the products or services of sellers from those of their competitors to being symbols of the aggregation of perceptions (Basit, 2003). Brand is an image of the essence of an organisation. D’Alessandro and Owens (2001, pp. 1-5) define a brand as being everything anyone may think of when they see the symbol representing it. Bedbury and Fenichell (2002, p. 5) argue that: “A brand is not a product. It is the sum total of everything a company does – the good, the bad and even the off strategy, that creates a large context or an identity in the consumer’s mind.” Kitchen and Schultz (1947) suggest that a brand is a collection of perceptions in the mind of the consumer.

Research in marketing has focused on consumers’ use of brands to reduce risks (Mitre 10, 2013). Branding offers guarantees about quality and security (Kapferer, 1992) and trust enables the brand to build a lasting relationship with consumers. A strong brand permits consumers to
picture and understand the product being offered and deal with the uncertainty and perceived risk associated with buying and consuming a product.

Brand is associated with trust, a feeling of confidence experienced by the consumer in their dealings with the brand, based on the perception that the brand is reliable and trustworthy. Fundamental to this concept is a sense of predictability, which is the expectation that the brand will satisfy the individual’s needs in consistently positive ways, imparting emotional security (Aaker & Joachimsthaler, 2000; Tulin & Swait, 2004; Keller, 2010). Consumers judge brands through brand reputation, competence and predictability (Lau & Lee, 1999). Buyers develop trust in a brand based on their market worth (Owen, 2010) certainty (Rempel, Holmes, & Zana, 1985) and capability (Hauser, 2010).

The social nature of consumption has been defined by Miller (1986) who suggests that the importance of brand relationships is underpinned by the ways in which they allow consumers to express and mediate their relationship to others. Research has focused upon the ways in which people use consumption to form a self-identity within the context of society (Strahan, 2007; Maxwell, 2012). The brand community literature supports the notion that consumption includes the formation of social relationships structured upon a sense of shared product and/or service ownership (McAlexander, et al., 2002).

Consumption can be viewed as a way of defining oneself and developing links with like-minded others (Pinsonneault & Kraemer, 1993; Gummesson, 2000) through a brand, and of connecting with others within a broader social and cultural system (Field & Morse, 1985; Mathison, 1988). Accordingly, consumers are likely to undertake activities and buy products that contribute to their sense of self, and to participate in activities with people they like, and with like-minded people (Morse, Barrett, Mayan, Olson, & Spiers, 2002) something recognised by marketing practitioners in all market sectors. This need to associate with others in a group and the need for an emotional connection with the brand may outweigh the generally accepted need for transactional satisfaction with a product or components of the product (Oliver, 1999; McAlexander, et al., 2002).

Retailers have developed their brands so they are recognised as strong, reliable and popular. Such a brand is a customer experience that is represented by a collection of images and ideas.
These images and ideas can include an explicit logo and symbols, which represent implicit values, ideas, and even the personality of the retailer. Traditionally, a substantial share of most retailers’ sales and profits came from selling manufacturer brands, which many of their competitors also offered. In such cases building equity became an imperative. Such equity separated them from competing retailers. This had the direct impact of increasing sales and profitability, and the indirect impact of decreasing costs as their leverage with brand manufacturers also increased (Kardes, et al., 1993; Condon, 2002; Aaker, 2004; Lindstrom, 2005).

Although such vital branding principles continue to apply, retailer brands are different from product brands in that the actual application of these principles can vary. Retailer brands are more multi-sensory in nature and rely on consumer experiences. Merchants create their brand images in different ways, such as attaching unique associations to the quality of their service, their product assortment and merchandising, as well as pricing and credit policies. A retailer brand identifies the goods and services of a merchant and differentiates them from those of its competitors. A vendor’s brand equity is demonstrated by consumers responding more favourably to its marketing actions than to their competitors (Mick & Fournier, 1998). The image of the retailer in the minds of consumers is the source of retailer brand.

National and international big box retailers from around the world, such as Home Depot, Walmart, Sears, Target, Tesco, Carrefours, Bunnings, Mitre 10 Mega, Big W, Target and Walgreens, have come to dominate retail space with their retail brands and have overwhelmed traditional neighbourhood retailers (Farris & Ailwadi, 1992; Spector, 2005). The traditional retailers have largely relied on local and national manufacturers’ brands, while in contrast, the business model of the large national and international retailers is to build brand around themselves. Shobert (2006) suggests that customers’ loyalty is with the retailers, moving away from the manufacturers and their brands. Previously mentioned research by BIS Schrapnel supports Shobert’s view, indicating that consumers do not have a specific product brand in mind before going to the store, and only make up their mind about which brand to purchase once in the store (Giles & Hill, 2007). Condon (2002) proposes that brand loyalty in the new century is moving from product-brand loyalty to destination loyalty, meaning loyalty to the retail brand rather than the manufacturers and their brands. The increasing dominance of retailer-brand
preference over product brands suggests that the retailer has considerable power over the product brand, and is able to take the dominant position in the consideration set formed by the consumer (Condon, 2002).

2.8 Brand loyalty and the halo effect

Belief about an attribute could possibly influence a consumer’s assessment beyond its overall attitude component. For a consumer this could be that the trustworthiness or familiarity with a retailer is extended to the products offered for sale by the retailer. Brand loyalty is the result of the halo effect. This halo effect is variously defined as the influence of a global evaluation on evaluations of individual attributes by a person (Rees & Shepherd, 2005) and as the transfer of goodwill or positive feelings about one characteristic of a product to other, possibly unrelated characteristics such as assuming a product’s reliability based on a positive response to its packaging or the imprimatur of the retailer. This implies that the halo effect is a cognitive construct of perception. Thorndike’s (1920) paper titled ‘A Constant Error on Psychological Rating’ published in the *Journal of Applied Psychology* first documented the notion of such perceptions with regard to rating employees. This has also been followed up by Phil Rosenzweig’s (2007) book on the same topic called *The Halo Effect ... and Eight Other Business Delusions That Deceive Managers*. Thorndike defines the halo effect as “a problem that arises in data collection when there is carry-over from one judgment to another” (1920 cited in Hodges et al., 2011, p. 674).

In consumer behaviour terms, the halo effect has come to mean the consumers’ preconceived perceptions extended to all of a firm’s products based on previously experienced products from that firm, and it explains the bias shown by customers towards certain brands. The halo effect is based on brand equity (Leuthesser, et al., 1995) which is the concept that emerged during the 1980s (Barwise, 1993). High brand equity levels have been shown to lead to higher consumer preferences and purchase intentions (Cobb-Walgren, et al., 1995) and thus brand loyalty is formed.

The halo effect is the tendency to assign generally positive or generally negative traits to a person, object or thing, after observing one or more specific positive or negative traits. These biases may be vindicated due to the Pygmalion effect, which is a source of self-fulfilling
prophecy. Essentially, the halo effect is a psycho-social application of the Law of Proximity, whereby certain unrelated observations, found in the comparable subjects of a narrow sample set, are assumed to have a high correlation, when, in fact, no such correlation exists. This phenomenon may be seen when a consumer trusts a retailer and, therefore, trusts their products.

An accepted aspect of brand equity is brand associations (Ratneshwar & Mick, 2004). These represent the foundation for a purchase decision and brand loyalty (Kapferer, 1992, p. 109). Chen (2008) identifies two types of brand associations: product associations and organisational associations. Brand associations have more recently been defined as consisting of all brand-related thoughts, feelings, perceptions, images, experiences, beliefs and attitudes (Cook, 2001, p. 188) and they are linked through memory to a brand.

Some researchers argue that consumers’ assessment of quality are determined entirely by their perceptions (Mintel, 2005). Perceived quality is a dimension of brand equity (Kapferer, 1992; Bauman, 2001; Kuznetsov & Paulos, 2010). It is the customer’s judgment about a product’s overall merit and it is distinct from the concept of objective quality (Zeithaml, 1988, pp. 3 - 4). Objective quality refers to the technical, measurable and verifiable nature of a product. A high objective quality does not automatically translate into brand equity (Atkinson, 2006) as consumers are unlikely to be able to make complete and correct judgments about a product’s objective quality. Consumers thus use quality attributes to make judgements about the quality of an unfamiliar product. Zeithaml (1988) and Steenkamp (1997) divide the concept of perceived quality into intrinsic and extrinsic attributes. Intrinsic attributes include such aspects as colour, flavour, form and appearance; extrinsic attributes include brand name, stamp of quality, price, store, packaging and production information (Watson & Shove, 2005). It is difficult to make accurate generalisations about attributes as they are specific to product categories (Atkinson, 2006).

Loyalty is also a dimension of brand equity. Brand loyalty is defined as the attachment that a customer has to a brand (Kapferer, 1992, p. 39). Brand loyalty is linked to consumer behaviour and is indicated by the number of repeated purchases (Keller, 1998) or a commitment to repurchase the brand as a primary choice (Oliver, 1980, 1997, 1999). The concept of cognitive loyalty suggests that a brand first appears in a consumers’ mind when the need to make a purchase decision arises. Cognitive loyalty is linked to the consumers’ highest level of
awareness, where the subject of interest is also the brand, which the consumer consequently recalls first. Thus, a brand is able to become a consumer’s first choice (Keller, 1998).

Brand equity models (Martin & Brown, 1990; Kimmelman, 2010) regard credibility as an important attribute when assessing the strengths of a brand. Credibility is the plausibility of retailers’ intentions and it is posited to have two main components: trustworthiness and expertise. Brand credibility is defined as the believability that the brand will deliver what has been promised. Thus, when brands have high credibility, the lower information costs and lower risks associated with them will strengthen the consumer evaluations of those brands (Barwise, 1993; Cobb-Walgren, et al., 1995; Leuthesser, et al., 1995; Aaker & Joachimsthaler, 2000; Erdem, et al., 2004; Tülin & Swait, 2004; Keller, 2010).

2.9 Research question

In reducing the burden of decision making the consumer forms a consideration set. This recognises the inability for decision-makers to consider all options. This goes to the notion of bounded rationality that sees decision-makers working within their ken. It suggests that the notion of rational man is not applied in the ‘real’ world. Rather than a prescriptive understanding of decision-making we are pointed to a descriptive model. This model suggests that decisions are brought down to a manageable size of alternatives employing heuristic techniques to assist in this endeavour.

Heuristics available to a decision-maker makes available various models dependent on the circumstances. The options fit within the notion of retrospective, introspective and prospective consideration. Decision-makers are however flexible in their application and combination of these models. Consideration sets allows the decision-makers to reduce complexity by reducing the options by reflecting on experience, advice or research.

Applying the heuristic of consideration sets supports the notions of bounded rationality reducing cognitive burden. The importance of the consumer’s involvement is underpinned by the relative importance of the decision. Whether the concept of involvement positively or negatively influences the number of options considered is not clear in the literature.
The perceived risk, or uncertainty of outcome, is crucial in influencing decision-making. The degree of risk is determined by the probability of harm. Harm not necessarily physical, but can include, amongst others, harm to an individual’s prestige or assets. Risk can be mitigated through the notion of trust.

Trust is a promise expressed in reduced risk. The incorporation of trust in a brand reduces decision-making complexity by enabling the abrogation of responsibility. The consumers trust in a particular brand can be extended to other brands associated with that brand which is entirely the decision-makers perception of that particular brand. Thus the credibility of the brand in terms of trust allows the decision-maker to allow the brand to reduce their perceived risk by extending their trust in that brand to other associated brands.

Brand, therefore, is a proxy in the decision-making process. It is not a prescriptive model, but one bounded to reduce the burden of the process and recognising the limitations in the decision-maker.

As has been noted above consumers choose a product by first forming a consideration set and then making their choice. When there are many products to screen or many aspects to evaluate, it is realistic for consumers to use heuristic decision rules. A ‘retailer preference’ is such a rule based on the retailer’s ability to satisfy their customers’ goals (Lange, Selander, & Åberg, 2003). “Sherif’s (1935) Autokinetic Effect Experiment aimed to demonstrate that people conform to group norms, when put in uncertain situations. The results of the experiment showed that when in such situation, a person will look to others who know more, or ought to know more, for guidance. Wanting the right outcome but lacking the appropriate information observing others provides this information. Consumers choose a retailer as a specialist who can offer a solution to their problem (Sherif, 1935; Earl & Potts, 2004). With a proliferation of information and options, consumers choose to delegate product decisions to others (Sherif, 1935). This is not a new phenomenon – consumers use specialists such as bridal consultants and image consultants to help them make many decisions (Aggarwal & Mazambar, 2008). With limited resources, consumers may prefer to focus on the characteristics of one brand rather than consider the characteristics of others (Kardes, et al., 2002). This focused evaluation process is a heuristic that reduces the decision-making process for the consumer by allowing the retailer’s brand, through
its perceived characteristics, to be an indicator for the product that will satisfy the consumer’s wants.

Consideration sets are employed by the home improvement consumer to lighten the burden of decision-making. The research question to be addressed is in regard to the big box retailers of home improvement products:

In the formation of home improvement consumers’ considerations sets, in what order do retailer preference and product preference come?

2.10 Chapter 2 conclusion

This chapter’s review of the literature on consumer decision-making shows that consumers faced with complex and incomplete information will satisfice. Therefore, they are not rational decision-makers; they make decisions based on selective information, and take short cuts such as reducing available options to a limited number. The influences of risk, involvement and trust on the heuristic of the consideration set are varied.

There is a general agreement that the decision-maker needs to mitigate perceived risk (Sherif, 1935; Earl & Potts, 2004). This need to reduce risk requires the consumer to display trust. This trust can be placed by the consumer in a brand, and the degree of trust is reflected in brand loyalty. Contradictions in the literature regarding the construct and operation of involvement mask the exact nature and intensity of involvement’s influence on decision-making. However, the recursive nature of purchasing is determined when a person decides they need something, rather than a rational decision-making process a heuristic is formed. This process is impacted by the level of involvement and the entwined risk–trust relationship, and it is resolved by brand heuristics. Marketers must recognise that brand loyalty is a result of the decision-making trap of the halo effect and as such the process recommences.

Nonetheless, understanding which brand dominates is important for marketers, retailers and theorists. It is unclear in which order DIY customers who are potential customers of big box retailers form a retailer preference or product preference. The order can be a determinant of who, manufacturer or retailer, exerts the more substantive power over the consumer.
Having considered the literature, the gap is clear and this thesis now sets to explore this gap. The methodology is discussed in full in chapter 3.
Chapter Three - Methodology

3.1. Introduction

The literature reviewed in the previous chapter gave an insight into the formation of consideration sets by consumers. There appears to be little evidence regarding whether consumers form a retailer preference or a product preference first. Chapter 3 outlines the research design used in this exploratory study to investigate this gap in knowledge. The selection of methodology as well as the ontology, epistemology, and research paradigm on which this research is based is also justified.

The chapter commences with a discussion of the theoretical and conceptual framework. The discussion of the theoretical framework ensures that the theoretical assumptions permit critical evaluation by connecting the research to existing knowledge as a basis for the choice of research methods. The theoretical framework further specifies which key variables influence the order of consideration set formation. The conceptual framework outlines the basis for the research process.

3.2. Theoretical framework

According to Patton (1990, p. 67) “How you study the world determines what you learn about the world”. This approach shapes the framework used within this research. The theoretical framework presented here provides the grounding of this study, informing and guiding the assumptions (Marshall & Rossman, 1989; Marriam, 1998). To this end ‘retailer preference’ is assumed to be based on the retailer’s ability to satisfy a consumer’s goals (Lange, et al., 2003) with the consumer choosing the retailer as a specialist to offer the solution to their problem (Earl & Potts, 2004). The strategy employed by consumers is to delegate product decisions to others (Aggarwal & Mazambar, 2008) such as the retailer, reducing their perceived risk by placing their trust in a brand and by extension supporting the view put in Chapter 2 that consumers make satisficing decisions rather than optimal ones (Simon, 1955; Grieshop, et al., 1992) by choosing from among the options offered by the retailer.

Consumers reduce the effort they need to expend to solve problems by employing selective heuristic searches using means-ends analysis (Edwards & Tversky, 1967). In social exchanges, decision-makers are unaware of their use of heuristics in their decision-making processes, even
when making critical decisions (Cripps & Meyer, 1994; Gilovich, et al., 2001; Shah & Oppenheimer, 2008; Gigerenzer & Gaissmaier, 2011). Current research supports this contention that consumers use means-ends analysis which may explain the ability to make good decisions through the employment of heuristics when there are time and cognitive restraints (Gigerenzer & Selten, 2001; Gigerenzer & Todd, 2001). Retailer preference, which is investigated in this study, is one such a heuristic, and it is studied here. Retailer preference is the development of a preference formation into a consideration set (Schiffman, et al., 2005). Such a consideration set is, by its nature, a limited number of alternative brands or options, and it is formed through experience, the advice of others or research (Schiffman, et al., 2005; Webb, 2005; Blackwell, 2006).

3.3. Conceptual framework

The theoretical framework of a study is the theory on which it is based. The conceptual framework is the operationalisation of this theory, turning abstract concepts into observable and measurable quantities (Marshall & Rossman, 1989; Srivastava & Thomson, 2009). A concept is a symbolic representation of an abstract idea (Braccini, DeFloriani, Vernazza, & Semmar, 1995).

This research paper proposes a construct of retailer preference, defined as the state where the retailer/merchant brand is chosen before or at the same time as the product brand. Thus, the consumer forms a consideration set of retailers/merchants, prior to or in conjunction with the formation of a consideration set of product brands. The relationship between consideration set formation and retailer preference formation is conceptualised at a fairly general level as a two-stage relationship, where a set of causal factors – involvement and trust – impact on an intermediate indicator – perceived risk – which in turn determines the final outcome in terms of changes in the consideration set.

A change in circumstances for home-improvement purchases could result in different outcomes depending on changing factors such as urgency and complexity. Context – which includes such factors as convenience, the need for durable or specialty goods, and the type of consumption, is also likely to influence the decision-making process (Black, 1990). For home-improvement consumers the difficulty of context is further complicated by the myriad of communication (internet, newspapers, TV) availability (internet, corner store, big box retailer) and purchasing
options (time payment, cash, account) time constraints and energy reserves. These result in information processing and decision making that are not fully informed (Brown, 2005). As a result, limited information processing takes place (Gigerenzer & Todd, 2001) which seeks to minimise risk (Lynch, Marmorstein, & Weigold, 1988; Nedungadi, 1990; Kardes, et al., 1993; Lehmann & Pan, 1994; Hsee, et al., 1999; Kardes, et al., 2002). Consumers seek and interpret the imprimatur of the brand to signal which, if any, of the available decisions minimises this risk.

3.4. Research paradigm

Key considerations in social research are epistemology, ontology, and methodology (Terre Blanche, et al., 2006; Bryman, 2008). Social research seeks to improve our understanding of the social processes and problems encountered by individuals and groups in society. Effective social research delivers benefits throughout society, providing insight into social construct and behaviour. Such research is a focused contemplation of questions, problems or issues, carried out in order to learn something about ourselves and our social world. It requires honesty and accuracy in the way information is gathered, tested, used and interpreted, and importantly, an open mind. There are two main forms of social research: basic research which aims to generate knowledge for the understanding of human social behaviour, and applied research which aims to provide knowledge that can be used to influence social policy (Nafstad, 1982; Terre Blanche, et al., 2006). It is the latter form that motivates this project.

Social epistemology is the philosophical study of the relevance of communities to knowledge; it is the study of the social dimension of knowledge (Audi, 1997). Whilst the proponents of classical and neoclassical approaches to social research debate about the nature of this knowledge, and the scope of what is social, there is general agreement that social epistemology is academically significant and has real-world relevance (Miller & Fredericks, 1995). Social ontology is the shared agreement about what something means, and is, in essence, the shared collective meaning, the fundamental nature of the social world (Hosking, Dachler, & Gergen, 1995). All of reality can be said to be a social reality (Weissman, 2000). Every component is created by reciprocal causal relations; nothing in society is autonomous; everything is because of something else. Thus, a consumer forms a consideration set in response to a reality which is in turn a consequence of their perceived risk (Ridly, 2004). Social research methodology entails finding multiple realities, and ensuring the research is valid and authoritative so that social
meaning is discovered. While the previous discussion was to set in a broad context, we now move to discuss in greater detail the paradigm, design and methodology of this study.

3.5. Epistemology

Epistemology is concerned with the character and extent of knowledge (BonJour & Sosa, 2003; Cohan, 2005). According to the social normative paradigm, this knowledge is gained by controlling the research conditions, for example human behaviour (Cohen, Manion, & Morrison, 2000). The social normative paradigm’s weakness is that not all social phenomena can be investigated in this way (Cohen, et al., 2007). Positivism, post-positivism, and the normative paradigm seek to discover the truth as an objective ‘truth’ which is independent to the observer, to whom it has logical coherence with controlled conditions that are observable (Neuman, 1997; Bryman, 2008). It is difficult in social research, and therefore in this research project, to isolate consumers and to control the results and observe them, particularly taking into account trust, perceived risk and involvement (Francesco, 1969).

Distinguished from positivist and post-positivist paradigms by its focus on interpretation and explanation, critical theory is “explicitly prescriptive and normative, entailing a view of what behaviour in a social democracy ‘should’ entail” (Cohen, et al., 2007, p. 26). Discovering key issues through the critical theory paradigm is based on subjective analysis (Alvesson & Deetz, 2000). This subjective analysis suggests two of critical theory’s fundamental weaknesses: it is open to a host of interpretations, and it assumes rational behaviour (Guba & Lincoln, 1994). The assumption that buying decisions are a logical and cogent process where people assign a value to each desired product or service based upon their assessment of the ability of that product or service to satisfy their needs. As different offerings possess different levels of utility, the assumption that people’s behaviour is rational suggests that they seek to maximise utility and as a result will need investigate and evaluate each available possibility. Mill (1836, p. 12) suggests that this paradigm

…does not treat the whole of man’s nature as modified by the social state, nor of the whole conduct of man in society. It is concerned with him solely as a being who desires to possess wealth, and who is capable of judging the comparative efficacy of means for obtaining that end.
The interpretive paradigm, in contrast to the prescriptive normative approach, seeks to reach an understanding of an individual with their unique characteristics, differing behaviours, opinions, and attitudes (Cohen, et al., 2007). According to Neuman (1997, p. 68) the interpretive approach in social research is “the systematic analysis of socially meaningful action, through the direct detailed observation of people in natural settings, in order to arrive at understandings and interpretations of how people create and maintain their social worlds”. This paradigm develops a subjective interpretation of the environment, assuming that “our knowledge of reality is gained only through social constructions such as languages, consciousness, shared meanings, documents, tools, and other artefacts” (Klein & Myers, 1999, p. 69). It seeks to understand a situation as perceived by those who are involved in it (Schwandt, 1994, p. 118). The interpretive paradigm used in this study argues that truth is constructed by subjective perception.

Consumers understand their experience through the meanings found in symbols, such as brand names and slogans. These social symbols have socially determined purposes. The interpretive approach produces an understanding of the meaning and context in which consumers’ consideration sets are formed, as well as the processes that influences the order in which the components of consideration sets are developed.

The advantage of the interpretive paradigm is finding meaning in reflection. Interpretive social research stresses the need to put analysis in context. It attempts to understand the phenomena of social interaction through the meanings that people give to them. A weakness of the paradigm is that complex results can be challenging to analyse and interpret objectively. Nevertheless, the interpretive research approach gives scope to address involvement, risk and trust, and then to pose questions, such as how and why a particular decision set order is formed (Orlikowski & Baroudi, 1991).

The research focus of this thesis is a cognitive process; that is, consumers’ decision-making. The thesis examines the order of the choices made when reducing the available options to a list of product brands or retailers or a mixture of the two. The interpretive paradigm was used as the concept considered consisted of subjective experiences. Understanding meaning consumers applied to the phenomena and understanding context in which choices were made was therefore critical (Backlund, 2005) suggesting the need for a qualitative approach, such as one involving focus groups (Myers, 2000; Spencer, Ritchie, Lewis, & Dillon, 2003; McMurray, 2006) and
expert panels that rely on the subjective relationships between the researcher and group members, and between panel members and the researcher, to obtain the rich and descriptive data required to explain or confirm the subjective reasons and meanings of consumers (Terre Blanche, et al., 2006).

Anderson (1986, p. 156) suggests that

…while there exists no privileged epistemological platform from which to assess competing knowledge claims, relative judgments can be made between competing programs on the basis of social and cognitive aims, metaphysical beliefs, and preferred methodologies.

3.6. Ontology

The ontology on which the normative paradigm is based stresses the independence of social phenomena from other factors, whilst in the interpretive paradigm emphasises a world with different meanings and interdependence. Whitehead (1978, p. 119) suggests that we are a ‘complex amplifier’, interpreting what we know or have experienced from within ourselves, filtering incoming information from outside ourselves, learning from our environment through perception and generalisation, and placing emphasis on certain elements of our experience.

According to Mead (1982, p. 107) “we do not assume there is a self to begin with. Self is not presupposed as a stuff out of which the world arises. Rather self-arises in the world”. Thus what we are is a consequence of our social environment.

The social environment for consumers is changing, as a consequence of transformations in our environment brought about by such things as new technology and altered social structures. These changes in the consumers’ environment are happening at an ever-accelerating pace (Hutter, 2011). New technologies create new uncertainties, as consumers are faced with an ever-expanding amount of information. With more access to information, more ability to connect, and more mobility, consumers have more choice. Whilst this is apt to be good, it comes with a cost creating new opportunities for uncertainties. Mackay (MacKay, 2004, p. 24) suggests that “people often seem relieved to have the power of choice taken out of their hands – by passion, social pressure, or even, paradoxically, by a relentlessly rational argument that reduces the alternatives to just one possibility”. Facing increased choice, consumers have responded by developing decision models.
This study seeks to explore how decision makers form one such decision model – the consideration set. In doing so, the interpretive paradigm allows the researcher to understand, and explore concepts.

3.7. Research Design

Research designs fall into three categories: first, the randomised, or true, experiment, where the design uses random assignment to groups; second, the quasi-experimental design where random assignment is not applied and multiple groups or multiple waves of measurement are used; and third, the non-experimental design which has neither random assignment nor multiple groups nor waves of measurement. Understanding these classifications is important for linking the research design with respect to its internal validity (Babbie, 1989) that can be used to judge the worth of its conclusions. A randomised experiment is the strongest approach for establishing a cause-effect relationship, and a non-experiment is generally the weakest approach for establishing a cause-effect relationship (Schiffman, et al., 2005).

The ex-post facto research design used in this study builds on previously conducted research into consideration sets. This study specifically focuses on the home-improvement consumers using a grounded methodology in focus groups and the Delphi method in an expert panel to collect data for qualitative research. Studies in consumer research have been criticised for a lack of focus on the context of consumption (Mick & Fournier, 1998). Key reasons for not using an experimental design is that it is impractical in this case, prohibitively expensive and it could be unethical (Cohen, et al., 2000; Terre Blanche, et al., 2006). With this in mind the ex-post facto research design does not seek to control variable factors; rather it reflects that the research is undertaken after the event.

3.7.1. Experimental research design

Experimentation in sociology raises questions, particularly ethical ones, concerning confidentiality, harm mitigation and anonymity. There is also the difficulty of forming control samples and retaining these over time, as well as the difficulties encountered in controlling the extraneous environment (Terre Blanche, et al., 2006). The advantage of experimental design is that it can demonstrate cause and effect relationships (Cohen, et al., 2000; Terre Blanche, et al., 2006). Nevertheless, experimental designs are limited by the narrow range of evaluation
purposes that they address (Gribbons & Herman, 1997). The limitation of the experimental method is the difficulty of meeting the requirements for both internal validity, which exists if the effects of the independent variable on the dependent variable are not caused by extraneous factors, and external validity, which is the ability to generalise the results. Although carefully controlled experiments often have high internal validity, they frequently have low external validity. Quasi-experiments conducted in natural settings can be high on external validity, but lack internal validity (Farrington, 2003). Quasi-experimental designs were developed to offer an alternative means for investigating causality in situations which were not conducive to experimental control and to control threats to validity in situations where at least one of the three elements of true experimental research – manipulation, randomisation, and control groups – were not available (Nykiel, 2007, p. 57). Nevertheless causation cannot be fully established because the experimenter does not have total control over extraneous variables (Terre Blanche, et al., 2006).

3.7.2. Non-experimental research designs

Non-experimental designs allow us to test relationships between variables without controlling or manipulating subjects and conditions (Mitchell, 2001). This type of research involves variables that are studied as they exist. A primary reason for using non-experimental research is that many variables of interest in social science, including gender, socioeconomic status, learning style and personal characteristics, cannot be manipulated.

Often associated with non-experimental research, but also used in quasi-experiments, is ex-post facto research (Mitchell, 2001). In the ex-post facto research, there is no control or comparison group, and the treatment is not manipulated as it has already occurred. Ex-post facto research seeks explanations for cause or effect in present situations (Neuman, 2006). It searches for an explanation for what might have contributed to the occurrence of a particular phenomenon. The task is to reconstruct the event based upon other available information and then analyse and interpret the event to establish causes, effects, relationships, and their meanings. Although it is possible to find samples of subjects at random in both experimental and ex-post facto research, an important difference in ex-post facto research is that it is impossible to assign subjects and treatments to groups at random (Kerlinger, 1964). Thus ex-post facto design is used in this study, as it is not possible to control the experience, exposure, or influences which may affect home
improvement consumers. The descriptor, ‘ex-post facto’, has grown to include a variety of retrospective studies, including attempts to determine which factors are associated with a given condition (Ray, 2009, p. 289) such as those associated with consumer decision-making.

The term ex-post facto is based on an assumption known as ‘post hoc, ergo propter hoc’ which means, ‘after this, therefore because of this’ (Kerlinger, 1964, p. 359). Such an assumption involves risk, as there are always other possible causes for something. Causality, therefore, cannot be established empirically, since it can never be established that all relevant causes have been controlled for (Pearl, Shanks, Medin, & Holyoak, 1996). Nonetheless ex-post facto research provides the opportunity to gather data where experimental research is not practical. It serves as a good exploratory tool and it is a more realistic data-gathering tool, as it reflects real world applications, rather than controlled experimental structures, and provides direction and a hypothesis for future research (Cohen, et al., 2007).

The strength of ex-post facto research design lies in the fact that it is the only method of inquiry which can be used to study many of the problems in the social sciences. Ex-post facto methods have been used in most fields of social sciences, which deal with problems which do not lend themselves to experimental inquiry. Thus, even though it has inherent limitations, it is the most appropriate way to conduct research in this study (Francesco, 1969; Morgan & Smircich, 1980; Nafstad, 1982; Panacek & Thomoson, 1995; Mitchell, 2001; Nykiel, 2007; Srivastava & Thomson, 2009).

3.8. Methodology

Quantitative research can best be described as objective and qualitative research as subjective (Terre Blanche, et al., 2006). Quantitative research seeks elucidatory laws; qualitative research aims at in-depth depiction. While quantitative research measures what it assumes to be a stationary truth, in hopes of developing common laws, it is an examination of what is thought to be a dynamic reality (Miller & Fredericks, 1995; Myers, 2000; Spencer, et al., 2003; Manning, 2006; McMurray, 2006).
The quantitative-qualitative discussions appear to be largely theoretical (Johnson & Onwuegbuzie, 2004). Qualitative and quantitative researchers function under heterogeneous epistemological assumptions. These theoretical beliefs are related to how knowledge can be communicated to others, its nature, its presuppositions and foundations, and its extent and validity. In their extreme forms these beliefs argue knowledge can be viewed as objective and theoretically available to all, or else subjective and dependent on individual experience. Quantitative research suggests that by understanding a phenomenon, a truth can be extracted and quantified; qualitative researchers on the other hand suggest that to understand a phenomenon or truth, it must be observed. However, a link does exist between the two paradigms. They are both grounded in critical realism, and the validity system “that is, their internal, construct, and external validity are relevant in both approaches” (Lund, 2005, p. 130). With quantification, however it is only possible to observe a small fraction of a reality, which cannot be qualified or focused without sacrificing the meaning of the entire phenomenon (Punch & Punch, 2005; Neuman, 2006).

Qualitative research shares the theoretical assumptions of the interpretive paradigm, based on the notion that social reality is created and sustained through the subjective experience of people (Cohen, et al., 2000; Terre Blanche, et al., 2006). It operates under the ontological assumption that apart from our perceptions, there is not a single unitary reality. It proposes that experiences are different realities, the consequences of each of individual experience. Conducting research which does not take this into account violates the underlying view of the individual (Miller & Fredericks, 1995; Myers, 2000; Spencer, et al., 2003; McMurray, 2006). Qualitative research opposes methods that attempt to aggregate norms across individuals, contending that as each individual is unique, the researcher is also a unique individual and therefore all research is essentially biased by each researcher’s individual perceptions (Myers, 2000; McMurray, 2006).

Research has no single approach that provides a total view of reality. The point of social science, and the research in this study, is to find and demonstrate what the causally relevant factors are for the phenomena being studied – in this case the order of consideration set formation. It is the relevant logic of the evidence that is important. The quantitative paradigm is not appropriate for use as it makes the epistemological assumption that reality is unitary, objective, and can only be revealed through transcending the viewpoint of the individual. In quantitative research, a
phenomenon is explained through the analysis of data obtained by objective forms of measurement. This paradigm breaks down when the occurrences under study are difficult to measure or quantify (Steckler, McLeroy, Goodman, Bird, & McCormick, 1992) as is the case in this project. Qualitative research, with its interview style, allows researchers to investigate meanings.

The use of qualitative research methods in this study provides an entree into the perceived truth of individuals, facilitating the investigation of consumers’ construction of their personal worldviews. This method supports data that is rich in the subjectivity of actions, interactions, emotions, culture, symbols and rituals – all key aspects of understanding the motivation for consumers ordering their consideration sets in a particular way. The interaction between researcher and participant is recognised as a key component of data generation and it is valued as a means of getting close to the experiences of participants so that phenomena can be viewed from their own perspectives. A qualitative idea provides interpretive flexibility that is reflexive and responsive to the concepts and theories which emerge from the data. Such an epistemological pluralism facilitates valuable insights into complex phenomena, such as those associated with the varied dimensions of human behaviour, occurring in naturalistic settings. Munhall (2001, p. 68) states that “Qualitative research involves broadly stated questions about human experiences and realities, studied through sustained contact with persons in their natural environments, and producing rich, descriptive data that help us to understand those person’s experiences”.

The qualitative paradigm therefore offers a sound methodological framework for developing an understanding of the implicit subjectivity that occurs within consumer decision making (Craig-Lees, 2001). Nevertheless, the challenge in this study is to maintain an objective perspective. It may be is possible that there is some other variable or factor causing the outcome under study with the possible influence of social relationships such as family pressure or an external experience affecting behaviour (Cohen, et al., 2000; Terre Blanche, et al., 2006). This is sometimes referred to as the third or missing variable (Neuman, 2006).

A criticism of qualitative methodologies is the limitation of their applicability beyond a study’s findings, often referred to as its generalisability or external validity (Patton, 1990; Cohen, et al., 2000; Terre Blanche, et al., 2006; Cohen, et al., 2007). Qualitative research is not generalisable
in the same sense as quantitative research, as it involves the selection of smaller non-random samples of individuals, who contribute to the generation of a theory and hypothesis. This research is focused on a defined market segment of home-improvement consumers, and it aims to lay foundations and provide insights for home-improvement consumers and retailers with regard to how their decision sets are formed. As an exploratory study it aims to provide insight rather than a definitive answer.

3.9. Validity

The need for a valid outcome when acquiring new knowledge is imperative in qualitative, quantitative and critical research. Lincoln and Guba (1985, p. 37) argue that:

...realities which are multiple, constructed and holistic, knower and known are interactive, inseparable: only time and context bound working hypotheses are possible; all entities are in a state of mutual simultaneous shaping, so that it is impossible to distinguish causes from effects; inquiry is value-bound.

They proposition that truth is constructed within a methodology that develops its own truth. This opens up the concept of verification of how can one assumption form a truth in one circumstance and the issue of the same truth in another. Such an opportunity is presented by grounded theory, the methodology used in the study’s focus group data collection. This method constructs a process that is inducted from systematically collected data. These facts, when viewed within the process, constantly verify its fit, relevance and workability. The process adjusts the concepts and their relationships within the theory to the presented facts to achieve fit, relevance and workability.

This research seeks to understand under what circumstances retailer preference precedes product preference. The qualitative paradigm in this research provides context, understanding and the basis for further research.

3.10. Qualitative Research and Grounded Theory

There are a number of approaches to social research, including ethnography, phenomenology, case studies, feminist research, action research, and grounded theory. The aim of grounded theory is the careful and systematic study of the relationships between an individual’s experience in society and to the history of that relationship (Goulding, 1998, 2005b). Grounded theory is a
qualitative research methodology that as noted previously lets theory emerge. It charts a logical and flexible method to collect and code data, make connections and establish an emergent model generated from the data. Grounded theory was developed by Glaser and Strauss in the 1960s. Glaser and Strauss argue that the strength of grounded theory lies in its collection and analysis of data, particularly the use of the first data analysis to shape continuing data collection (Charmaz, 1983; Strauss & Corbin, 1994; Parry, 1998; Douglas, 2003). Such an approach makes it possible to increase the density and saturation of recurring categories, and provides follow-up opportunities with regard to any unanticipated results. Weaving the data collection and analysis in this manner increases the clarity of the emergent theory and its parameters (Parry, 1998; Douglas, 2003; Charmaz, 2006).

The purpose of this method is to explain a given social situation by identifying the core and subsidiary processes operating within it. The core process sets the direction, exposing what is occurring in the process, and it dominates the analysis; it links most of the other processes involved in the explanatory network (Baker, Wuest, & Stern, 1992). Grounded theory’s many advantages include emergent theory, triangulation, and a systematic methodology for generating theory from data (Glaser, 1992).

The function of grounded theory is to develop theory about phenomena of interest (Marsh, Balla, & McDonald, 1988; Parry, 1998; Douglas, 2003). Grounded theory’s aim is to enable the researcher to identify with the whole environment and its constructs, and then take into account how all these interrelate, recognising that these relationships can change dynamically at any time (Johnson & Onwuegbuzie, 2004). The theory is developed through concepts, categories and propositions. Glaser (2001, p. 145) argues that “It is not only what is being told, how it is being told and the conditions of its being told, but also all the data surrounding what is being told”.

Grounded theory is a journey of discovery that requires the researcher to account for all effects in order to understand the antecedents. Strauss and Corbin (1990, p. 24) state that “the approach is a qualitative research method that uses a systematic set of procedures to develop an inductively derived grounded theory about a phenomenon”.

One criticism of grounded theory is that it allows successive modifications of its hypothesis and excessive conceptualisation (Mjoset, 2005). Whilst the theory does rely on the continual review of the hypothesis, it encourages constant comparison and thought between concepts drawn from
the data, paying particular attention to their many similarities and differences, thus developing
new theory which emerges from the data (Glaser, 2001; Goulding, 2005a).

An emphasis of this research project is one of new theory generation and contextualisation
The use of grounded methodology in this study provided a disciplined process, relying on the
data from focus groups to provide insights, and understanding, rather than imposing a strict
theoretical framework (Glaser & Strauss, 1967; Charmaz, 1983; Strauss & Corbin, 1990; Charmaz, 2006).

Hirschman and Thompson (1997, p. 46) argue that the use of grounded methodology for a study
such as this is appropriate as “methods of grounded theory are especially appropriate when the
purpose of the research is to discover consumer based theories and constructs”. The next section
discusses data collection.

3.11. Focus groups

Qualitative research typically relies on three methods for gathering information, observations,
interviews and focus groups.

- Observation offers the opportunity to gather direct information about the behaviour of
  individuals or groups, permitting the research to enter into and understand situations and
  context, whilst providing the opportunity to identify unanticipated outcomes. However
  this method can be expensive and time consuming, and requires well-qualified observers.
  The selective perception of the observer may distort data with the possibility that the
  behaviour observed is atypical.

- Interviews usually yield the richest data, details, and insights. Face-to-face contact with
  respondents provides opportunities to explore topics in depth and experience the affective
  as well as cognitive aspects of responses which may explain or help clarify questions.
  Nevertheless this method is also expensive and time-consuming, and needs highly trained
  interviewers. Interviewees may distort information through recall error, selective
  perceptions, or a desire to please interviewer. The flexibility of the process can result in
  inconsistencies across interviews.
Focus groups are akin to group interviews, and they capitalise on the groups’ interaction to garner data. Focus groups can be less threatening to participants than personal interviews, and provide a more natural setting (Kitzinger, 1995). The processes can explore and explain views in ways that would be less accessible in individual interviews. Group discussion is especially suitable when there is a series of open ended questions which encourage participants to explore issues of importance to them, in their own vocabulary, generating their own questions and pursuing their own priorities (McMurray, 2006).

The challenge confronting group processes is the articulation of group norms that may silence individual voices of dissent. The presence of the other participants could compromise confidentiality. However the group can facilitate the discussion of taboo topics with the less inhibited members of the group breaking the ice for other participants. Participants can also provide mutual support in expressing feelings that are common to their group but which they consider to deviate from mainstream culture (Kitzinger, 1995). When group dynamics work well, the research is taken in new and often unexpected directions (Neuman, 2006).

Focus group interviews were chosen to collect the original data. This technique involves in-depth group interviews of participants who are selected because they are a “purposive, not necessarily representative, sampling of a specific population” (Lederman, 1990, p. 117; Thomas, MacMillan, McColl, Hale, & Bond, 1995). In the case of this study, participants were recent consumers of home improvement products. In market research this technique aims to draw together consumer perceptions and opinions on product characteristics and advertising (Morgan, 1988). Therefore, focus group interviews “enable a greater understanding of consumers” (Krueger, 1988, p. 20).

One of the distinctive features of focus group interviews is their group dynamics. The type and range of data generated through the social interactions of such a group are often deeper and richer than those obtained from one-to-one interviews (Thomas, et al., 1995). They provide information about a range of ideas and feelings that individuals have about certain issues, and
they also illuminate the differences in perspective between individuals that might remain hidden were it not for group interaction (Kitzinger, 1995; Ho, 2006).

One unique quality of a focus group is its ability to produce data based on the synergy of the group interaction (Green, Draper, & Dowler, 2003), generating a large amount of data in a relatively short time (Krueger & Casey, 2000). Focus groups provide data that can lead to insights about human behaviours by allowing each participant to say whatever they would like. Researchers listen not only for the content of discussions but note such things as tone and emotions which help them to learn or confirm not just the facts but the meaning behind the facts. In a focus group session, conversation among participants results in discussion data. As a result they elicit information that paints a portrait of combined perspectives.

Critics of focus groups argue that: they tend to become influenced by dominant people in the session, making the output biased; they are influenced by the moderator; they are not as effective with sensitive matters: and they are usually held in artificial environments (Krueger, 1988; Morgan, 1988; Stewart & Shamdasani, 1990; Krueger & Casey, 2000). Merton, Fiske and Kendall (1990: p xxi) suggest that focus group research is being misused with plausible interpretations being taken from group interviews and treated as being valid. The logic of using focus groups in this study is founded on the recognition that there is not a single reality. Rather, reality is based on perceptions, which are different for each person and change over time. What we know only has meaning within a particular situation or context (Krueger & Casey, 2000; Burns & Grove, 2005). According to Taylor (1974 cited in Burns & Grove, 2005: p 55-56):

...the search for the nature of a phenomenon begins with the people, in their place and time and it leads to an explication of the aspects of a phenomenon. The nature of a phenomenon is a reflection of the nature people as human beings.

3.11.1. Purposive sampling

Research information is obtained by a wide variety of methods, from the experimental designs used in the physical sciences through to the surveys more common in the social sciences (McMurray, 2006). All these methods of gathering information involve choice in obtaining informants. This choice can be made using probability-based methods, where the choice of informants is by some perfunctory procedure involving lists of random numbers, or the
equivalent. Alternatively, the choice may be made by other methods, arousing elements of judgement. Methods involving judgement are referred to as purposive selection, judgement selection, or non-probability selection (Bernard, 2002).

The purposive sampling technique used within this study is a form of non-probability sampling, often used within both qualitative and quantitative research techniques (Cohen, et al., 2000; Terre Blanche, et al., 2006; Cohen, et al., 2007). It is a non-random technique that allows the researcher to decide what needs to be known and sets out to find informants who can and are willing to provide the intelligence by virtue of knowledge or experience (Bernard, 2002). Purposive sampling is epitomised through the key informant technique (Bernard, 2002; Cohen, et al., 2007) where a few individuals are solicited to act as informants. These key informants are members of the community of interest, in this study, DIY home-improvement consumers, who are both able and willing to share their knowledge.

Random or probability sampling is a means of informant selection as randomisation that reduces bias and allows for the extension of results to the entire sampling population (Manning, 2006). However, random sampling is not always feasible or efficient (McMurray, 2006). Non-probability techniques are cheaper than probability sampling, and are often used in exploratory studies (Terre Blanche, et al., 2006) such as this one.

3.12. Grounded theory

As discussed above, grounded theory analysis involves the reflection and development and understanding of a phenomenon through its descriptions by research participants in their own words (Jasper, 1994, p. 310). In this study, the personal accounts of participants, elicited through focus group interviews, provided the basis for insights and understanding of their decision-making processes, their experiences and the meanings they attached to their actions. The transition from focus group interview to grounded theory appeared reasonable, on the basis that the theory considered the processes underpinning a particular situation (Creswell, 1998) and incorporated the contextual complexities of that situation.

Grounded theory is an inductive process of generating or discovering a theory or schema from coding and categorising data (Strauss & Corbin, 1994). There are a number of versions of grounded theory (Dey, 1999, p. 2). In the 1980’s two schools emerged with the prescriptive
model espoused in the Basics of Qualitative research (Strauss and Corbin 1990) and the less prescriptive version presented by Glaser (1992) who suggested that the model offered by Strauss and Corbin did not extend understanding of grounded theory but had gone on to develop another method entirely a full conceptual description. It is not clear whether these two schools of thought are actually different, or whether they are just expressing a similar idea in different ways (Melia 1996). Charmaz (1983, 2006) constructivist grounded theory was tendered by Charmaz (2003) as an another possibility to classic (Glaser & Strauss, 1967; Glaser, 1978, 1992, 2001, 2002, 2009) and straussian grounded theories (Strauss & Corbin, 1990; Strauss & Corbin, 1994; Strauss & Corbin, 1998). Charmaz (2003) advocated that constructivist version of grounded theory offers a middle ground between postmodernism and positivism.

The multiple versions of grounded theory that have emerged, each with a family resemblance differ sufficiently from the original methodology that they serve a different purposes (Bryant, 2009). Charmaz (2003, p. 250) version of grounded theory: ‘assumes the relativism of multiple social realities, recognises the mutual creation of knowledge by the viewer and viewed, and aims toward an interpretive understanding of subjects’ meanings’. The constructionist model central tenet is to give voice to participants. Charmaz (2006) encouraged grounded theorists to incorporate the multiple voices, views and visions of participants in depiction their lived experiences. In so doing, constructivist grounded theory has deviated significantly from the original intent of the classic methodology.

The position in this thesis is to harmonise with Glaser’s (2002) position that the purpose of grounded theory is not to tell participants’ stories, but rather to identify and explain conceptually an ongoing behaviour which seeks to resolve an important concern. That is that the findings of a grounded theory study are not about people, but about the patterns of behaviour in which people engage. The crucial concern conceptualised in the grounded theory may not have been voiced explicitly by participants, but instead abstracted from the data in which the concern was acted out all the time (Glaser & Strauss, 1967; Glaser, 1978, 1992, 2001, 2002, 2009) and thus is the model used in this thesis.
3.13. The Delphi method

The Delphi method was developed as a way of obtaining the consensus of experts without having to bring them together. This method has been defined as a structured group communication process that is effective in allowing a group of individuals, as a whole, to deal with a complex problem (Linstone & Turoff, 2002, p. 3). It is based upon the Hegelian dialectic in which one creates one’s own opposition in order to manipulate that opposition to a unified consensus. The characteristic features of a Delphi procedure are its expert panel/s with a series of rounds in which information is collected from panellists, analysed and fed back to them as the basis for subsequent rounds. Through each round there is the opportunity for individuals to revise their judgments on the basis of this feedback, and there is some degree of anonymity for their individual contributions. Theoretically, the Delphi process can be continuously iterated until a consensus is considered to have been attained. It is suggest that three iterations are often sufficient to collect the needed information and to reach a consensus in most cases (Cengage, 2000).

However, the use of Delphi has been criticised. According to Martino (1983) major concerns regarding the Delphi method include:

- discounting the future and past which may not be seen to be as important as the present
- judging future events in isolation from other developments
- poor forecasting based on illusory expertise
- inadequate execution
- format bias in questionnaire rendering them unsuitable for some potential participants.
- manipulation of information gained in one round to move the next round of responses in a desired direction.

Nonetheless, the primary strength of the Delphi method is its ability to objectively explore issues that require judgment. In this project the issue requiring judgement is the review and the theory that emerged from the focus group data.
3.14. The conduct of focus groups

Three focus groups were ultimately formed, each one separate from the other two. The second and third groups were only conducted after the previous focus group data had been analysed. The researcher’s analysis of the data of each of these groups allowed the examination of the participants’ ideas and provided the data that led to the emergent theory. The final number of focus group questions needed for this study was determined by the focus groups themselves. The discussions continued until the participants had exhausted their views on the subjects raised (Neuman, 2006). This process was based on the constant comparative technique used in grounded theory (Glaser & Strauss, 1967; Strauss & Corbin, 1990; Strauss & Corbin, 1998).

The focus groups discussions were structured around twelve key questions (see Appendix B) which served as a guide (McMurray, 2006). To address these questions, the research perspective was based on applied grounded theory. This was a flexible, reflexive approach that enabled the researcher to explore the complexity of the cognitive process with regard to the order of the decision-making, reflecting the subjectivity and multiplicity of the participants’ decisions. As a result not all questions were asked, questions were only asked as prompts to further discussion.

3.15. Focus group selection

Through advertising in a local newspaper (see Appendix A) interested parties were asked to contact the researcher. Based on order of application, the qualified participants were asked to gather at one of the three separate focus group sessions.

As focus groups were the chosen data collection method, it was important that the participants came from a positive sample, a sample that represented the group of interest, home-improvement consumers. The participants were selected to ensure relevance (Burrows & Kendall, 1997) with membership allotted to consumers who had purchased a home improvement item within the previous twelve months; they were further vetted to ensure they were comfortable talking with the researcher and other group members about the issues involved (Richardson & Rabiee, 2001). A total of 36 applications were received, and in the qualifying process, those who had purchased a home improvement item within the previous twelve months; and were comfortable talking with the researcher and other group members about the issues involved, twenty eight were selected to meet in three groups in order of application, to groups one, two and three. Each qualified
The applicant was made fully aware of the purpose of the research (see Appendix C) their responsibilities and those of the researcher. After they received an outline of the process, 26 volunteered to proceed: 16 from the city of Greater Bendigo and the balance from regional areas surrounding Bendigo. Twenty-one attended their allotted group discussion, see table 3.1.

The number of participants varied slightly across the groups. No account was taken of age, sex or employment status or type. Focus group one had seven participants, group two had eight and group three had six. These were workable numbers, with greater potential for meaningful results than larger groups (Krueger & Casey, 2000). The number generally suggested as being manageable is between six and ten participants; big enough to gain a variety of views and perspectives, yet small enough not to become disorderly or fragmented. The first focus group was conducted at an industrial complex in an outer suburb of Bendigo; the others were conducted in a hotel in Bendigo. Each of these locations was selected for its convenience for that particular group of participants.

No inducements were given for attending, but light refreshments were made available. The sessions were recorded on voice recorder and subsequently typed and coded for detailed analysis. Notes were taken of behaviours and non-verbal expressions, which were helpful in the analysis of the data. For example they indicated when comments were emphasised, or when group members expressed displeasure during their own comments or in response to comments by others.

3.16. Data analysis – focus group
The foundation of grounded theory analysis is the coding process (Babchuk, 1997). Coding consists of naming and categorising data. Its purpose is to recognise, develop and relate the concepts that are the building blocks of theory.

The initial activity of the analysis focused on coding the data as it was obtained from each focus group. This was followed by a series of stages involving the examination, categorisation and recombination of the data in light of the study’s purpose (Krueger & Casey, 2000). Each set of focus group data was analysed and this analysis shaped the questions for the next focus group. This constant comparison method is a feature of the process; it is where emerging themes are sorted. Data was collected, coded and analysed concurrently, so that decisions about what data to collect next could be made. Theory emerged, was modified and developed as more data were collected and analysed (Strauss & Corbin, 1998). The analysis involved three processes: open coding, axial coding, and selective coding (Neuman, 1997).

Open coding is defined as “the analytic process through which concepts are identified and their properties and dimensions are discovered in data” (Strauss & Corbin, 1998, p. 101). Phenomena are identified to enable the grouping of similar events, happenings, and objects under a common heading or classification (Strauss & Corbin, 1998). In this study, data were broken down into discrete incidents, ideas, events, and acts and then named. Events were identified through comparative analysis and those sharing some common characteristics were allocated the same code. Strauss & Corbin (1990, p. 114) suggest that “categories are concepts derived from data that stand for phenomena”, and phenomena are important analytic ideas that emerge from the data.

The next step in the process entailed the application of axial coding of the data relating categories to their sub-categories (Strauss & Corbin, 1998). Axial coding is the process of reassembling data splintered during open coding. Categories are critical in the process of axial coding as these represent distinct phenomena and are able to explain what is happening, in this case the decision-making process. These categories form the ideas in which the phenomena are embedded and formed.

The final step in the process was that of selective coding “the process of integrating and refining the theory” (Strauss & Corbin, 1998, p. 161). Critical to this part of the analysis is the selection
of a central category, to which all major categories are related, and which explains the related categories in a logical and consistent manner. The emerging theory subsequently develops depth and has the power to explain the main points and variations observed in the data. In this data the criterion used to judge the adequacy of the emerging theory was whether it made sense (Glaser & Strauss, 1967; Glaser, 1978, 1992).

Data was collected, coded and analysed by hand concurrently, so that decisions about what data to collect next could be made. The recognition that words matter ensured that particular attention was paid to the connotations of the words participants used. These were identified by notations made throughout the focus group discussions. Everything participants said was within a context, for example whether the item purchased was urgent or not; these were also noted throughout the data collection.

How much attention placed on comments was decided by:

- How often any perception came up?
- How many participants held this perception?
- How strongly participants felt about any particular perception?
- Were the participants’ feelings and beliefs based on specific personal experiences and feelings or general perceptions?

Particular note was made when participants avoided answering or participating in a question or when the entire group fell silent. Whilst computer programs were considered to assist in the analysis, it was felt that these maybe problematic as they operate within set parameters, and as such may miss unlikely connections and understandings critical in this exploratory research.

3.17. Expert panel analysis

The Delphi method used in this research made use of the information provided by participants, who were experts in their field. Two panels were enlisted; one comprised of manufactures representatives and the other retailer representatives. “The Delphi questionnaires were administered using e-mail. The advantage of this rapid media was that it sped up the turnaround time between questionnaires. This was important using the Delphi method, which is notorious
for the elapsed time required for data collection. Considering that the research cannot progress until all the results for a panel are in, such a lag time could have been unreasonably long had it not been for email. These panels were used to validate the results obtained from focus group analysis. The experts were surveyed by email in three rounds, making six rounds altogether. In the second and third rounds results of the previous round were given as data from the prior round. Thus the experts answered questions in the second and third rounds under the influence of their colleagues’ opinions (Custer, et al., 1999).

Organisation of the questionnaires followed a ranking-type Delphi study outlined by Schmidt (1997). This involved three general steps: 1) brainstorming for important factors; for this step only, experts were treated as individuals, not panels the questionnaire: asked experts to list relevant focus group data (not in any order), these were consolidated into two lists from all experts, regardless of the panel. This was followed by a further questionnaire sent to experts for validation and refinement of the final version of consolidated lists narrowing down the original list to the most important ones; and ranking the list of important factors.

Step 2 narrowed down the data the expert panels were treated as two distinct panels. Each expert panel selecting the key factors on each list and discussing them. The most important factors were constructed into a common list.

Step 3: Ranking, each panel was asked to rank factors, this continued until consensus was reached.

It was found that the Delphi panels had an accord in their opinions with respect to the consumers on their risk aversion and relative importance of additional factors, other than risk. Trust in the brand and the relative importance of advice and service associated with purchase decision. The expert panels selected to participate in the Delphi survey shared a common view relative to the issues the consumer faced in their decision-making. The most difficult decision problem that they believed consumers face is choosing between differentiated goods or services that differ in their quality and price. Several factors were suggested as influencing decision making. These factors, including past experience, cognitive biases, age and individual differences, belief in personal relevance, and commitment, influence what choices are made by the DIY consumer.

3.18. Expert panel recruitment
Members of the panel of manufacturers were enlisted through email contact with three key manufacturers of home improvement products and requested to participate (Appendixes D and E). Each email response was followed by a request for a further referral. The manufacturers from two separate companies based in Melbourne were represented by three marketers, two sales professionals, and one industry consultant. Retailers were approached through email contact with six responding and agreeing to take part. The retailers were all based in Bendigo and were represented by six participants from five separate home improvement retailers, all at senior management level.

Experts from manufacturers were recruited from amongst marketing managers responsible for their product brands, with experts from retailers selected from marketers or senior managers from recognised national retailers.

3.19. Ethics

This project ‘Understanding Home Improvement Purchasing: Do consumers choose the retailer or product brand first?’ was given approval number ECN-08-064 by Southern Cross University Human Research Ethics Committee notification on the 19 June 2008 (see Appendix F).

3.19.1. Ethical considerations

Well-established rules exist for the conduct of research with human subjects. The key principles adopted include: the principle of voluntary participation, which requires that people are not coerced into participating; the principle of informed consent, which ensures participants are fully informed; and confidentiality. The requirement for confidentiality is the obligation to safeguard entrusted information. This includes the obligation to protect information from unauthorised access, use, disclosure, modification, loss or theft. Fulfilling the ethical duty of confidentiality is essential to the trust relationship between researcher and participant, and to the integrity of this research project (McMurray, 2006; Terre Blanche, et al., 2006).

These ethical issues and the consequences of participation as well as honesty and trust are discussed next.

3.19.2. Informed consent
Informed consent involves meeting four conditions: moral validity, which refers to the regard being given to consequences of the research so that they are good and desirable, disclosure, which refers to informing the potential participant as fully as possible of the nature and purpose of the research, the procedures to be used, the expected benefits to society, the potential of reasonably foreseeable risks, stresses, and discomforts, and alternatives to participating in the research, understanding, which refers to the requirement that participant must understand what has been explained and must be given the opportunity to ask questions and have them answered, and competency, which refers to the participants competency to give consent. (Beauchamp & Childress, 1994). These standards apply across the continuum of research. Informed consent implies appreciation and understanding of the facts and implications of an action. Deception and coercion violate the criterion of consent (McNamara, 1999). The basis for informed consent was the voluntary participation of the respondents, based on their receipt of full and accurate information about the study before their involvement. The purpose, nature and consequences of the study were explained to the focus group and expert members and they were free to withdraw at any time (McMurray, 2006).

For this study, an informed consent form was provided to each participant, including expert panel members, before the commencement of the focus or panel group sessions, and the form was explained in detail at the commencement; the form was signed by both the researcher and the participant (McMurray, 2006). The form detailed the procedures to be followed, the responsibilities of both parties, freedom of consent issues and the ability to withdraw at any time (Krueger & Casey, 2000; Terre Blanche, et al., 2006). [Note: in response to commentary made in the review of the thesis a number of participants of various groups were contacted and asked to recall what was said would happen to the data, all noted that they expected to have their comments directly quoted]

A copy of the information sheet and informed consent form are provided in Appendixes G and H.

3.20. Privacy and confidentiality

There is extensive agreement about the need to protect the privacy of participants, and the corresponding duty of researchers to treat personal information in a confidential manner. The
respect for privacy in research is an internationally recognised norm and ethical standard (Terre Blanche, et al., 2006). Privacy risks in research relate to the identification of participants, and the potential harm participants may experience from the collection, use and disclosure of personal information (Terre Blanche, et al., 2006). To protect the identity of participants members were coded immediately when informed consent was signed, so for focus group one participants were coded as Focus Group Male/Female One, Two, etc. (e.g. FGM1, FGF1). For the expert panel discussions this coding was undertaken at the expert panel discussions when informed consent was signed, so for expert panels participants they were coded as Expert Panel Retailer/Manufactures Group One, Two, etc. (e.g. EGR01, EGM01).

Example

FGM1

FG = Focus Group

M = Male (as opposed to F = Female)

1 – First respondent (as opposed to 2 respondent, etc...)

EGR01

EG = Expert Group

R = Retailer (as opposed to Manufacturer)

01 – First respondent (as opposed to 2 respondent, etc...)

Square brackets were at times used within quotes from the data to identify comments made by the participants to clarify what they were saying/meaning

Only the researcher knew the identity of the participants. In the written documentation, the participants were referred to as participant 1, 2, 3 and so on. The focus groups interviews were only tape-recorded after written approval was obtained from the interviewees. They were informed that the tape and all related materials would remain in the possession of the researcher for a period of five years and would not be used in any other research programs. The expert
panel discussions were held through email, and an undertaking was made that this data would also be protected.

3.21. Validity of the focus group data collection

The focus groups sessions and use of grounded theory allowed analysis of thoughts, attitudes, behaviours, and opinions with a high level of content validity (Babbie, 1989). These results are however based on small numbers of individuals and the conclusions rest on face validity that requires honesty of responses from all participants in the focus groups and expert panels, and they rely on the depth of analysis, rather than breadth of analysis. As is the case for all qualitative research focus group research, sacrifices reliability, or the ability to replicate results, for the sake of increased validity (Merton, et al., 1990; Stewart & Shamdasani, 1990; Krueger & Casey, 2000).

3.22. Chapter 3 conclusion

After outlining and justifying the methodological concerns, the interpretive paradigm was presented as the logical underpinning in this research project. This pointed to a qualitative methodology using focus groups and grounded theory, which relies on subjective relationships between the researcher and group members to obtain rich and descriptive data. The employment of the focus group methodology in this research stems from the belief that group discussion will uncover and explain issues and reactions which may not be expected, anticipated or even surface during a quantitative survey alone (Charmaz, 1983, 2006).

While there are a number of approaches to social research, including ethnography, case studies, feminist research and action research, the most appropriate for this study was grounded theory. A systematic methodology, grounded theory (Glaser & Strauss, 1967; Glaser, 1992, 2001, 2002, 2009) generates theory from data. The aim is to discover the participants’ main concern and how they try to resolve it (Charmaz, 1983, 2006). Grounded research contextualises data, as Glaser (Glaser, 2002, p. 145) notes: “It is not only what is being told, how it is being told and the conditions of its being told, but also all the data surrounding what is being told”. It is a journey of discovery that needs to account for all effects to understand the antecedents. Grounded theory is exciting, it drives researchers to understand the whole environment and its constructs then take into account how all these analyses interrelate, how dynamic slices of constructs fit together to
create an overall understanding, knowing all the time that it can change dynamically. The expert panels served to provide depth and an expert review of the derived theory.

The purpose of the use of the focus group research strategy was to draw upon respondents’ attitudes, feelings, beliefs, experiences and reactions which would not have been feasible using other methods, such as observation, one-to-one interviewing, or questionnaire surveys (Krueger & Casey, 2000; Terre Blanche, et al., 2006). Focus groups have also been shown to be particularly useful when there are power differences between the decision-makers such as the DIYers, and the providers of the solutions such as the retailers or product manufacturers (Morgan, 1988).

Although focus group research presented many advantages, as noted on page 62 (3.11 Focus groups), there are limitations, as is the case with all research methods.

Most importantly control over the data produced (Morgan 1988). The research had to allow participants to talk to each other, ask questions and express doubts and opinions, while having very little control over the interaction generally keeping participants focused on the topic was fundamental and was underpinned by the prepared questions. Although it was accepted that focus group research is open ended which was particularly important in this project with the applied grounded theory.

Focus groups can be influenced by one or two dominant people thus making the output very biased. The problem of a dominant voice overriding other voices was dealt with by making the focus groups homogenous. In this study the groups were homogenous in terms of their interest in home improvement activities, and their location, central Victoria. The researcher also ensured silent individuals participated within the group discussions.

Normative influences whilst not limited to focus groups could have resulted in respondents giving accounts perceived as acceptable to the researcher or the peer group. This was dealt with by encouraging everyone to participate and recognising individuals’ contribution and recognising those that may be responding to the group norms and noting in the data where this occurred.

The informal homogeneous group setting, and the open-ended nature of questions, encouraged the participants to feel free from various constraints. It is believed that they expressed their views
openly and spontaneously. Every effort was made for the participants to interact and this interaction stimulated memories and feelings and lead to a full in-depth discussion of the topic.

The use of expert panels in this thesis, as noted earlier on page 84 (3.22 Chapter 3 conclusion), was part of the triangulation to improve the robustness of the research.

It is hoped that this research will be the first of a series of research projects examining the sequencing of retailer or product brand inclusion into the consumers consideration set and its implications. The next chapter will present the results of the data analysis.
Chapter Four – Results and discussion

4.1. Introduction

This research aimed to establish whether Australian home improvement consumers choose the retailer brand before the product brand, or vice versa. Since the emergence of big box retailers research has investigated retailer preference, including retailer choice, patronage patterns, preferences, intra-type competition, intertype competition and competing shopping centres or districts. It has also considered retailers’ influence on the product consideration set, including set size and type of retail outlet. However, the order in which consumer decision-making processes occur in populating the consideration set has not previously been investigated. Understanding this order will help to build understanding of other aspects of consumers’ consideration set formation by helping to answer to such questions as: What would the consumer would do if a particular product was not offered at the retailer? What would happen if the retailer did not offer the range of brands in the consumer’s considered set? How many brands within the consumer’s consideration set must be offered by the retailer to stop the consumer seeking more information elsewhere? What is the role of new brands, retailer exclusive brands or own brands in the consideration set? By gaining meaningful answers to these questions, and by determining what the first choice is – the retailer, or the product or both simultaneously, we will inform both suppliers and retailers. This is all the more interesting in the light of research suggesting that brand has an influence on the consideration set, and the extent of that influence depends on the consumer’s previous experience of that brand.

As discussed in Chapter 3, an interpretive paradigm underpinned this research project. Grounded theory strengthened the collection of the data in three focus group sessions. Two expert panel discussions using the Delphi technique provided consistency and further strength to the analysis. The nascent theory will be discussed in light of the literature in the final chapter. This chapter presents central ideas and develops the thematic concepts that emerged through the analysis of the data.

4.2. Emergent concepts

According to sociologist Charmaz (2013) concepts are background ideas that shed light on the overall research problem. The emergent concepts developed in the course of the following investigation are a representation of a concept, home-improvement consumers’ decision-making,
answering the questions: Is this conduct or action in this concept? And if so what do I do about it? (Poe, 2011). Answering the first question, the concepts of involvement, risk, and trust, brand and brand loyalty emerged from the data. Based on the analysis of the data I will argue that retailer preference is related to the concept of risk, in such a way that the use of the notion of retailer preference which embodies the reassurance of the imprimatur of the retailer leads to actions aimed at reducing that risk that in the circumstances to which the concepts of that preference applies, resulted in the order of items in the consideration set population. In this investigation, the conceptual process is the formation of consideration sets.

The order and the apparent link which arises from the notions of risk, trust, involvement, brand and brand loyalty, are of central interest in this research and they relate to risk mitigation, which through their retailer preference is the action the consumer takes to mitigate perceived risk. It is likely that the formation process is a development of options as individual choices and circumstances arise – a cognitive emergence. This cognitive emergence of retailer preference is a response to the need to mitigate risk and it is dependent on circumstances and constraints of the rule of law, ethics and physics, and is influenced by the individual, the event and the available options.

This chapter uses quotes from the original data gathered from focus group sessions. This data was generated when individuals responded to the key questions, which served as guides and prompts for the broader group discussions (McMurray, 2006). Concepts emerged from the data, such as the importance of the retailer and the purchase which uncovered relationships between risk and trust.

4.3. Discussion of focus group questions

As noted above, in order to recognise concepts in the data, key questions posed to focus groups formed the starting point for the analysis. These questions were designed to develop sensitivity about context and interactions between themes. This thematic patterning emphasised the salient ideas which home-improvements consumers have in common. Central to this analysis was the ability to uncover the themes with which to explain the emergent concepts. This analysis then helped to define these concepts. The extracted concepts were then tested, developed and refined in light of all the subsequent group interview data. These concepts then formed the basis of the
expert panel review. This chapter now moves to consider each of the key questions which drove the initial analysis and the expert panels’ discussion on these emergent concepts. The chapter concludes with an analysis of the concepts in light of all the focus group data and expert panel discussions.

4.3.1. Feelings that underpin a purchase

Focus groups sought to uncover the feelings associated with purchasing products. The initial discussions centred on what decision support the group members needed: “you need help to find the right product, it’s hard when you have never bought that type of product” (G1F1) and satisfaction of the want “in the end you just need a solution” (G3M2). It also introduced the themes of risk and trust “when I first decided I needed to buy something it was more a decision as to where I could go to get [what I wanted] or at least help” (G1M1) “it was thinking about where I could go to get advice” (G3M4) and “for me it is about where can I get service [and advice]” (G2F2). There was a high level of angst discussed in the course of the decision-making, indicating that the need to mitigate risk was pivotal in the thought process. “It is difficult which brand, when paint is paint, and a nail is a nail, [but] get the wrong type and the job is buggered [sic], so for me it’s about advice and help in making the right choice” (G2F2) “they have trades people there to advise you” (G1M3) “brands help but you just don’t want it to go wrong, and if it does at least be able to get it replaced” (G1M1) “what do [product] brands really mean anyhow? Many products are now manufactured in China and in many cases no longer by the company that started the business” (G3M6).

The purchase of home improvement products presents a challenge to these respondents. It is apparent that there are many things to know, and there is uncertainty regarding how the purchased item will perform and look. Decision support needs to be interactive in order to facilitate and inform a decision-making activity that helps identify and solve problems. A consumer’s level of uncertainty regarding the outcome of a purchase decision has its anxiety reduced by the recommendations of the retailer. Product brands may play an important role in the store, yet the focus groups indicated that commitment to individual product brands is not significant. Rather, it is apparent that there is a reliance on the retailer to provide advice and support before and after the sale. This attitude requires the retailer to provide the consumer with the knowledge they need so that they can make decisions more efficiently, offering a time-saving
solution in a more effective way and ultimately leading to reduced risk of an unwanted outcome to their home.

4.3.2. Importance of the retailer

The importance of the purchase intermediary, the retailer, was emphasised in the discussions, and the key elements of risk and trust, were identified. Trust was in the ability of the retailer to offer viable options, to provide advice and deliver aftersales support. The following comments provide evidence of this attitude; “it is for our family home, so it is important to me where you buy as what you buy” (G2M1) “I can’t stand wasting my time, besides it is for our house, so going somewhere where you can trust them and they have what you need is critical” (G1M5) “your house reflects who you are etc., so everything you buy, well almost everything is important, so is where you buy, the advice they can give and if it is not right you want to be able to exchange it” (G3F1) “I would not take advice from a store I could not trust” (G2F1), “It helps if you know the brand and the experience of the sales people” (G3M2) “Service is all about trust in the advice and the store and the range available” (G3M3) “you know when a store feels right, good advice and choice” (G1M1).

The discussions made it clear that an important element of the respondents’ lives is their home. It is presented as their most important asset and the discussions reflected the notion that the home is a manifestation of who they, the home-improvement consumers, are. As a consequence, all goods and services purchased for the home were deemed to be important and, therefore, home-improvement consumers are involved in the decision-making process. However, with time constraints and little experience, choosing retailers made the process seem less of an onerous task to the respondents because the retailer could at least in part take on some of the decision-making process by selecting a range of items for the consumer to choose from. Before and after sales service were pointed to in the data as one of the retailers’ key advantages, as is the ability to trust the retailer to reduce risk. This is reinforced by the view held by home-improvement consumers that the retailer has as much to lose as the consumer if what they offer is not right or fit for the purpose.
4.3.3. Urgency of purchase as a driver to the retailer

There was a similarity between respondents about the circumstances of their purchase: this was that purchases were urgent and consumers had little time for in-depth research: “I was in the middle of a project and needed a tool then and there to finish the job” (G1M4) “we were going to have some people over [for a party] and I needed a [out door] setting so did not have a lot of time to think about it [the setting]” (G2M2) “you try to plan what you need, but things keep popping up, or you just have some spare time so it is a case of then and there [you have to go and buy it], (G3M5) “I needed then and there, so you want good advice and people who can give you reliable pointers” (G3M2) “You want to find the stuff you need, and get out and get on [the project] with it” (G1F2) “smart sales people who can advise you, or a place where things are easily found” (G1M4).

A store’s provision of service, selection, advice and value – all of which support the decision process and develop trust – fostered a relationship that allowed the respondents to reduce the cognitive burden of home improvement purchasing. The quality of the in-store service and products offered by the retailer supported the respondents’ behaviours. Availability of staff was important while the buying decision was being made: respondents wanted knowledgeable assistance that was available when they needed it. Group members placed a high value on accurate information and wanted to be served by employees who knew the product inside and out. Customers wanted product-savvy sales people, who were also friendly and courteous. Good value was stressed as being important in the respondents’ discussions; however price was only one component of the bigger picture of value that included the service, information and follow-up. Convenience was also important; merchandise needed to be well organised and displayed and easy to find. Once a decision had been made, respondents wanted to complete the transaction and be on their way as quickly as possible.

4.3.4. Reliance on a retailer’s recommendations

Group members did not appear to focus on product brands; rather they discussed the support from the retailer brand in making a decision: “it [the choice of retailer] is about who the store is, or rather what they are” (G3F1) “I had some vague brands in mind, but nothing I was fixed on, not having bought these products before I was in the dark” (G3M2) “I thought of one or two
brands only, I thought more about the retailer I would go to” (G2F1) “I needed advice, so no I did not have any particular brand in mind, thought more about the store” (G1F1) “I wanted value and advice, that was my starting point” (G2M4) “Something that you could trust to do the job … and someone that you could trust to supply you the right product” (G2M3) “I wanted service, and advice from people who had an interest in me coming back” (G1M6).

Service was important to the respondents. That is, they wanted a retailer that was friendly, helpful and satisfied the need that brought them into the store. This was conceptualised by respondents in the form of retailer brand and what it stands for. They chose a particular retailer because the selection of merchandise was good and reliable. The store offered good (perceived) value in its selection and pricing.

4.3.5. The final decision

The product or service decision was made in the store based on retailers’ service and their related advice, as well as trust that the organisation would act honestly; “Look you would like to say you know what you are buying, but the people in the store know more about it than you” (G3M3) “I always find the selection in the store good enough to make a choice from, they have a good, better, best price choice” (G2M1) “I leave it to when I get to the store and just consider what they have, and [make a choice from amongst those] and buy” (G1F1).

The reduction of the consumer’s perceived risk was raised as the major motivator for wanting the imprimatur of the store through its advice, price points and limited product offering. This form of retailer endorsement was particularly important when respondents lacked experience or knowledge about a particular product. Store display, design and layout, presentation of products and the ambience of the store were seen as important elements of the decision-making process.

4.3.6. Importance of the purchase

Responses to the question of how important the purchase was suggested a high importance to each respondent: “It is [for] our one single biggest asset, we are proud of what we have” (G1M6) “your home is who you are” (G2M2) “we have lots of business guest come over, so first impressions are important” (G3M5) “if you look at Bunnings, they stand for something, so you expect a certain service and support, I don’t want to be let down” (G3M1).
The respondents indicated that the purchases were as important to themselves and the people around them as was where they purchased, to the extent that that retailer could be trusted to provide advice and after-sales support. Respondents associated the perceived qualities of the retailer such as trustworthiness, knowledgeable advice and the retailer’s imprimatur to the products offered by the retailer, enabling them to apply those values in their decision-making about a particular good or service to the brands offered by the retailer. The consumer brand relationship was between the retailer brand and the consumer rather than between a product brand and the consumer. The retailer’s product offering provided a reduced set of alternatives, thereby reducing the time, information processing, exertion and complexity of the decision-making. The identified need to purchase required immediate satisfaction, and the respondents therefore used information from the retailer to choose from amongst its product offerings. Based on these responses, a set of categories were established to facilitate coding of all the group data.

4.4. The development of the concepts

Coding qualitative data is said to be a dynamic, intuitive and creative process of inductive reasoning. It requires the ability to think reason and theorise (Basit, 2003, p. 143). The goal of this analysis was to deconstruct the blocks of data from the key questions and have them coalesce into collections of themes, each of which involves making assumptions about the phenomenon being studied, that is consideration set formation. The coding, then, was about labelling and categorising themes and devolving these into concepts, concepts that were drawn from the responses to key questions. The constant comparative method was used to continuously compare each piece of data within the codes and notes from the main body of the data in order to ensure the codes and notes continued to make sense as they evolved into the concepts (Glaser & Strauss, 1967). These comparisons helped identify distinct characteristics of each of the concepts (Glaser, 1992). The concepts of involvement, risk, trust, brand and brand loyalty which emerged from the themes are listed below, along with the views which explain these:
This chapter continues with a review of these concepts as seen in the expert panels’ responses. It then discusses these concepts in light of all the gathered focus group data and concludes with a presentation of the expert panels’ discourse.

4.5. Expert panel review of focus group concepts

Three questions were the basis of discussion in the two expert panels. These three questions will be considered in Section 4.12. However, the initial task of the panels was a review of the concepts and the themes developed in the initial analysis of the focus group data. This discussion by the expert panels was prompted by the request for them to consider and discuss the statement:

The purchase of home improvement products could be stimulated by importance and risk. It has been suggested perceived risk of purchase could be lessened by trust.

The expert panels believed that the level of personal importance attached to these home improvement purchases created within these consumers an urge to consider various possibilities before making decisions on product brand preferences and then making their purchase: (EGR01) “consumers are very careful when making a purchase, often citing it is for their home”; (EGM05) “it is generally accepted that it is important to highlight the value of the product to the home”. The consumers were believed to be risk averse and time poor: (EGR02) “they are in and out, few really linger”. Along with the practical limitations of information, time and experience, the relative importance of the decision encourages the consumers to seek to mitigate risk. The level of perceived personal importance was directly related to the home of the home

<table>
<thead>
<tr>
<th>Concept</th>
<th>Explanation</th>
</tr>
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<tbody>
<tr>
<td><strong>Involvement</strong></td>
<td>importance to the individual motivated by the individual’s primary asset – their home</td>
</tr>
<tr>
<td><strong>Risk</strong></td>
<td>expectation for failure and the consequences to the home</td>
</tr>
<tr>
<td><strong>Trust</strong></td>
<td>the belief in the retailer, a composite of reliability, dependability and service</td>
</tr>
<tr>
<td><strong>Brand</strong></td>
<td>perceived previous experiences</td>
</tr>
<tr>
<td><strong>Brand loyalty</strong></td>
<td>the positive quality in the retailer brand which give rise to the perception of trust and is a risk reliever</td>
</tr>
</tbody>
</table>

Source: developed from the data for this thesis
improvement consumer and the consequences to this home of the acquisition and consumption of a particular product and/or service: “information is critical for the consumer, as is making it very obvious about the support we can give for the product and application” (EGM05). For this primary reason the consumers were believed to have a high level of interest in the product category and to spend more time than they had available when making a decision. According to the expert panels the consumers prefer, in light of the constraints, things that are familiar and easy to understand: “too much choice is frustrating, as is having to look for what they want” (EGR02). The expert panels suggested there was as a tendency on the part of those consumers to stick with product and service providers that they had used before. It is a case of ‘they tried it and it worked’, and they did not have the time, knowledge or expertise to research alternatives and risk a bad outcome: “we need to be careful of any change as any change can put at risk future sales” (EGM06).

The expert panels recognised that product brands were confusing, whereas the retailer brand was the constant for the consumers. Thus the retailer’s brand increases feelings of trust. Consumers bring attitudes and expectations, shaped by prior experiences to every interaction with retailers, and through this lens of connectivity and collaboration they ultimately decide which retailers have earned their trust, and they seek and accept advice from the retailer. The retailer’s panel considered that they understood the wants and needs of individual consumers, and knew how to engage their customers to share ideas, tastes and buying habits. The manufacturer’s panel recognised a shopping world that was transforming: “we need to change; customers are more demanding and have less time” (EHM03). The retailers described that the customer-brand relationship is as winning the consumers over by anticipating their behaviour and preferences, engaging with the customers on their terms: “it is important to engage with the customers, to reduce stress of purchase” (EGR05). Both panels proposed that if retailers listened, learned, anticipated, adapted and earned the consumers’ trust then they would form a longer-term relationship with the consumer.

Thus far this chapter has discussed the concepts that emerged from the analysis of the focus group data which were reflected in the initial discourse of the expert panels’ engagement. Concepts that emerged included involvement, risk, trust, brand and brand loyalty, with the
support of excerpts of the original data extracted from the focus group session discussions. This chapter now looks at each of these concepts in detail.

4.6. Concept 1– the importance of the purchase as a derivative of personal values

The relative importance of a decision was represented by the respondents’ involvement in it. Purchases for their home were seen to be crucial, a consequence of extrinsic factors such as neighbours’ opinions and lending organisations and intrinsic values such as to self, values attached to this vital asset; “It’s really about the effort in coming to a decision and the thing not being what you wanted, and then how it looks” (G2M5) “I don’t have a lot of experience in this type of stuff but it is important we get it right, and that it adds value [to the house]” (G1M5) “what you buy for your house also reflects who and what you are, and off course adds value or not to this [house] (G3M2”).

The importance attached to the purchase by the respondents was a personal value: “I spent some time talking to friends and family about what I wanted to buy, after all what you buy reflects on what you are” (G2F2). Some of these home-improvement consumers appeared to be persuaded by style over substance: “it has to look good, more from the point of view of glamour than practicality” (G1M2) “What you buy reflects on you and your house” (GMM4). The respondents indicated that they invested a lot in the decision: “I like to go to a few shops and get my information by comparing what is available and speaking to the staff, I tend to look at what brands are available and the prices, which allow me then to decide how much I need to spend and make sure I have the right budget for what I might want. For unimportant items I guess it is a matter of buying the first thing you see in the price range you have decided to buy. For me at least I put a lot on the stores I go to” (G3M4) “I put a lot of time into what I buy, it needs to look good and fit my life style” (G2F1). Focus group respondents indicated that they tended to be quite careful: “I guess, researching that to the best of your ability whether that be flicking through the phone book, or looking at the web site or word of mouth of other people who’ve done something similar to what you’re wanting, and then you make your own decision of what you want” (G1M1) “Sure it [what you purchase] is important, that’s why I make sure I take my time to choose” (G3M2).
Anxiety was experienced in the decision process for these group members: “Brands are always changing, take AEG that is supposed to be German, but now is made in China, so the constant is the store, not the product” (G3F2) “Much effort can be put into the decision, and you can still get it wrong, so it makes sense to involve the store [in the decision]” (G1M2) “It helps if you can trust the store” (G3F2).

The decision outcome was critical to the respondents, indicating the relative importance of the decision: “In the end it is the probability of failing that is the important issue, yes it does not matter how much you pay, whether it is important or not, if the thing you buy is no good, tastes bad, or you just get bad service then you have wasted your money and nobody wants that” (G1M4) “I agree if there is a risk that what you buy is not what it is supposed to be then crap…it [might] cost next to nothing but it was [still] very important that the thing worked” (G2M2) “In the end whatever the cost, it is just that you want it to do what you bought it to do” (G3M2) “I think it can also depend on how much time you have and why you are buying. If you are buying when you just want a drink you will just buy it anywhere, but if you are buying as a grocery item you might put in more effort” (G2M3) “I like to go to stores such as Bunnings, the parking is good and I can just duck in to pick up the odd thing, also spend time looking around if it is going to be a bigger purchase” (G1F2) “For me it boils down to if the thing is important like a new lawn mower, or just a pair of hedge clippers. A good mower will last for years, if it is hard to start or service then it can be a waste of money, if the clippers don’t work then who cares?” (G2M5).

The extent to which an individual’s home improvement products are related to their personal value systems (such as self-image, self-worth, and self-esteem) may address the question of how the respondents’ value system is engaged when purchasing a product. The construct of involvement provides such an insight into consumer values or value systems: “My house is important to who I am and most likely who we are as a family” (G1M6) “I don’t have time, I am busy, so I don’t have time to be searching, besides that I am good at making quick decisions” (G3M2) “Our home looks good, we look good” (G1M5).

Variables in the respondents’ frames of reference are the importance of the task and the seriousness of consequences. The respondents implied that purchasing home improvement products and/or services was risky. Furthermore, undesirable feelings about the possible
outcomes of these purchases created perceptions of risk which led to attempts to mitigate risk further than by simply relying on the product brand alone. This perceived risk and the consequences to their home were mitigated by placing trust in the retailer rather than the product: “[the decision] is important to me, and my family, so it cannot fail” (G2F2) “what concerns me is the probability of the product letting us down” (G2M5) “the store offers a good selection of products [and] after sales service” (G3M2).

Involvement reflects the recognition that a particular product category, in this case home improvement products for their home, is significant to people’s lives, their sense of identity and their relationship with the rest of the world. This notion was evident in the preceding data. Product importance – described as purchase importance, product commitment and product involvement – is focused on the perceived personal relevance of the product, based on needs, values or interests: “My home is important to not just me and also my family and everything we buy for it is important” (G3M5).

The depth of involvement was an important component when looking at the respondents’ reasoning processes. Involvement is determined by the respondents’ motivation after they have evaluated how relevant the product or service is to them. All respondents felt highly involved in the process. The high involvement of consumers in this study related to their personal values: “I spent some time talking to friends and family about what I wanted to buy, after all what you buy reflects on what you are and how people see you and your family” (G2F2) “It has to look good, more from the point of view of glamour than practicality” (G1M2) “What you buy reflects on you and your house” (G1M4).

It appears from the data that involvement is not a single construct; rather it is an integrated framework that builds an understanding of the determinants of consumer decision-making. This involves deliberation which is seen in the data as the level of risk to their primary asset, their home. The view that respondents become attached to products is supported by the importance it has to the concerns about the value of their home and therefore by extension to their concern with the purchase of a product. Information, acquisition and decision processes, hampered by the constraints of time and experience, place the onus on the retailer to fill that void of time and experience. The data implies that the choice of the retailer may moderate the level of purchase
anxiety. In other words, retailer choice can be considered to mitigate risk and influence the level of motivation and degree of care taken in the choice of product brand.

4.7. Concept 2 – Risk and the mitigation of failure

Of the many risks confronting the home-improvement consumer, the risk to the home was seen to be the one in most pressing need of mitigation. As already mentioned, a consumer’s involvement is linked to the perceived risk of purchasing the product or service. The data suggest that the negative consequences risked in the purchase of the product or services are both actual risks, such as hurting themselves: “buying a power tools can be dangerous” (G1F2) and/or perceived risks such as the product not being right for the circumstances: “what if it does not do the job?” (G3M3). The respondents suggested that perceived risk was prompted by the home-improvement consumer’s level of uncertainty, a consequence of inexperience and lack of information regarding the outcome of a purchase decision. This encouraged these consumers to reduce their anxiety by seeking credible support in the decision-making process. They do so by obtaining a reference from the sales staff, or retailer: “Bunnings, and for that matter so does Mitre 10, employ tradesmen so that you can get credible advice” (G2M1) “You see those home improvement shows now going to these stores, it does give you confidence” (G3M4) “I have heard too many stories of stuff going wrong and wasting both time and money, so the store accepts some of the responsibility for what they offer” (G1M5) “I don’t want it to go wrong, it’s important to me and my family, it could be embarrassing” (G3M1) “Manufacturers’ warranties are one thing, but what if the thing is just wrong, I prefer to have sales people around who have experience and can help” (G2M3).

This perceived risk can take the form of functional, physical, social, psychological, financial and time risk; all forms were evident in the data, with that perceived risk amplified with the uncertainty that occurs when knowledge of a precise outcome is lacking.

The functional risk is the concern in the decision-maker’s mind that the product/service being considered for purchase will not work proficiently. “Will the product do what I want it to do?” (G1M5) “I just don’t know if what I buy will work [and function as I want] (G2M1).

The physical risk is the concern in the decision-maker’s mind that the product being considered for purchase will be harmful, unhealthy or cause injury. “How can I make sure the product is
safe to use?” (G3M4) “…but what I don’t know is if it [the chemical] is dangerous for the kids [health], “I have never used a circular saw so it makes me nervous” (G3F1).

The social risk is the concern in the decision-maker’s mind that the purchase of the product considered will not be ratified by others. “I don’t want to buy something that is seen to be stupid” (G2M5) “it’s always important that it fits in with the street scape and does not upset neighbours” (G1F1).

The psychological risk is the concern in the decision-maker’s mind that they will suffer dissonance: “I worry whether I am buying the right thing” (G1M1) “what if it’s wrong [the product]?” (G3M1) “…choosing colours are always a challenge (G2M4). “it’s worse if you can’t take it back, or exchange it if does not really go with the rest of the stuff [outdoor setting]” (G1M2).

The financial risk is the concern in the decision-maker’s mind that there is the potential for financial loss: “Am I being ripped off?” (G3M3) “I hate finding it cheaper later” (G1F1) “if you can’t exchange it [the product] it’s just a waste of money” (G2M6). The time risk is the concern in the decision-maker’s mind that the course of time reduces the ability of the product to satisfy wants, such as when a product rapidly becomes obsolete: “When I buy it will [the product] keep doing what I want it to do” (G1M3) “really annoying when you find that you bought something that is no longer available and you end up not having a set” (G3M5).

According to the respondents, the desire to reduce these risks was motivated by the desire to minimise their failure rather than maximise their success; “there are no iron-clad guarantees, so for me it’s about being able to take it back and hold the retailer responsible” (G2M3) “better it’s less wrong than less right” (G1F1). The mitigation strategy reported by the focus group members was to delegate decision-making responsibility. As the product was confusing, the store, which was far less ambiguous, served as a surrogate. The retailer was a ‘proxy buyer’ used as an expert acting as a professional advisor “I just think it is easier in the end to go to a home improvement store that sells everything” (G2M4) “they give their guarantees about lowest prices, they have brands as well, so why not” (G2M3).
The data indicated that the respondents use retailer brands as cues to allow them to abrogate part of the decision, to achieve a least risk outcome: “they [retailer] give their guarantees about lowest prices, that’s why I go to back to that store” (G2F4) “I could buy all the fittings at once, saving a lot of time and frustration” (G3M5) “I figured out a long time ago, if you go to specialist store they have already done half the job for you. They have their whole company’s reputation hanging on what they sell... if it’s wrong you take it back” (G3F2) “do the right thing by me” (G2M3) “I could take it back” (G3M1).

Making a home-improvement purchase decision necessitates dealing with competing priorities, such as time, and it requires compromise between variables such as price, quality, and service. The retailer’s product offering provides a reduced set of alternatives, reducing the time, information processing, exertion and complexity of the decision process. Avoiding negative outcomes rather than realising positive ones “[making a choice] can be very confusing, as I said before brands are always changing, making the wrong choice is better if you know you can bring it back” (G1M5) “I am not looking for perfect, just that [the drill] works” (G2M2). The respondents indicated that the effect of a prior loss increased expected future loss, and the converse is that the effect of a prior gain to decrease expected future loss: “I have been let down before, so I won’t buy that brand again, also knowing I can take it back if it is wrong makes me come back to the store time and again” (G1F1) “when you buy the wrong paint the consequences can be massive, what will the paint manufacturer do? Nothing! But at least the retailer does something about it” (G3M4).

Purchasing behaviour involves risk that can lead to outcomes which are unanticipated and are likely to be unfavourable. Despite the risk involved respondents did engage in economic transactions with their perceived level of risk decreasing with the existence of incentives that added value, such as reduced search cost, better quality product, and advice. The situation therefore changed from perceived loss to gain. This perceived gain combined with factors such as convenience, the retailer’s imprimatur and low search cost, was significant enough to reduce the perceived risk of the decision-making process. Placement of trust by the consumer involves the belief that the retailer will act for their benefit, or the benefit of both of them. The respondents indicated that if the retailer is trustworthy and that it is in the retailer’s interest to
create a trustworthy relationship, rather than an untrustworthy one. Some of this interest is embedded in the market mechanism while other parts are interwoven in the social fabric.

Three aspects of the trust placed in the retailer were identified by the respondents. These were as advisors, guarantors, and entrepreneurs. One given example by respondents was that Bunnings, created and fostered institutional trust among its consumers by providing product advice, by ensuring the product purchase is supported before, during and after the sale, and by offering a limitation in choice with the aid of its imprimatur on all its products and services. Hence, customer incentives which increase the potential for gain and add value to the product reduce the perceived level of risk and encourage consumers to engage in transactions.

4.7.1. Risk mitigation through the retailer brand

A large amount of information was obtained by looking at the data surrounding brand. This uncovered a sub-concept that suggested the consumer’s trust in a brand allowed them to believe that they could mitigate part or all of a perceived risk.

Brand is principally the summation of the experiences related to a product, as well as the service and companies that make and deliver the product. Brand perceptions are shaped by functional experiences (i.e. speed, quality, reliability, ease of use) as well as emotional experiences (i.e. make me feel better, improve my performance, make my life/job more gratifying or easier). The respondents associated these experiences with the company rather than the product: “it seems that the brands are no longer what they were, but at least the store is what you know” (G1M5) “the store now is a better thing (sic) to rely on” (G1F1) “you can expect the store to be the experts, or at least the store sales people” (G2M6). Brand experiences and perceptions were developed over time through a variety of sources, including: previous experience with the brand, interactions with sales, customer service, and other employees; recommendations from friends and colleagues; reviews by reputable sources; and advertising.

The concept of retailer brand service, both substantive and intangible, is a package of benefits that includes trust, atmosphere or ambience, décor and sales staff attention: “had to go to Bunnings so it came down to hours” (G3M5) “I needed fittings for doors; I ended up at Bunnings, because they had enough of one type so I could buy all the fittings at once” (G1F2)
“The skill base of the sales person” (G1F1) “I guess I just trust the retailer to do the right thing by me” (G2M2) “I knew if the thing failed I could take it back, no questions asked” (G3M1).

The respondents suggested that service is related to the store rather than the product: “it’s what the store can deliver that is important” (G2M6) “the product changes all the time, the only constant is the retailer” (G1M1) “more and more is imported, so, it is the store, not the product” (G2M3).

The product brand was important; however it was the retailer brand that lent additional perceived value perception through its perceived imprimatur. Whilst respondents recognised product brands are important they tended to be seen to lend unspecific credibility [as long as it was some recognisable brands] to the retailer: “It is important that they offer brands you recognise, but the advice is as important when deciding what you will buy” (G3M4). They support the retailer brand, rather than the other way around “if they carry [product] brands that you recognise, that’s a good thing” (G3M1). The data also suggested that stores are categorised. according their primary product ranges, suggesting store categorisation is a heuristic employed to categorise stores according to what they sell; “I tend to think of the Good Guys, Retravision et cætera as suppliers of electrical goods, and companies such as Mitre 10 and Bunnings as hardware suppliers” (G3M3) “I figure if the store specialises in something they should know about it” (G2M4) “it saves time if anything, you know that specialists have usually a range to choose from, they also have people who know what they are talking about you can often find different products to choose from at different price levels” (G2M1) “I do put the stores in categories. Mitre 10 and Bunnings, Clive Peters and Harvey Norman, Retravision and the Good Guys and so on. It makes life easier” (G2M1) “I figured out a long time ago if you go to specialist store they have already done half the job for you. They have their whole company’s reputation hanging on what they sell. You feel that you can handle the project, they have everything you need and if it’s wrong you take it back – no questions asked, they have their reputation on the line as well” (G2M2).

The expectation of retailer service was related to connecting with the service personnel: “it is helpful if the sales people understand what it is that you need and take genuine interest” (G2M3). The separation between product and service was a service–product continuum (where the lines between products and the service are blurred to the extent that the separation between the two is
difficult to discern): “service is the skill base of the sales person, and their interest in me” (G1M2) “they’ve done their research, and they are buying relatively good tools … so there’s a confidence in it” (G2M2) “I could buy all the fittings at once, and know what’s not right will be taken back” (G3M5) “you know what you can expect, and they deliver” (G2F2).

The data previously indicated a blurring of the lines between product and service as they are frequently purchased together in one single package. This implied that the product on its own is losing relevance with the bundling of product and service, mitigating loss (to the consumer) and a providing of the service: “I figured out a long time ago if you go to specialist store they have already done half the job for you. They have their whole company’s reputation hanging on what they sell … if it’s wrong you take it back” (G3F2) “If it’s wrong they accept it as their problem, they go all out to provide advice” (G1M1).

A competitive strategy which clearly emerged in the mid-1990s is that of ‘total solutions’; that is, providing goods and services within a single product offering. The data in this study implies that companies such as Bunnings, Mitre 10 and some home improvement specialist stores have recognised this need amongst their clients: “I figure if the store specialises in something they should know about it, stands to reason. I think it has a lot to with trust. Bunnings always guarantee their prices and offer your money back” (G2M4) “Well I needed a power tool, had no idea what I wanted and went straight to Bunnings to have a look, they have a great range” (G2M1) “I went to a specialist and bought from them, I had a few brands in mind that I had heard of but relied on the advice of the specialist” (G2M5) “I had no idea what brand to buy, we are just new in town so I did not have anybody to ask about brands or stores, so I just went to the stores I knew and bought on what they had in stock” (G2M4).

Service offers the provider of home improvement products and their consumer a link, which is the ability to reduce risk by providing the consumer with the decision support they seek. This is a form of cognitive trust, a confidence placed in a service provider’s competence and reliability. It arises from an accumulated knowledge that allows the consumer to make predictions that the service provider will live up to their obligations. This knowledge is accumulated in the perception of the retailer brand by the consumer from prior experience with that brand. Satisfaction with previous interactions contributes to trust.
Brands increase economic efficiency, replacing trust at a local level with a more efficient economic trust between brand and consumer. As the raison d’être of branding trust (in the brand) morphed into something more like confidence: “a good experience with brands will lead you straight to them and a bad experience with them will push you away from them” (G1M1)

“Bunnings have come to represent a set of values; fundamental in those is that you can rely on them” (G1M2) “you have to have trust in the people selling to you. I tend to trust the retailers and what they represent” (G2M4) “it’s good to know you can look at the retailer’s brand and always find what you want there and service and support that matches what you need to make good choices” (G1M5).

Successful brands, such as Gap, Nike, and Bunnings appeal to emotions and the economic contracts made with brands by the respondents are based on emotion. Bunnings (www.bunnings.com.au 2012) states that “lowest prices are just the beginning” and home-improvement consumers have responded to this: “[Bunnings] tell you that they guarantee the prices, but more I guess, it’s also about the service and their back up, which is service probably” (G3M5).

Home improvement consumers, by delegating responsibility to the retailer, reduce the decision complexity: “It is easier if you think about where you will buy, rather than what brand you can always just choose at the store” (G1M3). This suggests that the there is a desire for a sign, a signpost if you will, discerning correct from incorrect; product brands appears to be confusing: “Things are always changing, it’s hard to know what the brands are, or where they are made, the time you have to make a decision is also limited” (G2M4). The retail brand appears to be that sign post: “at least you know the retailer will be there tomorrow” (G3F1).

By providing a shortcut brands fill a need felt by the respondents to reduce loss (to their home). Their emotional and logical thought processes appear to be related to their learned experience that connects the concept of brand with the retailer. The positive attributes of brand appeared to be weighted in favour of the retailers rather than the product/service brand, with respondents indicating that the product and/or service brand was relevant for building retailer loyalty rather than product brand loyalty: “for me brands are important, it’s good to see familiar brands around, they don’t necessarily have to be in the products that you are buying, so I guess it goes more to the credibility of the stores to have familiar brands around” (G2M3) “I am still impressed with
how the store took care of me once I went back. To me the way they treat you after buying from the store is as important, as important as when you are buying in the first place. I think today the customers really understand what they can expect the stores that don’t live up to that soon go out of business” (G2M2).

As previously noted, product brands in themselves are not the only notion of brand considered by the respondents. The home-improvement retailer brand served the same purpose, whether it related to quality, selection, product knowledge, or customer service: “Look it is nice if stores have brands you know, I guess it is reassuring, at least for me that does not mean I would buy that brand, but I guess at least the option is there” (G2M3) “For me it does not matter, I don’t really know what brands are good or bad, as people have already said brands are changing so often that who really knows” (G2M5) “I don’t know, I just know for me I do take brand into account, but more important is the store, the advice, support and availability” (G3M5).

Dimensions of brand noted by the respondents incorporated elements of emotion, logic and general thought processes, which appear to connect their personal experience to a brand to inspire in them a sense of reassurance and ease, as well as a sense of fairness. The familiarity that home-improvement respondents had with products or services was important to their awareness and loyalty for a particular brand. It reduced the complexity of their choice and helped them to commit to a particular service, minimise risk, and create trust. The focus group respondents trusted the retailer to deliver what they wanted even when they were not sure whether an unfamiliar product or service would be reliable or trustworthy: “I guess I just trust the retailer to do the right thing by me. Surely if you think about it they have a lot to lose” (G2M3) “I know today the retailers have a lot to lose, think about it with Woolworths coming into home improvements, Bunnings cannot afford to dud their customers” (G3M1).

4.8. Concept 3 – Trust in the retailer

The data defined trust as the belief in the retailer, a composite of reliability and dependability: “I would ask a store assistant because I can trust their advice” (G3M2) “I will probably buy that from them as well as I have not been let been let down [before]” (G3M2) “…they give their guarantees and would not let me down” (G2M5).
A sociological theory proposes three modes of asserting expectations about the future based on personal experiences and cultural meaning systems: familiarity, confidence and trust. Personal experiences recounted by respondents such as “I have never had a problem taking something back” (G1M2) “it’s doing the job for my parents, my sister then also bought one” (G2M4) “You look at Bunnings in some things like paint they have a wide range of brands, but in things like door handles they concentrate more on a range of styles” (G3M5) suggest that familiarity is important in the deliberations. This was also reflected in respondents’ confidence: “Surely if you think about it they have a lot to lose, that is if you keep taking things back” (G1M4) and ultimately trust: “had no idea what I wanted and went straight to Bunnings” (G1F2).

The most influential source of trust was personal experience. Trust and experience were closely linked to repeat purchases, whilst past experience with the brand was critical in determining trustworthiness: “I know I can get it from those people” (G1M2) “trust is important if you are in a hurry, or don’t know what to get you then, you know that the store will stand behind whatever it stocks” (G2M5) “he’ll only buy from Retravision” (G3F4).

Trust linked back to the reduction of risk and involvement. Trust involved a calculated risk of experiencing dissatisfaction, implying that before trust could be given a person must first conclude that the likelihood of being rewarded in any subsequent interaction exceeded that of being let down: “you know that if it’s wrong you take it back to the store and they replace it” (G2F2) “you can always expect the store to do the right thing by me” (G2M3)“I know I could take it back if I am not happy with the product” (G3M1) “you expect them to stand behind you, particularly if it’s important” (G3M3).

The concept of using trust to curtail perceived risk was raised by the respondents in the form of a belief that the retailer would act in their best interest: “It is in the stores interest to recommend and supply with credible products, if they don’t they have a lot to lose – my future support, credibility etc.” (G3M3).

Trust was a subjective belief: “over time you know they will do the right thing by you” (G3M1) and a bounded rationality; “you cannot hope to know everything about what it is that you are buying” (G1M1) on the part of these respondents. Trust enabled actions that would otherwise have been improbable: “trust is what gives [me] the confidence to buy [things in which I have no
real experience]” (G2M2) trust appears to allow decisions to be made based on incomplete information.

Respondents perceived products to have both positive and negative attributes, raising the possibility of making either a positive or a negative decision. They, therefore, appeared to use every cue available to make their decisions and at the same time reduce the associated or anticipated risk. They tried to avoid mistakes rather than maximize the benefit from decisions’ utility. Not all risk can be eliminated, and or is it expected to, and there is a need for trust. These home-improvement respondents appeared to leverage trust in the supplier rather than the product brand to mitigate as much risk as possible. Trust was conceptualised by the respondents as the confidence in another: “in the end it is how much you can trust the [product] brand or the store [retailer]; I choose the store” (G3M3).

The relationship between consumer trust and perceived risk is that trust reduces the perception of risk. There is a relationship between the consumer and the retailer. When the consumer has no trust in the retailer, the perceived risk is too high and so no relationship occurs. If a consumer perceives no risks in decision-making there is no need to form trust a trust relationship. In contrast, if risk is not acceptable, then there is a need for consumers to build trust in order to surpass the threshold of perceived risk. This relationship is defined in this study as brand loyalty.

4.9. Brand loyalty

Consumer behaviour inevitably involves taking risks, a consequence of the fact that consumers cannot know all there is to know about the decisions that they must make. For the focus group members, risk mitigation was the stimulus for decision-making. Perceived risk is a psychosocial and functional attitude which manifests in this case as the importance consumers placed on their home and the importance they place on the perceptions of others such as family and friends when their decision is not successful. The perceived risk in such cases is real, whether or not the belief that others would have a negative view of them if their purchase was unsuccessful was factually correct. This motivation of risk reduction was used by the focus group members to reduce or remove that perceived risk: “they give their advice and guarantees about lowest prices” as an act of assistance (G2F4) “I could buy all the fittings at once, get advice and even credit” as an ability
to be holistic (G3M5) “do the right thing by me” seeking reliability (G2M3) and “I could take it back” providing ongoing support (G3M1).

Advice, product availability and guarantees are service related notions; uncertainty and risk affect the decision-making processes, and the two structural dimensions of perceived risk are uncertainty: “the brands are changing all the time, more and more are made in China” (G1M3) and consequences: “It’s not just the inconvenience, the finish of the job could be ruined.” (G2M4).

The desire to achieve risk mitigation is an incentive for placing trust in another to deliver what is wanted. Trust reduces the perceived risk of the need not being met. Risk mitigation is an important notion within the idea of involvement when it is treated as a property of an object-related cognitive structure, either an attitude structure or a product-related knowledge structure.

Perceptions of risk are a result of the importance of the product to the consumer. The ideas of trust, service and involvement focus on risk mitigation. Risk mitigation is forecasting the possible problems that might arise and finding ways to prevent them from occurring or taking alternate actions to avoid the problems. A heuristic that is suggested here is that the imprimatur of the store is a method employed to avoid problems, implying that the risk of the decision (in part) is shifted from the respondents to the store brand (the retailer).

An idea that emerged from the focus group discussions indicated that retailers have created brand around in their own stores and transfer the associated imagery to their products through the services they provide, and through the trust the respondents have in the retailer to reduce risk. A modifying factor was involvement, but only to the extent that it is was an emotional response. The anxiety of the purchase remained evident.

The concept of trust, defined as the belief in another to deliver what is expected appeared early in Focus Group One and continued to appear in all group discussions: “I know I can get it from those people” (G1M2)“I would ask a store assistant” (G3M2) “I didn’t do any research or anything like that” (G2F2) “he’ll only buy from Retravision” (G3F4) “I will probably buy that from them as well” (G3M2) “they give their guarantees” (G2M5).
Trust was placed in the service provider or the retailer brand. Respondents were familiar with retailer brands, that is, the experience of purchase in terms of service attributes and functional consequences of the service encounter. Trust arose from predictability, and service acted as a platform on which trust could be built between consumer and brand. This evaluation process by the respondents set a pattern that implied the existence of a heuristic strategy that reduced the decision process by allowing the retailer’s brand to be a surrogate for the product that will satisfy the consumer’s want.

4.10. Results of these concepts is a recursive outcome that leads to retailer preference. The concepts of involvement, perceived risk, trust, and brand are the basic building blocks of this analysis. The theme that has evolved is a recursive loop between the recognition of need and the choice/purchase. The greater the perceived risk, the greater the need for the building blocks of involvement, trust, and brand to form a heuristic of retailer preference to facilitate the decision process. Brand loyalty is the process that connects these concepts (See Figure 4.2). The notion of retailer preference describes a consumer that wishes to build a relationship with a brand through which they can abrogate their decision-making responsibility, which is in essence to make a choice. A positive interaction by the DIYer with a brand is crucial to brand loyalty. The sensitivity, which is the strength of the emotional reaction, in the belief of that interaction is the basis of the retailer preference.

As consumers are not rational and do not make purchase decisions that maximise utility, rather seek to reduce risk in the decision, consumers in the home-improvement prefer simplifying risk-reduction strategy, by accepting the endorsement of the retailer brand.

The home-improvement consumers’ trust is only as a reduction of their perceived risk which is signaled in the prior experience of the brand. Risk is conceptualised for the DIYer as a multiplicative combination of two components, uncertainty and importance. The DIYers consumers seek to reduce perceived risk, primarily on the uncertainty component of that risk. To that end if the retailer brand reduces the uncertainty in the risk, rather than the product brand then Retailer Preference is formed and the retailer brand is chosen before the product brand.
Retailer preference reduces the effort involved in making a decision. This preference presented an opportunity for the respondents to reduce their search effort by allowing the retailer to present a set of options from which they could choose the purchased service and/or product: “It is much easier to select the retailer before the brands” (G1M1) “I mostly think of the shops I will go to first” (G2M3) “Shops usually come to mind first. I don’t often think of product brands as such until I am in the shop” (G3F1) “It is a good strategy [to choose the retailer] and make your final choice of product in the store, particularly if you really don’t know much about the thing you need to buy” (G2M4).

In developing their retailer preferences, respondents suggested distinct aspects of this retailer preference: convenience, competitive quality and pricing, reliability and service. They sought service that gave attention to their needs, including after-sales service – following up the original purchase with after-sales support such as warranty or exchange.
4.10.1. Convenience of the store location and product range:
Respondents suggested that inconsistency in stock is detrimental to their perception of the retailer and location of the store must be close to where they live, where they work, or on their normal route to and from home or work. In addition, the store should have easy access and suitable parking spaces for customers who only want to shop and to get in and out quickly. The right location and range provides both convenience and value: “you think of the stores, where they are, and what they have in stock” (G1M3) “when you contemplate which stores to choose from you also think about whether they have a range to choose from, and of course carry stock” (G3M2) “it is important that they are easy to get to and park at, there is nothing worse than having to drag stuff to your car” (G2F2).

4.10.2. Satisfaction as a customer:
Customer satisfaction is a reference to the extent to which customers are pleased with the products and services provided by a retailer. This is experienced in both the goods supplied and services provided. It is a personal assessment that is greatly affected by a customer expectation. This satisfaction also based on the customer’s experience of both contact with the organisation and its outcomes: “You don’t consider them again if they let you down” (G2F1) “If you don’t get what you need you don’t go back” (G1M4) “Great when you leave knowing they took care of you” (G3M5) “…it is important to feel important, to have competent people to talk to, and off course a good store in appearance” (G1M5) you want to talk to someone who understands what you want and can give advice (G3M1). Service quality factors are important for customers including personal attention, reliability, competence, empathy, assurance and tangibles such as physical facilities and equipment and the appearance of the personnel.

4.10.3. Product or service offered is competitive:
Customer value is the basis for all marketing activity (Kotler, 1997). It is a customer’s perception that one particular product or service will add more value or better solve a problem than others in its competitive set: “nothing worse than finding the product cheaper elsewhere later” (G3M1) “it is good enough that they are as good as anybody else” (G1M2) “as long as you can be comfortable that their price, quality and service is competitive” (G2M4). Product quality, service quality, price, and image shape a customer’s perception of value. Customers will also use a
store’s image in evaluating value. “...it is not just the product, but the price you pay, and the
stores service support” (G2M3) “The store has an interest in me and that means they will not sell
products that will not do what needs to be done, for the right price!”(G3F2).

4.10.4. Consistency of service:
Consistent customer service allows the customer to trust the company, knowing that they will
receive good service not just sometimes but every time: “you go back to the store when you get
what you expect” (G1F1) “time and time again, it’s the MacDonald’s approach, always give
them what they expect” (G2M5) “it’s simple, consistent” (G3M1).

4.10.5. Perceived service quality:
In an environment where your consumers are always pressed for information and time,
convenience and value are both provided when the store is easy to shop in, where customers can
easily locate what they what to buy, and they can get fast, efficient and friendly service: “when
you have little experience it is great if you can rely on their advice” (G1M3)“it’s not just offering
price, but all-round service, stand by their advice, products, and price (G2M2)“It’s service and
advice, and support” (G3M4).

These notions were developed by the respondents through their experience, where their
purchases were based on their trust in the retailer to consistently provide convenience,
competitive products, and reliability.

Data analysis in this study showed that the participating home improvement consumers formed a
retailer preference; that is a consideration set of retailers. In doing this they articulated a desire to
reduce the risk inherent in their purchase decision. Risk was perceived in the context of a
specific potential negative impact on the consumers’ primary asset, their home, not by risk in a
general sense, or the probability of a negative outcome. Further, the data in this study indicated
that when compared with retailer brands, product brands lacked a recognisable added value, such
as application advice and post-purchase dissonance resolution. Group members suggested that
retailers have created brand image by creating brand equity, and by extension trust, in their own
stores. Furthermore they transferred that imagery to their products through the services they
provide.
4.11. Expert Panel Results

The previous discussion reviewed the larger body of data from the focus group interviews. This data indicated the formation of retailer preference, a consequence of information/experience deprivation and the need to reduce perceived risk. Risk reduction was achieved by placing trust in the retailer’s brand to deliver what the brand represented to the respondent. Given this, it is now important to review the discussions of the expert panels made up of retailer and manufacturer participants. These discussions led to a consensus which coincided with the proposition espoused by the home-improvement respondents.

Three key questions were put to each of the two expert panels, as noted previously (Section 4.5). These questions were:

• What do your customers decide on first: the store they buy from or the product brand they buy?

• When do your customers form a set of product brands that they will choose from?

• How and why do your customers choose the order of their preference?

The retailers felt that information provided by them plays an important role in the decision-making process. They referred to a recommendation-based heuristic in which the decision maker obtains recommendations from retailers for the purpose of reducing the uncertainty and amount of information that must be processed to make a decision. The consequences of these recommendations, they suggest, is that their customers trust their knowledge and advice. This was said to be particularly important to those of their customers who lacked the resources to make a fully informed decision: “customers might decide on some product brands whilst they make a list of possible retailers, however retailers are key in their decision-making, they expect the retailers to assist in the decision, so I think they decide on the retailers first” (EGR01). The retailers indicated that the inferences people drew were contingent upon their trust of the information provided by the retailer. Thus, recommendation criteria used by consumers in product decisions or choice drivers played an important part in determining who and what was included in their consideration set.
The manufacturers proposed that brand and retailers occupied the consumers’ initial decision-making set. They pointed to brand familiarity, of both product and retailer, as key in the decision-making process: “they have product brands in mind and choose retailers based on their confidence that they can provide all the services” (EGM03). They indicated knowledgeable and informed sales personnel were important for retailers: “it is important to consumers to have good sales support” (EGM03). Further they noted that prior positive shopping experience was especially important, demonstrated in the satisfaction consumers derived from shopping in a particular store: “if they have a bad experience they tend not to go back to that store” (EGM01).

Price was an important selection criterion for including the retailer in their decision set, but this finding needs to be interpreted with the context in mind. For example, the importance of pricing to the consumer depends on their overall retailer preference, which in turn rests on perceptions of trustworthiness and the availability of knowledgeable salespeople: “price is important, if they can’t trust the retailer to be competitive then that will haunt the retailer in the future” (EGM06). As consumers moved from the periphery to the core of the home-improvement purchase, price became less important.

When the responses were sent back to the groups, a majority in both groups opined that home-improvement consumers included the retailers in their consideration sets, supporting the data from the focus groups which indicated that these consumers had a retail preference. Those members from both groups who did not agree with the majority in the first round proposed that home-improvement consumers chose the product brands to include in their consideration sets. Although they argued for a product preference, they did concede that retailers were significant in the decision-making process: “…they think of the product brand, however the retailer is very important” (EGM06). Both groups reached consensus on a retailer preference in the second round.

Both groups considered that the consumer must first be aware that a product exists, and given that home consumers often lack prior experience, this is problematic: “often the customer does not have any idea of the brands that maybe available” (EGR04), “these consumers lack experience or time, so may not know what brands are available” (EGM03). Both groups went on to state that the consumer must then be motivated to give some attention to the product and what it may provide by seeking information in the store, either on the product, or on paraphernalia
around the store. Of critical importance however was the store’s recommendation “often the customer is in a hurry and wants our recommendation” (EGR04), “lacking experience there is not the motivation for the consumer to make decision on their own; they seek advice in the store” (EGM02). All members of both groups agreed that home-improvement consumers made the final selection of the product brands in the store. This contradicted the view of those group members who initially suggested that home-improvement consumers exhibited a product preference. In the second round consensus was reached that the final product preference was formed from amongst the products available at the retailer.

Both groups also held that these decisions about whom they chose first – retailer or product – focused on reducing risk to their home, rather than just general risk reduction: “customers are very clear that it is the undesirable impact on their home, not by risk per se or its probability, that is mitigated by the retailer” (GR05) “the products they buy for their homes are very important to the customer” (EGM01). In the first round the retailers proposed that a consumer’s consideration set was established in the store, allowing them to choose from amongst the options available in the store; “the customers come to the store to make their choice, as long as there is some choice and good supporting advice they will make their selection amongst this offering” (EGR06). Initially the opinion of the manufacturers was split, with some reasoning that consumers must see their brand amongst the offering as part of the decision was already in place before they came to the store: “they do have some idea of what brands they might buy” (EGM03) it is critical our brands are in the store as [the consumers] generally make their final choice from that product offering” (EGM01). However, once they had considered the information provided from all their group members, they agreed that it was critical to have their brands in the store as the customer was highly likely to choose from amongst that set, particularly if the store was trusted.

The information provided by the expert panels showed that consumers aimed to reduce risk by choosing a brand, in this case the retailer’s brand, which they could trust for support before, during and after the decision was made. This information supported the notion of a retailer preference amongst home-improvement consumers. The expert panels agreed that home-improvement consumers use retailer brands to help them decide which product they would purchase. By doing so, they aimed to reduce or mitigate the risk associated with purchasing
goods. In seeking service from the retailer when choosing the products for purchase, they trusted the retail brand more than the product brand.

The expert panels agreed that the retail behaviour of home-improvement consumers, in particular their focus on the attributes of the store, indicated their preference was for the store rather than for the product brand. The panels agreed that retailer preference depended on a store’s attributes, including merchandising, atmosphere, in-store service, accessibility, reputation, promotion, facilities and post-transaction service. Together these attributes supported the need by the home-improvement consumer to mitigate the risk to their home and thus form a retailer preference.

4.12. Chapter 4 Conclusion

This chapter presented the data collected from focus groups and expert panels. The purpose of the data was to shed light on retailer preference and its causes. Decision-making is cognitively driven with the consumer trying to solve a problem, minimise risk and ultimately satisfy their needs. To aid in this process they scan for problem-solving support. The home-improvement consumer searches for brands that deliver benefits, principally the minimisation of the likelihood adverse outcomes for their home and minimisation of magnitude of any risk. They see brands as a bundle of attributes with the potential to deliver problem-solving benefits to satisfy their need. In order to satisfy that need the consumer must select specific items and specific outlets. They can do this: 1) simultaneously; 2) item first, retailer second; or 3) retailer first, item second. The data gathered in this study supports the third way, which is, that the retailer is chosen first.

The concepts of involvement, perceived risk, trust and brand suggest that brand loyalty, in this case to the retailer brand, is the proxy in the decision-making process for home-improvement consumers. This use of a proxy, the retailer brand, as a heuristic reduced the perceived risk taken by the home improvement consumers. Interestingly, risk in a general sense was not the paramount driver; rather, it was risk to their home that was the primary driver. Consumers abrogated, at least in part, the final decision of which product to buy by choosing from amongst the options presented by the retailer, and by extension accepting the retailer’s imprimatur on the final choice set. Retailer branding is a type of shortcut for the home improvement consumer, embodying the need to reduce the risk of adverse effects to their home.
These emotional and logical thought processes first reduced the options to retailers. Focus groups indicated that the product or service brand was relevant, but only in terms of building retailer brand rather than product brand. This pragmatic dimension integrates elements of emotion and logic: a general thought process is incorporated into the personal experience of a brand to motivate reassurance and ease for the consumers. The familiarity that home improvement consumers have with the retailer is important for their awareness and loyalty for a particular brand. It reduces the complexity of their choice, helps them to commit to a particular product and/or service, minimises risk, and reinforces trust. Home-improvement consumers trust the retailer to deliver what they want even when they are not sure that an unfamiliar product or service will do so.

The data in this study demonstrates that trust, perceived risk, involvement and brand are the antecedents to product or retailer brand selection. Trust is placed in the service provider, the retailer brand. Thus it appears that consumers know a brand, and this brand defines the experience of purchase in terms of service attributes and functional consequences of the service encounter. Trust in the brand arises out of predictability, and service acts as a foundation on which trust is built between consumer and brand. Home-improvement buyers’ decisions are based on criteria other than the product brand, such as the retailer’s advice and imprimatur.

Brands play an important role at the retail point of sale. Yet commitment to individual product brands is growing weaker. Product brands have values for home-improvement such as quality, durability, reliability, and better materials. However, the underlying issue indicated by the data is that product brands lack a recognisable added value whereas retailer brands do not. Retailer brands are able to provide added value in the form of advice and post-purchase dissonance resolution. This idea is noted by the group members as the notion that retailers have created brand image by creating brand equity, and by extension trust, in their own stores. They are able to transfer that imagery to the products and/or service offered by the retailer through the services they provide, such as advice and warranty support, they are thus able reduce the perceived risk to consumers’ homes.

This chapter presented the results of the focus group discussions and expert panels; the next chapter will draw some conclusions by linking these findings to the reviewed literature. Further
it will consider limitations to their application and conclusions. The chapter will close by suggesting avenues for further research.
Chapter Five – Conclusions and implications

5.1. Introduction

The thesis is telling a story with each section related to the other contributing to the journey. This thesis creates a discourse that builds from one point to the next; it is contextualising, integrating, expanding and acknowledging notions from the previous section and the ones yet to come. The discussion can be seen as presenting a series of building blocks that are designed to fit into each other and are depended on each other. The model of Retailer preference is influenced by the consumers’ involvement, appetite for risk, need for trust, and the trust they can ultimately place in a brand. This thesis centred on the consequences of the DIYers decision-making, for themselves, the retailers and the owners of product brands. Then drawing conclusions that support previous research on heuristics, the nature of consumer decision-making, that is that it is not rational, and the culmination of this research offers a model of decision-making. This model of Retailer Preference sheds light on the DIY consumer and the effect on retailers and manufacturers. Consumers ascribe their perceived image of the retailer to the products offered and consider this image when making a decision about particular goods and/or services. The importance they attach to brand is then a result of a halo effect, embedded in the concept of retailer preference itself.

This thesis has followed the five chapter model as recommended by Perry (1998) and Southern Cross University Business School. In Chapter 1 the underpinnings of this research were described, along with defining the problem, offering context and background, and setting the research question. It indicated that consumers with limited available resources use strategies that ignore and emphasise some information to assist in the decision-making process. A strategy which was identified that captured these notions of limited resources was that of consideration sets formation. In this development what is not known is whether customers first form a retailer preference or a product preference. The purpose of this paper then was to investigate this order of the consumer’s consideration set formation.

With the problem defined, Chapter 2 focused on reviewing the relevant literature within the parent discipline of decision-making and the fields of trust, risk, involvement, brand, and brand loyalty. This review identified a gap in knowledge of consumer behaviour in relation to big box retailers and DIY consumers, reinforcing the research question. The literature showed consumers
reduce their options to a limited number of alternatives, a consideration set, from which they make their final choice. While there is agreement in the literature concerning the need to mitigate risk by the decision-maker; this need to lessen risk requires the consumer to display trust in another entity. This trust is often placed by the consumer in a brand, which is frequently echoed in loyalty to that brand. Whether that trust is in the brand of the retailer or product brand in relation to DIY home-improvement consumers is less clear.

In trying to solve a problem, a consumer, whilst minimising their risk and ultimately satisfying their need, must select specific items and specific outlets and form these into consideration sets. There are three ways this selection order can be undertaken: 1) simultaneously; 2) item first, retailer second; or 3) retailer first, item second. Whilst some research has been directed into consideration sets, a direct research project studying the order of consideration sets for DIY since the emergence of big box retailers has not been conducted before now.

An interpretive paradigm was presented in Chapter 3 as the logical foundation for this research project. This pointed to a qualitative methodology, such as focus groups, employing grounded theory that relied on subjective relationships between the researcher and group members to explain the subjective reasoning of consumers. This approach has been used in the data collection and analysis. The expert panels provided triangulation and further robustness through an expert review of the theory derived from the focus group data.

Chapter 4 presented the data collected from the focus groups and expert panels. It discussed the emergent model of retailer preference, and its apparent link, pointing to the home-improvement consumers’ limited resources that encouraged short cuts in decision-making to reduce the available options to a limited number from which to make a final choice. The retailer brand is the proxy in the decision-making process for home-improvement consumers. This use of a proxy as a heuristic reduced the home-improvement consumer’s anxiety about perceived risk. Risk in a general sense was not the paramount driver; rather, it was risk to a consumer’s home. By using this proxy the consumer abrogated in part the final decision of product purchase by choosing from amongst the options presented by the retailer. Home-improvement consumers ostensibly trust the big box retailers to deliver what they want even when they are not sure that an unfamiliar product or service will serve their needs.
The data demonstrated that trust, risk, involvement and brand are antecedents to retailer preference. Trust is placed in the provider. The idea that emerged in this study is that respondents knew the retailer brand and the brand defined their experience of purchase in terms of service attributes and functional consequences of the purchase encounter. In the fulfilment of this role, trust arose out of predictability. The interaction between consumer and retailer acted as a stage on which trust was built between consumer and retailer brand. Home-improvement buyers’ decisions were based on more criteria than just the product brand. They included criteria such as the assistance by and the imprimatur of the retailer on the goods offered.

This chapter will now discuss the findings of this study in light of the literature reviewed and demonstrate the contribution of this research to knowledge (see Table 5.1). The implications of the findings for practitioners are also discussed, showing that there is currently a power shift from manufacturer to retailer and further research directions are outlined. The chapter starts with a short review of the background to the research and subsequent data findings from the study.
<table>
<thead>
<tr>
<th>Literature</th>
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<tr>
<td>Howard and Sheth (1969), termed 'Consideration Sets' as the evoked set and defined it as &quot;the brands that the buyer considers as acceptable for his next purchase&quot; (p.98). The term consideration set used by Wright and Barbour (1977) explained the tendency of consumers to limit the number of options they seriously considered for purchase. Abogomaah, Schlacter, and Gaidis (1987) refined the concept as &quot;those few brands out of all the existing brands in a particular product category given actual purchase consideration by the consumer&quot; (p.667).</td>
<td>Retailer preference in Big Box is an experiential short-cut of consideration sets which culls the available retailer options into a limited number of alternatives and the products they offer from which to make a final purchase choice</td>
<td>Extension of Knowledge</td>
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<td>Narayana and Markin (1975) extended the notion of consideration sets to retailer brands, with Spiggle and Sewall (1987) refining this notion as those retailers who are actually considered viable alternatives in a specific purchase situation.</td>
<td>Choosing the retailer in the consideration set, consumers have a heuristic, that of retailer preference.</td>
<td>Extension of Knowledge</td>
</tr>
<tr>
<td>Aggarwal &amp; Mazambar 2008; Botti &amp; Tyengar 2006; Crozier &amp; Ranzyard 2001; Edwards &amp; Tversky 1967; Lee, Philip &amp; Price 1999; Lye et al. 2005; Pujj &amp; Brookes 2001; Ranyard, Crozier &amp; Svenson 1997; Scott &amp; Bruce 1995; Simon, Herbert A et al. 1986; and White 2006 suggest that limited resources encourage short cuts in making decisions. Phil Rosenzweig defined the halo effect as 'a problem that arises in data collection when there is carry-over from one judgment to another' (cited in Liu 2012, p. p 674).</td>
<td>Retailer preference by the home improvement consumer reduces their perceived risk by assuming the imprimatur of the retailer is extended to the goods and services offered. This halo effect means the consumers' preconceived perception of the retailer is extended to all of the firm's products based on previously experienced products from that firm.</td>
<td>Extension of Knowledge</td>
</tr>
<tr>
<td>Risk perception research suggests risk or its probability are the driving demand for risk reduction (Gardner &amp; Stern 1996; Sjöberg 2000, 2008; Vilkud &amp; Sjöberg 2008).</td>
<td>Retailer preference for the home-improvement consumer is driven by the potential negative impact on the home not risk per se. Risk as such is projected to the image of the house a valuable asset and extension of their being.</td>
<td>New knowledge</td>
</tr>
<tr>
<td>Brand impacts emotional security (Aaker &amp; Joachimsthaler 2000; Keller 2010; Titlin &amp; Swait 2004), allowing consumers to judge brands through brand reputation, competence and predictability (Lau &amp; Lee 1999).</td>
<td>Retailer preference for the home-improvement consumer is attaching qualities (i.e., trust and risk reduction) to the retailer brand that results in reducing the stress of decision-making.</td>
<td>New knowledge</td>
</tr>
<tr>
<td>Kardes et al. 2002) extended the notion that consumers have limited resources and may prefer to focus on the characteristics of one brand rather than consider the characteristics of other brands. Aggarwal &amp; Mazambar (2008) built on this and purported that consumers delegate the product decisions to others.</td>
<td>Retailer preference is an evaluation process, a heuristic that reduces the decision process for the consumer by allowing the retailer's brand, through its perceived characteristics, to be a surrogate for the product that will satisfy the consumer's want.</td>
<td>New knowledge</td>
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Source: Developed from the data collected for this thesis
5.2. Background

The home-improvement sector is a substantial market in Australia and in all developed nations. In 2010, over 3.2 million Australians redecorated or refurbished their homes. Almost 6 million made minor home repairs or alterations, with 4.2 million painting their homes (Roy Morgan, 2011). DIY home-improvement activity poses the dilemma of choice for those that need to purchase products or services in order to accomplish their tasks.

Woolworths’ 2011 entry into the home ware and hardware sector (Masters stores) and Costco’s tenacious Australian operation, offering home improvement products, signal tough times ahead for traditional retailers. There is a prediction that by 2015 at least 9 per cent of Australia’s retail revenue will be generated by more than 300 superstores (Algar, 2011). As already discussed, consumer behaviour involves risk, producing consequences which cannot always be predicted. The angst of the purchase decision is underpinned by two primary structural dimensions: uncertainty and its consequences (Bauer, 1960). For home-improvement customer, this anxiety centres on what they perceive as their most valuable asset – their home. These home consumers are confronted by three types of brands: retailer brands such as Walmart, Bunnings, Masters, Mitre 10, and Home Hardware; generic product brands such as Xceed, Worx, Pro Quip, and Warrior which are mostly owned by the retailers; and manufacturers’ brands such as AEG, Bosch, Makita, Metabo, Dulux, Black and Decker, and Stanley which are usually offered by retailers alongside generic brands. As home-improvement products are used to modify or maintain the consumers’ valuable asset, these decisions are comparatively important to the consumers.

5.3. Findings

The data presented in this thesis shows that home-improvement consumers make decisions by forming consideration sets populated in part or in whole by retailer brands as an experiential ‘short-cut’, a heuristic, which is an experience-based technique for problem clarifying, learning, and discovery. This experiential short-cut is the formation of a ‘retailer preference’. This is a process which culls the available retailer options into a limited number of alternatives and by extension, the products they offer from which to make a final purchase choice (Brown & Wildt, 1992; Bailey, 2001; Kardes, et al., 2002; Parra & Ruiz, 2009). The identification of this short cut answers the fundamental question posed in the thesis: ‘Do consumers choose the retailer, or the
product? The research data indicates that home-improvement consumers choose the retailer in their initial consideration set and this finding extends our understanding of consumer behaviour. It appears that consumers have a heuristic, that of retailer preference. In choosing this retailer preference the home improvement consumer is attaching qualities such as trust and risk reduction to the retailer, which helps to reduce the stress of decision-making.

The review of literature about the consumer decision-making process (see Chapter 2) showed that consumers’ limited resources encourage them to take short cuts when choosing their purchases (Edwards & Tversky, 1967; Simon, et al., 1986; Scott & Bruce, 1995; Ranyard, et al., 1997; Lee, et al., 1999; Crozier & Ranyard, 2001; Punj & Brookes, 2001; Lye, et al., 2005; Botti & Iyengar, 2006; White, 2006; Aggarwal & Mazambar, 2008). The analysis of research data presented in Chapter 4 shows that the order of inclusion into a consideration set of retailer brands was a short cut in decision-making that reduced the perceived risk. This is supported in the data as consequence of the perceived risk to their home of the purchase; this in itself, points to an extension of knowledge.

The existence of retailer preference supports previous contentions that retailers have the power to select the products and services they offer their customers (Felgner, 1989; LeBlanc & Turley, 1994). Manufacturers need to ensure their branding activities are targeted at their preferred customer, whilst also maintaining and enhancing alignment with selected retailers (Felgner, 1989), in an environment where the retailers are focused on building brand around themselves (Spector, 2005; Barton & Snell, 2007). The data has shown that the preferred brands of home-improvement consumers have moved from manufacturer brands to the retailer brands. Home-improvement consumers delegate their product and/or service brand choice, whether manufacturer or generic, to the retailer. In doing so they are making the retailer the brand, an observation which extends our knowledge of consumer behaviour.

DIY is a growing industry and as such retailers can now focus on this market more fully. In spite of the recent economic downturn, or perhaps because of it, home do-it-yourself projects have exploded in popularity (Mintel, 2006). Never before have so many people been willing to work on their own homes (Speedy, 2012). Home-improvement has always been something that people have enjoyed, but home-improvement retailers now have a deeper understanding of their customers, empowering them to undertake their projects which will allow the retailer to develop
the market towards sustainability and growth offering affordable and reduced risk options for DIY’ers, making home-improvement an opportunity for more people.

5.4. Decision-making

Home-improvement consumers’ decision-making requires selecting from among alternatives, a construct identified in the data as the selection of a product or service for a consumer’s home, whether that is with a manufacturers’ branded product or a generically or exclusively branded retailer’s product. As suggested in the literature, the process is a trade-off between decision-making effort and accuracy (Edwards & Tversky, 1967; Simon, et al., 1986; Von Winterfeldt & Edwards, 1986; Ranyard, et al., 1997; Punj & Brookes, 2001; Aggarwal & Mazambar, 2008). Human decision behaviour is adaptive, utilising different decision heuristics in different contexts (Cripps & Meyer, 1994; Gilovich, et al., 2001; Shah & Oppenheimer, 2008). The quality of consumer decision support in terms of perceived usefulness and ease of use has an important impact on a consumer’s behavioural intentions.

Systematic decision-making seeks conditions of perfect utility maximisation. Neumann and Morgenstern (1947) laid the scientific foundation for what became known as utility theory in their book, Theory of Games and Economic Behavior. Their systematic model of perfect utility-maximisation would have required that the home-improvement consumer list all possible decisions and their consequences. Then, for each variant of a decision, the probabilities of all possible outcomes must be determined. The expected utility of each variant is then calculated and the variant that has the maximum expected utility is chosen. This is not the case in this study.

The findings in this study describe a home-improvement consumers’ behaviour that is parsimonious and, therefore, not systematic. It can be fairly described as heuristic. The cognitive process does not depict a home-improvement consumer who displays rational or faithful order. The decision-making of home improvement consumers utilises an experience-based technique, promulgated by researchers such as Mitchell, Walsh, and Yamin (2005) and Sinn, Milberg, Epstein, Goodstein (2007) which reduces effort and time. This experience-based technique utilises the retailer brand as a surrogate, and the goal is risk reduction to a consumer’s home. It is a cognitive process of finding a satisfactory solution, which reduces the risk rather than maximises utility (Lye, et al., 2005; Botti & Iyengar, 2006; White, 2006; Solomon, 2007);
The home-improvement consumers apply the predetermined values of their prior experience of the retailer brand as their principal decision-making technique (Barwise, 1993; Cobb-Walgren, et al., 1995; Leuthesser, et al., 1995; Tülin & Swait, 2004; Keller, 2010). This points to the increasing power of big box retailers whilst underpinning the need for these retailers to ensure that their relationship with their customer is maintained through the services they offer.

As previously noted, respondents are faced with abundance of choice, are risk averse and anxiety is relatively high, diminishing the opportunity for rational decision-making for the resource-limited decision-makers (Malhotra, 1982; Malhotra, Jain, & Lagakos, 1982; Greenleaf & Lehmann, 1995; Huffman & Kahn, 1998; Walsh, et al., 2007). Thus Taylor’s (1974) research assertion can be extended to home-improvement consumers. Decision-makers have an inherent uncertainty about the quality of an outcome in relationship to their impending purchase and its consequences to their home. The data confirms that the DIY home-improvement consumers’ adoption of the loss-sensitivity principle to their home is, as Karlsson, Gärling and Romanus (1996) have suggested, a critical motivation. They aim to circumvent negative outcomes rather than maximise value. As a result, big box brands must provide reassurance that they can support the pre/post purchase with information and warranty.

Gärling et al, (1997) argued that if a customer is dissatisfied with a purchase, this will increase the dissatisfaction they feel if the next purchase is problematic. On the other hand, if they are satisfied with a purchase, this will decrease the dissatisfaction they feel if the next purchase is problematic. This supports the contention, based on the data from this study, that prior satisfactory outcomes with a retailer brand reduce the expectation of loss associated with subsequent purchases for the home-improvement consumer with the products and/or services provided by the retailer. This, therefore, encouraged these home-improvement consumers re-engage with the same retailer when similar decisions were required. These previous satisfaction engagements with the big box retailer are an encouragement for the home-improvement consumer to re-engage and, in effect, base the next purchase decision on the recommendations of the retailer.

The data in this study indicate that large product lines overload home-improvement customers with information, making it difficult for them to recognise their ideal product (Fasolo, Hertwig,
Huber, & Ludwig, 2009). The number of options available proves to be an encumbrance during the decision-making process, lowering confidence and eliciting a greater experience of uncertainty (Iyengar, Elwork, & Schwartz, 2006). This research rejects the contention that consumers do not have sufficient information to make decisions (Edwards & Tversky, 1967; Simon, et al., 1986; Von Winterfeldt & Edwards, 1986; Scott & Bruce, 1995; Ranyard, et al., 1997; Lee, et al., 1999; Crozier & Ranyard, 2001; Punj & Brookes, 2001; Klein & Ford, 2003; Lye, et al., 2005; White, 2006; Aggarwal & Mazambar, 2008). Rather, it asserts that the information source is the retailer. It supports previous assertions that consumers respond to choice complexity by resorting to a simplifying heuristic (Payne, et al., 1988, 1993; Cripps & Meyer, 1994; Gilovich, et al., 2001; Swait & Wiktor, 2001). In this study, consumers used the retailer brand to help their decision making. They are driven by the need to reduce risk, which turns on trust in the retailer (Zboja & Voorhees, 2006). Trust is developed through previous experience which the data suggest is a key influence on the formation of a retailer preference. This heuristic process is a reduction of decision burden as well as a ‘short-cut’ in effort and time.

Given this, the big box retailers must ensure that they maintain the trust of their customers, whilst for the DIY customers there is a need to choose the retailer that reflects their values. Thus, the home-improvement consumer shifts the decision burden in whole or in part to the retailer brand and ultimately to its product offerings, by attaching their values such as pride in the home to that retailer brand. This finding is new to our knowledge and is discussed further in the next section.

5.5. Delegating decision-making

Broadly speaking, the concept of decision-making suggests that the decision-making task is the obligation of the consumer alone. An unconventional view emerging from the research data is that the home-improvement consumers’ decision-making entails a process in which they delegate the responsibility, at least in part, to someone else – in this case the retailer. This is not a novel, or indeed extraordinary concept (Formisano, Olshavsky, & Tapp, 1982; Price & Feick, 1984; Crane & Lynch, 1988; Stinerock, Stern, & Solomon, 1991; Stern, El-Ansary, & Coughlan, 1995; Klein & Ford, 2003; Ratchford, Lee, & Talukdar, 2004) but it does assist in the understanding of the decision-making of home-improvement consumers. This delegation of responsibility is critical for product owners and marketers to understand. It places upon the retailer a ‘new’
responsibility and on the manufacturer the notion that the retailer is a gate keeper, not just of 
‘shelf-facings’ but of the responsibility for part of the product choice on behalf of their 
customers.

Exemplars of purchase task delegation are seen in numerous market typographies, such as health 
consultants, wine connoisseurs, computer consultants, stock brokers, architects and interior 
decorators and as noted in this research, the retailer and their sales staff. Revenues generated in 
the US by some of these consultants are substantial: $12.8 billion for architectural firms, $34 
bigillion for bridal consultants, $2.3 billion for the catering industry and $2.3 billion for interior 
decorators (Hollander & Rassuli, 1999). The DIY home-improvement continues to be an 
increasingly important sector of the building industry in Australia and is larger in financial terms 
than new dwelling construction (Trewartha, 2006). The growth of this sector may at least in part 
be assisted by this delegation concept. Internal/external consultants and advisors are located in 
the big box retailers (Besley, 2002) enabling the consumer to delegate decisions onsite, real time 
and at no perceived additional cost.

A further addition to knowledge from this research is the observation that maximisation of 
utility, is not achieved. This observation brings into doubt the notion that systematic decision-
making is used by these home-improvement consumers. The heuristics of retailer brand and the 
delegation implied in the concept are useful cognitive strategies, conscious or unconscious, that 
do not need to take into account all the available information. Rather, the data supports the 
home-improvement consumer’s use of these simple heuristics, in which they ignore some 
information rather than consider all available information before making a decision. The concept 
of retailer preference, which extends our knowledge of consideration sets, is discussed in the 
next section.

5.6. Retailer preference: a heuristic of past learning

Woodside and Trappey (1992) argued that there is an automatic cognitive processing of store 
attributes by consumers that determines which store will be their primary buying centre. This 
automatic process suggests that store attributes, such as location (Woodside & Trappey 111, 
1992); nature and quality of items stocked (Claxton & Brent Ritchie, 1979; Sirohi, McLaughlin, 
& Wittink, 1998); pricing strategy (Williams, Painter, & Nicholas, 1978); in-store promotions
support of sales personnel (Macintosh & Lockshin, 1997; Mägi, 2003); character and physical attributes (Kotler, 1974; Yalch & Spangenberg, 1990; Crawley, 1993; Babin & Darden, 1996) were supported by the home-improvements consumers as elements in their reduction of retailer brands in their retailer preference formation.

In his Nobel Memorial Lecture, Simon (1979, p. 500) emphasised that the classical model of rationality requires knowledge of all the pertinent alternatives, their consequences and probabilities, and a predictable world without surprises. These conditions are seldom met for the home-improvement consumer. Information is often unknown, a consequence of experience and time limitations, and therefore, the conditions for rational decision theory are not met. This lends weight to those that suggest that “rational expectations theory is no longer taken seriously outside academic circles” (Sorros, 2009, p. 6). Home-improvement consumers use heuristics to adjust their choices in light of past experiences, rather than the notion presented in the classical model. The data also supports the argument (Kuehn, 2012) that consumers are influenced by their trust in and expectation of the big box retailer brand; these influences act upon the formation of a home improvement consumers’ consideration set – a set that includes retailer brand names such as Mitre 10, Bunnings, Home Hardware, and Masters. The data analysed in Chapter 4 demonstrates that the participating home improvement consumers had developed a retailer preference. This preference helped them in their product or service purchases by reducing uncertainties about outcomes (Cox & Rich, 1967; Stem, Lamb, & MacLachlan, 1977; Vijayasarathy & Jones, 2000) and consequences for their home.

Duncan (1972) defines uncertainty in the shopping environment as a psychological state resulting from insufficient information or a lack of knowledge on which to base purchase decisions, which is the very same challenge faced by home-improvement consumers. Before purchasing, consumers experience some level of uncertainty, but this is further amplified when a number of alternatives are available. Consumers then experience uncertainty with regard to which option offers the best solution (Howard, 1994; Jamil, 2001; Solomon, 2007) the data from this study demonstrates that home-improvement consumers face the same situation.

Big box retailers act as specialists who can offer a solution to home-improvement consumers. According to Earl and Potts (2004), the retailers are in effect information filters. This study
follows Backstrom and Johansson’s (2006) assertion that the retailer, in providing that service of information filtration, assists the home-improvement consumer in dealing with the complexity and paradoxes of choice. The retailer has a unique opportunity to be a point of reference and a surrogate in the home-improver’s decision-making. The data in this study supports the view that home-improvement consumers use retailer preference in their consideration set formation to reduce purchase uncertainty, and the energy and time required to make a decision (McKenna, 1991; Broniarczyk & Alba, 1994; Grönroos, 1994; Morgan & Hunt, 1994; Zineldin & Jonsson, 2000). The stress of concerns about making the wrong decision is reduced by applying the learned values to the product brands offered by the retailer. Social psychology research in counterfactual thinking (Miller, Turnbull, & McFarland, 1990) and research in regret and self-reproach (Larrick, 1993) which relate post-decision regret to self-presentation processes and the protection of self-esteem (Bell, 1982; Loomes & Sugden, 1983, 1986, 1987a, 1987b; Sugden, 1993), further support this view.

The retailer’s proxy position, therefore, serves the home improvement consumer by reducing decision complexity. It streamlines the product options and applies the retailer’s imprimatur to certain options for final choice by the consumer. As noted previously, forming a retail preference is not a novel concept; consumers use specialists such as bridal consultants and image consultants in many other spheres of decision-making (Aggarwal & Mazambar, 2008). The use of decision makers such as the retailer by home improvement consumers is an expression of this same concept. The next section describes how these DIY decision-makers are not trying to eliminate risk completely; rather the emphasis is on minimising the possible adverse consequences for their home and thus the resultant protection of self-esteem.

5.7. Reduction of purchase failure

Wänke and Fries (2005) argued that loyalty to brands serves as a risk-reducing strategy for decision-makers, and the data in this study support this assertion. For the home-improvement consumer retailers provide: the extrinsic cue for quality and features of products and services (Forsythe, Kim, & Petee, 1999); a pre-purchase surrogate for quality (Zeithaml, 1988; Rust, Zeithaml, & Lemon, 2004); and a reduction in related search cost (Keller, 1998) and perceived risk, including those social and psychological risks associated with purchasing unsuitable products (Berthon, Hulbert, & Pitt, 1999).
The data obtained from the participating home-improvement consumers suggests that perceived risk is a crucial aspect of their decision-making (Bauer, 1960, 1970). For the focus group members, risk was manifested in the perceptions of possible adverse consequences of buying an ill-chosen product or service (Dunn, et al., 1986; Dowling & Staelin, 1994). As previously argued by Mitchell (1998) and supported in this research, home-improvement consumers were motivated by the severity of the potential consequences (Sjöberg, 1999, 2000, 2008) for their home rather than by a desire to maximise utility. Moorthy, Ratchford and Talukdar (1997) suggested that product class involvement or low search costs are in themselves not sufficient to induce large amounts of search activity and that the existence of relative uncertainty among brands is necessary for a search to be useful. Hisrich, Dornoff and Kernan (1972a), Dash, Schiffman and Berenson (1976), Li, Kuo, Russell (1999), and Mitchell (2001) have argued that the level of perceived risk is related to store selection. This uncertainty, as the data presented in Chapter 4 suggests, is ameliorated by the group members’ previous experiences with retailer brands.

Emerging from the data is the notion that perceived risk motivates the adoption of retailer preference. This is an innovative view of consumer behaviour. Retailer preference transfers risk from the home-improvement consumer back to the retailer. To the degree that home-improvement consumers can trust the retailer and the retailer repays that trust by their performance, risk of adverse outcomes is reduced. The next section discusses what the data reveals about the impact of trust.

5.8. Trust is about reliability and dependability

In line with Luhmann’s (1979) findings on trust, the research in this study extends the notion that trust increases the opportunity for the formation of a retail preference, proportionate to the trust in the retail brand. Trust reduces complexity in decision-making, enabling the home-improvement consumers’ expectations of the future behaviour of the retailer to be applied to their decision-making. When liberated from anxiety and doubt, these consumers appear to be more spontaneous and open in their interactions with the retailer and less inclined to dissect and question the retailer’s motivations. Earle and Cvetkovich (1995) have suggested that perceived value is a major determinant of trust, a view supported by later empirical evidence (Poortinga & Pidgeon, 2003; Poortinga & Pidgeon, 2005, 2006).
The data in this study support the notion (Silver, 1985) that trust created between the retailer and
the home-improvement consumers clarified mutual benefits. For the retailer the benefit is a
healthy business, and for the home-improvement consumer it is reduced decision risk. Bromily
and Cummings (1995) and Mayer, Davis and Schoorman (1995) believe that trust is important in
exchange relationships because it reduces transaction costs and search costs. Erdem, Tülin and
Swait (2004), have argued that perceived risk is a necessary antecedent for trust to be operative
and an outcome of trust building is a reduction in the perceived risk of the transaction or
relationship with the brand. These concepts support those that emerged in the analysis of the
focus group data. The next section examines the nature of the retailers’ ability to reduce the
perceived risks of home-improvement consumers.

5.9. Trust in retailer brands reduces risk

Focusing on its perceived outcomes, Anderson & Naurus (1990, p. 45) defined trust as “the
firm’s belief that another company will perform actions that will result in positive outcomes for
the firm as well as not take unexpected actions that result in negative outcomes”. This definition
is sustained by this study’s data as home-improvement consumers believe in the integrity of the
retailer. The focus group members supported the proposition by Branzei, Vertinsky and Camp
(2007) that as consumers they could not possibly know all the trust-relevant properties of the
retailer. Therefore, as suggested by Tullberg (2008), risk could not be eliminated and so there
was a need for trust in the retailer. The most important substantive element of trust is that the
other party to the exchange, in this case the retailer, will do as they have promised. These home-
improvement consumers believe it was in the best interests of the retailer to offer the best
solution for their problem, and that the retailers who were motivated to do so to kept their
businesses healthy. The study’s data corroborate the view expressed in other studies that the
perceived trustworthiness of retailers influences consumers’ consideration set formation and
subsequent brand choice (Jarvenpaa, et al., 2000; Zboja & Voorhees, 2006). The data suggest
there is a convergence of perceived trust and the consumer’s learned retailer brand values in the
impact of retailer brand on their consideration set formation.

A further conclusion that can be drawn from the data is that the service quality of the retailer
reduces perceived risk for the home-improvement consumer. This finding confirms and extends
the work of Clow, Kurtz and Ozment (1998). Dimensions of service quality such as reliability,
empathy and responsiveness as well as tangible cues such as store cleanliness (Parasuraman, Zeithaml, & Berry, 1988) serve to build the trust relationship between the retailer and these consumers. The consequence of trust, as indicated by the focus group data, is that consumers experience an increased purchasing safety to the extent that it reduces the associated complexity and perceived risks of purchasing, a phenomenon previously identified by Walczuch and Lundgren (2004). The concept of brand as the indicator of a retailer’s prior and expected behaviour is discussed in the next section as well as a novel approach to our understanding of the role of brand.

5.10. Brands encapsulate experience of the purchaser

Cognitive consistency theories (Festinger, Schachter, & Back, 1950; Heider, 1958; Ranyard, et al., 1997; Crozier & Ranyard, 2001; White, 2006) hold that consumers attempt to maintain a consistent set of beliefs and attitudes; inconsistent beliefs and attitudes result in psychological tension. The data in this study support these theories with consumers showing a basic need to avoid dissonance and, if possible, remove any discrepancies in their beliefs.

The home-improvement consumers who participated in this research formed a retailer preference rather than searching for information specific to a product brand; this is a strategy that can introduce congruence between behaviour and belief (Monin, 2003). This symmetry between behaviour and belief is achieved if consumers can attribute the known image of the retailers to the products offered by that retailer. Similarly, Finucane, Peters and Slovic (2003) have argued that decision-makers can ignore information if it conflicts with a higher desire for conformity of belief. The big box retailers such as Home Depot and Walmart in the US recognised this need to offer image, reassurance and support during and after the purchase decision. We see these developments in Australian big box stores such as Bunnings and the newly launched Masters stores.

Erdem (1998) developed a model of consumer learning about the qualities of two products under an umbrella brand (this is the retailer brand) and demonstrated that information about one product could spill over to the other product due to consumers’ perceived similarity between the two products. Wang, Anderson and Hansen (2007) demonstrated the existence of consumer learning, a notion that emerged from the data among home-improvement respondents. A study
by Gustafsson and Johnson (2002) showed that this connection depends on the consumer’s experience with the brand, in this case the retailer brand, and that this experience wins consumer loyalty. Brand loyalty is discussed in the next section which presents the notion that brand loyalty, specifically retailer brand loyalty, is a risk reliever.

5.11. Brand loyalty

As suggested by Oxenfeld (1974) and Kapferer (1986) and extended by this study’s findings regarding the participating home-improvement consumer’s image of a retailer brand, the cognitive image held by the consumer is a mixture of various elements; internal ones such as price, support and range; external ones such as store environment, layout, and sales staff, functional ones such as service, range and symbolic ones such as brand. The findings of Hirschman (1981) and Marzursky and Jacoby (1986) lend weight to this data in that the interaction of tangible elements such as product range and intangible elements such as store layout, as well as the consumers’ valuing of those elements and their effects, determines the consumers’ view of the retailer. The focus group data shows that brand is heuristically used by home-improvement consumers to simplify choice decisions, a concept previously articulated by Biel (1993) and Kirmani and Zeithaml (1993). Consumers’ experience forms the retail brand equity (Ailawadi & Keller, 2004), which is accumulated over time through the consumers’ learning and decision-making processes (Erdem, Oumil, & Tuncalp, 1999).

A goal of marketing is to generate a strong bond between the consumer and the brand. The main ingredient of this bond is trust (Hiscock, 2011), and merchants invest a great deal of their resources into anticipating their customers’ needs (Keller, 2010) and building this bond. The merchant branding effort focuses on associating their brand with a desired identity and the promise to deliver on that identity. It is, in effect, the commitment by the merchant to deliver specific attributes, with its credibility being based on reputation and previous experience. Brands are essentially schemas of experience or relationship. This brand of the merchant evolves into a consumers’ image/memory/expectation of the experience behind the brand and the brand promises to deliver, and it is the desired outcome from the investment of money and effort into branding (Barwise, 1993; Cobb-Walgren, et al., 1995; Leuthesser, et al., 1995; Aaker & Joachimsthaler, 2000). Retailers now need to ensure their product and service offering matches their customer service expectations.
Considerable cognitive psychology literature has been dedicated to the study of memory structure and process. A conceptualisation of memory structure involves associative models consisting of a set of nodes and links (Srull & Wyer, 1989). The nodes are stored information connected by links. When the consumer thinks about a product, or recognises a problem as in the case of home-improvement goods, a process connects the node of home improvement goods and services to the node of the merchant and determines the extent of retrieval. This is critical for training of the big box retailers employees; one bad experience or a good one can influence a lifetime of purchasing.

5.12. Experience-based techniques

The two models of consumer decision-making previously discussed in the literature are those of perfect rationality and bounded rationality. The data presented herein support the bounded rationality model, in which the decision makers function under three constraints: their limited information, their limited capacity to evaluate and process the information that is available, and the limited time that is available to make a decision. The data reveal that individuals who intend to make rational choices are actually bound to make satisficing rather than maximising or optimising selections. These limits to their rationality make it nearly impossible for decision-makers to consider every contingency, necessitating their reliance on a heuristic. Empirical research supports this view that home-improvement consumers are likely resolve problems by a discriminatory, heuristic search (Edwards & Tversky, 1967). Shah and Oppenheimer (2008) proposed that all heuristics rely on effort reduction by doing one or more of the following: (a) examining fewer cues, (b) reducing the effort of retrieving cue values, (c) simplifying the weighting of cues, (d) integrating less information, and (e) examining fewer alternatives. Given this, big box retailers need to make it easy for consumers to make the purchase decisions. This can be achieved through product placement, point of sale information, ambience and in-store advice.

Monin (2003) proposed that heuristics are a strategies used by people when they lack enough data to make choices. As discussed earlier, past research has challenged the idea that people are generally rational, detecting errors in the thinking of normal people (Kahneman, et al., 1982; Kahneman & Tversky, 2000; Walsh, et al., 2007; Poe, 2011). This is comparable to the strategy used by the home-improvement consumers interviewed in this study whereby they extended
attributes from the retailer brands to the product rather than judging the product brands on their own merits.

Hullermeier (2005) and Gigerenzer and Gaissmaier (2011) proposed a framework for an experience-based decision-making a framework demonstrated by the focus group members as an extension of case-based decision-making, and from this they developed an alternative to expected utility theory. In experienced-based decision-making, an agent faced with a new decision acts on the basis of experience gathered from previous problems, either through predicting the utility of potential actions or through establishing a direct relationship between decision-making problems and appropriate actions. Gärling, Karlsson, Romanus and Selart (1997) have suggested that decision-making is future-oriented, and believed that decisions are heavily influenced by past learning. They described past learning as the effects of or integration of prior outcomes, sunk cost or multi-stage betting and escalation of commitment (Gärling, et al., 1997).

The work of Gärling, Karlsson, Romanus and Selart (1997) is relevant to the data presented in this thesis in that home-improvement consumers made judgments that they stored in their memory, recalled and used as a basis for judgments and decisions independently of the information on which the original judgments were based. Consumers used this prior experience to select their preferred brand, a heuristic that attached attributes gathered through prior experience to the retailer brands. The consumers who participated in the focus groups resolved their purchasing conundrums through this selective, heuristic search, using means-ends analysis (Edwards & Tversky, 1967). This heuristic is based on an accuracy–effort trade-off, involving the consideration of the effort to be expended on the decision and the need for an accurate choice (Bettman, 1979; Payne, et al., 1993). Payne (1982) proposed that decision-makers adapt their strategies to specific situations and environments, and this view supports the data presented and analysed in Chapter 4 which suggests that home-improvement consumers do not apply the same effort to purchasing relatively unimportant products such as nails, as they do when purchasing a comparatively important product that costs more and has a greater long-term and visible impact. Home-improvement customers vary their efforts depending on the particular circumstance or constraints (Gensch & Javalgi, 1987; Belonax & Javalgi, 1989; Swait & Wiktor, 2001; Chakravarti & Janiszewski, 2003).
Iyengar and Lepper (2000) observe that although consumers prefer more rather than fewer options, the very contexts of purchasing that offer more options can prove to be an encumbrance during the choice process. First, the presence of more rather than fewer options makes decision-makers more likely to decide against choosing, even when the decision not to make a choice leads to negative consequences (Iyengar & Lepper, 2000; Iyengar, Huberman, & Jiang, 2004; Iyengar, et al., 2006). Second, the presence of more choices has been associated with lower chooser confidence and greater experiences of negative affect and post-decision regret; that is, people choosing from more extensive choice sets are less satisfied with their decision outcomes. The data point to the preparedness of the home-improvement consumer to reduce the decision burden by accepting limits in choice offered by the retailer and choosing from their selection.

Studies on consumer involvement show that involvement influences the consideration set in the consumer decision-making process (e.g. Krugman, 1965; Gensch & Javalgi, 1987). However, various studies have produced conflicting results. Some studies have indicated a positive relationship between consideration set and involvement (Gronhaug, 1974), while others studies have indicated a negative relationship (e.g. Rothchild & Houston, 1977; Belonax & Javalgi, 1989; LeBlanc & Turley, 1994). Brizoux and Cheron (1990) found no association between variables. These inconsistencies of findings about the impact of involvement in previous research was not helped by this study as it emerged from the data that these home improvement consumers were highly involved in the process and no comparative effect was discerned, a consequence of the importance placed by all home-improvement consumers on their homes.

As this study did not discern any effect of involvement it does not necessarily imply that the nature of involvement in consideration set formation and brand loyalty ought to be dismissed. For example, Quester and Lim (2003) demonstrated in their study that both high and low involvement lead to brand loyalty. However, the nature and scope of the relationship between involvement and brand loyalty remains uncertain.

Home-improvement product consumers’ beliefs in a retailer’s capacity to provide a solution to their problem fits well with cognitive consistency theories and it implies the existence of a transference or halo effect (Aronson, 1969; Tedeschi, Schlenker, & Bonoma, 1971; Holmes, 2002). This effect was evident in the focus group data, with even the most experienced home-improvement consumers admitting their reliance on prior experience. This builds on the research.
conducted by Jacobs and Kozlowski (1985) and Borman (1977, 1978, 1979) who found that decision-makers did not reduce their use of the halo effect, which is in this case the transference of the consumer’s belief in the retailer brand to the product brand stocked by the retailer.

The home-improvement consumer suggested that the retailers provide products to customers, adding value by bringing products and services together, offering information about these packages and assisting customers in their purchases. The home-improvement consumers reported that these retailers offered a wide range of services or advice that enabled retailers to add value to the underlying exchange relationship as a fundamental part of their customer service.

The research in this study supports the notion of a halo effect, where participating consumers attach beliefs about retailer brands to products offered by those retailers. The relationship between the halo effect and a consumer’s image of a retailer brand is a perception (Newson, Scott, & Turk-Vanslyke, 1989). These perceptions are syntheses of a consumer’s attitudes and beliefs (Baskin & Aronoff, 1988). In this study they are viewed as the perceptions, cognitions, attitudes and schemas of home-improvement consumers. This notion of the halo effect is a compilation of cognition, ‘fuzzy or precise, accurate or inaccurate, based on fact or fiction’ (Dick & Basu, 1994; Mi-Young & Ramaprasad, 2003). Cognitive consistency theories (Festinger & Carlsmith, 1959; Bem, 1965, 1967; Aronson, 1969; Tedeschi, et al., 1971; Markin, 1974) explain the bias shown by customers towards certain retailers or products because of a previous positive experience. Similarly, cognitive dissonance theory indicates that a consumers’ beliefs about products are determined, at least in part, by a halo effect (Festinger & Carlsmith, 1959). As discussed earlier, the focus group data suggest learned values are attached to a retailer (Puccinelli et al., 2009) pointing to the existence of the halo effect. The research in this study built on this notion, also noting the participants’ perceived belief that retailers are as committed as they themselves are to achieving a good outcome (Mason, Mayer, & Ezell, 1994; Macintosh & Lockshin, 1997; Wang, et al., 2007; Petrovic & Hamilton, 2011).

The data showed that this halo effect encompasses the characteristic attached by the consumer to a company, such as service, warranty and advice. The success of Bunnings and Aldi in Australia (Rosenzweig, 2007) support the assumption made by home-improvement consumers that when a company is successful, everything about the company is exemplary. The opposite may also be true. Cooper (1981) has argued that consumers are incompetent when it comes to discriminating
between implicit performance dimensions and those dimensions that are derived from their explicit assumptions. The result is an over-valuing of positive dimensions when judging performance increases the halo effect. This supports the notion in the data that from the home-improvement consumers’ perspective, if a company such as Bunnings, Walmart or Kmart is perceived as successful then it must be successful in related aspects of its performance such as quality, service, and range.

Lovelock (1991) argued that all constituents of a marketing system, from service personnel to service facilities and equipment, symbolise signals from which consumers infer service quality. This contention is reflected in the notion of building the customer–brand relationship to gain competitive advantage (Grönroos, 1994; Gummesson, 2002). The focus group data support the belief that the customer–brand relationship is a consumer behaviour paradigm. It is a value proposition of specific benefits, product choice, and support, that is linked with the brand and on which the relationship between brand and consumer is established. For example the tagline at Bunnings is ‘lowest prices are just the beginning’ (Bunnings, 2012). It publicises the offer that Bunnings will make available for purchase the same products at lower prices than their competitors and promise even more advantages such as convenience, product advice, and ‘good-better-best selection’. These qualities were particularly important, for focus group members, DIY consumers. Mitre 10’s tagline, ‘mighty helpful’ reminds the customer that “We're the Mighty Helpful independent hardware store committed to giving you the best brands at great prices!” (Mitre 10, 2013). It aims to appeal to those consumers who strive for reassurance and helpful advice. Home Timber and Hardware, “The Proper Hardware Store” (Home Timber and Hardware, 2012) appeals to consumers seeking friendly, personal service with the in-depth knowledge necessary to provide expert advice. The focus group data suggests that home-improvement consumers do not engage in a systematic search process for products, instead making use of reasonable and practical alternative cues such as sales staff, advice, brand or price (Ranyard, et al., 1997; Punj & Brookes, 2001; Aggarwal & Mazambar, 2008).

The data in this study support the notion that the image of a retailer is generalised across the retailer and its goods, with its equity defined as the degree of halo transference. Trust is crucial to retailer preference; this extension to our knowledge is discussed in the next section.
5.13. Trust in the retailer creates the preference

As decision-makers are not able to eliminate risk there is a need for trust (Tullberg, 2008). The data evaluated in this study support the view (Cox & Rich, 1967; Hisrich, Dornoff, & Kernan, 1972b; Cripps & Meyer, 1994; Gilovich, et al., 2001) that heuristics are efficient cognitive processes, conscious or unconscious, that ignore or limit the amount of information needed and by doing so saves effort, and reduce perceived risk. The data in this study showed that in order to reduce the cognitive burden of decision-making, home-improvement consumers employed the retailer’s image as a proxy for the entire product range. Retailer preference means that consumers ascribe their perceived image of the retailer to the products offered and consider this image when making a decision about particular goods and/or services. The importance they attach to brand is then a result of a halo effect, embedded in the concept of retailer preference itself.

The data further corroborate the notion that trust is a control mechanism. In this case, it brings an element of control into the home improvement consumers’ exchange relationships which are typified by uncertainty, vulnerability, and dependence (Bradach & Eccles, 1989). Trust is understood to affect the behaviour of consumers (Schurr & Ozanne, 1985), even in situations where the buyer’s switching costs are low (Rempel, et al., 1985; Chow & Holden, 1997). The marketing literature traditionally points to trust in terms of trust in the salesperson and in the seller organisation (Morgan & Hunt, 1994). However, when the salesperson is lacking in expertise or cursory in the selling and buying process, as can be the case in the large home improvement stores, then the primary target of the consumer’s trust is the retailer itself (Chow & Holden, 1997). Trust is pointed to in the data as a having a positive relationship with brand loyalty (Lynch, Kent, & Srinivasan, 2001). Considerable literature suggests that trust and satisfaction lead to commitment (de Ruyter, Moorman, & Lemmink, 2001; Kolsaker & Payne, 2002; Srinivasan, 2004).

With respect to the influences of the retailer brand on the home-improvement consumer, the findings of this study reflect those of previous studies, including James, Durand and Dreves (1976), Stanley and Sewall (1976), Bearden (1977), Dash and Dillon (1976), Hansen and Deutscher (1978), Nevin and Houston (1980), Hildebrandt (1988), Engel, Blackwell, and Miniard (1990), Steenkamp and Wedel (1991) and Levy and Weitz (1996), which propose that
understanding the perceived brand is important for the marketing strategies of individual stores, chain stores and shopping centres. Mason, Mayor, and Ezell (1994) argued that brand is an important determinant in the decision to buy. This also emerged in this study.

A retailer’s corporate image is acknowledged as a key element of the image of its brand, representing consumers’ beliefs about the store (Berry, 1969; Hirschman, 1981). The findings of this research agree with those of Walters and White (1987), who claimed that the retailer has become a brand. Barnett, Jermier and Lafferty (2006) found that stores with a positive image garner customer satisfaction leading to store loyalty. This brand image was important in light of the data, as the home-improvement consumer did not know their product preferences before their decision-making task. Rather they were constructing them in situ during the decision-making process. Preferences, therefore, were susceptible to these contextual influences (Feldman & Lynch Jr., 1988; Payne, et al., 1993) in the store.

Trust is a vital part of every trade relationship (Fichman, 2003; Kim, et al., 2008). This study supports the notion that home-improvement consumers’ trust is placed in the retailer. Grewal, Levy and Lehmann (2004) suggested that the development of the retailer as a brand was one of the most important trends in retailing and this research indicates that this phenomenon of retailer brand building, such as that occurring with Bunnings, Mitre 10 and Masters stores, is ongoing in the Australian home-improvement sector.

5.14. Implications for theory

The present study adds to the existing literature on decision-making and consideration formation in a number of ways:

- By arguing that there is a ‘retailer preference’ in home improvement consumers’ decision-making. Hagel’s (2005, p. 1) assertion that power is moving from the manufacturer to the retailer appears to have some substantiation in the home improvement segment of the market. Previous research has focused on the drivers for consideration set formation, and on some of the effects of set formation including the application of the concept to retailer choice (Spiggle & Sewall, 1987). However, the notion of the order of formation proposed in 1992 (Hawkins, et al., 1992) has not previously been considered. This thesis provides insights into this order
of consideration sets formation in the home-improvement market. The retailer is chosen before or at the same time as the product brand.

- By showing that Simon’s (1955) principle of bounded rationality is supported in the home-improvement market. Home-improvement consumers’ decision-making, with the constraints of time, certainty and values in the real world, do not allow for rational decision-making and therefore for true optimisation to exist (Reber, 1993).

- The thesis supports the notion that choices made by home-improvement consumers are made for courses of action with outcomes in the future that are heavily influenced by past learning (Elster & Loewenstein, 1992; Payne, et al., 1993) and as such they apply the halo concept to that learning, shifting the perceived attributes from the retailer to the products offered by the retailer. Garling, et al.’s (1997) review of previous research supports this in that the past in the form of outcomes of prior decisions influenced choices (Thaler & Johnson, 1990) as it has with these home-improvement consumers. These influences were described as the effects of or integration of prior outcomes, sunk cost effects, multi-stage betting and escalation (Sherman, et al., 1978; Carlston, 1980; Higgins & Lurie, 1983; Srull & Wyer, 1989).

- Retailer preference introduces the concept of a heuristic that delegates to the retailer part of the purchase decision-making process to the retailer brand. Previous research (Lynch, et al., 1988; Nedungadi, 1990; Kardes, et al., 1993; Lehmann & Pan, 1994; Hsee, et al., 1999) proposed that decision makers do not give consideration to a large set of options. This is the case with these home-improvement consumers, delegating the retailer to make part of their decision, relying on previous knowledge, engaging the proxy of the retailer brand to reduce the decision burden.

- Consideration set formation, in addition to being a choice reduction strategy, is also a risk-reducing strategy, in the specific context of risk to and consequences to the home. Bauer’s (1960, p. 24) proposition was that consumer behaviour involves risk. The two primary structural dimensions were uncertainty and consequences. For the home-improvement consumer this risk is to their home. Home-improvement customers choose to ameliorate that risk by allowing the retailer to make part of the choice. In this way consumers try to reduce the perceived risks and increase certainty in the pre-purchase stage. Consumers develop risk handling processes to reduce the perceived risk until it is below their level of acceptable risk,
with the result that they have the intention to purchase the product and the service (Sheth & Venkatesan, 1968; Dash, et al., 1976; Matzler, et al., 2008). This study demonstrates that home-improvement customers of the big box retailers use them to reduce uncertainty and by extension risk.

- For researchers the value of this research is in the increased understanding of the customer–brand relationship – the relationships formed between consumers and the retailer brand. The consumers’ aversion to loss is an explanation for the establishment of retailer preference based on the assumption that consumers attempt to avoid negative outcomes, in this case to their home, rather than to maximise value. This supports the empirical research which has found that whilst reducing effort to solve problems by employing selective, heuristic searches decision-makers seek to reduce risk (Edwards & Tversky, 1967).

- Greater understanding of the order in which consumer consideration set formation occurs is a useful contribution to knowledge about the consumer decision process, and will encourage further research into this area of consumer behaviour.

5.15. Implications for policy

The potential for the inappropriate use of market power by retailers is a real concern of the state and federal government legislatures (retailbiz.com, 2011; Review, 2011; Speedy, 2012). The concentration of product and service offerings as a legacy of big box retailers due to retailer preference may raise this potential further. This power could be exerted by the retailers in their shortlisting of product and/or service offerings which in turn could potentially harm the manufacturer and/or consumer through reduced choice, product innovation and competition, thus distorting the competitive process. Such exclusive arrangements may well help selling and promotion endeavours and shareholder returns, but they can also weaken competitive tension. Additionally, these arrangements raise the issue of marketplace barriers to the entry of new products, retailers and retailing systems, an issue that now appears front of mind of our policy makers at local, state and federal jurisdiction.

In responding to small business concerns around market power being exerted by big business, in particular the emerging large retailers, the Howard government established a standing committee in 1997 to investigate and recommend a government response.
In a submission to the standing committee, Mr and Mrs Person (small business owners) observed that price discrimination had fostered the growth and development of the major chains at the expense of small businesses suggesting that the major chains (The Parliament of the Commonwealth of Australia, 1997, p. 123):

“…now basically control pretty well every facet of retailing in Australia. As a result of their ability to obtain extremely keen prices from their suppliers, they, in turn, increase the cost to their smaller competitors, simply because the same suppliers have to charge the smaller competitors a higher cost price, to compensate themselves for the poor margins they have received from their dealings with the majors.”

In responding to this assertion the Australian Competition and Consumer Commission suggested that (The Parliament of the Commonwealth of Australia, 1997, p. 123):

“Many price differences between commercial buyers reflect economies of scale and cost efficiencies large buyers are able to provide. ...complaints about price discrimination often are not about price discrimination but about price differences. In that sense they are procompetitive and are beneficial to consumers because in a competitive market discounted prices are passed on to consumers.”

Mr Bill Roberts, Vice-President of the Hunter Small Business Persons Association under the umbrella of the Council of Small Business Organisations of Australia, in his evidence suggested that the major chains were increasing their trade by eliminating small businesses (The Parliament of the Commonwealth of Australia, 1997, p. 125):

“Where can supermarkets increase their trade? Can more be eaten? No, they have to get any increase off small business - and they are going to get it off small business. The way they will do that is that they will stand outside of a small business, watch the product and then lower the price of that product until the retailer goes out of business. They do this all the time. This is their method. It is not: let’s help each other; it is: that’s tough.”

It presented Government then, as it may now with the emergence of big box retailers, with regulatory challenge. Whilst there is provision in legislation, such as Section 46 of the Trade Practices Act (Misuse of Market Power) which provides that a corporation which has a
substantial degree of power in a market should not take advantage of that power for the purpose of (The Parliament of the Commonwealth of Australia, 1997):

- eliminating a competitor (in the market in which it is powerful or any other market);
- preventing entry to any market; or
- deterring or preventing competitive conduct in any market.

Australian governments need to sufficiently empower and equip their regulators with the appropriate mechanisms, and understanding, to regulate the potential for inappropriate use of power by these retailers.

An important element in the notion of Retailer Preference is that it is not a risk reliever per se; rather it is in reducing the uncertainty of outcome to the image DIYer has of home. For the marketing practitioners, it requires a focus on ensuring that such risk perceived or real, is reduced. That can be achieved by providing such things as product training and application advice, or offering to exchange, replace or refund in the event that the product is not what is expected.

Retailer Preference allows the DIYer to reduce the anxiety of decision-making as a consequence of the trust they can place in the retailer. For the retailer, this requires them to ensure they maintain that position of trust by guaranteeing decisions on such things as range has as its primary consideration the consumers’ welfare, ensuring the customer feels and believes that. It must ensure that it matches its perceived product/service offering with its actual offering. If, for example, it offers in store advice, then that must be delivered.

The retailer in Retailer Preference has become a heuristic in the consumer decision-making model. For marketing practitioners this requires an adaptation in their marketing effort, for the manufactures they need to be identified with the retailer that reflects their image in the market, for the retail marketers it is building on this notion and privileged position reinforcing their recognition of the importance they play in their customers’ decision-making.

For marketing practitioners a strong brand for DIYers authenticates the reliability of the goods to perform as expected, and also promises the value of goods sold. By providing promises of value
for the consumer they are assured in the purchase decision process that the risk-to-reward ratio of purchasing from a trustworthy brand is higher than that of purchasing a similar less trustworthy brand.

An important implication of Retailer Preference is that the retailer’s brand imprimatur is extended to the product brand, in effect usurping all or part of the product brands value proposition.

5.16. Implications for practice

The presence of home-improvement big box retailers is gaining increasing significance in the Australian marketplace. For practitioners, it is important to understand retailer preference and its impact on the development of these retail chains both in building market opportunity and their brand building.

Big box retailers continue to grow and extend their grip it is unclear which brand will dominate. Brand domination is a major concern in the global retail world, particularly with respect to the positioning of manufacturer-branded products versus private store labels. With this brand domination in mind, which brand is chosen first is a key indicator for which brand will ultimately dominate. Thus, the understanding gained in this thesis regarding the order in which consumer consideration set formation occur increases understanding of the consumer decision-making process, and it will encourage further research into this area of consumer behaviour.

If the formation of a retailer preference that precedes that of a product consideration set, then the products offered by preferred retailers are more likely to populate the product consideration set. Marketing strategies employed by brand owners, managers and retailers should differ. Rather than focusing only on their potential consumers, they should also develop a concurrent program that encourages the retailer to stock their product. With the notion of retail preference supported in this study means the manufacturer must ensure their strategy recognises the decision-makers in the retailer. Understanding the nature of the brand relationship from the consumer’s perspective forms the basis of stronger ongoing consumer brand relationships.
5.16.1. Implications for retail marketers

The value of this research is twofold: it provides retailer marketing organisations with an insight into consideration set formation, a component in the consumers’ decision processes that allows them to further expand their brand development; and a better understanding of the increasing penetration of generic or preferred brand products. An understanding of the brand relationship from the consumer’s perspective will enable the formation of stronger on-going consumer relationships, as well as improved organisational welfare (Lindberg-Repo & Brooks, 2004) due to improvements such as sales growth and profit. This research also emphasises the importance of building trust and the retailer delivering on their promises.

This research submits that trustworthiness for retailer and manufacturer is critical to their further brand-building efforts. The retailers’ surrogacy on behalf of the home-improvement consumer resolves the effects of consumers’ expertise, accountability, and risk in decision-making. This thesis suggests that surrogates can improve perceived trustworthiness among their potential customers in three ways: by ensuring they are perceived to have more expertise than their consumers, by accepting liability for their recommendations and by customising their offerings to suit individual or small group needs (Aggarwal & Mazambar, 2008). Retailers are well positioned to make use of the developments in information and communication technology in order to enhance customer information and to personalise services and develop service enhancements and quality.

For the big box retailers building on the customer trust relationship is critical, ensuring the components of service, such as price consistency/transparency, availability, advice and choice meet their customers’ expectations.

The depth of range is not necessarily as important, breadth, that is having solutions on hand and increasing information including product ideas at point of choice as well as trades people who can offer practical advice.

The Retailers should call attention to:

Merchandising

** Eliminating slow moving stock
** Ensuring competitive pricing

Marketing

** Extending operating hours

** Adopting a “no hassle” returns policy

** Focus advertising

Service

** Accentuating expert advice

** Offering delivery

** Offering services such as design etc...

Customer relations

** Greet customers

** Learn how to handle irate or time constrained customers

** Train employees

5.16.2. Implications for manufacturing marketers

This research adds to the growing body of literature that describes how retailers are growing more sophisticated, demanding from manufacturers and suppliers proprietary designs, brands and low pricing, while building brand around their own icons. It also demonstrates that consideration set formation incorporating retailer preference is driven by the home-improvement consumer’s desire to reduce adverse outcomes. This finding indicates that manufacturer marketers need to develop strategies for their brands and encourage customers to enter into a trust relationship with their brand rather than with the retailers, or at least in conjunction with the retailers. This branding technique needs to create a personal relationship between brand and consumer, so that the customer will choose their products in the store.

Further, for manufacturers there is a critical need to bypass the retailer who is now a gate keeper, reach their customers with assurances that the reliability of their product is greater than that offered by their competitors. It is equally critical for the manufacturers to ensure their product is sold and supported by these big box retailers.
5.17. Limitations

Although this research has reached its aims, there were some unavoidable limitations. First, because of resource restraints this research was conducted on only a small proportion of the population of home-improvement consumers. Therefore to extend the results to the total population should involve more informants underpinned by sample randomisation. Second, the focus groups members were chosen from a regional town which may alter the conclusions as a consequence of regional influences, such as distance or choice options and last, the evaluation of the focus group data was conducted by the author, it is unavoidable that in this a certain degree of subjectivity might be found.

The thesis examined participants in a somewhat artificial environment. This limitation suggests that these findings cannot be generalised to the broader community based on this study alone, but this is no different than any other qualitative research conducted. It cannot rule out the possibility that participants may have felt time pressure and thus put less emphasis on the outcome. We do not know to what degree the sample tested was representative, but it is likely that we had a relatively experienced sample as people volunteered to participate in these focus groups. As a DBA thesis there are practical constraints related to time.

5.18. Further research

As noted in Chapter 1, previous models of retailer preference included choice, patronage patterns, preferences, intra-type competition, intertype competition and competing shopping centres or districts (Spiggle & Sewall, 1987; LeBlanc & Turley, 1994). Other studies have considered retail influences on the product consideration set (LeBlanc & Turley, 1994) including set size (Brand & Cronin, 1997) and type of retailer (Kumar, 1997; Kumar, 2004). Research into consideration sets to date suggests that the choice of retailers, the nature of the need, culture, search engines in the internet and the time and knowledge available to the consumer, all have an influence on their formation (Narayana & Markin, 1975; Park, 1978; Abougomaah, et al., 1987; Hauser & Wernerfelt, 1990; Roberts & Lattin, 1991; Kardes, et al., 1993; Lehmann & Pan, 1994; Siddarath, et al., 1995; Bronnenberg & Vanhonacker, 1996; Brand & Cronin, 1997; Laroche, et al., 2003; Ballantyne, et al., 2006; Sinn, et al., 2007; Solomon, 2007; Sayan, et al., 2011; Wooyang Kima, et al., 2012). These previous studies have probed the impact of the retailer’s actions on the consumer product consideration set, and on the effect of the retailers on
consideration set size and brand decisions. The research outlined in this thesis demonstrated that a retailer preference exists within the product group of home improvement products, where previous positive experience with a retailer resulted in the retailer being chosen before a product decision is made. With the formation of the retailer preference in the home improvement segment of the market preceding that of the product preference choice, it is likely that the products offered within those retailers will more likely populate the product consideration set (Deleersnyder, et al., 2005) and could contribute to the ability of retailers to further increase their private label offering and/or their preferred brand development. This provides the opportunity for further research to investigate this possibility in other market segments.

The order in which these brands enter the consideration set may further enhance the understanding of the marketers of the influence of various ‘brands’ in consumer-decision making. Another area for further research is the role that a retailer’s brand image plays as a proxy when consumers attribute their beliefs about a retailer to the products and services offered by that retailer. Retailers must consider the implications of not offering the range of brands in the consumer’s considered set. Further, for suppliers the proxy role played by retailer brands may lead to the disappearance of some brands. Consideration of the number of brands within the consumer’s consideration set must be available through the retailer to stop the consumer seeking more information elsewhere. Finally, the role of new brands, preferred brands and retailer house brands in relation to the consideration set needs further study. Given the importance of the consideration set in consumer decision-making, it is anticipated that the current research will contribute to the development of a rich field for further academic research and will provide a useful tool in the hands of marketing practitioners.

5.18. Conclusion

The research described in this thesis was designed to explore the decision-making processes of consumers of home improvement products. The focus was, in light of the popularity of big box retailers, on whether DIY home-improvement consumers’ consideration sets are first populated by retailer brands or products brands. An interpretive paradigm underpinned this research project. The study’s qualitative methodology utilised three focus groups and grounded theory in interviewing DIY consumers to research the order in which they formed their consideration sets. The emergent concepts from the focus groups were applied to expert panels to give more
substance to the findings. These two expert panels served to provide depth and an expert review of the derived theory. While the qualitative research is not generalisable, the Delphi process involving city-based executives shows that this process may hold regardless of location in Australia.

The traditional models of unbounded rationality and optimisation in cognitive science and economics have tended to view decision-makers as having supernatural powers of reason, limitless knowledge, and endless time, which is not realistic for home-improvement consumers. Understanding decisions in the real world requires bounded rationality which is a more psychologically plausible notion. Heuristics are simple rules in the mind’s toolbox for making decisions with limited resources. They enable quick choices with a minimum of information by exploiting the way that information is structured in particular environments.

Data analysis in this study showed that the participating home-improvement consumers formed a retailer preference. In doing so, they articulated their desire to reduce the risk inherent in their purchase decision. Risk was perceived in the context of a specific potential negative impact on their home, rather than simply as a risk or the probability of a negative outcome. This finding contrasts with the findings from risk perception research that suggest risk or the probability of a negative outcome are the driving demand for risk reduction (Gardner & Stern, 1996; Sjöberg, 2000, 2008; Viklund & Sjöberg, 2008).

Home improvement is a very significant market in Australia. It includes building products, decorator products, garden, nursery and outdoor leisure products, home hardware, tools, and electrical and lighting products. DIY home improvers purchase products about which they lack know-how. In making their purchases, they need to deal with the perceived risk involved in such decisions. The risk is ameliorated by the trust they place in a retailer. In effect this trust places a great deal of power with the big box retailer, who is able to make product brand decisions on behalf of their customers. The consumer is using the retailer brand as a proxy, in other words a heuristic, where prior experience and knowledge about the brand leverages trust in that brand, reducing perceived risk.

Brands play an important role at the retail point of sale for home improvement products and services and consumers may point to the importance of superior product quality, durability,
reliability and better materials when describing what they are looking for in a product. However, the data in this study indicated that product brands lacked a recognisable added value when compared with retailer brands, such as application advice and post-purchase dissonance resolution. Group members suggested retailers have created brand image by creating brand equity, and by extension trust, in their own stores. Furthermore they have transferred that trust to their products through the advice and services they provide, and in doing so have reduced the perceived risk of purchases to the consumer’s home.

Retailers were for a period a distribution channel for manufacturers’ brands. The emergence of big box retailers has changed that model by building brand around itself. Thus, brand manufacturers have become ‘suppliers’ to retailers, earning their listings on the basis of their ability to improve the retailer’s profits. The big box retailers offer superior value to their customers by becoming a source of risk reduction in effect becoming a destination shop. Retailers understand consumers use the ‘I might as well while I’m here and I can trust them’ notion to edge into adjacent markets, and to increase volumes and buying power. They use this power to drive harder bargains with suppliers, thereby offering even better value, and appropriating even higher sales and market share. Thus, they realise ever-greater supply chain effectiveness and savings to invest in even lower prices and to drive all these effects to a new level.

The momentum of big box retailers such as Bunnings and the new Masters stores looks unstoppable. However, what the consumer has bestowed the consumer can take away. Retailer preference is conferred by the consumer, driven by their need for risk reduction but the recent social media campaigns by consumers demonstrate retailers are vulnerable if consumers’ demands are not met (Evans, 2012). More than one billion people are posting information online, whether through blogs, social networks or photo/video sharing (Statistic Brain, 2012). They share their experiences, observations and opinions with a global audience as freely as we picked up a newspaper yesterday. Their combined power is now formidable and may require regulation.

The big-box retailers generate sales into the billions, while the revenues of thousands of their suppliers and competitors often run only into the millions. Many of these Big Box retailers are negotiating exclusive arrangements with their suppliers. Or want exclusive rights to a brand or nationwide service from its supplier at the cost of its competitors. These retailers are also
requesting rebates, not available to the Big Box’s smaller competitors, of 23 per cent on their purchases, an increase of 20 per cent since 2009 of 19.5 per cent. These rebates are reducing competitive tensions as the smaller businesses fail, and squeezing supplier profit margins who can find no relief from these costs (Mitchell & Stewart, 2013). These Big Box retailers often require the supplier to drop-ship to hundreds of stores across the country on the same day at the same time, so the supplier commonly can’t handle more than one large retailer. The end result: increased customer concentration.

Big Box retailers in flexing their immense muscles require guaranteed margins and consignment, sometimes referred to as vendor-managed inventory. These terms are often much more generous than those offered to other retailers (Mitchell & Stewart, 2013).

Allowing market forces rather than regulation to manufacture the medium to longer term outcome may result in a substantial increase in customer concentration amongst a few large retailers to the detriment of smaller retailers, and what could be reasonably argued the best interest of the consumer. In this light the legislators may be required to take some controlling action.
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Appendix A: Advertisement – focus groups

“We need you”

You are invited to participate in a study being conducted that seeks to investigate decision making and the order in which we make purchase decisions in relation to brands of products, services or the retailers from which we will choose our purchase.

We will be conducting focus group meetings on the 11th and 13th of May in Bendigo at the All Seasons Quality Resort (McIvor Highway) commencing at 6pm with light refreshments.

It is expected that it will take up approximately 1.5 hours of your time.

The focus groups will be limited to 6-8 people who have purchased a home improvement item within the previous twelve months. If you have purchased such an item within this period then please help me and come along, send your confirmation ASAP via email at hgijermens@gmail.com.

This research has ethics approval through Southern Cross University Ethics committee. (ECN-08-064)
Appendix B: Focus group guide questions

Qualifying question:

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<th>Name:</th>
</tr>
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<tr>
<td>Male/Female</td>
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Have you purchased any home improvement items over the past twelve months? Yes/No (if No thank you, if yes, please continue recording)

Guide questions pertinent to the research:

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<th>What sort of items did you buy?</th>
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<th>How important were they for you?</th>
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<th>What were the circumstances of your purchase?</th>
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<tr>
<th>Did you do seek any information prior to going to buy the items?</th>
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<table>
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<tr>
<th>What sort of information did you seek?</th>
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<table>
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<tr>
<th>How important was it where you purchased?</th>
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<td></td>
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<tr>
<td>Question</td>
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<td>-------------------------------------------------------------------------</td>
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<tr>
<td>When you went out to buy, how many shops did you go to?</td>
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<td>Did you end up getting the product brand you thought about?</td>
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<tr>
<td>Did you form a range of options when you thought about the products you were going to buy?</td>
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<tr>
<td>Was it important for the store to have brands you know - If so why?</td>
</tr>
<tr>
<td>What prompted you to make the final purchase selection?</td>
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</table>
Appendix C: Request to participate in expert focus groups

Help required completing my doctoral research

Hello

I need your help. I am completing my Doctorate of Business Administration and conducting research into the decision making process in relation to choices regarding brands or products and services or retailers and the order in how we make these choices. Specifically I am interested in the purchase of products and services related to home improvement. This research is supervised by Dr. Lynn Gribble.

What do I need from you?

I wish to conduct two focus groups. These will be held on April 14 and 15 in Sydney at the University of Technology – Haymarket Campus commencing at 6pm with light refreshments. It is expected that it will take up approximately 1.5 hours of your time. The focus groups will be limited to people who have purchased a home improvement item within the previous twelve months. If you or someone you know has purchased such an item within this period then please help me and come along.

What else do I need to know?

The focus groups will be led by me. I will record the sessions and some notes will be taken however your identity will be protected. You will be required to sign an informed consent to participate form prior to the session commencing. All information will be de-identified upon conclusion of analysis and reporting (this means that at no time will your identity be released outside of the focus group setting). This research has ethics approval through Southern Cross University Ethics committee. The approval number for this research is ECN-08-064. If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Ethics Complaints Officer, Ms. S. Kelly, (telephone (02) 6620 9139, fax (02) 6626 9145, email: skelly@scu.edu.au) or my supervisor Dr. Lynn Gribble lynn@talkingtrends.com.au or 02 9281 4266. Any complaint you make will be treated in confidence and investigated, and you will be informed of the outcome.

I hope you can assist me and look forward to your confirmation ASAP via email at hgjhermens@gmail.com or 0438133809. Thank you for taking the time to assist in the valuable research.

Regards,

Herbert Hermens DBA candidate SCU
Appendix D: Advertisement - expert panels

Dear Sir/Madam, XXXX

I obtained your contact details after some discussions through industry contacts in common with you and me. I am seeking those who are suppliers to the Home Improvement Market sector and who might be willing to participate in my research project. I am a doctoral candidate at Southern Cross University and my thesis looks at consumer decision-making in the home improvement market. What I would very much appreciate is you agreeing to participate in an expert panel, to discuss and agree if possible with the other panellist about the decision-making process of home-improvement consumers.

The initial research, through a number of focus groups, comprising only of home-improvement consumers, presented some challenging views on brand loyalty, specifically whether that loyalty was with the product, the retailer or a combination between the two.

I am asking you to participate, confidentially, in my Delphi study (http://en.wikipedia.org/wiki/Delphi_method) it is a process that should not take any more than an hour to an hour or so of your time. Initially this is to provide your views on six or so propositions, then to respond to the broader view of your expert panel.

I would be most grateful for your participation; I can offer you a copy of the research results, (the focus group, Delphi panel and conclusions) as compensation for your efforts, and off course my sincere gratitude. The need for the Delphi expert panel discussion, which will all be via email, with only me knowing the members names and details, is required to validate the interesting findings garnered from the focus group research.

My supervisor (Dr. Lynn Gribble, lynn@talkingtrends.com.au) will validate this research project should you wish, which is that my research is part of a doctorate project and the expert panels will only be used to discuss the outcome of the focus group discussions and lend its combined opinion about the views distilled from those focus groups, the information will not go any further than this project, and participation will be confidential. There will not be any right or wrong answers, the facilitator (me) may ask a series of questions until a consensus is achieved or no further information or conclusion is likely. I hope to start the formal process as soon as possible, and have it completed by the end of May, soon after that you will be offered the outcome, in terms of the theory for your personal information.

All you need to do is to respond to this email, confirm your full details (Name, Position, email, and phone number) and indicate your willingness to participate.

Kind Regards

Herbert G J Hermens

(Southern Cross University: Human Research Ethics Committee. The Approval Number ECN-08-064)
Appendix E: Request to participate in expert panels

Expert Panels

“Herbert Hermens” <hgjhermens@keechcastings.com.au> wrote on 30/03/2011 03:53:27 PM:

Thank you one and all for agreeing to participating in my research project, I hope to make it as painless as possible. Thank you once again. To start, please note that your participation should be fully voluntary, also at any time should you wish to withdraw from the process that will be accommodated immediately, all your input will effectively be destroyed at that time. The expert panel members you have agreed to join will not be individually known to anyone, only the undersigned. My research is part of a doctorate project and the expert panels will be used to discuss the outcome of the focus group discussions and lend its combined opinion about the views distilled from those focus groups.

I am completing my Doctorate of Business Administration and conducting research into the decision making process in relation to choices regarding brands or products and services or retailers and the order of these choices. Specifically I am interested in the purchase of products and services related to home improvement. This research is supervised by Dr. Lynn Gribble. There will not be any right or wrong answers; however the facilitator (me) may ask a series of questions until a consensus is achieved or no further information or conclusion is likely.

The process is a well summed up by Wikipedia (http://en.wikipedia.org/wiki/Delphi_method): “experts answer questionnaires in two or more rounds. After each round, a facilitator provides an anonymous summary of the experts’ forecasts from the previous round as well as the reasons they provided for their judgments. Thus, experts are encouraged to revise their earlier answers in light of the replies of other members of their panel. …the answers will decrease and the group will (should) converge towards the correct answer”

The standard Delphi begins with the initial development of a questionnaire focusing on the identified problem. I propose to pose one or two questions at a time via email, firstly in acknowledgement of everyone’s time constraints and secondly to create focus. Each participant should answers these questions independently and return them via email (please do not copy the panel members in your responses). I will summarise your responses, then develop a feedback summary and a second related question for the same respondent group. After reviewing the feedback summary, you will need to independently rate these ideas in the second email, and then email back the responses. The process is repeated until I feel your positions are firm and agreement on a topic is reached. A final summary report will be issued to the respondent
group, but likely not until a second set of questions has been addressed. The Delphi model can be modified in many ways; my adaptions reflect your feedback and recognise the time constraints.

I would be pleased if you could confirm your willing participation by return email, with your name, qualification and mobile phone number (e.g., Fred Blogs, Product Manager (retired) 043811111), once again, these details will not be released to anyone other than my supervisor and I, and your fellow panel members will have your name, if that is of any concern please let me know, no personal identifiable information will be available in any report.

I hope to start the formal process the week of the 11th of May, and have it completed by the end of that month.

Herbert G J Hermens

61 3 54438233

61 43 8133809
Appendix F: Ethical approval

Dr Lynn Gribble
Southern Cross University
PO Box 157
Lismore NSW 2480 Lismore NSW 2480
Email: lynn@talkingtrends.com.au
Phone: 02 9281 4266

The ethical aspects of this study have been approved by the Southern Cross University Human Research Ethics Committee. The Approval Number is ECN-08-064. If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Ethics Complaints Officer:

Ms Sue Kelly
Ethics Complaints Officer and Secretary
HREC
Southern Cross University
PO Box 157
Lismore, NSW, 2480
Telephone (02) 6626-9139 or fax (02) 6626-9145
Email: sue.kelly@scu.edu.au

All complaints, in the first instance, should be in writing to the above address. All complaints are investigated fully and according to due process under the National Statement and this University. Any complaint you make will be treated in confidence and you will be informed of the outcome.
Appendix G: Informed consent information sheet (focus groups and expert panels)

INFORMATION SHEET FOR INFORMED CONSENT TO PARTICPATE IN FOCUS GROUPS

**Consideration Sets in Home Improvement Purchasing:**

*Do Consumers Choose the Retailer before or at the same time as the product brand?*

My name is Herbert G. J. Hermens, I am conducting research on decision making through Southern Cross University. You are invited to participate in a study being conducted that seeks to investigate decision making and the order in which we make purchase decisions in relation to brands of products, services or the retailers from which we will choose our purchase. This research forms part of Doctorate of Business Administration research project supervised by Dr Lynn Gribble.

Research devoted to understanding the order in which a consideration set for product and or service and the retailer is formed has so far been limited. We are conducting focus groups to assist in our understanding of how the decision to purchase is made. This will enable a better understanding of the decision process in relation to small, medium and large consumer purchases for home improvements.

**Procedures to be followed**

The focus group procedure should take roughly 1.5 hours in total to attend. The discussions will be held at All Seasons Quality Resort (McIvor Highway) Bendigo on the 4th and 6th of May commencing at 6pm. Relevant demographic information will be collected. This will consist of your age and gender as it is necessary to provide group related statistics. No other personal information will be collected by the researcher. You will be asked to discuss the nature of your decision making in relation to small, medium and large consumer purchases for home improvements.

Participation is purely voluntary and no financial remuneration or incentive will be offered for taking part in this research. There are no travel expenses, nor are there any costs associated with participation in this research. There is no cost to you apart from your time.
Responsibilities of the Researcher

It is our duty to make sure that any information given by you is protected. Your name and other identifying information will not be attached to data collected. Your name will only be used to facilitate an appointment for the focus group discussion. Any identifying information will be destroyed after your participation.

It is essential that you sign a consent form before you participate in this focus group discussion. Due to this necessity, a procedure has been set in place to ensure that your personal details can at no time be matched, identified or tracked back to the data collected on your performance in this project. All signed consent forms will be held in safe storage for a period of seven years before being destroyed. The information will be presented as overall data. The research findings may be submitted for publication.

Freedom of Consent

Please sign the attached informed consent form and bring it with you to the focus group. If you decide to participate, you are free to withdraw your consent and to discontinue participation at any time. However, we would appreciate you letting us know your decision.

Inquiries

This form is yours to keep for future reference. If you have any questions, we expect you to ask us. If you have any additional questions at any time please ask:

Researcher

Herbert G J Hermens
Southern Cross University
PO Box 157 PO Box 157
Lismore NSW 2480
Email: hgjhermens@gmail.com
Phone: 0438133809
Appendix H: Consent form

Title: ‘Consideration sets in home improvement purchasing:

Do consumers choose the retailer before or at the same time as the product brand?

Please sign this copy of Consent Form

I have read and retained a copy of the letter of information concerning the study ‘Consideration Sets in Home Improvement Purchasing: Do Consumers Choose the Retailer before or at the same time as the product brand? And all questions have been sufficiently answered. I am aware of the purpose and procedures of this study, and I have been informed that the focus group [expert panels] I participate in will be recorded. I am aware that the duration of the focus group is 1.5 hours.

I have been notified that participation is voluntary and that I may withdraw at any point during the study and I may request the removal of all or part of my data without any consequences to myself. I have also been told the steps that will be taken to ensure confidentiality of all information.

I am aware that if I have any questions about this project, I can contact Dr. Lynn Gribble at Southern Cross University, or by email at lynn@talkingtrends.com.au I am also aware that for questions, concerns or complaints about the research ethics of this study, I can contact Ms Sue Kelly, Ethics Complaints Officer and Secretary, HREC, Southern Cross University, Telephone (02) 6626-9139 or fax (02) 6626-9145, Email: sue.kelly@scu.edu.au

Participant’s Name:
Signature: ________________________________
Date: ____________________________________
Witness ________________________________
Signature ______________________________

*Please write your e-mail or postal address at the bottom of this sheet if you wish to receive a copy of the results of this study

*Please bring [email] a signed copy of this form to the focus group meeting; there will be copies available on the night if you cannot print this out.