

CHAPTER I

INTRODUCTION

1.1 Background

Nowadays companies are very excited to differentiate their products by offering consumers with various types of products in one product category. Companies believe that by offering many choices to the market, they can have an advantage to compete with their competitors. However, is it really true that this is an advantage for companies and also consumers? For example like toothpaste, in Carrefour or other supermarkets it can be seen that there are lots of brands of toothpaste, for instance Pepsodent, Ciptadent, Close Up, and so on. To be more specific, all of these brands offer various types and benefits for every single type of products such as expert protection, sensitive care, whitening, fresh mint, and gum protection. No wonder that consumers today feel confused about which choice to make.

Some people might say it is good to have many options while others get confused with so many options available. For instance, what if they do not have any problems with their teeth, which one they have to choose: toothpaste with whitening formula, toothpaste with sensitive expert formula or toothpaste with gum protector. Usually companies will not offer all-in-one benefits in one single product, having many options are not always a good things to have, mostly it will make consumers confused.

Consumer confusion itself happens when there is a lot of information and choices available in the market. Kasper *et al.* (2010) stated that too little information may lead to wrong decisions. However, too much information may also cause problems. According to Mitchell *et al.* (2005), these are similarity confusion, overload confusion and ambiguity confusion. Walsh *et al.* (2007) stated that it was a massive number of choices, a surge of marketing communications, decreasing inter-brand differences, increasing complexity of information and its sources. It is no wonder that some consumers find information processing for some tasks are confusing.

When consumers want to buy a new electronic device, car or even a house, consumers tend to search lots of information by looking it on the internet, asking relatives or salesman to get the best advice or suggestion. Consumers search for alternative brands in purpose to reduce their confusion in purchase decision, this phenomenon happens because it is related with *high-involvement* product.

Boyd *et al.* (2008) defined *high-involvement* as one of the consumer decision making types. It happens when a purchase involves goods or services that are psychologically important for buyers and also carry social and psychological risks. It involves a lot of money and therefore financial risk, for example house, car, laptop or any other electronic devices that consumer feels it is important and have to spend lot of money to get it. On the other hand, for a product like toothpaste, shampoo and liquid soap it can be classified as convenience product or to be more specific these types of products are staple products.

Staple product is a type of product that regularly purchase by consumers, considering this type of product was purchase regularly by the consumers, it can be presumed that consumers are less likely to seek for information before making a purchase decision, and the risk to buy the product is very low, so in another word this type of product is a low-involvement product. Boyd *et al.* (2008) stated that since low-involvement products are not very important to consumers, decisions to buy product are made within the store, either impulsively on the basis of brand familiarity, or as a result of comparisons of the brand on the shelf.

The consumers' involvement and their risks related with poor buying decisions are relatively low for these product categories. Consumers perceive that their risks are relatively low since it is a staple product that they used or consumed regularly, when consumers bought staple products they tend to use experience or intergenerational influence rather than search a lot of information before making a purchase decision.

By looking on the previous studies, it can be seen that most of them were focused on consumer confusion related with high-involvement product and services. For example, Leek and Kun (2000) chose UK phone market, Thai phone market (2006), and Chinese personal computer market (2006) as their subject of interest. Meanwhile, in services sector, Drummond (2004) focused on consumer confusion especially in higher education sector, and other researchers that focused on life, health and travel insurance. Only some of the researchers that focused on

low involvement products such as foods or beverages product, for example Casini *et al.* (2008) focused on the British wine market.

By taking a consideration that most of the previous researches were talking about high-involvement products, this study will focus on low involvement products that the consumers consumed or used in daily basis. Since it was not only high-involvement products that offered various types of products, low-involvement products also provide so many choices that sometimes consumers did not realize that it made them confused when consumers have to make a purchase decisions.

This study aims to find out the existence of consumer confusion in low-involvement products context and to figure it out whether consumers use different strategies to cope with their confusion. Even though in fact consumers tend to be more confused with high-involvement products, there might be a chance that consumers also shared same confusion in low-involvement purchase decisions.

1.2 Problem Formulation

Based on the background stated above, this study examines the subject matters of consumer confusion in low-involvement products among university students in D.I. Yogyakarta. The problems of the study can be formulated as follows:

1. What factors cause consumer confusion proneness in the context of low-involvement purchases?

2. How do consumers cope with confusion in the context of low-involvement purchases?
3. Does consumer confusion in the low-involvement purchase differ between male and female consumers?

Based on the problems mentioned above, the formulation of the problem is what are the dimensions of confusion and confusion reduction strategies of consumers in D. I. Yogyakarta?

1.3 Research Objectives

Based on the problem formulation mentioned above, the research objectives that will be done as follow:

1. To examine what dimension of confusion that present in low-involvement products
2. To identify what kind of coping strategies that useful to reducing their level of confusion.
3. To examine whether consumer confusion in the low-involvement context is different based on gender.

1.4 Research Scopes

Research scopes were set to conclude the aims of this study. The scopes of this research are:

1. This study replicated a previous study by Leek and Kun (2006) who investigated consumer confusion in the Chinese personal computer market.

2. The current research used three dimensions of consumer confusion (similarity confusion, overload confusion, and ambiguity confusion) and also consumer strategies to cope with their confusion. All of these aspects have been studied and verified by previous research such as Walsh *et al.* (2007) and Leek and Kun (2006).
3. The research was conducted in Yogyakarta that involved university students as the respondents, questionnaires were distributed to 10 universities in Yogyakarta namely: Universitas Atma Jaya Yogyakarta, Universitas Pembangunan Nasional “Veteran” Yogyakarta, Universitas Gadjah Mada, Universitas Negeri Yogyakarta, Universitas Islam Indonesia, Sekolah Tinggi Ilmu Ekonomi “YKPN”, AA “YKPN”, Institut Seni Indonesia, Universitas Kristen Duta Wacana, and AMPTA.
4. The researched objects were toiletries products to examine the existence of consumer confusion in low-involvement context.

1.5 Research Contribution

There are two contributions of the study:

1. Potential Academic Contribution

The study by Leek and Kun (2006) was conducted in china and chose personal computer market (high-involvement product) as their main context. The present study used low-involvement products as the main context and took place in Yogyakarta, Indonesia. Therefore, the present study may

provide a better understanding towards consumer confusion in Yogyakarta especially in low-involvement products and strategies they used to cope with their confusion. It also can be used for further research development.

2. Potential Managerial Contribution

At the managerial level, this research can provide an important insight for retailers or companies that work on low-involvement products in purpose to have better understanding on consumer behavior towards their product in the market and companies can develop strategies for reducing consumer confusion.

1.6 The Structure Of The Thesis

The writting of this thesis proposal is devided into three chapters, they are:

1. Chapter I Introduction

This chapter contains research introduction that consists of background, problem formulation, research objectives, research scopes, research benefits, and thesis structures.

2. Chapter II Literature Review

This chapter tells about the theories, journals and books that being used. Literature review strengthens the idea about consumer confusion and low involvement context itself.

3. *Chapter III Research Methodology*

This chapter provides information about the data sample used in this research, data, and method of analysis.

4. *Chapter IV Data Analysis*

This chapter addresses the data analysis and explanation of the result obtained in this research. The research findings give the idea to draw conclusions and managerial implications.

5. *Chapter V Conclusion and Managerial Implications*

This chapter will address the conclusion of this research from the first chapter up to the fourth chapter to conclude the research and managerial implication.

This chapter will show the benefit and limitations of the research in order to encourage more people to do the future research.