

A Strategic Household Purchase: Consumer House Buying Behavior

Mateja Kos Koklič
Irena Vida

The aim of this study is to examine consumer house-buying behavior from the consumers' perspective. In view of the existing literature exploring consumer decision making, the purpose of this research was threefold: (a) to propose a conceptual model of consumer decision making within the frame of consumer behavior; (b) to gain knowledge of factors impacting this process from the empirical standpoint with the focus on prefabricated house purchases; and (c) to offer implications for beneficial purchases of prefabricated houses. The results of our in-depth interviews with recent owners and potential buyers of a custom-made prefabricated house suggest that cognitive and rational factors do not offer sufficient explanation of consumer behavior in the case of a high-involvement product such as a house. In addition to the idiosyncratic characteristics of the customer, his/her personal situation and environmental factors, the role of feelings, experience, subconscious factors, needs and goals should to be taken into account to better understand this kind of decision making.

Key Words: consumer decision-making, strategic purchase, prefabricated house, qualitative research

JEL Classification: M30, M31

Introduction

The field of consumer research is mostly focused on two major questions: how consumers go about making decisions (descriptive theories), and how decisions should be made (normative theories) (Edwards and Fasolo 2001). Research directives, aimed at researching how consumers should decide, have been emerging lately. Several critiques have appeared against the existing literature which focuses almost exclusively on the marketing perspective and neglects consumers and their difficulties in decision making (Bazerman 2001; Gronhaug, Kleppe, and Haukedal

Mateja Kos Koklič is an Assistant at the Faculty of Economics, University of Ljubljana, Slovenia.

Irena Vida is a Professor at the Faculty of Economics, University of Ljubljana, Slovenia.

Managing Global Transitions 7 (1): 75–96

1987). Brief and Bazerman (2003, 187) developed the idea that 'creating true value for the consumer and, thus, adding value to society is one of the most obvious ways business organizations make the world a better place'. This notion of a consumer-focused approach is also supported by Bargh (2002), who believes consumer research should balance studies of how to influence consumers with studies of how consumers could defend themselves against and control such influences.

One of the most influential areas within consumer behavior is consumer decision – making (Bargh 2002; Simonson et al. 2001; Bettman, Luce, and Payne 1998). At the conceptual level, various consumer decision-making models have been proposed in the literature in recent decades. However, many researchers believe that a specific, situation- and product-oriented model is needed in studying purchasing (Erasmus, Boshoff, and Rousseau 2001). Apart from this, investigating decisions, that can change lives of consumers, such as car or house purchase, can make an essential contribution to consumer behavior knowledge (Wells 1993). According to Erasmus, Boshoff, and Rousseau (2001), an exploratory approach with the intention to unfold the truth may provide opportunities for an understanding of the complexity of specific decision-making circumstances, such as first-time house buying.

In view of the existing literature exploring consumer decision making when purchasing high-involvement and emotionally charged products, the purpose of this research was threefold: (a) to develop a conceptual model of decision – making for a prefabricated house purchase; (b) to gain knowledge of factors impacting this process from the empirical standpoint; and (c) to offer implications for beneficial strategic household purchases. Strategic decision making refers to the process of decision making with long-term commitments of resources and affecting the budget available for other goods and services (Gronhaug, Kleppe, and Haukedal 1987, 242). Based on the existing literature, we assume that this process involves a certain amount of perceived risk, especially since it represents large financial obligations (Gibler and Nelson 2003; Mitchell 1999; Gronhaug, Kleppe, and Haukedal 1987; Beatty and Smith 1987). Our goal is also to offer implications for consumers, real estate marketers and consumer researchers. The specific product selected in this study was a prefabricated house. The house is the most important durable good in the household and requires high involvement as well as complex decision making. Some similarities can be drawn with other durable products, particularly cars. Hence, the empirical literature in this area and the

real estate literature serve as a basis for conceptual and empirical work in this study.

Theoretical Background

Consumer behavior has been an important research topic for decades. A review of existing theoretical efforts indicates a clear shift from rational to psychological and social decision factors. However, even the recent models have not managed to embrace all the knowledge in the field of consumer behavior: subconscious processes, the role of needs, goals and emotions (Bargh 2002). Apart from leaving out these important findings the existing literature also lacks studies of decisions that consumers are most concerned about, termed ‘big’ or ‘strategic decisions’ (Bazerman 2001, 500; Gronhaug, Kleppe, and Haukedal 1987, 242). Specifically, Bazerman (2001) urges researchers to further explore the most important and challenging consumer decisions, which include house and car purchases, dealing with a building contractor etc.

As mentioned in the introduction, strategic decision making refers to the process of decision making when buying strategically important goods. The following characteristics define the strategic importance of a purchase: high involvement in the process; long-term commitment of resources; truncated budget available for other goods and services. Strategic purchases imply several important categories of decisions, including:

- decisions with regard to allocation of the household budget, namely, how the household’s economic resources are influenced, e. g. for travelling, visits to restaurants etc.;
- categorization of alternatives means choosing either from various product groups (e. g. apartments or houses) or defining a more narrow product category (e. g. houses of a given size);
- decision making within the defined product category takes place once the product group is specified.

The purchase of a house may be considered as a good example of such a purchase decision. Strategic decisions are being made in a range of fields, including when consumers decide about health issues (Henry 2001) or financial investments (Henry 2005).

Considering the focus of this study on consumer behavior with respect to a very specific product, i. e., a prefabricated house, empirical research in the area of durable goods needs to be examined to support

existing theoretical knowledge. Empirical research conducted in the field of durable goods purchase behavior can be useful for at least two reasons: (a) the house is the most important durable good in the household (Hempel and Punj 1999); and (b) many studies of consumer decision making for a car or household appliances indicate that there are similarities among the buying processes related to different durable goods (Punj 1987). The majority of literature researching individual and organizational customers is dealing with buying processes of durables (e. g. Bayus 1991; Cripps and Meyer 1994; Grewal, Mehta and Kardes 2004; Hauser and Urban 1986; McQuinston 1989; Punj and Brookes 2002). Compared to buying convenience products, consumers perceive these kinds of 'large ticket' purchases as riskier, sometimes even 'traumatic' (Bauer 1960; Chaudhuri 2001; Mitchell 1999). Outcomes of such purchases are unknown in advance and some of them are likely to be unpleasant. A common attribute of durables is that the buying decision is complex, especially when the price is perceived as high.

The strongest parallel can be made with a car purchase, particularly as the car is the second most important durable acquisition in the household. Buying a house or a car highly involves the consumer, as this decision binds their economic resources in the long run (Arndt 1976; Gronhaug, Kleppe, and Haukedal 1987; Grewal, Mehta and Kardes 2004; Rosenthal 1997). Both product categories offer a rich variety of price and quality, are complex and relatively well known to consumers (Brucks, Zeinthaml, and Naylor 2000; Bayus and Carlstrom 1990). Similarly, the buying decision for real estate as a subgroup of durables is also complex and demands high involvement (Gibler and Nelson 2003). In most cases, consumers consider several possibilities, compare them and ultimately make a selection (Bayus and Carlstrom 1990). In comparison to frequently purchased items, learning on a basis of trial-error is uncommon when buying expensive, complex products (Bazerman 2001).

Prior to model building efforts, however, characteristics of the product in question need to be identified. A prefabricated house differs from other fixed property (i. e., a traditional built house) in one major characteristic – it is movable up to the point when it is set up in a selected location. Other attributes of this product are that its components are prepared in advance in specialized companies, and put together on the construction site at a later time. Manufacturers offer a variety of prefabricated houses. The house typically consists of standardized prefabricated components which are later adapted to customer specification.

With the support of an architect, customers can custom design their house by changing the layout of the house, selecting the materials, size of the house, etc. (BDF 2004).

Development of a Conceptual Model

In this study, a conceptual model of consumer behavior and the buying process was developed for the means of conducting exploratory research in the later stages. Our aim is to propose a model that can enhance our understanding of consumers from their point of view.

Recent findings in consumer behavior research conducted by psychologists and sociologists suggest that the following perspectives be acknowledged in the development of new conceptual consumer buying behavior models (Hansen 2005; Erasmus, Boshoff, and Rousseau 2001; Loewenstein 2001; Peter and Olson 2002):

- the role of subconscious factors should be taken into consideration;
- the context and the product should define the decision-making research;
- alternative decision-making strategies should be allowed;
- types of heuristics used by consumers should be explained;
- the role of feelings affecting the decision-making process should be considered, and
- the interplay of consumer's cognitive and affective skills should be included.

Based on these recommendations, Peter and Olson's (2002) cognitive processing model appears to be the most appropriate theoretical basis for consumer decision making and behavior with respect to the product investigated in this research. These authors suggest that the 'consumer decision-making process is a goal-directed, problem-solving process' (Peter and Olson 2002, 168). The major advantage of this model is that it accounts for the weaknesses of previous models by considering cognitive, affective as well as environmental factors. Nevertheless, this model is of a general nature, accounting for neither the specific characteristics of the product in question nor the context of the purchase situation.

Against these theoretical and empirical backgrounds, a conceptual model of the buying process is proposed in figure 1. Its components consist of the cognitive processing model by Peter and Olson (2002) set within the general consumer behavior model (Hawkins, Best, and Coney

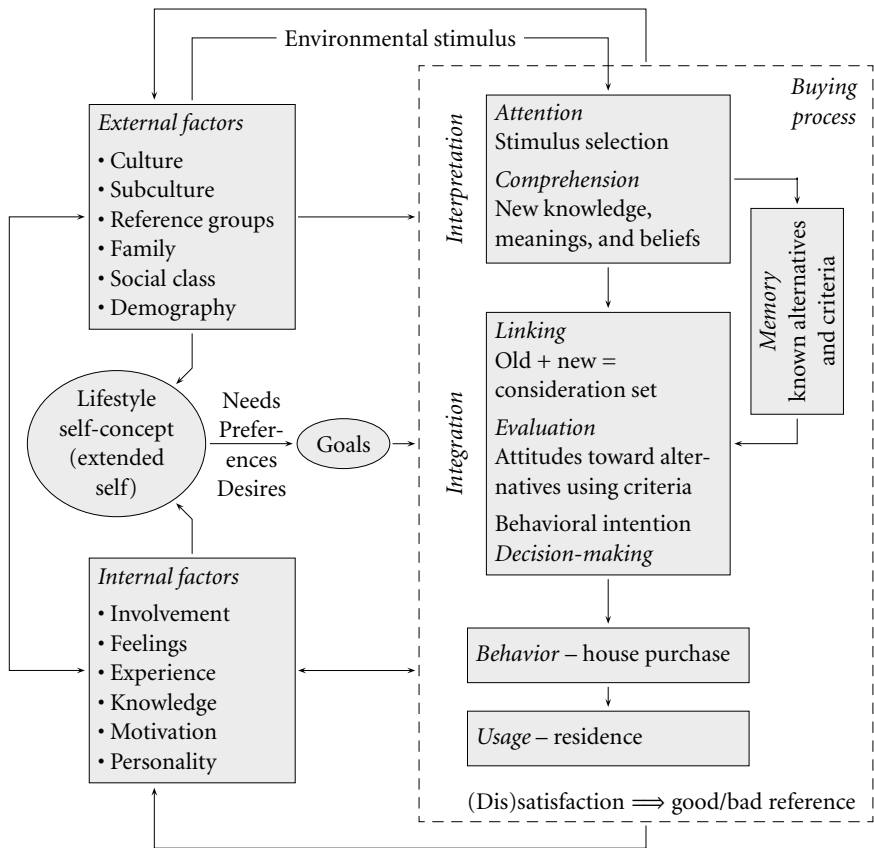


FIGURE 1 A conceptual model of the buying process

2003). The latter can be described as external and internal factors contributing to the formulation of self-concept and lifestyle, which affect the consumer decision process. During this process, experiences and acquisitions update the original external and internal influences. The conceptual model is discussed in the next paragraphs.

While the buyer believes that the characteristics of a certain product should fulfill his/her goals and needs, the choice of a product will also reflect a person’s self-concept and his/her lifestyle. In figure 1, it can be seen that lifestyle and self-concept influence goals through needs, desires and preferences, and the goals define the decision making.

As indicated in figure 1, the antecedents of the purchasing process include two groups of determinants which influence a buyer’s lifestyle and his/her self-concept, which through his/her needs, desires, preferences,

and goals determine buying behavior pictured in the right box of the model in figure 1. The group of internal factors includes the level of an individual's motivation, involvement, his/her personality, feelings, attitudes, perception, knowledge, learning and memory. The external factors indirectly impacting the buying process account for social factors such as characteristics of the culture of the buyer, an individual's social class and subculture, household characteristics of the buyer, his/her reference groups and demographic factors.

The model suggests that an individual's lifestyle and the meaning a person wants to acquire by owning a product influence his/her needs and desires concerning this product. In the case of buying a prefabricated house, the choice of the materials and layout directly reflects the lifestyle of a household unit or a family. It is believed that in the early stage of the buying process, decision makers usually do not have sufficient information. Therefore, they continuously gather new information and adapt their desires and goals accordingly. The ultimate goal is to own the product. Since the buyer's involvement is high, the ultimate goal is divided into a hierarchy of sub goals which lead the consumer to the end goal. According to Belk (1988), a house presents a strong source of personal identity. The extended self as part of the self-concept plays a major role. Hence, we posit that a custom-made house will reflect its owners' individuality and their personal style

The source of information related to the product purchase can be internal (memory) or external (environment); in both cases, information can be acquired by coincidental find and/or intentional search. The search is influenced by several factors divided into three categories: situational determinants, product determinants and consumer characteristics. Also, an interesting question to be explored empirically is how consumer knowledge about available alternatives in the market and about product criteria is created. For a complicated product such as a house, the information stemming solely from a buyer's memory is generally inadequate (Gibler and Nelson 2003). Factors such as experience, marketing communication, distribution and individual goals all influence the evoked set formation. The choice of criteria for evaluation evolves in a similar fashion. Factors such as a buyer's specific goals, his/her motivation, involvement, product knowledge and similarities among alternatives may play a role. Context specific criteria (for a prefabricated custom-made house) include objective physical properties specified by a manufacturer, e. g., quality, warranty, isolation, price per square meter.

Other features such as the house size, its ground plan and location are not decisive criteria for a custom-made prefabricated house as they are defined by the buyer.

As indicated in the right box in figure 1, the stages of the buying process are as follows: attention, comprehension, evaluation, decision making, behavior and usage. The goal 'to own a product' leads the consumer to a conscious interpretation of information linked to this goal. New information is interpreted and linked to existing knowledge. As a result, new attitudes towards the alternatives are formed. The buyer usually does not get to know all the alternatives simultaneously; rather, new alternatives are gradually added. Therefore, the customer experiences the process of interpretation and integration over and over again. The evaluation takes place for both the new and the known alternatives.

As far as the specific product in the study is concerned, we dealt with prefabricated house purchase, since this presents a good example of strategic purchase or decision making. There is a higher level of complexity in this process. This is usually associated with high involvement on the buyer's side, and high perceived risk, therefore the decision process is more deliberative and the external information search is more extensive (Beatty and Smith 1987). A custom-made prefabricated house is a product not bound to any specific location. Hence, the location itself is not a consequence of the purchase, although it may notably influence the choice of criteria in the buying process. The decision making process will also depend upon the situation, available alternatives in the market, a buyer's motivation, his/her involvement and prior knowledge with the product (Hawkins, Best, and Coney 2003). In addition, product specification offered by the producer may be of major importance to the potential buyer. Along with the objective physical properties of the product, the level of service offered by the company as well as adaptability of the basic house design offered may play a role in consumer decision making.

Methodology and Data

The second stage of this research involved exploratory research of the conceptual model of the buying behavior with respect to a custom made prefabricated house. A number of factors prompted us to utilize qualitative research methods, i. e., in-depth personal interviews with consumers. First, the qualitative approach enables researchers to gain a deeper understanding of consumer behavior in the context of complex

TABLE 1 Demographic data for the selected sample

(1)	Owners			Potential buyers		
	SU1	SU2	SU3	SU4	SU5	SU6
(2)	–	–	6 years	1 month; 2.5 years	5 years	14 years
(3)	840–1260	840–1260	above 1670	1260–1670	840–1260	above 1670
(4) F	66	21	35	30	36	43
M	70	28	43	35	37	43
(5) F	Graduate	Highschool	Graduate	Graduate	Highschool	Graduate
M	Graduate	Highschool	Graduate	Graduate	Highschool	Graduate
(6)	Bled	Krško	Brezovica	Ljubljana	Ljubljana	Celje

NOTES Row headings are as follows: (1) sample unit, (2) age of children, (3) monthly household income (in EUR), (4) age, (5) education, (6) settlement.

and empirically unexplored product purchase. Second, due to the nature of the product, the buying process is rather complicated and requires high involvement on the part of a consumer. Third, results of a qualitative study can yield useful directions for further quantitative research (Kumar et al 1999; McDaniel and Gates 1998; Miles and Huberman 1994). As our conceptual model suggests, a variety of different factors influence the process, which gives the selected methodology additional relevance.

In this research, six semi-structured in-depth interviews were carried out; three interviews with recent owners of a custom-made prefabricated house and another three interviews with potential buyers of the same product. Consequently, we avoided biasing toward house-ownership on the one hand, and on the other hand we collected data from highly involved potential buyers. Given the limited population of informants relative to the specific objectives of this research, our sample was selected on a non-random basis. More specifically, we used a referral method, starting with a couple who were opinion leaders for prefabricated houses. First, an appointment was made with potential respondents by telephone. Subsequently, interviews were carried out in the participants' households. One or two decision makers in the household participated in the interview. Topics of discussion followed the established interviewing protocol. The interviews lasted from 45 to 90 minutes and they were audio-taped. The sample was composed of households with 2 to 4 members from different areas of Slovenia. The basic characteristics of the respondents are presented in table 1.

Data Analyses and Findings

In the analytic stage of our research, we followed the procedure for analyzing qualitative data by Miles and Huberman (1994). These guidelines enable investigators to produce compelling analytic conclusions and enhance the internal validity of the study. The analyses involved three types of activities: data reduction, data display and conclusion drawing. The data reduction process began with compiling the literature review, developing the conceptual framework for the study and setting up the procedures for data collection (e. g., respondent selection, interview guidelines). Audio tapes with interviews were transcribed and reviewed several times by the researchers. According to Berg (2007), content analysis is the most appropriate technique for analyzing interviews. The conclusion drawing was based on the cross-case (i. e., household) comparisons, reference to previously reviewed empirical studies and to the theoretical framework developed in this study. Examination of patterns, themes and regularities provided the basis for drawing conclusions.

The results of our analyses confirm the notion that the house is a product closely related to the human self-concept. While the product has different meanings to different people, a custom-made house carries a subjective message of its residents and presents a strong source of personal identity. This is consistent with the literature in the field (i. e., Belk 1988; Downs 1989). With the exception of a single sample unit, all respondents view the house as a part of their personality or the extended self. The house ownership enables them to express their personality and lifestyle. Relative to the house owners of the house, the sample group of potential buyers of the house expressed a stronger desire for homeliness and warmth. In general, women and men perceived a house differently. While women 'feel' the house and relate to it on the emotional level, men tend to evaluate the house more on the rational and functional level. However, both women and men believe that 'the feeling of wellness' in the house is an important choice criterion.

Conceptually, we posited (figure 1) that lifestyle exerts a certain influence upon buyers' needs and desires as well as upon indirect external and internal determinants of the buying process. The households included in this research proved to lead quite different lifestyles, and most of them wanted the custom-made house to reflect their lifestyles. Reasons behind the respondents' decision to buy/search for a custom-made house are similar across the sample units. Namely, the household

members are intimately familiar with their desires and lifestyles which lead to their house design preferences. On the other hand, the manufacturers/producers have little knowledge of this aspect of their individual customers' lives. In contrast to the owners, potential buyers emphasized the existence of a continuous tradeoff between their desires and needs in their decision making for the house. Table 2 provides an overview of the main common themes and quotes, reflecting each theme in a more detailed manner.

Based on the empirical findings of this study, it is our contention that people want to have a house designed according to their ideal self-concept while taking into account realistic limitations. This result is consistent with Gibler and Nelson's (2003) position that people want a house to reflect their actual or ideal self-concept. We found that the ground plan and the choice of materials in the house directly indicate the tenant's lifestyle, either actual or ideal. Respondents mentioned various circumstances as reasons for their home purchase; however, they all related this purchase to a higher quality of living.

Our findings confirm that the buying process in the case of a custom-made prefabricated house is influenced by both internal and external factors. Along with previously discussed general determinants, factors frequently mentioned by our respondents were: marketing communications in the housing market, other people's opinions, time pressure, and the seller's (manufacturers') behavior. By analyzing qualitative data gathered in this study, it appeared that most respondents form their attitudes toward the manufacturer/company at the moment when they contact the seller.

Our interviews reveal that recommendations provided by friends or other house owners with experiences and information about the custom-made prefabricated house were very important. It seems that word-of-mouth recommendations might be even more important in a house buyer's information gathering and evaluation stages than the seller/company's behavior. Moreover, we found that the owners of the sample house played a major role in making potential buyers enthusiastic. That is, they honestly shared their experience about living in a wooden prefabricated house, and the potential buyers see for themselves what it is like to live in such a house.

Along with making a favorable first impression, the seller/company also needs to follow its customers after the purchase. Consistent with the literature suggesting that the external factors exert an important in-

TABLE 2 Common themes and quotes from the in-depth interviews

Lifestyle, needs and desires, self-concept

M5: 'Brand of prefabricated house and wood show your thinking, your attitude toward nature, environment. It depends on what type of person you are. With the house you want to show your personality, how you think, how you live.'

M5: 'You slowly build the whole picture and when it is done, you know what you are looking for and what you want. If you decide too quickly, your "dream house" falls down like a castle in the air, because you find out that your needs are different, that the optimal house is different.'

F6: 'I'm drawing the plan for our house by myself. I hope it's ideal. I've done my best and have tried to take into consideration as many factors as possible to make the plan ideal.'

Attitude formation

F1: 'We visited one company and a lady received us. I believe she had a terrible headache that day and completely ignored us. Her behavior was intolerable, therefore we said to ourselves, let's go, they even don't want to sell houses here. One visit was enough.'

External factors (word-of-mouth)

F1: 'Our friend architect recommended us this house saying it has the best isolation and that we will be most satisfied with this one. And this is the reason we chose it.'

M2: 'We have gathered most information from people who have already purchased house. Such people share information in the best way.'

F3: 'A coworker recommended this house to my husband, and after we collected some information about the producer, we saw they are really good. I trusted this company because of the recommendation.'

M4: 'What other people told us about their experience was the most valuable information for us. People who tell us their honest opinions, although they are not our close friends.'

Internal factors (emotions)

F1: 'A house is very emotional. People build a house with lots of emotions. It's not just about money and reason.'

F3: 'Because the house is wooden, for us at the time an unknown material, we felt quite some fear. You get into this with some fear. But after we had visited several houses, we got the feeling that a wooden house is very pleasant.'

M4: 'There is a lot of emotion involved in buying a house. Reason starts later. First there is emotion, and then you start with reason. But all the time the two parameters interact.'

F4: 'I try to consider my emotions, I don't want to forget about them.'

fluence, particularly for less experienced customers (Gibler and Nelson 2003), we also probed into the role of social factors in the respondents' buying process for the house. The influence of culture can be identified in the buyers' desire to own a custom-made house, i. e., based on their

TABLE 3 The main external factors, which influence sample units

SU1	SU2	SU3	SU4	SU5	SU6
• Reference groups	• Family	• Reference groups	• Reference groups	• Marketing communication	• Reference groups
• Time pressure	• Marketing communication	• Time pressure	• Income	• Reference groups	• Family
• Company's behavior	• Reference groups	• Company's behavior	• Company's behavior	• Income	• Income
	• Income			• Company's behavior	
	• Company's behavior				

individualistic preferences. In their study, Gibler and Nelson (2003) suggested that the value placed on individualism as a part of culture is reflected in the demand for customized homes. Table 3 summarizes the main external factors for each sample unit interviewed.

As suggested by our conceptual model for the study (figure 1), the group of internal factors which mostly influences the decision/making process, includes an individual's motivation, involvement, personality, self-confidence, knowledge, affect, and prior experience. Findings of our empirical work seem to corroborate the notion that a custom-made house requires high involvement and strong motivation. This was reflected in an intensive search for information about various producers/sellers in the housing market. Our respondents actively engaged in information gathering, mostly because they found their existing knowledge insufficient. This stage was followed by comparing and evaluating identified alternatives of the product. In the buying process for a house, an individual's affect played an important role. This was reflected in the feelings aroused when imagining the house, meeting with company representatives, and when inspecting a sample house. This conclusion is consistent with Bargh's (2002) suggestion that researchers should focus more attention on subconscious processes, needs, goals and affect. In comparison to existing house-owners, potential buyers much more strongly expressed their feelings with respect to their future house. Also, women emphasized their feelings more than men. Table 4 provides the main internal factors, which could be identified during the interviews.

However, considering a house purchase is financially demanding for most buyers, cognition also plays an important role, particularly with respect to evaluation of its price and its functionality. High involvement is reflected in an intensive information search about different house pro-

TABLE 4 The main internal factors, which influence sample units

SU1	SU2	SU3	SU4	SU5	SU6
• Emotion	• Emotion	• Emotion	• Emotion	• Emotion	• Emotion
• Self-confidence	• Self-confidence	• Self-confidence	• Self-confidence	• Self-confidence	• Self-confidence
• Experience	• Experience	• Involvement	• Experience	• Experience	• Experience
• Involvement	• Involvement		• Involvement	• Involvement	• Prior knowledge
					• Involvement

ducers. While most of our respondents had no previous experience or knowledge related to house purchase, they gradually gained sufficient self-confidence in making decisions on their own.

Our conceptual model (figure 1) suggests that the consumer decision-making process is composed of several stages, strongly intertwined with each other. As our sample consisted of two groups, i. e., the potential buyers and the owners, the two groups experienced different stages. While the group of potential buyers only reached the stage of evaluation of the alternatives, the group of house owners was in the stage of having bought and using the house.

Our findings suggest that the purchase criteria used by individual households include product characteristics or specific consequences of buying a certain alternative. Five respondents went through a cyclic process of improving already established criteria with additional new knowledge, gained from producers, building experts, and prefabricated house owners. The criteria used for choosing a house among the respondents in this study can be ranked as demonstrated in table 5 featuring the essential criteria for each individual sample unit and ranked based on their importance. The most commonly used criterion was that the house is custom-made. The second most often used selective criterion is company's behavior, namely, how the representatives of the house producer communicated with the potential buyers. Two significant choice criteria with respect to a house as a product were also quality of the product and its price. What respondents mentioned several times was feeling confident about the company. This means that potential buyers need to have trust in the company's process of production and delivery of their house. Taking into consideration the fact that different house producers offer different architectural solutions, four respondents also mentioned the importance of this characteristic.

TABLE 5 The most important criteria of individual sample units (SU) for choosing a producer of a prefabricated house (ranked according to their importance)

SU1	SU2	SU3	SU4	SU5	SU6
• Wooden house	• (3) Quality	• Fast construction	• (3) Price	• Fast construction	• Custom-made house
• Prefabricated house	• Isolation	• Custom-made house	• Quality	• Architectural solutions	• Quality of materials
• Isolation	• Natural materials	• Quality	• Warranty	• Architectural solutions	• Technical suggestions
• Construction	• (1) Custom-made house	• Architectural solutions	• Architectural solutions	• Quality	
• (5) Architectural solutions	• (4) Confidence in the company	• Biohouse	• Confidence in the company	• Isolation	
• (2) Company's behavior				• Warranty	
				• Company's behavior	

NOTES Numbers in front of criteria present ranking: (1) as the most often used criterion, (2) as the second most often used criterion, etc.

Decision making in the case of house buying is a complex process, composed of several minor processes. While respondents used different criteria for evaluating alternatives, no more than ten alternatives composed the consideration set of an individual household. Moreover, less than five alternatives were included in the final stages of respondents' decision making.

Our results indicate that consumers use two approaches or principles when evaluating the alternatives, (a) gradual concentration and evaluation of separate alternatives, and (b) simultaneous evaluation of several alternatives. The first principle is much simpler to use as it only focuses on one alternative at a time. This result is consistent with Loewenstein's (2001) research, indicating that people have limited capabilities and knowledge, which in turn prompts them to simplify their information processing.

The choice criteria mentioned earlier carry different meanings to different decision makers. If a producer/company and its offering meet the most important criterion, it is considered in further stages – this is the evaluation principle called 'elimination by aspects'. Peter and Olson (2002) describe this mode of integration as a non-compensatory process whereby salient beliefs about positive and negative consequences do not balance or compensate for each other. This principle has been documented in other empirical studies as well, e. g., choice of ground coffee

(Fader and McAlister 1990), choice of road and rail freight (Young et al. 1982), choice of fictitious cars (Isen and Means 1983), career decisions (Gati 1986), and choice of washing machine (Lee and Geistfeld 1998). After forming a positive attitude toward a certain company (its offering) on the basis of previously formed criteria, the buyer forms a behavioral intention which leads either to a purchase or to a search for additional information/ideas.

Finally, our analysis suggests that a house buyer's consideration of a specific manufacturer/company depends on two major factors, (a) information kept in memory, and (b) the word-of-mouth recommendations. Once the potential buyer actually buys the house, he/she experiences either satisfaction or dissatisfaction. This, in turn, creates grounds for recommendations to other people. The results of this exploratory research with in-depth interviews can be graphically depicted by exposing those factors in the conceptual model, that could be explored more in detail in future studies (figure 2).

Discussion and Implications

In the previous sections of this paper, consumer house purchasing behavior was analyzed from theoretical and empirical perspectives. Both of these provide a sound basis for a deeper understanding of the factors underlying the consumer buying process for a custom-made prefabricated house.

The conceptual model of the buying process for a custom-made prefabricated house developed in this study consists of three main groups of variables: the buying process itself, the external and the internal factors indirectly impacting the buying process (through a buyer lifestyle and self concept constructs). The results of our empirical research confirm the notion that cognitive and rational factors alone do not offer a sufficient explanation of consumer behavior in the case of high-involvement products being purchased only a few times in a person's lifetime. In addition to the idiosyncratic characteristics of the customer, his/her personal situation and environmental factors, the role of feelings, experience, subconscious factors, needs and goals should to be taken into account when analyzing the buying process. Our empirical work suggests that the following evaluative criteria should be exposed as decisive in the evaluation stage of the buying process: that the house is custom-made, professionalism and reputation of the seller/company, quality, price, and architectural solutions. Along with the emotionally charged internal fac-

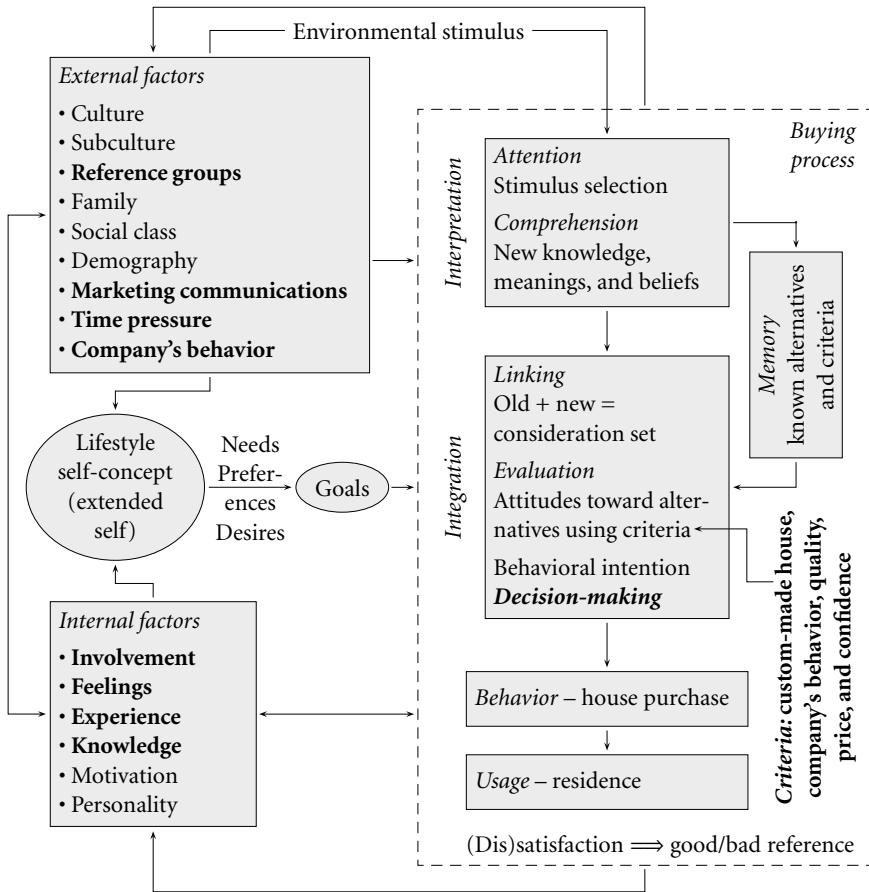


FIGURE 2 Main factors in the conceptual model of the buying process

tors, which carry heavy weight in initiating the purchase, other factors identified in our qualitative analysis include his/her experience (with the product and the seller) and his/her prior knowledge. Significant external factors impacting the buying process in our qualitative study included recommendations from people's buyer trust, the seller/company's behavior and marketing communication in the housing market.

The findings of this study offer implications for consumers who are making a strategic purchase, such as buying a house. Gronhaug, Kleppe, and Haukedal (1987) have warned that households may have serious problems in making wise strategic purchase decisions. Buying a house is a long-term decision from at least two aspects: it is financially binding, and it is the sort of product 'consumed' in the long run. We suggest

that the first significant step for consumers is to define the needs and goals they want to achieve by purchasing the house. The next step is to gain as much information about different available alternatives and criteria as possible. Importantly, external information search is a way to increase knowledge, and reduce perceptions of risk and uncertainty (Dowling and Staelin 1994; McColl-Kennedy and Fetter 2001; Mitra, Reiss, and Capella 1999). This was also confirmed in our empirical study. Several studies have shown that consumers exhibit limited prepurchase information search, even for expensive durable goods (e. g. Beatty and Smith 1987; Ozanne, Brucks, and Grewal). Furthermore, our empirical research suggests that consumers have a very limited knowledge about houses and the buying process. We emphasize that gaining additional knowledge is of critical importance. Namely, knowledge should include both dimensions, knowledge by acquaintance (emotion) and by description (reason) (Chaudhuri 2000). Sources should vary from producers to existing owners, sample house-owners, and independent expert evaluations (sample house owners and independent expert evaluations are the most valid sources). We suggest that consumers experience the house independently of its producer. The findings of this study indicate that experience with company's representatives immensely contributes to consideration set formation and decision making. Nevertheless, potential buyers should give less emphasis to this factor, as quality of the house does not depend on the skills and behavior of the seller. Our observation is that a long-term view is required: the consumers will be living in the house far longer than the duration of their contact with the seller. Decisions should be made based on direct comparison of evaluated alternatives regarding previously discussed goals and needs in order to find the best match.

Implications for real estate marketers can also be drawn from the stated findings. Understanding individual decision making can greatly contribute to improved explanations and predictions in the real estate context (Gibler and Nelson 2003). This knowledge enables the real estate companies to be able to better match their customers' desires with their offer. Consumers' needs for information have to be satisfied in the pre-purchase process. Given the high level of buyer involvement, housing and real-estate companies should focus on building confidence and satisfaction in their potential and existing house owners. Our results also suggest that offering a pre-purchase experience with the house is desired as well. In this way intangibility, which is one of the antecedents of perceived risk, can be diminished (Laroche, Bergeron, and Goutaland 2003).

Attitudes based on direct experience with the product are much firmer than those based on indirect experience (Berger 1992). An additional step companies could take is to provide information about 'product usage' in a brochure form for the buyers. In conclusion, awareness is required that consumers are not buying just a house, but a home.

In view of the fact that the conceptual model developed in this study includes the role of external environmental factors, including the culture and market factors, it can be applied to cross-cultural markets. When the product-buyer relationship characteristics are similar, (i. e., high involvement in the process, motivation to search for information, and experience), the model may be applied to any geographical area. It is believed that cross-cultural differences may lie primarily in the weights that buyers assign to individual factors impacting their buying process. Also, further qualitative and quantitative empirical efforts are required in order to gain knowledge of the interactive effects of various factors impacting the buying process in the case of a custom-made house, and to determine how buyers assign weights to various evaluative criteria in their decision-making process.

The results of this research should be viewed from the perspective of limitations inherent in this qualitative inquiry. As our goal was to examine buying behavior for custom-made prefabricated house, the available population was rather limited. We focused on one brand with quite a few unique characteristics. Due to the confidential nature of the data, the company was not allowed to dispose its customers' data, which would allow for a more systematic selection of the study participants. However, it is hoped that by proposing a conceptual model of buyer behavior with respect to house purchase and testing it empirically, this study contributes to a better understanding of the buying process for a strategic product. The results of this research may offer a springboard for future research in this field.

References

- Arndt, J. 1976. Reflections on research in consumer behavior. In *Advances in consumer research*, ed. B. B. Anderson, 3:213–21. Cincinnati, OH: Association for Consumer Research.
- Bargh, J. A. 2002. Losing consciousness: Automatic influences on consumer judgment, behavior and motivation. *Journal of Consumer Research* 29 (2): 280–5.
- Bauer, R. A. 1960. Consumer behaviour as risk taking. In *Risk taking*

- and information handling in consumer behaviour, ed. D. F. Cox, 23–33. Boston, MA: Harvard University Press.
- Bayus, B. L. 1991. The consumer durable replacement buyer. *Journal of Marketing* 55 (1): 42–51.
- Bayus, B. L., and C. C. Carlstrom. 1990. Grouping durable goods. *Applied Economics* 22 (6): 759–73.
- Bazerman, M. H. 2001. Reflections and reviews: Consumer research for consumers. *Journal of Consumer Research* 27 (4): 499–504.
- Beatty, S. E., and S. M. Smith. 1987. External search effort: An investigation across several product categories. *Journal of Consumer Research* 14 (1): 83–95.
- Belk, R. W. 1988. Possessions and the extended self. *Journal of Consumer Research* 15 (2): 139–68.
- Berg, B. 2007. *Qualitative research methods for the social sciences*. Boston, MA: Pearson Allyn Bacon.
- Berger, I. 1992. The nature of attitude accessibility and attitude confidence. *Journal of Consumer Psychology* 1 (2): 103–24.
- Bettman, J. R., M. F. Luce, and J. W. Payne. 1998. Constructive consumer choice processes. *Journal of Consumer Research* 25 (3): 187–217.
- Brief, A. P., and M. H. Bazerman. 2003. Editor's comments: Bringing in consumers. *Academy of Management Review* 28 (2): 187–9.
- Brucks, M., V. A. Zeithaml, and G. Naylor. 2000. Price and brand name as indicators of quality dimensions for consumer durables. *Journal of the Academy of Marketing Science* 28 (3): 359–74.
- BDF – Bundesverband Deutscher Fertigung. 2004. Arguments for a pre-fabricated house. [Http://www.bdf-ev.de/english/arguments.html](http://www.bdf-ev.de/english/arguments.html)
- Chaudhuri, A. 2000. A macro analysis of the relationship of product involvement and information search: The role of risk. *Journal of Marketing Theory and Practice* 8 (1): 1–14.
- . 2001. A study of emotion and reason in products and services. *Journal of Consumer Behavior* 1 (3): 267–79.
- Cripps, J. D., and R. J. Meyer. 1994. Heuristics and biases in timing the replacement of durable products. *Journal of Consumer Research* 2 (2): 304–18.
- Dowling, G. R., and R. Staelin. 1994. A model of perceived risk and intended risk-handling activity. *Journal of Consumer Research* 21 (1): 119–34.
- Downs, A. 1989. Irrational buyers are crucial sale elements. *National Real Estate Investor* 31 (11): 42–3.
- Edwards, W., and B. Fasolo. 2001. Decision technology. *Annual Review of Psychology* 52: 581–606.

- Erasmus, A. C., E. Boshoff, and G. G. Rousseau. 2001. Consumer decision-making models within the discipline of consumer science: A critical approach. *Journal of Family Ecology and Consumer Sciences* 29:82–90.
- Fader, P. S., and L. McAlister. 1990. An elimination by aspects model of consumer response to promotion calibrated on UPC scanner data. *Journal of Marketing Research* 27 (3): 322–32.
- Gati, I. 1986. Making career decisions: A sequential elimination approach. *Journal of Counseling Psychology* 33 (4): 408–17
- Gibler, K. M., and S. L. Nelson. 2003. Consumer behavior applications to real estate education. *Journal of Real Estate Practice and Education* 6 (1): 63–89.
- Grewal, R., R. Mehta and F. R. Kardes. 2004. The timing of repeat purchases of consumer durable goods: The role of functional bases of consumer attitudes. *Journal of Marketing Research* 41 (1): 101–15.
- Gronhaug, K., I. A. Kleppe, and W. Haukedal. 1987. Observation of a strategic household purchase decision. *Psychology & Marketing* 4 (3): 239–53.
- Hansen, T. 2005. Perspectives on consumer decision making: An integrated approach. *Journal of Consumer Behavior* 4 (6): 420–37.
- Hauser, J. R., and G. L. Urban. 1986. The value priority hypothesis for consumer budget plans. *Journal of Consumer Research* 12 (4): 446–62.
- Hawkins, D. I., R. J. Best, and K. A. Coney. 2003. *Consumer behavior: Building marketing strategy*. Madison, WI: Irwin McGraw-Hill.
- Hempel, D. J., and G. N. Punj. 1999. Linking consumer and lender perspectives in home buying: A transaction price analysis. *Journal of Consumer Affairs* 33 (2): 408–35.
- Henry, P. 2001. An examination of the pathways through which social class impacts health outcomes. *Academy of Marketing Science Review* 1 (3). [Http://www.amsreview.org/articles/henry03-2001.pdf](http://www.amsreview.org/articles/henry03-2001.pdf).
- Henry, P. C. 2005. Social class, market situation and consumers' metaphors of (dis)empowerment identifiers. *Journal of Consumer Research* 31 (4): 766–78.
- Isen, A. M., and B. Means. 1983. The influence of positive affect on decision-making strategy. *Social Cognition* 2 (1): 18–31.
- Kumar V., Aaker D. A., and G. S. Day. 1999. *Essentials of marketing research*. New York: Wiley.
- Laroche M., J. Bergeron, and C. Goutaland. 2003. How intangibility affects perceived risk: the moderating role of knowledge and involvement. *Journal of Services Marketing* 17 (2): 122–40.
- Lee, J., and L. V. Geistfeld. 1998. Enhancing consumer choice: Are we making appropriate recommendations? *Journal of Consumer Affairs* 32 (2): 227–51.

- Loewenstein, G. 2001. The creative destruction of decision research. *Journal of Consumer Research* 28 (3): 499–505.
- McCull-Kennedy, J. R., and R. E. Fetter, Jr. 2001. An empirical examination of the involvement to external search relationship in services marketing. *Journal of Services Marketing* 15 (2): 82–98.
- McDaniel C., Jr., and R. Gates. 1998. *Marketing research essentials*. 2nd ed. Cincinnati, OH: Southwestern College Publishing.
- McQuiston, D. H. 1989. Novelty, complexity and importance as causal determinants in industrial buyer behavior. *Journal of Marketing* 53 (2): 66–79.
- Miles, M. B., and M. Huberman. 1994. *Qualitative data analysis: An expanded source book*. London: Sage.
- Mitchell, V. W. 1999. Consumer perceived risk: Conceptualisations and models. *European Journal of Marketing* 33 (1–2): 163–95.
- Mitra, K., M. C. Reiss, and L. M. Capella. 1999. An examination of perceived risk, information search and behavioral intentions in search, experience and credence services. *Journal of Services Marketing* 13 (3): 208–28.
- Ozanne, J. L., M. Brucks, and D. Grewal. 1992. A study of information search behavior during the categorization of new products. *Journal of Consumer Research* 18 (4): 452–63.
- Peter, J. P., and J. C. Olson. 2002. *Consumer behavior and marketing strategy*. New York: Irwin McGraw-Hill.
- Punj, G. N. 1987. Presearch decision making in consumer durable purchases. *Journal of Consumer Marketing* 4 (1): 71–82.
- Punj, G. N., and R. Brookes. 2002. The influence of pre-decisional constraints on information search and consideration set formation in new automobile purchases. *International Journal of Research in Marketing* 19 (4): 383–400.
- Rosenthal, L. 1997. Chain-formation in the owner-occupied housing market. *The Economic Journal* 107 (441): 478–88.
- Simonson, I., Z. Carmon, R. Dhar, A. Drolet, and S. M. Nowlis. 2001. Consumer research: On search of identity. *Annual Review of Psychology* 52:249–75.
- Wells, W. D. 1993. Discovery-oriented consumer research. *Journal of Consumer Research* 19 (4): 489–504.
- Young, W., A. J. Richardson, K. W. Ogden, and A. L. Rattray. 1982. Road and rail freight mode choice: application of an elimination-by-aspects model. *Transportation Research Record*, no. 838:38–44.