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THE MODERATING EFFECT OF PERCIEVED RISK AND INCOME LEVEL BETWEEN CONSUMER CONFUSION AND DECISION POSTPONEMENT

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ABSTRACT

The major objective of the study was to develop a model and to test consumer confusion in mobile phone industry of Pakistan. The present study mainly attempted to analyze consumer's basic attitudes i.e. consumer confusion in an under-researched country i.e. Pakistan. So the model examines the impact and outcomes of consumer confusion with moderating effect of perceived risk and personal income level. Results have given some novel findings specifically in Pakistani culture and Pakistani mobile phone markets. While all scaled demographics are found insignificant relation and similarity confusion is found insignificantly associated with decision postponement. But overload and ambiguity confusion is found significant. Moreover perceived risk is found fully insignificant but personal income is only found significant with ambiguity confusion.

KEYWORDS: *Consumer Confusion, Similarity Confusion, Perceived Risk, Personal Income, Decision Postponement*

INTRODUCTION

Researchers from the last many years have paid attention to consumer confusion and to its antecedents. The important feature of the market is the plethora of options available in market (Walsh et al., 2007). Confusion arises due to various brands choices and overload, which is through put by disturbance of responsiveness that makes consumer agitated and tensed (Mitchell & Papavasiliou, 1999; Walsh, Thuru & Mitchell, 2010). Today consumer markets are perfectly comparative and differentiated, providing plenty of choices to end users. Therefore, three main streams of confusion proneness are found "Similarity proneness, Ambiguity Proneness and Overload Proneness" (Walsh et al., 2009). Moreover, Hills et al. (2013) have found similar results as consumer confusion in their study.

Such factors pinches consumers not to incorporate a rationale decision but to postpone it, while postponement is the choice deferral found in a decision and found significant to e. consumers because of overload and other proneness's (Lucian & Farias, 2009). Therefore, a limited research has been conducted on the relationship between consumer confusion and decision postponement in Pakistan. Hence these findings will help the consumers regarding to overcome their confusion and decision postponement.

Moreover, postponement is also caused by interplay of sensed risk (Taylor, 2000). Perceived risk is

the level of uncertainty during purchase decision, in concern to purchase anxieties that pinches consumer's mental perception and gravity of risk (Conchar et al., 2004). Later on Zheng et al. (2012) investigated perceived risk in Chinese context and found the similar results of postponement, with marginal differences of rituals to e. shopping. Therefore, perceived risk has been found as moderator among the relationship of consumer confusion and decision postponement (Perez & Garcia, 2012). And according to prospect theory of Kahenamen and Tversky, (1979) stated that "people values gains and losses differently and decisions will be based on perceived gains and perceived losses."

Consumer confusion has been slighter investigated but recently the theorist have focused to investigate such brand resemblance in every dimension of consumer behavior. However, previous studies have been conducted mostly in western countries and there are no such studies in Asian context (Bhatnagar, 2007). According to Aycan at al. (2000) Pakistan is under researched country, therefore the relationship between consumer confusion and decision postponement has been limited studied in Asian context. Moreover, it is less investigated as moderators in Pakistan. However, this paper has important implications for theorists and practitioners.

Mainly three questions are focused in this study. Firstly, to what extent the relationship exists between consumer confusion and decision postponement in Pakistan and to what extent consumer confusion is moderated by perceived risk and income level. Hence, the research objectives are categorized to find the extent of consumer confusion on decision postponement and its moderation consequences between consumer confusion and decision postponement.

While, the paper is distributed into three section. First section deals with litrature, secondsectionaelaborated the results and last section comprehnsively concluds the study.

Similarity confusion is originated as branch of consumer confusion, defined as propensity to think as different products in different category are symbolically and functionally homogeneous (Walsh et al., 2007). So similarity confusion arises due to similar variety of divisional products that turns consumer behavior to purchase of bogus product (Walsh et al., 2010). While Kapferer, (1995); Kasper, Bloemer & Driessen (2010) explained similarity confusion arises based on these factor that appears (e.g. logo, Symbols, Brand Meaning, labeling, and Trade Mark).

However, Leek & Chanaswatkit, (2006) have also found that similar brands and technological advancements lead consumer's loyalty and choice behavior to postponement. Therefore, Derosia, Lee & Christensen (2011) comprehensively explained that as brand extension will increase consumer confusion will also increase leading to purchase delays. So this steers to propose that:

H1: There is significant relationship of similarity confusion with decision postponement.

While, information overload is availability of more information to consumer than his need, which creates negative smack on consumer cognitive ability (Paulo, 1999). However, Walsh et al, (2007) has defined comprehensively overload confusion that "A lack of understanding caused by excessive information available in a mature environment, that is not understandable by consumers in available time during purchase." However, consumers are found less satisfied, spare confused and not so much confident because of information overload (Lee & Lee, 2004; Lucian et al. 2007). So as the variety of information makes consumers agitated, consumers ultimately reshapes their buying behaviors that have direct impact on purchasing choices, word of mouth and satisfaction (Walsh, Thurau & Mitchell, 2007). Therefore, more information creates more errors and leads to reduction in conscious awareness that influences not to have a rationale purchase decision but mutually coordinates to have a confused decision or postpone the decision (Tunney, 2002; Walsh & Mitchell, 2008). So in the light of above discussion it proposes that,

H2: There is significant relationship of overload confusion with decision postponement.

Today when consumer enters in the market where the high involvement of complex technologically innovated brands/products exists, they face various kinds of uncertain, misleading and ambiguous information. As defined by Kapferer, (1995) consumers fathom uncertainty, when they perceives illness from informational lack of clarity and inappropriateness and such ambiguity confusion proves consumers to find it difficult legally also. And it is matter of choice in consumer hands (Rajgopal and Burnkrant, 2005). Hence, ambiguity as double edge is found most supportive in the context of strategic planning's (Abdallah and Langley, 2014). Hence, such ambiguity pinches the marginal preferences and collaborations and it shuffles the partial advantage i.e. monetary and non monetary (Mauro and Castro, 2011). Therefore, literature states the following hypothesis that

H3: There is significant impact of consumer confusion with decision postponement.

The most important erect faced by consumers during purchase of brands or products are "Perceived Risk", while perceived risk is consumer's judgment to all embryonic counterfeits (Conchar et al., 2004). In other words, perceived risk is the construct of mental insecurity in the mind of end-users that forces to search and show marginal willingness to purchase and consume the rival brands. Therefore, Mitchell, (1998) designed his study to work on conceptualization of perceived risk models and started by identifying the relationship of perceived risk with consumer involvement and trust. Similarly Periez & Garcia, (2012) have found similar results in their study and argued perceived risk as moderator on the determinants of online loyalty because it intends to influence the consumer satisfaction and their purchase hell-bent. So priorly Koklic, (2009) have argued that consumer mostly postpone their decision because of unfamiliarity with such products and their purchase consequences than has a potential chance to negative outcomes in shape of less satisfaction or lose of money. Hence, literature suggest to hypothesize that,

H4: There is moderating relation of Perceived risk between similarity confusion and decision postponement.

H5: There is moderating relation of Perceived risk between overload confusion and decision postponement.

H6: There is moderating relation of Perceived risk between ambiguity confusion and decision postponement

And a certain portion of value, material custody or currency that is earned through various sources in society and social groups is known as income level (Ordabayeva and Chandon, 2011). And such income level is strongly con integrated with sources of revenue generation but because of inconsistency in wages of workers causes decline in income and it fumbles to income inequality (Piketty, 2003). But some times during formation of analogues society level of incomes changes and mostly declines that ultimately changes the consumption patterns that gives birth to consumption inequality (Cai, Chen and Zhou, 2010).

Hence, it affects the people's basic needs to live as their income level curve moves to decline that ultimately changes the shopping habits of their selves and such consumers then rely on financial support (Mofitt and Scholz, 2010). Moreover, price of the brand or product always matter and each consumer uses mental accounting for value and price comparison before shopping (Brandt and Holz, 2006). Therefore, earning patterns and individuals wealth has sound able concern regarding consumer shopping and shopping life that has dual effect either in shape of heavy earnings or heterogeneous earnings (Sabel, Dorling and Hiscock, 2007). Hence, literature states the hypothesis that,

H7: There is moderating relationship between similarity confusion and decision postponement.

H8: There is moderating relationship between overload confusion and decision postponement.

H9: There is moderating relationship between ambiguity confusion and decision postponement.

METHODOLOGY

The questionnaires are adopted from the papers of (Alarabi & Gronblad, 2012, Walsh; Thurau & Mitchell, 2010, Laroche; Begeron & Goutaland, 2003). While three items scale of consumer confusion, overload confusion and perceived risk, 5 items scale of ambiguity confusion and 04 items scale of decision postponement were adopted. All the items were measured by five point likert scale with "01" representing strongly agree and "05" representing strongly disagree.

And the data is only collected from the individuals of mobile phone market, who are active consumers of such market. Initially, 300 questionnaires were distributed and 261 were received back. Out of these 11 questionnaires were incomplete and were eliminated. So 250 questionnaires were used in our study that represented response rate of 83%. For confidentiality concern, respondents were not asked to report their name anywhere on questionnaire. In order it is kept un sourced to get honest and reliable information.

The sample constitutes 70.6% males and 20.4% females. The ratio of females in the sample is low because of the cultural norms of the country. In Pakistani culture, willingness of females to fill and respond to questionnaire is not considered a good thing. And in qualification term, 4.4% respondents dominated the degree of Doctorate, 12.6% Master of philosophy, 10.3 degree of master, 45.8% Graduates, Intermediate 18.3% and 03.8% Matriculations. Moreover, our sample belongs to the various groups of ages. 71% were between 18-25 years, 18.7% belongs to 26-33 years age, 3.1% from age of 34-45 years and 0.8% from the age of >50 years.

After performing descriptive analyses, in this study all demographic variables i.e. gender, age, qualification, social status and qualification are controlled. And as explained below no one socio demographic variable is found significant at any level. And it is because Pakistan is underdeveloped country and still is in developing stage (Huang, & Van De Vliert, 2003).

All measures are strongly correlated with each other excluding similarity confusion and overload confusion. Because their measurement scale has limited strength. So the reliability of all measures is analyzed through Chronbach's alpha and all items are acceptable.

Number of Items	Chronbach's Alpha
03	0.582

SC = Similarity Confusion

Number of Items	Chronbach's Alpha
03	0.543

OC = Overload Confusion

Number of Items	Chronbach's Alpha
05	0.609

OC = Overload Confusion

Number of Items	Chronbach's Alpha
03	0.812

PR = Perceived Risk

Number of Items	Chronbach's Alpha
04	0.753

Hence, total alpha reliability is 0.582 that is not much satisfactory due to scale. Because of only three items were available to adopt to measure the similarity confusion. And no one item is deleted because of minimal limitation of the scale.

RESULTS

Table. 1-Data Normality

Variable	N	Skewness	Kurtosis
Similarity Confusion	250	0.143	-1.405
Overload Confusion	250	0.081	-1.399
Ambiguity Confusion	250	-0.075	-1.311

The basic objective of any data analyses is to explore and interpreted the data location and variability of data. So data normality is just the possibility that the basic variables are normally distributed. Data normality is checked by Skewness and Kurtosis. Term "Skewness" referred as that is distorted to one side. And Kurtosis argues that how flat a measurement is of the extent to which observation cluster around a base point (Pearson, 1895).

Table.2 Descriptive Statistics

Variable	Mean	Standard Deviation
Similarity Confusion	2.28	1.03
Overload Confusion	2.45	0.96
Ambiguity Confusion	2.47	1.19
Perceived Risk	2.46	1.05
Decision Postponement	2.23	0.90

Descriptive statistics were carried out to check the response. The mean value of the similarity confusion was 2.28, overload confusion was 2.45 and ambiguity confusion was 2.47. This is measured on the bases of consumer confusion dimensions in the study with 05 point liker scale value match with 02=Agree. And all variables are measured on 05 point likert scale.

Table.3 Correlation Analyses

Variable	1	2	3	4	5
1.Similarity Confusion	1				
2.Overload Confusion	.395**	1			
3.Ambiguity Confusion	.427**	.501**	1		
4.Perceived Risk	.306**	.402**	.415**	1	
5.Decision Postponement	.331**	.450**	.456**	.484**	1

**. Correlation is significant at 0.05 level (02-tailed)*

***. Correlation is significant at 0.01 levels (02-tailed)*

The table shows correlation among similarity confusion, overload confusion, ambiguity confusion perceived risk and decision postponement. Correlation analyses revealed that similarity confusion has significant positive relationship with overload confusion (0.0395**, p<0.01) and overload confusion is also positively correlated with ambiguity confusion (0.427**, p<0.01). While ambiguity confusion has positive correlation with perceived risk (0.415**, p<0.01) and perceived risk has positive correlation with (0.306**, p<0.01) and with (0.402**, p<0.01) and also with decision postponement (0.484**, p, 0.01). Therefore, decision postponement is also positively correlated with similarity confusion (0.331**, p<0.01), overload confusion (0.450**, p, 0.01) and ambiguity confusion (0.456**, p<0.01).

Table. 4 Results of Moderated Regression Analyses for Perceived Risk

		DP	
Predictor	***B***	***R²***	***ΔR²***
Step 1			
Control variables		.008	
Step 2			
SC	.068	.355	.347
OC	.149**		
AC	.189**		
PR	.254***		
Step 3			
SC*PR	.024	.362	.008
OC*PR	.041		
AC*PR	.011		

Note: - *Control variables: Gender, Age, Qualification, Social status, Occupation. SC= Similarity Confusion, OC= Overload Confusion, AC= Ambiguity Confusion,PR= Perceived Risk, DP= Decision Postponement***p< 0.001, **p< 0.01, *p< 0.05*

The moderated regression analysis is used to check the role of perceived risk between consumer confusion and decision postponement. In first control variables were entered secondly all three independent variables were entered to predict decision postponement. In third step, three interaction terms were entered. It is observed that similarity confusion (beta 0.68) is found insignificant, overload confusion (beta 0.149** p<0.01), ambiguity confusion (beta 0.189** p<0.01) and perceived risk (beta 0.254***, p<0.001) are significantly related with decision postponement. Whereas three interaction terms were generated, it was observed that similarity confusion and perceived risk (beta 0.024) overload confusion and perceived risk (beta 0.041) and ambiguity confusion perceived risk (beta 0.011) has insignificant interaction term with outcome variables.

Table. 5 Results of Moderated Regression Analyses for Personal Income

		DP	
Predictor	***B***	***R²***	***ΔR²***
Step 1			
Control variables		.008	
Step 2			
SC	.067	.355	.347
OC	.149**		
AC	.189**		
PR	.254***		
PI	.007		
Step 3			
SCPI	-.005	.377	.023
OCPI	-.021		
ACPI	.108**		

Note: - *Control variables: Gender, Age, Qualification, Social status, Occupation. SC= Similarity Confusion, OC= Overload Confusion, AC= Ambiguity Confusion,PR= Perceived Risk, DP= Decision Postponement, PI= Personal Income****p< 0.001, **p< 0.01, *p< 0.05*

The personal income moderated regression analyses is conducted between consumer confusion and decision postponement. In first control variables were entered secondly all three independent variables were entered to predict decision postponement. In third step, three interaction terms were entered. It is observed that similarity confusion (beta 0.67) is found insignificant, but overload confusion (beta 0.149** p<0.01) is significantly found, ambiguity confusion (beta 0.189** p<0.01) is significant but perceived risk (beta 0.254) in significantly related with decision postponement. Moreover, personal income is (beta 0.007) is also found insignificant. Whereas three interaction terms were generated, it was observed that similarity confusion and personal income (beta -0.05, p<0.0), overload confusion and personal income (beta -0.021, p<0.0) are found in significant and ambiguity confusion & personal income (beta 0.108**, p<0.01) has significant interaction term with outcome variables.

To summarize our results in regression table (04) Hypothesis 01 is rejected that similarity has not significant impact on the decision postponement. While hypothesis 02 & 03 are accepted that overload confusion and ambiguity confusion has positive significant impact on decision postponement. But hypothesis 04, 05 & 06 (Moderator hypothesis) is rejected because interaction term has no significant results as shown in the results. In regression table (05) hypothesis 01 is rejected that similarity confusion has no significant impact on consumer confusion. While hypothesis 02 & 03are accepted. But personal income (moderator) hypothesis 04 & 05 are rejected that similarity confusion and overload confusion has no significant impact on personal income. But hypothesis 06 is accepted that ambiguity confusion has positive significant influence with personal income.

CONCLUSION

In accordance with results, in Pakistan consumer's confusion exists due to overload and ambiguity about any brand of mobile phones. And due to collectivist social culture source of income of various consumers is autocratic and are served by their parents. So consumers enjoy the leisure of risk and adopt new brands for self satisfaction and maintained status quo. Therefore, perceived risk as moderator is found insignificant in results. While, in Pakistani mobile phone market most of the market share is occupied by young individuals and their income is originated from family groups. Therefore, in this moderational analyses such consumers felt confused when they are ambiguous about any brand. But mostly, such consumers are well aware due to cheep and reliable source of information availability. Therefore, role of sales representative regarding informational transmission is reduced.

The present study is done only in Pakistani context and only on mobile phone market. The future research can be conducted on various products including automobiles, detergents, home appliances and laptops markets. And mostly brands in Pakistan are imported that are made at any one location assembled in other and are exported here. So country origin has strong influence leading to consumer confusion, can be used for future research. Moreover, family life style, purchasing patterns and their subculture can show novel results regarding consumer confusion.

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