



# “A Study on How Consumers’ Buying Decisions are Influenced through Consumer Information Search and their Structure of Personal Networks”

Prof. Manjunath .G<sup>1</sup>, Dr. Mahesh Kumar K.R.<sup>2</sup>

<sup>1</sup>Program Co-ordinator-M.B.A., <sup>2</sup>DirectorDepartment of Management, IZEE Business School, Bengaluru, India

## **Abstract:**

**Purpose:** This study focuses on the impact of personal networks on the buying decision process of the consumers’.

**Objective:** In this paper, we try to find out as to how various social groups or personal networks of a consumer influence his/her buying decisions by using their similarity in preferences and a common mindset and vice-versa. The paper also tries to find out on what basis a particular consumer seeks information from a particular group or a person.

**Value:** Thus, this paper finds out how consumers’ buying decision process is influenced by their personal networks. The companies who are into E-commerce trading mainly depend upon the influence of personal networks to market their product/Service.

**Purpose:** Lot of people make their busying decisions based on the personal networks or through information search. Therefore, this study is conducted to investigate how consumers’ buying decision process is influenced by their personal networks?

**Research Methodology:** The study was conducted in Bengaluru City for a period of 4 months from June 2025 to September 2025. The study depends on both primary and secondary data. A structured questionnaire was developed for collecting data. Convenient sampling tool is used to collect the data. The number of respondents for the study is 81 respondents.

**Findings:** that the majority of the consumers’ buying decision processes are influenced by the personal networks only. Thus, consumer search through personal networks play a huge role in the buying decision process.

**Practical Implications:** The result of the study shows that majority of people take feedback from personal networks alone. Personal networks alone can influence the decision process of the customers. Even the relationship among personal networks influences the information sharing.

**Keywords:** Consumer Search, Personal Networks, Homophily, Heterophily, Degree of centrality. **JEL Codes:** C83, D91 D85, M31

## **I. INTRODUCTION**

In the present competitive world, consumers often turn to their personal contacts for advice before making decisions as to which restaurant to dine at or as to which service centre (garage) is the best place for them to get their vehicle repaired. Consumers’ do not confine themselves to contact their personal contacts to seek information about a particular service but they also seek information about various products before owning them. When it comes to a product, consumers’ take feedback from multiple peer group, family group and friends’ group. These group of people give various feedback to the consumers, ultimately would lead to cognitive taxing. Understanding the consumer behavior has always been a mounting challenge to the marketers. The main reason why the marketers find it very difficult to understand the consumer behavior and understand their buying decisions is because consumers’ have various ways to seek information about a particular service or a particular product. It has become a challenging task to understand the buying decision pattern of the consumers to purchase a particular product or a service.

Few decades ago, advertising played an important role in a consumer purchasing a product, but now there are various other methods by which a company tries to market their products and reach out to the consumers such as viral marketing and word of mouth marketing. The new trend by which consumers’ take a call on purchasing a particular product or a particular service is through personal network. In personal networking, we concentrate on two main characteristics namely homophily and heterophily. Homophily is the tendency of two or more individuals sharing the same bond or likeliness. This would definitely influence the buying decisions of people who are involved in this type of Personal Networks. Heterophily is the tendency of two or more individuals who do not share any particular bondage and likeliness. Degree of centrality is another major factor when considering personal networks, the term degree of centrality helps in finding out the most influential person in the group.

## II. REVIEW OF LITERATURE:

Understanding consumer search behavior has long been an entity of theory and empirics (e.g., Brown et al. 2011; De Los Santos et al. 2012; Erdem et al. 2005; Hauser et al. 1993; Honka 2014; Kim et al. 2010; Mehta et al. 2003; Moorthy et al. 1997; Weitzman 1979). In the present day, we live in a very forward-thinking world of technology where in people find it very calm to seek information about a particular product or service through their personal contacts.

Fritz Heider (1946) "Attitude towards cognitive relation" proposed "balance theory". He specified in his relationship triangle that a product tie is positively signed for like relationship between two or more individuals and the product tie is negatively signed for dislike relationship between two or more individuals.

Fritz Heider (1958) in his "psychology of interpersonal relations" proposed the attribution theory. Attribution theory is concerned with how individuals interpret events and how this relates to their thinking and behavior.

Newman (1977) there has been major research which goes about the pre-purchase of a product or a service by the consumers, but there have been very few consumers who seek information about the post-purchase of a product or a service. Information gathering is a continuous process, even when the purchase is not foreseen. As a result, when the decision is made to purchase, relatively little explicit search is required.

Kassarjian (1981) proposed that consumers' involvement in purchasing influences their purchase behavior and different consumer types (market segments) can be identified on the basis of their involvement.

Portis (1974), suggests that the consumers' information gathering is only relevant to a particular consumption problem. The above mentioned conceptualization embraces the traditional decision making perspective, where a buying problem is recognized and a search activity takes place in order to overcome the problem. It is proposed that an alignment focusing solely on pre-purchase is deficient and unable to account for the search activity that is either recreational or that occurs without a need. Consider the example of a person subscribing an automobile magazine, in this case the information is gathered, yet the plan to purchase within this product class maybe indistinct, temporally removed or in some cases non-existent.

## III. ARE PERSONAL NETWORKS IN CONSUMER SEARCH ESSENTIAL?

In the current days, the consumers' want to get the best product/service for the best price. The consumers' are more focused on the level of satisfaction they get from a particular product or service.

Hence, consumers' take feedback from various sources: reviews posted on the Company website, visit to the retail outlet, online search with the help of the social media and feedback from their personal network i.e. from an individual or a group of people. By this way the buying decision process of a consumer has become very complicated. The main agenda when it comes to information seeking from personal networks is that the perceptions, tastes or choices differ from person to person. So, it has become a very challenging task for the consumer to decide or take up a call upon the purchase of a particular product or a service. The problem in the buying decision process occurs in the information search and the alternative evaluation stages respectively. These are the two important stages when it comes to a consumers' perspective.

In order to get the satisfaction from the product or service is to make sure that he seeks information from the right person or right group of people amongst his personal networks. Generally, people do not communicate about the purchasing of a new product or service with everyone; they usually discuss it with that person or group of people amongst his personal networks to get the best possible solution. Say for example, Person "A" may consider Person "B" as his best friend, but it is not necessary for Person "B" to consider Person "A" as his best friend. Hence the information sharing from B to A may not be that fruitful compared to that as the information sharing from A to B. This becomes one of the main problems with homophiles. Even though they share certain rapport and likeliness, but the perceptions and choices varies. On the other hand we have the heterophiles, where in there is a complete mismatch in the likeliness, perceptions and even their choices. Among heterophiles, the sharing of information is not fruitful at all.

## IV. RESEARCH METHODOLOGY

The present paper educates the theoretical concept of consumer search and the structure of personal networks in Indian context. The paper also reviews the concept of consumer search and the structure of personal networks contributed by researchers and academicians. The study was conducted in Bengaluru City for a period of 4 months from June 2025 to September 2025. The study depends on both primary and secondary data. Primary data was collected by developing a well-structured questionnaire. The questionnaire was developed with the help of FGD (Focused Group Discussions) with a team of 12 (6 professors from B Schools, 3 Research Scholars from reputed Universities and 3 MBA Students from B Schools). Convenient sampling tool is used to collect the data.

The number of respondents for the study was 81 respondents (Submitted 123 questionnaire and considered only 81 for the present study which were fully filled in). This study also depends on the secondary data contributed by researchers/authors in journals, magazines, edited volumes, conference proceedings, articles and internet etc.

#### V. OBJECTIVES OF THE STUDY

1. To understand the theoretical concept of consumer search and the structure of personal networks.
2. To investigate how consumers' buying decisions are influenced through consumer search and the structure of personal networks.

#### VI. HYPOTHESES

H0-Respondents who never take feedback from personal networks.

H1-Respondents who take feedback from personal networks.

H0-Personal networks do not influence the buying decision process of the customers.

H2-Personal networks alone can influence the buying decision process of the customers.

H0-Relationship among the personal networks does not influence the information sharing.

H3-Relationship among the personal networks influences the information sharing.

#### VII. DATA ANALYSIS & RESULTS

Sl.No	Gender	Respondents	%
1	Male	67	83
	Female	14	17
	<b>Total</b>	<b>81</b>	<b>100</b>
2	Age	Respondents	%
	21-35	76	94
	36-50	4	5
	Above 50	1	1
	<b>Total</b>	<b>81</b>	<b>100</b>
3	Occupation	Respondents	%
	Student	30	37
	Software engineer	26	32
	Teaching	8	10
	Business	7	9
	Marketing	6	7
	Accounts	4	5
	<b>Total</b>	<b>81</b>	<b>100</b>
4	Number of respondents who take feedback from personal networks alone	Respondents	%
	Yes	54	67
	No	27	33
	<b>Total</b>	<b>81</b>	<b>100</b>

5		Number of respondents who feel that personal networks alone can influence the buying decision process	Respondents	%
	Yes	52	64	
	No	29	36	
	<b>Total</b>	<b>81</b>	<b>100</b>	
6		Relationship among personal networks influences the information sharing.	Respondents	%
	Always	50	62	
	Never	31	38	
	<b>Total</b>	<b>81</b>	<b>100</b>	

### VIII. HYPOTHESES TESTING

#### Chi-square test

People who take feedback from personal networks alone.

Sl.no	Parameters	Observed value (O)	Expected value (E)	Residual value
1	Yes	54	40.5	13.5
2	No	27	40.5	-13.5

#### Test-statistics:

Chi-square	9
Degrees of freedom	1
Asymp.Sig	0.002699796

*Analysis:* The calculated value of chi-square at 5% significance level is (9) which is greater than the table value (3.841). The minimum cell frequency is 40.5. Hence, the Null hypothesis is rejected.

*Inference:* It is clear from the above inference that majority of people take feedback from personal networks alone.

*Personal Networks alone can influence the buying decision process of the customers.*

Sl No	Parameters	Observed value (O)	Expected value (E)	Residual value
1	Yes	52	40.5	11.5
2	No	29	40.5	-11.5

#### Test-statistics:

Chi-square	6.5308
Degrees of freedom	1
Asymp.Sig	0.010601844

**Analysis:** The calculated value of chi-square at 5% significance level is **(6.5308)** which are greater than the table value **(3.841)**. The minimum cell frequency is 40.5. Hence, the Null hypothesis is rejected.

**Inference:** It is clear from the above inference Personal networks alone can influence the decision process of the customers.

*Relationship among the personal networks influences the information sharing.*

SI No	Parameters	Observed value (O)	Expected value (E)	Residual value
1	Always	50	40.5	9.5
2	Never	31	40.5	-9.5

Test-Statistics:

Chi-square	4.4566
Degrees of Freedom	1
Asymp.Sig	0.034762763

**Analysis:** The calculated value of chi-square at 5% significance level is **(4.4566)** which is greater than the table value **(3.841)**. The minimum cell frequency is 40.5. Hence, the Null hypothesis is rejected.

**Inference:** It is clear from the above inference that relationship among personal networks influences the information sharing.

## IX. CONCLUSION

Consumer search has been a vital stage in the buying decision process of the consumers prior buying to any products/services. Although there have been various modes by which the consumers can gather information about the desired product/service viz. social media, company websites, newspapers, television Ad's etc. But, still we find that the majority of the consumers' buying decision processes are influenced by the personal networks only. Thus, consumer search through personal networks play a huge role in the buying decision process.

## X. LIMITATIONS OF THE STUDY AND SCOPE FOR FURTHER RESEARCH

The research was carried out in Bengaluru city only and the data was collected only from 81 respondents. So, there is a wide scope for future research on consumer search and structure of Personal Networks. The further research could be carried as a study of which are those products/services where the people usually take feedback about and there could also be a study to understand whether the consumers' really care about the post-purchase evaluation when they take feedback from their Personal Networks.

## Conflict of Interest:

All the authors certify that they have no affiliations with or involvement in any organization or entity with any financial or non-financial interest in the subject matter or material discussed in this study.

## Funding Acknowledgement:

The Authors received no financial support for the research, authorship, and /or for publication of this paper.

## REFERENCES

- [1] Bernard Portis co-authored a study titled "A Taxonomy of Prepurchase Information Gathering Patterns", 1974
- [2] Brown, M., C. Flinn, A. Schotter. 2011. Real-time search in the laboratory and the market. *Am. Econ. Rev.* 101(2) 948-974.
- [3] De los Santos, B., A. Hortaçsu, M. Wildenbeest. 2012. Testing models of consumer search using data on web browsing and purchasing behavior. *Am. Econ. Rev.* 102(6) 2955-2980.
- [4] Erdem, T., M. Keane, S. Öncü, J. Strelbel. 2005. *Learning about computers: An analysis of information search and technology choice.* *Quant. Market. Econ.* 3(3) 207-246.
- [5] F. Heider (1959), on perception, event-structure and psychological environment (Selected papers, pp. 1-34). Psychological Issues, 1, 1-123.
- [6] Harold H. Kassarjian, Thomas S. Robertson; Edition, 3; Publisher, Scott, Foresman, 1981
- [7] Hauser, J., G. Urban, B. Weinberg. 1993. How consumers allocate their time when searching for information. *Journal of Marketing*, 30(4) 452-466.
- [8] Heider, F. (1944). Social perception and phenomenal causality. *Psychological Review*, 51, 358-374.
- [9] Heider, F. (1946). Attitudes and cognitive organization. *Journal of Psychology*, 21, 107-112.
- [10] Heider, F. (1958). The psychology of interpersonal relations. New York: Wiley.



- [11] Heider, F. (1959). Thing and medium.
- [12] Heider, F. (1970). Gestalt theory: Early history and reminiscences. *Journal of the History of the Behavioral Sciences*, 6, 131-139.
- [13] Heider, F. (1983). The life of a psychologist: An autobiography. Lawrence: The University Press of Kansas.
- [14] Honka, E. 2014. Quantifying search and switching costs in the U.S. auto insurance industry. *RAND J. Econ.* 45(4) 847-884.
- [15] Kim, J. B., P. Albuquerque, B. Bronnenberg. 2010. Online demand under limited consumer search. *Market. Sci.* 29(6) 1001-1023.
- [16] Mehta, N., S. Rajiv, K. Srinivasan. 2003. Price uncertainty and consumer search: A structural model of consideration set formation. *Market. Sci.* 22(1) 58-84.
- [17] Moorthy, S., B. Ratchford, D. Talukdar. 1997. Consumer information search revisited: Theory and empirical analysis. *Journal of Consumer Research* 23(4):263-77
- [18] Newman J.W. Consumer external search. Amount and determinants. In Woodside A.G., Sheth J.N., Bennett P. (Eds.), *Consumer and Industrial Buying Behaviour*. New York: North Holland 1977.
- [19] Weitzman, M. 1979. Optimal search for the best alternative. *Econometrica*, 47(3), 641-654.

**WEBSITES:**

- 1. <http://theconsumerfactor.com/en/5-stages-consumer-buying-decision-process>
- 2. <https://marketing.wharton.upenn.edu/files/%3Fwhdmsaction%3Dpublic:main.file%26fileID%3D8677+&cd=1&hl=en&ct=clnk&gl=in>
- 3. <https://en.wikipedia.org/wiki/Heterophily>
- 4. <https://en.wikipedia.org/wiki/Homophily>
- 5. [https://en.wikipedia.org/wiki/Balance\\_theory](https://en.wikipedia.org/wiki/Balance_theory)
- 6. <http://www.simplypsychology.org/attribution-theory.html>
- 7. [http://www.academia.edu/4070665/\\_Working\\_Consumer\\_Search\\_and\\_the\\_Structure\\_of\\_Personal\\_Networks\\_with\\_R.\\_Iyengar\\_](http://www.academia.edu/4070665/_Working_Consumer_Search_and_the_Structure_of_Personal_Networks_with_R._Iyengar_)
- 8. [http://ir.lib.uwo.ca/cgi/viewcontent.cgi?article=1195&context=etd\\_proceedings.aspx?Id=7892](http://ir.lib.uwo.ca/cgi/viewcontent.cgi?article=1195&context=etd_proceedings.aspx?Id=7892)
- 9. <http://www.acrwebsite.org/search/view-conference-proceedings.aspx?Id=7892>
- 10. [https://www.utwente.nl/cw/theorieenoverzicht/Theory%20Clusters/Public%20Relations,%20Advertising,%20Marketing%20and%20Consumer%20Behavior/attribution\\_theory/](https://www.utwente.nl/cw/theorieenoverzicht/Theory%20Clusters/Public%20Relations,%20Advertising,%20Marketing%20and%20Consumer%20Behavior/attribution_theory/)