

INFLUENCE OF COGNITIVE BIASES IN DECISION MAKING OF ONLINE PURCHASE

Dr.J.Shashini --Associate Professors- Department of Management Studies, PSNA College of Engineering & Technology, Dindigul suhashini@gmail.com Ph: 9842825583

Dr.N.Murugan -- Professor- Department of Management Studies, PSNA College of Engineering & Technology, Dindigul

Dr.K.Bhagyalakshmi*

Abstract:

Influence of Cognitive Biases in Decision making on online purchase is a conceptual paper discusses various theories of cognitive biases that make sense in . It deals with various biases that influence the cognitive behavior and model development. Out of various biases where consumers are influenced for the profit making of sellers for their higher benefits. This paper relates the conceptual ideas in cognitive biases in online purchase behaviors and how it influences the consumers to purchase online goods.

Key Words: Online purchase, cognitive behavior, cognitive biases

Cognitive behavior is the behavior of an individual towards the happening in the real world. In today's real world managing the life with more of work and efforts to take the day to day routine. Cognitive behavior is about the understanding of thoughts and feelings that influence life balancing. Human life is full of changes which being adaptability is one of the basic requirements of the changes happening in this human verve. There are various factors associated in the mental and physical being of human nature. Out of various problems that are happening in the real time overcoming with the functional thoughts and flexible patterns is the prerequisite. In purchase behavior the human needs this cognitive behavior influences mostly and any corporate use this cognitive behavior as their marketing strategy to purchase their products. Because of sheer complexity in this huge world many decisions taken are not always affirmative. Many decisions made on the various Cognitive bias is the judgmental process of thinking effects with the given information and knowledge what they possess. Cognitive biases are mainly and commonly classified as 12 types. Out of 12 biases we have discussed around 6 biases which are applicable to the online purchasing behavior. Main concepts of the study are explained and bias is applied to the online shopping consumer perceptions.

In today's business world many MNC's use cognitive pattern of thinking ability to recognize the products. Corporate companies influence cognitive methods of thinking to make the decision of the product purchase behavior and to exploit the buyers for their benefit. Addictive buying as an attempt to compensate for a distortion of autonomy in childhood, adolescence and adulthood increases in contemporary industrial societies for buying decisions (Scherhorn, 1990). Indian Consumers are value conscious luxury product buyers, many MNC's tap them using their buying behavior through this decision biases. Consumer buying behavior of online food delivery channels highlighting the buying behavior, usage of online order system, perception of customers towards the online channel are examined (Menghani, 2019). Indian economy is mainly for their rising income and materialistic approach is increasing among the today's consumers. Their decision making is based on their purchase behavior of "I want it Immediately Mind Set". Their buying behavior is through right price determination. Let us discuss the various cognitive biases that influence the decision making processes of online Purchasing among customers.

1. Anchoring Bias

Anchoring Bias is one such decision making bias used to rely on the first piece of the information available. Consumers are often irrational when making their purchase decisions of the most products. Many studies are supporting the anchoring effect in purchase behavior and many studies against it. As per the study conducted to test the influence of anchoring effect on nine different products through a longitudinal effect proved one unit increase in the anchor number results increase in 34% of consumers(Hakan,2019).

Usually it is the process where many people think that first information available is always the true information. Many market players today wants to lead the market through the information spreading. The strategies and models of product introduced by the first people are always treated as the winning strategy in this market. Many online products are with popping window displaying adjacent with the competitor price so that the image of the competitor product is very high. Many online purchasers deem the mind set of buying the product by comparing the adjacent window displayed on the screen.

2. Availability Bias

Availability Bias is one of the causes in the purchasing behavior. The people can be experimented with online purchase behavior through more products displayed on the screen. Many people don't buy any product if the more products are displayed in the screen. Their thinking pattern gets satisfied only by seeing the products.

3. The Dunning-Kruger Effect

Dunning Kruger effect says about the experts is often aware of what they don't know. As the intellectual honesty and humility with limited products displaying on the online websites this bias is well-designed on online shopping consumers. Seeing the limited products under various category in the online shopping websites makes to feel more confident on the buyer to buy the products.

4. Band Wagon Method

Band wagon method of online purchasing based on the fashion trend. Particular pattern, model, design would be purchased by all the online buyers. During Diwali, Newyear, Dussera, Ramzan festival seasons people's mindset search what's trending designs like and they will stick on the same pattern of purchasing. Manufacturers invariably manufacture huge quantity of designs with same concepts and patterns to push in the market.

5. Framing Effect

In online purchase most of the consumers are in intend to do this bias when they are very much attracted towards the photos, model of the wearer, appearance. They buy the products based on the packages intended. Packages with attractive frames and colors are more likely been attracted by the consumers.

6. Cognitive Ease and Strain

Many online buyers feel strain to make the comparison of model, design, and configuration, to read the reviews about the products. Consumers feel easy to make shopping during the festival timing due to higher discount available in many leading e-business sites. It's easy for them to buy during offers at lesser price so they can wait for the offer sale given by e-commerce websites. Cognitive ease in online marketing are done by giving discounts to the various products regularly, Making the price of more attractive by printing discount rates bolder than the price of the products.

Conclusion

Our brain with 100 billion neurons thinks, stores and make decisions. Certain limitations in storing bit of information it gathers reflects the cognitive biases. Cognitive biases possessed by the human brains are always not bad some biases help to act quickly and steer the decision-making processes. This paper focused on influence of various biases on online purchasing. Decision making in shopping is droning process but to convert the purchase decision making influence is must. Cognitive biases make the buyers to make some decisions influencing their cognitive behaviors. This paper focused on summarizing the cognitive biases in decision making process. Various theories of cognitive biases that influence on purchase decision maker are concentrated. Further this paper can be used analytical and market survey to find out the influence of cognitive biases on decision making.

References

1. Bergman, O., Ellingsen, T., Johannesson, M., & Svensson, C. (2010). Anchoring and cognitive ability. *Economics Letters*, 107(1), 66-68.
2. Blount, S., Thomas-Hunt, M. C., & Neale, M. A. (1996). The price is right – or is it? A reference point model of two-party negotiations. *Organizational Behavior and Human Decision Processes*, 68, 1–12
3. Englich, B. (2006). Blind or biased? Justitia's susceptibility to anchoring effects in the courtroom based on given numerical representations. *Law & Policy*, 28(4), 497-514.
4. Englich, B., & Soder, K. (2009). Moody experts---How mood and expertise influence judgmental anchoring. *Judgment and Decision Making*, 4(1), 41.
5. Hakan, B. O. Z. (2019). Anchoring Effect: A Myth Or Reality?. *Ekonomik Ve Sosyal Araştırmalar Dergisi*, 15(1), 33-47.
6. Mussweiler, T., & Strack, F. (1999). Comparing is believing: A selective accessibility model of judgmental anchoring. *European review of social psychology*, 10(1), 135-167.
7. Menghani, K., & Mishra, K. (2019). Analytical Study Of Consumer Buying Behavior Towards Online Food Delivery Channels. *SFIMAR Research Review*, 13(2), 13-20.
8. Scherhorn, G. (1990). The Addictive Trait In Buying Behaviour. *Journal Of Consumer Policy*, 13(1), 33-51.
9. Siau, A. H. W. (2016). The Global Brand Image, Communication Technology, Global Customer's Behaviour Toward Customer's Purchase Intention (A Study Case Of Farmers Market In Jababeka) (Doctoral Dissertation, President University).
10. Wu, C. S., & Cheng, F. F. (2011). The joint effect of framing and anchoring on internet buyers' decision-making. *Electronic Commerce Research and Applications*, 10(3), 358-368.
11. Zack, M. H. (2007). The role of decision support systems in an indeterminate world. *Decision Support Systems*, 43(4), 1664-1674.
12. Zhang, K. Z., Zhao, S. J., Cheung, C. M., & Lee, M. K. (2014). Examining the influence of online reviews on consumers' decision-making: A heuristic–systematic model. *Decision Support Systems*, 67, 78-89.