# Consumers' Information Source Horizon in a Decision-Making Process – A European Perspective

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**ABSTRACT:** *The aim of this paper is to compare the information source horizon of consumers looking for products in a decision-making process in select countries of the European Union. An additional purpose is to verify the role of word of mouth (WOM) and e-WOM in the process of obtaining information about the product. The article is a reinterpretation of the results of the Consumer Barometer survey, which was carried out by research agency TNS on behalf of Google in 56 countries, including the EU countries, for three years, for a sample of at least 1,000 consumers 16 years of age and older randomly selected from each country.The majority of consumers from EU countries behave quite similarly. The largest difference in behaviour can be observed in the case of advertising. Although WOM is the most reliable source of information [Nielsen, 2015], it is not a primary chosen source in the EU. Considering only informal communication (WOM) in the process of finding information, consumers prefer personal contact. The value of the study is in the fact, that the answers to research questions can help marketers to better planning of marketing communications activities, particularly aimed at EU markets.*
*Keywords: information source horizon, EU consumer, WOM, eWOM, advertising*
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## I.    INTRODUCTION

An important element in the consumer decision-making process is the information search. A source of consumer information represents the place where consumers draw the data and news they need to take certain actions [Tkaczyk, 2009]. Sources of information can be categorised by different criteria, and the customer's perception of the source has a significant impact on the manner in which the message is received. Aggressive and ubiquitous advertising allows for credibility to be gained by word-of-mouth communication [Tkaczyk, 2009; Trusov, Bucklin and Pauwels, 2009]. With the advent of the Internet, consumers are able to publish their opinions and share their ideas and insights, including those on products and services. According to some studies [Keller, 2007; Keller and Berry, 2006; Nielsen, 2015], in spite of technological progress and the development of new forms of interpersonal communication, consumers still prefer to seek the opinions expressed by their friends in person.

The aim of this paper is to compare sources of information used by consumers looking for products in select countries of the European Union, as well as to verify the role of word of mouth (WOM) and e-WOM in the process of obtaining information about products. Given the exploratory nature of the study, the following research questions have been proposed:

1.   Is it possible to find a common European consumer behaviour as well as significant differences with regard to the use of sources of information in decision-making processes?
2.   Is word of mouth the most used source of information?
3.   What forms of word of mouth are preferred by European consumers in the process of searching for information?

The article is a reinterpretation of the results of research carried out by the service provided by Google – consumerbarometer.com. Consumer Barometer service provides raw data and  allows a free compilation of them. Analysis of consumer's information sources were carried out so far or on a global basis, or in terms of individual countries. No comparisons were prepared for the EU countries, particularly including Poland. Consumers' information source horizon presented in the article may be the basis for further research. The value of the study is in the fact, that the answers to research questions can help marketers to better planning of marketing communications activities, particularly aimed at EU markets.

In addition to this introduction, this article consists of four main parts. First, relevant literature is reviewed. It examines information search and types of information sources, word-of-mouth as the process under which the discussion is held around an organisation and its offerings, and during these discussions, recommendations may appear. The third element of the literature review applies to the concept of information horizon. The second part of the article includes the research approach and methodology, while in the third one, the findings are presented, followed by the conclusions and further study suggestions, constituting the final part.

## II. LITERATURE REVIEW

### 2.1. Information Search and Types of Information Sources

Consumer information searches have been a popular topic among researchers in recent years, and various studies have been conducted in hopes of better understanding potential behavioural outcomes in the context of interpersonal communication and word of mouth e.g., Gilly et al. [1998]; Bloch et al., [1986], traditional market-dominant sources e.g., D'Rozario and Douglas[1999], and online resources e.g., Jepsen [2007]. An information search can be classified into the following categories:
1) an internal information search, which involves memory and takes place prior to an external search; and
2) an external information search, which relies on all other sources except memory, such as media, store visits, trials, and references [Peterson and Merino, 2003].

A number of classifications of external information sources for product selection have been proposed. For example, Duhan et al. [1997] classified recommendation sources based on the proximity of a decision maker to the information source and defined strong-tie sources as sources whom a decision maker personally knows well. Weak-tie recommendation sources, then, are merely acquaintances or those who do not know the decision maker.

Beatty and Smith [1987] categorised typically searched information sources into
1) media, such as magazines, newspapers, television and radio;
2) individuals, such as friends, salespeople and experts;
3) sellers, such as stores and catalogues; and
4) personal hands-on experience, such as product trials.

Peter and Olson [2010] identified five types of information sources: internal (stored experiences in memory), personal (friends, relatives), marketing (advertising), public (Consumer Reports, other studies), and experiential (examining or testing of products).

With the emergence of the Internet, the manner of using of information sources has changed. Consumers today are able to verify information about the product they are considering purchasing practically in real time. Moreover, most often they have the opportunity to post their comments and insights immediately after the purchase if it was made online (Mazurek, 2012; Macik, Mazurek and Macik, 2012). The distinction between online and offline sources was strengthened when Dellarocas (2003) described the specific nature of online communication in the context of searching for information on products. Following the introduction of the Internet, online sources of information, including media sources, product experts, and informal consumer observations, began to converge, blurring the boundaries that previously existed between these once-distinct groups. Additionally, the Internet itself as a source of information has become too complex to be confined to only one category.

### 2.2 Word of mouth

According to Silverman [2001: 49] word of mouth is communication about products and services between people who are perceived to be independent of the company providing the product or service. Mazzarol, Sweeney, and Soutar [2007] treat WOM as the process under which the discussion is held around an organisation and its offerings, and during these discussions, recommendations may appear.

World literature in the fields of social and managerial sciences has been addressing the term WOM [word of mouth] since 1955 [Katz and Lazarsfeld, 1955]. Currently, 7842 scientific texts exist on this subject [Web of Science database, accessed 2016.01.15], including 102 that have been cited more than 100 times. Additionally, since 2010, more than 200 texts have been published on this subject annually in the English language [Cheung and Thadani 2012; Breazeale 2009, Lin and Liao 2008].

The importance of WOM has gained new prominence with the emergance of the Internet and the differentiations in forms of expressing opinions, which include social media, review websites, reviews of products on weblogs and discussion forums [Cheung and Thadani 2012]. At present, electronic word of mouth (eWOM) is distinguished from classic WOM in the extant literature [Tkaczyk and Awdziej 2013; Tkaczyk and Krzyżanowska 2014; Cheung and Thadani 2012].

Regardless of the motives of purchase decision making and the approach to the purchase process itself, the recommendation implied as favourable opinion or reference may have a considerable influence in almost each stage of purchase.

### 2.3 Information Source Horizon

The concept of information horizon is derived from information studies and was first introduced by Sonnenwald [1999]. She proposed that within a context and a situation, there exists an ''information horizon'' in which we can act [Sonnenwald, 1999: 184]. According to this researcher, an information horizon may consist of a variety of information resources, such as colleagues, documents, libraries and web pages. Based on this

idea, Savolainen and Kari [2004] introduced the term information source horizon. Horizon is defined as an imaginary field which opens before the mind's eye of the onlooker – for example, the information seeker. According to Savolainen and Kari [2004], information source horizons may be of two types: the first are relatively stable horizons, representing the ways in which people tend to value information sources across situations; and the second are dynamic – that is, problem- or situation-specific horizons sensitive to the unique requirements of the task at hand. Thus, the horizons may change [broaden or narrow] when experiences of alternative sources are obtained. Savolainen and Kari [2004] also proposed that information source horizons are created in a broader context, which may be defined as a perceived information environment. This construct refers to a set of information sources, of which the actor is aware, and from which he or she may have obtained useful experiences over the years. Because the perceived information environment provides a general picture of the sources available in the everyday world, it changes quite slowly. When construing an information source horizon, the actor judges the relevance of information sources available in the information environment and selects a set of sources, for example, to clarify a problematic issue at hand [Savolainen, 2008].

Adapting the concept of information source horizons to consumer behaviour, we can assume that an information source horizon in the context of consumer behaviour is a collection of sources of information on products, from which consumers can benefit in the decision-making process.
This concept can also minimize the problems of convergence of information sources.

### III. RESEARCH APPROACH AND METHODOLOGY

A Consumer Barometer survey was carried out by research agency TNS on behalf of Google in 56 countries, including the EU countries, for three years, for a sample of at least 1,000 consumers 16 years of age and older randomly selected from each country. The survey is the largest of this type of research carried out using the same research tool and technique (CATI), thereby enabling comparative studies. The consumerbarometer.com service enables any raw data processing within the prepared filters. Further analysis will discuss only the results of studies related to the portion of the "smart shopper" assuming the filter, allowing for the choice of the EU countries. I analysed data from 25 countries, excluding Cyprus, Malta and Luxembourg, which were not included in the study by Google. Consumer Barometer allows for the examination of 10 product categories [car insurance, cinema tickets, clothing and footwear, flights, groceries, home appliances, hotels, makeup, mobile phones, and television), which are treated collectively in this article. The consumer information source horizon utilised by Consumer Barometer and prepared by the author is shown in Figure 1.

**Figure 1.** Information source horizon according Consumer Barometer
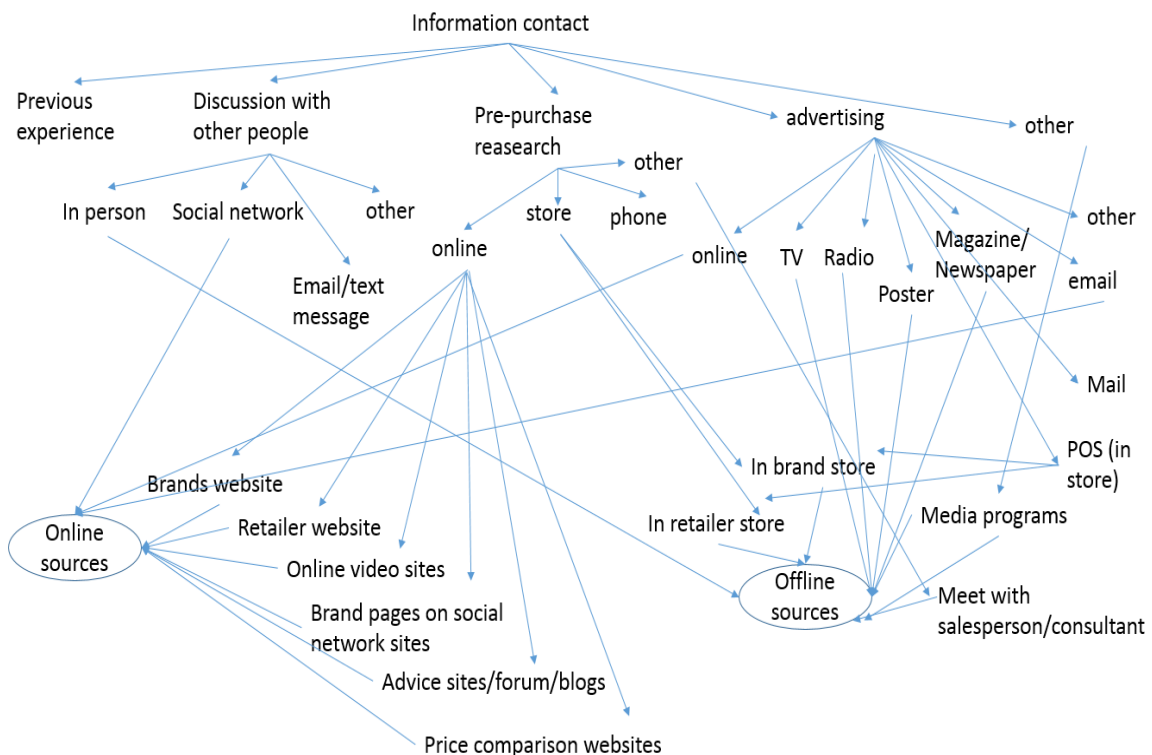


Source: own based on Consumer Barometer 2015/2016www.consumerbarometer.com[15.09.2016]

## IV.    FINDINGS

In the decision-making process, the starting point and early stage in the purchase sequence, called information contact, occurs when consumers come into contact with information, either intentionally or accidentally, about products, stores, or brands [Peter and Olson, 2010]. According to the Consumer Barometer survey, about 25% of consumers in almost all EU countries start searching mere moments before making a purchase. Exceptions are Greek participants (30% of responses from Greeks), as well as consumers from Latvia (33% of responses), Romania (31% of responses), the Netherlands (19% of responses), and Germans, Danes and Swedes (18% of responses for each of these three countries). As it turns out, consumers are more likely to seek information from countries in crisis or those that have joined the European Union relatively recently. Consumers in these countries are somewhat forced to search for information and find the best deals on the market because they have relatively lower incomes.

According to the Consumer Barometer, the primary source from which European consumers derive information is personal previous experience (Table 1). Another source for information contact is pre-purchase research, as well as discussions with other people [word of mouth) and advertising.

**Table 1.** Sources of information about products among European consumers

| Country | Previous experiences | Discussions with other people | Pre-purchase research | Through advertising | None of these |
|---|---|---|---|---|---|
| Austria | 32% | 13% | 23% | 11% | 18% |
| Belgium | 33% | 10% | 21% | 9% | 22% |
| Bulgaria | 39% | 16% | 22% | 12% | 8% |
| Croatia | 45% | 17% | 19% | 11% | 6% |
| Czech Republic | 34% | 14% | 28% | 7% | 14% |
| Denmark | 30% | 11% | 28% | 9% | 18% |
| Estonia | 28% | 13% | 34% | 10% | 11% |
| Finland | 38% | 9% | 27% | 11% | 11% |
| France | 38% | 11% | 21% | 7% | 21% |
| Germany | 31% | 10% | 25% | 9% | 19% |
| Greece | 36% | 17% | 20% | 12% | 14% |
| Hungary | 44% | 16% | 16% | 13% | 9% |
| Ireland | 44% | 13% | 21% | 10% | 10% |
| Italy | 36% | 15% | 19% | 13% | 15% |
| Latvia | 44% | 13% | 22% | 6% | 14% |
| Lithuania | 43% | 12% | 19% | 9% | 14% |
| Netherlands | 33% | 9% | 24% | 8% | 23% |
| Poland | 42% | 12% | 17% | 13% | 13% |
| Portugal | 39% | 13% | 19% | 11% | 15% |
| Romania | 41% | 16% | 24% | 10% | 7% |
| Slovakia | 34% | 21% | 17% | 9% | 17% |
| Slovenia | 39% | 14% | 25% | 9% | 11% |
| Spain | 37% | 12% | 26% | 10% | 12% |
| Sweden | 40% | 11% | 17% | 9% | 17% |
| UK | 40% | 9% | 24% | 8% | 15% |
| **Average** | **38%** | **13%** | **22%** | **10%** | **14%** |
| Total Respondents: 81208 | | | | | |
| Base: Internet users \| Answering based on a recent purchase (in select categories) | | | | | |

Source: Own calculations based on www.consumerbarometer.com [15/09/2016].
The figures do not sum up to 100% due to deficiencies in responses: "I do not know," which was omitted in the research [as described by www.consumerbarometer.com).

The biggest users of previous experiences in EU countries are consumers from Croatia (45% of Croatian responses), Hungary and Ireland (44% of responses for each of these countries) and Poland (41% of responses).

Discussions with other people were used as a source of information about the products, most often by consumers from Slovakia (21% of Slovakian responses) and Greece and Croatia (17% of responses for each of these countries). The lowest number of indications, at 9%, were obtained in the case of the Netherlands, the UK and Finland. Pre-purchase research is the most common source of information for Estonians (34% of responses), and this is the only exception among the EU countries when previous experience is not the primary source of information used in the decision-making process prior to a purchase. Advertising is a source of information about products for 11% of Europeans. It is used most frequently by consumers in Poland, Hungary and Italy (13% of responses for each of these three countries). Least likely to use advertising as a source of information are the Czechs and the French (7% of responses for each of these countries).

In a further stage of analysis, I focused on deepening the information on the use of the various previously mentioned sources according to the consumer information horizon [as indicated in Figure 1) without

previous experiences. Therefore, sources were categorised into three groups: pre-purchase research sources, sources associated with informal communication (discussions with other people), and advertising. Further, sources were divided into offline and online sources.

Online sources dominate in most EU countries as a method of searching for information before buying. A definite advantage of the online sources of information over other sources can be seen in the case of the UK (69% of responses), a country that has the most developed e-commerce system in Europe. Spain is the only European country in which the search for information in traditional stores dominates over online sources.

Information sources connected by word of mouth were divided into four categories: in person (personal contact), social networks, email/text messages, and other sources.

Despite the rapidly growing Internet, consumers in Europe prefer personal contact with other people. Traditional WOM is particularly favoured by the Greeks (87% of responses), and this result does not differ from the global level identified a decade ago [Keller and Berry, 2006]. The lowest number of responses was in Hungary (68%), where contact via social network received the most responses.

Advertising as an information contact source was divided according to the medium employed: online advertising, television advertising, radio, outdoor, and press advertising, advertising via email, direct mail (mail), advertising in store (POS), and other advertising sources.

Advertising media, which are used by consumers in the process of finding information about products, strongly differentiate the behaviour of consumers across the EU. There is a group of countries in which online advertising as a source of information about products is dominant (Slovakia, Bulgaria, Hungary), and there is also a much larger group of countries in which traditional television advertising (for example, Greece, Spain, Ireland, Poland, Italy, Sweden, Portugal) dominates. There is also a group in which, in principle, television advertising and online information are equally employed as sources of information (Croatia, Denmark, Lithuania, Latvia).

A further distribution of the sources of information is the division into traditional sources (offline) and the Internet (online). Among the traditional sources, we can distinguish between the following groups: discussions with family and friends, TV programs/ads, radio programs/ads, printed materials, meetings with a representative of the company/consultant, billboards, materials in brand stores, and materials in other stores (retailers).

The most commonly used offline source of information by consumers in the EU in decision-making processes is the material and information they can get in stores. In second place are discussions with family and friends, followed by information obtained through the company's brand stores and retail outlets, and after this comes information obtained through traditional advertising that is placed in various media outlets. The order of the different sources in all countries, despite minor differences in the percentage of indications, is the same.

Internet sources (online) are divided into the following groups: brand websites, retailer websites, brand pages on social networks, social networks [word of mouth), online video sites, advice sites, blogs, forums, auction sites, price comparison websites, online magazines, email (newsletters, offers), and other sources.

Regardless of the country, when it comes to online sources of information, in first place is the brand's website. Second place in most countries is information on the retailer's website. The only country with a predominance of price comparison sites is Poland (18% of responses), although a higher percentage of indications can be found in the case of Greece (19%), but this comparison falls into third place when it comes to Internet information sources in this country. Despite appearances to the contrary, discussions on social media are not a major source of information about products for consumers in the EU.

## V.    CONCLUSIONS, LIMITATIONS AND FURTHER RESEARCH

The use of sources of information in the decision-making process is influenced by various factors, including technological (e.g., access to the Internet, possession of computers and smartphones), economic (GDP, household income), social (lifestyle), demographic [population structure by age and sex), and cultural (e.g., language, core values, religion, symbolism) circumstances. It is difficult to explain the behaviour of consumers in different European countries using only one dimension. However, in considering ways of conducting searches to gain information about products, pre-purchase research, sources related to WOM, as well as online and offline sources, it should be noted that the majority of consumers from EU countries behave quite similarly. The largest difference in behaviour can be observed in the case of advertising. Although WOM is the most reliable source of information [Nielsen, 2015], it is not a primary chosen source in the EU. Considering only informal communication (WOM) in the process of finding information, consumers prefer personal contact. Any form of e-WOM is used only in 15-20% of cases.

The main limitation of the study is that the research is based solely on secondary sources. Nevertheless, it is worth noting that the Consumer Barometer survey is conducted on a large scale and in accordance with the rules of representativeness.Consumer Barometer service provides raw data and allowsa free compilation of them.

The value of the study is in the fact, that the answers to research questions can help marketers to better planning of marketing communications activities, particularly aimed at EU markets.

Reflecting on proposals for further courses of action, no doubt it would be interesting to compare the results of the Consumer Barometer survey to the cultural dimensions proposed by Hofstede [1980]. It would also be interesting to analyse the different product lines available in the Consumer Barometer study.

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