

The Role of Transaction Cost in Consumer Decision Making: An Empirical Study on the Bottom of the Pyramid in India

Nanda Choudhury
IIT Kharagpur
Srabanti Mukherjee
srabanti@vgsom.iitkgp.ernet.in
Biplab Datta
bd@vgsom.iitkgp.ernet.in

Cite as:

Choudhury Nanda, Mukherjee Srabanti, Datta Biplab (2019), The Role of Transaction Cost in Consumer Decision Making: An Empirical Study on the Bottom of the Pyramid in India. *Proceedings of the European Marketing Academy*, 48th, (6308)

Paper presented at the 48th Annual EMAC Conference, Hamburg, May 24-27, 2019.



The Role of Transaction Cost in Consumer Decision Making: An Empirical Study on the Bottom of the Pyramid in India

Abstract

The consumer decision making can be defined as the process of identifying a need and fulfilment of that need through final consumption. In this study, consumer decision making process (DMP) was taken to be tested in the Bottom of Pyramid (BOP) context. The BOP consumers exhibit distinct characteristics in terms of socioeconomic parameters compare to their counterparts, the middle and top of the pyramid. The study proposes that BOP decision making is largely affected by consumer vulnerability and transaction cost. Based on 251 sample collected from Indian villages and suburbs, the study examines the relationship between consumer vulnerability and transaction cost. The finding shows that the antecedents of transaction cost acts as moderator and leads to constrained purchase point selection. Further, the brand selection gets affected and thus leads to constrained brand consumption at the BOP.

Keywords: *Bottom of pyramid; transaction cost; constrained brand selection*

Track: Consumer Behaviour