# An Impact Analysis of Behavioural Biases on Individual Decision making in Purchasing Consumer Durables

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*Abstract: The present paper strives to analyze the inter-dynamics between behavioural biases and decision making while purchasing consumer durable product by a consumer. This paper's survey was done before the pandemic period; therefore, it doesn't consider the circumstances caused by the painful pandemic. This paper considers eight selected behavioural biases like Anchoring Adjustment Bias, Affect Bias, Familiarity Bias, Ambiguity Aversion Bias, Self Attribution, Mental Accounting, Cognitive Dissonance Bias, and Loss Aversion Bias. The analysis segment envisages with decision making as the dependent variable and behavioural biases as independent variables. It is assumed that decision making is a cognitive process. Henceforth, the cognitive biases and heuristics applied in the capital market studies and related financial products can be applied for consumers purchasing consumer durables.*
*The study found that every consumer has biases, and different consumers have different quantum, and the degree of these biases may be subjected to demographics and other relevant factors and circumstances.*

*Key Words: Behavioural Biases, Cognitive Biases, Heuristics, Decision Making, Consumer Durables.*

## 1. INTRODUCTION:

Human behaviour is complex enough to understand and describe. The mental state of human beings may be or may not be stable while making any particular judgment. There may be numerous factors that affect decision making. These factors may include heuristics, predispositions, perception, anxiety, agitation, tensions, personality, perception, demographic, geographic, sociological, economic considerations, etc. It is tough to encapsulate all the factors and considerations at a particular point in time.

Recent study showing that the quality of human decision-making decreases with the computational complication of decision problems challenges the core assumption of most decision-making models: that decision-makers always optimize. [1]

The present study is motivated by the behavioural studies undertaken in human behaviour in decision making for investment in the capital market and other related financial products. We are assuming that expenditure or investment in securities or consumer durables carries similar financial or economic behaviour. Therefore, we have formulated a problem with a threefold aspect: the object behind expenditure or investment, the behavioural biases, and thirdly, the decision-making. In this context, we have taken behavioural biases and decision making as principal variables.

At the macro level, this is the study of the impact of Anchoring Adjustment Bias, Affect Bias, Familiarity Bias, Ambiguity Aversion Bias, Self Attribution, Mental Accounting, Cognitive Dissonance Bias, and Loss Aversion Bias on consumers' decision making while purchasing consumer durables. Consumer durables are a class of consumer products that do not have to be purchased repeatedly because they last for an extended period.

This paper starts from the behavioural finance and related body of literature and then data analysis and interpretation and ends with the concrete conclusion based on the research design stated in the upcoming sections.

## 2. Research Objectives and Hypothesis:

The objectives of this study are as follows:

- To study dynamics between behavioural biases and individual decision making while purchasing consumer durable goods.
- To look at quantum of different cognitive prospects or heuristics during specific individual economic decision making.

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[1] Bossaerts, P., & Murawski, C. (2017). Computational complexity and human decision-making. *Trends in Cognitive Sciences*, *21*(12), 917-929.

The hypothesis under study is:

**H$_o$:** Behavioural biases have no significant impact on individual decision making while purchasing consumer durables.

**H$_a$:** Behavioural biases have significant impact on individual decision making while purchasing consumer durables.


## 3. Review of Literature:

Behavioural finance is the area of study of the impact of cognitive psychological variables on participants' financial decision making crucial ingredients of the financial system.

The behavioural biases are classified as either *cognitive errors* or *emotional biases*. This distinction is not only simple and easily understood, but it also provides a useful framework for understanding how effectively it can be corrected. If we think of decision making as occurring along a spectrum from the rational decision making of traditional finance to purely emotional decision making, cognitive errors are basic statistical, information-processing, or memory fallacies that cause the decision to deviate from the rational decisions of traditional finance. Emotional biases arise spontaneously due to attitudes and feelings that can cause the decision to deviate from traditional finance's rational decisions.

Cognitive errors are more effortlessly corrected than emotional biases. Individuals can better adapt their behaviours or modify their processes if the bias source is logically identifiable, even if not completely understood. For instance, an individual may not understand the complex mathematical process to update probabilities but may comprehend that the process initially used was incorrect. Cognitive errors can also be thought of as "blind spots" or distortions in the human mind. Cognitive errors do not result from emotional or intellectual predispositions toward individual judgments, but rather from subconscious mental procedures for processing information. Because cognitive errors stem from faulty reasoning, better information, education, and advice can be correct. Thus, most cognitive biases can be "moderated" to moderate the impact of bias is to recognize it and attempt to reduce or eliminate it. Emotional biases stem from impulse or intuition-especially personal and sometimes unreasoned judgments they are less easily corrected. It is generally agreed that emotion is a mental state that arises spontaneously rather than through conscious effort. Sentiments are related to feelings, perceptions, or trust about elements, objects, or associations between them and can be a function of reality or merely the imagination. In the activity of investing, emotions can cause investors to make suboptimal decisions. Emotions may be undesired by the individual feeling them; they may wish to control them but often cannot; thus, it may only be possible to recognize an emotional bias and "adapt" to it. When a bias is adapted to, it is accepted, and decisions are made that recognize and adjusted for it rather than reduce or eliminate it.
The cognitive-emotional distinction will help us determine when and how to adjust for behavioural biases in financial decision making. However, it should be noted that specific biases may have some universal aspects and that a specific bias may seem to have both cognitive and emotional aspects. Researchers in financial decision making have identified numerous specific behavioural biases.


**Anchoring or Adjustment Bias[2]**

In financial transactions, it is observed that generally, people start the decision making with a particular reference point (number or quantity), maybe above that reference point or maybe lower of that reference point, if they do not indulge in the same before this instance, this psychological reference is called an "anchor" and this psychological (cognitive) inclination (heuristic) is called Anchoring and adjustment bias.


**Affect Bias[3]**

In behavioural finance, affect means the specific attribute of "goodness" or "badness" of a particular decision. It is experienced as a feeling state (with or without consciousness) and demarcating a positive or negative quality of a stimulus. Affective responses occur rapidly and automatically -note how quickly people sense the feelings linked with the stimulus words fortune or hate. The reliance on such feelings can be characterized as the affect heuristic.

[2] Epley, N., & Gilovich, T. (2006). The anchoring-and-adjustment heuristic: Why the adjustments are insufficient. Psychological science, 17(4), 311-318.
[3] Slovic, P., Finucane, M. L., Peters, E., & MacGregor, D. G. (2007). The affect heuristic. *European journal of operational research*, *177*(3), 1333-1352.

## Familiarity Bias[4, 5]

When an individual using frameworks or past experiences as a scaffold for behaviour in new but familiar circumstances. This is practical because it saves time for the individual who tries to figure out the proper behaviour for a situation that has experienced before. Individuals automatically presume that their previous behaviour will recapitulate the same outcomes when a similar situation exists. However, assured behaviours can be unsuitable when the situation is slightly different from the time before.

## Ambiguity Aversion Bias[6]

It is generally observed during the point of financial decision; people distract towards ambiguous information. This bias is expected in stock market participants where large numbers of investment avenues are available, but adequate information is available for few avenues. At the time of investment, the participants try to acquire information as much as possible to avoid ambiguity, which presents in their minds. This is called ambiguity aversion bias.

## Self-Attribution Bias[7]

Self-attribution is an observable cognitive fact by which people impose failures upon situational factors and successes to their dispositional factors. This bias can be obvious where group members are serious about their image to others, even in an extra group setting.

## Mental Accounting Bias[8]

This cognitive heuristic is found in most people who participate in any economic and financial transaction, even in the consumer who purchases vegetables at the roadside. This is the inclination or tendency of people to computing benefits on behalf of the investment or expenses or made by them.

## Cognitive Dissonance Bias[9]

Financial decisions are mainly affected by three conditions: availability of funds, risk-taking ability, and information about a particular investment or financing avenues. Individuals tend to plan their financial decisions according to available information in the market, and the market follows the Efficient Market Hypothesis (EMH). When new information comes, the market reacts to that particular information, and at the micro-level, individuals react to new information according to their predispositions, either positive or negative, but not indifferently. Cognitive psychology reveals this phenomenon as Cognitive Dissonance Bias, raised due to mental discomfort caused by new information.

## Loss Aversion Bias[10]

Financial participants in stock markets are always preferred loss aversion, including Microfinance Institutions. No one wants to put "all eggs in one basket." This is the condition in which diversification of securities or investment takes place where risk is minimized.

Miller & Ross (1975) identified that individuals' limited information processing capacity drives the self-attribution bias, which explains the cognitive component. The two rationales for self-attribution are self-enhancement and self-presentation. The self-enhancing intention helps individuals safeguard their self-esteem by creating causal elucidation that makes them feel better. Self-presentation motivation tends to convey the desired image to others (Schlenker, 1980). [11]

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[4] Ricciardi, V. (2008). The psychology of risk: The behavioral finance perspective. *Handbook of finance*, *2*.

[5] [6]Chew, S. H., Ebstein, R. P., & Zhong, S. (2012). Ambiguity aversion and familiarity bias: Evidence from behavioral and gene association studies. *Journal of Risk and Uncertainty*, *44*(1), 1-18.

[7] Mishra,K. C., & Metilda,M.J.(2015).A study on the impact of investment experience,gender,and level of education on overconfidence and self-attribution bias. *IIMB Management Review*, *27*(4), 228-239.

[8] Kannadhasan, M. (2006). Role of behavioural finance in investment decisions. *Retrieved December*, *29*, 2014.

[9] Goetzmann, W. N., & Peles, N. (1997). Cognitive dissonance and mutual fund investors. *Journal of financial Research*, *20*(2), 145-158.

[10] Kahneman, D., Knetsch, J. L., & Thaler, R. H. (1991). Anomalies: The endowment effect, loss aversion, and status quo bias. *Journal of Economic perspectives*, *5*(1), 193-206.

[11] Mishra, K. C., & Metilda, M. J. (2015). A study on the impact of investment experience, gender, and level of education on overconfidence and self-attribution bias. *IIMB Management Review*, *27*(4), 228-239.

Bradley (1978) explained that self-attribution is an observable cognitive fact by which persons can attribute success to an instinctive characteristic like talent and foresight and attribute failures to situational elements. Individuals would like to take credit for successes and blame external factors for failures.[12]

According to Hirshleifer (2001), overconfidence and self-attribution have both constant and dynamic counterparts. Self-attribution causes individuals to learn to be overconfident rather than converge on an accurate self-assessment.[13]

Epley & Gilovich (2006) stated that it is a way to make judgments under uncertainty is to anchor information that comes to mind and adjust until a plausible estimate is achieved. The anchoring and adjustment bias is supposed to trigger several spontaneous judgments, and inadequate adjustment is normally invoked to describe aforesaid judgmental biases. The adjustments from self-generated anchor values have a propensity to be inadequate because they terminate once a plausible value is achieved unless one is capable and eager to search for a more accurate estimate.

Moreover, the adjustment is effortful, and so something that increases a person's eagerness or aptitude to seek more precise estimates tends to diminish the magnitude of adjustment based anchoring biases. The studies also clarify that not all anchoring effects result from the same psychological mechanism and help to elucidate the element of the theoretical framework of anchoring research.[14]

Helweg-Larsen & Shepperd (2001) have defined the optimistic bias as judging one's risk as below others' risk. Researchers have recognized numerous individual and situational elements that are judicious or moderate to which people behave with bias. Moderators associated with negative influence (negative mood, dysphoria, trait, and state anxiety, event severity, and proximity of feedback) and control related moderators (perceived control and prior experience) become visible primarily to impinge on personal risk estimates. Finally, moderators that encase the assessment process appear to have different effects. Exclusively, the type of assessment target appears to influence target risk estimates, whereas concentration to personal risk-related behaviours affects personal risk estimates.[15]

Frederiks, Stenner & Hobman (2015) wrote in their literature that most of the research studies found that consumer choices and behaviour are, at macro level, operated by cognitive biases, heuristics, and other 'predictably irrational' propensities like evaluate things in relative rather than absolute terms, and are heavily influenced by the people on every side of them.[16]

## 4. Research Methodology:

The present Research involves an empirical investigation of the micro-level investigation of inter-dynamics between behavioural biases and consumer decision making. The present study is characterized by the prior formulation of specific research questions and hypotheses testing. Thus, the information needed is clearly defined. As a result, this Research is well-planned and structured. It is typically based on predetermined representative samples and specifies the methods for selecting the sources of information and collecting data from those sources.

## Sample Design
• Population- All Consumers
• Elements- All consumers buying consumer durables
• Sampling Unit- Consumers buying consumer durables in specific period of time in selected economic territory
• Sampling Techniques- Convenience Sampling Method

## Sources of Data and Information
Both Primary and secondary data sources are used to generate evidence to appendage the research design.
The Primary source of data included the respondents i.e., consumers who are buying and tend to buy consumer durables. The researchers have made it possible through all of the primary source data collection techniques: observation, interview, and structured questionnaires from the respondents as per the convenience.

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[12] Bradley GW. Self-serving biases in the attribution process: a re-examination of the fact or fiction question. Journal of Personality and Social Psychology. 1978; 36:56-71

[13] Daniel, K., Hirshleifer, D., & Subrahmanyam, A. (1998). Investor psychology and security market under-and overreactions. *the Journal of Finance*, *53*(6), 1839-1885.

[14] Epley, N., & Gilovich, T. (2006). The anchoring-and-adjustment heuristic: Why the adjustments are insufficient. *Psychological science*, *17*(4), 311-318.

[15] Helweg-Larsen, M., & Shepperd, J. A. (2001). Do moderators of the optimistic bias affect personal or target risk estimates? A review of the literature. *Personality and social psychology review*, *5*(1), 74-95.

[16] Frederiks, E. R., Stenner, K., & Hobman, E. V. (2015). Household energy use: Applying behavioural economics to understand consumer decision-making and behaviour. *Renewable and Sustainable Energy Reviews*, *41*, 1385-1394.

Secondary sources are comprised of textbooks, online survey reports, and research papers observed from Google Scholar.

**Data Analysis, Interpretation and Hypothesis Testing**
This paper has used SPSS 20.0 and extracted significant data in support of the body of literature and pertinent information.

**Table 1: Demographics and other Variables**

| Sr. No. | Variables | Categories | Percentage | Mean | Std. Dev. |
|---|---|---|---|---|---|
| 1 | Gender | Male | 52.50 | 1.47 | .500 |
| | | Female | 47.50 | | |
| 2 | Age | Below 20 Years | 25.40 | 2.51 | 1.124 |
| | | 21 Years-25 Years | 23.30 | | |
| | | 26 Years-30 Years | 26.30 | | |
| | | Above 30 Years | 25.10 | | |
| 3 | Monthly Income | Below 30,000 | 17.10 | 2.97 | 1.351 |
| | | 31,000-50,000 | 23.90 | | |
| | | 51,000-80,000 | 20.60 | | |
| | | 81,000-100,000 | 21.20 | | |
| | | Above 100,000 | 17.10 | | |
| 4 | Fraction of Savings | Below 10% | 28.00 | 2.43 | 1.132 |
| | | 11%-15% | 24.80 | | |
| | | 16%-20% | 23.60 | | |
| | | Above 20% | 23.60 | | |
| 5 | Fraction of Investment | Below 10% | 35.70 | 2.54 | 1.172 |
| | | 11%-15% | 19.20 | | |
| | | 16%-20% | 24.80 | | |
| | | Above 20% | 20.30 | | |
| 6 | Purchase Frequency | Very Frequent | 9.50 | 2.01 | .839 |
| | | Frequent | 29.80 | | |
| | | Less Frequent | 60.70 | | |
| 7 | Mode of Purchase | Online | 31.30 | 1.51 | .501 |
| | | Offline | 68.70 | | |
| 8 | Payment Mode | Cash | 72.00 | 2.00 | .816 |
| | | Debit/Credit Card | 9.33 | | |
| | | EMI | 18.67 | | |
| 9 | Prior Purchase Information Collection | Yes | 31.00 | 1.49 | .501 |
| | | No | 69.00 | | |
| 10 | Family Members | Less than 4 | 30.00 | 2.63 | 1.274 |
| | | 5-7 | 22.80 | | |
| | | 8-10 | 28.60 | | |
| | | More than 10 | 18.60 | | |

As observed from above table, the sample is approximately homogenously distributed among both gender and age groups. There were 23.90% respondents having income between Rs. 31,000 and Rs. 50,000. 28% of total respondents were able to save below 10% of their total income. 35.70% respondents were investing their money below 10% of total income. 60.70% respondents were less frequent in purchasing consumer durables. 68.70% respondents preferred offline mode as the mode of purchase. 72% respondents used to pay the value of consumer durables in cash mode. 69% respondents were not engaged in prior-purchase information collection about the product. 30% of the respondents were having less than 4 members in their families.

## Table 2: Correlations

| | Gender | Age | Income | %Savings | %Investment | Frequency of Purchase | Purchase Mode | Payment Mode | Prior Purchase Information Collection |
|---|---|---|---|---|---|---|---|---|---|
| **Gender** | 1 | -.038 | .032 | -.005 | -.012 | .043 | .063 | .033 | .049 |
| **Age** | -.038 | 1 | .015 | .042 | -.031 | **.123*** | -.030 | .008 | -.077 |
| **Income** | .032 | .015 | 1 | -.004 | .007 | **.107*** | -.011 | -.078 | -.099 |
| **% Savings** | -.005 | .042 | -.004 | 1 | .061 | -.027 | -.076 | -.014 | .000 |
| **% Investment** | -.012 | -.031 | .007 | .061 | 1 | .012 | -.012 | .035 | **-.117*** |
| **Frequency of Purchase** | .043 | **-.123*** | **-.107*** | -.027 | .012 | 1 | .070 | .086 | .043 |
| **Mode of Purchase** | .063 | -.030 | -.011 | -.076 | -.012 | .070 | 1 | .062 | -.003 |
| **Payment Mode** | .033 | .008 | -.078 | -.014 | .035 | .086 | .062 | 1 | .047 |
| **Prior Purchase Information Collection** | .049 | -.077 | -.099 | .000 | **-.117*** | .043 | -.003 | .047 | 1 |
| *. Correlation is significant at the 0.05 level (2-tailed). | | | | | | | | | |

The above correlations are significant from the viewpoint of making investment decision. Frequency of purchase is showing negative correlation with age with the value of (-) 0.123. Income and frequency of purchase are positively correlated with the value of 0.107 and the proportion of investment of total income is negatively correlated with the prior purchase information collection with the value of (-) 0.117.

## Table 3: Model Summary[b]

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | .908[a] | **.825** | .821 | .335 | .825 | 193.731 | 8 | 329 | **.000** |
| a. Predictors: (Constant), Loss Aversion Bias, Affect Bias, Anchoring Adjustment Bias, Familiarity Bias, Cognitive Dissonance Bias, Ambiguity Aversion Bias, Mental Accounting, Self Attribution | | | | | | | | | |
| b. Dependent Variable: Score-BB-CD | | | | | | | | | |

The above Table 3 of Model Summary is providing the information such as R, $R^2$, adjusted $R^2$, the standard error of the estimate and other change statistics while fitting the regression line between Score of Consumer Decision Making (Score-BB-CD) and Anchoring Adjustment Bias, Affect Bias, Familiarity Bias, Ambiguity Aversion Bias, Self Attribution, Mental Accounting, Cognitive Dissonance Bias and Loss Aversion Bias. As illustrated in the table, 82.50% of the total variance in Consumer Decision Making (Score-BB-CD) is explained by the regression model. Here, the value of R explains the correlation between the observed and expected values of Anchoring Adjustment Bias, Affect Bias, Familiarity Bias, Ambiguity Aversion Bias, Self Attribution, Mental Accounting, Cognitive Dissonance Bias, and Loss Aversion Bias. The standard error of the estimate measures the dispersion of the Consumer Decision Making

(Score-BB-CD) around its means, which is 0.335. It is the standard deviation of the error term and the square root of the Mean Square for the Residuals in the ANOVA table given below:

**Table 4: ANOVAᵃ**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| **1** | Regression | **173.774** | 8 | 21.722 | 193.731 | **.000ᵇ** |
| | | | | | | |
| | Residual | **36.889** | 329 | .112 | | |
| | | | | | | |
| | Total | **210.663** | 337 | | | |
| a. Dependent Variable: Score-BB-CD | | | | | | |
| b. Predictors: (Constant), Loss Aversion Bias, Affect Bias, Anchoring Adjustment Bias, Familiarity Bias, Cognitive Dissonance Bias, Ambiguity Aversion Bias, Mental Accounting, Self Attribution | | | | | | |

The ANOVA is given in Table 4, and the significance value is 0.000, which is less than the critical value of 0.05. Therefore the Consumer Decision Making (Score-BB-CD) has a significantly different mean than Anchoring Adjustment Bias, Affect Bias, Familiarity Bias, Ambiguity Aversion Bias, Self Attribution, Mental Accounting, Cognitive Dissonance Bias and Loss Aversion Bias, and consequently has a linear relationship. Henceforth, the null hypothesis that Behavioural biases have no significant impact on individual decision making while purchasing consumer durables, is rejected. The Sum of Squares associated with the three sources of variance, Total, Regression, and Residual. The Total variance is split into the variance which is possibly explained by the Anchoring Adjustment Bias, Affect Bias, Familiarity Bias, Ambiguity Aversion Bias, Self Attribution, Mental Accounting, Cognitive Dissonance Bias, and Loss Aversion Bias (Regression) i.e., 173.774 and the variance which is not explained by Anchoring Adjustment Bias, Affect Bias, Familiarity Bias, Ambiguity Aversion Bias, Self Attribution, Mental Accounting, Cognitive Dissonance Bias and Loss Aversion Bias (Residual) i.e., 36.889. Here, the larger magnitude of the Regression value than the residual value indicates the better model fit between the dependent and independent variables.

**Table 5: Coefficientsᵃ**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Correlations | | |
|---|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Zero-order | Partial | Part |
| **1** | (Constant) | .106 | .093 | | 1.142 | **.254** | - | - | - |
| | Anchoring Adjustment Bias | .116 | .020 | .161 | 5.754 | **.000** | .582 | .302 | .133 |
| | Affect Bias | .098 | .019 | .149 | 5.284 | **.000** | .546 | .280 | .122 |
| | Familiarity Bias | .120 | .020 | .164 | 6.005 | **.000** | .435 | .314 | .139 |
| | Ambiguity Aversion Bias | .186 | .022 | .255 | 8.385 | **.000** | .678 | .420 | .193 |
| | Self Attribution | .116 | .023 | .167 | 5.050 | **.000** | .693 | .268 | .117 |
| | Mental Accounting | .145 | .020 | .222 | 7.096 | **.000** | .659 | .364 | .164 |
| | | | | | | | | | |
| | Cognitive Dissonance Bias | .108 | .018 | .180 | 5.877 | **.000** | .623 | .308 | .136 |
| | | | | | | | | | |
| | Loss Aversion Bias | .097 | .019 | .130 | 5.129 | **.000** | .248 | .272 | .118 |
| a. Dependent Variable: Score-BB-CD | | | | | | | | | |

The beta value in the unstandardized column for Constant is considerably lower than the Anchoring Adjustment Bias, Affect Bias, Familiarity Bias, Ambiguity Aversion Bias, Self Attribution, Mental Accounting, Cognitive Dissonance Bias, and Loss Aversion Bias that means the biases described above make the strong, unique contribution to explaining the dependent variable. The t value is statistically significant, being less than 0.05 for Anchoring Adjustment Bias, Affect Bias, Familiarity Bias, Ambiguity Aversion Bias, Self Attribution, Mental Accounting, Cognitive Dissonance

Bias, and Loss Aversion Bias. The coefficient of the Anchoring Adjustment Bias, Affect Bias, Familiarity Bias, Ambiguity Aversion Bias, Self Attribution, Mental Accounting, Cognitive Dissonance Bias, and Loss Aversion Bias represent the change in the mean response for one unit of change in Consumer Decision Making (Score-BB-CD). At the same time, the other terms in the model are held constant. The sign of the coefficients specifies the direction of the relationship between the term and the constant.
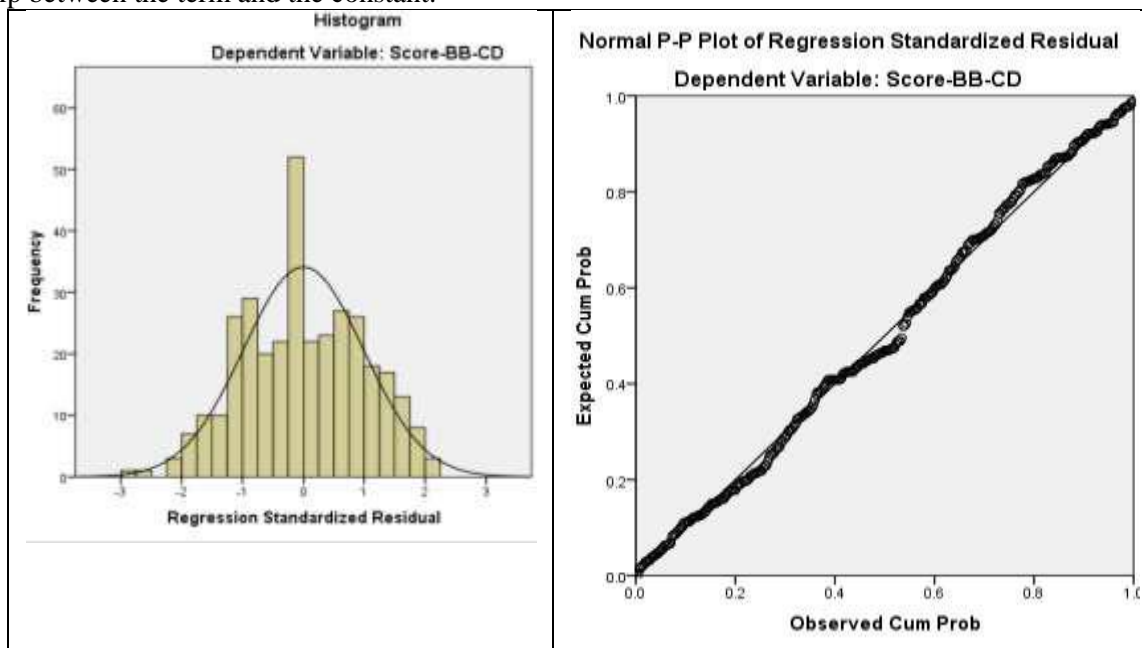


**Figure 1: Histogram and Normal P-P Plot of Regression Standardized Residual of Consumer Decision-making**

The relationship between Consumer Decision Making (Score-BB-CD) and Behavioural Biases is measured by their respective components. The Histogram and Normal P-P Plot of Regression Standardized Residual ensures normality in the Consumer Decision Making (Score-BB-CD) and the dotted points of dependent variable are following the straight line as shown above, therefore, the model is fitted with the assumption of linearity and the same is not affected by multicollinearity.

## 5. CONCLUSION:

This paper strives to re-impose hypotheses of the capital market and related financial products on consumer behaviour for consumer durable goods under the periphery of behavioural finance. As observed, the economic event generates approximately the same cognitive responses and heuristics irrespective of products or product categories when ceteris paribus imposed. Therefore, the study variables are relevant and can be considered with branding and packaging strategy and decisions. From the viewpoint of behavioural finance and economics, every consumer has biases, and different consumers have different quantum, and the degree of these biases may be subjected to demographics and other relevant factors and circumstances. Since this study focuses on consumers' durables, i.e., a financial decision for more than three years (usually), both cognitive and heuristics put forth stimuli upon the decision-making process, and the decision is the ultimate response of this inter-dynamics. The study found that the tendency to invest in consumer durables is negatively correlated with prior information collection activity about the durable consumer product that shows the decision is made based on urgency under the applicable assumptions. Besides this fact, the frequency of purchasing consumer durables is positively correlated with age and income that means the mature consumers used to do some information collection and make purchase decisions wisely. But, apart from these findings, all cognitive biases and heuristics work together while making any purchase decision for consumer durables. Consumers are significantly affected by the quality or feature (s) and try to correlate their needs, which have to be satisfied after acquiring a particular product. Most of the consumers are experienced in purchasing consumer durables, and they use this experience while making the purchase decision, and they are unhesitant to make any query to the sales representatives. Sometimes, it is observed that the people are aggressively inclined towards a product or product category to make their good image within a group of people or society. When consumers go for a product to purchase consumer durable, they tend to calculate an amount at which they can compare the affordability for the product, and if the pricing of the product fits its mental framework, the consumer decides to buy. Whenever consumer finds any new information available in the

surrounding, the consumer tends to clarify all the facts applied that shortly he/she will buy because of the need and tries to set off all the costs by buying consumer durable with more features and good quality at the same level of price.

In a nutshell, cognitive biases and heuristics are significant while making a purchasing decision for consumer durables.

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