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The Role of Motivated Reasoning in Vendor Consideration

Ju-Young Park  
*University of Nebraska-Lincoln*

Ravipreet S. Sohi  
*University of Nebraska-Lincoln, ravisohi@unl.edu*

Ray Marquardt  
*University of Nebraska-Lincoln*

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The Role of Motivated Reasoning in Vendor Consideration

Ju-Young Park, Ravipreet S. Sohi, and Ray Marquardt
University of Nebraska–Lincoln

Abstract
This is a conceptual article dealing with the role of motivated reasoning in vendor selection. The authors argue that organizational buyers’ motivated reasoning, along with the task characteristics of perceived importance and familiarity, plays an important role in determining whether an open or a closed consideration will be used for vendor selection. Based on the relationship between motivated reasoning and task characteristics, the authors develop several propositions.

To market their products successfully, business-to-business marketers need an understanding of organizational buying behavior and vendor choice criteria (Heide & Weiss, 1995; McQuiston, 1989). In the past, most research has made an implicit assumption that organizational buying behavior is objective (Johnston, 1981). However, because many decisions in organizational buying have to be made under conditions of uncertainty, it is difficult to ignore the presence of subjective judgments and biased decision making. Sometimes this subjectivity is subconscious, and many good buyers unintentionally make a biased decision when selecting a vendor. At other times, bias results under conditions where buyers make a decision that is easy to justify and accept. For example, despite the possibility of getting a better deal, some buyers prefer existing vendors to new suppliers (Vyas & Woodside, 1984). In many situations, the selection of an ex-
isting vendor may elicit a positive response from a superior, whereas the selection of a new vendor may require a great deal of justification. There are many factors that contribute to subjectivity and biased decision making in organizational buying behavior. In this article we focus on one such set of factors and discuss the possible influence of buyers’ motivated reasoning (Kunda, 1990) on vendor selection.

Although there is a considerable amount of research on organizational buying behavior, a very limited amount is directed toward vendor selection (see Table 1 for a summary of vendor choice studies). Some of the

Table 1. Summary of Vendor Choice Studies

<table>
<thead>
<tr>
<th>Study</th>
<th>Focus of study</th>
<th>Findings/Suggestions</th>
</tr>
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<tbody>
<tr>
<td>Dickson (1966)</td>
<td>Identified the relevant attributes utilized in vendor selection decisions.</td>
<td>Found three crucial factors in vendor choice: product quality, delivery time, and vendor history.</td>
</tr>
<tr>
<td>Robinson, Faris, and Wind (1967)</td>
<td>An eight-stage model of the buying process, combined with three types of purchase situations.</td>
<td>Suggested three antecedents that determine purchase situations.</td>
</tr>
<tr>
<td>Berens (1972)</td>
<td>Developed a decision matrix approach to vendor evaluation and selection.</td>
<td>Suggested evaluative criteria for minimizing bias in vendor selection.</td>
</tr>
<tr>
<td>Cunningham and White (1973)</td>
<td>Identified the important factors bearing upon the patronage decision.</td>
<td>Past experience was the strongest determinant of a buyer’s patronage decision.</td>
</tr>
<tr>
<td>Dempsey (1978)</td>
<td>Assessed the importance of vendor attributes and buyer information sources in connection with two different buying tasks.</td>
<td>Found that vendor attributes change in degree of importance from the new task to the modified rebuy task.</td>
</tr>
<tr>
<td>McGoldrick and Douglas (1983)</td>
<td>Identified the key factors in the vendor selection decision and evaluate their relative importance.</td>
<td>Found that the general reliability of the vendor was much more important than trade incentives.</td>
</tr>
<tr>
<td>Vyas and Woodside (1984)</td>
<td>Developed a model of industrial supplier choice processes. Provided detailed description and a flowchart of the choice process.</td>
<td>Found that buyers gave existing vendors the opportunity to match the lower price quoted by the new vendor.</td>
</tr>
<tr>
<td>Shipley (1985)</td>
<td>Identified resellers’ vendor choice criteria in forming patronage choices.</td>
<td>Found that vendor’s product quality, price, and delivery capabilities were important but not sufficient determinants of vendor choices.</td>
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(continued)
Recent attention has focused on the link between motivation and decision making. Researchers have suggested that motivation affects the process of reasoning when forming impressions, determining beliefs and attitudes, evaluating evidence, and making decisions (Fiske, 1993; Kunda, 1990). The literature also indicates that there is considerable variation in the degree to which people subject incoming information to cognitive analysis and review (Dunegan, 1993), and that motivation affects decision making through reliance on a biased set of cognitive processes (Gilovich, 1983; Ginossar & Trope, 1987; Kunda, 1990). For exam-

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<tr>
<td>Puto, Patton, and King (1985)</td>
<td>Examined vendor selection decision process in the face of perceived risk.</td>
<td>Risk-handling strategy in vendor selection decision is mediated by loyalty to current vendors and by the way the industrial buyer perceives or frames the decision problem.</td>
</tr>
<tr>
<td>Wilson (1994)</td>
<td>Examined the relative importance of supplier selection criteria longitudinally.</td>
<td>Found that quality and service considerations dominated price and delivery criteria.</td>
</tr>
<tr>
<td>Mummalaneni, Dubas, and Chao (1996)</td>
<td>Examined the relative importance of vendor selection criteria used by Chinese purchasing managers.</td>
<td>Found that, like their Western counterparts, Chinese managers also considered product quality and delivery service much more important than price.</td>
</tr>
<tr>
<td>Patton (1996)</td>
<td>Focused on the basic models of human judgment that can be utilized in making vendor selection decisions.</td>
<td>Suggested that the traditional linear model of choice is not necessarily the one buyers utilize in all vendor selection decisions.</td>
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ple, when people have a preferred conclusion in mind, they access only a subset of their relevant knowledge in order to support their desired conclusion, leading to an inherently biased decision (Fiske, 1993; Kunda, 1990). Thus, if an organizational buyers’ desired conclusion is to choose from existing vendors, the current vendors in the buyer’s preferred list have a potential advantage over new vendors regardless of the value they offer.

To comprehend the decision-making processes of buying center members, it is useful to understand their underlying motivations. The purpose of this article is to develop a set of propositions regarding the role of organizational buyers’ motivated reasoning (Kunda, 1990) in vendor choice. Because the nature of the buying task plays an important role in this process, we also develop propositions regarding the influence of task characteristics on motivated reasoning. In the sections that follow, we begin with a brief background of the context of this article. This is followed by our propositions and a discussion of their implications.

BACKGROUND

Organizational buyers usually go through a series of stages when choosing vendors (Heide & Weiss, 1995). The initial awareness set includes all potential vendors known to the buyers. This is subsequently divided into (a) vendors from whom the buyers would actually consider purchasing (the consideration set), and (b) vendors from whom the buyers would not consider purchasing (Roberts & Lattin, 1991). When the number of vendors in the consideration set is large, this consideration set is reduced to the choice set, which becomes the basis for the final vendor selection. Therefore, at least four stages can be identified in the organizational buying decision process: (1) awareness set: (2) consideration set: (3) choice set: (4) final vendor selection. Organizational buyers often have preferred vendor lists developed through previous purchase experience. When buyers consider new vendors in addition to the existing vendors already on the list, the consideration set is said to be open. On the other hand, when they make a selection from among existing vendors only, the consideration set is said to be closed (Heide & Weiss, 1995).

A number of conceptual models and frameworks have been proposed for the organizational buying process. According to BUYGRID (one of the more commonly used taxonomies), the buying situation is based on three factors: the newness of the problem, information requirements, and the consideration of new alternatives (Robinson, Faris, & Wind, 1967). Despite its popularity, the BUYGRID framework has been criticized for its weak empirical support (E. Anderson, Chu, & Weitz, 1987; Bunn, 1993). This weakness has led researchers to develop alter-
native taxonomies (Bunn, 1993). As a result, there have been a variety of models offering different buying stages and different situational antecedents. However, these models provide little basis for specifying functional relationships among variables (Ward & Webster, 1991). Researchers also note that there are many exceptions to the phenomena described in these models, and that the underlying factors that motivate such buying behavior are not clear (Parkinson & Baker, 1986, pp. 111–129). One important element missing from the BUYGRID model is a mechanism to explain buying center members' behavior in terms of their initial motivations for information acquisition and choice. A possible explanation of this mechanism may be provided by incorporating recent work in the area of motivated reasoning (Kunda, 1990).

As discussed in the next section, we propose that motivated reasoning influences the buyers' consideration set, which eventually determines vendor choice. Motivated reasoning, in turn, is influenced by the characteristics of the task. These relationships are conceptually shown in Figure 1. We must emphasize that motivated reasoning is only one of the several criteria that influence vendor choice. Many other factors (some of which are mentioned in Table 1) are likely to affect vendor choice as well.

**MOTIVATED REASONING**

Researchers are increasingly suggesting that people use expectations and data to pursue their goals, and that cognitively mediated motivations influence the quality of decision making. Some motivations make people more concerned with feeling or appearing accurate, whereas others prompt fast decisions and action (Fiske, 1993). Motivations also play a major role in producing cognitive biases, because they can provide an initial trigger for the operation of cognitive processes that lead to desired conclusions (Kunda, 1990).

According to the theory of motivated reasoning (Kunda, 1990), there are two types of cognitively mediated motivations. One type is an *accuracy goal*, in which the motive is to arrive at the correct conclusion; the other is a *directional goal*, in which the motive is to arrive at a particular, predisposed conclusion. Accuracy goals are typically created when there are high stakes involved in making a wrong judgment. Under accuracy goals, people expend greater cognitive effort, and process the relevant information more deeply. They use beliefs and strategies that are most appropriate for the given situation.

In contrast, when people are motivated by directional goals they tend to have a propensity to stereotype and to depend more on a biased memory search (Fiske, 1993). They search their memory for beliefs and rules that support their desired conclusion (Pyszczynski & Greenberg, 1987).
Figure 1. Conceptual model.
They draw the conclusion only if they can muster enough evidence to support it (cf. Darley & Gross, 1983). They think they are being objective in their decision making, but this vision of objectivity is an illusion, because their decision process is biased because they access only a subset of their knowledge (cf. Kruglanski, 1980). In the presence of different directional goals, they may access different beliefs and rules, which might even result in the justification of an opposite set of conclusions on another occasion.

**MOTIVATED REASONING AND VENDOR CHOICE**

When buying center members are motivated by accuracy goals, they are likely to engage in a more deliberate and careful analysis and to consider as many alternatives as they can in order to reach an accurate conclusion. They also are more likely to use an open consideration set that enhances opportunities for new vendors. Further, with accuracy goals, people have no preference for one conclusion over another; they only want to be accurate in their decision (Fiske, 1993). Thus, vendors who offer the best value have a greater chance of being included in the choice set regardless of whether or not they are in the buyer’s past preferred list.

With an open consideration set, a buyer’s decision is one of either staying with an existing vendor or switching to a new vendor (Heide & Weiss, 1995). This is problematic for existing vendors, because an open consideration set also increases competition. However, this is potentially beneficial for new vendors, because their offers receive serious consideration; hence they get a chance to move into the final choice set if their offer is attractive.

When buying center members are motivated by directional goals, selective information search coupled with limited cognitive processing is likely to take place. Decision making may be based on information the decision maker already has in his or her knowledge structures. Hence, there is a greater probability of the buying center members relying on a closed consideration set. Under such circumstances, existing vendors would enjoy a greater advantage, because new vendors are likely to be ignored regardless of the value they offer. With a closed consideration set, choice becomes a matter of making a selection among existing vendors (Heide & Weiss, 1995). From a perspective of existing vendors, this closed set implicitly assumes lower uncertainty and fewer competitors than does an open consideration set. Thus, with a closed set, existing vendors have more chance of being selected than in an open consideration set.

**P1a:** When members of the buying center are motivated by accuracy goals, they are more likely to use an open consideration set.
P1b: When members of the buying center are motivated by directional goals, they are more likely to use a closed consideration set.

P2a: When members of the buying center members use an open consideration set, they are more likely to choose a new vendor.

P2b: When members of the buying center use a closed consideration set, they are more likely to choose an existing vendor.

TASK CHARACTERISTICS AND MOTIVATED REASONING

Motivated reasoning tends to be influenced by the characteristics of the task, such as familiarity with incoming information (Dunegan, 1993) and the stakes involved in making a wrong judgment (Fiske, 1993; Kunda, 1990). Accordingly, in this section we focus on the role of perceived importance of the purchase task and the familiarity with the purchase task, and we develop propositions regarding the interactive effect of these two variables on motivated reasoning.

Perceived Importance of the Purchase Task

Perceived importance of the purchase task reflects the buyer’s perception of the significance of the buying decision in terms of the size of the purchase and/or the potential impact of the purchase on the functioning of the firm (Bunn, 1993). One of the criticisms of the BUYGRID model is that it does not consider the importance of the purchase, or the complexity of the evaluation task (E. Anderson et al., 1987). For example, the BUYGRID model posits that buying center members will pursue a rational strategy of actively evaluating many alternatives as they move from straight rebuy to new task (i.e., as they perceive more risk). However, evidence indicates that actual practice is inconsistent with the assumptions of the BUYGRID model (E. Anderson et al., 1987). In consumer research, decision makers have been shown to adopt different strategies to cope with the varying importance of the decision (P. F. Anderson, 1982). In organizational buying decisions, importance is an implicit concept in many typologies (Bunn, 1993). Furthermore, evidence shows that purchase importance influences many aspects of the decision process, such as the size and structure of the buying center (Johnston & Bonoma, 1981; Moriaty & Bateson, 1982).

Familiarity with the Purchase Task

Familiarity with incoming information within the existing knowledge structure affects a person’s cognitive motivations in decision making (Dunegan, 1993). In consumer research, familiarity has often been exam-
ined as knowledge of the product, and there have been two major approaches to conceptualizing product familiarity. One is to define product familiarity as how much a person actually knows (objective knowledge) about the product (Johnson & Russo, 1984); the other is to define it as how much a person perceives he or she knows (subjective knowledge) about the product (Park & Lessig, 1981). In this article we define familiarity with the current purchase situation as the degree of subjective knowledge of the decision maker about the purchase task.

**Motivated Reasoning When Task is Highly Important**

We expect that when the buying center members perceive the purchase task as being highly important, they are likely to be motivated by accuracy goals no matter how familiar they are with the task, because a highly important purchase task would motivate buyers to process information accurately. In such a situation the members are likely to consider more information discrepant with their existing knowledge structures (Dunegan, 1993; Johnson & Russo, 1984), because the stakes involved in drawing a wrong conclusion could be high (Fiske, 1993; Kunda, 1990). Therefore, they may search and analyze the information very carefully in an attempt to reach an accurate conclusion. Thus, we hypothesize:

**P3a:** When the perceived importance of purchase task is high, members of the buying center are more likely to be motivated by accuracy goals regardless of task familiarity.

**Motivated Reasoning When Task Is Not Important**

People allocate their attention in a controllable, strategic fashion (Fiske, 1993). They may focus not only on the desired outcomes but also on how much cognitive effort needs to be expended in order to achieve that outcome. People are aware of the effort–accuracy tradeoff and select strategies by considering both their costs and their benefits (Kunda, 1990). When the perceived importance of the task is low, buying center members are likely to adopt directional goals regardless of the extent of familiarity. P. F. Anderson and Chambers (1985) assume that most straight rebuys and a fair number of modified rebuys (as well as some low-cost/low-risk new task situations) are handled autonomously. A trade-off of the costs and benefits of information search seems to work in situations of low task importance. We propose the following:

**P3b:** When the perceived importance of purchase task is low, members of the buying center are more likely to be motivated by directional goals regardless of task familiarity.
Motivated Reasoning When Task Is Moderately Important

When the task is moderately important, task familiarity may emerge as a dominating factor that motivates buying center members’ cognitive processing. Research on information search indicates that there are at least three distinctive levels of familiarity: low, high, and moderate (Rao & Monroe, 1988). Depending on their familiarity with the object, people tend to rely on different types of information and produce different evaluations on the same object (Rao & Sieben, 1992). We develop propositions based on three levels (low, high, and moderate) of task familiarity.

**Moderate Task Familiarity.** People seem to expend more cognitive work when they confront unfamiliar information, as they are likely to adopt more cognitively demanding central processing rather than less cognitive effort-consuming automatic processing. Lord and Kerman (1987) argue that decision makers feel threatened when they face discrepant feedback, and that when they feel threatened, they seek more detailed information through the conscious evaluation of conditions. On the other hand, if there is no discrepant feedback, decision makers are not as motivated to go through a closer, more controlled evaluation, and behaviors continue in an automatic mode. Beach and Mitchell (1990) support the Lord and Kerman (1987) explanation by finding that automatic cognitive processing modes prevail if compatibility exists, and controlled processing modes prevail if a discrepancy or incompatibility exists.

Hence, when decision makers feel threatened by discrepant or unfamiliar feedback, they are motivated to conduct a more conscious examination of lower-level information. Accuracy goals are typically created by increasing threats associated with making a wrong judgment, without increasing the attractiveness of any particular conclusion (Fiske, 1993; Kunda, 1990). Furthermore, Dunegan (1993) suggests that when inconsistency between incoming information and the existing knowledge structure exists, data-driven, bottom-up accommodative processing is more likely. When people are engaged in accommodative processing, their perception is more likely to be guided by the objective characteristics of the stimulus (Hoch & Ha, 1986). Thus, cognitive processes may be guided by accuracy goals rather than directional goals.

People with accuracy goals are likely to search information comprehensively in addition to processing more deeply. They are less sensitive to nonmessage factors and are more sensitive to the actual content of the message (Chaiken, Liberman & Eagly, 1989; Petty & Cacioppo, 1986). When the buyers are moderately familiar with the task, incoming information is more likely to be contradictory or incongruent with the buying center members’ existing knowledge structure than when the task is
highly familiar. As the buying center members see more incongruent information, they are more likely to feel threatened by unfamiliar feedback, and hence will conduct a more careful evaluation of information. At the same time, when the purchase task is moderately familiar, there is an incentive to acquire more information to close the information gap, especially if this gap is not too wide (Loewenstein, 1994). Thus, moderately familiar decision makers may engage in extensive information search in order to reduce the knowledge gap. Based on this discussion, we propose:

P3c: When the task is moderately important and moderately familiar, members of the buying center are more likely to be motivated by accuracy goals.

**High Task Familiarity.** When the task is highly familiar, it seems reasonable to assume that people are likely to see new information as being congruent with their expectations. When incoming information is congruent with the knowledge structures, top-down, hypothesis-confirming assimilation processing, guided by expectations and prior knowledge, is more likely (Hoch & Ha, 1986). In addition, when people are familiar with the task and thus have a greater repertoire of knowledge related to the task (Alba & Hutchinson, 1987), they tend to subcategorize information inconsistent with their initial categorization, rather than generate a new category that better fits the configuration of inconsistent attributes (Fiske & Pavelchak, 1986). M. Sujan (1985) found that when product information was discrepant from the category, experts attempted to subcategorize the discrepant product. H. Sujan, M. Sujan, and Bettman (1988) also found that more knowledgeable subjects tended to have more overlapping categories due to subcategorization. In summary, when the situation is highly familiar, decision makers are less likely to experience incompatibility with the decision-making task and are more likely to have elaborate knowledge structures.

When people have well-established knowledge structures, they tend to engage in biased information search and decision processes, relying heavily on their initial expectations based on their past experience. As Heide and Weiss (1995) argue, organizational buyers tend to make decisions in a scripted fashion based on past experience, when they have more highly developed knowledge structures. Even when they encounter information that is inconsistent to some degree, buyers may ignore new evidence or try to generate a subcategory that fits the inconsistent information, because people who are motivated to arrive at a particular conclusion, muster only the evidence necessary to support their desired conclusion (Kunda, 1990). Thus, when the buying situation is highly familiar, decisions makers are more likely to be motivated by directional goals.
**P3d:** When the task is moderately important and highly familiar, members of the buying center are more likely to be motivated by directional goals.

**Low Task Familiarity.** When buying center members have a low degree of task familiarity, they do not possess a sufficient knowledge base. But the cost of acquiring additional information may exceed the benefits obtained from the search. Under these circumstances, they are likely to avoid extensive cognitive processing, relying instead on simple strategies for decision making, even though it means sacrificing some accuracy in the decision outcome. For example, buyers show greater resistance to switching to a new supplier when extensive testing of the product is a prerequisite, despite the possibility of a better deal from the new supplier (Vyas & Woodside, 1984). Thus, under situations of low task familiarity, directional goals provide a better approximation of the cognitive motivations of buying center members.

**P3e:** When the task is moderately important but has a low degree of familiarity, members of the buying center are more likely to be motivated by directional goals.

In summary, we suggest that under the condition of moderate task importance, an inverted-U relationship exists between the degree of familiarity with the task and one’s accuracy goals in decision making. When decision makers are moderately familiar with the task, they are likely to adopt accuracy goals, with greater information search and processing. However, if decision makers are either highly familiar or unfamiliar with the task, they are likely to adopt directional goals. As a result, they will engage in automatic modes, characterized by limited information processing and reduced attention to detail.

**DISCUSSION**

In this article we suggest that goal-directed cognitive motivations are underlying mechanisms governing buying decision-making processes. An understanding of the cognitive motivations of buying center members may be useful for anticipating whether existing vendors in the buyer’s preferred list (versus new vendors) have an advantage in business buying situations. We have argued that when directional goals prevail in buying decision making, a closed consideration set is more likely to be adopted, providing an advantage to existing vendors. This advantage is mitigated when organizational buyers are motivated by accuracy goals, and thus are more prone to using an open consideration set.

From the buyers’ perspective, the use of directional goals may be ben-
The role of Motivated Reasoning in Vendor Consideration

When the cost of acquiring information is high, and when it is very difficult to develop effective and objective criteria for evaluating vendors. However, directional goals can be problematic when they are used to guide behavior and decisions, particularly in situations in which objective reasoning could facilitate more desirable conclusions. Further, with directional goals, the buyers could justify whatever decision they make without recognizing that it may be biased. Therefore, understanding the mechanisms of cognitive motivations in vendor selection processes may help the buying center members overcome such potential dangers involved in decision making.

From the vendors’ perspective, recognition of the buyers’ cognitive motivations may help in developing selling strategies. Specifically, by talking to buyers, vendors can assess buyers’ familiarity with and perceived importance of the purchase. Once this information about task characteristics and familiarity is obtained, vendors can assess whether buyers will adopt directional or accuracy goals and, accordingly, they can develop appropriate sales strategies.

New vendors may want to target buyers who are motivated by accuracy goals, because these buyers are more likely to use an open consideration set. If new vendors target buyers motivated by directional goals, they may have to convince them about the high cost of making an incorrect purchasing decision. This might be done by educating the buyer on the importance of the buying decision and its potential impact on the firm.

For existing vendors, it might be helpful to provide large amounts of information, quickly and readily, to buyers who tend to be motivated by accuracy goals, because these buyers are not predisposed toward any vendor and are primarily interested in making a correct buying decision. Further, when buyers are highly familiar with the buying task, existing vendors may want to put less emphasis on certain elements of product provision and service. Instead, they may want to emphasize relationship-oriented efforts to retain preferred vendor status.

Finally, one should note that the vendor selection process is very complicated. Multiple people are involved in decision making, and very often these buying group members have different agendas and objectives. The dynamics of group decision-making (Moriaty & Bateson, 1982) and the downside consequences of the decision (such as machines not working and the assembly line shutting down) make the vendor selection process even more complex. Cognitive motivation is only one of the many factors that may influence vendor selection. Yet it can play an important role and should be considered in the buying decision process. In this article we have advanced some propositions regarding the role of cognitive motivations in vendor selection. Future research should test these propositions empirically.
REFERENCES


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