PERCEIVED SOCIAL RISK AND BUYING BEHAVIOUR ON APPAREL RETAIL STORE CHOICE AMONG GENERATION Y FEMALE STUDENTS

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—Abstract —

Shopping at the right store with the right social reputation may be essential for many customers. As such, store choice has become an area of concern for the retailer, with no clear verdict as to what drives customers in the selection of a store. The primary objective of the current study was to determine the influence of perceived social risk and buying behaviour on retail store apparel choice among Generation Y female students in southern Gauteng, South Africa. The sample frame for the study included Generation Y students from North-West University and Vaal University of Technology in southern Gauteng, South Africa. A non-probability convenience sampling procedure was utilised and data from 370 completed questionnaires were analysed. In addition, pre-testing and pilot testing preceded the main survey. Managerial implications of the findings, recommendations, limitations and future research directions are alluded to in this paper.

Key Words: Apparel, perceived social risk, buying behaviour, retail store choice, Generation Y female students

JEL Classification: M10, M16, M31
1. INTRODUCTION

In today’s post-modern era, young female students are confronted with a cognitive process of choosing the finest apparel retail store to be loyal to and from which to purchase apparel products such as clothing, cosmetics and shoes. Selvakumar and Vikraman (2012) point out that the majority of spending comes from the youth. In generational studies, Generation Y members are classified as those individuals born between 1986 and 2005 (Markert 2004:11; Eastman & Liu 2012:93), which in 2015 placed them at 10 to 29 years of age. Generation Y members have been brought up in an era where apparel shopping is not regarded as a simple act of purchasing but rather a challenging activity due to the increase of retail and product choices (Akinwale 2013). Du Plessis and Rousseau (2007) as well as Cooper (2010:57) explain that consumers are faced with decisions regarding the store they purchase from as well as the products and services they buy daily. In addition, consumer’s personality, past purchase experience as well as their socio-economic environment (lifestyle) impacts on store choice decision (Narang 2011). As consumers have become more refined concerning the marketing arena, it is important for marketers to try to gain some understanding of how consumers collect and review information, which ultimately affects their store choice and loyalty behaviour (Mayland 2000). Therefore, the primary objective of this paper was to determine the influence of perceived social risk and buying behaviour on apparel retail store choice among Generation Y female students in southern Gauteng, South Africa.

2. PROBLEM STATEMENT

North, Devos and Kotze (2003) assert that apparel consumers are continuously involved in the buying process of apparel and retailers are constantly facing challenges to determine the needs of these consumers as well as to find methods to meet these needs as competently as possible. The critical issue for retailers involves developing an understanding of the factors that influence consumers when selecting a store from which to purchase a product (Mowen 1995). The dynamic store choice decision can be conceptualised as a problem of deciding where and when to shop (Leszczyc, Peter, Sinha & Timmermans 2000).

Jayasankaraprasad (2010) points out that in the process of evaluating which stores to patronise, consumers consider a variety of perceived risk factors, often referred to in the retailing literature as store choice evaluative criteria. If the consumer perceives a probability of a mismatch between his or her expectations and the
incentives offered by the situation, then he or she perceives a risk of not fulfilling his or her motives at that time (Jayasankaraprasad 2010:9).

3. THE LITERATURE REVIEW

This section reviews the literature on perceived social risk, buying behaviour, store choice and the Generation Y cohort.

3.1 Perceived social risk

Amin and Mahasan (2014) describe perceived social risk as the loss of self-esteem due to the reputation of the store from your social group family and friend. Faarup (2010) defines perceived social risk as the type of risk that relates to how the reference group will perceive the selection of retail store and the purchase of a product. Perceived social risk is the risk that a poor store choice will result in social embarrassment (Schiffman & Kanuk 2007; Terblanche, Beneke, Bruwer, Corblishly, Frazer, Pentz & Venter 2013).

3.2 Buying behaviour

Understanding the concept of buying behaviour has been a significant factor of research in marketing for some time (Pandey & Jaiswar 2015). Buying behaviour is described by Kandasamy (2015) as the actions, thought process and perceived outcome, in collaboration with environmental factors, during the course of making a decision, which could result in a purchase. According to Shih, Yu and Tseng (2015), buying behaviours are the decision processes and acts of people involved in buying and using products, which include social and mental processes.

3.3 Store choice

According to Rutenberg (2003), store choice refers to a particular retail store where the consumer chooses to shop and is the result of consumer perceptions, images and attitudes (Yang 2011). Cooper (2010) points out that during the purchase decision process, consumers decide whether to buy, when to buy, where to buy (type of retailer and specific retailer) and how to pay.

3.4 The Generation Y cohort

Markert (2004) asserts that the Generation Y cohort includes those individuals born between 1986 and 2005, which in 2015 puts them at 10 to 29 years of age. According to Statistics South Africa (2013), those in the age group 15 to 29
accounted for approximately 14,968,990 members, which constitutes 28 percent of the total population in South Africa. Generation Y consumers comprise the largest segment of the population, including most university students (Kinley, Josium & Lockett 2010).

4. RESEARCH HYPOTHESIS DEVELOPMENT

Based on the literature review, the following research hypotheses have been formulated to examine the relationships.

H1: Perceived social risk has a significant influence on the choice of an apparel retail store.

H2: Perceived social risk has a significant influence on buying behaviour.

H3: Buying behaviour has a significant influence on apparel retail store choice.

5. RESEARCH METHODOLOGY

The study utilised a quantitative research design using a structured questionnaire. The design was suitable to solicit the required information relating to perceived social risk, buying behaviour and retail store choice. In addition, the approach enables one to examine the causal relationships with the constructs used in the study.

5.1 Sample and data collection

The study used a non-probability sampling technique to seek information from a conveniently selected sample of 410 participants. Of the 410 distributed questionnaires, 370, which represented a response rate of 90 percent, were used in the final analysis. A survey method of collecting data was ideal for this study since a quantitative approach was utilised.

A two-stage data collection procedure was employed, which included a pilot test and the main survey stages. In the pilot test stage, participants were 50 Generation Y female students conveniently selected from both universities.

5.2 Research instrumentation and questionnaire design

The instruments developed for the research were informed by previous studies and proper modifications were made in order to fit the current research context and purpose. Two trained fieldworkers administered a self-administered questionnaire. Section A requested the respondents to provide their demographic
profile. Section B assessed perceived social risk measure using scales adapted from Arslan, Gecti and Zengin (2013) and Zhang, Tan, Xu and Tan (2012). Section C measured buying behaviour using a scale adapted from Kaul (2007) and Zhang, Tan, Xu and Tan (2012). In Section D, retail store choice was measured by scales adapted from the studies of Prashar (2013). All the measurement items for Sections B, C and D were anchored on a five-point, Likert-type format with responses ranging from 1 = strongly disagree to 5 = strongly agree to express the degree of agreement.

5.3 Respondent profile

The majority of the respondents in the sample (n=196; 53%) were from Vaal University of Technology while the remainder (n=174; 47%) were from the North-West University. Most of the respondents (59%) purchase their apparel clothing in fashion speciality stores while 21.9 percent of the students purchase their apparel clothing at boutiques and 18.9 percent indicated that they purchase their apparel clothing in departmental stores.

6. CORRELATION ANALYSIS

In order to establish the relationship among the variables in the study, non-parametric (Spearman’s) correlation was undertaken. The results of the correlation analysis are reported in Table 1.

Table 1: Correlations between construct and descriptive statistics

<table>
<thead>
<tr>
<th>Research constructs</th>
<th>Construct correlation</th>
<th>Descriptive statistics*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PSR</td>
<td>BB</td>
</tr>
<tr>
<td>PSR</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>BB</td>
<td>.730**</td>
<td>1.000</td>
</tr>
<tr>
<td>RSC</td>
<td>.479**</td>
<td>.539**</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed)

7. RELIABILITY AND VALIDITY

Reliability was assessed through Cronbach alpha and composite reliabilities (CR). All the reliability values (Table 2) were above the recommended value of 0.7 (Malhotra 2010), suggesting excellent levels of internal consistency.

Table 2: Measurement accuracy assessment

<table>
<thead>
<tr>
<th>Research constructs</th>
<th>Cronbach’s test</th>
<th>C.R.</th>
<th>AVE</th>
<th>Factor</th>
<th>Highest</th>
</tr>
</thead>
</table>

90
In Table 1, all the individual item loadings exceeded the recommended value of 0.5 (Anderson & Gerbing 1988). This indicates that all the measurement instruments are acceptable and reliable since all the individual items converged well with more than 50 percent of each item’s variance shared with its respective construct (Fraering & Minor 2006). As shown from the results in Table 1, the least composite reliability (CR) value of 0.87 is well above the recommended 0.6 (Hulland 1999), while the lowest obtained average variance extracted (AVE) value of 0.49 is also above the recommended 0.40, indicating a satisfactory measure (Anderson & Gerbing 1988:411). This indicates that convergent validity was achieved.

8. MEASUREMENT MODEL ASSESSMENT

Model fit (misfit) was assessed through confirmatory factor analysis (CFA). Recommended statistics for the final overall model assessment showed an acceptable fit of the measurement model to the data; that is, \( \frac{C_{MIN}}{DF} < 3 = 2.532 \), normed fit index (NFI>0.90) = 0.918, Tucker and Lewis index (TLI>90) =
0.932, incremental index of fit (IFI>90) = 0.945, comparative fit index (CFI>0.90) = 0.948 and root mean square error of approximation (RMSEA<0.08) = 0.064 (Schreiber, Stage, King, Nora & Barlow 2006).

9. STRUCTURAL MODEL ASSESSMENT AND HYPOTHESIS TESTING

Results of the structural model analysis indicated that all the structural model fit statistics were within the tolerable ranges, i.e., $\chi^2 / (df) = 2.526$, NFI=0.918, IFI = 0.949, TLI= 0.932, CFI = 0.948, and RMSEA = 0.064.

Table 3: Results of the structural equation model analysis

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Hypothesis</th>
<th>Path coefficient</th>
<th>CR</th>
<th>P-Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSR→RSC</td>
<td>H1(+)</td>
<td>0.141</td>
<td>1.550</td>
<td>0.121</td>
<td>Not Supported</td>
</tr>
<tr>
<td>PSR→BB</td>
<td>H2(+)</td>
<td>0.629</td>
<td>12.390</td>
<td>0.000***</td>
<td>Supported</td>
</tr>
<tr>
<td>BB→RSC</td>
<td>H3(+)</td>
<td>0.658</td>
<td>5.269</td>
<td>0.000***</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Note *** significance level <0.001 2 CR (t values) that exceeds 1.96 would be significant using a significance level of 0.05
10. DISCUSSION OF RESULTS

With respect to descriptive statistics, Table 2 indicates that all mean scores returned for all the construct were above 3.00 on the Likert scale. The recorded means are 3.78, 3.84 and 4.11, suggesting that respondents agree that the significance of these constructs within the study. In addition, the standard deviations (SD=1.140, SD=1.144 and SD=1.136) are very similar across the constructs relative to the means. On examining the means, the values were 3.41, 3.43 and 3.50 respectively for each barrier, suggesting that respondents agree that these factors were the main underlying dimensions of the barriers to market orientation in their institutions. The standard deviations are also similar across the
factors relative to the means. Overall, relatively high means, low standard deviations and variances for this data set give reliable indications of the responses.

In terms of the correlation analysis, significantly positive correlations ($r=0.730; p=<0.01$) were established between PSR and BB, ($r=0.479; p<0.01$) between PSR and RSC as well as ($r=0.539; p<0.01$) between BB and RSC. Based on the results, it is evident that there is convergence concerning perceived social risk, buying behaviour and retail store choice.

The results computed ($\beta= 0.141; t=1.551$) signal that hypothesis one (H1) is not supported and the significance level is weak. These results are in line with the study that was conducted by Liang, Lu & Tu (2006) to investigate the impact of perceived risk on the consumer decision-making process. In addition, Matiza and Oni (2014) established that the pricing of products, convenience of location of the retail outlet, scale and quality of products on offer, as well as customer service were extremely influential in the choice of a retailer.

Hypothesis 2 postulated a positive relationship between perceived social risk and buying behaviour. The standard coefficients ($\beta = 0.629; t=12.390$) provided an affirmative response to H2. The p-value indicates a 0.01 level of confidence, which means that the hypothesis is supported and significant. These results corroborate the studies by Kavmark, Powers and Sandahl (2012); Arslan, Gecti and Zengin (2013) and Xue (2015).

As can be seen from Table 3 and Figure 1 the results provide evidence to support the third hypothesis. Hypothesis 3 (H3) postulates a positive influence of buying behaviour to apparel retail store choice. Based on the standard coefficients of $BB \rightarrow RSC$ ($\beta=0.658; t=-5.269$) and SEM indexes found, the researcher is justified to attest to the validity of H3. Goodman, Lockshin and Remau (2010) as well as Hasan (2015) confirm the relationship between these mentioned variables. Therefore, H3 is supported.

11. LIMITATIONS AND IMPLICATIONS FOR FURTHER RESEARCH

First, the use of a relatively small sample size, which was restricted to only two universities through convenience sampling, one cannot confidently generalize the results, even though a number of demographic questions were used in an effort to determine how representative the sample was of the defined target population. In future research, a wider population including several higher education institutions should be studied. All the data in the study were collected quantitatively, which
led to the common method bias inherent to quantitative methods. Future studies can try to focus on triangulation methods to avoid this biasness.

12. RECOMMENDATIONS

Apparel retailers can reduce perceived social risk through information and, therefore, need to provide enough information for a shopper to feel comfortable in making decisions, thus reducing perceived social risk. In today’s increasingly complex retail environment, an understanding of consumers’ buying behaviour will assist retailers to segment their client base and target specific customer groups with strategies designed to meet their retail needs. Therefore, it is critical for retailers to have an extensive knowledge of the various factors influencing consumers’ decisions to ensure the successful delivery of products and the retention of customers in the marketplace. The identified store selection variables in the study can be useful to retail managers to develop the desired in-store environment that appeals to customers.

13. CONCLUSION

The framework developed in this study will make a positive contribution to the body of knowledge and the growing literature on perceived social risk, buying behaviour and retail store choice. Therefore, the findings of this study will contribute as marketing strategy guidelines for marketers seeking to reach this segment and will be of value to South African marketers, as well as international advertisers seeking to target this market segment. More precisely, the findings may add value to fashion apparel retailers by assisting them to understand better, how perceived social risk influences the consumer’s retail store choice as well as his or her buying behaviour. Additionally, marketers must know which risk-reduction strategy is important to consumers who buy apparel in order to reduce their concerns more specifically.

BIBLIOGRAPHY


