

EXPLORING THE INFLUENCE FACTORS TOWARDS CONSUMER
BUYING BEHAVIOUR IN RETAIL INDUSTRY

NUR 'IFFAH BINTI MOHD YAZID

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

I/ we hereby declare that I have read this project paper and on my view this project paper is sufficient in term of scope and quality for Bachelor of Technopreneurship

Signature :
Supervisor's Name :
Date :

Signature :
Evaluator's Name :
Date :

EXPLORING THE INFLUENCE FACTORS TOWARDS CONSUMER
BUYING BEHAVIOUR IN RETAIL INDUSTRY

NUR 'IFFAH BINTI MOHD YAZID

Submitted in partial fulfillment of the requirement of Bachelor of Technopreneurship

Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka

JUNE 2014

DECLARATION OF ORIGINAL WORK

“I hereby declare that this project paper is the result of my independent work except the summary and excerpts that have been specifically acknowledgement”

Signature :

Name : NUR 'IFFAH BINTI MOHD YAZID

Date :

DEDICATION

Special thanks to my beloved parents:

Mohd Yazid Bin Abdul Rafar

Norizah Binti Mohd Radzi

Thanks to:

My beloved siblings

My family members

My beloved friends

Thank you to my supervisor:

Miss Siti Nor Wardatulaina bt. Mohd Yusof

Special thanks for all because always giving me the moral support during doing the research.

ACKNOWLEDGEMENT

Alhamdulillah, I am most grateful to Allah S.W.T for giving me the strength to complete my research in 9 months at Universiti Teknikal Malaysia Melaka in Bachelor Degree in Technopreneurship with Honors starting from September 2013 to June 2014. Alhamdulillah with His Blessing and finally I was able to complete this research successfully. I express my gratitude to my supervisor, Miss Siti Nor Wardatulaina bt. Mohd Yusof for providing me instruction and guidance in producing and complete my research. For her contributions and her kindness are greatly appreciated and will never be forgotten.

Here also I would like to thank to my father and mother, siblings, and family members who always give the spirit and moral support, and always helping me either in monetary terms and their advisory. I would like to thank also to my panel Dr. Norhidayah bt. Mohamad that gives a lot of constructive criticism on me in completing this research.

My heartfelt appreciation also goes to the other lecturers who provide guidance throughout my studying in UTeM. The infinite thanks also to colleagues who always accompany and be on my side as well as give their views, broad insight and encouragement throughout this research. Appreciation also to anyone involved in the process of completing this research until to the end.

Truly, every contribution made from various parts means a lot to me. Finally, I want to say sorry if my words there might be wrong and mistaken during the completion of this research.

ABSTRACT

Nowadays, consumer behaviour in purchasing product becomes very important for purchasing activity to sustain the business performance. Therefore, the purpose of this research is to explore and analyze the factors that influence on consumer buying behaviour towards retail industry where the researchers are more focused in the apparel industry. This research used the approach with following a review of the relevant literature; the paper presents a conceptual model of consumer buying behaviour towards retail industry. This research used the quantitative method using a sample of 150 consumers that are decision makers in their purchasing behaviour of a product. Moreover, the researcher is using the Statistical Package Social Science (SPSS) version 22.0 and the result computed from this data. The finding result was measured by using reliability analysis; descriptive frequency statistic; correlation, and regression analysis by distributing the questionnaire and computed the result from the SPSS data. The originality or value that comes out of this research is this study first explored Malaysia consumer profile in the context of buying behaviour and added valuable empirical findings to the current limited literature in the retail industry to help the retailers identify influence factors of buying consumer based on consumer buying behaviour.

ABSTRAK

Pada masa kini, tingkah laku pengguna dalam pembelian produk menjadi sangat penting dalam pembelian aktiviti bagi mengekalkan prestasi perniagaan. Oleh itu, tujuan kajian ini adalah untuk mengkaji dan menganalisis faktor-faktor yang mempengaruhi tingkah laku pembelian pengguna terhadap industri runcit di mana pengkaji lebih fokus dalam industri pakaian. Kajian ini menggunakan pendekatan yang berikutan dengan kajian semula kesusasteraan yang berkaitan, kertas membentangkan model konsep tingkah laku membeli pengguna terhadap industri runcit. Kajian ini menggunakan kaedah kuantitatif iaitu menggunakan sampel 150 pengguna dalam membuat keputusan tingkah laku membeli mereka terhadap produk yang dibeli. Selain itu, penyelidik telah menggunakan Statistical Package for Social Science (SPSS) version 22.0 dan keputusan yang diperolehi adalah pengiraan daripada data ini. Hasil dapatan telah diukur dengan menggunakan analisis kebolehpercayaan; statistik deskriptif kekerapan; analisis korelasi, regresi dan dengan mengedarkan borang soal selidik dan keputusannya dikira dari data SPSS. Keaslian atau nilai yang dihasilkan dari penyelidikan ini adalah kajian pertama ini diterokai profil pengguna Malaysia dalam konteks tingkah laku membeli dan menambah penemuan empirikal berharga kepada sastera terhad semasa di dalam industri runcit untuk membantu peruncit mengenal pasti faktor pengaruh membeli pengguna berdasarkan tingkah laku membeli pengguna.

TABLE OF CONTENT

| CHAPTER | CONTENT | PAGES |
|------------------|---|-------|
| | DECLARATION OF ORIGINAL WORK | ii |
| | DEDICATION | iii |
| | ACKNOWLEDGEMENT | iv |
| | ABSTRACT | v |
| | ABSTRAK | vi |
| | TABLE OF CONTENT | vii |
| | LIST OF TABLES | x |
| | LIST OF FIGURES | xi |
| | LIST OF ABBREVIATIONS | xii |
| CHAPTER 1 | INTRODUCTION | 1 |
| | 1.1 Research Background | 1 |
| | 1.2 Problem Statement | 3 |
| | 1.3 Research Questions | 4 |
| | 1.4 Research Objectives | 4 |
| | 1.5 Scope | 4 |
| | 1.6 Significant of the Study / Importance of the Study | 5 |

| | | |
|------------------|--|-----------|
| CHAPTER 2 | LITERATURE REVIEW | 6 |
| 2.1 | Overview of Retail Industry | 6 |
| 2.2 | Fashion Overview | 8 |
| 2.3 | The Nature of Fashion Retail | 10 |
| 2.4 | Consumer Buying Behaviour | 11 |
| 2.5 | Major Factors That Influence on Consumer Buying Behaviour | 13 |
| 2.5.1 | Personal Factors | 13 |
| 2.5.2 | Social Factors | 16 |
| 2.5.3 | Ethnical Factors | 17 |
| CHAPTER 3 | RESEARCH METHODOLOGY | 20 |
| 3.1 | Introduction | 20 |
| 3.2 | Research Design | 22 |
| 3.3 | Data Collection | 24 |
| 3.4 | Data Analysis | 26 |
| CHAPTER 4 | DATA ANALYSIS AND FINDING | 28 |
| 4.1 | Introduction | 28 |
| 4.2 | Reliability Analysis | 29 |
| 4.2.1 | Cronbach's Alpha | 30 |
| 4.3 | Analysis of the Main Survey | 30 |
| 4.3.1 | Gender | 31 |
| 4.3.2 | Age of Respondents | 32 |
| 4.3.3 | Race | 33 |
| 4.3.4 | Marital Status | 34 |
| 4.3.5 | Monthly Income | 35 |
| 4.3.6 | The Factors Influences on Buying Decision | 36 |

| | | |
|------------------|--|-----------|
| 4.3.7 | The Own Respondent Fashion Style | 37 |
| 4.4 | The Correlation between Independent Variables and Dependent Variable | 38 |
| 4.5 | Multiple Regression Analysis (MRA) | 40 |
| 4.5.1 | Factor Influences on Consumer Buying Behaviour | 40 |
| 4.5.2 | Regression Analysis | 41 |
| 4.5.3 | ANOVA Analysis | 42 |
| 4.5.4 | Regression Coefficient and Hypothesis Testing | 43 |
| 4.6 | The Most Factor That Influence on Consumer Buying Behaviour | 47 |
| CHAPTER 5 | DISCUSSION AND CONCLUSIONS | 49 |
| 5.1 | Conclusion | 49 |
| 5.2 | Discussion | 51 |
| 5.2.1 | Research objective 1 | 51 |
| 5.2.2 | Research objective 2 | 53 |
| 5.3 | Limitation of Research | 54 |
| 5.4 | Recommendation for Future Research | 55 |
| | REFERENCES | 57 |
| | APPENDICES A | 62 |
| | APPENDICES B | 64 |

LIST OF TABLES

| TABLES | TITLE | PAGES |
|---------------|---|--------------|
| 4.1 | Reliability Test of All Variables | 30 |
| 4.2 | Respondent's Gender | 31 |
| 4.3 | Age of Respondents | 32 |
| 4.4 | Race of Respondents | 33 |
| 4.5 | Respondent's Marital Status | 34 |
| 4.6 | Respondent's Monthly Income | 35 |
| 4.7 | Factors Influences on Respondent's Buying Decision | 36 |
| 4.8 | Respondent's Fashion Style | 37 |
| 4.9 | Correlation Analysis | 38 |
| 4.10 | Factors Influences on Consumer Buying Behaviour | 40 |
| 4.11 | Regression Analysis | 41 |
| 4.12 | ANOVA Analysis | 42 |
| 4.13 | Regression Coefficient Analysis | 43 |
| 4.14 | The Most Factor Influence on Consumer Buying Behaviour | 47 |

LIST OF FIGURES

| FIGURES | TITLE | PAGES |
|----------------|---|--------------|
| 2.1 | A framework for describing influence on consumer buying behaviour | 19 |
| 4.1 | Percentage of Respondent's Gender | 31 |
| 4.2 | Percentage of Age of Respondents | 32 |
| 4.3 | Percentage of Respondent's Race | 33 |
| 4.4 | Percentage of Respondent's Marital Status | 34 |
| 4.5 | Percentage of Respondent's Monthly Income | 35 |
| 4.6 | Percentage of Factors Influences on Buying Decision | 36 |
| 4.7 | Percentage of Respondent's Fashion Style | 37 |

LIST OF ABBREVIATIONS

| | | |
|----------------|---|---|
| % | = | Percentage |
| ANOVA | = | Analysis of Variance |
| MRA | = | Multiple Regression Analysis |
| N | = | Number of Respondents |
| P | = | Significant Value |
| R | = | Correlation |
| R ² | = | R Square |
| SPSS | = | Statistical Package For Social Sciences |

CHAPTER 1

INTRODUCTION

1.1 Research Background

Retail recently has been one of the developing regions in the global economy. In the open economies, it has declared a higher growth rate in the developed countries and is balanced for an ascending growth. According to Leszczyc, Sinha and Timmermans (2000), they stated that at the same time as the rapid growth, retailing has been described by growing competition and the appearance of increasingly new formats of retailing as well as Farfan (2011) has said that the retail industry is a unit of the economy that consists of individuals and firms dealing with sales of final products to terminate consumers usurer. During the past decade, the retail industry has faced the main changes which have resulted in the appearance and strength of domestic and international corporate power (Tokatli and Boyaci, 1998).

Author such as Varley and Rafiq (2004) have recommended that retailing can be described as a process whereby the business buys in bulk and then sells to customers in pieces or small quantities such as a clothes shop that buys a dozen pairs of jeans and then sells them individually to customers. The retailing industry consists of the various types of retail including fashion retailing industry (apparel retailing), food retailing industry, and so on. In this research, the researcher has more focused on one type of retailing industry that is a fashion retailing industry. The apparel industry is known as makers and a seller of fashionable clothing which is each industry has its own trade publications.

Today, the consumer market for fashion apparel has become varied by in soar up of designer brands, store brands, personalization, and advertisement in the global marketplace. Taylor and Cosenza (2002) were revealed a very interesting fact that relating to consumer total spending, a major part is spent with them is on apparels.

Buying behaviour is the decision processes of people and human actions involved in buying and using products. A marketer duties is to meet and satisfy the needs and wants of target consumers, but to “knowing consumers” means know the consumer behaviour is not a simple task. Understanding consumer buying behaviour in the purchase of a product is an important for the marketing department. Human beings differ considerably one from another and there have several factors that influence on buying behaviour like Simon Majaro (1982) assume man as a complex creature and his behaviour is stimulated and motivated by a host of cultural, sociological, economic and psychological factors.

Consumer buying behaviour is substantially influenced by cultural, social, personal and psychological factors. When analyzing consumer buying behaviour, the marketers must take all these factors as consideration because they cannot control these factors. Marketers need to understand those influencing factors for better understanding on how consumers buy products and services. Besides that, the factors that encourage customers to buy goods are clearly driven from surrounding factors. The marketers need to pay more attention to these factors in order to attract customers' desire to buy a product like Kotler, Armstrong, Saunders, and Wong (1994) said marketers need to identify which people are involved in the buying decision and need to know what role each person plays, so that is marketing strategies can also be aimed at these people.

This research is intended to study the influence of three factors that consist of personal, social, and ethnical factors on consumer buying behaviour in order to purchase a product towards apparel industry.

1.2 Problem Statement

The underlying determinants of how and why people shop has been a topic of study for many years when classification of shopping styles were developed (Bakewell & Mitchell, 2003). However, these studies have been successful in demonstrating that some shoppers display consistent shopping orientations that can be diametrically opposed. For example, the functional shopper versus the recreational shopper (Jin & Kim, 2003) does not explicitly address the question of how to measure consumer decision-making styles.

The apparel industry is currently going through in a phase of changes and also through a period of substantial growth. What we see today is people or consumers aware of fashion styles that are appropriate to the situation and place over time. Each consumer has their own behaviour as well as buying behaviour in fashion styling that they wear. From this problem, we can examine what factors can motivate them in styling themselves as well factors influencing on a purchase a product.

There have several factors that can influence on consumers buying behaviour that are cultural, social, personal and psychological. Consumer buying behaviour is focused on understanding of factors influencing the consumers' decision making. However, some purchase decisions are more crucial than others and the amount of effort consumers' put in to each stage of decision making differs (Michael, 2007).

There have been very few studies which focused on the shopping styles of consumers which offer guidelines for marketers and retailers on how these consumers make choices. Thus, the purpose of the study is to complement existing research on consumer decision-making styles in fashion apparel.

1.3 Research Questions

- 1) What are the influence factors on consumer buying behaviour in the apparel industry?
- 2) What is the most important factor that effective impact on consumer buying behaviour?

1.4 Research Objectives

- 1) To identify the influence factors on consumer buying behaviour in the apparel industry.
- 2) To determine the most important factor that effective impact on consumer buying behaviour.

1.5 Scope

The scope of this research is to investigate the influence what are the factors on consumer buying behaviour in the apparel industry around Malaysia. There are several factors like personal factors, social factors, and ethnical factors that can influence on consumer buying behaviour and each of the factors have their own elements that will be more focused.

However, to achieve the goals and the objective of this research, the scope of the research is to investigate the several variables that influence on consumer buying behaviour towards apparel industry. Besides, in this research also is to determine the most important factors that effective impact on consumer buying behaviour.

1.6 Significant of the Study / Importance of the Study

The research is hoped to give an overview for entrepreneurs and managers of companies in the apparel industry and also fashion industry about the influence of several factors on consumer buying behaviour in an organization. To examine factors that influence on consumer decision making to purchase a product, the entrepreneurs able to get more detailed information to meet the consumers need and requirements. Therefore, in this research, the entrepreneurs of the industry can further enhance the performance of their industry after knowing what consumers want. In addition, this study is intended to give an overview about consumer buying behaviour towards to purchase a product to meet the requirements in order to achieve a better personality. Hence, this study also will identify what the most important factors those influences on consumer buying behaviour.

CHAPTER 2

LITERATURE REVIEW

2.1 Overview of Retail Industry

In today's challenging competition in the consumer goods, the manufacturers strive for their products to reach the final customers before they turn their heads to the rival's ones. This challenge is influenced by, for example, globalization, deregulation, new business commerce and convergence of the industries (Supasansanee, 2009). According to Pooler (2003) has stated that retailers need to change in order to suit the modern shopping behaviour. It is no longer satisfied to see a shopper as a rational creature making decisions. It is no longer enough to think that the shopper acts in a way that makes sense from an economic of logical point of view.

Furthermore, for starters, there are department stores, discount stores, specialty stores and even seasonal retailers. All businesses especially that sell goods and services to consumers fall under the umbrella of retailing and each of these might have their own little characteristics; however, for the most part the analysis overlaps to all areas of retailing. Retailing is a significant part in terms of economic activities of both developed and developing countries' economies, with wholesaling and retailing value-added. The major goal of the retail industry or retail merchandising system is to influence possible consumers to purchase a particular product assortment at a particular retail store (Risch, 1991). Hence, retailing has

become an important part of the business that plays a major role in supply chain management and logistics. On top of that, nowadays, like what we see at each retailer, they will try and strive to differentiate their businesses from their competition but the strategy that the company uses to sell its products is the most important factor. Many of the world's leading retailers have started to explore the benefits of owning and marketing more than one retail format (Gauri, Trivedi, and Grewal, 2008; Gielens and Dekimpe, 2008; Kumar, 1997).

Thus, as its effects, most of the leading retailers now contend with one another in their retail format portfolios. Retail formats, such as hypermarkets, supermarkets, discount stores, warehouse clubs, and department stores, traditionally carry dissimilar assortments of food and non-food retailing. For example, Levy and Weitz (2008) have determined that department stores offer consumers primarily apparel and other non-food products, whereas supermarkets and convenience stores carry a large share of grocery products in their merchandise.

2.2 Fashion Overview

In this research, the researcher proposed and more focused for fashion and apparel industry as one of the retail business. According to Ander and Stem (2004); Stanley (2006) has defined fashion is commonly associated with apparel and clothing, however, it is important to note that there is an element of fashion in every facet of modern life and it can be found in even the most unexpected places such as kitchen utensils, gardening, food, furniture and clothing.

In this research that tried to understand what the consumers ' desire for their fashion styling and also for their fashion trends, Cho and Lee (2005) discovered that fashion was a general indicator of prevailing market trends that may have been influenced by social, cultural or economic factors. Moreover, Cho and Lee (2005) also stated that fashion trends could be considered to be an indicator of consumers' current point of view or emotional state, meaning that consumers were responsible for setting the trends while it was up to the industry to attempt to follow them.

For the purpose of this study, the scope will be limited to fashion as it applies to apparel retail within the Malacca. According to the authors, Christopher, Lowson, & Peck (2004); Hayes & Jones (2006), they were defined that the fashion as apparel and accessories that incorporate an element of style or trend that is likely to be short lived.

On the other hand, Fisher (1997) has said when one considers fashion in term of apparel or clothing, it is necessary to make a distinction between functional and inventive products. Functional products are characterized by stable predictable demand coupled with long life cycles, while inventive products have unpredictable demand and short life cycles.

Despite clothing can be regarded as a functional product, fashion clothing, being heavily influenced by elements of style and trends is broadly considered to be an inventive product. Based on the Ander and Stern (2004); Christopher, Lowson, and Peck (2004) statement, fashion retailers must thus continuously predict what consumers will want in the future since being able to spot trends and translate them into products in the shop at the shortest possible time has become a perquisite for success in the fashion retail sector.

Furthermore, fashion can be used to reveal different symbolic meanings in different social setting (Finkelstein, 1998; Thompson and Hirschman, 1994;

Thomopson and Haytko, 1997; Sirgy, 1984) as well as Easey (2009) determined that identities and social roles appear through people's choice of clothing and accessories. Likewise, Craik (2009) stated that clothes function as symbols that indicate status, gender, social group allegiance and personality. Fashion can now more than ever become an important and meaningful activity in a clothing interested person's life (Pentecost and Andrews, 2009).

2.3 The Nature of Fashion Retail

With regards to Akinboade (2008) has explained that retail commits the entire range of activities that are concerned with the goal of the provision of goods and services to consumers. Although the retail value chain typically comprises of a number of different organizations and intermediaries each serving a particular role in the preparation of goods and services, the function of retailer continues to grow in prominence and this argument is support by Evans (1989) that highlight in the observation that power has continued to shift towards the retailers who, in many parts of the industry, can now determine product, pricing and manufacturing terms.

As a retailer who would like to developing and improving their business, they need to find a way how to distinguish the business and their products from the competitors and put their business always be on top and becoming their retail store profitable as mentioned by Sharp and Dawes (2001) that they have said “dissimilarities exists when a firm offer is preferred on some buying occasions or by some customers over a compete firm’s offerings. This preference presumes that there is some difference between brands and buyers react to these differences”.

For instance, Ander and Stern (2004) have given their judgement that a retailer can succeed in differentiating themselves by endeavoring to become superior in one five critical areas: assortment, price, fashion, solution oriented services or speed oriented service. Assortment mentions for the range of products and services on offer while the price refers to a retailer endeavoring to offer the same products at a lower price than competitors. Then the fashion describes to consistently having the latest products, brands, colors, or styles. Otherwise, solution and speed are based on having different service levels to those on offer by competitors.

On top of that, fashion as one of the key differentiating techniques is seen as support for the argument that the basis for differentiation in modern retail has evolved from aspects such as price and location to ensuring that a retailer constantly has items that reflect the current state of consumer fashion demands in stock (Ander and Sterns, 2004).