

Impact of Peer Pressure and Store Atmosphere on Purchase Intention: An Empirical Study on the Youngsters in Pakistan

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Abstract

In any business the most important asset for the success is the “consumer”, they are the factors of sale and profits of the business. Knowing and understanding the customer is one of the most important, tedious and challenging aspect for any organization. This particular study aims to understand the buying behaviour of Pakistani consumers, and identify the factors which are of importance in determining the purchase intention of these consumers. The study has been conducted on a sample of 393 young students belonging to different colleges and universities of Pakistan. The study has targeted the young chunk of consumers in Pakistan as they make up a major and substantial part of the customer base for different organizations. The research has investigated the impact of two factors i.e. peer pressure and store atmosphere on the purchase intentions of these youngsters and concluded that there is a significant and positive relationship between the two factors and purchase intention. This empirical study is a contribution to theory and practice with an increased and detailed understanding on young Pakistani consumer behaviour and the underlying causes which are strong determinants of their purchase intentions.

Keywords: peer pressure, store atmosphere, purchase intention, youngsters, Pakistan

1. Introduction

In today’s rapidly changing environment, businesses major concern is to understand their consumer preferences and varying choices. The aim of marketers now a days is not only to make profits but to have a loyal customer base whose buying experience could be made a delightful one rather than a satisfactory one. Not only organizations are interested in having a knowhow of these rapidly changing and complex consumer behaviours, but also researchers have been much dwelled in understanding the decision making process and perceptions of a consumer before he/she buys a certain product. Consumer purchase intention is determined and influenced by many factors and latent motives of the consumers. This paper researches two factors peer pressure and store atmosphere and their impact on the purchase intention of

Pakistani youth. Youngsters are the main focus of many businesses today because they act as opinion leaders and trend setters who play a vital role in the unintentional or indirect marketing and promotion of products. In this regard, many aspects of consumers are taken into consideration among which this study aims to explore peer pressure and store atmosphere and their impact on the purchase intention of consumers. Peer pressure being a latent phenomenon is relatively difficult to explore, however its effects are easily visible in a certain group of people which in marketing is defined as the reference group. Along with peer pressure the study also explores the impact of store atmosphere and it is analysed from the results that the atmospheric attributes make a dynamic difference in moulding the decision making of the customer who has entered the store. The store atmosphere, ambience and layout is essential in transforming a customer into a consumer. The study constitutes of extensive literature regarding the above mentioned factors and their importance for marketers.

2. Literature Review

2.1 Peer Pressure

In general, the social circle of a person comprises of his or her peers, which constitute siblings, friends and acquaintances (Pilgrim and Lawrence, 2001). The concept of reference groups is of great importance in understanding the buying behaviour of consumers as these groups make a major and significant impact on the consumer behaviour. A reference group is a group of people whose values and attitudes influence an individual's current behaviour (Schiffman and Kanuk, 2007). Peers belong to the normative reference group which provide an individual with norms, values and attitudes through direct interaction (Childers & Rao, 1992; Bristol & Mangleburg, 2005; Subramanian and Subramanian, 1995). Literature defines peer pressure as the price of group membership (Clasen & Brown, 1985) as an individual who belongs to a certain group adapts his habits according to the peers of that group, intentionally or unintentionally he complies with the dominant traits of the peers and forms his own traits. These traits impact different habits of an individual which he tries to comply with, among these different habits the one which I aim to focus is the purchase intention of an individual.

2.2 Purchase Intention

The most vital aspect of consumer behaviour is their purchase intention, which in literature is defined as the situation in which a customer is willing to make a transaction with the retailer. According to Dodds, Monroe and Grewal (1991) purchase intention comes into consideration when a customer is probably attempting to buy some product or service. For marketers purchase intention is of great importance as their forecasted consumer behaviour is highly dependent on this purchase intention of the customers. Predicting consumer behaviour is one of the most tedious tasks for any business as it keeps on changing under the influences of unknown and uncertain factors; consequently leading to a purchase intention which is difficult to measure under different circumstances.

2.3 Store Atmosphere

In today's competitive marketplace businesses have concentrated on all aspects of their products from its production to its selling, among all other aspects the store atmosphere has been considered a vital one as the retail store is the POP (point of purchase) for the customer. Retailers have realized the significance of store atmosphere which enhances the purchase

experience and renders more satisfied customers (Yalcin & Kocamaz, 2003). Literature proposes that the customers pay attention to three dimensions of store atmosphere which are ambience, space and signs, symbols and artifacts (Bitner, 1992).

2.4 Relationship between Peer pressure and purchase intention

The understanding of reference groups in consumer behavior is an important phenomenon as the customers are always being influenced by the constituents of these reference groups especially the normative reference group i.e. family, relatives, co-workers, teachers and peers. The normative reference group makes an individual aware of a certain product and also infuses their own opinions to the customer while doing so, consequently when the customer starts developing his own opinion he develops the one which is consistent with that of the group. Not only is the opinion influenced but the attitude formation, product selection, information processing and decision making process is significantly effected (Bearden et al., 1989). There is a limited research conducted on this particular relationship and the few studies which have been carried out are for the North American consumers (Mokgosa & Mohube, 2007). Teenagers and youngsters are usually vulnerable to peer pressure and have high tendency to make decisions and develop behaviours which positively comply with the peer's expectations. For a study conducted in Botswana researchers found that the impact of peer pressure on purchase intention is quite significant, being more strongly and positively related to publicly consumed goods than the privately consumed goods (Mokgosa & Mohube, 2007). The young customer behaviours are manipulated by peer pressure as they feel it as an essential aspect to fit-in their social group, be aligned with the acceptability level and cope with the trends and lifestyles of their peers (Kao & Zhang, n.d.).

2.5 Relationship between Store Atmosphere and Purchase Intention

Investigating the relationship between purchase intention and store atmosphere is vital to businesses and the retail industry as the link between consumer attitudes and purchase intentions can help formulate in-store strategies in accordance. This not only boosts the store's positive word of mouth but also boost the profits for it. Consumer attitudes and behaviours is a phenomenon which might not be comprehensively defined by one theory, as it keeps evolving and changing at a rapid pace according to the economic and social circumstances. Retailers have realized that they cannot attract and retain customers by just excelling in the traditional four P's i.e. promotion, placement, price and positioning but they have to gain the competitive edge by focusing and differentiating themselves in store atmospheric attributes which may influence the customer purchase intent. In such an uncertain scenario it is important to deeply concentrate on every aspect which has an impact on the customers purchase intentions.

Literature proves that store atmosphere and purchase intention have a positive relationship; the physical attractiveness of a store makes an impact on the customers willingness to spend time there and do shopping. More than the quality, general price level or selection of products the attractive store atmosphere has a higher correlation with purchase intentions (Yalcin & Kocamaz, 2003). The store atmosphere constitutes of lighting, music, layout, furnishing, colors and scents, and these serve as a stimulus which aids the customers' behavioral response in a positive manner. The intentions of a customer to purchase are determined by their willingness to stay in the store, their inclination towards making a repurchase and their willingness to

recommend the stores to others (Brady & Baker, 2002). This may also help retailers in forecasting their sales and in formulating their marketing strategies to increase the purchase intention of customers. Previous studies also second the positive relationship between purchase intention and the store atmosphere, 28 studies backed the positivity of this relationship and concluded that the variables related to store atmosphere were effective in determining or influencing the purchase intentions of the customers (Hedrick & Beverland, n.d.). A study conducted on the retail stores of turkey highlights the fact that a store atmosphere can be attractive enough for the customers to enter but to make a purchase, different features of the atmosphere make a critical impact such as the layout, crowding, waiting time in lines etc. (Yalcin & Kocamaz, 2003). The external and internal atmosphere both contribute to the customer behavior and it has been proved that the internal atmosphere significantly impacts the decision making process of the customers at the point of purchase (Baker & Grewal, 1994). Similarly a study from Taiwan infer that the purchase intention is considerably impacted by the store environment as it influences the customers potential benefits and perceived value.

Based upon literature review, this study develops the following hypotheses:

H1: Store Atmosphere positively and significantly predicts consumer purchase intention.

H2: Peer Pressure positively and significantly predicts consumer purchase intention.

3. Significance of Study

The youth has become one of the most important target markets as the generation today is an internet generation which has know how of vast variety of things, the current generation has grown faster, are more connected, more direct and more informed which is an opposite scenario from the past generations. They serve as the influencing factors and have an impact on their peers, on the purchase decisions of the family. As this study depicts two important relationships of peer pressure and store atmosphere with purchase intention, the youth plays its role in developing this peer pressure unintentionally by having a well informed decision making power. The consumption symbolism serves as the development of peer pressure and hence creating a culture of stereotyping with everyone following the trend. Moreover, the youngsters of today are much more observant and somewhat materialistic, so the layout and attractiveness of products and its placement has also become more essential than ever. The factors peer pressure and store atmosphere, along with many others such as quality, usefulness, price etc have been investigated so that it can aid Pakistani businesses in retaining their customers by formulating their marketing programs with respect to these youngsters. This study is also significant as there is limited literature on the relationship of purchase intention with store atmosphere and peer pressure for consumers worldwide and there is also research caveat regarding Pakistani consumers with respect to the relationships studied in this study.

4. Research Methodology

This is a cross sectional study as the data is collected in one point in time from individuals to describe the relationship between the variables at that particular time. This study has utilized simple random sampling for collecting data from targeted population. Sample size of this study

is 393 and the response rate was 89%. This study has used valid and reliable scales to measure the variables of the study. To measure the purchase intention questions were adopted from (Baker & Churchill, 1977) and for store atmosphere scale was adopted from (Yalcin & Kocamaz, n.d.). To measure the peer influence questions from the peer pressure inventory were adopted, this scale has been prepared by Clasen and Brown and the reliability has been established (Clasen. & Brown, 1985). All the scales used in this study have already been proven reliable in previous studies.

5. Results and Discussion

The study has used SPSS version 17 for data analyses. The study has used descriptive statistics to measure characteristics of sample. To find out the relationship between variables, the study has used multiple regression. Descriptive statistics for sample showed that majority of respondents belong to the gender male (n = 201, that is 57.4%), with ages ranging from 18 to 22 (n = 217, that is 62%), and were studying qualification of Bachelors Degree (n = 235, that is 67.1%). Descriptive statistics for peer pressure (mean= 5.32, S.D = 1.055) showed an above average score and store atmosphere (mean= 5.97, S.D = 1.053) was above average. Descriptive statistics for consumer purchase intention have shown that customers score on purchase intention was above average (mean= 5.01, S.D = 0.698). The results of multiple linear regression are given below:

Table 1.1
Model Summary

R	R ²	Adjusted R2	Standard Error of Estimate
.824b	.678	.676	.446

Table 1.2
ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	189.610	2	94.805	398.340	.000b
Residual	83.040	348	.238		
Total	273.948	350			

Table 1.3

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.563	.145		3.882	.000
Peer Pressure	.421	.036	0.564	11.694	.000
Store Atmosphere	.680	.039	0.412	17.435	.000

a. Dependent Variable: Purchase Intention

Table 1.1 indicates that peer pressure and store atmosphere collectively explain 67.6% of variance in consumer purchase intentions. Table 1.2 is indicating that F value is highly significant (Sig.= 0.00) which ensures validity of overall model. Table 1.3 indicates the unstandardized regression coefficients (B) for predicting consumer purchase intention from store atmosphere and peer pressure. The highest unstandardized coefficient for predicting consumer purchase intention is of store atmosphere ($\beta=0.680$) followed by peer pressure ($\beta=0.421$). The standard errors of the estimates are less than 1 which means that this study is confident about its results. Table 1.3 is also indicating the relative importance of both store atmosphere and peer pressure in predicting consumer purchase intention by their respective t value. It is well evident that importance of store atmosphere ($t=17.435, p=0.00$) in predicting consumer purchase intention is higher than peer pressure ($t=11.694, p=0.00$). From the results of the study we deduce that both store atmosphere and peer pressure significantly and positively influence consumer purchase intention. Therefore, the study substantiates both hypotheses.

The current study focuses on the two contributory factors (store atmosphere and peer pressure) which determine the purchase intention of youngsters in colleges and universities of Pakistan. The regression analysis shows that both the factors have a positive and significant relationship with the consumer purchase intention with the impact of store atmosphere ($B=0.68$) being more strong than that of peer pressure ($B=0.42$). The positive relation of peer pressure and purchase intention is in compliance with previous studies conducted by other researchers (Mokgusa & Mohube, 2007). Similarly, the relation of the second factor store atmosphere has also been found to be positive and highly significant in determining the purchase intention of the consumers, this finding has also been proved in researches already conducted in different countries (Shu-Luan Kao, n.d.). The results of the study show that both the factors researched are important in regulating the purchase intention, the aspirational or reference groups of an individual play an important role in moulding the thought process and decision making before the purchase of a product. Similarly, the atmospheric attributes such as the scent, lighting, music, layout, furnishing, colours etc impact the stay time of an individual in

the store and also the decision to make a purchase from the store. The more appealing the atmospheric attributes are it is likely that more customers will enter and make a purchase.

6. Conclusion

The current study identifies an important relationship of two essential factors (peer pressure and store atmosphere) which have a great influence on the purchase intention of consumers. From the results and literature it is evident that these two factors need to be considered by marketers so that they can increase the sales and consumption of their products by attracting youngsters and hence having a larger customer base. Purchase intention of the consumers can be maneuvered if the formulation of strategies and the placement of the product are strategically decided; the ambience and atmospheric attributes could be made more effective to increase the probability of the consumer ending up in making a purchase. Peer pressure is an aspect which cannot be controlled especially in a country like Pakistan where the reference groups and their opinions have a significant impact, moreover the relationship of peer pressure with the purchase intention is less strong than that of store atmosphere and purchase intention. However, from this study marketers can benefit by making their marketing mix more effective and target those aspects which can enhance customer retention and customer base.

7. Recommendations

This study gives an insight to the young Pakistani consumer's purchase intention and the factor among peer pressure and store atmosphere which has a greater impact, this study can serve as an opportunity for businesses to emphasize on their marketing strategies to attract a larger customer base and retain their current consumers. Peer pressure is that aspect of purchase intention which cannot be manipulated easily, as it requires the change of the thought process and strong decision making power which might not be influenced by peers and their opinions. Manipulating the peer pressure is a tedious task which requires the marketers to either build a strong brand name which becomes a trend and consumption symbolism or innovate their strategies in such a way that the impact of peer pressure is minimized. The atmospheric attributes such as lights, music, scent, colours and layout can be varied or enhanced to attract more customers, as the atmospheric attributes are an essential constituent of the POP (point of purchase). When the marketers focus on the POP and make it more appealing the chances of purchase also increase, the target market under consideration have a high tendency to get influenced by catchy and appealing setups.

8. Limitations of the study

This was a cross sectional study and the results of this study were limited to the time frame in which data was gathered. Future researchers can conduct a longitudinal study to make further explorations regarding change in consumer purchases before and after entering a store. Data of the study was collected only from students of colleges and universities of Lahore. The study includes only two determinants of purchase intention which are in scope of this study. Future researchers can include the other predictors of purchase intention which this study has not taken into consideration.

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