INFLUENCES OF PERCEIVED RISKS TOWARDS THE PURCHASE INTENTION OF KR1M MERCHANDISES

BY

BEH JO EE
CHONG SWIT YIE
JEFFREY YU KERN LIANG
WONG JIN YANG

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DEPARTMENT OF MARKETING

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DECLARATION

We hereby declare that:

1) This undergraduate research project is the end result of our own work and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.

2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.

3) Equal contribution has been made by each group member in completing the research project.

4) The word count of this research report is 10999 words.

Name of Student:   Student ID:   Signature:
1. Beh Jo Ee     12ABB07425
2. Chong Swit Yie 12ABB05627
3. Jeffrey Yu Kern Liang 12ABB07064
4. Wong Jin Yang 12ABB07426

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ABSTRACT

The retailing industry is one of the biggest sub-sectors for the Malaysian economy and although national brand have its presence all along in Malaysia’s shore, Malaysian consumer have much lower awareness on private label brand (PLB). Recently, government have launched a PLB called Kedai Rakyat 1 Malaysia (KR1M) that aims to lessen the burden of low middle group living in urban area of Malaysia. This study aims to investigate Malaysia consumer’s purchase intention towards PLB (KR1M) and the different dimension of risks perceived by them during the development of their purchase intention. The research framework of this study is based on Theory of Planned Behavior (TPB) and in addition of the variable of perceived risks mentioned, Word of Mouth (WOM) is included as the moderator of the study that affects the relationship of the research variables. Research methodology is further developed and Statistical Analysis System (SAS) is used to analyse the data collected through questionnaires distributed to targeted respondents. Through the data analysis, the research objectives are achieved and significant relationship was found between research variables whereby different dimension of perceived risk and WOM have a significant influence towards purchase intention at PLB (KR1M). Although the test results are statistically significant, some research variables were found to have a low strength of relationship with purchase intention which provides the study with insights to further develop managerial and theoretical implication for future researchers.
CHAPTER 1: INTRODUCTION

1.1 Introduction

This chapter begins with a discussion on the background of the study which describes the underlying issues related to the focus of this study namely the retailing sector and private label brand (PLB). It then defines the problem statement of this study by highlighting the issues that triggered a need to conduct this study. The chapter also identifies several objectives that are intended to be achieved from executing this study. It ends with a brief elaboration on the possible significance of this study for both the practitioners and academics.

1.2 Research Background

Retailing refers to the activities related to selling of goods and services in small quantities with a view of profit; it targets mainly the end consumers for personal consumption and not for business uses (Rubio, 2009). Retailing sector has always been the main drive and the largest sub-sector for the Malaysian economy, with the current Gross Domestic Product (GDP) statistic report for the year 2013, the services sector accounts for more than half of the Malaysian GDP at 54.5% and out of that, 30% of the contribution comes from the retailing sector which is estimated at RM125.3 billion ("The Malaysian Economy in Figures", 2013). The healthy retail landscape in Malaysia has helped attract tourists from all around the world. In addition, special initiatives such as the establishment of Johor’s Premium Outlet which offers duty free luxury products complemented by Legoland and Hello Kitty theme parks are a few of the successful initiatives that have boosted the tourism sector as a result (NKEA Tourism Fact Sheet, 2013). Furthermore, the retail sector also attracted Foreign Direct Investment (FDI) worth of RM1.2 billion in 2009 (Tenth Malaysia Plan, 2010). Hence, the
importance of retail industry as well as its potential growth opportunity should not be underestimated.

Private label brands (PLB) are still not very famous in the Asian market and have a niche share of 2.3% in Malaysia (Nielsen, 2010). Nevertheless, it is worthwhile to note that the growth of PLB is gradually improving where retailer nowadays have a wide range of products in their private label brands (Abdullah, Ismail, Rahman, Suahamin, Safie, Tajuddin, Armia, Mat, Derani, Samsudi, Zain, & Nair, 2012). Furthermore, customers’ purchase intention towards PLB is starting to increases because of the wide range of products choices offered by PLB (Diallo, 2012). Lower and middle income households are more motivated to purchase PLB because of its lower price (Nguyen & Gizaw, 2014) due to inexpensive packaging and slightly lower overhead cost compared to national brand (Kaur, 2013). Customers perceive PLB as a good alternative choice with its low pricing (Nielsen, 2005). Cheaper price is usually attracts price sensitive consumers or otherwise known as value consciousness consumers (Ailawadi, 2001).

Though there are other PLBs in Malaysia, KR1M is considered a unique PLB due to its collaboration with Government (“Mydin continues to carve a strong niche”, 2013).

1.3 Problem Definition

According to the managing director of Mydin Mohamed Holdings Bhd, the CEO of the company that collaborates with KR1M program, said that the Government is trying to lessen the burden of the Malaysian citizens by having a competitive price on the merchandise sold at KR1M (“Mydin boss: Why KR1M isn’t a get rich scheme”, 2012), in order to help the low income group to deal with rising cost of living in the urban area (Mokthar & Mustaza, 2012) as it offered affordable yet quality products (“Najib: Translate 1Malaysia concept to benefit people”, 2013). He expressed that "the best way to make it affordable was to package it as a generic brand, hence the 1Malaysia logo (Mydin Boss: Why KR1M isn’t a Get Rich Quick Scheme, 2012).
The goods offered by KR1M are cheaper by 30%-50% as compared to other stores (Kamarudin & Awang, 2012; Mydin, 2011). Besides that, there are customers who comment on their household expenses whereby they are able to reduce 20%-30% of their grocery bills through KR1M (“KRIM Benefits Consumers”, 2012). Besides, KR1M emphasizes towards products produced by small and medium enterprises (SMEs). SMEs can expand its business operation over time with their cooperation with KR1M (“KR1M- A Privilege for all Malaysians”, 2012). Thus, Malaysia Government take hold of this opportunity and utilize it as a platform to support and facilitate the growth of SMEs in Malaysia (“Addressing the rising cost of living”, 2013).

Though the number of new KR1M stores are increasing annually (Tariq, 2013), there are also stores that are doing poorly due to poor acceptance by the public (“KR1M shops will die a natural death”, 2011). The stores location and its rental rate are one of the key dimensions that lead to the closing down of store in future. This is due to low turnover and low margin of products sold which cause the business to suffer (“KR1M shops will die a natural death”, 2011).

Certain customer groups of KR1M also claimed that the products offered by KR1M is not as cheap as what the Malaysia Government promised as compared to other local retailers, and this situation has affected the customers feeling hesitant and stop buying from KR1M after their first experience (Jalil & Low, 2015).

Accordingly, Teh (2011) recommended that KR1M shops to be closed down due to the allocation of resources and money that the government spends on KR1M which will further reducing allocation of funding for other sectors like education, health care and security.

The mixed responses are deemed to affect consumer’s purchase intention on KR1M product (Wu, Yeh & Hsiao, 2011). This is because customers always consider the risks involved when they are faced with the potential positive or negative outcome of their choices and decision (Lim, 2003). Diallo (2012) had evidence that private label brands’ image is directly related to perceived risk by consumer towards the purchase intention.
Hence, Word of Mouth (WOM) is vital in affecting perceived risks on the consumer’s purchase intention or decision. Positive or negative WOM are considered as credible spread of information to consumer and yet WOM doesn't incur any costs and it is solely dependent on the customers' willingness to spread to their friends or family (Buttle, 1998).

In brief, the uniqueness of this study is its specific focus on government linked PLB (KRIM) instead of national or retailer brand alone as done in the past studies. Besides, there are some studies in Malaysia focusing PLB, they investigating generic variables (Appendix I). Unlike, this study is focusing specifically on the perceived risks and its influence on the purchase intention.

1.4 Research Objective

1.4.1 General Objective

This study intends to explore the impact of purchase intention of KR1M merchandises by controlling the impact of word of mouth.

1.4.2 Specific Objective

- To examine the influence of every dimension of perceived risks (social risk, financial risk, physical risk, performance risk) towards customers purchase intention in KR1M
- To examine the impact of word of mouth (WOM) towards the influence of perceived risks on the customers purchase intention in KR1M
1.5 Significance of study

From this study, practitioners such as Mydin, are able to know the type of risks perceived by consumer that affect their intention to purchase from PLB. Therefore, they can focus on ways to reduce perceived risks by formulating effective strategies such as proper trainings, product related strategies and developments. Hence, they may gain insights on the management of their products and services as well as employees. With the insights obtained, proper feedback system to their suppliers can also be established in order to improve their private label products offering. In addition, through their efforts, positive Word of Mouth marketing (WOM) which is a non-paid promotional tool can be achieved which further reduces perceived risk among customers. Positive WOM marketing is able to generate trust and acknowledgement from customers towards private label products, therefore generating sales.

With this study, the Malaysian retailing ministry would have the insights on whether to continue investing into KR1M or to allocate their resources elsewhere in order to reduce the burden of the Malaysian. Hence, the retailing ministry would gain further understanding on the concept of perceived risks and purchase intention, and its effect on purchase of PLBs. Therefore, the practitioners are able to estimate how much to invest in KR1M and to reallocate budget for the coming years in order to gain profit share by having estimates of purchase and understanding purchase intention and perceived risk.

The research framework of this study may benefit the future researchers, and shall able to research more on the area of customers’ perceived risk on purchase intention given the support of Word of mouth (WOM). Hence, there are more factors and relationship for researchers to look into which would generate a better understanding and more reliable and valid reasoning.

In addition, the theoretical framework may help future researchers to formulate in depth and detailed research in this area with the basics provided by this study. Therefore, there would be sufficiently valid and reliable reasoning of perceived
risk towards purchase of PLB with or without WOM influence for future researchers to carry out research similar to this study.

Researchers are able to understand the perceived risk of customers towards private label brands from this research. Therefore, they are able to educate and increase publication on this field. Besides that, they are able to include perceived risk of customers towards private label brand as part of the syllabus in retailing subject.

1.6 Summary

This chapter brought forward the motivation of the study and the research area and objective. As discussed in problem definition and background of study, the introduction of KR1M by government had reached a wide number of consumer groups and different groups of consumer have varied perception towards the KR1M. By studying the different perceived risk of consumer towards private label brand KR1M, the study strives to generate the results of our research for practitioner as well as serve as a reference for similar future studies.
CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter will discuss on the different dimension of perceived risks as well purchase intention of consumers on private label brand KR1M by controlling the impact of WOM. Extensive review on relevant past literatures were done, most previous studies focus entirely on the comparison of private label brand (PLB) with national brand (NB) as well as brand factors among them. The uniqueness of this study is its focusing on KR1M which is strongly associated with government unlike other studies which focuses more on national brands. This study has also included WOM as the moderating effect to analyse how much WOM will affect purchase intention towards KR1M.

Other than that, the study do not compare with national brand, instead the study emphasizes on different dimension of perceived risk that may affect consumer purchase intention on PLB products that are associated with the government. Theory of planned behaviour has been referred in this study to explain the role of perceived risks in purchase intention. Other than that, word of mouth is also included in this chapter as a moderator factor that may ultimately influence the relationship of different perceived risk with purchase intention. A research framework is drawn in this chapter to depict the overall association between perceived risk, purchase intention and WOM.

2.2 Underlying Theories/ Model

In align with the study, motivation and factors concerned with purchase intention are explained in detail by adopting the Theory of Planned Behaviour (TPB) which is written by Icek Ajzen (Ajzen, 1991). TPB explained by Ajzen describes that
most behaviour exerted by human is goal-directed; most of the action taken are pre-planned and designed in advance (Ajzen, 1991). TPB has established the connection of different sources of influence that form behavioural intentions which leads to eventual expressed behaviour or attitude.

Figure 1: Theory of Planned Behaviour


With reference to the theory as illustrated the diagram, human behaviour is guided by 3 different kinds of beliefs: beliefs of the likely outcome of certain behavioural action or decision and act accordingly based on the evaluation of those outcome (behavioural beliefs → attitude towards the behaviour); beliefs about the social norm and expectation, and the degree of motivation to comply with them (normative beliefs → subjective norm); and beliefs that takes consideration of various factors that are involved with the expression of behaviour and the perceived degree of control over these factors (control beliefs → perceived behavioural control) (Fishbein, M., & Ajzen, I., 2010). When combined together, favourable attitude towards behaviour, subjective norm and perceived behavioural
control form a behavioural intention. The formation of a solid and final
behavioural intention is the basis and core factor that leads to final behaviour
exerted by individual. Since that actual behaviour exerted may deviate from
individual intention because of actual situational variable, the theory further
establish perceived behavioural control as a proxy for actual behavioural control
(Ajzen, I., Albarracín, D., & Hornik, R., 2007). This explains that the behavioural
intention that drives the final exerted behaviour are guided by perceived control of
behaviour, the perceived control serves to predict the final behaviour in question.

In addition, purchase intention of consumer on PLB products takes place when
consumers take consideration and weigh various factors (Ajzen, 2005). Every
beliefs mentioned in the theory consider the pros and cons of an action, and cons
will be attention of our focus which are the perceived risks involved (Dursun,
Kabaday, Alan, Sezen, 2011).

The first belief is behavioural beliefs which measure the outcome and
consequences of making a purchase as positive or negative. If the pros of a
purchase exceed the cons, consumers will evaluate that they will benefit from the
purchase and will therefore form an intention towards the particular purchase
decision (Zemore, S. E., & Ajzen, I., 2014). When consumer develop an intention
to purchase a PLB product, they will take extra concern of the risk involved in
PLB products in terms aspects like quality, features, serviceability, and how it may
or may not live up to their expectation (performance and financial risk) (Ajzen,
2014). Other potential risks are that may harm the user of product is associated
with perceived physical risk.

Normative beliefs on the other hand concentrate on the social norms. Consumers
take consideration of society norms and views on their purchase choices of goods
and brands (Fishbein, M., & Ajzen, I., 2010). They expect the society to view
them in a certain way through their purchase decision and therefore develop their
purchase intention surrounding the social norm (Zemore, S. E., & Ajzen, I., 2014).
Different community view different PLB according to their community norm,
some of them are more sceptical and their opinion shapes and define the common
norm that consumers follows (Fraser, R., Ajzen, I., Johnson, K., Hebert, J., &
Chan, F., 2011). So if PLB product’s quality is perceived to be good, consumer are
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more likely to develop purchase intention on PLB products as society view PLB brand positively.

The last belief discuss on customer perception of factors influencing the progression of their behavioural intention. Through evaluation of these factors, customer develop their own perceived power of control over these factors that will shape their final behavioural course of action (Fraser, R., Ajzen, I., Johnson, K., Hebert, J., & Chan, F., 2011). One particular factor is the Word of Mouth, whereby WOM acted as a moderator factor that away consumer perception. In a scenario whereby a consumer have a favourable perception towards a certain PLB product but after exposing to negative WOM from friends and family regarding the PLB, the consumer may develop an unfavourable perception towards the PLB (Brown, 2003). When WOM influence is strong in a person’s mind, it will eventually be the deciding factor that influences strengthen or weaken the final behavioural intention (Ajzen, 2005).

Given the combination of these beliefs, it is clearly illustrated that KR1M target consumer develop their purchase intention through consideration of various factors subjecting to different given situation in play.

2.3 Purchase Intention

Purchase intention is the precursor of an attempt to purchase a product or service (Dodds, Monroe, & Grewal, 1991) when the products or services meet the needs of consumers (Fournier, 1998). It is the objective and the conscious plan of a consumers’ intention or effort to purchase a product (Lu & Chang & Chang, 2014). According to Assael (2004), purchase intention is also the customer’s intention to repurchase. Purchase intention goes through a series of assessments of all brands offered by competitors which result in actual purchase behaviour (Das 2014). In conclusion, higher purchase intention leads to higher consumer action to make a purchase intention. (Dodds & Monroe 1991; Schiffman & Kanuk, 2000).
Consumer’s purchase intention is greatly affected by their past purchase experiences (Schiffman & Kanuk, 2000) and past behaviour towards product (Yoo & Lee, 2012). Customers consider past purchase experiences for better prediction of future purchases (Conner & Armitage, 1998). Customers are able to make purchase decision using their pre-existing evaluations and impressions from past purchase (Au-Yeung, 2012). Therefore, experience influences future behaviour. Past purchase experiences influence customers’ perceived risk towards purchasing which would affect their behaviour in future purchase. There had been several studies which showed positive correlation between purchase behaviour and purchase intention (Tsiotsou, 2006).

Consumers’ behaviour, perception and their attitudes also affects purchasing intention (Jaafar, Pan, & Mohamed, 2010) where customers’ purchase intention can be closely relate to the TPB. According to Azjen (1991) in the TPB model, purchase intention on PLB products is greatly affected by the behavioural belief of the outcome and consequences where they will be concerned of the risks involved. In addition, consumers’ consider of societal norms during purchase where they tend to follow the norms. Consumers’ perception towards PLB such as the quality, comparison, expectations, and past experiences affects purchase intention.

Behavioural intention from the TPB is also known as a promise for loyalty (Maria & Loureiro, 2014) which causes repurchase. There are two types of behavioural intentions known as favourable and unfavourable behaviour intentions. According to Alexandris, Dimitriadis & Markata (2002) these two types of behavioural intentions depend on customer’s satisfaction which causes the actual behaviour. According to Arnould, Price & Zinckhan (2004) unfavourable behaviour intentions causes customer to spend less money with the company and spreads negative Word of Mouth (WOM) (Othman, Zahari,& Radzi, 2013). Satisfaction towards store brand develops the behavioural intention of customers. (Turhan & Ozbek, 1997). Therefore, behaviour causes an action or response (Giantari, Zain, Rahayu, & Solimun, 2013), toward purchasing intention.

In short, consumer develop their own perceived power of control over factors like normative beliefs (society norms), behavioural belief (outcomes and experience), and perception from the TPB model, to formulate their final course of action.
2.4 Review of independent variables

The concept that was used by a researcher to explain the uncertainty faced by consumer before or during the purchase process of a product or service is known as perceived risk (Stone & Gronhungh, 1993). According to Bauer, risk is one of the considerations of a consumer while they purchase certain products. Perceived risk is split into two parts, which is uncertainties and consequences (Bauer, 1960).

With reference to past studies on the retailing sector, most common perceived risks used are social risk, financial risk, physical risk and performance risk to measure its impact on purchase intention, some risks were not included in the past studies, because it is not related to the nature of the products (Samadi & Yaghoob-Nejadi, 2009). According to Kailani and Kumar (2011) consumers have uncertainties and perceive risks before purchasing a product or service. This phenomenon is influenced by perceived expected risk of loss in the consumer’s mind which then causes consumers to think twice.

The greater the perceived risk, the lower it is for purchase intention to develop towards products or services. Furthermore, there are past studies that states that perceived risk would be lower if it is brick-and-mortar compared to e-commerce (Cho, 2010). This is due to nature of e-commerce that does not provide instant gratification of touch and feel of physical products even though the products are being reviewed as high quality products (Wu et al, 2013). According to the research, the result shows that the perceived risks become a crucial factor that will affect the purchase intention on PLB (Jaafar et al, 2010).

2.4.1 Social risk

Social risk is also known as self-image risk (Dowling & Staelin, 1994). According to Yap, Leong & Weng (2012), social risk is defined as the state uncertainty on the purchase of an infamous brand product. Social risk may leads to embarrassment
when the choices made are indeed leading to perceived loss of social status, purchasers may also have a feeling of low self-esteem after a purchase if their peers are buying product of higher price point and prestige (Kushawaha & Shankar, 2013; Murray & Schlacter, 1990).

According to Arslan, Gecti, & Zengin (2013), perceived social risk increases when consumers feel that their social status will be tarnished when they purchase product at a low price because of the perception of high quality equals high price. According to Wynne (1992), social risk is related to the social identity of a person and hence is subject to their social group perception.

2.4.2 Financial risk

Financial risk is also known as economic risk (Lim, 2003) and monetary risk which are related to property and money (Jocoby & Kaplan, 1972). In customer’s view, financial risk is the financial loss that may incurred by customers such as lack of warranty and financial losses due to high maintenance costs or hidden costs (Kushwaha & Shankar, 2012).

Financial risk is perceived when the consumers perceive insecurity on the payment method that will cause them monetary loss (Forsythe & Shi, 2003). Other than that, financial risk is high when the expectation of performance from the product does not meet the requirement of the purchaser, it may also be when product is overpriced or substitute can be found at the lower price somewhere else. (Arslan et al, 2013).

Most of the time, lower priced products are perceived to be of low quality, does not last and hence a waste of money to purchase, and were assumed be inferior in overall quality (Burton, Lichtenstein, Netemeer, & Garretson, 1998).
2.4.3 Physical risk

Physical risk is defined as the possibility of a person to have encounter health hazard or physical injury that was caused by the purchase (Lim, 2003). According to Arslan et al (2013), the possibility of harm that may be caused by the product on consumer’s physical bodies and everything that is related to health and physical concern is categorized as physical risk.

In addition, the safety concerns among unfamiliar brands are also considered as physical risk (San Sandra & Durdana, 2012). Physical risk is the overall consideration of all factors combined when consumer had perception of potential harm that may take place or occurred during and after purchase of an unfamiliar product and brand (Roselius, 1971). Everything that is related to health and safety factor can be considered as potential physical risk (Laroche, McDougall, Bergeron, & Yang, 2014).

Elderly people, those above 50’s (Definition of older or an elderly person, n.d.) are usually more concerned of the physical risk issue compared with other younger age group (Jocoby & Kaplan, 1972).

2.4.4 Performance risk

The potential loss when the product fails to perform as expected is known as performance risk (Mitchell, 1999). Malaysian often has a perception that the products that were made locally have a lower quality compared to the brands from overseas (Bedi, 2009). In fact, this is the misconception of Malaysians as the products produced in Malaysia has equal quality where some are even qualified to be exported to various advanced countries. This type of perception occurs because most consumers are influenced by advertisements done by foreign companies which positioned themselves as high quality and standard in consumer's mind. Furthermore, packaging is also a part of the advertising work by foreign
companies whereby they are aware their product packaging will likely to influence consumer’s purchase (Lew & Sulaiman, 2014).

Performance risk is related with the functionality and usefulness of a product (Lim, 2003). Performance risk might influence the purchase intention of PLB (Glynn and Chen, 2009).

2.5 Word of mouth

The informal communication between non-commercial parties of products, services and brands are known as WOM (Arndt, 1967; East, Hammond, & Lomax, 2008; Nguyen & Romaniuk, 2014). WOM is known as the cheapest non-commercial advertising whereby customers know of the company’s and its products existence through WOM.

WOM is either negative or positive which is known as valence of WOM (Buttle, 1998) where evaluation on the company and its products are discussed (Lim & Chung, 2011). According to Arndt (1967), negative WOM has twice the impact because NWOM is more diagnostic and informative (Herr, Kardes, & Kim, 1991) where consumers express their dissatisfaction (Mangold, Miller, & Brockway, 1999). The valence of WOM influences customers’ decision making to be heavier (Herr et al., 1991; Huang & Yang, 2011).

On the other hand, timing is also one of the characteristics of WOM. WOM is usually conveyed before purchase (pre-purchase) or after purchase (post-purchase) (Buttle, 1998; Wu, 2013). Post-purchasers who are satisfied or unhappy after their past purchase experience (Wu, 2013) spread WOM to help other customers to learn more on a product which can help reduce perceived risk before their purchase (pre-purchase) (Bettman & Nakanishi, 1973; Dhillon, 2013). With sufficient information of the product, customers’ intention to purchase PLB would be higher due to reduced perceived risk.
Customers purchase intention is deeply affected by WOM as they rely on information and advice that are provided by peer consumers (Lu et al., 2014) and family (Murtiasih et al., 2013). WOM is able to reduce customers’ perceived risk (Wu, 2013) towards PLB as it is perceived as unbiased, trustworthy (Martin & Lueg, 2013) and credible as it is based on consumers’ experiences. (Nguyen & Romaniuk, 2014; D'Souza, Taghian, Lamb, & Peretiatkos, 2006).

WOM is known as the key influencer in consumer purchasing intention (Nguyen & Romaniuk, 2014). Besides that, WOM is able to increase cognition and affection that could increase consumers’ commitment towards the purchase intention (Huang & Yang, 2011).

In conclusion, WOM strongly influences consumers’ purchase intention (Lew & Sulaiman, 2014; Lu et al., 2014), effectively reduces risk (Arndt, 1967; Bettman & Nakanishi, 1973; Dhillon, 2013) and uncertainty during the purchase of products (Huang & Yang, 2011).

2.6 Operationalization of Research Framework

The conceptual framework below illustrates the relationships between the social risks, financial risks, physical risks, and performances risks which are classified as customers' perceived risks towards the purchase intention of customers at 'Kedai Rakyat 1 Malaysia' (KR1M). Moreover, it also illustrates the WOM moderating the relationships of customers' perceived risks toward the purchase intention of customers at KR1M.

Social risk is the judgments from society towards the brand a person used and caused them to encounter uncertainty, anxiety, worry, and, regret due to product purchased was not socially accepted (Yap et al., 2012). Moreover, social risk in this study is refers to the evaluation from society towards the brands used by a person and caused them to experience psychological pressures.
Financial risk is the monetary loss caused from hidden costs, maintenance costs, overpriced values of products (Samadi & Nejadi, 2009; Kushwaha & Shankar, 2012; Arslan et al, 2013). Furthermore, financial risk in this study is addressed as the monetary losses arise from overpriced, under-value, hidden costs, and maintenance costs of a product purchased.

Physical risk is the damage or harm caused by products purchased toward the physical health or threatens the safety of an individual (Roselius, 1971; Lim, 2003). As for this study, physical risk refers to the damages incurred through consumption or usage of product towards a person in every aspect of safety.

Performance risk is the potential loss that is caused by the failure of a product in terms of its performances, functionality, and usefulness to fulfil the customers' expectation (Mitchell, 1999; Lim, 2003; Laroche et al., 2014). Performance risk addressed in this study is expressed as the potential losses arise from every dimension of the products' quality towards customers' expectation.

WOM is a process of sharing information and experiences between non-commercial parties about the products, services, and brands in an informal communication setting (Arndt, 1967; Anderson 1998; Nguyen & Romanjuk, 2014). In this study, WOM refers to the recommendations by social circle towards product, service, and brand in an informal communication setting.
Figure 2: Research Framework

Independent Variables (IV)  

- Social Risks  
- Financial Risks  
- Physical Risks  
- Performance Risks

H1  
H2  
H3  
H4

Moderator: Words of Mouth

Dependent Variable

Purchase Intention of customers at Kedai Rakyat 1 Malaysia (KR1M)
2.7 Development of Research Hypotheses

H1: There is a significant relationship between the social risks towards the purchase intention at KR1M.

Social recognition has become an important aspect that influences the purchase intention of consumer towards certain brand (Yap et al, 2012). Furthermore, one of the previous studies showed that consumers tend to purchase from national brand rather than PLB in order to obtain social recognition and follow the social norm (Murray & Schlacter, 1990; Coelho, Meneses & Moreira, 2008).

H2: There is a significant relationship between the financial risks towards the purchase intention at KR1M.

Past studies showed consumer is expecting to obtain equilibrium or maximum benefits through the amount paid for purchases at all times and there is a direct relationship between financial risk and purchase intention, once the customers perceive that there is a higher financial risk on either national brand or private label brand then the purchase intention towards the particular brand is reduced simultaneously (Forsythe & Shi, 2006; Diallo, 2010; Arslan et al., 2013; Lim, 2003).

H3: There is a significant relationship between the physical risks towards the purchase intention at KR1M.

The past studies showed that physical risk have an indirect impact on customers purchase intention towards private label brand, and it is affected by the countries culture in terms of the degree of uncertainty avoidance, those countries with high degree of uncertainty avoidance will have reduced purchase intention towards private label brand or unfamiliar brand (Roselius, 1971; Yap et al., 2011; Sandra & Durdana, 2012).

H4: There is a significant relationship between the performance risks towards the purchase intention at KR1M.
Influences of Perceived Risks towards The Purchase Intention of KR1M Merchandises

The past studies showed that product with good quality often met customers' expectation and enhances their satisfaction towards the private label brands. Hence, positive brand image is created, and once customers have positive image towards the brand then the purchase intention is increased (Carrillat, Jaramillo, & Mulki, 2009; Wu et al., 2011; Lew & Sulaiman, 2014).

**H5: Words of mouth significantly affect the relationship between consumers' perceived risks and purchase intention at KR1M.**

The past studies showed that consumers tend to favour more information from informal communication setting through word of mouth (WOM) before deciding which brand to purchase as they perceive WOM to be more reliable, and the degree of reliability perceived by consumers directly affect the risks perceived and their purchase intention towards the national brands or private label brands respectively (Huang & Yang, 2011; Murtiasih et al., 2013; Wu, 2013; Martin & Lueg, 2013; Lu et al., 2014; Nguyen & Romaniuk, 2014; Lew & Sulaiman 2014).

**2.8 Summary**

In short, there are many various studies done concerning PLB versus NB and how consumers choose among the brands. However, it seems that the real concerns of customers are how they can minimize their risk when purchasing a product. In this chapter, we had discussed how consumers develop their purchase intention and how they perceived different risk associated with each purchase decision. Research framework clearly shows the relationship of different dimension of perceived risks that affect purchase decision and how word of mouth can serve as a moderator that sway the risk assumed by consumers. In the next chapter, we will discuss on our research methodology, our research framework, how we construct our pilot study and getting our target respondents.
CHAPTER 3: METHODOLOGY

3.1 Introduction

The research methodology used for data collection in this research will be discussed comprehensively in this chapter, consisting of research design of the overall study, data collection method, sampling design and data collection procedures with logical reasoning. A pilot testing will also be conducted that aims to test the feasibility of the proposed methodologies to be replicated in our actual data collection. Proposed data analysis tools are also discussed in this chapter to ensure that the research have high reliability and validity. The method of data analysis at the last part of this chapter is also written and aligned with our research objective.

3.2 Research Design

Quantitative research is the approach used for this research. Quantitative research produces results that are easily generalized and statistically reliable and accurate due to the fact that the data obtained are coded in numerical descriptors which is easy for statistical analysis (Sibanda, 2009). According to Firestone (1987) quantitative research uses objective measurement and quantitative analysis which are able to explain the causes of changes in social facts. Quantitative research focus on cause and effect, therefore, this study is able to know how the independent variables impact the dependent variable (Hancock, Windridge, & Ockleford, 2007). Therefore, quantitative research is able to relate variables more precisely (Firestone, 1987) and there would be significant relationship between the variables.
This study is based on descriptive research design. This research design is used because of its ability to accommodate large sample size where more accurate results could be produced. According to Morgan, Gliner, and Harmon (1999) “Descriptive research is primarily used to explore relationships in a broad sense between or among variables”. In short, descriptive research is to describe a population relating to the research variables (Exploratory, Descriptive, and Causal Research Designs, 2011). The data collected from descriptive research is used to describe the characteristics of certain groups, determine the proportion of people who behave in a certain way, make specific predictions (Lans & Voordt, n.d.) and to determine relationships between variables (Morgan et al, 1999; Exploratory, Descriptive, and Causal Research Designs, 2011).

This study uses Cross-sectional method which is observational based. It is used to describe characteristics that exist in the population such as socioeconomic status, educational background, and ethnicity (Cherry, 2015). It involves the entire population or a subset (Olsen & George, 2004) from the population of interest that are investigated and measured at the same time (Exploratory, Descriptive, and Causal Research Designs, 2011). The data collected would help answer the question of interest. (Olsen & George, 2004). The characteristics of a cross-sectional study are such as where it takes place at a single point in time, does not involve manipulating variables, allowing researchers to look at numerous things at once (age, income, gender), and often used to look at the prevalence of something in a given population (Cherry, 2015).

3.2.1 Data collection method

Data collection plays an important role in the research because the accuracy of data can influence the result of the research. After data collection, it will be interpreted into meaningful information in order to generate understandable results. This study uses primary data collection method which is self-administered survey. This method is chosen as it is able to increase efficiency and achieve cost minimization. Members from the research team would be sent to distribute
questionnaire to the targeted respondents. Target respondents are selected randomly and are asked whether they are willing to fill in the questionnaire for the research purpose.

3.3 Sampling Design

3.3.1 Target Population

Malaysians who are in the low income group and recognizes KR1M but have not purchase any products from KR1M are targeted. The Malaysian Government established KR1M in order to help low income citizens living in the urban area (Kamarudin & Awang, 2012; Lokman, 2014). Therefore, the targeted population is suitable for this research because they are the main people focused by Malaysia Government on the program (“LRT Kelana Jaya”, 2014). Besides, Kelana Jaya LRT station is the location selected to obtain the primary data because it was the first KR1M store to be introduced in the country (“About KR1M”, 2014). In addition, Kelana Jaya LRT station has high pedestrian traffic due to its function as the first and last stop of LRT station as well as interchange of LRT to other transits (“Routes”, 2014). Furthermore, people who passed by the station have higher possibility of awareness towards KR1M. The store is located on ground floor and most of the transits interchange is on the first floor, hence, the targeted population might not have purchased from it (“About KR1M”, 2014; “Running of KR1M stores open to all”, 2011).

3.3.2 Sampling Size

Based on the rule of thumb proposed by Roscoe (1979) for determining sample size, the sample size above 30 and below 500 are suitable for most of the research.
Influences of Perceived Risks towards The Purchase Intention of KR1M Merchandises

Besides, a sample size guidance has been developed where 50 are considered as very poor, 100 considered as poor, 200 considered as fair, 300 considered as good, 500 considered as very good, and 1000 considered as excellent (William, Brown, & Onsman, 2010; Ozcan & Hacifazlioglu, 2014). Furthermore, according to Malhotra and Peterson (2006) more precise results can be generated through larger amount of sample size. However, the constraint of resources has caused the amount of sample size to be determined through the number of factors in this research in order to obtain appropriate sample size. According to Pedhazur and Schmelkin (1991), 50 respondents per dimension are advised. Therefore, 300 respondents will be obtained as 6 variables are included in this research. In addition, extra 50 respondents will be included in the sample size of this research to maximize the complete responses.

3.3.3 Sampling Technique

Quota sampling of non-probability sampling technique is selected to execute in this research because it is impossible to draw out all the members of a population and select the elements from the list randomly (UCA, 2013). Besides, there is no readily available name list to sample randomly for this research and meanwhile the quota sampling do not require the researcher to obtain sampling frame to draw up the respondents (Burton, 2011). In addition, quota sampling allows the researchers to sample a subgroup with great interest towards the study (“Quota sampling”, 2009). Thus, a control category of ethnic group is developed in this research where it is divided into Malay, Chinese, Indian, and others. The respondents are a total of 191 Malay, 84 Chinese, 27 Indian, and 48 other ethnic groups in this research based on the Malaysia population estimation statistic of the first quarter of 2014 (Department of Statistics Malaysia, 2014). On the other hand, quota sampling can achieve the set quota composition easily (Burton, 2011). Therefore, quota sampling can be implemented in a more efficient way.
3.4 Data Collection Procedures

3.4.1 Data collection Method

Self-administered survey is used in this study to collect data. This method is where respondents read through the survey questions and record their own answers without the present of professional interviewer (Trochim, 2006). Although self-administered survey method is implemented in this research, however, the interviewers will assist the respondents when they facing any difficulty on answering the questions. Furthermore, in order to ensure all the expected amount of questionnaire to be filled, every questionnaire will be collected back immediately from the respondents after they have completed it.

3.4.2 Research instrument

Respondents are filtered through filter question by asking them whether they have purchased from KR1M, before they are given the questionnaire. Those respondents who bought from KR1M would not be qualified to take the survey whereas those who have not bought from KR1M and are recognize KR1M are qualified for the research.

The questionnaire is divided into 2 sections, which are Section A and B. Section A consists of the questions that are related to the demographic profile of the respondents whereby the questions are asking about the gender, marital status, ethnic group, and personal income of the respondents. As for gender, there are two groups comprising male and female and marital status comprising single and married options. In the section of ethnic group, there are 4 categories, Chinese, Malay, Indian and others. Besides that, personal income is divided into 3 categories which are respondent's income below RM3500, respondent's income
Influences of Perceived Risks towards The Purchase Intention of KR1M Merchandises

between RM3501-RM5000, respondent's income above RM5000. This study uses nominal scale whereby numbers are used for classification. Respondents are required to fill up all the questions by ticking the box provided in the questionnaire before they proceed to the next section.

Whereas section B is subdivided into 6 parts, where it consists of independent variables, moderator and dependent variable that measure the factors that trigger the purchase intention towards Kedai Rakyat 1 Malaysia (KR1M). There are 4 independent variables which are social risk, financial risk, physical risk and performance risk, and followed by dependent variable of purchase intention and moderator of Word of Mouth (WOM). Likert scale is used in this section which consists of five scales is applied to this part, the questions are prepared in a scale of 1 to 5 from strongly disagree to strongly agree. Strongly Disagree- 1, Disagree- 2, Neutral-3, Agree-4 and Strongly Agree-5. Respondents are required to tick either one scale out of the five scales.

3.4.3 Pilot Study

Pilot study is used as feasibility study to ensure that the researchers are able to collect the right information needed and also to test whether the ideas and methods used in the research are sound before a larger study is conducted (Teijlingen and Hundley, 2001; Thabane et al., 2010). In short, pilot study is like a trial run for a study (Teijlingen and Hundley, 2001). This method is able to confirm whether the research instrument is properly used and information obtained is consistent (Lancaster, 2004). This method is also able to test the validity and reliability of the study by doing pre-tests (Arain, Campbell, Cooper, & Lancaster, 2010; Teijlingen & Rennie, 2001).

There are two approaches to evaluate reliability. Firstly, reproducibility also known as (test-retest reliability) where researchers are able to get similar results when they repeated their questionnaire with same respondents. The other approach to measure reliability would be based on internal consistency using the Cronbach’s coefficient approach (Cook & Beckman, 2006; Sitzia, 1999).
Validity is defined to an extent where an instrument is able to measure what they are intended to by using reliable instrument (Cook & Beckman, 2006). According to Messick (1990), “Validity is the evaluative judgment where empirical evidence and theoretical rationales support the adequacy and appropriateness of interpretations and actions based on test scores or other modes of assessment”. According to Cook & Beckman (2006) the three types of validity (content, criterion, and construct) are conceptualized under one framework known as construct validity which envelopes content, response process, internal structure, relations to other variables, and consequences. In addition, there are 5 resources to support construct validity known as content, response process, internal structure, and relations to other variables, and consequences (Messick, 1988). Validity includes all items (Sitzia, 1999) of the research variables (perceived risk and buying intentions) to ensure validity of questionnaire (Sitzia, 1999).

In order to enhance reliability, a pre-test would be conducted by distributing questionnaires to the targeted respondents. During the self-administrated survey, respondents are free to give their feedbacks on the questionnaire to help the researcher to identify or detect any flaws and weaknesses of the questionnaire. Therefore, the data collected would be reliable where there would be minimized measurement error (Kimberlin & Winterstein, 2008).

After conducting pilot study, weaknesses would be able to be traced from the feedbacks of the targeted respondents to avoid misleading, inappropriate or redundant questions (Simon, 2011) and also detect flaws in measurement procedures, and the operationalization of the variables from the study.
3.5 Proposed Data Analysis Tool

3.5.1 Measurement of Accuracy

**Reliability-Internal Consistency Reliability**

The test of reliability is concerned with yielding the same and compatible results in alternative statistical experiments or alternative form of a same test (Webb, Shavelson & Haerte, 2006). In normal words, reliability refers that something or someone that is dependable and will generate the same outcome or result every time. Internal consistency reliability is a measure of different variable to test their correlations on the same test. (Malhotra & Peterson, 2006). In our studies, we will be using Cronbach’s Alpha test as the tool to test the correlation of our study variables. Cronbach’s alpha (α) is a statistic calculated from the pairwise correlation between variables, the value α may range between negative infinity to 1, with only positive values of α make sense (Wells & Wollack, 2003). The coefficient range from 0 to 1 as tabulated in Table 3.1 describe the strength of association between paired variables, as extracted from our study variables to attest their correlation. In general, alpha value 0.70 or higher is preferred as it signifies a solid and strong association between the paired variables (Streiner & Norman, 1989).

<table>
<thead>
<tr>
<th>Coefficient range</th>
<th>Strength of Associations</th>
</tr>
</thead>
<tbody>
<tr>
<td>± 0.91 to ± 1.00</td>
<td>Very strong</td>
</tr>
<tr>
<td>± 0.71 to ± 0.90</td>
<td>High</td>
</tr>
<tr>
<td>± 0.41 to ± 0.70</td>
<td>Moderate</td>
</tr>
<tr>
<td>± 0.21 to ± 0.40</td>
<td>Small but definite relationship</td>
</tr>
<tr>
<td>± 0.00 to ± 0.20</td>
<td>Slight, almost negligible</td>
</tr>
</tbody>
</table>

Table 3.1: Cronbach Alpha Coefficient Sizes range
Validity-Face Validity

Test validity is adopted to ensure that a test is in accordance to a measured standard to what it is supposed to measure. In simpler terms, it let us know how much a test measures what it is supposed and intended to be measuring (Schmidt & Hunter, 1977). Face Validity, as the name suggests, is an approach of measure by looking at the “surface” of a project. It is a simple form of validity test whereby researchers determine whether a test seems to measure what it intended to measure at the first place (Anastasi, 1988). Face validity may be subjective in nature but it provides a practical and logical explanation for most studies which its validity are hard to test using scientific methods (Babbie, 2007).

3.5.2 Analysis by Research Objectives

To examine the influence of every dimensions of perceived risk towards customer purchase intention in KR1M as well as the impact of word of mouth (WOM) that influence the perceived risk towards customer purchase intention in KR1M, multiple linear regression analysis (MLR) is applied in our research. MLR is a statistical technique that takes multiple explanatory variables to explain its effect on a response variable and try to find a correlational relationship between them (Baron & Kenny, 1986).

Hierarchical multiple regression (HMR), which is a different type of MLR is chosen as our analysis instrument to best explain our research approach. HMR analysis utilizes a hierarchical model approach whereby extra variables such as moderator and mediator are taken into account in the study (Rosopa & Stone-Romero, 2008).
For our study, we will establish two separate and related HMR models of test statistic, with and without moderator. The test statistic values of both models are then presented and compared to investigate if the moderator concerned has any impact on our study of interest (purchase intention). HMR can be useful for evaluating contributions of explanatory variables (perceived risks) and moderator (WOM) one at a time, by controlling each sets of variables in separate model to test the relationship of each set of variables with the study of interest (purchase intention) (Lewis, 2007). The results of test statistics from both models, before and after the introduction of WOM are then compared to show the difference in value. Values concerned in the test statistic are adjusted R-square, to see the strength of relationship; $R^2$ value and F-value, to see the difference made by moderator; and parameter estimate.

### 3.6 Summary

This chapter serves as a precursor that helps to explain the research data collection result and analysis in the next chapter. After the explanation of the research methodology and reasoning for using each method, from sampling design to data collection procedure, next chapter will be focusing data analysis and interpretation, as collected through questionnaire distribution.
CHAPTER 4: DATA ANALYSIS

4.1 Introduction

In this chapter, 350 copies of questionnaire distributed and collected will be further analysed and described through descriptive analysis, inter-rater reliability analysis and inferential analysis such as Pearson Correlation Analysis and Hierarchical Regression Analysis. SPSS 16.0 and SAS Enterprise Guide 5.1 will be used to generate the analysis data for further description.

4.2 Response Rate

The 350 sets of questionnaires are distributed through several different channel, 200 sets are filled by customers of KR1M store, while 150 sets are given out to friends and colleague of our group member respectively. We explain to our respondent clearly of our purpose of questionnaire and the response rates have been welcoming. Some of the minor hiccups that we faced with our data collection lies mainly with our target respondents. Some customers and pedestrians in front of KR1M store rejected us outright and some tried to avoid us when we approach them. Some of the worst case that we faced that really get to our nerves is when some respondent actually tick their answer without reading the questionnaire and gave us back a filled questionnaire with bias and inconsistent responses.
4.3 Scale Measurement

4.3.1 Internal Reliability Test

In assessing internal consistency, Cronbach Coefficient Alpha method is used. With reference to the computed data in Table 4.1, alpha value for all independent variable measured have alpha value >0.6 indicating that there is consistency among key variables, since the rule of thumb for Cronbach Coefficient Alpha stated that an alpha of 0.6 and above has satisfactory internal consistency. Based on Table 4.1, social risk, financial risk, physical risk, performance risk, word of mouth and purchase intention recorded good reliability with Cronbach Alpha of 0.738, 0.752, 0.67, 0.7, 0.791 and 0.635 respectively, with value closer to 1 being most reliable and value closer to 0 having the least reliability.

Table 4.1: Result of Reliability Test, Cronbach Coefficient Alpha Values

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Raw Variables Correlation with Total</th>
<th>Raw Variables Alpha</th>
<th>Standardized Variables Correlation with Total</th>
<th>Standardized Variables Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>mean_Social_Risk</td>
<td>0.490087</td>
<td>0.705063</td>
<td>0.424500</td>
<td>0.737661</td>
</tr>
<tr>
<td>mean_Financial_Risk</td>
<td>0.333531</td>
<td>0.722459</td>
<td>0.368166</td>
<td>0.752198</td>
</tr>
<tr>
<td>mean_Protective_Risk</td>
<td>0.691433</td>
<td>0.616121</td>
<td>0.669907</td>
<td>0.669563</td>
</tr>
<tr>
<td>mean_Performance_Risk</td>
<td>0.526203</td>
<td>0.681833</td>
<td>0.564072</td>
<td>0.699902</td>
</tr>
<tr>
<td>mean_Word_of_Mouth</td>
<td>0.258614</td>
<td>0.785056</td>
<td>0.209945</td>
<td>0.790945</td>
</tr>
<tr>
<td>mean_Purchase_Intention</td>
<td>0.769977</td>
<td>0.564802</td>
<td>0.785265</td>
<td>0.634756</td>
</tr>
</tbody>
</table>
4.3.2 Validity Analysis

4.3.2.1 Pilot Test

As mentioned in our proposed data analysis tool, face validity is used to ascertain the validity of our research.

In this study, pilot study was first taken to assess the facial validity, it is intended to determine whether the questionnaire given will measure what we intended to measure at the first place (Anastasi, A., 1988). The response rates from the pilot study conducted have shown reasonable facial validity, as respondents understand our research purpose by reflecting their reason towards their responses in different segments of perceived risk and purchase intention. Therefore, the content of questionnaire is considered valid.

4.4 Demographic Analysis of Respondent Profile

4.4.1 Demographic Profile of Respondent (Gender, Ethnic Group and Income Level)

Based on the data on Table 4.2, our target respondents consist of mainly female which is 56% (196 respondents) as compared to male 44% (154 respondents). As demonstrated in the data above, the questionnaires are evenly distributed among female and male respondents.

According to table 4.3, Malay ethnic group make up the majority of our target respondents with 54.6% (191 respondents), followed by Chinese ethnic group which make up 24% (84 respondents) of our data, Indian ethnic group contribute 7.7% (27 respondents) to our results while Others ethnic group make up 13.7% (48 respondents) of our data. The result shows that our target respondents consist
the 3 main ethnic group of Malaysian (Malay, Chinese and Indian) as well as others category with considerable evenly distributed collection results from all 4 ethnic grouping.

Lastly, by referring to Table 4.4, information regarding to our target respondents income level are displayed. Those with combined household income below RM3500 comprise the highest percentage of our questionnaire respondents which is 74.29% (260 respondents), followed by those who earn between RM3501 to RM5000, which consist of 21.71% (76 respondents). Our target respondents who earn household income above RM5000 comprise the lowest percentage towards our collected data which is 4% (14 respondents).

<table>
<thead>
<tr>
<th>Table 4.2 Gender Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender Group</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 4.3 Ethnic Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethnic_Group</td>
</tr>
<tr>
<td>Malay</td>
</tr>
<tr>
<td>Chinese</td>
</tr>
<tr>
<td>Indian</td>
</tr>
<tr>
<td>Others</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 4.4 Income Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income_Level</td>
</tr>
<tr>
<td>Below RM3500</td>
</tr>
<tr>
<td>RM3501-RM5000</td>
</tr>
<tr>
<td>Above RM5000</td>
</tr>
</tbody>
</table>
4.5 Moderator Impact of Word of Mouth on Purchase Intention

4.5.1 Hierarchical Regression Analysis

With reference to research objectives in chapter 3, we intend to examine the influence of every dimension of perceived risk, as well as the impact of word of mouth (WOM), a moderator variable towards customer purchase intention in KR1M. To achieve this objective, hierarchical multiple regression (HMR), which is a different type of MLR is chosen as our analysis instrument to best explain our research approach, as mentioned in chapter 3.

Table 4.5 confirms which variables were entered in each step – the four dimensions of perceived risk variables in model 1, while word of mouth moderator variable is included in model 2.

**Table 4.5 Variables Entered/Removed**

<table>
<thead>
<tr>
<th>Model</th>
<th>Variables Entered</th>
<th>Variables Removed</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>mean_Performance_Risk, mean_Financial_Risk, mean_Social_Risk, mean_Physical_Risk</td>
<td>.</td>
<td>Enter</td>
</tr>
<tr>
<td>2</td>
<td>mean_Word_of_Mouth</td>
<td>.</td>
<td>Enter</td>
</tr>
</tbody>
</table>

a. All requested variables entered.

b. Dependent Variable: mean_Purchase_Intention
Based on the Table 4.6 model summary, it shows the percent of variability in the dependent variable that can be accounted for by all the predictors together (that’s the interpretation of R-square). The change in R square is a way to evaluate how much predictive power was added to the model by the addition of another variable in model 2. From the table, the value of correlation coefficient (R value) for model 1 and model 2 are 0.636 and 0.661 respectively. In this case, the variability accounted for both model is only 0.024, a very minor increase. It shows that different dimension of perceived risks, independent variables can explain 63.6% of the variable in dependent variable while 2.4% of the variation in dependent variable are explained by Word of Mouth, moderator. However, there is still 36.4% of variability in the study unexplained. Moreover the change statistic of R square is statically significant as the Sig. F change value maintain well below 0.05 with the value of less than 0.000 after the inclusion of moderator, word of mouth.

Table 4.6 shows that p-value (Sig. 0.000) is less than alpha value 0.05 for both Model 1 and 2. This shows that both moderator and independent variables predicted scores on the dependent variable to a very statistically significant degree.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
<th>Change Statistics</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.798²</td>
<td>.635</td>
<td>.632</td>
<td>.52845</td>
<td>.636</td>
<td>150.407</td>
<td>4</td>
<td>344</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>.813³</td>
<td>.661</td>
<td>.656</td>
<td>.51125</td>
<td>.024</td>
<td>24.533</td>
<td>1</td>
<td>343</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), mean_Performance_Risk, mean_Financial_Risk, mean_Social_Risk, mean_Physical_Risk

b. Predictors: (Constant), mean_Performance_Risk, mean_Financial_Risk, mean_Social_Risk, mean_Physical_Risk, mean_Word_of_Mouth
Since that the data is statistically significant as shown in table 4.6, table 4.7 Coefficients further elaborate the Sig. value of moderator and independent variables which are below 0.05. Thus, the coefficients shows that all dimension of perceived risk with social risk, financial risk, physical and performance risk as well as moderator word of mouth are statistically significant in predicting dependent variable (purchase intention of KR1M).

The inclusion of word of mouth variable scores the lowest strength of relationship with purchase intention. For every one unit increase in word of mouth, there will be an increase in 0.156 units in purchase intention. That is followed by independent variables which have the highest impact towards our dependent variable, whereby every one unit increase in physical and performance risk will lead to an increase of 0.603, and 0.591 units, respectively, in purchase intention towards KR1M.

Social and financial risk on the other hand, have the lowest impact towards our dependent variable, whereby every one unit increase in social and financial risk will lead to an increase of 0.203, and 0.166 units, respectively, in purchase intention towards KR1M.

Overall, since there is justified relationship social risk, financial risk, physical and performance risk and word of mouth with purchase intention on KR1M, the main research objective of this study is achieved, as stated earlier that the purpose of conducting this research is to identify and establish a clear relationship of various dimension of perceived risk and word of mouth to be considered by customers to establish their purchase intention of KR1M stores product.
Influences of Perceived Risks towards The Purchase Intention of KR1M Merchandises

Table 4.7 Table Coefficients*

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td>-1.833</td>
<td>.259</td>
<td>-7.065</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>mean_Social_Risk</td>
<td></td>
<td>.218</td>
<td>.061</td>
<td>.129</td>
<td>3.595</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>mean_Financial_Risk</td>
<td></td>
<td>.102</td>
<td>.072</td>
<td>.049</td>
<td>1.419</td>
<td>.157</td>
</tr>
<tr>
<td></td>
<td>mean_Physical_Risk</td>
<td></td>
<td>.704</td>
<td>.051</td>
<td>.531</td>
<td>13.863</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>mean_Performance_Risk</td>
<td></td>
<td>.543</td>
<td>.074</td>
<td>.290</td>
<td>7.305</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>(Constant)</td>
<td></td>
<td>-2.304</td>
<td>.268</td>
<td>-8.584</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>mean_Social_Risk</td>
<td></td>
<td>.203</td>
<td>.059</td>
<td>.120</td>
<td>3.448</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>mean_Financial_Risk</td>
<td></td>
<td>.166</td>
<td>.071</td>
<td>.080</td>
<td>2.341</td>
<td>.020</td>
</tr>
<tr>
<td></td>
<td>mean_Physical_Risk</td>
<td></td>
<td>.603</td>
<td>.053</td>
<td>.455</td>
<td>11.344</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>mean_Performance_Risk</td>
<td></td>
<td>.591</td>
<td>.073</td>
<td>.316</td>
<td>8.142</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>mean_Word_of_Mouth</td>
<td></td>
<td>.156</td>
<td>.032</td>
<td>.171</td>
<td>4.953</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: mean_Purchase_Intention
### 4.5.2 Test of Significant

<table>
<thead>
<tr>
<th>Research Hypothesis</th>
<th>Sig. Value (&lt;0.05)</th>
<th>Result (Reject/Do Not Reject)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: There is a significant relationship between the social risks towards the purchase intention at KR1M.</td>
<td>.001</td>
<td>Do Not Reject</td>
</tr>
<tr>
<td>H2: There is a significant relationship between the financial risks towards the purchase intention at KR1M.</td>
<td>.020</td>
<td>Do Not Reject</td>
</tr>
<tr>
<td>H3: There is a significant relationship between the physical risks towards the purchase intention at KR1M.</td>
<td>.000</td>
<td>Do Not Reject</td>
</tr>
<tr>
<td>H4: There is a significant relationship between the performance risks towards the purchase intention at KR1M.</td>
<td>.000</td>
<td>Do Not Reject</td>
</tr>
<tr>
<td>H5: Words of mouth significantly affect the relationship between consumers' perceived risks and purchase intention at KR1M.</td>
<td>.000</td>
<td>Do Not Reject</td>
</tr>
</tbody>
</table>

### 4.6 Additional Insights on Demographic Profile

Based on our analysis of demographic profile using the ANOVA procedure, we have found out that different income level group of our target respondents tend to varies with their response of purchase intention towards KR1M. The said analysis results are demonstrated through Ryan-Einot-Gabriel-Welsch Multiple Range (REGWQ) test in the table below.

There are 3 income level group in our analysis with 1 (Below RM3000), 2 (RM3501-RM5000) and 3 (Above RM5000). In the REGWQ test table, whereby means with same letters are not significantly different while different letters are significantly different, it can be seen that income level 1 and 2 belong to letter A grouping with mean value 3.2788 and 2.9934 respectively, while income level group 3 belong to letter B grouping with the mean value of 2.3571.
Hence, it can be concluded that the lower income group 1 & 2 (Grouping A) tend to have the highest purchase intention towards KR1M, followed by middle income group 3 (Grouping B) which have the lowest purchase intention towards KR1M.

**Figure 3: ANOVA Procedure**

<table>
<thead>
<tr>
<th>Source</th>
<th>DF</th>
<th>Sum of Squares</th>
<th>Mean Square</th>
<th>F Value</th>
<th>Pr &gt; F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrected Total</td>
<td>349</td>
<td>264.53500000</td>
<td>0.7200854</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>DF</th>
<th>Sum of Squares</th>
<th>Mean Square</th>
<th>F Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Error</td>
<td>347</td>
<td>249.8696501</td>
<td>0.7164</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>DF</th>
<th>Sum of Squares</th>
<th>Mean Square</th>
<th>F Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>2</td>
<td>14.6653499</td>
<td>7.3326750</td>
<td>10.18</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>R Square</th>
<th>Coef Var</th>
<th>Root MSE</th>
<th>mean Purchase Intention Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.055448</td>
<td>26.68486</td>
<td>0.848578</td>
<td>3.180000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>DF</th>
<th>Sum of Squares</th>
<th>Mean Square</th>
<th>F Value</th>
<th>Pr &gt; F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income_Level</td>
<td>2</td>
<td>2.7719</td>
<td>1.3860</td>
<td>1.93</td>
<td>0.1460</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>DF</th>
<th>Sum of Squares</th>
<th>Mean Square</th>
<th>F Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Error</td>
<td>347</td>
<td>248.6</td>
<td>0.7164</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>DF</th>
<th>Chi-Square</th>
<th>Pr &gt; ChiSq</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income_Level</td>
<td>2</td>
<td>2.8776</td>
<td>0.2372</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>DF</th>
<th>F Value</th>
<th>Pr &gt; F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income_Level</td>
<td>2</td>
<td>9.99</td>
<td>0.0004</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>33.8568</th>
</tr>
</thead>
</table>

**Ryan-Einot-Gabriel-Welsh Multiple Range Test for mean Purchase Intention**

**Means with the same letter are not significantly different.**

<table>
<thead>
<tr>
<th>REGWQ Grouping</th>
<th>Mean</th>
<th>N</th>
<th>Income Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>3.2788</td>
<td>260</td>
<td>A</td>
</tr>
<tr>
<td>A</td>
<td>2.9934</td>
<td>76</td>
<td>A</td>
</tr>
<tr>
<td>B</td>
<td>2.3571</td>
<td>14</td>
<td>B</td>
</tr>
</tbody>
</table>
4.7 Conclusion

Based on the findings obtained from our questionnaire’s data collection, this chapter serves to present the results in a meaningful way through statistical analysis. Both descriptive and inferential analyses have been employed to prove the relationship between different dimensions of perceived risk with purchase intention. Furthermore, one of the demographic profiles, income level gave us an insight that income level of different group of target respondents seems to have statistically different level of purchase intention towards KR1M. Lastly, to achieve our research objective, hierarchical regression analysis is used as a mean to investigate the relationship of different dimension of perceived risk (independent variable) and word of mouth (moderator), with purchase intention towards KR1M (dependent variable). The proposed hypotheses listed in chapter 2 were accepted and there is a strong and significant relationship between different dimension of perceived risk (independent variable) and word of mouth (moderator), with purchase intention towards KR1M (dependent variable). In our next chapter, we will discuss further on the implication of our analysis results, as well as elaboration of recommendation and the limitation of our study.
CHAPTER 5: SUMMARY, DISCUSSION, IMPLICATIONS AND CONCLUSION

5.1 Introduction

This chapter serves as the finale for the research, summarization from Chapter one to Chapter four will be discussed. Furthermore, research insights, implications as well as limitation and recommendation of the study will be discussed followed by an overall conclusion.

5.2 Summary & Discussion

Through the analysis result on the respondent demographic profile, we have affirmed that income level does have a significant influence on their purchase intention on KR1M, with higher income household tend have a lower purchase intention towards KR1M. As the research initially suggested that KR1M aimed to cater for low to middle income level household, the analysis results have proved that the pattern of demographic purchase intention does fit the profile intended by KR1M.

The field study of the research through questionnaire distribution had generated representable results for analysis. The research data is also high in reliability as well as validity on the research data as tested through Reliability Test Analysis and Face Validity.

The Research Objectives have also been fulfilled as demonstrated in the analysis results. Different dimension of perceived risk proved to have a significant relationship with purchase intention on KR1M. Two particular variables, physical and performance risk have the highest strength of relationship with purchase intention of KR1M. These findings are supported by past studies whereby it is
mentioned in literature review that both physical and performance risk are the major concerns that consumer often have in mind when it comes to purchasing grocery products that is intended for consumption. Consumer tend to worry about the possible harm and damage that may occurred from the consumption of KR1M’s good (physical risk), and the potential losses to them when the product of KR1M in terms of its products’ quality does not meet their expectation (performance risks).

Other than different dimension of perceived risk, the moderator Word of Mouth that is included in the research shows a significant relationship with purchase intention towards KR1M. With reference to Chapter 2 Literature Review, word of mouth effort is initiated and passed by one consumer to another, it is no wonder then that consumer tend to pass along their thoughts about KR1M to their friends and peers. This signifies that word of mouth as a moderator, have a strong and solid impact on different dimension of perceived risks of the study that would ultimately influence purchase intention towards KR1M.

5.3 Implication of Study

5.3.1 Managerial Implication

In the findings of this research, physical risk has the most significant influence on consumer purchase intention towards Kedai Rakyat 1 Malaysia (KR1M). This finding has shown the consumers are more inclined to buy a product from the brand that gives them peace of mind in terms of feeling secured and products which are harmless to their health. Therefore, KR1M should ensure all the products sold in store have gone through quality checking and perform as promised. For example, KR1M can do the product quality checking with the SIRIM QAS International SDN BHD (SIRIM QAS International SDN BHD, 2012). Furthermore, KR1M should obtain the appropriate product certifications and label it on the packaging to that is easily acknowledged by consumers and so
products sold could increase consumer’s confidence level towards KR1M. Moreover, KR1M should implement more frequent stock checking to ensure all its products are in their best period for consumption, especially on food and beverage products.

Although word of mouth (WOM) in this research has a weak strength of relationship but significant influence on consumer purchase intention towards KR1M, according to pass studies, WOM is an efficient and effective way to generate trust and thereinafter promote a brand (Cheung, Lee, & Thadani, 2009). Therefore, Mydin Sdn Bhd, as the operator of KR1M, should utilize the WOM sources by giving incentives to consumer to encourage spread of positive WOM message. For example, Mydin could do event marketing for KR1M whereby an event can be organized by Mydin to give out free samples of KR1M products to the crowd. Messages could be spread and brand awareness could be generated simultaneously through such event. Furthermore, Mydin should generate publicity for KR1M through sponsorship of charity events or sport events by donating and placing the products of KR1M in the said event. Thus, more positive WOM of KR1M could be spread out.

On the other hand, financial risk variable was found out to have the lowest strength of influence towards purchase intention at KR1M. This suggests that respondents were not worried financially. Mydin should stop highlighting on money saving aspect and instead should plan for comparative advertisement with other PLB such as Jusco and Tesco, in order to dilute the inferior image of KR1M. Plans of price increment of KR1M products which customer’s perceive, “higher price, better quality” will not for feasible for the case of KR1M as it is the objective of the government to maintain the products sold at the store at a low price with aim to lessen the burden of the low income group living in the urban area of Malaysia.
5.3.2 Theoretical implication

National brand was done in many previous studies but there has been little studies on government associated PLB, KR1M. Therefore, this research will benefit the future researchers such as the Retailing academics on government initiated PLB. This study is properly written and accompanied with data analysis which has proven the research’s validity and reliability. Comparison of national brand & PLB can be done by future researcher through insights from this study. Therefore, this study would help to support their future research by acting as a reliable and valid reference.

The research framework of this study should be made significant and provide a foundation for future retailing studies. KR1M should be made part of retailing subject and also included in case studies. KR1M is part of Malaysian retailing industry which adds to existing literatures of PLB which is provided in this study.

The Theory of Planned Behavioural Model which is used in this study to explain the overall research framework on the relationship of perceived risks and purchase intention towards PLB can serve a reference and research approach for future academics. This study’s research framework which consist of the independent variables (Perceived risks: social risk, financial risk, performance risk, and physical risk) and dependent variable (Purchase intention) towards PLB, moderated by WOM provide additional method for future researchers in the retailing field to approach relevant research in different setting or environment.

5.4 Limitations and Recommendations of Study

Firstly, communication was a problem throughout the distribution of questionnaire as some respondents were having difficulties to read and communicate in English. Time taken for respondents to understand the research’s questionnaire was longer than predicted as they had trouble understanding what’s being asked on the
questionnaire. In order to overcome communication problem, future researchers should consider make a few version of questionnaires in multiple languages, especially in Malaysia since the country consists of few different races. By doing so, misunderstandings or ambiguity faced by respondents will be minimized. Besides that, data collection would be done more efficiently with shorter time taken.

Other than that, there is lack of study on Private Label Brand (PLB) in Malaysia. Prior research studies will guide us to form the basis of our literature review and generate a better understanding towards the research problem that we are investigating. PLB is still new to Malaysia. Therefore, the study was conducted under limited resources available. Thus, there are some studies taken from other resources on this research whereby other researchers also conducted similar studies. In due time, there will be more research on PLB in Malaysia and South East Asia in general and this research also contributes to the existing literature on the study of PLB in Malaysia.

In addition, we should emphasize that the data collection of the research was limited to a small sample group of Malaysian as the data collection was done in Kelana Jaya LRT station. This paper is unable to represent an accurate view of PLB sector in Malaysia. Thus, we would like to recommend future researchers who do similar research on this topic with the same model to test in more places so that they can get higher validity and reliability as well as more representative results.

5.5 Conclusion

In this chapter, the implication and limitation & recommendations of study are discussed after the summary and discussion of the overall study. Both managerial and theoretical implications are developed based on the research insights obtained from the interpretation of data analysis in chapter 4. Limitations of the study are
developed based on the overall findings of the study, they are accompanied with appropriate recommendations given accordingly.
REFERENCES


Influences of Perceived Risks towards The Purchase Intention of KR1M Merchandises


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Influences of Perceived Risks towards The Purchase Intention of KR1M Merchandises


Influences of Perceived Risks towards The Purchase Intention of KR1M Merchandises

http://www2.nst.com.my/opinion/columnist/kpdnkk-will-consider-suggestions-only-locals-shop-at-kr1m-1.370387#ixzz36u8Kpyr4


Influences of Perceived Risks towards The Purchase Intention of KR1M Merchandises


Influences of Perceived Risks towards The Purchase Intention of KR1M Merchandises


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Influences of Perceived Risks towards The Purchase Intention of KR1M Merchandises


Influences of Perceived Risks towards The Purchase Intention of KR1M Merchandises


# APPENDICES

## Appendix 1: Summary of Past Journal

<table>
<thead>
<tr>
<th>Journal Articles</th>
<th>Authors, Year</th>
<th>Research Variables</th>
<th>Target Respondents</th>
<th>Methodology</th>
<th>Key Findings</th>
<th>Theories</th>
</tr>
</thead>
</table>
| 1                | Nawel Amrouch e & Ruiliang Yan, 2012 | Independent variables: 1. offer only the national brand in the store  
2. introduce the own private label through online  
3. offer national brand along with her private label | Consumers          | -           | Investigate the use of dual channel where the national brand create an online store to sell his brand as counter strategy to the traditional retailer or to expand its market | -        |
| 2                | Carlos J.S. Lourenco & ELS Gijsbrechts, 2013 | Independent variables: 1. value image  
2. assortment image  
Moderators: 1. category purchase frequency  
2. leading national brand in category  
3. price gap in national brand between stores  
4. price gap with private label within store  
5. depth of national brand store  
6. national brand SKU share | Consumers          | -           | Investigate the impact of national brand introduction on the chain's overall value and assortment image | -        |
| 3                | Anne ter Braak, Barbara Deleersnyder, Inge Geyskens & Marnik G.Dekim | Independent variables: 1. effect of private label production  
2. effect of national brand manufacturer market power  
3. National brand manufacturer market power | National brand manufacturer in a certain category at | -           | Investigate whether a private label brand production by national brand manufacturer create discounter | Robustness check |
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</table>
| 4 | **Oh Yoke Moi, 2000** | Independent variables:  
1. familiarity of private brands  
2. extent to which consumers rely on external cues  
3. perceived quality variation  
4. perceived risk  
5. perceived value for money  
6. brand consciousness  
7. extent of consumer's intention in purchasing private brand | Considers in the central Klang Valley area | Non-probability sampling | To view private brand proneness in context of Malaysia |
| 5 | **Alan C.Middleton, 1996** | Independent variables:  
1. as identification  
2. as quality signal  
3. as memory market  
4. as providing functional values  
5. as providing non-functional, psychological or socio-cultural meaning values | Respondents in U.K & Canada | Qualitative pilot | Private brand VS National brand |
| 6 | **Lim Yoke Mui, Nurwati** | Independent variables:  
1. competitive prices  
2. assortment of | Shoppers | - | Investigate the causes of shoppers | Product & marketing |
<table>
<thead>
<tr>
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<th>Year</th>
<th>Variables</th>
<th>Methodology</th>
<th>Findings</th>
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</tr>
</thead>
</table>
## Influences of Perceived Risks towards The Purchase Intention of KR1M Merchandises

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<th>Authors</th>
<th>Research Focus</th>
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<th>Subject</th>
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<th>Framework/Theory</th>
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<td>11</td>
<td>Marcelo Vinhal Nepomuceno MichelLa roche , Marie-Odile Richard</td>
<td>The interactions between intangibility, product knowledge, brand familiarity, privacy and security concerns</td>
<td>Consumers</td>
<td>Questionnaire</td>
<td>To investigate ways to reduce perceived risk when buying online</td>
<td>-</td>
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<tr>
<td>12</td>
<td>Oliver Koll, Sylvia von Wallpach</td>
<td>Positioning Fostering Monitoring</td>
<td>Consumers</td>
<td>Online survey</td>
<td>To investigate whether Intended brand associations drive consumer response.</td>
<td>-</td>
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<tr>
<td>13</td>
<td>S. Chan Choi &amp; Anne T. Coughlan , 2006</td>
<td>- Linear demand with asymmetric cross-price effects - Maximize the private label's quality level - High quality private label is better off positioning closer to the stronger national brand and vice versa - Feature differentiation</td>
<td>- House hold consumer using both national brand and private label brand</td>
<td>Survey</td>
<td>Retailer's decision of how to position the private label versus the national brand</td>
<td>-</td>
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<td>14</td>
<td>Susan Whelan &amp; Gary Davies,</td>
<td>- Psychographic segmentation - Consumer self-perceptions</td>
<td>Customer of Tseco, Dunne</td>
<td>Mall intercept Survey</td>
<td>Understands the purchasing of own brands</td>
<td>Big Five personality taxonomy</td>
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Influences of Perceived Risks towards The Purchase Intention of KR1M Merchandises

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<tr>
<th>Year</th>
<th>Authors</th>
<th>Methodology</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td></td>
<td>stores, and Boots</td>
<td>and in particular to the literature on the profiling of own brand purchasers</td>
</tr>
<tr>
<td>15</td>
<td>Pierre Desmet, 2013</td>
<td>-Effect of money back guarantee -Extension from durable to staple products -Effect of increased compensation -Brand effect -Moderating effects of price difference</td>
<td>Retailer's customer</td>
</tr>
</tbody>
</table>
Appendix 2: Questionnaire

Perceived risks that influence consumer purchase intention towards Kedai Rakyat 1 Malaysia (KR1M)

Survey Questionnaire
The purpose of this survey is to understand how perceived risks may influence the purchase intention of consumers towards KR1M. KR1M brand is essentially a generic brand which offers fair quality consumer grocery products with simple packaging targeting low income consumers in urban areas. Please answer all questions to the best of your knowledge. There are no wrong responses to any of these statements. All responses are collected for academic research purpose and will be kept strictly confidential.

Dear Respondent,

Warmest greeting from Universiti Tunku Abdul Rahman (UTAR)

We are academics from UTAR, currently conducting a study on purchase intention of goods from Kedai Rakyat 1 Malaysia (KR1M) Malaysia. Our target respondents are local Malaysian who have not purchased from KR1M stores previously but are well aware of the existence of KR1M. In this questionnaire, there are two parts: Part A and B. Part A is comprised of seven sub-parts which consists of fifty two questions and part B consists of six questions that is demographical profile. You will require approximately 15 to 20 minutes filling up the questionnaire. Please be assured that your details will be kept confidential. There will be no information that can be linked to your identity. If this research is published, your details will not be divulged. Furthermore, this information is not accessible by anyone inside and outside of our University. Information provided in this survey will only be made available to the researchers only.

Voluntary Nature of the Study

Participation in this research is entirely voluntary. Even if you decide to participate now, you may change your mind and stop at any time. There is no foreseeable risk of harm or discomfort in answering this questionnaire. This is an anonymous questionnaire; as such, it is not able to trace response back to any individual participant. All information collected is treated as strictly confidential and will be used for the purpose of this study only.

I have been informed about the purpose of the study and I give my consent to participate in this survey.

YES ( )  NO ( )
PART A: BACKGROUND OF RESPONDENT

In this section, we are interested in your background in brief. Please circle the appropriate answer

1. Gender:
   a. Male  b. Female

2. Which ethnic group are you belongs to:

3. Combined household income:

PART B: PURCHASE INTENTION OF KR1M MERCHANDISES

Following is the list of statements pertaining to the various perceived risks that affect shoppers’ purchase intention towards KR1M merchandises. Please indicate the extent to which you agree or disagree with each statement by circling your response based on the scale of 1 to 5 [(1) = strongly disagree; (2) = disagree; (3) = neutral; (4) = agree; (5) = strongly agree]

<table>
<thead>
<tr>
<th>No.</th>
<th>Questions</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>SR1</td>
<td>I think that KR1M is a famous household brand for grocery items.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>SR2</td>
<td>KR1M merchandises are well known and recognized by the society.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>SR3</td>
<td>I am concern about the perception of others when I purchase from KR1M.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>SR4</td>
<td>I feel proud to purchase the merchandises of KR1M.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>SR5</td>
<td>I feel that people will judge me negatively when I purchase from KR1M.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>FR1</td>
<td>I feel that product offering of KR1M are cheaper compared to other retailers.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>FR2</td>
<td>I feel secured buying from KR1M as they provide satisfaction guarantee for their products.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>FR3</td>
<td>I think that I can get similar products at a cheaper price from other retailers compared to KR1M.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>FR4</td>
<td>I save a lot on my grocery bill when I purchase from KR1M as their merchandises are affordable.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>FR5</td>
<td>Purchasing from KR1M is a waste of money as their merchandises do not meet to my expectation.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PHY1</td>
<td>I feel secured buying from KR1M as their products usually perform as promised.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PHY2</td>
<td>I feel that the merchandises KR1M are labelled accurately that prevent any potential harm</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PHY3</td>
<td>I am confident that consuming KR1M merchandises will not cause any harm to me.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>------</td>
<td>---------------------------------------------------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>PHY4</td>
<td>I think twice before buying from KR1M for important merchandises e.g. baby food and milk powder</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PHY5</td>
<td>I believe that most merchandises of KR1M are safe for consumption and will not cause any health issue</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PER1</td>
<td>KR1M always offer high quality products that exceed my expectation.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PER2</td>
<td>I am confident to buy from KR1M as their merchandises are high in quality.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PER3</td>
<td>I feel that in general, KR1M merchandises are inferior products that always failed to perform as promised.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PER4</td>
<td>I consider KR1M as a store brand offering low quality product as compared to national brand.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PER5</td>
<td>KR1M offers merchandises that are consistent in quality and performance that meet my needs.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>WOM1</td>
<td>I often refer to the comments of people discussing about KR1M</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>WOM2</td>
<td>I always referred online sources for customer review and comments about KR1M</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>WOM3</td>
<td>I think that the sources of online information about KR1M are reliable</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>WOM4</td>
<td>Personal experiences shared online about KR1M greatly influence my perception towards KR1M</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>WOM5</td>
<td>I give great importance to the views and opinion of my friends and family about KR1M</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PI1</td>
<td>I would like to buy from KR1M again in the future</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PI2</td>
<td>I would recommend others to buy from KR1M</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PI3</td>
<td>I will buy groceries only from KR1M</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>PI4</td>
<td>I am likely to increase my purchase volume at KR1M in the future</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
Influences of Perceived Risks towards The Purchase Intention of KR1M Merchandises